

# JOURNAL OF ASIAN BUSINESS

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## ARTICLES

### *Focus On Foreign Investment in Asia*

#### **Factors Affecting International Joint Venture Performance: A Study of Malaysian Joint Ventures**

MARJORIE A. LYLES, MOHAMED SULAIMAN, JEFFERY Q. BARDEN, AND ABDUL RAHIM BIN AWANG KECHIK

This study proposed and tested a model of factors affecting IJV performance in the emerging economy of Malaysia. We posited that absorptive capacity, foreign parent assistance, articulated goals, trust, and culture and goal conflict may impact IJV performance and knowledge acquisition. Furthermore, we attempted to control for IJV age, type and size. The model was tested using data the IJVs collected in 1994. Sequentially, the influences of the variables were added to the analysis. Contrary to prior research and our own predictions, absorptive capacity, articulated goals, and culture and goal conflict did not significantly predict performance. However, foreign parent assistance was strongly and significantly related to all measures of performance. While trust was not found to be significantly related to overall performance or to knowledge acquisition, significant and surprising negative relationships were found between trust, human resource performance, and business performance. The results are discussed in terms of their uniqueness to the Malaysian context and their importance in understanding the changing role of IJVs in transitional economies.

#### **The Environment for Foreign Direct Investment in Cambodia**

EBEL WICKRAMANAYAKE AND CHAP SOTHARITH

This article examines the investment environment in Cambodia, including location and political, market, and legal aspects. The motivations and problems of foreign investors are then discussed. The concerns of bureaucrats are then reviewed. A postscript reports on recent events in Cambodia and their impact on foreign direct investment.

#### **The International New Venture: Evidence from the City-State of Singapore**

DENNIS RAY

The international new venture is an increasingly important phenomenon in the contemporary world. There are four ways in which the new venture development process is being internationalized: 1) the existence of expatriate entrepreneurs who form new ventures outside their home countries, 2) the existence of global start-up ventures which view their market as global from the outset and acquire one or more key resources for launching the firm from outside their home country, 3) instantly international ventures which may not have considered the international market when launched but whose product is so innovative that they are pulled into the international arena, and 4) the internationalization of each of the key components of the new venture development process. This study examines each of these phenomena in the context of

multiple interviews conducted between 1991-94 with a sample of 42 entrepreneurs in the city-state of Singapore.

### **Canadian Cooperative Alliances in the Asia Pacific: And Exploratory Overview of Strategic Orientation and Performance**

C.L. HUNG AND SANJAY SHARMA

Many Canadian industrial companies with business activities in the Asia Pacific have cooperative alliances with local companies. An exploratory overview of their strategic orientation and performance reveals that they are mostly local-market oriented, and their success is closely associated with three factors: working relationships with partners, difficulties in partnering agreements, and difficulties arising from environment and cultural differences. These three factors remain important regardless of the varying objectives, motives, and opinions concerning the benefits and governance of the alliances.

### **RESEARCH NOTE**

### **Perceptions of Risk and Opportunity: Why Some Australian Firms Have Invested in Thailand**

R.W. EDWARDS AND S.K.K. MUTHALY

This study examines the decision-making and experience of Australian companies in Thailand. Survey results reveal that the opportunity to enter a quickly growing market was the primary reason for the companies choosing the Thai location. Low wage costs were also important but this advantage proved to be modest in practice. Cultural differences were recognized in the planning process but were assessed to be a manageable risk. In practice, market opportunities proved to be even greater than had been expected but cultural differences were a major constraint to business success.