Philippine Management Review 2013, Vol. 20, 47-64.

Problems and Conflicts in Managing International Joint Ventures in Vietnam

Pham Duc Hieu*
University of Commerce, Hanoi, Vietnam

The paper identified and analyzed the internal problems and conflicts that are specific to international joint ventures in Vietnam. The researcher collected data from in-depth interviews and published materials on the operation of three European-Vietnamese joint ventures in Vietnam. The results show that there are significant incompatibilities between Western and Vietnamese partners and managers in joint ventures with regard to planning, decision-making, and problem solving. The findings suggest that problems and conflicts due to cultural differences— the issue of most concern to the respondents— take time and require the tolerance of foreign managers. These problems and conflicts are only recognized by one party, that of the foreign managers. In contrast, problems and conflicts caused by political ideology and parent-specific characteristics are not as serious as many people initially considered because these are mostly realized by both sides, thus making them easier to improve than those problems known by a single party.

Keywords: international joint venture, problems and conflicts, Vietnam

1 Introduction

Vietnam's Renovation Policy (Doimoi), which effectively started in 1987, has encouraged the flow of foreign direct investment into the country. A big potential market of more than 80 million people (in 2004) with very low labor costs and abundance of raw materials makes Vietnam one of the more attractive emerging markets for foreign direct investment. Generally, it is through International Joint Ventures (IJVs) that multinational corporations (MNCs) commonly enter many developing countries, Vietnam in particular. According to the Vietnamese Ministry of Planning and Investment (MPI), by the end of 2003, IJVs made up about 33% of 4,324 foreign invested projects and over 54.5% of total invested capital of US$ 40.80 billion registered capital, of which about 48% was already pooled in Vietnam (MPI, 2004).

Although IJV is the most popular form of foreign direct investment (FDI), the presence of two or more parents can make IJVs difficult to manage (Geringer & Hebert, 1989). Problems and conflicts that occur between partners seem to be inevitable due to the differences in working environment, cultures, and the objectives and motives of those involved. Further, problems and conflicts happen in different operational areas of the joint ventures. They caused the failing of about 32% of total IJVs in Vietnam (Quang, Swierczek, & Chi, 1998), and they are also making many existing IJVs sluggish (i.e., IJVs do not operate as well as expected).

The problems and conflicts between joint venture partners have been discussed in many books and other literature (see Hofstede, 1980; Zeira & Shenkar, 1990; Geringer & Frayne, 1990; Meschi & Roger, 1994), but there has been a dearth of literature on problems and conflicts that are specific to IJVs operating in Vietnam. Further, differences in cultures, regulations, and business practices in Vietnam may cause incompatibility between partners and respective managers because both parties may not be fully aware of these issues. To fill this knowledge gap, this study considers the cases of three IJVs operating in Vietnam and attempts to investigate what the real problems and conflicts are and how they can affect the operation of these international joint ventures.

The remainder of this paper is organized in the following way. First, we present the research background on the sources of problems and conflicts in the operation of IJVs and conflict management. Then, we discuss the research methodology and present the results of the case studies. Finally, the paper discusses the implications of the results and suggests future research directions.

* Correspondence: Tel: +84946082095; Email: hieuphamduc@gmail.com

2 Research background

2.1 The sources of problems and conflicts in IJVs

2.1.1 Parent-Related Issues

Joint ventures involve two or more legally distinct organizations (parents), each of which shares in the decision-making activities of a jointly owned entity (Geringer & Hebert, 1989). The Vietnam-Foreign International Joint Venture is an IJV where at least one parent is headquartered outside of Vietnam, while the other partner is an enterprise from Vietnam.

In achieving the limited objectives of the partners, an IJV can expose conflicts because there are at least two parties representing different backgrounds, bringing expertise, sharing the risks, and making decisions through joint equity participation (Webster, 1989). Therefore, to understand the reasons for conflicts in operation, we shall briefly review the issues related to the parent companies. They include the different motives to form a joint venture, different characteristics, and management perspectives, which are brought into an IJV by counterpart managers. The issues of developing-Western IJVs, especially Asian-Western ones, would be focused on.

Motives to form an IJV

- **Motives of foreign investors**. Reviewing different literature (Contractor & Lorange, 1988; Zeira & Shenkar, 1990; Harrigan, 1985), the motives of foreign partners in joint venturing within developing countries can be classified into different motives such as:

Table 1. Principal Motives of Foreign Investors for Joint Venture in Developing Country

Motives related to Market and Growth	Include better access to market and growth opportunities. JV may be only the means of gaining market access to countries whose non-tariff barriers and import restrictions make direct exporting difficult
Motives related to Economies of Scale	Include access to raw materials, low labor costs in developing nations, sharing of capital resources
Risk-related Motives	JVs help foreign investors reduce the potential losses that may be associated with operating the venture by the participation of local partners; reduce their exposure to risk associated with development of new products or technology
Regulation-related Motives	Include the preferred treatments of developing countries such as tariff and non-tariff barriers, taxation, and opportunities offered.

- **Motives of local partners and host government**. IJVs are operating in the host countries, so they are favored because of the motives of not only the local partners but also the host government, especially when local partners are state-owned enterprises as in Vietnam. Based on the literature, the motives of local partners and the host government of developing countries are quite different from that of foreign partners (Contractor & Lorange, 1988; Zeira & Shenkar, 1990; Harrigan, 1985). They can be grouped into the following groups presented in the Table 2.

Table 2. Principal Motives of Local Partners and Host Government for Joint Venture in Developing Country

Transfer Motives	Through IJVs, the developing country partners may pursue the transfer of capital, technology, management and marketing know-how.
Training and Mobilization Motives	These include training in manual and managerial skills and development of local entrepreneurial talent through participation in IJVs, diffusion of a modern investment methods and technology through interaction processes in IJVs.
Motives related to Economic Development Policy	Through IJVs, the partners and government of host developing countries can have more accurately targeted, nationally oriented economic policies (e.g., restructuring, increasing of local value added, local employment and local productive capacity, better income distribution, improvement in the national income and government revenues).
National Political Strategic Motives	These pertain to strengthening the position of the local economy vis-à-vis foreign economic powers, increase of economic self-reliance and the safeguarding of national sovereignty.

From the point of view of the local enterprise, an IJV may permit it to increase its competitive position in the local market and foreign market by upgrading its product line, receiving technical assistance, and even changing the image of the firm. More importantly, IJVs are one of many attempts to bridge the gap between the vast material resources and technological superiority of the industrially developed nations and the urgent needs and aspirations of the less developed nations, with the former allowing the latter easy access to its modern technology.

To sum, partners coming from developed nations and their local counterparts in joint ventures in developing countries may obviously have quite different motives and, hence, objectives that cause incompatibility between partners and respective managers. Therefore, joint ventures are difficult to manage because of the intrinsic negotiated compromises the partners must make in management decisions (Harrigan, 1986; Webster, 1989). These ventures can be particularly troublesome and short-lived if parties do not conduct a careful assessment of each other's needs.

Different Characteristics of Parent Companies

In addition to the different motives, the different characteristics of parents are also sources of conflicts in the operation of an IJV.

The *parent-specific* characteristics are attributes of each parent firm. They include the industry (business) to which each parent belongs, its ownership type, side, reputation, international culture, policies and practices. The ownership type for example, relates to the ownership structure of each parent: private, public, state or state-owned or a combination of the above. When the host parent is a state-owned enterprise and the foreign parent is private, the IJV is more likely to face the issue of internal politics than when an IJV owned by two private firms, because private and state-owned enterprises usually have different objectives. For instance, in the mixed-sector IJVs, the managers have to face more problems in decision-making and in familiarizing themselves with different organizational procedures. The state-owned parents can also influence functional management like subcontracting, HRM, and so on (Zeira & Shenkar, 1990).

The important parent-specific characteristic is related to the parent policies and practices that can cause conflicts in the operation of an IJV because they reflect the different philosophies, requirements, methods, schemes, and procedures of the parents. It is extremely important that basic corporate philosophy, policies, and resource utilization principles be as compatible as possible, if the JV is to succeed over the long run. Different management behaviors, leadership styles, and organizational cultures may lead to problems and conflicts between partners and respective managers (Lane & Beamish, 1990; Meschi & Roger, 1994). Also, the different international cultures of the parent may lead to different styles of management in terms of decentralization, willingness to collaborate with competitors, and transferring of technology (Zeira & Shenkar, 1990).

2.1.2 Different Regulations of Host and Home Governments

The regulations of both host and home governments can lead to the operational conflicts and internal problems in an IJV, because managers in an IJV have to act in accordance with government regulations that may not favor a party.

The conflicts probably happen when the regulations of two governments are in conflict on the same issues. The host government may have its own goals and concerns, and may use its power through political/legal system, economic resources, and opportunities provided (Brouthers & Bamossy; 1997, Tallman & Shenkar, 1994; Lecraw, 1984). According to those researchers, the host government may: (1) favor local participation; (2) demand that expatriates be replaced by local nationals; (3) restrict outbound transfers of funds; (4) restrict transferring prices and thus the predetermined rules than its own best interest dictates; (5) seek to maximize tax revenues; (6) try to develop the domestic research capabilities; (7) pressure MNC and JV to broaden product line or to make more parts locally; and (8) try to make better and more employment, and so on (Brouthers & Bamossy; 1997, Tallman & Shenkar, 1994; Lecraw, 1984).

At the same time, the IJVs might also be under the regulations of the home government. These could involve export controls, foreign corrupt practices, antitrust law, reporting requirements, tax and accounting, staffing, among others (Webster, 1989).

2.1.3 Cross Culture Issues

The final important source of conflicts that has been studied by many researchers would be the different cultures involved in the IJV. Meschi (1997) argued that most problems encountered in IJVs can be traced back to cultural factors, be they national or organizational. The partner's national or organizational culture has the potential to affect in depth all aspects of the collaboration (Lyles & Salk, 1996). Similarly, Chen and Boggs (1998) found in their sample of Chinese IJVs that cultural distance decreases the perceived prospects of IJV continuation. In addition, Killing (1983) found that in joint ventures where one partner is from a developing country and the other from a developed one, decision impasses are more likely due to divergent attitudes. Such joint ventures have a higher rate of failure than those formed between two firms both originating in developed countries (Beamish, 1985).

In brief, cultural distance can: (1) lead to communication problems, which may hamper knowledge exchange and organizational learning; (2) increase managerial conflicts due to misunderstandings, which may lead to additional costs; (3) influence partner firm approaches to conflict resolution, which may adversely impact operations; and (4) erode the applicability of certain partner competencies, which may decrease the potential benefits of cooperation (Chen & Boggs, 1998; Park & Ungson, 1997; Parkhe, 1991).

2.2 Problems and Conflicts in Operation of an IJV

Conflict is defined as a condition in which the concerns of two or more parties appear incompatible (Swierczek, 1994). Conflicts and problems in operation of IJVs can be summarized as follows.

Conflicts and Problems in Planning

The problems and conflicts can happen in both strategic and action planning. There are differences in planning and action-taking between Asians and Westerners: Westerners are associated with short-term, conflict-controlling, and doing, while Asians are associated with long-term, human resource collaboration, and understanding (Swierczek & Hirsch, 1994).

For instance, the Chinese— as in many of Asian cultures— promises and commitments have a greater relationship to courtesy and a desire to please, rather than actual commitment or a real interest in fulfilling the promise (Joy, 1989). Hence, it is no surprise for Westerners when an Asian does not act as intended or not do what they say.

"Task" and "time" are important terms used in planning process, but counterpart managers can understand these terms differently. To the Westerners, time is of the essence. To the Asian, how much or how little time is required to complete a task is not as important as the job itself (Joy, 1989). It is one of the reasons why planners may focus on different things in planning and execution.

Further, there are differences in how managers from different firms perceive time horizon in planning: some researchers found that firms with ten-year planning cycles will likely have different decisions than would a firm with only a five- or three- year planning cycles. This type of temporal asymmetry is likely to be reflected in the venture's respective views of the time horizon of the JV. For example, it was pointed out that if the foreign dominant partner has a longer time horizon than their local minority partner (i.e., it focuses on market development), the conflicts tend to be minimized. If the foreign dominant partner has shorter time than the local minority partner (i.e., it focuses on risk minimizing and short term profit), there tends to be more conflicts and less contribution to the venture's success (Ganitsky & Watzke, 1990).

Conflicts and Problems in Communication

Effective communication, which occurs only when the receiver ends up with the same meaning that the sender intended, is particularly important with respect to joint venture (Gyenes, 1991).

We can see conflicts in both communicating with outsiders and within the JV. In communicating with outsiders, the conflict could be in how counterparts are addressed in business negotiations. "Asian managers as Japanese and Chinese managers see the status of counterparts is important that establish the rank and importance…the words Mr., Mrs., or Ms. are rarely used in business negotiation in Asian cultures. Official titles as chairman, president, commissioner or manager are used" (Joy, 1989, p. 30).

More complicated that communicating to people outside the organization is managerial communication, or how communication happens within the organization to achieve a desired result (e.g., writing a memo, interviewing an applicant, running a meeting, preparing a presentation). Language difficulties, caused by semantics/word meanings or word connotations, represent one of bigger barriers to cross-culture communication (Munter, 1993). In one description, saying 'yes' for Americans means everything is okay or 'there is no conflict', but a Chinese that says 'yes' to meet at agreed upon time usually says so in order to please, and not because he or she will meet you at the agreed upon time. In fact, he or she may have another obligation at the exact same time, but a 'yes' is replied because it is more important not to offend or inconvenience the other party, than the fact that the individual has a conflict of schedule and cannot meet at the appointed time (Joy, 1989).

Further, in individualistic, low context cultures (mostly Westerns), communication is characterized with direct speech/fact, being obvious, and direct emotional expressions and reactions; in the collective, high-context cultures of most Asians, communication is characterized with indirect speech allusions and indirect emotional expressions and reactions (Swierczek, 1994).

Problems and Conflicts in Coordination and Cooperation

In an IJV, coordination and cooperation between counterpart managers—a process of defining a common organizational culture of working together—is important and necessary to the success of the operation (Swierczek, 1994). The conflicts in this area first arise from differences in objectives of two counterpart managers as representatives of two parent companies. In the context of a transition economy, the local state-firms tend to emphasize non-business oriented objectives (e.g., job creation and politically related benefits), which are far from the objectives of business-oriented management (Zeira, Newburry, & Yeheskel, 1997; Swierzeck & Van, 1997). Possible mismatches of strategic priorities and managerial values between the local and foreign partners can be expected.

Problems and conflicts in coordination and cooperation also arise from cultural differences, which happens in IJVs because the members can be brought in from different territories or countries that are culturally, historically, and economically different. These differences may significantly affect their approaches to problem solving. Moran and Harris (1982) found that in some cultures, problems are actively solved: managers take deliberate action to influence their environment and affect the course of the future. In other cultures, however, problems might be seen as preordained situations that must be fatalistically accepted.

Different approaches to the problem solving within the organization can cause misunderstanding among the members. A particular bad situation may occur when the partners do not possess the necessary skills to cope with the misunderstanding. In this situation, communication within the organization becomes poor; its members stay apart, are reluctant to work together, and are less likely to share knowledge or trust each other (Meschi & Roger, 1994).

Coordination and cooperation cannot take place when JV partners perceive that they have opposing objectives and goals (Zeira & Shenkar, 1990). It is also difficult to coordinate and cooperate when cultural values clash (Lane & Beamish, 1990; Meschi & Roger, 1994). Therefore, cultural sensitivity is needed in order to promote cooperation between partners from different cultural backgrounds, and to encourage learning and sharing of knowledge.

Problems and Conflicts in Controlling and Decision Making

Control refers to the process by which one entity influences— to varying degrees— the behavior and output of another entity through the use of power, authority and a wide range of bureaucratic, cultural and informal mechanisms (Geringer & Hebert, 1989). Control is a complex concept involving several dimensions: (1) mechanisms of control, or the different ways through which control may be exercised (e.g., equity ownership, reporting requirements, managerial representation, technological dominance, management skills, and informal mechanisms, etc.); (2) extent of control, or whether one or more partners play an active role in decision-making; and (3) focus of control, or the scope of activities over which partners exercise control (Geringer & Hebert, 1989). These dimensions are complementary and independent (Hu & Chen, 1996).

Because an IJV, by definition, is legal entity that two or more partners jointly own and manage and share control and decision-making, the latter is an area where conflicts and problems would most likely happen. Control is essential to IJV evolution and growth in the dynamic environment in the emerging economies. Control, however, is a daunting task due to partner differences in culture, objectives, experience, and social background.

The need for control is not symmetric. In any IJV, the foreign and local partners are placed at a different geographical and cultural distance from the venture. The local partner is not only more familiar with the environment in which the IJV operates, but also it is also physically closer, which makes monitoring easier. However, it is the foreign partner who requires more monitoring because it is more vulnerable to local environment contingencies and may have greater difficulty assessing changes in the local environment (Luo, Shenkar, & Nyaw, 2001).

Also regarding control, it was found that:

> in developing countries (…) foreign firms are typically able to exercise somewhat greater control than their equity levels would suggest. It is unclear whether this is due to the nature of their contribution or to a more sophisticated knowledge of the control mechanisms available. (Beamish, 1993, p. 39).

Beamish (1993) also noted that "to have one partner making nearly all the decisions— dominant control joint venture—increases the probability of poor performance in the PRC" (p. 39-40).

While affected by the management style in parent companies, the decision-making approaches of different managers coming from different cultures vary in terms of philosophy and practices. For instance, Japanese and Chinese managers take more time in making decisions than do American managers in the same situation (Hodgetts & Luthans, 1996). Asian management is based on group identity and consensus, and the decision-making approach is relationship-based, flexible, and adaptive; European management is individual-based, and the Western approach is usually rational, structured, and directive (Swierczek, 1994).

2.3 Conflict Management

The managers of an IJV should know what the available approaches are in order to solve conflicts when they arise. One research on conflicts in JVs in Asia suggest that for joint-venture managers facing conflict situations, the two styles of conflict management that could make a contribution to solving conflicts in Asia are compromise and collaboration (Swierczek, 1994).

Compromise Style

The compromise style is the tendency to partially limit the manager's own interests in the process of making mutual concessions to reach an agreement. The compromise style is suitable when the following hold: (1) The compromise agreement enables each party to be better off or, at least, not worse off, than if no agreement was reached, however it is not a total win-win agreement; (2) more than one agreement can be reached; and (3) some of the party's objectives are conflicting or their interests are opposed with regard to the different agreements that might be reached.

Collaborative Style

In the collaborative style, the orientation of the manager is to identify the underlying causes of conflict, to openly share information, and to search for mutually benefitting solutions. With the collaborative style, conflicts are recognized openly and evaluated by all those concerned. Sharing, examining, and assessing the reasons for the conflict lead to a more thorough development of alternatives that effectively resolves the conflict and is fully acceptable to all parties. Collaboration is more related to a participative problem solving process than the negotiation process. The collaborative style of conflict management is desirable when the following hold: (1) The people involved have common objectives but are experiencing conflict over the means to achieve them; (2) a consensus should lead to the best overall solution to the conflict; and (3) there is a need to make high-quality decisions on the basis of the expertise and the best information available.

The history of failures of joint ventures in Asia, because of the incompatibility of partners and the conflict of values, shows the need for a better approach to managing conflicts. Collaboration is both the most compatible approach for Asian cultures, and the most suitable managerial approach for resolving conflicts in joint ventures that impede organizational effectiveness. It creates the basis for future successful performance and for reducing potential future conflicts. The collaborative approach is an appropriate perspective, because it finds ways to develop a mutual harmony of values, objectives, and solutions.

3 Research Methodology

The cases analyzed in this study consisted of three Vietnamese-European joint ventures in manufacturing industries operating in Vietnam. We limited the cases to manufacturing industries because IJVs in services industries may significantly differ from those in manufacturing industries in the complexity of technology, structures, and processes and procedures of management (Zhang & Li, 2001). Furthermore, these cases were restricted to Vietnamese-European IJVs so that the extraneous variation (Eisenhardt, 1989) that might be derived from studying IJVs with different national cultures would be minimized. Because of geographical conveniences, all cases of this sample were located in Hanoi and Haiphong (two largest cities in the North of Vietnam).

Data for the research were collected first through available documents on Foreign Investment and JVs in Vietnam. The reports, writings, and viewpoints about managing the JVs of foreign managers and businessmen, of Vietnamese managers, union and officials, were published in newspapers, journals, magazines both inside and outside of Vietnam. Inside of Vietnam, the secondary data were mostly collected through newspapers, namely Vietnam Investment Review (VIR), Vietnam Economics Times (VET), and Saigon Times. Data were also collected through official reports of the Department of Statistics, MPI and others. Most of the information presented in the research is based on these sources because the number of cases surveyed is not enough to generalize the situation.

The researcher also conducted in-depth interviews in mid-2003 (four months for all studied IJVs) with the managers both general managers/deputy general managers and functional ones (e.g., marketing manager, head of HRM, chief accountant, etc). The interviews were separately conducted for foreign managers and the Vietnamese counterparts to get separate viewpoints on the same list of topics. The interviews were guided by a semi-structured questionnaire (see Appendix) to assure that similar procedures were carried out in each and every case. A total of 15 in-depth interviews had been conducted on six expatriate managers and nine local managers: five interviews were conducted for JV A, six for JV B and four for JV C.

A practical consideration is that tremendous barriers exist in collecting data from multiple informants in the IJVs in Vietnam. For example, respondents, especially the Vietnamese, may be reluctant to talk about the conflicts (i.e., some respondents said that they do not have the right to answer some questions). Also, the foreigners who might see the researcher as siding with the Vietnamese might not fully and honestly disclose their ideas. To make all the interviewees feel comfortable, the interviews were not tape-recorded; instead, extensive notes were taken. The companies have also been disguised to ensure confidentiality. The major characteristics of the three cases are summarized in Table 3.

Table 3. Characteristics of the studied IJVs

Characteristics	JV A	JV B	JV C
Foreign partner	European	European	European
Vietnamese partner	State-run corporation	State-owned enterprise	State-run enterprise
Date of formation	1992	1994	1993
Equity shares (Foreign:VN)	65:35	66.7:33.3	60:40
Total investment (in million USD)	28	60	24.3
Duration of JV's contract (years)	30	30	30
Main business	Manufacturing & supply of a full range of lubricant and grease	Home and personal care products	High quality beer and soft drinks
Target market	Domestic	Mostly domestic	Mostly domestic

4 Results and Discussion

4.1 Case description

The IJV serving as the primary case study is in the lubricating oil industry and will be referred to as JV A. JV A is a JV between a giant European group producing petroleum-related products and operating in over 70 countries worldwide, and a Vietnamese state-run corporation that is one of the biggest distributors marketing and distributing petroleum related products. The JV is manufacturing and supplying a full range of high quality lubricants and greases mostly for domestic market. Licensed in 1992, the project has a production capacity of 50,000 tons a year, making it the biggest lubricant project in Vietnam now. Total capital is US$ 28 million, of which the Vietnamese partner contributes 35%. Its market share is estimated about 25% in Vietnam.

The second case study referred to as JV B is also a JV between a European MNC and a Vietnamese state-owned enterprise. The foreign investor is one of the world's larger manufacturing groups and provides fast-moving consumer products. Before entering Vietnam, the foreign partner has already been operating in Asia for over 60 years, with long-term business in India, Thailand, Hong Kong, Singapore, Malaysia, China, Japan, and Korea. The JV with its Vietnamese partner was licensed in late 1994. The annual capacity of the JV is 20,000-70,000 tons for detergent powder; 4,350 tons for toilet soaps, 3,000 tons for hair shampoo, besides other household care products like washing fluid for dishes, automobile, floor, sanitary wares and a small part of cosmetics. Its market share is estimated about 22% in Vietnam.

Lastly, JV C is a joint venture between a European firm and one state-run enterprise belonging to Hanoi Municipality. It was established in 1993 with a registered investment of US$ 79 million. The ownership is split 60/40 between foreign investor and local partner, respectively. This ownership structure has not changed since its inception, and both partners have no intention of changing it in the foreseeable future. The investment process is divided into two phases. At the time of this research, Phase I has been completed with an implemented investment of US$ 23.4 million. The main product of JV C is high quality beer. Its planned production capacity for the first phase is 360.000 hl of beer per year, aside from a small proportion of soft drinks like soda, and coca-based. The target market of the joint venture is mostly domestic, particularly in the North and Centre of Vietnam, with exports making up a small percentage.

4.2 Problems and conflicts in operation of studied IJVs

4.2.1 Problems and Conflicts in Planning

First, as in many developing countries, most of foreign investors tend to focus on short-term objectives rather than the long term because of particular risks in Vietnam's business environment. "In Vietnam, most Asian based industrialists say they are only investing in business which provide a two years pay-back or better. Large Western investors are not much braver, usually expecting at least a 30% pay-back a year" (French, 1991, p. 43). These short-term oriented viewpoints of foreign investors drive the objective setting of partners and respective managers in the JVs in Vietnam.

The findings from all interviews seem to suggest a different pattern regarding the time horizon in planning. Results show that the foreigners in the surveyed JVs have a longer time horizon than the local partners and respective managers, meaning that foreign managers tend to focus on the long-term objectives for the venture rather than short-term profit. For example, the expatriate general manager of JV B explained that in their case, the foreign partner is one of the largest fast-moving consumer product companies in the world. They have a long history in doing international business and they want to develop the market in every part of the world including Vietnam. He noted that the foreign partner had invested so much for finding, negotiating, and building up, all of which reflect its long-term commitment. These arguments are consistent with other findings of surveyed European investors that had long-term business strategies in Vietnam (Simonet, 2012).

Second, the findings also suggest that while the bases for corporate planning are not theoretically different, the fundamental differences happen in planning practices. Vietnamese managers normally take into account only the objectives and historical data, ignoring the changes predicted (i.e., market shares, inflation, taxation or consequences of the changes in the organization). Vietnamese respondents repeatedly stated that for foreign managers, corporate planning is extremely important, very detailed, and systematic. They noted that as opposed to Vietnamese practices, Western practices mean that everything has to be planned ahead, even being out of the JVs for just one hour.

The majority of the respondents reported that the most problematic issue in planning is the planning skills of Vietnamese managers, which were reported to be unrealistic and irrational in projecting plans. This seems to be a contradiction for managers of a country like Vietnam, which has long been a centrally planned economy. In the past, most Vietnamese enterprises were state-owned, and as such prescribed some basic norms such as total products, revenues earned, and contributions to the government budget. These assignments originated from the higher-level organizations, to the level that the enterprise belonged. The assignments were the results of consultations by the enterprises' management before the final decisions were made, but were very subjectively and unrealistically formulated— any enterprise always wanted their assignments to be as easy as possible due to "no gain in return" philosophy. Pieces of evidence also suggested that due to cultural reasons, Vietnamese managers were more general and ambiguous in planning while their foreign counterparts were more specific and clear. Several Vietnamese respondents stated that the more specific the plan, the more probability it exposes the biases in implementation and, consequently, being criticized by the other people. Therefore, this way of planning helps Vietnamese managers to avoid responsibility and "save face".

Third, with regard to implementing the plans, in two of three JVs the general managers complained that Vietnamese managers do not tend to keep track of actual performance versus targets. They are passive in implementing plans, and they would normally do so only when reminded. Most Vietnamese interviewees have a consensus that foreigners follow plans more strictly than do Vietnamese. One Vietnamese respondent gave the example that a foreign manager can be contacted whenever and anywhere as planned in his overseas travel. Some Vietnamese respondents also noted that everything in the JVs within the authority of a manager has to be within the budget. The sentiment of the majority of Vietnamese responders is that "foreigners are more highly committed to what had been planned than Vietnamese managers". That is consistent with Vietnamese planning practices and cultural values in which "plan is only plan, the action depends on the facts" and that cannot be influenced by people in an organization. So this is different from the Western culture, in which people are to make things happen rather than wait for them to happen.

The other incompatibility found in most interviews is "talking" vs. "action". Vietnamese managers, as frequently mentioned by most foreign respondents, are interested in talking but no action would be made. It is quite consistent with cultural differences in values, whereby the Westerners are more "doing" oriented but Asians tend to be "understanding" oriented (Swierczek & Hirsch, 1994).

Lastly, most of Vietnamese respondents shared the view that the foreign managers perform the key roles in strategic planning and, consequently, in the success of the JVs., while Vietnamese managers perform key roles in strategy implementation. One manager in the JV A noted that most strategies were figured out by the foreign managers, such as who are the targeted customers, how the company's products should be positioned, which kind of products should be produced, and so on. Most Vietnamese managers confirmed this, admitting that they do not have experiences in all such strategic settings, especially those concerning international markets. However, the foreigners mostly do not get involved in specific jobs to implement those strategies because, according to the foreign respondents, they do not know how to get things done in Vietnam the way Vietnamese managers do.

4.2.2 Problems and Conflicts in Communication

In many IJVs in Vietnam, communication is one of the areas of most conflict. However, results show that the language problems in Vietnam are not as serious as we thought.

Most respondents agreed that differences in perception are a barrier in communication within IJVs. One foreign manager in JV B indicated that in some cases, Vietnamese managers respond to questions with "yes", which in a Vietnamese sense actually means "that's all right" rather than an affirmative response. Foreign interviewees repeatedly stated that Vietnamese managers are very reluctant to say "no" because of fear of "losing face" if the others interpret this to mean that he does not understand something. However, the foreign managers who have experiences in East Asia agreed with the finding that while Vietnamese is one of the high context cultures, it is still lower compared to China, Japan and Korea (Munter, 1993). Generally, Vietnamese managers and Vietnamese people are much more open, relaxed, more willing to say "no", and less respectful than the Chinese (Nga, 1997; Phong, 1997).

Regarding communication in meetings, most of the foreign interviewees complained that Vietnamese managers lack the ability to present clearly and that their opinions are vague. The Vietnamese tend to address issues very indirectly and to express personal feelings, rather than rationally. They also described that in meetings, Vietnamese managers tend to hold back, to act confused and passive, and to argue the issues only when related to their fields or when being directly questioned. Vietnamese managers tend to avoid opposing the general managers. One foreign interviewee added that any proposal given by Vietnamese managers should not be rejected right away, because it can cause emotional problems and frustrations for them. Most foreign respondents also observed that Vietnamese tend to hold too many meetings in a week to inform or communicate something and each meeting lasts too long because Vietnamese people tend to discuss unrelated issues. The expression "time is money" is common in the West, but it would not be the case in Vietnam. As confided by a Vietnamese respondent, "the meeting is the place to rest".

The incompatibility is consistent with previous findings. In the words of Hofstede (1980), the Vietnamese culture can be described as having high collectivism, high power distance, moderate uncertainty avoidance, and high context (Swiercrzek, 1994; Quang, Swierczek, & Chi, 1998). For instance, Vietnamese people place importance on fitting in harmoniously and avoiding losing face. One of the distinctive features in Vietnamese society is indirect speech, resulting from the importance of saving face (Quang & Vuong, 2002). In conflicts, they prefer to come out with a win-win situation. At work, subordinates expect to be told what to do and challenges to the leadership are not received well. Schedules are flexible, hard work is undertaken when necessary but not for its own sake, and precision and punctuality do not come naturally. With regard to moderate uncertainty avoidance, people in society feel threatened by ambiguous situations and try to avoid these situations by providing greater job stability, establishing more formal rules, and rejecting deviant ideas and behaviour.

4.2.3 Problems and Conflicts in Coordination and Cooperation

Most of the responses indicated that coordination and cooperation between foreign managers and Vietnamese counterparts in the surveyed IJVs are not so problematic. However, the lack of synchronization and "poor meshing of gears" still happen sometimes. The Vietnamese managers tend to isolate the functions that they are responsible for and are less enthusiastic to get involved in other functions, unlike their foreign counterparts who are involved in all the functions in the JV. However, the issue is not so problematic because, according to both foreign and Vietnamese respondents, everyone's activities in IJVs are aimed towards responding better to customers—the most important corporate value they are building together. Moreover, the coordination procedures are defined in detail, so that each manager is well briefed on how the total work is done and is affected by the individuals.

According to most foreign respondents, the Vietnamese managers are very open, helpful, and cooperative. They are willing to take part in dealing with any problem relating to the local authorities and organizations. The foreigners in JV B especially appreciated the efforts of the local managers in contributing to the success of the JV so far. The general manager of the venture indicated that the reasons for the effective coordination include getting and letting the local managers involved in the key issues of operations and keeping them well informed and motivated.

Vietnamese respondents, however, noted that there is a stronger awareness of foreign managers coordinating and cooperating compared to local counterparts. In addition, they also noted that "esprit de corps" of Westerners, reflected by collaboration and mutual help, is stronger and clearer. Most Vietnamese respondents see the foreign managers as very helpful and enthusiastic in showing their counterparts technical and professional ways that directly related to jobs getting done.

4.2.4 Problems and Conflicts in Controlling and Decision Making

One experienced Vietnamese respondent stated that in most JVs in Vietnam, control is mostly shared between the partners but tends to be dominated by foreign investors. According to most Vietnamese respondents, Vietnamese partners in general are extremely short of capital, technology and managerial skills, so it would be risky if they took dominant control. However, as stated by a foreign general manager of JV C, managing IJV in Vietnam is more difficult because of the long period of having a centrally planned, closed economy that left the managers of both sides inexperienced in each other's business practices.

Representatives of the European partners systematically occupy important positions in the three IJVs. These are the positions of General Director, Director of Production, Director of Finance, and Director of the Technical Centre. The only senior positions that are available to representatives of local partners are those of Deputy General Director, Sales Manager and Director of Human Resources. On one hand, the foreign partners are unlikely to give up the position of General Director. On the other hand, local partners are anxious to get the post of Deputy General Director; they consider that there is no real hierarchy between the two positions.

Based on the interviews, control seems to be particularly important to foreigner investors in Vietnam. Most foreign respondents insist that control is more important than profit. However, there is divergence among the studied cases regarding the extent of this control. While foreign investor in JV B promotes dialogue and indicated his willingness to share the control with Vietnamese partners, foreign investors in JV A and JV C tried to dominate the system of control. As stated by local deputy General Director of JV C, "we are only their assistants" and "the foreign partners always consider the joint venture as one of their own children so they want to utilise their own standards. They try to control it in great detail". In contrast, the foreign general manager of JV B described that their control system is like having "two captains for the same boat" because the first deputy manager is not responsible to the general manager as an assistant, but directly to the Board of Directors (BOD) for his management of the JV. The general manager is the captain supervising the daily operations of the venture, and the deputy general manager has to execute the decisions made by the general manager. The deputy general manager then refers his own opinions to the BOD if conflicts happen. He stated that the system has gone without any problem so far. He also noted that the policy being applied in decision-making is to "consult briefly and quickly respond".

The studied cases have also shown that for both European and Vietnamese partners, control is multidimensional. Two formal control mechanisms have especially emerged from the survey of JVs: the inspections by the BOD and the implementation of control by each partner via control procedures and contractual commitments. In order to master the first formal control mechanism, the partners try to gain the majority of representatives on the BOD of the joint venture. Indeed, the studied cases have highlighted the important role of the BOD in controlling information, strategic decisions, and resolving conflicts within the joint venture. For this reason, the appointment of members of the BOD is the subject of lengthy negotiations between partners. Contractual commitments constitute another formal mechanism of control that presents in all three joint ventures. As noted by an expatriate Director of Finance:

> "You are now friends but one day there may be problems, and if you have a contract, both parties will be forced to sit around a table and try to solve problems. That's why you need a contract formalizing the rights and duties which enforce both sides of the joint venture to respect their contractual commitments."

Aside from the formal mechanisms, the partners also try to rely on informal mechanisms of control. Among the informal mechanisms implemented within JVs, priority has been given to the human resource management— notably professional training (e.g., managerial skills, technical and marketing competence transfer)— and building a trustworthy relation between partners. On one hand, the local partners have utilised professional training as a vehicle to ensure the smooth transfer of technology between the foreign partner and the joint venture, and to improve industrial productivity. On the other hand, foreign partners have also used professional training in order to improve the performance of the joint venture and to evaluate local potential staff members who could replace some expatriates in the short to medium term. From being focused initially on technology transfer, professional training progresses rapidly towards the learning of managerial skills (e.g., team management, leadership, autonomy, conflict resolution, etc.). In fact, foreign partners have realized that the technical level of Vietnamese engineers and managers are good (i.e., many of them had been educated at the Technical Universities of the former USSR) and the essential needs are managerial and organizational skills. To construct a trustworthy relation more than a simple compliance with contractual commitments constitutes another informal control mechanism of the joint venture, particularly evident in JV A and JV B.

Controlling by planning and budgeting and thus, personal accountability, is applied by foreign managers more strictly than by Vietnamese managers. As described by most Vietnamese respondents, in Vietnamese practice the actual figures of expenses would be compared to the budget and then the reasons are determined to explain the deviations. In the other words, the budget serves as milestones to make final comparisons. For foreigners, the budget is a very important constraint for their actions, which normally have to be within the budget.

According to most Vietnamese respondents, the foreign partners and respective managers in JVs retain the key roles in the decision-making process, sometimes disregarding the regulations and without mutual consultation. Most of foreign respondents (except in JV B where the control is mostly shared between partners) said that they felt that Vietnamese counterparts do not contribute any ideas in many issues and consulting them is only a waste of time, which can sometimes cause lost opportunities. Most Vietnamese respondents did not dispute this comment and practice. One Vietnamese respondent in JV C said that he feels the foreigners are too powerful and arbitrary. Some of the other Vietnamese respondents said that although the consultations were made, the fact is that the foreigners decided in their own ways regardless of the opinions of Vietnamese managers. Obviously, without talking it out, the Vietnamese managers at a certain level do not seem to agree with foreign counterparts in decision-making. Although the partners themselves promulgated the decisions, the foreign respondents have a consensus that Vietnamese managers tend to see the need to get government authorities involved in the difficult problems that the two partners could not agree on. This is especially true for problems related to unclear government regulations. The foreign general manager of JV exemplified the general consensus on the topic: "There are frustrating problems in getting things done by regulators."

In situations where the Vietnamese managers make decisions alone or when they are delegated to make decisions, especially in areas where they take charge, most foreign respondents observed the processes to be very time consuming because of the complexity of internal decision-making. The foreign respondents repeatedly said that Vietnamese decision-makers lack managerial authority over subordinates and lack skills in decision-making, so they tend to get subordinates involved in the process. In addition, all foreign respondents commented that the decisions made by Vietnamese managers are relationship-based, vague, and less rational than those made by foreigners. They also pointed out that Vietnamese managers tend to prefer 'management by consensus'. According to one foreign respondent of JV A: "The difficulty is that all decisions are made on a consensus basis. This makes it very difficult for them to agree on something. This accounts for a lot of rumors." Another foreign respondent noted that Vietnamese managers get consultations from higher levels of management before making any decisions, much more often than in the West. All of these are understandable due to the business practices and cultural values in Vietnam. Most Vietnamese respondents do not dispute this view by foreigners. They noted that in Vietnamese enterprises, top management has a dominant role while middle managers have little influence, and the decisions are made mostly by consensus. Besides, all three Vietnamese partners in the cases studied are state-owned, characterized by a complex and mostly undefined organization where central planning and the ministry patronage/subsidy system had been the rule of the day. Under such working conditions, managers in the state-owned enterprises are used to comply with orders coming down from the centre, having very little room to exercise their own leadership and management competencies.

Regarding the delegation in decision-making, the foreign interviewees have the same idea that Vietnamese managers are less willing to delegate than Westerners. One foreign respondent observed that Vietnamese managers tend to keep the important, difficult work for themselves and delegate repetitive, mundane tasks to subordinates. Then, they expect their subordinates to comply with their instructions rather than to do things in innovative ways. As a consequence, Vietnamese managers tend to do specific jobs rather than management jobs. Some Vietnamese respondents in JV B certified this view. Some of the reasons they offered are the management practices inherited from the ideologically based system, as well as the high power distance and high collectivism of Vietnamese culture, in which subordinates are not creditable or responsible and the high positions are always right. Further, subordinates have obligations to obey the decisions of higher positions without question because these decisions have been collectively decided. In the past, group consultation was a desirable, formal, and ongoing process in decision-making. In contrast, most Vietnamese respondents regarded the foreigners as more willing to delegate, to allow autonomy and costly mistakes, and to focus on accountability. Most Vietnamese respondents have an interesting comment that foreign managers tend to prefer a 'top-down' approach in running the ventures, which most of foreign respondents affirmed; the latter noted that in the West, top managers make most of the decisions, thus saving time by not consulting too much.

Regarding the severity of the incompatibility between counterpart managers, most of interviewees agreed that it is not so problematic right now in Vietnam, except for the emotional feeling of being powerless. However, these differences may cause problems in the near future if foreign managers increasingly make important decisions without consulting the Vietnamese managers.

4.2.5 Problems and Conflicts in Problem Solving and Other Issues

Problem solving is the other area of incompatibility between counterpart managers in JVs in Vietnam. When solving many internal problems, most foreign respondents agreed that—as opposed to the Western style of open discussions, negotiating, and solving themselves—Vietnamese managers tend to ignore problems aggravating the situation further. Vietnamese managers also report the disagreements to the parent firms or the government authorities, and the latter's involvement in solving internal problems was regarded by all foreign respondents as a very popular practice in Vietnam. To explain the early involvement of government, most Vietnamese respondents indicated that most Vietnamese parents are state-owned. Some noted that by involving government early on, they can avoid direct opposition with foreign parties. The ambiguities of some regulations also were mentioned as a major reason as to why the government gets involved.

In dealing with the external problems, all the interviewees agreed that in Vietnam, most things including tax level and contract period are negotiable and lobbying is essential to achieve the best conditions. However, the concerns of counterpart managers are also very incompatible. Most respondents, including the Vietnamese, shared the sentiment of the foreign general manager of JV B: "Vietnam is different from the other business environments because absolutely every transaction is relationship-based". He also added:

> …in Asia, that sort of thing is not unusual but in Vietnam, it is the only way to get things done. First, you have to build a relationship, which means that friendship, family connections, and a history with the people who count is as important as having the best solution.

Another foreign interviewee conceded:

> in other countries where our group has done business, we have a pure relationship with our partners. In Vietnam, the government controls our partner. It is different kind of relation so we have to learn a new set of rules to stay in a marriage with a government company.

Table 4. Summary the Principal Problems and Conflicts in Operation of IJVs in Vietnam

Nature of problems and conflicts grouped by major causes	Realized by		
	Foreigners	Vietnamese	Both
I. Cultural differences			
- Different perceptions, being reluctant to say "No", indirect speech	✓		
- Vietnamese are confused, passive and irrelevant in meetings and actions	✓		
- Relationship-based in problem solving			✓
- Vietnamese resist changes	✓		
II. Political ideology			
- Vietnamese prefer formality in communication	✓		
- Government involvement in making decisions, solving problems			✓
- Different viewpoints in evaluating performance			✓
- Foreign partners keep host partners dependent on technology		✓	
III. Parent specifics			
- Vietnamese managers are short term oriented, unrealistic and lack rationale in projecting the plans			✓
- Lack of mutual consultation, foreigners are powerful and arbitrary in decision making			✓
- High expatriate expenses		✓	
- Training promises are not followed up			✓

5 Implications

Based on the preceding discussions, managers should consider the following things that can serve as guidelines for avoiding potential problems and conflicts in operating JVs in Vietnam. First, partners and respective managers of JVs in Vietnam must understand and trust each other. The following should be considered by both partners: (1) understanding and respecting cultural differences; (2) understanding the business practices of each partner, and then changing and adapting to the acceptable ones; and (3) maintaining an open dialogue between partners during the operation of the JVs because "by communicating more and more you solve the differences," as stated by foreign general manager at JV B.

Second, complementarity is the second important factor that brings compatibility and, thus, success of the JVs (Geringer, 1991). Each partner brings to the JV a strength that the other partner lacks. In specific cases, as mentioned by most foreign respondents in the survey of JVs, the lack of capital is not as important to Vietnamese partners as in the other Vietnamese enterprises. Therefore, both partners and respective managers should have clear ideas of the strengths each side brings into the JVs.

Third, partners and respective managers must have shared and mutually understood objectives. In general, the foreigners and Vietnamese counterparts have many different objectives, and the needs of Vietnamese partners are broader than those of the foreign counterparts. However, they all have the same objective— the success of the joint venture. Having aligned motives and goals between the partners is an important determinant of joint venture success. Killing (1982) pointed out that the main reason for poor performance of JVs stems from the fact that there is more than one parent and they would disagree on just about everything. "Success comes easier to those who share a common vision and common goals" (Gyenes, 1991, p. 29). So in specific cases, each partner should have shared principal objectives and interests in the joint venture whenever possible. Harmonizing the objectives of the partners should be done at a very early stage in order to minimize misunderstandings in the operation of the JVs.

Finally, when conflicts do occur that are contrary to what has been agreed upon, the collaborative style should be used. The JV contract should be used as the final solution when the problems and conflicts become serious and cannot be handled through informal ways. Foreign managers should keep in mind that the model of decision-making in JVs in Vietnam should be "keeping mutual consultation, but quick response". This approach avoids such conflicts and adapts to the business environment in Vietnam. In terms of control in the joint venture, foreign managers should take a very important role in making strategic decisions, but implementation should be delegated to Vietnamese managers, who are critical in making JVs operate well (e.g., the management of personnel is usually one of the first activities to be left to the local partner).

6 Conclusion

The study has given a clearer picture of operations of JVs in Vietnam, in terms of internal problems and conflicts that mostly have not been examined systematically so far. Based on the literature review and the approach of an exploratory research, the study reveals what is actually happening in the management of manufacturing IJVs in Vietnam. The findings suggest that foreign managers are most concerned about cultural differences and that these differences are likely the principal roots of problems and conflicts of JV management. Some of these problems and conflicts take time to resolve and require the tolerance of foreign managers because only one party recognizes them. Other problems and conflicts caused by political ideology and parent specifics are not as serious as we thought because both parties acknowledge them. These problems and conflicts can be easily solved provided that there are close cooperation and coordination between two partners in management activities.

This study has limitations that offer opportunities for future research. First, due to the qualitative nature of the study, the findings lack statistical verification. It is advisable to follow up the study on a large scale with a formal questionnaire to further verify the conclusions of the study. Second, a closer examination of the problems and conflicts in specific areas—such as HRM, marketing, control, or finance and accounting—can also be themes for future research. Finally, the present situation of foreign investment in Vietnam shows that the top countries of investment are in Asia, suggesting the need for research on similar issues but for other Vietnamese-Asian JVs, which may result in a different set of problems and conflicts than those found in this study.

References

Beamish, P. W. (1985). The characteristics of joint ventures in developed and developing countries. *Columbia Journal of World Business, 20*(3), 13-19.

Beamish, P. W. (1993). The characteristics of joint ventures in People's Republic of China. *Journal of International Marketing*, 1(2), 29-48.

Brouthers, K. D., & Bamossy, G. (1997). The role of key stakeholders in international joint venture negotiations: Case studies from Eastern Europe. *Journal of International Business Studies*, *28*(2), 285-308.

Chen, R., & Boggs, D. J. (1998). Long term cooperation prospects in international joint ventures: Perspectives of Chinese firms. *Journal of Applied Management Studies*, *7*(1), 111-126.

Contractor, F. J., & Lorange. P. (1988). Why should firms cooperate? The strategy and economics basis for cooperative ventures. In F. J. Contractor, & P. Lorange (Eds.), *Cooperative Strategies in International Business* (3-30). Lexington, MA: Lexington Books.

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, *14*(4), 532-550.

French, M. (1991). Vietnam moving at long last. *AsiaMoney*, 20, 43-49.

Ganistky, J., & Watzke, G. E. (1990). Implications of different time perspectives for Human Resources Management in International joint ventures. *Management International Review*, *30* (Special Issue), 37-51.

Geringer, J. M. (1991). Strategic determinants of partner selection criteria in international joint ventures. *Journal of International Business Studies*, *22*(1), 41-62.

Geringer, J. M., & Frayne, C. A. (1990). Human resource management and international joint venture control: A parent company perspective. *Management International Review, 30* (Special Issue), 103-120.

Geringer, J. M., & Hebert, L. (1989). Control and performance of international joint ventures. *Journal of International Business Studies, 22*(2), 235-254.

Gyenes, L. A. (1991). Build the foundation for a successful joint venture. *Journal of Business Strategy*, *12*(6) 27-32.

Harrigan, K. R. (1986). *Managing for joint venture success.* Lexington, MA: Lexington Books.

Harrigan, K.R. (1985). *Strategies for joint ventures*. Lexington, MA: Lexington Books.

Hodgetts, R. M., & Luthans, F. (1996). *International management.* McGraw-Hill.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values.* Beverly Hills, CA: Sage Publications.

Hu, M. Y., & Chen, H. (1996). An empirical analysis of factors explaining foreign joint venture performance in China. *Journal of Business Research*, *35*, 165-173.

Joy, R. O. (1989). Cultural and procedural differences that influence business strategies and operation in the People's Republic of China. *SAM Advance Management Journal*, 29-33.

Killing, J. P. (1983). *Strategies for joint venture success.* London: Routledge.

Killing, J. P. (1982). How to make a global joint venture work. *Harvard Business Review*, *3*, 120-127.

Lane, H. W., & Beamish, P. W. (1990). Cross-cultural co-operative behavior in joint ventures in LDCs [Special issue]. *Management International Review, 30* , 87-102.

Lecraw, D. J. (1984). Bargaining power, ownership, and profitability of transnational corporations in developing countries. *Journal of International Business Studies,* 27-43.

Luo, Y., Shenkar, O., & Nyaw, M. K. (2001). A dual parent perspective on control and performance in international joint ventures: Lessons from a developing economy. *Journal of International Business Studies*, *32*(1), 41-59.

Lyles, M. A., & Salk, J. E. (1996). Knowledge acquisition from foreign parents in international joint ventures: An empirical examination in Hungarian context [Special issue]. *Journal of International Business Studies*, 877-903.

Meschi, P-X. (1997). Longevity and cultural differences of international joint ventures: Toward time-based cultural management. *Human Relations*, *50*(2), 211-227.

Meschi, P-X., & Roger, A. (1994). Culture context and social effectiveness in international joint ventures. *Management International Review, 34*(3), 197-215.

Ministry of Planning and Investment - MPI (2004), *Report 2003* (in Vietnamese).

Moran, R. T., and Harris, P. R. (1982). *Managing cultural synergy.* Houston: Gulf Publishing Co.

Munter, M. (1993). Cross-cultural communication for managers. *Business Horizons*, *(36)*3, 69-78.

Nga, N. T. (1997). Human Resources Issues in Joint Ventures. In W. F. Swierzek, et al*.* (Eds.), *Understanding international joint ventures in Vietnam* (165-205)*.* Thailand: SOM, AIT.

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

Parkhe, A. (1991). Interfirm diversity, organisational learning and longevity in strategic alliance. *Journal of International Business Studies*, *22*(4), 579-602.

Phong, N. T. (1997). Comparatibility Between Partners in Joint Ventures in Vietnam. In W. F. Swierzek, et al*.* (Eds.), *Understanding international joint ventures in Vietnam* (116-164). Thailand: SOM, AIT.

Quang, T., Swierczek, F. W., & Chi, D. (1998). Effective leadership in joint ventures in Vietnam: A cross-cultural perspective. *Journal of Organizational Change Management, 11*(4), 357-372.

Quang, T., and Vuong, N. T. (2002). Management styles and organisational effectiveness in Vietnam, *Research and Practice in Human Resource Management*, *10*(2), 36-55.

Simonet, D. (2012). Entry modes of European firms in Vietnam. *Emerging Markets Journal*, *2*, 10-29.

Swierczek, F. W. (1994). Culture and conflict in joint ventures in Asia. *International Journal of Project Management*, *12*(1), 39-47.

Swierczek, F. W., & Hirsch, G. (1994). Joint ventures in Asia and multicultural management. *European Management Journal*, *12*(4), 197-209.

Swierczek, F.W., & Van, V. T. B. (1997). The Theory and Practice of International Joint Ventures in Vietnam. In W. F. Swierzek, et al*.* (Eds.), *Understanding international joint ventures in Vietnam* (116-164). Thailand: SOM, AIT.

Tallman, S., & Shenkar, O. (1994). A managerial decision model of international cooperative venture formation. *Journal of International Business Studies, 25*, 91-114.

Webster, R. (1989). International joint ventures with Pacific Rim partners. *Business Horizons*, *32*(2), 65-71.

Zeira, Y., Newburry, W., & Yeheskel, O. (1997). Factors affecting the effectiveness of equity international joint ventures in Hungary. *Management International Review*, *37*(3), 259-279

Zeira, Y., & Shenkar, O. (1990). Interactive and specific parent characteristics: Implications for management and human resources in international joint ventures [Special issue]. *Management International Review, 30*, 7-22.

Zhang, Y., & Li, H. (2001). The control design and performance in international joint ventures: A dynamic evolution perspective. *International Business Review*, *10*, 341-362.

APPENDIX
Questions for In-Depth Interviews

We are interested in knowing your answers to the following questions:

1. Could you please give us some general information about your JV: The headquarters of the company, JV in terms of business, duration, growth, motives to form the joint venture, general objectives-related issues, etc?
2. Overall, how do you evaluate the performance of the JV? Very good? As expected? Or under-expected?
3. In your opinion, how effectively and efficiently do the areas below work? Which areas do you have internal problems or conflicts with your counterpart? And why?
4. In your opinion, in what way is your counterpart different or gets more profit than you in managing the JV? And why?
5. How do those problems and conflicts affect the operation of the JV?
6. In your opinion, what should be done to solve those problems and conflicts?

These questions are for the following areas:

- *Planning:* The effectiveness, short term focus vs. long term orientations, action oriented vs. talking oriented, managing uncertainty vs. avoiding uncertainty, "making things happen" vs. "waiting things happen", etc.
- *Communication:* Effectiveness & difficulties, holding back or being passive and confused and other contextual (formal and informal communication, vague and ambiguous manner in communication, honesty, etc.).
- *Coordinating and cooperating:* Effectiveness, willingness, being open and friendly of your counterpart, teamwork orientation vs. individual orientation, functional isolation, etc.
- *Controlling & decision making:* Power and seeking sources of power, mutual consultations, centralization vs. decentralization in decision making process, subjective and arbitrary decisions, risk-aversive vs. risk-taking decision makers, etc.

Other internal issues related compatibility: The dominant cultural environment in the JV, attitude of employees toward working, achievements, the corporate philosophy, mutual trust in the JV, etc.