

# Towards A Better Understanding of the Antecedents of Knowledge Acquisition and Its Outcome: A Two-Fold Proposed Framework

Tamma Elhachemi, *School of International Studies, Universiti Utara Malaysia* [Elhachemi.im@gmail.com](mailto:Elhachemi.im@gmail.com)

Oussama Saoula, *School of Business Management, Universiti Utara Malaysia* [osaoula@gmail.com](mailto:osaoula@gmail.com)

Elkheloufi Abderrahmane, *School of Business Management, Universiti Utara Malaysia* [a21e12@live.com](mailto:a21e12@live.com)

Emir Moumene Benabid, *School of International Studies, Universiti Utara Malaysia* [emirbenabid@gmail.com](mailto:emirbenabid@gmail.com)

Rabah Seddaoui, *School of Business Management, Universiti Utara Malaysia* [seddaouirabah@gmail.com](mailto:seddaouirabah@gmail.com)

## Article Info

Volume 82

Page Number: 1957 - 1971

Publication Issue:

January-February 2020

## Abstract

In the era of globalization and technological advancement, developing and transition economies focus in seeking to attract FDI as a means of obtaining capital and new technology. This, in turn, will open the door for local firms to enter into international joint ventures (IJVs) to acquire necessary capabilities by gaining access to foreign MNCs' resources, knowledge, and skills. While foreign partners have agreed to pool their capital, knowledge, and technology, however, there is no guarantee of successful ventures. Drawing upon the intensive literature on knowledge transfer and strategic alliances, this paper aims to present potential antecedents and consequences of IJVs' knowledge acquisition through proposing a two-fold conceptual framework to be tested empirically in future studies. The proposed framework suggests transfer mechanisms, management practices and formal mechanisms that link to IJVs' knowledge acquisition. These will, in turn, lead to IJVs' competitiveness. To support and justify the suggested framework, methodology and literature reviews are presented.

## Article History

Article Received: 14 March 2019

Revised: 27 May 2019

Accepted: 16 October 2019

Publication: 11 January 2020

**Keywords:** IJVs' knowledge acquisition, transfer mechanisms, knowledge management practices, formal governance mechanisms, IJVs' competitiveness..

## INTRODUCTION

In recent years, developing countries with the intention to advance their economic development have begun to focus on their strategies to attract FDI, where FDI has become one of the most dynamic elements of international resource inflows to these countries (UNCTAD, 1999). According to (Javorcik & Kaminski, 2008), governments in developing countries are seeking to improve their FDI-based development

strategies through many favorable policies to attract MNCs' investments. These favorable conditions and environments are not only essential to attract FDI inflows but also to reap the potential benefits through acquiring foreign technology, knowledge, and other important externalities. Through the formation of IJVs, and within the partnerships setting, there is a difference between knowledge attainment and knowledge accession (Grant & Baden-Fuller, 2004). IJVs enable parent companies to obtain economies of scale, grow into different marketplaces, cope innovation and risk, learn novel technologies and skills, and create new services or products quicker

and more reliably than could be done by either single company by itself (Beamish & Lupton, 2009; Damanpour, Devece, Chen, & Pothukuchi, 2012; Jiang, Keller, Qiu, & Ridley, 2018; Luo & Park, 2004).

However, the incidence of IJVs and alliances do not have a guarantee in success. IJVs are entities with particularly complex sets of policies and practices that can be difficult to manage, over half of these IJVs are experiencing failure (Bamford, Ernst, & Fubini, 2004; S. H. Park & Ungson, 1997). Furthermore, Anh et al., (2006) have claimed that the process of organizational learning in alliances as such in IJVs is difficult, often misunderstood, and commonly coupled with considerable frustrations. Given that, researchers are in need to conduct studies on factors that contribute to advancing IJV's knowledge acquisition from its foreign parent(s). Findings from such studies can inspire effective leaders to draw programs to enhance successful learning and improve IJVs stability and its general outcomes.

In line with Thi Thuc Anh, (2017), most of the previous literature have examined the antecedents of IJVs' knowledge acquisition from their foreign partners in terms of cognitive perspective (e.g. absorptive capacity), social perspective (e.g. social capital), or integrating both perspectives (e.g. Thi Thuc Anh & Baughn, 2013; (Dhanaraj, Lyles, Steensma, & Tihanyi, 2004; Lyles & Barden, 2000; Thi Thuc Anh & Baughn, 2013). Based on previous meta-analyses (e.g. (Battistella, De Toni, & Pillon, 2016; Meier, 2011) and findings from a many of empirical researches on knowledge transfers in diverse settings, like knowledge transfer among partnering firms in collaborations, suppliers and buyers, and inter-firm strategic alliances, we also suggest that transfer mechanisms (Chen, Hsiao, & Chu, 2014; Tamma, 2019a, 2019b; Tamma, Abd. Rahim b, & Fakhrorazi, 2017; Tamma, Takyeddine, & Emir Moumene, 2019; Williams, 2007), Knowledge

management practices (Evangelista, 2009; Nguyen & Aoyama, 2015; Tamma, Abd. Rahim b, & Fakhrorazi, 2018; Tamma, Jaguli, & Ahmad, 2018), and formal governance mechanisms (Y. Liu, Li, Shi, & Liu, 2017b; Tamma, Abd. Rahim b, & Fakhrorazi, 2018; Zhang & Zhou, 2013) as facilitators of knowledge acquisition. These are rarely examined thus leaving a gap in the literature. Therefore, in light of all possible effects of independent variables, knowledge acquisition of IJVs cannot be recognized.

The rationale behind suggesting transfer mechanisms is because transfer of knowledge is a socially collaborative construct and researchers of management have long admitted its contextual nature (Cho & Lee, 2004; Björkman, Barner-Rasmussen, & Li, 2004; Lyles & Salk, 1996; Foss & Pedersen, 2002), transfer mechanisms are described as the way the recipient firms (of IJVs) engage in adapting and replicating knowledge from the donating company (foreign partners) (Easterby-Smith, Lyles, & Tsang, 2008; Mason & Leek, 2008).

According to Lane and Lubatkin, (1998), management practices and formal mechanisms are often seen as the main assets of knowledge management, and the use of knowledge management is important due to the fact that firms need the capability to generate, transmit and apply knowledge, thereby makes it valuable, thus giving an substitute clarification for their presence (Teece, 1998). Management practices refers to the number of management activities in IJVs with the goal of advancing the efficiency and effectiveness of organizational knowledge possessions (Schiuma, Andreeva, & Kianto, 2012), and formal mechanisms are mechanisms that depend on economically and legally binding systems in the IJVs with their foreign partners to decrease opportunistic dangers (Luo, 2007; Luo, Liu, Yang, Maksimov, & Hou, 2015). Accordingly, this conceptual paper proposes to

study the impact of transfer mechanisms, management practice, and formal mechanisms on IJV's knowledge acquisition.

Acquisition of knowledge is obviously not the single contest and motive for all IJVs, from the knowledge-based view (KBV) perspective, strategically oriented alliances often place strategic emphasis on IJVs as canals through which companies attain organizational knowledge embedded in their parent firms. Consequently, resulting in competitiveness and superior performance (Grant, 1996; Grant & Baden-Fuller, 1995). Despite of these arguments, it is important to comprehend the effect of IJVs' Knowledge acquisition on IJVs' competitiveness. However, with very few exceptions (e.g. (Zhan, Chen, Erramilli, & Nguyen, 2009) there has been limited theoretical and empirical investigations on the understanding of whether the transmitted knowledge and properties from more advanced country' firms have subsidized and improved the competitiveness of these international joint ventures. Thus, this paper presents a theory-based research evaluation approach as a basis for future studies to seek on the direct outcome and improve available concepts on the effectiveness of knowledge acquisitions from foreign partners.

The drive of this conceptual paper is to subsidize the body of knowledge and practices related to IJVs' knowledge acquisition by suggesting a comprehensive two-fold model, whereby formal mechanisms, transfer mechanisms, and management practices are considered as the antecedents of knowledge acquisition, and these will consequently, lead to IJVs' competitiveness. This paper purposes to response the subsequent questions. Do transfer mechanisms, management practices, and formal mechanisms have an effect on IJVs' knowledge acquisition from foreign partner? Which antecedents from the following factors; transfer mechanisms, management practices, and formal

mechanisms have the most effect on IJVs' knowledge acquisition? Does IJVs' knowledge acquisition effect on IJVs' competitiveness?

Based on these research questions, this paper has posted the following research objectives: to determine the effect of knowledge management practices, transfer mechanisms, and formal governance mechanisms on IJVs' knowledge acquisition from foreign partners; to investigate which antecedents from the following factors: transfer mechanisms, knowledge management practices, and formal governance mechanisms that have the most effect on IJVs' knowledge acquisition; To study on the effects of IJVs' knowledge acquisition on IJVs' competitiveness. This paper also proposes transfer mechanisms through the process of adaptation and replication (Chen et al., 2014; Mason & Leek, 2008; Williams, 2007), knowledge management practices with single dimension management commitment (Evangalista, 2009), and formal governance mechanisms which consists of contract and control (Zhang & Zhou, 2013).

The method of this conceptual paper is based on library research and also the extensive evaluation of theoretical reviews in the literature on the subject of IJVs' knowledge acquisition from a foreign partner in developing and transitional economies. The research of the library includes online materials to article journals and chapters in books. References are based on online databases such as Scopus, Web of Science, Science Direct, and Google Scholar. This paper highlights IJVs' knowledge acquisition from foreign partners perspectives in transitional economies. The data used in this study covers the literature for the period (1996-2018). And the first study was pioneered by Lyles and Salk, (1996) and research studies on the same context are still ongoing till now, 2018. Therefore, deriving upon knowledge-based views, transaction cost economics theories, previous arguments, gaps, and logical

justifications; this paper suggests a conceptual framework with propositions and invites researchers to test it empirically and practically in the context of Algerian setting.

## KNOWLEDGE ACQUISITION

KBV theory defines knowledge as a crucial factor to strengthen a firm's competitiveness and performance (Grant, 1996; Narteh, 2008; Nickerson & Zenger, 2004). Generally, knowledge acquisition depends on learning basic and essential information and technology which can facilitate efficiency and effectiveness of an organization (B. I. Park, 2010). However, in this study, knowledge acquisition is considered as the course through which new knowledge is acquired. Whereas, new knowledge is viewed as new to the organization and not newly created knowledge (Anh, Baughn, Hang, & Neupert, 2006; Huber, 1991). Acquisition of knowledge happens when an IJV obtains its MNCs affiliate partner's procedures and information. This newly acquired information helps the acquired firm to modify its processes according to the parent's firm, to achieve superior services, products, and performance (Anh, 2017). IJVs' knowledge acquisition can be defined as the new information is acquired from foreign partners, assimilated, and practiced by IJV to generate the same management techniques, production activities, and reach correspondingly to the original economic organizations learning objectives (Nguyen & Aoyama, 2015; Sazali & Raduan, 2011). After the acquisition of knowledge, an IJV will develop new abilities to encounter environmental changes to establish the firm's efficiency (Chrysostome et al., 2013). However, to develop these new abilities, firms must possess the needed resources and capabilities through which they can recognize and assimilate the new external knowledge. This will allow firms to replace their existing knowledge, thus

commercially apply the new assimilated knowledge (Cohen & Levinthal, 1990). However, different firms have various kinds of capabilities and resources in transferring of knowledge. Therefore, transfer mechanisms management practices and formal mechanisms are considered as significant variables that can possibly determine the extent of knowledge acquisition in an IJV.

In the literature, there are some papers were theoretically and empirically examined the IJV's knowledge acquisition determinants, where most of these studies have investigated multi-dimensional factors of absorptive capacity in terms of the firm's ability to recognise, assimilate and apply the gained knowledge. Secondly, studies have found that the disseminative capacity of the transferor or the capability of the sending unit (e.g. foreign partners) is crucial to IJVs' knowledge acquisition (Minbaeva, Park, Vertinsky, & Cho, 2018; B. I. Park, 2011; C. Park, 2015). Besides actors' capabilities, most studies to date have also focused on social perspectives by examining social capital in IJV's knowledge acquisition (Ado, Su, & Wanjiru, 2016; Dhanaraj et al., 2004; C. Park & Vertinsky, 2016; C. Park, Vertinsky, & Becerra, 2015; C. Park, Vertinsky, & Lee, 2012; Rotsios, Sklavounos, & Hajidimitriou, 2018; Tsang, Nguyen, & Erramilli, 2004). In addition, recently a few studies undertake transfer mechanisms as a IJV's knowledge acquisition determinants (Tamma, 2019a; Tamma et al., 2019). Therefore, most previous empirical studies on IJV's knowledge acquisition have focused on absorptive capacity, disseminative capacity, social capital, and transfer mechanisms which are related to actors' capabilities, social perspectives, and channels and mechanisms.

Therefore, this conceptual paper is intended to propose the IJV's knowledge acquisition that include each of transfer mechanisms, knowledge



management practices, and formal governance mechanisms to be gathered in one framework.

### TRANSFER MECHANISMS

An IJV have to deal with the nature of practiced knowledge in knowledge transfer. IJV and its members have to generate broad local transfer mechanisms to embed foreign knowledge in local settings. As defined by Mason and Leek, (2008) and Smith et al., (2008) that mechanisms of transfer are the manners by which companies undertake transfer of knowledge activities. Transfer mechanisms define how firms will interact and will transfer knowledge (Jasimuddin, 2007; Prévot & Spencer, 2006). In the process of transfer mechanisms, Chen et al., (2014) and Williams, (2007) have conducted replication and adaptation of the knowledge are the main elements. More precisely, transfer mechanisms are the methods in which a firm utilize, replicate and adapt the information of a parent's firm (Easterby-Smith et al., 2008; Mason & Leek, 2008). Thus, a firm replicates the new knowledge because it is ambiguous, and adapts because it is contextual. Moreover, knowledge replication and adaptation depends upon knowledge discretion and comprehension respectively (Williams, 2007).

Replication of knowledge involves the alteration of existing operating procedures in compliance with the partner (Chen et al., 2014; Williams, 2007). Replication of knowledge is also crucial to inherent causal ambiguity in complex production processes (Lippman & Rumelt, 1982) to the point that it restrains the firm to identify basic operating knowledge. Hence, replication of knowledge enables the firm to exactly replicate the activities of a parent's firm without indulging in understanding the underlying phenomenon and resultant consequences of those activities (Williams, 2007), while ensuring the retention of important knowledge (Nonaka, Byosiene, Borucki,

& Konno, 1994). However, these can result to prompt knowledge exchange in the case of acquiring complex and ambiguous knowledge (Winter, 1995). Therefore, an elevated replication needs precise training in order to achieve comparable results (Chen et al., 2014). For example, Intel has also utilized replication in their activities, particularly in the building of their semiconductor fabrications. They have instituted the copy exactly method starts with ensuring that every production to exactly replicate the same arrangements while building up new semiconductor fabrications (Williams, 2007).

Adaptation on the other hand, deals with modifications of processes to adapt the firm's new setting accordingly (Chen et al., 2014). Adaptation is only done because knowledge exchange facilitates IJV only when knowledge is compatible with the new settings. Hence, knowledge must be altered according to the firm's operating environment. Because knowledge is dependent on environment (Penrose, 2009). However, knowledge gathering depends on tracks (Cohen & Levinthal, 1990), and is incorporated into the firm's routines through replication over a period of time (Nonaka, Krogh, & Voelpel, 2006). However, there is a possibility that transferred routines, although they are important in a parent's firm, may not be beneficial in an IJV (Madhok, 2006). Exchanged knowledge can be altered into new contexts due to various factors, such as divergent areas, novel relationships and unique organizational settings (Szulanski & Jensen, 2006).

In an empirical research study conducted by Williams, (2007), it was found that successful knowledge transfer is led by replication and adaptation of knowledge, which then consequence productivity and performance improvement of recipient organization. Moreover, Chen et al., (2014) have found that knowledge transfer performance can be improved through replication

and adaptation of transfer mechanisms considerably by the mediating role of cooperative competency. In examining replication with knowledge transfer in the Chinese context setting, (Wang & Nicholas, 2005), researchers have found that the Chinese managers' replication of their Hong Kong parent's transferred knowledge was measured by the changes in the local manager's contribution to the accumulation of JVs' knowledge. This means, the more knowledge the Chinese's managers gained through imitation, the more they can contribute to the JV's level of knowledge. In regards to adaptation, (Pak, Ra, & Lee, 2015) have concluded that knowledge adaptation is a vigorous phase in the management of knowledge process and can be maximized to fit the transmitted knowledge into the new culture and organizational context of IJVs. Finally, (Winter & Szulanski, 2001) in their empirical evidence has supported an alternative view of replication strategy which has described it as a process that includes a system of exploration in which the business model is fashioned, sophisticated, and tracked by a stage of exploitation in which the business model is stabilized and leveraged through large-scale replication.

## KNOWLEDGE MANAGEMENT PRACTICES

Knowledge management practices is significant indicators of knowledge processes and firm performance (Inkinen & Inkinen, 2016). Knowledge management practices are comprised of organizational routines, control and coordination mechanisms, and systems for managing knowledge management practices outcomes (Gray, 2001). The purpose of management practices is to accelerate the efficiency and effectiveness of knowledge management in order to maximize the organization's benefits (Schiuma et al., 2012).

Among all practices of knowledge management, commitment of the management is considered as the most important (Earl, 2003) because management commitment is often exhibited through the behaviors and approaches of a company's manager in support of learning behaviors and attitudes (commitment Pham & Swierczek, 2006). According to (Lei, Slocum Jr, & Pitts, 1997), commitment of management defines organizational learning consequences. Senge, (1990) claimed that the essence of commitment of management is to improve an organization's learning strategies and aims, and the firm should strive to obtain these objectives, and the commitment to this will enable the firm to achieve its dream for its excellence. The commitment to learning might facilitates to the formation of pure learning agendas, and procedures and routines in order to accomplish them (Simonin, 2004). Whereas, these benefits can only be yielded when the firm's leaders are committed and encourage learning behaviors and attitudes in the firm (Lei, Slocum, & Pitts, 1997; Pham & Swierczek, 2006; Senge, 1990).

However, the management commitment can only be achieved when a manager takes the responsibility to implement successful business plans (Keramati & Azadeh, 2007). As indicated by (Lee, Gon Kim, & Kim, 2012) that top management support is also important because it facilitates knowledge processes for a greater organizational learning thus create competency for advancement in services and products as well as to forecast business dangers and to survive with new market information. Moreover, managers can create a learning culture through incorporating of values in the organizations such as risk taking, courage, efficient communication, empowerment, and maximizing performance (Teare, 1998). Knowledge-oriented leadership empowers and promotes trust through the process of learning from knowledge exploration and exploitation practices. These practices further contribute

towards the innovation of products, methods and procedures (Martín-de Castro, López-Sáez, Delgado-Verde, Donate, & Guadamillas, 2011). Therefore, management commitment can be considered as the core facilitator for organizational learning orientations and outcomes (Teare, 1998).

In the context of IJVs, leader's management commitment can be demonstrated through seminars, projects and discussions, as well as specific planning to encourage knowledge transfer. Learning based organizations synthesize their knowledge base through codification, documentation and construction of knowledge, and making it available through formal applications and procedures (Mills & Friesen, 1992). These organizations can further advance their learning and policies structures for better learning process (Evangelista, 2009).

There are many studies which have proven the importance of leadership commitment in organizations. Most studies have shown that leadership commitment is utterly vital for effective transfer of technology (Nguyen & Aoyama, 2012), learning and performance of the organizations (Thuy Pham & Swierczek, 2006). In the context of IJVs, a Vietnamese study has revealed that articulated goals enhance knowledge acquisition (Lyles & Salk, 1996). Another Vietnamese study on IJVs has suggested that management commitment can reduce clash intensity which in turn can enhance learning (Tsang et al., 2004). Another important consideration is that the positive effect of management commitment varies for both explicit and tacit knowledge (Evangelista, 2009). Conclusively, findings from the above discussed studies have suggested that management commitment enhances knowledge acquisition.

## FORMAL GOVERNANCE MECHANISMS

It is necessary to formulate regulations and the rules to shape responsibilities and duties prior to a joint venture of companies especially from two different countries. Therefore, formal governance is often established in organizations to deal with matters of knowledge exchange. Formal governance provides codes of conducts especially to block private motivating forces, to advance organizational certainty, and to prominently exchange inter firm duties (Zhang & Zhou, 2013).

Previous studies have suggested that combined utilization of formal mechanisms can help to flourish opportunistic behaviors, create internal and external strategic knowledge, establish sharing of knowledge, and governance of tacit and explicit knowledge transfer (Frazier, Maltz, Antia, & Rindfleisch, 2009; Y. Liu, Luo, & Liu, 2009; Luo, Liu, Zhang, & Huang, 2011; Y. Li, Long, Li, & You, 2014; Zhang & Zhou, 2013). Nevertheless, the relationship between formal mechanisms and knowledge transfer is highly debatable (Y. Liu, Li, Shi, & Liu, 2017a). Consequently, this paper focuses to study the formal governance mechanisms in the context of IJVs via two elements; contract (Li, Poppo, & Zhou, 2010; Y. Liu et al., 2017a; Mayer & Argyres, 2004) and control (Farrell, Oczkowski, & Kharabsheh, 2011).

It is obvious that a contract agreement specifies the duties and rules of each firm partner, courses of action during conflict, and realization of main objectives (Poppo & Zenger, 2002). Through explicit contracts, mutual expectations and precise behavioral boundaries can be stipulated (Parkhe, 1993). A contract not only proposes behavioral patterns (Rousseau, 1995), but also specifies duties of parties involved, along with penalties in case of violation of agreement (Y. Liu et al., 2009). Promises specification, processes and obligations for disagreement determination frequently rises as

the complexity of the contract increases. Thus, as stated by (Poppo & Zenger, 2002) that complex contracts should enlist detailed roles and responsibilities, procedures for monitoring, penalties for non-compliance, and above all, determine the agreement outcomes.

According to (Zhang & Zhou, 2013), formal contracts are often protected by legal systems to prevent managerial disputes and ethical risks, which in turn facilitates exchange activities such as transfer of knowledge. Such contracts require continuous information sharing and communication to create formal operating procedures (Y. Liu et al., 2017a). A nicely composed contract ensures exchange of knowledge among both partners through postulating the procedure of knowledge sharing, gain, and utilization, to attain overall objectives (Zhang & Zhou, 2013). These contracts favors the partners by preventing unwanted knowledge exploitation during knowledge exchange. Partners may have to bear economic and legal consequences in case of un-fulfillment of expectations (Li et al., 2010) hence, a contract is crucial as it offers a formal platform for future dealings (Wacker et al., 2016).

There are many studies which illustrate the importance of contracts. A study based on 225 Chinese buyers and suppliers has revealed that contracts can improve the quantity and quality of conveyed knowledge (Y. Liu et al., 2017a). Contracts have also been found to restrain opportunism and improve relationship performance among the Chinese manufacturer-distributor dyads (Liu et al., 2009). Another study by (Li et al., 2010) based on 168 foreign subsidiaries in China has suggested that in depth contracts can accelerate acquisition of explicit knowledge. Unlike contract, (B. I. Park & Choi, 2014) stated that control is based on observable decision making powers. IJVs' control can be defined as the power of decision making in daily

tasks, held by one partner (Choi & Beamish, 2004). The importance of control can be realized through its influence on knowledge acquisition. Appropriate control is crucial for organizational learning. As it simplifies knowledge exchange, accelerate the consumption of organizational resources, and redefines organizational direction, in compliance with the new information (Makhija & Ganesh, 1997). Control arrangements are alluded and shaped over a period of time and decision making powers are divided among partners to manage the joint venture (Steensma & Lyles, 2000). Furthermore, control guides the authority and power among partners during knowledge exchange. These guidelines affect the quality and quantity of knowledge exchange during interactions between partners (Turner & Makhija, 2006).

Various studies have highlighted the importance of control. A research study conducted by (Zhang & Zhou, 2013) on 343 manufacturer-supplier has supported the role of formal control in knowledge transfer. Another study was conducted in Korea has also suggested that control mechanisms such as; operational and management control, have optimistic influence on organizational learning (B. I. Park & Choi, 2014). Additionally, in their study in china, Luo (2007) has observed that managerial control can restrain partner opportunism. (Atuahene-Gima & Li, 2002) have also supported that process control is further effective in China as compared to the United States of America. However, a partner's range of control can be influenced by knowledge and asset investment (Chalos & O'Connor, 2004). In the joint venture context, partners from the United States of America have considered control as an important tool for selective transfer and the protection of knowledge. However, the Chinese partners have perceived that the same set of control as vital tools for selective transfer and the protection of asset investments (Atuahene-Gima & Li, 2002). Furthermore, the imbalance in management



control structure between partners can cause parental conflict which can increase the likelihood of an IJV failure. However, the imbalance in ownership control structure does not cause conflict or IJV failure (Steensma & Lyles, 2000).

### IJVs' COMPETITIVENESS

Porter's (1980) generic competitive strategies have explained that alternate market positions can provide competitive advantage through differentiation or cost reduction in order to gain better consumer values and margins. However, a firm's (IJV) competitiveness can be defined through a firm's market performance in comparison to its competitors (L. Y. Wu, Wang, Chen, & Pan, 2008; W. p. Wu, 2008). Therefore, to gain competitive advantage, a company should put forward its dynamic capabilities of knowledge assimilation in its areas of expertise (Grant, 1996). However, to sustain competitive advantage, a company should learn to protect its knowledge by preventing knowledge imitation and expropriation by its competitors (Liebeskind, 1996). Thus, a firm can gain competitive advantage through better knowledge management and learning (P.-L. Liu, Chen, & Tsai, 2004).

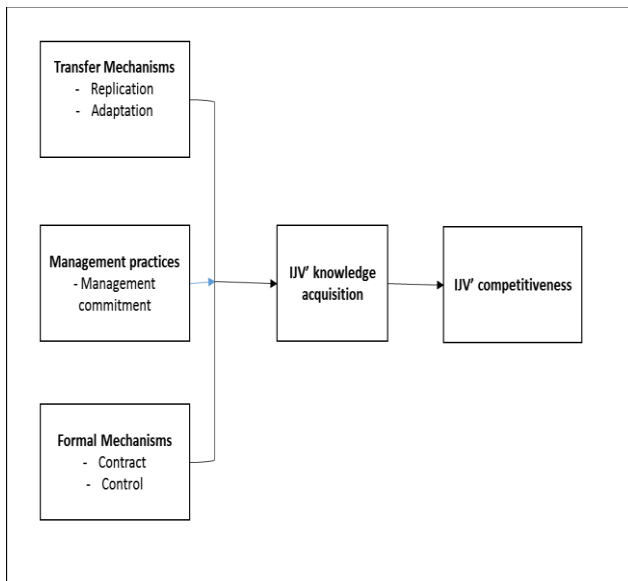
Most companies form IJVs or any other form of alliances to gain necessary knowledge, expertise and other valuable possessions in order to fulfill their knowledge gap. Lack of knowledge can hinder the augmentation of a firm's abilities. That is why partnering firms in any form of alliances mostly own different but complementary knowledge and skills. Furthermore, the acquisition of required knowledge through IJV partner(s) not only can enhance firm's capabilities but also improves its allies' comparability. Concisely, enhanced capabilities can facilitate companies to counteract their market competitors (E. Fang, 2011). A company can also increase its market competitiveness through the integration of necessary information with its internal knowledge.

Integration equips the company with complementary marketing abilities, prompt responsiveness to market changes, and innovative product offers (E. E. Fang & Zou, 2009; Zhou & Li, 2012). In the context of IJVs, foreign knowledge is compulsory for skill extension which will provide distinctive benefits to the company as compared to its rivals (Yli-Renko, Autio, & Sapienza, 2001) suggesting that knowledge-based assets gained through foreign parents can provide strong competitive advantage to an IJV.

The above discussion clarifies that knowledge contributes to sustainable competitive advantage and performance (Grant, 1996). Despite these developments, there are few studies that have supported the role of knowledge based resources to gain competitive advantage, including a conceptual study by (Hooley et al., 1996) which was conducted in Hungary, and an empirical study by (Zhan et al., 2009) which was conducted in Vietnam. However, little empirical investigation has been done to understand the contributions of transferred knowledge and resources to gain competitive advantage in IJVs. Therefore, more research studies should be conducted to analyze the relationship between transferred knowledge and resources from foreign partners.

### CONCEPTUAL FRAMEWORK OF THE STUDY

As shown in the figure 1.1, the framework of this paper is supported by both (KBV) knowledge-based view and (TCE) transaction cost economics theories, the paper has proposed a two-fold framework which contains transfer mechanisms, formal mechanisms, and management practices as knowledge acquisition's antecedents and IJVs' innovativeness as knowledge acquisition's outcome.



**Figure 1.1 conceptual framework.**

## CONCLUSION

Over the recent decade, the number of researches on acquisition of knowledge in the context of IJVs is increasing. The literature has covered on antecedents of knowledge acquisition; however, there is still lack of studies on other potential factors from different perspective. Previous researches have attempted to investigate facilitators of knowledge acquisition in term of social capital and absorptive capacity. Therefore, this paper has proposed each of management practices, transfer mechanisms, and formal mechanisms as antecedents to knowledge acquisition. Furthermore, this paper contributes to enhance the literature by proposing the effect of knowledge acquisition on IJVs' competitiveness. To sum up, this study contributes to the body of knowledge, theoretically, empirically, and practically. First, theoretically this study has proposed a comprehensive two-fold model with a framework that has never been integrated before. Secondly, the relationships between the variables can be empirically tested in future. Finally, the research has been practically investigated in the context of a transitional economics setting, (e.g. Algeria). Therefore, we strongly invite researchers to further investigate in the major of IJV's

knowledge acquisition. The findings of such research can contribute to the rationale of outlining policies in the aspects of IJVs' knowledge acquisition. The paper results may be also supportive to concerned academics, consultants, independent organizations, and practitioners in their pursuance to accomplish competitiveness.

Like any other scientific researches, this paper also has limitations and directions of future studies. The first limitation is IJVs' knowledge acquisition from foreign partner, whereby this paper has suggested three antecedents and one determinant. Therefore, it is strongly recommended that future studies should test this model by adding other vital predictors of knowledge acquisition such as; environmental uncertainty in order to provide new insights to the body of knowledge, particularly on the relationship between such variables. Additionally, future studies are also recommended to test another variables such as IJVs' innovativeness.

## REFERENCES

- [1] Ado, A., Su, Z., & Wanjiru, R. (2016). Learning and Knowledge Transfer in Africa-China JVs: Interplay between Informalities, Culture, and Social Capital. *Journal of International Management*.
- [2] Anh, P. T. T., Baughn, C. C., Hang, N. T. M., & Neupert, K. E. (2006). Knowledge acquisition from foreign parents in international joint ventures: An empirical study in Vietnam. *International Business Review*, 15(5), 463-487.
- [3] Atuahene-Gima, K., & Li, H. (2002). When does trust matter? Antecedents and contingent effects of supervisee trust on performance in selling new products in China and the United States. *Journal of Marketing*, 66(3), 61-81.
- [4] Bamford, J., Ernst, D., & Fubini, D. G. (2004). Launching a world-class joint venture. *Harvard business review*, 82(2), 90-100.
- [5] Battistella, C., De Toni, A. F., & Pillon, R. (2016). Inter-organisational

- technology/knowledge transfer: a framework from critical literature review. *The Journal of Technology Transfer*, 41(5), 1195-1234.
- [6] Beamish, P. W., & Lupton, N. C. (2009). Managing joint ventures. *The Academy of Management Perspectives*, 75-94.
- [7] Chalos, P., & O'Connor, N. G. (2004). Determinants of the use of various control mechanisms in US-Chinese joint ventures. *Accounting, organizations and society*, 29(7), 591-608.
- [8] Chen, C.-J., Hsiao, Y.-C., & Chu, M.-A. (2014). Transfer mechanisms and knowledge transfer: The cooperative competency perspective. *Journal of Business Research*, 67(12), 2531-2541.
- [9] Choi, C.-B., & Beamish, P. W. (2004). Split management control and international joint venture performance. *Journal of international business studies*, 35(3), 201-215.
- [10] Damanpour, F., Devece, C., Chen, C. C., & Pothukuchi, V. (2012). Organizational culture and partner interaction in the management of international joint ventures in India. *Asia Pacific Journal of Management*, 29(2), 453-478.
- [11] Dhanaraj, C., Lyles, M. A., Steensma, H. K., & Tihanyi, L. (2004). Managing tacit and explicit knowledge transfer in IJVs: the role of relational embeddedness and the impact on performance. *Journal of international business studies*, 35(5), 428-442.
- [12] Earl, L. (2003). Knowledge management in practice in Canada, 2001. *Statistics Canada, Ottawa*.
- [13] Easterby-Smith, M., Lyles, M. A., & Tsang, E. W. (2008). Inter-organizational knowledge transfer: Current themes and future prospects. *Journal of management studies*, 45(4), 677-690.
- [14] Evangelista, F. (2009). Organizational context and knowledge acquisition in IJVs: an empirical study. *Journal of World Business*, 44(1), 63-73.
- [15] Fang, E. (2011). The effect of strategic alliance knowledge complementarity on new product innovativeness in China. *Organization Science*, 22(1), 158-172.
- [16] Fang, E. E., & Zou, S. (2009). Antecedents and consequences of marketing dynamic capabilities in international joint ventures. *Journal of International Business Studies*, 40(5), 742-761.
- [17] Farrell, M. A., Oczkowski, E., & Kharabsheh, R. (2011). Antecedents and performance consequences of learning success in international joint ventures. *Industrial Marketing Management*, 40(3), 479-488.
- [18] Frazier, G. L., Maltz, E., Antia, K. D., & Rindfleisch, A. (2009). Distributor sharing of strategic information with suppliers. *Journal of Marketing*, 73(4), 31-43.
- [19] Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic management journal*, 17(S2), 109-122.
- [20] Grant, R. M., & Baden-Fuller, C. (1995). A knowledge-based theory of inter-firm collaboration. Paper presented at the Academy of management proceedings.
- [21] Gray, P. H. (2001). A problem-solving perspective on knowledge management practices. *Decision Support Systems*, 31(1), 87-102.
- [22] Hooley, G., Cox, T., Shipley, D., Fahy, J., Beracs, J., & Kolos, K. (1996). Foreign direct investment in Hungary: Resource acquisition and domestic competitive advantage. *Journal of international business studies*, 27(4), 683-709.
- [23] Huber, G. P. (1991). Organizational learning: The contributing processes and the literatures. *Organization science*, 2(1), 88-115.
- [24] Inkpen, H., & Inkpen, H. (2016). Review of empirical research on knowledge management practices and firm performance. *Journal of Knowledge management*, 20(2), 230-257.
- [25] Jasimuddin, S. M. (2007). Exploring knowledge transfer mechanisms: The case of a UK-based group within a high-tech global corporation. *International Journal of Information Management*, 27(4), 294-300.
- [26] Javorcik, B. S., & Kaminski, B. (2008). How to Attract FDI and Maximize Its Benefits. *Competitiveness of New Europe*, 74-96.
- [27] Jiang, K., Keller, W., Qiu, L. D., & Ridley, W. (2018). International Joint Ventures and

- Internal vs. External Technology Transfer: Evidence from China: National Bureau of Economic Research.
- [28] Keramati, A., & Azadeh, M. (2007). *Exploring the effects of top management's commitment on knowledge management success in academia: A case study*. Paper presented at the Proceedings of World Academy of Science, Engineering and Technology.
- [29] Lee, S., Gon Kim, B., & Kim, H. (2012). An integrated view of knowledge management for performance. *Journal of Knowledge management*, 16(2), 183-203.
- [30] Lei, D., Slocum Jr, J. W., & Pitts, R. A. (1997). Building cooperative advantage: Managing strategic alliances to promote organizational learning. *Journal of World Business*, 32(3), 203-223.
- [31] Li, J. J., Poppo, L., & Zhou, K. Z. (2010). Relational mechanisms, formal contracts, and local knowledge acquisition by international subsidiaries. *Strategic Management Journal*, 31(4), 349-370.
- [32] Liebeskind, J. P. (1996). Knowledge, strategy, and the theory of the firm. *Strategic management journal*, 17(S2), 93-107.
- [33] Lippman, S. A., & Rumelt, R. P. (1982). Uncertain imitability: An analysis of interfirm differences in efficiency under competition. *The Bell Journal of Economics*, 418-438.
- [34] Liu, P.-L., Chen, W.-C., & Tsai, C.-H. (2004). An empirical study on the correlation between knowledge management capability and competitiveness in Taiwan's industries. *Technovation*, 24(12), 971-977.
- [35] Liu, Y., Li, Y., Shi, L. H., & Liu, T. (2017a). Knowledge transfer in buyer-supplier relationships: The role of transactional and relational governance mechanisms. *Journal of Business Research*.
- [36] Liu, Y., Li, Y., Shi, L. H., & Liu, T. (2017b). Knowledge transfer in buyer-supplier relationships: The role of transactional and relational governance mechanisms. *Journal of Business Research*, 78, 285-293.
- [37] Liu, Y., Luo, Y., & Liu, T. (2009). Governing buyer-supplier relationships through transactional and relational mechanisms: Evidence from China. *Journal of Operations Management*, 27(4), 294-309.
- [38] Luo, Y. (2007). An integrated anti-opportunism system in international exchange. *Journal of International Business Studies*, 38(6), 855-877.
- [39] Luo, Y., Liu, Y., Yang, Q., Maksimov, V., & Hou, J. (2015). Improving performance and reducing cost in buyer-supplier relationships: The role of justice in curtailing opportunism. *Journal of Business Research*, 68(3), 607-615.
- [40] Luo, Y., Liu, Y., Zhang, L., & Huang, Y. (2011). A taxonomy of control mechanisms and effects on channel cooperation in China. *Journal of the Academy of Marketing Science*, 39(2), 307-326.
- [41] Luo, Y., & Park, S. H. (2004). Multiparty cooperation and performance in international equity joint ventures. *Journal of international business studies*, 35(2), 142-160.
- [42] Lyles, M. A., & Barden, J. Q. (2000). Trust, organizational controls, knowledge acquisition from the foreign parents, and performance in Vietnamese international joint ventures.
- [43] Lyles, M. A., & Salk, J. E. (1996). Knowledge acquisition from foreign parents in international joint ventures: An empirical examination in the Hungarian context. *Journal of international business studies*, 27(5), 877-903.
- [44] Madhok, A. (2006). Revisiting multinational firms' tolerance for joint ventures: A trust-based approach. *Journal of International Business Studies*, 37(1), 30-43.
- [45] Makhija, M. V., & Ganesh, U. (1997). The relationship between control and partner learning in learning-related joint ventures. *Organization Science*, 8(5), 508-527.
- [46] Martín-de Castro, G., López-Sáez, P., Delgado-Verde, M., Donate, M. J., & Guadamillas, F. (2011). Organizational factors to support knowledge management and innovation. *Journal of Knowledge management*, 15(6), 890-914.
- [47] Mason, K. J., & Leek, S. (2008). Learning to build a supply network: an exploration of dynamic business models. *Journal of management studies*, 45(4), 774-799.



- [48] Mayer, K. J., & Argyres, N. S. (2004). Learning to contract: Evidence from the personal computer industry. *Organization Science*, 15(4), 394-410.
- [49] Meier, M. (2011). Knowledge management in strategic alliances: a review of empirical evidence. *International Journal of Management Reviews*, 13(1), 1-23.
- [50] Minbaeva, D., Park, C., Vertinsky, I., & Cho, Y. S. (2018). Disseminative capacity and knowledge acquisition from foreign partners in international joint ventures. *Journal of World Business*.
- [51] Nguyen, N. T. D., & Aoyama, A. (2012). *Management practice analysis on cross-cultural technology-transfer at Japanese-manufacturing-subsidiaries in Vietnam*. Paper presented at the ISPIM Innovation Symposium.
- [52] Nguyen, N. T. D., & Aoyama, A. (2015). The impact of cultural differences on technology transfer: Management practice moderation. *Journal of Manufacturing Technology Management*, 26(7), 926-954.
- [53] Pak, Y. S., Ra, W., & Lee, J. M. (2015). An integrated multi-stage model of knowledge management in international joint ventures: Identifying a trigger for knowledge exploration and knowledge harvest. *Journal of World Business*, 50(1), 180-191.
- [54] Park, B. I. (2010). What matters to managerial knowledge acquisition in international joint ventures? High knowledge acquirers versus low knowledge acquirers. *Asia Pacific Journal of Management*, 27(1), 55-79.
- [55] Park, B. I. (2011). Knowledge transfer capacity of multinational enterprises and technology acquisition in international joint ventures. *International Business Review*, 20(1), 75-87.
- [56] Park, B. I., & Choi, J. (2014). Control mechanisms of MNEs and absorption of foreign technology in cross-border acquisitions. *International Business Review*, 23(1), 130-144.
- [57] Park, C. (2015). *Disseminative Abilities and the Impact on Tacit and Explicit Knowledge Transfers: The Role of Partner Compatibility*. Paper presented at the Academy of Management Proceedings.
- [58] Park, C., & Vertinsky, I. (2016). Reverse and conventional knowledge transfers in international joint ventures. *Journal of Business Research*, 69(8), 2821-2829.
- [59] Park, C., Vertinsky, I., & Becerra, M. (2015). Transfers of tacit vs. explicit knowledge and performance in international joint ventures: The role of age. *International Business Review*, 24(1), 89-101.
- [60] Park, C., Vertinsky, I., & Lee, C. (2012). Korean international joint ventures: how the exchange climate affects tacit knowledge transfer from foreign parents. *International Marketing Review*, 29(2), 151-174.
- [61] Park, S. H., & Ungson, G. R. (1997). The effect of national culture, organizational complementarity, and economic motivation on joint venture dissolution. *Academy of Management journal*, 40(2), 279-307.
- [62] Parkhe, A. (1993). "Messy" research, methodological predispositions, and theory development in international joint ventures. *Academy of management review*, 18(2), 227-268.
- [63] Penrose, E. T. (2009). *The Theory of the Growth of the Firm*: Oxford university press.
- [64] Poppo, L., & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? *Strategic management journal*, 23(8), 707-725.
- [65] Prévot, F., & Spencer, R. (2006). Supplier competence alignment: Cases from the buyer perspective in the Brazilian market. *Industrial Marketing Management*, 35(8), 944-960.
- [66] Rotsios, K., Sklavounos, N., & Hajidimitriou, Y. (2018). Knowledge Transfer and Trust Among Partners: The Case of Greek IJVs Economy, Finance and Business in Southeastern and Central Europe (pp. 637-653): Springer.
- [67] Rousseau, D. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*: Sage Publications.
- [68] Sazali, A., & Raduan, C. (2011). The Inter Firm Technology Transfer in Malaysia—A

- Holistic Approach. Saarbrücken: Verlag Dr. Müller (VDM).
- [69] Schiuma, G., Andreeva, T., & Kianto, A. (2012). Does knowledge management really matter? Linking knowledge management practices, competitiveness and economic performance. *Journal of Knowledge management*, 16(4), 617-636.
- [70] Simonin, B. L. (2004). An empirical investigation of the process of knowledge transfer in international strategic alliances. *Journal of international business studies*, 35(5), 407-427.
- [71] Steensma, H. K., & Lyles, M. A. (2000). Explaining IJV survival in a transitional economy through social exchange and knowledge-based perspectives. *Strategic management journal*, 831-851.
- [72] Szulanski, G., & Jensen, R. J. (2006). Presumptive adaptation and the effectiveness of knowledge transfer. *Strategic management journal*, 27(10), 937-957.
- [73] Tamma, E. (2019a). The Impact of Transfer Mechanism on Knowledge Acquisition at International Joint Venture. *The Journal of Research on the Lepidoptera*, 50(4), 290-305.
- [74] Tamma, E. (2019b). Knowledge Acquisition through International Joint Venture in Transitional Economies: the Case of Algeria. *International Journal of Contemporary Applied Sciences*, 6(11), 51-72.
- [75] Tamma, E., Abd. Rahim b, J., & Fakhrorazi, A. (2017). Knowledge Acquisition from Foreign Partners in International Joint Ventures: Determinants and Outcomes. *Journal of Advanced Research in Business, Marketing, and Supply Chain Management*, 1(1), 61-67.
- [76] Tamma, E., Abd. Rahim b, J., & Fakhrorazi, A. (2018). Mechanisms Influencing IJVs' Knowledge Acquisition and IJVs' Innovativeness in Algeria: A Proposed Framework. *International Journal of Academic Research in Business and Social Sciences*, 8(7), 1079-1093.
- [77] Tamma, E., Abd. Rahim b., J., & Fakhrorazi, A. (2018). Theoretical framework on antecedents of knowledge acquisition and innovativeness in international joint venture. *Journal of Global Business and Social Entrepreneurship (GBSE)*, 4(11), 172-185.
- [78] Tamma, E., Jaguli, A. R. b., & Ahmad, F. (2018). Factors Influencing Knowledge Acquisition and Competitiveness in International Joint Venture: A Proposed Framework. *Journal of Humanities, Language, Culture and Business (HLCB)*, 2(9), 8-21.
- [79] Tamma, E., Takyeddine, H., & Emir Moumene, B. (2019). Determining the Mediating Role of Knowledge Acquisition and Competitiveness in International Joint Venture's Performance. *Journal of Advanced Research in Dynamical and Control Systems*, 11(11), 274-286.
- [80] Teece, D. J. (1998). Capturing value from knowledge assets: The new economy, markets for know-how, and intangible assets. *California management review*, 40(3), 55-79.
- [81] Thi Thuc Anh, P., & Baughn, C. (2013). Antecedents and Consequence of International Joint Venture Learning: the Case of Vietnam. *Journal of Economics and Development*, 13(3), 58.
- [82] Thuy Pham, N., & Swierczek, F. W. (2006). Facilitators of organizational learning in design. *The Learning Organization*, 13(2), 186-201.
- [83] Tsang, E. W., Nguyen, D. T., & Erramilli, M. K. (2004). Knowledge acquisition and performance of international joint ventures in the transition economy of Vietnam. *Journal of International Marketing*, 12(2), 82-103.
- [84] Turner, K. L., & Makhija, M. V. (2006). The role of organizational controls in managing knowledge. *Academy of management review*, 31(1), 197-217.
- [85] Wacker, J. G., Wacker, J. G., Yang, C., Yang, C., Sheu, C., & Sheu, C. (2016). A transaction cost economics model for estimating performance effectiveness of relational and contractual governance: Theory and statistical results. *International Journal of Operations & Production Management*, 36(11), 1551-1575.
- [86] Wang, Y., & Nicholas, S. (2005). Knowledge transfer, knowledge replication, and learning in non-equity alliances: Operating contractual

- joint ventures in China. *MIR: Management International Review*, 99-118.
- [87] Williams, C. (2007). Transfer in context: Replication and adaptation in knowledge transfer relationships. *Strategic Management Journal*, 28(9), 867-889.
- [88] Winter, S. G. (1995). Four Rs of profitability: rents, resources, routines, and replication *Resource-based and evolutionary theories of the firm: Towards a synthesis* (pp. 147-178): Springer.
- [89] Winter, S. G., & Szulanski, G. (2001). Replication as strategy. *Organization Science*, 12(6), 730-743.
- [90] Wu, L. Y., Wang, C. J., Chen, C. P., & Pan, L. Y. (2008). Internal Resources, External Network, and Competitiveness during the Growth Stage: A Study of Taiwanese High-Tech Ventures<sup>1</sup>. *Entrepreneurship theory and practice*, 32(3), 529-549.
- [91] Wu, W. p. (2008). Dimensions of social capital and firm competitiveness improvement: The mediating role of information sharing. *Journal of Management Studies*, 45(1), 122-146.
- [92] Y. Li, E., Long, Y., Li, P., & You, B. (2014). Knowledge transfer, governance mechanisms in alliance and environmental uncertainty: an empirical study. *Chinese Management Studies*, 8(3), 438-472.
- [93] Yli-Renko, H., Autio, E., & Sapienza, H. J. (2001). Social capital, knowledge acquisition, and knowledge exploitation in young technology-based firms. *Strategic management journal*, 22(6-7), 587-613.
- [94] Zhan, W., Chen, R. R., Erramilli, M. K., & Nguyen, D. T. (2009). Acquisition of organizational capabilities and competitive advantage of IJVs in transition economies: The case of Vietnam. *Asia Pacific Journal of Management*, 26(2), 285.
- [95] Zhang, Q., & Zhou, K. Z. (2013). Governing interfirm knowledge transfer in the Chinese market: The interplay of formal and informal mechanisms. *Industrial Marketing Management*, 42(5), 783-791.
- [96] Zhou, K. Z., & Li, C. B. (2012). How knowledge affects radical innovation: Knowledge base, market knowledge acquisition, and internal knowledge sharing. *Strategic management journal*, 33(9), 1090-1102.