

Critical analysis of Formation and Dissolution of Joint Ventures and the legal impact aimed at growth and leadership, partnerships (Joint Ventures) hold a charm in conducting business with an aim to develop new value and meet customer demands. Analysing an or plural legal implications of formation and dissolution that have led to contract limitations in achieving sustainable joint business objectives

Michael Stüdl

ABSTRACT

Globalization and innovation are only two of the mega trend growth drivers of corporate strategies. Be it, organic, semi-organic or inorganic; strategic partnerships play key roles as part of both equity and non-equity business models. Although, each model has its advantages and its short comings, some of the methods for governing are common. The focus on International Joint Venture (IJV) with two or more equity shareholders is the focus of this thesis due to the current trend, need for improvements and the lack of guidance of applied research. The failure rate of IJVs is considerably high at around 49%¹⁴⁵, caused in part by complexity in the formal - legal – aspects of the partnership and markets.

This thesis has the objective of analyzing the components of Corporate Governance (CG) of IJVs in order to identify the challenges (risks) and opportunities (value creation) for a formal governance that if well managed would bring performance and bring value to the IJV. Therefore, if the hypothesis is correct, good CG within the IJV will increase the potential (performance and/or value) and create as we will see either shareholder value or productive coalition with interested parties. The board and management, elected or nominated on behalf of the shareholders to pursue the IJV objectives with accountability and responsibility for decision making, reporting and monitoring, and compliance which should be based on clear and solid CG policies, guidelines or rules.

This paper takes a holistic CG approach to IJVs with a strong focus on the formal (legal) as opposed to informal (organization behaviour). The aim is not only to analyze the potential of performance and value creation but also to serve as a reference for aspects, trends and developments that IJVs are being challenged with.

¹⁴⁵ Bamford, Ernst, Fubini (2004).