

How Can Instabilities of International Joint Venture Business be Controlled? — A Case Study of a Korea-Japan Joint Venture Company of Automotive Stamping Die —

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如何に国際合弁事業の不安定性がコントロールできるか
—韓国における日系自動車プレス用金型合弁企業の事例—

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Abstract:

There are various strategic purposes for companies to form international joint ventures. They are often implemented when a sole venture is too risky or too costly. As an international joint venture grows by learning from a partner company, the joint venture is more likely to be able to contribute to parent companies, yet the possible threat of competition between partner companies increases. This paper identifies balancing cooperation and competition based on structural attachment as a significant factor in maintaining a stable relationship between partner companies in international joint ventures. We investigated the case of a Korea-Japan automotive stamping die joint venture manufacturer which has existed for almost 30 years. This case shows that, even though there is possible instability in maintaining international joint ventures, partner companies can adopt moderating factors such as structural interdependency between local partners and foreign partners, implicit segregation of market and product, and additional collaboration or cooperation in overseas markets.

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I . Introduction

The aim of this study is to investigate the factors involved in a successful international joint venture (hereafter referred to as IJV) through a case study of a Korea-Japan automotive stamping die joint venture company. This article adopts a bargaining power perspective toward joint venture which considers joint venture to be a mixed motive game between partners who cooperate and compete simultaneously (Yan and Gray, 1995:91). In the process of an IJV company's growth, this company will be able to acquire knowledge or resources besides accessing to knowledge or resources via the existing IJV contract. The enhanced capability of an IJV company to acquire valuable knowledge or resources can cause shifts

in balance of bargaining power between partners.

IJVs are a partial form of internalization, in the sense that they allow two or more companies to share access to critical resources without merging their entire business. This cost mitigation of IJVs allows companies to start or to continue one field of their operation without critically high cost or risk in entire business units.

IJVs have been widely used as a method of strategic alliance. In 1991, almost 70% of Japanese direct investments in manufacturing in Asia were via IJVs (Makino, 1995). Despite IJVs rapidly spreading as an organizational form, our understanding of joint ventures is still limited in scope and in depth. One of the pos-

sible reasons is that the ambiguity of the control system involved in an IJV often leads some scholars to question their value. However as Buckley and Casson argue, the costs incurred by IJV control system ambiguity are finite, and can be offset by IJV benefits (Buckley and Casson, 2009:1576-1577).

IJV can give local partners access to foreign technologies, and at the same time it can give foreign partners access to local knowledge. However as IJVs grow by acquiring foreign technologies, or as foreign partners gain local knowledge, the relationships between partners over IJVs (IJV relationships) tend to become unstable. It is thought to be due to the shift of bargaining power and resource dependency between partners. Instability in IJV often results in premature termination. Yan and Luo (2001: 223-244) reviewed and summarized previous empirical research on joint venture instability by indicating termination rate of each study. According to this summary, Harrigan (1988) which conducted regression analysis on 895 alliances formed 1974-1985, shows 54.8% termination rate. Bleek and Ernst (1991) which analyzed 49 cross-border alliances, indicated 40% termination rate. Hennart, Kim and Zeng (1998) which analyzed 284 Japanese affiliates in U. S. in 1980, gained a result of 26.4% termination rate, while Makino (1995) and Park and Russo (1996) show 12.9% and 27.5% termination rate.

This paper will introduce a 30-year IJV located in South Korea, established by both a Japanese and a South Korean stamping die company, and attempts to analyze the key factors of controlling IJV instability and keeping IJV durable. This study was conducted by a qualitative analysis. In-depth interviews were conducted with executives of JP (Fictitious names are used for all companies discussed in this paper) on the 3rd of June, 2014 and KJJV on the 4th of October, 2016. We collected data for this study from interviews, company archives, and e-mail surveys.

II . IJV as a Type of International Strategic Alliance

1. Is IJV stable because it is equity-based?

As global competition intensifies, many companies are using international alliances. The main goals of a

strategic alliance are supplying valuable resources (supply alliance), learning from partners (learning alliance) and building market position (position alliance) (Gomes-Casseres, 1995).

Despite a surging number of firms entering international alliances with foreign partners, international alliances are often considered unstable strategies. For example, coordination or reconciliation of different goals of each independent partner tend to increase costs. At the same time, alliances can create competitors. Porter (1990: 65-68) has shown that these kinds of costs and risks can make many alliances transitional rather than stable. Porter's suggestion has been supported by several empirical studies including Bleeke and Ernst (1991:133-135). Among strategic alliances, equity-based joint venture (JV) is often described as less unstable than the other types of strategic alliances including licensing agreements or R&D partnerships. It is because an equity-based JV is considered more hierarchical than other types of strategic alliances.

However, according to Inkpen and Beamish (1999) , in terms of dynamism of organization, even JV can become unstable in the long term, due to changes in partners' strategic missions, changes in importance of the JV to the parent companies (Harrigan and Newman, 1990), increase in the competitive rivalry between partners (Kogut, 1989:188-194) , the foreign investment climate of the host country and existence of prior renegotiation of the JV contract between the partners as well as the initial division of equity (Blodgett, 1992:476-477). Specifically, when JV is formed internationally, keeping the stable relationship between foreign partners and local partners becomes more difficult, due to its uncertainty.

2. When can an IJV be unstable?

Uncertainty of an IJV comes from endogenous factors and exogenous factors. Among them, exogenous factors are uncontrollable by each partner. Therefore we will focus on endogenous factors. One of the significant endogenous factors is believed to be knowledge acquisition. Inkpen and Beamish (Buckley and Ghauri, 2015:311) said "...knowledge acquisition by either partner has the potential to shift the balance of bargaining power that, in turn, could lead to the initiation of changes in the partner

relationship.” It is because knowledge acquisition allows a company to eliminate partner dependency.

Figure 1 illustrates that the IJV relationship is very stable and cooperative when each partner believes the other partner’s knowledge is accessible. On the other hand, the IJV relationship is very unstable and competitive (so it is called race to learn), when each partner believes the other partner’s knowledge is acquirable. The IJV relationship is potentially unstable when the foreign partner evaluates the local partner’s knowledge as being acquirable, while the local partner believes it is only able to access the foreign partner’s knowledge. Another potentially unstable relationship over IJV is the situation when the local partner evaluates itself as being able to acquire the foreign partner’s knowledge while the foreign partner thinks it is only able to access the local partner’s knowledge via the IJV. In short, replacement of “access” to knowledge or resources via IJV by “acquisition” of them can cause shifts in balance of bargaining power and IJV instability.



Figure1: Knowledge acquisition and instability (Source) Buckley and Ghauri (2015:312), requoted from Inkpen and Beamish (1999).

This replacement of access by acquisition can be accelerated if these partners are good learners. Then, this shifts in balance of bargaining power should make IJV instable, so there can happen competition each other, or unplanned equity changes. Finally if it is fail to control IJV instability, the IJV may close its business.

3. How can IJV instability be controlled?

Yan and Gray (1995:91-125) attempted to explain why companies adopt different management control structures and the features of the relationship between control and performance based on close investigation of

four cases of joint ventures. Even though this study does not reach clarification of a simple direct relationship between control styles and performance, it shows that informal means of control such as mutual trust, common and contractually specified goals may ameliorate differences in formal control mechanisms and enhance overall performance.

Another informal means of control which is a widely accepted moderation factor of IJV instability is attachment. Here attachment means the binding of one party to another (Salancik, 1977, Buckley and Ghauri, 2015:315-317). Attachment between partners develops through experience in the collaborative relationship and through investments the partners make in the relationship over time. When the partners have developed a tight attachment, inertial forces may protect against pressures for change in the relationship (Blau, 1964:76-87).

With these concepts in mind, we will look into a case of Korea-Japan joint venture business, and discuss key factors of IJV’s durability. The reason why we adopt the case of KJJV is not just because this is a typically successful IJV case. The relationship of JP and KJJV having both aspects of horizontal joint venture and vertical joint venture, is a good example to understand the feature of dual nature of cooperation and competition of IJV relationship. Moreover a Korea-Japan joint venture company is considered to have advantage to gain knowledge from Japanese partner due to the similarity of language or to the geographical proximity.

III . The Case of KJJV

1. Overview of IJV relationship over KJJV

KJJV is a Korean and Japanese joint venture company which is engaged in developing and manufacturing stamping dies for automobiles.

Dies and molds are indispensable facilities used in a wide variety of industries including the automotive, medical, aerospace, and electronics industries. In case of Japan, currently, about 70% of Japanese die and mold manufacturers are engaged in the automotive industry (Nikkei Sangyo, August 10, 2017).

A distinctive feature of stamping die business is that each product is manufactured and sold based on

built-to-order system. Therefore start-up of this business requires a large amount of initial investment. It was established in 1987, by joint capital investment from KP (50%), JP (30%), and Itochu Corp. (20%). When Itochu Corp. left this original joint venture business, JP and KP took over Itochu Corp.'s ownership equally. Currently, JP, which is the foreign partner, has 40% ownership of KJJV, while KP, which is the local partner in KJJV, has 60% ownership.

The CEO of KP is also the president of KJJV concurrently, and the vice president is from JP group based on ownership structure. This Japanese vice president had built most of his career at the JP's subsidiary stamping die company, before he was sent on loan to KJJV. KP, which started from a trading business and deep-sea fishery, has diversified its businesses into manufacturing stamping dies and mold bases, leisure industry and producing special steel.

JP has both a stamping die business and a car door module and exhaust part supplying business. On the one hand, JP supplies doors for Mazda cars and panel parts for assemblers and tier1 suppliers, on the other hand, it provides stamping dies and tools for assembly companies, including Lexus, which had only procured dies and tools from its own division and a domestic subsidiary. When KJJV was established, JP licensed the technology and know-how of manufacturing stamping dies for automobiles. However, currently they say there is no longer need to transfer JP's technology to KJJV. Therefore there is no need for payment for technology transfer. Also, there are no current resident engineers or managers other than the incumbent Japanese vice president. Now KJJV has grown to one of the leading manufacturers in South Korea, providing stamping dies for all the assembly factories of Hyundai and Kia, as well as many other global car assemblers and emerging car assemblers. In 2014, KJJV had 6.4 billion yen of annual sales, which equals to 1/10 of JP's annual sales. However, KJJV's production capacity reaches 7,800 ton per year, that is, 600 dies per year. This production capacity of KJJV is 1.5 times larger than that of JP.

2. KJJV's performance

IJV's success can be demonstrated by compre-

hensive indicators ranging from short term oriented cash flow or profit rate to long term oriented productivity (Anderson, 1990:21-26), longevity-more than 8 years (Dym-sza, 1988), enhancement of parent companies' strategic position (Contractor and Lorange, 1988), inter-firm learning (Kogut, 1988:322-324) and creation of knowledge (Hirano, 2007:57-60).

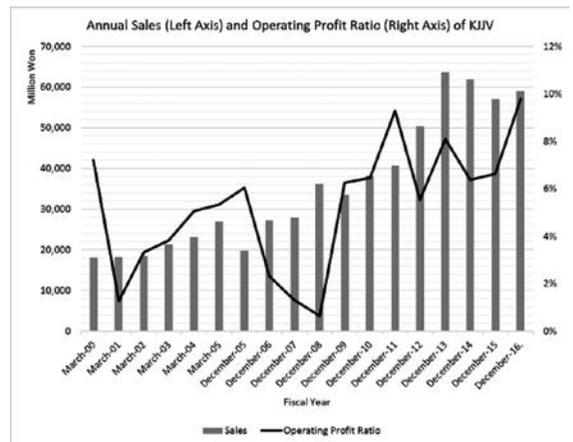


Figure 2: Annual sales and operating profit ratio of KJJV

(Source) Annual report of KJJV, The financial supervisory board of South Korea (each year).

Based on these criteria except for inter-firm learning, KJJV should be considered successful case. As illustrated in Figure 2, both annual revenues and profitability of KJJV have been increasing over the last 16 years. Currently, KJJV is a leading company in the field of stamping dies for automobiles in South Korea.

In terms of sustainability, KJJV has survived for around 30 years as an IJV. In terms of enhancement of parent companies' strategic position, both KP and JP became the owners of one of the biggest automotive stamping die manufacturers in South Korea.

In addition, in terms of creation of knowledge, KJJV is now leading development of "integrated high-frequency hardening system combined with robots and CAD system" even ahead of JP. This new process technology is considered to be useful in preventing fluctuation of quality and reducing labor costs drastically. This is an example of IJV filing a patent application for process technology developed in-house. This R&D was supported

by a grant from the Korean government. This “integrated high-frequency hardening system” developed by KJJV has been introduced to JP. It does not mean KJJV’s whole technological level has surpassed that of JP. However this example shows IJV is able to contribute to the innovation of parent companies, who used to be the teachers.

3. Technology acquisition of IJV

For about 10 years after KJJV was established, JP transferred its technology and developing and manufacturing stamping die know-how for cars to KJJV. During this period, KJJV had paid royalties and guidance fees for techniques to JP. Currently, there are no licensing or guidance, because KJJV has acquired fundamental foreign technologies. On the other hand, JP no longer needs to obtain access to local knowledge about South Korean markets, because this local market is no longer attractive to JP. The growth of the domestic new car market in South Korea is slowing. Moreover, there are no Japanese car assemblers in South Korea.

As shown in Figure 3, KJJV’s major customers had been Korean car assemblers or ex-Korean car assemblers except for JP until the late 1990s. In the late 1990s, when the economic crisis occurred in Asia, KJJV had no choice but to expand its foreign customer base in order to survive. Between 1997 and 2004, KJJV developed mainly European, Japanese and American customers including PSA, Honda, and Ford. After 2005, as the Korean die market became saturated, KJJV began developing emerging markets such as India and China. Currently, KJJV has 26 customers including Tata, Geery and BAIC (Beijing Automotive Industry Holding Co., Ltd.).

On the other hand, JP has been attempting to intensify its stamping die business, because it recently realized that its door module supplying business has a limit to future growth as Mazda started in-house manufacturing of door modules at overseas production bases.

Also, some exports from KJJV have been carried out via JP. As KJJV’s business is becoming globalized, the possibilities of competition between KP and JP over the global market of the stamping die industry is getting higher. For example, in the Indian market, JP has started to receive orders from Maruti, while KJJV has been transacting with Tata and Maruti since 2008.

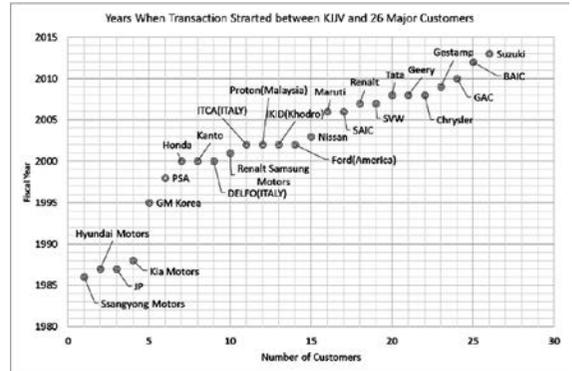


Figure 3: Starting years of transaction between KJJV and 26 major Customers

(Source) Interview with KJJV on August, 4, 2016.

Moreover, in the U.S. market KJJV plans to build a new factory around 2018. KJJV announced its goals of globalization of supply and further cooperation with JP. However in the long run, if KP or KJJV succeeds in establishing its own foreign subsidiaries, possible competition between KJJV and JP should increase. Thus as KJJV acquired critical knowledge and expanded its customer base, the relationship between KP, which is a local partner, and JP, which is a foreign partner over KJJV, is becoming unstable.

In addition, JP’s strategic shift of core business from supplying panel modules to manufacturing stamping dies for panels, exacerbated this IJV instability.

However neither the local partner nor foreign partner is thinking of dissolving their IJV business. They have overcome the IJV instability for 30 years and they are confident in the stability of KJJV’s business. We will see how they cope with this IJV instability.

4. What factors moderate KJJV’s instability?

(1) Structural interdependency between KP and JP

Despite potential competition, if there is an interdependent structure over significant resources between partners, instability of IJV can be reduced. According to Thompson (1967:54-55), sequential interdependency can be gained when A’s output is B’s input, and reciprocal interdependency can be identified when A’s output is B’s input at the same time that B’s output becomes A’s input.

Still 20% of KJJV’s annual sales is earned by

transactions with JP. Especially, after JP started to receive orders for stamping dies for car doors from GM, it suffered a shortage in production capacity. To cover that shortage of capacity, JP placed an order of dies for front inner car doors mainly with KJJV, and it placed an order for dies for rear inner doors with its domestic group companies, while it made dies for front and rear outer panels in-house.

Table 1 indicates KJJV’s supply records to JP between 2010 and 2016. In other words, KJJV has played a significant role as a buffer of supply and demand fluctuations for JP. Especially, between 2010 and 2016, when JP was struggling with shortage of die capacity, KJJV contributed to JP’s rapid supplying of dies for inner panels.

Table 1: KJJV’s supply records to JP in 2010-2016

Project No.	Year	Type of stamping dies
1	2010	Deck lid inner L/R
2	2011	Front door inner L/R
3	2011	Front door inner L/R
4	2011	Front door inner L/R

5	2011	Hood outer / inner
6	2011	Front door inner L/R
7	2012	Hood inner
8	2012	Rear door outer
9	2012	Front door inner
10	2013	Front / rear door inner
11	2014	Lift gate outer / inner / hemming
12	2014	Rear / front window frame, rearhinge
13	2014	Front door inner L/R
14	2014	Front door inner L/R
15	2014	Front door inner L/R
16	2014	Front door inner L/R
17	2014	Front door inner L/R
18	2015	Front door inner L/R
19	2015	Front
20	2015	Front door inner L/R
21	2015	Front door inner / frame L/R
22	2015	Front / rear door inner L/R
23	2015	Front / rear door inner L/R
24	2015	Front / rear door inner L/R
25	2016	Front

Notes : All of the project numbers are fictitious.
 (Source) Interview with KJJV on August, 4, 2016.

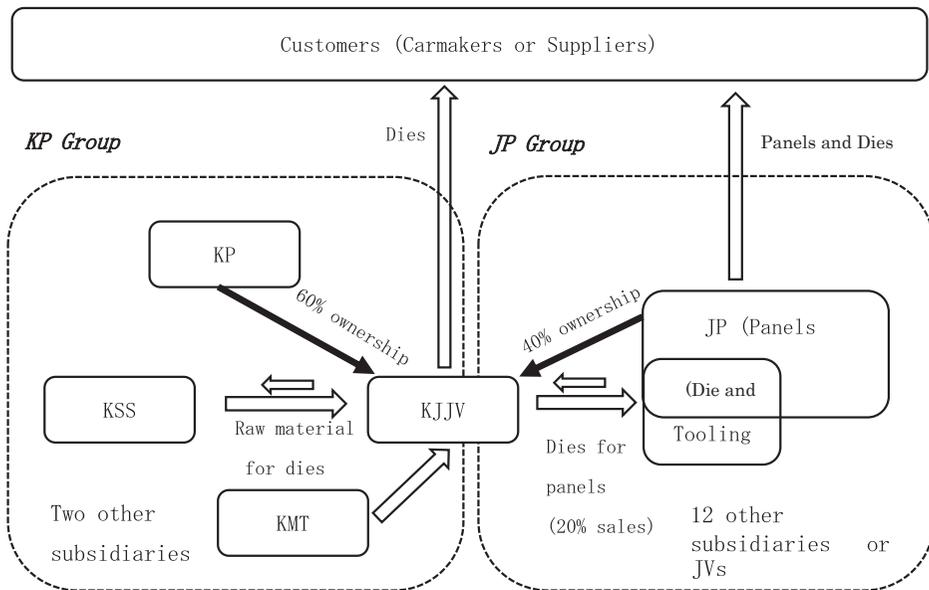


Figure 4: Structural interdependency between KP and JP

Notes : “⇒” illustrates flow of trade, while “→” illustrates flow of investment.
 KSS and KMT are KP group's internal suppliers (subsidiaries).

(Source) Interview with JP on July, 3, 2014.

At the same time, as shown at Figure 5, KJJV’s purchasing amount from JP is also increasing. Most of KJJV’s purchases from JP are die tools. Therefore this increasing reciprocal interdependency is thought to play a significant role in building a sustainable relationship between the local partner and the foreign partner.

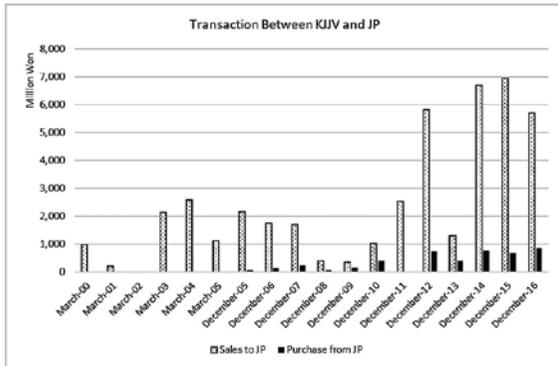


Figure 5: KJJV’s transaction with JP (Source) Annual report of KJJV, The financial supervisory board of South Korea (each year).

(2) Implicit segregation of product and market

Habitat segregation can avoid market competition. Firstly, we found that there has been an implicit segregation of main products between KJJV and JP. While both JP and KJJV are engaged in the same stamping die industry, their major products are different. KJJV does not produce panel parts. Its major products are dies for car fenders, bodies and doors, and mold bases which JP does not produces.

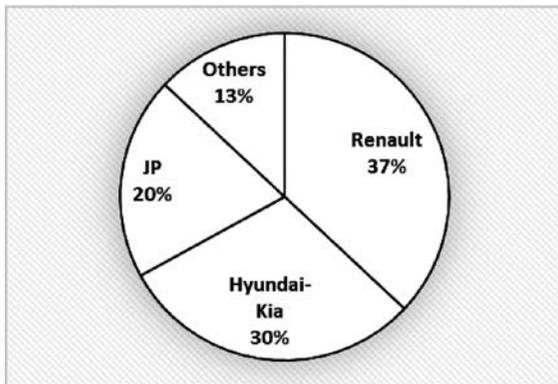


Figure 6: KJJV’s share of sales for main customers (Source) Interview with KJJV on August, 4, 2016.

In more detail about stamping dies, KJJV produces dies for inner panels, dies for outer panels, and dies for hemming. Among them, dies for outer panels and dies for hemming require higher skills than dies for inner panels. KJJV has cost leadership especially in making dies for inner panels. When JP falls short of stamping die capacity, it buys mainly inner panels from KJJV.

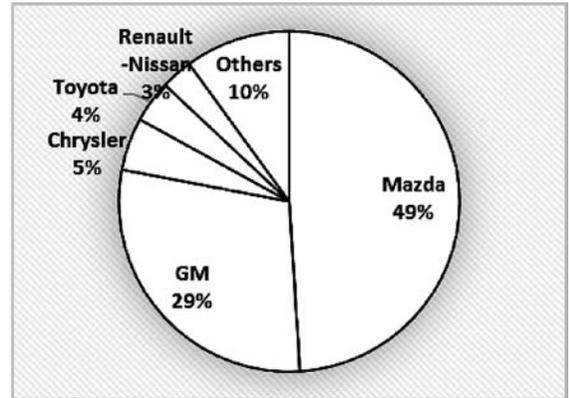


Figure 7: JP Group’s share of sales for main customers (Source) Interview with JP on July, 3, 2014.

In contrast, JP’s main business has been producing panel parts and door modules for cars for a long time. However, JP is currently attempting to expand their stamping die business. JP’s stamping die business is specialized for car doors, especially for high end models. JP is highly skilled in making dies for outer panels. Recently JP succeeded in increasing orders of stamping dies for doors from several car assemblers including Lexus. It was the first time Lexus outsourced its stamping dies from non-affiliate companies.

Secondly, we can identify an implicit segregation of markets between KJJV and JP. As shown at Figure 6 and Figure 7, it is apparent that KJJV and JP have different customer portfolios. KJJV’s major customers are Renault (37%), Hyundai-Kia (30%), and JP (20%). KJJV supplies all of Hyundai-Kia Group’s assembly plants: seven domestic assembly plants, and 17 overseas assembly plants. In contrast, JP’s main customers are Mazda (49%), GM (29%) and Chrysler (5%). In terms of the global stamping die market, so far KJJV has been focused on the European market, while JP has focused on the North American market. In 2008 JP established an office

in Germany in order to develop new customers such as BMW and Daimler. At that time, Renault and PSA were not set as JP's main targets because these two assemblers were considered KJJV's main customers.

Even though any segregation of product or market is not written in the initial contract document, both partners expect their major product and customers should be protected from competition with counterpart.

At the same time, one thing that needs to be paid special attention is that explicitly avoiding market competition between not completely internalized companies, could become the violation of antitrust law. Therefore segregation of product or market should be conducted implicitly.

Ultimately, balancing competition and segregation is important.

(3) Expanding the base of collaboration and cooperation in overseas markets

As stated above, initial significance of an IJV can be changed over time, due to dynamism of each partner's strategy. However if both partner companies of an IJV can find another ways to collaborate or cooperate in additional overseas markets, IJV instability will be moderated. These kinds of additional collaborations are not written in their initial contract. KJJV and JP have been exploring the possibility of new collaboration and cooperation in many countries including Mexico and Japan.

Currently JP group has focused its business on the market in Mexico. JP group has two subsidiary companies in Mexico. One is the JP's direct subsidiary which is charged of producing automotive closures and exhaust systems. Major customers of this company are GM, Mazda Mexico, Daimler Truck. The other is the second-tier subsidiary which is engaged in automotive closure assembly and hemming tooling production. Its main customers are GM and FCA. When JP group started transaction with BMW in Mexico, JP group realized it was lack of stamping dies for inner and outer panels in its business in Mexico. Thus JP offered KJJV to supply JP group's two subsidiaries with stamping dies. Finally, KJJV and JP agreed to start a collaboration to supply stamped panels for BMW's assembly factory located in Mexico. Now, KJJV is providing stamping dies and tools for BMW, while JP is supplying stamped panels produced by KJJV's

dies and facilities.

In the Japanese market, KJJV received orders directly from Nissan since 2006 to 2016, while KJJV is paid for shipment via JP's main bank account. Therefore, in terms of materials flow, KJJV sends stamping dies to Nissan directly. In terms of sales channels, JP instead of KJJV trades with Nissan. In other words, KJJV conducts consignment production for JP.

Their attempt for additional collaboration in Mexico and Japan is considered successful in fostering the relationship of mutual trust between partners.

(4) Communication, attachment, and liaison

The closer communication or attachment to each partner, the less possibility of IJV instability. JP is the minority owner of KJJV. Therefore KJJV is expected to produce a managerial report for JP every month. KJJV's vice president attends JP's group meeting every year.

Besides this kind of formal communication, JP group thinks much of face to face contact. It has an internal practices to hold week-long pan-group exchange meeting conference at its headquarters, two times in a year. All group companies including three domestic subsidiaries and nine foreign affiliates are invited to join this conference, and most of them send several employees in different roles such as management, promising local middle management, and local engineers. During this event, several workshops and round-table meetings are scheduled to discuss a wide range of managerial or technological issues in Japanese or English. The host company (headquarter) pays for 30-50 visitors stay in Japan, every time. KJJV has sent one or two members of management including a vice president to JP's pan-group exchange conference in the pace of every two years. The purpose of this information exchange is enhancing each partner's technological level. KJJV is gaining information about product technology from JP, while JP is gaining information about how to reduce factory costs. In addition, current significant topic is how to share JP group culture with each affiliates.

At the same time, according to our interview with the head quarter, JP group considers pan-group exchange meeting conference plays a significant role in boosting mutual understanding and relations of personal trust between the group companies including not only

subsidiaries but also IJVs.

In terms of individual attachment and liaison, the incumbent Japanese vice president of KJJV seems to play a significant role in building a win-win relationship. This vice president knows the long history of building trust between KP and JP from his own experience.

International companies have been observed to adopt formal integration mechanisms including direct contact, liaison function, team, matrix organization. They are apt to adopt knowledge network as an informal integration mechanism (Hill and Hult, 2017:409-410). Hill and Hult (2017:392-453) suggests that direct contact and liaison function are comparatively simple mechanisms compared with team or matrix. Even though JP does not have dominant ownership of KJJV, it has effectively utilized simple formal mechanisms such as direct contact, liaison function and informal mechanism of knowledge network to make their IJV much more durable.

IV . Conclusions

KJJV, which is a Korean and Japanese IJV, has been growing over the last 30 years. The local partner (KP) has acquired and adopted technology from the foreign partner (JP). The foreign partner has been building a large presence in the South Korean market by being a major stockholder of a leading company, while it does not need to access or acquire local knowledge. Therefore, KJJV should be considered a successful case. As KJJV and JP are expanding their foreign customer base in the global market, the potential competition is getting stronger. This may result in instability of the IJV. However, they still have built some structure and attachment to moderate the instability of IJV. Based on the results of this study and previous research, we can derive four significant factors.

Firstly, the foreign partner and the local partner share interdependent structure. In terms of inter-firm relationship, interdependency can be formed when A's output is B's input (Thompson, 1967; 54-55). We assume there is an interdependent relationship between JP and KJJV, in the sense that a portion of output from KJJV is JP's significant input.

Secondly, the foreign partner and the local partner can avoid full-scale competition by implicitly

segregating each market to some degree. There is a joint recognition that JP's main customers and KJJV's major customers should be protected from each other's growth strategy.

Thirdly, both partner companies of the IJV have attempted to find additional opportunities to collaborate or cooperate with each other in another overseas markets. Currently, JP has produced the panel parts for BMW's assembly plant by using KJJV's stamping dies in its subsidiary company in Mexico.

Lastly, both partner companies have kept close communication, individual attachment and liaison function in order to keep the relationship durable.

Among these possible moderation factors, the first thing should be a structural factor. The others should be classified into behavioral factors. From the managerial practical point of view, in the stage of selecting partners of IJVs, decision makers should consider the structural factors. For example, it should be investigated whether interdependent inter-firm relationship could be built between the possible partners or not. Once the IJV is set up, then both partners should consider the behavioral factors including segregation of market, expansion of cooperative relationship and building close communication tools.

IJV instability does not attribute to partner's opportunism. It should be considered as a structural phenomenon. As an IJV acquires the partner's knowledge, possible instability of IJV is becoming higher.

This case shows that it is possible to make IJV's qualitative growth compatible with maintenance of reciprocal relationship between partners over their IJVs, through building separated customer bases, interdependent product lines, and close liaison between partners. The significance of planning further joint projects supported by collaboration should be added to the implications of this study.

Despite our work has implications in clarifying possible moderate factors of IJVs, base on in-depth qualitative study, it has not led to an elaborate verification of the universality. Future work should seek to confirm our founding with large scale analysis, so that it can generalize moderate factors of IJV instability.

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