

**Knowledge Management**  
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*Knowledge refers to:*

- Intellectual Capital eg. Patents
- Sources of Value eg. Customer or market knowledge.

*MNEs partner with local firms to:*

- Access market / business practice expertise
- Develop local Management talent

*Firms must be willing to*  
Trust, learn, and chose partners with complementary resources and capabilities



**Governance and Control**

*Determining the level of equity*

- Depends on the resources each partner contributes.

*Determining the level of Management Control*

- Split based on functional expertise.
- Partners take responsibility for managing functions in which they excel.



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**Role in Internationalization Process**

*Firms should to form a JV to:*

- Overcome entry barriers
- Overcome inexperience

*Mode of Internationalization depends on host country's:*

- Knowledge & experience
- Managerial & financial resources
- Distribution chains

*Managers should consider:*

- Do they have knowledge to conduct business / willing to provide access?
- What are their goals?
- Does the firm require access to additional resources?



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**Assessment of Performance**

*Objective:*

- Profitability
- Longevity
- Survival
- Stability

*Subjective:*  
Based on whether Strategic Objectives are achieved

*Is there enough congruence among the partners' objectives?*



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**Article Overview**

Provides a overview of the collective knowledge gained over the past 25 years through numerous studies.

The authors provide key recommendations and insights for negotiating, managing, and operating Joint Ventures.

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**Cultural Differences**

*Managers must be aware of cultural differences when selecting a JV partner.*

Differences in uncertainty avoidance and long term orientation = high failure rate

Differences in Individualism = improved profitability.

*Organizational Culture*  
Similar cultures have higher rates of success.



# Making Mergers Work

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# Presentation Outline

*Five Managerial Issues of Joint Ventures:*

- Assessment of Performance
- Knowledge Management
- Governance and Control
- Role in Internationalization Process
- Cultural Differences

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# What is a Joint Venture?



**What are their advantages?**

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