International Journal of Business and Economics
Vol. 10, No. 1, 2025, pp. 36-58

https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

Effect of Perceived Home Country Susceptibility to Third-Country Political Pressure on International Alliance Structure

Pouya Seifzadeh, Ph.D.
Associate Professor
State University of New York at Geneseo, United States
Email: a.seifzadeh@gmail.com

Received: 2025-01-04 Accepted: 2025-02-24 Published online: 2025-03-04

Abstract

This paper investigates the role of perception of home country susceptibility to international political influences in the structure of international alliances. We study the effect of international economic sanctions imposed unilaterally by one country on another and how those sanctions may alter decisions to abandon equity alliance structures in favor of non-equity contractual forms. Are empirical findings from 496 alliances find support for our hypotheses and emphasize a triple interaction effect which includes the joint moderation of the decision for alliance structure by balance of trade and the volume of trade between countries relative to total size of the economy.

Keywords: Home Country Effect, Equity Alliances, Non-Equity Alliances, International Joint Ventures, Sanctions, Geopolitical Influences.

Introduction

The literature focusing on international joint ventures (IJVs) and alliances is quite extensive. Extant research has focused on international alliances in areas such as special characteristics (e.g., Isidor, Steinmetz, Schwen, & Kabst, 2014; Reus & Ritchie, 2004), initial conditions and motivations (e.g., Jiang, Li, & Gao, 2008; Lane and Beamish, 1990; Makino, Chan, Isobe, & Beamish, 2007; Prevot & Meschi, 2006; Triki & Mayrhofer, 2016), partner selection (e.g., Ahlstrom, Levitas, Hitt, Dacin, & Zhu, 2014; Beamish, 1985; Connolly, 1984; Kaufmann & O'Neill, 2007), or ownership and management structure (Poppo & Zenger, 2002). Most of this research has focused on understanding issues pertaining to the initiation stage of forging alliances, or factors that emerge, mainly as having causal effects in stages of termination and dissolution.

When focusing on initial conditions of forming alliances, much of the attention in past research has been in the area of partner selection, and in particular, understanding the traits and characteristics of partners, existence of trust, alliance structure, or arrangements for management and control of the alliance (e.g., Barkas & Gale, 1981; Connolly, 1984) and their influence on longevity of the alliance (Triki & Mayrhofer, 2016). While these studies provide great insight, they mainly examine the dyadic relationship between the two partners and overlook conditions where higher level third-country political interests are at stake. Since the collapse of the Soviet Union and the end of the bipolar structure of international politics, economy has emerged as a more significant theme in defining international relations. Concurrently, imposition or threatening through international embargoes is seen as effective mechanisms by countries to alter behavior of other countries, to deter them from certain behaviors, or to prevent situations to evolve into crises in the future (Cranmer, Heinrich, & Desmarais, 2014). Therefore, economic sanctions or restrictions have been used more frequently by more powerful international political actors as leverage to alter or prevent political behaviors or ambitions of other countries; unilateral and multilateral economic sanctions by the United States, Canada, China, and the European Union on countries such as Iran, Iraq, Libya, North Korea, and more recently, Russia being some examples.

Studies have shown that multilateral sanctions play a more effective role in achieving their objectives than do sanctions that are imposed unilaterally. Therefore, to implement successful economic sanctions, countries that impose sanctions seek to leverage their political and economic weight to encourage, persuade, or intimidate more of their allies to participate in the sanctions. This, however, causes complexities for enterprises from those allies that engage in equity or non-equity alliances with partners from the countries under sanctions. The costs of termination, adjustment, or maintaining an alliance can exceed the initial estimates of the partners, or the alliance may become defunct due to imposition of barriers that restrict future operations or transactions. Therefore, it is important for companies from nations threatened by sanctions to be more vigilant in selecting their partners and preferred alliance structures depending on their home country and the likelihood of the alliance being affected through country-level international political factors.

During the initiation stage of partner selection for international alliances, trust between partners plays an important role in decisions pertaining to structure and control of the alliance agreement. There is extensive literature that focuses on the role of trust between partners and its effect on success or failure of international alliances. In past literature, the focus has mainly been on the intents of partners involved to maintain or leave the partnership arrangement, or on their trustworthiness to remain committed to the agreement between the parties. The reasons described in extant literature on why partners may decide to default on their partnership responsibilities or commitments include emerging new opportunities, lack of trust towards the other partner, incompatibility between the two partners, or loss of relevance and lower than expected performance of the international alliance. While extant research has focused extensively on trust at individual and national culture levels in partner selection and these findings provide excellent insight into the nature of international alliances and the factors that influence them, they do not address situations where the lack of trust that threatens the longevity of the alliance is the result of actions by actors beyond the dyadic relationship. More particularly, there is a research gap to understand the effect of third-country political tensions on formation and governance structure of international alliances. In international alliances, each partner is subject to different set of mandates, regulations and constraints due to different home country obligations.

In this research, we investigate whether in the initial stage of forming international alliances partners take precautions about their counterparts' home country to mitigate the effects of country-level pressures through third-country influences? More specifically, we investigate the preference for equity or non-equity alliances when one partner's home country has strong economic ties with a country that has a history of imposing economic sanctions on the home country of the other partner. We contend that when international alliances are formed, partners are often considerate in selecting partners from countries that are at less direct contention which could potentially lead to disruption of the alliance. However, the challenge is more complex when the home country for one partner is a significant partner to another country with a tense relationship with the other partner's home country.

Cooperative strategies

Earlier focus in research around cooperative strategies was placed on the role of such strategies in economic development in the areas considered as LCDs or least developed countries (Carter, 1972), developing (Wright & Russel, 1975), socialist (Zurawicki, 1975), and 'third world' (Dicki, 1981). Such studies mainly focused on factors that motivated partnership instead of acting unilaterally (Beamish & Lupton, 2016). This focus resulted in research that investigated mainly the benefits and challenges that alliance agreement presented to at least three distinctive sets of interests residing in host country partner, foreign partner, and the government (Wright & Russel, 1975). However, the early enthusiasm about international alliances among researchers and practitioners soon gave its place to skepticism triggered by observation of unsuccessful attempts to implement such strategies (Averyt, 1986; Killing, 1980; Wright, 1979).

With the advent of a more global economy, researchers renewed their interest in international alliances, as developed country companies took quick steps to evolve into multinational enterprises (MNEs), resorting to cooperation with international partners to increase their global presence more quickly (Franko, 1987). The renewed interest of researchers in international alliances was further fueled after China emerged following its rapid economic growth and opening its production and consumption markets to MNEs (Beamish & Lupton, 2016).

Several studies have investigated the purpose for entering into alliance agreements with international partners. The main question confronting alliance decisions revolves around the ability of MNEs to a) enter foreign markets unilaterally, b) form alliances with potential benefits in overcoming legal and contextual barriers, c) address organizational deficiencies through finding access to complementary resources, capabilities, expertise, or d) network centrality (Beamish, 1985; Connolly, 1984), because complementary goals are met with complementary assets, partnerships tend to create greater value for partners (Ainuddin, Beamish, Hulland, & Rouse, 2007). The partners engaging in an international alliance can have different objectives. For example, research has distinguished between primary objectives of developed-country partners and their developing-country counterparts; whereas developed-country partners pursue alliances with interest in market entry, developing-country partners show greater interest in knowledge acquisition and access to technology (Dacin, Hitt, & Levitas, 1997; Franko, 1971; Gillespie & Teegan, 1995; Makino, Beamish, & Zhao, 2004; Wright & Russel, 1975). Whatever the motivation, managing international alliances are still considered to represent a challenging task with very high level of instability threatening the expected outcomes (Kaufmann, O'Neill, & York, 2006). This has motivated research with a focus on alliance stability and ownership structure in the partnership. Most notably, several studies have built on the foundations of transaction cost economics (TCE) (Williamson, 1975, 1985) to understand different approaches to management of alliances by partners from different home countries (Pisano, 1989; Gulati, 1995; Garcia Canal, 1996; Oxley, 1997, 1999; Gulati & Singh, 1998). These studies build on the tenets of TCE which emphasize adoption of proper mechanisms to prevent partner opportunism and mitigate risks (Geringer & Hebert, 1989; Parkhe, 1993; Williamson, 1985) that stem from partner characteristics, but can be influenced by the nature of transactions that take place (Lui & Ngo, 2004). Consequently, equity and non-equity alliances came into research limelight, with equity forms representing joint ventures and minority shareholding acquisitions tied to complex and high-technology partnerships, while contractual non-equity alliances being associated with more straight-forward conditions that are less threatened and more stable (Colombo, 2003), with the intent to maximize overall return on investment of all parties involved (Zajac & Olsen, 1993).

Equity and Non-Equity Alliances

In forming international alliances, partners are faced with two distinctive alternatives: equity and non-equity arrangements. Whereas non-equity alliances are contractual, equity alliances involve direct ownership and control in a separate entity governed by two or more partners. In non-equity alliances, contractual safeguards are implemented to protect the partners from consequences of default in responsibilities or commitments of other partner(s) (Cullen, Johnson, & Sakano, 1995; Lui & Ngo, 2004), or to mitigate exogenous influences that threaten the longevity of the alliance. These safeguards are intended to substitute control mechanisms that are inherent in equity alliances but are generally fewer and weaker in non-equity alliances (Poppo & Zenger, 2002). Contractual arrangements in non-equity alliances increase transparency of responsibilities for each partner and present an effective opportunity for each partner to

Vol. 10, No. 1, 2025, pp. 36-58
https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

monitor the behavior of the other partner(s) to take steps to prevent opportunistic behaviors or confront lack of commitment before substantial harm is inflicted (Reuer & Arino, 2007). They also act as a deterrent for opportunistic behavior of partners, since they represent penalties that can impact the expected payoff if a partner pursues an agenda with self-interested opportunistic behavior ahead of what's at best interest of the alliance (Parkhe, 1993).

Unlike in non-equity alliances, in equity alliances, including international joint ventures (IJVs), it is not contractual arrangements that define the relationship between partners, but it is the ownership stake that each partner holds in a separate entity that outlines the relationship (Shenkar & Zeira, 1987), with at least one partners' headquarters located outside the country where the equity alliance is formed. Like non-equity alliances, equity alliances are formed to grant access of partners to resources, capabilities, markets, or economies of scale and involves sharing risks and profits depending on each partner's share of equity in the alliance (Contractor & Lorange, 1988). While equity alliances are more complex in nature compared to non-equity alliances, they remain very popular among MNEs because of regulative restrictions and the preference that is given to them by governments in developing countries in order to increase levels of foreign direct investment (FDI), but also because of the quick market entry access that the grant MNEs into the most lucrative international markets (Beamish & Lupton, 2016; Franko, 1971).

Researchers focused on equity alliances very early on and more so, during the latter half of the twentieth century, when equity alliances became a prominent force is bringing development and economic progress for more underdeveloped regions of the world (e.g., Meynen, Friedmann, & Weg, 1966), while smaller partners benefited from more durable transfer of knowledge-specific capabilities from their larger foreign counterparts (Lang, 1968). However, challenges arising from managing the relationship in international equity alliances posed a significant threat to their longevity and persistence, particularly those observed in equity alliances formed in the context of Japan, leading to initial optimism giving way to skepticism about the outlook of such arrangements (Averyt, 1986; Franko, 1971; Meynen et al., 1966; Rangan & Yoshino, 1996; Wright, 1979).

Stability or Instability of Alliances

There is a significant body of literature that has focused on antecedents and consequences of instability in international alliances (Yan & Zeng, 1999). Although international equity alliances present prospects of quicker market entry, avoiding host country regulations, greater control, and higher returns, their stability has been questioned extensively. While non-equity alliances have the plurality of partners in common with equity alliances, the clarity of responsibilities outlined in a contractual form inhibits partner opportunism and when being disrupted, results in minimum losses for each partner. On the other hand, international equity alliances, while having a transitory nature, require greater cooperation between a plurality of partner goals and due to inferior and less clear contractual mechanisms are inherently more unstable (Buckley & Glaister, 2002). Besides inter-organizational challenges, cross-cultural differences add to the complexity of managing international equity alliances which can increase instability (Gill & Butler, 2003; Yan & Zeng, 1999), leading to consequences that are unintended or undesirable for at least one of the partners (Inkpen & Beamish, 1997).

Instability of an international equity alliance can present itself in form of termination of the partnership, or in form of the necessity to make changes in management structure or the level of equity held by one or more partner(s) to maintain healthy operations of the formed entity (Jiang, Li, & Gao, 2008). Most extant literature has focused on instability of international alliances in the initial and termination stages (Isidor et al., 2015). In stages of alliance termination, factors such as cooperation challenges (Sim & Ali, 2000), learning impediments (Yan, 1998), distrust (Gill & Butler, 2003), inter-organizational conflict of interest (Steensma, Barden, Dhanaraj, Lyles, & Tihanyi, 2008), and partner opportunism (Luo, 2007) have been cited as causal factors. However, changes to the equity alliance structure or any step towards its dissolution is not without consequence and will be associated with unexpected costs to adapt the partners to the new arrangements, or opportunity costs resulting from complete termination (Isidor et al., 2015). Therefore, to avoid undesirable consequences, here is a greater emphasis placed on screening initial conditions of international equity alliances and designing structures to mitigate negative outcomes.

One primary area of interest when contemplating international equity alliances is equity structure of each partner over the shared entity's operations (Dhanaraj & Beamish, 2004; Hennart & Zeng, 2005). Partners can use their equity holding, balance of resources, and control over the partnership as leverage to bargain for their agendas (Nakamura, 2005). Although cross-cultural differences can play a destabilizing role in international equity alliances (Isidor et al., 2015) partners with high equity holdings in an alliance can exercise greater control over its operations and attenuate the effect of intricate cross-organizational (Park & Russo, 1996; Park & Ungson, 1997) and cross-cultural (Hennart & Zeng, 2002; Meschi & Riccio, 2008) factors that can instigate instability and threaten longevity of the alliance (Dhanaraj & Beamish, 2004).

Trust and Alliance Performance

To be successful, equity and non-equity alliances rely on trust, control (Liu & Ngo, 2004), and strength of contractual agreements between partners. Higher level of trust between partners leads to more efficient governance of the alliance arrangement and raise objective outcomes (Bidault, de la Torre, & Zanakis, 2016; Kwon, Haleblian, & Hagedoorn, 2014). Trust in international alliances is often defined as the expectation by one partner that the other partner(s) take actions that are in the joint interest, without the presence of hierarchical control or the presence or absence of intense monitoring

(Mayer, Davis, & Schoorman, 1995). Therefore, partners in non-equity alliances are greater beneficiaries of trust than those engaged in equity alliances (Zollo, Reuer, & Singh, 2002). Subsequently, partners with greater trust in one another can distance themselves from the costly hierarchical arrangements associated with equity alliances and instead, rely on non-equity contractual agreements when forming alliances with international partners (Arikan & Shenkar, 2013; Bromiley & Cummings, 1995; Casciaro, 2003; Colombo, 2003; Das & Teng, 1998; Garcı´a-Canal, 1996; Globerman & Nielsen, 2007; Gulati, 1995; Li, Eden, Hitt, & Ireland, 2008; Oxley, 1997).

The history-based view of the firm (Kramer, 1999) suggests that trust among partners is most often created as the result of past organizational interactions and exchanges between partners (Casciaro, 2003; Gulati, 1995; Li et al., 2008; Oxley, 1997; Zaheer, McEvily, & Perrone, 1998) or their primary decision makers (Kwon et al., 2014). Through recurring processes of interaction and exchange, firms develop different levels of trust that are either weak and contractual, or strong and relational, with varying degrees of joint risk acceptance associated with them (Parkhe, 1998). When there is a comprehensible history of interaction reinforcing trust between partners, alliances tend to follow a non-equity contractual form instead of the costly and intricate equity partnership (Gulati, 1999; Inkpen & Currall, 2004). Therefore, relational trust between partners plays a significant role in formation of alliances and their effective operation to deliver the value envisioned for them by the partners (Cullen, Johnson, & Sakano, 2000; Lin & Wang, 2008; Liu, Ghuari, & Sinkovics, 2010).

Earlier studies have focused on cross-organizational levers of trust rather than cross-country contributing factors (Kwon et al., 2014). When prior exchanges and interactions are limited, firms look for other indicators to assess the level of a partner's trustworthiness. For example, the home country of one partner plays a role in the perception of trust by the partner(s) (Arino, de la Torre, & Ring, 2001). In similar situations, partners adjust their levels of trust and approach alliance structure differently based on home country nationality of the other partner(s) (Ertug, Cuypers, Noorderhaven, & Bensaou, 2013).

Partner Traits, Conflicts and International Alliances

Managing partnerships in international alliances is challenging. The challenges are mainly rooted in the presence of multiple partners with invested interests that will inevitably diverge in certain situations. This results on inter-partner conflict being an inevitable occurrence in every international alliance (Beamish & Lupton, 2016). While goals and objectives of partners may have differences, it is essential that they remain compatible during the formation and operation of an alliance and that provisions to maintain compatibility are forged into the alliance agreement (Barkas & Gale, 1981; Connolly, 1984). When partners objectives are competing and the intentions are not clearly disclosed, conflicts can have more serious outcomes (Lyles, 1987), even threatening the existence of the alliance. Therefore, understanding objectives, traits, characteristics and ensuring trustworthiness of partners is a critical step in forming international alliances (Beamish & Lupton, 2016). Sources of inter-partner conflicts in international alliances are not limited to divergent intentions and objectives or distrust among partners. Geographic distance or cultural incongruences can also have adverse effects on international alliances (Bjorkman & Lu, 1999; Kaufmann & O'Neill, 2007; Seifzadeh, 2017; Stewart & Keown, 1989; Wright, 1979), leading to demise of an international alliance.

To distance themselves from detrimental effects of conflict, partners resort to an array of resources at their disposal to develop leverage over their partners. In occurrence of a conflict, partners will engage in negotiations to vindicate their perceived prerogatives, clarify points of ambiguity in the partnership agreement, establish new outlines for the partnership, or outline steps for termination or dissolution of the alliance. Such negotiations will be greatly influenced by the power of contractual terms of the initial agreement (Contractor, 1984), direction and intensity of exogenous forces, abundance of resources at disposal of each partner, and existing or evolving strategic focuses of the partners (Harrigan, 1984) and partners with greater equity share tend to have greater negotiation power (Peng & Beamish, 2014).

Structure and Control in International Alliances

Although international alliances play a significant role in granting access to developing country markets, they are often criticized for being more vulnerable and lacking stability (Reynolds, 1984). Scientific scrutiny of international equity alliances has shown that compared to non-equity alliances, despite greater instability, they offer lower rewards from the partnership arrangements to their stakeholders (Beamish & Lupton, 2016). While inter-organizational factors play an important role in defining the structure of alliances, country-level factors such as regulations and restrictions in ownership and partner representation in management that are imposed by local governments (Beamish, 1985; Gullander, 1976; Nigh, Walters, & Kuhlman, 1990), are also important.

Managerial preferences also play a key role in adoption of the alliance structure; however, these preferences are not always consistent with the objective outcomes sought by them (Beamish & Lupton, 2016). Complexities in managing alliances provide incentives for managers to pursue greater control over, rather than relying on trust, and engaging in negotiation procedures with their counterparts. However, research has shown that collaboration with partners and splitting responsibilities based on areas of expertise often leads to more positive objective outcomes than when control is held and exercised by one partner in the alliance (Beamish, 1985; Choi and Beamish, 2004; Gomes-Casseres, 1987; Lorange & Probst, 1987).

International Journal of Business and Economics
Vol. 10, No. 1, 2025, pp. 36-58
https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

Third-Country Political Tensions and Alliances

International alliances are inherently vulnerable and maintaining them requires trust, commitment and cooperation from all invested partners. They also require support of home country institutions to be successful (Sun, Peng, Lee, & Tan, 2015). While inter-organizational uncertainty and distrust is positively related to adoption of equity alliances which are associated with greater control, environmental uncertainty plays a different role in such decisions. Although Environmental factors also play an important role in the decisions related to alliance structure. When geopolitical surroundings of a forging alliance are contentious, or economic conditions are unpredictable and turbulent, contractual non-equity alliances that grant greater flexibility are generally preferred (Gomes-Casseres, 1987; O'Reilly, 1988; Reuer & Devarakonda, 2016; Roehl & Truitt, 1987). More recent studies have shown that in face of political or economic crisis, equity alliance agreements are more vulnerable than other forms of market entry (Chung, Lee, Beamish, Southam, & Nam, 2013).

During the past four decades, economic sanctions have emerged as a more frequently used leverage to enforce political will at the international arena and imposition or threatening through international sanctions is seen as effective mechanisms by countries to alter behavior of other countries, to deter them from certain behaviors, or to prevent situations to evolve into crises in the future (Cranmer, Heinrich, & Desmarais, 2014). However, it has become more apparent that unilateral sanctions have a lower possibility of success in achieving their aims and that multilateral sanctions play a more effective role, particularly when supported by major international institutions (Bapat & Morgan, 2009; Bapat & Kwon, 2015).

To form multilateral international sanctions, countries resort to their influence among their global strategic allies or major economic partners. Research has found that interstate dependencies including reciprocity in international geopolitical alliances play an important role in the cooperation between different countries on various issues (Cranmer & Desmarais, 2011; Maoz et al., 2006; Maoz, 2006).

In an international alliance, when a partner is from a home country that is perceived as susceptible to political pressures in international affairs, the risk of partnership will be perceived greater. Engaging in an international alliance agreement requires great investment and commitment from all parties involved. Therefore, in selecting their international partners, companies take careful steps to ensure that the economic logic for the partnership and the necessary political and economic climate conditions for the partnership's longevity are met.

The relationship between two countries plays an important role in how regulations are designed to support or prevent business arrangements made between enterprises from the two countries. The factors that define relationship between two countries include the depth of their economic ties, geopolitical partnerships, two-way

International Journal of Business and Economics
Vol. 10, No. 1, 2025, pp. 36-58
https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

scientific transfers, or historical connections. When strong interstate dependencies exist between one partner's home country and the country that is imposing sanction on the home country of the other partner, and the level of national level cooperation is high, there is a greater likelihood that the home country of the former partner to participate in international sanctions imposed on the home country of the latter partner, either directly or indirectly. This increases the risk of political instability in the environment surrounding the alliance which brings non-equity alliances into the forefront of favorability (Gomes-Casseres, 1987; O'Reilly, 1988; Roehl & Truitt, 1987). Therefore, we propose:

Hypothesis 1a: Existing sanctions by a third country on home country of one partner increases the likelihood of formation of a contractual alliance over an equity joint venture in a collaborative arrangement.

And,

Hypothesis 1b: Absence of sanctions by a third country on home country of one partner increases the likelihood of formation of an equity alliance over a contractual non-equity alliance in a collaborative arrangement.

When the balance in the relationship is to the advantage of one country, the other country finds leverage to negotiate its terms, or to dictate its position in international trade. Recent pressures put in place by the US government on European and Asian companies to moderate the business interactions of their home country based MNEs with sanctioned governments such as Russia or Iran and examples of such pressures. While some countries will resist giving into third country demands, others with less symmetrical means may be influenced to take restrictive actions. In such instances, MNEs may reach the point to decide whether to find alternative arrangements and challenge the restrictions, or to depart the alliance altogether. Hence:

Hypothesis 2: The relationships in hypotheses 1a and 1b are moderated by the balance of trade between the hostile country and the non-sanctioned partner's home country.

While a positive balance of trade plays an important role in the willingness of home country of one partner to participate in imposing multilateral sanctions on the home country of the latter partner in the alliance, the participation is influenced by the share that the share of balance plays in the country's overall economy. Research findings suggest that countries that impose sanctions against nations tend to impose sanctions on other countries whose behaviors they do not find in alignment with their own (Cranmer, Heinrich, & Desmarais, 2014). However, when the magnitude of trade between the two countries is smaller relative to the overall size of the economy, the risk of not participating in multilateral sanctions will be lower. Therefore, there is a greater chance that the home country of the former partner does not participate in imposing sanctions. Hence:

Hypothesis 3: The moderator in hypothesis 2 is moderated by the volume of trade, relative to the total GDP of the non-sanctioned partner's home country.

Data and Methodology

Sample

Our data for alliance structures consists of the international alliances included in the SDC Platinum database (SDC). The database contains information on contractual non-equity alliance agreements and equity alliances involving both publicly traded and private firms. Thompson Reuters collects the SDC data from various sources including press releases and media reports, reporting agreements from investment banks, and regulatory filings mandated by governments. SDC provides detailed information for each exchange between international partners which includes name, address, industry, and information about each partner involved in the alliance. In addition, SDC provides information on exchanges that are withdrawn from by either partner. More importantly, the database provides information about the timing of the exchange leading to the alliance from private firms, which is not an option through other publicly available data such as Compustat.

In this study we limit our sample to R&D alliances for several reasons. First, R&D alliances represent a large group of alliances in the SDC database. Also, because R&D alliances involve equity and non-equity alliances where contractual and mutual investment initiatives that lead to knowledge transfer which satisfy the objective of this study. We excluded all the alliances that had all partners from the same country and included only those that involved international partnerships. Also, to avoid challenges that may result from the intricate nature of having multiple stakeholders in an agreement, we also excluded all alliances that included more than two partners from our sample.

We also use the AML dataset on Global Sanctions and Watchlists. The dataset includes detailed information on sanctions imposed on 190 countries which are compiled from publicly available sources that create sanctions lists such as OFAC, UN, HMT, EU, and DFAT. In addition to data on sanctions, it provides regulatory and law enforcement watchlists that are created globally. In our sample, alliances where more than one partner was sanctioned were eliminated from the dataset due to the challenge, they would create in distinguishing the driver of the decision regarding alliance structure. From our sample, we excluded alliances that were formed when one partner's home country was on a 'watchlist', but not actively under sanction.

We also utilize publicly available data from the International Monetary Fund (IMF) to extract information about GDP for each country included in our sample. Our data is complemented by the Trading Economics database which includes balance of trade between countries. Overall, we analyzed 496 international equity and non-equity alliances formed between 1997 and 2010 involving 721 partners involving partners from 58 countries.

Dependent variable

Alliance Structure: The dependent variable in our study is the governance structure for each of the R&D alliances. In our refined database, we coded the governance structure 0 if the alliance is formed as an equity alliance (IJV) and it was coded 1 if the alliance is formed as a contractual non-equity alliance. We operationalized the governance structure as a dichotomous variable because it was consistent with the adopted practice in past research and since making the distinctions within either equity or non-equity alliances is complex and may involve unanticipated overlaps (Kwon et al., 2014).

Independent variable

Presence of Sanctions: The independent variable in this study is the presence or absence of economic sanctions imposed on the economy of at least one of the partners involved in the study. To this end, we used extracted data from the ALM database and created a categorical variable that included 'under sanction', and 'no sanction' and coded as 2, and 1, respectively.

Moderators

Balance of Trade: the data from Trading Economics is used to create a ratio that represents the share of each partner in trade between the two countries, with exports to the designated country being the numerator and total trade being the denominator. The ratio is then standardized, and a Z-score was created to be included in the analysis.

Total Trade Significance: the ratio of total trade between two countries to the total GDP was calculated to represent the significance of economic partnership to each partner. The ratio was created using the data from Trading Economics database and the GDP extracted from IMF data. The ratio is then standardized, and a Z-score was calculated to be included in the analysis.

Control Variables

Alliance Experience with Same Partner: past experiences with the same partner may influence the decision to consider contractual non-equity alliances without the presence of exogenous pressures. Consistent with extant literature (Kogut, 1988), we counted the number of alliances that were formed in the past between partners. We

International Journal of Business and Economics
Vol. 10, No. 1, 2025, pp. 36-58
https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

used a 5-year moving window to include the alliances that were formed within 5 years prior to the alliance included in our dataset (Kwon et al., 2016).

Time: to control from temporal-specific contextual influences, we controlled for the year in which the alliance was formed. This data was found from the SDC dataset in input for each of the alliances, whether equity or non-equity.

Results

Considering the dichotomous dependent variable, we rely on logistic regressions to analyze the data. The test of independence is applied using χ^2 and the direction of each tested relationship is assessed using Exp(B) values. Table 1 represents descriptive statistics including means, standard deviations, and correlations on all variables included in our analysis. Consistent with existing literature (e.g., Kogut, 1988; Kwon et al., 2016), past experiences in forming alliance with partners is strongly and positively related to forging contractual non-equity alliances. The results from the logistic regression analysis have been presented in Table 2. Model 1 includes regression coefficients with inclusion of only the control variables including Past Experience [in forming alliances with the same partner] and Time [when the alliance has been formed]. Model 2 includes the dependent variable, Alliance Structure, without presence of moderating effects. Model 3 introduces Balance of Trade and Total Trade Significance as two moderating variables. Model 4 includes the three-way interaction which includes the two moderators included in Model 3. Both continuous variables –Balance of Trade and Total Trade Significance-have been centered and transformed into Z-scores. The increase on R2 and χ^2 indicate greater explanatory power as variables are included in the model.

Hypothesis 1a predicts that higher that in presence of sanction on the home country of one partner, there is a higher likelihood that the alliance forms as a non-equity contractual alliance, regardless of the degree of trust that they perceive between themselves. Model 2 in Table 2 exhibits support for this hypothesis ($p<0.05$). An Exp(B)<1 suggests that when there is higher emphasis of non-equity alliances in presence of sanctions and that MNEs are more likely to engage in contractual alliance with a local partner rather than investing equity in a new and separate entity.

Table 1: Correlations [a]

	1	2	3	4	5	6
1. Time of Alliance	1					
2. Alliance Structure	-0.127	1				
3. Sanctions	-0.064	0.387**	1			
4. Trade Significance	0.012	-0.214*	-0.145	1		
5. Balance of Trade	-0.001	-0.158*	0.103	0.043	1	
6. Alliance Experience	0.152	0.313**	0.227*	0.085	0.077	1

[a] Standardized coefficients are reported
N= 496
* *p*<.05
** *p*<.01

Hypothesis 1b suggests a higher likelihood for MNEs to engage in equity alliance structures (IJVs) with local partners compared to contractual non-equity agreements when the environment presents less constraints in form of imposed sanctions. Our analysis results (Model 2) lend support to this hypothesis ($p<0.05$). Like our findings for Hypothesis 1a, we find an Exp(B)<1 to support our prediction regarding the direction of the relationship.

Table 2: Results of Logistic Regression Analysis [a]

Independent variables	Model 1	Model 2	Model 3	Model 4
Control variables				
Alliance Experience with Same Partner	0.137*	0.083	0.162*	0.262**
Time	-0.086	-0.103	-0.144	-0.146
Independent Variable				
Sanctions		-0.453**	-0.781**	-0.617**
Moderators				
Balance of Trade			0.112*	0.106*
Total Trade Significance			0.031	0.208*
Interactions				
Sanctions × Balance of Trade				0.173**
Balance of Trade. × Total Trade Significance				0.251**
Sanctions × Balance × Total Trade				0.108**
R^2	0.128	0.297	0.478	0.687
ΔR^2		0.169	0.181	0.209

[a] Standardized coefficients are reported
N= 496
* *p*<.05
** *p*<.01

Through Hypothesis 2, we predict that the interaction between Balance of Trade between the home country of the non-sanctioned partner and the country that has imposed sanctions on the home country of Partner B and presence of sanctions influence the decision on Alliance Structure. The results included in Model 3 provide support for this hypothesis which means that the higher levels of exchange between the economies of one partner with the economy of the country that is implementing sanctions increasing the influence of sanctions in promoting non-equity alliance structures over equity alliance structures. It also indicates that when trade balance is in favor of the country that is imposing sanctions, the likelihood of sanctions influencing the decision to prefer non-equity alliance structures over equity alliance structures is less.

Hypothesis 3 suggests a triple interaction effect between Presence of Sanctions, Balance of Trade, and Total Trade Significance on the choice of Alliance Structure. We have argued and predicted that when the value of economic exchange between two countries constitutes a more substantial part of the overall GDP, then the country is more susceptible to influences from its trade partner, which in turn will affect the outcome of the decision to whether join in on sanctions. Consistent with our hypothesis, we find a negative and significant ($p<0.05$; $Exp(B)>1$) triple interaction effect which means that with higher significance of mutual trade, there is a greater likelihood that home country of the non-sanctioned partner follow the footsteps of the country that is imposing sanctions, regardless of whether the trade balance is in their favor or not. The results for the three-way interaction are included in Model 4.

Discussion and Conclusion

The main objective of this research was to go beyond the dyadic inter-firm influences in international alliances and to investigate the effect of exogenous geopolitical tensions on structure of alliances. This research has also proposed joint moderating roles for two country level factors; balance of trade between countries, and the significance of mutual trade to the national economy.

The analysis of the direct relationship between sanctions opposed by a third country on the choice for alliance structure showed support for the hypothesized relationship. In the sample, when exogenous sanctions present, partners demonstrated a tendency to prefer contractual non-equity alliance arrangements over equity alliances (i.e., International Joint Ventures). In our arguments throughout this research, we predicted that partners would prefer alliance arrangements that grant them flexibility when external pressures exist and therefore, we suggested that non-equity alliances will be the preferred form of alliance when third country-imposed sanctions increase uncertainty in outcomes, which was supported by our findings.

International Journal of Business and Economics
Vol. 10, No. 1, 2025, pp. 36-58
https://ielas.org/ijbe/index.php/ijbe
ISSN (online) 2545-4137

The effect of sanctions on structure of international alliances was also moderated by the degree to which the home country of the non-affected partner has leverage over the country that has imposed sanctions on the home country of the affected partner. The statistical analysis showed a significant and positive moderating role for the balance of trade. This meant that, ceteris paribus, a higher advantage in trade in the mutual relationship with the country that has imposed sanctions increases the risk perception of the partner and adds to their perceived uncertainty in objective outcomes. This finding is also consistent with the hypothesized relationship and the supporting arguments. This effect is accentuated for corporations pursuing related diversification.

While the balance in trade between countries is instrumental to development of risk perception and ultimately the choice of alliance structure, it is highly dependent on the significance on the overall trade to the partner's home country. As previously argued, countries are more likely to participate in multilateral sanctions when they perceive negative outcomes if they don't. The findings from the analysis support these arguments — when total volume of trade is more significant to one partner's home country, the partners perceive the home country to be more susceptible to influences from the country that is imposing sanctions and therefore, will engage in more flexible alliance arrangements.

The findings of this research provide strong support for our hypotheses. More flexible arrangements such as non-equity alliance structures can be the alternative to equity arrangements to avoid an uncertain political and economic outlook. The findings also confirm the role of the strength of national economies in empowering their home country MNEs in having more active and engage presence in international markets.

Conclusion

Our study helps us better understand the antecedents of the choice partners make in favoring non-equity alliances over equity alliance structures in international cooperation. While greater control and occasional distrust provide strong managerial motives to engage MNEs in equity alliance structures, this preference can be altered when hostile environmental forces exist towards the selected international partner. What's evident is that transition of decision from one alliance structure to the other will have inevitable consequences on the outcome of the partnership. Although most extant literature has laid the burden of making decisions on alliance structure on MNEs and their partners, it has largely excluded factors that fall outside this often-dyadic relationship. Our theory contends that home country-level factors and how they are perceived by all partners involved can play an important role in their preference for the alliance structure. We find that higher trade balance between one partner's home country and a country that has imposed sanctions on the home country of the other elevates the perception of susceptibility to political influence and increases the perceived risk in partnership. Therefore, such alliances tend to favor non-equity structures which offer more flexibility. On the other hand, when that partner's home country has a sizable economy compared to that balance trade that perceived risk is mitigated.

Limitations

Our study has several limitations which also suggest avenues for future research. First, in this study, we mainly look at sanctions when they are present, or they are absent. We excluded instances where a country was on a watchlist, which implies the risk of sanctions being imposed in the future. The decision to exclude alliances with countries one watchlists was made due to complexity of assessing the prospect of being on such watchlists, while existing sanctions provide a very clear and objective measure. We also limited our study only to R&D alliances and did not include other areas such as production or marketing. Cross-industry factors and alliances that are less knowledge-driven may provide different insight into decisions regarding alliance structures. Our study also does not consider the severity of the sanction that are imposed, as they may confer different meanings to MNEs and their partners about risk of forming an alliance.

Managerial Implications

The managerial implications of this study are mainly in public policy and for MNEs, lobbying activities. This paper provides evidence that agreements at the country level to engage in multilateral sanctions can influence home country MNEs. It also urges managers to better understand the sources of mutual perceptions emphasize bilateral trust between them and their foreign counterparts which can transform non-equity contractual alliances from being risk-averseness driven to otherwise, with contract terms being less restrictive and more towards profit maximization for both partners.

References

Ahlstrom, D., Levitas, E., Hitt, M. A., Dacin, M. T., & Zhu, H. (2014). The three faces of China: Strategic alliance partner selection in three ethnic Chinese economies. *Journal of World Business*, *49*(4), 572-585.

Ainuddin, R. A., Beamish, P. W., Hulland, J. S., & Rouse, M. J. (2007). Resource attributes and firm performance in international joint ventures. *Journal of World Business*, *42*(1), 47-60.

Arikan, I., & Shenkar, O. (2013). National animosity and cross-border alliances. *Academy of Management Journal*, *56*(6), 1516-1544.

Ariño, A., De la Torre, J., & Ring, P. S. (2001). Relational quality: Managing trust in corporate alliances. *California Management Review*, *44*(1), 109-131.Averyt, W. F. (1986). CANADIAN AND JAPANESE FOREIGN-INVESTMENT SCREENING. *Columbia Journal of World Business*, *21*(4), 47-54

Bapat, N. A., & Kwon, B. R. (2015). When are sanctions effective? A bargaining and enforcement framework. *International Organization*, *69*(01), 131-162.

Bapat, N. A., & Clifton Morgan, T. (2009). Multilateral versus unilateral sanctions reconsidered: A test using new data. *International Studies Quarterly*, *53*(4), 1075-1094.

Barkas, J. M., & Gale, J. C. (1981). JOINT VENTURE STRATEGIES-YUGOSLAVIA-CASE-STUDY. *Columbia Journal of World Business*, *16*(1), 30-39.

Beamish, P. W., & Lupton, N. C. (2016). Cooperative strategies in international business and management: Reflections on the past 50 years and future directions. *Journal of World Business*, *51*(1), 163-175.

Beamish, P. W. (1985). The Characteristics of joint ventures in developed and developing-countries. *Columbia Journal of World Business*, *20*(3), 13-19. Bidault, de la Torre, & Zanakis, 2016

Björkman, I., & Lu, Y. (1999). The management of human resources in Chinese-Western joint ventures. *Journal of World Business*, *34*(3), 306-324.

Bromiley, P., & Cummings, L. L. (1995). Transactions costs in organizations with trust. *Research on negotiation in organizations*, *5*, 219-250.

Buckley, P. J., Glaister, K. W., & Husan, R. (2002). International joint ventures: Partnering skills and cross-cultural issues. *Long Range Planning*, *35*(2), 113-134.

Carter, W. G. (1972). National support of multinational ventures. *Columbia Journal of World Business*, *7*(5), 6-12. Casciaro, 2003

Choi, C. B., & Beamish, P. W. (2004). Split management control and international joint venture performance. *Journal of International Business Studies*, *35*(3), 201-215.

Chung, C. C., Lee, S. H., Beamish, P. W., Southam, C., & Nam, D. D. (2013). Pitting real options theory against risk diversification theory: International diversification and joint ownership control in economic crisis. *Journal of World Business*, *48*(1), 122-136.

Colombo, M. G. (2003). Alliance form: A test of the contractual and competence perspectives. *Strategic management journal*, *24*(12), 1209-1229.

Connolly, W. E. (Ed.). (1984). *Legitimacy and the State*. Oxford: Basil Blackwell.

Contractor, F. J., & Lorange, P. (1988). Why should firms cooperate? The strategy and economics basis for cooperative ventures. *Cooperative strategies in international business*, 3-30.

Contractor, F. J. (1984). Choosing between direct investment and licensing: Theoretical considerations and empirical tests. *Journal of International Business Studies*, *15*(3), 167-188.

Cranmer, S. J., & Desmarais, B. A. (2011). Inferential network analysis with exponential random graph models. *Political Analysis*, 66-86.

Cranmer, S. J., Heinrich, T., & Desmarais, B. A. (2014). Reciprocity and the structural determinants of the international sanctions network. *Social Networks*, *36*, 5-22.

Cullen, J. B., Johnson, J. L., & Sakano, T. (1995). Japanese and local partners commitment to IJVs: Psychological consequences of outcomes and investments in the IJV relationships. *Journal of International Business Studies*, *26*(1), 91-115.

Cullen, J. B., Johnson, J. L., & Sakano, T. (2000). Success through commitment and trust: The soft side of strategic alliance management. *Journal of World Business*, *35*(3), 223-240.

Dacin, M. T., Hitt, M. A., & Levitas, E. (1997). Selecting partners for successful international alliances: Examination of US and Korean firms. *Journal of world business*, *32*(1), 3-16.

Das, T. K., & Teng, B. S. (1998). Between trust and control: Developing confidence in partner cooperation in alliances. *Academy of management review*, *23*(3), 491-512.

Dhanaraj, C., & Beamish, P. W. (2004). Effect of equity ownership on the survival of international joint ventures. *Strategic Management Journal*, *25*(3), 295-305.

Dickie, R. B. (1981). AN EXAMINATION OF EQUITY SHARING POLICIES-WHAT CAUSES THEM TO FAIL-AND SUCCEED. *Columbia Journal of World Business*, *16*(2), 88-96.

Ertug, Cuypers, Noorderhaven, & Bensaou, 2013.

Franko, L. G. (1971). *Joint venture survival in multinational corporations*. Praeger Publishers.

Franko, L. G. (1987). NEW FORMS OF INVESTMENT IN DEVELOPING-COUNTRIES BY UNITED-STATES COMPANIES-A 5 INDUSTRY COMPARISON. *Columbia Journal of World Business*, *22*(2), 39-56.

García-Canal, E. (1996). Contractual form in domestic and international strategic alliances. *Organization Studies*, *17*(5), 773-794.

Geringer, J. M., & Hebert, L. (1989). Control and performance of international joint ventures. *Journal of international business studies*, *20*(2), 235-254.

Gill, J., & Butler, R. J. (2003). Managing instability in cross-cultural alliances. *Long range planning*, *36*(6), 543-563.

Gillespie, K., & Teegen, H. J. (1995). Market liberalization and international alliance formation: The Mexican paradigm. *The Columbia Journal of World Business*, *30*(4), 58-69.

Globerman, S., & Nielsen, B. B. (2007). Equity versus non-equity international strategic alliances involving Danish firms: An empirical investigation of the relative importance of partner and host country determinants. *Journal of International Management*, *13*(4), 449-471.

Gomes-Casseres, B. (1987). *Joint venture instability: Is it a problem*. Division of Research, Harvard University.

Gulati, R., & Singh, H. (1998). The architecture of cooperation: Managing coordination costs and appropriation concerns in strategic alliances. *Administrative science quarterly*, 781-814.

Gulati, R. (1995). Social structure and alliance formation patterns: A longitudinal analysis. *Administrative science quarterly*, 619-652.

Gulati, R. (1999). Network location and learning: The influence of network resources and firm capabilities on alliance formation. *Strategic management journal*, *20*(5), 397-420.

Gullander, S. (1976). Joint ventures and corporate strategy. *Columbia Journal of World Business*, *11*(1), 104-114.

Harrigan, K. R. (1984). Joint ventures and global strategies. *Columbia Journal of World Business*, *19*(2), 7-16.

Hennart, J. F., & Zeng, M. (2002). Cross-cultural differences and joint venture longevity. *Journal of International Business Studies*, *33*(4), 699-716.

Hennart, J. F., & Zeng, M. (2005). Structural determinants of joint venture performance. *European Management Review*, *2*(2), 105-115.

Inkpen, A. C., & Beamish, P. W. (1997). Knowledge, bargaining power, and the instability of international joint ventures. *Academy of management review*, *22*(1), 177-202.

Inkpen, A. C., & Currall, S. C. (2004). The coevolution of trust, control, and learning in joint ventures. *Organization science*, *15*(5), 586-599.

Isidor, R., Steinmetz, H., Schwens, C., & Kabst, R. (2014). Linking transaction cost and social exchange theory to explain strategic alliance performance: a meta-analytic structural equation model. *International Journal of Strategic Business Alliances 35*, *3*(2-3), 140-167.

Jiang, X., Li, Y., & Gao, S. (2008). The stability of strategic alliances: Characteristics, factors and stages. *Journal of International Management*, *14*(2), 173-189.

Kaufmann, J. B., & O'Neill, H. M. (2007). Do culturally distant partners choose different types of joint ventures? *Journal of World Business*, *42*(4), 435-448.

Kaufmann, J., O'Neill, H. M., & York, A. S. (2006). The impact of structural prescriptions on joint venture survival. *American Journal of Business*, *21*(2), 43-60.

Killing, P. (1980). Technology acquisition: license agreement or joint venture. *Columbia journal of world business*, *15*(3), 38-46.

Kogut, B. (1988). Joint ventures: Theoretical and empirical perspectives. *Strategic management journal*, *9*(4), 319-332.

Kramer, R. M. (1999). Trust and distrust in organizations: Emerging perspectives, enduring questions. *Annual review of psychology*, *50*(1), 569-598.

Kwon, S. W., Haleblian, J., & Hagedoorn, J. (2016). In country we trust. National trust and the governance of international R&D alliances. *Journal of International Business Studies*, *47*(7), 807-829.

Lane, H. W., & Beamish, P. W. (1990). Cross-cultural cooperative behavior in joint ventures in LDCs. *Management International Review*, *30*, 87.

Lang, E. M. (1968). SMALL BUSINESSES VENTURE ABROAD.

Li, D., Eden, L., Hitt, M. A., & Ireland, R. D. (2008). Friends, acquaintances, or strangers? Partner selection in R&D alliances. *Academy of management journal*, *51*(2), 315-334.

Lin, X., & Wang, C. L. (2008). Enforcement and performance: The role of ownership, legalism and trust in international joint ventures. *Journal of World Business*, *43*(3), 340-351.

Liu, C. L. E., Ghauri, P. N., & Sinkovics, R. R. (2010). Understanding the impact of relational capital and organizational learning on alliance outcomes. *Journal of World Business*, *45*(3), 237-249.

Lorange, P., & Probst, G. J. (1987). Joint ventures as self-organizing systems: A key to successful joint venture design and implementation. *Columbia Journal of World Business*, *22*(2), 71-77.

Lui, S. S., & Ngo, H. Y. (2004). The role of trust and contractual safeguards on cooperation in non-equity alliances. *Journal of management*, *30*(4), 471-485.

Luo, Y. (2007). Are joint venture partners more opportunistic in a more volatile environment? *Strategic Management Journal*, *28*(1), 39-60.

Lyles, M. A. (1987). Common mistakes of joint venture experienced firms. *Columbia Journal of World Business*, *22*(2), 79-85.

Makino, S., Beamish, P. W., & Zhao, N. B. (2004). The characteristics and performance of Japanese FDI in less developed and developed countries. *Journal of World Business*, *39*(4), 377-392.

Makino, S., Chan, C. M., Isobe, T., & Beamish, P. W. (2007). Intended and unintended termination of international joint ventures. *Strategic Management Journal*, *28*(11), 1113-1132.

Maoz, Z., Kuperman, R. D., Terris, L., & Talmud, I. (2006). Structural equivalence and international conflict: A social networks analysis. *Journal of Conflict Resolution*, *50*(5), 664-689.

Maoz, Z. (2006). Network polarization, network interdependence, and international conflict, 1816–2002. *Journal of Peace Research*, *43*(4), 391-411.

Maoz, Z. (2010). *Networks of nations: The evolution, structure, and impact of international networks, 1816–2001* (Vol. 32). Cambridge University Press.

Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of management review*, *20*(3), 709-734.

Meschi, P. X., & Riccio, E. L. (2008). Country risk, national cultural differences between partners and survival of international joint ventures in Brazil. *International Business Review*, *17*(3), 250-266.

Meynen, J., Friedmann, W., & Weg, K. (1966). Joint ventures revisited. *Columbia Journal of World Business*, *1*(2), 19-29.

Nigh, D., Walters, P., & Kuhlman, J. A. (1990). US–USSR joint ventures: An examination of the early entrants. Columbia Journal of World Business, 25(4): 20–27.

O'Reilly, A. J. (1988). Establishing successful joint ventures in developing nations: A CEO's perspective. *Columbia Journal of World Business*, *23*(1), 65-71.

Oxley, J. E. (1997). Appropriability hazards and governance in strategic alliances: A transaction cost approach. *Journal of law, Economics, and Organization*, *13*(2), 387-409.

Oxley, J. E. (1999). Institutional environment and the mechanisms of governance: the impact of intellectual property protection on the structure of inter-firm alliances. *Journal of Economic Behavior & Organization*, *38*(3), 283-309.

Park, S. H., & Russo, M. V. (1996). When competition eclipses cooperation: An event history analysis of joint venture failure. *Management science*, *42*(6), 875-890.

Park, S. H., & Ungson, G. R. (1997). The effect of national culture, organizational complementarity, and economic motivation on joint venture dissolution. *Academy of Management journal*, *40*(2), 279-307.

Parkhe, A. (1993). Strategic alliance structuring: A game theoretic and transaction cost examination of interfirm cooperation. *Academy of management journal*, *36*(4), 794-829.

Parkhe, A. (1998). Understanding trust in international alliances. *Journal of world business*, *33*(3), 219-240.

Peng, G. Z., & Beamish, P. W. (2014). The effect of host country long term orientation on subsidiary ownership and survival. *Asia Pacific Journal of Management*, *31*(2), 423-453.

Pisano, G. P. (1989). Using equity participation to support exchange: Evidence from the biotechnology industry. *Journal of Law, Economics, & Organization*, *5*(1), 109-126.

Poppo, L., & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? *Strategic management journal*, *23*(8), 707-725.

Prevot, F., & Meschi, P. X. (2006). Evolution of an international joint venture: The case of a French Brazilian joint venture. *Thunderbird International Business Review*, *48*(3), 297-319.

Rangan, U. S., & Yoshino, M. Y. (1996). Forging alliances: A guide to top management. *The Columbia Journal of World Business*, *31*(3), 6-13.

Reuer, J. J., & Ariño, A. (2007). Strategic alliance contracts: Dimensions and determinants of contractual complexity. *Strategic Management Journal*, *28*(3), 313-330.

Reuer, J. J., & Devarakonda, S. V. (2016). Mechanisms of hybrid governance: Administrative committees in non-equity alliances. *Academy of Management Journal*, *59*(2), 510-533.

Reus, T. H., & Ritchie III, W. J. (2004). Interpartner, parent, and environmental factors influencing the operation of international joint ventures: 15 years of research. *MIR: Management International Review*, 369-395.

Reynolds, J. I. (1984). The pinched shoe effect of international joint ventures. *Columbia Journal of World Business*, *19*(2), 23-29.

Roehl, T., & Frederick Truitt, J. (1987). Japanese industrial policy in aircraft manufacturing. *International Marketing Review*, *4*(2), 21-32.

Seifzadeh, P. (2017). Corporate controls, geographic dispersion, and their effect on corporate financial performance in related diversified corporations. *Journal of Strategy and Management*, *10*(1).

Shenkar, O., & Zeira, Y. (1987). Human resources management in international joint ventures: Directions for research. *Academy of Management Review*, *12*(3), 546-557.

Sim, A. B., & Ali, M. Y. (2000). Determinants of stability in international joint ventures: Evidence from a developing country context. *Asia Pacific Journal of Management*, *17*(3), 373-397.

Steensma, H. K., Barden, J. Q., Dhanaraj, C., Lyles, M., & Tihanyi, L. (2008). The evolution and internalization of international joint ventures in a transitioning economy. *Journal of International Business Studies*, *39*(3), 491-507.

Stewart, S., & Keown, C. F. (1989). TALKING WITH THE DRAGON-NEGOTIATING IN THE PEOPLES-REPUBLIC OF CHINA. *Columbia Journal of World Business*, *24*(3), 68-72.

Sun, S. L., Peng, M. W., Lee, R. P., & Tan, W. (2015). Institutional open access at home and outward internationalization. *Journal of World Business*, *50*(1), 234-246.

Triki, D., & Mayrhofer, U. (2016). Do initial characteristics influence IJV longevity? Evidence from the Mediterranean region. *International Business Review*, *25*(4), 795-805.

Williamson, O. E. (1975). Markets and hierarchies. *New York*, 26-30.

Williamson, O. E. (1985). *The economic institutions of capitalism*. Simon and Schuster.

Wright, R. W., & Russel, C. S. (1975). JOINT VENTURES IN DEVELOPING-COUNTRIES-REALITIES AND RESPONSES. *Columbia Journal of World Business*, *10*(3), 74-80.

Wright, R. W. (1979). Joint venture problems in Japan. *Columbia Journal of World Business*, *14*(1), 25-31.

Yan, A., & Zeng, M. (1999). International joint venture instability: A critique of previous research, a reconceptualization, and directions for future research. *Journal of international Business studies*, *30*(2), 397-414.

Yan, A. (1998). Structural stability and reconfiguration of international joint ventures. *Journal of international business studies*, *29*(4), 773-795.

Zaheer, A., McEvily, B., & Perrone, V. (1998). Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance. *Organization science*, *9*(2), 141-159.

Zajac, E. J., & Olsen, C. P. (1993). From transaction cost to transactional value analysis: Implications for the study of interorganizational strategies. *Journal of management studies*, *30*(1), 131-145.

Zollo, M., Reuer, J. J., & Singh, H. (2002). Interorganizational routines and performance in strategic alliances. *Organization Science*, *13*(6), 701-713.

Zurawicki, L. (1975). COOPERATION OF SOCIALIST STATE WITH MNCS. *Columbia Journal of World Business*, *10*(1), 109-115.