INTERNATIONAL JOINT VENTURE (IJV) DIRECTORS' CONTRIBUTION TO BOARD EFFECTIVENESS: LEARNING FROM PRACTICE

Jelena Petrovic

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Research rationale

- IJV board directors important in practice but neglected in research: little is known about the nature of IJV board director behaviour and their contribution to IJV board effectiveness.

- IJV literature tends to describe “resulting” behaviours, without explaining how and why these behaviours occurred (e.g., it is suggested that IJV directors balance different partners’ agendas but not how they do it).

- CG literature: lack of empirical evidence about processes important for board effectiveness.
Research design

• **Research question**: How do directors of IJV boards contribute to board effectiveness whilst balancing the multiplicity of different IJV partners’ agendas?

• The study focused on processes as opposed to resulting behaviours only

• Theoretical framework: Role theory

• Methodology: 13 exploratory case studies conducted in three Serbian-foreign joint ventures
How do directors of IJV boards contribute to board effectiveness?

**PROCESSES**
- Informal Communication
- Frequent Communication (Formal or Informal)
- Open Communication
- Questioning/Challenging Others
- Showing Initiative/Actively Participating in Boardroom Discussions
- Consultation
- Devoting Sufficient Time to Role (Learning/Reading Professional Materials)
- Monitoring the Situation/Carefully Considering Options
- Demonstrating Successful Results
- Keeping on “Track”
- Monitoring/Controlling the Other Partner’s Representatives
- Relying on Contract

**INDIVIDUAL-LEVEL OUTCOMES**
- IJV Board Director Qualities
  - Being Informed and Prepared (Knowledge of Business)
  - Being Motivated/Committed
  - Being Objective
  - Being Reliable
  - Being Calm
  - Interpersonal, Communication, Cross-Cultural, and Language Skills
  - A Positive Attitude
  - Willingness to Make an Effort to Understand the Other Partner’s Point of View

- Interpersonal Relationships (Length, Interpersonal and Competence-Based Trust)

**BOARD-LEVEL OUTCOMES**
- Board (Interpartner) Trust and Chemistry
- Shared Vision About the IJV
- A Compromise Between the Partners’ Agendas
- Decision Making Efficiency
- Transparency About IJV Operation
Influences on IJV board director contribution

1. Country characteristics
2. The partners
3. IJV characteristics
4. Board characteristics
5. Individual characteristics
6. Role
7. Contribution
8. IJV success
Learning from practice

- Empirical evidence of IJV board director contribution - opening a “black box” of research.
- Role and contribution seen as different concepts.
- IJV board directors clear about their role and interests they pursue.
- Impact of CG system and IJV factors (e.g., negotiations and partner selection) on IJV board director role and contribution.
- Importance of both structure (external context) and processes (internal context) for board effectiveness.
- IJV board directors behaving as a TMT: CG directly linked to firm performance.
- Measures of board effectiveness: individual, group and organisation-level.