English summary

Joint ventures (JVs) -i.e. independent organizational entities that represent pooled resources and shared equity of two or more firms- have been at the forefront of academic research for the past three decades. Historically, JV research has provided deep insight into the formation stage and the break-up of JVs. Recent research, meanwhile, points to two key areas where our understanding of JVs has so far advanced to a lesser degree: their dynamic nature on the one hand and their micro-foundations on the other hand. First, while recent research emphasizes that dynamic changes (such as changes in partner composition) can alter the initial structure and conditions of JVs, our understanding remains limited regarding the performance effect and boundary conditions of such post-formation changes. Second, recent research has urged further advancements in understanding the individuals involved on the micro-level of JVs; in particular those involved on the decision-making level of JVs. In this dissertation, we conducted three empirical studies seeking to extend existing JV research across these two core research dimensions.

In the empirical project presented in Chapter 2, we aim to contribute to the dynamic perspective on JVs. We study the performance implications of partner change, (i.e. changes in the partner composition). We do so by integrating prior (positive and negative) perspectives on partner change, and arguing that the positive or negative effect of partner change on JV financial performance depends on (1) the extent to which a JV’s
resources can be adapted to new contexts (i.e. technological complexity) and (2) the extent to which a JV’s hierarchy enables effective coordination of the change process (i.e. equity concentration). These arguments build on literature on organizations’ strategic flexibility, which highlights organizational resource- and coordination characteristics as inhibitors or facilitators of an organization’s ability to deal with fundamental changes. We hypothesize that technological complexity negatively moderates the relationship between partner change and JV financial performance, and that equity concentration positively moderates the effect of partner change on JV financial performance. Using a unique panel dataset of 101 wind farm JVs incorporated in the UK between 2000 and 2014, results of our main analysis show that JV’s technological complexity negatively moderates the relationship between partner change and JV financial performance. Contrary to our expectations, our post-hoc analysis, however, shows that highly concentrated equity negatively (not positively) moderates the performance effect of partner change. Additionally, our post-hoc analysis shows that in JVs where both technological complexity and equity concentration are low, partner change has a positive effect of JV financial performance. Together, the findings of our study highlight that the performance effect of partner change in JVs depends on specific JV characteristics related to the JV’s strategic flexibility and the combinations of certain characteristics.

In Chapter 3, we point to an important limitation in existing research that studies JV resources on the micro-level. Specifically, we posit that prior research has assigned surprisingly little attention to examining the allocation of human capital to JVs. In this study, we address this shortcoming by examining partner-level and JV-level
determinants of JVs’ human capital value, which refers to the strategic expertise that firms allocate to JVs’ director positions. We build on two complementary theoretical perspectives from research on director selection, stemming from agency theory and resource dependence theory, and argue that directors are allocated to JVs because they fulfill resource dependence and monitoring needs emerging in the JV. From the two perspectives on director selection, we derive three theoretical mechanisms relevant in the JV setting (i.e. internal resource dependence, interfirm resource dependence and interfirm monitoring) and identify three corresponding factors (i.e. environmental volatility, interfirm size diversity and equity concentration) that drive JVs’ human capital value by triggering these respective theoretical mechanisms. Specifically, we hypothesize that environmental volatility and equity concentration negatively influence JVs’ human capital value, and that interfirm size diversity positively influences human capital value. Analyzing a sample of director teams allocated to 101 wind farm JVs in the United Kingdom between 2000 and 2014, we find consistent evidence that inter-firm size diversity positively affects human capital value. In line with our hypothesis, we also find that JV’s equity concentration negatively affects human capital value. The findings of this study indicate that JVs’ human capital value is driven by resource dependence and monitoring needs that arise during interfirm collaboration.

In Chapter 4, we extend the micro-foundations lens to JVs further, by studying faultlines in JVs’ director teams. Prior research examining JV directors has shown that directors often form subgroups, and that overlapping subgroups in director teams (referred to as faultlines) negatively affect team outcomes. In this study, we emphasize
so far overlooked, potential positive implications of faultlines in JVs. Specifically, we argue that partner spanning faultlines (i.e. gender and age subgroups that overlap across JV partner lines) foster boundary spanning among directors and therefore act as a stabilizing force in JVs (i.e. decrease the hazard rate of the JV being terminated by dissolution or acquisition). We also argue that prior ties among JV partners negatively influence the core relationship between faultlines and JV termination. To test these two hypotheses, we constructed faultlines among a sample of directors involved in 101 wind farm JVs in the UK. The findings of our Cox models lend support for the stabilizing effect of partner-spanning faultlines and the moderating effect of JV partners’ prior ties. Together, these findings highlight that gender- and age subgroups among JV directors can serve as a powerful source of stability in JVs, but that the benefits of relationship-building across JV representatives is difficult to exploit when JV partners have a history of prior collaboration.

Taken together, our studies contribute novel insights to established research streams on JVs in three important ways. First, we contribute to the literature on JV instability, specifically by focusing on the stabilizing effect of subgroups that cross JV partner boundaries (Chapter 4). We also demonstrate that strategic flexibility as a distinct theoretical lens can help us take a configurational perspective to studying dynamics that occur in the post-formation phase of JVs, as this perspective implies that that specific combinations of JV characteristics largely determine the performance effect of partner change (Chapter 2). Second, we shed further light on the micro-foundations of JVs in general, and JV governance in particular. Complementing established research that
highlights the advantages of both opportunism-centered (i.e. focusing on contracts) and relationship-centered (i.e. relying on trust and joint decision-making) approaches to governance, we propose a complementary, “micro-foundations perspective” of JV governance. In a similar vein, we emphasize that JV directors form subgroups and that subgroups offer an important opportunity to increase cohesion within the joint decision-making group of JVs (Chapter 4). We also emphasize that monitoring carried out by directors can be redundant and costly in JVs characterized by high equity concentration (Chapter 3). Finally, by applying theoretical perspectives that are to a large extent novel to JV research, we are able to illuminate the multi-faceted nature of inter-organizational collaboration, which established theoretical perspectives (such as transaction cost economics) are less-well equipped to show. In our studies, we implement insights from corporate governance research, research on subgroups, and research on strategic flexibility as they can provide novel vantage points for studying JVs across different levels.

For managers in the wind energy industry, our studies highlight that competitive pressures inherent to the industry can be in part addressed by applying a bottom-up approach that focuses on the individuals involved in collaborative projects. Specifically, our empirical studies and interviews conducted with industry experts have illuminated that individuals involved in joint projects (such as wind farm JVs) can facilitate collaboration across organizational boundaries (Chapter 4) and be valuable when partner firms are largely different in size or other key organizational characteristics (Chapter 3). Additionally, our findings show that JVs ability to adjust their routine interfaces and
reapply their core resources in new contexts largely determine the performance effect of
partner change in wind farms.

Going forward, we hope that our findings inspire further research on post-
formation changes and the micro-foundations of JVs, and at the intersection of these
promising research directions. For example, our findings encourage new studies that
examine post-formation changes on the micro-level, and further research examining
dynamic changes and micro-foundations in the context of alliance portfolios.