

ABSTRACT

Joint ventures between domestic companies in developing countries and foreign companies have become predominant mode of entry into growing markets of developing world. Joint ventures in Nepal are rapidly on the increase, though they are relatively new phenomena in the Nepalese industry. This study examines Nepalese financial institutions and insurance companies established through the joint venture mode.

The objective of this research is to promote a better understanding of how firms proceed in selecting partners and identifying the critical issues to be included in the negotiation process for joint ventures in Nepal through the perceptions of local and foreign partners.

Census survey was conveyed as the population of financial institutions and insurance joint ventures in Nepal is only 13. Questionnaires were distributed to both, local and foreign, partners of a company. The data collected were encoded using the Statistical Package for Social Science (SPSS) version 11.5 for analysis.

According to the findings of this research, key factors to Nepalese partner for selecting partner are better access to local market, quality of management team, reputation and technology, whereas key factors in foreign partners' perceptions were better accessed to local market, quality of management, local business knowledge, and local political advantages. The key issues that Nepalese partner found to be important for

negotiation process were valuation of contribution, technology transfer, and board representation. On the other hand, foreign partners perceived that equity structure, technology transfer, valuation of contribution and changes in ownership share were more important in negotiation process.