IDENTIFICATION DYNAMICS IN INTERNATIONAL JOINT VENTURES: A MODEL OF DUAL IDENTIFICATION OF IJV MANAGERS

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Résumé :

Dans cette communication nous proposons un modèle théorique sur l'identification duale des managers de coentreprises internationales (*International Joint Venture*). Les coentreprises internationales sont un type d'organisation qui implique deux parents (ou plus) légalement distincts qui ont leur siège social dans au moins deux pays différents et qui partagent les activités de prise de décision sur une entité détenue conjointement. La littérature soulève un problème récurrent dans la gestion des coentreprises internationales : le conflit de loyauté que vivent les managers qui subissent des pressions contradictoires pour être loyaux à la fois envers leur société mère mais également envers la coentreprise elle-même.

Dans cet article, nous cherchons à comprendre comment se forme l'identification des managers de coentreprises internationales. Nous soutenons que ces managers, généralement issus de la maison mère, ont tendance à s'identifier et donc être loyal envers leur société mère au début de leur mandat dans la coentreprise. L'identification initiale évolue ensuite vers une identification duale. En nous appuyant sur la théorie de l'identité sociale et la théorie de catégorisation sociale, nous proposons un modèle sur antécédents et les conséquences de l'identification duale. L'identification duale (identification d'un même individu à plusieurs niveaux organisationnels) est un concept récent dans la recherche sur l'identité sociale, qui constitue une approche intéressante pour étudier les conflits de loyauté chez les managers de coentreprises internationales.

Mots-clés : Alliance, Coentreprise internationale, identité, identification duale

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1. Introduction

Joint ventures are becoming increasingly popular in the business world as they allow companies to gain competitive advantage through access to a partner's resources, including markets, technologies, capital and people. Joint ventures (JVs) involve two or more legally distinct organizations (the parents), each of which actively participates, beyond a mere investment role, in the decision-making activities of the jointly-owned entity (Geringer 1988). Parent companies can choose to create domestic JVs for three main reasons, namely (1) cost-minimization considerations, including reducing a firm's exposure to uncertainty, risk, and opportunism, (2) enhancement of competitive positioning (or market power), including obtaining access to resources and legitimacy, and (3) organizational learning, knowledge transfer and innovation (Kogut 1988, Borgati & Foster 2003). In addition to the abovementioned reasons, international joint ventures can be created to facilitate international growth (Kogut 1988), and are in fact the dominant choice for firms to expand into foreign markets (Luo & Park 2004).

International joint ventures (IJVs) involve two or more legally distinct parents, that are headquartered in two or more different countries, and that share in the decision-making activities of a jointly owned entity. An international joint venture operates outside the country where at least one of the parents is headquartered (Geringer & Hebert 1991)[1]. Research has shown that many IJVs perform poorly, with failure rates of 50% or higher (Parkhe 1993), which are often attributable to difficulties that managers experience in achieving the intended goals or objectives of the IJV (Park & Ungson 2001). Echoing calls to pay heed to social, cultural and cognitive processes in order to fully understand the reasons behind IJV stability and performance (e.g., Salk & Shenkar 2001), in this article, we propose a model of dual identification of managers in the context of IJVs.

[1] The distinction here is to be made between a joint venture that has a significant level of operations in more than one country, and a joint venture that is cross-border in its equity ownership. Here the term IJV will be used to refer to the latter.

Managers in charge of the implementation of the strategic objectives of IJVs, such as knowledge transfer, are usually recruited from one of the parent companies (Li, Xin & Pillutla 2002). IJV managers are often described as boundary spanners, as they coordinate the relationships between the IJV and the parent companies (cf. Geng 2004, Luo 2005). They have complex roles involving both the interests the parent companies and the interests of the IJV (Mohr & Puck 2007). In their review of the literature on human resource issues in IJVs, Gong and colleagues find that conflict of loyalty, derivative of the underlying competing interests experienced by IJV managers, is a problem uncovered by over 70% of the studies reviewed (Gong, Shenkar, Luo & Nyaw 2005). The authors go as far as calling conflict of loyalty "a 'classic' problem in IJV systems" (Gong et al. 2005: 510). To illustrate further, in an empirical study, Johnson (1999) found that almost one third of the IJV managers sampled perceived conflicting loyalties. He showed that IJV managers can exhibit organizational commitment to multiple entities: the IJV, the domestic parent and the foreign parent, and that conflicting loyalties occur when there is an unbalanced commitment to these entities.

By outlying the mechanisms behind balanced managerial commitment to an IJV entity and its parents, here we propose a model of dual identification of IJV managers. We ground our model in the literature on dual (Vora & Kostova 2007) and multiple identification (Asforth & Johnson 2001). In the rest of the article, we discuss a set of propositions related to the antecedents of dual identification of managers in IJVs and its consequences for IJV performance.

2. ORGANIZATIONAL IDENTIFICATION OF IJV MANAGERS

The organizational identification of IJV managers, the focus of this paper, is a construct derived from Social Identity Theory (SIT) and its extension Self-Categorization Theory

(SCT), both of which suggest that individuals categorize themselves and others into various social groups, such as organizational membership, religious affiliation, gender, and age cohort[2]. Both SIT and SCT attempt to explain the identification of individuals with one or several of these groups. According to SIT (Tajfel 1978, Tajfel & Turner 1986), the underlying motive for identification with a group is the need for positive self-esteem or self-enhancement: people identify with a social group and try to positively differentiate this group from others in order to enhance their self-esteem (Hogg 1996, Hogg & Terry 2000). According to SCT (Turner, Hogg, Oakes, Reicher & Wetherell 1987), the underlying motive for self-categorization is the need to reduce uncertainty: by categorizing themselves into a social category, individuals adopt prototypical group characteristics, which help provide certainty regarding how to behave (Hogg & Mullin 1999). The fit of a given social category to a given situation will influence which identity becomes salient at any given time.

While initially developed to analyze conflict between groups, SIT has been applied (alongside with SCT) to organizational contexts for more than two decades now (Albert & Whetten 1985, Ashforth & Mael 1989). Organizational identification has been defined as "a perception of oneness with or belongingness to an organization where the individual defines him or herself in terms of the organization in which he or she is a member" (Mael & Ashforth 1992). Through the process of identification, individuals adopt the characteristics of the organization as self-referential. In other words, self-categorization leads individuals to perceive themselves in terms of the characteristics they share with the other members of their in-group (Van Knippenberg & Van Leeuwen 2001). Consequently, identified employees tend to think and behave in congruence with the values, norms and interests of the organization (Ashforth & Mael 1989, Dutton, Dukerich & Harquail 1994). Antecedents to identification that have been studied include perceived prestige of the organization (Ashforth & Mael 1989, Dutton et al. 1994), congruence between individual's values and the values of the organization (Benkhoff 1997), optimal distinctiveness (Brewer 1991), benefit from organizational membership (Benkhoff 1997, Hall, Schneider & Nygren 1970), and perception of personnel development (Dutton et al. 1994, Lee 1971).

In our model, we define two main loci of IJV manager identification: the IJV itself and

[2] Notice that social identity theory places special emphasis on *cognitive self-categorization*, unlike identity theory, which is concerned mostly with ascribed social roles (Ashmore, Deaux & McLaughin-Volpe 2004).

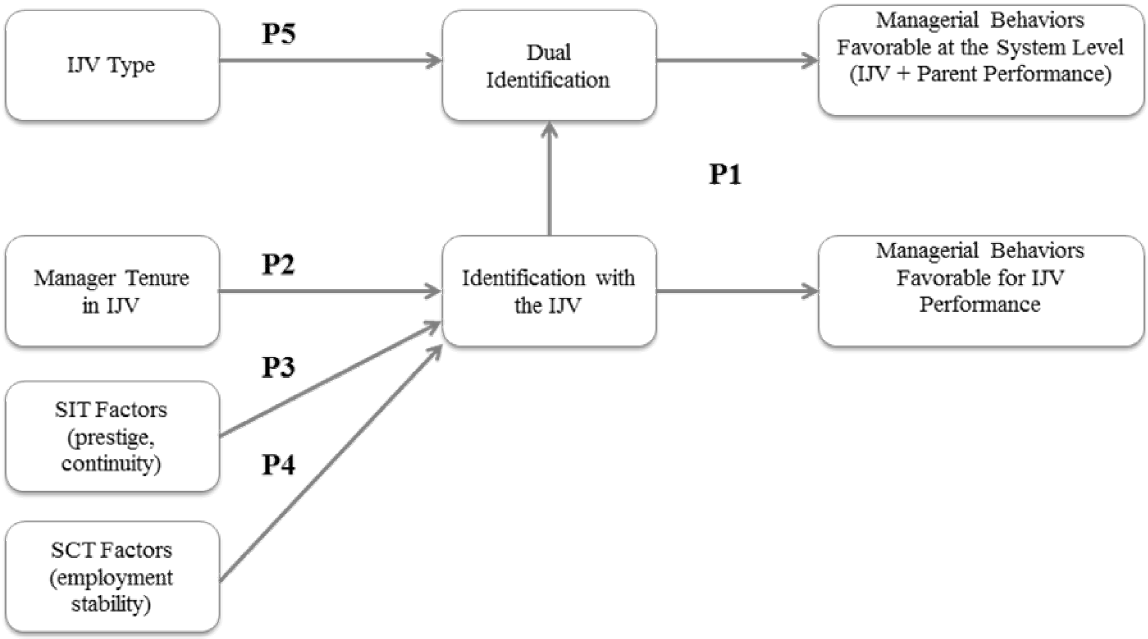
the parent company. The IJV managers recruited from a parent company will naturally tend to identify with their parent company, at least initially and/or unless they are provided incentives not to (Geng 2004, Gong et al. 2005, Li et al. 2002). Meanwhile, these managers will be expected to behave as boundary spanners, foster coordination between the different entities and favor knowledge transfer – types of behaviors intrinsically linked to their identification with the IJV.

The expected antecedents and consequences of identification with the IJV (instead of with the parent company) are relatively clear-cut. From a SIT perspective, individuals attempt to preserve and enhance their self-esteem, and are motivated to claim positive collective self-definitions (Ashmore, Deaux & McLaughin-Volpe 2004). Therefore, managers will tend to associate more strongly with the IJV if it is more distinctive and/or prestigious than the parent firm. From a SCT perspective, managers will tend to identify with the IJV, and not with the parent company, if the venture is better able to reduce their subjective uncertainty (for example, if promotion opportunities at the IJV are guaranteed, but employment at home is uncertain). Once they have identified with the IJV, managers will choose activities congruent with salient aspects of this identity, and will support the institution embodying this identity, namely, the IJV. In other words, IJV managers' identification with the IJV is an important factor in the implementation of the IJV strategic objectives.

Overall, the conflicting pressures to identify with the parent company vs. the IJV itself are the so-called conflict of loyalties problem (Gong et al. 2005). Research has shown that in order for the IJV to be successful, managers need to forego their loyalty to the parent and instead be direct their human capital toward the IJV, but that this situation may pose problems for the parents and may be detrimental at the system (supra-IJV) organizational level (Gong et al. 2005). As described above, IJV managers can identify either with the IJV *or* with the parent company. Note, however, that they can also identify with *both* loci, a central premise of this paper. As Ashforth and colleagues put it, "casting identity (and identification) in dualistic terms is simplistic; individuals appear capable of simultaneously and even holistically defining themselves in terms of multiple identities" (Ashforth, Harrison & Corley 2008: 348), and "individuals have differentiated identities and identifications in organizations precisely because they are required to wear many hats" (Asforth et al. 2008: 353). Research on multiple identification (Ashforth & Johnson 2001, Vora & Kostova 2007) defines dual identification as the situation in which an employee perceives a sense of oneness with two organizational entities. In our model, we identify the conditions under which IJV managers develop a *dual identification*, identifying both with the IJV and with the parent company. Taking for granted that managers recruited from the parent will identify with the parent, we argue that their increasing identification with the IJV might result in emergent dual identification under certain conditions.

Dual identification can be of two principle forms – nested and cross-cutting (Ashforth et al. 2008). The notion of nested identities suggests that individuals have levels of self in organizations, ranging from lower-level identities such as one's workgroup and department to higher-level identities such as one's organization and industry. These identities are embedded (or nested) within each-other in a means-ends chain, such as those associated with a specific job provide means toward the ends of the workgroup, which in turn provide means towards the ends of the department, etc. Other identities cross-cut this nesting and can be oriented to any level, such as a cross-functional team, lobbying groups comprised of industry representatives, and friendship cliques (Ashforth & Johnson 2001). The more nested and cross-cutting identities that the individual views as self-defining, the more multiple identifications he or she is said to have (Ashforth, et al. 2008). In the context of IJV, dual identification may be nested or cross-cutting, depending on several factors, which we will develop further. First, however, we justify the remainder of this paper by outlining some of the consequences of identifying with the IJV, with the parent company, or with both. Figure 1 captures these relationships.

FIGURE 1. Identification Dynamics of Managers in International Joint Ventures



3. CONSEQUENCES OF IJV MANAGER'S IDENTIFICATION

In the literature, the positive relationships between identification and individual behaviors favorable for the organization have lengthily been analyzed (see Ashforth et al. 2008, and Haslam & Ellemers 2005 for reviews). It has been argued that, unlike other individual-level variables relevant to the study of organizational contexts, identification has a natural connection with collective-level outcomes because of its social nature (e.g., Haslam & Ellemers 2005). Identification with the organization has been associated with a variety of organizationally relevant outcomes (see Riketta 2005 for a meta-analysis), and overall, through identification, organizational members align their behaviors with the interests of the organization. Indeed, organizational identification positively influence organizational citizenship behavior (Dutton et al. 1994), cooperation (Tyler 1999), support for the organization (Mael & Ashforth 1992), commitment (Haslam & Ellemers 2005) and lower intent to leave (Abrams, Ando & Hinkle 1998, O'Reilly & Chatman 1986). Recently, research proved that identification also has quantifiable benefits for sales volume (Millward & Postmes 2010).

In the context of IJVs, however, the conflict of loyalties problem poses the following dilemma: are organizations better off when managers identify with the IJV or with the parent firm? Addressing this dilemma necessitates clarifying "Which organizations?" As Gong et al. (2005) have hinted, the organizational system composed of IJV *plus* parent organizations and the organizational sub-system composed of the IJV only are susceptible to very different managerial pressures, which are often in conflict. Put differently, extant literature on the benefits of identification in non-IJV contexts may not be directly applicable to this more complex organizational form. The by-products of identification, such as organizational commitment and organizational citizenship behavior, are of course relevant for organizational performance. Here, however, it is important to distinguish between the performance of the joint venture, the performance the parent companies, and the performance of the system. We argue that when managers identify with the one of the sub-systems only, the performance of the overall system may suffer. Positive performance effects at the system level will be observed when managers hold an integrated dual identification. More precisely, we propose that:

> ***Proposition 1a****: Identification with the IJV is positively related to managerial behaviors that favor the IJV, but not necessarily the parent.*
>
> ***Proposition 1b:*** *Identification with the parent is positively related to managerial behaviors that favor the parent, but not necessarily the IJV.*

Here, we define managerial behaviors that favor the organization as the set of behaviors that include, but are not limited to, cooperation, effort, participation, organizationally beneficial decision making, intrinsic motivation, task performance, job satisfaction and work adjustment, organizational citizenship behaviors, increased social support and helping behavior in times of work stress, customer orientation, positive evaluations of the organization, better control by the organization, and defense of the organization (Ashforth et al. 2008). While social identity theory may be applied to predict a direct relationship between group identification and group performance, it also suggests that organizational identification leads to higher levels of organizational performance through intermediate mechanisms. For example, identification leads to intergroup cooperation and cohesion (Ashfort & Mael 1989), both of which have been shown to influence group performance (e.g., Sorensen 2002), especially on the level of the top management team (e.g., Ensley, Pearson & Amason 2002).

As we have already mentioned, IJV managers are boundary spanners with dual loyalties. In their daily tasks of coordination, they have to be loyal to the interests of the parent company but also to the interests of the IJV. Research on multiple and dual identification has shown that individuals who have multiple identifications tend to be more comfortable at handling complex situations (Ashforth & Johnson 2001). For example, dual identification may facilitate knowledge transfer and information circulation from the IJV to the parent companies and back, as it generally favors information sharing and coordinated action activities (Ashforth et al. 2008). Vora, Kostova and Kendal (2007) analyze the effect of dual identification in the context of subsidiary managers. Subsidiary managers have to face complex managerial roles involving both the interests of the multinational corporation and the subsidiary. They suggest that complex roles are best fulfilled when managers develop dual organizational identification. Following this argument, we propose that:

> ***Proposition 1c:*** *Dual identification is positively related to managerial behaviors that favor both the IJV and the parent.*

4. ANTECEDENTS OF IJV MANAGER'S IDENTIFICATION

In our model, we explicitly chose to propose antecedents to identification that are specific to the context of IJVs, yet congruent with the assumptions of SIT and SCT. First, we will outline the factors that strengthen identification with a given organizational entity. This is critical, following the argument that identification with the parent already exists, but that identification with the IJV (and thus dual identification) does not. Then, we will propose the specific IJV forms that may shape the extent to which managers identify *both* with the IJV and with the parent firm, resulting in dual identification.

As already noted, IJV managers recruited from the parent firm will naturally tend to associate with the parent (Li et al. 2002). All else equal, as time goes by, they will increasingly associate with the IJV – the more proximal organizational entity – for several reasons. First, the IJV will become the manager's major basis for social interaction on a daily basis. Second, as the smaller organization, the IJV tends to provide an identity that is more exclusive, concrete and proximal. In line with optimal distinctiveness, managers will attempt to balance opposing desires for assimilation and uniqueness by identifying with relatively localized collectives, rather than with larger, more distant or abstract ones (Brewer 1981). Finally, managers are likely to be more knowledgeable about, and have significant impact on, the IJV relative to the parent firm, thereby reinforcing their psychological engagement with the former (Ashforth et al. 2008). All else equal, with time, the IJV identity will become more salient and, therefore, more likely to have a greater impact on cognition, affect, and behavior.

Proposition 2*: The longer the tenure with the IJV, the stronger will an IJV manager (recruited from the parent company) identify with the IJV.*

Several conditions may help or hinder the identification dynamics described above. Proposition 2 will hold especially true if the IJV is more prestigious than the manager's parent firm. As mentioned already, social identity theory assumes that individuals aim to preserve and enhance their self-esteem. Thus, they are more likely to associate with groups and organizations that they perceive to be prestigious – and empirical work has corroborated this logic. For instance, Mael (1988) found that individuals often cognitively, if not publicly, identify themselves with a winner; this accounts in part for the well-known bandwagon effect in organizations (Ashfort & Mael 1989). When the IJV manager perceives the venture to be of higher status than his or her parent company, the manager will be more likely to identify with the IJV, and not the parent company. In sum:

Proposition 3a*: The higher the perceived status of the IJV relative to the parent company, the stronger will an IJV manager (recruited from the parent company) identify with the IJV.*

The relationship described in Proposition 1 will also be stronger when IJV managers perceive low competition, in other words high harmony, between parent companies. In these situations, the two entities are not perceived as competing camps; instead managers will tend to perceive continuity between the two entities. Perception of continuity has been presented as a significant antecedent of identification in troubled times, as individuals strive to attach themselves to enduring meaning-systems (Sani, Herrera & Bowe 2008) and maintain a continuous self-concept across time and situations (Dutton et al. 1994). Consequently, we believe that the perception of harmony between the parent companies will favor IJV manager's perception of continuity and, thus, identification with the IJV. In sum:

Proposition 3b*: The higher the perceived harmony between parent companies, the stronger will an IJV manager (recruited from parent companies) identify with the IJV.*

Finally, tenure in the IJV will have a stronger relationship with identification under the common scenario (Gong et al. 2005) that the manager has blocked or uncertain employment and promotion opportunities in the parent firm, yet the manager's the employment and promotion opportunities in IJV are certain. This logic follows directly from Social Categorization Theory's premise that individuals are motivated to reduce uncertainty and thus they will identify more strongly with entities, which provide higher subjective certainty. In sum:

Proposition 4a*: The more difficult re-entry into the parent company, the stronger will an IJV manager (recruited from the parent company) identify with the IJV.*

Proposition 4b: *The more guaranteed promotion within the IJV, the stronger will an IJV manager (recruited from the parent company) identify with the IJV.*

Note that while we do not explicitly suggest an interactive effect, such an effect is implicit in Propositions 3 and 4. In other words, we have outlined the conditions under which the natural tendency for managers to identify more strongly with the IJV as their tenure in the IJV increases is strengthened. The factors that foster this tendency include perceived IJV prestige, perceived harmony between parent and partner, and employment opportunities in IJV and parent firm. Conversely, the tendency outlined in Proposition 2 may be hindered by a variety of factors. Identification with the parent may remain strong (and identification with the IJV may fail to develop) if the parent is of very high status, or if the parent is under perpetual environmental threat (e.g., competitive or regulatory; Ashforth et al. 2008). Further, if the IJV manager held a senior executive position back home, he or she will hold on to this identity (Ashforth et al. 2008), as it has been shown that seniority in an organization strongly correlates with identification with that organization (Lee 1971).

The propositions above are more illustrative than comprehensive. Much work is done on identity in organizations and there is little need to relay it all here, albeit the distinctiveness of the IJV context. For example, other factors that have been suggested to influence identification include shared goals or threat, cultural distance, and common history, such as long-term trade relations between IJV partners. Similarly, high IJV performance is expected to lead to stronger identification with the IJV. In short, it is relatively straightforward to extend the above logic to other moderators that strengthen or weaken the tenure-identification relationship, including factors that are susceptible to organizational design, such as reward, promotion and other HR systems (in line with Proposition 4) as well as factors susceptible to soft management, such as impression management aiming to influence managerial perceptions of the IJV and/or the parent firm (in line with Proposition 3). It is argued here that, as identification with the IJV grows (as outlined above), the natural tendency of managers to identify with the parent may be *replaced by* or *complemented with* an IJV identity depending on several organizational factors, to which we now turn.

5. ANTECEDENTS OF IJV MANAGER'S DUAL IDENTIFICATION

While increased identification with the IJV has been deemed beneficial for the performance of the venture, is has been argued to have a negative impact on the performance of the parent company, or more broadly speaking a negative impact at the system, i.e., IJV + parents, level (Gong et al. 2005). This logic assumes that increasing identification with the IJV goes hand in hand with decreasing identification with the parent company, which – as we have argued – may or may not be the case (Ashforth et al. 2008). Thus, it is highly pertinent to examine the complexity of dual identification with both the IJV *and* the parent company.

To do so, we first identify different types of cooperative strategies in IJVs, drawing from extant research on parent motivations to form international alliances and joint ventures (e.g., Evans, Pucik & Barsoux 2002, Garcia-Canal, Duarte, Criado & Llaneza 2002, Glaister & Buckley1996, Kogut 1988). Identifying these strategies will allow for understanding the appropriateness, from a managerial standpoint, of fostering identification with the IJV, the parent company, or both. According to the theory-building multiple case study of Garcia-Canal et al. (2002), forming IJVs as means to accelerate the international expansion of the firm may be achieved by four strategies, along two dimensions: exploitation—local scope ("local alliances"), exploration—local scope ("competence-building alliances"), exploitation—worldwide scope ("one key global alliance for market access"), and exploration—worldwide scope ("multiple regional-scope alliances for market access"). These strategic types, along with the identities they foster, are summarized in Table 1.

TABLE 1. Garcia-Canal et al.'s (2002) IJV Types and the Identification of Managers

	Local Scope	Worldwide Scope
Exploitation	*Local IJV* Identification with the parent only => Identification with the IJV only	*Multiple regional-scope IJVs* Dual identification: cross-cutting
Exploration	*Competence-building IJV* Dual identification: nested IJV within parent	*Key global IJV* Dual identification: nested parent within IJV

A typical *local* IJV is formed by a multinational enterprises and a local partner with the aim of combining the former's technology and products with the local knowledge and resources provided by the local firm. From the point of view of the MNE, these local joint ventures have above all an exploitation aim: the MNEs main objective is to exploit its proprietary assets in the foreign market, therefore, it just looks for a local partner in order to get the help needed to achieve this objective. In the case of local IJVs, managers recruited from the parent company are not likely to form dual identification. In the beginning of their tenure, they will perceive the IJV as no more than a (temporary) means to furthering the goals of the parent company. As their tenure in the IJV increases, and granted that their possibilities or incentives to return back home are limited, the perceptions of exploitation from the parent company may foster identification with the IJV only, but an integrated dual organizational identity is unlikely to develop.

Proposition 5a: *In* local IJVs, *the IJV manager (recruited from the parent company) will identify with the parent organization only, and as tenure increases, with the IJV only.*

Second, *competence-building IJVs* are characterized by their orientation toward enhancing the international competitiveness of the firm's products and services. These are IJVs used with the main goal to match the competitive advantages of competitors, i.e., to develop the competencies to compete against bigger, international firms. This introduces an important difference with respect to the two following cases (worldwide scope IJVs), since the following two strategies are aimed at gaining easy entry into new countries, whereas this strategy is more oriented toward innovation within an altogether new entity, at a single foreign location. In order to achieve the goals of this strategy, firms look for partners of similar size and deter entrance of new partners in the already functioning competence-building IJV. In this type of venture, managers' main roles involve knowledge transfer and integration. Here, they will be quick to identify with the IJV, because the venture will be perceived as critical for the survival of the parent company, whereas knowledge flows will be expected to flow inasmuch into the venture, as back toward the parent. Managers will be likely to perceive the immediate benefits of the IJV, and think of the parent firm in more abstract terms. In this scenario, a nested type of dual identification is likely to develop, where the IJV identity will be nested within – and more salient than – the overarching and relatively distant parent identity.

> ***Proposition 5b:*** *In* competence-building IJVs*, the IJV manager (recruited from the parent company) will identify both with the IJV and the parent firm, where the IJV identity will be nested within the parent identity.*

Third, the *key global IJV* strategy for market access aims to pool the partners' resources and capabilities in order to plan a worldwide coordinated action. Important geographical specialization between the parents may exist. The goal sought with these types of joint ventures is to provide global services to multinational corporations. In order to achieve this goal, parents develop the venture in sequential stages of increasing complexity, simultaneously developing skills in IJV management. These types of strategies, exemplified in the telecommunications industry (e.g., Telefonica), ultimately aim to result in a global network that provides clients with a wide range of multi-country services. In this type of ventures, managers recruited from the parent company are likely to progressively identify with the venture, as this key global operation grows in importance and prestige for their parent organization, customers and competitors. Slowly but surely, IJV managers are expected to develop dual identification, and as the size and complexity of the IJV operations increase and eventually overarch those of the parent, identification of IJV managers with their parent company will become nested within their IJV identity.

> ***Proposition 5c:*** *In* key global IJVs*, the IJV manager (recruited from the parent company) will identify both with the IJV and the parent firm, where the parent identity will be*

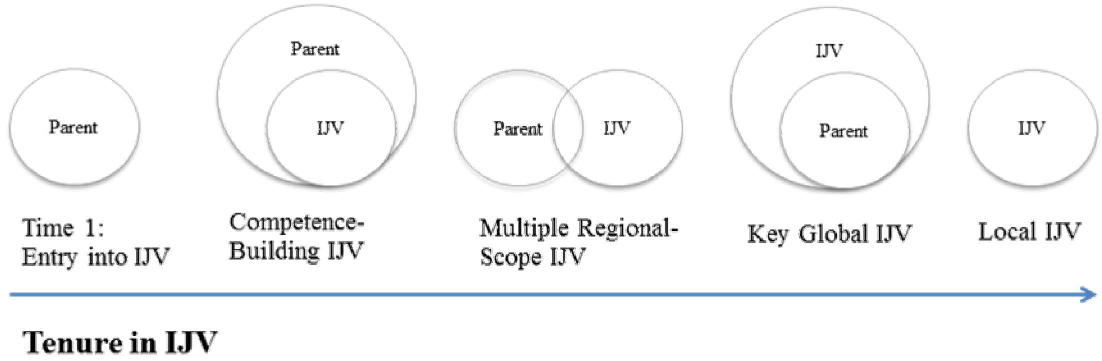
nested within the IJV identity.

Finally, *multiple regional-scope IJVs*, also play a key role for market access and the internationalization of firms. But instead of imposing a tight integration of all their alliances and joint ventures, firms pursuing this strategy display several independent ventures, some of which may be global and other local IJVs. Another feature of this strategy is that this IJV strategy is aimed at seeking not only market access, but also political support. Following this strategy, firms attempt to form a network of regional allies that help increase its geographical scope, aiming to develop at least one successful alliance per region. However, firms often need to reconsider their strategic priorities in order to retain a joint venture partner and/or gain political support in a given region. The abovementioned characteristics of this IJV type lead us to believe that managers will identify with both entities, but that these two identities will not be nested. Instead, the presence of numerous IJV partners worldwide and the lack of complete overlap of strategic priorities between parent and IJVs, will lead IJV managers to form a cross-cutting model of dual identification, where IJV managers' identity will not be fully integrated.

Proposition 5d: *In* key global IJVs*, the IJV manager (recruited from the parent company) will identify both with the IJV and the parent firm, where the parent identity and the IJV identity will be cross-cutting.*

In sum, we have argued that, depending on the strategic intent and form of IJV, IJV managers recruited from the parent company will exhibit distinct forms of dual identification, where – as their IJV tenure increases – they may identify with the parent and thus with the IJV, with the IJV and thus with the parent, with the IJV and with the parent, or with the IJV only. Our arguments are graphically summarized in Figure 2.

FIGURE 2. Dual Identification of Managers as Function of IJV Tenure and IJV Type



Note that while we have anchored our arguments in an IJV typology proposed by Garcia-Canal and colleagues (2002), our arguments are consistent with alliance typologies offered by other authors. For example, Evans et al.'s (2002) typology of alliances suggests that the strategic intent of an alliance and the capacity for knowledge creation define four types of ventures: resource, complementary, learning, and competitive. They also note that while in reality few alliances and joint ventures are set up with a competitive intent (i.e., partners intend cooperation, learning, and resource complementarity instead), with time one of the primary reasons for alliance and joint venture failure is the increase of inter-partner competition. In this typology, the competitive strategy resembles the local IJV strategy type, the learning strategy resembles the competence-development IJV type, the complementary strategy resembles the key global IJV type, and finally, the resource strategy resembles the multiple global IJV type.

6. EXTENSIONS AND LIMITATIONS

We have attempted to show the likely identity dynamics in an international joint venture and their relationship with managerial behavior and IJV performance. Of course, the theoretical model herein can be extended in several possible ways. First, identification may shape IJV performance not only through the behavioral mechanisms outlined above, but also through related mechanisms, such as top management team (TMT) dynamics. For example, several authors (e.g., Priem 1990, Carpenter 2002) have raised the paradox that TMT heterogeneity *and* TMT consensus are both positively related to firm performance. Yet, it remains unclear how heterogeneity and consensus can simultaneously be stimulated in practice. Our model may provide some clues. In an international joint venture, TMT heterogeneity is almost certainly a given, especially when managers are recruited from the parent companies. Identification with the IJV, however, would be an important contributor to TMT consensus, and therefore IJV performance. More importantly, dual identification of the TMT members can boost the performance not only of the IJV itself, but also of the parents. Such identification is more likely if cooperation instead of competition between the parent firms is being highlighted, for instance. Similarly, a threat external to the IJV *and* parents (be it real or perceived) is more likely to increase manager dual identification, TMT consensus, and system performance in turn.

Second, while we have addressed the identification of managers as a central construct, many of the propositions put forward may be applicable to other organizational stakeholders, such as employees. Future research could address the interplay between employee identification and top management team identification, for instance, and their relative impact on performance. Much of the strategy literature has focused on the attitudes and behaviors of owners and managers, paying significantly less attention to how employee attitudes and behaviors can influence performance. In this context, interesting empirical questions to ask would be: which has a stronger impact on IJV performance: IJV managers' identification or IJV employees identification? Is employee dual identity more or less beneficial for the performance of the IJV than a pure IJV identity? Furthermore, some evidence exists (e.g., Buchko 1993) that while employee ownership does not necessarily have a positive effect on employee identification, perceived influence does. This relatively understudied relationship must be tested in the more intricate context of IJVs, where multiple employee identities may be conflicting.

Another avenue for future research would be to introduce individual differences such as social identity complexity into our model. Roccas & Brewer (2002) develop the notion of social identity complexity to refer to an individual's subjective representation of the interrelationship among his or her multiple social identities (e.g., male, accountant, Swedish, father, employed by company *XYZ*, etc.). While the actual degree of overlap between social categories of which a person is simultaneously a member may vary considerably from individual to individual, generally speaking an extensive overlap corresponds to a relatively simple identification. To give a mundane example, the overlap between identities would be larger if our male accountant is employed by the Swedish company *XYZ* in Stockholm than if he is by the British branch of the German company *ABC* in London. Social identity complexity is important because it increases tolerance toward out-group members. A simple social identity is likely to be accompanied by the perception that any individual who is an out-group member on one dimension is also an out-group member on all others. Because processes of intra-category assimilation and inter-category contrast counteract each other when categories are cross-cutting (i.e., little overlap), differences between groups are minimized. This leads to reduction in bias and discrimination (Roccas & Brewer 2002). Overall, we expect that the more complex the pre-established identity configuration of an IJV manager (or employee) is, the easier for integrated dual identity to develop.

Finally, researchers should be cautious of industry effects, especially given that joint ventures are much more ubiquitous in growing, rather than in emerging, industries (Auster 1992). What are the identity dynamics at work in international mergers and acquisitions? It is highly likely that the above model would not be fully applicable.

7. CONCLUSION

The increasing strategic importance of IJVs makes it evermore pressing to understand the determinants of their performance, including the factors that boost the performance of *both* IJV and parent organizations. A classic problem of management in IJVs is the so-called conflict of loyalties problem, where managers experience conflicting pressures to be loyal to their parent company versus the IJV itself. We argue that while managers tend to identify with, and thus be loyal to, their parent company in the beginning of their tenure in the IJV, as time goes by this tendency reverses, especially provided some critical contingencies. We have delineated these contingencies, following SIT and SCT. Further, we have proposed a model of the antecedents and consequences of dual identification, a nascent concept in social identity research. By outlying the mechanisms behind balanced managerial commitment to an IJV entity *and* its parents, we have shown that dual identification of IJV managers may provide a well-rounded solution to the conflict of loyalties problem.

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