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STRATEGIC MOTIVES OF MALAYSIAN FIRMS ENGAGING IN
INTERNATIONAL JOINT VENTURE ABROAD

Extensive studies show that engaging in an international joint venture is a strategic option for firms to expand their business globally. Firms are able to create economies of scale and critical mass; reduce risks; learn new skills and technologies from partners through engaging in IJVs. Malaysian government encourages local firms to venture overseas. One of the key thrusts of the Third Industrial Master Plan (IMP3) is crossborder investment. A huge proportion of crossborder investments by Malaysian firms are realized through engaging in IJVs. According to World Investment Report 2009, Malaysian foreign direct investments (FDI) were USD 2.97 bln. in 2005. It increased dramatically to USD 14.06 bln. in 2008. The FDI was increasing at average of 124.35% per annum from 2005 to 2008. Although, ample research has examined strategic motivations for IJVs formed by MNCs from developed countries, little research has examined strategic motives for IJVs formed by MNCs from developing countries. This study is going to identify the strategic motives of Malaysian firms engaging in IJVs abroad.

Keywords: crossborder investment, international joint ventures.

JEL Classification: M16.

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СТРАТЕГІЧНА МОТИВАЦІЯ МАЛАЙЗІЙСЬКИХ ФІРМ ПРИ
СТВОРЕННІ СПІЛЬНИХ ПІДПРИЄМСТВ ЗА КОРДОНОМ

У статті в результаті аналізу показано, що значна кількість літератури підтверджує, що створення спільного підприємства може стати для фірми стратегією виходу на світовий ринок. В такий спосіб фірми досягають ефекту масштабу, знижують ризики, отримують нові вміння та технології від партнерів по СП. Малайзійський уряд заохочує створення СП як всередині країни, так і за її межами. Одну з ключових позицій в такій державній політиці займає транскордонне інвестування. Левова доля таких інвестицій припадає саме на СП. Прямі іноземні інвестиції Малайзії у 2005 р. склали 2,97 млрд. дол. США. У 2008 р. ця сума значно збільшилась – до 14,06 млрд. З 2005 по 2008 р.р. щорічне зростання ПІІ склало в середньому 124,35%. У розвинених країнах питанням створення СП корпораціями приділено значну увагу, однак мотивацію створення СП у країнах, що розвиваються, досліджено недостатньо. Тому на прикладі Малайзії визначено стратегічні мотиви фірм при створенні СП за кордоном.

Ключові слова: транскордонні інвестиції; міжнародні спільні підприємства.

Табл. 7. Літ. 27.

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СТРАТЕГИЧЕСКАЯ МОТИВАЦИЯ МАЛАЙЗИЙСКИХ ФИРМ ПРИ
СОЗДАНИИ СОВМЕСТНЫХ ПРЕДПРИЯТИЙ ЗА РУБЕЖОМ

В статье в результате анализа показано, что многочисленная литература подтверждает, что создание совместного предприятия может стать для фирмы стратегией для выхода на мировой рынок. Таким образом фирмы достигают эффекта масштаба, снижают риски, получают новые умения и технологии от партнеров по СП.

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Малайзійське урядові поощряет создание СП как внутри страны, так и за ее пределами. Одну из ключевых позиций в такой государственной политике занимает трансграничное инвестирование. Львиная доля таких инвестиций приходится как раз на СП. Прямые иностранные инвестиции Малайзии в 2005 г. составили 2,97 млрд. дол. США. В 2008 г. эта сумма значительно увеличилась – до 14,06 млрд. С 2005 по 2008 р.р. ежегодный рост ПИИ составил в среднем 124,35%. В развитых странах вопросам создания СП корпорациями уделено значительное внимание, однако мотивация создания СП в развивающихся странах исследована недостаточно. Поэтому на примере Малайзии определены стратегические мотивы фирм при создании СП за рубежом.

Ключевые слова: трансграничные инвестиции; международные совместные предприятия.

Introduction. According to Hitt et al. (2005) and Kogut (1988a), a joint venture (JV) is a strategic alliance which occurs when two or more firms (the parents) create a legally independent firm to pool a portion of their resources and capabilities to develop a competitive advantage. After forming a JV, two or more legally distinct firms will actively participate in the decision-making activities of the jointly owned entity. Differences between a JV and an international joint venture (IJV) are determined by the nationality of a parent firm or the scope of operations. For an IJV, at least one of the parent firms must be headquartered outside the JV's country of operation, or the IJV must have a significant portion in more than one country (Geringer and Hebert, 1989).

Prior research shows that the strategic importance of IJVs is increasing (Geringer and Hebert, 1991; Luo and Park, 2004). Engaging in IJVs can help firms expand their business globally, overcome trader barriers, access to distribution network, create economies of scale and critical mass, acquire new technologies, reduce investment risks, earn new skills, and facilitate effective resource-sharing (Griffith et al., 1998; Luo and Park, 2004). Inter-firm collaboration, as exemplified by IJVs, has become a critical part of corporate strategy and firm growth at the global market. As a result, engaging in IJVs has become a good strategy for the firms to ensure survival and increase competitiveness (Griffith et al., 1998; Mohr and Puck, 2005). Engaging in IJVs gives multinational corporations (MNCs) access to markets and/or resources (Griffith et al., 1998). By sharing resources and competences of two or more firms, partners in a IJV can achieve strategic objectives that cannot be achieved on their own (Mohr and Puck, 2005).

Conventionally, most of developing countries often impose foreign ownership restrictions to protect local economy. Although, legislation in these countries has evolved in a more liberal way since the mid-nineties, to enter and develop presence in these countries has required, and, in most cases still requires, the formation of JVs with local partner, particularly when the key motive of operation is to capture the opportunities of local markets (Mohr and Puck, 2005; Lasserre, 1999). Hence, many MNCs from developed countries, for example, the USA, European and Japanese firms, are engaging in IJVs to expand their business globally (Meschi and Riccio, 2007).

According to Meschi and Riccio (2007), IJVs are full of tensions by nature. This is mainly because IJVs are formed between the firms with different organizational and cultural characteristics. Thus, extensive interactions between the parent firms are needed for successful operation of IJVs (Yan and Duan, 2003). And many firms have learnt that the performance of their IJVs does not meet their expectations (Mohr and

Puck, 2005; Geringer and Heber, 1991). Firms do not achieve the objectives that encouraged them to engage in IJVs. Also, due to their growing importance for MNCs, IJVs have received a steadily increasing amount of interest from both practitioners and researchers (Mohr, 2006).

Malaysian IJVs. Malaysian government has encouraged both foreign and domestic investors to invest in Malaysia since early 1980s. It has successfully attracted many firms from developed countries to form IJVs in Malaysia (Ainuddin et al., 2007), such as General Electric, Starbucks, Nokia, Shell, Johnson Controls, Camco International, and Southwall Technologies. On the other hand, as encouraged by Malaysian government, a great number of Malaysian firms has also engaged in IJVs abroad with their international partners to compete in the highly turbulent business world. Most of them are in oil and gas, manufacturing, construction and services sectors.

One of the key thrusts of the Third Industrial Master Plan 2006-2020 (IMP3) is crossborder investment (CBI). Malaysian government will continue to encourage and support local firms to engage in JVs or strategic alliances with foreign partners, which can result in economic benefits to the country. These include gaining access to raw material, accessing global markets, acquiring new technologies and market knowledge, and exploring new investment opportunities. The government hopes that these investments will, in the long term, enhance the participation of these firms in the global and regional production and supply networks. This will assist in further developing the competitiveness of local firms. According to IMP3, the promotion of CBIs will be further intensified through the opening-up of Malaysian Industrial Development Authority's (MIDA) overseas offices in developing countries such as in China, India, UAE, Indonesia, Thailand, Vietnam and South Africa to manage the promotion and coordination of CBIs.

As a result, Malaysian firms continue to expand their investments abroad during the past few years. As shown in Table 1, the Malaysian FDI was recorded as USD 2.97 bln. in 2005, it increased dramatically to USD 14.06 bln. in 2008. The FDI increased at an average of 124.35% per annum from 2005 to 2008. Sime Darby Bhd, Petroleum Nasional Bhd, CIMB group and Malayan Banking Bhd were among the companies who expanded their investments abroad. Engaging in IJV has become one of strategic alliances for Malaysian firms to expand their businesses globally. Although, ample research has studied the strategic motives for IJVs formed by MNCs from developed countries, little research has examined the strategic motives for IJVs formed by MNCs in developing countries. This study is going to identify the strategic motives of Malaysian firms to engage in IJVs abroad.

Table 1. Malaysian Foreign Direct Investment, Selected Years (mln. USD)

FDI flows	1990-2000 (Annual average)	2005	2006	2007	2008
Malaysia					
Inward	4,722	4,064	6,060	8,401	8,053
Outward	1,550	2,972	6,084	11,087	14,059

Source: UNCTAD, World Investment Report 2009; www.unctad.org/wir or www.unctad.org/fdistatistics

Table 2. Summary of Selected Empirical Studies on IJVs Motivations

Motivations	Solekler-Goksen and Uysal-Tezolmez (2007)	Whitelock and Yang (2007)	Zineldin and Dodourova (2005)	Boateng and Glaister (2003)	Al-Khalifa and Peterson (2002)	Fahy, Egan, and Neale (1998)
Marketing-development	To enter the market faster	√	√	√	√	√
	To deter competitive market entry		√		√	
	To overcome trade barriers	√	√		√	
Efficiency-seeking	To generate profit	√	√	√		√
	To explore global synergies with other firms	√	√	√	√	
	To spread financial risk	√	√	√	√	√
	To reduce investment exposure	√	√	√	√	
	To avoid political risk or uncertainties	√	√			
Knowledge-acquiring	To benefit from low labour cost		√		√	√
	To acquire management knowledge	√		√	√	
	To acquire local market knowledge	√	√			√
	To acquire technological knowledge	√		√	√	
	To acquire knowledge of the local economy, politics and culture	√	√			√

Literature review. Previous studies show that a variety of reasons encourage firms to engage in IJVs. There are 5 theoretical approaches to explaining the motives of engaging in IJVs: transaction costs, strategic behaviour, and organizational learning theories (Kogut, 1988a; Ainuddin et al., 2007), resource-based and bargaining power theories (Ainuddin et al., 2007).

Building on the above theories, there have been many studies examining the motives for firms to engage in IJVs. To enhance a firm's competitive advantages, it is very common for a firm to have multiple motives for engaging in IJVs (Whitelock and Yang, 2007). Table 2 summarizes the selected empirical studies on IJVs motivations.

As shown in Table 2, the motives for the firms to engage in IJVs can be categorized into marketing-development, efficiency-seeking and knowledge-acquiring (Whitelock and Yang, 2007; Selekciler-Goksen and Uysal-Tezolmez, 2007; Zineldin and Dodourova, 2005; Boateng and Glaister, 2003; Fahy et al., 1998; Al-Khalifa and Peterson, 2002). For marketing-developing category, they include: to enter a market faster, to gain more competitive advantages, to deter competitive market entry, to overcome governmental trade barriers, to achieve economies of scale and to generate profit. For efficiency-seeking category, they include: to explore global synergies with other subsidiaries, to spread financial risks, to create technological synergy, to reduce inventory, to reduce investment exposure, to avoid political risks or uncertainties, to enable product diversification, to benefit from low labour costs, raw materials and intermediate products. For knowledge-acquiring, they include: to acquire knowledge about a local economy, politics, and culture, local market, product knowledge, technology, and managerial knowledge.

In addition, Yacob (2007) examines the motives for IJVs formed between Western MNCs and government-linked companies in Malaysia. The study involves managers from 5 firms which have Western-Malaysian IJVs. The respondents are required to choose the reasons for going into JV arrangement, the results of the study are shown in Table 3.

Table 3. Motives for IJV Formation in Malaysia

Factors	Percentage
Pressure from Malaysian government	16
To spread risks	33
Convenience of associates' complementary resources/facilities	72
Associates established control of facilities and channels of distribution/supply	56
Better access to local funds	11
Preferential treatment by Malaysian government	11
Foreign associates to establish local identity	22
Other reasons (For example, to allow local partner access or penetrate wider market)	11

Source: Yacob (2007)

Table 3 that convenience of associates' complementary resources/facilities, associates established control of facilities and channels of distribution/supply and spread risk are the major justifications for IJVs formation in Malaysia.

From the studies shown above, the motives for the firms to engage in IJVs vary. Some of them put emphasis on marketing development, while others put emphasis on efficiency seeking or knowledge acquiring. Yacob (2007) examines motivations for Western MNCs engaged in IJVs in Malaysia. However, there has been little research concerning the motives of Malaysian firms engaged in IJVs abroad. By studying the motives for Malaysian firms to engage in IJVs abroad, it will not only provide us with evidence to compare whether there is difference between inward IJVs and outward IJVs, but also with more evidence on the motives of the IJVs formed by the firms from developing countries. In addition, from the government perspective, it is important to understand fully the intentions and strategic motives of local firms venturing abroad in order to ensure economic goals of a country are achieved.

Methodology. To ensure the content validity, the measures used in this study are adapted from the previous studies (Whitelock and Yang, 2007; Selekcler-Goksen and Uysal-Tezolmez, 2007; Zineldin and Dodourova, 2005; Boateng and Glaister, 2003; Fahy et al., 1998), gone through the face validity test with 3 researchers in the area.

The revised 13 strategic motives are identified from the previous studies. The respondents were asked to rank the top 5 critical strategic motives among the 13 strategic motives identified from the previous studies, which encouraged their firms to engage in IJVs abroad. In order to make it easier for the respondents, they were asked to rank the strategic objectives as "1" representing the utmost important critical strategic motive and followed by "2" as the less important critical strategic motive compared and "5" representing the least important factor among the top 5 strategic motives that encouraged the firms engage in IJVs abroad. The scale is recoded as "1" = "5", "2" = "4", "3" = "3", "4" = "2", "5" = "1" for data analysis to compare the difference of means for all items.

The data were collected from top executives of the listed companies at Kuala Lumpur Stock Exchange (KLSE) who have engaged in IJVs abroad. 234 out of the 971 listed companies have engaged in IJVs abroad (as at 23/2/2009). The survey packages, which included the questionnaire, a personalized cover letter and postage paid self-addressed return envelope were mailed to the Chief Executive Officers (CEOs) of the targeted population of 234 companies. The cover letter introduced the study, explained the importance of the research, guaranteed anonymity, and provided the researchers' contact information. To further ensure high quality data would be collected, each CEO was asked to complete the survey with reference to an IJV established by his or her firm with which he or she was most familiar, or, if another executive at his or her firm was better qualified to answer the questions related to the establishment and operation of his or her firm's IJV, to pass the survey package to that executive.

A number of techniques were employed to gain increased response rate and further reduce non-response bias, for example, reminder letters, and the respondents were also promised a summary of the findings on completion of the questionnaires. 4 weeks after the initial mailing of the survey package, a reminder letter together with a replacement survey package was sent to the CEOs. After 8 weeks of the initial mailing of the survey package, a second reminder letter together with a replacement survey package was sent to the CEOs.

Given the importance of persistence in ensuring a satisfactory response rate, this process was repeated for executive directors at all the firms that had not responded within 4 weeks of the initial mailing sent to the CEO. That is, one month after the ini-

tial mailing to the CEOs, executive directors at all non-responding firms were sent a survey package, which was followed by the first reminder letter together with replacement questionnaire 4 weeks later and the second reminder letter together with replacement questionnaire 8 weeks later to those who had not responded.

77 usable questionnaires were collected after 5 months of the initial mailing of the survey package. Table 4 shows the characteristics of the IJVs in the sample. 77 usable surveys included 3 IJVs founded less than 3 years ago, 31 IJVs founded in between 3 to 5 years ago and 43 IJVs founded more than 5 years ago. 60 IJVs operated in Asia, 7 IJVs operated in North America, 6 IJVs – in Europe, 3 IJVs – in Australia, and only one IJV in Africa. Most of the IJVs are in manufacturing (57), and only 20 IJVs are in services. 7 IJVs' revenues were below USD 2.8 mln., 34 IJVs' revenues were in between USD 2.8 mln. to 7.1 mln. 36 of the IJVs' revenues were more than USD 7.1 mln. 23 IJVs consisted of two partners, 32 IJVs consisted of 3 partners, 13 IJVs consisted of 4 partners, and 8 IJVs consisted for 5 and more partners.

Table 4. Characteristics of the IJVs in the Sample

Variables	N	%
Duration of JV		
Less than 3 years	3	3.9
3-5 years	31	40.3
5 years and above	43	56.8
Total	77	100
Region:		
Asia	60	77.9
Europe	6	7.8
Africa	1	1.3
North America	7	9.1
South America	0	0
Australia	3	3.9
Total	77	100
Industry of JV		
Manufacturing	57	74.0
Services	20	26.0
Total	77	100
Total Sales Turnover (in fiscal year 2008)		
Less than USD 2.8 mln.	7	9.1
USD 2.8 mln. – USD 7.1 mln.	34	44.2
USD 7.1 mln. and above	36	46.7
Total	77	100
No. of partners in JV		
2	24	31.2
3	32	41.6
4	13	16.9
5 and above	8	10.4
Total	77	100

Results. To provide relative importance of strategic motives that encouraged the firms to engage in IJVs abroad, mean values and standard deviations are calculated for all items in all 77 usable questionnaires. Strategic motives for the firms to engage in IJVs abroad are ranked according to their mean values. The data is analyzed by using SPSS version 17. The analyzed results are presented by comparing the strategic motives by geographical area, industry, and lastly the overall strategic motives that encouraged Malaysian firms to engage in IJVs abroad.

As shown in Table 5, the top 5 strategic motives of Malaysian firms engaged in IJVs in Asia are to generate profit, to enter market faster, to spread financial risks, to explore global synergies with other firms, and to benefit from low labour costs. For the IJVs in Europe, the top 5 critical motives are to generate profit, to explore global synergies with other firms, to spread financial risks, to acquire local market knowledge, and to enter a market faster. For the IJVs formed in North America by Malaysian firms, the top 5 critical motives are to generate profit, to explore global synergies with other firms, to acquire technological knowledge, to enter the market faster, and to benefit from low labour costs. The top 5 critical strategic motives for Malaysian firms engaged in IJVs in Australia are to enter a market faster, to generate profit, to overcome trade barriers, to acquire technological knowledge, and to benefit from low labour costs. They are quite similar, all focus on profit generation. However, as revealed by an IJV in Africa, the top 5 critical motives for that firm are to overcome trade barriers, to enter a market faster, to deter competitive market entry, to benefit from low labour costs, and to acquire technological knowledge. It deals more with the local government trade barriers instead of profit generation.

Table 5. Strategic Motives by Geographical Area

Geographical Area	Strategic Motives	Rank	Mean Score	Standard Deviation
Asia	To generate profit	1	3.567	1.863
	To enter market faster	2	2.133	1.918
	To spread financial risks	3	1.683	1.610
	To explore global synergies with other firms	4	1.617	1.786
	To benefit from low labour costs	5	1.033	1.573
Europe	To generate profit	1	3.167	2.137
	To explore global synergies with other firms	2	2.333	1.862
	To spread financial risks	3	2.167	2.483
	To acquire local market knowledge	4	1.833	1.722
	To enter market faster	5	1.667	2.582
Africa	To overcome trade barriers	1	5.000	.
	To enter market faster	2	4.000	.
	To deter competitive market entry	3	3.000	.
	To benefit from low labour costs	4	2.000	.
	To acquire technological knowledge	5	1.000	.
North America	To generate profit	1	3.000	2.309
	To explore global synergies with other firms	2	2.143	1.676
	To acquire technological knowledge	3	1.571	2.149
	To enter market faster	4	1.571	2.070
	To benefit from low labour costs	5	1.429	1.813
Australia	To enter market faster	1	3.333	2.082
	To generate profit	2	2.333	2.517
	To overcome trade barriers	3	1.667	2.887
	To acquire technological knowledge	4	1.333	2.309
	To benefit from low labour costs	5	1.333	2.309

As shown in Table 6, the top 5 critical motives for the firms engaged in manufacturing and service industry are quite similar. For manufacturing, the top 5 critical motives are to generate profit, to enter a market faster, to spread financial risks, to explore global synergies with other firms, and to acquire local market knowledge. The top 5 critical strategic motives for the firms engaged in services industry are to generate profit, to enter a market faster, to explore global synergies with other firms, to spread financial risks, and to reduce investment exposure.

Table 6. Strategic Motives by Industry

Geographical Area	Strategic Motives	Rank	Mean Score	Standard Deviation
Manufacturing	To generate profit	1	3.404	1.999
	To enter market faster	2	1.877	1.937
	To spread financial risks	3	1.790	1.709
	To explore global synergies with other firms	4	1.790	1.849
	To acquire local market knowledge	5	1.070	1.498
Servicing	To generate profit	1	3.350	1.872
	To enter market faster	2	2.800	1.963
	To explore global synergies with other firms	3	1.350	1.424
	To spread financial risks	4	1.150	1.424
	To reduce investment exposure	5	1.000	1.622

Table 7 shows the overall top 5 strategic motives for Malaysian firms engaged in IJVs abroad. These are to generate profit, to enter a market faster, to explore global synergies with other firms, to spread financial risks, and to benefit from low labour costs.

Table 7. Overall Strategic Motives of Formation IJV Abroad

Strategic Motives	Rank	Mean Score	Standard Deviation
To generate profit	1	3.390	1.954
To enter market faster	2	2.117	1.973
To explore global synergies with other firms	3	1.675	1.751
To spread financial risks	4	1.623	1.655
To benefit from low labour costs	5	1.039	1.560
To acquire local market knowledge	6	1.026	1.478
To overcome trade barriers	7	0.922	1.723
To acquire technological knowledge	8	0.844	1.496
To reduce investment exposure	9	0.740	1.271
To deter competitive market entry	10	0.623	1.236
To acquire knowledge of local economy, politics and culture	11	0.468	1.131
To avoid political risks or uncertainties	12	0.403	0.977
To acquire management knowledge	13	0.130	0.469
Other	14	0.000	0.000

Discussion and conclusion. Our study has examined the strategic motives of the firms engaged in IJVs in Malaysia. This study extends the existing literature by examining the strategic motives of the firms engaged in IJVs. By comparing the results to

the study conducted by Yacob (2007), the findings show that the key strategic motives for IJVs formed in Malaysia and Malaysian IJVs formed abroad are different.

The top 5 critical strategic motives for formation of IJVs in Malaysia were resource sharing, access to local distribution/supply channels, risk spreading establishing local identity, and pressure from local government (Yacob, 2007), all concerned the efficiency seeking. However, the top 5 strategic motives for Malaysian firms engaging in IJVs abroad concern mostly market development, which are: to generate profit, to overcome trade barriers, to enter market faster, to explore global synergies with other firms, and to spread financial risks. The main reason for the difference in the strategic motives between IJVs formed in Malaysia and Malaysian IJVs formed abroad is mainly the driving force of Malaysian economic policy. As stated in IMP3, Malaysian government not only encourages foreign investors to invest in Malaysia, but also encourages local firms to venture abroad. A series of promotions have been implemented for this.

For IJVs formed in Malaysia the key strategic motive is efficiency seeking. It is influenced by both macro- and microfactors possessed by Malaysia (Yacob, 2007) and ranged from political stability, economic fundamentals such as basic, reliable and high quality, and state-of-the-art infrastructure alongside all available modern communications, to relatively low-cost labor and resources, state-sanctioned incentives and highly educated population. Many MNCs gain access to local resources through formation of IJVs with local partners (Griffith et al., 1998).

On the other hand, the key strategic motive for Malaysian firms engaged in IJVs abroad is market development. It is in line with the Malaysian economic policy. According to Ahmad (2008), the structure of Malaysian exports has undergone significant changes as it has increased considerably since 1970s. Realizing the potential of overseas markets, Malaysian government began to encourage Malaysian entrepreneurs to expand their businesses and venture abroad (Ahmad, 2008). To further encourage Malaysian firms to participate in CBI, the government further intensified the promotion of CBI in its IMP3 through opening-up of MIDA's overseas offices in developing countries to help local firms venture abroad and also offering incentives for firms participating in CBI.

The findings also reveal that the key strategic motives for manufacturing and services are quite similar. They all focus on profit generation, quick access to markets, risk sharing, and exploring global synergies. However, IJVs in Asia, Australia, Europe and North America are concerned more with profit generation, while IJV in Africa are concerned more with trade barriers imposed by local governments. The findings confirm that less developed countries often impose foreign ownership restrictions to protect local economy (Lasserre, 1999).

Implications. According to Meschi and Riccio (2008), every emerging market is specific. The degree of transition varies greatly from one country to another. The business research results generated in one country cannot be generalized to other context. Thus, it is important to extend our research to other emerging markets as well. Second, existing literature has studied strategic motives of IJVs formed by MNCs in developed countries, little research has examined strategic motives of IJVs formed by MNCs from developing countries. This study contributes to the understanding of key strategic motives that Malaysian firms, the firms from a developing

country, engaged in IJVs abroad. Third, by comparing with prior study's results (strategic motives for inward IJVs), it shows that there is difference in strategic motives for inward and outward IJVs.

For policy makers, the findings of this study can provide better understanding of strategic motives/intentions of local firms venturing abroad. By understanding strategic motives of the local firms venturing abroad, policy makers can formulate better strategies to ensure the economic goals of the country are achieved.

Limitations and future research. This study only examines the initial strategic motives for Malaysian firms engaged in IJVs abroad. It does not study whether the firms have achieved their initial strategic motives in operations. Future research may be on comparison of initial strategic motives and actual achievements of the IJVs operation.

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