

# Contents

---

<i>List of Figures</i>	vii
<i>List of Tables</i>	viii
<i>About the Editors</i>	xi
<i>List of Contributors</i>	xiii
<i>Acknowledgements</i>	xiv
 1. Introduction	 1
<i>Andrew Delios and Paul W. Beamish</i>	
 PART I WHY INTERNATIONALIZE? MORE SUBSIDIARIES RESULTS IN SUPERIOR PERFORMANCE	
 2. The nature of Japanese investment worldwide	 13
<i>Andrew Delios, Paul W. Beamish and Shige Makino</i>	
3. Geographic scope, product diversification and the corporate performance of Japanese firms	47
<i>Andrew Delios and Paul W. Beamish</i>	
 PART II ENTRY MODE CHOICE AND PERFORMANCE	
4. A review and update of the relationship between performance and ownership-based entry mode selection	75
<i>C. Patrick Woodcock and Paul W. Beamish</i>	
5. Local ownership restrictions, entry mode choice and FDI performance: Japanese overseas subsidiaries in Asia	97
<i>Shige Makino and Paul W. Beamish</i>	
6. Location specificity and the transferability of downstream assets to foreign subsidiaries	117
<i>Jaideep Anand and Andrew Delios</i>	

## PART III JOINT VENTURES

- |     |   |     |
|-----|---|-----|
| 7.  | Japanese firms' investment strategies in emerging economies<br><i>Andrew Delios and Witold J. Henisz</i>                                    | 145 |
| 8.  | Ownership strategy of Japanese firms: Transactional,<br>institutional and experience influences<br><i>Andrew Delios and Paul W. Beamish</i> | 175 |
| 9.  | Performance and survival of joint ventures with<br>non-conventional ownership structures<br><i>Shige Makino and Paul W. Beamish</i>         | 205 |
| 10. | Local knowledge transfer and performance: Implications<br>for alliance formation in Asia<br><i>Shige Makino and Andrew Delios</i>           | 227 |

## PART IV MANAGEMENT STRATEGY

- |     |   |     |
|-----|---|-----|
| 11. | How Japanese MNCs have matched goals and strategies in<br>India and China<br><i>Jaideep Anand and Andrew Delios</i> | 255 |
| 12. | Japanese firms and the decline of the Japanese expatriate<br><i>Paul W. Beamish and Andrew C. Inkpen</i>            | 275 |
| 13. | Matching strategy with ownership structure in Japanese<br>joint ventures<br><i>Shige Makino and Paul W. Beamish</i> | 293 |

<i>References</i>	311
-------------------	-----

<i>Index</i>	343
--------------	-----

## List of Figures

---

3.1	Research model	50
4.1	Eclectic theory model	80
6.1	Selection of entry mode by industry category	132
7.1	Research model	148
7.2	Own experience, public expropriation hazards and ownership	167
7.3	Partner presence, public expropriation hazards and ownership	168
9.1	Joint venture ownership structure options from the home-country based firm perspective	210
9.2	Local access, cultural distance, and joint venture ownership structure options	213
9.3	JV ownership structure, performance, and termination rate	223
10.1	Interaction between foreign parent experience and a local partner	246
10.2	Interaction between JV experience and a local partner	247
11.1	Subsidiary strategy and employment of expatriates	270

# List of Tables

---

2.1	Summary of the data	15
2.2	Geographic distribution of foreign subsidiaries	18
2.3	Number of subsidiaries: Entry date by world region	23
2.4	Number of subsidiaries: Entry date by country/region	24
2.5	Number of subsidiaries: Entry date by ownership category	34
2.6	Number of subsidiaries: Entry date by mode of entry	35
2.7	Number of subsidiaries: Annual sales by world region	38
2.8	Number of subsidiaries: Capitalization by world region	39
2.9	Number of subsidiaries: Total employment by world region	41
2.10	Number of subsidiaries: Expatriate employment by world region	43
2.11	Number of subsidiaries: Performance by world region	44
2.12	Number of subsidiaries: Performance by entry mode	45
3.1	Characteristics of parent firms in sample	56
3.2	Measurement model	59
3.3	Discriminant validity	61
3.4	Summary of path estimates	62
4.1	Resource requirement contingency decision matrix	83
4.2	The costs associated with utilizing the entry modes	85
4.3	The 1992 regression of entity age after entry to performance	91
4.4	The 1997 regression of entity age after entry to performance	91
4.5	The 1992 break point regression of entity age after entry to performance	92
4.6	The 1997 break point regression of entity age after entry to performance	93
4.7	The 1992 performance difference in entry modes for entries over 2 years of age	93
4.8	The 1997 performance difference in entry modes for entries over 2 years of age	94
5.1	Summary of local ownership restrictions by country	106
5.2	Financial performance of entry mode by country	110
5.3	Financial performance by country: Results of ANOVA	111
5.4	Termination rate of entry mode by country (%)	112
5.5	Termination rate by country: Results of Chi-square analysis	114

5.6	Correlation between local ownership restrictions and performance of entry mode: Results of Spearman correlation analysis	115
6.1	Entry mode by world region	126
6.2	Pearson correlation coefficients and descriptive statistics (N=1218)	128
6.3	Trends in employment by industry	131
6.4	Estimation of entry mode and performance	134
6.5	Expatriate employment in wholesale and retail subsidiaries	136
7.1	Descriptive statistics for Japanese parent firms	156
7.2	Correlations and descriptive statistics	158
7.3	Public expropriation hazard scores	160
7.4	Results of TOBIT analysis on equity ownership	163
8.1	Distribution of entry by country	184
8.2	Variable descriptions and expected signs	186
8.3	Japanese firm ownership levels: Industry-level data (N=1,043)	192
8.4	Japanese firm ownership levels: Firm-level data (N=708)	196
9.1	Selected IJV studies: 1970-1997	208
9.2	Comparison of JV formation incidence by JV ownership structure	217
9.3	JV ownership structure and performance: Result of log-linear analysis	218
9.4	JV ownership structure and survival: Results of Chi-square analyses	219
9.5	Conventional JV ownership structure and performance: Result of log-linear analysis	220
9.6	Conventional JV ownership structure and survival: Results of Chi-square analyses	221
10.1	Performance distributions by country and industry	234
10.2	Descriptive statistics and correlations	238
10.3	Local knowledge acquisition channels and performance	240
10.4	Asia sample logistic regression results	242
11.1	Comparison of Japanese FDI in India, China and the world	264
11.2	MNE strategies	266
11.3	Motives for investment	267
11.4	Subsidiary size and productivity	268
11.5	FDI in China and India – organizational characteristics and strategy	272
12.1	Number of expatriates per subsidiary by subsidiary entry date	282
12.2	Number of expatriates employed per 100 subsidiary employees by subsidiary entry date	283

12.3	Number of expatriates per subsidiary by subsidiary entry date, manufacturing subsidiaries only	285
12.4	Number of expatriates employed per 100 subsidiary employees by subsidiary entry date, manufacturing subsidiaries only	286
13.1	Joint venture ownership structure options for Japanese MNEs	295
13.2	Local access and cultural distance in joint venture ownership structures	295
13.3	Profiles of Japanese MNEs surveyed	296
13.4	Strategies and major reasons for JV ownership structure	299