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Asymmetric information and joint venture performance: theory and evidence for domestic and international joint ventures

Jeffrey J. Reuer, Mitchell P. Koza

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Abstract

The increased number of perspectives on joint ventures (JVs) raises important issues for theory development on interfirm collaboration. In this paper, we bring together two key theoretical perspectives on joint ventures—the asymmetric information perspective and the indigestibility view. On a theoretical level, we focus on the relationship between these two different explanations of joint ventures. We also present new evidence on the firm valuation effects of JVs in domestic and international investment contexts. The findings lend support to the asymmetric information perspective on resource combination through joint ventures. Copyright © 2000 John Wiley & Sons, Ltd.

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134 N LaSalle St
Suite 1005, Chicago IL
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+1 312 492 6224

sms@strategicmanagement.net

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