Cooperative Venture Formation Processes:

Characteristics and Impact on Performance

Johan Roos





TABLE OF CONTENTS

ł		
List of	Exhibits	i
Acknowl	iAcknowledgments i	
i		
1.	INTRODUCTION	1
1.1 1.2 1.3 1.4 1.5	Introduction Definitions Research Question Purposes and Limits Outline of the Dissertation	1 4 5 7
2.	COOPERATIVE VENTURES: A LITERATURE SURVEY	11
2.1 2.2 2.3 2.4 2.4.1 2.4.2 2.5 2.6 2.6	Introduction Cooperative Strategies - between Markets and Hierarchies Interaction Processes Rationales for and Classifications of Cooperative Ventures. Common Rationales Common Classifications Outcome Success Factors Delineation	11 14 16 19 23 29 33 33
2.6.2 2.6.3 2.6.4 2.7	Partner Selection Parent Control Evolutionary Understanding Tentative Conclusions	37 39 42 45

3.	FORMATION PROCESSES: ANALOGIES FROM STRATEGY RESEARCH
3.1	Introduction
3.2	Strategy Formation
3.2.1	Foreign Investment Decision Processes
3.2.2	Resource Allocation Processes
	Resource Allocation Processes
3.2.3	Pre-Acquisition Processes
3.3	Tentative Conclusions
4.	RESEARCH DESIGN
4.1	Introduction
4.1	A Quantitative or Qualitative Approach?
•••	
4.3	Phase One: A Quantitative Approach
4.3.1	Two Sets of Statistical Analyses
4.4	Phase Two: A Qualitative Approach
4.4.1	Three Sets of Case Study Analyses
4.5	Phase Three: Synthesis
4.6	Tentative Conclusions
5.	THE DATA BASE
5.1	Introduction
5.2	The Companies
5.3	The Swedish-Norwegian Industrial Development Fund
5.3.1	Background
5.3.2	Project Financing
5.3.3	Operations
5.4	The Questionnaire Study
5.5	Summary of Formation Practices
	Tentative Conclusions
5.6	Tentative Conclusions
· 6.	DIFFERENCES BETWEEN PARENT COMPANIES IN
	"GOOD" AND "LESS GOOD" COOPERATIVE VENTURES
6.1	Introduction
6.2	The Outcome Criteria
6.3	Differences
6.3.1	General Background
6.3.2	Earlier Experience
6.3.3	Alternative and Choices
6.3.4	Pattern of Cooperation
6.3.5	The Agreement
6.3.6	Outcome and Experiences
6.4	The Respondents' Experience
6.4.1	General Background
6.4.2	Alternatives and Choices
6.4.3	Pattern of Cooperation
6.4.4	The Agreement
6.4.5	Outcomes and Experiences
6.5	Tentative Conclusions

7.	AN EMERGENT CONCEPTUAL MODEL	117
7.1	Introduction	117
7.2	Internal Push	119
7.3	Analytical Scope	121
7.4	Stakeholder Strength	123
7.5	Outcome	125
7.6	The Conceptual Model	139
7.7	Tentative Conclusions	131
		-
8.	ESTIMATION OF THE CONCEPTUAL MODEL	133
8.1	Introduction	133
8.2	PLS - A Second Generation Multivariate Method	134
8.2.1	Relationship between the Theoretical Constructs	137
8.2.2	Relationship between the Theoretical Constructs	
	and Indicators	138
8.2.3	Estimation	139
8.3	Theory Testing or Explanation?	140
8.4	Methodological Considerations	144
8.4.1	Conceptual Considerations	144
8.4.2	Statistical Considerations	147
8.4.3	Practical Considerations	148
8.5	Specification and Estimation of Two Models	148
8.5.1	The First Model: Specification and Estimation	150
8.5.2	The Second Model: Specification and Estimation	154
8.5.3	Summary of the Estimations	156
8.6	Tentative Conclusions	157
8.6 9.	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES	157 161
9.	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES	161
9.1	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES	161 161
9.1 9.2	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES	161 161 163
9.1 9.2 9.3	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests	161 163 166
9.1 9.2 9.3 9.3.1	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity	161 163 166 167
9.1 9.2 9.3	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity	161 163 166 167 168
9.1 9.2 9.3 9.3.1 9.3.2 9.3.3	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity	161 163 166 167 168 169
9.1 9.2 9.3 9.3.1 9.3.2	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability	161 163 166 167 168 169 169
9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions	161 163 166 167 168 169
9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS	161 163 166 167 168 169 169
9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS Introduction	161 163 166 167 168 169 169
 9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS Introduction Internal Push.	<pre>161 163 166 167 168 169 169 170 170</pre>
 9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 10.2.1 	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS Internal Push. Case 1: Data-Based System for Technical Documentation	<pre>161 163 166 167 168 169 169 170 171 171 172 173</pre>
 9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 10.2.1 10.2.2 	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS Internal Push. Case 1: Data-Based System for Technical Documentation	<pre>161 163 166 167 168 169 169 170 171 171 172 173 174</pre>
 9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 10.2.1 10.2.2 10.2.3 	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions Clinical FINDINGS ON THREE FORMATION CONSTRUCTS Internal Push Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration Case 3: Aluminum Balconies	<pre>161 163 166 167 168 169 169 170 171 172 173 174 176</pre>
<pre>9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 10.2.1 10.2.2 10.2.3 10.2.4</pre>	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions CLINICAL FINDINGS ON THREE FORMATION CONSTRUCTS Introduction Internal Push Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration Case 3: Aluminum Balconies Case 4: Garden Equipment	<pre>161 163 166 167 168 169 169 170 171 171 172 173 174 176 178</pre>
 9.1 9.2 9.3 9.3.1 9.3.2 9.3.3 9.3.4 9.4 10. 10.1 10.2 10.2.1 10.2.2 10.2.3 	QUALITATIVE ANALYSIS OF THE CONCEPTUAL MODEL: A FRAMEWORK FOR CASE STUDIES Introduction Selection of Cases Relevance Tests Construct Validity Internal Validity External Validity Reliability Tentative Conclusions Clinical FINDINGS ON THREE FORMATION CONSTRUCTS Internal Push Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration Case 3: Aluminum Balconies	<pre>161 163 166 167 168 169 169 170 171 172 173 174 176</pre>

10.3 10.3.1 10.3.2 10.3.3 10.3.4 10.3.5 10.4 10.4.1 10.4.2 10.4.3 10.4.4 10.4.5 10.5 10.5 10.5.1 10.5.2	Analytical Scope Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration Case 3: Aluminum Balconies Case 4: Garden Equipment Summary: Analytical Scope Stakeholder Strength Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration Case 4: Garden Equipment Summary: Stakeholder Strength Outcome Case 1: Data-Based System for Technical Documentation Case 1: Data-Based System for Technical Documentation Case 2: Industrial Waste Incineration	180 181 183 185 186 188 188 189 190 191 192 193 194 194
10.5.3	Case 3: Aluminum Balconies	197
10.5.4	Case 4: Garden Equipment	198
10.5.5	Summary: Outcome Relationship between the Three Theoretical Constructs	199 199
10.7	Relationship between the Three Theoretical Constructs	1))
	and Outcome	210
10.8	Fit with Selection Criteria	211
10.9	Tentative Conclusions	213
11.	CLINICAL FINDINGS ON ADDITIONAL FORMATION ISSUES	217
11.1	Introduction	217
11.2	Seven Additional Factors	217
11.2.1	SNI's Role as Catalyst	218
11.2.2	Common Objectives	219
11.2.3 11.2.4	Fit with Parent Company Strategy	220
11.2.4	Personal Interest	224
11.2.5	Internal Communication SNI's Role in the Investigations	225 227
11.2.0	Changes in Key Personnel	227
11.2.8	Summary	229
11.3	Tentative Conclusions	230
12.	CLINICAL FINDINGS ON INTERACTION PROCESSES	235
12.1	Introduction	235
12.2	Case 1: Data-Based System for Technical Documentation	237

16.6	case 1. Data-Dased System for recimitat Documentation	231
12.2.1	Exchange processes	237
12.2.2	Adaptation Processes	239
12.2.3	The Contract	240
12.3	Case 2: Industrial Waste Incineration	241
12.3.1	Exchange processes	241
12.3.2	Adaptation Processes	242
12.3.3	The Contract	242
12.4	Case 3: Aluminum Balconies	243
12.4.1	Exchange processes	243
12.4.2	Adaptation Processes	244
12.4.3	The Contract	245

·

12.5	Case 4: Garden Equipment	245
12.5.1		
12.5.2		
12.5.3	The Contract	246
12.6	Summary of Findings on Interaction Processes	247
12.7	Tentative Conclusions	

13.	FORMATION OF COOPERATIVE VENTURES: A SYNTHESIS	251
13.1	Introduction	251
13.2	Findings and Conclusions	252
13.2.1	The Population	253
13.2.2	The Best Companies	254
13.2.3	The Core of the Formation Process	255
13.2.4	Clinical Findings	256
13.3	An Internal and Interactive Process	258
13.4	Generalizability	259
13.5	Implications and Contributions	260
13.5.1	To Strategy Theory	261
13.5.2	To Cooperative Venture Theory	261
13.5.3	To Research Methodology	262
13.5.4	To Managers	263
13.5.6	To Supra-National Policy Making	265
13.6	Where Do We Go From Here?	266

REFERENCES	••••••••••••••••••••••••	269
------------	--------------------------	-----

٠

.

APPENDICES

.

1.	A Short Summary of Research on Cooperative Ventures	283
2.	Letters to Respondents	285
3.	The Questionnaire	289
	Basic Facts on the Companies in the Study	
5.	Results from the Survey of Formation Practices	309
	Loadings, Weights, and Communalities from PLS Estimations	329
7.	Case 1: Data Based System for Technical Documentation	333
8.	Case 2: Industrial Waste Incineration	361
9.	Case 3: Aluminum Balconies	393
10.	Case 4: Garden Equipment	417