The second major form of N-S business collaboration has in the past decade become the joint venture (JV) or strategic alliance, which typically is the shared ownership of a third, special purpose enterprise by northern and southern parent companies. JVs may involve co-production, joint exploration, joint marketing, pooling of research and development activities, or very close supply relationships. Aid agencies often provide financial support in setting up joint ventures in developing countries and these have become very numerous, especially in Asia. For the northern party, JVs facilitate market entry, employ lower-cost labour, avoid political restrictions on foreign investments by having a host country partner, and gain local market knowledge through the experience of the southern partner-firm. For the latter, the main benefit is usually the upgrading of human resources, of design and production technologies, and of general management skills.

The literature on joint ventures contains many case studies, of which two Third World examples can usefully be cited here. One case which illustrates well the enormous developmental potential of JVs is that between the American subsidiary of the giant Swiss electrical engineering firm ABB and two Indonesian firms, which together established another enterprise to manufacture in Indonesia components for the electrification of dozens of islands in that far-flung country.[92] This is an exceptionally large joint venture, employing some 10,000 Indonesians, mainly welders and similar trades. Indonesian managers, supervisors, and shop-floor workers all acquired new skills through the project, with evident employment and human resources gains for Indonesia. The American executive in charge of the project wrote up some tips for would-be joint-venturers based on his experience. These included:

92. Konopacki, Ronald F., "Operating a Manufacturing Plant in an Asian Culture," *Journal of Business Strategy*, May/June 1992, p. 58–60.