

Joint Ventures and Involvement of Parent Firms: The Case of Japan

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This paper focuses on the investment methods parent companies use to form joint ventures (JVs) and investigates the relationship between those investment methods and JV stability. This study finds that factors such as parents' percentage ownership of JVs and their duration of ownership in JVs vary with investment method. This study also finds that JV terminations differ with investment methods. This suggests that investment methods affect JV stability. Third, the study finds that when one parent contributes financial capital and another parent contributes assets to a JV in the same industry, the parent that contributes the financial capital is more likely to acquire the JV later. In addition, parent companies owning more than 50% of their JVs tend to acquire 100% of those JVs regardless of investment method.

JEL Codes: L24 and G34