Abstract

India has started to interest Finnish companies as a promising market during the last few years, however Finnish companies’ operations in India have not been studied widely. This research concentrates on studying, why Finnish companies have chosen joint venture as its’ operation mode in the Indian market and which they see as the success and failure factors in the operation of the joint venture. To reach the purpose of this study, literature of international marketing especially upon joint ventures is reviewed to gather information about the motivation factors of the choice of joint venture and the factors of cooperation. To provide information on India as a market and the operation of the joint venture in the country, specific information about the country is described. The theoretical framework thus consists of these two parts. The next part gathers the empirical information with qualitative methods (interviews) in order to analyze the motivation and cooperation factors of the case companies. Four Finnish companies and their three partner companies in India as well as a Finnish and an Indian consulting company were interviewed.

The motivation factors of Finnish companies to choose joint venture as its’ operation mode were basically simple. Most importantly governmental restrictions made it necessary to operate as a joint venture in India. There were external and internal factors affecting the choice of joint venture for both the Finnish and the Indian partner. Establishment is the next step after joint venture has been chosen as an operation mode. This includes the setting of objectives of the venture, the partner search and choice and negotiations of the joint venture agreement. The empirical part of the study showed that the partner choice is often not evaluated very thoroughly and negotiations proceed faster than the theoretical framework would have suggested. Cooperation within the joint venture was generally satisfactory for the case companies. Trust and openness were seen as most important success factors of the venture, while wrong choice of partner and cultural and communication problems were most important failure factors.

The study does not concentrate on a certain industry, but rather pursues to give a general view of the Finnish-Indian joint venture operations. Although only four case joint ventures were researched the study is valid, since case companies were chosen carefully and most responses of the companies were fairly similar.

The study is intended to readers, who are interested in Finnish-Indian joint venture operations or generally in joint venture operations in developing countries.

Key words

India, joint ventures, international marketing

Further information