

Factors Affecting the Implementation of Joint Ventures: A Study of Outsourcing in Healthcare Services in Low and Middle-Income Countries

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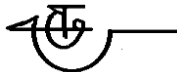
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DECLARATION

I hereby declare that this PhD thesis entitled “**Factors Affecting Implementation of Joint Ventures Model: A Study of Outsourcing in Healthcare Services in Low and Mid-Income Countries**” was carried out by me under the University of Salford regulations for the PhD degree under the guidance and supervision of Prof. Mohammed Arif, School of the Built Environment, University of Salford, Salford, United Kingdom.

The explanations put forward are based on my reading and analysing of the original texts and they are not published anywhere in the form of books or articles. All books, articles and websites, which I have made use of are acknowledged at the respective place in the text within the study. The present thesis has not submitted before to any university or other academic institution to qualify for any academic award.

Signed:



Ahmed Abdulla al-Mazroei

Date: October, 2015

LIST OF ABBREVIATIONS

CEO	Chief executive officer
DALY	Disability -adjusted life-years
IJV	International joint venture
IT	Information technology
IV	Independent variables
GDO	Gross domestic product
GNI	Gross national income
FP	For-profit
HMC	Hamad medical city
ISM	Interpretive structural modelling
JV	Joint venture
LDC	Least developed countries
LMIC	Low and middle-income countries
MOH	Ministry of public health
NGO	Non-government organization
NP	Non-profit
PHC	Primary healthcare care
PPP	Public-private partnership
RDT	Resource Dependence Theory
SSIM	Structural self-Interaction matrix
TCE	Transaction cost economics
WHO	World health organization

Abstract

This research deals with the development of framework for assessing a joint venture (JV) model as of outsourcing relationship that that can be used to lead to process improvements in the healthcare system in Low and Middle-Income Countries (LMIC). A range of articles were reviewed to investigate different concepts relevant to the research toward exploring the factors affecting the successful implementation of a JV model as outsourcing relationship for healthcare services in LMICs. This was followed by three stages of semi-structured and structured interviews and group discussions and survey questionnaires, with healthcare providers, policy makers, vendors, consultants and other stakeholders from LMIC. The results support test of proposition and guide the validation process by using interpretive structural modelling (ISM) to allow the development of the implementation strategy framework. The research finding indicates that the healthcare system in the LMICs must incorporate JV in implementing outsourcing that addresses process improvement and needed knowledge transfer. One of the practical implications, the improvement of the LMIC healthcare setting require partnership with all major stakeholders and technology providers to explore further beyond the traditional organizational boundary as the framework for analysis. The findings presented in this research, help to support views on expanding the use of JV as an approach for improvement in LMIC healthcare system based on the conceptual framework in relation to the key identified factors. In addition, the researchers can use this model as a foundational framework for further research.

Key words: Joint venture, outsourcing, healthcare, low and middle-income countries, developing countries.

CHAPTER ONE

INTRODUCTION

1.1 Research Background

Healthcare is a critical component of a country's economy both from the national and local perspectives. However, the economic shifts in a country can result in changes in demand and delivery of healthcare services. Over the long term, as populations grow their will be a growing demand for healthcare. Subsequently, this will call for better integration and efficiency of services and improved legislative reforms affecting the financing and regulation of healthcare and its effects on economic cycles. It is very important that policy makers in developing countries with poor settings identify the key barriers to healthcare before embarking on expensive healthcare programmes, whose success relies on good existing health infrastructures (Lagarde & Palmer, 2009). Improvements in the economy and employment and the implementation of new regulations seemed to have contributed to the success. Continued macroeconomic stability plus further efforts to improve the efficiency bode well for the system's financial sustainability ("Financing health in middle-income countries," World Bank, 2010).

World Bank defines low and middle-income countries (LMIC) with gross national incomes of \$996- \$3,945, based on the common used classification of countries by income per capita (World Bank classification, 2011). Increased burden of disease in LMIC cannot be overlooked, especially in the Republic of Yemen which has been

selected in this research case study where mortality and morbidity rates are currently high and likely to increase. In terms of burden of disease, measured in disability-adjusted life-years (DALYs), chronic diseases were responsible for an estimated 49% of the total worldwide burden of disease in 2005 and 46% of the disease burden in low-income and middle-income countries (Abegunde *et al.*, 2007).

1.2 Research Needs and Importance

In view of the fact, healthcare organization in the LMIC have scarcity of all kind of resources. Most ministries had limited capacity for cost and price analysis and transaction cost estimations were usually not done (Siddiqi *et al.*, 2006). In addition, due to the lack of qualified skills in healthcare organizations in developing countries, outsourcing services can potentially generate good return on investment. Nevertheless, in absence of clear of policy and lack of qualified resources pose some major challenges. These challenges make the topic covered in this thesis relevant, important and worth exploring.

A number of changes are taking place in the epidemiological profiles of populations and the financing and organization of health systems that have increased the need to set health reform priorities. A variety of health reform efforts with varying approaches are under way in clusters of countries as well (World Bank, 2010). Taking into consideration, the complexity of health financing arrangements in low and middle-income countries is poorly supported and totally out of balance by geographic region and cultural context. This implies that the health systems in LMICs need much more effort to address innovative approaches including joint venture (JV) model that could lead to service improvement as outsourcing relationship. Which in support to Kimmons (2011) views,

firms that want to establish outsourcing relationships often do so through a JV model because certain aspects of an outsourcing relationship are intrinsically similar to JV. Taken into consideration the increased interest in research on control across organization boundaries, this interest is a consequence of closer relationships between organizations for example, JV model, long-term outsourcing relationships, licensing agreements and franchising arrangements (Håkansson & Lind, 2004).

Additionally, such a model allows the delivery of comprehensive solutions that will help to decrease the rising mortality and morbidity rates and will improve the quality of the delivery of services systems. This is of particular importance to Yemen which is among the least developed countries in the world. Yemen is an example used as a case study with a population of around 23 million with 110,000 settlements over an area of 527,970 square kilometres and around 73.5% of the people living in rural areas and 46.3% of the population represented by children under the age of 15 (WHO, 2013). The healthcare system in Yemen is supposed to be integrated with rest of the Gulf Cooperative Council countries' healthcare system. However, since it lags behind them significantly in all aspects, it is important to improve them and bring them at par with everyone else. Qatar government decided to evaluate the best option to achieve a sustainable, affordable, state of the art healthcare system in Yemen. This initiative is ongoing but despite that challenges with Yemeni healthcare system remain. Some of the major areas of concern are access to care, communicable diseases specifically diarrheal diseases in kids, Non-communicable diseases in adult and further follow up to promote health and conduct screening of diseases. In addition the Yemen government has put initiatives in place to improve maternity health; there is 50% reduction in the Under 5 mortality among children as well as infant mortality over the last 20 years. Furthermore, the percentage of women who received antenatal care improved from 16% to 64%. This translates into high

survival rates, increased demands for education and health services and increased job opportunities (Economic Research Forum, 2008). Also, the current civil war has forced Yemen to face challenges in improving the health status of its population that go beyond the health sector, such as poverty, food insecurity, high illiteracy, limited access to drinking-water and sanitation which are major contributing factors to poor health (WHO, 2013).

From discussions with various stakeholder it is evident that in order to develop reliable health system reform it will require both strong government commitment and support with foreign partner. Such involvement from different stakeholders will be achieved through political commitment and community involvement, private sector participation, health promotion, disease prevention and service delivery models will lead to an important contribution toward health system improvement. In addition, the development framework for implementation of JV for improvement of healthcare system is intends to assist the Yemen policy makers to adapt comprehensive healthcare reform strategies that can be replicated in other LMIC's.

1.3 Research Aims and Objectives

The main focus of the research is to widen the understanding of the determinants of the JV performance by the development framework for assessing a JV model that lead to process improvements in the LMIC healthcare system. However, few studies of good quality, large and with rigorous study design have been carried out to investigate strategies to promote service integration in low and mid income countries (Cj & Garner, 2006; Le *et al.*, 2009; Basu *et al.*, 2012; Bisht *et al.*, 2012). In the same way, this research

intends explore these long-term relationships by focusing particularly on factors affecting JV implementation in LMIC healthcare improvement.

In addition to that, in LMIC different challenges necessitate a more comprehensive approach to improve the quality of care. This research intends to explore these gaps in the study. The goal of this research:

“To develop a framework for assessing a JV model that lead to process improvements in healthcare system in low and middle-income countries.”

The following research objectives are:

1. To investigate the benefits of a JV model in LMIC healthcare system improvement.
2. To document the different healthcare JV strategies.
3. To explore the challenges relating to the implementation of the JV model in LMIC healthcare system.
4. To conceptualize the framework for evaluating the proposition relating to factors affecting the implementation of JV model that lead to process improvements in the LMIC healthcare system.
5. To validate the framework with relevant theoretical anecdotal research perspectives related to healthcare outsourcing option for LMIC.
6. To develop a strategy for the implementation of the JV model in the LMIC healthcare system.

1.4 Research Questions

The purpose of this research is to develop a framework for assessing the JV model as outsourcing option that lead to process improvements in the LMIC healthcare system by analysing the relationships between both foreign and local partners control and performance in JVs which will be addressed through the following questions:

1. What are the areas to be considered for the implementation of outsourcing LMIC healthcare services?
2. What is the fundamental motivation for the selection of outsourcing option: patient care, cost saving, focus in core business, resource availability, work productivity, etc.?
3. What are the factors affecting the implementation of the JV model as outsourcing relationship which could support the on-going process of improving the LMIC healthcare system?
4. What are the lessons learned from the implementation strategy of the JV that can help to shape the healthcare system in LMIC?

1.5 Contribution to the Research

This research intends to provide the contribution based on the implications of the findings with respect to the research questions and how they may impinge on existing theories or understanding. Such theoretical and practical implications will be discussed in detail in chapter 9 of the summary and conclusion. The argument on how the findings could

influence further understanding or application of knowledge in the subject will be completed through three processes; First, the commencement of the validation and verification of several past research findings in the JV model for the LMIC healthcare system; Second, the examination of potential factors affecting the JV performance and third, the explanation of the developments of the framework that contributes in the establishment of the JV model for the LMIC healthcare system improvement.

Further to the investigation of the mentioned factors, the present research also focuses on the relationship between foreign parent control and international joint venture (IJV) performance, in particular to environmental instability surrounding developing countries. Overall, this study has made several important contributions towards broadening understanding of the JV in the LMIC healthcare system and provides a wider prospective of various opportunities for improvement of the LMIC healthcare system. Specifically, this research intends to contribute in the exploration of the JV model in the improvement of the LMIC healthcare services and the assessment of related factors.

This study has been further enhanced by publishing several papers that have allowed me to share the findings in conference and other scientific events to obtain intellectual views and insights of others that help fine tune the research work in papers such as:

1. Health services management in Qatar
2. The improvement of healthcare services in low and middle-income countries by development of a successful outsourcing plan
3. The game changing in healthcare system for developing countries

1.6 Research Organization and Structure

This thesis provides details of the theoretical background of the research, research variables and their measurement methods, data source, analysis and interpretation of the findings and conclusion and recommendations of this research.

This research starts in chapter two with literature on the outsourcing concept and how both have evolved over the years. The history of outsourcing, how it is been applied in the healthcare system and with particular implications in the developing countries is discussed in chapter three. Chapter four explains the research model and proposition testing.

Chapter five discusses the deep insight of research methodology, related variables and the basis of the research analysis. Three stages of structured and semi-structured questionnaire was used as basic instruments for data collection and analysis in chapter six. Chapter VII seven shows how the results of the proposition testing reveals some interesting understandings supported by the careful framing of the JV flow chart by using the Interpretive structural modelling (ISM) which is considered to be well established methodology modelling technique.

Chapter eight recapitulates the development of the JV frameworks, which have been tested with the proposition and further supported by the validation of the interpretive structural modelling technique for identifying relationships among specific issues and also the results of the findings. Finally, summary of findings and implications of the study its limitations and the need for further study are presented in chapter nine.

1.7 Summary of the Chapter

In this introduction chapter, background is given on this study and how the increase of disease burden in developing countries and changes in epidemiological profiles of populations and the financing and organization of health systems have increased the need to set LMIC health reform priorities.

The research needs and the importance of identifying the key barriers to healthcare before embarking on expensive healthcare plans are elaborated further. Also, the conclusion provides a clear overview on research aim and objectives with an explanation of how to achieve these objectives and given the purpose of the research, there is brief highlight on how research questions have been addressed. Finally, a description of the overall study within each chapters and how the organization of the paper enabled the research aim and its objectives to be obtained are discussed.

The next chapter will covered the literature review on the outsourcing concept and JV and how both have evolved over the years in a way that could help demonstrate the full picture of the prime reasons, risks, benefit and trends found when outsourcing different activities in LMIC countries. The review will allow understanding of the reality beyond the outsourcing processes and how JV model as outsourcing relationship can contribute to improvement of LMIC healthcare system.

CHAPTER TWO

REVIEW OF THE LITERATURE OUTSOURCING CONCEPT AND ACTIVITIES

2.1 Introduction

In the previous chapter, a brief overview of the components in the research was given. However, the research background lays the ground for research needs and importance. The aim and objectives of this study helped solidify and identify the content of the research questions.

In view of the importance, the literature review has been given sufficient space in this chapter and further expansion in the following chapter. The purpose of this chapter is to present the review of the general literature about the concepts of outsourcing and an understandable explanation of issues concerning the area and the challenges and drivers related to outsourcing that includes the synthesis of up to date connected research findings with the review of both strengths and weaknesses of prior studies. In order to support the research theoretically there will be subject review from various sources in next chapter. This will allow sufficient understanding of the theoretical foundation that helps the development of the conceptual framework of the study, which will be discussed further in chapter VIII.

In connection with the same exercise, the next chapter will allow further elaboration in the study of the literature that helps justify how an outsourcing approach to the healthcare sector and the rationales of LMIC healthcare services are applicable. The next chapter

will explore literature that addresses the JV concept and how it can be applied in the improvement of the healthcare services.

2.2 Methodology of Literature Review

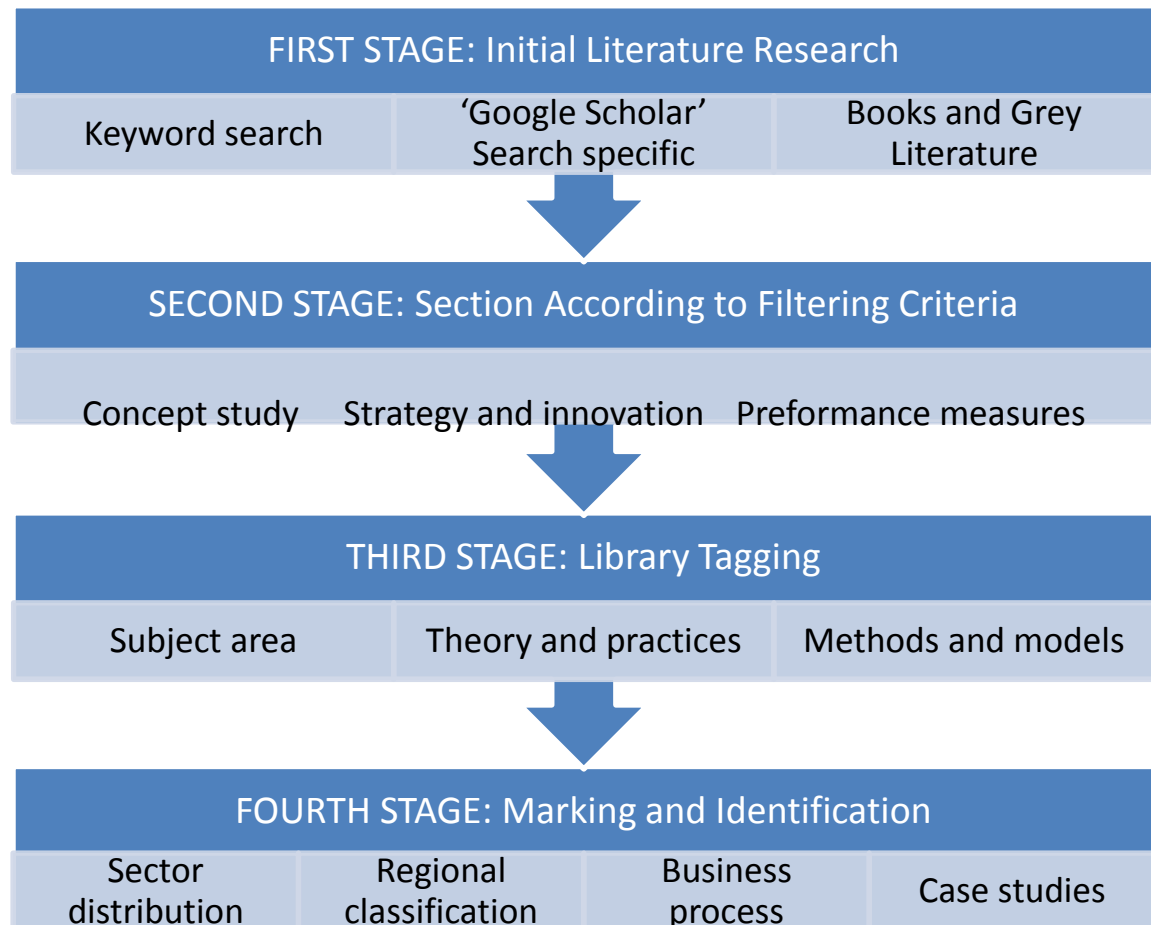


Figure. 2.1 Methodology of literature review stages

The methodology of the literature review in figure 2.1 was carried out in the following ways; first stage, based on keyword search, Google Scholar, known books and grey literature reviews of 122 current business articles and papers in outsourcing and JV which address the outsourcing and JV in LMIC and explain outsourcing concept, trends, benefits and risks. Data is selected for inclusion in this study based on a multistage sampling process (Krippendorff, 2004). In sampling, broad keywords are used to begin to

assess the available data and locate relevant texts. Appropriate University of Salford Solar (search library's academic resources) are used for relevant articles and the key words associated with those articles are added to the search terms. The following key words are used in various combinations to search the databases listed above and for internet searches using Google: outsourcing, join venture, international joint venture, developed and developing countries, healthcare and healthcare reform, hospitals, JV and theories, JV performance, control, commitment and relation, environmental uncertainty, culture distance and partner contribution, cooperation and trust and conflict.

The second stage, in view of limited resources and constraints that influence the ability to implement JV and outsourcing in LMIC healthcare and the study of outsourcing in an economically significant in order to identify innovative approach of implementing outsourcing concept in healthcare system. The research commenced by examining published literature that addresses the general concept of outsourcing strategies in developed countries. The third stage involves Library tagging by using a QIQA software tool designed for academic document management to keep the ideas and thoughts from getting lost by arranging them into a brainstorming mind-mapping tool.

Because most of the reviews and data gathering on this area have been performed outside of academic arena by international agencies and non-government organizations, in the fourth stage the search accompanied by directing the searches for sector distribution, regional classification, business process and case studies on various websites of the World Health Organization (WHO) library database, the World Bank documents and other websites.

The aim is to develop a framework for assessing JV model that lead to process improvements in LMIC healthcare system by focusing on the research on the factors

affecting the implementation of a JV model in the LMIC healthcare services. From a theoretical prospective, the focus has been divided into three fields of theoretical contributions:

(1) Theories that emphasise outsourcing strategies.

The drive for greater efficiencies and cost reductions has forced many organizations to specialize in a limited number of key areas. Many organizations are increasingly considering outsourcing as a critical element of their organizational strategy (Holcomb & Hitt, 2007). The history of outsourcing as a corporate strategy dates back to the 1950s (Dibbern *et al.*, 2004) it was in the early 1990s when outsourcing really started gaining momentum (Morgun, 1999).

(2) Theories that can be contributed to the development of a successful outsourcing process.

A review and critique of these theories as a means of understanding the complexities of outsourcing is presented. The study of outsourcing has become a rich tapestry of theoretical and conceptual foundations, drawing on theories from a range of disciplines such as economics, business strategy organization theory and general management (McIvor, 2009). There is a growing amount of literature on the innovation risks associated with large-scale outsourcing, particularly where non-peripheral business functions are concerned (Quélin & Duhamel, 2003).

(3) Theories that focus on the outsourcing of the healthcare system with a focus on a JV model with outsourcing option that lead to process improvements in the LMIC healthcare system.

Since the healthcare industry has been under pressure to reduce clinical and administrative costs, the need to provide a complex healthcare environment requiring flexible, strategic options with cost effective and high quality services crucial. Healthcare outsourcing could provide access to specialized care including an interpreter service available both day and night to individual hospitals that would otherwise be unable to meet the immediate medical situation (De Maria, 2006). Add to that, compensate observed increase demands in LMIC healthcare and provide access to qualified resources. The cost savings have been identified as the main drivers of outsourcing in healthcare sector but other benefits are also need to be appreciated, like focusing the core service while increasing the outsourcing decisions. Many literature emphasis the desire for cost savings may drive many outsourcing initiatives (Kermic *et al.*, 2006; Kedia & Lahiri, 2007; NIST, 2012). Although, the effects of outsourcing are not yet fully understood and perhaps the implications is far more complex than expected. Regardless, of the assumption that cost savings has been a primary benefit sought in outsourcing decisions, beside other benefits play a significant role in the decision as well. Such benefits will allow health providers in the LMIC to expand its services to allow reach not only in major cities, but also with advancement in technology healthcare, to extend its support to needed rural areas.

2.3 The general outsourcing services concept

The term outsourcing refers to contracting with a third party to provide goods and services to the host organisation that would otherwise have been available in-house (Kakabadse, 2002). At earlier stages, most of the research on outsourcing has focused on manufacturing outsourcing, but today attention is shifting towards the outsourcing of service processes (Ellram *et al.*, 2008; Hutzschenreuter *et al.*, 2011). Lately, outsourcing

has emerged into a significant strategic tool taking into account today's competitive business environment (Zhu *et al.*, 2001). Zhu *et al.* further states that the role of outsourcing should be considered as part of the overall management strategy of a firm and that successful outsourcing thus depends on planning and process. Therefore it seems that successful organizations must consider any form of outsourcing as part of their fundamental strategy.

According to Lever (1997), outsourcing is more complex than other types of contractual relationships and therefore, it is an engagement that firms consistently renegotiate over. This is an ideology that is similar to what Marshall *et al.* (2005) put forward, stating the notion that the development of outsourcing models which are aimed at describing the outsourcing procedure must depict its iterative nature. However, despite the various benefits of outsourcing, cost reduction expectations are not always met (Ren & Zhou, 2008; Wentworth, 2008) and the proportion of firms that decide to back-source is growing despite contract termination penalties and the costs of bringing a process back in-house (Wentworth, 2008; Whitten & Leidner, 2006; Veltri *et al.*, 2008). This demonstrates that no consistent pattern emerge on how to address the complexity of outsourcing. Adding to that, the question toward should outsourcing be applied in the LMIC healthcare setting?

2.3.1 History of Outsourcing

It is difficult if not impossible, to agree on the origin of outsourcing as a practice and/or a scientific concept (Busi & McIvor, 2008). Although outsourcing was not formally identified as a business strategy until 1989 (Mullin, 1996), outsourcing practice dates back to the eighteenth-century in England and has been in continuous use in numerous industry sectors since it received impetus in the latter half of the 1980s and 1990s in the

emerging service sector (Quinn & Hilmer, 1994; Reyniers & Tapiero, 1995; Cheon *et al.*, 1995; Ang & Straub, 1998). Therefore, outsourcing has been approached differently over the ages, subject to industry type and the way of addressing how each organization uses it to address problems and needs.

Outsourcing has evolved and substantially developed over the last three decades. As a result it is certain that outsourcing research will increase over the next few decades, mirroring with some delay what in industry seems to be an unstoppable trend (Lacity *et al.*, 2008; Edgell *et al.*, 2008). Earlytime, outsourcing was based more on Williamson's Transactional Cost economic Theory (TCE), with the Resource Dependence Theory (RDT) being applied more when making strategic outsourcing decisions. McIvor (2000) considers strategic outsourcing to be when companies outsource everything except those special activities which can bring a unique competitive edge. Lankford and Parsa (1999) classify operational advantages as trouble avoidance whilst strategic drivers of outsourcing seek long term contribution to opportunity maximisation. This indicates, that outsourcing decisions are driven by various reasons, starting with cost saving to the aim of development of specific areas of know-how and expertise.

2.3.2 Outsourcing vs. In-sourcing

The reverse of outsourcing is named in-sourcing, which demands bringing processes undertaken by third-party companies in-house. Currie and Willcocks (1998) recognized four types of outsourcing in their research on outsourcing approaches: total outsourcing, multiple supplier outsourcing, joint venture/strategic alliance outsourcing and insourcing. In this respect, insourcing represents a step between vertical integration and outsourcing (Lima, 2009). It consists of establishing shared service centres within an organization so that different areas of business can take advantage from these services in an efficient, cost

effective and simplified form. However, internal sourcing may create proprietary systems and limit technology transfer through vendors (Lorence & Spink, 2004). With the insourcing approach, organizations achieve efficiency gains by relocating and concentrating on one of the specific structure resources that otherwise would be disperse.

It was found that the insourcing provider should have the ability to carve out work functions and conduct activities unique to existing functions. Additionally, it is able to provide supplemental capabilities to strengthen service areas that may already be in-house at some of these organizations. The term "insourcing" typically refers to taking functions back in-house to perform internally with in-house staffing and resources, a hybrid of insourcing and outsourcing can also be employed (Arnum, 2012). There are cases of companies went through the in-sourcing approach and became viable business units that evolved into self-sufficient independent firms with international outreach (Lima, 2009). This led to the ever-ending debate of outsourcing versus insourcing within organizations and industry.

2.4 Reasons for Outsourcing

As explained earlier in this chapter, outsourcing is highly recognized as part of any business process in most successful organizations and it has become common practice among both private and public sectors. However, due to widespread outsourcing practices it has become a frequent topic in the literature and numerous reasons why outsourcing is initiated have been identified by researchers (Kremic *et al.*, 2006). The motivation for outsourcing has been explained in terms of three types of expected benefits: strategic; economic; and technological (Loh & Venkatraman, 1991; McFarlan & Nolan, 1995; Grover *et al.*, 1996). Subsequently, that made outsourcing increasingly used as a competitive weapon in today's global economy. Furthermore, external parties can often

do the job quicker, cheaper and better. Organizations now outsource anything from information technology (IT) and finance, to marketing, research and human resources. In effect, engaging in outsourcing allows an organization access to expertise, knowledge and capabilities found outside its limits (Power & Bonifazi, 2006; Turner, 2007; Hätönen & Eriksson, 2009; Luo *et al.*, 2010). Previous research indicates, even in the late 1990s, cost-savings and freedom to focus upon core business are still major reasons for outsourcing (Currie & Willcocks, 1997). However, political agendas often drive outsourcing by public organizations (Kakabadse, 2000; Kremic *et al.*, 2006; Kurdia *et al.*, 2011). In considering outsourcing as a business strategy, Power and Bonifazi (2006) reveal significant factors that are influencing firms such as: cost savings, focus on core competencies, global diffusion of knowledge, increased sophistication of IT, rise of global knowledge workforce and access to resources and knowledge that allow organisations to redirect valuable internal skills and capabilities to high value added activities. The sourcing debate has moved from whether to outsource, to what and how to outsource (Venkatraman, 1997). Regardless of the advantages and disadvantages, it is evident that outsourcing as a business strategy will remain the core of organizational changes and business improvement processes.

Furthermore, not only are the standard reasons for outsourcing in a developing world important, but also are other major drivers such as strategy, politics and access to knowledge.

2.4.1 Cost Saving Motives

It is evident that economic benefits accrue when a firm can utilize expertise and economies of scale in human and technological resources of the service provider and manage its cost structure through clear contractual arrangements (Huff, 1991; Apte,

1990; Schiffman & Loftin, 1991). Organizations tend to source out work that can be conducted by others at lower cost and with greater effectiveness, or they will waste valuable resources in the pursuit of capabilities that can be readily purchased from others. This pursuit results in poor management, since by its very nature, management is the work for achieving objectives in an effective manner utilizing the least amount of resources. McFarlan and Nolan (1995) argue that until the 1990s the major drivers for outsourcing IT were primarily cost-effective access to specialise or occasionally needed computing power or system development skills, avoidance of building in-house IT skills and skill sets in small or low-technology organisations and access to special functional capabilities. By all means, outsourcing for cost reasons can occur when supplier costs are low enough that even with added overhead, profit and transaction costs, suppliers can still deliver a service for a lower price (Bers, 1992; Harler, 2000). Indeed, outsourcing initiatives have evolved from short-term projects focused on cost savings to executive-level business strategies that enable companies to gain and sustain revenues and profits in the competitive global marketplace. For that, specialization and economies of scale tend to be the mechanisms used to achieve this level of efficiency in most organizations (Klainguti, 2000; Ashe, 1996; Kakabadse, 2000). Therefore, it will be more applicable to address the needs of developing countries to contribute to successful outsourcing process and to consider a long-term relationship like JV as a prospective that will allow achievement and other objectives beside cost savings.

Obviously, most of the research supports cost savings as being the main driver for outsourcing in many organizations. Nevertheless, there is no assurance that initially anticipated savings will be achieved. However, there is increasing evidence that cost savings have been overestimated and costs are sometimes higher after outsourcing (Bryce & Useem, 1998; Cole-Gomolski, 1998; Pepper, 1996). Additionally, we need to consider

that there are also some additional indirect and social costs that may be incurred (Gillett, 1994). The social costs of outsourcing may be hard to identify, but they can be of major impact on the organization environment. In some cases the social costs of outsourcing may be difficult to quantify, but they can be significant. Outsourcing may result in low morale, high absenteeism, lower productivity, etc. (Eisele, 1994; Kakabadse, 2000a; Walsh, 1996). Clearly, this challenges the views of outsourcing as a means to lower cost. Instead it is found, as will be explained in the next section, to be considered as a tool for growth opportunity for organizations when they concentrate in core activities.

2.4.2 Strategy Motives

Strategically driven outsourcing efforts are capability and competency intensive (Power & Bonifazi, 2006). The focus will be to tap into specialized expertise, knowledge, processes and capabilities found outside the organization and use these inputs to help improve the effectiveness and efficiency of operations (Power & Bonifazi, 2006). More importantly, if done properly, strategically driven outsourcing efforts can not only help operations but can also contribute to the strategic and competitive advantages of the organization. In their interpretation Schiffman and Loftin (1991) defined the strategic benefits of such outsourcing decision that refer to the ability of a firm to focus on its core business by outsourcing routine activities. According to Sislian and Satir (2000) perhaps the most often cited strategic reason for outsourcing is to allow the organization to better focus on its core competencies. Moreover, previous research has indicated that the key is to find a strategically and operationally suitable partner (Kedia *et al.*, 2007; Morgan 2003). Whereas traditional outsourcing aims at achieving cost savings or acquiring resources and knowledge that are unavailable internally, the sole idea of transformational outsourcing is to change the way the company operates (Linder *et al.*, 2002; Mazzawi, 2002). Such arguments about strategic benefits may serve as general awareness to trigger

the adaptation of a bigger strategy for considering a JV model as a base for a long-term outsourcing relationship.

Other strategic reasons for outsourcing are related to restructuring, rapid organizational growth, changing technology and the need for greater flexibility to manage demand swings (Eisele, 1994). Organizations need to be careful of the potential pitfalls when outsourcing because they may “give away the crown jewels” if they are not careful (Gillett, 1994). Similarly, IBM is used as a frequent example of a company that outsourced the “wrong” things (the operating system). More specifically, if organizations outsource the wrong functions, they may develop gaps in their learning or knowledge base which may preclude them from future opportunities (Earl, 1996; Hamel & Prahalad, 1990). Outsourcing has moved from initiatives that were financially motivated to the current stage of being strategically motivated (Power & Bonifazi, 2006). More important, by having outsourcing as strategic choice it will help developing countries to develop new skills and meet healthcare standards which are found later to be driver for considering an outsourcing long-term relationship.

2.4.3 Political Drivers

The evidence from the research literature shows that outsourcing by public organizations may be initiated for reasons quite different from private industry. While the reasons may be different, the desired benefits are often similar on outsourcing practices of non-profit (NP) organizations where objectives for outsourcing are typically politically driven, is found to be uncommon (Kremic *et al.*, 2006). However, the political driver in developing countries differs when compared with well developed countries. Because the political environment in the LMIC leans more toward environmental uncertainty this effects the

foreign partner's presence and contributions to overall country growth and stability are affected.

Governing laws and executive orders are found to be another recognized reason for outsourcing by public organizations (Kakabadse, 2000a). Avery (2000) argues that the performance of a service by the public laboratory is not based on market demand or profitability. The issues may be more social than economic, because political pressures have undeniable influence on public sector organizations that don't necessarily make decisions based on cost and profit. In some situations, it was found that the internal political environment may also influence the outsourcing decision. For example, the opinions of influential people within the organization may have bearing on decisions even though they may not have any formal outsourcing decision authority because the perceptions of employees, unions or union leaders may also influence whether a function should be outsourced (Avery, 2000). In view of the widespread notion that political confidence that private sector organization in general was found to be more efficient than public sector. This would encourage competition and increase efficiency of public services and subsequently will be reflected in the value they deliver to citizens. These underlay the more fundamental reappraisal of the core role of government that occurred in particular in both the UK and the USA from the mid-1990s (Dunleavy *et al.*, 2006; Margetts, 1999; West, 2005). Deakin and Walsh (1996) found that managers in public organizations generally realize an accountability improvement in the particular function being outsourced. However, such accountability within public organizations will provide greater added value and help speed up any health system reform process.

This raises the question about organizations trying to cope with current national or international trends by public organizations. They are sometimes perceived as inefficient

and bureaucratic and political candidates may promote outsourcing ideas, particularly at election time, to demonstrate their willingness to make positive changes in the district. From another perspective, it is evident that political backlash from the outsourcing of jobs can affect the employee morale of the organization and may hurt organizational performance (Power & Bonifazi, 2006). Power and Bonifazi (2006) believe that if stakeholders within organizations, such as project managers, perceive outsourcing agreements as falling short of stated expectation and not resulting in perceived benefits, such agreements may become unfavourable and may be difficult to sell to others in the organization. So, a properly structured outsourcing arrangement can produce significant benefits beyond those initially anticipated.

2.4.4 Access to Knowledge

Access to knowledge and development of skills have gained importance in today's highly competitive global economy and in particular more within developing countries where the need for qualified skills is of the utmost importance. According to Snell (2001), human resource systems are being designed to develop and reinforce ideas of intellectual capital and knowledge management that propel strategy formation. Scholarship on access to knowledge has primarily articulated this concept within the frame of economic development (Benkler 2005, Balkin 2006, Shaver, 2008). In addition, access to knowledge is a requirement for country stability and economic growth in all nations and more specifically in the developing world where access to knowledge has special importance. It is very evident and has become increasingly clear that the developing countries lack all basic infrastructure to facilitate the need for access to knowledge.

The importance of access to knowledge is widely considered for both innovation and development. Furthermore, the management of a firm's workforce effectively and

strategically can increase shareholder value by 10 to 20 percent (Becker & Huselid, 2003). Some companies can experience increased revenue and improved competitive advantages as a result of having access to a large pool of skilled professionals in knowledge intensive industries. However, cost still remains a significant benefit and a skilled workforce abroad costs a fraction of what it would cost at home (Carlos, 2010). Fundamentally, we must also take into account that the capability to reap learning benefits from outsourcing and not just gaining access to knowledge entails the capacity to train and retrain a relatively low number of highly skilled key employees (Quélin & Duhamel, 2003). However, to achieve such tangible benefits, long-term outsourcing relationships in developing countries require that the priority in investment in the local partner, enhanced resources capacity and in particular focus in development of new skills.

In general terms, organizational learning refers to the generation of new insights that have the potential to reshape behaviour (Huber, 1991). Alongside this, learning or knowledge acquisition is also a way to achieve competitive advantage and enhance organizational performance (Leventhal & March, 1993; Kim *et al.*, 2007). The organizational learning perspective is important in IJV literature (Guidice, 2001; Le *et al.*, 2009). In addition organizational learning and access to knowledge definitely can enhance parent firms, develop knowledge and experience which will cause Inter-partner learning to shift the relative power between the partners (Beamish, 1997; Minh, 2013). The learning process can be expected to result in improving the IJV performance (Lyles & Salk, 1996; Child & Yan, 2003). According to Child and Yan (2003) there are three aspects of learning including learning from experience, formation learning and operational learning. The influence of knowledge from learning from experience on performance may decrease over time as the IJV meets its original needs and begins to develop its own capabilities

(Le *et al.*, 2009). Mayfield, *et al.* (2003) argue that such information sharing is crucial to learning organizations that view employees as their main competitive advantage.

Because the sharing of knowledge is a major contribution in the success of any organization, Hendrickson (2003) asserts that a human resources function must create an information system that enables an assimilation of the policies and procedures used to manage the firm's human capital as well as the procedures necessary to operate the computer hardware and software applications. To conclude, well-established knowledge infrastructure would also be useful in retraining laid-off workers and reduce public backlash (Gonzales *et al.*, 2004). The technological benefits refer to the ability of a firm to gain access to leading-edge IT without the risk of technological obsolescence that results from dynamic changes in information technologies (Child, 1987; Apte, 1990). Meanwhile, to attain such enormous opportunity to access to knowledge and expertise, there needs to be a local partner fully engaged in the outsourcing collaborations in order to gain technology, knowledge and other skills needed.

2.4.5 Core and Non-core Business

Although cost savings are still a very important consideration in outsourcing decisions, companies outsource in order to obtain other benefits as well. Early researchers most commonly illustrated outsourcing decisions using the transaction cost theory. However, in recent years, strategy aspects such as core competency and organizational flexibility have been growing important factor in the decision making process (Liou & Chuang, 2010; Lyles, 2010). Core competence usually refers to an intellectually based activity or system which company performs better than any other enterprise in the market and failing to outsource activities that a company cannot perform with best-in-world practices

means giving up competitive edge by not buying that skill from a best-in-world source (Quinn, 1999).

Hamel and Prahalad (1994) insist that companies who measure competitiveness in terms of price only are contributing to the erosion of their core competence. Their main idea is that only goods or services which are regarded as core competencies should be produced internally. Quinn and Hilmer (1994), Ciotti & Pagnotta, (2005) explained the essence of well-developed strategic outsourcing when considering two aspects; first it focuses on a firm's core competencies where it can get pre-occupation and secondly, it is based on the outsourcing activities in which the firm has no special capability. In the research of Quélin & Duhamel (2003), they added the importance of gaining flexibility as another significant factor when making outsourcing decisions in addition to lowering operational cost and focusing on core activities.

For decades, companies have struggled to define their core competencies and then translate them into what needs to be kept in-house and what can be outsourced (Sperling, 2009). Most strategic literature suggests that the reason for outsourcing has changed from primarily cost disciplines to strategic re-positioning, core competence enhancement, greater service integration and/or higher value creation (Quinn, 1999; Momme & Hvolby, 2002; Cordella & Willcocks, 2012). The truth is that, most companies are trying to sort out what they want to do themselves and what they want partners to do for them. It is a little different from earlier the technology outsourcing cycle. Also, the managerial incentive intensity becomes the primary motivation for outsourcing because managerial efforts are focused on core competency maximisation when undistracted by non-essential tasks (Williamson, 1988; Holmstrom & Miligrom, 1991; Chalos & Sung, 1998).

In understanding what other non-core services may be available to the senior leaders and how will the outsourcing influence the hospital's bottom line? These were questions worth asking to keep hospitals operating efficiently while maintaining a high level of patient care and satisfaction (Roberts *et al.*, 2013). Now, scholars are adopting the strategic perspective and practitioners are adopting conventional wisdom to argue that core activities should stay in-house, whilst non-core activities can be outsourced in order to preserve core competencies (Prahalad & Hamel, 1990). Obviously, outsourcing of non-core activities enables the firm to focus and rationalize its remaining activities (Kuada, 2007). Additionally it frees resources for other activities that create greater value. While others argue that the growth in indirect overhead costs, which represent "non-core competencies", are increasingly being outsourced (Chalos, 1994; Branda, 1999). In contrast, health services performance greatly benefit by removing non-core services to allow not only focusing on core business, but also in particular, to cope with rapid advancement in healthcare practice and technology. Without any doubt, defining what is core competency for any one organisation is fraught with many ambiguities (Kakabadse, 2000). Some regard core activities as core competencies, namely those activities that the firm is continuously engaged in, whilst peripheral activities are those that are intermittent and therefore, can be outsourced (Quinn & Hilmer, 1994). Alternatively, Alexander & Young (1996) suggest that four meanings are commonly associated with core activity; those traditionally performed in-house, those critical to business performance, those that create current or potential competitive advantage and activities that will drive further growth and innovation. Definitions of core and non-core differ vastly from one sector to another. Surprisingly, USAID deliver project (2010) found that it is common for an organization to misunderstand or to not recognize its core competency because it often changes with time, technology, management or customer

demands. That stresses the need for the organization prior to considering outsourcing, to clearly make a distinction between its core and non-core activities.

When an organization develops a core competence; it should be fairly difficult for competitors to imitate. Additionally, it will be difficult if it is a complex harmonization of individual technologies and production skills as explained (Prahalad & Hamel, 1990 ; Lee & Kim, 2010) They added that a rival might acquire some of the technologies that comprise the core competence, but it will find it more difficult to duplicate the more or less comprehensive pattern of internal coordination and learning. At the level of core competence (Prahalad & Hamel, 1990) explained that the goal is to build world leadership in the design and development of a particular class of product functionality. The core competence does not necessarily related to product or services to diminish over the years. However, it is found to be more deeply emerged into the organization culture and reflected highly in its communication process, staff involvement and absolute commitment for work to achieve organizational objectives.

Knowing these advantages of outsourcing that allow organization to focus on core competence, it is clear that there are also substantial drawbacks that need to be taken into consideration whenever organisations decide to transfer ownership and responsibility for activities traditionally carried out internally to external providers, they simultaneously redraw organisational boundaries and change organisational structures and shape (Kakabadse, 2000). These changes often involve reductions in personnel in order to improve the efficiency of the firm in terms of cost disciplines and to maintain competitiveness in the market (Cameron, 1994). With that organisational performance can improve in three areas through introducing new skills and working practices,

reducing staff numbers and by modifying individual incentives, employment terms and attitudes in the workplace.

As management is more able to predict future costs than predict future revenues, reducing costs by decreasing the size of the workforce is often practised (Mishra *et al.*, 1998). Hence, the expected economic benefits of a smaller work force include reduced expenses, increased returns on investment, higher profits and improved stock prices (De Vries *et al.*, 1997). However, such outsourcing initiatives also generate internal fears and employee resistance (Domberger, 1998). Past experience suggests that many outsourcing initiatives have not yielded the desired results because organisational and staff issues were neglected. The impact of outsourcing depends crucially on how well it has been planned, how positively it has been communicated to employees and how effectively it has been implemented within the organisation (Kakabadse, 2000). Overall, it is acknowledged that whether the need for change in the company is due to a re-engineering of business processes and/or a focus on core competencies, an attempt to restructure in order to become more globally competitive and whether restructuring or outsourcing strategies are utilised, the resultant effect is downsizing (Brueck & Nelson, 1997).

2.5 Exploring Outsourcing Activities

Table 2.1 Exploring outsourcing activities

Theme	Explored issues	References
Outsourcing practice and theory	Outsourcing often referred to the transaction costs theory. Most reported results of outsourcing are likely to be biased towards success stories.	(Young, 2003; Ludwig, 2009; Lahiri & Kedia, 2011) (Bhalla & Terjesen, 2013; Lyles, 2010)
Implementation of outsourcing process	Instigating the main risks, benefits, challenges and opportunities that outsourcing could bring to the health sector. Research gap concern holistic approach for the study of outsourcing its risks, benefits, challenges and opportunities. Identify outsourcing relationships and specific focus toward long-term relationships in relation to a particular industry.	(Alexandrova, 2006; Kurdia <i>et al.</i> , 2011; Agharahimi <i>et al.</i> , 2012) (Osei-Bryson & Ngwenyama, 2006; Farrell, 2010). (Kirchhoefer & Llp, 2005; Cordella & Willcocks, 2012)
Beneficial implication for outsourcing	Financial savings, strategic focus, access to advanced technology, improved service levels, access to specialized expertise and organizational politics.	(Lee <i>et al.</i> , 2007; Kluge, 2012)
Outsourcing benefits in LMIC healthcare systems improvement	valuation of various healthcare improvements, related dimensions as access to health services, quality of healthcare services, equity in the provision of health services and efficiency in the provision of health services.	(McCallum <i>et al.</i> , 2007; Ranson <i>et al.</i> , 2010; Delloitte, 2014)
Strategic outsourcing decision Drivers	The emerging complex, inter-related organizational arrangements facilitated by strategic outsourcing that can provide benefits to organizations. The increasing sophistication of service providers means they may offer significant advantages over internal service groups which allows the firm to focus on value creation.	(Holcomb & Hitt, 2007; Cordella & Willcocks, 2012). (Hansen <i>et al.</i> , 2008; (Weigelt & Sarkar, 2012)

Table 2.1 explores outsourcing activities that provides lessons for expanding research for healthcare sector and in particular to developing countries due to its limitation and challenges because they have not developed their outsourcing activities to the same extent. Such activities evolve within the selection process of the vendor or partner in the

case of going for long-term relationship, building the relationship process and managing these processes through a set of solid practices.

2.5.1 Beyond Outsourcing Process and Practices

A thorough literature review was conducted with the objective to gather information and examples from both published and grey literature that could demonstrate the full picture of the prime reasons, risks, benefit and trends found when outsourcing different activities in LMIC countries in order to understand the reality beyond the outsourcing processes and approaches. This coupled with visits to observe healthcare system practices in LMIC countries such as Egypt, India and Yemen with objectives of developing updated reality of outsourcing in healthcare in LMIC countries that allow the design of the research questionnaires for the next stages.

In view of limitation of agreement in the root of outsourcing as a practice or theory, some researchers link it to development “mark or buy” (Ludwig *et al.*, 2009), while others felt it has evolved from operation management experience (Commission, 2003). Outsourcing most often referred to is the transaction costs theory (Williamson, 1985) and hence, they argue that the knowledge roots of outsourcing stretch back to almost 70 years ago. Not to mention, most reported results of outsourcing are likely to be biased towards success stories because governments usually suppress poor results (Abelson, 2005). In this case, outsourcing decisions need to be consider for more than one reason. Instead organizations need to identify the main reasons and ensure it justifies the outsourcing decision strategy.

The current knowledge of outsourcing, as suggested by Weimer and Seuring (2008) is to look at it from the point of view of the key research questions on what, how and why outsourcing. The problem as described by (Busi & McIvor, 2008) is that much of the

literature on service outsourcing focuses on the strategic implications, examining issues such as motives and outcomes. Regardless of the sector, the implementation of a successful outsourcing plan must include a range of performance measures that covers areas that are related to business improvement, knowledge transfer and conflict resolution. In order to study the factors affecting the implementation of a JV in outsourcing LMIC healthcare it is important to stress the significance of commencing this study by instigating the main benefits that outsourcing could bring to the health sector. For this reason, Hansen *et al.* (2008) pointed out the gap in current research concerning a more holistic approach for the study of outsourcing, its risks, benefits, challenges and opportunities. There still is a lack of knowledge and recognition to be able to explain every facet of the outsourcing process (Momme & Hvolby, 2002). This suggests that, to fulfil this research gap, this research intends to elaborate further in different outsourcing relationships and give specific focus more toward long-term relationships in relation to a particular industry.

Outside of the cost savings factor being the key drivers of outsourcing process, still there raises a range of societal problems like job losses in the developed countries. Furthermore some authors also consider a variety of beneficial implications of outsourcing (Berger, 2007). A variety of key reasons for an organization to outsource can be found such as: e.g. financial savings, strategic focus, access to advanced technology, improved service levels, access to specialized expertise and organizational politics (Belcourt, 2006; McCallum *et al.*, 2007; Benaroch *et al.*, 2012). By keeping in mind that with any major decision toward outsourcing, there is always the possibility of positive and negative effects. Meanwhile, Belcourt (2006) believes outsourcing also carries its risks and has limitations. It is essential to understand what are the main benefits that outsourcing could bring to the LMIC healthcare setting that requires the evaluation of various healthcare

improvements toward various related dimensions such as, access to health services, quality of healthcare services, equity in the provision of health services and efficiency in the provision of health services that will make substantial effect on the implementation of a successful outsourcing plan.

2.5.2 Outsourcing Decision Drivers

To investigate managing the outsourcing process, it is essential to give close attention to the reasons that would drive the decision of outsource activities in any organization while considering the fact that outsourcing is a well-known practice among both private and public organizations. Because of this, outsourcing has become a major element in business strategy. Organizations explore the driver for outsourcing activities and differentiate between various factors while remembering the benefits and risk. The reason is due to the emerging complex, inter-related organizational arrangements facilitated by strategic outsourcing that can provide benefits to organizations. The increasing sophistication of service providers means they may offer significant advantages over internal service groups which allows the firm to focus on value creation to clients provided it is accompanied by effective relationship management (Quinn, 1999). In addition, greater the benefit of such outsourcing relationship will ultimately enable management to enhance the quality and the extent of partnership.

While Kremic *et al.* (2006) concluded that there are numerous reasons why outsourcing is initiated and have been identified by researchers. Hence, the organizations may expect to achieve many different benefits through successful outsourcing. There are significant risks that may be realized if outsourcing is not successful. However, the decision for outsourcing can be differ in developing countries because these countries have their own limitations and constrains in comparison with well developed countries. Consequently its

highly significant in healthcare setting to establish clear understanding the reasons that drive the outsourcing decisions in relation to various issues, such as: improvement of the quality of services, focus on core or strategic functions, cost saving, lack of expertise in-house, access to best practices and leading technology, finding high calibre resources and sharing the risk with an outside vendor or provide more flexibility to allow increase of capacity needed for future expansion of services. Kremic *et al.* (2006) suggested three major categories of motivations for outsourcing: cost, strategy and politics. On the other hand, Kakabadse (2000a) proposed, cost and strategy are common drivers for outsourcing by private industry such as construction. Political agendas often drive outsourcing by public organizations. This demonstrates why outsourcing activities are likely to be introduced for more than one reason. For example, the outsourcing of taxing and health services for the British government was driven by elements from both the cost and political categories (Willcocks & Currie, 1997). Without any doubt perhaps the most often cited strategic reason for outsourcing is to allow the organization to better focus on its core competencies (Sislian & Satir, 2000; Quinn & Hilmer, 1994; Quinn, 1999). Consequently, by linking out all the available information regarding the activities commonly found surrounding outsourcing decision, including its benefit and risks, this suggests to look further for the advantages and opportunities for the outsourcing relationship in the LMIC healthcare sector as a strategic tool, in the development of outsourcing framework for different countries health systems.

It is widely recognized in the outsourcing literature that the most often quoted drivers by organisations considering outsourcing are: to enable the organisation to focus on core activities, to reduce costs, to provide short term financial benefits and balance sheet improvements (Farrell, 2010). Not to forget, drivers can differ from one industry to another and from one country to another, as later found in this study that the developing

new skills and meeting healthcare standard found to be the most important driver to outsourcing in Yemen healthcare system improvement.

2.5.3 Potential Areas in Considering Outsourcing

Table 2.2 List of potential areas in healthcare outsourcing

Support Services	Administration and Finance	Clinical Services
<ul style="list-style-type: none"> - Housekeeping - Food services - Laundry - Maintenance - security 	<ul style="list-style-type: none"> - Human resources - Patient accounting - IT 	<ul style="list-style-type: none"> - Diagnostic imaging - Pharmacy - Laboratory

In an effort to understand the potential areas to be considered for outsourcing listed in table 2.2 which will be further explored in the survey analysis in table 6.5 addressing potential areas to be considered for outsourcing of LMIC healthcare system it is needed to explain that the term 'outsourcing' can cover many areas, including outsourcing of goods and services with the latter becoming increasingly common.

Outsourcing became a management approach that allows outsource services to a specialised and more efficient external agents, operational and management responsibility for components and processes or services previously delivered by the enterprise. 'In reality, outsourcing is an umbrella term that includes a range of sourcing options that are external to the firm' (Sanders, *et al.*, 2007). In addition, Lankford and Parsa (1999) believe that the decision to outsource can lead to competitive advantages for businesses, but to be successful the decision needs to be an informed one. Good and hard detailed information in the hands of strong management can help avoid a costly step, one that is not easily reversed. Ultimately, for outsourcing in any form to be successful, quick response times to strategic opportunities and threats are essential. Effective management

of the outsourcing relationships is an organizational imperative. In addition, to refocusing resources onto core competencies, other strategy issues which encourage the consideration of outsourcing are restructuring, rapid organizational growth, changing technology and the need for greater flexibility to manage demand swings (Eisele, 1994; NIST, 2012). In order to achieve a substantially needed LMIC health system reform by applying outsourcing; it must reach beyond entering into a contract arrangement. Instead, the design long-term relationship model that is based on the development of an implementation strategy framework that will guide LMIC healthcare improvement process is essential.

Also future growth has been an important dominator for consideration of outsourcing for any potential area as McIvor (2000) indicates and furthermore, the company would find it beneficial to actually retain the knowledge that can facilitate the technology of the activity to be utilized for future growth. Moreover, in relation to healthcare sector Mills *et al.* (2002) found substantial growth of interest in the activities of providers in the private health sector in low-income countries and in how policymakers might best capitalize on the accessibility and popularity of this sector.

McIvor (2000) and Harland *et al.* (2005) suggest that the mistakes in identifying core and non-core activities can lead organisations to outsource their competitive advantages and accordingly, once organisational competence is lost it is difficult to rebuild. This why the current highly competitive environment can also be referred to as an outsourcing economy which is characterized by an increased focus on core organizational activities and simultaneous leveraging of external resources, skill, knowledge, capabilities and competences. Nevertheless, making the decision to outsource and to turn the organizational culture could be a great challenge at a later stage. However, culture

attributes and their impact on the LMIC healthcare system improvement will be discussed in more length in later chapters.

Today, most management believe that if the business function is not its core competency, then a better value is found externally and it is an ideal candidate for outsourcing. In that sense, Quinn (2000) predicted that the most significant management challenges lie in recognizing the firm's key competence areas, finding suppliers to provide the value to the rest of the operations and managing the resulting global network of suppliers and partners. Meanwhile, from the core competency stand point, the management ideology of “focus on your core competence and outsource the rest” (Porter, 1996; Hätönen & Eriksson, 2009) was gaining popularity in various industries. Previously the knowledge base and resources were primarily searched from domestic markets, but in early 1990s firms began viewing also the international resources pools as accessible by means of what is and can be outsourced. Hamel and Prahalad (1990) found the most prominent current approach is the notion of core competencies which represents one stream of the competence-based view. In addition, the Hätönen and Eriksson (2009) research indicates that the rapid changes across industries have made core competences only temporary while the new competences are required to manage in the new economy account for constantly refining the core competences and modifying the existing pool of knowledge, skills and resources. At a later stage, the main drivers for outsourcing appear to be shifting from cost to strategic issues such as core competence and flexibility (DiRomualdo & Gurbaxani, 1998; Elmuti & Kathawala, 2000; Harris & Giunipero, 1998; Lankford & Parsa, 1999; Meckbach, 1998; Muscato, 1998; Mullin, 1996; Quinn, 1999; Roberts, 2001; Wright *et al.*, 2001; Kurdia *et al.*, 2011). Nevertheless, initially outsourcing was thought off while industries were facing major productivity challenges. An example now is the Turkey health policy in Turkey which faces important challenges

in further improving the health status of the population and enhancing the efficiency of the system (OECD, 2008).

Without any question, there is still a debate in the literatures as to exactly what a core function is, but a truth is the core function should have a bearing on whether or not to outsource it (e.g. Quinn, 1999; Drtina, 1994; Jenster & Pedersen, 2000; Quinn, 2000; Lankford & Parsa, 1999; Kakabadse, 2000a; Prahalad & Hamel, 1990; Dekkers, 2000; Elliott & Torkko, 1996; Brandes *et al.*, 1997; McIvor, 2000a; Sharma *et al.*, 2009). Quinn (1999) suggests that those activities usually intellectually-based service activities or systems that the company performs better than any other enterprise are the core. In general, a function that is more core to the organization is less likely to be outsourced.

According to Feeney *et al.* (2005), it is essential for companies selecting potential suppliers, to begin by assessing their requirements and the level of service they seek. Feeney *et al.* added, they then decide to either invest in fixing the existing function or establish a long term partnership. It is vital that client needs are matched by the supplier competencies in terms of operational service needs, service improvement needs and long term visibility needs. In other words, it is essential that the client's rational to outsource is the supplier's core competence. Subsequently, the results are often substantially impacted in the organization performance led by dissatisfied internal customers that will increase the costs and overall failure to achieve the desired result.

2.5.4 Variety of Outsourcing Challenges

Organizations making the strategic decision to outsource services face a variety of challenges. An increasing number of developing countries have embarked on priority setting initiatives to identify the most important problems in health, health systems and health policy for which research might provide solutions (Nuyens, 2007). This implies

the importance of exchange experiences among strategic stakeholders at the global level and among LMIC. However, various studies revealed that most countries undertook contracting to improve access, efficiency and quality (Siddiqi *et al.*, 2006). While others have a national policy to engage the private sector to influence the public health sector for outsource health services.

In addition, some countries have a policy of decentralization which was the underlying reason for contracting out. For example, in the east Mediterranean region the primary healthcare services are mostly contracted out to Non-Government Organizations (NGO), which is similar to the experience of contracting primary health services in other WHO regions (Mercer, 2004). Whereas, work in the health sector always needs to strike a balance between meeting short-term health needs and developing capacity for sustainable service provision (Eldon *et al.*, 2008). For that, health systems need to ensure contingency measures for failures, with importance on having a strict monitoring system to avoid any foreseen interruption of services that will be adversely reflected on quality of care. As in the case of Libya for example, in spite the country well known with its reasonable infrastructure, the conflict in Libya is already altering mortality and morbidity rates as well as degrading public healthcare systems (Sullivan *et al.*, 2011).

Above all, in order to make sure there is a policy in place for dealing with outsourcing issues, it is important to ensure a well enhanced regulatory environment and a robust legal framework through which regulations are enforced. The richer countries with smaller populations and lower disease burden use more health resources than poorer countries with larger populations and higher disease burden. Furthermore, the assessment of the political environment for the execution of contractual arrangements has always played an important challenge for implementing effective outsourcing plan. Complex

contracting-out will always present significant risks, but the risks can be mitigated by identifying the nature of the risks and implementing appropriate contracting provisions. In this regards, the lack of such knowledge is probably the most serious barrier to effective contracting out in developing countries. Practitioners appear to have great difficulty in specifying adequate contract terms in health sector due to the implication of service delivery (Mills, 1998) as well as in other less policy arenas such as education (Burgoyne, 1997). In other words, government contracting capacity is low especially in developing countries (Mills, 1998; Raman, 2003).

Taking into consideration, vulnerability of issues arises from LMIC healthcare setting toward the presence of small and geographically dispersed populations. Combined with the existence of economies of scale that are suggested limiting the potential number of local contracts, while high sunk costs act as a barrier for physical entry of new providers.

In their study Siddiqi *et al.*(2006) revealed that most countries undertook contracting to improve access, efficiency and quality of health services. An example is Bahrain and Lebanon where the national policy to engage the private sector influenced the public health sector to outsource health services. However, the problem lies when contracts explicitly included targets for reaching the poor and therefore, only improved health services for the most marginalized groups, while no showing a comparison results from similar investment in public sector services (Basu *et al.* 2012). No doubt, the improved political and economic conditions across the LMIC where stability is of a great concern would create great investment opportunities and growing economies in the region and further increase the demand for healthcare goods and services. However, Levin and Tadelis (2010) see that the difficulty of contracting, depends on the difficulty of measuring and monitoring quality, the need for flexibility and the risk of core business.

Meanwhile, the presence of strong legal system and positive political environment will allow contract to be enforced and achieve desired result.

As the pressures of cost control, globalization and reputation continue to influence healthcare worldwide, public-private partnerships will continue become both more common and more varied in the future. The partnerships can be an important solution and powerful force in the shaping of healthcare and can lead to improvements in efficiency, innovation, access to services (Roehrich *et al.*, 2014). Mitchell (2008) assumes that if partnerships are to be used as a positive influence in the improvement of healthcare, we must pay careful attention to the values of the partners and the way in which partnerships are planned and implemented.

The consideration of the legal framework in LMIC to facilitate contracting between the public and private sectors is highly important (Ridolfi, 2003). Over the past decade contracting has seen a substantial change with an increasing trend in engaging the private sector in service delivery which influenced governments to promote health service outsourcing policies. Because of that, WHO has established a checklist for assessing the role of contractual arrangements in improving health sector performance and is considered to be one of the important measures in the evaluation of the legal framework in the facilitation of contracts between the public and private sectors (WHO report, 2006). The lack of a regulatory environment can influence government's ability both to monitor the quality of care provided and to place sanctions on those providers not meeting minimal standards (Liu *et al.*, 2004). In studying the Eastern Mediterranean region Siddiqi *et al.* (2006) found that the legal framework and the necessary rules and procedures for outsourcing of health services required updating. The finding supports the idea, that most ministries had limited capacity for cost and price analysis and therefore,

transaction cost estimations were usually not done. It was also shown that most countries had some type of competitive bidding process for the award of contracts. However, many of the ministry of health (MOH) organizations did not have independent contracting units. Pakistan as well as various other countries lacked the institutional capacity to award contracts: like Lebanon. As in the case of the Islamic Republic of Iran it was found that although bidding procedures were in place, the selection was often based on local reputation and recommendation by experts and colleagues. It is essential to understand both the signed legal contract and non-legal agreement to be developed over the time which set the base for day to day communication and commitment between partners. Additionally, is that in some cases under the best of circumstances, agreements can have adverse effects on long-term relation and performance.

To justify whether health sector organizations have enough capacity for monitoring and evaluation the contacts or not, that does not necessarily mean health services immediately need to consider outsourcing. Contracting out may provide an opportunity to obtain greater control over private providers in developing countries with poor regulatory capacity while allowing it to ensure focus in essential health functions in such a limited resources environment. Mackay and Azariah (2005) provides five supporting arguments for effective contractual arrangements: few clearly defined deliverables, supportive stakeholders, trust between contractor and agency contracted to deliver services, independent source of monitoring information and a legal system and political environment which convinces both sides that the contract will actually be enforced.

Finally, the issue of transparency in the handling of the tendering and contracting process has been of major challenge for outsourcing of LMIC healthcare service. In their study Siddiqi *et al.* (2006) showed that all countries studied in East Mediterranean region had

some experience with contracting out clinical services with the exception of Bahrain and the Syrian Arab Republic where only non-clinical services were contracted out. Moreover, Mercer's (2004) findings provide evidence that primary healthcare services are mostly contracted out to NGOs which is similar to the experience of contracting primary health services in other WHO regions. Effective contracting requires the ministry of health to have the capacity to design, award, manage and monitor contracts. Furthermore, the enhanced capacity of the private sector to implement contracts is equally important. The literature review concludes that contracting should be used primarily to promote public health objectives. However, more research is required to evaluate the impact of contracting on health outcomes in the Eastern Mediterranean region (Siddiqi *et al.*, 2006). According to Basu *et al.* (2012) the accountability and transparency the LMIC both public and private sector systems tend to be very poor. Such accountability will require measures to enforce transparency and compliance with rules and laws. Hopefully, this will empower and encourage people to seek improvements to the health sector. Summary of the synthesised literature finding on challenges facing outsourcing in LMIC healthcare system are listed below in table 2.3.

Table 2.3 Challenges facing outsourcing in LMIC healthcare system

Area	Challenges	Authors
Performance improvement	Most countries undertook contracting to improve access, efficiency and quality	(Siddiqi <i>et al.</i> , 2006; IFC, 2008; Lagarde & Palmer, 2009; Mills <i>et al.</i> , 2002; Basu <i>et al.</i> , 2012).
Strategic initiatives	<p>Lack of exchange experiences among strategic stakeholders at the global level and among LMIC.</p> <p>Some countries have a policy of decentralization which was the underlying reason for contracting out.</p> <p>Contracting with NGOs may be the only means to improve the system in post conflict situations.</p>	<p>(Vining & Globerman, 1999; Siddiqi <i>et al.</i>, 2006; Unit, 2008; Mercer, 2004)</p> <p>(Eldon <i>et al.</i>, 2008 WHO, 2012)</p> <p>(SH, 2003; Fyall <i>et al.</i>, 2012; Basu <i>et al.</i>, 2012)</p>
Policy development	<p>Availability of national policy to engage the private sector to influence the public health sector for outsource health services.</p> <p>Policy in place for dealing with outsourcing issues is to ensure a well enhanced regulatory environment and a robust legal framework through which regulations are enforced.</p>	<p>(Young, 2003; Magnezi <i>et al.</i>, 2006; Guimarães, 2010)</p> <p>(Hofer & Rohrer, 2011; Bisht, 2012; K rasny, 2011)</p>
Risk mitigation	<p>Health systems need to ensure contingency measures for failures, with importance on having a strict monitoring system to avoid any foreseen interruption of services that will be adversely reflected on quality of care.</p> <p>Complex contracting-out will always present significant risks, but the risks can be mitigated by identifying the nature of the risks and implementing appropriate contracting provisions.</p>	<p>(Vining & Globerman, 1999; Peisch, 1999)</p> <p>(Guimarães, 2010; Ponsar <i>et al.</i>, 2011; NIST, 2012)</p>
Contract management	<p>Government contracting capacity is low especially in developing countries and lack of such knowledge is probably the most serious barrier to effective contracting out in developing countries.</p> <p>Practitioners appear to have great difficulty in specifying adequate contract terms in health sector due to the implication of service delivery.</p>	<p>(Vining & Globerman, 1999; Eldon <i>et al.</i>, 2008)</p> <p>(Cordella & Willcocks, 2012; Basu <i>et al.</i>, 2012)</p>

Political environment	The assessment of the political environment for the execution of contractual arrangements has always played an important challenge for implement effective outsourcing plan.	Kremic , 2006; Siddiqi <i>et al.</i> , 2006; SH, 2006; PWC, 2012; Fyall <i>et al.</i> , 2012
Economic of scale	<p>Vulnerability of issues arises from LMIC healthcare setting toward the presence of small and geographically dispersed populations.</p> <p>Existence of economies of scale are suggested as limiting the potential number of local contracts, while high sunk costs act as a barrier for physical entry of new providers.</p>	<p>Vining & Globerman, 1999; Edition, 2006; WHO, 2008)</p> <p>(Cäker & Siverbo, 2011; Herlin & Pazirandeh, 2012; Bhalla & Terjesen, 2013)</p>

2.6 Limitations of Outsourcing

To be successful at outsourcing processes, an organization needs to be able to evaluate its current processes (Power & Bonifazi, 2006). One of the reasons to outsource a process is to witness better process performance and results. Power *et al.* (2004) have identified ten common traps of outsourcing that will impact any outsourcing process: lack of management commitment, minimal knowledge of outsourcing methodologies, lack of an outsourcing communications plan, failure to recognize outsourcing business risks, failure to tap into external sources of knowledge, not deciding the best and brightest internal resources, rushing through the initiative, not appreciating cultural differences, minimizing what it will take to make the vendor productive and poor relationship management programs.

In this regard, this research intends to integrate these ten common traps of outsourcing with the work of (Demirbag & Mirza, 2000) in relation to the three factors that can affect JV performance in the LMIC healthcare system: conflict/control, commitment and relationship. Which will serve as basis to identify the factors affecting the implementation of the JV model as outsourcing option for the LMIC healthcare system improvement.

2.6.1 Loss of Control

Many of the problems surrounding outsourcing occur when a company fails to manage its outsourcing initiative correctly because it requires close communication and flexibility. In the initiation stage the focus was on providing a temporary 'band-aid solutions' to problems so as to get the project flowing without really seeing the root cause of issues. As observed in many organizations, they get into a habit of only applying temporary fixes to problems and not investing time to get to the crux of the problems, some scholars have suggested that control problems are one of the primary causes of IJV failure (Groot & Merchant, 2000; Julian, 2006). Power and Bonifazi (2006) argue that the success in identifying the problem and its cause will depend on the presence of adequate communication channels and effective knowledge sharing and if the problems that are not attended to and fixed during the transition stage, poor foundation building for the future relationship will result. Outsourcing involves the delegation of services and operations to others who have the expertise to perform the services more efficiently, cost effectively and yet maintain the required accepted standard (Alper, 2004). Since healthcare comes with its challenges and risk, it is important to ensure continuity of care provided and prevent problems that will be ultimately reflected in the quality of patient care. Well established control mechanisms need to be provided to avoid any loss control and/or interruption of services.

When organisations deal with total outsourcing, which typically involves transferring more than 80 percent of the function to a vendor, it can lead to major technological and business strategy limitations if coupled with lack the of clear understanding of magnitude and scope at the time the contract is signed (Power & Bonifazi, 2006). In this regard, such loss of control can have catastrophic consequences on organizations that have had experience with limited outsourcing initiatives and moved immediately toward total

outsourcing efforts without sufficient experience. Other disadvantages to adopting outsourcing strategies include becoming dependent on outside suppliers for services, failing to realise the purported hidden cost savings to outsourcing, losing control over critical functions, having to face the prospect of managing relationships that go wrong and lowering the morale of permanent employees (Currie & Willcocks, 1997; Kleim, 1999). In European and North American IT system outsourcing practices research conducted by Lacity *et al.* (1995) found that nearly 70 percent of companies who have undergone 692 outsourcing state that they are unhappy with one of more aspects of their suppliers. According to Wong (2006), there are several key aspects of outsourcing of which the following five are considered the most significant: many outsourcing agreements suffer “suicide by change order”, what senior leadership does not understand will harm the organization, outsourcing vendors build in vagueness the “black box” of unexpected costs, outsourcing firms are starting to over stretch themselves and finally many customers want a flexible and innovative partner.. However, most firms gain control of their service levels, because their outsourcing agreement can quantify deliverables in the contract (Cooke, 2004). Surprisingly, many managers approach outsourcing as a solution without first defining the problem (McCauley, 2000). It is clear upon entering into outsourcing relationship the firm ended up with possible operational problems due to loss of control of the activities handled by contractor or new partner. Because of this, it is important in particularly at the initial stages to keep close observation on the operation and delivery of service. In addition, clear evaluation criteria on how to measure performance and outcomes must be established and controlled.

2.6.2 Lack of Commitment

Any outsourcing initiative generates internal fears and employee resistance (Domberger, 1998; Moschuris & Kondylis, 2006; Bhalla & Terjesen, 2013). Past experience suggests

that many outsourcing initiatives have not yielded the desired results because organisational and staff issues were neglected (Kakabadse, 2000). However, the impact of outsourcing depends crucially on how well it has been planned, how positively it has been communicated to employees and how effectively it has been implemented within the organisation. Moreover, it is generally acknowledged that whether the need for change in the company is due to a re-engineering of business processes and/or a focus on core competencies, an attempt to restructure in order to become more globally competitive and whether restructuring or outsourcing strategies are utilised, the resultant effect is downsizing (Brueck & Nelson, 1997). Typical outsourcing contracts are long-term, usually five to seven years in length (Churchill, 2008). That is why, it is quite important for an organization to be able to ensure all risk associated with interruption of services in case of any failure. The outsourcing concept can cause a control and dependence issue for the management at the facility (Ensor & Weinzierl, 2007; Sullivan 2009).

Given the differences between developed and developing economies, the generalization of prior research may not be appropriate. Specifically, the literature suggests that dissimilar institutional and cultural environments may affect relationship behaviour (Kim & Oh, 2002; Luo, 2002b; Rosenbloom & Larsen, 2003). No doubt, trust and commitment are major factors for any positive relationship outcome. However, there are demands for technology support and greater resources that enhance the view that can impact on partner's relationship and commitment. Organisations are increasingly undertaking outsourcing deals which include the transfer of staff to service providers. Kakabadse (2000) suggests that in certain cases the service providers take over the entire workforce of outsourced activity as a condition of contract. Such conditions usually carry higher contract prices because the service provider has to face short-term constraints on

efficiency gains because of the cost of carrying surplus labour. Moreover, outsourcing can generate new risks; such as the loss of critical skills or development of the wrong skills, the loss of cross-functional skills and the loss of control over suppliers (Quinn & Hilmer, 1994; Domberger, 1998). Given prime attention to such important issues, the JV partner would require to provide key staff, special skills and offer assistance to address the LMIC health system constraints.

2.6.3 Effective Relationship

Legislation may limit dealing in foreign countries to protect its currency value or dealing with rival countries. It may protect some stakeholder rights by enforcing legislation; e.g. imposing high import duty to protect home industries or by imposing licensing requirements to businesses operating in a particular industry requiring some activities or standards which are pre-requisite to get a license. Special consideration to the problems related to the governance of the relationship must be attended to in their early stages rather than having them build up to an unmanageable stage. However, the possibility of legal constraints on the scope of an outsourcing proposal must be identified at an early stage. In their guide for public private partnership, the efficiency unit of government of Hong Kong (2008) identified the possibility of legal constraints on the scope of an outsourcing proposal must be identified at an early stage, to make sure at the outset that they have all the necessary legal and administrative power and authority to embark on the proposed outsourcing. Defining outsourcing best practices for components of healthcare services is difficult. The most important component in achieving a successful outsourcing relationship is adopting a shared service model or one-time service contract model or require vendors to negotiate the full scope and involvedness of outsourcing (Power *et al.*, 2013). Similarly, legal obstacles cannot be avoided in any long term relation similar to JV. This is regardless of the tremendous amount of efforts and commitment in building

the venture which require great effort especially during the transition stage. In addition, the needs to be planned for any contingencies and flexibility to achieve business stability and success.

According to Barthélemy and Adsit (2003), in the United States and Europe, there are seven deadly sins of outsourcing: outsourcing services that should stay within the organization, selecting the incorrect outsourcing vendor for the job, writing a poor statement of work for the outsourcing service, disregarding employee concerns about outsourcing, permitting the outsourced service get out of control, neglecting to realize the full costs of outsourcing and failing to strategize an exit procedure before terminating the outsourcing contract. In addition to these areas, clients express dissatisfaction with the nature of the contractual document in terms of the underestimation of time and the skills needed for the management of outsourcing contracts, unrealistic expectations concerning outcomes, the lack of ownership clarity, unsatisfactory delivery of services, uncooperative vendor behaviour, the cost of the service being too high and/or the competitive advantage in the market no longer existing (Kliem, 1999; C. Lee *et al.*, 2007; Robers *et al.*, 2013).

It is important to give emphasis on issues related to the cultural differences which also influence the interpretation of what constitutes a “core governmental function” or a “public asset” as explained by Gordon (1997). Individuals in different countries or either in different areas of the same country may have distinctive views as to what constitutes a core governmental function or a public asset and the extent to which the private sector should be involved with these functions and assets.

2.7 Summary of the Chapter

In summary, the literature reviewed in this section provides an overview of the current research on the outsourcing concept, how insourcing is addressed, an outline of various reasons for outsourcing, how access to knowledge plays a major role in considering outsourcing in particular in developing countries, how organization views core and non-core business in relation to consideration of outsourcing and what limitations are surrounding outsourcing.

The second half of the chapter concentrated on the practical side of the outsourcing and how it is implemented. More specifically, this research study investigates how the outsourcing decisions are made, what are the possible areas to consider for outsourcing and how challenges impact the success of outsourcing.

The next chapter, will explore the outsourcing approach in the healthcare sector and it is rational for use in healthcare services of the LMIC, which is supported by site visits to various countercoups to explore implementation of the outsourcing in the healthcare system. Also, the following chapter will give a particular review of the previous research on the JV concept and how it can be applied for improvement of healthcare systems. The review will look at how organizations build a successful JV performance, what are the key elements believed constitute a successful joint venture and how commitment to a business venture has been considered a valuable contribution in success of any joint venture. Finally, the review will look closely to the culture difference issue, in particular within developing countries and how it can serve as a positive factor that can contribute to the JV success.

CHAPTER THREE

THE HEALTHCARE OUTSOURING AND JOINT VENTURE APPROACH

3.1 Introduction

The previous chapter discussed the current research on the outsourcing concept, how insourcing is addressed, reasons for outsourcing and how access to knowledge plays a major role in considering outsourcing in particular in developing countries. Also discussed was how different organizations view core and non-core businesses in relation to consider outsourcing and an explanation of limitations surrounding outsourcing processes.

This chapter covers specific reviews of literature on the healthcare outsourcing concept and its risks and benefits. In addition, the impact on the quality of the healthcare services and the unique challenges that require particulate attention will be discussed. Also this chapter explores how the increase cost of healthcare services and the lack of qualified resources besides other constrains create an opportunity for outsourcing in developing countries.

Finally, a general overview of JV concept, how organizations can build a successful JV performance and what the key elements are believed to constitute a successful JV will be provided. In addition, a discussion of previous research on how commitment to business ventures has been considered a valuable contribution in the success of any joint venture. There will be a closer look at the culture difference issue in particularly within

developing countries and how it could best serve as a positive factor that contributes to the JV success.

3.2 The Healthcare Outsourcing Services Concept

Outsourcing is the process of externalising tasks and services previously performed in-house to outside vendors (Jenster & Pederson, 2000). Previously known as contracting out, outsourcing has been recognised and established successfully and can be seen as an action taken to minimize the workload of any business or organization by subletting its services or tasks to another firm. There are differences in the aim and arrangement of outsourcing, subject to the nature of the firm (Kakabadse, 2002). In the healthcare sector the outsourcing concept has been introduced slowly, given the complexity of healthcare system and its direct impact on patient care. Are these the reasons why the introduction process was slow and can the reasons be explained better? However, over time, a great interest has developed and the nature and type of services being outsourced by healthcare organisations have expanded. In fact, outsourcing by the healthcare sector is one of the fastest growing areas (Foxy *et al.*, 2009). This forced some hospitals to implement the outsourcing concept by retaining the core services while contracting out a host of functions, including information systems, business offices, medical records, food service, housekeeping and even clinical services.

Health expenditures in industrialized countries have doubled in the last 30 years. However, this being said, doesn't mean that in the highest-spending countries the results were not always those with the best results (WHO, 2006). Similar to other industries, what makes the outsourcing process in healthcare organizations even more complicated is the fact that outsourcing is often used as a scapegoat for any failed service delivery. Outsourcing in hospitals can be a major undertaking within the organization therefore,

senior leadership must give outsourcing a green light. As explained by (Roberts *et al.*, 2013), they must consider the reasons for outsourcing, the obstacles to outsourcing, the best practices of outsourcing and the implications for hospital management.

3.2.1 History of Healthcare Outsourcing

Decisions to include outsourcing have increased globally including outsourcing practices in the healthcare sector. Outsourcing in the healthcare has had the highest growth rate along with finance and legal sectors (Brown & Wilson, 2005). Healthcare organizations are adopting outsourcing solutions in the attempt of “doing more with less”. Not only do organizations seek cost reduction, risk mitigation, adapt to quick changes without compromising internal resources but also take big risks in control and flexibility variables (Machado *et al.*, 2012).

Healthcare organizations adopt outsourcing solutions for the same reasons as in other sectors. They are looking for efficiency, quality and profitability gains (Quinn, 1993; Klein, 2006; Daly, 2011). Historically, outsourced functions have included only perceived non-core services such as food service, housekeeping and security. Now the practice has moved from these traditional services to more core dimensions. In addition, the healthcare industry has been increasingly involved in the practice of outsourcing and that growth is expected to continue in the years to come (Foxx *et al.*, 2009). Yang and Huang (2002) identify four imperatives for outsourcing growth in the healthcare sector: organizational, strategic, regulatory and technological.

In healthcare organizations, outsourcing decisions have been globally increased (Machado *et al.*, 2012). The providers' changing view contributes toward contract management's growth. In the past cost-cutting was the main goal of outsourcing, but, whereas today providers look to contract management companies to boost service quality

and consolidate nonclinical services throughout a healthcare system. However, in healthcare units, outsourcing is part of a volume flexible strategies (namely in bigger organizations such as academic medical centres) trying to respond to demand flotation's, care increasing complexity and to the linkage between clinical performance and act volume (Jack & Powers, 2006). In fact, according to some authors (Atun, 2006) in some European countries (United Kingdom, Sweden, Spain and Portugal) more politically reluctant to privatizations, outsourcing of clinical services was a response to waiting lists. In fact, through contracting agreements with public and private providers, including public-private partnerships (PPPs), healthcare systems looked for access, quality, equity and efficiency advantages (Abramsom, 2001).

With no doubt, extensive outsourcing by healthcare organizations creates a market of vendors that other healthcare organizations can tap into to meet their needs (Burmahl, 2001). This leaves the question of, to what extent the healthcare industry can contribute to the demands for cost effective and high quality clinical and nonclinical services in order to meet quality of care standards and mandates? The healthcare industry is an example of the growing need for outsourcing, the healthcare spending in the United States continue to increase at a rapid rate exceeding \$1.5 trillion or an average of \$5,500 per person (Churchill, 2008). In reaction to this, healthcare service providers are seeking outsourcing solutions to fight these growing costs (Roberts *et al.*, 2013).

3.2.2 Risks and Benefits of Healthcare Outsourcing

Although there are a number of potential benefits, the substantial number of unsuccessful outsourcing deals prompts a healthy concern (Frauenheim, 2004). With the key motivation for interest in outsourcing is the intense competitive pressure healthcare institutions face with respect to improving quality and productivity while containing cost

at the same time (Foxx *et al.*, 2009). However, the immediate benefit to outsourcing as elaborated by Buxbaum (2011) is the reduction in expenses for the outsourced services in regard to staffing and training. An additional benefit is the increase in the quality of the services provided that may result in increased customer satisfaction. Moreover, the industry surveys of healthcare executives (Kremic *et al.*, 2006) suggest that although cost-savings has been a primary benefit sought in outsourcing decisions, these other benefits play a significant role in the decision as well.

The catalysts now forcing change in healthcare use of technology and outsourcing solutions are really presenting an opportunity in the next five years for healthcare providers to revisit everything they do from practice management, billing, laboratory and emergency management to pharmacy applications (Goolsby, 2010). At the heart of healthcare services outsourcing (Misra, 2006) argued is telemedicine, the delivery of healthcare services from remote locations using information and communication technologies for the exchange of valid information for diagnosis, treatment and prevention of disease and injuries, research and evaluation and for the continuing education of healthcare providers. This followed by Hazelwood *et al.*'s (2005) observation that outsourcing of services offers compensations and benefits to healthcare services. In the example of a successful outsourcing venture, as demonstrated by Hazelwood *et al.* (2005), the hospital received measurable benefits from the services provided from India in the area of reading radiological results to be transcribed in patient's charts. Reading the opening salvo of this article, a senior leader could easily become excited about the concept of outsourcing.

Outsourcing is the assignment of core services or operations of the organization to a provider that focuses in that area of service or operation (Carr & Nanni, 2009). It was

also thought to improve the quality of the service and to help senior managers focus more clearly on the core competencies of the organizations. (Kakabadse, 2001). The outsourcing process strives to provide the non-core services that allows the hospital to focus on the business of serving patients (Sanders, 2004). However, to avoid adverse effects on the quality of care, the organization must first see if a competitive market for the use of outsourced services exists (Young, 2003).

The success of outsourcing lies heavily on managing the outsourcing relationships (Kakabadse, 2001; Stright & Candio, 2000; Wechsler, 2002; Heikkilä & Cordon, 2002; Kakabadse, 2003; Burnes & Anastasiadis, 2003). Wechsler (2002) suggested that defining the function, procedures and supporting processes are the main criteria. Moreover it can be seen as an action took to minimize the workload of any practice firm by subletting its services or tasks to another firm. There are differences in the aim and arrangement of outsourcing subject to the nature of the firm (Kakabadse, 2000).

Obtaining the required positive and measurable benefits to convince the hospital's senior leadership to embark on the journey of outsourcing is daunting (Roberts *et al.*, 2013). One of the important benefits of outsourcing is increased flexibility on staffing but also with "less expenses related to employee salaries, health and benefits, training, administrative costs and retirement's programs are taken into account" (Martin & McDermott, 2001). Lyson (1996) found out that it will take up to two years before organizations start to achieve any financial benefits from outsourcing and in some cases the process may be cost natural. Meanwhile, Jones *et al.* (2013) considered the benefits of outsourcing at three levels; individual, institutional and national. It is evitable to understand and link with these levels to value any benefits on LMIC healthcare system.

Despite many benefits of achieving quality of care and knowledge transfer, the most reported risks of outsourcing clinical activities refer to integration difficulties in activities such as radiology and laboratory (Chasin *et al.*, 2007). According to a review by Machado *et al.*, (2012) on his study of the impact of outsourcing in the healthcare sector, he identified general outsourcing in healthcare risks as follows: losing control of supplier and discontinuity of services quality levels. Also the accountability issues and loss of competences (Hazelwood *et al.*, 2005), information confidentiality problems, excessive supplier dependency and consequent loss of flexibility (Renner & Palmer, 1999).

Also referring to non-clinical services several authors stressed the importance of performance monitoring (Guimarães & Machado, 2010). In addition, to avoid quality problems (infection risks, patient dissatisfaction) and hidden costs of support such activities as: cleaning (Giarraputo, 1990; Dancer, 1999; Griffith *et al.*, 2000; Murphy, 2002; Liyanage & Egbu, 2006; Goggins, 2007) and meal services (Lau & Gregoire, 1998; Crogan & Evans, 2006; Kwon & Yoon, 2003; Hwang *et al.*, 2003).

3.2.3 Quality Improvement and Health System Reform

There are many definitions of quality used both in relation to health systems and other healthcare related. Improving quality is about making healthcare safer, more effective, patient-centred, timely, efficient, equitable and sustainable (Atkinson *et al.*, 2011). One of the top reasons hospital executives choose to outsource support services is to reduce operating costs (Sunseri, 1999). Meanwhile, Yang & Huang (2000) found that the need to improve performance was a major factor in outsourcing decisions. In view of technology advancement, healthcare services has been highly integrated with technology, the ability to convert longstanding traditional practices with newer and faster digital ones requires careful evaluation of outsourcing needs (Sen *et al.*, 2010). This in connection with the

increase of 37 % of the costs of the healthcare support services from the original expenditure as argued by Mustapa *et al.* (2006), to be the consequences of a few additional items related to the outsourcing's drawbacks.

In principle, hospital leaders who retain the services in-house often based their decision on the belief that their present staff can perform the duties as well or better than an outside vendor can (Sunseri, 1999; Ponsar *et al.*, 2011). As many believe that the less that healthcare organizations use outsourcing, the slower will be the development of industry-wide standards and practices across vendors (Lorence & Spink, 2004).

Toward the achievement of improvement of quality of care (WHO, 2006) suggest that a health system should seek to make improvements in six areas or dimensions of quality. These dimensions require that healthcare be: (1) effective, delivering healthcare that is adherent to an evidence base and results in improved health outcomes for individuals and communities, based on need, (2) efficient, delivering healthcare in a manner which maximizes resource use and avoids waste, (3) accessible, delivering healthcare that is timely, geographically reasonable and provided in a setting where skills and resources are appropriate to medical need, (4) acceptable/patient-centred, delivering healthcare which takes into account the preferences and aspirations of individual service users and the cultures of their communities, (5) equitable, delivering healthcare which does not vary in quality because of personal characteristics such as gender, race, ethnicity, geographical location or socioeconomic status and finally, (6) safe, delivering healthcare which minimizes risks and harm to service users.

3.2.4 Challenges and Obstacles of Healthcare Outsourcing

Although outsourcing offers a variety of benefits, firms must carefully evaluate their outsourcing decision. Even if firms do a fantastic job with the actual outsourcing

decision, there can be pitfalls. As explained by (Foxy *et al.*, 2009), some of these include reduced employee morale, loss of community support because of lay-offs, challenges associated with monitoring vendor performance and vague legal liability for errors. In this regards, Foxy *et al.* (2009) witnessed certain characteristics associated with the service outsourcing decision that can amplify the level of inherent risk to the firm. They explained that the growth in outsourcing areas highlights the importance of understanding the risks facing the healthcare organisations and how the decision criteria influence the outsourcing decisions.

Although there are many positive aspects of outsourcing that seem very enticing to hospital senior leadership, there are just as many potentially negative aspects. There are legal, ethical and perhaps moral issues to think of when considering outsourcing. Legal issues are very complex and diverse, but some issues are important to understand when entering into an outsourcing contract (Hazelwood *et al.*, 2005). Outsourcing, in other words, is a two-way street requiring respect and understanding between the two parties. This respect and understanding will provide a win-win for both organizations and potentially provide a future partnership in other healthcare opportunities that may include core medical services that directly involve patient care (Roberts, 2001). In fact, Liu *et al.* (2007) believe that outsourcing decisions in healthcare units depend on: (i) the kind of activity (modular versus integral more or less contractible); (ii) the type of contract (classical versus relational); (iii) contract duration (depending on contract type and supplier selection process); (iv) specification of performance requirements (process and outcomes indicators) and, finally (v) payment mechanisms. Obstacles to effective outsourcing are numerous in healthcare as indicated by Roberts *et al.* (2013): the federal and state regulations, medical practices, personal feelings can be factors that affect the decision to use an outsourcing vendor and legal, ethical and moral concerns. Roberts

argued that outsourcing programs involve five basic obstacles that face nearly every organization planning to outsource some of its in-house services such as finding and selecting the right vendor largely which depends on the organizational size, culture and values. The major pitfalls on the path of successful outsourcing include: poor request for proposal design, possible pressures from internal constituents, changing priorities, unrealistic expectations and bad decision-making (Osmond & Schnaper, 2000). Understanding the legal aspects that arise from outsourcing services is essential (Hazelwood *et al.*, 2005). This is due to complexity of the healthcare system. Ethical issues may arise from outsourcing contracts that could have an implication to the organization and staff, but may also possibly affect the patient care. These issues may have to go before the legal department for a decision, but it is a commonly overlooked aspect in many organizations (Hazelwood *et al.*, 2005).

When considering outsourcing solutions in healthcare settings, there are several barriers to be evaluated; such as the cost of hiring someone else to do the job and if it makes financial sense based on Barthélemy and Adsit (2003) and can the hospital justify the cost not to keep the service in-house? Does the outsourcing vendor have the required experience to make outsourcing cost-effective for the hospital? Affected managers are another challenge of outsourcing. Also, the relationship between the vendor and the company/organization is crucial in making sure all aspects of the expectations are clear, because if not, there tends to blame the increase cost on the vendor if all does not go well within the relationship and job.

3.2.5 The Rationale of LMIC Healthcare Outsourcing

In the recent years, the global economy has seen some major disturbances. These changes have often impacted the ability of governments to provide basic health services for its

citizens. This study intend to compare relevant health outcomes and health expenditures for specific countries based on each country's income classification. There are different ways of classifying countries based on economies. The most reliable international agencies for providing health statistical data are the World Health Organization (WHO) and the World Bank.

Table 3.1 Income groups (World Bank 2010)

<i>Country</i>	<i>GNI per Capita (2007-2011)</i>	<i>Low Income</i>	<i>Lower middle income</i>	<i>Upper middle income</i>	<i>High income</i>
<i>Kyrgyz Republic</i>	920	○			
<i>Yemen</i>	1,070		○		
<i>Vietnam</i>	1,260		○		
<i>Sri Lanka</i>	2,580		○		
<i>Thailand</i>	4,420			○	
<i>Cuba</i>	5,460			○	
<i>UK</i>	37,780				○
<i>Canada</i>	45,560				○

Meanwhile, in accordance with the World Bank list of economies, country income levels classified by gross national income (GNI) per capita. Low income countries have a GNI of \$1,025 or less, lower middle income countries have a GNI of \$1,026-4,035, upper middle income countries have a GNI of \$4,036-12,476 and high income countries have a GNI of \$12,476 or more (World Bank, 2012). The countries used and their classifications are listed in the table 3.1.

Using these country income classifications, that present the health outcomes from the WHO per country and relate these outcomes to general good practices in health reform. It will also compare and examine national incomes, economic factors, expenditure trends

and healthcare financing models for these countries and focus that information towards considering outsourcing for improvements in the delivery of the Yemeni healthcare model that will help healthcare reform for Yemen as a module for the LMIC. The study on the outsourcing experience in developing countries as per Siddiqi *et al.* (2006) revealed that most developing countries undertook contracting to improve effectiveness, efficiency and quality of health services have greater constraints on the legal framework and the necessary rules and procedures for outsourcing of health services. Moreover, Siddiqi *et al.* found that most ministries had limited capacity for cost and price analysis and transaction cost estimations were usually not done. However, recent reviews have suggested that contracting can influence access, equity, quality and efficiency of health services while promoting public health goals and creating an environment conducive to public-private collaboration (Liu, 2003).

Outsourcing projects have created a mixture of reactions from the public and other public interest groups concerning the low-income, the elderly and the disabled (Sangaralingam & Raman, 2003). Their concern is based on an increase in the operational costs of support services (Chan, 2000). Due to the lack of qualified skills in healthcare organizations in developing countries, outsourcing services has always been a valid option to consider given the promise of good return on investment. Moreover, Kshetri and Dholakia (2011) found that outsourcing such services has been shown to affect the bottom line. Nevertheless, other challenging issues and concerns also appear. An example is regarding personnel and having a qualified individual who monitors the contracted outsource vendor's contract performance (Hazelwood *et al.*, 2005). Another, is in regard to any issue of non-performance or under-performance and who will address those concerns. These overlooked aspects arise routinely when outsourcing (Roberts,

2001). Hurley (2001) emphasized that the retention of qualified people is key to success of an outsourcing project.

With strategic outsourcing solutions for healthcare providers it has been possible to increase efficiency, improve service and enhance the competitiveness. Healthcare outsourcing could provide access to specialized care as well as interpreter services (both day and night while allowing for time difference adjustments between the two countries involved in the outsourcing) which might otherwise be unavailable in individual hospitals (De Maria, 2006). In view of the fact, healthcare organization in the LMIC were secrecy of all kind of resources is a concern. As later identified in the study cost saving, access to best practices and leading technology among the top benefits of outscoring in LMIC. According to Hazelwood *et al.* (2005) the ownership of most healthcare organizations is 80% NP, government financed and managed by committees and not by an administration with no strategic planning and no cost driven decision making processes.

Due to lack of contract monitoring of the outsourcing contracts, the potential for great variation raises the risk of vendor service quality fluctuating below an acceptable level. For some services in a healthcare arena, the consequences of such variation might be limited and for others it could be severe (Foxx *et al.*, 2009). In the example of a successful outsourcing venture, as demonstrated by Hazelwood *et al.* (2005), the hospital received measurable benefits from the services provided from India in the area of reading radiological results to be transcribed in patient's charts.

There are several barriers to evaluate, such as the cost of hiring someone else to do the job and if it makes financial sense (Barthélemy & Adsit, 2003). The concern debated is; can the hospital justify the cost not to keep the service in-house? Does the outsourcing

vendor have the required experience to make outsourcing cost-effective for the hospital? Affected managers are another challenge of outsourcing (Roberts *et al.*, 2013).

A most important alarming concern in the LMIC about changes in the environment is political instability or unrest in the vendor's country of operations that would affect the continuity of care. In fact, Power and Bonifazi (2006) stress that the location of vendors is as important an issue as the location of the service to be provided because if there is political unrest in the service provider's geographical location, the vendor's business will be compromised. This, in turn, will directly affect how the business is conducted.

3.3 Factors Effecting the Implementation of joint venture in LMIC Healthcare System improvement

Despite more than three decades of work on IJVs, there is no consensus on an appropriate conceptualization and measurement of IJV performance (Chowdhury, 1992; Rajan, 2004; Wilson & Brennan, 2007). Such a lack of agreement originates from the hybrid structures and transitory nature of alliances (Buckley & Glaister, 2002; Olk, 2002). Some scholars focus on the IJV as an independent entity and use IJV survival or financial output as the ultimate performance indicator (Gray & Kim, 2009). Other researchers use the parents or foreign partner perspectives to measure IJV performance, thus focusing on parent firm's satisfaction or the extent to which the IJV achieves parent firm's goals.

Previous research has shown that JV are created for different reasons in developed and developing countries (Wilson & Brennan, 2007; Lee *et al.*, 2013). However, the external environments, including industry structure, competitive behaviour, technology and government policies differ between countries and these differences influence the initial configuration of a JV (Harrigan, 1984; Kale & Street, 2001). In a sample of joint

ventures in developed countries, Killing (1983) found that the major reasons for creating the ventures were: (in a rank-order of importance): need for other partner's skills, needs for the other partner's attributes or assets and government legislation. Keep in mind, that the financial measures are not only used independently but also used to validate subjective performance measures. As an illustration, Choi and Beamish (2004) confirmed the appropriateness of assessment of satisfaction with IJV performance by showing its high correlation with return on assets and return on sales.

Historically, the cost saving factor has been one of main drivers behind to initiating any joint venture. The principal theoretical approach for explanation of IJV formation and development is based on transaction cost economics (Hennart, 1988). Proponents of TCE argue that alliances occur because the sum of production and transaction costs associated with joint ownership is lower than that for sole ownership or market transactions (Kogut, 1988a). This theory suggests that shared equity is an efficient option for the internalisation of markets in certain situations (Beamish & Bank, 1987; Hennart, 1988). Quinn (1999) suggests that unless the company develops the best-in-world capabilities, including transaction cost disciplines then the company should purchase goods/ services from providers who have best-in-world skills, in order achieve competitive edge.

Without the development of new skills the organization's ability to accomplish its work processes through the knowledge, skills, abilities and competencies of its people is highly inevitable. Capability may include the ability to build and sustain relationships with all stakeholders and to innovate and transition to new technologies that are highly needed in any healthcare JV which will develop better healthcare services and work processes and meet changing healthcare, market and regulatory demands. These joint ventures need to be paying a close attention to the constant upgrading and enhancement of individual and

team-level skills and abilities and the enhancement of organization-wide expertise found in most research plays a tangible factor in the success of any JV in all industries including the health sector. This is usually achieved by recruiting individuals with relevant knowledge, work experience and skills, imparting in-house training and development to sharpen existing skills and acquiring new ones, deploying individuals in right teams depending on specific project requirements, providing challenging work and learning environments and paying competitive wages (Feeney *et al.*, 2005). Furthermore, knowledge acquisition skills must be developed and this certainly requires time and the active involvement of managers (Tsang, 2002).

Understanding the knowledge transfer aspect is one of the goals of knowledge acquisition. Acquisition of technology and other skills could be a motivation for companies to enter into joint ventures besides a variety of other reasons. Some are motivated by numerous reasons particular to themselves and others search for stability in turbulent environments through partners with strong skills and yet others leverage a key part of the value chain through partners with complementary skills (Applegate *et al.*, 1996). More importantly as emphasised by Kakabadse (2000) is the need for better understanding of outsourcing in relation to knowledge transfer namely, knowledge ambiguity as a mediator of tacitness, experience, complexity and cultural and organizational distance or closeness. This does not neglect the fact, that the organization must assure itself that appropriate knowledge transfer and be able upon completion of the outsourcing contract.

Table 3.2 Proposition coding and theme grouping

Partner related factors:	Environmental factors:
<ul style="list-style-type: none"> • Commitment brought to venture • Level of Control • Culture distance among partners <p>P5. As the level of commitment by the partners to JV in LMIC healthcare joint decreases, the level of conflict between the partners is likely to increase.</p> <p>P1. The more LMIC healthcare services JV stage implementation are controlled by one parent firm as opposed to being controlled by both parents on a shared basis, the more likely is the chance of success and stability in quality of patient care.</p>	<ul style="list-style-type: none"> • Host country political system • Economic development • Legal system • Government policy in foreign investment <p>P7. When partners in LMIC healthcare perceived significantly higher degree of environmental uncertainty, the JV decision will be more positive in for-profit compared to nonprofit healthcare organization.</p> <p>P3. The performance of LMIC healthcare services JV increases when the JV partners trust each other, have mutual need of commitment and willing to cooperate.</p>

JV related factors:	Economic factors:
<ul style="list-style-type: none"> • Character of product or services... • R&D and scale intensity contribute positively JV Stability <p>P2. The JV with international technology partner in LMIC healthcare will have a positive relationship between ownership and control.</p> <p>P8. The greater the experience of parent firms in the use of joint venture, the more successful the JV relationship for the improvement of quality of healthcare in LMIC.</p>	<ul style="list-style-type: none"> • Poor formation and planning • Unexpected poor financial performance • Management problems • Inappropriate management structure <p>P4. The LMIC healthcare JV strategy established primarily based on the partner knowledge of the market and business practice rather than similar cultural attributes.</p> <p>P6. Within LMIC healthcare JV the more capital resources a partner contributes to the venture, the greater the management control this partner is able to achieve.</p>

In this research, in-depth review and blend of the extant research on the JV success and performance that has been published in the last 20 years with a particular focus in LMIC healthcare system. The purpose is to explore out the reasons behind JV selection in healthcare. This allow to identify the leading factors of JV performance in LMIC healthcare system improvement and the relations among all the factors based on testing propositions in table 3.2 of the proposition themes grouping and related factors and the ISM validation process. Toward the end of this research, based on these eight factors chapter 8 will present strategic framework for the implementation of JV in LMIC healthcare system improvement. Consequently, this work intend streamline future empirical research and set the base for further development of a variety of theories and models in healthcare system improvement.

3.3.1 Country and Organization stability

In having a well-developed health reform strategy to close the health needs gaps and to correct imbalances within countries has to give attention to the presence of peace, stability and growth that allows for expansion of investment in the health sector. Founding conditions have been observed to have an important effect on organizational survival and stability (Mitchell, 1994). Meanwhile, at organizational level the country legal structure will enhance organization structure and provide strong base for healthcare organization stability and growth. For that, in addition to environmental uncertainty and political stability in developing world, also the healthcare system worldwide are facing increased financial difficulties because advancement of healthcare system and standards (Lagomarsino *et al.*, 2012; Basu, 2012). Subsequently, the increase political stability has led to improved economic prospects in the region.

Most countries in the Middle East and North African region are middle-income countries and their financing systems are built on a combination of the National Health Service system and social health insurance models (Schieber, 2004). The increase trend these days has shown that countries facing rapidly expanding private health insurance sector and more countries seem to be following this trend (Sekhri & Savedoff, 2005). However, a countries involved in conflict situations, in particular, Syria, Iraq and Yemen. Due to the political instability in the region, reforming health financing is not currently a principal concern for many of these countries (Raad, 2005). This induce the important environmental dimension that is likely to impact in country or organization stability. As a result, this will have a substantial impact on issues such as, commitment on the relationship between partners, the capital contribution and management control, careful selection of experienced technology partner and improvement of both capacity building

of the host country were considered to improve local economy and help stability that subsequently has its great impact on the improvement of the LMIC healthcare settings.

Later, section 6.4.1.2 will explore in more details the three determinants for success and stability in quality of LMIC patient care that involves the development of new skills to meet healthcare requirements, trust between partners and JV formal structure.

3.3.2 Joint venture Control

How do foreign parent firms design JV control to adapt with the host country uncertainty is a valuable factor establishment of JV in developing countries. In this case it was found that most foreign parent firms want a high level of control that is consistent with their bargaining power (Calantone & Zhao, 2001). As a result, Le & Jorma (2009) suggest further studies researchers could also investigate on how the foreign parent firms exercise their control in their IJVs in order to cope with other specific factors that contribute to the uncertainty in the host country, such as the fluctuation of the interest rate and the supply and demand uncertainty. In addition, because IJVs evolve overtime, further studies are also needed to investigate the dynamic of the parent control over IJVs to deal with the host country uncertainty along IJV life cycle.

In general, the literature of international business shows that control is one of the biggest challenges that parent firms face when entering IJVs (Geringer & Hebert, 1991; Le & Jorma, 2009; PWC, 2012) and plays an important role in IJV successes or failures (eg. Groot & Merchant, 2000; Lee & Chol, 2013). Already more than 15 years ago, Geringer and Hebert (1989) proposed that future research should broaden the critical considerations and implications of control in terms of mechanisms, control extent and control focus. Later, Le (2009) have also suggested the necessity to examine a wider array of IJV control through in depth investigations. Also, Barden *et al.* (2005) have

added to the debate and suggested that further research is needed to investigate the “fit” between parent firms’ strategies and their control systems. More recently, there has been increased interest in research on control across organization boundaries. This interest is a consequence of closer relationships between organizations for example, Joint Ventures, long-term outsourcing relationships, Licensing agreements and franchising arrangements (Håkansson & Lind, 2004). Some researchers have noted that many IJVs experience difficulties in controlling the attitudes and behaviours of their local employees (Geringer & Frayne, 1990; Bhalla & Terjesen, 2013). Such difficulties are likely to increase when there exists a gap in cultural orientations between the parent company management and local employees (Eisman, 1991; Wilson, 2006) and when the parent company management mismanages the culture gap.

Much of the control problem in culturally heterogeneous IJVs could possibly be resolved when the parent company understands the role culture plays in commitment inducement mechanisms. The local partner sometimes abuse too much to get personal interest and it is easy to have dispute between the partners. It is one of the reasons leading the control mechanism to failure due to confusion and mistrust (Minh, 2013). During IJV development, emphasis is placed on achieving success through matching the strategy of the parent organization with the structure by which the venture is controlled (Roy, 2012). As a result of that, more attention is devoted to establishing strategic symmetry between the sponsoring firms, in terms of company missions, resources, management skills and allied attributes, critical in building a complementary and equitable business relationship (Harrigan, 1986; Guidice, 2001; Zheng & Larimo, 2010).

3.3.3 Commitment to Joint Venture

The commitment to the business venture has been considered a valuable contribution in success of any joint venture, the commitment reflects a partner's positive valuation of a collaborative relationship (Gray & Kim, 2009). It can be described as the willingness of IJV partners to exert effort on behalf of the IJV relationship (Mohr & Spekman, 1994; Robson *et al.*, 2013). By reducing the threat of opportunistic behaviour, commitment reduces transaction costs and the costs associated with partnership, thereby enhancing performance. Many IJV scholars have focused on the effect of commitment on IJV performance and a positive relationship has been empirically supported (e.g. Isobe *et al.*, 2000; Demirbag & Mirza, 2000; Robins *et al.*, 2002; Kwon, 2008; Nakos & Brouthers, 2008).

For commitment to be present, partners need to express their long-term interest in the relationship but also need to take affirmative actions to demonstrate their willingness to act on their promise (Ren *et al.*, 2009). One obvious form of behavioural commitment involves commitment of resources to the IJV (e.g. Cullen *et al.*, 1995; Kale & Street, 2001; Butler & Callahan, 2014). That confirmed reports on workforce engagement and satisfaction while involvement in local decision making process. However, commitment to organizational change initiatives such as implementation of evidence-based care processes organizational culture and workforce knowledge sharing (NIST, 2012). Although there is evidence that some vendors do perform poorly, equally there is evidence that poor outsourcing decisions are the direct result of an inadequate definition of customer requirements (Forst, 1999; Hoecht & Trott, 2006; IFC, 2010). However, the employee commitment can only be resuscitated when companies create a mutually beneficial working environment (Moskal, 1993; Singh *et al.*, 2011).

Discussing the major determinants of the IJV success and failure, commitment and inter-partner trust play crucial roles (Le & Jorma, 2009; Sarkis *et al.*, 2011). Commitment can be defined as an enduring design to maintain a value relationship (Moorman *et al.*, 1993), a sign of willingness to provide, on a continual and long term basis, resources and capabilities for the specific needs of the IJV operation (Buttler & Callan, 2014). Relational commitment between parents and their IJVs occurs because the relationship is important to their overall company performance and thus warrants substantial maintenance efforts (Yeheskel *et al.*, 2004). Therefore, committed partners expect long-term profits rather than short-term gains.

With regards to the relationship between commitment and performance, on the basis of a study of 880 Japanese IJVs, Cullen *et al.* (1995) found that, performance and expected outcomes pay off with a greater commitment of partners to the IJVs. The same study also point out that, the more important the IJVs are to their parents, the more committed that parent firms are to the IJVs. In addition, Isobe *et al.* (2000) study result indicates that foreign parent firms' commitment to technology transfer to IJVs has a positive effect on IJV performance. Besides, a commitment to IJVs can help partners achieve individual and joint goals without fear of being taken any foreseen advantages.

As with commitment, the mutual trust between partners appears to be an important condition in an IJV relationship. Moreover, trust can be defined as the mutual confidence of the partners that none of them will exploit the other's vulnerabilities (Zhang & Li, 2001). In addition, maintained that trust plays a significant role in IJV performance (Harrigan, 1988; Gray & Kim, 2009). A long term exchange between partners cannot function effectively in the absence of trust (Chowdhury, 1989; Roehrich *et al.*, 2014). Inter-partner trust can reduce the costs inherent in shared ownership and improve

coordination of efficiencies when part of a partner's objective for the IJV (Parkhe, 1993; Yan & Gray, 1994; Robson *et al.*, 2013) and correlates with IJV structure (Chowdhury, 1989). Researchers suggest that trust between partners must to be built over a period of time (Madhok, 1995; Soundness *et al.*, 2011) and it helps to reduce friction between partners (Parkhe, 1993; Oever, 2010). Furthermore, it should be argued with caution that employee commitment may play an important roles in the success of IJVs. It is because much of the control problems common to culturally complex IJVs could be resolved when their employees are psychologically committed to the organization; and thus, make conscious efforts to help their IJV achieve its goals (Geringer & Frayne, 1990). In summary, one cannot overestimate the importance of the partner trust and commitment to IJV success.

3.3.4 Mutual trust and cooperation

Partner's trust, mutual need of commitment and cooperation has been always considered the key drivers for any JV success. Trust between partners plays a significant role in the success of any JV structure (Minh, 2013). According to Parkhe (1993), the basis of development of the IJV theory centres on trust, reciprocity, opportunism and forbearance, these can clearly provide the needed theoretical underpinning for understanding their success or failure. Parkhe further argues that not only do these concepts reflect the behavioural variables at the heart of voluntary inter firm co-operation, but they can also be linked effectively with each other along various dimensions. It is a fact that a financially profitable JV can collapse due to a lack of trust and cooperation (Deloitte, 2010). Nevertheless it was found that parent firms can be very committed to make a financially weak performing JV a success if they trust each other and are cooperative (Schaan, 1983). However, mutual cooperation and trust develops over time but is an essential consideration of the JV relationship (Buckley & Casson, 1988; Kim *et al.*,

2010). It has been seen that cultural distance is not a consistently important factor influencing IJV performance. Rather it is the personal relationships, trust and cooperative decision-making that are the most important predictors of success of IJVs.

In another word, trust between partners is also an important precondition to learning as it enables knowledge sharing. In spite of this, in some situations firms may be reluctant to share knowledge given its strategic importance. Others involved in IJVs may be constrained by parent firm managers' preferences for clearly delineated roles, as opposed to integration and coordination (Child & Markoczy, 1993). However, trust alone will not always ensure that learning occurs. Lane *et al.*, (2001) found that trust and support from foreign partners did not lead to learning in Hungarian IJVs, but in some instances, it did lead to improved performance. In addition to trust, knowledge acquisition skills must be developed and this requires time and the active involvement of managers (Tsang, 2002). Therefore, forming and maintaining trust between partners is crucial to effectively governing a JV. In part, this is because governance remains an important ongoing activity for managers involving learning and sometimes even renegotiation (Ariño & de la Torre, 1998).

A comprehensive JV contract and cooperative relationship contribute substantially to the formation of trust between JV partners (Luo, 2002b). Trust, in turn, enhances satisfaction and commitment to the JV (Cullen *et al.*, 1995). Yan & Gray (2001) noted that the quality of the working relationship between partners directly affects the achievement of each partner's goals. Certainly, forming strong social ties between managers and developing shared values also aids partners in learning (Dhanaraj *et al.*, 2004; Luo, 2001). As an exception, some studies on trust and control suggest there is an inverted relationship between them (Kooistra & Vosselman, 2000), while other studies argue that

the relationship may be more complex. In fact, trust is highly reflected in the JV performance when the firm trustworthiness is found to improve performance by reducing transaction costs resulting from the need for contracts which are costly to write and enforce (Dyer & Chu, 2003). Some studies report that the consequence of trust is relationship effectiveness (Nevins *et al.*, 2008); while others report that trust influences a partner's intention to stay in a relationship (Ruyter *et al.*, 2001; Wilson & Brennan, 2007). Research has revealed that a distributor's (e.g. importer) trust results in increased relationship and financial performance (Siguaw *et al.*, 1998; Skarmeas, 2006; Nevins & Money, 2008). According to Katsikeas *et al.* (2009), trust leads exchange partners to enhanced performance outcomes over time.

Trust may even replace formal controls by reducing uncertainty of behaviour (Groot & Merchant, 2000; Langfield-Smith, 2008). In our three cases as differentiated by (Cäker & Siverbo, 2011) in their study, good performance create goodwill trust, system trust and calculative trust in horizontal cooperation and competence trust and goodwill trust in vertical cooperation. Nevins and Money (2008) found that trust mediates the negative effect of cultural differences on channel performance. Although Ha *et al.* (2004) found that the cultural background of the exporter does not affect importer trust, the literature largely suggests that importers are more likely to seem trustworthy to suppliers in culturally similar markets.

3.3.5 Culture attributes

The cultural difference between partners and its impact on IJV performance are the most common issues found in IJV research (Li *et al.*, 2001). From a different perspective, cultural similarity may help IJVs to avoid problems and facilitate trust and cooperation between partners. While in some situations, differences in cultural backgrounds between

partners have been perceived as a threat to the survival of IJVs (Barkema & Vermeulen, 1997; Meschi & Riccio, 2008). In contrast, a similar culture is not always the most valuable resource in terms of effect on IJV performance (Li *et al.*, 2001) or on the other hand, may either not affect IJV performance at all (Beamish & Fey, 2001). Interestingly, Li *et al.* (2001) showed that despite their large cultural distance from their Chinese partners, IJVs established by western partners perform better than IJVs established by partners from East Asia. In research on culture for IJVs, that examines influences of both national and organizational cultures on IJVs, when organizational cultures show differences it was found that misunderstanding and mistrust often were the reason (Pothukuchi *et al.*, 2002).

In most cultural research for IJVs it was found that researchers have also been looking for the relationship of cultural differences between partners and IJV longevity. Interestingly, the results of these studies in some instances contradict each other. Fey *et al.* (2001) found that the home base of the foreign parent operating a JV in Russia did not affect the IJV longevity. In addition, maintained that cultural distance in general did not have an effect on the dissolution of IJVs (Park & Ungson, 1997; Oever, 2010). An interesting side bar is that US-Japanese joint ventures lasted longer than US-US joint ventures. In the same vein, Li *et al.* (2002) argue that too little cultural distance might generate inadequate innovation or constructive conflict to influence the IJV overall outcome. Hennart and Zeng (2002) found that IJVs that have parent firms from different countries will experience greater conflicts; and therefore, have a shorter life than those with partners from the same countries.

In summary, no doubt cultural differences seem to have a strong influence on IJV operations and more importantly toward LMIC environment. However, whether the

degree of difference of cultures between partner's results in a positive or a negative effect or indeed has no effect on IJV performance it is still an open question. However, this study will look closely to the culture difference issue in particularly within developing countries and how it could best serve as a positive factor that contributes to JV success.

3.3.6 Partner's contribution

In the assessment of the JV journey, all critical issues that drive the success of the JV compared with the initial expectations at the time the business venture was viewed. Also, a careful consideration for the problems and challenges encountered during the negotiation and operational stages of the JV differ in relationship with the partner's contribution and establishment of clear agreement of the JV objectives. However, the problems occur in IJVs due to the difficulties in managing them caused by the presence of two or more partners (Inkpen & Beamish, 1997; Gocmen, 2004). In particular, conflicts between partners are caused by the differences between partners such as the incompatible management styles and approaches and cultures (Killing, 1983; Dixon, 2005). Which was later observed in the survey analysis that the communication which has been reflected on partner's contribution is also an issue in the operational phase.

Meanwhile, the JV approach successfully contributes to the improvement of healthcare services, which has been found more applicable in the LMIC, in particular helps to addresses the local firm staff capacity building and provides effective cost for adequate services. Adding to that, limited capacity in developing world, finding technical talent or quick and reliable access to new technologies have been found to drive the seeking of some form of partnership. To this it was found that the partner's contribution was the most difficult challenge during negotiations. Taken into consideration, the contribution by the foreign JV partner firm depends on the industry in which it is involved it is

product lines and its business orientation. In his study *JV Conflict*, Julian (2008) suggested the identification of types of contributions that can be made by each JV partner firm to satisfy the other JV partner's needs. He further elaborated that such contribution by the local JV partner firm in IJV in developing countries limited to combination of capital, management, knowledge of the country environment and the market and contacts with the government, financial institutions, local suppliers and labour unions. With extensive studies of IJV's in developing countries, the partners have expressed mutual need for the following types of resources: human resources, market access, government or political access and specialized skills or knowledge. In study of the relationship between performance and partner needs, Beamish (1988) concluded that partners of successful JVs showed a long-term need for each other's contributions while the unstable ones were characterized by short-term emphasis on partner contributions.

Partners commitment and valuable contributions, sharing risks and the decision making process to lead to real improvements in health outcomes. Some scholars found that JV from developed countries in least developed countries (LDC) have been found to experience higher levels of satisfaction with increased partner contribution (Lee & Beamish, 1995). Others, sees it is depending solely on the partner's contribution may impact the survival of JV performance. In his research of JV survival concept, Franko (1971) associated poor performance with the change in the ratio of equity contributions of the partners over the life of the joint ventures. For that, it is a common belief in most of IJVs that the better the strategic position the greater leverage in the venture and may negotiate strongly for control. Also, it is assumed that the IJV partner's contribution as a critical resources will enhance its bargaining power and in turn its management control (Harrigan, 1986; Root, 1988; Harrigan & Newman, 1990; Blodgett, 1991) which in some situations will led to offensive strategy, committing resources necessary to gain a

desirable level of control over the entire operation of the IJV (Harrigan, 1986). But, in most situations partners' contribution was focus mainly toward strategic resources and expertise to the IJV (Yan & Gray, 2001a). This in particular more applicable for LMIC where higher technology contribution is require which perceived as an important factor for the success of JV. Although, other scholars justified the Partner need was assessed in terms of the relative importance of each partner's contribution to the joint venture for ten items; faster entry into local market, inexpensive labour, local political advantage, raw material supply, knowledge of local business practice, local managers, capital, general knowledge of the local market and culture, better export opportunities and technology or equipment (Lee & Chol, 2013). In that sense, it felt it will be advantages for both partners to enhance communication during differ stages of JV implementation to clarify valuable contribution which will reduce conflict and improve JV performance.

3.3.7 Parent firm's experience

The successful JV performance requires the assurance that all parties involved not only understand the basics of the agreement but also understand the other fine details, including goals, financial contributions, human resources and expected length of the deal which is one of the most ignored aspects of any joint venture. The development of a JV relationship and the JV agreement as the instrument with the applicable laws of the host country sets out the rules that govern the relationship between the partners and the formation, incorporation and management of the JV company as a separate legal entity (Lima *et al.*, 2009). However, this does not mean legal agreements are rarely effective at protecting the parties from changing circumstances

Joint ventures are normally established based on particular goals. The pressures and management mind-set can complicate strategic issues when addressing non-structured

services such as healthcare sector in developing countries. This involves, not only, both sides agreeing to a specific process for making strategic decisions, but, also the establishment of a clear form of regulating communication ideas and plans to be able to deal with change needs. In their study Brouthers *et al.* (2006) categorize three main types of barriers to IJV success: national cultural differences that affect the partners' communications, the ability to create and maintain trust within IJVs and establishment of a control mechanism that promotes cooperation. For that purpose, effective communication found to be important in fast changing environments related to any decision making process is absolutely necessary. Also, by taking into consideration is the motivation of the local partner's employees to maintain corporate organization culture that will help achieve JV objectives. That is why Geng (2004) places emphasis on IJV managers who can also serve as the direct information link between parent firms. They foster smooth communication and provide parent firms with a channel for face to face interaction. Furthermore, the social control mechanisms including communication, personal relationships, technological and managerial training and social knowledge are to be managed successfully to ensure the making of a good joint venture.

3.3.8 Environment uncertainty

When seeking IJV most of organization considering environmental uncertainty as inevitable. These risks are due to the specific environmental uncertainty of emerging countries. In particular, a significant proportion of these risks is related to the political and economic uncertainty of these countries: government instability, political turmoil, debt default or rescheduling, fluctuating currency rates, discriminatory tax systems and corruption (Meschi, 2005). In that sense, some scholars consider the economic and political component of environmental uncertainty has a negative impact on joint venture survival (Fisch & Hendrik, 2011; Steenkamp *et al.*, 2012; Saha *et al.*, 2015). Although,

Meschi (2005) argues that from a theoretical viewpoint, it is not easy to establish the relation between environmental uncertainty and joint venture survival which more supported by theories of environmental selection and also by theories of resource dependence and transaction costs.

The advancement in healthcare standards has impacted greatly in regulation and technology changes have brought about considerable environmental uncertainty in the healthcare industry. Subsequently, such increasing environmental uncertainty due to market competition and changing regulatory requirements. Some literature suggests that both external environmental factors and internal factors unique to hospitals influence physician-hospital alignment via joint venture arrangements (Lake *et al.*, 2003; Berenson *et al.*, 2007; Casalino *et al.*, 2008). Pfeffer and Salancik (1978) identified three factors that describe the level of environmental uncertainty; resource munificence, resource stability and resource complexity.

In view of the government policy contribute greatly in JV performance that highly impact on environmental uncertainty. The host country governance represents all those attributes of legislation, regulation and legal systems that condition freedom of transacting, security of property rights and transparency of government and legal processes (Kaufmann *et al.*, 2009). In his research Brewer (1993) concluded that the quality governance includes an effective and impartial legal system that protects property and individual rights public institutions that are stable, credible and honest; and government policies that favour free and open markets. Whereas weak governance, on the other hand, fails to protect property rights and legitimate returns and restricts the means of legal recourse for victims of opportunistic conduct (Kaufmann *et al.*, 2009). In his study, Roy (2012) of 144 IJVs established by American and Canadian firms across six Asian countries were examined.

His results revealed that, host country governance quality directly facilitates the extent to which an IJV partner behaves in a trustworthy manner. The findings also showed that governance quality indirectly influences IJV partner trustworthy behaviour by enhancing the effectiveness of certain partner selection criteria in serving as a tool for selecting a trustworthy IJV partner.

3.4 Summary of the Chapter

This chapter is the second part of the literature review section. The review concluded and compared all the relevant findings of the literature on outsourcing in relation to general review of the concept; how it is been implemented in healthcare service improvement and its implication in LMIC healthcare system. Then literature review focused on the JV concept; how organizations can build a successful JV performance and what are the key elements believed to constitute a successful joint venture. Last section presented is a study of previous research on identified the eight leading factors of JV performance in LMIC healthcare system improvement. However, the relations among these factors will serve as basis for testing of propositions and ISM validation process. Also, in chapter 8 these eight leading factors will assist in development of strategic framework for the implementation of JV in LMIC healthcare system improvement.

The next chapter will provide an overview about the research model that features the need of health systems in LMIC to incorporate JV approaches as outsourcing option. In addition, the research variables and a related methodological approach are presented in same chapter.

CHAPTER FOUR

RESEARCH MODEL AND PROPOSITION

4.1 Introduction

The previous chapter discussed two areas: the general outsourcing services and elaboration about outsourcing in healthcare sector with specific highlights on the LMIC; how organizations can build a successful JV performance and what are the key elements believed to constitute a successful joint venture. Also, previous research was discussed with particular interest on how commitment to a business venture has been considered a valuable contribution in success of any joint venture.

This chapter intends to provide an overview about the elements that will be used to develop a framework which would be the output of this thesis. These elements highlight the need to incorporate JV approaches in LMIC healthcare system as a viable outsourcing option. In addition, the research variables and a related methodological approach are presented in this chapter. The elements and proposition used within this study provides a methodical, analytical and focused review of those empirical studies examining how the development of outsourcing plans based on a JV approach can contribute in the improvement of the LMICs healthcare system.

The study intend to employ a mixed method approach to conducting the empirical part of the study because it is helpful when trying to develop knowledge by using proposition and question approach and use of measurement and testing. In addition, the research uses

the five sequential stages proposed by Robson (2002) to conduct scientific research, i.e. deductive research proposition.

4.2 Research Elements

Based on the eight factors of elements discussed earlier in section 3.3 who have an impact on deciding about choosing JV as the option to proceed with This section discuss various forms of commitment, resource contribution and linkage to the JV relationship and also examines the effect of management control and conflict resolution conflict/control. This research aims to develop a framework for assessing JV model that lead to process improvements in LMIC healthcare system, the empirical part of this research comes from a study of the healthcare system in the province of Taiz, Yemen and the 280 million US\$ Hamad Medical City (HMC) that will be explored as a potential model for LMICs. HMC is an NGO based on a contribution from the State of Qatar to the Republic of Yemen aimed at both improving the healthcare system in Yemen and identifying success aspects for possible replication in other LMICs. Yin (1994) described a case study as an empirical inquiry that investigates contemporary phenomenon within their real life context, especially when the boundaries between phenomena and context are not clearly evident. As Yin (1994) further elaborated, that it gives the option of studying an organisation and its environment in its own setting and gaining insights into the intricate processes that surround it. Nevertheless, to avoid the collection of data that are not of tangible source, a special attention has been given to all stages of data collection, i.e. how the participant responded during the survey questionnaires that allows more refining to ensure real emphasis of gained knowledge and integration of various research ideas.

The research focus will be to display the need of health systems in LMIC's to incorporate JV approaches as outsourcing option that will allow them to deliver comprehensive solutions to address the rising mortality and morbidity rates. In contrast to traditional outsourcing in the developed world as more strategic functions were outsourced, that implies streamline of management process to allow effective implementation of outsourcing plans. As a result, firms started building closer relationships with their vendors. Organizations stretched their boundaries to gain competitive advantage through outsourcing (Hätönen & Eriksson, 2009). However, in case of Yemen, the lack of political stability and security is an issue that may prevent the creation of a good business environment that encourages vendor client relationships. This will put a burden on the efforts of NGOs like HMC to create joint ventures by bringing local and foreign partners to manage technology driven services; e.g. diagnostic imaging and laboratory services from which HMC and other public hospitals may benefit.

This research provides a methodical, analytical and focused review of those empirical studies examining how the development of outsourcing relationship approach based on a JV model can contribute in the improvement of LMICs healthcare system. Although there are several advantages to outsourcing, there are also many barriers to outsourcing in healthcare. If the fundamental infrastructure of outsourcing; including education, determining the appropriate goal, using entrepreneur managers, etc., are not reformed, the main goal of outsourcing in the health sector (cost reduction, increasing quality, efficiency and effectiveness) is not achieved (Agharahimi *et al.*, 2012).

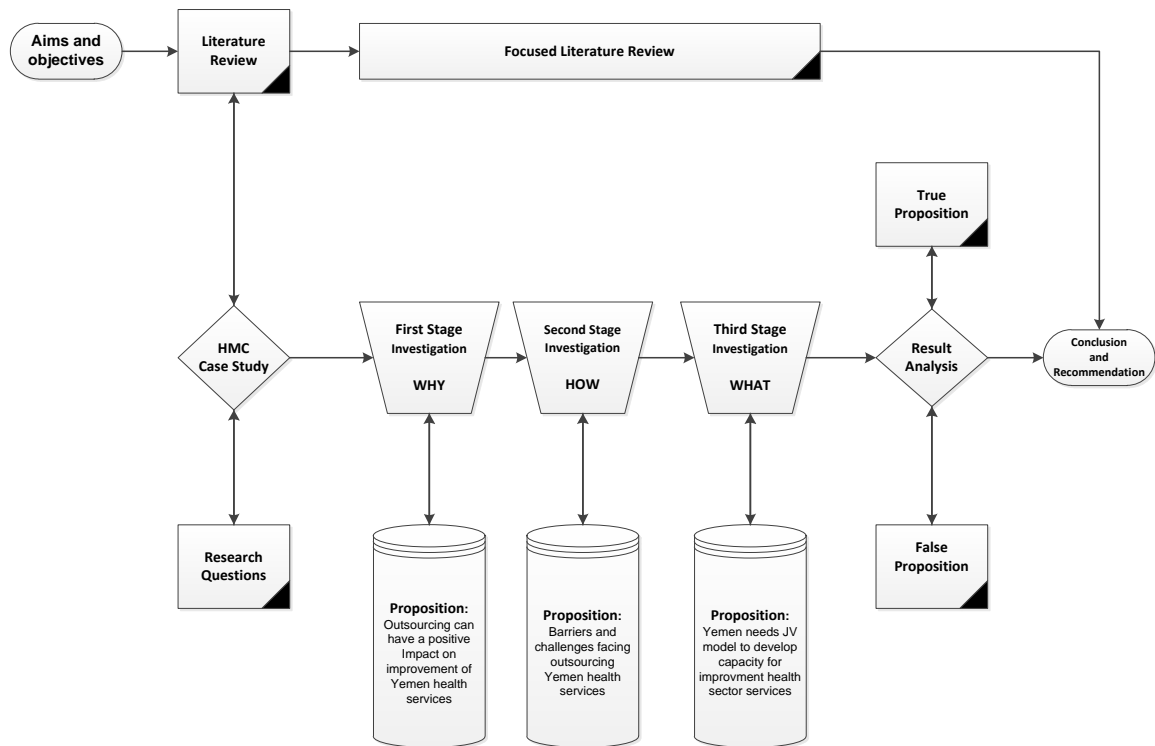


Figure 4.1 Research plan and proposition testing

Figure 4.1 shows the research plan and proposition used within this study. The proposition will be described later in chapter 5 to demonstrate the research plan and proposition testing process. Further, chapter 7 covers in more detail the testing and validity these proposition. The underlying thought being that the way a researcher perceives the world and to a great extent, determines his or her philosophical assumptions about that world and then constructs and phenomena within it is the focus (Myers, 1997). The research has a clear purpose for discovering things in a systematic way (Saunders *et al.*, 2009) and for developing useful knowledge to support organization problem solving in the field (Huff *et al.*, 2006). Furthermore, it is based on logical relationships and not just on beliefs (Ghauri & Gronhaug, 2005).

The study employs a mixed method approach in conducting the empirical part of the study because it was found to be helpful when trying to develop knowledge such as cause

and effect thinking, reduction to specific variables, propositions and questions and use of measurement and testing (Creswell, 2003). Case studies are considered to be a very common form of qualitative evidence because qualitative data can be very powerful and should not be overlooked when assessing impact. Consequently, the use of an explanatory case study type would be used if you were seeking to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. Furthermore, the explanations would link program implementation with program effects, this type of case study is used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes (Yin, 2003).

In a comparison to the inductive approach, the deductive content analysis is guided by a more organized and structured process. The deductive approach is based on previously formulated, theoretically derived categories and the initial coding starts with a theory or relevant research findings. By using existing theory or prior research, researchers begin by identifying key concepts or variables as initially coding categories of analysis while bringing them in connection with the text (Hsieh & Shannon, 2005). The present research uses the five sequential stages proposed by Robson (2002) to conduct scientific research, that is namely the deductive research proposition;

- Expressing the proposition in operational terms
- Testing these operational proposition
- Analysing the results
- Confirming or modifying the theories in accordance with the results (if required).

4.3 Explanatory Variables

Many variables were selected and explored in this section. These variable affected the eight elements that have been mentioned in the literature review section 3.3. The main goal is to conceptualize the implementation of the JV as an outsourcing relationship for the improvement of the LMIC healthcare system. This includes study and analyse of the most dominant drivers of the JV performance and the key links among all these variables which guide the identification of the key factor affecting the implementation of JV which will be discussed in more detail in latter chapters. However, these identified factors will serve as a base in developing an implementation strategy to the JV framework for the improvement of the LMIC healthcare system. They propose a comprehensive framework that relates these factors to each other to help and guide future research.

4.3.1 Complexity of Healthcare System

The complexity of the healthcare system has added another factor in formulating the understanding of the specific limitations surrounding the LMIC. Bianchi and Saleh (2010) recommended that the theories tested in developed country contexts may need to be replicated in developing country contexts for the purpose of generalizability. The existing theories do not effectively address the issue of uncertainty in an outsourcing process, which is the main reason they fail to act as normative theories as argued by (Datta, 2006) who also suggested that by adopting a real option approach, firms can directly address the issue of uncertainty and thereby making the rationales of value and cost more normative.

4.3.2 Resource Dependence Theory and Organizational Control

Resource dependence theory was originally developed by Emerson (1962) and further developed by Pfeffer and Salancik (1978), who proposed that control over critical

resources by one organization can make another firm dependent on it and they added the importance of maintaining power over key resources. Critical resources may include technology, management know-how, global service support, local knowledge, product distribution, material procurement and equity share (Yan & Gray, 2001a). This theory takes the standpoint that in order to understand the behaviour of an organization; you must understand the context of that behaviour: the ecology of the organization. By controlling resources, a firm can minimize the dependence on other firms and maximize the dependence of other firms on it.

As Pfeffer and Salancik (1978) explained the external control of organizations by saying that a resource dependence perspective is one of the most influential theories in organizational theory and strategic management characterized by its flexible approach which depends on the external environment. All this leads to say that in order to understand the behaviour of an organization, you must understand the context of that behaviour; that is, the ecology of the organization. RDT is also considered to be a major theoretical perspective to understanding joint ventures and other inter organizational relationships such as strategic alliances and partnership agreements. Since the beginning of the 1960's it has driven research to consider how organizations could decrease uncertainty in the environment through collaboration. This became especially helpful in identifying perceived benefits of outsourcing relationships from the client's perspective. Kim & Young-Soo (2003) identified three general types of benefits: Strategic, economic and technological.

In IJV research resource dependence theory provides not only an explanation of why IJVs are formed but also why control is needed and accomplished by parent firms (Pathirage *et al.*, 2008). From this prospective, resource dependence theory is found to be

appropriate for examining IJVs because parent firms use IJVs to access valuable resources that they do not own (Chen & Chen, 2003). The power that comes from controlling the resources that the dependent party needs can increase the bargaining power of the controlling party, allowing it to negotiate greater control over the IJV activities (Mjoen & Tallman, 1997). Furthermore, Emerson (1962) argues that power is a property of social relationships.

Empirical evidence also supports the use of inter-organizational relationships to reduce domestic and international environmental complexity and gain resources (Stearns *et al.*, 1987; Goes & Park, 1997; Elg, 2000; Humphreys, 2001). In a study of mergers, the RDT perspective on inter organizational relationships explores how their formation helps an organization acquire resources to reduce uncertainty and interdependence (Auster, 1994; Harrigan & Newman, 1990; Pfeffer & Salancik, 1978; Guidice, 2001). An opportunity for future research on JVs and inter organizational relationships also lies in integrating RDT with other theoretical perspectives to consider the dynamic nature of these dependencies and power as well as the multiplicity of interdependency (Hillman *et al.*, 2009). Future research can possibly highlight the similarities between different strategies for managing dependencies and lead to an improved understanding of the trade-offs among resource dependence strategies to reduce interdependency.

Partners in IJVs want to control and maintain an uninterrupted supply of the resources and information that they are unable to procure on their own (Pfeffer & Salancik, 1978). In this regards, the power among partners could be balanced if each depends on the other in similar manner but not necessarily for the same things. Resource dependence theory has emerged as an important explanation for consistent firm level performance by emphasizing a firm's ability to create and sustain a competitive advantage by acquiring

and defending advantageous resource positions (Leiblein, 2003). The resource dependence theory suggests that the choice of activities of control is important to JV performance (Choi, 2001). The idea is to create balance where there is a high level of dependence between partners and the need for information to be freely exchanged between parties (Guidice, 2001).

4.3.3 Transaction Cost Theory

In the development of the measured outsourcing framework, Busi and McIvor (2006) listed TCE, RDT and strategic alignment as some of the underpinning theories to outsourcing. They observed that the knowledge generation is skewed towards a practitioner's perspective and requires longitudinal action research which investigates theory application. This, they said would allow a better understanding of the challenges associated with outsourcing implementation and management.

The transaction cost theory leads us to the conclusion that an alternative understanding of outsourcing is offered by the resource and knowledge-based theories (Hansen *et al.*, 2008). According to these perspectives, outsourcing is less driven by transactional cost factors and more by resource considerations. However, in terms of dealing with uncertainty which is likely in any outsourcing decision, transaction cost economics have been found less useful. Indeed the main critique of transaction cost economics is that while it is a useful positive theory it creates problems when applied in a normative sense (Ghoshal & Moran, 1996). This leaves us divided between the TCE and RDT given that in highly critical services like the healthcare in developing countries with more uncertainty related to outsourcing (Leiblein, 2003; Datta, 2006). This means that the transaction cost theory would point towards hierarchy (producing the goods and services in-house) while the RDT would recognize the high value to think of ways to manage the

uncertainty and establish the outsourcing relationship. The issue of uncertainty is especially important in TCE (Shan, 1991; Butler & Callahan, 2014). For that, Palmberg and Pajarinen (2005) observations indicates that transactional uncertainty arises when the possible contingencies affecting the execution of the related agreement are complex and difficult for the partners to understand, predict or articulate.

Findings have identified a limitation in investigating outsourcing decision making from the perspectives of transaction cost theory (Ivanaj & Franzil, 2006; Michael & Michael, 2011; Vasiliauskiene, 2011). This theory is based largely on an economic foundation and pays less attention to other important contexts of an organization in the outsourcing decision in the healthcare setting in the LMIC. From the transaction cost theory perspective, collaboration should be employed to minimize the cost of governing the activity (Madhok, 2002). This is why the organizations can be confronted with various different prescriptions. Resource constraints may direct an organization towards collaboration in a situation where collaboration is not an efficient response to the exchange conditions (Combs *et al.*, 1999; Ho & Tsui, 2009). The use of the TCE in the investigation of control and performance of IJVs is one of the most promising research avenues that can help clarify and resolve empirical inconsistencies (Geringer & Hebert, 1989; Talman, 2004). In addition, the transaction cost theory has not only successfully explained why IJVs are formed (Hennart *et al.*, 1998; Ali, 2013) but also have been expanded into the study of how foreign partners can manage IJVs through appropriate control.

In general, TCE suggests that to curb opportunism, the use of governance mechanisms such as contracts, monitoring, shared ownership and reputation effects (Williamson, 1985) are necessary. For this reason, it makes it hard to apply such theory in a developing

world where uncertainty and lack of government structure is of great concern. In exploring other means, Provan and Skinner (1989) found a positive relationship between control over decisions by a partner and the tendency to behave opportunistically without that partner. Besides, transaction cost theory also argues that the more critical the resources contributed by a foreign parent firm to the IJV, the greater the need for control. The choice of governance form is based on the efficiency of production, transaction costs (Williamson, 1985; Leiblein, 2003; Guidice, 2001; Cäker & Siverbo, 2011) and the need to control the behaviour of the transacting parties (Provan & Skinner, 1989; Talman, 2004; Dash, 2013).

4.3.4 Joint Venture as Outsourcing Model

Joint ventures as defined by Hatfield and Li (1994) are discrete entities created, owned and influenced by two or more firms (parents/partners) that provide inputs to and share in the outcomes of the created entity. Entering into a JV that fits in the healthcare setting of LMICs would mean establishing a collaborative arrangement between two or more individuals or organizations to be able to create a great impact in healthcare. Firms enter into JV agreements in order to create new products and services, enter new and foreign markets or potentially both (Beamish, 2008). Joint ventures enable partners to access each other's complementary resources and capabilities in order to achieve economies of scale and to develop adequate service more effectively than could be done by a local partner acting alone without any support from a strategic partner.

While JVs are not the only means of accessing the resources of another firm, they are often preferred to Licensing, contracting and other non-equity strategic alliances. In highly uncertain LMIC markets, in particular where country stability and local government laws are of great risk, IJVs tend to outperform wholly owned subsidiaries

because of the substantial benefits to the local partner (Brouthers, 2002). Unlike non-equity alliances, the capital is invested in a JV signals partner commitment. The venture success is ensured through commitments from both parties acting together to develop a level of enriched cooperation among the parent firms to ensure that resource capabilities and capacity are well maintained for the JV. Previous research has pointed out the necessity of using different approaches to describe IJV behaviours (Osborn & Hagedoorn, 1997; Oever, 2010; Stewart, 2011). This is because each theory considers different organizational sides and aspects that are related to the IJV control structure. Some scholars have proposed the combined approach between transaction cost and resource dependence in the IJV research (Mjoen & Tallman, 1997; Zhang & Li, 2001). Other scholars suggest in maintaining that specialized control design would provide foreign parent firms with protection and enable exploitation of key resources which could be achieved through increasing bargaining power (Le *et al.*, 2009).

4.3.5 Joint Venture and Knowledge Development

Firms enter into joint ventures for various reasons. Some are motivated by numerous reasons particular to themselves, others search for stability in turbulent environments through partners with strong skills and yet others leverage a key part of the value chain through partners with complementary skills (Applegate *et al.*, 1996). An observer of healthcare sector is experiencing significant and rapid change and with even more change yet to come. Within the growing and challenging LMIC environment, healthcare organizations must ensure that high levels of technical and professional expertise are developed for true venture success. What is less apparent are the leadership skills that are most important in today's uncertain and complex environment. In addition, JV's are often used to access new knowledge or to profit from existing knowledge (Inkpen *et al.*, 1999). According to Luo (2002a), knowledge tends to flow more freely and capabilities

are developed more easily in IJVs than in wholly owned subsidiaries. From another prospective, partner know-how contribution is also of equal importance to the access of local knowledge to improve JV performance (Beamish *et al.*, 1995; Lyles & Salk, 1996; Makino & Delios, 1996; Lupton, 2009; Farell *et al.*, 2011). In the long run, learning enhances a firm's competitive advantage (Inkpen & Dinur, 1998; Carter & Rogers, 2008; Sharma *et al.*, 2009).

From another perspective, scholars found that more learning occurs in JVs than in licensing arrangements (e.g. Anand and Khanna, 2000; Van Vleck *et al.*, 2008; Robson *et al.*, 2013). In reality the value of JVs for knowledge transfer may have less to do with the level of equity ownership and more to do with the contribution of human talent for the JV to allow capacity development of the local partner in the LMIC. As knowledge is transferred among partners, the capabilities of local resources in the LMIC will be more enhanced and will enable them to take a major role in the JV. This is an important aspect to consider in the case of the HMC because this could prevent the interruption of services related to security issues arise in Yemen. However, the JV will perform better if each partner focuses on enhancing its own capabilities in order to complement those of its partner (Nakamura *et al.*, 1996; Lupton, 2009). Similarly, organizational learning theory plays a very important role in offering a foundation to explain the changes. The dynamic aspects of IJVs suggest that organizations are learning as parent firms learn and acquire knowledge through IJVs. When knowledge acquisition shifts the balance of the bargaining power between partners, especially toward western firms (Yan & Gray, 1994; Janczak, 2008), IJV structural change may result (Inkpen & Beamish, 1997; Le & Jorma, 2009). In reality, each theory has its own limitations and the use of one single theory in the previous research about IJV control and performance has produced conflicting results (Le *et al.*, 2009). Thus, an integration of multiple approaches to enhance better

understanding of IJV control is necessary (e.g. Yan & Gray, 1994; Kogut, 2002; Leiblein, 2003).

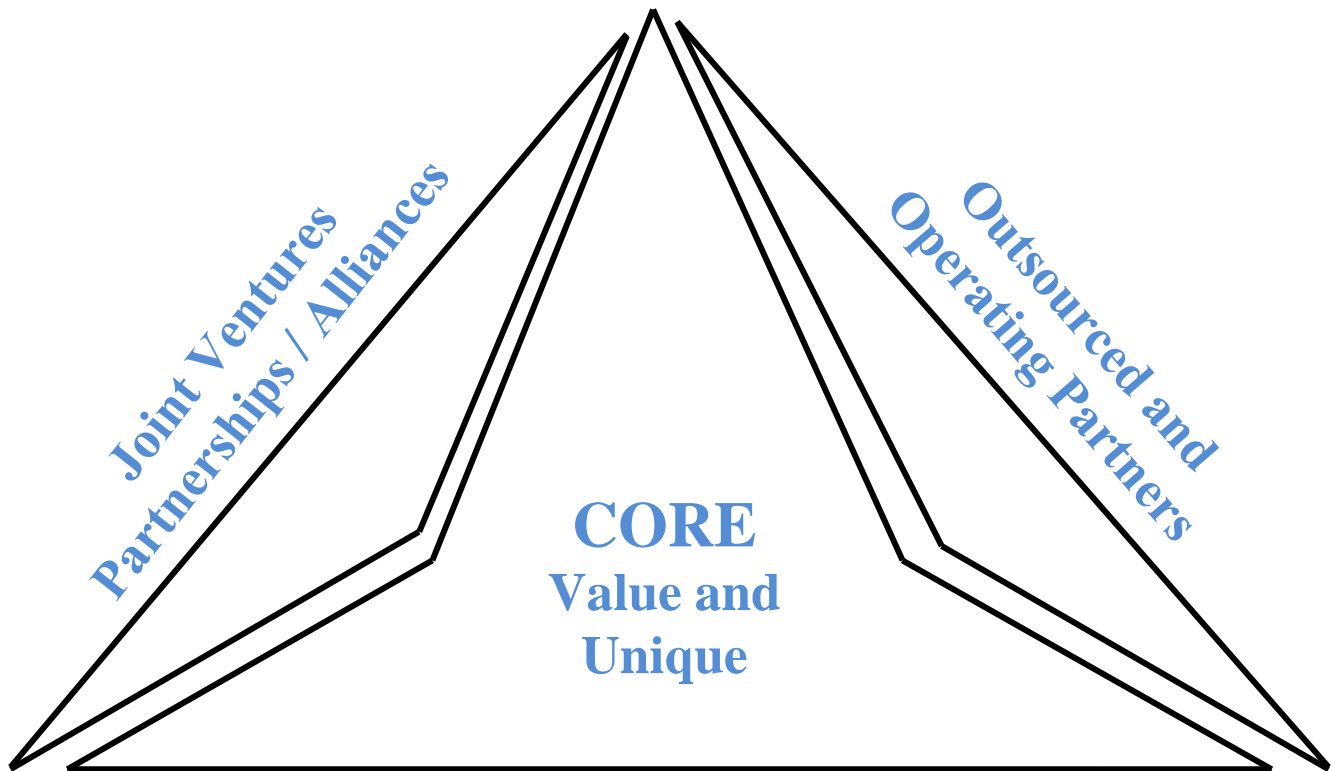


Figure 4.2 Strategic Planning Process

As described in his book, *Leadership by Design*, Albert A. Vicere states that outsourcing has become an integral part of the strategic planning process shown figure 4.2 for many organizations. He provides a model of organizational development that incorporates outsourcing as a valuable vehicle for helping to achieve the overall mission of an organization. Dr. Vicere shows how the traditional organizational pyramid has evolved into a “flatter, leaner, more focused” pyramid representing only those capabilities in which the organization can claim a leadership position. Everything else is handled through relationships with other organizations.

5.3.6 Joint Venture Performance

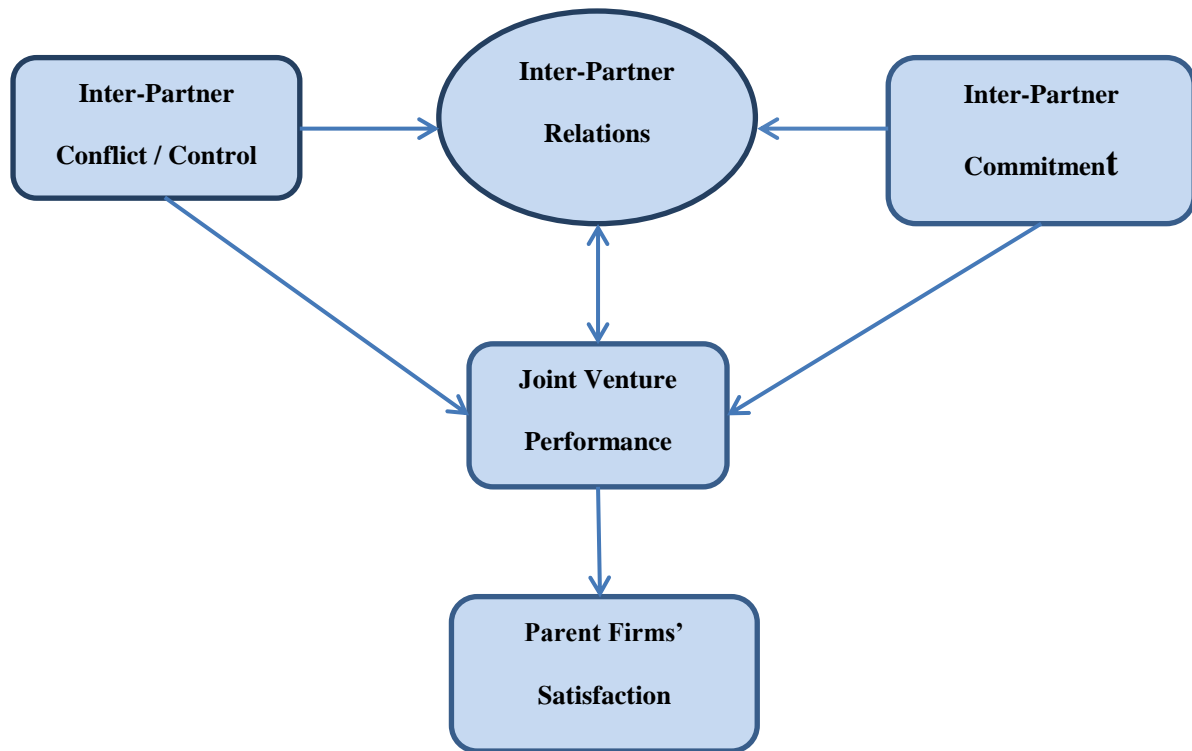


Figure 4.3 Factors affecting Joint Venture performance

Many researchers have emphasized the importance of joint ventures as an entry strategy into foreign countries that provide organizational tool helps to achieve objectives (Uchel & Thuy, 2001; Roy & Oliver, 2009). However, after looking at the failure rate of joint ventures, the evaluation of the appropriateness of joint ventures as an entry strategy remains open for discussion (Parkhe, 1993). Foreign Parent Control and International Joint Venture Performance (Sparling & Cook, 2000; Harrison *et al.*, 2010). This research intend to build on the work (Demirbag & Miza, 2000) as demonstrated in figure 4.3. in relation to the three factors: conflict / control, commitment and relationship, with

expanding the study for identified eight factors that affect the JV performance as means of outsourcing relationship in LMIC healthcare system.

Recent research detected that there is an increased interest in joint venturing both in developed and developing countries and that a large number of studies fail to address concepts that are theoretically central to the IJV relationship. Given the primary focus to assist in evaluating the relevance, it is necessary to have a consistent set of indicators that reflect multiple perspectives and approaches that lead to the improvement of the LMIC healthcare system. As far as financial interest goes, that foreign partners and multinationals are investing in less developed countries primarily to gain market access in order to grow. At the same time, they remain accountable with their financial results to their shareholders (Yan & Gray, 1994; Liu *et al.*, 2014).

4.3.7 Vertical and Horizontal Joint Ventures

It is always a debate between scholars as to what is the best strategic choice between a horizontal and vertical joint venture. The horizontal JV creates synergistic gains that are shared by the partners (Johnson & Houston, 1999). The motivation for vertical joint ventures is usually the search for new skills, technology and resources (Gleason *et al.*, 2003). While the horizontal creates synergy gain between partners (Johnson & Houston, 2000). The vertical JV encourages two partners to strive to achieve a specific goal (Dyer & Benjamin, 2001). Such goals related to building a successful JV while developing the right skills to ensure meeting market needs and synergies. This is more important in the LMIC healthcare because the establishment of a vertical JV will allow flexibility in serving healthcare within the JV and possibly expand to cover more healthcare systems that can include primary, secondary and tertiary services as well.

Some scholars argued that only mergers between firms in related businesses are likely to generate operating synergies (Soundness, 2011; Bernile & Lyandresy, 2011). As a matter of fact, the vertical integration is considered to be a risky strategy, complex in nature and possibly expensive to implement (Lahiri *et al.*, 2011). Despite its widespread popularity, some companies jump into a JV without an adequate analysis of the risks (Soundness, 2011). For that, partners need to assist its competitive advantage and how to leverage their core business to ensure a real added value. It is important in entering new market, such as the healthcare in LMIC with a high uncertainty margin, to provide a real advantage of service that distinguishes the new JV form from existing competitors. That suggest to consider to establish a JV based on vertical integration is more appropriate. It's known that, market power is only one important structural element for discerning the competitive effects of vertical integration (Riordan, 2005). Meanwhile, whether vertical integration can raise market power or has any effect is a hotly debated issue (Bhuyan, 2005). Therefore, with such absence of theoretical link between vertical integration and market power would emphasis on the importance of seeking an integrated approach that will be discussed in next section.

4.3.8 Toward Integrated Approach

Innovation has been a growing trend in the healthcare delivery system (Omachonu, 2010). The integration of the LMIC healthcare system with a healthcare provider in developed countries will introduce innovative approaches for the healthcare delivery system and has the potential to more effectively improve patient care as well as allow for opportunity for growth and expansion. Reports also suggest that the healthcare environment as a result of new health reform legislation would be characterized by consolidation of providers offering integrated services (Iyengar, 2011). However, such integration involves collaborations and economies of scale that will lead to the

achievement of the ultimate objective of the LMIC's stability and growth. Not only that, it will aim for wider coverage of patient care and the ability to offer new services at an affordable cost. As discussed earlier in section 4.3.2, the resource dependence theory is considered to be a major theoretical perspective to understanding joint ventures and other inter organizational relationships such as strategic alliances and partnership agreements. In addition, in section 4.3.3, the resource dependency theory emphasizes the importance of an uncertain environment, resource scarcity. Ghoshal and Moran (1996) stated that the transaction cost theory leads us to the conclusion that an alternative understanding of outsourcing is offered by the resource and knowledge-based theories. According to these perspectives, outsourcing is less driven by transactional cost factors and more by resource considerations.

Nevertheless, others believe that an integrated approach to the transaction cost theory with the neo-institutional theory to investigate hospital joint ventures with innovative healthcare providers could potentially yield valuable insights (Iyengar, 2011). Some scholars argued that the neo-institutional theory view suggests that the motives of human behaviour extend beyond economic optimization to social justification and social obligation (Oliver, 1997; Sabini & Muzio, 2012).

Such an integration approach by using JV's and similar business alliances take form through a variety of structures and arrangements, more often than not they are executed through increasingly complicated structures as participants seek to build in flexibility and options that balance the benefits of new opportunities including the resultant upside with a heightened level of risk aversion (PWC, 2012). Some studies consider a JV model as more appropriate for achieving some goals rather than the other goals, regardless of certain circumstances that led to preferring the JV instead of other options (Hatfield *et al.*,

1994; Lepeak, 2010; PWC, 2012). Researchers reported about the view of complexity required in integrating both of the partner's efforts and that joint ventures may be too complicated and time-consuming to be appropriate for the firm seeking primarily financial gain (Blumenthal, 1988; Hatfield & Li, 1994; Iyengar, 2011). Many favour JV as an effective way to enter a new market quickly. However, partnering with, sharing the risks, and taking advantage of another firm's local resources and expertise can be a treacherous undertaking (Kogut, 1991; Stewart, 2011; Wallgren & Oghazi, 2012).

In the healthcare system arena in particular, there are many studies that have examined integration strategies such as mergers and acquisitions in the healthcare industry (Krishnan 2001; Yafchak, 2000; Harrison, 2002; Harrison *et al.*, 2003; Wodchis *et al.*, 2014) and JV arrangements (Salins & Friedlander, 2000; Churchill, 2006; DiGiaimo, 2009). These studies explored many issues pertaining to hospital-physician integrations including the relative benefits and risks associated with each of these strategies ranging from discussing the impact of market changes, economies of scale and scope, effects of strategies on organizational control, operational performance and financial implications (Iyengar, 2011).

Based on these studies and the research model and proposition discussed in chapter 4, the explanatory factors for this study were chosen. However, chapter 5 presents the overall methodology and processes applied to accomplish the research brief description of the constructs, factors, measures and data sources are presented in chapter 6.

4.4 Summary of the Chapter

This chapter provided an overview about the research model that examines the need of health systems in the LMIC's to incorporate JV approaches as outsourcing option. In

addition, the research variables and related methodological approach is presented in this section. The research model and proposition used within this study provides a methodical, analytical and focused review of those empirical studies examining how the development of outsourcing plans based on joint ventures approach can contribute in the improvement of the LMICs healthcare system. Figure 4.1 shows the research model and proposition used within this study which will be described in further detail in the following section. Later in next chapter, the research plan and proposition testing process will be discussed in more detail.

In addition, this chapter also described how the study employed a mixed philosophy to conducting the empirical part of the study which is helpful when trying to develop knowledge by using a proposition and question approach with the use of the five sequential stages proposed by Robson (2002) to conduct scientific research, i.e. the deductive research proposition.

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 Introduction

The previous chapter provided an overview about the research model that shows the need of the health systems in LMIC's to incorporate JV approaches as outsourcing option. In addition, the research variables and related methodological approaches are presented in this section. However, the research model and proposition used within this study provide a methodical, analytical and focused review of those empirical studies examining how the development of outsourcing plans based on the JV approach which can contribute to the improvement of the LMIC's healthcare system. In addition, chapter 4 also described how the study employed a mixed philosophy to conducting the empirical part of the study because it is helpful when trying to develop knowledge by using proposition and questions with the use of the five sequential stages proposed by Robson (2002) to conduct scientific research, i.e. namely deductive research proposition.

This chapter presents the overall methodology and processes applied to accomplish the research. This description involves the research philosophies and other methodological approaches which will be described in more length. Also the research strategies plan of how to structure the research will be discussed in depth to satisfy the research aim and objectives. Moreover, the methods of data collection that include the use of both primary and secondary data: participant observation, in-depth semi-structured interviews and focus group discussions were used to collect data. Along with two mailed survey questionnaires as a support technique to gather in-depth knowledge from the case study

were used. Subsequently, this chapter shows the structure of the survey and the interview protocols, the analysis used in this research to achieve the main aim and objectives of this research.

5.2 Nature of Research

According to Saunders *et al.* (2009), research is classified as exploratory, descriptive or analytical/explanatory research. Exploratory research is research conducted for a problem that has not been clear. It helps determine the best research design and data collection method. Although experiments and surveys are predominantly used for theory testing and action research and ethnography used for theory building, case studies are common for both deductive and inductive approaches (Pathirage *et al.*, 2008). Collis and Hussey (2003) referred to descriptive research as a research that describes phenomena as they exist. Explanatory research is a furtherance of descriptive research; it explains ‘how’ or ‘why’ the phenomenon is happening. However, researchers also distinguish between applied research and pure research. Applied research is undertaken when the researcher tries to solve a specific problem. While pure research is undertaken basically in universities as a result of an academic programme to add some contribution to knowledge (Saunders *et al.*, 2009).

According to the above discussion, this research is an exploratory pure research. There are few empirical studies about the JV model as an outsourcing relationship in healthcare services in LMIC in general and in Yemen specifically (exploratory research). Furthermore, the research aims to add a contribution to knowledge by developing a framework for assessing JV model that lead to process improvements in LMIC healthcare system (pure research).

5.3 Methodological Framework

The methodological framework refers to the defining of the research paradigm and the research methods that will be used in the study. It represents all the issues that are involved in the research project from identifying the research problem through reporting the results (Punch, 2005). Accordingly, in this research the methodological framework deals with four main questions: What is the research philosophy? What strategy to use. What conceptual framework developed and what techniques are to be used for collecting and analysing data (Punch, 2005)? The motivation of this research is to develop a framework for assessing the JV model as outsourcing option that lead to process improvements in the LMIC healthcare system.

It starts with the review of the literature about the outsourcing of the LMIC healthcare services and the available best practices in the JV model as outsourcing option for improvements in the LMIC healthcare system. Also the main concepts and potential problems are highlighted in the literature. Then it proposes a framework for assessing joint ventures that lead to the improvement of healthcare systems in the LMIC in an effective way. Finally it finishes by validating and testing the effectiveness of the research findings and outcomes.

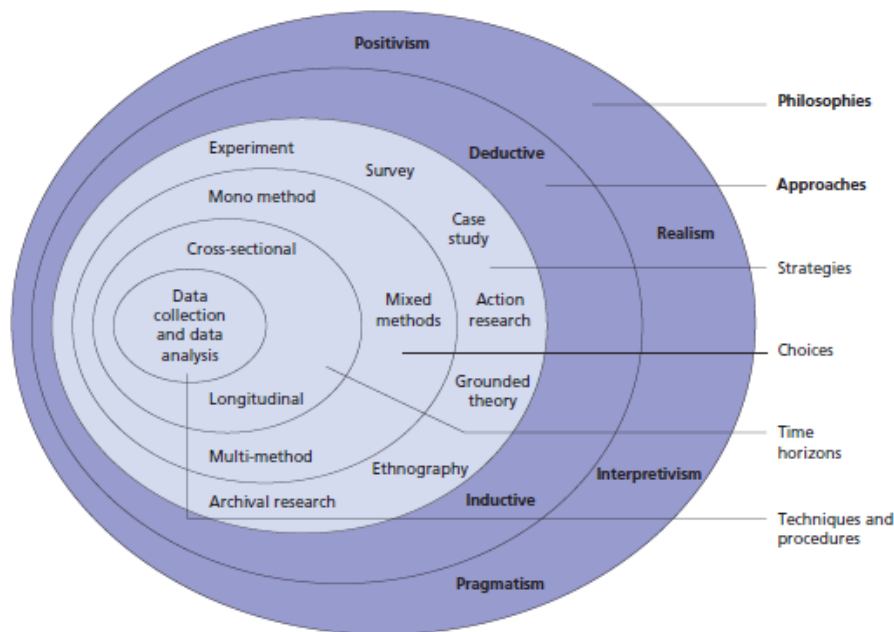


Figure 5.1 The research onion Source: Saunders *et al.* (2009)

Saunders *et al.* (2009) declare that the research process can be defined as an onion. It has five layers which gradually become more detailed as one moves from the outer to the inner layer. The outer layer is considered to be research philosophy, the second layer is the research approach, the third layer is research strategy which in this research it is a case study approach, then the fourth layer shows time horizons and finally the fifth layer explain data collection technique and procedure demonstrated in figure 5.1. This is a very simple method but an effective way to design the methodological component of the thesis; hence its selection by the author.

5.4 Research Philosophy

Research philosophy is very important to the researchers. It helps to recognise which design will work and which will not (Easterby-Smith *et al.*, 2004). Collis and Hussey (2009) and Saunders *et al.* (2009) indicated that there are four reasons why an understanding of philosophical issues is very helpful for an author: It helps in clarifying

research designed, allow avoidance of going up too many blind alleys, identifies and even creates designs that may be outside past experience and may suggest how to adopt research designs according to the constraints of different subjects of knowledge structures.

According to Easterby-Smith *et al.* (2004); Collis and Hussey (2009); and Hussey and Hussey (1997), there are basically two main research philosophies in social sciences known as positivism and phenomenological. However, there is no definite rule regarding which philosophy to select when doing research. It all depends on the nature and scope of the research, the source of the data, the research questions and proposition (Yin, 2009). The positivist philosophy focuses on developing and testing proposition and generalising research findings from data. However, Easterby-Smith *et al.* (2004) defined positivist research as the social world that exists externally. Furthermore, its properties should be measured through objective methods, instead of being inferred subjectively through sensation, reflection or intuition. While in the phenomenological philosophy, the reality is not objective and exterior but is socially constructed and is given meaning by people and the concentration is on the meaning, instead of the measurement and on the ways which people make sense of the world (Hussey & Hussey, 1997; Collis & Hussey, 2009).

Based on the characteristics of both philosophies and the nature of this study, the phenomenological approach will be selected as the research philosophy because the researcher wants to explore issues related to the JV model as an outsourcing relationship in a healthcare system environment. The researcher does not aim to develop a framework for assessing JV model that lead to process improvements in LMIC healthcare system to determine cause and effect relationships or demonstrate specific course of action, but instead seek to understand the three determinations of JV performance outsourcing option

as it applies to the hospital environment, which is well suited to the exploratory methods utilized in mixed research.

5.5 Research Approach

The reasoning of the research refers to the logic of the research (Barrett & Sutrisna, 2009). According to Saunders *et al.* (2012), there are two main approaches to the reasoning of the research in the literature, which is inductive and deductive reasoning. However, the research questions plays an important role in the selection of the research approach.

According to Saunders *et al.* (2012), the inductive reasoning approach is used to search for causal relationships between variables through deducing proposition and generalisation of the theory while deductive reasoning is theory testing and goes from the general to the specific. The deductive approach usually comes with quantitative research. The inductive approach, however, is often associated with qualitative research (Saunders *et al.*, 2012). However, Cepeda and Martin (2005) argued that there is no theory-free research and it would be difficult for researchers to engage in the research process with no framework or notion about relevant concepts in the area of interest. Moreover, Sekaran (2003) suggested the combining of the deductive and inductive approaches within the same piece of research as it will enable the researcher to collect benefits from both. The researcher has chosen to combine the deductive and inductive approaches. A list of issues necessary to assess the implementation of joint ventures as an option of outsourcing healthcare services in low and middle-income countries will be derived from the literature and then investigated in the case study institutions (deductive). After that, the findings from the fieldwork will be incorporated into the existing theory (inductive).

5.6 Research Strategy

Research strategy as described by Collis and Hussey (2009) is a plan of how to structure the research in order to satisfy the research aim and objectives. There are a number of research strategies in social science research such as: experiments, surveys, historical analysis of archival information and case studies (Yin, 2009). However, the choice of strategy is critical as each strategy depends on the purpose of the study, the type and accessibility of the information required (e.g. Power & Bonifazi, 2006; Pathirage *et al.*, 2008). Meanwhile, Yin's (2009) findings indicate that the case study is the most appropriate strategy when the researcher has little control over the events and when the focus is on contemporary events. However, as in all approaches, the case study has advantages and disadvantages.

Yin (2009) also pointed out that case study is the desired strategy when “why”, “how” or “what” questions are being posed and when the focus is on a contemporary phenomenon within a real life context. This research investigated the areas to be considered for the implementation of outsourcing in LMIC healthcare services. Also the research aimed to clarify what factors affect the implementation of the JV as the outsourcing relationship could support the on-going process of improving the LMIC healthcare system and what is the fundamental motivation for selection of the outsourcing option to meet patient care demands such as needed cost saving and allow focus on core business to ensure resource availability, work productivity, etc. Finally it answers the question of what lessons are learned from the implementation strategy of the JV that can help shape the healthcare system in the LMIC.

The importance of the application in a case study approach is that it allows the use of a variety of sources of data as part of the exploration. In addition to that, if the researcher

wishes to gain a rich understanding of the context of the research, it is easy to do through this approach. It also adapts well to the researcher expanding the exploration of the situation being assessed (Saunders *et al.*, 2012). Based on the above discussion, the case study approach has been selected to gain the depth of understanding of the information necessary to identify the implementation of the JV model as one of the outsourcing option that lead to process improvements in the LMIC healthcare system.

5.6.1 Unit of Assessment

The case study can involve a single case study or multiple case studies (Yin, 2009). This research adopted a single case study design since this approach can be used when the case is considered as unique. In this instance, HMC has been constructed as the prototype for the use of the JV model because of the outsourcing relationship that lead to process improvements in the healthcare system in the LMIC that can be replicated in other developing countries. Totally appropriate for this research is the single case study approach. The great advantage of an exploratory case study approach is that by concentrating on a single case, the case can be intensively examined even when the research resources at the investigator's disposal are limited (Yin, 2009). Therefore, the researcher adopted the single case study design where the context is the HMC in developing countries.

5.7 Data Collection Methods

Data collection can be defined as a method used to collect information required for the research. However, there is no method that fits all research; that is the research philosophy, research strategy and objectives of the research which should lead the researcher to the appropriate methods to use (Yin, 2009). According to Collis and Hussey (2009), there are two major types of data collection; primary data and secondary data.

Primary data refer to the data collected particularly for the purpose of this research. Whereas, secondary data refer to the data collected for another purpose but associated with the topic of the research that the researcher has collected to build the theoretical framework for this study. These data were collected from articles, books, theses, scientific papers and the Internet.

This study used both primary and secondary data: participant observation, in-depth semi-structured interviews and focus group discussions to collect data, along with and two mailed survey questionnaires as a support technique to gather in-depth knowledge from the case study. Yin (2009) listed five sources of evidence for data collection in the case study: interviews, observation, documentation, archival records and physical artefacts. Accordingly, a case study should use multiple sources if they are relevant to the study (Yin, 2009).

Based on the above, the triangulation has been utilised because one method is not sufficient to answer the research questions. Besides, this method enhances the reliability and validation of collected data. It also increases the opportunity to generalize results.

5.7.1 Research Technique

This research methodology has three stages of semi-structured interviews and two stages of surveys as described in figure 4.1 to demonstrate the research plan and proposition testing process based on the following stages;

- The first stage of semi-structured interviews and group discussions: was done into two phases: the first step included an interview of the senior management of three public and two private hospitals in Yemen and literature review that allows the design research questions for next stages. The second phase was lengthy discussions and an electronic survey system used to evaluate the response of 50

leaders from three groups: the HMC stakeholder represented by the project steering committee and the project management team, the health authority and public hospital management responsible for the healthcare delivery system and a group made up of representatives from private hospitals, consultants and selective vendors. The questionnaires focused on how HMC can strategically fit in the Taiz, Yemen, and healthcare system and how it can best contribute with innovative solutions that result in the overall improvement of the healthcare system.

- The Second stage survey questionnaires: In this stage 100 questionnaires (see Appendix-B) distributed to 27 Taiz public and private hospitals management employees (85 responded). The questionnaires were to investigate issues related to benefits, drivers, challenges, barriers and potential areas to be considered for outsourcing.
- The Third stage survey questionnaires: involved 292 participants, 188 responded (see Appendix C) from LMIC healthcare providers, vendors and consultants.

The participants in all these stages were selected based on the three criteria: first, deep knowledge of healthcare challenges and barriers; second, understanding the needs of the LMIC healthcare system; third, experience or interest in seeking a JV as one of the outsourcing option as a means of healthcare improvement.

5.7.2 Basis of the Questionnaires

The questionnaire is a multipurpose tool that involves various aspects of exploration for the evaluation of people. It can provide equally qualitative and quantitative data. In this regard, Saunders *et al.* (2012) discussed how that the questionnaire is often available for developing a representative picture of the attitudes of a large population. It is not

particularly good for research that requires large numbers of open-ended questions. They work best with standardized questions which will be interpreted the same way by all respondents (Robson, 1993). Noted that, the use of questionnaires as a method of data collection in health-care research both nationally and internationally has increased in recent years (Jeffreys, 2000; Waltz & Jenkins, 2001; Siu, 2002; Rattray *et al.*, 2004). However, according to Hussey and Hussey (1997), there are many disadvantages to questionnaires; for example: low response rates comparing with interview, difficulty of designing questions and the participant may not have the required expertise.

5.7.3 Questionnaire Design

The questionnaire approach was selected in this research to obtain data about attitudes and perceptions towards JV model as an outsourcing relationship in the improvement of healthcare. Since the research was exploratory, the questionnaire was issued to include a broad range of organizations, stakeholders, consultants and vendors in the sample to improve the possible generalization of the findings and reduce the likelihood of company-specific performance effects. Those involved consisted of heads of departments and the managers of the various organizations. The questionnaire was designed and processed in accordance with the following:

- A formal agreement of the research was signed by participants before starting;
- Containing both qualitative and quantitative questions as Appendix A,B and C;
- As needed written in the official language of Middle East (Arabic);
- The confidentiality and anonymity for responses was guaranteed in advance;
- The respondents will be given the right to withdraw from the project if unsatisfied;

- The respondent who filled in the questionnaire and signed their consent form (Appendix) were given the author's contact details and invited to ask further questions.

5.7.4 The Interview Process

Interviews are one of the approaches that can support the researcher's effort to gather valid and reliable data. The interviews were focused around issues related to the partner's level of influence, the JV journey during negotiation and operational stages and measures to assist conflicts which come between partners. Major secondary themes were noted and continuously modified with emerging evidence from the first and second stage data to allow the development of proposition coding and theme grouping later organized in table 5.2. Fonseca (2012) argued that the interviewer should carefully select the participants and also ensure that the participant understands what the interviewer is really asking; Therefore, improving the final quality of information.

Saunders *et al.* (2012) thought that interviews could be classified into three categories: unstructured interviews, semi-structured interviews and structured discussions. The semi-structured interviews are characterized with the same order and wording of questions. Additionally, the interviews could be compared to see if similar results largely result from the diversity and quantity of data that can be used for analysis (Guion *et al.*, 2011). In the unstructured interviews, the questions formulate unexpectedly during an interview (Sekaran, 2003). In this type of interview the interviewee, feels free to talk about their opinion, ideas and attitudes associated with the topic of the study (Saunders *et al.*, 2012). Qualitative data, on the other hand, might be users' long-answers, usually in their own words, typically gathered using a questionnaire or semi-structured interview process (Knight & Cross, 2012). In addition, such semi-structured interviews provide

information similar to that delivered by structured interviews without missing the flexibility and freedom like unstructured interviews.

5.7.5 The Development of the Interview Protocol

According to Saunders *et al.* (2012), the reliability and validity of the research depends on the design of the interview questions and the strictness of the pilot testing. Likewise, McNamara (2009) recommended a few suggests for creating effective research questions for interviews which include the following elements:

1. Wording should be open-ended;
2. Questions should be as neutral as possible (avoid wording that might influence answers, e.g. evocative, judgmental wording);
3. Questions should be asked one at a time;
4. Questions should be worded clearly (this includes any terms particular to the program or the respondents' culture);
5. Be careful asking "why" questions.

Thus, having in mind all the above mentioned facts, questions were developed according to the following procedures: create the initial draft of the semi-structured interview questions from the literature review, revise the questions after a pilot study and write the final revised questions.

5.7.6 The Interviewees (Research Sample)

Interviews are a means of collecting data in which selected participants are asked questions to discover what they do, think or feel (Collis & Hussey, 2009). However, there is no need to be specific with the number of participants before starting the interviews as it all depends on the purpose of the study, on the time and resources available. To reduce the problems that are associated with the interview protocol; such as, "bias, the researcher

composed (triangulated) the information from interviews from other sources and observation.

Table. 5.1 Research sample (Healthcare Professionals)

Institution	Location	Title	Profession	JV Experience
Ministry of Health	Sana-Yemen	Health Minister	Medical Doctor	30
Supreme Council of Health	Doha- Qatar	Exec. director	Medical Doctor	22
Cancer Society	Doha- Qatar	Chairman	Medical Doctor	28
Taiz Governor	Taiz- Yemen	Director	Executive Education	20
Ministry of Health	Taiz- Yemen	Director	Medical Doctor	15
National Medicine Program	Sana- Yemen	Director	Executive Education	10
Republican Hospital-Sanna	Sana- Yemen	Director	Medical Doctor	12
Hospital	Sana- Yemen	Chairman	Medical Doctor	17
General Hospital	Sana- Yemen	Director	Medical Doctor	8
General hospital	Sana- Yemen	Exec. Director	Medical Doctor	5
National Oncology Centre	Sana- Yemen	Director	Executive Education	7
Hospital	Sana- Yemen	Director	Executive Education	11
Specialized Hospital	Sana- Yemen	Director	Executive Education	4
Hospital	Taiz- Yemen	MD	Medical Doctor	6
General Hospital	Taiz- Yemen	Exec. Director	Executive Education	10
AL Sayeed Hospital	Taiz- Yemen	MD	Medical Doctor	19
Hospital	Taiz- Yemen	Med. Director	Medical Doctor	11
Healthcare Consulting	Riyadh- KSA	PM	Engineer	17
IT Consulting	Dubai- UAE	CEO	PhD	26
WHO	Doha- Qatar	Consultant	Professor	38
WHO	Munich-German	Consultant	Professor	33

For this research, a total of 21 participants Included: 6 policy makers, 11 healthcare providers and 4 consultants as shown in table 5.1. It was determined that all of these managers had sufficient knowledge of the organizations, future plans and to gain in-depth information and clear perceptions about the barriers in hospitals of developing countries.

5.7.7 Research Instruments and Pilot Study

The questions provided by the researcher through interviews or questionnaires should be subjected to a preliminary test which is known as a pilot study (Sekaran, 2003; Yin, 2009). The completed pilot study was found to be very beneficial in filtering the questions and clarifying the words. Also it helps to measure the effectiveness of the questioning techniques and the approach involved in all the different questionnaires as a part of the phase implementation. The respondents in this study were from developed and developing countries which means that in some cases a unique and more distinct approach was needed.

Moreover, in order to overcome any potential cultural issues, the pilot study was focused on the LMIC. The sample size for the pilot study was 10 managers and policy makers in both developed and developing countries. Interestingly enough, some of the questions were not completed because the questions were not particularly clear to the respondents. This was especially true in the LMIC healthcare setting due to the framing of the questions of using Likert scale questions approach by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them. Likert-type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions (Bowling, 1997; Burns, & Grove, 1997; Rattray & Jones, 2007). Some scholars advocated a pre-test questionnaire of this nature in order to confirm the appropriateness of the data collection instrument (Glaister & Buckley, 1999; Weng, 2004). Malhotra *et al.* (1996) cautioned that when using a Likert-type scale measurement, researchers need to test the significance and appropriateness of the anchors. In this study, the Likert scale questioning technique was applied for all questions because it allows for easier data analysis and has been tried and verified both through a pilot study and previous similar JV research.

A research instrument was developed to collect the required data. Specifically, a web-based survey approach was used for collecting, storing, utilizing and transmitting data. The survey followed these guidelines: ensure that the procedures fulfil the principles of voluntary participation and informed consent, maintain the confidentiality of information obtained from or about the participants, address possible risks to participants and secure the data and access only via a username and password.

Proposition examined for this research required both valid information and perceptual feedback from various prospects involved with JV operations. For further validation, the proposition testing was supported by ISM a well-established methodology modelling technique that enables the development of an implementation strategy for the research which will be further elaborated on in figure 8.1. The ISM was found to be a well-established methodology modelling technique for identifying relationships among specific issues which are based on a defined problem (Jarkharian & Shankar, 2005). The study instrument focused on the impact of establishing an integrated JV model as an outsourcing relationship for the improvement of the quality of care of Taiz, Yemen, which serves a 2.5 million population. Additionally, this will allow for evaluating available data on public and private sector performances across the key domains of health systems competencies. This goal is to understand how the nature of private or public sectors of a given healthcare delivery institution may impact on core healthcare delivery goals.

The research intends to show the need to incorporate the JV model as one of the outsourcing option in health systems in the LMICs. This will allow them to deliver comprehensive solutions to address the rising mortality and morbidity rates. This is in contrast to traditional outsourcing in the developed world where more strategic functions

are now being outsourced which many often insufficient arms-length management. As a result, firms started building closer relationships with their vendors. However, in the case of Yemen, used as a model for the LMIC, where political stability and security is an issue, many organizations are hesitant to enter into joint ventures. These safety and stability issues inhibit and prevent the creation of good business environments. Hopefully, there will be a way to encourage vendor client relationships that put a burden on NGOs like HMC to create joint ventures that bring local and foreign partners to manage technology driven services; i.e. diagnostic imaging and laboratory that will allow other public hospitals to benefit from.

This research has avoided relying on objective measures such as profitability or other financial measures of performance for several reasons: first, different funding sources financed different functional categories of expenditures (Jwasson, 2006). Most of the LMIC healthcare systems were having different funding sources for capital investments and operational cost; second, as outsourcing grows in the healthcare industry, the size and complexity of outsourcing contracts grow at an equal pace (McGee, 2012). Developing practices for outsourcing can vary in difficulty while keeping with needed quality of healthcare. Finally, the last is the lack of structure, functional roles and activities within the LMIC healthcare system and processes that create unmanageable levels of organisation effectiveness and efficiency. Then, changes are constantly being made to the system structure and design throughout the project development on an ad hoc basis adding to the complexity of the system (Abdullah & Verner, 2012).

5.8 Reliability and Validity of Data Collection

According to Yin (2009), validity and reliability for qualitative research means that data collection can be repeated with the same findings. In this research, to achieve validity and

reliability the researcher has been consistent at all times. Consequently, if another researcher followed the same processes, similar results would be produced. In that sense, Yin (2009) suggested that the researcher establish a rigorous methodology that gives high internal reliability.

Researchers using data collected from multiple countries could control unmatched factors, increase validity and rule out alternative explanations (Berry, 1980; Malhotra *et al.*, 1996; Sin *et al.*, 1999) and in turn, enhance the generalizability of the findings. Multi-country sampling is possibly restricted for two reasons: first, survey sample in more than one country involves large financial and human costs and second, the research opportunity for international cooperation is limited (Aulakh & Kotabe, 1993). Hence, previous studies call for increasing the number of countries sampled in the study (Hyman & Yang, 2001; Sin *et al.*, 2001). For this study, collecting inputs to the surveys from developed and developing countries were substituted. Meanwhile, the Validity defined as the ability of an instrument to measure what it is designed to measure (Kumar, 1996). Nachmias (1992) defined validity: “is one measuring what one intends to measure” which refers to the relationship between a construct and its indicators. The analysis process and the results should be described in sufficient detail so that readers have a clear understanding of how the analysis was carried out its strengths and limitations (Chelimsky, 1996). For that, when reporting the process of content analysis process and the results was of equal importance in any mixed method approach research as in the case of this study. From another perspective, the content analysis allows researchers to interpret subjective data in a scientific manner (Moretti *et al.*, 2011). The results are described contents of the categories and the meanings of the categories (Marshall & Rossman, 1995; Moretti *et al.*, 2011). Additionally, successful content analysis requires that the researcher analyse and simplify the data and form categories that reflect the

subject of study in a reliable manner (Kyngas & Vanhanen, 1999). Creating categories is both an empirical and a conceptual challenge because categories must be conceptually and empirically grounded (Dey, 1993).

To establish trustworthiness of data and to obtain validity and reliability, feedbacks had to give a special attention to the systematic process for arranging and processing the data collection and analysis at all stages. The entire process lasted about 10 months during which biweekly telephone calls or meetings as well as group discussion to draw conclusions were organized in order to discuss all emerging issues and consolidate the research framework.

After completing the one-to-one semi-structured interview with policy makers, healthcare providers and consultants, the healthcare setting and challenges became clearer. The arrangement of group discussions issues and the unit of analysis was clearly established first and then the discussion was incorporated into written text format by their complete transcription into the country's language (Arabic) for electronic survey. Questions and comments by the group facilitators were included to check their neutrality. Nonverbal behaviour of participants and sounds or pauses was not transcribed.

The unit of analysis had to be defined. The unit of analysis is a segment of text that is comprehensible by itself and contains one idea, episode or piece of information (Schilling, 2006). According to Weber (1990), this is one of the most important decisions for content analysis. Graneheim (2004) stated that a meaningful unit in qualitative content analysis is usually a theme, particularly when the researcher is looking for the expression of an idea (Elo *et al.*, 2014). Codes are assigned to responses of any size as far as they relate to the theme which defined the units of analysis as discussed earlier in table 3.2, the proposition themes grouping and related factors.

5.9 Data Analysis

There is no standard approach to analysis of mixed data. Using the transcripts or notes of qualitative interviews or observations by thoroughly reading and re-reading them, is one approach to analysing this type of data (Saunders et al., 2012).

Taylor and Bogdan (1984) explained that all researchers develop their own ways of analysing qualitative data. Flick (2007) stated, "we can distinguish two basic strategies in handling texts: on the one hand the coding of the material with the aim of categorising and/or theory development; and on the other hand the more or less strictly sequential analysis of the text aiming at reconstructing the structure of the text of the case". Merriam (1998) described the process of data analysis as being a complex action of moving back and forth between data and concepts, between description and interpretation, using both inductive and deductive reasoning. The qualitative data might be integrated at several stages in the research process: at the data collection, the data analysis, the interpretation phase or a combination of phases (Creswell, 2003). Patton (1987) indicated that three things occur during analysis: organized data, reduced data through summarization and categorization and identified and linked data patterns and themes.

Drawing on existing literature, scale items were adapted and adopted to capture the manager's perceptions and behaviours to operationalize the variables. Respondents were asked to rate their perceptions on five-point Likert scale (1 "strongly disagree" and 5 "strongly agree") for most of the independent variables (IVs). However, the amount and nature of data sought for this research resulted in a lengthy and complex research instrument which required interviewer assistance to secure the necessary response rate, quality of data and organization of a large segment of participants. Bernard (2000)

suggested several approaches to data analysis: including hermeneutics or interpretive analysis, narrative and performance analysis, discourse analysis, grounded theory analysis, content analysis and cross-cultural analysis. Pope *et al.* (2000) also provided strategies for analysing data using the framework approach which includes: becoming familiar with the raw data by immersing oneself in it; developing a thematic framework in which one has identified all the key issues, concepts and themes; indexing all of the data in textual form by coding transcripts or short text descriptors; charting the data using summaries of experiences; mapping and interpretation of data using charts to define concepts; mapping the range and nature of the phenomena; creating typologies; finding association between themes to find explanations; and developing findings.

The relevance of nonresponse errors to the study was the possible differences in perceptions of those who responded to the survey and those who did not respond. For this reason, there were a number of techniques employed to increase response rates (Dillman, 2007). According to Dillman, responses can be improved on web-based surveys with respondent-friendly design and up to five contacts with the questionnaire recipient (pre-notice letter, questionnaire, thank-you postcard, replacement questionnaire to any non-respondent, final contact). Other factors that impact response rates are deadlines, reinforcement toward the participants of the importance of their input into the goals of the survey (Porter & Whitcomb, 2003). These include telephone call reminders and incentives (Dillman, 2007).

Without any doubt, these findings are not without their limitations because one of the potential problems with a survey methodology is the existence of non-response bias (Zikmund *et al.*, 2010). There are several steps to overcome non-method bias in responses: first, applicable to a five-point semantic differential scale is the mixing of both

positively and negatively worded items psychologically, proximally separate the variables and overcome common method bias in responses (Podsakoff *et al.*, 2003); second, to satisfy the statistical concern of common method bias variance during collecting data, reverse questionnaire items were recoded to make the constructs symmetrical (Podsakoff & Organ, 1986); third, exploratory factor analysis was conducted for collected data sets and there was no single factor that accounted for most of the variance in the predictor and criterion variables; and finally, conducted a principle component analysis that revealed that all the indicators of the measures loaded to the respective constructs without showing any cross loading or without suggesting/emerging any new construct. After all of that, common method bias variance was not noticed to be a problem in this research study.

5.10 Summary of the Chapter

This chapter is of the utmost importance as it gives deep insight about research methodology, research variables; and furthermore, the related methodological approach is presented in this section. To achieve the aim and objectives of this study, the research philosophies, approaches strategies and data collection methods were selected and justified. The chapter discussed the fact that deductive and inductive methods were selected and the decision behind this choice has been justified. A case study was adopted as a research strategy for the collection of data. The validity, reliability and the ability to generalise was provided.

The decision to use a mixed methodology approach and the use of semi-structured interview technique and questionnaires as the main sources of evidence has been fully rationalised by reference with mention being made to the intention to triangulate the data

secured by document review. Also, piloting the interview protocol and its importance was also specified. Finally, the chapter highlighted how the data was collected and analysed.

The next chapter will cover the discussion of the findings that emerged from the collected data from the three stages of structured and semi-structured questionnaire; the basic instruments for mixed data collection approach as shown in fig. 6.1. The questionnaire was additionally determined to allow the respondents to tell stories regarding constructs linked to the commitment building process, to seek examples and often unearth issues that were explored counter-intuitively (Com *et al.*, 2006). Furthermore, the findings will be presented in chapter 6 to support views on expanding the use of joint ventures as an approach in improvement the LMIC healthcare system. Moreover, the results will serve as a base in evaluating JV performance success. The JV performance success will be tested as part of inter-partner relationships and in particular it is impact on the JV performance.

CHAPTER SIX

RESULT REVIEW AND ANALYSIS

6.1 Introduction

The last chapter covered the research philosophy and other related methodological approaches. To recognize which research design fit, research philosophy is demonstrated in section 5.4. The survey approach and methodology summarized is in section 5.5. Meanwhile, section 5.6 provided an overview of the research strategy and its structure to satisfy the research aim and objectives. While the method of data analysis was presented in section 5.7 to address the main goal of the research questions was to identify the process leading to them to provide a window of exploration for future research in the field. Section 5.8 presented the pilot study exercise. Finally, section 5.9 explained a range of data collection methods and examines a number of different variables achieved the validity and reliability of the selected mixed method research approach.

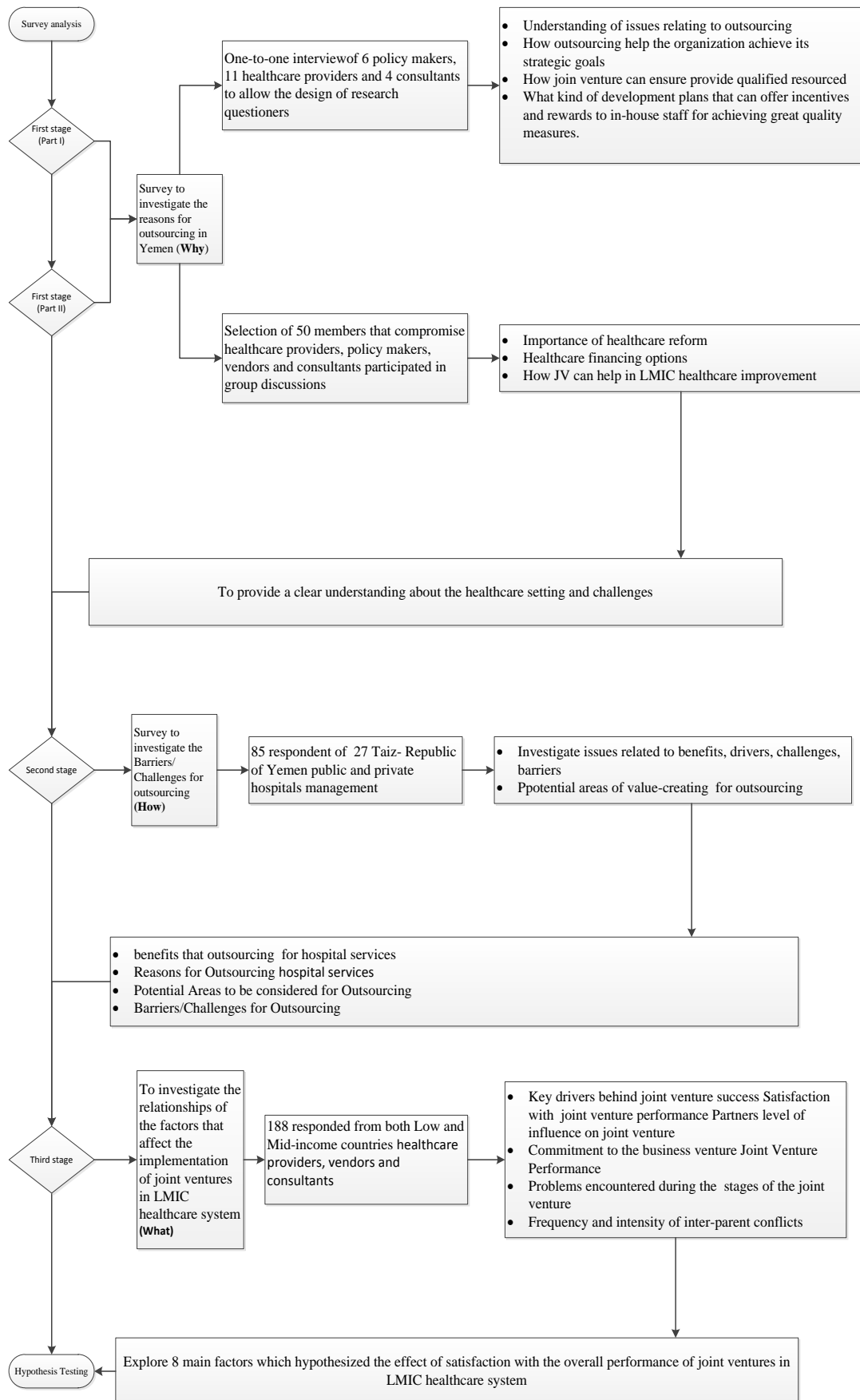


Figure 6.1 Structured and semi-structure survey process flow

This chapter covers three stages of the structured and semi-structured questionnaire basic instruments for mixed data collection shown in fig. 6.1. The questionnaire was additionally determined to allow the respondents to tell stories regarding constructs linked to the commitment building process, to seek examples and often unearth issues that were explored counter-intuitively (Com *et al.*, 2006). This technique was also followed for clarification of terms/variables, elaboration on topic and collection of respondent's own words of usage which was not supported or covered by quantitative questionnaires (Luna-Reyes & Andersen, 2003). The variables, for example: cultural similarity, commitment, control, contribution and trust were taped in the questionnaire to capture a broad view of these variables with respect to the performance of the JV in the LMIC.

The first stage survey was intended to investigate the LMIC for possible reasons for outsourcing (Why). The initial phase involved one-to-one semi-structured interview with a selection of 6 policy makers, 11 healthcare providers and 4 consultants as shown in table 5.1 over a span of two months and with the literature review that allowed the design of research questionnaires for the next stages. These semi-structured interviews increased the understanding of issues relating to outsourcing, such as: How does it help the organization achieve its strategic goals? How can joint ventures ensure the provision of qualified resources? And what kind of development plans can offer incentives and rewards to in-house staff for achieving great quality measures? Also it helps to provide a clear framework about the healthcare setting and challenges initially the questions were more around the barriers that hospitals have in developing countries in achieving these objectives.

In the second phase the conversational interview was helpful to design further group discussion needed to construct intended research study on how joint ventures as a means

of outsourcing can contribute in the improvement of the LMIC healthcare system. Based on a selection of 50 members, the second phase comprised healthcare providers, policy makers, vendors and consultants in group discussions. During this general semi-structured interview and group discussions with a relatively small sample size that did not permit elaborated statistical analysis. Supporting to that, in his study of 57 participants, Wilson (2006) argues that many studies as a small sample, but , in JV research this is a reasonable number of participants.

The discussions were focused on foreign partner contributions in LMIC healthcare reform and how essential the health systems in LMICs need to be reformed in order to deliver comprehensive approaches that will halt and reverse the rising mortality and morbidity rates. However, this approach studied how it will be applied in a particular to developing countries.

In addition, the question was raised regarding the possibility of the JV adapting to the medical system model that provides comprehensive services to the community which includes primary, secondary and tertiary care services. This includes the combination of upgrading the level of care in the current centres and establishing new state-of-the-art primary healthcare centre (PHC) with affiliations with leading technology partners. It was further pointed out that the operation should be financed through a mix out-of-the pocket payments by patients, insurance system payments and payments by charity organizations through capitation arrangements.

The second stage survey was to investigate the barriers/ challenges for outsourcing in Yemen (How). The questions were more around the barriers in hospitals in developing countries. Some emphasis has been given to explore the main benefits that outsourcing could bring to the LMIC health Sector. In addition to understanding the reasons driving

the decision to outsource activities in an organization, the potential areas to be considered for outsourcing were evaluated in detail.

Finally, the third stage was a survey to investigate the LMIC healthcare system overall JV performance basis and requirements (What). At first, various drivers were compared which vary between least, average and most important JV success for the improvement of the LMIC healthcare system. This is critical assessment of the level of satisfaction with the JV agreement and other governance procedures within the JV partnership with regards to protection of intellectual property, dispute resolution and verification of work task performance among JV partners. To assess the JV strategy formulation, foreign or local parent firms' level of influence and commitment were reviewed.

In the assessment of the JV journey, all critical issues that drive the success of the JV compared with the initial expectations at the time the business venture was viewed. The problems and challenges encountered during the negotiation and operational stages of the JV differ in relationship with the partner's contribution and establishment of clear agreement of the JV objectives. At the end, the questionnaire to measure both the frequency and intensity of inter-parent conflicts was evaluated by measuring both the frequency and intensity of the inter-parent conflicts by addressing how often and to what extent had conflicts arisen between the parent firms and their foreign partner over the issues related to operations commitment, control, contribution and overall performance.

The main goal of the research questions was not to capture the value itself of the JV in healthcare in the LMIC but rather the process leading to them to provide a window of exploration for future research in the field. An important aspect of this research is that it employs a range of data collection methods and examines a number of different variables as determining factors affecting the implementation of the JV concept for the

improvement of healthcare in the LMIC. However, the elaboration made in chapter II and III of literature review uses both an explanatory and a descriptive approach to explain why a JV model can be used for studying outsourcing option for the improvement of the healthcare system. Nonetheless, case studies involving face-to-face semi-structured interviews and group discussions explained in 6.2 section assisted in answering the why questions of the exploratory approach followed by a literature review for this study.

Section 6.3 further expands with details on the second stage of the survey questions to answer; the how questions to be able to close the cycle and establish clear understanding of the problem to develop a framework map for prompt research outcomes. The third stage survey questions involves the instrument development process and as demonstrated in section 6.4, the structured questionnaire was designed using subjective rating scales that incorporated the previous operational indicators of each variable.

Drawing on the existing literature, scale items were adapted and adopted to capture a manager's perceptions and behaviours to operationalize the variables. Respondents were asked to rate their perceptions on five-point Likert scales (1 "strongly disagree" and 5 "strongly agree") for most of the independent variables of the JVs. Qualitative research design can be complicated depending upon the level of experience a researcher may have with a particular type of methodology. Pope *et al.*, (2000) provided strategies for analysing qualitative data which typically involves immersing oneself in the data to become familiar with it, then looking for patterns and themes, searching for various relationships between data that help the researcher to understand the material, then visually displaying the information and writing. As such, this the research was moved more toward mixed method approach.

6.2 First stage results

McNamara (2009) suggests the importance of the preparation stage in order to maintain an unambiguous focus as to how the interviews will be organized in order to provide maximum benefit to the proposed research study. Along these lines, Chenail (2009) provides a number of pre-interview exercises researchers can use to improve their instrumentality and address potential biases. The selection of the appropriate candidates for interviews is very critical Creswell (2007) asserts that the researcher should utilize one of the various types of sampling strategies such as criterion based sampling or critical case sampling (among many others) in order to obtain qualified candidates that will provide the most credible information to the study. He suggests the importance of acquiring participants who will be willing to openly and honestly share information or “their story”. It might be easier to conduct the interviews with participants in a comfortable environment where the participants do not feel restricted or uncomfortable to share information. As common with quantitative analyses, there are various forms of interview design that can be developed to obtain detailed valid data utilizing a qualitative investigational perspective. For the purpose of this examination, this research used three formats for the interview design suggested by Gall *et al.* (2003) which will be explore in more details in following sections which are summarized: (a) informal conversational interview, (b) general interview guide approach and (c) standardized open-ended interview. Table 6.1 shows the relationship between the research objective, first research question and related survey questions.

Table 6.1 Relationship between the research objective and first research question

Objectives	Research area	Survey Questions
1st Research Question: What are the areas to be considered for the implementation of outsourcing LMIC healthcare services?		
To investigate the benefits of JV model in LMIC healthcare system improvement.	<p>The effect of outsourcing on health sector performance and improving the health outcomes of LMIC healthcare services.</p> <p>-In-depth interview of senior management of 3 public and 2 private hospitals in Yemen and literature review that allow the design research questionnaires for next stages.</p> <p>-lengthy discussions and electronic survey system used to evaluate the response of 50 leaders from three groups: the HMC stakeholder represented by the project steering committee and project management team; the health authority and public hospital management responsible for the healthcare delivery system; and a group made up of representatives from private hospitals and selective vendors.</p>	<ul style="list-style-type: none"> • How developed countries to contribute in LMIC healthcare reform. • How international partner's role in LMIC healthcare improvement: • International partner's must adopt in LMIC setting a medical system model that provides comprehensive services to the community that includes primary, secondary and tertiary care services. • Selection of LMIC healthcare financing model • The impact of quality in affiliation with international centres • How affiliation with international partner will provide added value and reduce risk of environmental uncertainty.

6.2.1 Informal Conversational Interview

The initial stage table 5.1 involved one-on-one semi-structured interview selection with 6 policy makers, 11 healthcare providers and 4 consultants over span of two months which included the literature review to allow the design of research questionnaires for next stages. The interviewees initially explained the research and objectives and as the semi-structured interviews were carried out the individuals asked to tell the story of the

existing health systems problems and challenges as they observe it. This was followed by semi-structured questions designed around the question; how can joint ventures as a source of outsourcing contribute in improvement of healthcare system? In establishing interview protocol, Young (2003) recommends that the 'telling of the story' question allows the interviewees free reign to interpret the events using their own frame of reference. However, McNamara (2009) emphasises the importance of asking an open-ended question. Creswell (2007) suggests that interviewer should be flexible with the research questions because the respondents in an interview will not necessarily answer the question being asked by the researcher and, in fact, may answer a question that is asked in another question later in the interview. In that case, this issue was taken in mind to make the design and relationship of questions are well present during the semi-structured interview stage.

By deciding to use the informal conversational semi-structured interview, the researcher can give clear attention to the need for flexibility and originality in the interview questioning so as to obtain as much success as possible for desirable results. With the informal conversational approach, McNamara (2009) observed that the researcher does not ask any specific types of questions, but rather relies on the interaction with the participants to guide the interview process. Many consider this type of interview beneficial because of the lack of structure in dealing with developing countries that inherited many constraints which allows, maximum flexibility in the nature of the interview. In contrast, many researchers view this type of interview as unstable or unreliable because of the inconsistency in the interview questions; thus making it difficult to code data (Creswell, 2007).

To provide a clear understanding about the healthcare setting and challenges, initially the questions were more about the barriers hospitals in developing countries have encountered in achieving these objectives. Besides the normal challenges facing healthcare in developed countries, the most important barrier is still access to health services. Studies in developing countries have presented strong evidence that physical proximity to health service can play an important role in the use of primary healthcare (Feikin *et al.*, 2009). It's known for a fact that over 70 percent of Yemen's population of 19.7 million lives in rural areas (Population Census, 2004) where primary healthcare covers about 30 percent of the population (WHO, 2003). Add to that, the problem of the lack of information system in place to allow development of strategic plans. Application of such methods in developing countries, however, remained constrained by the lack of data inputs even in a hard copy form (Perry, 2000).

A special emphasis on particular issues has always been a signal by most of the participants, that despite the considerable differences between countries in terms of the nature of the health system delivery and related challenges, there is considerable consensus about the impact of outsourcing and its effect on the hospital staff? Will outsourcing provide additional benefits, better leadership or more training? Will the JV as outsourcing model be viewed as a clearly encouraging step in a developing world where such collaboration could have a significant impact? Deakin and Walsh (1996) find that managers in public organizations generally realize the importance of accountability improvement in the particular function being outsourced. However, the managers also believe that there is a simultaneous decline in accountability to the public. Choosing the optimal staffing strategy and human resources development plan for LMIC healthcare setting is rarely easy, especially when it is connected to the outsourcing decision. Since the healthcare industry is one of the largest employers in most countries, one wonders if it

will help provide lower labour and benefits costs. More importantly for the LMIC will there be a bigger target toward local staff capacity building via the JV strategy to create greater sustainability and an improved living standard within the community.

The question arises on being the bureaucracy is major distinct in most of the developing world that also its place as well within the healthcare sector it is clear that outsourcing can play a vital role in improving the flexibility to keep hospitals operating efficiently while maintaining a high level of patient care and satisfaction. According to various literature organizations sometimes consider outsourcing in an effort to increase flexibility (Kermic *et al.*, 2006; Yigit *et al.*, 2007; Benaroch *et al.*, 2012). However, if the organization's quality is poor, then outsourcing the function may be seen as a potential improvement. Therefore quality is a relevant factor and can be either a positive or a negative influence on outsourcing (Anderson, 1997). Further questions raised were in regards to the understanding of the issues relating to outsourcing and how it helps the organization achieve its strategic goals. More questions were about the availability and provision of qualified resources and development plans that offer incentives and rewards to the in-house staff for achieving great quality measures. As perceived by Elmuti and Kathawala (2000), the main drivers for outsourcing appear to be shifting from cost to strategic issues such as core competence and flexibility. The literatures review supports outsourcing as a strategy, which may offer improved business performance on numerous dimensions (Quinn *et al.*, 1990a; Old, 1998;; Dekkers, 2000; Klopach, 2000; McIvor, 2000b; Quélin & Duhamel, 2003) Perhaps the most often cited strategic reason for outsourcing is to allow the organization to better focus on its core competencies (Sislian & Satir, 2000; Zott & Amit, 2010). However, in the case of the LMIC healthcare setting, the interviewees indicated that in the presence of a lack of qualified resources the challenge has shifted to other priorities related to the administration of adequate quality

care which includes like capacity building and standard of care. Hofer and Rohrer (2011) raised the question of the comparison of quality of that of the external providers compared with the previous in-house services and the standards for the comparison. This concluded the informal conversational interview which was helpful to design further group discussion and survey questions needed to construct intended research study on how a JV as a means of outsourcing can contribute in the improvement of the LMIC healthcare system.

6.2.2 General Interview and Group Discussion

Selection of 50 members that comprise LMIC healthcare providers, policy makers, vendors and consultants participated in group discussions that took place in Taiz, Republic of Yemen on December, 2012 to discuss and obtain feedback based on the electronic survey system and to explore the best healthcare system fit for the LMIC based on HMC case study. As explained by Gall *et al.* (2003), the general interview guide approach is more structured than the informal conversational interview although there is still quite a bit of flexibility in its composition.

The relaxed and informal arrangement during the discussion created a positive and encouraging environment. Prior to that, there was the opportunity to learn more about the in-depth experiences of the participants through structured interviews which helped with the creations of more ideas to lead the group discussions and be able to develop further survey questions. McNamara (2008) remarked about one of the obvious issues with this type of interview is the lack of consistency in the way research questions are posed because researchers can interchange the way they are posed. With that in mind, the respondents may not consistently answer the same question(s) based on how they were posed by the interviewer. Based on that, the informal environment allows for the

development of good synergy between the participants and the interviewer. Subsequently, this help to clarify more or inquisitive questions based on their responses and the results of the survey that will be explained further below.

In discussion with the interviewees about healthcare reform in Yemen, majority of 47 out of 50 of the participants supported HMC contribution with an immediate focus in Taiz. These individuals represented as demonstrated both potential participants from three groups, those directly responsible for healthcare policy setting that included the key decision makers in the government and other organization who are already involved or will be involved in the reform implementation. Those present were people who may be potentially affected (both positively and negatively) by the reform process; the healthcare providers, associated services, the healthcare and business consultant and experts in the healthcare sector in the context country and other regions. However, such strong support from the stakeholders indicates their clear commitment for the reform efforts to strengthen the policymaker's capacity for driving effective reform initiative. The governor who was a participant upheld his obligation for this reform effort and believes that when the ministry of health (MPH) assumes a true ownership role in the reform strategy, this will ensure full cooperation of all stockholders. Noting the limitations such influences, some participants argue that due to the fact that shortages of highly qualified resources in all fields would force the delegation of such services like immunization and prevention programs to international organizations and NGO's currently working in Yemen and have a strong presence. This introduced the topic of relevance and the importance of establishing clear benchmarks in any successful reform process as stressed by (Norman. 2000).

As a result of changes in economic and political systems, economic growth or previous failures to meet population needs, there is rapid reform of healthcare systems around the world. External agencies have played a large role in offering incentives to privatizing and decentralizing reforms. With that, the healthcare financing provide needed resources and economic drives for the continuity of the healthcare system and determine its effectiveness in terms of operation and necessary outcomes. Some scholars believes that governments use a variety of financial and nonfinancial mechanisms to carry out their functions, including directly providing services, financing, regulating and mandating service provision and providing information (Lewis, 2007; Moreno-Serra & Smith, 2012). Almost three quarters of the participants were of the opinion that healthcare system in Yemen should be through a combination of a social insurance system, a cooperative community insurance system and payment per capita to providers to cover 800,000 of the HMC target community.

This research has argued that the health systems in the LMICs need to be reformed in order to deliver comprehensive approaches that will halt and reverse the rising mortality and morbidity rates and this alternative only can be applied to developing countries. On the contrary sources of funding in developed countries differ and are funded by various systems: tax-based revenues, insurance premiums and out-of-pocket payments. Zakus and Bhattacharyya (2007) debates systems that are financed by income tax provide the greatest potential for pooling risk, while those financed primarily by out-of-pocket payments have the worst impact on fair financing. This is because the poor pay a higher proportion of their income than the rich when costs are fixed and the unpredictable nature of out-of-pocket costs is greater for those with no financial cushion or limited access to credit. Health systems in most LMICs, however, are largely weak with shortcomings in

governance, financing, human resources, health information systems and supply and availability of drugs and technologies (Robinson & Hort, 2012).

In light of technical advancement and the availability of treatment and preventive measures for many diseases that are common in the LMICs, 43 of the participants thought that the HMC's role in healthcare should be to improve overall healthcare in the Taiz, Yemen region (not to provide medical services only in the Medical City) which emphasises the importance of understanding how health services are provided to both tertiary and primary cares. In providing such health systems, the WHO report, (2000) considered this one of several determinants of good health; hence, high-performing health systems can improve the health of populations. Furthermore, the key elements to be improved are the availability, competence, responsiveness and the productivity.

Following to the discussions of various approaches at which one can intervene to improve the performance of health systems, as the case with HMC contribution in the healthcare reform in Yemen. Ultimately, health systems should provide the right service to the right patient at the right time in the most cost-effective setting (Zakus & Bhattacharyya, 2007). The particular interest in this research is to explore the application of health services to the LMICs based on a well-established organizational system. Such a system is enhanced with needed resources that includes in addition to human resources, the medical systems and needed financial support. Of the question regarding the needed model of care HMC, 44 of the participant favoured a medical system model that provides comprehensive services to the community that includes primary, secondary and tertiary care services.

Since in some low and middle-income countries, healthcare services have become fragmented and organised by a specific health problems, one solution to fragmented care

is to provide integrated healthcare services. The definition we used for the integration of primary healthcare is “a variety of managerial or operational changes to health systems to bring together inputs, delivery, management and organisation of particular service functions”. However, the reform of the ways health systems operate in society today is the renewal of PHC’s. The PHC values the achievement of health for all that require health systems to put people at the centre of healthcare. In fact, the PHC services are mostly contracted out to NP organizations (NGOs), which is similar to contracting primary health services in other WHO regions (Siddiqi *et al.*, 2006).

In investigating the appropriate primary care approach in Taiz, Yemen, 45 of the participants were of the opinion that the primary of care in Taiz should be a combination of upgrading the level of care in the current centres and establishing new state-of-the-art PHC and evaluating different finance models for HMC operation, 46 of the stakeholders believed that the HMC’s operation should be financed through a mix of out-of-pocket payments by patients, insurance system payments and payments by charity organizations through capitation arrangements.

In a comparison between the needs of create added value business to support the community of Taiz and the Medical City as opposed to concentrating on medical services only, 46 of the attendance in preference of the needs of HMC to create added business value option. Most believed that in order to ensure the quality of its services, HMC must with international centres. However, the issue of affiliation foreign partners will be further investigated in the third stage of survey.

6.3 Second Stage Results

In this stage, survey questionnaires (Appendix-B) were distributed to 100 participants from 27 public and private hospitals management in Taiz, Republic of Yemen (85 responded). The questionnaires were to instigate issues related to benefits, drivers, challenges, barriers and potential areas of value-creating activities to be considered for outsourcing. Table 6.2 shows the relationship between the research objective and second research question; area and related survey questionnaires.

Table 6.2 Relationship between the research objective and second research question

Objectives	Research area	Survey Questionnaires
2nd Research Question: What are the fundamental motivation for selection of outsourcing option- patient care, cost saving, focus in core business, resources availability, work productivity, etc.?		
To document the different healthcare JV strategies.	<p>The benefits, drivers, barriers and potential areas that need to be addressed to ensure a successful service delivery model based on outsourcing of LMIC healthcare services.</p> <p>(100 questionnaires distributed to 27 Taiz public and private hospitals management with 85 responded).</p>	<ul style="list-style-type: none"> • What are the main benefits that outsourcing could bring to the Health Sector in LMIC on priority basis for hospital services. • What are the Barriers/Challenges for outsourcing in Yemen. • What are the reasons that would drive the decision to outsource activities in organization: • What are the Potential Areas to be considered for outsourcing.

Outsourcing is a strategic move which involves both sourcing absent activities that new firms may not have completed in-house in the past or the substitution of internal activities

by transferring these in part or in whole to a third party supplier that performs the task, function or process (Gilley & Rasheed, 2000; Holcomb & Hitt, 2007). Much research has been conducted to investigate the effect of outsourcing decisions on a company's financial performance and its firm's value (Gilley & Rasheed, 2000; Jiang *et al.*, 2006).

Table 6.3 Benefits from Outsourcing

The main benefits that outsourcing could bring to the Health Sector in Yemen	Priority One		Priority Two		Priority Three		Total	
	No.	%	No.	%	No.	%	No.	%
Improvement in Access to health services (provision, coverage and utilization)	15	26%	20	35%	22	39%	57	100%
Improvement in Quality of health services	42	84%	5	10%	3	6%	50	100%
Improvement in Equity in the provision of health services	10	26%	17	45%	11	29%	38	100%
Improvement in Efficiency in the provision of health services	18	25%	38	53%	16	22%	72	100%

Table 6.3 addresses the main benefits that outsourcing could bring to the health sector in Yemen on the priority basis for hospital services. The first priority addresses the need for improvement in quality of health services by 42 percent. The second priority considers the improvement in efficiency in the provision of health services by 45 percent which also addresses the lack of accountability in healthcare systems, the third priority emphasises the improvement in access to healthcare activity with regards to provision, coverage and utilization services which was limited to 41 percent. Based on Hill (2012) survey the appetite to outsource indicate that vendor expertise is key, regardless of the service that is considered for outsourcing. Also he noticed that the providers are likely to continue at their current level as there are no leading indicators that will signal increase of outsourcing services.

Table 6.4 Reasons for Outsourcing

What reasons would drive the decision to outsource activities in your organization	Responses	%
Improve Quality of the Services	12	14%
Focus on Core and Strategic Functions	10	12%
Cost Savings	19	22%
Lack of Expertise In-House	8	9%
Access to Best Practices and Leading Technology / Innovation	16	19%
Access to High Calibre Labour	3	4%
Transfer Risk to Vendor	7	8%
Flexibility/Capacity/Scalability	10	12%
Total	85	100%

Table 6.4 addresses the reasons that would drive the decision to outsource activities in an organization adapted from (Landis, 2005). Twenty-two percent of participants selected cost savings as the main reasons for outsourcing, with 19 percent as access to best practices, leading technology/ innovation, with 14 percent felt improvement of the quality.

Table 6.5 Potential Areas to be considered for Outsourcing

Functional Area	Housekeeping		Food Service		Laundry		Human Resources		Diagnostic Imaging		Pharmacy		Patient Accounting		Laboratory		Maintenance		Security		IT	
Options	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Enough capacity to handle current requirements and future growth in-house & outsourcing would NOT add any value.	4	5	10	11	16	19	45	53			53	62	43	50					22	26		
This is considered a core/strategic function in my organization and should not be outsourced. We have adequate internal capacity and DON'T need any support/technical assistance to strengthen our in-house capacity							6	7	18	21	7	8	12	14	22	26	4	5				
This is considered a core/strategic function in my organization and should not be outsourced; however, we need support/technical assistance to strengthen our in-house capacity.							21	25	59	70	17	20	8	9	56	65	72	85			43	50
Enough capacity to handle current requirements, however if I outsourced this function it would allow my organization to focus more on our core/strategic functions. Outsourcing may bring benefits to my organization.			47	55	56	66	89				5	6	4	5	3	4			7	8		
In-house capacity is not adequate, this is not a core/strategic function in my organization and this function would definitely benefit from outsourcing.	5	6	7	8	2	2			6	7			15	18	4	5	7	8	3	4	34	40
Not applicable or I don't have enough knowledge to provide an opinion							5	6	2	2	3	4	3	4			2	2			4	5
Already outsourced in my organization.	76	89	22	26	11	16													53	62	4	5
Total No. of Responses	85		85		85		85		85		85		85		85		85		85		85	

Table 6.5 looks into the capacity rating for handling the hospital services and what activities would of benefit from outsourcing based on two types of questions:

Questions that consider the added-value of outsourcing: 50 percent considered IT a core/strategic function in my organization and should not be outsourced, however, they need support/technical assistance to strengthen the work capacity, also 40 percent feels that the in-house capacity is not adequate and this function would definitely benefit from outsourcing.

For Housekeeping 55 percent and Laundry 66 percent they believe that enough capacity to handle current requirements, however if they outsourced these functions it would allow the organization to focus more on core/strategic functions. In the other hand, respondents feel that outsourcing may bring benefits to my organization in relation to Diagnostic imaging 70 percent, Laboratory to 65 percent and equipment maintenance 85 percent which although these services are considered to be core/strategic function and should not be outsourced, however, they need support/technical assistance to strengthen our in-house capacity.

Questions that consider outsourcing of less value: Housekeeping 89 percent and security 62 percent assured that these services are already outsourced. As in the case of Pharmacy 62 percent, Human resources 53 percent and Patient accounting 50 percent considered that they have enough capacity to handle current requirements and any future growth in-house & outsourcing would NOT add any value.

Table 6.6 adapted from Siddiqi *et al.* (2006), by going over the barriers/challenges for outsourcing in Yemen. As 61 percent participant found does not agree that the Central Government/Ministry of Health have policies in place for dealing with outsourcing and 69 percent of participant appreciate that the Central Government/Ministry of Health have policies in place for regulating the provision of services/technical assistance by NGO's.

For the availability of enabling political environment for the execution of contractual arrangements response varies between 47 percent who do not know and 39 percent agree on the readiness of the political environment for any outsourcing initiative. This with 55 percent of respondent disagree that the political environment could influence the negotiation and execution of contracts and only and 32 percent of respondent think the influence is quite limited. That raise the question of consideration of the legal framework in Yemen could facilitate contracting between the public and private sectors with the majority of 61 percent

who agree and still 29 percent of respondent disagree with presence of transparency in the handling of tendering and contractual processes. In view of proper system in place 56 percent expressed a negative experiences related to contractual issues and 66 percent of respondent disagree that they ever encounter any positive experiences related to contractual issues.

Table 6.6 Barriers/Challenges for Outsourcing in Yemen

Barriers/Challenges for outsourcing in Yemen	Agree		Disagree		I Do Not Know		Total	
	No.	%	No.	%	No.	%	No.	%
Does the Central Government/Ministry of Health have policies in place for dealing with outsourcing?	16	19%	52	61%	17	20%	85	100%
Does the Central Government/Ministry of Health have policies in place for regulating the provision of services/technical assistance by NGO's?	59	69%	12	14%	14	16%	85	100%
Is there an enabling political environment for the execution of contractual arrangements	33	39%	12	14%	40	47%	85	100%
Does the political environment influence the negotiation and execution of contracts	27	32%	47	55%	11	13%	85	100%
Do you consider that the legal framework in Yemen facilitates contracting between the public and private sectors?	52	61%	25	29%	8	9%	85	100%
Do you consider that there is enough capacity among the public Health sector organizations for the monitoring and evaluation of contracts?	20	24%	47	55%	18	21%	85	100%
Do you consider that there is transparency in the handling of tendering and contractual processes	8	9%	62	73%	15	18%	85	100%
Have you had any negative experiences related to contractual issues	48	56%	11	13%	26	31%	85	100%
Have you had any positive experiences related to contractual issues.	8	9%	56	66%	21	25%	85	100%

6.4 Third Stage Results Analysis and Proposition Testing

This final stage of the survey questionnaires (Appendix- C) involved 292 participants with 188 responded represents LMIC healthcare providers, vendors and consultants. They were selected based on the three criteria: First, deep knowledge of healthcare challenges and barriers. Second, understanding the needs of LMIC healthcare system and third, experience or interest in seeking JV as an outsourcing option as a means of healthcare improvement.

Table: 6.7 Relationship between the research objective and third research question

Objectives	Research area	Survey Questionnaires
3rd Research Question: What are the factors affecting the implementation of JV as outsourcing relationship that could support the on-going process of improving LMIC healthcare system?		
To explore the challenges relating to implementation of the JV model in LMIC healthcare system.	The LMIC healthcare system need to provide JV with lead international vendors based on examine the factors that affect the implementation of JV in LMIC healthcare system.	<ul style="list-style-type: none"> • What are the key drivers behind JV success for the improvement of LMIC healthcare system. • Satisfaction with the overall JV performance. • What are the key elements that you believe constitute a successful joint venture • What are the level of satisfaction with the JV agreement and other governance procedures within joint venture. • What is the extent of your company's influence on the joint venture's strategy formulation. • To what extent do the following statements reflect your company's commitment to the business venture. • How would you assess the following activities of the JV as compared with your initial expectations at the time the business venture was formed. • What problems encountered during the negotiation stage of the joint venture. • What problems encountered during the operational stage of the joint venture. • What issues have required renegotiation and required changes in the initial terms of the contract. • Inter-partner co-operation in JV as compared with your initial expectations at the time the business venture was formed.

Table 6.7 shows the relationship between the research objective and third research question, area and related survey questionnaires. The aim of this survey questionnaires is to investigate the relationships of the factors that affect the implementation of joint ventures in LMIC healthcare system. Thus, the overall goal is to portray the underlying aspects of the JV and to investigate outcome which lead to the overall JV satisfactions. Consequently, the survey

research approach covers both LMIC healthcare providers, vendors and consultants selected based on deep knowledge of healthcare challenges and barriers, understanding the needs of LMIC healthcare system and experience or interest in seeking JV as of outsourcing option as a means of healthcare improvement.

The government, public agencies and healthcare providers were both highly participated in the survey with 56 percent that naturally represent the great interest and involvement in JV related activities. Also the healthcare consultant that participated with 51 percent has shown a great interest in JV related factors due to the facts that the consultant has greatly been exposed to healthcare demands for strategic JV's for the improvements of LMIC healthcare services.

Also this section deals with test of proposition of the research of healthcare systems in LMIC and the use of the JV approach. The proposition are strictly tested in this section with background from the analyses conducted in chapter Three and findings of the descriptive statistics grouped under eight leading factors to support the discussion in chapter five.

6.4.1 Joint Venture Success

To investigate the benefits of the JV model in LMIC healthcare system improvement, questionnaires have been developed to discuss the first research question about the areas to be considered for the implementation of outsourcing LMIC healthcare services with primary emphasis on study of the effect of outsourcing on health sector performance and improving the health outcomes of LMIC healthcare services. That includes an in-depth semi-structured interview of senior management of 3 public and 2 private hospitals in Yemen and literature review that allow the design research questionnaires for the next stages. Also a lengthy discussions and electronic survey system used to evaluate the response of 50 leaders from three groups: the HMC stakeholder represented by the project steering committee and project

management team; the health authority and public hospital management responsible for the healthcare delivery system; and a group made up of representatives from private hospitals, consultants and selective vendors.

The developed questionnaires focus on how to minimize the environmental uncertainty in selection of the LMIC healthcare financing model, finding the best means of contribution in LMIC healthcare reform and how foreign partner play a role in LMIC healthcare improvement. In addition to further elaboration on how the foreign partner must adopt in LMIC setting a medical system model that provides comprehensive services to the community that includes primary, secondary and tertiary care services.

Furthermore, questionnaires were set up to evaluate the impact of quality in affiliation with international centres and how affiliation with foreign partner will provide added value and reduce risk of environmental uncertainty. In addition to that, further questionnaires were carefully crafted to assist in evaluation of parent firms experience in the use of JV in order to develop clear understanding of the extent of both partners venturing experience.

Table 6.8 Key drivers behind JV success

LEAST IMPORTANT	MOST IMPORTANT
<ul style="list-style-type: none"> • Reducing risks • Reducing costs 	<ul style="list-style-type: none"> • Developing new skills • Meeting healthcare requirements

As JV offers great opportunities to exploit and share resources and financial strength. Partner's needs for other partner's skills. With this, various researchers have suggested that the selection of a partner may be a significant variable effecting the performance of a JV that influences the partner's expertise to be available to achieve JV objectives. They are the motives for IJV formation, partner selection, trust and commitment, learning in IJVs, control (Taco & William, 2004; Zheng & Larimo, 2010), cultural and environmental issues in IJVs

(Taco & William, 2004; Le, 2009; Dash, 2013). By looking from a broader prospective, some scholars found that different IJV formation motives including risk reduction, economies of scale, technology exchange, co-opting or blocking competition, overcoming government investment barriers, expansion to international markets and resources exchange (Contractor & Lorange, 1988; Ulas, 2005; Yang, 2005).

From that, the study move toward exploring the key drivers behind JV success for the improvement of LMIC healthcare system by focusing on most and least important drivers as shown in table 6.8 in relation to proposition P1 and P7 which will be later discuss in the following chapter.

6.4.1.1 Relationship between environment uncertainty and outsourcing option

The relationship between environmental uncertainty and outsourcing relationship proposition (Proposition P7). Outsourcing occurs when one company hands over a part of their existing internal activity to another company via contract (McCarthy & Anagroustou, 2004). Although the purpose of outsourcing is to create value from outside, rather than within the company. For that, outsourcing in healthcare has become an important business approach and competitive advantages are often achieved as services are provided more efficiently by an outside vendor. In contrast, JV as approach that effectively contribute to the improvement of healthcare services has been found more applicable in LMIC as discussed earlier that allow's address local firm staff capacity building and provide better cost for adequate service. For that it is became a norm in healthcare for the use of long-term contracts to reduce environmental uncertainty.

In order to explore further the relationship between environment uncertainty and outsourcing option and how perceived for-profit (FP) compared to NP healthcare organization, will

instigate the key elements of the successful JV and will try to understand the impact of cost reduction and other related risks on the LMIC healthcare system.

6.4.1.1.1 Elements of Successful Join Venture

Table 6.9 key elements constitute a successful JV

Key elements	Priority
Trust between partners	1
JV formal structure	2
Partner's strategic compatibility	3
Partner's strategic compatibility	4
Communication between partners	4
Interaction between colleagues	5

In discussion of the most important determinations of JV, the question raised to discuss in priority basis the extent the key elements that are believe to constitute a successful JV as shown in table 6.9 where most of the respondents has been given more emphasis to the importance toward trust between partners, JV formal structure and partner's strategic compatibility in comparison to less importance given by some respondents towered Interaction between colleagues, composition of governing bodies and communication between partners.

6.4.1.1.2 Cost Reduction and Associated Risk

In addition to environmental uncertainty and political stability in a developing world, also the healthcare system worldwide are facing increased financial difficulties because the advancement of healthcare system and standards. Deloitte (2014) healthcare outlook report

emphasis that such financial difficulties forced the governments initiative to increase the access to care in both industrialized and emerging markets and treatment advancement expected to drive sector expansion, pressure to reduce healthcare costs remains escalating. Moreover, the increase in domestic financing that follows from the assumption that sub-Saharan African countries would increase government funding to health to 15 percent of the total government expenditure and other countries to 12 percent, this due to the fact that weak capacity in LMIC increases the costs of making improvements.

Table 6.10 Overview of Health Expenditure Ratios (%), 2007) (WHO, 2010)

Overview of Health Expenditure Ratios (%) (2007)								
	Total expenditure on health as % of gross domestic product	General gov't expenditure on health as % of total expenditure	Private expenditure on health as % of total gov't expenditure	General gov't expenditure on health as % of total expenditure	External resources for health as % of total expenditure on health	Social security expenditure on health as % of general gov't	Out of pocket expenditure % of private expenditure on health	Private prepaid plans as % of private expenditure on health
Kyrgyz Republic	6.5	54.0	46.0	9.8	11.3	59.9	91.9	0
Yemen	3.9	39.6	60.4	4.5	7.4	0	97.8	1.6
Vietnam	7.1	39.3	60.7	8.7	1.6	32.3	90.2	2.7
Sri Lanka	4.2	47.5	52.5	8.5	1.7	0.1	86.7	9.1
Thailand	3.7	73.2	26.8	13.1	0.3	9.7	71.7	19.5
Cuba	10.4	95.5	4.5	14.5	0.1	0	91.3	0
UK	8.4	81.7	18.3	15.6	0	0	62.7	6.9
Canada	10.1	70.0	30.0	18.1	0	2.0	49.6	42.6

In having a closer look at developing countries that have aging populations coupled with an increase in those inflected with chronic illness that require more healthcare spending, but from another stand the results have shown that cost reduction associated risk has been considered as a least important in developing countries which due to the fact that health services in these countries in lacking the basic infrastructure. The data in table 6.10 displays the variation in the ways that different countries are allocating their resources for healthcare.

It is notable that the higher income countries (Canada, UK) have significantly higher government spending on healthcare than the lower income countries (Sri Lanka, Vietnam, Yemen and Kyrgyz Republic). This data demonstrates a general trend for countries that spend more government money on healthcare generally have better health outcomes.

Additionally, the critical challenge has been found due to sufficient funding and infrastructure inequality that the ability of government health services and hospitals to retain skilled healthcare workers due to the increase of private sector in health systems with attempt to coexist in the LMIC healthcare delivery environment. This with no doubt has shifted most developing country governments and most donors paid very little attention to the private sector in the past, the recent focus on health sector reform has shined a spotlight on the role of the private sector and especially on the qualities of innovation and efficiency that are generally seen as more common in private enterprises than in government bureaucracies (Mitchell, 2008). For that, in examine the state of infrastructure in healthcare sectors and the challenges to infrastructure development in developing countries, including its regulatory environment for continuity of care, will help to analyses the impact of infrastructure development on Yemen's competitiveness and provides the way forward.

6.4.1.2 Joint Venture Stability

The relationship between joint ventures of the LMIC healthcare services overall decision control and stage implementation in terms of success and stability was proposition (Proposition P1). The proposition relationships supported by the results that measures the extent of both the frequency of inter-parent conflicts between parent firms and their foreign partner as participants felt that they mostly never reached disagreement toward a partner's attempt to control key decisions in the JV and/or observed either partners attempt to make

changes in the terms of JV contract. The effect of control in JV relationships has remained one of the debated factors determining JV anticipated results.

Three determines for success and stability in the quality of LMIC patient care that involves the development of new skills to meet healthcare requirements, trust between partners and JV formal structure are as follows:

6.4.1.2.1 Development of New Skills and Meeting Healthcare Requirements

In exploring the key drivers behind the JV success for the improvement of the LMIC healthcare system it was clearly indicated that the 72 percent of respondents considered the developing new skills and meeting healthcare requirements have been a clear motive of priority setting activities that identifies its strength, weakness, gaps and opportunities in the healthcare system which is on top of that the capacity building which was found (OECD, 2012) to help to strengthen the government's ability to perform its role in a fragile state and improve the state-citizen relationship by demonstrating government competence. This is more important in any new JV to work with different stakeholders in the government in pooling resources, integrate both managerial and technical skills to participate in improving the health system and maintaining long-term capacity development strategy.

In countries with limited capacity such as the LMIC, the use of foreign partners in handling part or all of the services could be viewed as controversial and subject to much debate when it comes to the ability to perform all functions with a particular focus in local partner capacity development. This is explained by Sridharan (1995) as when two partners have different motives for forming the JV with the local contractors where the intent is on using the JV to upgrade their skills. The foreign partners were mainly interested in using the JV as a vehicle to maintain or increase their respective firms work load. To require and ensure both resources capacity and organizational structures and processes with the availability of enabling

environment of policy and laws in place are of special concern when establishing a JV in developing countries.

6.4.1.2.2 *Trust between Partners*

The majority of respondents of 62 percent considered high degree of trust between partners is essential as a foundation for a robust and mutually constructive relationship. As the trust exists when one party has confidence in the reliability and integrity of their exchange partner (Morgan & Hunt, 1994). This emerged as a central theme in international collaboration and symbolizes the strength of the partnership (Li, 2007). Trust has been identified as an important factor in determining JV success. Furthermore, some scholars described long-term relationships and trust as the encouraging development of exchange norms, which lead to effective communication, sharing of information and a strong social bond (Kemp, 1999; Ivens & Blois, 2004; Williams, 2010). Not only that but trust also stabilizes the relationships between organizations, reduces the need for complex contractual agreements, permits open exchange of information and reduces transaction costs (Minh, 2013). Trust between partners is considered to be the most significant factor for a successful JV because trust is the willingness to rely on an exchange partner in whom one has confidence (Moorman *et al.*, 1992; Wilson & Brennan, 2007; Khorassani, 2011). However, the lack of trust can be seen in respondent's responses throughout the survey as the cause of unexpected issues and problems.

In this regards, it is important to use the initial stage of the negotiation phase in developing a strong relationship to build the needed trust. Killing (1983) and Lupton (2009) argued in their recommendations about selecting a JV that one of the greatest problems in partner selection is that many of the characteristics which one might be willing to agree on are generally

desirable are such traits as honesty. Moreover, he stressed that trustworthiness, typically only becomes evident in times of stress, such as in the middle of the crisis.

This confirmed that communication between partners has a strong positive impact on importer trust and the development of a healthy relationship. This validates the theoretical perspective (Williamson, 1975; Currall & Inkpen, 2002) that communication is one of the prerequisite stimuli for building trust in partnership relationships. This yields support to a number of commitment studies where communication was reported to influence trust as a mediating role (Morgan & Hunt, 1994; Selnes, 1998; Zineldin & Jonsson, 2000; Coote *et al.*, 2003; Lumineau, 2014) in observed models. Meanwhile, all of these past findings are based on developed country data and accordingly, the present developing country context is important to further validate these extant findings for generalisation. Never the less, the basic face-to-face communication will always be the motivation behind the generating of trust between partners. This result also provides support to Aulakh *et al.*'s (1996) and Khan *et al.* (2015) findings in terms of communication of information in cross-border market partnerships which tend to increase the trust in their relationship.

6.4.1.2.3 Joint Venture Formal Structure

Formal structure in any organization has been found to be a means enabling to set out partner rights and responsibilities, helping to define and follow the JV goals and provides a framework for building trust and problem solution. This led to the respondent giving majority of 52 percent for the importance of the establishment of the right JV formal structure as the angle of viewing through which individuals see the organization operation and commitment for success. This has been highly supported by Sampson (2003) who considered that the establishment of the organization formal structure to be the basis to deal with the cooperation coordination problems in the alliance structure. This does not prevent the needs for clearly

defining the vision, mission, values, strategy and structure of the IJV needed to support, encourage and reward learning and the sharing of knowledge (Slocum & Lei, 1993; Schuler, 2005). Organizations tend to ensure the establishment of the formal structures especially at the initial stage of JV that will be set out on paper in the form of organisational charts, work processes and procedures. This in order to have the ability to act within the big picture and to understand and consider the wider context of their actions and decisions and to have an idea of the system in which they exist and to understand its structures, culture, practices and formal and informal rules and expectations and the roles they play within it, including understanding laws and regulations, but also the unwritten social norms, moral codes, manners and protocol (OECD, 2001). However, as a JV evolves over time, an informal structure finds the way between different levels of individual members within the organization and facts may exit and be different from those which are set on paper. This naturally happens for many reasons that will help to create depth and breadth in the life of the JV journey as people tend forget what the formal structure emphasis and it is natural for humans to always search for a new ways of doing things that shape the friendship circles and other relationships to get the job done.

Sometimes the informal structure may conflict with the formal one. Where this is the case the organisation may become less efficient at meeting its stated objectives. However, in some cases the informal structure may prove to be more efficient at meeting organisational objectives because the formal structure was badly set up. As found by Jewels and Underwood (2003) that informal knowledge sharing was taking place throughout the organisation and also that it was the preferred strategy, taken into consideration that not all of the individuals who were most actively involved in informal sharing groups were those people who had been with the organisation (or ones similar to it), the longest. This weighed

the importance of the need to learn to work with both formal and informal structures which keep in mind that flexible organizations will appreciate that the elements of the informal structure can be put as part of the formal structure to allow work improvements which result in the daily natural practice of the informal structure.

6.4.2 Joint Venture Performance

There remains an issue of importance throughout the JV journey, starting with the strategic rationale for entering into a JV and ending with providing an added value to both parties. This issue considered of top-most important, is known as what constitutes an appropriate measure of the JV performance (Griffith *et al.*, 2008). Interestingly, the response to question of satisfaction with the overall JV performance, 70 percent of the participants confirmed that they are satisfied with the overall JV performance. In noting this, the measures of IJV performance can be classified as subjective measures (such as overall satisfaction) and objective measures (such as return on investment). Some scholars recommended measuring JV performance in terms of a package of inputs and outputs weighted over time (Anderson, 1990; Choi & Beamish, 2013). The empirical results that supported the view that traditional accounting figures, including profitability measures, are statistically insufficient to distinguish more successful firms from less successful ones(Chowdhury, 1992; Julian, 2005). Nevertheless, even with poor financial results in the short-term, an IJV may have been meeting or exceeding a parents' objectives and be considered successful by one or all of the parents (Geringer & Hebert, 1991; Julian, 2005; Dominic et al., 2011).

Challenges facing the implementation of the JV model in LMIC healthcare system are countless. Approaching this subject is the purpose for the third research question concerning the understanding of the factors affecting the implementation of the JV as outsourcing

relationship supports the on-going process of improving the LMIC healthcare system which is of utmost importance. In this regards, various questionnaires has been organized about the factors affecting the implementation of JV as outsourcing relationship to support the on-going process of improving the LMIC healthcare system. Direct questions have been addressed about the key drivers of the JV success for the improvement of the LMIC healthcare system.

Followed by, seeking feedback about the satisfaction with the overall JV performance. Additionally, of importance are the elements that are believed to constitute a successful joint venture. Also the issue of concern is the extent of the comments to the business venture and the problems encountered during different stages of the JV which be looked at from different angles. Finally, the inter-partner co-operation in a JV are reviewed as compared with initial expectations at the time the business venture was formed.

6.4.2.1 Parent Firms Experience

The relationship between partner experience and improvement of quality of healthcare in LMIC proposition (Proposition P3). In this proposition the focus will be toward evaluating the experience of parent firms in the use with the JV in order to develop a clear understanding of the extent of both partners venturing experience.

The use of a parent firms experience in the JV for the improvement of the quality of the LMIC healthcare will be evaluated in regards to the three different distinctions which are JV expectations, technology transferee and the need for partner involvement.

6.4.2.1.1 Joint Venture expectations

An assessment of various activities of the JV as compared with your initial expectations at the time the business venture was formed, by using three scales much worse than expected, as

expected or better than expected. No doubt, once companies enter a JV they naturally hope that their partnership will meet the initial objectives and create long lasting results. The satisfaction with overall JV performance has been fully supported by the majority of participants with 70 percent indicating their satisfaction as expected. That supports the same finding as more than half of joint ventures met or exceeded expectations (KPMG, 2009).

However, 19 percent gave outstanding support by interpreting their satisfaction to be better than expected and around 10 percent never less than expected satisfaction with overall JV performance. Which is similar to reports that more than half of their company joint ventures met or exceeded at least one of the parent's expectations (Rinaudo, 2003). In some instance, the partners also may discover that they do not share expectations and are not flexible enough to change and accommodate the evolving needs of the business (Stewart, 2011). This possibly is due to the reason that foreign managers were generally more satisfied with the outcome of the JV and consistently rated the JV higher on all of the measures (Uchel & Thuy, 2001).

Subsequently, this may be the end of local partners entering into joint ventures with fewer expectations or strive to have a higher degree of control over the operations because limited experience can impact on the JV performance. As defined by Cullen *et al.* (1995), the performance is the extent to which the objectives are achieved. In this regards, some scholars found that insufficient control over an IJV not only limits a parent's ability to actualize its objectives and to protect the strategic competencies it shares with the IJV but also decrease the IJV's ability to effectively utilize the resources provided by this parent (Child & Faulkner, 1998; Park *et al.*, 2012). Reasonable control structure is significant for both fulfilling the parents' performance expectations and the satisfactory performance of the IJV as an independent entity (Selekler-Gökşen & Uysal-Tezölmez, 2007).

6.4.2.1.2 Technology Transfer

Most studies indicate firms are willing to establish partnerships with foreign firms to increase their competitiveness, transfer technology, enter new foreign markets, benefit from new sources of finance and the government's financial incentives and learn new management techniques. These parameters that lead to such technology transfer which has been the great driver behind JV expectations for the local firms (Demirbag *et al.*, 1995; Tatoglu & Glaister, 2000; Luo & Tung, 2007). On the other hand, this research shows disappointment with 3 percent as majority of respondents believes that technology transfer was much worse than expected. In spite of management capabilities which had received the highest score for better than expected by 35 percent which indicates short term gains had been observed with less emphasis on long term objectives toward critical issues like technology transfer that will impact a joint venture's stability and growth.

Although many studies have acknowledged the substantial effect of knowledge and technology transfer on performance outcomes. Others however, weight it of less importance. In their studies Yin and Bao (2006) examined the effects of the degree of technology transfer on both local corporate firms and human resource performances in inter-firm but said research in the area is still scarce. Nevertheless, the importance of further investigation the matter further with regards to why partners in some instance become more protective as a strategic valuable asset and reluctant to transfer higher technologies. However, longer period of collaborative relationship in JVs could encourage the opportunity to share, learn and transfer technologies between JV partners; which results from the decrease of cultural distances, increase of inter-partner trust and personal attachment between partners (Gulati 1995; Liu *et al.*, 2012). Also, without cooperation the achievement of important goals of any JV such as organizational learning and technology transfer would be nearly impossible.

6.4.2.1.3 Need for Partner Involvement

The survey results with a feedback of 73 percent who expected the need for partner involvement in the JV as compared with the initial expectations at the time the business venture was formed. This is possibly due to the clear understanding of both partners of the long-term importance of strategic partnership which provides a context to utilize their deep involvement in developing best practices and resources for business success. However, as spotted by some scholars that the major reasons for setting up a JV were the need for the other partner's skills, needs of the other partners' attributes or assets and government pressure or legislation (e.g. Killing, 1983; Büchel, 2003; Björkman & Stahl, 2006).

Time and the active involvement of managers as a basis for any partner involvement has been greatly indorsed by scholars as a major factor to build trust and knowledge acquisition skills that will allow for the achievement of the performance targets (Tsang, 2002; Li *et al.*, 2006). As pointed out by Inkpen (1999) this does not mean that after the JV is formed that firms are often surprised when their partners object to their choice of managers. However, this occurs frequently in IJV. Sometimes the problem is with misunderstandings about the meaning of job titles and in other cases, the partners resent their lack of involvement in managerial decisions.

While the issue of foreign ownership restrictions that necessitated the involvement of a local partner previously have been eliminated in many countries which helps in great sense capacity building of local partners to gradually become involved in joint ventures and provide added value. The recommend firms must adhere to local regulations which may include policy for local partner involvement. Earlier, semi-structured interviews revealed similar insight stressed by Karlsen *et al.* (2003) the importance for the local partner to enhance

learning experience of dealing with other cross- cultural interactions to ensure further successful wider involvement of inward and outward activities.

6.4.2.2 Joint Venture Strategy and Business Practice

The relationship between the LMIC healthcare JV strategy and business practice rather than similar cultural attributes was proposition (Proposition P4). The focus of this proposition has been in particular issues related to the establishment of a clear JV agreement that can identify a partner's objectives and obligations, disputes resolution in dynamic and complex structure like JV and ensure that management capability is very well positioned as compared with the initial expectations at the time the business venture was formed.

6.4.2.2.1 Joint Venture agreement

In assessing the level of satisfaction with the JV agreement and other governance procedures within JV partnership in different aspect an five level of satisfaction has been used, the scale varied from not satisfied to completely satisfied scale to evaluate critical issues related to protection / ownership of intellectual, disputes resolution and task performance.

In principle firms enter into JV agreements in order to create new products and services, enter new and foreign markets or potentially both (Beamish, 2008). In that perspective, the JV agreement established clear identification of the parties to such as ownership participation and clarity of objectives and obligation, with a description of their legal status, the extent of each party with regard to the different stages of contract implementation.

While the main focus of the agreement to address the issues related to the value created by JVs in combining two or more parent firms' complementary assets and resources. However its appear evidence that more value is created when the resources are combined than when they are separated or accessed through another form of contractual agreement (McConnell & Nantell, 1985; Reuer & Koza, 2000; Sarkar *et al.*, 2012). In addition, the situation could off

balance in developing world as it's been observed a clear big margin between international and local partner. Where the international partner as argued by (Lupton, 2009) that the foreign ownership restrictions that necessitated the involvement of a local partner previously have been eliminated in many countries. Which leads to dispute that altimetry has its direct impact on JV satisfaction which reflected on the JV performance. As such correlation been emphasized by Stewart (2011), the performance is higher where partners remain satisfied with the venture agreement. Take into consideration, the number of dominant economic and political reasons for the increase of IJV. In their research (Beamish, 1984; Dymsha, 1988; Schuler & Tarique, 2005) identified a variety of reasons behind none-questionable decisions to enter into IJV agreements. These include; entering new and potentially profitable markets, sharing heightened economic and political risks in new business ventures, government suasion and economies of scale.

6.4.2.2.2 Disputes resolution

A prime objective of any JV is to ensure that the processes for dealing with ongoing issues are included in the JV agreement as of utmost importance. With that, the resolution of disputes or disagreements among JV partners has been identified with complete satisfactory by respondents in the survey questionnaires. Price Water house deal practices (2012) suggested that the partners need to give close attention to the governance structure that provides oversight of the operating environment and protocols are required if the alliance entails joint control, selection of alliance leadership, decision making rights, dispute-resolution process, communication and reporting protocols.

Most JV agreements address in one form or another, the resolution of disputes or disagreements among JV partners. These provisions are important Miller *et al.*, (1997) and Ozawa, (2014) described that since disputes are virtually inevitable in a relationship as

complex and dynamic as a joint venture. Such provisions of a JV agreement need to be simplified as otherwise it could be found to be another cause of disputes. It is essential that the JV agreements need to contain fairly detailed provisions covering dispute resolution and in the event of failure to reconcile differences, an exit mechanism to be employed in terminating the joint venture. Some scholars suggested that the negotiation of such provisions should not be avoided because of an optimistic belief that good relations will be maintained over the life of the venture and trying to resolve disputes in an ad hoc fashion can be highly problematic (Miller *et al.*, 1997; Claude & Claude, 2012).

Other issues tend to be present with such agreements which are due to JV's not fully being internalized within a single firm, their structure is necessarily based in the contract (Luo, 2002). Structuring this contract is difficult because the types of benefits and assets sought through joint ventures are often intangible and relationship-based (e.g. access to markets and knowledge) rather than tangible and physical asset-based (e.g. goods and machinery). When such problems arise because intangible assets are difficult to articulate with enough clarity, scholars proposed that the parties are to be in the agreement as to what is being exchanged; a necessary requirement for the formation of an enforceable contract (Shraber & Rohwer, 1984; Lou, 2002). Beyond that, managers in IJVs may not only have communication problems because of language barriers; they may also have different attitudes toward time, the importance of job performance, material wealth and the desirability of change (Killing, 1982; Kwok *et al.*, 2001; Eun *et al.*, 2011).

Concentrating on issues such as management control based on a clear agreement on objectives, helps in the operational phase of the joint venture. Elaborating on these issues during the negotiation stage should support the JV success. Li (2001) argued that changes in government policies and the competitive environment lead to the evolution of the control

design. In addition, Kogut (2002) maintained that no matter what the initial agreement on control may have been at the start of a venture, environmental and strategic changes over time may lead to reconfiguration of the control design. Hui *et al.* (2008) explained that the advances in information and communication technologies have enabled new firms to pursue the outsourcing of value-creating activities. That without cooperation, the achievement of important goals of any JV such as organizational learning and technology transfer would be nearly impossible.

6.4.2.2.3 Management capability

In general terms, management capability refers to activities that build organizational competency and capability in the organization, typically below the senior leadership levels. There are also other differences in the definition of capability. Some have sought to define the key clusters of management competence (Cheetham & Chivers, 1996; Montoya *et al.*, 2010). This process identifies organizational capabilities required to meet strategic goals and ensures continual alignment of employee development, career progression and talent management to involve business needs. Winterton *et al.* (2001) moved more toward the explanation of the number of behavioural dimensions with good management determined by positioning behaviour along these dimensions.

In the research survey, the participants had highly regarded better than expected with the JV management capability, as compared with the initial expectations at the time the business venture was formed. That ultimately reflected organization capability of the individual within the organization for better performance results. Resources stated that two or more JV partners are more valuable when combined than when separate; it stands to reason that there is a potential for substantial capability development. This creates two potential lines of inquiry concerning knowledge and capability management in JVs. The first deals with how newly

developed knowledge and capabilities may be leveraged in JVs and potentially by the parent firms. The second deals with how to manage a JV that becomes more adept at creating value than its parent firms.

6.4.3 Management Control of Joint Venture

The different practices between foreign and local partners may influence the IJV performance. In such cases, partners would need to agree on a control mechanism and clear evaluation criteria that gives the IJV enough autonomy to perform the necessary adjustment for the environment and business needs.

Challenges facing the implementation of JV or any other means of outsourcing the LMIC healthcare system are countless. Considering all this, the third research question was crafted toward understanding the factors affecting the implementation of the JV as an outsourcing relationship that could support the on-going process of improving the LMIC healthcare system which is of the utmost importance. In this regards, various questionnaires have been organized about putting some perspective on the factors affecting the implementation of JV as outsourcing relationship that could support the on-going process of improving the LMIC healthcare system. In the next step, direct questions have been addressed about the key drivers of JV success for the improvement of the LMIC healthcare system. Then the next step was to seek feedback about the satisfaction with the overall JV performance while assessing the elements that were believed to constitute a successful joint venture. During this step, the issue concern extent of comments to the business venture and the problems encountered during different stage of the JV were looked at from different angles. Finally, the inter-partner co-operation in JV was reviewed as compared with initial expectations at the time the business venture was formed.

6.4.3.1 Trust and Mutual Need of Commitment and Cooperation

The relationship between the LMIC healthcare services JV performance and partners trust each other, have mutual need of commitment and cooperation was proposition (Proposition 5). However, the effect of the commitment on the JV and both parties openness and flexibility in renegotiation of agreements has been the centre of discussion of this proposition.

6.4.3.1.1 Commitment to Joint Venture

In studying the extent of specific issues reflected in the commitment to the business venture; question was presented by using five variable scales that starts with no reflection to fully reflect the business venture, with an average scale to measure the willingness to send managerial resources on a long term expatriate basis. Walter *et al.* (2000) and Straus *et al.* (2013) founds that commitment is an essential ingredient for successful long-term relationships. A number of authors stress that long-term commitment as being one of the main reasons for the prolongation of joint ventures (Killing, 1983; Beamish, 1987; Buckley & Casson, 1998; Robson *et al.*, 2013). Commitment can be defined as an enduring design to maintain a value relationship (Moorman *et al.*, 1993), a sign of willingness to provide, on a continual and long term basis, resources and capabilities for the specific needs of the IJV operation. Researchers suggest that trust between partners must be built over a period of time (Madhok, 1995; Büchel, 2003; Talay & Akdeniz, 2014).

In evaluation of both issues, the parent company tries to ensure that each partner knows what to expect from the conception of the JV and be willing to send managerial resources and expertise on a long term basis has gained the most participant positive support with 29 percent considering very often reflect the view company's commitment to the business venture. This explained in the multiple path relationships of the three significant

(Communication, trust and commitment) model established by various scholars (Mellgren, 2000; Soundness *et al.*, 2011; Talay & Akdeniz, 2014). Commitment as the ultimate dependent variable is influenced directly by communication, trust, supplier's competencies, knowledge and experience and environmental volatility. Scanzoni (1979) argued that commitment contains three measurable criteria; first, high level inputs from all parties, durability and consistency. Significant economic, communication and/or emotional resources may be exchanged (Dwyer *et al.*, 1987; Bandelj, 2012). The second criteria; durability needs must be developed over time. Durability as explained by Dwyer *et al.* (1987) presumes that the parties can discern the benefits attributable to the exchange relation and anticipate in an environment that will support continued effective exchange. The last measurable criteria of commitment is the consistency with which the inputs are made to the association (Dwyer *et al.*, 1987; Javed *et al.*, 2014). With continuity of inputs by both partners, definitely this will enhance the commitment to achieve the JV goals and objectives. In other words, inconsistency equates to low commitment. If one partner is inconsistent with its exchange, undoubtedly its partner is less likely to rely on the outcome of the exchange (Wilson & Brennan, 2007).

Also toward the issue if the parent company has plans to extend the scale of operations has been chosen to be mild with 33-39 percent response rate, as these issues require time in order to develop strong relationships based on trust which plays significant role in the IJV performance. Trust can be defined as the mutual confidence of the partners that none of them will exploit the other's vulnerabilities (Zhang & Li, 2001). Long-term exchange between partners cannot function effectively in the absence of trust (Chowdhury, 1989; Marchington & Vincent, 2001).

6.4.3.1.2 Renegotiation Joint Venture Contract

In most joint ventures there is a difference because in the developing world culture distance and political environment always play a critical role in the JV success. So there are times when they have to re-visit the established agreements to ensure business is stream lined with outcomes needed. The static kinds of agreements are hard to renegotiate but withstand the pressure of change. As a result, renegotiations are a growing to be an inevitable trend in international business and need an open mind and flexibility from both parties. In this regards, the question was clearly drawn toward the issues that have required renegotiation and required changes in the initial terms of the contract, that indicate 15 percent of participants strongly agree with revisit.

6.4.3.2 Partner's Cooperation

The relationship between capital contribution and management control was proposition (Proposition P6). For the achievement of management control by partner contribution of capital and resources within the LMIC healthcare JV with respect to the influence on JV strategy formation and what are the challenges during JV implementation phase.

6.4.3.2.1 Influence on Joint Venture

Despite more than three decades of work on IJVs, Chowdhury (1992) and Rajan (2004) believed there is no consensus on an appropriate conceptualization and measurement of IJV performance. The IJV lifecycle has not been clearly defined and agreed in the IJV literature (Le *et al.*, 2009). Lifecycle stages of the IJVs here include a formation stage and a post-formation stage. An IJV formed three to four years previously will often be ready to enter its post-formation stage and that could also be termed an evaluation or reformulation stage (Shortell & Zajac, 1988). To understand components that influence the JV process, must keep in mind that any JV strategy formulation, individual and organization inputs play a critical

role in setting the foundation for the JV strategy plan. In particular, strategy formulation requires that a firm assess its resources, capabilities and core competencies (Black & Boal, 1994; Liu, 2012). These assets then determine the boundaries of a firm's activities (Chatteijee & Wemerfelt, 1991). That is, the assessment suggests what the firm is capable of doing given its bundle of tangible and intangible resources (Grant, 1991).

For that, assessing foreign or local parent firm's level of influence on joint venture, strategy formulation is highly essential for both partners to appreciate that goals are the result of an early step in the strategy formulation process. This is a notable level of performance variance accounted for before JV implementation decisions are made and executed (Hatfield & Ii, 1994). Surprisingly, this contradicts with respondent feedback on the importance on not giving any influence or advice at all during the strategy formulation. Furthermore, other participants express that their satisfaction increased in view of limited participation in the formulation process. This is due to the fact that limited knowledge of the LMIC local partner and stretch of knowledge gap with the foreign partner. The local partners needed the foreign partners for improving their management skills and strengthen their local presence.

The type and nature of inter-firm interactions influence the parents' assessment of JV performance. Some scholars support the quality of the exchange relationship was an important factor, supporting the argument that compatibility between the partners is a crucial factor in determining the partners' relative bargaining power and operating relationship norms (Inkpen & Birkenshaw, 1994; Pothukuchi *et al.*, 2012). Other researchers observed the extent of Influence on the JV tried to split the criteria into whether they had a strong, mild or no influence on the choice of partner, but it was noticed that the categories chosen failed to show significant differences (Roy, 2012).

6.4.3.2.2 Alignment of JV Phases

While clear agreement on objectives ranked as most of the challenges during negotiation phase, it also caused similar greater concern during the operation phase with an increase of 6 points with 13 percent of participants strongly support the issues related to agreement on objectives been the most problem encountered during the operational phase of the joint venture. Management control was seen as the least key challenge throughout operational phase with 21 percent of respondents in disagreement of problems faced during the operation stage. This, in spite of partner's contribution was second ranking key challenge throughout the operational phase.

Problems occur in IJVs due to the difficulties in managing them caused by the presence of two or more partners (Inkpen & Beamish, 1997; Gocmen, 2004). In particular, conflicts between partners are caused by the differences between partners such as the incompatible management styles and approaches and cultures (Killing, 1983; Cäker & Siverbo, 2011). As it was observed that the communication, which has been reflected on partner's contribution, is also an issue in the operational phase.

Differences between partners as presented by Child and Yan (2004) often result in the increase risk of misunderstanding and cooperation failures. Attention must be given to critical strategic issues which might make the JV relationship less stable; one of which includes component sourcing (Habib, 1987; Pothukuchi *et al.*, 2012) and the degree to which JV operations are interlocked with those of the parent companies (Habib & Burnett, 1989; Klijn *et al.*, 2013). This conclude, that all operational related issues at earlier negotiation phase must be addressed. As, having a clear agreement on objectives and management control issues helps in the operational phase of the joint venture.

The IJVs are formed between firms with different organizational and cultural characteristics (Duan, 2007). Also, legal due diligence is a key element in forming successful joint ventures, with a particular focus on technical and financial due diligence on the operations and assets being contributed to the joint venture. In general speaking, Yan and Child (2004) saw that the IJVs are notoriously difficult to control. While previous research has not provided evidence directly explaining how parent firms control structure choices (Groot & Merchan, 2000); it has suggested some possible determinant factors (Geringer & Hebert, 1989; Chun & Mun, 2012). Some of these factors have heavily impacted the operation phase to facilitate the venture to become a power in itself. That subsequently it has been seen that two parent companies can do their business independently.

6.4.4 Joint Venture Partners Cooperation's

The collective insights that were discussed in earlier chapters intended to establish the conceptual framework based on factors affecting the implementation of JV as an outsourcing relationship that lead to process improvements in the LMIC healthcare system. These factors will be discussed in length from a different dimension in chapter 8 to assess the basis of the main lesson learned from the JV model that can help to shape the healthcare system in the LMIC. Further validation of research proposition will be presented later in chapter 8 by using ISM in looking for patterns and proposition and further analyses to deepen the understanding of the relationship between the explanatory variables of the healthcare systems in the LMIC and the use of the JV approach.

In general, most of survey questionnaires address the lessons learned from JV's as means of outsourcing that can help to shape the healthcare system in the LMIC with the level of satisfaction with the JV agreement and other governance procedures within the JV

partnership. The survey also addresses the level of satisfaction with the JV with regard to ownership of new intellectual property and resolution of disputes or disagreements by the JV. In more length, the survey questions focus on how often and to what extent conflicts have arisen between parent firms and their foreign partner over various issues.

6.4.4.1 Joint Venture Relationship

The JV relationship between ownership and control with international technology partner in LMIC healthcare was proposition (Proposition P2).

6.4.4.1.1 Negotiation of Joint Venture

Prior to establishment of any joint venture, each partner separately needs to go into in depth examination of the issues before negotiations begin to enable the addressing of the strategic issues associated with joint venturing during the negotiation and formation processes. Business alliances are a challenge to structure and to negotiate and implement. However, they are often the most challenging once established and operating (PWC, 2012). Unfortunately, the problem is as described by KPMG JV report (2009); corporates too often approach the negotiation phase with an ‘Merge & Acquisition mind-set’ and don’t give enough consideration to the key difference with joint ventures, the tactical aspects to achieve the highest selling/lowest buying price and with a win-win collaboration.

In studying the problems encountered during the negotiation stage of the JV, it was found that clear agreement and objectives and performance evaluation considered to be the major concern about the problems encountered during the negotiation and operational stages of the joint venture. The objectives of the JV strategy must clearly state about what the organization expects to achieve from the JV and how the achievement of those expectations will be measured based on a clear evaluation criteria. The strategy should define the

relationship: explain what the company is seeking in the relationship, the process to be followed in that relationship and the personnel that will be involved in formalizing the relationship (Roberts, 2001). This will help intercept any potential conflicts that arise between different objectives that are best handled when the JV agreement is being negotiated. During the JV negotiation and formation stage, some studies found that the potential partners spend considerable time in identifying their common compatible interests in the task-related areas (Sridharan, 1995; Skrifter, 2011). Sridharan (1995) proposed that depending upon the bargaining power exercised, the level of equity and resource contributions are determined, responsibilities of each partner are allocated and lines of formal communications between the partners and with outside parties are established.

To address the negotiation stage properly, it is critical to identify the selection criteria used by the partners as the JV formation processes set in the centre of the relationship between the partners at a later stage during the operation of the JV. This will help erase some of the critical problems inherent in any JV between partners that can be overcome through constant communication and enduring negotiations. Such co-operative strategies in turn may require firms to give up some control over certain strategic considerations or activities (Harrigan, 1986; Kamminga & Van der Meer-Kooistra, 2007). In particular, the problems mostly happen as local partner during the negotiation stage spent his efforts in ensuring that his commercial interests were well protected in the JV agreements. In some occasions, the problem occur when JV agreements made no reference to the technology transfer process nor were any training budgets allotted (Sridharan, 1995; Jensen & Petersen, 2013). Andrews (1984) and Lliance (2006) argued that management and organisational issues given least attention that lead to problems encountered during the negotiation stage of the JV, because

the problems experienced by the JVs can be traced to the apparent neglect of these crucial elements in negotiations and subsequent agreements.

6.4.4.2 Joint Venture Control

The relationship between the level of commitment and conflict with international firms in the LMIC healthcare JV was proposition (Proposition P8). How to resolve the conflict is a challenging question (Ren & Gray, 2009; Sanga, 2015). In studying the literature concerning inter-partner conflicts in international joint ventures, there are indications that joint ventures in developing countries are vulnerable to a range of issues, including strategic level, tactical level and operational level issue (Demirbag & Mirza, 2000).

Table 6.11 measure both the frequency and intensity of inter-parent conflict

Questionnaire to measure both the frequency and intensity of inter-parent conflicts	Frequency of disagreements %					Intensity of disagreements %				
	Never	Seldom	Sometimes	Often	Very Often	Verbal	Written	Board (JV)	Board (partners)	Arbitration
Separating the operations of the JV from those of the parent companies	21	17	38	25	0	33	22	33	6	6
Committing a large proportion of JV outputs to a parent company	15	13	46	21	4	33	28	22	17	0
Prudence in procuring much of the input needs of the JV from either of the parent companies	4	21	38	29	8	24	18	47	6	6
Partner's attempt to make changes in the terms of JV contract	17	25	33	25	0	6	39	22	28	6
Partner's attempt to control key decisions in the joint venture	17	13	33	25	13	29	18	29	18	6
Expanding the JV or maintaining it at a certain size	4	21	38	21	8	22	17	56	6	0
Amounts of profit to be retained in the joint venture	13	13	52	22	0	18	12	47	18	6
Accessibility to foreign partner's up-to-date technology	8	13	50	25	4	35	24	29	12	0
Roles and functions to be performed by JV partner's	4	17	33	29	17	28	28	44	0	0
Issues regarding hiring policies in the joint venture	13	9	57	22	0	18	24	53	6	0
Interpretations of the terms of the JV contract	4	25	29	33	8	22	22	28	22	6

Adapted from Demirbag and Mirza (2000)

The inter-parent organisational conflicts with regard to joint ventures were measured at two levels in order to establish the true state of this important dimension of IJV.

The questionnaire used to elaborate in table 6.11 designed by Demirbag & Mirza (2000) to measure both the frequency and intensity of inter-parent conflicts and when they occurred.

Table 6.12 Factors that drives inter-partner conflicts

FREQUENCY	LESS FREQUENT	MORE FREQUENT
MORE INTENSIVE	<ul style="list-style-type: none"> • Partner's attempt to make changes in the terms of joint venture contract. • Partner's attempt to control key decisions in the joint venture. • Issues regarding hiring policies in the joint venture 	<ul style="list-style-type: none"> • Issues regarding performance of the joint venture and criteria used to evaluate performance.
LESS INTENSIVE	<ul style="list-style-type: none"> • Separating the operations of the joint venture from those of the parent companies. • Division of benefits between the parent companies. 	<ul style="list-style-type: none"> • Roles and functions to be performed by each partner in the joint venture. • Expanding the joint venture or maintaining it at a certain size.

Collected data presented in previous sections and qualitative data gathered throughout interviews were amalgamated and transferred to a grid in table 6.12 which indicates four main forms of factors that drives inter-partner conflicts in relation to the frequency and intensity scales.

The first form emerges from the qualitative approach is relation to those conflicts that occur less frequently, but as they occur their intensity is relatively high compared with other conflict areas. Partner's attempts to make changes in the terms of JV contract, control key decisions in the JV and issues regarding hiring policies in the joint venture.

The second form is related to conflicts which occur more often as compared with other conflict areas and with relatively high intensity that includes These conflicts are

more likely to be settled through board meetings in a JV or meetings between parent organizations that is focused more toward issues regarding performance of the JV and the criteria used to evaluate performance.

The third form, which uses the mixed approach that can be drawn from both qualitative and analysis results, is related the type of conflict that appears to occur relatively more often but with less intensity in defining the roles and functions to be performed by each partner in the JV and expanding the JV or maintaining it at a certain size.

The fourth form which emerges is related to conflicts that occur less often and with low intensity with regards to separating the operations of the JV from those of the parent companies and division of benefits between the parent companies.

Table 6.13 Analyses factors drives inter-partner conflicts in relation to the frequency

Frequency of Disagreements							
Inter-parent conflicts	Never	Seldom	Sometimes	Often	Very Often	Means	Standard Deviation
Separating the operations of the JV from those of the parent companies	21	17	38	25	0	20.2 (1)	12.32
Committing a large proportion of JV outputs to a parent company	15	13	46	21	4	19.8 (4)	14.19
Prudence in procuring much of the input needs of the joint ventures from either of the parent	4	21	38	29	8	20 (2)	12.7
Partner's attempt to make changes in the terms of JV contract	17	25	33	25	0	20 (2)	11.21
Expanding the JV or maintaining it at a certain size	4	21	38	21	8	18.4(4)	11.94
Amounts of profit to be retained in the joint venture	13	13	52	22	0	20 (2)	17.47
Accessibility to foreign partner's up-to-date technology	8	13	50	25	4	20 (2)	16.58
Roles and functions to be performed by each partner in the joint venture	4	17	33	29	17	20 (2)	10.24
Issues regarding hiring policies in the joint venture	13	9	57	22	0	20.2 (1)	19.71
Interpretations of the terms of the JV contract	4	25	29	33	8	19.8(3)	11.62
Division of benefits between the parent companies	17	26	43	4	9	19.8(3)	13.79
Issues regarding performance of the JV and criteria used to evaluate performance	4	25	38	17	17	20.2 (1)	11.16

In table 6.13 analyses describes the above forms of factors that drives inter-partner conflicts in relation to the frequency. As can be seen from the data, the issues related to control such as separating the operations of the JV from those of the parent companies and issues regarding hiring policies in the JV ($x = 20.2$) This dimension of IJV control will be used as the IJV control structure controls based on tightly controlled organizations as suggested by (Le & Jorma, 2009) which tend to be strict with respect to their employee's punctuality, detail oriented and precise in operation. Tight control can be effected through any mechanism that provides a partner with a high degree of certainty that personnel in the IJV will act as the given partner wishes. According to Child *et al.* (2005), control is a central aspect of management, the tightness of control is reflected in frequent and precise reporting.

The second demotion ($x = 20$) focuses on frequency of due to inter-partner conflicts rising from meeting expectations. The main purpose of a control is to attain predictability and critical information on the IJV operation through some regulatory means (Makhija & Ganesh, 1997). Furthermore, researchers have acknowledged that control systems are complex and multidimensional (e.g. Das & Teng, 1998; Geringer & Hebert, 1989; Lu & Hebert, 2005). Unfortunately, existing research tends to focus on only one dimension. Lee (2009) emphasised that the organizational cultural differences generate conflicting expectations, misunderstandings and communication problems that are detrimental to a partners' trust and cooperation. To minimize such expectation, Buckley and Casson (1988) and Parks *et al.* (2013) argued that trust helps establish expectations of cooperation as trust helps to establish expectations of reciprocity or mutuality that is then reflected in cooperative behaviour within a JV.

The third diminution ($x = 19.8$) touches on conflicts based on interpretations of the terms of the JV contract due to culture distances of people with different experiences. This leads to the conclusion made by Tinsley and Weldon (2003) that people from different cultures perceive conflict in different ways. Culture has been proposed as one of the most important drivers of the IJV performance (Lu, 2006). However, Lee (2009) considered the degree of difference of cultures between partners with both positive and negative effects or indeed have no effect on the IJV performance is still open to question.

Lastly, the fourth prospective ($x = 19.8$) deals with inter-partner conflict frequency of disagreement and the level of commitment. This has been a natural consequence of the lack of trust and shows that trust needs to be developed over time. Scholars found that maintain that trust plays a significant role in the IJV performance (Sklavounos & Hajidimitriou, 2014). Skarmeas *et al.* (2002) noticed that commitment has three essential components: continuance, behavioural and affective commitment. He added that the contribution of resources to the JV will impact the overall JV performance.

Plans for further partner commitments is an important point; i.e. expansion of the JV business. This highly reflects on the results suggested by which state that a cooperative relationship may increase commitment to the relationship (Inkpen & Birkenshaw, 1994; Pearce & Hatfield, 2002; Porporato, 2008) . With keep in consideration that the assessment of performance may be independent of commitment that should not show to be positive all the times.

6.5 Summary of the Chapter

Chapter 4 included the explanation of the survey approach and data collection methods. This chapter performed the exercise of the result review and analysis to examine the association of various factors in this research. The three stages of semi-structured interviews, group discussions and survey questionnaires addressed questions which were aimed to explore the eight main factors effect of satisfaction with the overall performance of the JV in the LMIC healthcare system. At the end of the feedback, topics such as the impact of commitment on the relationship between partners, the capital contribution and management control, careful selection of experienced technology partner and improvement of both capacity building of the host country were considered to improve local economy and help stability that subsequently has its great impact on the improvement of the LMIC healthcare settings.

The first phase commenced as shown in table 5.1 with one-to-one semi-structured interviews of the policy makers, healthcare providers and consultants over span of two months and with the literature review that allowed for the design of the research questionnaires for the next stages. The aim of these semi-structured interviews was to provide a clear understanding about the healthcare setting and challenges. It was helpful to design further group discussion and survey questionnaires needed to construct intended research study on how the JV as means of outsourcing can contribute in the improvement of the LMIC healthcare system. This followed by group discussions with members of healthcare providers, policy makers, vendors and consultants. The group discussions took place in Taiz, Yemen. The main purpose was to discuss and obtain stakeholder feedback based on the electronic voting system to

explore the best healthcare system that best fit the LMIC, based on HMC case study. The second phase included survey questionnaires distributed to representatives of 27 Taiz Republic of Yemen, public and private hospital management. The questionnaires were to encourage the exploration of issues related to benefits, drivers, challenges, barriers and potential areas of value-creating activities to be considered for outsourcing.

The final phase was concluded by survey questionnaires involving participants from both LMIC healthcare providers, vendors and consultants. They were selected based on the three criteria: first, deep knowledge of healthcare challenges and barriers; second, understanding the needs of LMIC healthcare system; and third, experience or interest in seeking JV as of outsourcing option as a means of healthcare improvement.

The result analysis discussed in this chapter reveals an important finding: joint ventures have traditionally been viewed by many countries as less attractive for delivering a true economic growth because it felt that the area was mostly dominated by internationals. This seems to be due to a perceived view that joint ventures are difficult to manage and that there is no control over operations and strategies. There are specific agreements on objectives ranked during negotiations as the least of the challenges but if not addressed earlier caused the greatest problems at a later stage during the operational phase of the joint venture. Partner contribution was seen as a key challenge in all JV stages, it has been ranked the third during the negotiation and second during the operational phases.

Findings conclude the importance of consideration of issues associated with economic and stability of developing countries and the fact that capacity development needs to be carefully planned and well-articulated. This certainly will go over a long span of

time that requires long-term commitment from all parties involved including local government who are responsible to facility laws and regulations that support development of local skills. Unfortunately, it was found in most cases the donor support in a fragile environment often has fairly short time horizons which are inconsistent with the long-term requirements of a sustainable programme of capacity development (Siddiqi *et al.*, 2006; Fryatt *et al.*, 2010; Ranson *et al.*, 2010). Likewise, shared responsibility by government and JV partners of a capacity-building plan in the perspective of a decision toward stage implementation of outsourcing services that enable HMC to establish ground can help confirm commitment to the capacity building process. Such inter-government relationships, as suggested by predictions that the partner communication will influence the relationship openness. Hamel (1991) emphasised that openness reflects the willingness and ability of the JV partners to share information and in particular, information or knowledge embodied in organizational skills and routines. More specific, the partners should recognize the situations where the alliance does not meet the expectations that led to its formation and put a natural end to it before too much of acrimony or damage in the partners' relationship builds up.

The JV approach effectively contributes to the improvement of healthcare services, which has been found more applicable in the LMIC, addresses local firm staff capacity building and provides better cost for adequate services. Adding to that, limited capacity in developing world, finding technical talent or quick and reliable access to new technologies have been found to drive the seeking of some form of partnership. To this it was found that the partner's contribution was the most difficult challenge during negotiations

In addressing the question on how to engage the foreign partner through comprehensive approach to provide a true benefit by implementing reforms to service delivery in healthcare settings it was noticed that establishment of cultural understanding can enhance trust between partners in various issues. It is important to start with a clear agreement of the JV objective in the initial terms of the contract. The findings in this research provide support for the argument that the environment uncertainty and the type of performance measure may explain the provision of the JV FP compared with NP healthcare organization. As with healthcare system stability will impact very highly on the country economic growth and development.

In view of limited or none experience in some case in the LIMC it was obvious that the structure of decision making and management control of joint ventures tend to be established in different ways in comparison with developed countries. In that sense, the foreign partner controls the authority to appoint the key management staff and develop the managerial and control processes and setting the stage for implementation of plans.

In most research, cooperation can be found to be a main dominator for the success of the joint venture. Moreover, trust has also been considered as a mediating mechanism that underlies other performance driver effects on performance. In order to evaluate the activities of the JV as compared with the initial expectations at the time the business venture was formed, the results concluded that the inter-partner trust that is associated with the need for parent involvement has been the number one priority that serves as the basis for a successful JV. Also, the findings confirmed the positive relationship between trust and cooperation.

The findings presented in this research help support the views on expanding the use of joint ventures as approach in the improvement of the LMIC healthcare system. One of the main challenges in evaluating JV success is the measurement of its performance which has been tested as part of inter-partner relationships and their impact on JV performance. The changes in the nature of relationships (conflict, commitment, contribution, cooperation, trust) which have important implications for the stability and performance of the JV as applied to the LMIC healthcare setting have been explored.

As in the case of developing countries, the local parent firm's tight control over JVs will result in a negative impact on performance. This is because local parent firms usually do not have advantages and expertise of management in JVs. Therefore, international technology partners must exercise lead control to achieve the JV performance and stability. The encouraging response indicates that the parent company is willing to send managerial resources on a long term expatriate basis.

The survey analysis results indicate that the partner's contribution issues are the second most difficult challenge during negotiation after establishing a clear agreement on objectives. However, once the JV was up and running it became first place, which is due to the fact that meeting the healthcare requirements is the most important driver behind JV success. These findings cannot apply to all industries because the contribution by the foreign JV partner firm depends on the industry in which it is involved and its business orientation. In studying the JV Conflict, Julian (2008) suggested the identification of the types of contributions that can be made by each JV partner firm to satisfy the other JV partner's needs. He further elaborated on such contributions by the local JV partner firm in the IJV in developing countries which is

limited to a combination of capital, management, knowledge of the country environment and the market and contacts with the government, financial institutions, local suppliers and labour unions.

Many researchers have concluded that conflict is inherent to any form of relationship and to joint ventures in particular (Bucklin & Sengupta 1993) and/or are due to the inherent interdependencies between the partners (Mohr & Spekman 1994). Conflicts have risen between parent firms and their foreign partners, two issues that largely dominated the frequency and intensity of the conflict: One, the partner's attempt to control key decisions in the JV has been less in frequency but more in the intensity disagreements that vary between verbal to JV board, known that the board of director considered to be one of the most important control mechanisms foreign parent firms utilize within the JV. Two, the reasons dominated the frequency and intensity of the conflict that is related to accessibility to foreign partner's up-to-date technology where frequency of disagreement was marginally observed, but was more intense toward verbal disagreements. Guidice (2001) stated that the JV board of director's role is vital to achieving the JV's goals as set by parent firms through monitoring, evaluating and guiding IJV activities.

In next chapter there will discussion on how the results of proposition testing reveal some interesting understandings, including key factors that contribute to successful joint ventures in the LMIC healthcare system. The proposition test and validated in next chapter will be based on the background from the analyses conducted in earlier chapters and findings of the descriptive statistics to support the discussion of eight grouped leading factors affecting the use of the JV in the LMIC healthcare system.

The implementation of the JV in HMC as a model for LMIC healthcare offers some valuable lessons. The careful selection of the factors plays considerable importance in identifying the characteristics of joint ventures in developing countries in comparison with developed world in particular within the healthcare sector. The careful framing of the JV flow chart by using the ISM model assisted in the detail analysis of the given proposition that will be discussed further in section 7.3.4. These propositions have placed significant emphasis in understanding the challenges and opportunities in implementation of joint ventures in the LMIC healthcare system.

CHAPTER SEVEN

ESTABLISHING RELATIONSHIPS

7.1 Introduction

The last chapter dealt with review of the results and analysis to examine the association of various factors in this this research based on three stages of structured and semi-structured questionnaire shown in fig. 6.1 used as basic instruments for qualitative data collection. The three stages of semi-structured interviews, group discussions and survey questionnaires aimed to explore the eight main factors effect of satisfaction with the overall performance of the joint ventures in the LMIC healthcare system. At the feedback portion, topics such as the impact of commitment on the relationship between partners, the capital contribution and management control, careful selection of experienced technology partner and improvement of both capacity building of the host country were considered to improve local economy and help the stability that subsequently has great impact of the improvement of LMIC healthcare settings.

This chapter covers test and validity of proposition of the research of healthcare systems in LMIC and the use of the JV approach. The proposition are strictly tested in this chapter with theoretical background study conducted in chapters 2 and 3. Findings in chapter 5 of results analysis were finally grouped under eight leading factors to support the discussion.

In addition, this chapter intends to discuss how the results of proposition testing reveal some interesting understandings related to factors that contribute to successful

joint ventures in LMIC healthcare system. Take into consideration that, the proposition tested and validated are based on background from the analyses conducted in earlier chapter and findings of the descriptive statistics to support the discussion of the eight leading factors affecting the use of the JV in the LMIC healthcare system.

As found in previous results discussed in last chapter, the implementation of joint ventures in HMC as model for LMIC healthcare systems offers some valuable lessons. However, the careful selection of the factors plays considerable effort in helping to identify the characteristics of JV in developing countries in comparison with the developed world in regards to the healthcare sector. Later this chapter will look at how careful framing of the JV flow chart using the ISM model assist in detail testing and validation of the given proposition. These propositions placed significant emphasis on understanding the challenges and opportunities in implementation of the JV in the LMIC healthcare system.

7.2 Proposition Testing

7.2.1 Outsourcing implementation in LMIC Healthcare Services

To investigate the benefits of healthcare system outsourcing, questions have been developed to discuss the first research question about the areas to be considered for the implementation of outsourcing LMIC healthcare services with primary emphasis on the study of the effect of outsourcing on the health sector performance and improving the health outcomes of LMIC healthcare services. That includes an in-depth semi-structured interviews of senior management at 3 public and 2 private hospitals in Yemen and a literature review that supplied information used in the

design of the research questionnaires for the next stages. Also lengthy discussions and the electronic voting system were used to evaluate the response of 50 leaders from three groups: the HMC stakeholder represented by the project steering committee and project management team; the health authority and public hospital management responsible for the healthcare delivery system; and a group made up of representatives from private hospitals, consultants and selective vendors.

The developed questionnaires focus on how to minimize the environmental uncertainty in the selection of the LMIC healthcare financing model, finding best means of contributions in the LMIC healthcare reform and how foreign partner roles play in the LMIC healthcare improvement. There is further elaboration on how international partners must adopt in LMIC setting, a medical system model that provides comprehensive services to the community that includes primary, secondary and tertiary care services.

Furthermore, questionnaires were set up to evaluate the impact of quality in the affiliation with international centres and how the affiliation with an foreign partner will provide added value and reduce risk of environmental uncertainty. In addition to that, further questionnaires were carefully crafted to assist in the evaluation of parent firm's experience in the use of joint ventures because there needs to be a clear understanding of the extent of both partners' venturing experience.

7.2.1.1 Environment Uncertainty

The relationship between environmental uncertainty and the outsourcing relationship was proposition (Proposition P7). Outsourcing occurs when one company hands over a part of their existing internal activity to another company via contract (McCarthy & Anagroustou, 2004). The purpose of outsourcing is to create value from outside,

rather than within the company. With that in mind, outsourcing in healthcare has become an important business approach and competitive advantages are often achieved as services are provided more efficiently by outside vendors. In contrast, a JV as an approach that effectively contributes to the improvement of healthcare services, has been found more applicable in the LMIC as discussed earlier and will allow the local firm to address staff capacity building and provide better cost for adequate service. It has become a norm in healthcare for the use of long-term contracts to reduce environmental uncertainty. To achieve the overall parent objectives in the joint venture, Guidice (2001) expected to take into account the extent of environmental uncertainty and the degree of trust. Uncertainty refers to the unpredictability of changes of some factors (Brouthers *et al.*, 2003). Others believes that uncertainty is related to the difficulty or inability to predict the environment (Miller, 1992; Horvath, 2011; Herlin & Pazirandeh, 2012). This makes the environmental uncertainty a crucial factor in the JV success.

This proposition investigates the degree of environmental uncertainty and how partners in the LMIC healthcare systems perceive environmental uncertainty significantly higher and how it impacts FP compared to NP healthcare organization. The previous studies indicate that the level of uncertainty strongly influences the design of the control dimensions in the IJVs (Johnson *et al.*, 2002). In addition to that, the uncertainty as explained by Pangarkar and Klein (2004) can be high due to physical and cultural uncertainties, changes in host-government policies and other specific factors. Meanwhile, the host country uncertainty may be defined as the complexity and volatility of environmental factors (Kumar & Seth, 1998; Ghanatabadi, 2005; Le *et al.*, 2009). Meanwhile, the host country uncertainty refers to

the cultural uncertainty (Sanchez, 2010), the environmental uncertainty (Sutcliffe & Zaheer, 1998; Horvath, 2011), the competitive uncertainty (Lang & Lockhart, 1990; Le & Jorma, 2009). The environmental aspect of volatility refers to the unexpected changes in regulation, legislation, judicial decisions, interest rates or changes in demand (Kumar & Seth, 1998). Therefore, in a different context different control mechanisms are required (Johnston, 2005). This is due to the frequent and unpredictable changes of the government policy (Child *et al.*, 1994; Adnan, 2008; Williams *et al.*, 2013). In perceptual terms, environmental uncertainty has been measured regarding the degree to which demand (Heide & John, 1990; Duran, 2015), technology (Walker & Weber, 1984; Boon-itt & Wong, 2011) or supplier performance (Walker & Weber, 1987; Merschmann & Ulf, 2007) is unpredictable.

The findings in this research provide support for the argument that the environment and the type of performance measure may explain the provision of the JV FP compared with NP healthcare organizations. The study results emphasized that HMC should create added value business to support the community of Taiz and the Medical City, as opposed to concentrating on medical services only. In addition, as support FP approach the participants were of the opinion that healthcare system in Yemen should be through a combination of applying a social insurance system, applying a cooperative community insurance system and payment per capita to providers to cover 800,000 HMC target community. For instance, the large majority of 93.48 percent of the respondents thought that HMC's operation should be financed through a mix of out-of-pocket payments by patients, insurance system payments and payments by charity organizations through capitation arrangements. This does not overlook various complications associated with the developing world legal

framework. For illustration, in questionnaire discussing the barrier's and challenges in outsourcing in Yemen, 63 percent of the respondents disagreed with presence of the legal framework in Yemen in regard to the facilitates contracting between the public and private sectors.

The business environment today is increasingly challenging and more complex in the developing world where organizations facing a great deal of uncertainty and risk. To manage the risk involved in operating in these environments, previous researchers suggested that the firms' structure and governance play a decisive role (Drew & Kendrick, 2005). The existence of an impact of country risk on a joint venture's survival is supported by theories of environmental selection and also by theories of resource dependence and transaction costs (Meschi, 2005). Going over the exercise on how the foreign parent firms design their JV control in order to deal with the host country uncertainty along with JV life cycle. Kogut (2002) stressed the fact that no matter what the initial agreement on control may have been at the start of a venture, environmental and strategic changes over time may lead to reconfiguration of the control design. This is because these environmental factors and strategic behaviours are crucial for an IJV's stability (Harrigan, 1985; Zheng & Larimo, 2010). The survey results pointed out that the trust between partners has been the most important element that constitutes a successful joint venture. When the JVs are faced with high environmental uncertainty, the foreign parent firms may need to provide the IJVs with more autonomy and to allow them to be more flexible so that they can deal with uncertainty in more effective and efficient manner. Birnberg (1998) proposed five elemental factors to be considered in designing IJV control: degree of commitment; degree of objective alignment; degree of environmental uncertainty; degree of trust

between partners; and age of the relationship. The question of how do foreign parent firms design their IJV control in order to deal with the uncertainty greatly presence in the developing world, is all depend on the power to reduce uncertainty during the different stages of the JV implementation stages. Mostly were found to be linked to the partner's continues support and expected contributions of resources to the JV. However, the increased environmental uncertainty in LMIC definitely contributes to reducing the available quality and quantity of resources or to making them more difficult to acquire.

By testing these challenging proposition, we can determine whether the JV is affected by environmental uncertainty just like any other organization or whether, on the contrary, the JV benefits from environmental uncertainty because it has developed an appropriate organizational response to this threat. As means of managing and stabilizing the environment, Pfeffer and Nowak (1976) found clear evidence that inter-organizational alliances in general and joint ventures in particular, are considered a key means for acquiring and retaining resources.

In developed countries and in particular in United States, the increased trend of joint ventures between NP and FP hospitals was mostly motivated by tax-exempt NP hospitals (Salins et al., 1998; Smith, 2001; Iyengar, 2011). Prior research has compared NP and FP firms in many areas, including quality of service, pricing and unfair competition (Mitchell, 2008; Lyles, 2010; Balakrishnan & Eldenburg, 2010). In his Investigation of Joint Ventures Between FP and NP, Smith (2001) found both FP and JV NP hospitals reported low average profitability, measured by return on equity and return on assets. The difference in profitability was not statistically significant on either measure. He further elaborated about the lack of a significant difference in

profitability lending support to the argument JV NP hospitals may exhibit similarities in financial characteristics to FP hospitals and his results indicate that FP hospitals were more profitable than NP hospitals on all measures. Although, a NP organization may not generate an 'ownership level' profit (Hopkins, 1998). Unlike FP organizations, "the NP organization seeks to devote its profits to ends that are beneficial to society" (Hopkins 1998). Take into consideration, such inability to pass any earned profit to those who control the organization is a key distinction between NP and FP organizations (Penrod, 2000). In another study, (Johansen & Zhu, 2014) brought attention to the fact that FP hospitals were more profitable than NP hospitals. Their observation of FP hospitals reporting higher operating expenses was mainly due to overhead expenses and they noticed that the operating margins for NP hospitals remained relatively constant over the four-year period, while FP hospital margins increased. This information suggests that the higher degree environmental uncertainty inherent in joint LMIC healthcare was perceived significant; the JV decision significantly related to partner satisfaction if the choice toward FP compared to NP healthcare organization. Therefore, we expect that:

P7. When partners in LMIC healthcare perceived significantly higher degree of environmental uncertainty, the JV decision will be more positive in for-profit compared to a NP healthcare organization.

7.2.1.2 Parent Firms Experience

The relationship between partner experience and improvement of quality of healthcare in the LMIC was proposition (Proposition P8). The number of joint collaborative ventures is commonly used as a measure of a firm's past JV experience (Park *et al.*, 2014). In this proposition the focus will be toward evaluating the

experience of parent firms in the use of JV in order to develop a clear understanding of the extent of both partners venturing experience. Some scholars presumed that many functions are outsourced because organizations want to improve technical service, they cannot find technical talent or they need quick and reliable access to new technologies (LaCity & Hirshheim, 1995; Alexandrova, 2006). The respondents were asked to define main drivers for the decision to outsource and it was found that the access to best practices and leading technology and Innovation. Also, developing new skills was chosen to be the key driver behind JV success for the improvement of the LMIC healthcare system. In spite of the fact, that partner's contribution was the most difficult challenge during negotiations. However, in reflection to company's commitment to the business, the respondents were in the support of the parent company is willing to send managerial resources on a long term, expatriate basis.

Mixed opinions have arisen over the importance of a parent firm's prior collaborative experience. Some studies (Demirbag & Mirza, 2000; Le *et al.*, 2009) indicated that this background factor is linked positively to IJV performance dimensions including the commitment to supply special skills and assistance needs to the joint venture. Experienced firms achieve a better understanding of the kind of control mechanisms that best fit under particular circumstances. Powell *et al.* (1996) argued that as parents increase their use of JVs as a strategic alternative, they improve their ability to manage such cooperative relationships.

Toward more understanding of reasons behind such support firm prior experience in LMIC most explanations the benefit of experience in JV relationships are derived from the organizational learning literature (e.g. Wahab *et al.*, 2010; Guidice, 2001; Zheng & Larimo, 2010). McCall (2004) confirmed that the primary source of learning

to lead, to the extent that leadership can be learned, is experience. Moreover, Nam (2011) suggested that the key to moving up the learning curve and improving performance comes from a firm's ability to internalize lessons from experience. Whereas others studies (Barkema *et al.*, 1997; Duysters *et al.*, 2012) find no significant association, some studies find no clear link due to lack of stability and unique sources of uncertainty in developing countries, political hazards and other macroeconomic factors that might affect the poor countries. Nevertheless, in both cases it should not be argued that experience will add value in continuous learning and ultimate will impact on JV performance.

In some instance, joint venter can be subject to high-risk if the minority partner lacks experience and knowledge of the product or technology and/or ventures where there are clear corporate or cultural differences (Lynch, 1993; Muthusamy, 2005). This sort of conflict is inevitable at a later stage in the JV cycle when the local partner gains experience and is able to participate in decision making (Solevik & Westhead, 2010). This study examines JV performance and its impact in LMIC healthcare system, in light of the type and number of associated factors utilized, such as making the right choice in the type of JV formulation strategy and the amount of prior experience that the JV partners bring to the relationship. As explained earlier, the survey results indicate that 89.13 percent agreed on the model of care that HMC should adopt is a medical system model that provides comprehensive services to the community that includes primary, secondary and tertiary care services. This is highly essential because learning process and knowledge acquisition will have a major impact on the improvement of the healthcare system. Experiential learning also occurs within the organization, however, the knowledge gained is mainly explicit (Johnson, 2000).

With this process the organization looks within itself to see what it has done in practice and experience for relevant knowledge (Levinthal & March, 1993; Pennings, *et al.*, 1994; Kale & Singh, 2009).

With regards to the influence of prior JV experience, Scholars argued that the parents' prior experience in managing multiple JVs is a significant factor that should be considered by scholars because the JV experience should result in the need for less control (Lyles, 1988; Gray & Yan, 1992; Nielsen & Nielsen, 2011). Such experience allows parents to be more selective in their choice of control mechanisms to manage the JV. In the survey it was found that in general low satisfaction toward a clear agreement on the JV objective with less attention observed by both partners during the initial stages of the JV. As having a firm with prior experience could help to gain a better understanding of what control mechanisms work best under particular circumstances. Nielsen and Nielsen (2011) suggested that as parents increase their use of JVs as a strategic alternative, they improve upon their ability to manage such cooperative relationships.

According to organizational learning advocates, learning is the development of insights, knowledge and associations between past actions, the effectiveness of those actions and future actions (Fiol & Lyles, 1985; Tsang, 2002). The experience gained in managing a JV can be applied not only to the existing JV, but also to future alliances (Skrifter, 2011). Experience enhanced the performance of the both the parent and the JV. Simonin (1997) found that knowledge and skill in identifying partners, negotiating agreements and managing inter-firm relationships i.e. JV management and partners, led to both tangible and intangible benefits. This helped to explain that the

benefit of experience in subsequent JV relationships is the main driver for learning and improving performance of LMIC healthcare setting.

From another prospective, the cultural dimension plays an important role toward the success of any JV performance. The more prior cultural exposure relates to more successful JV. The successful management of the JVs often requires a different management style from that of the parent company.

Any JV may result in unsatisfying experience and ultimately a failure if it lacks necessary planning and well-designed strategy. In his study, Ali (1995) found that the multivariate analysis reveals that the JV experience of the parents, the extent of contributed resources and the cooperation between parent firms have significant positive impact on success. He also found a positive correlation between partners' venturing experience asymmetry and the JV survival indicates that a JV is likely to survive longer when both partners have relatively similar venturing experience. Known that, conflict is probably expected between partners over strategy and operating procedures if the local partner attempts to participate in decision making and operations of the JV (Selekler-Gökşen & Uysal-Tezölmez, 2007). This sort of conflict is inevitable at a later stage of the JV cycle when the local partner gains experience and is able to participate in decision making (Kamminga & Meer-kooistra, 2015). Subsequently, this will be reflected on the foreign partner willingness to assist the local partner to take more strategic and effective participation in the JV. However, it is necessary to use a parent's experience with one or more previous JV experience to develop good working relationships in subsequent ventures. Therefore, we expect that:

P8. The greater the experience of parent firms in the use of joint venture, the more successful the JV relationship for the improvement of quality of healthcare in LMIC.

7.2.2 Motivation for Selection of Joint Venture Model

In order to further build up on the documentation of different healthcare outsourcing strategies, questionnaires constructed to answer the second research question that identifies the fundamental motivation for selection of outsourcing option and also explores the benefits, drivers, barriers and potential areas that need to be addressed to ensure a successful service delivery model based on outsourcing of LMIC healthcare services. The culture attribute has been proposed as one of the most important drivers of IJV performance. Additionally, the responses to highly indorse the importance of development of new skills that highly impact the economic growth and development. Few questionnaires discussed the JV contract and particular interest about the issue of renegotiation and requiring changes which concerns the issue of a clear agreement of JV being an objective in the initial terms of the contract.

The deep partner knowledge of the market and business practice has been highlighted in some questionnaires about the impact of culture attributes. This led further to the discussion of the importance of the international partner's knowledge of the market and business practice in the improvement of the LMIC healthcare system and its effect on the country's growth and development.

7.2.2.1 Joint Venture Culture Attribute

The relationship between the LMIC healthcare system JV strategy and business practice rather than similar cultural attributes was proposition (Proposition P4). It is impossible to under estimate the importance of the impact of healthcare in a country's growth and development, but the ability to provide affordable quality especially in

place like LIMCs where healthcare declines year after year is invaluable. The real challenge is how to engage an international partner through an innovative approach to provide a true benefit by implementing reforms to service delivery in healthcare settings could yield enormous dividends in terms of improving health outcomes. These lessons, may contribute to the debate on health sector reform in the LMICs on two levels. On a more conceptional level toward suggestion of a strategic policy action related to health system reforms or cost and service improvement by using the JV model.

The healthcare market worldwide is large and growing. Nevertheless, despite encouraging growth levels, the developing country's market is challenged by the often conflicting obligations of improved service quality and reduced costs. In order to implement any JV that will participate in healthcare reform in the LMIC, it is of equal importance to establish cultural understanding that can enhance trust between partners, which will lead to higher performance. Gray and Kim (2009) suggested that when studying cultural distance or similarity in IJVs, researchers should also take cultural sensitivity into consideration. Organizational culture distance can also influence IJV performance (Sirmon & Lane, 2004).

Nevertheless, culture has been proposed by Lu (2006) as one of the most important drivers of IJV performance. Because organizations are embedded in the larger societies in which they operate, research on cultural differences of IJVs should examine both the national and the organizational cultures of the IJV's parent firms (Sirmon & Lane, 2004). National culture refers to the collective values, norms and priorities that are common to the members of a nation (Sirmon & Lane, 2004) and to increase IJV instability (Makino *et al.*, 2007; Meschi & Riccio, 2008). To reduce trust

(Luo, 2001). This based on the understanding, that the organizational culture distance captures the differences in a firm's ongoing organizational practices and operations. Fey and Beamish (2001) saw organizational culture as multidimensional, it comprises decision-making practices, communication flow, emphasis on human resources, organization of work, influence and control. Meanwhile, this on line with finding of development of new skills considered to be one of the key drivers behind JV success for the improvement of the LMIC healthcare system. In support to that, the JV survey shows 72 percent of respondent believe development of new skills will impact very highly on the economic growth and development.

The same has been pointed out by the participant to renegotiation and required changes, the issue of a clear agreement of JV objective in the initial terms of the contract. The respondents have appreciated the deep partner knowledge of the market and business practice. Where by fare, the results never found any trace of partner's attempt to make changes in the terms of JV contract nor partner's attempt to control key decisions in the joint venture. This with exception, renegotiation and required changes stressed in issues related to the performance of the JV and criteria used to evaluate performance. However, these performance related issues found to be resolved by the JV board.

The positive consideration of international partner knowledge of the market and business practice has been well received by the vast majority of respondent voting for 97.83 percent for HMC must affiliate with international centres to ensure the quality. Such approach will enable LMICs countries to base any healthcare JV decision on appropriate logic, rather than on sole economic factors driven by international firms. Similarly, the contribution of international partner with deep knowledge of the market

and business practice found to be supported by 93.33 of participant whom indicated that the HMC should create added value business to support the community of Taiz and the Medical City as opposed to concentrating on medical services only.

Culture is bound around IJVs all the time and culture does affect IJV performance (Li *et al.*, 2001). The impact of culture on IJV performance has been the most extensively examined variable in previous research (Larimo, 2007). It is highly important that the government influence the extent and the form of foreign involvement through different forms of IJVs based on primarily based on the partner knowledge of the market and business practice rather than similar cultural attributes. Also, in anticipation that they could impose various obstacles and barriers but at the same time could provide investment incentives by using a range of policies and fiscal instruments and subsidies (Graf & Mudabib, 2005). Therefore, we expect that:

P4. The LMIC healthcare JV strategy established primarily based on the partner knowledge of the market and business practice rather than similar cultural attributes.

7.2.3 Factors Affecting Joint Venture Implementation

Challenges facing the implementation of outsourcing or any other means of JV in LMIC healthcare system are countless. This leads to the third research question which was crafted toward understanding the factors affecting the implementation of the JV as an outsourcing relationship that could support the on-going process of improving LMIC healthcare system as being of the utmost importance. In this regards, various questionnaires have been organized around shedding some light about the factors affecting the implementation of the JV as an outsourcing relationship which could support the on-going process of improving the LMIC healthcare system. In addition,

direct questions have been addressed about the key drivers of the JV success for the improvement of the LMIC healthcare system. Followed by, seek feedback about the satisfaction with the overall JV performance. Additionally, questions discuss the elements that are believed constitute a successful JV. Also at issue is the concern over the extent of the comments regarding the business venture and the problems encountered during different stages of the JV which have been looked at from different angles and perspectives. Finally, the inter-partner co-operation in JV was reviewed as compared with initial expectations at the time the business venture was formed.

7.2.3.1 Stability of the Joint Venture

The relationship between the JV of the LMIC healthcare services overall decision control and stage implementation in terms of success and stability was proposition (Proposition P1). In regards to the proposition relationships supported by the results that measures the extent of both the frequency of inter-parent conflicts between parent firms and their foreign partner, participants felt that they mostly never reached disagreement with the partner's attempt to control key decisions in the JV and/or observed of either partners attempt to make changes in the terms of JV contract. The effect of control in JV relationships has remained one of the debated factors determining JV anticipated results.

While domination of one partner in the overall management of the JV was found most effective in some studies (e.g. Phatak & Chowdhury, 1991; Huu Le, 2011; Pothukuchi *et al.*, 2012), shared management control was found effective in other studies (Kamminga *et al.*, 2007; Nielsen & Nielsen, 2011). In this study the domination and control of key decisions in the JV has shown encouraging results. In this stage two

survey questionnaires were discussed in section 6.2 in regards to HMC's role in healthcare to improve overall healthcare in the Taiz region (not to provide medical services only in the Medical City) and the importance of understanding how to deliver health services are provided for both tertiary and primary care. As a whole this issue reflected toward satisfaction of JV and the management capacity was positively reflected as better than expected compared with initial expectation.

The conflict between a foreign corporation and a local partner to control major policies and decisions constitutes a major reason for the failure of certain IJVs continues (Guidice, 2001; Le *et al.*, 2009). The LIMC the structure of decision making and control the management of JV tend to be established in different ways in comparison with developed countries. In that sense the foreign partner tends gain the authority to appoint the key management staff, develop the managerial and control processes and set the stage for implementation of plans. Some scholars anticipated that greater autonomy of the JV over operating decisions was expected to contribute to better outcomes (Julian, 2009; Lowman *et al.*, 2012).

Inter-partner learning found to reduce partner dependence on another partner's knowledge. Inkpen and Beamish (1997) argued that once an IJV is established, the foreign partners attach a higher value to the acquisition of local knowledge which results in an increased probability of the IJVs instability increasing. This findings support the control by one partner over the other partners in the JV relationship and stability is inevitable. Meanwhile, Julian (2008) suggested that, it is important for the successful operation of the JV to minimise the transference of a large proportion of the JV's output to a parent company and to minimise the sourcing of much of the JV's

input needs from a parent company in order to reduce the likelihood of IJV inter-party conflict. Therefore, we expect that:

P1. The more LMIC healthcare services JV stage implementation are controlled by one parent firm as opposed to being controlled by both parents on a shared basis, the more likely is the chance of success and stability in quality of patient care.

7.2.3.2 Joint Venture Cooperation

The relationship between LMIC healthcare services JV performance and partners trusting each other, have mutual need of commitment and cooperation was proposition (Proposition P3). In most research cooperation is found to be a main dominator for JV success. Moreover, trust has also been considered as a mediating mechanism that underlies other performance drivers effects on performance (Gray & Kim, 2009). Therefore, the question was raised to evaluate the activities of the JV as compared with the initial expectations at the time the business venture was formed and it was found that inter-partner trust was associated with need for parent involvement. This was found to be the number one priority that serves as the basis for successful JV. In further analysis of the respondents to the key elements that they believe constitute a successful JV along with the trust between partners as being prime elements that assist in resolving any conflict and enhancing perceptions and expectations towards building trust relationships.

Seeing the significances of trust between partners can add value and influences JV performance. Most studies predict similar finding of positive relationship between trust and cooperation (Silva *et al.*, 2012; On, 2013). Anderson and Narus (1990) defined cooperation as coordinated actions taken by firms in interdependent relationships to achieve mutual or singular outcomes. Trust helps to establish

expectations of reciprocity or mutuality that is then reflected in cooperative behaviour within a JV (del Mar Benavides-Espinosa & Ribeiro-Soriano, 2014).

The present finding and with such extensive evidence emphasis the effect of communication on trust and further encourages more inter-partner cooperation that enhance partner relationships that lead to greater trust. Open communication between partners is just like trust and shall always influence cooperation and interactions between the partners. During the first stage of conducted semi-structured interviews with healthcare leaders, some members mentioned that from the initial stage of the establishment of a JV, a lack of trust made them not confident of their partner's true intentions and commitment. Therefore, trust only exists when one party has confidence in the reliability and integrity of their exchange partner (Morgan & Hunt, 1994; McEvily *et al.*, 2003). It has emerged as a central theme in international collaboration and symbolizes the strength of partner ties (Li, 2007). In the LMIC healthcare setting where technology and qualified skills play a major role in the JV success. Various studies suggested that the need for the JV to coordinate with its parents is the greatest when technology changes rapidly (Kluge, 2011; Reuer *et al.*, 2014); and hence, the parent help is required in modifying technologies. Therefore, we expect that:

P3. The performance of LMIC healthcare services JV increases when the JV partners trust each other, have mutual need of commitment and are willing to cooperate.

7.2.3.3 Partner's Contribution

The relationship between capital contribution and management control was proposition (Proposition P6). This proposition is in-line with several previous findings (Chen & Chen, 2003; Ulas, 2005; Blood *et al.*, 2014). Their research work on JVs

done in both developed and developing countries indicates the need for compatible objectives and complementarity of resources between partners as pre-requisites for JV success and stability. Also it is shown in the survey analysis, partner's contribution was the second most difficult challenge during negotiation after establishing a clear agreement on objectives, but it was felt to be the first place once the JV was up and running which is due to the fact that meeting the healthcare requirements is the most important driver behind JV success. In addition, the parent company is very often willing to send expatriate managerial resources on a long term basis was reflected as means of commitment to the JV success. Lee and Beamish (1995) emphasised the IJV commitment needed to address capital and resource contributions which includes specific human resource contributions by the IJV partners.

Cooperation through joint venture helps firms to complement shortage of resources and fulfil needs of partners through mutual contributions. Such contribution of partners can vary from financial capital, technology, market access and managerial expertise. In that sense. Some scholars stressed that it is important to distinguish the effects of capital resources and of noncapital resources on control (Yan & Gray, 1994; Mjoen & Tallman 1997; Yan & Luo, 2001). Capital resource-based power is derived from contribution of financial resource or its equivalent in physical or proprietary properties. Noncapital-based bargaining power derives from a party's contribution of critical tacit resources including know-how, managerial expertise, marketing channels and political networks (Chi, 1994).

The contribution by the foreign JV partner firm depends on the industry in which it is involved, its product lines and its business orientation. In his study in JV Conflict, Julian (2008) suggested the identification of types of contributions that can be made

by each JV partner firm to satisfy the other JV partner's needs. He further elaborated that such contribution by the local JV partner firm in IJV in developing countries limited to the combination of capital, management, knowledge of the country environment and the market and contacts with the government, financial institutions, local suppliers and labour unions. With extensive studies of IJV's in developing countries, the partners have expressed mutual need for the following types of resources: human resources, market access, government or political access and specialized skills or knowledge. In study of the relationship between performance and partner needs, Beamish (1988) concluded that partners of successful JVs showed a long-term need for each other's contributions while the unstable ones were characterized by short-term emphasis on partner contributions.

Partners commitment and valuable contributions, sharing risks and the decision making process to lead to real improvements in health outcomes. JV from developed countries in LDCs have been found to experience higher levels of satisfaction with increased partner contribution (Lee & Beamish, 1995). Depending solely on the partner's contribution may impact the survival of JV performance. In his research of JV survival concept, Franko (1971) associated poor performance with the change in the ratio of equity contributions of the partners over the life of the JV. A JV is considered unstable if one of the partners a) significantly increased its share of equity; b) significantly reduced its share of equity; or c) completely exited from the JV.

It is a common belief in most of IJVs that the better the strategic position the greater leverage in the venture and may negotiate strongly for control. Also, it is assumed that the IJV partner's contribution as a critical resources will enhance its bargaining power and in turn, it is management control (Root, 1988; Harrigan & Newman, 1990;

Blodgett, 1991) which in some situations will led to offensive strategy, committing resources necessary to gain a desirable level of control over the entire operation of the IJV. Such analogy, does not contradict with the importance of partner's need for exercising control over the IJV's strategy or operations provided that both partners aims toward a long-term relation. This is in support of the Beamish (1984, 1988) review of JV performance literature which shows that mutual long-term needs between partners will have a positive influence on the performance of the JV. This means that the LMIC healthcare JVs in which partners perceived greater contributions from their partners are likely to be considered more satisfactory by them. Therefore, we expect that:

P6. Within LMIC healthcare JV the more capital and resources a partner contributes to the venture, the greater the management control this partner is able to achieve.

7.2.4 Lessons Learn of LMIC Healthcare System Improvement

The implementation of joint ventures in HMC as a model for the LMIC healthcare offers some valuable lessons. The careful selection of the factors plays considerable effort in identifying the characteristics of JV in developing countries in comparison with the developed world in particular with the healthcare sector. However, these propositions placed significant emphasis in understanding the challenges and opportunities in implementation of the JV in the LMIC healthcare system. In addition, the collective thoughts developed from semi-structured interviews and survey analysis intended to assist in establishment of conceptual framework for factors affecting the implementation of joint ventures as an outsourcing relationship that leads to process improvements in LMIC healthcare system. These factors have been discussed in length from different dimensions and serve as a main lesson learned from outsourcing

that can help to shape the healthcare system in the LMIC. Further validation of the research proposition will be presented in next section by using the ISM model by looking for patterns. Also further analyses to deepen the understanding of the relationship between the explanatory variables of the healthcare systems in the LMIC and the use of JV approach will be presented.

The semi-structured interviews and survey questionnaires address the lessons learned from outsourcing that can help shape the LMIC healthcare system. Also questions are explored the level of satisfaction with the JV agreement and other governance procedures within JV partnership. However, the level of satisfaction with the JV studied with regard to ownership of new intellectual property and resolution of disputes or disagreements by the JV. In addition, the survey questionnaires looked at how often and to what extent conflicts have arisen between parent firms and their foreign partners over various issues.

7.2.4.1 Joint Venture Control

The JV relationship between ownership and control with international technology partner in the LMIC healthcare was proposition (Proposition P2). Health systems in most LMICs are largely weak with shortcomings in governance, financing, human resources, health information systems and supply and availability of drugs and technologies. Consequently, the relationship between enhancement of the JV performance and international technology partner in LMIC healthcare services is largely related.

In the study of the extent to which conflicts have risen between parent firms and their foreign partners, there are two issues that largely dominated the frequency and intensity of the conflict. The first, less in frequency is the partner's attempt to control

key decisions in the joint venture, but with more in intensity are disagreements that vary between verbal to the JV board (The board of directors is considered one of the most important control mechanisms foreign parent firms utilize within JV.) In the same line, Guidice (2001) stated that the JV board of director's role is vital to achieving the JV's goals as set by parent firms through monitoring, evaluating and guiding IJV activities. The second issue related to accessibility to foreign partner's up-to-date technology which frequency of disagreement was marginally observed, but more intense toward verbal disagreements.

For many decades the topic of control, which is the principle influence of foreign parent firms on IJV operations, has been a source of considerable discussion and thus, it is not surprising to find a variety of approaches in conceptualizing and operationalizing control (Demirbag & Mirza, 2000). Some findings suggest that maintaining control is critical for the successful management and performance of any strategic alliance (Child *et al.*, 2005). Fryxell *et al.* (2002) pinpointed the needs for control mechanisms based on structural arrangements deployed to determine and set up to influential members of JVs in terms of formal control.

In developing countries, local parent firms depend highly on the foreign parent's technology and knowledge. It is commonly observed in the LMIC healthcare services that the local parent firms primarily contribute to basic facilities and resources so they may not have a capability to control the advancement of technology and process improvement contributed by foreign parent firms.

In spite of prior research that pointed that the foreign parent firms often prefer the consideration of the option of majority equity as the basis of the main control mechanism of IJV activities. Some scholars found that a tight degree of control was

associated with better performance (Mjoen, 1993; Huu, 2009). However, in LMIC healthcare system where the control of the local partner in view of their limited experience will cause interruption in the process improvement and hinder implementation of healthcare best practices contributed by foreign parent firms. Chen (2004) noticed maintains that tight control by local parent firms over JVs has a negative impact on performance. This is because local parent firms usually do not take advantage of the management expertise in JVs. Therefore, the international technology partner must exercise lead control to achieve JV performance and stability. However, Demirbag and Mirza (1996) insisted that partner equity share in a JV should not be treated as a reliable indicator of control in JVs. Another factor, more specific related to LMIC considered important to the foreign partner strong presence and control of JV that in relation to the overall all country stability and growth, is related to technology transfer and local resource capacity development that will drive JV performance and success. Yan and Gray (1994) stated that the local partner is primarily interested in the transfer of technology in order to be able to leapfrog technological developments and to build managerial skills. Therefore, we expect that:

P2. The JV with international technology partner in LMIC healthcare will have a positive relationship between ownership and control.

7.2.4.2 Commitment and Joint Venture

The relationship between the level of commitment and conflict with international firms in the LMIC healthcare JV was proposition (Proposition P5). The LMIC healthcare inter-partner relationship and its impact on the JV performance were explored and the proposition in reflection is based on the nature and implication toward commitment and conflict due to the naturel overlapping interest and

foreseeing constrains which help explain direct connection between commitment, conflict and other diminutions of JV success.

Local parent firms may have various motives for creating joint ventures with foreign firms, but the drawbacks and hazards of such relationships are often overlooked in the process of formation (Mohr & Spekman, 1994; Zahra & Elhagrasy, 1994). According to Parkhe (1993), the areas of IJV conflict and performance are both very important and relatively under-researched. Relationships between control, conflict, commitment and performance variables have been discussed earlier in figure 4.3; factors affecting JV performance.

As the partner commitment is the key success factor at the IJV operation stage, questionnaires discussed the extent that the following statements reflect the company's commitment to the business venture. The participant has very often supported with a majority of 29 percent; the parent company tries to ensure that each partner knows what to expect from the JV and the parent company is willing to send managerial resources on a long term expatriate basis by committing a large proportion of JV outputs to a parent company. As to the regards to the frequency and intensity of inter-partner conflicts, the received feedback has concluded that it is less frequent by more intense verbal disagreement toward committing a large proportion of JV outputs to a parent company. This is because of the JV path from cooperation to full integration was significant. Inkpen and Birkenshaw (1994) suggested that cooperation influences the parent's commitment to the venture via parent-venture integration as the link between integration and satisfaction was weak and not significant. Many researchers have concluded that conflict is inherent to any form of relationship and to JV in particular (Bucklin & Sengupta 1993; Yan & Gray, 2001;

Horton *et al.*, 2014) and/or are due to the inherent interdependencies between the partners (Mohr & Spekman 1994). The source of conflict might range from day-to-day activities to more strategic matters (Hyder, 1988; Graca *et al.*, 2015).

Several researchers (Cullen *et al.*, 1995; Fey, 1995; Julian, 2005) have emphasized the significant role of commitment in JV relationships. In a study on JVs from developed countries, some studies found that the major reasons for setting up a JV were the need for the other partner's skills, needs of the other partners' attributes or assets and government pressure or legislation (Killing, 1983; Lee *et al.*, 2013). However, the opposite also applies when the lack of partner/parent commitment increases the risk of shirking and decreases the likelihood of mutual forbearance resulting in IJV inter-party conflict. Therefore, we expect that:

P5. As the level of commitment by the partners to the JV in the LMIC healthcare JV decreases, the level of conflict between the partners is likely to increase.

7.3 Implementation Strategy for Framework by Using ISM

7.3.1 ISM Process

To avoid problems encountered in dealing with complex issues, the proposition has been further supported by Interpretive Structural Modelling which is a well-established methodology modelling technique for identifying relationships among specific items which is based on a defined problem or an issues (Jarkharian & Shankar, 2005). ISM falls into the soft operations research of approaches (George & Pramod, 2014). Soft operations research methods can be used to augment traditional quantitative methods, but do not replace traditional tools and techniques (Prasanna & Ramanna, 2014).

In principle, ISM is a process that assists groups of people in structuring their collective knowledge by identification of variables, which are relevant to the problem or issue and extends with a group problem- solving technique. Then a contextually relevant subordinate relation is chosen (Attri *et al.*, 2013). As such, ISM starts with an identification of these variables relevant to the problem. Then a contextually relevant subordinate relation is chosen. Fundamentally, the ISM results in a directed graphic representation of a particular relationship among all pairs of elements in a set to aid in structuring a complex issue area (Porter *et al.*, 1980) which helps the understanding of complex patterns of a contextual relationship among a set of elements.

7.3.2 Steps of ISM development

The basic process of ISM is presented in three sequence steps which are briefly defined below. These steps along with the matrices and other tools are illustrated using the variables of ‘change and continuity’ for which the ISM is conducted (Jacob *et al.*, 2014) where the significant tool of ISM is reachability matrix and its partitions which are applied in the ISM process.

Table 7.1 List of elements and definition

No.	Element	Definition
1	Commitment	Commitment of international firms in LMIC healthcare
2	Control	Control of parent partner in LMIC healthcare
3	Stability	Stability of country and organization
4	Cooperation	Ppartner’s trust, mutual need of commitment and cooperation
5	Parent firm’s experience	The greater the experience of parent firms in the use of JV
6	Culture attributes	The relationship between LMIC healthcare JV strategy and business practice rather than similar cultural attributes
7	Environment uncertainty	The greater environmental uncertainty, more seeking of joint venture
8	Partner’s contribution	Partner’s capital contribution and management control

Upon recognising and clearly understanding the problem at hand, the next step was to identify and list the elements with related to definition in table 7.1 that are relevant in the problem context. For that, the next step was to compare pairs of elements graphically or in a matrix. The contextual relationship that was used in this study was “influences.” This forms the essence of the inductive process where each user performs pair-wise comparisons among elements of the set of variables and a final structure emerges (Juntumaa *et al.*, 2009).

Table 7.2 List of expert group- ISM modelling

Title	Organization
Clinical Professor of Business	University of Michigan, USA
JV manager	Qatari Diar Real Estate Company, Qatar
Director	Qatari Diar Real Estate Company, Qatar
Managing partner	Intihd IT consulting, UAE
Director	Investment corporation of Dubai, UAE

Initially, a group of experts as shown in table 7.2 with knowledge, skills and backgrounds is selected based on their first-hand experience on the topic of healthcare outsourcing JV approaches that allow them to discuss and further elaborate on relevant issues related to the research topic. Additionally, the group consisted of experts from different areas with wide-ranging skill-sets.

As this research is based on exploratory approach which build on research problem that looks for patterns and proposition instead of testing a proposition. Prasad *et al.* (2001) assumed that a well-crafted proposition very often suggests the best way to perform the research and gives you clues as to your research design. The research questions and developed proposition helped to provide a full road map of the work. In addition to semi-structured interviews and survey analysis which is normally the most appropriate for testing, the proposition outlined earlier helped in deepen the

understanding of the relationship between the explanatory variables of the healthcare systems in the LMIC and the use of the JV approach.

These experts' helps in analysing the driving and dependence power of the elements demonstrated in table 7.1 by using the ISM model. However, these models are not statistically validated. However, it is capable of handling a large number of components and relationships typical of complex systems, is heuristic in terms of assessing the adequacy of model formulation and leads to insights about system behaviour (Attri *et al.*, 2013).

7.3.3 ISM Analysis and Results

From the above mentioned eight factors of elements, I was able to analyse and develop the ISM techniques. Mandal and Deshmukh (1994) and Thakkar *et al.* (2008) using their expertise and academic knowledge developed the model. By discussion and brainstorming with selected group members, the relationships among elements have been identified and correlated. Each member's response results are given in the graph. That graph captures how an individual understands the linkages between the elements and can be considered to be the individual's mental model. The shared mental model across individuals is captured by the degree of overlap across all the individual directed graphs. In order to seek out those common patterns from the data, we employed the straightforward counting technique for aggregating data across the individuals based on Kanungo *et al.* (1999). The next, procedure is to develop a Structural Self-Interaction Matrix (SSIM) which is considered as the initial step for the ISM that shows the direction of contextual relationships among the elements. To represent them in the table, four symbols are used in the matrix formation (Pramod *et al.*, 2010; Rajesh *et al.*, 2007).

V-The enabler i ameliorate/improve to achieve enabler j

A-The enabler j ameliorate/improve to achieve enabler i

X- The enablers i and j ameliorate/improve to achieve each other

O- The enablers i and j are unrelated

Table 7.3 Compare pairs of elements by Structural Self-Interaction Matrix

	1	2	3	4	5	6	7	8
1		V	V	X	A	X	A	X
2			V	A	A	A	A	X
3				X	A	X	A	A
4					A	X	A	X
5						X	O	V
6							A	X
7								V
8								

Table 7.3 shows inter relationship between the given 3 elements when only half of the matrix is filled with letters V, A, X and O.

Table 7.4 Initial reachability matrices

Elements	Commitment	Control	Stability	Cooperation	Parent firms experience	Culture attributes	Environment uncertainty	Partner contribution
Commitment	1	1	1	1	0	0	0	0
Control	0	1	1	0	0	0	0	0
Stability	0	0	1	1	0	0	0	0
Cooperation	0	1	0	1	0	0	0	1
Parent firms	1	1	1	1	1	0	0	1

experience								
Culture attributes	1	1	0	1	1	1	1	1
Environment uncertainty	1	1	1	1	1	0	1	0
Partner contribution	1	1	1	1	0	0	1	1

Table 7.4 shows the initial reachability matrices that are given by completely changing the element's relationship in binary numbers of zeros and ones.

Table 7.5 Final reachability matrices

Elements	Commitment	Control	Stability	Cooperation	Parent firms experience	Culture attributes	Environment uncertainty	Partner contribution	Driving Power
Commitment	1	1	1	1	0	0	0	0	4
Control	0	1	1	0	0	0	0	0	2
Stability	0	0	1	1	0	0	0	0	2
Cooperation	0	1	0	1	0	0	0	1	3
Parent firms experience	1	1	1	1	1	0	0	1	6
Culture attributes	1	1	0	1	1	1	1	1	7
Environment uncertainty	1	1	1	1	1	0	1	0	6
Partner contribution	1	1	1	1	0	0	1	1	6
Dependence Power	5	7	6	7	3	1	3	4	36

Table 7.5 shows the final form of the inter-relations of all the eight elements. Subsequently, we then count each rows ones to get the driving power and the sum of each row is the dependence. The able demonstrates the total of the driving power and the number of the dependence both 36. The driving power and dependence helps to classify the enablers into four clusters namely autonomous, dependent, linkage and independent. These four clusters' position is determined by the separation of antecedent set and reachability set. The intersection set is determined from these two sets. A table's is prepared for each one (Table 5, table 6, table 7, table 8 and table 9). The common enabler is identified in each level. Level I to Level V is evaluated.

The level partitions shown in table 7.6 until table 7.12 which indicate the relationship of the reachability set with the antecedent set to get the intersection set and the level's 1 to 7.

Table 7.6 Iteration 1

Barrier Number	Reachability set	Antecedent set	Intersection	level
1	1,2,3,4,6,8	1,5,6,7,8	1,6,8	
2	2,3,8	1,2,4,5,6,7,8	2,8	
3	3,4,6	1,2,3,4,5,7,8	3,4,6	
4	2,4,6,8	1,3,4,5,6,7,8	4,6,8	
5	1,2,3,4,5,6,7,8	5,6	5,6	I
6	1,2,3,4,5,6,7,8	1,3,6	1	
7	1,2,3,4,6,7,8	5,7	5,7	I
8	1,2,3,4,7,8	5,6,8	6,8	

Table 7.7 Iteration 2

Barrier Number	Reachability set	Antecedent set	Intersection	level
1	1,2,3,4,6,8	1,6,8	1,6,8	
2	2,3,8	1,2,4,6,8	2,8	
3	3,4,6	1,2,3,4,8	3,4,6	II
4	2,4,6,8	1,3,4,6,8	4,6,8	
6	1,2,3,4,6,8	1,3,6	1	
8	1,2,3,4,8	6,8	6,8	

Table 7.8 Iteration 3

Barrier Number	Reachability set	Antecedent set	Intersection	level
1	1,2,4,6,8	1,6,8	1,6,8	
2	2,8	1,2,4,6,8	2,8	III
4	2,4,6,8	1,4,6,8	4,6,8	
6	1,2,4,6,8	1,6	1	
8	1,2,4,8	6,8	6,8	

Table 7.9 Iteration 4

Barrier Number	Reachability set	Antecedent set	Intersection	Level
1	1,4,6,8	1,6,8	1,6,8	
4	4,6,8	1,4,6,8	4,6,8	IV
6	1,4,6,8	1,6	1	
8	1,4,8	6,8	6,8	

Table 7.10 Iteration 5

Barrier Number	Reachability set	Antecedent set	Intersection	Level
1	1,6,8	1,6,8	1,6,8	V
6	1,6,8	1,6	1	
8	1,8	6,8	6,8	

Table 7.11 Iteration 6

Barrier Number	Reachability set	Antecedent set	Intersection	Level
6	6,8	6	6	
8	8	6,8	8	VI

Table 7.12 Iteration 7

Barrier Number	Reachability set	Antecedent set	Intersection	Level
6	6	6	1	

7.3.4 Discussion and Conclusion

The key objective of this study was to show how a non-directed and qualitative approach could be used to replicate results from a validated line of research. Later, in discussion the final result in figure 8.1 shows that the model that emerges from the ISM process is structurally identical to the one suggested by Davis (1989). One of the primary contributions of this research paper lies in demonstrating that ISM is an efficient and effective method to undertake research that is aimed at theory development based on an inductive approach. The remainder that this section will be limited to describing the process evolved in the development of ISM approach. However, chapter 9 will discuss the scientific contributions, implications and limitations of the research.

The structure of equations, variables and parameters of module is visualized by the ISM hierarchy (Warfield, 1976). The structural analysis by ISM classifies variables or factors according to the hierarchical levels, which are obtained by finding a set of nodes which cannot reach any other nodes except the set itself.

Table 7.13 Clusters classification

Cluster		Description	Factors
1	Autonomous Factors	weak driving power and weak dependence power	
2	Dependent Factors	weak driving power, but strong dependence power	1,2,3,4
3	Linkage Factors	strong driving power and strong dependence power	
4	Independent Factors	strong driving power but weak dependence power	5,6,7,8

The main aim of this MICMAC analysis is to sort out the variables according to their driving power and dependence (George & Pramod, 2014). Using the study by Faisal *et al.* (2006), the driving power and dependence, enablers have been classified into four clusters. Table 7.13 describes the cluster classification: autonomous, dependent, linkage and independent enablers (Mandal & Deshmukh, 1994).

Table 7.14 Assignment of identified factors

Factors				Type of Factor
1	2	3	4	Dependent Factors
5	6	7	8	Independent Factors

The driving power and dependence of each of these enablers are imported from table 7.6 to table 7.12, a driver power-dependence diagram is constructed in table 7.14 the identified the dependent and independent factors accordingly.

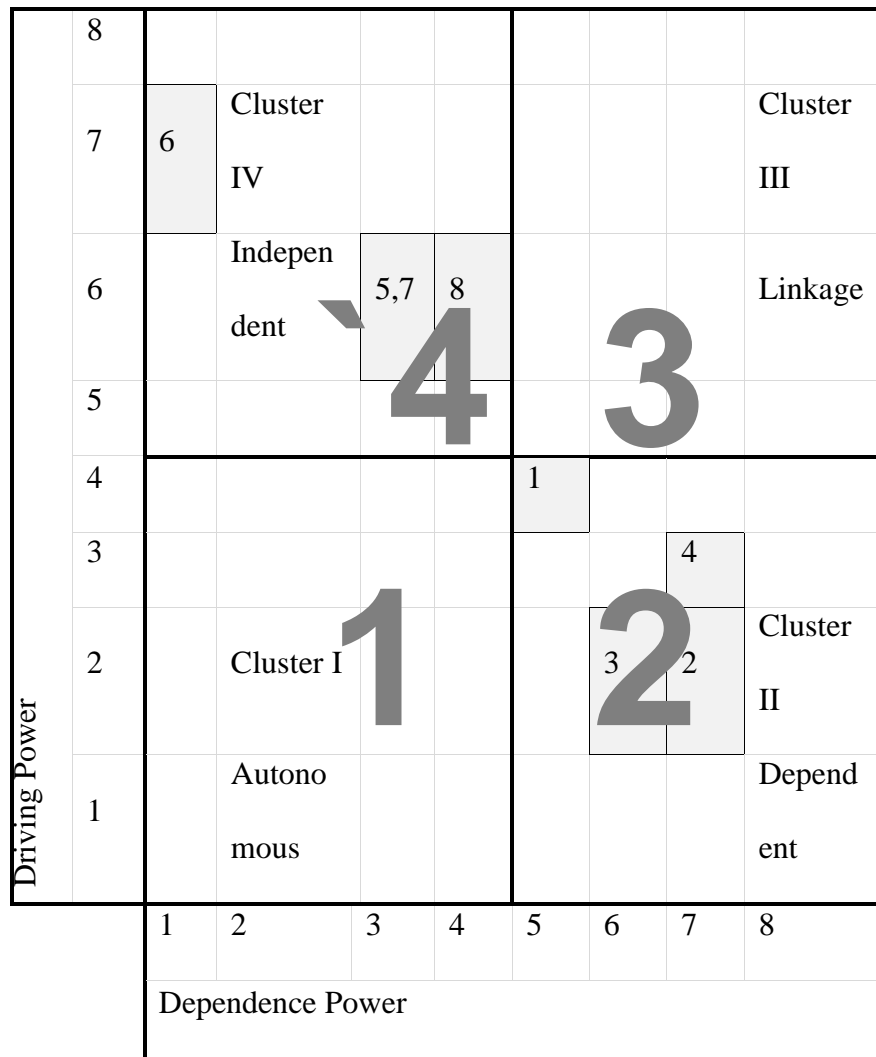


Figure 7.1 Driving and Dependence powers

From the figure 7.1, a better understanding of the example of 8 factors is illustrated. Cluster I includes autonomous factors of low driving power and low dependence. They can be isolated from the system. Cluster II consists of dependent factors that have low driving power and high dependence. Cluster III contains linkage factors that have high driving power and high dependence (Mahsa *et al.*, 2014).

Dependent factors have a little guidance power but they are extremely dependent to the system. In this study, JV commitment, control, stability and cooperation, are dependent factors. These factors can seldom affect other factors, but they are often affected by others more. Linking factors have great guidance power and a high degree

of dependency. They not only affect the other factors, but also depend on other factors. As you can see in figure 7.1, no indication of any kind of linking factors, which can affect other factors in the system and also get the impact of them (Raj *et al.*, 2007). However, cluster IV contains independent factors related to the parent firm experience, culture attribute, environmental uncertainty and partner contribution which represent most important factors with strong driving power but weak dependence power.

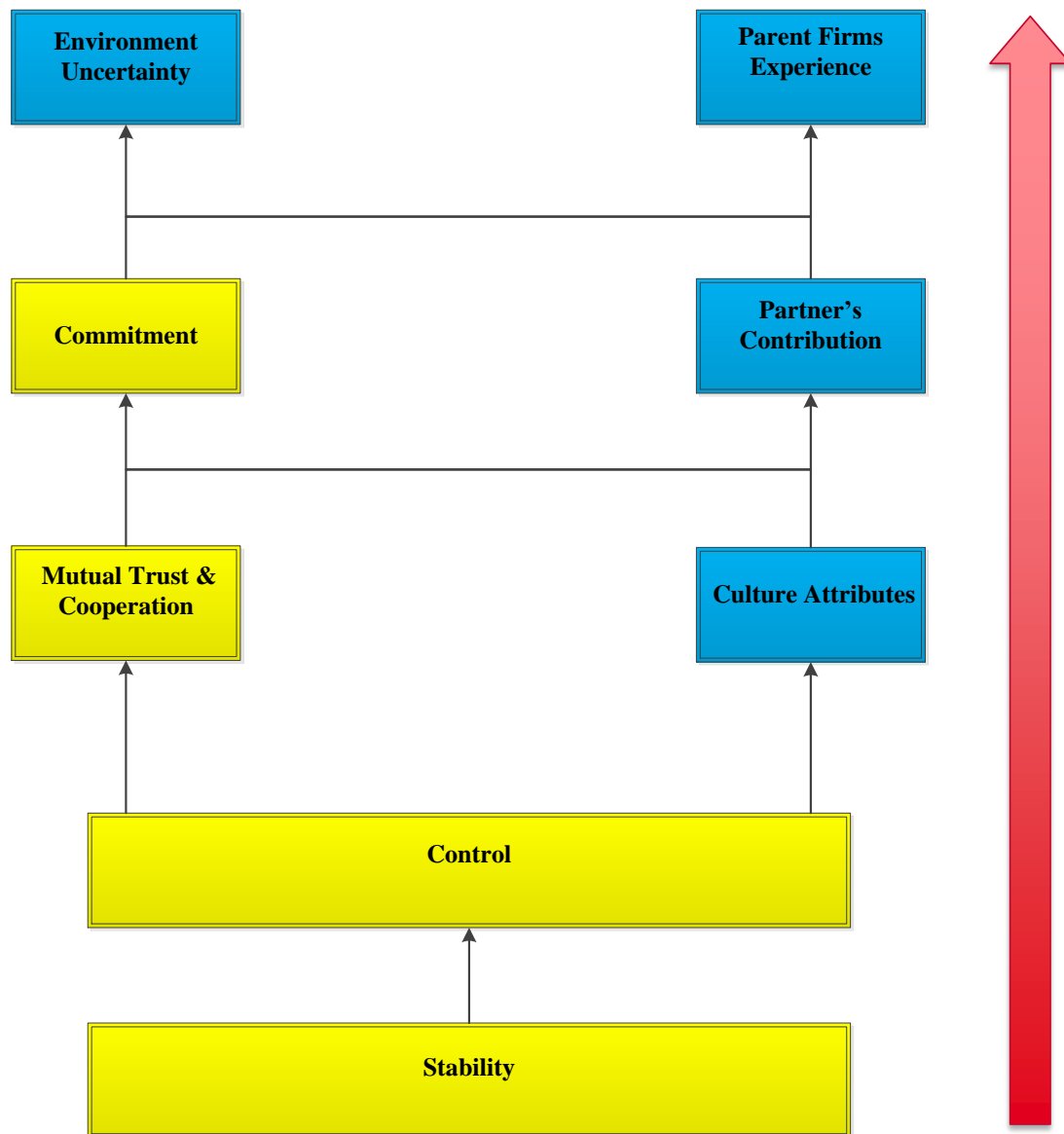


Figure: 7.2 ISM model of factors affecting the implementation of JV LMIC healthcare services

These factors are positioned at the lower level toward up of hierarchy in figure 7.2 of the ISM model explaining the relationship between the factors affecting the implementation of JV healthcare services in the low and middle-income countries.

The development of the ISM model was an essential validation tool that helped to confirm and shape a larger conceptual framework model that will be further discuss and explain in next chapter. Nevertheless, like other methodologies, the ISM model

also has its weaknesses. One weakness of this approach includes respondent fatigue (Juntumaa *et al.*, 2009). It was noticed when comparing 3 pairs of factors of equal importance and the respondents got confused and reluctant with the pair-wise comparison process. In view of the practical application of ISM, this approach served as a very tangible tool that allows researchers or members of organization to cultivate their efforts in developing a unified understating toward particular concerns. By using ISM we have been able to focus on the concerns of practice and provide real value to information system professionals (Benbasat & Zmud, 1999; Mahajan *et al.*, 2013).

7.4 Summary of the chapter

The results of proposition testing reveal some interesting understandings, including eight key factors that contribute to successful joint ventures in LMIC healthcare system, Take into consideration, that the proposition was tested and validated in this chapter with the background from the in-depth literature review carried out in chapter 3 & 4 and findings of the descriptive statistics to support the discussion in chapter 6 of grouped these eight leading factors affecting the use of JV in LMIC healthcare system.

The implementation of joint ventures in HMC as model for the LMIC healthcare offers some valuable lessons. The careful selection of the factors plays considerable effort in helping to identify the characteristic of the JV in developing countries in comparison with the developed world and in particular with the healthcare sector. Also, presented was the careful framing of the JV flowchart supported by the ISM model validation to assist in details analysis of the given proposition that will be discussed further in chapter 8. This approach allows these propositions to place

significant emphasis on understanding the challenges and opportunities in the implementation of the JV in the LMIC healthcare system.

It has been the advantageous from the environment uncertainty point view to explore JV as model that effectively contributes to the improvement of healthcare services which has been found to be more applicable in the LMIC. In addition, provision has been made to allow address local firm staff needs for capacity building and provide better cost for continuity of adequate service. Furthermore, there are almost overwhelming obstacles to be overcome in underdeveloped countries such as: limited capacity in developing world, lack of technical talent or the need for quick and reliable access to new technologies. All of these are found to be drivers seeking some form partnership. In spite of all of these, the partner's contribution was found to be the most difficult challenge during negotiations. In addressing the question on how to engage the foreign partner through a successful approach to provide a real added value benefit by implementing reforms to service delivery in healthcare settings. It was noticed that the established cultural understanding that can enhance trust between partners is of utmost importance for JV success. Findings in this research, provide support for the argument that the environment uncertainty and type of performance measure may explain the provision of the JV FP approach compared with NP when it is implemented in LMIC healthcare organizations. As this will impact very highly on the country's economic growth and development.

In view of limited or none experience in some case in LIMC it was obvious that the structure of decision making and management control of JV tend to be established in different ways in comparison with developed countries. In that sense the foreign

partner assumed the authority to appoint the key management staff and develop the managerial and control processes in setting the stage for implementation of plans.

In most research, cooperation is found to be a main dominator for the success of the JV. Moreover, trust has also been considered a mediating mechanism that underlies the other performance driver's effects on performance. In order to evaluate the activities of the JV as compared with the initial expectations at the time the business venture was formed, the results concluded that the inter-partner trust that associated with need for parent involvement has been the number one priority that served as the basis for successful JV. Also, the findings confirmed that the positive relationships between trust and cooperation are of the utmost importance.

The findings presented in this research, help support views on expending the use of joint ventures as an approach in the improvement of the LMIC healthcare system. Moreover, one of the main challenges in evaluating JV success is the measurement of its performance which has been tested as part of the inter-partner relationships and their impact on the JV performance. Efforts have been made to explore the changes in the nature of relationships (conflict, commitment, contribution, cooperation and trust) which are important implications for the stability and performance of the JV as applied to the LMIC healthcare setting.

As in case of developing countries, the local parent firm's tight control over JVs will result in a negative impact on performance. This is because local parent firms usually do not have the advantage of expertise for the management the JVs. Therefore, the international technology partner must exercise lead control to achieve JV performance and stability. The parent company is usually willing to send managerial resources on a long term expatriate basis.

The survey analysis results that indicates partner's contribution issues were found to be the second most difficult challenge during negotiation after establishing a clear agreement on objectives. They also felt this to be the first place once the JV was up and running because meeting the healthcare requirements is the most important driver behind JV success. These findings cannot be applied to all industries because the contribution by the foreign JV partner firm depends on the industry in which it is involved and its business orientation. In studying JV Conflict, Julian (2008) suggested the identification of the types of contributions that can be made by each JV partner firm to satisfy the other JV partner's needs. He further elaborated that such contribution by the local JV partner firm in IJV in developing countries is limited to combination of capital, management, knowledge of the country's environment, the market and contacts with the government, financial institutions, local suppliers and labour unions.

Many researchers have concluded that conflict is inherent to any form of relationship and to joint ventures in particular (Bucklin & Sengupta, 1993; Johnson *et al.*, 1993; Juline, 2009; del Mar Benavides-Espinosa & Ribeiro-Soriano, 2014) and/or are due to the inherent interdependencies between the partners (Mohr & Spekman, 1994; Weigelt & Sarkar, 2012). Conflict is a multi-dimensional construct, consisting of at least two dimensions; work-related conflicts and relationship conflicts (Huu Le, 2011). Moreover, conflicts have risen between parent firms and their foreign partners because of two issues that largely dominated the frequency and intensity of the conflict. The partner's attempt to control key decisions in the JV has been less in frequency but more in the intensity disagreements that varies between verbal to JV board; the board of director considered one of the most important control mechanisms

foreign parent firms utilize within JV. Another reason for conflict is the accessibility to the foreign partner's up-to-date technology in which frequency of disagreement was marginally observed, but more intense toward verbal disagreements. Guidice (2001) stated that the JV board of director's role is vital to achieving the JV's goals as set by parent firms through monitoring, evaluating and guiding IJV activities.

The next chapter will cover discussions and explanation of the framework for implementation of the JV model in the LMIC healthcare system. Also, the next chapter intends to allow discussion to explain the meaning of results findings and the importance of these finding. Moreover, the following chapter will explain to what extent the research study provided an adequate test the proposition and how the data support the proposition.

CHAPTER EIGHT

DISCUSSION

8.1 Introduction

The last chapter went over the test and validity of proposition of the research of the healthcare systems in the LMIC and the use of the JV model. The proposition addressed issues related to: JV as outsourcing relationship in LMIC healthcare system, motives for selection JV model, factors affecting JV implementation in LMIC healthcare system and finally lessons learn from the implementation of the JV in LMIC healthcare improvement. The last chapter covered the framework for implementation strategy of the JV in the LMIC healthcare system.

This chapter will discuss and explain the framework for implementation of the JV model in LMIC healthcare system. The framework is divided into three phases, the JV motives and the partner selection, the JV ownership and control and the performance satisfaction. Also this chapter will cover the results findings discussions with focus in finding meaning and importance, how the proposition support the results and finding relation to previous research. Additionally, the discussion of these findings will give the opportunity to explain the meaning of the results findings. Moreover, the result validation will allow the explanation of how the results support the answers and how the answers fit in with existing knowledge on the research topic. Furthermore, the meaning and the importance of the findings will be in summaries of three areas; HMC contributions to healthcare reform in a model for LMIC, outsourcing benefits

and selection of the JV approach with the exploration of important motives in the JV success for improving of LMIC healthcare system.

Later in this chapter, there is further elaboration as to what extent the research study provided an adequate test of the proposition and how the data supports these propositions with a test which was strictly carried out with theoretical background study conducted in Chapters 2 and 3 and with the findings of the result analysis in chapter 6. There will also be discussion in order to explain the meaning of the findings and why they are important and a further demonstration on how the results analysis concluded by identifying the major findings grouped under eight leading factors to support the proposition testing and validation process by using the ISM model as elaborated in chapter 7, which helps the development of the research implementation strategy formwork. Moreover, the relationship with previous studies will be reviewed in three different prospective; what are the options in partner selection? The measurement of partner satisfaction and how JV control addressed in earlier studies? However, the previous research and its relations with result findings were chosen based on defined criteria sample will be further discussed and explained in table 8.1 in this chapter.

8.2 Framework for implementation of Joint Venture in LMIC

Healthcare System

Following the mixed method approach of three stages of survey questionnaires and qualitative discussions with selective members of healthcare providers, policy makers, vendors and consultants to explore implementation of JV as outsourcing relationship in improvement of LMIC healthcare system, an attempts to develop a framework

elaborated in figure 8.1 that integrates all aspects of the JV process with the related performance measures.

As such, this is consistent with the research conducted by Zhu *et al.* (2001) and McIvor (2000) which both proposed that companies are more likely to outsource successfully if they plan and apply an appropriate outsourcing framework. A framework consists of a set of logical sequential steps which address the timing and the process of outsourcing (Farrell, 2010).

This section recapitulates the developing of the JV frameworks, which have been tested with a developed proposition and further supported by validation of the interpretive structural modelling technique for identifying relationships among specific issues which are based on a defined problem as explained in chapter 7.

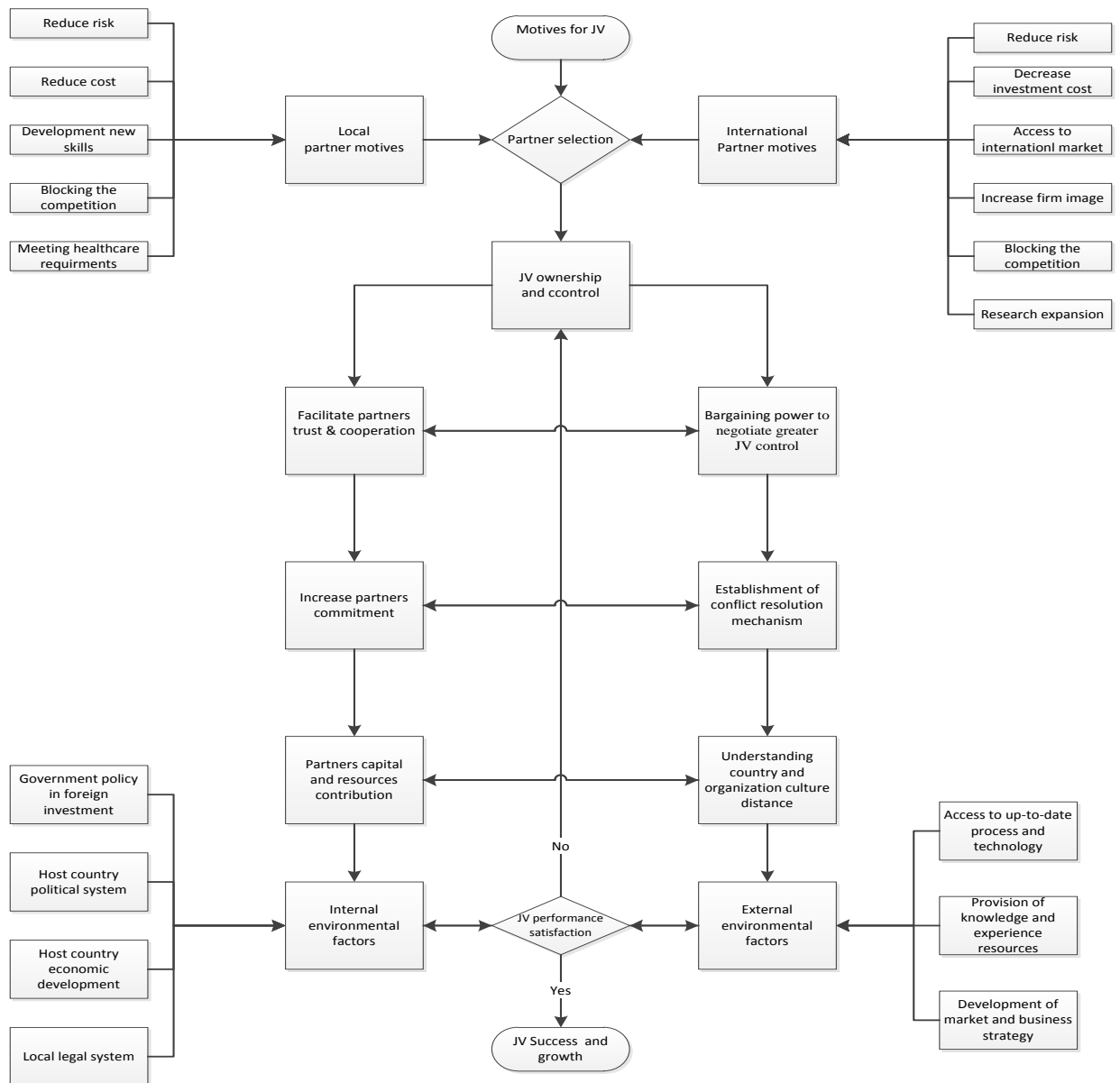


Figure 8.1 Framework for Implementation of JV in LMIC Healthcare system

8.2.1 Basis of Model Development

In developing this framework, the literature review process assisted in looking carefully at the rationales of outsourcing development and its relationship to the related theories including the JV approach. I made a specific focus in outsourcing

experience in health service and in particular to previous work with any studies in developing countries. Moreover, I built on current knowledge and understanding of joint ventures in the healthcare system by in depth semi-structured interviews and survey questionnaires. Subsequently, this allowed for the development of JV implementation strategic framework in the light of the proposition analysis process.

The main purpose at this juncture is to provide an overview for framework that addresses two fundamental issues: How JV in LMIC healthcare services; and how identified eight factors affect the implementation of the JV as outsourcing option that lead to improvements in LMIC healthcare system; and in particular, how this framework can be used as guideline process that can applied to real world in adapting the JV model as a model to be applied to the LMIC healthcare system improvement.

Several developed proposition contributed to build this framework to lay the ground work for such practical implementation of the model and assist partners in making the appropriate decision for how to form a JV in the LMIC healthcare sector. However, the development of the framework to inspire managers to assess the prospective and interrelationship of issues needs to be considered when making plan for implementation of the JV in developing countries for healthcare improvement. In addition, this conceptual JV framework considers how the external and internal environment influences the organization in development plans and strategy that serve the interest long term goals of both local and foreign partners.

8.2.2 Cycles of Framework Development Implementation

In reviewing the framework, a number of alternative models has been identified and considered which chart the impact of management development (Willison *et al.*, 2002). The research examined these alternative models of framework. Additionally,

by leveraging on indicators appears from survey findings and result analysis that caused to discounted factors that are more applicable to developed countries and give closer attention to factors related to developing countries. In addition, the developed proposition guide the ISM discussion in some depth with group of experts being referred to in table 7.2 to serve as strong base in framework development process. The framework structure in three cycles is:

- The first cycle is considered to be most important stage which defines the local and international partner's motive of JV that ultimately set the base for partner selection process. Partners enter into IJVs with different motives and expectations. It is important for partners to understand and consider each other motives in building long term relationships. Therefore, it is important to address these motives and the needs at an early stage in the forming of the joint venture. However, these motives or needs do not necessary achieve them immediately as some of these needs can be attained at different JV journey, but a clear plan on how to reach such goals is of utmost importance as it well as the long term effect on the joint venture's success. In general terms, the country stability considered to be the most important factor to the foreign partner strong presence and control of JV. As JV control is highly related political stability in LMIC which always an issue in most developing countries. Which JVs require highly qualified and experienced resources that will drive the JV performance and success.
- The second cycle in the framework process is related to the JV ownership and control that moves into three parallel process with each process has two issues that require close attention and strike of balance for optimum JV success.

Regardless of each partner's intentions bargaining power to negotiate greater JV control is important to keep in mind to maintain mutual trust and cooperation. A well matched partnership can foster mutual trust and cooperation between partners and lead the venture to success (Geringer, 1988a). Although some scholars suggested that in highly uncertain LMIC markets in particular where the country stability and local government laws are of great risk, IJVs tend to outperform wholly owned subsidiaries because of the benefits a local partner provides (Brouthers, 2002). The second process works toward increasing partner commitments which is a necessity for the JV to establish a conflict resolution provision to deal with any foreseen dispute arising. While conflict inevitably occurs in any human relationship, the critical issue is its resolution and management (Julian, 2009). The third stage is related to the stability factor that leads to JV success, which is the strong link between the understanding host country and organization culture distance and partner's capital and resources contribution. The organizational culture distance can also influence IJV performance (Sirmon & Lane, 2004). Different types of organizational culture distance also have differential effects on IJV performance (Johnson *et al.*, 1997). It was found in the results that the culture attribute has been proposed as one of the most important drivers in the IJV performance. Moreover, partner knowledge of the market and business practice has been highlighted to impact the culture attribute. As these facts led to further discussion on the importance of international partner knowledge of the market and business practices for the improvement of LMIC healthcare and its effects on a country's growth and development.

- The final cycle in the framework process, which links to the JV performance satisfaction in relation to the internal and external environmental factors. In awareness, this research formed in basis of study the implementation of the JV model in developing countries, such region comes with its unique risk and demands that ultimately requires partner's careful contemplation in developing business plans that address and mitigate both internal and external factors. However, it was found in the study that an affiliation with an international partner will provide added value and reduce risk of environmental uncertainty. In addition, the goal is to the use parent firm's experience in the JV in order to develop a clear understanding of the extent of both partners venturing experience. Such affiliation with an international partner will prove a significant factor in explaining the difference in quality of service and expansion of its support to allow wider coverage of patient care.

8.3 Finding Discussions

This section deals with the discussion of result findings and gives an opportunity to explain the meaning of these.

8.3.1 Result Validation

In order to explain how the results support the answers and how the answers fit in with existing knowledge on the topic, the result validation as follows;

1. The research plan went over the three stages: first, validation and verification of several past research findings in JV as outsourcing relationship for LMIC healthcare system; second; examination of the potential factors affecting JV

performance; and third, the developmental framework that contributes in establishment of JV model for LMIC healthcare system improvement.

2. The developed questionnaires focused on how to minimize the environmental uncertainty in the selection of the LMIC healthcare financing model, i.e. finding the best means of contribution in the LMIC healthcare reform and what the international partner's role is in LMIC healthcare improvement. In addition to further elaboration on how international partners must adapt in the LMIC setting of a medical system model that provides comprehensive services to the community which includes primary, secondary and tertiary care services.
3. The questionnaires set up to evaluate the impact of quality in affiliation with international centres and how affiliation with an international partner will provide added value and reduce risk of environmental uncertainty. In addition to that, further questionnaires were carefully crafted to assist in the evaluation of the parent firm's experience in the use of joint ventures in order to develop a clear understanding of the extent of both partner's venturing experience.
4. The three phases of the semi-structured interviews, group discussions and survey questionnaires help to construct a clear structure that allows a perfect fit with the existing knowledge of the subject. The first phase was the semi-structured interview selection of policy makers, healthcare providers and consultants in table 5.1, with the literature review that allowed for the design of research questionnaires for the next stages. The aim of these interviews was to provide a clear understanding about the healthcare setting and challenges.

They were helpful to design further group discussion and survey

questionnaires needed to construct the intended research study on how the JV model as means of outsourcing can contribute in the improvement of the LMIC healthcare system. This followed by group discussions with selective members of healthcare providers, policy makers, vendors and consultants to explore best healthcare system that is the best fit for the LMIC based on HMC case study. In the second phase, the survey results help to discuss issues related to the benefits, drivers, challenges, barriers and potential areas of value-creating activities to be considered for outsourcing. The final phase was concluded by further expansion of survey questionnaires that involved participants from LMIC healthcare providers, vendors and consultants based on their knowledge of healthcare challenges and barriers of the needs for these countries in their healthcare systems. These participants had vested interest in seeking JV as of outsourcing option as a means of enhancement and improvement in healthcare. The focus of the research questions was tailored eventually toward studying the factors affecting the implementation of a JV which has been proposition and discussed in length in chapter 7.

8.3.2 Result meaning and Importance

The results analysis was in chapter 6 and included the identification of the major findings grouped under eight leading factors to support the proposition testing and validation by using ISM model as elaborated in chapter 7. Based on these eight factors was the framework for the implementation strategy of a JV for in the LMIC healthcare system. However, the meaning and the importance of the findings can be summarised into three areas:

8.3.2.1 HMC Contribution

In some low and middle-income countries, healthcare services have become fragmented and organised by a specific health problem; one solution to fragmented care is to provide integrated healthcare services. Based on the case study of JV model, the results highly support HMC contribution to healthcare reform as a model for LMIC. The meaning of the results and their importance toward HMC contribution are as follows:

1. This research has argued that health systems in LMICs need to be reformed in order to deliver comprehensive approaches that will halt and reverse the rising mortality and morbidity rates. Such needs can more applicable to developing countries as in developed countries. However, the sources of funding differ and involve in most systems: tax-based revenues, insurance premiums and out-of-pocket payments. In addition, the findings provide the means of implementation toward how the JV role in healthcare can contribute in the country's overall healthcare improvement and provide insight into how the service can provide to both tertiary and primary cares.
2. The uniqueness of such model will have a substantial impact if it should be implemented for healthcare improvement in developing countries. As the results highlighted, this can be done by the establishment of proper primary care through a combination of upgrading the level of care in the current centres and establishing new state-of-the-art PHC. In order to build up a sustainable, affordable, JV in the LMIC healthcare system, a rigorous strategic assessment of the healthcare in developing countries to understand

the most important challenges in medical services, healthcare workers, political and legal issues, economy, finances and environmental challenges.

3. Another point from importance of these results, considers the reform needed for the LMIC healthcare system to serve as a foundation for the renewal of different health sectors. This renewal will achieve the ultimate objective of health for all that is required for health systems to put people at the centre of healthcare. In this regards, the proposed JV should adopt the medical system model that provides comprehensive services to the community which includes primary, secondary and tertiary care services. Furthermore, the affiliation with leading technology partner is invaluable to meet the needs in healthcare today. It was further pointed out that the operation should be financed through a mix of out-of-pocket payments by patients, insurance system payments and payments by charity organizations through capitation arrangements.
4. When applying the JV model as a strategic outsourcing solution for healthcare improvement organizations are looking for solutions to increase efficiency, improve service and enhance the competitiveness. Majority of previous studies on outsourcing experience in developing countries revealed that most developing countries undertook contracting to improve effectiveness, efficiency and quality of health services (Guimarães, 2010; Agharahimi *et al.*, 2012; Roehrich *et al.*, 2014). With a consideration, the greater constraints on the legal framework and the necessary rules and procedures for outsourcing of health services that is require updating (Siddiqi *et al.*, 2006). This is due to the fact, that there is lack of qualified skills in healthcare organizations in developing countries so outsourcing services has always been a valid option to

consider given the promise of good return on investment. This does not prevent challenging issues from appearing; i.e.: Does the organization have a qualified individual who monitors the contracted outsource vendor's contract performance? Is there a process to remedy the issue of non-performance or under-performance? These overlooked aspects arise routinely when outsourcing (Roberts, 2001).

5. Take into consideration, the most important alarming concern in the LMIC; political instability or unrest in the vendor's country of operations that would affect the continuity of care. In fact, Power and Bonifazi (2006) suggested that the location of vendors is as important an issue because if there is political unrest in the service provider's geographical location, the vendor's business will be compromised. This, in turn, will directly affect how business is conducted (Power & Bonifazi, 2006).
6. Unfortunately, much of the literature on service outsourcing focuses on the strategic implications, examining issues such as motives and outcomes. implications, examining issues such as motives and outcomes (Busi & McIvor, 2008). However, this research gives further insight into the implementation of a JV in Yemen as a model for the LMIC healthcare system improvement and its implications that would enhance understanding of an outsourcing relationship.

8.3.2.2 Outsourcing Benefits

Cost savings as discussed in section 3.2.4 has been the main driver for outsourcing in the developing world. There is increasing evidence that cost savings has been overestimated and costs are sometimes higher after outsourcing (Pepper, 1996; Cole-

Gomolski, 1998; Bryce & Useem, 1998; Harrison, 2001). The interpretation of the meaning of the results and the importance in relation with outsourcing benefits is as follows:

1. The significance of the results indicates that the first priority has been shifted more toward addressing the need for improvement in quality of health services. While, the second priority considers the improvement in efficiency in the provision of health services that addresses the lack of accountability in the healthcare system. Previous research shows that, even in the late 1990s, cost-savings and freedom to focus upon core business were the major reasons for outsourcing (Currie & Willcocks, 1997). Later in the century, the political agendas often drove outsourcing in public organizations (Kakabadse, 2000). Even later other several significant factors began to influence firms to consider outsourcing as a business strategy (Power & Bonifazi, 2006); some were cost savings, focus on core competencies, global diffusion of knowledge, increased sophistication of IT, rise of global knowledge workforce and access to resources and knowledge. From logical prospective, outsourcing relationship will build expertise. This highlighted the fact that outsourcing plans could change over the years as they began to work effectively to develop capacity and introduce needed new skills.
2. Another tangible finding reflected in the IT was a core strategic function in organizations of which many felt should not be outsourced. However, in less developed countries, they needed support/technical assistance to strengthen the work capacity and keep up with advancement in IT.

3. With respect to barriers/challenges facing outsourcing in developing countries, results shows significant concern due to s in place for dealing with outsourcing issues. This in spite of the fact, that most of the central government/ministry central has policies in place for regulating the provision of services/technical assistance by NGO's. There was a need for the availability of structure legal framework that could facilitate contracts between the public and private sectors. This brings up the question to the fact related to the transparency in the handling of tendering and contractual processes. The finding of this research indicates negative experiences in relation to the contractual issues. That implies more careful attention during outsourcing process and associated contractual matters. There is proven evidence of the benefits of outsourcing in the improvement of healthcare system performance. However, more work is required to quantify these cost and benefits toward core and none-core services online with health practices in developing countries and means to consider different approach as demonstrated in section 8.3.1. Governments "especially in developing worlds" should recognize this reality and, instead of legislating directly against it as argued by Gonzales *et al.* (2004) to take measures to prevent needless outsourcing of jobs and develop an effective knowledge infrastructure.
4. The significant results indicate the use of parent firm's experience in the JV for the improvement of the quality of the LMIC healthcare. Such parent firm's experience will add to the JV expectations; once companies enter a JV naturally hope that their partnership will meet the initial objectives and create long lasting results. As per the results, the satisfaction with overall JV

performance has been full supported by the majority of participants with 70 percent indicating their satisfaction as expected. This supports the same finding as more than half of joint ventures met or exceeded expectations (KPMG, 2009).

5. With technology transfer and international firm, the results witnessed disappointment with technology transfer happening to be much worse than expected. Management capabilities have received the highest score of better than expected which indicates short term gains had been observed with less emphasis on long term objectives toward critical issues like technology transfer which will have an impact on JV stability and growth. Although many studies have acknowledged the substantial effect of knowledge and technology transfer on performance outcomes; however, others weight it with less importance. In his studies Yin and Bao (2006) examined the effects of the degree of technology transfer on both local firms and human resource performances are still scarce. Nevertheless, the importance of further investigation on why partners in some instances become more protective of their strategic valuable asset and reluctant to transfer higher technologies. However, longer period of collaborative relationships in JVs could escalate the opportunity to share, learn and transfer technologies between JV partners; which is resulting from the decrease of cultural distances, increase of inter-partner trust and personal attachment between partners (Yan & Gray, 1994; Gulati 1995; On, 2013). Without cooperation the achievement of important goals of any JV such as organizational learning and technology transfer would be nearly impossible.

6. In support for the need of the local partner involvement in the JV as compared with your initial expectations at the time the business venture was formed. This is possible due to the clear understanding of both partners for the long-term stability of a strategic partnership which provides the context to utilize the involvement in developing best practices and resources for business success. Killing (1983) found that the major reasons for setting up a JV were the need for the other partner's skills, needs of the other partners' attributes or assets and government pressure or legislation. Earlier in-depth interviews revealed similar insights stressed by Karlsen *et al.*, (2003); the importance for the local partner to enhance learning from other experiences from dealing with other cross-cultural interactions to ensure further successful wider involvement of inward and outward activities.

8.3.2.3 Selection of Joint Venture Approach

Joint Ventures have been growing considerably in recent years and offer great opportunities to exploit and share resources and financial strength. There are several important reasons for JV success in improving the LMIC healthcare system. There are many elements included in JV formation process, such as partner selection, trust and commitment, learning in IJVs, control (Parkhe, 1996; Taco & William, 2004; Inkpen & Currall, 2004; del Mar Benavides-Espinosa & Ribeiro-Soriano, 2014), cultural issues and environmental issues in IJVs (Taco & William, 2004). The meaning results and importance in connection with a selection of the JV approach are as follows:

1. In discussing the motives to the JV in the LMIC healthcare system it has been found that developing new skills and meeting healthcare requirements has been considered to be the most important driver for JV success and playing a

clear role while reducing cost and risk margins have been found to be least important. Such a focus in developing new skills and striving in meeting healthcare requirements helps in identifying strengths, weaknesses, gaps and opportunities in the healthcare system. The results reveal that a vast majority of the respondents thought that in order to ensure the quality of its services, HMC must affiliate with international centres. However, such affiliations must ensure provide qualified resources. In addition, establish clear development plans that can offer incentives and rewards to in-house staff for achieving great quality measures.

2. Another finding is that trust was found to be one of the key elements that respondents believe's constitute a successful JV as shown in table 6.9, where most of respondents had given more emphasis to the importance toward trust between partners than predicted subsequently a positive relationship between trust and cooperation. The trust helps to establish expectations of reciprocity or mutuality that are then reflected in cooperative behaviour within a JV (Boersma *et al.*, 2003; Ertug *et al.*, 2013). That should influence the extent of partner cooperation.
3. Cultural differences between partners and their impact on IJV performance are common issues found in IJV research (Li *et al.*, 2001). Cultural similarity may help IJVs to avoid problems and facilitate trust and cooperation between partners. Differences in cultural backgrounds between partners have been perceived as a threat to the survival of IJVs (Barkema & Vermeulen, 1997; Dash, 2013). However, a similar culture is not always the most valuable

resource in terms of effect on IJV performance (Li *et al.*, 2001) or the differences may not affect IJV performance at all (Fey & Beamish, 2001).

4. Cultural differences seem to have a strong influence on IJV operations. However, the results support the positives of having an international partner's knowledge of the market. The business practice will create added value business to support the community. The effective contribution of the international partner in developing skills of the local partner will impact positively in country economic growth and development. As per study results, effective governance structures found to be important criteria in the strategic decision behind partner knowledge of the market and business practice. The same has been supported toward renegotiation and required changes the issue of clear agreement of JV objective in the initial terms of the contract.
5. The results endorsed the opinion of satisfaction with deep partner knowledge of the market and business practice. Whereby fare never found in the study any trace of partner's attempt to make changes in the terms of JV contract nor partner's attempt to control key decisions in the joint venture. This with exception to the issues regarding performance of the JV and criteria used to evaluate performance which tend to be resolved by JV board.
6. In countries with limited capacity such as LMIC, the use of an international partner in handling part or all of the services could be viewed as controversial and subject to much debate when it comes to the ability to perform all functions with a particular focus on the local partner's capacity development. This is because of the fact explained by Sridharan (1995) in the example of the two partners who had different motives for forming the JV with the local

contractors. They were intent on using the JV to upgrade their skills but the foreign partners were mainly interested in using the JV as a vehicle to maintain or increase their respective firm's work load. This required both of their resource capacity organizational structures and processes with the ability to use environment of policy and laws in place because this is of special concern when establishing a JV in developing countries.

8.3.3 Proposition Support

To what extent did the research study provide an adequate test to the proposition and how the literature review supported these propositions based on the theoretical background study conducted in chapters 2 and 3 and how the findings were grouped under eight leading factors to support the discussion in chapter 5. Examples of the proposition finding the support:

1. These findings have served as a base for research proposition testing discussed in section 7.2. The framing of the JV flow chart by using ISM model assisted in detail testing and validation of the given proposition.
2. This proposition placed significant emphasis on understanding the challenges and opportunities in the implementation of the JV in the LMIC healthcare system. The gained information allowed for the development research framework for implementation of the JV in the healthcare system explained earlier in figure 8.1.
3. To ensure further investigation, the proposition combined the health systems and JV experiences as demonstrated in figure 2.1 of the literature review stages. This is followed by three stages of semi-structured interviews, group

discussions and survey questionnaires described in figure 4.1 related to the research plan and the proposition testing process.

8.3.4 Relation to the previous research

In spite of the reputation and importance of the IVJ over the last few decades, previous researchers have focused only on particular relationships between individual performance drivers and performance (Gray & Kim, 2009). They have found the focus to be on the relationship between control and performance which are based on only one stage of the IJV lifecycle; i.e. the formation stage or the post formation stage (Le *et al.*, 2009).

To gain a more broad understanding of JV concept and how it could applied in LMIC healthcare system, the result findings of different outsourcing relationships, JV performance drivers and measurements has been integrated into a strategic framework model presented in figure 8.1 in relation to the eight factors affecting the implementation of JV for improvement of LMIC healthcare system. Julian's (2008) findings showed how previous studies had shown that JVs are created for different reasons in developed and developing countries.

Table 8.1 Relation to previous research

Selection of Joint Venture Priorities		
Finding	Previous studies	References
Access to best practices and leading technology	Tools and best practices to bring benefits to the healthcare system	(Deloitte, 2014), (J. Roberts <i>et al.</i> , 2013), (Mal, 2010), (Kedia & Lahiri, 2007), (Kakabadse, 2000)
Provide more flexibility to allow increase of capacity needed for future expansion of services.	Facilitating growth and expansion in the country.	(Hansen <i>et al.</i> , 2008), (Khumalo, 2006), (Gonzales <i>et al.</i> , 2004)
Developing new skills and meeting healthcare requirements.	Importance of development the knowledge acquisition skills, known that this requires time and the active involvement of managers	(Garry, 2005) (Taco & William, 2004), (Lacity <i>et al.</i> , 2009), (Chou & Chou, 2011), (Akinci, <i>et al.</i> , 2012)
Partners satisfaction		
Finding	Previous studies	References
Trust to be the key elements that believe constitute a successful joint venture	Trust helps to establish expectations of reciprocity or mutuality that is then reflected in cooperative behaviour within a JV	(Le & Jorma, 2009), (KPMG, 2009), (Zheng & Larimo, 2010), (Roy, 2012),
Commitment to the business venture	Commitment is an essential ingredient for successful long-term relationships	(Nam, 1995), (Julian & Cass, 2002), (Com <i>et al.</i> , 2006), (Le & Jorma, 2009) (Bianchi & Saleh, 2010)
Joint Venture control		
Finding	Previous studies	References
Partner's contribution was also found to	Valuation of a partner's contribution is a	(Jwasson, 2006), (Mal, 2010), (KPMG,

be the key challenge throughout operational	strong reason to enter a joint venture	2009), (Le & Jorma, 2009) (Bisht <i>et al.</i> , 2012)
Management control was seen as the least key challenge throughout operational phase	Management control over an IJV's daily operations exerts a strong effect on IJV performance	(Yan & Gray, 2001), (Selekler-Gökşen & Uysal-Tezölmez, 2007), (Julian, 2008), (Hartmann <i>et al.</i> 2008), (Le & Jorma, 2009) (Cäker & Siverbo, 2011), (Lowman <i>et al.</i> , 2012)

The review carried out with previous studies from three different perspectives; what are options in partner selection, the measurement of partner satisfaction and how JV control addressed in earlier studies? The criteria for choosing previous studies listed in table 8.1 was based on: studies that cover different aspects related to IJV performance, JV studies that applied in developing countries, studies that have shown significant outcomes and studies linked to healthcare outsourcing.

8.3.4.1 Selection of Joint Venture Priorities

The decision to outsource can be differ from one sector to another because developing and developed countries each have their own constraints. With all these parameters it is very important in the healthcare setting to establish a clear understanding of the priority basis/reasons that drives the outsourcing decisions to achieve the wanted improvement of the quality of services. Focusing on the core or strategic functions, cost savings, the lack of expertise in-house, the access to best practices and leading technology are major factors for considering outsourcing. Finding high calibre resources and sharing the risk via JV model with international partner provides more flexibility to allow increase of capacity needed for future expansion of services. The previous research related to selection of JV priorities is as follows:

1. Based on the case study of JV approach, the results highly support HMC contribution to healthcare reform as a model for improvement of the LMIC healthcare system. The importance of these findings by the means of

implementation toward how JV role in healthcare can contribute in the country overall healthcare improvement is significant.

2. Previous studies have tried to answer the question of why partner firms enter into IJVs (Parkhe, 1996; Lupton, 2009). Harrigan (1995) found three main motives that encourage firms to enter into IJVs: internal benefits, competitive benefits and strategic benefits.
3. Developing new skills and meeting healthcare requirements has been considered to be the most important driver for JV success and playing a clear reason while reducing cost and marginal risk were found to be least important. Taco and William (2004) found that the advantage for local partners to enter into IJVs is to acquire new skills and technologies. Tsang (2002) emphasised the importance of the development of knowledge acquisition skills; important even though that requires time and the active involvement of managers. Constant upgrading and enhancement of individual and team level skills and abilities including organization wide expertise is a priority for future success and growth and is a tangible factor in the success of any JV in all industries including the health sector.

8.3.4.2 Partners Satisfaction

Expanding on the previous research and building on the work of (Demirbag & Mirza, 2000) a model in relation to figure 4.3, the three factors conflict/control, commitment and relationship. This study address eight factors that can affect JV performance as means of outsourcing relationship in LMIC healthcare system. In chapter 7 these eight factors has been subject to proposition testing and validated validation using IMS model. Chapter 8 outlined the proposed framework model for implementation these

factors in the process of improvement of healthcare in the LMIC. With that, the relation with previous research associated with partner satisfaction as follows:

1. The findings of satisfaction with the overall JV performance for selection of trust to be the key elements that believe constitute a successful JV: Trust helps to establish expectations of reciprocity or mutuality that is then reflected in cooperative behaviour within a JV which serves as the base for the establishment of the organization formal structure that presumably should influence the extent of partner cooperation (e.g. Buckley & Casson 1988; Zheng & Larimo, 2010; Roy, 2012; Parks *et al.*, 2013). Additionally, Sampson (2003) assumed the establishment of the organization formal structure is the basis to deal with cooperation coordination. However, the findings of Skarmeas *et al.* (2002) indicates that the importer commitment is the key to improving relationship performance in a developing country's context but also validates the developed country's findings on the effectiveness of the relationship commitment and its performance outcome.
2. With the commitment to the business venture, the parent company tries to ensure that each partner knows what to expect from the JV and is willing to send managerial resources and expertise on a long term basis. This gained the most participant positive support with 29 percent considered very often reflect the view company's commitment to the business venture. Walter *et al.* (2000) found that the commitment is an essential ingredient for successful long-term relationships. A number of authors stressed that long-term commitment is one of the main reasons for the prolongation of joint ventures (Killing, 1983; Beamish, 1987; Buckley & Casson, 1998; Wilson & Brennan, 2007).

8.3.4.3 Joint Venture Control

Control issues is considered to be the most important factor in JV success. Partners strive to configure the control structure in the JV to implement strategy for improvement of healthcare system. Control is one of the biggest challenges, parent firms face when entering IJVs (Geringer & Hebert, 1991) and plays an important role in IJV successes or failures (Groot & Merchant, 2000). This research evolved around the impact of control in JV performance in the improvement of the LMIC healthcare system. Previous research linked with JV control is as follows:

1. As most previous research focused on only one dimension of control, mainly control mechanisms (Xiansheng, 1998; Yan & Gray, 2001a; Skrifter, 2011). The results reveals that management control was seen as the least key challenge throughout operational phase. In spite of a clear agreement on objectives during negotiation phase, as one of the most important challenges. It carries even greater weight than the actual operation phase. Partner contribution was also found to be the key challenge throughout operational phase. Yan and Child (2004) viewed IJVs as notoriously difficult to control. While previous research has not provided evidence directly explaining how parent firms make control structure choices (Groot & Merchan, 2000). Geringer and Hebert (1989) suggested some possible determinant factors that heavily impacted the operation phase to facilitate the venture to become a power in itself instead of seeing it as two parent companies doing their business independently.
2. The environment is a very important issue in IJV research because it sets the context in which to evaluate the relationships between strategy and

performance (Prescott, 1986; Schuler & Tarique, 2005). It examines JV performance and its impact in LMIC healthcare system, in light of the type and number of associated factors utilized such as: making the right choice in the type of JV formulation strategy and prior experience that JV partners bring to the relationship. The study resulted in an outcome model of the care that HMC should adopt based on a medical system that provides comprehensive services to the community which includes primary, secondary and tertiary care services. This is highly essential to consider that the learning process and knowledge acquisition that will have major impact on the improvement of healthcare system. The experiential learning also occurs within the organization even though the knowledge gained is mainly explicit (Johnson, 2000). The findings of Simonin (1997) showed the significance of knowledge and skill in identifying partners, negotiating agreements and managing inter-firm relationships, i.e. JV management and partners. All these lead to both tangible and intangible benefits.

3. Child and Yan (2003) highlighted the three aspects of learning: learning from experience, formation learning and operational learning. Learning from experience involves the parent company personnel gaining from their previous contact with IJVs and international business expertise being transferred to a new IJV. There are three different distinctions: JV expectations, technology transfers and need for partner involvement. The result reveals better than expected satisfaction with the overall JV performance. That supports the same finding as more than half of joint ventures met or exceeded expectations (KPMG, 2009). Which is similar to reported of more than half of their

company joint ventures met or exceeded at least one parent's expectations (Rinaudo, 2003).

4. In view of the local partner's high expectation from foreign partners, the findings produced disappointments. The results indicated that technology transfer was much worse than expected. This is, in spite of management capabilities had received the highest score of better than expected. That indicates short term gains had been observed with less emphasis on long term objectives toward critical issues like technology transfer that will impact the JV stability and growth. It has also been found in several studies that the substantial effect of knowledge and technology transfer on performance outcomes; however, there are others who weigh it of less importance. Yin and Bao (2006) examined the effects of the degree of technology transfer on both local firms corporation and the human resource performances in inter-firm relationship are still scarce. That led international firms to become more protective with their strategic valuable asset and reluctant to transfer higher technologies. After a longer period of a collaborative relationship, JVs could escalate the opportunity to share, learn and transfer technologies between JV partners which result in the decrease of in cultural distances, increase in inter-partner trust and personal attachment between partners (Gulati, 1995; Yan & Gray, 1994). However, this finding is contrary to the assertion by Ha *et al.* (2004) who found that the exporter of cultural background did not limit importers to develop relationships only with culturally similar suppliers.

8.3.5 Conflicted Findings

The body of knowledge and theory as outlined in the literature review is elaborated in chapters 2 and 3. Furthermore, the discussion and evaluation conflicting explanations of the results will enable me to defend research argument by systematically address research questions and relate to the study different findings discussed further in chapter 6. The conflicted findings are as follows:

1. Conflicting results appear from highly considering the cost savings when it was compared with initial expectations at the time the business venture was formed. Cost savings are less appreciated as the main key driver behind JV (Currie & Willcocks, 1997; Power & Bonifazi, 2006; Kremic *et al.*, 2006). Also, understood is the fact that the healthcare system in developing countries lacks basic fundamental structure. That suggests various needs and priorities in many areas that led to support study findings such as the development of new skills and meeting healthcare requirements is the key drivers behind the JV success. However, developing new skills and meeting healthcare requirements has been playing a clear motive of priority setting activities that identifies its strengths, weaknesses, gaps and opportunities in the LMIC healthcare system that impacted on stability and success of joint venture.
2. Another conflicting result was found while evaluating the level of satisfaction with the JV agreement and other governance procedures within the JV partnership. Although the respondents indicate their full satisfaction with issues related to resolution of disputes or disagreements among JV partners, they were not satisfied with the protection of intellectual property or proprietary information contributed by the JV partners that were discussed

earlier in the findings in section 9.3.2 where the technology transfer was rated much worse than expected. This is, in spite of the fact that management capabilities received the highest score of better than expected. That confirms the study of Yin and Bao (2006) who examined the effects of the degree of technology transfer on both the local firm's corporation and human resource performances in inter-firm relationship are still scarce.

Add to that, the longer period of collaborative relationship in JVs could improve the opportunity to share, learn and transfer technologies between JV partners; which is resulted from the decrease of cultural distances, increase of inter-partner trust and personal attachment between partners (Gulati, 1995; Yan & Gray, 1994; On, 2013).

3. Additionally, in analysing the results of the problems encountered during the negotiation stage of the joint venture it is evident that a clear agreement on objectives was well received and appreciated. On the contrary, in looking to problems which rise during operational stage of the JV, the clear agreement on objectives was found to be of great disappointment and was witnessed be to the most challenging issue during operational stage. Respectively, such findings are acceptable and naturally present due to changes in process and development reflected in JV life cycle. The same has been reported in various studies; whereas the clear agreement on objectives ranked during negotiations as the least of the challenges but it caused the greatest problems during the operational phase of the JV (KPMG, 2009; Currall & Inkpen, 2002; Gettinger *et al.*, 2012).

8.3.6 New Insight

While the proposition of the research clearly indicated a rigorous theoretical foundation, new insight about some unexpected results were also observed. The area of joint ventures in healthcare is complex and especially when it is related to developing countries. There is a significant lack of empirical evidence in this area. Nevertheless, all findings of this research should serve as a foundation for design and implementation of future research. For that, the new insight focuses on the following areas:

1. Previous research has looked at the effect of experience on control (Cullen *et al.*, 2001; Guidice, 2001; Silva *al.*, 2012) and the cultural difference between partners and its impact on IJV performance as the most common issues found in IJV research (Li *et al.*, 2001), but no one has either examined all three variables in one comprehensive research. As such it is known that the cultural differences seem to have a strong influence on IJV operations. However, surprisingly, the result reveals having an international partner's knowledge of the market and business practice will create added value business to support the community. Similarly, the effective contribution of the international partner in developing skills of the local partner will have a high impact vary on the country economic growth and development.
2. In studying the key elements that are believed to constitute a successful joint venture Trust between partners found to be the most important priority. Also when the analysis is carried out for the JV compared with the initial expectations at the time the business venture was formed, the Inter-partner trust scaled well than expected immediately liked with management capability

that leads to the JV performance. The importance in using the initial stage of negotiation phase in developing a strong ground of relation to allow build trust is crucial in the overall success. Trust between partners is considered to be the most significant factor for a successful joint venture; trust has been defined as the willingness to rely on an exchange partner in whom one has confidence (Moorman *et al.*, 1992).

3. Although the findings support the affiliation with leading technology partner and most of the central government/ministry central have policies in place for regulating the provision of services/technical assistance by NGO's. The finding results witnessed disappointment with the technology transfer rated much worse than expected. In spite of fact, management capabilities has received the highest score of better than expected.
4. While the proposition of the study clearly indicated a sound theoretical foundation, several unexpected results were also observed. This area of study is complex and there is significant lack of empirical evidence in the area; all findings of this study provide valuable information for design and implementation of future studies.
5. Unexpectedly, in addressing the reasons that drives the decision to outsource activities in organization table 6.4. Cost savings was found to be the main reasons for outsourcing, regarded as the most important priority. Later in the study of joint venture, cost savings was less appreciated and not considered to be the key driver behind the JV as shown in table 6.8. However, prior to considering external alliances such as JVs in the LMIC healthcare system, providers need to ensure that there has been given attention to developing new

skills and meeting healthcare requirements to fulfil gaps and opportunities in the healthcare system that impacts stability and the success of joint venture.

8.4 Summary of the Chapter

This chapter covered the framework for the implementation strategy of the JV in the LMIC healthcare system and the results discussions presented in this chapter are discussed in detail in the basis of the data analysis finding shown in chapter 6 and carried out proposition testing in chapter 7. However, the explanation of the framework took considerable effort to ensure both the research questions and relevant theories discussed in chapter 2 and 3 of the literature review gained support for the rationale of this research. The framework for implementation of the JV in the LMIC healthcare system has been divided into three phases: the JV motives and partner selection, the JV ownership and control and the performance satisfaction. The result finding discussions focused on finding the meaning and importance, how the proposition supports the results and finding relation to previous research. Additionally, the discussion of these findings has given an opportunity to explain the meaning of the result findings. Moreover, the result validation explained how the results support the answers and how the answers fit in with the existing knowledge on the research topic. Furthermore, the meaning and the importance of the findings can be summarised into three areas; HMC contributions to healthcare reform in as a model for LMIC, outsourcing benefits and the selection of the JV approach. In addition, several important motives explored in the JV success for improving of LMIC healthcare system.

Later in this chapter, there was discussion about to what extent the research study provided an adequate test for proposition and how the data support these propositions and how they are supported with test strictly carried out with theoretical background study conducted in chapter 2 and 3 and the findings of the result analysis in chapter 6. Also in order to explain the meaning of the findings and why they are important, further demonstration on how the results analysis concluded with identifying the major findings. These findings grouped under eight leading factors to support the proposition testing and validation process by using ISM model as elaborated in chapter 7 which helps the development of the research implementation strategic formwork.

Further, this chapter looked to the relation of this research with previous studies from three different perspectives: what are the options are in partner selection, measurement of partner satisfaction and how JV control was addressed in earlier studies. However, the previous research and its relations with the findings was chosen based on a defined criteria sample as shown in table 8.1.

Finally, although tested the proposition of the research clearly indicated a rigorous theoretical foundation, some unexpected results were also observed. The area of JV in healthcare is complex and especially when it is being related to developing countries. There is a significant lack of empirical evidence in this area. In spite of cultural differences between partners and its impact on IJV performance, there are some common issues found in the IJV research, but the findings indicate that it can be overcome with foreign partner business knowledge and solid strategy. Trust between partners was found to be the most important priority. Also unexpectedly, the results witnessed disappointment in the area of technology transfer which happened to be

much worse than expected. Management capabilities received the highest score of better than expected. Nevertheless, all findings of this research should serve as a foundation for the design and implementation of future research.

CHAPTER-NINE

SUMMARY AND CONCLUSION

9.1 Introduction

This chapter intends to give the summery overview and conclusion of this research study. The main aim of the research was to widen the understanding of the determinants of the JV performance by a development framework for assessing a JV model as of outsourcing option that can lead to process improvements in the LMIC healthcare system. Traditionally, outsourcing in healthcare has primarily been driven by cost effectiveness objectives and a focus on core business strategies in order to improve the quality of services. However, in low-income countries different challenges necessitate a more comprehensive approach to improve the quality of care and the research intends to explore these gaps in the study.

The research questions listed in section 1.4 were carefully discussed and answered in earlier chapters based on literature review and the investigation of framework of the various concepts relevant to the research intended to explore factors affecting the successful implementation of the JV for the outsourcing of the LMIC healthcare services. The finding map were analysed within three stages of semi-structured interviews, group discussions and survey questionnaires. These questionnaires were also guided by interviews with healthcare providers, policy makers, vendors, consultants and other stakeholders from both low and middle-income countries.

However, the survey questionnaires strongly determined by factors such as but not limited to sample selections and availability to data sources.

By examining alternative models of frameworks and leverage on indicators appear from survey findings. The results analysis further caused to discounted factors that are more applicable to developed countries and give more close attention to factors related to developing countries. Finally, the tested proposition guided theism discussion and validation. This ultimately, served as a strong base for the development of the framework as an implementation strategy of the JV in the LMIC healthcare system.

The purpose of this chapter is to summarise the major result analysis outcomes, discuss both the theoretical and practical implications of these findings while highlighting the limitations and possibilities for future research. The chapter is divided into five sections: overview on research findings, discussion on both the theoretical and practical implications, outline of limitations of the study and finally recommendation of future research work.

In understanding that, low-income countries creates a different set of challenges and calls for a more comprehensive approach to improve the quality of care. This research intends to explore these gaps in the study, the aims of this research:

“To develop a framework for assessing a JV model that lead to process improvements in healthcare system in low and middle-income countries.”

This study seeks to achieve the following research objectives:

1. To investigate the benefits of JV model in LMIC healthcare system improvement.
2. To document the different healthcare JV strategies.
3. To explore the challenges relating to implementation of the JV model in LMIC healthcare system.
4. To conceptualize the framework for evaluating the proposition relating to factors affecting the implementation of JV model that lead to process improvements in the LMIC healthcare system.
5. To validate the framework with relevant theoretical anecdotal research perspectives related to healthcare outsourcing option for LMIC.
6. To develop a strategy for the implementation of the JV model in the LMIC healthcare system.

9.2 Summary of the Finding

In view of the research questions and relevant theories explored in the literature review to gain support for the rationale of this research. The main research finding were discussed and validated within the respective three chapters: first, chapter 6 looks deep inside the analysis of the three stages of semi-structured interviews, group discussions and survey questionnaires. Secondly, chapter 7 focuses mainly on testing and validity of research proposition that reveals some interesting understandings, including key identified factors discussed earlier in section 3.3 that contribute to successful joint ventures in the LMIC healthcare system. Later this chapter will look at how careful framing of a JV flow chart by using the ISM model assisted in detailed testing and validation of the given proposition. Lastly, chapter 8 covered the

framework for implementation of the JV in the LMIC healthcare system and was divided into three phases; the JV motives partner selection, the JV ownership and control and the performance satisfaction. Also chapter 8 included the result finding discussions focused on: finding meaning and importance, how the proposition supports the results and finding the relation to the previous research.

This section will synthesize the result findings to answer the research questions as related to respective study objectives.

9.2.1 Investigation of Healthcare Outsourcing

To investigate the benefits of healthcare system outsourcing in relation to the JV approach, questionnaires were developed to discuss the first research question about the areas to be considered for the implementation of outsourcing LMIC healthcare services with primary emphasis on the study of the effect of outsourcing on the health sector performance and improving the health outcomes of LMIC healthcare services. So, for that:

1. The first research question aimed to study and understand areas to be considered for the implementation in the outsourcing in the LMIC healthcare services. That implies practically as elaborated in chapter 3, to study and develop clear understanding on the outsourcing concept and how it evolved over the last 30 years. The concept of healthcare outsourcing how it is emerged in the healthcare sector. Finally, the extent of its impact on the improvement of the healthcare services. Subsequently, this allowed for the exploration studies discussed for the implementation of outsourcing in the LMIC healthcare system.

2. In section 7.2.1.1 of proposition discussion the findings in this research provide support for the argument that the environment and the type of performance measure may explain the provision in the JV FP compared with a NP healthcare organization.
3. The study results emphasized that HMC should create added value business to support the community of Taiz and the Medical City, as opposed to concentrating on medical services only. In addition, as support for the FP approach, the findings supported the opinion that healthcare system in Yemen should be through a combination of applying a social insurance system, a cooperative community insurance system and payment per capita.
4. In studying the barriers and challenges in outsourcing the results shows disagreement with the presence of the legal framework in the LMIC to facilitate contracting between the public and private sectors.
5. As opposed to developed world, where most of scholars identified cost saving as the main drivers of outsourcing in healthcare sector (Currie & Willcocks, 1997; Power & Bonifazi, 2006; Kremic *et al.*, 2006), the findings of this research reveal access to the best practices and leading technology and innovation together have been the main driver for an outsourcing decision in the LMIC healthcare sector. In addition, developing new skills was also chosen to be the key driver behind JV success for the healthcare improvement. Accordingly it was found that the partner's contribution was the most difficult challenge during negotiations. However, in reflection to a company's commitment to the business, the results the support the findings showed that

the parent company was willing to send managerial resources and an expatriate on a long term basis.

6. The relationship between partner experience and improvement of quality of healthcare in the LMIC was tested in section 7.2.1.2 with proposition P8. The study examined the use of the parent firm's experience in joint ventures for the improvement of the quality of the LMIC healthcare and was evaluated by three different distinctions;

First, the JV expectations, JV was found meeting the initial objectives and create long lasting results. Meanwhile, the result findings indicated the satisfaction with the overall JV performance either met or exceeded expectations. Most respondent interpreting their satisfaction to better than expected.

Second, technology transfer, In view of high expectations for international firm, the results revealed disappointment with technology transfer and even happened to be much worse than expected. In contrast, management capabilities received the highest score of better than expected, which indicates short term gains had been observed. That implies less emphasis has been given on long term objectives toward critical issues such as technology transfer that will have a long term impact on JV stability and growth.

Lastly, the need for partner involvement, as expected the need for partner involvement in the JV as compared with the initial expectations at the time the business venture was formed. This is possibly due to the clear understanding of both partners of the long-term importance of strategic partnership which provides a

context to utilize their deep involvement in developing best practices and resources for business success. The in-depth interviews of Karlsen *et al.* (2003) revealed similar insight into the importance for the local partner to enhance learning from other experiences dealing with other cross-cultural interactions enhance and ensure further success in wider involvement of inward and outward activities.

9.2.2 Motives for Outsourcing

In order to further build up on the documentation of different healthcare outsourcing strategies, questionnaires were constructed to answer the second research question that identifies the fundamental motivation for selection of outsourcing option. For that, the main finding of motive for outsourcing as follows;

1. Culture attributes have been found to be one of the most important drivers in JV performance. The finding highly regarded the importance of development of new skills, that highly impact on the country economic growth and development.
2. The developing country's market is challenged by the often conflicting obligations of improved service quality and reduced costs. Research findings suggest that, in order to implement JV that will contribute in any healthcare reform in LMIC it is equally important to establish cultural understanding that can enhance trust between partners; a trust which leads to higher performance.
3. The findings supported the fact that developing new skills and meeting healthcare requirements was considered to be the most important driver for JV success. Interestingly, reducing costs and risks surprisingly were found to be less important.

9.2.3 Implementation of Joint Venture

To explore challenges relating to implementation of outsourcing in LMIC healthcare system, the third research question was developed around the investigation of factors affecting the implementation of the JV as an outsourcing relationship which could support the process of improving LMIC healthcare system. Initially, this research was built on the previous work of Demibra and Mirza (2000) model in relation to the three factors: conflict/control, commitment and relationship as in figure 4.3 and other research work that made efforts to identify factors the lead JV performance (e.g. Ali, 1995; Demirbag & Mirza, 2000; Wilson & Brennan, 2007; Zheng & Larimo, 2010; Robson *et al.*, 2013). Accordingly, identification of eight factors that can affect the JV performance as means of an outsourcing relationship in the LMIC healthcare system using HMC as a case study were identified and investigated. The case study research method is also used for exploratory theory development and validation (Yin, 2002). A case study can enable researchers to generate a rich understanding of the research question from a small number of situations while using a range of data collection methods (Eisenhardt, 1989). In chapter 7 these factors were tested with developed proposition and validated by using IMS model to allow for the development implementation strategic framework for LMIC healthcare improvement.

Chapter 8 detailed the discussions of the research findings in relation to these eight factors, which helps in the development of framework model for implementation these factors in the process improvement of LMIC healthcare system. These factors have been specifically consolidated with a particular testing of selective proposition for successful adaptation in the LMIC healthcare system due to extreme resource limitation and absence of basic infrastructure within developing countries. As follows:

1. The relationship between the JV of the LMIC healthcare services overall decision control and stage implementation in terms of success and stability was the proposition. The proposition relationships was supported by the results that measures the extent of both the frequency and intensity of inter-parent conflicts between parent firms. The results indicated that within the partnership there rarely was a disagreement toward the partner's attempt to control key decisions in the joint venture, nor was there observed on the part of either partners an attempt to make changes in the terms of JV contract.
2. In studying the domination of the control of key decisions in the joint venture, an encouraging result found in HMC's role in country healthcare improvement. Findings indicated that HMC should contribute in improve the overall healthcare in the Taiz region (not to provide medical services only in the Medical City), which would provide to both tertiary and primary cares.
3. Similarly, the findings revealed satisfaction that the JV performance as the management capacity was positively reflected as better than expected compared with initial expectation.
4. In testing relationship between LMIC healthcare services JV performance and partners trust each other, have mutual need of commitment and cooperation. Interestingly, finding provide evidence of inter-partner trust associated with need for parent involvement chosen to be the most priority that serve as the basis for successful JV. Likewise, in further examination of to the key elements that constitute a successful joint venture, trust between partners has been nominated to be the prime element that assist in resolving any conflict and arraying perceptions

and expectations towards building trust relationship. Seeing the significances of trust.

5. In different prospective, the capital contribution and management control relation was proposition in section 7.2.3.3. Known that, partner's contribution was found to be the second most difficult challenge during negotiation after establish clear agreement on objectives, but surprisingly it was felt to be the first place once the JV was up and running. This in assumption it is due to the fact that, meeting the healthcare requirements found to be the most important driver behind the JV success. In addition to that, results shows the parent company very often willing to send expatriate managerial resources on a long term basis was reflected as means of commitment to the JV success. That confirms the finding, in which partners perceived greater contributions from their partners are likely to be considered more satisfactory.

9.2.4 Lessons Learned from Implementation of Joint Venture in LMIC Healthcare System

Upon completion of the research strategic framework for implementation of JV in LMIC healthcare system as described in figure 8.1. Attention has been drawn for the finding related to lessons learned from JV model that can help to shape the healthcare system in LMIC. Based on research case study in JV approach for LMIC healthcare system and how it can contribute in the country overall healthcare improvement. In which, the results highly support HMC contribution to healthcare reform as a model for LMIC. The significance of the results finding lesson indicates that;

1. The first priority in developing countries has been shifted more toward addressing the need for improvement in quality and efficiency of health services. However, the previous research over the last three decades, indicates that cost-savings and freedom to focus upon core business are still major reasons for outsourcing (Currie & Willcocks, 1997; Deloitte, 2005; Power & Bonifazi, 2006; Aramark Healthcare, 2011a).
2. In view of limited or none experience of the local partner in most of developing countries it was obvious that the structure of decision making and management control of the JV tend to be established in different ways in comparison with developed countries. In that sense, the finding demonstrate that the foreign partner obliged the authority to appoint the key management staff and develop the managerial and control processes and setting the stage for implementation of plans.
3. Based on the common understanding that cultural differences seem to have a strong influence on IJV operations. The differences in cultural backgrounds between partners have been perceived as a threat to the survival of IJVs (Barkema & Vermeulen, 1997). However, a similar culture is not always the most valuable resources in terms of effect on IJV performance (Li *et al.*, 2001) or may not affect IJV performance at all (Beamish & Fey, 2001).
4. The results finding support important lessons in having international partners' knowledge of the market and business practice to create added value business and contribute in country growth and stability. As such, finding articulate the effective contribution of international partner in developing skills of local partner which in return will suppress any issues arises from culture difference and create a positive impact on JV performance.

5. In other part of the study, the results validated the justification of satisfaction with deep partner knowledge of the market and business practice. In that situation, the finding shows no trace for partner's attempt to neither make changes in the terms of JV contract nor control key decisions in the joint venture.

9.3 Theoretical Implication

This section provides an overview of the theoretical implications of the results findings combined with the research questions and how this merges into the existing understanding and developed theories. Also, it demonstrate how its influence further understanding and contribution to knowledge's in the area of the research. Such understanding, supported by Datta (2006) argument that the existing theories do not effectively address the issue of uncertainty in an outsourcing process, which is the main reason they fail to act as normative theories. Add to that, the complexity of the healthcare system has added another factor to formulate in regards to the specific limitations surrounding the LMIC. The theoretical implications fits within:

1. To narrow the research question, three basic theories reviewed earlier in chapter 5 were utilised: first, the resource dependence theory which considered as a major theoretical perspective to understand joint ventures and other inter organizational relationships such as strategic alliances and partnership agreements.
2. The resource dependence theory that takes strong standpoint, that in order to understand the behaviour of an organization you must understand the context of that behaviour. Whereas, the ecology of the organization by controlling

resources which serve as a basis to address the issues related to the research questions. However, in relation to areas to be considered for outsourcing LMIC healthcare services. In addition to that, RDT found to be emerged as an important explanation of the JV resources control. Also, it determined firm level performance by emphasizing a firm's ability to create and sustain competitive advantage by acquiring and defending advantageous resource positions (Leiblein, 2003). Meanwhile, RDT suggests that the choice of activities of control is important to the JV performance (Choi, 2001) which in turn leads to the next theory. Additionally, the findings identified a limitation of investigating outsourcing decision from the perspectives of transaction cost theory. The study results shows the priority in LMIC has been shifted more toward development new skills and meeting healthcare requirements. In view of the prospective, that this theory is based largely on the economic foundation and pays less attention to other important context of an organization in the outsourcing decision in the healthcare setting in the LMIC. Some scholars (Mjoen & Tallman, 1997; Guidice, 2001) proposed the combination approach between transaction cost and resource dependence in the IJV research, which leads to subsequent theory.

3. The transaction cost theory which provides evidence for an alternative understanding of the research question; the fundamental motivation for outsourcing. Outsourcing is less driven by transactional cost factors and more by resource considerations. However, in terms of dealing with uncertainty which is likely in any outsourcing decision, transaction cost economics has been found less useful. The main critique of transaction cost economics is that

while it is a useful positive theory it creates problems when applied in a normative sense (Ghoshal & Moran, 1996).

4. The JV theory that helps to serve as corner stone for the third research question in connection with the factors affecting the implementation of JV in LMIC healthcare system improvement. However, in highly uncertain LMIC markets in particular where country stability and local government laws are of great risk, IJVs tend to outperform wholly owned subsidiaries because of the substantial benefits to the local partner (Brouthers, 2002). No doubt, the JV enables partners to access each other's complementary resources and capabilities in order to achieve economies of scale and to develop adequate service more effectively than could be done by a local partner acting alone without any support from a strategic partner. However, in reality each theory has its own limitations and the use of one single theory in previous research about IJV control and performance has produced conflicting results (Le *et al.*, 2009). Thus an integration of multiple approaches to enhance better understanding of IJV control is necessary (Yan & Gray, 1994; Kogut, 2002) which lead to the next optimum theoretical approach.
5. Since researchers are found to be divided on what is best theory to apply for the JV success it is better use the integrated approach that includes joint ventures and other theoretical options depending on JV development stage. Any JV is highly influenced by external and internal environments as described in figure 8.1 of the conceptual framework for implementation of the JV for process improvement of healthcare systems. The fourth research question based on the research learned lessons in the use of an integrated

approach. Ghoshal and Moran (1996) said that the transaction cost theory leads to the conclusion that an alternative understanding of outsourcing is offered by the resource and knowledge-based theories. According to these perspectives, outsourcing is less driven by transactional cost factors and more by resource considerations.

6. This research has provided empirical support for the expectation and findings for the argument that the environment and the type of performance measure may explain the provision of the JV FP compared with NP healthcare organization which confirms similar findings of Smith (2001) explanation in view of lack of a significant difference in profitability lends support to the argument JV NP hospitals may exhibit similarities in financial characteristics to FP hospitals. Also, his results indicate that FP hospitals were more profitable than NP hospitals on all measures.
7. The findings of this study provide further empirical evidence to verify trust between partners as being the most priority element that constitutes a successful joint venture. When the JVs are faced with high environmental uncertainty, the foreign parent firms may need to provide the IJVs with more autonomy and to allow them to be more flexible so that they can deal with uncertainty in more effective and efficient manner. The same is indorsed by different studies that place emphasis on the importance to establish cultural understanding that can enhance trust between partners which will lead to higher performance. In particular, Gray and Kim (2009) suggested that when studying cultural distance or similarity in IJVs, researchers should also take

cultural sensitivity into consideration. Organizational culture distance can also influence IJV performance (Sirmon & Lane, 2004).

9.4 Practical Implications

The study findings concluded with the recommendation for the strategic framework for implementation the JV as an outsourcing relationship in improvement of the LMIC healthcare system discussed in section 8.2, which integrates all aspects of the JV process with the related performance measures. In this regards:

1. The developed framework has implications for practice for all stakeholders concerned with health policy and service providers. It provides a clear road map for foreign partners in how the JV can be successfully applied in the LMIC healthcare system. Additionally, it helps the donor countries scale up their contribution based on the sustainable and added value model.
2. At the micro level, it guides stakeholders in the selection of a JV partner. This research discussed and identified both internal and external factors that impact in JV success, which allow both partners to develop clear understanding of each other motives.
3. Additionally, the data from this study revealed several tangible practical applications which lay the ground for future study. Such implications intended to provide a clear guide for further research on how to measure the JV performance in the LMIC healthcare system. In addition to that it will help in understanding how to create a balance between improvement

of healthcare systems and the contribution in country-wide growth and development.

4. More specifically, this study provides healthcare providers and hospitals managers with information on how to make an informed decision towards considering JV arrangements with a technology driven partner. At the same time, it allows for better understanding of the implications in implementing a JV for process improvement of the LMIC healthcare system.
5. Interestingly, this study contributes to a better understanding of the implementation of positive consideration of international partner knowledge of the market and business practice rather than similar cultural attributes. This is more applicable in specific context of FP's organization model discussed and validated in proposition explored in section 7.2.2.1.
6. Lastly, the proven evidence of the benefit of use of a JV as an outsourcing relationship in the process improvement of the LMIC healthcare system. Prior to applying such an approach, it is important to evaluate each case independently because more work is required to quantify cost and benefits toward core and none-core services online with health practices.

9.5 Limitation of this Study

This research encountered several limitations. Subsequently, the study results should be perceived in view of explored limitations of this study. In summary:

1. This research examined selected factors related to JV success in the LMIC healthcare system, mainly from the local parent's perspective and limited to one case study. However, it did not fully determine the foreign partner's involvement and concerns. Future research possibly needs to test these factors from various partner perspectives.
2. The scope of study was bound to a single country, the Republic of Yemen. Yemen was selected in particular to study because of the positive impact that would occur with the implementation of the JV concept as in the case of HMC and also because of Yemen's utmost need for health system reform. The global burden of non-communicable diseases is expected to increase as a result of two related demographic phenomena (Bloom, *et al.*, 2011a, 2011b), first the rise in global population and second the growth of the older population. Yemen's health expenditure accounts for about 2% of GDP and 4.8% of total government expenditure (WHO, 2012).

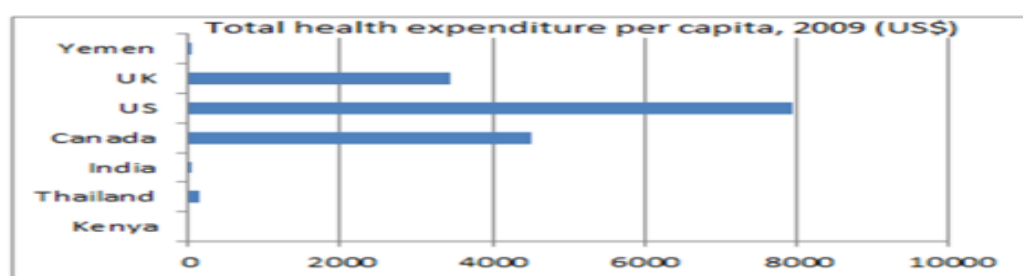


Figure 9.1 Total Health Spending in Selected Countries (WHO, 2012)

Figure 9.1 shows the total health spending in selected countries. Nevertheless, expanding the study to include various developing countries would have been perfect to provide a broader selection and enhanced observation of the data. However, a

research project of such extent was not attainable in view of limited information for these countries and volatile situations are always a concern

3. Respondent bias is a potential limitation of this study for two reasons. First bias, the initial stage of survey targeted only senior management who were equipped with needed knowledge and experience. This, in view of the country's limited qualified resources, in table 5.1 the survey was conducted on one-to-one semi-structured interview basis with a selection 6 policy makers, 11 healthcare providers and 4 consultants provided a clear understanding about the healthcare setting and challenges.
4. Another bias, in the general interview and group discussion with 50 members who were healthcare providers, policy makers, vendors and consultants varying from high, mid and low-income countries. They participated in group discussions which took place in Taiz, Yemen. An electronic voting system was used to obtain feedback based on exploratory questions about the best healthcare system that would be best fit for the LMIC based on HMC case study. The selection of members was made for a particular purpose in order to develop a clear picture from all potential players possibly involved with such a project in the future. However, it was noticed that during the discussions the participants from developed countries known their in-depth knowledge and experience made some influence the other member's viewpoint and contribution. Later, this taken into consideration while developing stage two and three of the survey questionnaires.
5. In the sample selection in the third set of survey questionnaires another possible limitation of this study was found. A 188 participants from

government and public agencies, healthcare providers, consultants, others who had mixed expertise in the field which was surveyed for this research. These participants from LMIC's were specifically chosen to ensure valuable input based on their knowledge of healthcare system challenges and needs. To compensate, the other chosen participants with experience in the healthcare area were consultants, vendors and others with expertise mostly from developed countries.

6. Chenhall (2003) and other scholars, with advanced in contingency-based research, suggested it would be best served by developing and refining the theory within its organizational core; but, rather a variety of theories may be used to explain and predict the conditions under a particular management control system. The current research has established some perspectives in the use of integrative approach as discussed in section 4.3.8, in the study of contemporary IJV settings by the integration of the LMIC healthcare system with healthcare providers in developed countries. This will provide a great chance to introduce innovative approaches for healthcare delivery systems and has the potential to provide more effective patient care that will also allow for opportunities for growth and expansion. However, the integrative approach was touched upon very briefly in this study and in view of its importance for its flexibility and adaptation in such volatile regions. Opportunity has come for researchers for exploration of this approach and to provide further elaboration.

9.6 Future Research Work

Various areas in which future research work can be directed for the implementation of JV for process improvement of LMIC healthcare system are in four broad areas, such as:

1. Future research can explore further the unexpected results of this study. While the proposition of the research clearly indicated a strong theoretical base, several unexpected results were also observed as elaborated in section 8.3.6. Meanwhile, as this area of study is considered complex, there is a shortage of empirical evidence in view of the lack of studies directed toward the LMIC healthcare system. As a matter of fact, all findings of this research serve as a foundation for design and implementation of future studies.
2. Further research can be consolidated toward the limitations of this study. Such limitations can be directed to areas such as: more case studies in multiple countries; to include a wider sample selection to provide a substantial mix of potential partners from high, mid and low-income countries; and to explore the use of an integrative approach by studying contemporary IJV settings of the LMIC healthcare system with healthcare providers in developed countries.
3. Based on the significant findings in this study further research can be focused in development of a guidelines for improvement quality and efficiency of LMIC health services because the evidence of this study's findings indicate that the first priority in developing countries has shifted more toward addressing the need for improvement in quality and efficiency of health services.

4. In view of expected local partner's limited capacity, the study's findings support the idea of the foreign partner commanding the authority to appoint the key management staff and develop the managerial and control processes and setting the stage for implementation of plans. Further research can be devoted to the impact of foreign partner control and the JV partner's mutual need for commitment and cooperation.
5. With findings that the foreign partner's market knowledge and business practice will add value to the JV and contribute in the country's growth and stability, further research needs to be conducted on how effective contributions of foreign partners are in developing skills of their local partners and will, hence, suppress issues that surface from culture differences and create a positive impact on the JV performance.
6. Future research can expand with further test and validation of individual factors indicated in this study. In addition, multiple industries can be included in the study to help broaden the knowledge. Moreover, the exploration of various developing countries would have been perfect to provide a broader selection and further enhance observation of the data for this research.

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APPENDICES

Appendix A: Survey questionnaires - covering letter

Subject: You are invited to a research survey – Improvement of Healthcare Services in Low- and Middle-Income Countries through the development of a successful outsourcing plan

Dear:

You are invited to participate in a research study titled “Improvement of Healthcare Services in Low- and Middle-Income Countries through the development of a successful outsourcing plan”.

This study is being conducted by me (Ahmed Al-Mazroei) the School of Build Environment University of Salford- Manchester, UK. The purpose of this study is to develop a strategic framework for assessing JV model as means of outsourcing option that Lead to Process Improvements in healthcare system in Low and Middle-income countries (LMIC)

In this study, you will be asked to complete an electronic survey. Your participation in this study is voluntary and you are free to withdraw your participation from this study at any time. The survey should take only 10 minutes to complete.

This survey has been approved by the College Ethic panel of University of Salford. There are no risks associated with participating in this study. The survey collects no identifying information of any respondent. All of the response in the survey will be recorded anonymously.

While you will not experience any direct benefits from participation, information collected in this study may benefit the healthcare in Low and Middle-Income countries in the future by better understanding of development of outsourcing option that lead to process improvements in LMIC healthcare system.

Participation in this questionnaire is voluntary and you may choose to withdraw at any time. Your individual answers will be treated in confidence and the responses from all the completed questionnaires will be aggregated for use in the research report. If you would like to receive a summary of the research findings, please provide your contact details at the end of the questionnaire and these will be shared after the data has been aggregated and analysed. Should you wish to withdraw at any stage, your responses will be destroyed immediately.

All data will be password protected and will be kept in a secure place by the researcher. This data will be destroyed within 2 years of receipt for electronic responses and hard copies of any Responses will be destroyed immediately after they have been entered for analysis.

If you have any questions regarding the survey or this research project in general, please contact me on the below address or my advisor Prof. Arif Mohammed at E-mail: m.arif@salford.ac.uk or Phone no: +44 161 295 6829.

By completing and submitting this survey, you are indicating your consent to participate in the study.

Your participation is appreciated.

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Please click on the survey link below and provide us with your feedback no later than

Month, Day, 2013?

<http://www.....com>

This invitation does not imply any endorsement of the survey research and/or its findings. The survey contents and findings are the sole responsibility of the individual conducting the survey.

Appendix B: Second stage survey questionnaires

What are the main benefits that outsourcing could bring to the Health Sector in Yemen on priority basis for hospital services?

The main benefits that outsourcing could bring to the Health Sector in Yemen	Priority One		Priority Two		Priority Three		Total	
	No.	%	No.	%	No.	%	No.	%
Improvement in Access to health services (provision, coverage and utilization)								
Improvement in Quality of health services								
Improvement in Equity in the provision of health services								
Improvement in Efficiency in the provision of health services								

Adapted from (DELOITTE, 2005)

What are the reasons that would drive the decision to outsource activities in organization?

Select priority 1-8 (1= Most 8= Least)

Reasons would drive the decision to outsource activities in your organization	Priority
Improve Quality of the Services	
Focus on Core and Strategic Functions	
Cost Savings	
Lack of Expertise In-House	
Access to Best Practices and Leading Technology / Innovation	
Access to High Caliber Labor	
Transfer Risk to Vendor	

What are the Potential Areas to be considered for Outsourcing?

Functional Area	House keeping	Food Service	Laundry	Resources	Imaging	Pharmacy	Patient	Accounting	Laboratory	Maintenance	Security	IT
Options												
Enough capacity to handle current requirements and future growth in-house & outsourcing would NOT add any value.												
This is considered a core/strategic function in my organization and should not be outsourced. We have adequate internal capacity and DON'T need any support/technical assistance to strengthen our in-house capacity												
This is considered a core/strategic function in my organization and should not be outsourced; however, we need support/technical assistance to strengthen our in-house capacity.												
Enough capacity to handle current requirements, however if I outsourced this function it would allow my organization to focus more on our core/strategic functions. Outsourcing may bring benefits to my organization.												
In-house capacity is not adequate, this is not a core/strategic function in my organization and this function would definitely benefit from outsourcing.												
Not applicable or I don't have enough knowledge to provide an opinion												
Already outsourced in my organization.												

What are the Barriers/Challenges for outsourcing in Yemen?

Barriers/Challenges for outsourcing in Yemen	Agree	Disagree	I Do Not Know
Does the Central Government/Ministry of Health have policies in place for dealing with outsourcing?			
Does the Central Government/Ministry of Health have policies in place for regulating the provision of services/technical assistance by NGO's?			
Is there an enabling political environment for the execution of contractual arrangements			
Does the political environment influence the negotiation and execution of contracts			
Do you consider that the legal framework in Yemen facilitates contracting between the public and private sectors?			
Do you consider that there is enough capacity among the public Health sector organizations for the monitoring and evaluation of contracts?			
Do you consider that there is transparency in the handling of tendering and contractual processes			
Have you had any negative experiences related to contractual issues			
Have you had any positive experiences related to contractual issues?			

(Adapted from Siddiqi *et al*, 2006).

Appendix C: Third stage survey questionnaires

What are the key drivers behind JV success for the improvement of LMIC healthcare system?

(Top reasons for forming a joint venture)

Select the top reasons why you entered a joint venture.

(Select only three reasons and rank them from 1 to 3)

1=most important reason for entering into a JV

2=second most important reason for entering into a joint venture

3 =least important reason for entering into a joint venture

Key drivers behind JV success	Ranking %		
	Least important	Average important	Most important
Reducing risks	2	57	40
Reducing costs	2	46	52
Developing new skills	4	23	72
Blocking the competition	66	30	4
Meeting healthcare requirements	2	26	72
Developing new technologies	21	43	36
Other			

Based on KPMG <http://www.kpmg.com/KY/en/IssuesAndInsights/ArticlesPublications/PublishingImages/Joint-Ventures-tool-for-growth-downturn.pdf>

Satisfaction with the overall JV performance

How successful was the joint venture?

(Please select only one)

Worse than expected	12 %
Better than expected	19 %
As expected	70 %

Key success factors

What are the key elements that you believe constitute a successful joint venture?

Select priority 1-6 (1= Most 6= Least)

Key elements	Priority
JV formal structure	2
Composition of governing bodies	4
Partner's strategic compatibility	3
Trust between partners	1
Interaction between colleagues	5
Communication between partners	4
Others	

Please indicate your level of satisfaction with the JV agreement and other governance procedures within your JV partnership with regard to the following aspects:

1=Not satisfied, 2= Somewhat satisfied, 3=Satisfied, 4=Very Satisfied, 5= Completely satisfied

Governance aspects	Level of Satisfaction %				
	1	2	3	4	5
Protection of intellectual property or proprietary information contributed by JV partners	12	24	41	21	3
Ownership of new intellectual property developed by the JV	6	29	35	26	3
Resolution of disputes or disagreements among JV partners	9	15	38	26	12
Verification of work task performance among JV partners	6	21	44	21	9

Based on ATP website: <http://www.atp.nist.gov/eao/gcr06-889/factsheet-10.htm>

Foreign or local parent firms' level of influence on JV strategy formulation

What is the extent of your company's influence on the joint venture's strategy formulation?

influence on the joint venture's strategy formulation	Rating %				
	Very Important	Important	Neither Important Or unimportant	Unimportant	Very Unimportant
No influence or advice given at all	13	20	23	40	3
Some advice given	0	11	19	52	19
Some basic directions have to be followed	-	3	3	62	31
Active participation in the formulation process	6	-	6	35	52
The whole strategy determined by parent	7	10	21	38	24

Commitment

To what extent do the following statements reflect your company's commitment to the business venture?

1. Does not reflect our view at all
2. The parent company tries to ensure that each partner knows what to expect from the joint venture

3. The parent company is willing to send managerial resources on a long term, expatriate basis
4. The parent company has plans to extend the scale of operations
5. Completely reflects our view

Commitment to the business venture	Frequency				
	Never	Seldom	Sometimes	Often	Very Often
The parent company tries to ensure that each partner knows what to expect from the joint venture	-	10	13	48	29
The parent company has plans for increasing levels of assistance to the joint venture	-	6	33	39	10
The parent company is willing to send managerial resources on a long term, expatriate basis	-	10	26	35	29
The parent company has plans to extend the scale of operations	-	10	23	48	19
The parent company completely reflects our view	3	16	35	39	6

Joint Venture Performance

How would you assess the following activities of the JV as compared with your initial expectations at the time the business venture was formed?

Activities	Scale %		
	Much Worse than expected	As expected	Better than expected
Cost control	23	62	15
Business climate	19	65	15
Management capability	19	46	35
Technology transfer	31	46	23
Need for parent involvement	15	73	12
Customer service	19	50	31
Inter-partner trust	15	54	31
Inter-partner co-operation	16	68	16
Achievement of strategic aims	23	54	23

Problems encountered during the negotiation and operational stages of the joint venture.

What problems encountered during the negotiation stage of the joint venture:

Challenge/Problem During Negotiation Stage of the JV	Rating				
	Strongly agree	Agree	Neither agree or Disagree	disagree	Strongly disagree
Partner's contribution	4	22	19	56	-
Formal structure	4	11	19	63	4
Valuation of intangibles	-	20	28	44	8
Ownership structure	4	7	33	41	15
Governance bodies	-	7	7	67	19
Management control	-	15	8	58	19
Processes to carry out	-	15	26	52	7
Performance evaluation	7	26	19	33	15
Clear agreement on objectives	7	22	15	33	22

What problems encountered during the operational stage of the joint venture:

Challenge/Problem During Operational Stage of the JV	Rating				
	Strongly agree	Agree	Neither agree or Disagree	disagree	Strongly disagree
Partner's contribution	8	24	28	36	4
Formal structure	4	17	33	46	-
Valuation of intangibles	0	17	38	42	4
Ownership structure	0	33	33	17	17
Governance bodies	4	29	13	42	13
Management control	4	13	21	42	21
Processes to carry out	-	25	21	50	4
Performance evaluation	4	25	25	38	8
Clear agreement on objectives	13	29	8	42	8

What issues have required renegotiation and required changes in the initial terms of the contract?

Issues that required renegotiation	Rating %				
	Strongly agree	Agree	Neither agree or Disagree	disagree	Strongly disagree
Partner's contribution	4	22	15	37	22
Formal structure	4	22	37	22	15
Valuation of intangibles	7	15	37	33	7
Ownership structure	4	31	15	35	15
Governance bodies	4	26	7	33	30
Management control	7	11	11	44	26
Processes to carry out	7	22	7	33	30
Performance evaluation	7	11	15	37	30
Clear agreement on objectives	15	11	7	30	37

Questionnaire to measure both the frequency and intensity of inter-parent conflicts

How often and to what extent have conflicts arisen between parent firms and their foreign partner over the following issues?

Please use the following “keys” for assessing both the frequency and intensity of conflicts.

For the frequency scale:

5= very often: occurrence approximately once every six months.

4= often: occurrence anywhere between approximately six months and once a year.

3= sometimes: occurrence less frequently than once every year but more frequently than once every two years.

2= seldom: occurrence less frequently than once every two years.

I= never: never occurring.

For the intensity scale:

1=verbal disagreement within the JV.

2=Written disagreement within the JV.

3=Board disagreement within the JV.

4=Disagreement which goes to parents' board.

5=Disagreement which causes arbitration

Questionnaire to measure both the frequency and intensity of inter-parent conflicts	Frequency of disagreements %					Intensity of disagreements %				
	Never	Seldom	Sometimes	Often	Very Often	Verbal	Written	Board (JV)	Board (partners)	Arbitration
Separating the operations of the JV from those of the parent companies	21	17	38	25	0	33	22	33	6	6
Committing a large proportion of JV outputs to a parent company	15	13	46	21	4	33	28	22	17	0
Prudence in procuring much of the input needs of the joint ventures from either of the parent companies	4	21	38	29	8	24	18	47	6	6
Partner's attempt to make changes in the terms of JV contract	17	25	33	25	0	6	39	22	28	6
Partner's attempt to control key decisions in the joint venture	17	13	33	25	13	29	18	29	18	6
Expanding the JV or maintaining it at a certain size	4	21	38	21	8	22	17	56	6	0
Amounts of profit to be retained in the joint venture	13	13	52	22	0	18	12	47	18	6
Accessibility to foreign partner's up-to-date technology	8	13	50	25	4	35	24	29	12	0
Roles and functions to be performed by each partner in the joint venture	4	17	33	29	17	28	28	44	0	0
Issues regarding hiring policies in the joint venture	13	9	57	22	0	18	24	53	6	0
Interpretations of the terms of the JV contract	4	25	29	33	8	22	22	28	22	6
Division of benefits between the parent companies	17	26	43	4	9	13	25	44	19	0
Issues regarding performance of the JV and criteria used to evaluate performance	4	25	38	17	17	25	19	38	19	0
Others:										

Adapted from M. Demirbag and H. Mirza (2000)