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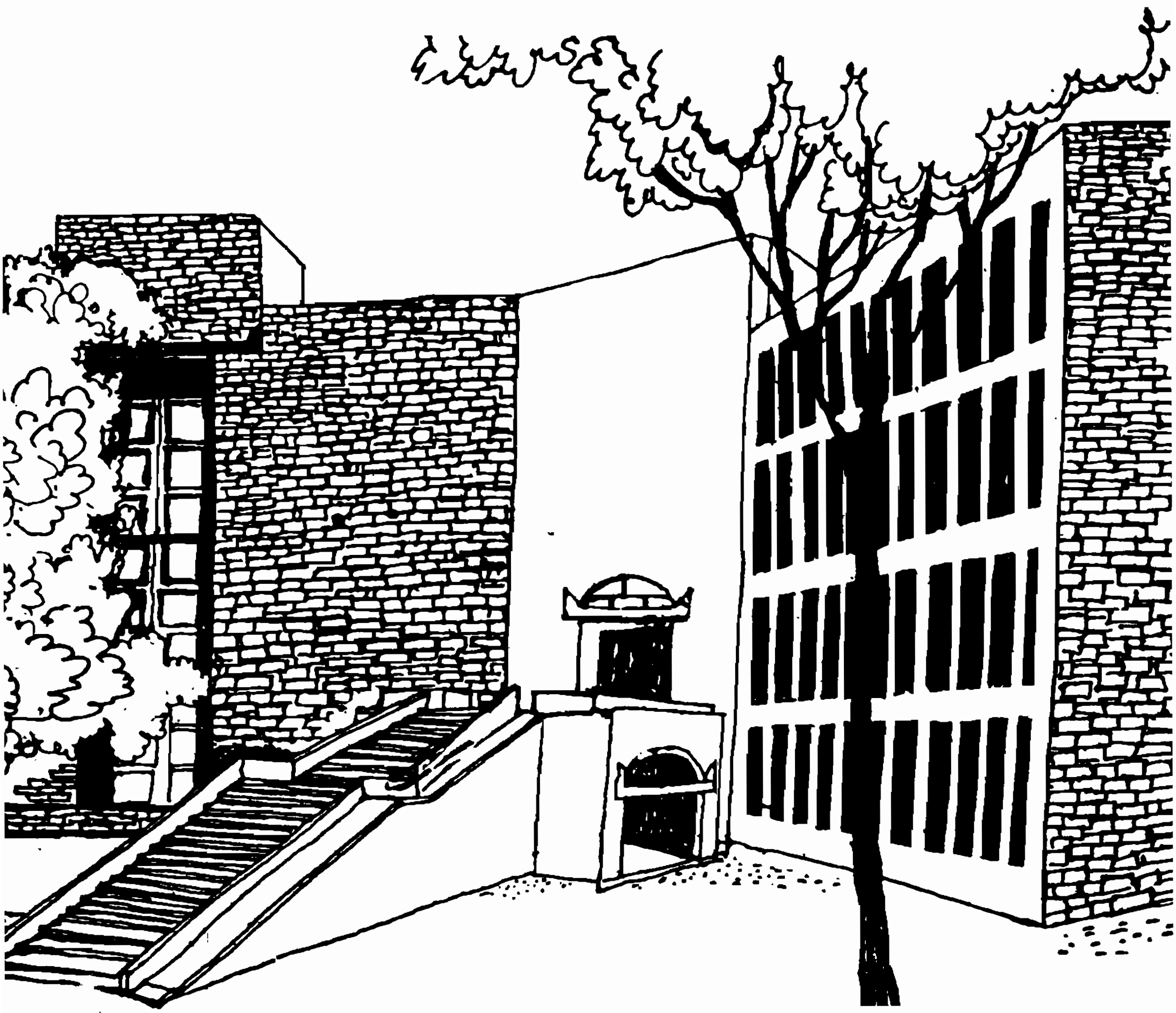

# FINANCIAL MANAGEMENT IN FRENCH-THAI JOINT VENTURES: AN EXPLORATORY STUDY

By

Indra M. Pandey
Jyoti P. Gupta
Khin Yu Yu Win

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# FINANCIAL MANAGEMENT IN FRENCH-THAI JOINT VENTURES: AN EXPLORATORY STUDY*

**Indra M. Pandey**
Indian Institute of Management, Ahmedabad, India
**Jyoti P. Gupta**
Asian Institute of technology, Bangkok, Thailand
**Khin Yu Yu Win**
Asian Institute of technology, Bangkok, Thailand

***ABSTRACT***

*This study, using a case study approach, focuses on the financial management practices and issues of two French-Thai joint ventures - Danone (Thailand) Company and Prestia Lafarge (Thailand) Company. Danone is a consumer product company, mainly catering to the needs of the local Thai markets. In Danone, the French partner has 49% shareholding but it dominates the management decision making. Prestia is an industrial product, BoI (Board of Investment) promoted company, mainly focusing on the export markets in the South East-Asian region. In Prestia, the Thai partner has 60% shareholding but both the French and the Thai partners equally share the management decision making. Both companies follow sound financial management practices in the area of working capital management, investment, financing and dividend decisions, long-tem financing and international financial management. The significant differences between the two companies appear in terms of the influence of the parent companies on the decision making. Financial decision making is quite independent in Prestia while the parent company closely monitors the financial management practices of Danone (Thailand). Yet another difference is in the long-term financing patterns of the two companies. Danone is more aggressive in the use of debt than Prestia. This may be attributed to the nature of the two companies' businesses; Danone has high liquidity and less risk as compared to Prestia. In both companies, the local partners play a passive role in the management of the companies.*

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## INTRODUCTION

A large number of joint ventures (JVs) have been formed over the last several decades in developing countries. Joint ventures are considered to contribute to the overall economic growth of a country. They are seen as a viable strategic option for overcoming trade barriers, achieving significant economies of scale necessary for a strong competitive position, facilitating the acquisition of managerial and technological skills, securing access to the raw materials, and reducing risk associated with complex projects (Forrest and Martin, 1992; Lele, 1992).

It is a common experience that joint ventures in developing countries take shape between a multinational company (MNC) from a developed country and a local partner. These JVs are supposed to lead to a fusion between the MNC partner's firm-specific advantages, i.e. knowledge, technology or capital, and the developing-country partner's knowledge of local environment and market and, many times, cheaper labour. JVs serve the mutual purposes of the partners. The local partner generally lacking in capital or technology or both and the MNC partner having no or little knowledge of the consumers and, perhaps, lacking in a marketing system suitable to the local environment. JVs also help to reduce and distribute the risks of operations.

Although increasing economic activity in Asia has the attractiveness of investing in joint ventures, the likelihood of success may not necessarily be very high. It is reported that fifty percent of all JVs between American and Asian companies have resulted in failures because of unfavourable profitability, poor technological exchange and lack of market access. Fewer than 5 per cent of 110 joint ventures involving US, Japan, Taiwan, Singapore and Hong Kong partners achieved all their objectives (Willet, 1992). The European JV investors focus mainly on the manufacturing, financing, services and trade sectors. These JVs also have had mixed experiences - a fewer having been successful.

## OBJECTIVES AND METHODOLOGY

The main issues concerning the management of JVs are the process of formation, selection of partners, operational independence, mode of termination, negotiation procedures and terms of agreement etc. A number of research studies have investigated these issues. JVs face a number of financial policy and management issues once they have been formed. There are issues relating to the overall financial planning and control, the management of liquidity, additional funding either as equity or debt, the capital structure decision, profit repatriating to home country, etc. Some important questions are:

- What financial policies and practices are followed by JV companies?
- Do all JV companies follow the same financial management practices and policies?
- What factors influence the financial policies and practices of JV companies?
- What is the role of the local partner in the financial management of JV companies?

The objective of this research study is to document the financial management practices and policies of the French-Thai joint ventures in Thailand, and to identify the factors that influence these policies and practices. We have used a case research approach in this study. We have carried out a detailed analysis of two French-Thai joint venture companies - Danone (Thailand) and Prestia Lafarge (Thailand). The information and data were collected through a questionnaire and personal interviews with the officials of the companies.

**French-Thai Joint Ventures Companies**

The two French-Thai joint venture companies used as case studies, were selected on the basis of data availability. We provide brief backgrounds of the companies below and a summary of their distinguishing features in Table 1.

**Danone (Thailand) Company**. Danone Group, formerly called BSN Group, is the leading diversified food group in four European countries – France, Italy, Spain and Belgium. It ranks third in Europe and is one of the top six players in its field world-wide. Danone is the world's top producer of fresh dairy products, and the second largest producer of mineral water and biscuits. In Europe, Danone ranks first in dairy products, mineral water, biscuits, sauces and condiments, second in pasta, beer and glass containers, and third in ready-to-serve dishes and champagne.

Danone Group is present in twelve countries in Asia and around the Pacific, either through production units or franchises. Its joint venture company - Danone (Thailand) Company - has been operating in Thailand since 1991, with distribution channels throughout the Kingdom. Presently, the joint venture company manufactures cream yoghurt, drinking yoghurt, pasteurised milk, and its newest product – children's drinking yoghurt. Currently, Thailand is the only country in which Danone makes its children's drinking yoghurt. Danone has distribution of mineral water, named Evian and Volvic; beer, named Kronenbourg; sauces and condiments, named Lea and Perrins in Thailand. Danone Thailand, which started trading in the May 1992, reported highly promising sales growth, in particular due to the success of its "Drink Yoghurt" campaign. Currently, Danone is operating with 200 persons. Its plant is situated a hundred kilometers west of Bangkok.

**Table 1. Highlights of Danone (Thailand) and Prestia Lafarge (Thailand)**

| | Danone (Thailand) | Prestia Lafarge (Thailand) |
|---|---|---|
| ⇒ Nature of Business | • Manufactures cream yoghurt, drinking yoghurt and pasteurised milk.<br>• Distributes mineral water, beer, sauces and condiments | • Manufactures and sells industrial plaster which are required for moulds in the ceramic industry |
| ⇒ Ownership | • Danone (France) 49%<br>• Saharat (Thailand) 51% | • Lafarge Coppee (French) 60%<br>• Thai shareholders 40% |
| ⇒ Date of Registration | • 1991 | • October 1991 |
| ⇒ Date of Operation | • May 1992 | • January 1994 |
| ⇒ Registered Capital | • 250 million baht | • 300 million baht |
| ⇒ Issued & Paid-up capital | • 145 million baht | • 300 million baht |
| ⇒ Length of JV | • Not fixed in contract | • 30 years |
| ⇒ Management of JV | • Dominant management by French partner | • Shared management |
| ⇒ Number of employees | • 200 | • 65 |
| ⇒ Market | • Mainly for domestic market | • Mainly export to the South-east Asian market |
| ⇒ Geographical diversification | • Relatively less diversified | • Highly diversified |

**Prestia Lafarge (Thailand) Company Limited**. Lafarge Coppee is the world leader for construction materials (cement, concrete, plaster, building products) with cement as its core business. Its 1993 turnover of 6.0 billion USD originated from its presence in 40 countries around the world with 100 factories, employing more than 30,000 persons. It is one of the world's foremost producers of building materials for over 160 years of its products and has been improving the quality of life by enhancing safety, comfort and aesthetic appeal. Lafarge Coppee in Asia has investment and offices in Singapore, Thailand, Japan, Korea, Taiwan, Vietnam, Indonesia, China and Australia. Cement and plaster products have been the main activity in this part of the world.

The joint venture company in Thailand, Prestia Lafarge (Thailand) Co., Ltd. was established in October 1991. Lafarge Coppee invested 270 million baht in a factory on the Eastern Seaboard to manufacture and sell industrial plasters since January 1994. Prestia Lafarge is the world largest maker of plaster of Paris with a capacity of 200,000 ton per year in France and 60,000 ton in its new plant in Thailand located near the deep sea port of Leam Chabang. For this unit, the technology and know-how are provided by the Lafarge Group in France and are new to the Asia-Pacific region. Prestia Lafarge (Thailand) Co., Ltd. was granted BOI (Board of Investment) privileges by the Thai authorities. The company sells its products throughout the Far-East region. It employs 65 persons in Thailand.

## RESULTS OF CASE ANALYSES

The following aspects of financial management practices and policies of the two companies are analysed: financial planning and control, working capital management, capital budgeting, capital structure and long-term financing and international finance and reporting issues.

### Financial Planning and Control

Both JV companies carry out their operations within the framework of a five-year strategic plan (Table 2). They use sophisticated computer software to draw their plans. Danone Thailand has future investment plans to expand its operations. Its management is fully influenced by the parent company, and is required to report all decisions to the parent and get their authorisation. Prestia Thailand's management, on the other hand, is independent from the parent company's influence except for strategic planning and major new projects and financing.

**Table 2. Financial Planning Control**

| | Danone (Thailand) | Prestia Lafarge (Thailand) |
|---|---|---|
| ⇒ Financial Planning and Control | • Five-year strategic financial planning<br>• Use of financial accounting and planning packages to compare and decide different proposed projects<br>• Plan to invest more in fixed assets and product development | • Five-year strategic financial planning<br>• Use of planning software to help drawing the financial plan<br>• Six monthly internal audit of the accounts to facilitate in setting operating plan |

## Working Capital Management

Table 3 summarises the working capital management practices of the two JV companies. Danone Thailand maintains an appropriate level of working capital, and it has a sound liquidity condition. It has a policy of investing its cash surplus in marketable securities to earn extra income. Danone Thailand maintains its accounts in a local bank for carrying out its business transactions with local customers, suppliers and distributors. It has short-term financing agreements in the form bank overdraft and loans with the same local bank. Prestia Thailand maintains high level of working capital (a 2:1 ratio) in

**Table 3. Working Capital Management**

| | Danone Thailand | Prestia Thailand |
|---|---|---|
| ⇒ Cash Management | • maintaining minimum cash balance in deposits<br>• investing surplus cash in marketable securities<br>• collecting accounts receivable quickly<br>• maintaining a high inventory turnover | • pays accounts payable on time<br>• tries to increase inventory turnover<br>• tries to receive overseas accounts receivable as fast as possible<br>• maintains minimum cash balance in deposits |
| ⇒ Marketable Securities Management | • investment in marketable securities to meet known financial requirements in lieu of larger cash balances<br>• financial risk and interest rate considered in investing in marketable securities | • no investment in marketable securities.<br>• cautious about liquid assets in their controllable position and tries to avoid marketable securities for default risk |
| ⇒ Accounts Receivable Management | • more credit sales than cash sales<br>• controls the accounts receivable by controlling the percentage of credit sales to total sales<br>• Collection effort is the most important variable for credit and collection policies<br>• terms of credit and quality of customers are other important variables. | • less percentage of credit sales in local market<br>• accounts receivable are more on account of the overseas market because of export focus<br>• quality of customer most important to receive settlements on overseas bills in time according to the terms of sales agreement in the letter of credit |
| ⇒ Inventory Management | • uses minimum reorder quantity (ROQ) method<br>• for main products (milk and its products) maintains raw material inventory of one day, and two days of finished products<br>• some of the material and finished products imported from abroad are kept for 30 days as inventory<br>• high inventory turnover ratio, as the risk of spoilage is very high | • aims to achieve zero inventory level and to practice just-in-time inventory control, but for export requirements<br>• follows economic order quantity (EOQ) model and keeps minimum inventory level for three weeks<br>• categories of inventories are: wallboard, block and powder forms of plasters<br>• low risk of obsolescence<br>• product diversity causes high cost of placing order, including production and set-up cost |
| ⇒ Short-term Financing | • uses trade credit<br>• short-term loans especially from Indosuez Thailand and local banks<br>• short term loans preferred:<br>    • flexible<br>    • low interest rate<br>    • substitutes long-term financing | • utilises accounts payable and maintains its goodwill by paying bills on time<br>• gets short-term loans from international bank; interest rate in local banks considered very high |

line with the industry standard, since being in a heavy industry, its risk is high. Prestia keeps its accounts with an international bank located in Thailand since it receives payments from its overseas customers; the local transactions with suppliers and customers are also done through the same bank. Prestia has no financing arrangement with the local banks and its short-term loans are obtained from the international bank.

Danone Thailand has a high inventory turnover. Most of its products are perishable and they become obsolete within a very short period. Expect for some imported items for which 30 days' inventory is maintained, for most items inventory of one or two days in maintained. Prestia Thailand has product diversity and its products do not quickly become obsolete. It is not able to eliminate the need of holding inventory because of the variable export requirements. For most items, it maintains three weeks' inventory.

Danone Thailand uses credit policy to push its sales. Credit collection policy is important for the company as they have credit relationship with local distributors, wholesalers, retailers, supermarket and departmental stores. Prestia Thailand, on the other hand, emphasises on quality of customers. It is very important for them to get overseas payment bills in time from the customers.

### Capital Budgeting

Danone Thailand is required to seek the approval of the parent company for its investment decisions. It generates cost and benefit data on the basis of its experience, market surveys or guidance from the parent company. However, it uses payback period to value the capital investment projects. Danone's main product is yoghurt and pasteurised milk and it has not much diversified its activities yet. Prestia Thailand faces competition in its export business. Also, unlike Danone, it faces foreign exchange risk as well as political risk in the oversees markets. It, therefore, considers it necessary to use net present value method to value the capital investment projects to choose from alternative products and to maintain its competitive position.

**Table 4. Capital Budgeting**

| | **Danone Thailand** | **Prestia Thailand** |
|---|---|---|
| ⇒ Capital Budgeting | • Danone group's approval needed for JV's investment projects<br>• estimates the cost and benefits of the project based on previous experience, market surveys or standards from the parent<br>• uses payback to value capital investment | • uses net present value method in choosing competitive capital investment proposals.<br>• investment decisions include expansion of product lines or markets, replacement and renewal of machinery<br>• risk considerations include foreign exchange rate risk, uncertainty of cash flows, government restrictions on exports, and so on. |

### Dividend Policy

As per the Thai regulations, Danone Thailand can retain all its profit until 5 years of its starting of operations because it is not a BOI promoted firm. A BOI promoted firm such as Prestia Thailand is allowed to retain earnings until 7 years of starting of its operations. The issues on dividend policy have not been addressed by both JV firms extensively so far, but it appears that the French partners would prefer to retain earnings for reinvestment in the firm for the long-run business success while local partners prefer dividend payment as short-run benefit from firm. Both firms are to set specific dividend policy.

**Table 5. Dividend Policy**

| | Danone Thailand | Prestia Thailand |
|---|---|---|
| ⇒ Dividend Policy | • no dividend paid in the starting years<br>• no payout policy specified yet<br>• as a policy, management would adjust the payout ratio as per the firm's growth need and funds requirement for capital budgeting decisions. | • no specific dividend payout ratio.<br>• dividend policy governed by shareholders in accordance with the growth condition of the firm and development in the market. |

## Capital Structure Policy and Long-term Financing

Danone Thailand has relatively aggressive capital structure. It maintains a debt to equity ratio is 1:1. Two reasons may be attributed for this policy. First, the nature of its business has placed it in a strong liquidity position, and it has also achieved high sales growth. Second, it has a specific advantage as the parent company owns an international bank from which Danone Thailand can borrow offshore loans. In this way, the parent company's bank can earn interest income from its subsidiary and at the same time, the JV subsidiary can get advantage from the government's tax and dividend

**Table 6. Capital Structure Policy**

| | Danone Thailand | Prestia Thailand |
|---|---|---|
| ⇒ Debt-equity ratio | • equity held 49% by the French partner and 51% by the Thai partner<br>• French partner, uniquely, holds 2% of the Thai partner's shares which give them a majority ownership<br>• debt-to-equity ratio maintained at 1:1<br>• total long term debt (145 million baht) entirely borrowed from the French bank and international bank | • equity held 60% by the French partner and 40% by the Thai partner<br>• debt-to-equity ratio 1:2.<br>• long-term debt (150 million baht) through convertible bonds issued to Lafarge Coppee at interest rate of 6 1/8% per annum<br>• additional funding mostly comes from the French partner |
| ⇒ Equity and debt | • main shareholders include Danone Group from France and Saharat Co Ltd. from Thailand<br>• long term debt funded by French bank and offshore loans from international bank, Alpha Bank<br>• Alpha Bank, belonging to Danone Group, has funded some amount of long term debt along with Indosuez Bank - an international French bank | • 60% equity shares held by Lafarge Coppee and rest by individuals from Thailand.<br>• Long term debt from international bank which has long term contact with the parent company. |
| ⇒ Internal financing | • considers internal financing as the main source of long term financing without diluting ownership control and without taking risk<br>• can retain earnings for investment purposes as Thai government encourages investment by new companies | • internal financing based on the firm's growth requirements<br>• retained earnings used for expansion and diversification based on the market situation and growing condition<br>• can retain earnings for a loner period, being a BOI firm |

policies. It is clear that the French partner has low risk as compared to the local partner if bankruptcy occurs, and they do not need to worry much about the covenants on the debt agreement since the parent company owns the international bank. Danone Thailand gives more weight to the voting rights of shareholders because the foreign parent firm is holding about half of the shares. Another point is that they can take the earnings out of Thailand as repayment to parent companies as principal and interest payment. They prefer debt financing over equity financing by keeping debt-to-equity ratio of 1:1.

Prestia Thailand has a low debt-equity ratio of 1:2. The local and the foreign shareholders equally share the risk. The company maintains a low debt-equity ratio due to its nature of its business which has relatively higher risk in heavy industry. Prestia prefers financial flexibility and financial independence of the firm. It aims at keeping high debt rating and considers financial risk of debt financing in its funding decision. It seems that internally generated funds are sufficient to meet the company's funding needs as the firm's turnover and profitability are in strong position.

It is important to note that both joint venture firms effectively utilise their advantage of access to large amount of relatively cheap capital in the form of debt financing. Both take 100% long-term debt from international banks as offshore loans. The international banking market in France is very competitive and both companies have found the Euro-market an excellent source of low-cost funds. The main consideration for both firms in long-term financing decision is ensuring long-term survival of the firm and expected future cash flow. Retained earning is considered more important source of financing than the issue of new equity.

Both, Danone and Prestia, are not listed in the Stock Exchange of Thailand. Therefore, dividend is the only source of return to the shareholders. Both JVs foreign partners are world leading multinational firms with high quality products and activities, and both have sufficient funds available with them.

**International Reporting and Finance Issues**

Danone Thailand does not have to report its financial accounts in the standard formats to the parent company since its operations are not significant enough to be consolidated with the parent company's financial report. It is, however, required to send periodic reports about its operations and performance in the forms prescribed by the parent company.

Prestia Thailand faces some problems in financial reporting to the parent. For example, it has to prepare accounts in accordance with accounting standards and procedures of both Thailand and France separately. The problems arise due to differing procedures and standards in the two countries. The companies accounts are consolidated with the parent firm's accounts.

There is foreign exchange risk exposure for both Danone and Prestia in terms of transaction, translation and economic exposures. The fund positioning techniques are utilised by both Danone Thailand and Prestia Thailand to reduce political risk and restrictions on tax and dividend. But in the future, these fund transfers may reduce as Thai government is offering a lot of incentives to foreign investing firms and by forming joint venture, the risk of expropriation has already reduced

**Table 7. International Financial Management Issues**

| | Danone Thailand | Prestia Thailand |
|---|---|---|
| ⇒ Financial planning & control | • Danone group controls the decision making of JV firms and all major decisions have to be approved by the parent firm.<br>• specific format to prepare the reports for the parent company<br>• the annual report of the Danone Group includes JVs companies of significant size<br>• Danone Thailand does not qualify for the consolidation of accounts | • management of the JV company independent from the parent firm's influence except for major new projects and financing.<br>• financial statements are prepared according to the accounting standards of host country and parent firm<br>• faces a lot of problem in financial reporting to the parent firm<br>• uses financial software in maintaining financial accounts according to Thai accounting standards and procedures International Network of Accounting to Lafarge Coppee Group, which is world-wide link of subsidiaries and parent firm. |
| ⇒ Risk and funds management | • foreign exchange risk on currencies<br>• applies fund positioning techniques to achieve the maximum amount of flexibility in moving funds around<br>• payments planned for dividends as return on the parent's equity investment, interest payments and repayment of loans, management fees for parent firm services and royalties for technology transfer, payments for goods supplied by the parent to distribute in local market. | • foreign exchange risk on currencies and in converting USD and transaction, translation and economic exposure.<br>• applies fund positioning techniques to remit profit as much to avoid tax and other risk investing in host country<br>• payments planned to transfer dividends as return on the parent's equity investment, interest payments and repayment of loans, management fees for parent firm services and royalties for technology transfer. |

## DISCUSSION AND IMPLICATIONS OF CASE ANALYSES

Danone Thailand was formed to operate in local market with equity participation in the 49:51 ratio between the French and the Thai partners. The French partner purchased 2 percent of the Thai partners shares to exert the dominant control over the JV company. Prestia Thailand, on the other hand, was formed mainly for export market with equity participation in the ratio of 60:40 between the French company and the Thai shareholders. Prestia Thailand is a BOI promoted firm while Danone Thailand is not. Danone Thailand also acts as a conduit for import of some of the parent's products for distribution in the local market. Prestia Thailand focuses on export. The nature of the two firms' business is also different as Prestia is in the capital intensive, industrial sector industry while Danone is in the consumer industry. Prestia exists in Thailand for catering to the South-east Asia market, and Danone to cater to the local market. Management styles of the joint ventures are also different. Prestia follows a shared management practice where Danone follows dominant management by French partner.

It is interesting to note that in both case studies local partners play a passive role, and do not interfere in the day-to-day management of JV companies. However, they contribute towards the success of the joint ventures by performing their respective functions as per the terms of reference. The practice of passive management role by the local partners and active management role by the foreign partners seem to have worked well, and caused relatively fewer problems for the operations of the joint ventures.

**Table 8. Factors Influencing Financial Policy Differences**

| | Danone Thailand | Prestia Thailand |
|---|---|---|
| **Working Capital Management** | • Aggressive | • Conservative/Moderate |
| **Factors** | | |
| • **Product Diversity** | • Low | • High |
| • **Production Cycle** | • Short | • Long |
| • **Market Focus** | • Domestic | • Export |
| • **Liquidity** | • Strong | • Moderate |
| • **Risk** | • Low | • High |
| **Capital Budgeting** | • Quick Evaluation | • Rigorous Evaluation |
| **Factors** | | |
| • **Strategy** | • Growth/expansion | • Consolidation/cautious expansion |
| • **Market Conditions** | • Growing<br>• Relatively certain demand | • Growing<br>• Fluctuating demand |
| • **Competition** | • Low | • High |
| • **Capital Intensity** | • Relatively Low | • High |
| • **Parent's Control and Influence** | • High | • Moderate |
| **Capital Structure Policy** | • Aggressive | • Conservative |
| **Factors** | | |
| • **Profitability** | • High | • Moderate |
| • **Liquidity** | • Strong | • Moderate |
| • **Risk** | • Low | • High |
| • **Parent's Control and Managerial Concerns** | • Dominant - concern for maintaining control<br>• Lending bank owned by the parent<br>• Flexibility and independence not important issues<br>• Debt rating not an important issue | • Shared management - less concern for control<br>• High concern for operating flexibility and independence<br>• Desire to maintain good debt rating |
| **International Finance** | • Prudent Forex Risk Management and Fund Positioning | • Prudent Forex Risk Management and Fund Positioning |
| **Factors** | | |
| • **Political Risk** | • Not completely absent | • Not completely absent |
| • **Tax Policy** | • Scope to do tax planning | • Scope to do tax planning |
| • **Parent's Concern** | • Maximise return flow<br>• Minimise tax | • Maximise return flow<br>• Minimise tax |
| **Reporting** | • As per parent's requirement<br>• Not problematic | • As per parent's requirement<br>• Problematic |
| **Factors** | | |
| • **Size** | • Relatively low - consolidation not obligatory | • Relatively high - consolidation obligatory |
| • **Parent's Control** | • High | • Low/Moderate |
| • **Accounting Standards** | • Two set of standards | • Two sets of standards |

Both companies, perhaps deriving from the practices of the parent companies, have instituted sound financial planning and control systems and have explicit laid down or understood policies and practices in the areas of investment and financing decisions and liquidity management. However, two companies do not follow the same policies and practices. The differences in the financial policies and practices of the two companies may be attributed to the factors relevant to the situations and context of the two companies (Table 9). For example, because of its high liquidity and lower risk arising from the nature of its business, Danone Thailand is more aggressive in its management of working capital and use of debt. Prestia Thailand operates in heavy industry sector, faces more competition and has product and consumer diversity. This is reflected in the company's conservative management of working capital and lower use of debt. It is also very cautious in its investment decisions because of high risk and competition. Therefore, it employs more robust techniques of investment analysis as compared to Danone. It uses more sophisticated, DCF technique of investment evaluation than Danone which uses payback. It is, however, interesting to note that though the foreign partner has a higher stake in Prestia Thailand, and though it faces more uncertainty than Danone, still it practices shared management and the parent company influence is minimal.

In conclusion, we may say that the financial policies and practices of the French-Thai joint venture companies are shaped by the nature and risk of their businesses, product and consumer diversity, and liquidity position. There is lesser effect of the shareholding pattern and management style. Parent companies do differ in their attitude of influencing the financial management of the joint venture companies.

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