PREFACE

Arguments for and against joint ventures range to extremes which are virtually ideological in their intensity of cathexis and lack of factual supporting evidence. On the one hand, there is the *simpliste* school for which any potential interference with absolute freedom to conduct a multinational enterprise is abhorrent and must at any cost be avoided. On the other hand, there are the *philanthropists* or developmental idealists for whom the sheer beauty of the concept of international cooperation appears at times to be a sufficient end in itself.

There is, of course, a third school—the *strategic pragmatists*—for whom this book is written. For this group, ownership is merely one dimension in the appraisal matrix of the international investor; it is not a sacred artifact. If the market is worth penetrating or developing, if the location of operations is significant to international integration, if the level of return to the investor is right, then "one must be there," and structure is strictly a subsidiary issue, in which case, analysis of tactical possibilities for exploiting an opportunity should presumably include joint operations as one of a number of structural alternatives. This in turn implies that, without necessarily joining the second school mentioned, joint ventures should be considered for overseas operations in any case. The argument becomes stronger in practice, though no more significant in terms of overall strategic concepts, if such ventures are formally prescribed by host authorities.

In order to get away from subjective or quasi-ideological bases for consideration, it seems desirable to analyze in detail some of the measurable dimensions in the joint venture process. It is patently untrue that "if you can't measure something, you can't talk about it." Nonetheless, measurement does provide a more relevant and reliable basis for analysis and opinion. A major objective of this study is to set up at least a framework for a model of the decisions or dimensions involved in establishing and operating joint ventures in international business.

A detailed account of the research and the format of the study appears in Chapter 1 and the related appendixes. To simplify the problems associated with the potential variability in the subjects and their environments, the research strategy adopted was to examine in depth a subset of the total population of joint ventures. The study, therefore, interprets data collected in interviews with senior executives of fifty British corporations involved in joint ventures in India or Pakistan.

The research for this study was carried out while I was the recipient of a Ford Foundation Fellowship. Many of the costs of the research were covered by an International Program research grant from the Alfred P. Sloan School of Management and the School of Economics of the Massachusetts Institute of Technology. A grant from the McKinsey Foundation financed the final analysis and preparation of the manuscript. Without the assistance of these institutions, most of the work would not have been possible.

None of the work would have been feasible without the cooperation and assistance of the many executives who gave generously of their time and interest—in return for which, the anonymity of their firms seems but poor reward. Thanks are due to the staff of India House and the Board of Trade in London for their help whenever needed. I have also been most grateful for the conscientious efforts of Linda Miller to reduce and redraft a conglomeration of notes into manuscript form.

Finally, but far from least, I am indebted to all of the colleagues, advisers, and others who have commented on various parts of the study. This debt is deepest for the guidance and advice given by Richard Robinson, Charles Myers, and Everett Hagen. While clearly absolving them of any responsibility for findings and conclusions, I feel the virtues of the book reflect their comprehensive criticisms and encouragement.

Manchester, England J. W. C. Tomlinson
May 1969