Joint Ventures

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Reference this article

Abstract / Definition
Joint ventures are a way to enter new markets through the partnering of commercial resources. In markets that restrict inward investment, joint ventures may be the only way to achieve market access. Within joint ventures, equity positions are usually taken by the participants. Such holdings can vary substantially in size, although it is usually important to establish clear lines of management decision making control in order to achieve success. A lesser form of participation, which may or may not involve equity participation, involves strategic alliances. Joint ventures tend to have a relatively high failure rate. Nevertheless, they also enjoy a number of specific advantages. Joint venture agreements cover operational aspects such as legality, board and management structures, capital and equity management, financial rights, market rights of partners in different regions and dispute resolution.

Keywords
Joint ventures, shareholding, co-operation

Link to publication