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## Evaluation and Analysis of IJV Marketing Performance and its Key Predictors

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**Key words:** International Joint Ventures, Marketing Performance, Factors, Thailand

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# EVALUATION AND ANALYSIS OF IJV MARKETING PERFORMANCE AND ITS KEY PREDICTORS

## ABSTRACT

*The marketing performance of international joint ventures (IJVs) particularly of those in the Southeast Asian Economies has not received adequate attention from international business researchers and International Joint Ventures (IJVs) have become an important means of market entry for many firms, particularly those seeking entry into Asia. This study identifies the factors influencing the marketing performance of International Joint Ventures (IJVs) in Thailand and the relative importance of these factors. The key factors influencing the marketing performance of International Joint Ventures (IJVs) in Thailand were identified as market characteristics, commitment of the partners and the marketing orientation of senior management. Implications for the management of International Joint Ventures (IJV's) in the South East Asian countries in general and Thailand in particular have also been outlined.*

**Key Words:** International Joint Ventures; Marketing Performance; Factors; Thailand

## INTRODUCTION

Although the literature on International Joint Ventures (IJVs) is already sizeable and steadily growing, there is a paucity of studies on critical issues relating to the growth of IJVs in the South East Asian economies. These issues include 1) the salient factors influencing the marketing performance of IJVs; 2) the relative importance of the factors; 3) the measurement of the marketing performance of IJVs as opposed to overall business performance; and 4) the importance of marketing orientation to the marketing performance of IJVs. This study seeks to fill part of the gap in the existing literature. Broadly defined an IJV is an equity sharing arrangement between two companies (one local, one foreign) that pool their resources, share risks and operational control to

operate an independent business unit on a continuous basis to attain strategic objectives (Geringer and Hebert, 1991).

The primary objectives of this study are: (i) to identify the factors influencing the marketing performance of IJVs in Thailand; and (ii) to evaluate the relative importance of the identified factors. In the international business literature there are many studies that have identified important determinants of IJV performance in general (e.g., Beamish, 1984; Cullen, Johnson, and Sakano, 1995). However, the literature does not adequately cover the issues relating to the marketing performance of IJVs. Schaan (1983) studied the relationship between parent control and IJV success based on a small sample of IJVs located in Mexico. As a useful avenue of future research he suggested, "*More research is needed to identify other factors that may be important in explaining JV success*". Given that successful marketing performance is critical for flourishing business performance (Crocombe, 1991) and the paucity of empirical studies on the marketing performance of IJVs, it was felt necessary to undertake this study.

## **LITERATURE REVIEW**

As IJVs assumed a new and ever increasing importance in the 1990's and beyond (Anderson, 1990), research on various aspects of the IJV and its success or failure in certain economic regions of the world has also continued to grow (Fey, 1996; Lee and Beamish, 1995). Fey (1996) studied joint venture performance in Russia and Lee and Beamish (1995) studied the characteristics and performance of Korean joint ventures in less developed countries. These Studies showed that some of the factors influencing JV performance were not consistent when comparing the two studies. For example, in the Fey (1996) study commitment of the JV partners was identified as a significant factor affecting JV performance in Russia. However, in the Lee and Beamish (1995) study the authors found that for Korean joint ventures commitment of the JV partners had no relationship with performance. As a result of these inconsistencies and the paucity of studies on IJV marketing performance in the South East Asian economies it was deemed necessary to undertake this study in a South East Asian economy that would be favourable to the IJV mode of market entry.

The sample for this study was taken from Thailand for the following reasons. Firstly, Thailand's strong economic growth over a sustained period of time. Secondly, Thailand's growth in exports. Thirdly, Thailand has experienced an investment boom since 1980. Finally, Thailand's importance as a future market for Australian companies (Stier and Mills, 1994; Far Eastern Economic Review, 1995). The presence of these elements, provide an ideal environment for the IJV to flourish in.

The theoretical perspective adopted here is that successful marketing performance is critical for successful business performance (Crocombe, 1991). Measurement issues relating to marketing performance and the key factors influencing marketing performance are discussed below. Several hypotheses have been formulated for testing following the discussion.

**Marketing Performance of IJVs:** Since the early 1980's, research on IJVs and IJV performance has been considerable. However, limited empirical research has been conducted on the marketing performance of IJVs. With the exception of Berg, 1991; Blodgett, 1991; and Ganitsky, Rangan, and Watzke, 1991 most studies on marketing performance are applied to indirect/direct export firms. With the globalisation of markets and increasing domestic competition, foreign markets have become increasingly viable and natural opportunities for growth-oriented domestic firms. Considering the growth in IJVs as a form of market entry (Makino and Beamish, 1998) it is therefore, of practical, as well as of theoretical importance, to address the issue of *"What are the factors that contribute to the success or failure of IJVs?"*

Three distinctive features should be noted at the outset. First, the unit of analysis is an individual IJV between, at least, one foreign firm and a local Thai firm, with the IJV under review involved in the marketing of specific products/services in Thailand. Second, incorporated in the proposed framework is a theoretical conceptualisation that marketing performance is determined by the coalignment between the marketing mix variables and the internal and the external environments of the firm. Furthermore, marketing performance is conceived as the accomplishment of strategic as well as economic objectives. Finally, data are collected based on responses to a self-administered mail survey from a senior executive within the IJV entity itself.

Some of the key success factors highlighted from previous studies on the marketing performance of direct/indirect export firms include marketing strategy; management attitudes; and other firm, industry, product, and market factors (Aaby and Slater, 1989; Bilkey, 1982; Cavusgil, 1983; Christensen, da Rocha, and Gertner, 1987; Cooper and Kleinschmidt, 1985; McGuinness and Little, 1981; Rosson and Ford, 1982). In their review article, Aaby and Slater (1989) suggest that marketing performance is directly influenced by a firm's business strategy. Using factor analysis, Cavusgil (1983) demonstrated that marketing decision variables influencing successful export marketing performance can be reduced to (1) basic company offering, (2) contractual link with foreign distributors/agents, (3) promotion, and (4) pricing.

Previous research into the key success factors of direct/indirect exporting firms in foreign markets identifies a link between marketing strategy and performance (Cavusgil and Zou, 1994). A similar linkage between marketing strategy and performance is also evident when evaluating the marketing performance of IJVs (Blodgett, 1991; Ganitsky, Rangan, and Watzke, 1991). However, there are several issues, which undermine the strength and nature of this relationship. The first is the level of analysis. With few exceptions, previous studies have either been conducted at the foreign partner level or the local partner level or both (Beamish and Inkpen, 1995; Datta, 1988; Lee and Beamish, 1995). As a result, performance success factors were conceptualised as firm-specific characteristics. An underlying theoretical justification for firm-level studies is the theory of internalisation (Buckley and Casson, 1985; Rugman, 1981), which states that, in an imperfect market, firms should internalise the firm-specific advantages, both tangible and intangible, to extract maximum economic rent. Because firm-specific advantages are derived not only from the development and marketing of a particular product but also from the total learning process of the firm, it is possible to investigate marketing performance at the firm level.

Though previous studies contributed to our knowledge of factors influencing export marketing performance and overall JV performance, there are notable limitations associated with firm-level investigations of IJV marketing performance. First, considerable variations in marketing strategy and performance often exist across various product-market ventures depending on the foreign market and the structure established for the IJV. It is unrealistic to expect that the same structure in all

foreign markets will lead to the same marketing performance results. Consequently, if IJV marketing performance is investigated at the overall firm level, aggregating all product-market IJVs by the local or foreign partner, confounded findings are likely to result. Therefore, the position taken in this research is that the individual IJV in the country of operation must be taken as the unit of analysis to obtain a more precise measurement of marketing performance.

The second issue is the failure of previous studies to incorporate strategic considerations in the performance of IJVs. Previous studies have viewed marketing performance simply as a means of realising the economic goals of the firm. Marketing performance has been measured in terms of sales or profits, with no deliberate attempt to relate it to a firm's strategic objectives, such as gaining a foothold in a foreign market, collaborative R&D, and erecting barriers to entry. The problems associated with using solely financial measures to measure the performance of an IJV are that short-term profit motives are not the sole reason for establishing IJVs. By using solely economic measures a JV may be rated as performing poorly when actually it is achieving the objectives of the parents for which it was established. Therefore, this study will consider both economic and strategic measures of performance in determining the marketing performance of the IJVs being studied.

The final issue relates to the diversity of conceptualisation and measurement of marketing performance and the simplistic nature of research approaches employed in previous studies. Both Madsen (1987) and Aaby and Slater (1989) observe that marketing performance has been conceptualised and operationalized in many different ways by different researchers. They point out that researchers previously have made little effort to identify measurement difficulties, sampling, validity, or particular technical problems. Data collection methods have ranged from unstructured personal discussions to structured mail surveys to in-depth interviews, and analytical approaches have ranged from simple frequencies to sophisticated multivariate techniques. As a result, confusing and even contradictory findings have surfaced in the literature (e.g., the effect of firm size on marketing performance). These discrepant findings hinder not only practice, but also theory development of marketing performance measures. Hence, there is a need for an integrated approach to marketing performance inquiry. Such an approach must deal with the measurement as well as the conceptualisation of marketing performance and factors internal and external to the firm.

The conceptual framework postulated here is that the marketing performance of an IJV is determined by internal forces such as product characteristics and firm-specific characteristics and external forces such as market characteristics (Cooper and Kleinschmidt, 1985; Madsen, 1989). For various environments the IJV operates in, as defined by product, firm-specific and market characteristics, certain marketing strategies adopted by the IJV must be adapted to enable positive marketing performance to be achieved.

The proposed framework incorporates three key features. Firstly, the unit of analysis is the IJV which can be a single or multi product venture. The objective is not to determine the performance of certain products or product lines but to determine the overall marketing performance of the IJV in the country of operation. Secondly, the framework posits that marketing performance involves both economic and strategic considerations. Finally, the framework is presented in general terms, with marketing performance being determined by internal and external forces and represented by broad categories of variables. This is due to the existing marketing performance literature being not very helpful in terms of suggesting specific constructs or measures for the proposed conceptualisation.

**Market Characteristics:** Some of the principal market characteristics that influence the marketing performance of a venture in a foreign market include:- the policies of host country governments (Beamish, 1984; Blodgett, 1991); technology transfer (Beamish, 1988; Gomes-Casseres, 1989); the availability of suitable distribution and communication channels (Jacque, 1986; Kogut and Singh, 1985); and competitive pricing (Christensen, Da Rocha and Gertner, 1987). In the context of developing countries, the policies of host country governments (Beamish, 1984, Blodgett, 1991) have been identified as significant influencers of IJV performance. Changes in the power, roles, and policies of host country governments were found to be the most crucial of all the uncontrollable forces affecting the future success of IJVs.

Access to modern and updated technology is widely recognised as the principal reason why local firms in developing countries enter into JV arrangements with foreign corporations from developed countries (Beamish, 1984; Blodgett, 1991; Gomes-Casseres, 1989). Failure to deliver this



technology could cause conflict between the partners and the ultimate demise of the venture. There is also some empirical evidence that supports the positive relationship between marketing performance and access to suitable distribution channels (Jacque, 1986); and, competitive pricing (Christensen, Da Rocha and Gertner, 1987). As a result the following hypothesis has been formulated for testing.

*H1: The marketing performance of IJVs in Thailand is negatively influenced by market characteristics.*

**Conflict:** Research indicates, nearly without exception, that conflict has severe negative repercussions in IJVs (Beamish, 1984). For example, Kaufman and Stern (1988) found that retained hostilities inhibited the development of advantageous relational norms between firms. Without cooperation, the achievement of goals such as organisational learning and technology transfer would be nearly impossible. Conflict erodes satisfaction, reduces morale and causes dysfunctional relationships. As conflict escalates and partners' feelings of retained hostility (Kaufman and Stern, 1988) dominate the relationship, opportunistic behaviour becomes standard operating procedure and the likelihood of poor IJV performance is further enhanced. Lane and Beamish (1990) and Kogut (1988) suggest that the problems and failures in IJVs are due to conflict between the partners. Therefore, it is expected that conflict between the IJV partners will have a negative influence on the marketing performance of the IJV resulting in the following hypothesis for testing:

*H2: The marketing performance of IJVs in Thailand is negatively influenced by conflict between the partners.*

**Commitment:** One of several constructs found to be relevant to JV performance is commitment. Several researchers (Beamish, 1984; 1988; Cullen, Johnson, and Sakano, 1995; Schaan, 1983) have emphasised the role of commitment to JV success. Beamish (1988) found a strong correlation between commitment and performance in JVs, noting that most of the commitment characteristics in the high-performing ventures were related to the Multinational Enterprise's (MNE's) willingness to do something: adapt products; increase employment of nationals, visit and offer assistance and/or

supply special skills. Lee (1989) also found in his work on JVs from Korea that mutual confidence and close business relationships between local partners and Korean investors significantly influenced their level of satisfaction. Therefore, commitment of the IJV partners is a critical factor for IJV success. Resulting in the following hypothesis for testing.

*H3: The marketing performance of IJVs in Thailand is positively influenced by commitment of the partners.*

**Product Characteristics:** There is empirical evidence to support the relationship between specific product characteristics and marketing performance when applied to an export venture (Cavusgil and Zou 1994). However, there appears to be very little empirical evidence to support the relationship between marketing performance and specific product characteristics when applied to an IJV. The particular theoretical perspective adopted here is that the relationship between specific product characteristics and marketing performance could be applied to any form of market entry strategy, including an IJV. This perspective is adopted on the principle of strategy-environment co-alignment (Venkatraman and Prescott, 1990) which states that the "fit" between strategy and its context - whether it is the external environment or organisational characteristics - has significant positive implications for organisational performance. Therefore, specific product characteristics can have a significant influence on the marketing performance of a specific venture in an international market.

Some of the relevant product characteristics that have influenced marketing strategy and performance in an international venture where there is some degree of product and promotion adaptation include the following: culture-specificity of the product/service; familiarity of consumers to the firm's products/services; and, the stage of the product life cycle the firm's products/services are in (Cavusgil and Zou, 1994). The above discussion has resulted in the formation of the following hypothesis for testing:

*H4: The marketing performance of IJVs in Thailand is negatively influenced by product characteristics.*

**Firm-Specific Characteristics:** A firm's capabilities and constraints profoundly influence its choice of marketing strategy and its ability to execute the chosen strategy. The key assets and skills of a firm constitute its sources of sustainable competitive advantage. In international marketing, the relevant assets and skills of a firm include size advantages, i.e. economies of scale, international experience, extent of international business involvement and resources available for market development. Possession of such assets and skills enables an international marketer to identify the idiosyncrasies in foreign markets, develop appropriate marketing strategies and execute them effectively. Therefore, firm-specific characteristics affect marketing strategy and performance (Cavusgil and Zou, 1994). Hence the following hypothesis has been formulated for testing.

*H5: The marketing performance of IJVs in Thailand is positively influenced by firm specific characteristics.*

**Marketing Orientation:** The degree of marketing orientation enjoyed by a firm is a proven determinant of business performance success (Ahmed and Krohn, 1994). Marketing orientation being defined as *"the degree to which individuals are aware of the needs and wants of one's customers, and how the firm might best meet those needs and wants"* (Ahmad and Krohn, 1994; p.115). Focusing on immediate and long-term consumer commitment is the obvious manifestation of an organisation imbued with marketing orientation. Greater consumer satisfaction, eventual competitive advantage over competitors and the resultant increase in profits are the likely results of an organisation whose employees have been thoroughly trained in marketing orientation (Ahmed and Krohn, 1994). Therefore, marketing orientation is likely to be a significant factor influencing organisational performance resulting in the following hypothesis for testing:

*H6: The marketing performance of IJVs in Thailand is positively influenced by the marketing orientation of senior management.*

**Organisational Control:** Major conflicts can erupt between partners in IJVs with respect to purchases of materials, intermediates, and components. Some foreign corporations strive to have the IJV affiliate purchase intermediate goods or components from it on the grounds that it assures

required quality standards and competitive alternative sources are not readily available. Local partners, on the other hand, want to explore alternative sources in order to obtain the materials from lowest-cost suppliers internationally or domestically. They may believe that the foreign corporation is charging excessive prices and aims to earn additional income from selling the components to the affiliate. If the foreign corporation presses aggressively for continued sales of these components to the affiliate, despite the fact that the local partner finds other suppliers at competitive or lower prices, serious conflicts could arise between the partners to the venture, which can disrupt the relationship.

The reverse could also occur when the foreign corporation wants to repatriate much of the profits earned by the IJV back to its home country. The local partner, on the other hand, may want to retain most of the profits earned by the IJV in the IJV for reasons of capital expansion and investment. If the foreign corporation insists on repatriating most of the IJV's earnings back to its home country leaving the "IJV cash poor" this could not only negatively affect the marketing performance of the IJV but worse, serious conflicts could arise between the partners leading to the ultimate demise of the venture. The above discussion has resulted in the following hypothesis for testing.

*H7: The marketing performance of IJVs in Thailand is negatively influenced by the control one partner has over the other partners in the IJV organisation.*

**Managerial Control:** The effect of managerial control on JV performance has remained one of the controversial factors determining JV performance. While domination of one parent in the overall management of the JV was found most effective in some studies (Killing, 1983; Al-Aali, 1987; Phatak and Chowdhury, 1991), shared management control was found effective in other studies (Beamish, 1984; Blodgett, 1992). Similarly, greater autonomy of the JV over operating decisions was expected to contribute to better performance (Anderson, 1990; Killing, 1983; Blumenthal, 1988) but the empirical findings seem to be very tentative. Cooperation seems to be a core condition for success of a cooperative venture (Berg and Friedman, 1980; Awadzi, 1987; Awadzi, Kedia, and Chinta, 1988; Phatak and Chowdhury, 1991), but its relative impact on performance in a broader multivariate model has not been tested in the past. Accordingly the following hypothesis has been formulated for testing.

*H8: The lack of effective managerial control over the IJV by any of its parents had a negative influence on IJV marketing performance.*

**Adapting to Foreign Market Needs:** As Douglas and Wind (1987) conclude the more internationally competent a firm is, the more likely it is that standardisation alone will not lead to optimal results. A competent firm, because of its international experience and resources, knows the subtle differences in environmental conditions, market demand, and the degree of competition and is more likely to select the most attractive market for the venture and adapt the marketing strategy (e.g., product and promotion strategy) to meet the specific market needs (Cavusgil, Zou, and Naidu, 1993; Douglas and Craig, 1989; Hill and Still, 1984). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig, 1989).

When a product can meet universal needs, standardisation of product and promotion is facilitated (Levitt, 1983). However, if a product meets only unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Buzzell, 1968; Cavusgil, Zou, and Naidu, 1993; Keegan, 1969), and to educate customers in using and maintaining the product. Similarly, when a culture-specific product is developed for a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market (Terpstra, 1987). To be viable, the product must be adapted to the cultural idiosyncrasies of the foreign market (Cavusgil and Zou, 1994; Douglas and Wind, 1987). On the basis of the above discussion, the following hypothesis has been formulated for testing.

*H9: The willingness of the foreign parents to adapt the IJV's products/services to meet the needs of the local Thai market had a positive influence on IJV marketing performance.*

## METHODOLOGY

This study investigates the marketing performance of foreign corporations in IJV relationships with Thai companies in Thailand. The IJVs studied came from a wide cross-section of industries, including agriculture, mining, light industries, metal working, electronic, chemical, and services. The list of companies making up the sample was obtained from the Thai Board of Investment (BOI, 1996).

Following an extensive review of the literature, a wide range of variables that could influence the marketing performance of IJVs were identified and included in a preliminary questionnaire. The questionnaire was finalised after a pretest by personal interviews with 10 Foreign-Thai IJVs located in Thailand. The final questionnaire contained a list of statements relating to the factors influencing the marketing performance of IJVs in Thailand and a list of measures of marketing performance. The questionnaire in English and Thai translation with a covering letter and instructions was mailed to a sample of 831 IJVs selected at random from the list of IJVs provided by the Thai Board of Investment (BOI, 1996). After a follow up with a second round mailing 161 useable questionnaires were returned accounting for an effective response rate of 19.38 percent and considered to be adequate (Groves, 1990).

### **Scales**

The respondents were requested to complete two sets of Likert-like scales, one for each of the components of the research i.e. the factors influencing the marketing performance of the IJV and the measure of the marketing performance of the IJV. The details are given below.

**Marketing Performance of IJVs:** The responses to the two sets of statements were scored from 1 to 7. Strongly disagree to strongly agree for the set of statements designed to identify the factors influencing the marketing performance of IJVs in Thailand; and extremely dissatisfied to extremely satisfied for the set of statements designed to measure the marketing performance of the same IJVs.

**Market Characteristics:** Seven statements were included in the questionnaire to measure the extent to which certain market characteristics can have an influence on the marketing performance of the IJV. These include one statement to assess the adequacy of the supply of capital resources to develop the Thai market effectively drawn from Beamish and Banks (1987), one statement to assess the adequacy of the supply of certain raw materials adapted from Beamish and Banks (1987), one statement to assess the availability of distribution channels (Jacque, 1986), one statement to assess the knowledge of Thai business practices by at least one of the foreign partners adapted from Blodgett (1991), one statement to assess the transference of much needed new technology drawn from Lecraw (1984), one statement to assess the influence of host country government intervention drawn from Beamish (1984) and one statement to assess the influence of industry price competition adapted from Christensen, da Rocha and Gertner (1987).

**Conflict:** Five statements were included to measure the extent to which conflict between the IJV partners can influence the marketing performance of the IJV. These statements were adapted from Habib (1987) and consisted of one statement that assessed the conflict between the partners over the roles and functions to be performed by each of the partners, one statement to assess the conflict between the partners over the staffing policies for the IJV and three statements that assessed the conflict between the partners over the terms and conditions of the IJV contract.

**Commitment:** Five statements adapted from Beamish (1984) and Lee and Beamish (1995) were included to measure commitment. These covered one statement each to measure the commitment to the IJV by the foreign parent and the IJV partners' capital and resource contributions together with three statements aimed at assessing the specific human resource contributions by the IJV partners.

**Product Characteristics:** Five statements aimed at measuring the extent to which specific product characteristics can have an influence on IJV marketing performance were included. These statements were adapted from Cavusgil and Zou (1994) and covered one statement each to assess the products/services age (or stage of the product life cycle the products/services are in), the level of product/service adaptation required for the local Thai market, the level of consumer familiarity with

the IJV's products/services, the level of promotional adaptation required for the local Thai market and the level of culture-specificity of the IJV's products/services.

**Firm-Specific Characteristics:** Three statements measured the extent to which certain firm-specific characteristics can have an influence on IJV marketing performance. One statement assessed the unit value of the IJV's products/services and one statement assessed the uniqueness of the IJV's products/services and was adapted from Cavusgil and Zou (1994). One statement also related customer expectations as a measure against which the IJV evaluates its performance and was drawn from Pitt and Jeantrout (1994).

**Marketing Orientation:** Three statements aimed at measuring the extent to which marketing orientation can influence IJV marketing performance were included in the study and were adapted from Pitt and Jeantrout (1994). These include one statement each covering how regularly senior management contacts customers to determine their needs and to better understand their business, how frequently the IJV conducts research among its customers in order to find out what they expect of its products/services and how regularly the IJV attempts to assess the impact that the prices of its products/services have on customer expectations.

**Organisational Control:** Two statements adapted from Dymsha (1988) measured the extent to which control by one partner over the other partners in the IJV organisation influences IJV marketing performance. These include one statement that assessed the impact of transferring a large proportion of the IJV's outputs (e.g., profits or components for a future production process) to a parent company and one statement assessing the impact of sourcing much of the input needs (e.g., raw materials or components to be used in the production process) of the IJV from a parent company.

**Managerial Control:** One statement aimed at measuring the extent to which managerial control over the IJV by any of its parents influence IJV marketing performance was included in the study (Dymsha, 1988).



**Adapting to Foreign Market Needs:** One statement aimed at measuring the extent to which the foreign parent's willingness to adapt the IJV's products/services to meet the needs of the local Thai market influence IJV marketing performance was included in the study. This measure was drawn from Beamish (1984).

## RESULTS

Prior to analysis of the data an extrapolation procedure (Armstrong and Overton, 1977) was used to assess non-response bias. Frequencies and *t*-tests were used to determine if significant differences existed between the sample of firms for which responses were received and the population for the classification criterion of equity participation of the principal foreign partner. With the exception of the equity participation grouping "between 50% and 59%", no significant difference existed between sample responses and the population suggesting the absence of non-response bias.

An exploratory factor analysis using the principal components method with varimax rotation was conducted on the independent statements designed to identify the salient factors influencing the marketing performance of IJVs in Thailand. The results of the exploratory factor analysis are summarised in Table 1 indicating that seven factors and two independent statements together explained 64.7 percent of respondent variation on issues about IJV marketing performance. A test for reliability for the seven factors has resulted in Cronbach's Alpha of 0.82, 0.87, 0.82 and 0.70 for the factors "market characteristics", "conflict", "commitment" and "product characteristics" respectively suggesting high reliability. The Cronbach's Alpha for the factors "firm specific characteristics", "marketing orientation" and "organisational control" were 0.61, 0.62 and 0.67 respectively suggesting moderate reliability. The first four factors were the dominant factors, all with eigenvalues greater than 1.5, and explaining 46.3 percent of respondent variation on issues about IJV marketing performance. The remaining three factors and two independent statements accounted for 18.4 percent of respondent variation. All items loaded onto their correct factors and no cross-loadings above .2 were identified.

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“Take in Table I”

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A multiple regression analysis was then conducted to examine the relationship between the marketing performance of IJVs in Thailand as a dependent variable and the seven factors: "market characteristics", "conflict", "commitment", "product characteristics", "firm-specific characteristics", "marketing orientation" and "organisational control" and the two independent statements "managerial control" and "adapting to foreign market needs" as explanatory variables. The results of the multiple regression analysis are shown in Table 2. The analysis resulted in an  $R^2 = 0.1439$  suggesting that the seven factors "market characteristics", "conflict", "commitment", "product characteristics", "firm specific characteristics", "marketing orientation" and "organisational control" and the two independent statements "managerial control" and "adapting to foreign market needs" together explained 14.39 percent of the variation in the marketing performance of the IJVs as explanatory variables. The results also show only three factors - "market characteristics", "commitment", and "marketing orientation" as having a significant influence on the marketing performance of IJVs in Thailand.

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“Take in Table II”

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Overall the results indicate that H1, H3 and H6 were supported, where it was found that the marketing performance of IJVs in Thailand is negatively influenced by market characteristics. The marketing performance of IJVs in Thailand is positively influenced by commitment of the partners and the marketing performance of IJVs in Thailand is positively influenced by the marketing orientation of senior management.

## DISCUSSION AND IMPLICATIONS

The three factors contributing significantly to the variation in the marketing performance of IJVs in Thailand were market characteristics, commitment and marketing orientation. The three variables together accounted for 14.39 percent of the variation in marketing performance. Conflict, product characteristics, firm-specific characteristics, organisational control, managerial control and adapting to foreign market needs were found to have no effect on the marketing performance of IJVs.

It is important for the management of any company to be aware of these factors when contemplating an IJV of any magnitude in a developing country. As far as market characteristics were concerned, this study clearly indicated that it is important for managers of IJVs to be aware of the market characteristics of a foreign market that can influence a firm's marketing performance. Availability of capital resources, raw materials and distribution channels; transfer of up-to-date technology; knowledge of local business practices; and knowledge of industry competition are very important for the successful marketing performance of IJVs in Thailand. Companies intending to enter into an IJV arrangement in Thailand need to ensure the availability and existence of the above if they are to succeed in this market.

This study has shown that joint venture partners must make commitments of: providing key senior management people; supplying special skills; visiting and offering assistance; furnishing additional equity or loan capital when needed; and, general commitment to the Thai market. The management of a company needs to be committed to the foreign market they are entering and to their IJV partner for successful marketing performance of their IJV.

As far as marketing orientation is concerned, the study findings have shown that marketing orientation must be with reference to senior management's knowledge of its customers. That is, for senior management to understand what its customers expect from its products and services and for senior management to be in regular contact with its customers. The senior management of a company needs to be marketing oriented when operating in a foreign market for successful marketing performance of their IJV.

The primary objective of this study has been to furnish empirical evidence on four principal issues: firstly, the salient factors influencing the marketing performance of IJVs in Thailand; secondly, which factors are relatively more important than the others; thirdly, the measurement of marketing performance of IJVs as opposed to business performance or financial performance; and, finally, the importance of marketing orientation to IJV marketing performance. The study accomplishes all objectives with a reasonable measure of success. It makes both exploratory and confirmatory contributions to the IJV literature. Firstly, it identifies a few factors that have previously remained, at least empirically, mostly obscure e.g., market characteristics and marketing orientation. Finally, new evidence has been produced confirming the salience of previously identified factors e.g., commitment.

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**Table I - Exploratory Factor Analysis - Final Statistics**

| Factor/Statement Name                | Eigenvalue | Pct of Var | Cum Pct |
|--------------------------------------|------------|------------|---------|
| (1) Market Characteristics           | 6.13       | 19.20      | 19.20   |
| (2) Conflict                         | 4.55       | 14.20      | 33.40   |
| (3) Commitment                       | 2.48       | 7.80       | 41.20   |
| (4) Product Characteristics          | 1.61       | 5.10       | 46.30   |
| (5) Firm-Specific Characteristics    | 1.29       | 4.00       | 50.30   |
| (6) Marketing Orientation            | 1.24       | 3.90       | 54.20   |
| (7) Organisational Control           | 1.21       | 3.80       | 58.00   |
| (8) Managerial Control               | 1.07       | 3.40       | 61.40   |
| (9) Adapting to Foreign Market Needs | 1.05       | 3.30       | 64.70   |

**Table II - Multiple Regression Analysis**

| Variable                         | Coefficient | T-Statistic | Sig T |
|----------------------------------|-------------|-------------|-------|
| Market Characteristics           | -.225       | -2.99       | .01   |
| Conflict                         | -.135       | -1.71       | ns    |
| Commitment                       | .188        | 2.32        | .05   |
| Product Characteristics          | -.086       | -0.95       | ns    |
| Firm-Specific Characteristics    | .118        | 1.40        | ns    |
| Marketing Orientation            | .190        | 2.33        | .05   |
| Organisational Control           | -.093       | -1.12       | ns    |
| Managerial Control               | -.007       | - .09       | ns    |
| Adapting to Foreign Market Needs | .048        | .61         | ns    |

**R<sup>2</sup> = 0.1439**

**F = 8.800, sig < .001**