

**Internationalization of Turkish Manufacturing Firms:
Foreign Direct Investment Outflow**

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by

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VITA

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ABSTRACT

Internationalization of Turkish Manufacturing Firms: Foreign Direct Investment Outflow

by

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This thesis provides an empirical analysis of internationalization of Turkish manufacturing firms (TMFs) through foreign direct investment (FDI). Drawing from official sources and with the researcher's individual efforts, more than 200 TMFs that engaged in FDI are identified. With an extensive literature review, and by conducting interviews a survey questionnaire is developed and then pre-tested. After revision, the questionnaire is administered to a sample of 94 TMFs. About forty-five percent of these firms were among the largest companies of Turkey; and, rest of them were small and medium-sized firms.

In exploring TMFs' FDI involvement; first, relative strengths of these firms and the importance of the strengths in their internationalization are identified. Second, perceived performance of TMFs' foreign equity ventures and its relationship with parent firm's capabilities are determined. Third, strategic pull (host country-related) and push (home-country-related) motives of these firms' internationalization are examined. Fourth, relevance and usefulness of eclectic, Uppsala and network theories for TMFs' internationalization are investigated.

In examining the issues of TMFs' capabilities, performances, motives and other subjects, hypotheses are developed and tested (by means of factor analysis, logistic regression analysis, multiple regression analysis, *t* tests and analysis of variance) with respect to sample characteristics of age, size, industry type, choice of host country location, and entry mode. Findings are reported and discussed.

KISA ÖZET

Türk İmalat Sektörü Firmalarının Yurtdışına Doğrudan Yatırım Yoluyla Uluslararasılaşması

Harun Kaya

Bu tez Türk imalat sektörü firmalarının yurtdışına doğrudan yatırım yoluyla uluslararasılaşmasının ampirik bir analizini yapmaktadır. Resmi ve diğer kaynaklardan yararlanılarak Türkiye dışında yatırımı olan 200 firma saptanmıştır. Kapsamlı bir literatür taraması ve yöneticilerle yapılan mülakatlar sonucunda bir anket geliştirilmiş, ön-testi yapıldıktan sonra bu anket yurtdışında yatırımı olan 94 imalat firması yöneticilerine uygulanmıştır. Bu firmaların yarıya yakını (yüzde 45'i) Türkiye'nin en büyük 500 firmaları arasında yer almakta, ve diğer kısmı da küçük ve orta ölçekli firmalardan oluşmaktadır.

Türk imalat sektörü firmalarının doğrudan yatırım faaliyetiyle ilgili olarak öncelikle bu firmaların güçlü olduğu yönler ve bu yönlerin uluslararasılaşmada önemi belirlenmiştir. İkinci olarak, bu firmaların yurtdışında kurdukları şirketlerin performansları bu şirketleri kurarkenki beklentileriyle karşılaştırılarak ölçülmüş ve ana firmanın yeteneklerinin bu firmaların performansına etkisi incelenmiştir. Üçüncü olarak, yatırım yapılan ülkelerin cazip yönleri ve Türkiye'deki olumsuz koşulların yurtdışında yatırımda etkisi analiz edilmiştir. Dördüncü olarak, firmaların uluslararasılaşmasıyla ilgili sahiplik, içselleştirme ve yerel avantajlara dayanan eklektik; kademe kademe yurtdışına açılmaya dayanan Upsala; firmaların

evrelerindeki rgtlerle kurdukları Őebekeye dayanan network teorilerinin Trk firmalarının yurtdıŐına aılmalarını aıklayıp aıklamadıkları test edilmiŐtir.

Yukarıdaki konular incelenirken hipotezler kurulmuŐ ve faktr analizi, lojistik regresyon analizi, oklu regresyon analizi, *t* testleri ve deėiŐim analizi yoluyla test edilmiŐtir. Bu testlerde baėımlı deėiŐken olarak firmaların yaŐı, byklė, imalat alt sektr, yurtdıŐındaki lke seimi, ve yurtdıŐına giriŐ Őekli kullanılmıŐtır. Bulgular belirtilip tartıŐılmıŐtır.

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LIST OF ABBREVIATIONS

Terminology	Abbreviation
Advertising Intensity	AI
Bilateral Investment Treaty	BIT
Black Sea Economic Cooperation	BSEC /KEİB
Central and Eastern Europe	CEE
Central and Eastern European Country	CEEC
Developed Country	DC
Degree of Internationalization	DOI
Economic Cooperation Organization	ECO
Export Sales as a Percentage of Total Sales	ES/TS
The European Union	EU
Foreign Assets as a Percentage of Total Assets	FA/TA
Foreign Direct Investment	FDI
Foreign Employment to Total Employment	FE/TE
Foreign Economic Relations Board	FERB/DEİK
Foreign Equity Venture	FEV
Foreign Profits as a Percentage of Total Profit	FP/TP
Foreign Sales as a Percentage of Total Sales	FS/TS
General Directory of Banking and Foreign Exchange	GDBFE
Gross Domestic Product	GDP
Gross Fixed Capital Formation	GFCF
Gross National Product	GNP
International Business	IB
International Company	IC

Investment Development Path	IDP
International Monetary Fund	IMF
International New Venture	INV
Industrial Classification of all Economic Activities	ISIC
Istanbul Chamber of Industrialists	İSO
Internalization Theory	IT
Internationalization of Turkish Manufacturing Firm	ITMF
Istanbul Chambers of Commerce	ITO
Joint Venture	JV
Less Developed Country	LDC
Multinational Company	MNC
Multinational Enterprise	MNE
Network Theory	NT
Other Country	OC
The Organization for Economic Cooperation and Development	OECD
Ownership, Location, Internalization	OLI
Organization's Foreign Subsidiaries to Total Subsidiaries	OS/TS
Organization Theories	OT
Product Cycle Theory	PCT
Psychic Dispersion of International Operation	PDIO
Percentage of Ownership	PO
Research and Development	R&D
Research and Development Intensity	R&DI
Regional Cooperation for Development	RCD
Standard Industrial Classification	SIC

Statistical Packages For Social Sciences	SPSS
Turkish Manufacturing Firm	TMF
Top Management International Experience	TMIE
Transnational Corporations	TNC
The Union of Chambers Exchanges of Turkey	TOBB
Turkic Republic	TR
Turkish Trade Register Gazette	TSG
Industrialists’ and Businessman’s Association	TUSİAD
United State of America	US
Uppsala Theory	UT
Wholly Owned Subsidiary	WOS

I. INTRODUCTION TO THE STUDY

1. Introduction

The field of international business (IB) deals with transactions of tangible and intangible assets such as goods, services, capital, technology, know-how across national borders. Although these IB activities have been conducted for many centuries mostly by means of export and import, in the twentieth century, economic, social and political imperatives made IB more important and intriguing subject of inquiry with a broad scope. Emergence of IB as a distinct field of study since the late 1960s (Grosse and Behrman, 1992; Rugman, 1999), parallels the rise and continued growth of developed countries' big multinational companies (MNCs) and diversification of their activities in the second half of the twentieth century. It also corresponds to the appearances of MNCs from developing world in the 1960s, their relative increase in the 1970s (Lall, 1983; Wells, 1983) and their proliferation in the 1980s (Wortzel and Wortzel, 1988).

In the last quarter of the twentieth century, we have seen dramatic global developments affecting both the academic field of IB and internationally operating firms. In this period, not only economic isolationism became impossible but also requirement for growth, economic development and prosperity necessitated breaking the old paradigms of mainly states, firms (Dunning, 1994) and individual entrepreneurs. The realities of competition, technological changes, liberalization and globalization (UNCTAD, 1996; UNCTAD, 2002), which all of them interrelated, are the main causes of these paradigm changes. Internationally operating firms,

especially multinational companies (MNCs) not only have been influenced by these changes but also they have made substantial contribution and tremendous impacts on these developments.

Especially for the past two decades all firms are facing boosting competition at a global scale and they are compelled to engage in international operations as a strategy to sustain growth, expansion, survival and even as a necessity to exist. At the same time, technological developments, especially in the areas information and communication technologies, not only changed the way firms create their products and services; but also altered the whole process of doing business (Harrison, et al., 2000). In these decades we have witnessed the acceptance of market forces as a main mechanism for allocating resources, increasing the role of private sector as a result of liberalization and deregulation for the purpose of economic growth (UNCTAD, 1997). The liberalization process required disbanding restrictions on the entry, establishment, ownership and control on investments, including the proper functioning of the market, along with favorable standards of treatments for foreign investors (UNCTAD, 1994). To attract FDI, states paid more attention to the agreements that have taken place at the national, regional and international level (UNCTAD, 1995). Therefore, beside policy liberalizations, governments' unilateral, bilateral, multilateral treaties have clearly influenced the growth of inward and outward FDI flows and FDI stocks among countries (UNCTAD, 2000). For example, over the years between 1991 and 2000 there was a steady increase in the number of countries that changed their investment regimes; and from the total 1,185 regulatory changes 1,121 of them were favorable for the FDI (UNCTAD, 2001). As a result of these forces we have seen the globalized firms, markets and industries (UNCTAD,

1993). Globalization has also taken the meaning that when a firm does not extend its domestic activity to other territories; it is highly probable that other firms from anywhere in the world to come and attack it at home market (Hafsi, 2002).

Multinational corporations (MNCs) are one of the main deriving forces behind these globalization processes. The number of MNCs and their foreign affiliates in the world jumped from 37,000 and 170,000, respectively, in 1993 to 65,000 and 850,000 in 2001 (UNCTAD, 2002). Beside firm numbers, the impact of MNCs on world economy can be measured by several ways such as assets, employment, sales and value added (UNCTAD, 1998), profits or net income, and innovative activity conducted abroad. Related to some of these measures, even when we exclude the non-equity relationships (franchising, licensing, subcontracting and management contract, inter-firm agreements like strategic alliances and partnerships), we have seen dramatic impact of MNCs on world economy in the last ten-year. As the latest World Investment Report indicate (UNCTAD, 2002, p. xv):

In 2001, foreign affiliates accounted for about 54 million employees, compared to 24 million in 1990; their sales of almost \$ 19 trillion were more than twice as high as world exports in 2001, compared to 1990 when both were roughly equal; and the stock of outward foreign direct investment (FDI), increased from \$1.7 trillion to \$6.6 trillion over the same period. Foreign affiliates now account for one-tenth of world GDP and one-third of world exports.

Further, it was estimated that 70 percent of the worldwide royalty and fee payments occur between parent firms and affiliates (UNCTAD, 1997)

Even though majority of these MNCs are small and medium sized, within the MNCs population there are firms whose sizes and impacts on the world economy are comparable to that of some notable countries' (Stopford, 1999). For example, in 2000, the top 100 non-financial MNCs accounted for more than half of the total sales and employment of foreign affiliates (UNTAD, 2002). Largest 500 firms undertake roughly 80 per cent of FDI in the world and these firms also carry out over half of international trade (Rugman and Hodgetts, 1995). Accordingly, it is now possible to describe some of these corporations as "stateless", which means their management, organizational structure and value adding activities are not governed by a single country (UNCTAD, 1993). By combining their financial assets and technical resources, they extend their ownership, management, production, and sales activities in several countries.

Developed countries play a major role in the world's FDI distribution. For example, total FDI inflow's 82.3 per cent and 68.4 per cent, for the years of 2000 and 2001, respectively, came to developed countries; and total FDI outflow's 92.2 per cent and 93.5 per cent, for the same years, respectively, went to these countries (UNCTAD, 2002). For the years between 1995 and 2001 developing country originated outflows did not exceed 15 percent of total FDI outflows (UNCTAD, 2001; UNCTAD, 2002). "During 1998-2000, the Triad [U.S., EU, and Japan] accounted for three-quarters of global FDI inflows and 85 percent of outflows, and 59 percent of inward and 78 per cent of outward FDI stocks" (UNTAD, 2001, p. 9). These figures show which countries are integrating into the globalized economy and which countries have major role in this integration (UNTAD, 2001). They also show

which nations get benefits from the integration and how the process of interdependence works in terms of allocating resources.

Although the great majority of MNCs originate in developed countries, a growing number of firms from developing countries, and even from economies in transition are getting involved in international operations (UNCTAD, 1999) in response to changes in the global business environment. After the mid 1990s developing country firms started to find a place in the list of world's leading 100 firms and, for the first time, five firms from developing countries entered to the top 100 firms list of UNCTAD in 2000 (UNCTAD, 2002). The same progress can be seen in the exports where seven of the 20 largest exporters in the world are from developing countries (UNCTAD, 2002). Further, developing country MNCs' "transnationality index" is increasing while that of developed country's stay stable (UNCTAD, 2001).

Nevertheless, the level and speed of competition, globalization and integration differ across firms, industries, countries and regions. Since MNCs from developed and developing countries are different from one another in terms of their age, size, technological resources, employment, and competitive advantages (Monkiewicz, 1986; Wortzel and Wortzel, 1988), they affect and are affected from competition, globalization and integration differently. They are also different from one another in terms of nature of foreign investment stemming from local economic conditions and governmental policies (Lall, 1983). Further, developing country multinationals do not share the same roots; some come from resource or labor rich countries others come from market rich countries; and the others come from the nations that have all

three resources (Heenan and Keegan, 1979). Furthermore, not only among developing and developed country firms but also among the world's largest 500 firms there are great differences in terms of internationalization level (Sullivan, 1994).

2. Background and Statement of the Problem

Turkey, as a developing country, is struggling to adapt herself to these unavoidable changes and developments in the global arena with her own strength and speed. Since the early 1980s, as in many other developing countries (Dominguez and Brenes, 1997), Turkey's economic policy has dramatically changed from closed, inward looking, import substitution to open, outward looking, export promotion based economic regime. In accordance with new development strategy, Turkish governmental policies have aimed at developing free market economy by replacing the fixed exchange rate regime with flexible one, by dismantling excessive state intervention in product markets with the emphasis on price mechanism, by trying to reduce dominance of state owned economic enterprises via privatization (Çepni, 2003). More importantly, Turkey's foreign trade and investment regime has been liberalized by gradually relaxing the intense state control. From 1980 onwards, a growing number of foreign firms made investments in Turkey. The legislation governing foreign firms' investment was revised in 1995. And, the simplification of implementation rules and procedures is currently underway. Since 1989 individual and institutional international investors can make portfolio investments in Istanbul Stock Exchange. Turkish Lira is included among the convertible currencies of International Monetary Fund (IMF) with effect from the beginning of April 1990.

Economic developments of the countries and governmental policies have important influence on the internationalization of the firms (Aggarwal and Agmon, 1990). This is truer for Turkish firms internationalization via FDI outflows, as well as other means. Before 1980, Turkish residents, in order to transfer capital (in kind or cash) for investment in foreign countries, had to get permission from the Council of Ministers. Between 1980 and 1989 this tight control has been gradually relaxed. In 1989 Turkey has liberalized its outward FDI regime in accordance to code of Organization for Economic Co-operation and Development (OECD). Under the “Decree Numbered 32 Regarding the Protection of the Value of the Turkish Currency”, more liberal and flexible regulatory system is laid down. The law states that:

The residents may freely transfer capital, in order to establish companies for the purpose of realizing investments or commercial activities or to participate in an enterprise or to open branches abroad or in the free zones in Turkey, in the form of up to US dollar 5 million or the equivalent in other foreign currencies through banks and special finance institutions, and in kind, according to the provisions set forth in the customs legislation. The transfer of capital, in kind or in cash, amounting to more than US\$ 5 million or its equivalent is permitted by the Ministry (Derdiyok, 1999, p. 418-419).

For more than \$50 million, permission of the Council of Ministers is required according to the above Decree. Other than the Decree Numbered 32, some regulatory changes were in the direction of facilitating and encouraging the foreign investment.

Commensurate with these regulatory changes, collapse of the Soviet block in the near borders and the emergence of Turkic Republics have created tremendous opportunities for the Turkish firms’ internationalization. According to UNCTAD

estimates accumulating outward stock of FDI reached \$268, \$2,511, \$3,008 million dollars for the years 1995, 2000 and 2001 respectively (UNCTAD, 2002). When we look at Turkey's FDI inward and outward flows as a percentage of gross fixed capital formation (GFCF), between 1990 and 1995, on the average, inflows were 2 percent of GFCF while outflows were only 0.1 percent. By the year 2000, inflows stayed about the same (2.2 percent), but outflows jumped to 2 percent of GFCF (UNCTAD, 2002). Likewise in 1995, Turkey's inward stock of FDI was 3 per cent of gross domestic product (GDP) and her outward stock was 0.2 per cent of GDP. In 2000 while inward stock was increasing to 4.7 of GDP, outward stock was jumping to 1.3 per cent of GDP (UNCTAD, 2002).

According to the unpublished official statistics of the Republic of Turkey Treasury Undersecretary (2002) the total number of overseas joint ventures (JVs) and wholly owned subsidiaries (WOS) established by Turkish firms and individuals is 1,081 as of the end of 2002. The total amount of foreign investment by these firms in 75 countries is \$5 billion (see Appendix Table I.1). Of this total amount, \$197 million worth of outflow was before 1989, mainly after the mid-1980s (Dinçmen, 1998). However, General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury records do not show the accurate and complete position of Turkish FDI outflows. While GDBFE record indicates that 269 firms from Turkey made a little over \$ 400 million investment in five Turkic Republic (Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan); according to the Foreign Economic Relations Board (FERB) of Turkey reports, 1,482 Turkish firms' investment in these five countries is \$4.9 billion which is more than total investment made in the other countries. More specifically, while the GDBFE record indicates

that 111 Turkish firms have made around \$155 million investment in Azerbaijan, the FERB reports that there are over 800 firms in operation and these firms' investment totals \$1.5 billion, comprising of 15 percent of all FDI and making Turkey the biggest investor in the non-petroleum sector in the Azerbaijan (www.deik.org). Incompatibility of these public and private institutions's records for 11 countries is presented in Appendix Table I. 2. On the other hand, we should be cautious that the FERB record might also be flawed estimation. Therefore, we do not know the complete situation of the Turkish firms's foreign investment in terms of outgoing firm numbers and amount of capital transferred. The reason for this is that these investors can transfer money both without notifying the GDBFE and without using the banks. They can also make their investments either by using their firm's profits in other countries or by using the bank credits in foreign countries. Turkish Commercial Attaches in foreign countries are not able to monitor these kinds of investments, if they are not notified. Even some developed countries do not require detailed registration; with a taxation number, foreign firms can start operation, as in Germany. Furthermore, even though reaching reliable FDI data of developing country firms is more problematic (Dunning, et. al., 1998), developed country firms's FDI data is not immune from the criticisms (Stephan and Pfaffmann, 2001).

In the face of the developments and realities mentioned above, we will examine internationalization (i.e. FDI activities) of Turkish manufacturing firms (ITMFs). Briefly, this study will inquire into the extent of Turkish manufacturing firms' (TMFs) internationalization situation; what their internationalization determinants (forces within and outside of the firm that have influence) or motives are; and how, where and why these firms are doing their international activities. By

staying in the established theoretical frameworks, we want to find out which theories are relevant and help us to understand, explain, (and maybe to predict) the phenomena and which measurable factors affect or determine internationalization process of these firms.

To do these, in this chapter we will, first, explain the purpose of the research. Second, we will present research questions. Third, importance and need for the study will be explained. Fourth, definition of terms used will be given. Finally, dissertation outline will be laid out at the end.

3. Objective and Purposes of the Research

A review of the literature shows that the study of the internationalization of developing country firms via FDI has been limited (Yeung, 1999). Our objective in this study is to shed some light on a developing country (Turkey) firms' FDI involvement. Our purpose is to examine, evaluate and assess the internationalization of Turkish manufacturing foreign direct investment (FDI) firms. Specifically, our aim is to (i) examine the effect of firm-specific strength or capabilities on TMFs foreign investment, (ii) evaluate TMFs performance in accordance with their initial expectation, (iii) determine the motives of Turkish manufacturing firms (TMFs) in choosing an investment location, (iv) find out home country and host country-specific factors' influence on these firms' outward investment, (v) asses the usefulness of internationalization of FDI theories for the developing country firms, such as Turkey, (vi) portray the effect of their previous international experience, other than FDI, on their foreign involvement, (vii) sketch the contribution of these

firms' organizational networks to their internationalization through foreign investment.

4. Research Questions

In the literature it is argued that developing country firms's FDI activities are different from developed country based firms's with respect to competitive advantages, motivation, foreign investment location and entry modes (Dunning, et al., 1998). Specifically, researchers contend that while developed country based firms' FDI activities mainly emanate from firm-specific advantages in technology, product differentiation, managerial skills, size, scale economies and benefiting from capital market imperfections (Lall, 1982, Wells, 1977) these do not explain truly the situation of less developed countries (LDCs) based firms' FDI involvement (Lall, 1982; Kumar and Kim, 1984; Lau, 1992). It is claimed that firm-specific advantages of the latter firms come from different sources such as lower cost of production, adaptation of their labor intensive, flexible small scale operating technologies, which are taken from developed countries, to the LDCs local conditions (Wells, 1983), access to cheaper or more appropriate management and other staff, superior knowledge of close markets, and early entrance to newly developing economies (Kumar and Kim, 1984; Lall, 1982).

Apart from conventional FDI theories, different perspectives such as investment development path (IDP) (Dunning, 1981, 1986) and extended product life cycle (Aggarwal and Ghauri, 1991) put forth for explaining the developing countries' FDI involvement. In both perspectives, we think, the unit of analysis is not

the firm, hence, will not be useful for framing the research questions for this study. Further, since research on developing country firms' FDI involvement is neither rich nor up to date, unlike the research for developed country firms, we do not know whether the previous researchers' findings are still relevant in the face of dramatic changes in the world economy.

Therefore, specific questions we want to answer and particular issues we want to explore for fulfilling our research purpose in the study are as follows:

1. The fundamental question of this dissertation is what are the capabilities and motives of TMFs involving in outward investment? Are these forces the same as those that have driven the investment by other developing country firms or by more advanced country firms?

2. Do firm, industry, home and host country-specific factors influence extent, mode and pattern of TMFs' internationalization? If so, what are they? Which one(s) of these firm-specific factors, home or host country-specific factors are in play and more important in internationalization? For example, we want to know whether TMFs internationalization is the result of reaching sufficient competitive position through having valuable, important assets or it is the result of government erected push factors such as taxes.

3. What are the factors that determine TMFs' choice of country and choice of entry modes for performing international activities?

4. How do TMFs managers assess performance of their firms' foreign investment?

5. What are TMFs degrees of internationalization (DOI)? And, what is their potential for further internationalization?

6. Can we explain TMFs internationalization with the relevant existing theoretical frameworks? If we can, among the eclectic, incremental, network theories which one(s) give more explanation and predictions to the internationalization process of Turkish manufacturing FDI firms?

5. Importance of the Research

When we consider the subject of internationalization of firms broadly embracing exports and imports (including capital, e.g., portfolio investments), technology and management development, conducting business activities within the country with foreign partner, and conducting business activities abroad with foreign partner or alone, there are some important empirical studies carried out related to the Turkish context. Following the above order, relating to exports Erden (1995) studied the export performance of Turkish FDI firms while Bodur (1986) examined the problems of Turkish exporting firms. Kırım and Ateş (1990) focused on the technology transfer issues. Related to management development, Erden (1987) studied the problems of managers' internationalization issue, and uncovered the impact of MNCs on Turkey via executive training programs (Erden, 1988a). She also studied international transfer of Turkish managers in MNCs (Erden, 1988b). Considering internationalization of the Turkish firms in terms of export involvement, Keçeci (1997) studied the internationalization level of the automobile components supplier firms. Relating to internationalization as conducting business with foreign partners within Turkey, we can cite the works of Erdilek (1982), Bodur and Madsen (1993), Demirbağ et al., (1995) and Erden (1997) for the manufacturing sector; for the service sectors' sub-sector, Ekin (1998) studies the food retailing firms; and, the

works of Erden (1996a), Tatoğlu and Glaister (2000) include both sectors and others. The last one, pertaining to internationalization as conducting business activities abroad with foreign partner or alone Yaylı (1997) studies the internationalization of hotels and hotel chains, and Kaynak and Dalgıç (1992) studies the internationalization of Turkish construction companies.

Internationalization through FDI is very important for a nation's firms, industries and economy at large. Firms, for example, can develop competitive skills in foreign markets and bring these skills and knowledge to the home country, and grow more; consequently, they may become more active in globalized world markets (Czinkota, et al., 2002). Yet, there is no empirical examination of Turkish manufacturing firms' internationalization via FDI involvement in other countries. And, it is necessary to test or check whether the theories of FDI have an explanatory and predictive power for a developing country firms' FDI involvement. Further, no study exists related to the firm, industry, and country-specific factors' influence on the internationalization and the different modes of entry of Turkish firms. Also, it is crucially important to find out what the competitive advantages of Turkish firms are in their international expansion.

In attempting to conduct a nation-wide study about FDI involvement of Turkish firms, we need to restrict the sector of these firms in order to prevent possible industry effect on the issues we want to cover. We have chosen FDI activities of firms in the manufacturing sector. The reason for this choice is not only that this sector is important for Turkey's economy, but also it accounts for a significant amount of FDI outflows and number of outgoing firms. As is seen on

Appendix Table I. 3, banking and other financial services can be a candidate for a comprehensive study. However, these sectors generally follow the manufacturing sector since they provide intermediate inputs for the production process (Eramilli and Rao, 1990). Thus, it is sounder to start with the manufacturing sector. The General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury, which is the only official institution that compiles files and collects data for the foreign investments of Turkish firms, makes one broad classification and calls it as commerce. But, we did not prefer to use this sector because the amount of capital transferred by this sector to other countries is nearly half of the capital transferred by the manufacturing sector, even though the number of firms established in other countries is twice as many as that of the manufacturing firms. For the other service sub-sectors, there are few firms and a small amount of transferred capital which do not deserve the attention of the study we intend to do. Moreover, establishing a manufacturing operation in a foreign country requires more resources and commitment compare to the other sectors.

Turkey's total FDI outflows by sector are given in the Appendix Table I. 4, which is we derived from the Appendix Table I. 3. As mentioned earlier, the GDBFE record on FDI activities of Turkish firms can be considered as a minimum. The real amount of Turkish firms' foreign investment and exact number of these firms are expected to be higher. Therefore, at the minimum level, we will be including the sufficient number of firms ($240 / 1342 = \sim 18 \%$) that are involved in FDI; a large number of firms that become a part of foreign establishment or owned firms in foreign countries ($212 / 1081 = \sim 20\%$) and we will be including a relatively high

percentage ($1.402.562.208 / 5.099.037.117 = \sim 27\%$) of outgoing capital via FDI (see Appendix Table I. 3).

6. Definition of Terms

6. 1. Internationalization

The word international, as a noun, means “extending across or transcending national boundaries”; and “internationalization” is derived from the verb “internationalize” which has the meaning of “to make international” (The American Heritage Dictionary, 1995). In the field of international business (IB), the term international usually refers to either an attitude of the firm towards foreign activities or to the actual carrying out of activities abroad (Kindleberger, 1969; Johanson and Wiedersheim-Paul 1975). For instance, the attitudes and actions of ethnocentrism, polycentrism, regiocentrism, and geocentrism (Perlmutter, 1969) reflects the goals, philosophies and stages of firms’ internationalization.

The internationalization concept is defined as “the process of increasing involvement in international operations”(Welch and Luostarinen, 1988, p.156), and “the process of adapting firms’ operations (strategy, structure, resources, etc.) to international environments” (Calof and Beamish, 1995, p. 116). The dimensions of internationalization are characterized by Welch and Luostarién (1988) as “how” foreign operations will be carried out, “what” goods and services, know-how exchanged, “where” these exchange activities take place (see also Lecraw, 1993). Therefore, internationalization is a multidimensional concept and it refers to both

“outward” and “inward” activities of firms (Fletcher, 2001). Hence, there are many ways of international involvement such as exports and imports, contractual agreements and informal cooperations with foreign partners in the home country and abroad (licencing, technology and management development, alliances, others), portfolio investment, and equity investment (i.e. FDI) via joint ventures and wholly owned subsidiaries (greenfield, acquisition and others). We define internationalization as extending business activities in home country or abroad via different means. In this study, we will mainly focus on the equity investment aspect of internationalization of Turkish manufacturing firms (ITMFs).

6. 2. Foreign Direct Investment (FDI)

To delineate the concept of FDI from foreign portfolio investment it is worth noting the guidelines of international organizations such as the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD). These institutions differentiate FDI from portfolio investment by its long-term and control orientation (Stephen and Pfaffmann, 2002). By following these guidelines, we can define FDI as a type of international equity investment that involves long-term commitment and that gives investors the right to manage and control assets and operations of an established or acquired enterprise. Required minimum ownership share for control is somewhat controversial and varies from 10 percent to 25 percent (Daniels and Radebaugh, 1998). We will consider more than 10 percent of Turkish manufacturing firms’ ownership share as FDI in this study.

Firms can engage in FDI either by acquiring an established firm (acquisition investment) or by setting up a new company (greenfield investment) (UNCTAD, 1991; Meyer and Estrin, 2001). In this study, if a firm has ownership share of more than 90 percent we call it as wholly owned subsidiary (WOS) which can be in the form of greenfield or acquisition. Having an ownership share of between 11 and 90 per cent will lead us to call an investment as joint venture (JV) which can also be in the form of greenfield or acquisition (Stephen and Pfaffmann, 2002).

6. 3. Multinational Companies (MNCs)

There are many labels or terms for identifying firms that extend their activities across national borders. Among them are transnational corporations (TNC) which implies full integration of international activities (Dunning, 1993); international companies (ICs) which, we think, does not capture whole operations of internationally involving firms; and multinational enterprises (MNEs) which refer to cross-nationally operating entities that are owned by both private and public sector. Since internationally involving firms dominantly come from the private sector, we prefer to use the term multinational companies (MNCs). We define MNCs as “enterprises which own or control production service facilities outside the country in which they are based” (Czinkota et. al., 1996, p. 434). Although some require that a multinational company operate in two or more foreign countries, more than one country can be sufficient (Dunning, 1993). In this study, we will use the terms of TNCs, MNEs, ICs and MNCs interchangeably to express the same meaning in the definition of MNCs. We will also use enterprise, firm, company, corporation to convey the similar meaning without considering their legal nuances and implications.

7. Dissertation Outline

Seven chapters are included in this dissertation. Chapter I sets out the introduction, background, research questions and purposes, importance of the research, and definitions of terms. Following this introduction, Chapter II will provide review of the major theoretical frameworks for FDI and MNCs. Chapter III is a methodology chapter. It explains the selection of the sample and the development of data collection instrument. It also describes the process of conducting the survey and the analysis of primary data.

From Chapter IV to Chapter VI, each chapter will review relevant literature and develop hypothesis and report the hypothesis testing results with some conclusions. Chapter IV discusses firm-specific capabilities and performance (including the degree of internationalization) of internationalized TMFs. Chapter V identifies the strategic pull and push motives of TMFs in going abroad. Since one of the aims of this study is to test major theoretical perspectives, Chapter VI will do the assessment of OLI, Uppsala and Network theories in explaining the TMFs' internationalization. The last chapter will summarize the overall results; discuss the contributions, implications, and the limitations.

CHAPTER II: THEORETICAL FOUNDATIONS OF THE MULTINATIONAL COMPANIES (MNCs) AND FOREIGN DIRECT INVESTMENT (FDI)

1. Introduction

As the field of international business (IB) has moved from international economics orientation to immerse other related fields such as politics, sociology, anthropology, law, marketing, finance, organization and business strategy, various theoretical perspectives of IB were built based on some of these disciplines. Two questions may arise here from this statement. First one is what do we mean by the theory? By theory, we mean "... a set of interrelated constructs (concepts), definitions, and propositions that present systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena" (Boddewyn, 1985, p.57). Second question is what are these IB theories or perspectives? The answer of this question is simple according to Caves (1996) and Rugman (1981, 1999): Theories of IB are the theories of MNCs.

Given that the theories of the MNCs are at the heart of IB inquiry (Caves, 1996; Rugman, 1981, 1999), looking from organizational theory perspectives, in a broad sense MNCs are organizations. A logical corollary is that organization theories (OT) should explain the nature and activities of MNCs. To the best of our review of the literature there is a limited usage of organization theories such as transaction cost and network perspective. Even though we see recently the examination of the

relationships between institutions and IB (Mudambi and Navarra, 2002), and the partial application of institutional theory (Brouthers, 2002; Lu, 2002), to explain the relationships among governments and MNEs resource dependence theory, and to illuminate the divestment of MNCs population ecology theory can provide rich frameworks. Despite these potentials, economics oriented theories are still dominant in the field of IB (Grosse and Behrman, 1992). Toyne (1997) states that economic based view of international business is too narrow since it “assumes economic and social separation”. Rugman (1999) opposes Toyne’s view by saying that the managers of MNCs have already dealing with social, legal issues in the process of internationalizing their firms. Reviewing the 27 years of research published in a leading IB journal, Sullivan (1998) finds prevalence of analog reasoning along with diminishing “comprehensiveness, connectedness, and complexity” in IB research. Toyne and Nigh (1998) suggest different approach to the study of IB phenomena by shifting the level of analysis from firm to the multi-level (i.e. suprasocietal, societal, industry, firm, group, individual) business process. By this way, Toyne and Nigh (1998) assert, other fields of study such as sociology, psychology, political science, anthropology can have as much contribution to IB research as economic theories.

In this chapter we will briefly review a selection of major theoretical perspectives on MNCs and their FDI activities. Generally, internationalization theories consist of monopolistic competition theory, product cycle theory (PCT), oligopolistic reaction theory, national market arbitrage theory, internalization theory (IT), Dunning’ eclectic (OLI) theory, competitive advantages or organizational capability theory, incremental (stages or process) theory, and network theory. Besides, there are other views on international expansion of firms, for example neo-

imperialist views of FDI and bargaining views of FDI, which emphasize relative bargaining power between the internationalizing firm and the foreign government and distribution of costs and benefits of FDI (Grosse and Behrman, 1992) that are not mostly empirically based. We might add to these a recent view, international new ventures (INV) framework, which emphasizes internationalization of knowledge based product or service producing firms that are international from the outset (Oviatt and McDougall, 1994).

2. Theories of FDI and the MNCs

The rise of multinational corporations (MNCs) since the second half of twentieth century gave birth to many streams of theoretical thoughts that attempted to explain their nature, existence and expansion. Various classifications of MNCs and FDI theories based on different criteria exist in the literature (Kuada and Sorensen, 2000, Dunning, 1993; Grosse and Behrman, 1992; Forsgren, 1989; Boddewyn, 1985; Calvet, 1981). Forsgren (1989) identifies four streams of major theoretical approaches on internationalization process of firms. The first group regards international firm as an organizational hierarchy (in which top management decides on internationalization) with a valuable assets and considers the firms' international expansion as a consequences of rational plan that stems from market imperfection and market failure views of economic theories such as industrial organization and internalization theory; and, global strategies. The works of Vernon (1966), Dunning (1980), Kindleberger (1969), Hennart (1982), Caves (1982), Rugman (1982), Buckley and Casson (1976), Doz (1986), Hymer (1976), Porter (1986) are classified in this group by Forsgren. We can add to this group Aliber's

finance based theory of imperfection of financial markets (Aliber, 1970). The theories in this group attempt to answer questions like “why does FDI occur”, “which industries or firms are most active as foreign investors” and “how the foreign operations should be organized” (Forsgren, 1989, p.6).

The second group is composed of the Uppsala school (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) and the work of Aharoni (1966). In this group, international firm is considered a hierarchy; and firm-specific advantages (assets) as in the first group are necessary but not sufficient for internationalization. Scholars in this group focus on “how the internationalization process appears at the level of the firm” (Forsgren, 1989, p.7). We think that network theory belongs to this group also, since extending the network connections is an upper level decision; establishing one network opens a path to another network; and, assets are less important than network connections. Third and fourth groups use political perspectives and see the international firm as a coalition of interests. The third group uses rationality and power relationship within the organization in explaining the international activities. The studies of Brook and Remmers (1977), Hulbert and Brendt (1980), Kallinikos (1984), Larsson (1985) are classified under the third group by Forsgren. The fourth group consists of the work of Hedlund (1986) who sees international operations as complex “heterachy” and uses non-rational (power-based) decision-making according to Forsgren (1989). Since the last two groups are not neither widely accepted as theoretical frames by researchers nor, we think, applicable to developing country firms, leaving aside the third and fourth groups, below we will review most of the theories in the first two groups.

2. 1. Market Imperfection and Oligopolistic Reactions Theory

Before the 1960s, activities of international firms outside of their home countries explained by mostly portfolio or capital movement theory that purported that international capital movement occurs as a result of interest rate differential among countries. Dissatisfied with this theory's explanation of foreign investment in his 1960 dated theses, which is published in 1976, Hymer (1976) made a path breaking contribution to the explanation of the nature of MNCs and their activities. Hymer (1976) pointed out that, to offset the disadvantage of operating in unfamiliar foreign environment, MNCs must have firm-specific asset advantage that they developed in response to market imperfections. He has taken the MNCs as the unit of analysis and put it on the center of international business (IB) activities and explained the reasons for MNCs' competitiveness and expansion to foreign markets. He believed that when one considers risk, uncertainty, unstable exchange rates, cost of making transactions and obtaining information in foreign markets, portfolio theory becomes inadequate for explaining the international production, which is the major point of Hymer's theses appraised by many prominent scholars (e.g. Dunning, 1993; Rugman, 1999). Further, he maintained that while going abroad, firms not only transfer capital but also other resources such as technology, management and organization skills without change in ownership. He argued that owning and controlling an enterprise in foreign countries requires possession of some asset advantages in production, distribution and marketing to offset the disadvantages of operating in unfamiliar environment and competing with local firms in foreign countries. The asset advantages of technology, innovation, cost reduction, financing,

production and marketing leads the firm that possess them a monopolistic advantage which arises as a result of market imperfection according to Hymer.

Market imperfection means deviation from perfect competition in both domestic and international level related to goods and factors market, and market structure (e.g. barriers to entry, oligopoly) (Calvet, 1981). Drawing from the work of Bain (1956) Hymer reasoned that in the domestic context there is no perfect competition; firms do not produce homogeneous products, and they do not have equal access to all productive factors. At the international level, countries have trade policies in which tariffs and quotas are in play; tax policies, incentives and various restrictions that cause departure from perfect competition. Hymer (1976) asserts that as a result of imperfections in markets for goods or factors of production, firms gain monopoly or oligopoly market power; and, when the trade barriers exist among countries, FDI occurs for exploitation of monopoly or oligopoly position power on new markets (Forsgren, 1989). Therefore, firm-specific advantages in scale economies, managerial expertise, and product differentiation lead the MNEs to search for foreign markets via FDI.

Following Hymer's (1960, 1976) early insights on MNCs and FDI, Kindleberger (1969), Caves (1971) and Calvet (1981) used market imperfection view as a core explanation of existence of MNCs and foreign investment behavior of MNCs which is viewed as an endeavor to retain and increase monopolistic or oligopolistic advantage. Aliber (1970) also explains foreign business activities of firms with the imperfections of foreign exchange and capital markets. He delineates FDI with foreign exchange risk and abilities of MNCs to borrow funds easily and

cheaply, which in turn helps their engagement in risky operations in host countries. Caves (1971) and Calvet (1981) related the FDI theory to industrial structure and argued that firms in oligopolistic industries tend to become multinationals because they obtain intangible assets from their investments in advertising and research and development (R&D). Product or service differentiation, high entry barriers, and limited competition, which are the characteristics of oligopolistic industries, make the firm control assets in home countries as well as in host countries (Calvet, 1981). Firms in oligopolistic industries adapt “follow-the-leader” or “follow-the-competitor” (Knickerbocker, 1973), “exchange of threats” (Flowers, 1976) behaviors while going to foreign markets. In this way, each of the small number of firms responds to actions of competitors accordingly, which is called oligopolistic reactions.

The market imperfection and oligopolistic reactions theories, which are also called as industrial organization models (Dunning, 1993, Calvet, 1981), give more emphasis on “sellers’s concentration as being a main determinant of direct investment”; and, even though they “may explain the advantages of home country firms, they cannot predict country or industry patterns of foreign investment” (Calvet, 1981, p.47). Although these models attempted to show why FDI is used to exploit the company-specific advantages and inter-industry differences in FDI (Boddewyn, 1985), empirical studies did not support the idea that FDI is always made by firms in differentiated oligopolies in the home market (Forsgren, 1989). Other limitations include that paying inadequate attention to takeovers as a method of internationalization and not answering the question of why a firm acquires an existing company abroad instead of establishing its own (Calvet, 1981). More

importantly, it becomes short in explaining companies' exploitation of assets as FDI rather than licensing which internalization theory has considerable strength in this respect. In the final analysis industrial organization models purport that MNCs, as a result of market imperfection and oligopolistic reaction, not only use resources ineffectively by restraining competition in domestic and foreign markets but also they can achieve above-average profits because of their monopolistic or oligopolistic characters (Forsgren, 1989).

2. 2. Product Cycle Theory

The product cycle (PCT) theory of Vernon (1966) seeks to explain international trade and foreign direct investment as "sequential stages that follow the life cycle of a product". Vernon (1966) focused on the creation, cost and manufacturing place of products. There are three stages in the life of a product; and, production locations changes based on these stages, according to PCT. In the new product stage, the product is non-standardized, and it is designed and manufactured in home country of high-income consumers. Since the innovator firm is monopolist, it earns monopoly profit to cover research and development (R&D) costs by selling it in the high-income home country and by exporting to especially high-income foreign markets. In the mature product stage, the enterprise standardizes the production process and increases the production. In this stage, competitors enter the market by cutting the price; hence, market share becomes a big concern for the firm in the face of foreign manufacturers. The firm decides to produce abroad, mainly in other high-income countries, because of the cost and market share concerns. In the last stage, manufacturing of the product is completely standardized, and price competition

becomes fierce. In this standardized product stage, the firm chooses cheapest production places of low-income countries where there are abundant unskilled labor. The firm exports from the foreign manufacturing facilities in the low-income countries to high-income countries, including the home country.

Product cycle theory, by showing some of the factors of productions' international mobility, has challenged the classical assumption of immobility of the factors of production (Grosse, and Behrman, 1992). It explained United States's international investment in the early post-world War II period based on innovation in oligopolistic industrial structure and the timing of product entry by industry and country (Rugman, 1999). By emphasizing process of product creation and effectively marketing it, PCT shifted focus from country to product in conducting international business activities. While it describes well early expansion of U.S investment in Europe, PCT model is questioned in the face of increasingly lessening differences of factor costs and market conditions in the world; and, Vernon himself later commented that PLC has lost its power in explaining trade and investment relationships between developing and developed economies (Barkema et al., 1996). Product cycle theory does not address the issue of undertaking foreign production instead of licensing (Giddy, 1978). Even though, PCT is more appropriate for the mass-production of some technology-based products, it does not explain foreign expansion of firms in the service sectors in which services are not characterized mostly by maturity (Czinkota et al., 1996). Buckley (1997) also believes that PLC is troublesome with multi-investor world.

2. 3. Transaction Cost Approach and Internalization Theory

Even though Grosse and Behrman (1992) treat transaction cost theory (TCT) and internalization theory (IT) as separate theories, Rugman (1999) considers them as the same theories. Buckley (1997) states that internalization theory is derived from the works of Coase (1937) and Williamson (1975). Although basic arguments of the two are the same, there is a slight difference. Transaction cost approach is the extension of Ronald Coase's idea that firms exist because they can coordinate economic activity more effectively than markets. The work of Coase was extended in a largely domestic context by Williamson (1975, 1981). Transaction cost theory takes transactions rather than commodities as a basic unit of analysis. It compares market transactions cost with the cost of doing all activities internally within the organization by focusing on efficiency. When measuring value of goods and services, it assumes bounded rationality and opportunistic character of human in uncertain and complex environment (Williamson, 1981). It asserts that, via common ownership and using fiat for resolving differences, organizations try to optimize their functions. Since commodities and services subject to trade are vaguely defined and contractual obligations have time limit (Calvet, 1981), market transaction costs, which consist of information, enforcement and bargaining costs (Hennart, 1991a), will be high. In this case, organizations use hierarchical governance mechanism as opposed to market.

Despite the fact that the concept of internalization recognized and used by first Stephen Hymer, and then John Mcmanus for explaining the activities of MNEs (Dunning, 2003) prior to the study of Buckley and Casson (1976), most of the credit is given Peter Buckley and Mark Casson partly in recognition of their more

parsimonious, persuasive, treatment of the subject at that time (Buckley and Casson, 2003). Along with this, Buckley and Casson's extensive follow-up studies, and prevalent parallel ideas of the transaction cost theory for explaining the existence of domestic firms put their work at the center of attention (Safarian, 2003). The internalization theory (IT) rests on the two postulates that "...[f]irms choose least cost location for each activity they perform, and firms grow by internalizing markets" (Buckley, 1988, p. 181-182). The IT does not deny firm-specific asset advantages of MNCs such as production and marketing knowledge, but it bases the MNCs reason for existence to market failure in intermediate product markets as such technology, management skills, semi-finished goods. Contrary to industrial organization theory's emphasis on imperfection in the final product market (Hymer, 1960, 1976; Kindleberger, 1969; Caves, 1971; Knickerbocker, 1973), internalization theory focuses on market failure in intermediate inputs (Rugman, 1980, 1981; Buckley, 1988). The IT recognizes the necessity and importance of intermediate assets (information, research, knowledge and expertise), in producing goods and services. However, it is hard to organize markets for intermediate products because of "public good" characteristics and creation of externalities in the exchange of these products (Rugman, 1980; Calvet, 1981). Specifically, intermediate assets cannot be efficiently traded and priced because of "transaction, contracting and co-ordinating costs" which may involve "...the brokerage cost of finding a correct price; the cost of defining the obligations of parties in a contract; the risk of scheduling and related input costs; and the taxes paid on exchange transactions in a market" (Rugman, 1981, p.42). Moreover, "[i]t is difficult to give sufficient information to potential buyer concerning the qualities of the assets without revealing the asset per se. Therefore, there will be uncertainty to buyer concerning the value of the asset which will

restrain him paying as much as he would if he were in the seller' position (Buckley and Casson, 1976)" (Forsgren, 1989, p. 22). To prevent the costs and externalities the firm utilizes and coordinates complementary assets under common ownership "not by negotiation but by control" and administrative fiat (Rugman, 1981). Another words, the firm makes an internal market within its boundaries and becomes an institution that minimizes transaction costs.

According to IT researchers, market failures in intermediate products as a result of such as information costs, opportunism, and asset specificity are the main reason for an MNE' existence and expansion (Rugman, 1981). Put it differently, they postulate that when the market is missing or transaction costs of regular markets are too much, then MNCs will emerge as a result of an internally developed company-specific asset. Hence, an MNE is an institution that minimizes transaction costs by owning complementary asset in different countries and by integrating all the operations within its control and coordination (Casson, 1992). Exploiting assets under its own management continues up to the point where administrative costs are higher than the market costs. By the same logic, IT theorists foresee that FDI occurs when the benefits of internalization outweigh the costs. Lately, IT theory is extended with strategic management (Rugman and Verbeke, 2003) and entry strategies (Buckley and Casson, 1998).

Internalization theory explains and predicts entry modes in foreign markets plainly and elegantly. In exporting option, the firm compares government regulation/control costs and host of other costs with the cost of FDI and chooses the appropriate alternative. Since licensing carries the risks of losing know-how and

technology, IT declares that the firm must internalize firm-specific advantages via FDI instead of externalize them through licensing which means exploiting property rights (Rugman, 1980). In case of deciding FDI option, the theory suggests to the executives who wants to install their own practices choosing green-field investment instead of acquisition; on the other hand, if they have trouble and uncertainty in establishing a new organization and do not mind tight control, IT suggests choosing the vice versa (Casson, 1992; Forsgren, 1989). Further, acquisition is better than greenfield investment when the foreign market is saturated or declining; contrariwise, greenfield investment is more suitable than acquisition when the investing firm has distinct capabilities or the foreign environment is more familiar to the firm (Casson, 1992; Forsgren, 1989).

Even though contributors of internalization theory (IT) consider it as a general theory of both MNCs and their expansion activities (Rugman, 1980, 1981, 1999; Buckley, 1997; Casson, 1992), in fact it is too general and, as Peter Buckley recognized, cannot be tested directly (Buckley, 1988). Although, Rugman (1981, 1999) believe that other theories of FDI, namely the works of Vernon (1966), Hymer (1976) Kindleberger (1969), Caves (1971), Aliber (1970) can be integrated into internalization theory, resting on only economic variables means partial analysis of the real world. Besides, IT has other shortcomings: It applies to both domestic and international firms (Grosse and Behrman, 1992); and, it assumes nearly total lack of external constraints such as rules on competition (Harrison, et. all., 2000). Finally, IT envisages both positive and negative socioeconomic implication in growth of the firms at the market's expense: If internalization of markets enhances the efficiency that means MNCs have positive impact on society's welfare; on the contrary, if

internalization reinforces the barriers to entry, in this case MNCs have welfare reducing effect (Buckley, 1988; Itaki, 1991). Hence, there is no clear answer to the result of a firm's growth.

2. 4. Eclectic (OLI) Theory

Eclectic means (1) “selecting, or employing individual elements from a variety of sources, systems, styles, (2) made up or combining elements from variety of sources” (The American Heritage Dictionary, 1995). As the meaning of eclectic implies, eclectic theory is a combination and synthesis of international trade theory, ownership theories, industrial organization theories, location theories, internalization theory and the firm theories (Dunning, 2000; Harrison, et. al., 2000). In the eclectic approach, internationalization is seen as resulting from three factors: namely, firm-specific ownership advantages, country-specific location advantages and market or transaction-specific internalization advantages (Dunning, 1980, 1988, 1993, 1995b; 2000). This approach is also termed as OLI in which firms own the assets (i.e. resources that generate income), but not its competitors, constitutes ownership (O) or competitive advantage. Secondly, firms evaluate the alternative ways of organizing the creation and usage of core assets; if internalizing is more beneficial than the other usages that mean the firm has internalization (I) advantage. Finally, to derive the profit and other gains in favorable overseas markets firms choose to exploit locational differences in factor costs in the face of attractiveness in these markets comprises the location (L) advantage. Therefore, the eclectic approach gives the answers to the questions of why some firms involve in internationalization, where the

firms activities take place, and how foreign involvement will be carried out (Dunning, 1993, 2000).

Even though Eclectic paradigm is very comprehensive and takes many factors into considerations, it is not insulated from criticisms. Agreeing with Buckley's (1988) point on superfluousness of ownership advantage, Itaki (1991, p.445) states that "the internalization and location factors are necessary and sufficient to explain the existence and growth of the MNE", hence, ownership advantage in the OLI framework becomes theoretically redundant. Itaki (1991) also asserts that locational advantage is conceptually ambiguous. Gray (1996) argues that in the globalized world static analysis of FDI is less important in the face of competitions; and, the static analysis of OLI should be replaced by the dynamic analysis. He also states that environment (government, oligopolistic market behavior) is affecting OLI. He concludes that O advantages increase or decrease according to ability of transnational corporations (TNC). Harrison et al., (2000) believe that OLI is more pertinent for greenfield investment than mergers and acquisitions. Empirical studies generally support the OLI (see Dunning, 1993).

Eclectic theory of Dunning has been evolved and modified since its formulation. Dunning (2002) states that he recognized the O and L component of eclectic theory in the late 1950s during his study (1957 dated PhD theses which is published a year later) of US firms' direct investment in the UK manufacturing industry; and I component in the late 1970s. In his later writings Dunning (1988, 1993) divided the ownership (O) advantages into asset (Oa) and transactional (Ot) advantages. Recently, he presented the eclectic approach as an interdependent

organizing framework or paradigm for international business theories (Dunning, 1993); and, more recently he included a contextual dimension, which comprises of economic and political features of both home and host countries, firm characteristics, nature of industry or sector in which a firm's value adding activities take place, and the reason for expanding firm activities in foreign markets, as affecting the configuration of the OLI parameters (Dunning, 2000). Including the contextual variables not only broadened the application scope of the OLI to the sectors other than manufacturing, but also made it dynamic in the face of the new developments such as technological change, rising both globalization and regionalization, alliance capitalism (Dunning, 1995a) and knowledge-based economy (Dunning, 1999).

2. 5. The Uppsala Internationalization Theory

The roots of the Uppsala internationalization process model goes back to Sune Carlson's study in the mid 1960s in which he focused on handling risky problem of extending firm operations abroad by trial and error and step by step information increase (Forsgren, 2002). Being familiar this study done in the same institution, the Uppsala University researchers later developed this model by making use of the behavioral theory of the firm (Cyert and March, 1963; Ahoroni, 1966) and Penrose's (1959) theory of the growth of the firm (Johanson and Vahlne, 1990). Empirical base of the model consisted of the Swedish firms' internationalization experience, in which the acquisition, digestion and application of knowledge, especially experiential know-how played a key role in their going abroad (Johanson and Widdersheim-Paul, 1975; Johanson and Vahlne, 1977; 1990). The Uppsala model deals with the question of "how internationalization process of firms evolves at the

firm level” by describing it as gradual and sequential process in which firms increase their international involvement, starting with countries that have close “psychic distance” (e.g. cultural, economic, social similarity), via first exports, then agents, after that sales subsidiaries and finally production or service units (Johanson and Vahlne, 1977).

The Uppsala theory reasons that when a firm first intends to enter in a foreign market, its tacit knowledge of the market is very low and the risks of operations are perceived to be high. Hence, firms will enter a host country with a low level of resource commitment. As the market knowledge or experience increase, so too commitment of the firm; consequently, firms can shift their foreign operations from indirect export up to the direct export, sales subsidiary, a minority joint venture, a majority joint venture, and finally a wholly owned subsidiary. Johanson and Vahlne (1990) have brought three exceptions to the model’s “establishment chain”: First, when firms have large resources they are expected to take big steps toward internationalization. Second, when foreign market conditions are stable and homogeneous necessary market knowledge can be gained easily. Third, when a firm already has significant experience from markets with similar conditions to the targeted market, it may be possible to generalize former experiences to the new markets.

Although the microeconomic and marketing theory oriented Uppsala model is dynamic (Johanson and Vahlne, 1990) and logically appealing, it is criticized conceptually. Critics’ arguments were that being too deterministic and general, having no explicit consideration of firms’ environment (Johanson and Mattsson,

1988; Turnbull, 1987), not defining variables properly (Anderson, 1993) restricting the interpretation of learning (Forsgren, 2002), hence, excluding many variables. While there have been many empirical studies supporting the model (e.g. Çavuşgil, 1984; Bodur and Madsen, 1993; Erden, 1996; Eriksson, et al., 1997), there are studies that do not support it (e.g. Sullivan and Bauerschmit, 1990; Millington and Baylis, 1997; Clark, et al., 1997).

2. 6. Network Theory

Network theory of internationally operating firms is relatively new, which is come out around mid-1980s and grew in the 1990s, compared to theories explained above. The reason for it may be to embrace the change in the institutions' ways of organizing economic activities, through downsizing, reengineering, outsourcing, subcontracting; it may also be an attempt to envisage the modification of inter-organizational relationships such as being both competitor and collaborator within the economic atmosphere which is called as "alliance, relational and collective" capitalism (Dunning, 1995a). When organizations faced greater speed of change, massive complexity of operations and turbulent business environment, network form of organizations build up as an appropriate governance mechanism whereby "...it is not a single organization within the network that produces products or services, but rather the network at large that is the producer or provider" (Hatch, 1997:191). Therefore, network is more than the cooperative alliances where dealings between pairs of the firms involve bilateral exchange relationships.

Drawing on social exchange and resource dependence theories, Network theory concentrates on establishment of formal or informal inter-organizational relationships among network members (Coveillo and McAuley, 1999). The basic postulation of the Network theory is that in order to exist one partner organization is dependent on the resources of other organizations in the network and there are mutual benefits in entering the exchange relationships (Powell, 1990; Dunning, 1993). Powell (1990) argues that interdependent, reciprocal-relation based network connection is an alternative governance mechanism to both market (in which actors' preferences are independent) and hierarchy in which actors' preferences are dependent. According to him, normative basis of network is complementary strength; as opposed to market and hierarchy, which use property rights and employment relationships, respectively, as a starting point. Therefore, network form is a distinct governance mechanism that does not resemble market or hierarchical system of resource allocation. Andersson and Johanson (1997) claim that the ability of establishing business relationships is essential for competitive advantages of an international firm.

The term network simply means that two or more organizations are involved in or connected with long-term exchange relationships (Thorelli 1986; Holm and Johanson, 1997). A network consists of nodes or positions and links (Thorelli, 1986). In a network each entity, which may consist of firms, private or public support organizations, informal groups and individuals (e.g. friends), has a position. These entities are, according to network theory, tied to each other by several social, economic, cognitive, bonds or connections which can be understood exactly through internal interactions experiences (Thorelli, 1986; Johanson and Vahlne, 1990).

Johanson and Vahlne (1990, p.19) perceive the international network relationship as an expansion of internationalization process occurring at the multilateral and inter-organizational level through “knowledge, commitment, current activities and commitment decisions”. According to Johanson and Mattsson (1988) network theory of internationalization means that the firm develops relationships in networks in other countries by means of establishing relationships in a new country networks (i.e. international extension); developing relationships in those networks (i.e. penetration), and connecting networks in different countries that is international integration. The network theory has not been the subject of much empirical studies compared to the other theories discussed above (Zafarullah et. al., 1998; Coveillo and McAuley, 1999). Bodur and Madsen (1993), Chen and Chen (1998) and Zafarullah et.al. (1998) report support for the Network theory.

3. Conclusion

In this chapter, we have provided a brief overview of the internationalization theories. We have concentrated on main theories of FDI and MNCs, namely, market imperfection and oligopolistic reaction theories, product cycle theory (PCT), internalization theory (IT), eclectic (OLI) theory, incremental (Uppsala) theory (UT), and network theory (NT). Not only have we presented origins and main arguments of these theories but also we have, to some extent, evaluated the strengths and weaknesses of them. However, we did not discuss all six theories in equal depth. The reason for it was that the last three theories will be taken up in Chapter VI where we will empirically test these theories.

While market imperfection and oligopolistic reaction theories and OLI adopt static framework that means foreign expansions of firms determined by static economic choice frames dictated by relative costs and benefits, Uppsala School and product cycle theory see internationalization as process in which firms gradually move away from the home country (Barkema et al., 1996). The Network theory also uses dynamic process approach in explaining the internationalization of firms. Very briefly, for internationalization market imperfection view focuses on monopoly power while oligopolistic approaches use oligopoly power; PCT takes product characteristics as focal point, IT gives more attention to efficiency; OLI centers on contingency of ownership, location and internalization; UT takes experiential knowledge to the center of attention; and NT gives more importance to organizational relationships.

The theories differ with respect to questions raised for understanding MNCs activity, their unit of analysis, and their variables; hence, as Dunning remarks, they should be conceived as complementary, rather than substitutable for explaining the MNCs behaviors (Dunning, 1993). Since MNCs involve in a host of activities other than FDI, "... it is not possible to formulate a single operationally testable theory that can explain all forms of foreign-owned production any more than it is possible to construct a generalized theory to explain all forms of trade or the behavior of all kinds of firms" (Dunning, 1993, p.68). The fact is that diversity of internationally operating firms, variety of their operations, and complexity of international business environment create many issues pending for solution. This might shed some light on the answer of the question of why there are many theories of FDI and MNCs.

CHAPTER III: RESEARCH DESIGN AND METHODOLOGY

1. Introduction

This chapter will explain the research design and methodology employed in the study. Prior to an investigation a researcher has to decide on, first, the type(s) of study; namely, qualitative or quantitative which are very different in nature and have certain strengths and weaknesses; hence, the choice of either one or both depends on researcher's objectives (Bryman, 1988). Secondly, in the research process, a researcher has to make a decision about the kinds of research designs, which consist of exploratory, descriptive, and casual research categories (Churchill, 1995; Churchill and Iacobucci, 2002); and, the application of one or more of these categories should be consistent with his or her research questions.

As it is set out in Chapter I for delineating our objective, purposes and aims, we want to test the theories of internationalization, assess locational determinants, and identify and evaluate the capabilities of Turkish manufacturing firms (TMFs), among other issues. These tasks can be effectively and efficiently accomplished via using survey questionnaire; hence, we mainly applied this method. Analysis and interpretation of secondary data and detailed case studies, we think, are less useful than survey method for accomplishing our objectives and for finding answers to our research questions. Below we will explain the qualitative and quantitative phases of the study, data collection methods and data analysis. A summary of these processes is presented at the end of this chapter.

2. Qualitative Study

Contrary to quantitative research which starts with a theory and reaches conclusion by showing the findings, qualitative research uses inductive method whereby it starts with data which can be acquired in certain ways (e.g. observation, interviewing) and ends in theory (Bryman, 1988). Given that this study mainly employs quantitative type of research, qualitative research is utilized as a facilitator of the former via discovering important issues and elements for forming hypothesis (Bryman, 1988). Since there is no study in Turkey, at least we know of, regarding our subject of inquiry, we wanted to collect the data first by means of exploratory research. To do this, first, we have done extensive literature review related to research objectives, purposes and research questions.

Second, semi-structured personal interviews are carried out with three managers who work in different internationally involved parent manufacturing firms that constituted our non-probability-“judgment sample”. The content of the semi-structured interview was derived from the literature for ensuring the appropriateness of the questions to be asked to the interviewees. We asked interviewees, for example, about their perceptions and opinions on the influence of firm-specific, country-specific and industry specific advantages on internationalization of their firms specifically and the other Turkish firms generally that are hard to find from the formal information sources (related to some of the questions asked in the interviews, see Appendix A). The interview content was recorded with the permission of the participants for subsequent analysis. A semi-structured interview format granted some amount of freedom to the interviewees in expressing their experiences and personal viewpoints associated with the questions asked. The average duration of the

personal interviews was roughly one hour. The analysis of the interviews was carried out through, direct quotations, ethnographic summary and content analysis. Content analysis classifies textual material, reducing it to more relevant, manageable bits of data. In the content analysis, measurement consists of counting the occurrences of meaning units such as specific words, phrases, content categories and themes (Yin, 1989).

Third, key informant (experienced person) surveys are conducted with three different experts from the Turkish Industrialists' and Businessman's Association (TUSİAD), the Foreign Economic Relations Board (DEİK), Istanbul Chamber of Industrialists (İSO) (related to some of the issues asked, see Appendix A). Forms of interviews were unstructured and informal for the purposes of giving the interviewees freedom of choice in explaining the factors related with our research questions (Churchill, 1995). Among the other qualitative study methods, focus groups were also appropriate for this kind of study. But, because of the notable difficulties of bringing relevant individuals together, we couldn't do that.

3. Quantitative Study

Quantitative research design mainly consists of; survey, experimental investigations (e.g. field and laboratory experiment), analysis of previously collected data, structured observation, content analysis (Bryman, 1988), computer simulation, and judgment task (Scandura and Williams, 2000). In accordance with our research purpose and research questions this study mainly applies survey, which is a descriptive investigation method.

3. 1. Data Collection Method

Identifying the main issues of the study such as pull and push factors of internationalization, firm characteristics and performance can be better accomplished and precisely specified by directly asking to respondents. Therefore, we used a questionnaire that is the most suitable one among the other quantitative research data collection methods in terms of both nature of the information being sought and obtaining the desired information for this study.

3. 1. 1. Development of the Questionnaire

To collect the primary data a questionnaire was developed on the basis of previous research and interviews that are done in the qualitative phase of the study. When the questionnaire is completed, a researcher should be convinced that he or she avoided many of the common pitfalls of questionnaire design. In order to assure that, we used the suggestions and guidelines set forth by Churchill and Iacobucci (2002), Kinnear and Taylor (1996), Churchill (1995), Gable (1986), Shaw and Wright (1967). From an extensive review of the international business literature we identified the major issues associated with internationalization, internationalization of manufacturing firms, internationalization theories, the determinants of FDI, motivating factors of FDI, international entry modes, international firm strategy, degree of internationalization, performance and competitive position of international firms, etc.,. Other questionnaires related to these issues were also consulted (e.g. Erden, (1996a); Tatoğlu, (1998)). We identified key questions of constructs and

elements that belong to the specified constructs. Along with advisors, the preliminary questionnaire was discussed with three academicians in the pertinent field who had also experiences with questionnaire survey. Based on their comments we revised the questionnaire and designed the draft form for the pilot study.

The language of the draft questionnaire was English. Despite the fact that managers or owners of the internationally operating firms would at least have a working knowledge of English, it would be safe, and somehow necessary, to translate the English questionnaire into native languages of the potential respondents. To do this, we first translated it into Turkish and then we did a back-translation from Turkish to English. A bilingual person, who is given information about the research, independently translated the questionnaire into Turkish and then back-translated it to English. And then, we compared both translations to arrive the final Turkish version. During the personally administered questionnaire, respondents were free to choose either Turkish or English version, all of them preferred the Turkish version. To prevent the understanding error only the Turkish version is used for the questionnaire sent through the mail.

The questions included in the data collection instrument fall into two types: factual and perceptual. Factual, open-ended questions were mostly related with years of foundation, amount of capital, sales, assets, entry modes, etc. For the perceptual and attitudinal questions a five-point Likert scale extending from such as “not at all important” “to extremely important” is used as a response vehicle for most of the measures. To see which variable(s) corresponds to which question see the survey questionnaire in Appendix B for English version and Appendix C for

Turkish version. Despite the fact that increasing the number of scale points may increase the reliability of the measure (Churchill, 1995), we have seen in the pre-test stage that increasing the number of points complicates discrimination and prevent respondents giving the precise response.

3. 1. 2. The Pilot Study of the Questionnaire

For the purpose of testing the data collection instrument, and possibly refining the questionnaire we conducted a pilot study. The goal of this pilot study was to ascertain whether any inconsistencies, unsuitableness exists in the variables that are used in the questionnaire. Besides we wanted to pinpoint the extent of vagueness, difficulty of understanding the directions, questions and items. Further, we intended to shorten the questionnaire based on the response results.

For the pilot study we selected a pre-test sample that exhibits the same properties that exist in the target population. Firms' size characteristics such as capital, numbers of employees, sales, assets are taken into consideration to do the pilot test. We could not successfully apply sector characteristics due to the fact that firms' sectors were very diversified. A total of eight Turkish manufacturing parent firms headquartered or located in Istanbul are used for the pilot test analysis. We have chosen two large-sized, three medium-sized and three small firms to represent the firms in the population¹. After completion of the draft questionnaire, semi-

¹ (1)Namely, Efes Pilsen (Efes Sınai Yatırım Holding A. Ş. which affiliated with Anadolu Holding) and Eczacıbaşı (Eczacıbaşı Karo Seramik A.Ş. which affiliated with Eczacıbaşı Holding) are used to represent large firms in the population. Three medium-sized companies are (Ak-Al Tekstil San. A.Ş., Cenay İnşaat San. Tic. Ltd. Şti., Işıklar Ambalaj A.Ş.) selected for representing medium-sized firms. Finally, three small firms (Altınboynuz Ltd. Şti, Özbarış Triko ve Konfeksiyon, Doğu Kristal San. Ve Tic. Ltd) are chosen to represent small firms in the population.

structured interviews were conducted with the respondents to evaluate the questionnaire in terms of capturing the desired information, assuring that they were clear and unambiguous. Each of these owners and managers interviewed had complete knowledge of the foreign equity investment that his or her firm previously set up. During the 30 minutes interview, we have discussed mainly issues covered in the draft questionnaire.

Subsequently, based on result of the pretest, the interviewees' responses and suggestions, some modifications or adjustments such as shortening the questionnaire by eliminating some questions and items were done. The final questionnaire was structured in 11 sections (see Appendix B, for the Turkish version see Appendix C): (1) company profiles (ages, sizes, sectors are asked without question number), (2) motives for FDI (first question in the questionnaire), (3) home-country related influences of FDI (second question), (4) firm-specific factors of FDI (third question), (5) internalization-related factors of FDI (fourth question) (6) network relationships and FDI (fifth question), (7) company's level of technology (sixth question), (8) internationalization level of firm' industry in Turkey (seventh question), (9) company's potential for reaching higher internationalization level (eighth question), (10) entry modes (ninth question), (11) business relationships prior to FDI (tenth question), (12) performance of FDI firms (eleventh question), (13) respondent related questions about education, work experience, etc., (twelfth question).

3. 1. 3. Validity and Reliability of the Questionnaire

The concept of measurement means “assignment of numerals to objects or events according to rule” (Stevens, 1974, p.22). Putting it differently, measurement consists of “rules for assigning numbers to objects in such a way as to represent quantities of attributes” (Nunnally, 1978, p.3). The traits of the firms are measured with an instrument (questionnaire) that has items that are related to concepts and constructs (and their operational definitions). Aside from the error arising from the situational factors (such as fatigue, motivation, temperature, data processing), the use of a questionnaire is subject to measurement error.

Validity and reliability of the measurement instrument deal with the issue of measurement error. The validity of a measure refers to the extent to which the measurement process is free from both systematic and random error (Churchill, 1995; Kinnear and Taylor, 1996; Churchill and Iacobucci, 2002). The reliability of a measure refers to the extent to which measurement process is free from random errors; hence, reliability is a necessary but not sufficient condition for validity (Churchill, 1995; Kinnear and Taylor, 1996). Below we will focus on the issues of validity and reliability separately as it relates to our data collection instrument.

3. 1. 4. Validity

Validity of an instrument addresses the general question of “does the instrument measure what it is supposed to measure?”. The major ways to estimate the validity of measurement are content validity, construct validity, and criterion-related validity that includes concurrent validity, predictive validity (Churchill, 1995;

Kinnear and Taylor, 1996; Churchill and Iacobucci, 2002). The first two validity types are relevant for this study.

3. 1. 4. 1 Content Validity

Content validity is assessed by answering the question of “to what extent do the items on the test instrument adequately sample from the intended universe of content” (Gable, 1986 p.72).

Before developing the questionnaire, theoretical basis for the conceptual definitions is established through a comprehensive review of the relevant literature. Then, operational definitions are taken mostly from the literature. Correspondence between conceptual and operational definitions are assessed through both individual discussion with the advisor and interview with managers. Appropriateness or applicability of the variables in the literature to Turkish firms is also determined through discussing with experts from Turkish Industrialists’ and Businessman’s Association (TUSİAD), Foreign Economic Relations Board (DEİK), Istanbul Chamber of Industrialists (İSO). Based on these judgmental discussions we finalized the questionnaire for the pilot test.

3. 1. 4. 2. Construct Validity

To provide the construct validity we had to perform correlation analysis, the multitrait-multimethod analysis, factor analysis, etc. We could not do correlation analysis because of the fact that there was no prior study for the matter we focus on. Due to comprehensiveness of the variables in the questionnaire, we sensed that

managers would be reluctant to answer the same questions with different scale.

Therefore, we did not do the multitrait-multimethod analysis. Finally, since we had to use a small number of respondents, we could not do factor analysis. Because, increasing the size of pre-test respondents would result in high possibility of rejecting to participate in the final test. As a result we did not do construct validity analysis. But most of the items that are used in this study are verified in the previous studies (e.g., Dunning, 1993; Erden, 1996; UNCTAD, 1998; ISO, 2002; Tatoğlu and Glaister, 2000; Luo, 2001).

3. 1. 5. Reliability

Reliability refers to consistency in obtaining the same results when the study is repeated. The difficulty of reaching respondents in our sample prevented us to apply common reliability methods such as test-retest, alternative forms and split-half (Shaw and Wright, 1967; Kinnear and Taylor, 1996) for estimating reliability of our data collection instrument. Instead, we used coefficient alpha and inter-item correlations for determining internal consistency of the measure. Coefficient alpha value of around .80s, and inter-item correlations in the .30 - .50 range are considered to be good values (Gable, 1986). However, Nunally (1978) suggests that the alpha value of .50 to .60 can be acceptable in the early stages of a research.

Ideally, factor analysis is necessary to determine the dimensions of the constructs and these dimensions should correspond with judgmentally developed categories; if they do not correspond, conceptual and operational definitions had to be reviewed in light of the characteristics of firms (Gable, 1986). Using a very low

sample size of eight individuals prevented us to do the factor analysis. Factor analysis requires a sample size of about “6-10 times the number of people as items” (Gable, 1986, p.144). Since our initial sampling frame was around 200 firms, using around 120 firms ($6 \times 20 = 120$; required minimum answer multiplied by 20 host country pull factors) for pilot test will result in having no firms for the final study (assuming that managers will not answer again the previously answered questionnaire). Because of this, we classified items judgmentally based on the literature and item’s conceptual meanings. For example, host country pull-factors are classified as motives of resources and efficiency seeking, strategic asset seeking, market seeking, and other (business-climate-related). We will report reliabilities of the constructs by using the Cronbach’s alpha in each of the related chapters while discussing the results of the study.

3. 1. 6. The Sample and Sampling Procedure

The survey population is the Turkish manufacturing firms that have equity investment in foreign countries. When the Turkish firms, operating in Turkey, transfer capital (in kind or cash for the purpose of equity or other investment) via banks or special financial institutions they need to be registered by the Undersecretariat of Treasury. The law requires that:

The banks, special financial institutions and customs administrations inform the Undersecretariat, about the residents transferring capital abroad or to free zones in Turkey for investment or commercial purposes, within 30 days from the date of each transaction.

The residents transferring capital abroad or to free zones in Turkey, will provide the information to the Undersecretariat related to the branches, companies or partnerships they have

established abroad within one year from the date of transfer, by submitting the documents pertaining to the permissions obtained from local official entities, articles of incorporation, commencement date and address of the activities, annual report, profits transferred into the country, capital formation and/or changes in the amount of the capital and the termination date of the activities (Derdiyok, 1999, p.419).

Therefore, the General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury has a database which provides information about the foreign country of the location of the investment, sector of the operation, proportion of foreign equity shareholding, total transferred capital and entry date. Subsequently, we contacted this institution for soliciting Turkish foreign direct investment (FDI) firms' information². We have gotten 1342 entities of Turkish firms

2 They sent us; first, just two pages of excel sheet data, which appears on the Appendix Table I. 1 and Appendix Table I. 4. After that, we requested from them by personally going to Ankara with a letter from my advisor and official request of the dean of Faculty of Economics and Administrative Sciences of our university. Unfortunately, database was not completed at that time. That meant that the most needed information, firms' addresses and phone or faxes numbers, was in the files. Even though we offered to personally complete the database by taking the files from the dusty shelves and entering the information on computer, which would make both sides' work easy, we are suggested to do the search in other places such as The Union of Chambers Exchanges of Turkey (Türkiye Odalar ve Borsalar Birliği (TOBB)).

Having gotten around 250 Turkish manufacturing FDI firms' (including the names of capital-transferring people) names, the names of countries they made investment, and the amount of capital they transferred, first we searched for TOBB' Industrial Database to locate our sample firms addresses and phone numbers. TOBB's database contains approximately 40,000 producer firms' names, addresses, telephone and fax numbers that are registered to any Chamber, Industry or Commerce and Industry, and that published a capacity report. Unluckily, we could not reach many firm-addresses there; and, there were many firms in the same names in different addresses. Secondly, we applied for Turkish Trade Register Gazette (Ticaret Sicil Gazetesi (TSG)) that had only addresses of registered firms, but they have given firms' addresses only outside of Istanbul; and directed us to search for Istanbul-based firms' addresses in Trade Register Gazette of Istanbul Chambers Offices. We did a few days of search there too. To find there telephone numbers, to confirm the addresses we did search of firms from Ministry of Finance database that is used for taxation purposes and the Istanbul Chamber of Industry (İSO) directory. We searched online telephone directory (www.ttnet.gov.tr) for firms and individual investors. And then, we used Internet searching specifically for these firms. In addition to these, since we couldn't find contact phones, we went to the addresses of more than 10 firms in Istanbul for the purposes of identifying them. We recorded all of this information in our self-made database. Later we learned that General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury (UT) identified about half of the all FDI firms' addresses in Turkey. We have gotten them too. But, there was no phone or fax numbers and we have seen that some of them were old addresses which means address changes had not been notified to GDBFE.

and individual investors whom mostly tied to a company in Turkey. These entities established 1,081 different joint ventures (JVs) and wholly owned subsidiaries (WOSs) in 75 countries with \$5 billion worth of investment (see Appendix Table I.1) as of the end of 2002.

Based on the sector information in Appendix Table I. 4, we have chosen the manufacturing sector, which had 293 entities. When we subtracted from this the double or multiple counting firms and individuals that made investment in more than one country, we reached the initial sampling frame of 240 entities, 172 firms and 68 personal investors (see Appendix Table I. 3). In accordance with our FDI definition, which was the same as Benito and Gripsrud (1992), we excluded firms and individuals that have less than 10 per cent equity share in an establishment outside of Turkey. This was very instrumental because the numbers of investors were increasing to comply the foreign laws in terms of firm establishment requirements (such as incorporated or limited liability firm) with a small investment share together with the main investor (e.g., three investors establishing one foreign firm).

Applying the 10 per cent cut off point resulted in 208 entities (168 firms and 40 personal investors) that are used for final sampling frame for the primary data collection stage. In 23 years of time span (the official database of GDBFE starts from 1979) some firms are closed down, bankrupted and ended the operation. As the study proceeded we have seen that 9 firms and one personal investor transferred money but did not start the operation; 50 entities (7 of them personal investor) terminated their foreign operations due to bankruptcy (8 firms) buyout (2 firms), sell outs and closing for other reasons. Three individual investors who are tied to

different firms did not participate since their firms participated; 18 entities (5 of them personal investor) were in the service sector and wrongly classified as manufacturing; 43 entities (21 of them personal investor) were not identified because of address change, and possibly closing the operation. As it will be seen in the Appendix Table III. 1 more than one third of the entities that we could not reach were small firms (15 of them transferred money with the amount less than \$100.000) and only four of these firms had investment amount more than one million dollar. Therefore we are left with 84 firms that are operating in Turkey and have subsidiaries abroad. Among these firms 30 of them refused to participate for reasons of confidentiality of information and lack of time availability. In the end, 54 firms completed the questionnaire.

As stated in Chapter I, the GDBFE database shows blurred picture of FDI outflows from Turkey. It neither contains an encompassing list of all capital transfers to foreign countries from Turkey, nor provides comprehensive list of all Turkish firms that are involved in foreign investment. It is partly because of the fact that unregistered economic activities are prevalent in developing countries like Turkey (Altuğ, 1994). Even though there are different approaches for measuring unregistered economy, for Turkey it can be safely estimated that around 25 per cent of gross domestic products (GDP) is unrecorded (Aydemir, 1995, p.35). Along with this fact, we recognized that there was news appearing in the media about Turkish firms that have made foreign investment whose names were not included in GDBFE database. Therefore, there had to be many investors that have gone unrecorded.

By this reasoning we looked for the Turkish manufacturing FDI firms' information from other sources. Some firms names and phone numbers were attained from the Foreign Economic Relations Board (FERB/ DEİK)³: In the meantime, we officially contacted the Turkish Embassy Commercial Counsellors and Attaches in more than 50 countries (see Appendix Table III. 2); with a few exceptions, most of them replied by firm information in their jurisdiction⁴. We also scanned Turkish newspapers search, especially Dünya Newspaper⁵, and general Internet search. Finally, concerned with reaching the required number of firms for statistical analysis we contacted the majority of the related organizations and sector associations in Turkey mostly by phone (an alphabetical list of contacted organizations' names and phone numbers can be found in Appendix Table III. 3) and abroad (see Appendix Table II. 4) by e-mail. Based on the information we got from the above sources we have identified 120 manufacturing firms that are established in foreign countries (see Appendix Table III. 5). We were unable to contact 47 of the 120 firms since their addresses and phone numbers were not known. Even though we sent e-mail to some of these firms for requesting participation to this study, they did not respond to us. It is possible that some of them may have no connection with a firm in Turkey. Among the contacted 73 manufacturing firms, 26 of them refused to participate. Thus, from

³ Foreign Economic Relations Board (FERB/DEİK) is a non-profit private sector organization striving to promote economic relations between Turkey and other countries that publishes country bulletins and investment directories where some Turkish FDI firms' names can be found in them. We searched all of the country bulletins and investment directories published by this institution (we also searched for investment directories for foreign countries published by Istanbul Chambers of Commerce's [İTO]).

⁴ Since the study was designed to conduct on internationalized manufacturing firms, which is established in Turkey, we requested parent firms' information in these countries. However, they have sent us subsidiary names and addresses of all firms without specifying the sector of investment in foreign countries, which was the only information they had. Due to research budget constraints we could not contacted to many of these firms, except those that have electronic mails.

⁵ This daily business newspaper publishes biweekly sector analysis that we scanned all the biweekly issues of 2002 and 2003(up to June) found some firms names, which involved in foreign investment.

the self developed FDI firms database 47 firms participated and completed the survey questionnaire.

One of the difficulties of sampling in international research is the “lack of suitable sampling frame”(Reynolds, et al., 2003). The initially used sampling frame of government database was not warranting us sufficient sample size for statistical analysis. Knowing that sample size also effect external validity of findings, we have made substantial effort to reach as many firm as possible by using simple random probability sampling. As a result, we obtained 102 questionnaires from the survey, which constitute the basis of the analysis in the subsequent chapters. Among the sampled firms 34 of them were within the list of largest 500 manufacturing firms of Turkey in 2002; 20 of these 34 firms are listed in the Istanbul Stock Exchange also. Besides, eight firms in our sample were within the list of second largest 500 manufacturing firms of Turkey in 2002. Although our sample consists of relatively large firms, a sizeable number of small and medium-sized firms are also covered in the survey. Hence, we believe that our sample is comprehensive and representative in terms of firm size and manufacturing sub-sector (see Appendix Table III. 6).

3. 1. 7 Administration of Survey Questionnaire

A survey questionnaire can be administered via observation, mail, phone, personal interview (Kinnear and Taylor, 1996) and e-mail; and, each of these methods possesses some advantages and disadvantages (Churchill, 1995; Churchill and Iacobucci, 2002). Comprehensiveness of the questionnaire, which required around 45 minutes of time to fill it out, prevented us using the phone interview

method of administration. Due to time and cost constraints of the study, we used personnel interview methods for the respondents in the city of Istanbul. Since the study had no financial support, traveling to several cities in Turkey was not possible. Likewise, the study had to be completed in a certain time frame; making an appointment with a respondent in other cities and reserving too much time for one interview was not feasible either. Mail surveys are more advantageous than the other means with respect to low cost and meeting time schedules (Kinnear and Taylor, 1996). Provided that, by personnel interview researcher can partly overcome the most important disadvantages of mail questionnaire, that is: "...it is not always clear who is responding in mail surveys, nor can the researcher exercise a great deal of control in this regard" (Churchill, 1995, p.370). In addition to this, administering the instrument through personal interview provides highest response rate, opportunity to clarification of ambiguous question and "it is best for getting response from specific, identified person" (Churchill, 1995, p.378). Thus, we decided to administer survey questionnaire by way of mail and personnel interview for obtaining the necessary information from as many respondents as possible. We have made appointments with more than 50 firms managers and administered the questionnaire via personal interview in the city of Istanbul where 70 percent of our sampled firms are headquartered or located. And, the rest of the sampled firms, which originate from the most developed cities of Turkey (e.g., Ankara, Izmir, Bursa, Konya), returned the completed questionnaire through mail, fax, and e-mail.

A variety of techniques have already been recommended in the literature for enhancing the response rate (Diamantopoluos and Schlegelmilch, 1996; Churchill, 1995; Churchill and Iacobucci, 2002). In line with these suggestions, first, we have

made warm-up contacts both by leaving the message, when we could not reach the respondents in the first phone call, and by, for some firms outside of Istanbul, faxing the letter for soliciting the participation (See Appendix D, for Turkish version, Appendix E). Second, we prepared the cover letter in a very professional manner that starts by describing subject of the investigation; why is the research necessary; why it is important for managers, academia and other individuals and organizations; why is the participation of the particular respondent would be valuable; and, why filling out the entire questionnaire is important. Third, confidentiality and anonymity of the responses are assured. Fourth, an offer of sending the summary report of the research finding is given to induce the response. Fifth, a pre-addressed return envelope was provided in the pre-addressed (university address) outgoing mail package envelope.

3. 1. 8. Respondent Selection and Response Rate

Given that the demanded information was very specific, the study entailed the respondents with thorough knowledge of issues covered in the questionnaire. We identified respondents by calling the company and asking who decides the firm's foreign investment and/or who is responsible for the operations of the subsidiary in a foreign country or countries; and, having identified the person we asked for his or her participation and contribution to the research. When necessary, we requested participation of a firm to the study via sending fax; and if they willing to do so, we requested from them to inform us the name, position and phone number of that person (see Appendix D and Appendix E).

We send the questionnaire to the firms located outside of the Istanbul, depending on the respondent's choice, by mail or e-mail. We called them whether

they received questionnaire or not. When they had received, we requested to complete the questionnaire as soon as possible. We contacted the firms by telephone to arrange an interview and sat with the respondent while the questionnaire was being completed in order to clarify the nature of questions and to explain their rationale for enhancing the completeness and accuracy of the data collected. In line with similar previous research, in responding to the questionnaire, respondents were asked “to reflect back to FDI decision they were involved in and to answer questions according to the logic employed in reaching that decision” (Kim and Hwang, 1992, p. 37). Thus, managerial perceptions and evaluations are used to gather information about firms’ internationalization processes.

Accordingly, the questionnaires were administered to the firms’s executives or senior level managers such as presidents, vice presidents, general managers, owner-managers, directors of international operations etc., (see Appendix Table III. 6). In each firm, only one respondent filled out the questionnaire. For the case of a parent firm’ owning companies in more than one foreign country, we decided to examine FDI operations in only one country (preferably where the first investment has taken place).

The amount of the information we intend to collect was high. Information is sought by lengthy questionnaire necessitated application of personal interview method (Churchill, 1995). “Surveying the industrial market is a relatively expensive proposition. One has to contend with busy executives who have better things to do with their time than answer questionnaire, and with efficient secretaries and receptionists who prescreen executive mail, telephone calls, and personal visitors. Industrial surveys consequently produce very low response rates” (Churchill, 1995,

p.377-378). After many contacts (on the average ten phone calls contacts made to each respondent), we reached 102 firms, that means 63 percent response rate. Eight firms are eliminated from the sample for the reasons of many missing values, not having corporate headquarter in Turkey and being service sector firms that resulted in sample size of 94 firms (see Appendix Table III. 6). In our personal estimate all population of the Turkish manufacturing FDI firms does not exceed 300 firms. Based on this estimate we can say that our sample is highly representative of the entire population in terms of firm number ($94 / 300 = 31$ percent of the estimated population) and firm characteristics (e.g., age, size, sub-sector). Data collection took place in the period of March 20 and September 24, 2003.

4. Data Analysis

Responses given to the survey instrument are gathered and entered into computer in line with our predetermined coding specification for the subsequent analyses. Prior to the data analysis an examination of the data will be carried out, as suggested by Hair et al (1998), in terms of normality, linearity, homogeneity of variance, outliers and missing values. Using the various multivariate analysis techniques, the data analysis will be reported in Chapters IV to VI by using Statistical Packages for Social Sciences (SPSS) for Windows (Release 11).

5. Conclusion

In this chapter we have discussed qualitative and quantitative data collection methods applied in this study (the former is largely used as a facilitator of quantitative method). In the quantitative phase, personally administered

questionnaire and the questionnaire administered through mail are used for the data collection purposes. As in the comparison of qualitative and quantitative research, each research technique chosen under these general qualitative and quantitative categories has certain strengths and weaknesses (Scandura and Williams, 2000). By using primarily survey method, we traded off generalizability for other gains. Considering the research aims, research questions and the nature of information sought, the survey questionnaire was the most appropriate means. Structure and content of the data collection instrument is carefully developed by doing extensive literature review, by following guidelines in the literature, and by interviewing with key informants such as managers and experts. It was pilot tested and then revised. Administering the questionnaire via both personal interview and mail resulted in considerably high response rate of 63 percent (102 firms). The data gathered via questionnaire will be analyzed in the subsequent chapters.

CHAPTER IV: FIRM - SPECIFIC CAPABILITIES AND PERFORMANCES OF TURKISH MANUFACTURING FDI FIRMS

1. Introduction

Turkey has been a long time recipient of foreign direct investment (FDI) since the establishment of the republic⁶. The situation has been changing during the last decade or so⁷ and many Turkish firms, being aware of the opportunities in foreign countries, are showing much interest in expanding their business activities abroad through FDI⁸. While the FDI outflows of developing country firms up to the mid 1980s were considered as first wave investors, FDI outflows of 1990s in the face of globalization, is termed as second wave investors (Dunning, et al., 1998). Even though there are many manufacturing FDI involvements from other developing countries, including emerging economies (UNCTAD, 1999), in the 1990s research

⁶ As of June 2003, total authorized FDI reached 35.203 million (US\$); however, total actual inflows were 16.372 million (US\$); and, the number of firms (cumulative) was 6.511 (www.treasury.gov.tr). Between 1923 and 1980, the amount of cumulative FDI stock was 228 million (US\$) and there were 91 foreign firms in Turkey (Erden, 1996b).

⁷ Until Turkey's liberalization of outward FDI regime in 1989, there was only \$197 million officially recorded FDI outflow, which occurred mainly after the mid-1980s (Dinçmen, 1998). The amount of FDI outflow/capital transfer prior to 1980 was very small and negligible. When we compare Turkey's inward FDI to outward FDI, using the mentioned figures above, we see that in 1989 and 1993 its outward FDI is 10 percent of inward FDI (197 million/1835 million = .10; 500 million/5083 million = .10, respectively); but, in 2002 its outward FDI jumps over 30 percent of inward FDI (5 billion/16 billion = .31); further, as a firm number, the figure jumps from 11 percent in 1993 (282/2554 = .11) to 21 percent (1342/6280 = .21) in 2003 (see Erden, 1996b; www.treasury.gov.tr; and unpublished record of GDBFI).

⁸ Officially registered foreign investment figures has increased sharply from 282 firms and \$500 million (end 1993) to 1342 and \$5 billion (end 2002) in terms of firm numbers and investment amount, respectively (see Appendix Tables I.1, I.2, I.3). This increase is, somehow, in parallel with the other developing country firms' FDI involvement in response to the change in the international competitive environment where, in 1980, only one percent of world FDI outflows came from developing countries or less developed countries (UNCTAD, 1999), however, in 2001 more than 10 percent of world FDI outflows originated in these countries (UNCTAD, 2002).

examining the second wave investors has concentrated on two regions, Asia (Yeung, 1994; Mirza, 2000) and Latin America (Chudnovsky and Lopez, 2000), as in the case of research done prior to 1980s (O'Brien, 1980). In these regions outward investment activities of firms from Taiwan (Luo and Howe, 1993; Chen, 1996; Chen and Chen, 1998), Korea (Jeon, 1992; Dent and Randerson, 1996; Kimura and Lee, 1998; Phelps et al., 1998), Hong Kong (Tuan and Ng, 1995; Yeung, 1997), Indonesia (Lecraw, 1993), China (Gang, 1992; Zhan, 1995; Fung, 1996), and Brazil (Neto, 1995) have been investigated⁹. Therefore there is a need for research about FDI involvements of firms in other parts of the world. Among the referred studies, few deals with the capabilities/advantages of firms involved in FDI; and, the performance of developing country FDI firms is a rarely researched topic. This study, being the first empirical research of foreign investments undertaken by Turkish firms, attempts to fill these gaps.

In this chapter, we first want to focus on the capabilities and characteristics of the Turkish manufacturing firms that are involved in FDI. Here, we attempt to answer the question of what the origin and composition of the competence of corporations that engage in production outside of Turkey are; how the parent firm's age and size characteristics affect the choice of host country location, choice of entry mode; and, how these explain the FDI activities of Turkish manufacturing firms (TMFs). Secondly, we will attempt to present the perceived performance of TMFs with respect to subsidiary characteristics such as age, size, industry, host country location and entry mode. Related to performance, we will examine the degree of

⁹ To some degree, this can be explained by the fact that these countries were among the 15 largest outward investors in 1999 (UNCTAD, 2000) together with Argentina, Chile, Columbia, Mexico, Malaysia, Singapore, Thailand and Venezuela; and, some of firms originated in these countries started to invest abroad even prior to 1980s (see Wells, 1983)

internationalization (DOI) of Turkish manufacturing firms also. Thirdly, the relationships between capabilities and performance will be examined. Lastly, a conclusion of this chapter will be laid down at the end.

2. Literature Review

2. 1. Literature Review on Firm-specific Capabilities

It is widely recognized that there is a dynamic interplay between advantages of the countries and the advantages of firms that are established in these countries (Dunning, 1981; Porter, 1990). The question of why some corporations domiciled in Turkey attempted to penetrate foreign markets and why most of them became successful can be partly answered by using the previously established frameworks of country level macro factors. A country's firms' foreign involvement, especially FDI involvement, is not independent from the development of her economy in general. In a specific country, propensity of firms to engage in FDI outflows is partly determined by resource endowments, size of the market, and government policies (Dunning, 1981, 1986, 1996). Similarly, Porter (1990, p.71) found that success of individual firms in a nation's industry is directly influenced by certain characteristics of the nation, which consist of "factor conditions, demand conditions, related and supporting industries and firm strategy, structure and rivalry"; and these are indirectly influenced by the change in the firms' environment and government policies. Dunning's (1981, 1986) investment development path (IDP), one of the generally accepted explanations of developing countries' FDI involvement (Dunning et al., 1998; Yeung, 1999), purports that while a country develops "its international investment position changes from it being solely an importer of direct investment

capital to becoming an exporter, and eventually, depending on the conditions a net exporter of capital” (Dunning, 1986, p.667). The IDP denotes that indispensable conditions of outward investment are a country’s appropriate “factor endowments” and the nature of “its political and economic system”. Others have also noted the importance of home country factors on the behavior of outgoing FDI firms (e.g., Tallman, 1988; Dunning and Lundan, 1998; Sethi and Elango, 1999). For example, Tallman’s (1988) research showed that the economic development level of countries measured by GDP per capita affects positively their firms’ outward investment.

Using the aforementioned authors’ frameworks many things can be said about country-specific advantages of Turkish firms. Turkey’s economy, being seventeenth largest economy in the world (Economist, 2003), has grown at a real annual rate of 4.5 percent between 1969-1999 (TUSIAD, 2002a), in that manufacturing value added were 6.8 percent and 3.9 percent for the periods of 1981-1991 and 1991-2001, respectively (www.unido.org). The country has GDP composition of 13 percent agriculture, 25 percent manufacturing industry and 62 percent service sector as of 2001 (TUSIAD, 2002a), and more than 90 percent of her exports is from the manufacturing sector (İSO, 2003), reaching in 134 countries. Nearly half of Turkey’s exports is directed toward European Union (İSO, 2002b), a sophisticated and more developed market. Turkey has rich raw materials, a young population (about 70 per cent under 35 years old) of 70 million, which is considered a “window of opportunity” (TUSIAD, 1999). Based on its population Turkey is the sixteenth largest market in the world. According to World Economic Forum’s enterprise innovative effort rankings, Turkey took the thirty-fifth place among the world’s most competitive countries in 2000, ahead of Portugal, India, and Greece (Lall, 2001,

p.1517). In terms of enterprise innovative effort measured by R&D investment as a percentage of GDP, Turkey's rank was thirty-first in 1998 among forty developed and developing countries (Lall, 2001) in 1998.

Turkey has also other dynamics such as a high level of entrepreneurship tendency (TUSİAD, 2002b), strong private consumption, per-capita income approaching \$3,300 (comparable to Mexico and Brazil) (GDP per-capita adjusted for purchasing power parity is about \$6,200 in 1999 (CIA, 2000)), sturdy public consumption, and many small and medium-size enterprises (www.competitiveturkey.org) mostly established after 1980, the starting year of radical economic liberalization policies. Along with these, the institutional environment a democratic system¹⁰ (in a pluralistic form since the 1946), and a liberalized economy¹¹ may have affected Turkish firms in terms of developing certain capabilities to do business outside of Turkey. Besides, a dramatic historical change, the disintegration of the communist block or centrally planned economies in Central and Easter Europe into a number of independent states, near Turkey has

¹⁰ We have to exempt the two military intervention (1960 and 1980) and a few years of democratic system's suspension.

¹¹ Following five phases of policies are undertaken in the history of Turkey's economic development (Öniş, 1998, p. 461). Liberal era of the 1920s (Phase 1): State applied liberal trade regime that was supportive of foreign investment and it used indirect measures to encourage industrialization rather than its involvement in the economy. 1930 - 1949 Etatism (Phase 2): State emerged as the principal entrepreneur and dominant agent in the industrialization process wherein the first five years plans introduced. Liberalism of the 1950s (Phase 3): Liberalization of trade and investment regime is taken place with an emphasis on agricultural and infrasturctural development. The Import Substitution-Planing era of 1960-1979 (Phase 4): Inward-oriented industrialization based on heavy protectionism; export pessimism and restrictive attitude towards FDI were the characteristics of state policies. Neoliberalism of the post-1980 period (Phase 5): Emphasis on export expansion; gradual liberalization of the trade regime and the capital account, liberal approach to FDI and focus on infrasturctural activities were in existence (See also İSO, 2002b). Some authors argue that between the beginning of pluralistic democracy years of 1946 and mid 1960s liberal economic policies are applied and state investments focused on infrasturcture development for creating better situation for private sector (Saygılı, et al., 2002). But, the fundamental shift occurred after the 1980s in terms of altering the county's economic policy from relatively closed, inward looking to open, liberal market economy which transformed Turkish manufactures' habits of producing low quality, high-priced goods for a domestic market to make better products with a competitive price for the world market.

occurred. Turkey's unique strategic central location (close to Western and Eastern Europe, Russia, the Middle East); cultural, ethnic and linguistic ties with central Asia; cultural (especially identical religion) and historical connection with the Middle East (Kabasakal and Bodur, 2002) provides the country with tremendous comparative advantage which in turn presented Turkish firms new business opportunities in the face of heightened globalization of the world markets. Therefore, Turkish manufacturing FDI firms have enjoyed country-specific locational advantages (comparative advantages) similar to Korean manufacturing FDI firms (Kimura and Lee, 1998).

At the firm-level microanalysis, which we will apply in this study, a firm, be it operating domestically or internationally, has to have certain capabilities (i.e. assets and skills) to stay in operation (Porter, 1985). Relating to foreign equity investment activities of firms FDI/MNCs theories have focused on the advantages that foreign firms must have relative to domestic firms in order to overcome the cost of being foreign (Hymer, 1976; Dunning, 1980, 1988, 1993; Kogut and Zander, 1993; Rugman, 1981; Calvet, 1981; Hennart, 1982). This cost, later termed as liability of foreignness, arises from such factors as spatial distance, unfamiliarity, discrimination and restrictions (Sethi and Guisinger, 2002). Almost all of the FDI/MNC theories emphasize the importance of company capabilities and advantages whether in the form of monopoly or oligopoly position (Hymer, 1976; Kindleberger, 1969; Caves, 1971; Knickerbocker, 1973; Flowers, 1976); stage of a specific product produced (Vernon, 1966); internalization advantages (i.e. reducing transaction costs via product and/or process integration) of the firm (Buckley and Casson, 1976); proprietary assets like patent and know how, trademark and brand image,

organization and management, marketing and finance (Dunning, 1980, 1988, 1993, 1995b; 2000), international experience (Aharoni, 1966; Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; 1990), and network linkages (Thorelli 1986; Johanson and Mattsson, 1988; Powell, 1990; Holm and Johanson, 1997). Therefore, firms in a specific country can develop firm-specific advantages like “product and process technology, marketing and branding experience, management, access to and expertise in international trade” (Lecraw, 1992, p.33) that can be used as a current or potential advantage in conducting international operations. When such advantages are utilized efficiently and effectively by the firms that are entering foreign markets, they may outweigh the cost of operating in unfamiliar environments.

The nature, content and strength of the firms’ advantages comprise one of the determinants of the ownership, location, internalization (OLI) paradigm. According to eclectic theory, competitive or comparative firm advantage is necessary (whether it be asset advantage (Oa) or transactional ownership advantage (Ot)) for any company’s entering foreign markets. However, since the importance of these “O” advantages differs between MNC; and, since they are industry and country-specific, less developed country (LDC) firms’ competitive advantage may not be the same with developed country (DC) firms (Dunning, 1993). Others also have found that DC originated firms have large size; high scale economies, and vast international experience. They use sophisticated technology and product differentiation via high level of R&D expenditures; invest in capital intensive sectors, and benefit from capital market imperfections via huge capital. They also are highly integrated; hence, globally present (Lall, 1982; Wells, 1977; Kimura, 1989; Yeung, 1994b). On the other hand, since less developed country-stemmed firms have the advantages of

being small, with lower cost of production, functioning in labor intensive and low technology sectors via producing undifferentiated products, and operating in niche market or regional market, or functioning in newly industrializing economies (Lecraw, 1977; Lall, 1982; Wells, 1983; Kumar and Kim, 1984; Yeung, 1994b), it is held that their advantages drastically differ from DC originated firms. There is other empirical research support for these issues not only in aforementioned studies but also in research done by Horst (1972), Ghymn (1980), Kim and Lyn (1987, 1990), Kimura (1989), Lau (1992).

Nevertheless, we should be cautious about making such over generalizations. First, given that developing countries are diversified, and their firms are not dominant in many industries, generalizing the above studies to other non-sampled country firms may be flawed. Second, developing country multinationals are also improving their capabilities; hence, their situation may have changed (Wells, 1998). That means characteristics of the less developed country (LDC) based firms in the 1990s may not be the same as that of the LDC based firms which were existent in the 1970s and 1980s that is the period most of the cited studies are based on. Third, there are studies illuminating the change of developing country firms' sector involvement, and the changing nature of these firms (see Elenkov, 1995; Wesson, 1994; Li, 1994; Lee and Plummer, 1992; Chang and Grup, 1992).

Driving from the previous studies and confirming them with interviews, we included the variables that are considered to be inherently developed country firms' advantages and those that are developing country advantages. Specifically, as the former group's firm-specific advantages: "international experience", "ability to

develop differentiated products” (Dunning, 1993; Agarwal and Ramaswami, 1992), “technological know-how”, “economies of scale” (Dunning, 1993; Tatoğlu and Glaister, 2000), and “trademark and brand image” (Dunning, 1993; Tatoğlu and Glaister, 2000; ISO, 2002a) were taken. As the latter group of firms’ advantages we identified “firm’s commitment to international activity” (Czinkota et al., 1996), “ability to adapt technologies previously imported from developed countries to new market segments” (Agarwal, 1985; Wells, 1983; Lall, 1982), “level of specialization in producing the product” (ISO, 2002a), “quality of company’s product(s) compared to competitors” (Kim and Kim, 1993; ISO, 2002a), “ability to apply effective management practices” (Kim and Kim, 1993; ISO, 2002a), “charging competitive prices” (Kim and Kim, 1993; Craig and Douglas, 1997; ISO, 2002a), “speed of responding to consumer demand” (ISO, 2002a), and “ability to adapt to different market conditions” relying on the Turkish firm managers emphases during the interviews.

Based on this literature review, our purpose is first to give a parsimonious set of firm-specific advantages of the sample via factor analysis. Secondly, we want to the relative importance of company capabilities that lead to the formation of foreign equity ventures with respect to size, market entry mode, and sector characteristics of the sampled firms. Our third aim is to test a set of hypotheses about the relative importance of firm-specific capabilities with respect to firm characteristics. For these purposes, by holding other things constant, the following exploratory hypotheses are developed:

H1: There will be differences in capabilities of Turkish manufacturing firms (TMFs) that are involved in foreign direct investment (FDI) with respect to their age. That is, relative strengths of these firms (measured by thirteen firm-specific variables) will vary with their ages.

H2: There will be differences in capabilities/strengths of TMFs with respect to their size.

H2a: Relative strengths of these firms will vary with their number of employees.

H2b: Relative strengths of these firms will vary with their amount of capital.

H2c: Relative strengths of these firms will vary with their amount of total sales.

H2d: Relative strengths of these firms will vary with their amount of total assets.

H3: There will be differences in capabilities of TMFs with respect to their industries.

H4: There will be differences in capabilities of TMFs when choosing host-country locations.

H5: There will be differences in capabilities of TMFs when choosing entry mode of wholly owned subsidiary (WOS) versus joint ventures (JVs). That is, the higher the relative importance of ownership advantages of TMFs the more likely that they will choose WOS over JVs.

H5a: The higher the relative strength of the capabilities, the higher is the propensity to choose greenfield investment over acquisition.

H5b: The higher the relative strength of the capabilities, the higher is the propensity to choose majority ownership of JV.

2. 2. Literature Review on Performances of FDI Firms

Empirical studies about the performance of developed country based FDI firms are abundant. These focus on diversification (Doukas and Lang, 2003; Ramirez-Aleson, 2001; Gomez- Mejia and Palich, 1997; Geringer et al., 1989), degree of internationalization (Conractor, et al., 2003; Goerzen and Beamish, 2003; Kotabe, et al., 2002; Lu and Beamish, 2001; Riahi-Belkaoui, 1998; Sullivan, 1994; Grant, 1987), entry mode (Dhanaraj and Beamish, 2004; Brouthers et al., 2003; Chen and Hu, 2002; Boating and Glaister, 2002; Luo et al., 2001; Zang and Li, 2001; Demirbağ and Mirza, 2000; Makino and Beamish, 1998; Erden, 1997; Newbury and Zeira, 1997; Woodcock et al., 1994; Geringer and Hebert, 1991), motives (Luo and Park, 2001; Shama, 2000; Taggard, 1999; Ali, 1997), cultural and institutional environment (Brouthers, 2002; Lau and Ngo, 2001; Anderssson, et al., 2001; Bodur et al., 1998), and firm capabilities (Douglas and Graig, 1983; Kim and Lyn, 1990). Contrary to developed country based firms, with a few exceptions (e.g., Pangarkar, 2003; Chen, 1999; Wang, et al., 1999; Sim and Ali, 1998; Lee and Beamish, 1995; Lecraw, 1993), literature on performance of developing country based FDI firms is limited.

Performance of FDI firms can be influenced by parent-firm related factors (Sim and Ali, 1998), industry of the firm/subsidiary (Hawawini et al., 2003), competition and institutional context of host country (Robson, et al., 2002; Henderson and Mitchel, 1997), and internal firm capabilities (Kim and Lyn, 1990). Corporate performance related to internal firm capabilities is generally measured by objective indicators such as sales, profit, growth, market share stability and survival of the firm (Erden, 1997; Millington and Bayliss, 1997; O'Grady and Lane, 1996).

Beside these objective/quantitative measures of performance subjective or self-perceived evaluation and assessment are also applied in empirical research (Robson, et al., 2002; Taggart, 1999; Erden, 1997; Lee and Beamish, 1995) and proven to be correlated with quantitative measures (Geringer and Hebert, 1991). Both objective and subjective measures have strengths and weaknesses. Objective measures are concrete and valid facts that make comparison with other firms possible; and provide timely feedback for managers' action. However, to take an action the subject of what objective measures should be used is debatable. For instance, in terms of growth in market share and profit decline what we can say about the company's performance is controversial. Moreover, Millington and Bayliss (1997, p. 207) believe that "[c]hanges in [a firm] profitability, growth or market share may be constrained by the overall strategy of the parent company, thus simple profit measures takes no account of, for example, differences in head office management charges, transfer payments and royalties". On the other hand, even though subjective measures take into account both external and internal factors' influence on performance, respondent's personal values and cognitive tendencies may prevent seeing the real result. Owing to the difficulty of obtaining financial data or other objective performance measures (and their potential limitations), we used respondents' overall subjective evaluation of their foreign venture's performance.

Driving from previous literature and interview results, we identified some subjective performance measures. These are "access to low cost inputs" (Tatoğlu and Glaister, 2000), "acquisition of technology, management and marketing capability" (Tatoğlu and Glaister, 2000; Demirbağ and Mirza, 2000; ISO, 2002), "access to capital/finance" (Dunning, 1993; Tatoğlu and Glaister, 2000), "access to

international corporate network” (UNCTAD, 1998), “market share” (Geringer and Hebert, 1991; Tatoğlu and Glaister, 2000; Demirbağ and Mirza, 2000), “return on investment” (Erden, 1996; Tatoğlu and Glaister, 2000), “return on equity” (Tatoğlu and Glaister, 2000), “achievement of strategic aims” (Demirbağ and Mirza, 2000), “product design” (Geringer and Hebert, 1991; Tatoğlu and Glaister, 2000; Demirbağ and Mirza, 2000; ISO, 2002), “accessing to distribution channels” (Geringer and Hebert, 1991; Tatoğlu and Glaister, 2000; Demirbağ and Mirza, 2000; ISO, 2002), “productivity gains” (Tatoğlu and Glaister, 2000), “reputation” (Geringer and Hebert, 1991; Demirbağ and Mirza, 2000), “customer service” (Geringer and Hebert, 1991; Tatoğlu and Glaister, 2000; Demirbağ and Mirza, 2000; ISO, 2002). Using all of these variables we want to relate performance with certain subsidiary characteristics. To do this, other things being constant, the following hypothesis are developed:

H6: There will be differences in realized performance depending on the subsidiary age.

H7: There will be differences in realized performance of subsidiaries with respect to their size.

H7a: Realized performance of subsidiaries will vary with their number of employees.

H7b: Realized performance of subsidiaries will vary with their amount of capital.

H7c: Realized performance of subsidiaries will vary with their amount of total sales.

H7d: Realized performance of subsidiaries will vary with their amount of total assets.

H8: There will be differences in realized subsidiary performance depending on their industries.

H9: There will be differences in realized subsidiary performance depending on host-country locations.

H10: There will be differences in realized subsidiary performance depending on the chosen entry mode of WOS versus JVs.

We further want to look at the degree of internationalization (DOI) of TMFs, which can be considered an objective assessment of the parent firms' snapshot performance picture. This assessment is different from the thirteen subjective measures of performance mentioned above. We will use them mainly as a descriptive measure of performance. Various indicators are used in the literature in determining the level of a firm's internationalization. For measuring the DOI of the largest US manufacturing multinational companies (MNCs), Sullivan (1994) uses nine attributes and classifies them as consisting of performance, structural and attitudinal dimensions. Performance dimension includes five elements; foreign sales as a percentage of total sales (FS/TS); research and development intensity (R&DI); advertising intensity (AI); export sales as a percentage of total sales (ES/TS); and foreign profits as a percentage of total profit (FP/TP). Structural dimension is operationalized as foreign assets as a percentage of total assets (FA/TA); organization's foreign subsidiaries to total subsidiaries (OS/TS). Attitudinal dimension includes top management's international orientation that is operationalized by top management international experience (TMIE); psychic

dispersion of international operation (PDIO) that is the dispersion of the subsidiaries of a firm among the ten psychic zones of the world.

Reuber and Fischer (1997) used the percentage of the company's employees who spends over 50 percent of their time on international activities instead of Sullivan's (1994) structural aspect of internationalization measure. They also use geographic scope of sales activities for another measure of internationalization. Another researcher, Ietto- Gilles (1998), has used transnational activity spread index (i.e. the multiplication of transnationality index and network spread index) for measuring the degree of internationalization of the top 100 MNCs. Network spread index is the ratio of the number of countries that company has affiliates in and the number of countries potentially it could have. Transnationality index comprises of asset index (made up of the ratio of foreign assets to total assets); sales index (made up of the ratio of foreign sales to total sales); and, employee index, that is the ratio of foreign employees to total employees. Thus, when their averages are calculated, transnationality index will be obtained.

The last issue we will tackle is the relationship between parent firms' capability and foreign subsidiary performance. To detect performance and capability relationships we will summarize the performance measures into smaller dimensions through factor analysis. And then, we will use the resulting factors as a dependent variable in relation to capabilities; and, test the following hypothesis relating to performance.

H11: Performance of TMFs' foreign subsidiaries will vary depending on

capabilities of TMFs. That is, the higher the relative strength of the capabilities, the higher the TMFs's foreign subsidiary performance will be.

3. Methodology

3. 1. Characteristics of the Sample

The sample of this study consisted of 94 Turkish manufacturing firms established in Turkey as mainly joint-stock company and limited liability company that involved in formation of equity ventures abroad. Of the total parent firms only 10 of them had foreign partners with varying degrees of foreign ownership share (i.e. 3 firms less than 50%; 4 firms 50%; and 3 firms more than 50 %, the latter's increase in ownership share to more than fifty percent occurred after the FDI involvement abroad) in Turkey. Except for the two state-owned firms, all of the sampled parent firms are privately owned; and most of them belong to large diversified holding companies, which is an institutional arrangement similar to Korean "chaebols" and "grupos" in Latin American countries (Kim, et al., 2004). Among the sampled firms 34 of them were within the list of the largest 500 manufacturing firms of Turkey in 2002; 20 of these 34 firms are listed in the Istanbul Stock Exchange also. Besides, eight firms in our sample were within the list of the second largest 500 manufacturing firms of Turkey in 2002.

Even though the number of years passed since the establishment of firm as is an age characteristic; and the amount of capital, sales, assets and the number of employees as size characteristics of firms are widely used in the literature (see, for

instance, Sullivan, 1994; Reuber and Fisher, 1997; Ietto-Giles, 1998), there is no universally agreed upon classification limits within these characteristics. Therefore, for categorizing firms in terms of age and size, we grouped the firms by considering the sample's nature and official classifications in Turkey and abroad. All of the figures in Table 4.1 reflect the parent firms and their foreign establishments' situation as of the end of 2002.

Starting with the age, greater part of the firms (53.2 %) is relatively young, established after 1982 when liberal market economy policies went into effect. A quarter of the sampled firms started their operations during the import substitution era of the 1970s, and the rest of them were founded prior to 1970. The ages of these firms' foreign establishments are much younger than many internationalized firms of developed countries and some developing countries (i.e., South Korea, Argentina, Brazil, Taiwan, and Indonesia). That is, the majority (55.3 %) of the foreign subsidiaries were less than five years old; when we add the foreign establishments between five and six years old (18.1 %) we get 73.4 percent, approximately three quarter of the foreign subsidiaries; and the rest of them (26.6 %) were more than six years old.

In Turkey, the State Statistical Institution officially classifies firms based on their employee number: Firms with less than 50 employees is considered as small sized; firms with employees between 50 and 250 is classified as medium; and firms that have employees more than 250 is categorized as large sized. The European Union (EU) arranges firms with less than 100 employees as small, between 100 and 500 as medium; and more than 500 as large-sized. Even though sorting out firms

with respect to Turkey's official classification might be used, we preferred to use EU's categorization for to make international comparisons possible.

Considering the nature of the sample, we added one more category of more than 2000 employee that accounts for 16 percent of the sample. Therefore, the sampled firms established in Turkey is composed of 27.7 percent small-sized; 29.8 percent medium-sized; and 42.6 percent large- sized. Again, considering the nature of TMFs' outbound establishments we used a slightly different classification in which we took the first cut off point as 50 employees, comprising 24.5 percent of the sampled firms. Almost half of the TMFs foreign establishments (49 %) are small-sized while more than a quarter of them (27.7 %) are large- sized; and the rest (23.4 %) is medium-sized.

In terms of the capital of the firms, a relatively high percentage (31.9) of firms had capital up to one million \$. The reason for that is especially if firms are not listed in stock market they do not require increasing their capital above the level of establishment requirement set forth by the Turkish Commercial Law. For these firms, paid in capital may not be more proper

Table 4. 1. Characteristics of Outbound Manufacturing Firms (end 2002)

	n	%		n	%
Age of Parent Firm			Subsidiary Age		
Up to 10	16	17.0	Up to 2	27	28.7
11 - 20	34	36.2	3 - 4	25	26.6
21 - 30	23	24.5	5 - 6	17	18.1
Above 30	21	22.3	Above 6	25	26.6
Total Employee of Parent Firm			Subsidiary Employee		
Up to 100	26	27.7	Up to 50	23	24.5
101 - 500	28	29.8	51 - 100	23	24.5
501 - 2000	25	26.6	101- 500	22	23.4
Above 2000	15	16.0	Above 500	26	27.7
Capital of Parent Firm \$			Subsidiary Capital \$		
Up to 1.000.000	30	31.9	Up to 500.000	25	26.6
1.000.001 - 10.000.000	25	26.6	500.001 - 2.000.000	26	27.7
10.000.001 - 20.000.000	16	16.0	2.000.001 - 10.000.000	27	28.7
Above 20.000.000	24	25.5	Above 10.000.000	16	17.0
Total Sales of Parent Firm \$			Industry		
Up to 10.000.000	27	28.7	Food products and beverages (ISIC 1500-1554)	13	13.8
10.000.001 - 50.000.000	27	28.7	Textiles (ISIC 1700-1720)	9	9.6
50.000.001 - 250.000.000	25	26.6	Wearing apparel (ISIC 1810)	7	7.4
Above 250.000.000	15	16.0	Wood and wood products (ISIC 2000)	5	5.3
Foreign Sales \$			Pulp, paper and paperboard; publishing of newspapers (ISIC 2101- 2212)	6	6.4
Up to 10.000.000	39	41.5	Soap and detergents (ISIC 2422 - 2424)	6	6.4
10.000.001 - 50.000.000	29	30.9	Rubber and plastic products (ISIC 2500)	11	11.7
50.000.001 - 250.000.000	17	18.1	Glass and glass products and non-metallic mineral products (ISIC 2610- 2690)	7	7.4
Above 250.000.000	9	9.6	Basic metals, basic iron and steel; casting of iron and steel (ISIC 2700- 2731)	8	8.5
Total asset of Parent Firm \$			Fabricated and structural metal products (ISIC 2800- 2890)	8	8.5
Up to 10.000.000	29	30.9	Pumps, compressors, other machineries; domestic appliances (ISIC 2912-2930)	7	7.4
10.000.001 - 50.000.000	24	25.5	Insulated wire and cable; radio, tv, communic. equipmmt and apparatus (ISIC 3130-3220)	7	7.4
50.000.001 - 250.000.000	26	27.7			
Above 250.000.000	15	16.0			
Foreign asset \$					
Up to 10.000.000	49	52.1			
10.000.001 - 50.000.000	28	29.8			
50.000.001 - 250.000.000	11	11.7			
Above 250.000.000	6	6.4			
Host Country Type					
Developed Countries	19	20.2			
Turkic Republics	25	26.6			
Central and Eastern Europe	31	33.0			
Other Countries	19	20.2			
Market Entry Mode					
WOS	60	63.8			
(WOS's 85 % Greenf. 15 % Acq.)					
JV	34	36.2			
(JV's 52.9 % Majority; 29.4 % Equal 17.6 % Minority)					
Total	94	100	Total	94	100

characteristic to measure the firm size. About 70 percent of the parent firms' capital is above the one million \$ with following ranges: from 1.1 million to 10 million (26.6 %); 10.1 million to 20 million (17 %); and more than 20 million (25.5 %). To make balanced classification of foreign subsidiaries based on their capital, they are grouped differently from that of parent firm. In this assortment, 25 firms (26.6 % of the sample) had capital equal to or less than \$500 thousand; 26 firms (27.7 % of the sample) had capital of more than \$500 thousand, and equal to or less than \$2 million; 27 firms (28.8 % of the sample) had capital more than \$2 million and equal or less than \$10 million; and the remaining 16 firms (17 % of the sample) had capital of more than \$10 million.

As it is pointed out, there is no generally accepted customary quantification of sales value to describe the firm size as small, medium and large; hence, we have made a somewhat tentative classification of the parent firm and the subsidiary with respect to their annual sales. The following ranges of the total sales of parent company and foreign sales (including exports from Turkey) of their foreign establishments, respectively, are used: Annual sales value equal to or less than \$10 million (28.7 % of the total sales and 41.5 % of the total foreign sales); annual sales between 10.1 million and 50 million (28.7 % of the total sales and 30.9 % of the total foreign sales); annual sales greater than 50 million and up to 250 million (26.6 % of the total sales and 18.1 % of the total foreign sales); annual sales greater than 250 million (16 % of the total sales and 9.6 % of the total foreign sales).

Like the sales figures, given that there is no commonly accepted standard measure of asset worth to describe firm size as small, medium and large, we have

specified parent firm and its foreign establishments as: Asset worth of equal to or less than 10 million \$ (30.9 % of the total assets and 52.1 % of total foreign assets); asset worth from 10.1 million up to 50 million (25.5 % of the total assets and 29.8 % of total foreign assets); asset worth from 50.1 million up to 250 million (27.7 % of the total assets and 11.7 % of total foreign assets); asset worth above 250 million (16 % of the total assets and 6.4 of the total foreign assets).

We have categorized host countries as “developed country” (20.2 %) via using World Bank classification; “Central and Eastern Europe countries” (33 %) via United Nation’s categorization; “Turkic Republic” (26.6 %); and, the countries that are not entering these groups as the “other countries” (20.2 %). Diversity of countries in terms of development level and geographical spread prevented us using an internationally accepted country classification.

Market entry mode is first classified as wholly owned subsidiary (WOS) and joint venture (JV) establishment, which comprises of 63.8 percent and 36.2 percent, respectively, of the total sample. Of the total 60 WOS, 51 firms (85 % of WOS and 54.3 % of total sample) were established as greenfield investment while nine firms (15 % of WOS and 9.6 % of the total sample) were acquired from other investors as an acquisition investment. Joint venture (JV) investment of TMFs outside of the home country consisted of 18 majority ownership JVs (52.9 % of JVs and 19.1 % of the total sample); 10 equal ownership JVs (29.4 % of JVs and 10.6 % of the total sample); and 6 minority ownership JVs (17.6 % of JVs and 6.4 % of the total sample).

Manufacturing sub-industry categories based on the International Standard Industrial Classification of All Economic Activities (ISIC, Rev.3) sorting are as follows: Food products and beverages (13.8 % of the total); textiles (9.6 % of the total); wearing apparel (7.4 % of the total); wood and wood products (5.3 % of the total); pulp, paper and paperboard, publishing of newspapers (6.4 % of the total); soap and detergents (6.4 % of the total); rubber and plastic products (11.7 % of total); glass, glass products and non-metallic mineral products (7.4 % of the total); basic metals, basic iron and steel, casting of iron and steel (8.5 % of the total); fabricated metal products, structural metal products (8.5 % of the total); pumps, compressors, taps and valves, other special purpose machinery, domestic appliances (7.4 % of the total); insulated wire and cable, radio, television and communication equipment and apparatus (7.4 % of the total). The characteristics of the sample are summarized in Table 4.1.

3. 2. Firm-specific Capabilities and Performances of Turkish Manufacturing FDI Firms

Based on the previous research findings and interviews during the questionnaire development stage, we identified 13 firm-specific factors. In the questionnaire, respondents' opinions solicited with the statement probing what were the "degree of strength that your company had in the following factors when the equity forms of investment (joint venture or wholly owned subsidiary) was first formed"? Responses were assessed using five-point scales ranging from "very weak" to "very strong". Similarly, respondents' opinion was asked for 13 performance measures with the question of "How would you assess performance of your firm in

the foreign country (in terms of the below performance criteria) as compared with your initial expectation at the time the business venture was formed in the foreign country?” Answers were assessed using five-point scales ranging from “much worse than expected” to “much better than expected”. Statistical analysis is conducted to test the hypothesis relating to mean degree of strength in firm-specific factors and performance of internationalizing TMFs. The hypotheses are tested with both parametric and nonparametric statistical tests.

4. Results and Discussion

4. 1. Firm-specific Capabilities of Turkish Manufacturing Firms (TMFs)

The rank order of the firm-specific factors of TMFs, based on the mean measure of the strength of 13 ownership-specific capabilities is shown in Table 4. 2. Examining Table 4. 2 first reveals that all of the firm-specific factors are considerably higher than the median measure of three. TMFs are strong in almost more than half of the ownership-specific capabilities where “level of specialization” (4.42), “firm’s commitment to international activity” (4.35) and “quality of company's product(s)” (4.28) are close to “very strong” scale. Related to TMFs’ strength in the “level of specialization” in producing the product, we should note that during our interview we identified that while some firms were operating in the niche markets that are not large enough to attract Western firms, some other firms were manufacturing under private label for others by serving large firms as component manufactures.

Table 4. 2 Firm-specific Factors of Foreign Direct Investment

Firm - specific Capabilities of TMFs	Rank	Mean	SD
Level of specialization	1	4.42	0.72
Firm's commitment to international activity	2	4.35	0.72
Quality of company's product(s)	3	4.28	0.79
Ability to adapt itself to different markets	4	4.13	0.79
Speed of responding to consumer demand	5	4.11	0.75
Technological know-how	6	4.03	0.93
Ability to apply effective management practices	7	3.98	0.75
Ability to adapt imported technologies to new markets	8	3.94	1.00
Charging competitive prices	9	3.89	0.97
Economies of scale	10	3.85	0.84
Trademark and brand image	11	3.82	1.06
Ability to develop differentiated products	12	3.79	0.97
International experience	13	3.45	1.14

Notes:

1. N = 94

2. SD = Standard deviation

3. The scale is 1: Very weak; 2: Weak; 3: Neither weak nor strong; 4: Strong; 5: Very Strong.

It appears that TMFs are aware of the threats and opportunities that globalizatoin of business activities has brought. Therefore, they are committed to do business in foreign countries. They also are conscious about producing high quality products to compete internationally. TMFs' ability to adapt themselves to different market conditions is strong. The reason for this may be related to their experiences in operating in highly volatile home country market. They may have been accustomed to the risks in business environment of Turkey, and they may have learned how to reduce these risks and how to make profits in other countries. Sampled firms are also strong in the "speed of responding to consumer demand" and "technological know-how" in producing the products.

In terms of the "ability to apply effective management practices" trait, TMFs consider themselves strong. The reason for this partly might be that mostly in former

socialist countries entrepreneurship ability of people is not developed and they may not have managerial know-how (Agarwal, 1985). The firms' "ability to adapt technologies previously imported from developed countries to new markets" are also strong. In fact, as Lecraw (1977, p.445) noted, developing country firms "started production at home using product and process licences from firms in developed countries". Wells (1983) also believes that that firms in developing countries have acquired technology from industrial countries and adapted it to the special needs of their home markets. When products are later demanded in other lower income developing countries, production is shifted to those countries from the technology importing countries. The dependence on borrowed technology from developed countries is reflected by the low level of research and development (R&D) expenditure in Turkey, which shows similarity in this issue with other developing countries (Yeung, 1994a). "Charging competitive prices" is another attribute that TMFs consider themselves relatively strong in. The result of the case study done by Young and company (1996, p.312) showed that "cost and price competitiveness remains the most important competitive advantage" for their sample Chinese firms in international markets. Charging competitive prices or trying to be low cost leader seems to be an effective way for TMFs' participation in foreign operations (Craig and Douglas, 1997). Moreover, in the developing or less developed countries people have low income and are prone to consume low cost products.

Sampled firms consider themselves relatively less strong in terms of "international experience" (3.45), "ability to develop differentiated products" (3.79), "trademark and brand image" (3.82), and "economies of scale" (3.85) which are considered to be main strengths of developed country-based multinationals (Wells,

1977, 1983; Lall, 1982; Kimura, 1989; Yeung, 1994b). In terms of “international experience”, even though these firms were already engaged in selling the products in other countries and buying from the foreign firms, this is a very limited experience for establishing firms in foreign countries.

On the other hand, TMFs are very strong in “level of specialization” which means producing undifferentiated products that is considered as one of the main traits of developing country multinationals (Lecraw, 1977; Kumar and Kim, 1984; Yeung, 1994b). However, since the average mean scores of the sampled firms are close to “strong “ scale in all items, there is not much clear-cut answer to the differences of developed and developing country multinationals. The “level of specialization” is highest ranked factor and “ability to develop differentiated products”, one of the lowest factor, seems to contradict in meaning. Nevertheless, this may show that TMFs are specialized in very narrow lines of products and try to compete in them rather than competing with broad range of products. Besides, in another section of the questionnaire, we have asked respondents to assess their company’s level of technology compared with their competitors in a scale of “very low” to “very high”. The majority of the respondents (72.34 %) indicated that their firm’s technological level is either high (47.87 %) or very high (24.47 %); only 25.53 percent replied to this question as “neither low nor high”.

4. 1. 1. Factor Analysis of Firm-specific Capabilities

Prior to factor analysis the assumptions of normality, linearity and homoscedasticity are checked. Even though all of the variables did not fulfill the normality and linearity assumptions; and, data transformations did not cure the

problem, these assumptions become important when they lessen observed correlations in factor analysis (Hair, et.al., 1998).

Table 4. 3. Firm-specific Factors of TMFs' Internationalization

Factors	Factor loads	Eigen-value	% Variance explained	Cum. %	Cronb. alpha
Factor 1		3.23	24.9	24.9	0.84
Operation-related					
Trademark and brand image	0.80				
Ability to adapt imported technologies to new markets	0.73				
International experience	0.71				
Technological know-how	0.70				
Economies of scale	0.67				
Ability to develop differentiated products	0.62				
Factor 2		2.19	16.8	41.7	0.84
Product-related					
Quality of company's product(s)	0.88				
Level of specialization	0.84				
Factor 3		1.94	14.9	56.7	0.67
Marketing-related					
Charging competitive prices	0.82				
Speed of responding to consumer demand	0.76				
Ability to apply effective management practices	0.50				
Factor 4		1.60	12.3	69.07	0.63
Management-related					
Firm's commitment to international activity	0.85				
Ability to adapt itself to different markets	0.72				

Notes:
Principal components factor analysis with varimax rotation.
Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.803
Bartlett's Test of Sphericity = 471.520; $p < 0.000$

The correlation matrix provided sufficient correlations to justify the application of factor analysis for firm-specific capabilities. Anti-image correlation matrix, being over 0.70, indicated that none of the capability variables were necessary to omit. Exploratory factor analysis using varimax rotation is used for extracting factors. The four factors are named as operation-related, product-related, marketing-related, management-related capabilities. The derived factors scores and firm capability items are used to test the capabilities hypothesis in terms of means,

standard deviations accompanied with suitable test statistics for comparing differences in mean scores.

Variables with factor loadings greater than 0.50 were grouped for each factor extracted. For the sample size of 94, minimum factor loadings of 0.56 or above is needed (Hair, et al., 1998). In capability variables one item's loading (i.e. "ability to apply effective management practices") was a little below the required factor loading but it is kept. The factor analysis of firm-specific capabilities highlighted four factors and explained 69.07 percent of total variance, as it is shown in Table 4.3.

General reliability analysis of all items resulted in Cronbach alpha value of 0.84; and internal reliability of each factors ranged from 0.63 to 0.84 that are suggestive of sufficient reliability for an exploratory study of this kind. Since the variables are conceptually linked to each other, it was necessary to use oblique rotation to see correlations among the factors. Correlations among factors were 30 percent or less; and, oblique factor rotations of variables confirmed the orthogonal varimax rotation. The resulting factors are validated also via split sample of the data.

4. 1. 2. Firm-specific Capabilities and Ages of TMFs

When we classify firms into four categories with respect to their ages, as very young (1-10 years old), young (11-20 years old), old (21-30 years old), and very old (above 30 years old), Appendix Table IV. 1 reveals that there is very weak support for H1 in that capability of firms hardly varies with their ages. Looking at four capability factors, only the "management-related" ($p < 0.1$) capabilities factor vary among firms. In that the first group (very young firms) has the highest mean value of 0.27 and the third group (old firms) has the lowest mean value of -0.29. When we

look at individual items of capabilities, two out of the thirteen items “trademark and brand image” ($p < 0.05$) and “quality of company’s product(s)” ($p < 0.05$) are significantly different among the groups. In terms of the “trademark and brand image” variable the first and third group (very young and old firms, respectively) have the highest mean value of 4.13; and, the second group (young firms) has the lowest mean value of 3.38. In the trait of the “quality of company’s product(s)” the second group (young firms) has the lowest mean value of 3.94 while the fourth group (very old firms) has the highest mean value of 4.57. However, when we classify firms as young (1-20 years old) and old (above the 20 years), Appendix Table IV. 2 shows that there is somewhat moderate support for H1. Three out of four capability factors that are “product-related” ($p < 0.05$ [the mean value of -0.22 for young firms versus the mean value of 0.25 for old firms]), “marketing-related” ($p < 0.05$ [the mean value of 0.20 for young firms versus the mean value of -0.22 for old firms]) and “management-related” ($p < 0.01$ [the mean value of 0.25 for young firms versus the mean value of -0.29 old firms]) are significantly different for young and old firms. Examining the individual variables, it is seen from Appendix Table IV. 2 that grouped firms differ in “trademark and brand image” ($p < 0.05$), “technological know-how” ($p < 0.1$), economies of scale” ($p < 0.1$), “quality of company’s product(s)” ($p < 0.01$) and “charging competitive prices” ($p < 0.05$). Old firms are stronger than the young firms in all of these significant variables except the “charging competitive prices” in which young firms have more strength than the old firms (i.e. it’s mean value (4.08) is higher than that of old firms’ (3.65)). In the rest of the variables, capabilities of firms do not differ.

Even though it is common sense that firms gain knowledge and resources with the passage of years, young firms can get requisite resources and capabilities via

using short cut mechanism like hiring internationally experienced competent managers (Reuber and Fischer, 1997). Since our sample consists of both young and old firms, the moderate support situation reveals that these two groups share similar capabilities in the variables that are not significant.

4. 1. 3. Firm-specific Capabilities and Size of TMFs

Since we classified firms into four groups with somehow judgmental consideration of their number of employees, amount of capital, sales and assets, we checked the consistency of this classification with two-group taxonomy, like we did in age characteristic. Appendix Table IV.3 shows that there is very restricted support for H2a. That means that, taking only the employees into account, firm capabilities diverge in “product-related” factor ($p < 0.1$), “technological know-how” ($p < 0.05$), “economies of scale” ($p < 0.05$), “quality of company’s product(s)” ($p < 0.1$) and the “level of specialization” ($p < 0.1$) variables. In the “product-related” factor, the first group (firms with employee number up to 100) has the lowest mean value of -0.34; and, the fourth group (firms with employee number above 2000) has the highest mean value of 0.34. In terms of the “technological know-how” capability, while the first group has the lowest mean value of 3.65, the third group (firms with employee number between 501 and 2000) has the highest mean value of 4.48. With respect to the variable of “economies of scale”, the second group (firms with employee number between 101 and 500) has the lowest mean value of 3.61 (note that it is a little lower than the first group’s mean value of 3.65); and, the fourth group has the highest mean value of 4.20. Concerning to the capability trait of “quality of company’s products(s)”, the first group has the lowest mean value (4.08) and the fourth group has the highest mean value (4.60). Similarly, in the “level of specialization” trait,

first group has the lowest mean value of 4.15 and the fourth group has the mean value of 4.67. As it is seen in Appendix Table IV. 4, where firms are classified as small (500 employees or less) and large (more than 500 employees), one more variable's "trademark and brand image" ($p < 0.1$ [the mean value of 3.64 for small firms versus the mean value of 4.07 large firms]) mean differences becomes significant along with the "product-related" factor ($p < 0.1$), "technological know-how" ($p < 0.05$), "economies of scale" ($p < 0.01$), "quality of company's product(s)" ($p < 0.1$) and the "level of specialization" ($p < 0.05$) variables' mean differences.

When capital of parent company is taken into account, in the Appendix Table IV.5 we see that there is very limited support for H2b. Specifically, firms differ only in "product-related" factor ($p < 0.1$); and, for the individual variables, "technological know-how" ($p < 0.05$), "economies of scale" ($p < 0.05$) and "quality of company's product(s)" ($p < 0.1$) vary depending on the capital of the firms. In the "product-related" factor, the first group (firms with capital amount up to 1 million \$) has the lowest mean value of -0.34; and, the third group (firms with capital amount between 10.1 million and 20 million \$) has the highest mean value of 0.46. Regarding to capability trait of "technological know-how" the first group has the lowest mean value of 3.57 and the fourth group (firms with capital amount more than 20 million \$) has the highest mean value of 4.29. In terms of "economies of scale" attribute the first group has the lowest mean value (3.53) while fourth group has the highest mean value (4.29). Concerning to the "quality of company's product(s)" variable first group has the lowest mean value of 4.00 and the third group (firms with capital amount between 10.1 million and 20 million \$) has the highest mean value of 4.46. Classifying firms as small (up to \$1 million capital) and large (more than \$1 million

capital) confirms the significance of “product-related” factor ($p < 0.1$) and the variables of “technological know-how” ($p < 0.05$), “economies of scale” ($p < 0.05$) and “quality of company’s product(s)” ($p < 0.05$) with a slightly different in significance level and reveals one more variable’s mean difference, that is “trademark and brand image” ($p < 0.1$ [the mean value of 3.67 for small firms versus the mean value of 4.05 for large firms]) which are shown on the Appendix Table IV.6.

Considering H2c which purports that, other things being constant, capabilities of firms will be different with respect to sales level of the firm, a measure which is more commonly used as size trait. It is found in Appendix Table IV.7 that there is somewhat moderate support for this assertion. Out of the four capability factors, only “product-related” one ($p < 0.1$) shows significant difference in the mean of factor score; and, “technological know-how” ($p < 0.1$), “economies of scale” ($p < 0.01$), “ability to develop differentiated products” ($p < 0.1$), and “quality of company’s product(s)” ($p < 0.1$), “level of specialization” ($p < 0.1$) appear to vary depending on the sales level of the firms. In the “product-related” factor, the first group (firms with sales amount up to 10 million \$) has the lowest mean value of -0.23; and, the fourth group (firms with sales amount above 250 million \$) has the highest mean value of 0.29. Pertaining to capability trait of “technological know-how” the first group has the lowest mean value of 3.70 and the third group (firms sales amount between 50.1 million and 250 million \$) has the highest mean value of 4.32 (a little higher than the fourth group’s mean value of 4.27). With respect to “ability to develop differentiated products” variable, the first group has the lowest mean value of 3.69 and the third group has the highest mean value of 4.08 (slightly higher than the fourth group’s

mean value of 4.07). In the other significant capability variables largest discrepancies exist between the first and the fourth groups' mean values as such: "Economies of scale" (3.63 versus 4.33), "quality of company's product(s)" (4.00 versus 4.53) and "level of specialization" (4.19 versus 4.67). Nevertheless, using the dichotomized sales level as large versus small, as in the case of capital, reveals moderate support for H2c. It can be seen in Appendix Table IV.8 that beside the "product-related" factor ($p < 0.1$), "technological know-how" ($p < 0.1$), "economies of scale" ($p < 0.05$), "ability to develop differentiated products" ($p < 0.01$), "quality of company's product(s)" ($p < 0.05$) variables, "operation-related" factor ($p < 0.1$) and the variables of "trademark and brand image" ($p < 0.1$) and "ability to adapt itself to different markets" ($p < 0.1$) become significantly different in mean scores. For the "operation-related" factor, small firms' (firms with sales amount up to 50 million \$) mean value is -0.16; and, for large firms' (firms with sales amount more than 50 million \$) mean value is 0.22. The mean values for large and small firms of the two variables as follows: "Trademark and brand image" 3.64 versus 4.07 and "ability to adapt itself to different markets" 4.01 versus 4.30.

The last firm characteristic of total asset, which is the case of H2d, reveals somewhat moderate support for this hypothesis. Like the other size variables, only "product-related" factor ($p < 0.01$) shows significant difference in the mean of factor score; and, "technological know-how" ($p < 0.01$), "economies of scale" ($p < 0.1$), and quality of company's product(s)" ($p < 0.01$), "level of specialization" ($p < 0.05$) are significantly different in mean scores (see Appendix Table IV.9). In the "product-related" factor, the first group (firms with asset amount up to 10 million \$) has the lowest mean value of -0.59; and, the fourth group (firms with asset amount above

250 million \$) has the highest mean value of 0.33. Considering the capability trait of “technological know-how” the first group has the lowest mean value of 3.52 and the third group (firms asset amount between 50.1 million and 250 million \$) has the highest mean value of 4.42. In the other significant capability variables largest discrepancies exist between the first and the fourth groups’ mean values as such: “Economies of scale” 3.59 versus 4.20, “quality of company’s product(s)” 3.76 versus 4.67 and “level of specialization” 4.07 versus 4.67. Appendix Table IV.10 shows that using small versus large classification like it is done for the capital and sales, does not change the situation of limited support for the H2d.

There is empirically determined link between firm size and the internationalization of firms through FDI (Agarwal and Ramasswami, 1992; Kogut and Zander, 1993; Brouthers and Brouthers, 2000). Considering only size variables, this study partly confirms the previous literature. The situation of partly not confirming can be speculated by the nature of this study’s sample. This study examines the characteristics of firms with different sizes. Being large or small brings advantages as well as disadvantages in operating in the international environment. For small firms whose entrepreneurship, simple capital structure and organizational flexibility are considered main advantages (Yu, 2001). Therefore, we can interpret the results of H2 as small firms being as strong as large firms in certain capabilities.

4. 1. 4. Firm-specific Capabilities and Industry of TMFs

As it is shown in Table 4.1, manufacturing sub-industry of firms are very divergent. To make the statistical testing of the firm capabilities trouble-free, we had to constrict the conventional classification of firm sectors into six categories. The

sub-sectors are narrowed as follows: Manufacture of food products, beverages and tobacco products (ISIC 15); manufacture of textiles and wearing apparel (ISIC 17-18); manufacture of wood and paper products and publishing (ISIC 20-22); manufacture of chemicals, rubber and plastic products (ISIC 24-25); manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (ISIC 26- 28); manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment (ISIC 29, 31,32). Appendix Table IV.11 shows that firms differ only “ability to apply effective management practices” ($p < 0.05$) in which the lowest mean value of 3.62 occurred in manufacture of food products, beverages and tobacco products while the highest mean value of 4.27 realized by manufacture of wood and paper products and publishing (a little more than the 4.25 mean value of manufacture of textile and wearing apparel). Thus, there is no support for H3, which means that sub-sector of the firms does not explain the divergence of the capabilities.

In the manufacturing sector Turkey’s position is strong in food, textile and apparel, glass and glass products, iron and steel, chemical products, rubber and plastic products which are the traditional exporting goods of Turkey (İTO, 2003). For example, in 1998, 40 percent of exports are from textiles and apparel; 19 percent is from foodstuff; nine percent is from iron and steel products (Çavuşgil et al., 2003). Turkish FDI arises from the sectors that Turkey has considerable competitive advantage in the world markets as in the case of Korea (Lee and Plummer, 1992). Thirty percent of the sampled firms operate in high technology industries (i.e. soap and detergents; rubber and plastic products; pumps, compressors, taps and valves, other special purpose machinery; insulated wire and cable, radio, television and

communication equipment and apparatus) and the rest is in low technology industries (see Table 4.1). Nevertheless, capabilities' of TMFs do not vary by sub-sector. Partly, the reason for this may be condensing the firms that are operating in very distinct areas to the broader classifications.

4. 1. 5. Firm-specific Capabilities and Choice of Host Country¹²

At first we classified host countries into four groups as developed countries (which consist of Belgium, Canada, England, Germany, Ireland, Israel, Italy and Netherlands), Turkic Republics (i.e., Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan), Central and Eastern European countries (which are comprised of Albania, Bulgaria, Poland, Romania, Russian Federation, Ukraine) and other countries (which consist of Algeria, Argentina, China, Egypt, Iran, Malaysia, Republic of South Africa, Syria and Tunisia). Appendix Table IV.12 shows that “ability to develop differentiated products” ($p < 0.05$) is the only variable that has significance in the mean difference score in terms of the four country groups. In this capability trait, firms operating in Turkic Republics have the lowest mean value of 3.40 while the firms operating in other countries have the highest mean value of 4.33.

¹² We have tested the hypothesis of “Firm-specific capabilities will influence the choice of host country location of developed country (DC) versus less developed country (LDC)” by utilizing the logistic regression to thirteen firm-specific capabilities variables with respect to dependent variable of host country location resulted in significant model. While the overall model was significant (chi square = 22.043 ($p < 0.10$) percentage of correct classification was not high (80.6) compared to the proportional chance criteria of 79.6. In this model only three variables were significant: “ability to adapt imported technologies to new markets” ($p < 0.05$), “charging competitive prices” ($p < 0.01$), and “speed of responding to consumer demand” ($p < 0.01$). Among these three significant variables only “charging competitive prices” had positive coefficient sign, which suggests preference DCs over LDCs. This result suggest that firms that high capability of “speed of responding to consumer demand” and “charging competitive prices” will prefer to LDCs over DCs which is quite meaningful.

Turkey, besides having strong ties with the Turkic Republics, has located in the Middle Eastern part of the world and is within the “Arabic cluster” (Kabasakal and Bodur, 2002). Therefore, firms established in the cultural periphery of Turkey can be grouped together. By including the three other countries (Argentina, China, Republic of South Africa) we made three groups as developed countries, culturally similar and other countries, and Central and Eastern European countries. The statistical test presented on Table 4.13 resulted in significance of only “management-related” factor ($p < 0.1$) in which lowest mean value of -0.33 happened in the firms entering the developed countries while the highest mean value of 0.29 is ensued by firms expanded in Central and Eastern European countries. Comparing the mean scores of firms by using the developed country versus other countries dichotomy revealed that “ability to adapt imported technologies to new markets” ($p < 0.1$) variable significantly differed among the countries (see Table 4. 14) where firms involve in outbound investment in developed countries have the mean value of 3.58 while the firms that involve in FDI in the other countries have the mean value of 4.04. That means adapting the previously transferred technologies to other developing country context is important. Therefore, there is almost no support for H4. We can interpret this result, as Sharma (1998) noted, that other external factors such as speed of entry, social pressures, managerial values and political considerations may have been in play when choosing TMFs’ host country locations.

4. 1. 6. Firm-specific Capabilities and Choice of Entry Mode¹³

¹³ We have tested the hypothesis of “Firm-specific capabilities will influence the choice of entry mode (JV vs. WOS)” by applying the logistic regression to thirteen capabilities variables with respect to dependent variable of entry mode (JV vs. WOS) resulted in insignificant model. In addition to being on the whole insignificant, the model resulted in only four significant variables: “International experience” ($p < 0.10$), “ability to develop differentiated products” ($p < 0.05$), “ability to adapt itself to different markets” ($p < 0.10$) and, “quality of company’s product(s)” ($p < 0.10$). Among these four

For testing H5, we first used a broad classification of the entry mode as wholly owned subsidiary (WOS) and joint ventures (JV). As it is presented in Appendix Table IV.15, “ability to develop differentiated products” ($p < 0.1$) is the only variable that has significance. In that, JVs have the mean value of 3.55 and WOS have mean value of 3.93. Therefore, there is extremely low support for H5. Considering the entry modes of WOS as greenfield and acquisition, and using JV as minority, equal and majority ownership JVs, “product-related” factor ($p < 0.1$) and the variables of “economies of scale” ($p < 0.1$) and “speed of responding to consumer demand” ($p < 0.05$) show significance in terms of difference in mean scores among grouped firms (see Appendix Table IV.16). In terms of the “product-related” factor, while the firms that entered foreign markets via JVs with balanced (50 % - 50 %) ownership have the lowest mean value of -0.67, the firms that used JVs with minority (-49 %) ownership in entering foreign markets have the highest mean value of 0.61. Concerning to the variable of “economies of scale” TMFs that have set up JVs with minority ownership have the lowest mean value of 3.00 and TMFs that have established JVs with majority (51 % +) ownership have the highest mean value of 4.11. In terms of the “speed of responding to consumer demand”, firms that have chosen acquisitions and JVs with balanced ownership share have the lowest mean value of 3.67 whereas firms that have chosen minority ownership JVs have the highest mean value of 4.83. Hence, there is very low support for H5a and H5b. This result shows that, contrary to previous research (Duarte and Garcia-Canal, 2004; Chen and Hennart, 2002; Makino et al., 2002; Newbury and Zeira, 1997; Kumar and Subramanian, 1997; Kim and Hwang, 1992), there is no substantial contribution of capabilities on entry mode

significant variables only “international experience” had negative coefficient sign, which suggests preference of JVs over WOS while the other variables suggest the opposite.

choice. It also did not supported Chen's (1999) study in which he found that higher levels of firm-specific advantages are related to higher levels of entry mode choice. However, as an ownership type, 64 percent of sampled firms have chosen WOS; and, 85 percent of WOS were greenfield investment (see Table IV.1). Kogut and Singh (1988) found that home-country cultural traits influence mode preference of FDI firms. Their preference of high control entry mode can be partly explained by the high uncertainty avoidance culture attributes of Turkey (Hofstede, 1980).

4. 2. Performances of Foreign Subsidiaries of Turkish Manufacturing Firms (TMFs)

The rank order of the TMFs' foreign equity ventures' (FEV) performance based on the mean measure of the 13 performance criteria is shown in Table 4. 4. Looking at Table 4. 4, we see that except for the three financial performance measures (namely, "return on equity", "return on investment", and "access to capital/finance"), all of the performance measures are close to or above the managers' expected level.

Table 4. 4. Performance of TMFs' Foreign Equity Ventures

Perceptual Performance Measures	Rank	Mean	SD
Reputation	1	3.53	0.87
Accessing to distribution channels	2	3.29	0.91
Access to international corporate network	3	3.29	0.89
Customer service	4	3.28	0.87
Market share	5	3.26	0.95
Achievement of strategic aims	6	3.13	1.01
Product design	7	3.07	0.83
Acquisition of know-how	8	3.06	0.81
Gain access to low cost inputs	9	3.05	0.78
Productivity gains	10	3.04	0.85
Access to capital/finance	11	2.97	0.85
Return on investment	12	2.87	0.90
Return on equity	13	2.81	0.89

Notes:

N= 94

SD = Standard deviation

The scale is 1: Much worse than expected; 2: Worse than expected; 3: As expected; 4: Better than expected; 5: Much better than expected.

Specifically, TMFs are slightly dissatisfied with financial gains but pleased with their firms' reputation, access to distribution channels and international corporate network, and customer service that these factors' financial pay-offs would be seen in the future. Dissatisfaction with performance may be related also with subsidiary newness and that performance will be high with the passage of time. While "market share"(3.26) and "achievement of strategic aims" (3.13) are a little more than the firms' expectations, "acquisition of know-how", "gain access to low cost inputs", and "productivity gains" are about the same as expected.

4. 2. 1. Factor Analysis of Performance Criteria

Prior to factor analysis, as it is done for capabilities variables, the assumptions of normality, linearity and homoscedasticity are checked. The correlation matrix provided sufficient correlations to justify application of factor analysis for perceived performance measures. Anti-image correlation matrix, being over 0.70, indicated that none of the variable was necessary to omit. Among the performance variables “gain access to low cost inputs” was loaded on Factor 1, but it was far below (i.e. 0.38) the required factor loadings of .50 (Hair et al., 1998). Therefore it is not used for this groups’ factor analysis. The factor analysis highlighted two factors explaining the 62.8 percent of total variance for the performance measures, which is shown in Table 4. 5.

Table 4. 5. Performance Measures of TMFs’ Foreign Equity Ventures

Factors	Factor loads	Eigen-value	% Variance explained	Cum. %	Cronb. alpha
Factor 1					
Operational Performance		4.64	38.6	38.6	92.4
Product design	0.81				
Customer Service	0.79				
Achievement of strategic aims	0.77				
Reputation	0.74				
Productivity gains	0.67				
Return on investment	0.67				
Accessing to distribution channels	0.66				
Return on equity	0.61				
Market share	0.57				
Factor 2					
Accessing to Critical Resources Performance		2.89	24.1	62.8	71.9
Access to international corporate network	0.82				
Acquisition of know-how	0.71				
Access to capital/finance	0.69				

Notes:

Principal components factor analysis with varimax rotation.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.872

Bartlett’s Test of Sphericity = 656.393; $p < 0.000$

General reliability analysis of all items resulted in a Cronbach alpha

value of 0.91; and internal reliability of each factors ranged from 0.71 to 0.92, which can be considered as high reliability. Since the variables are conceptually linked to each other, it was necessary to use oblique rotation to see correlations among the factors. Correlations among factors were 54 percent; and, oblique factor rotations for performance variables confirmed the orthogonal varimax rotation. The resulting factors are validated also by means of split sample of the performance measure data. Two factors of performance variables are named as operational and accessing to critical resources performances.

4. 2. 2. Performance and Foreign Subsidiary Age

When we classify subsidiaries into four groups according to their ages, ranging with two, four, six and more than six years old, Appendix Table IV. 17 reveals that there is weak support for H6 in that out of 13 variables five of them are significant while none of the two factors are significant. Specifically, performance of firms varies with ages only for the variables of “productivity gains” ($p < 0.1$), “return on investment” ($p < 0.1$), “accessing to distribution channels” ($p < 0.05$), “return on equity” ($p < 0.1$), and access to capital/finance ($p < 0.1$). Examining each significant variable closely we see that performances of TMFs’ foreign equity ventures appears to be continuously declining as the years pass by, an interesting situation (and contrary to our expectation) found in most of the non-significant variables also (see Appendix Table IV. 17). Specifically, in terms of “productivity gains” TMFs’ three or four years old foreign equity ventures (FEV) have the highest mean value of 3.38 while the FEVs more than six years old have the lowest mean value of 2.76. With respect to the performance measure of “return on investment”, youngest (up to two

years old) FEVs have the highest mean value of 3.12 whereas older and oldest (five to six years and more than six years old) FEVs have lowest mean value of 2.60. Considering to “accessing to distribution channels”, youngest (up to two years old) and young (three or four years old) FEVs have the highest mean value (3.56) and oldest FEVs have the lowest mean value (2.88). Likewise, in another financial measure, “return on equity” youngest FEVs have the highest mean value of 3.08 while the older FEVs have the lowest mean value of 2.44 (below the oldest FEVs’ mean value of 2.60). Similarly, in terms of the “access to capital/finance” performance youngest FEVs have the highest mean value (3.17) and oldest FEVs have the lowest mean value (2.58). On the other hand, when we classify subsidiaries as young (less than 5 years old) and old (5 years and above), Appendix Table IV. 18 shows that there is somewhat reasonable support for H6. The factor of “operational performance” ($p < 0.05$ [the mean value of -0.23 for old FEVs versus mean value of 0.19 for young FEVs]), and the variables of “achievement of strategic aims” ($p < 0.05$ [the mean value of 2.90 for old FEVs versus mean value of 3.33 for young FEVs]), “productivity gains” ($p < 0.05$ [the mean value of 2.83 for old FEVs versus mean value of 3.22 for young FEVs]), “return on investment” ($p < 0.05$ [the mean value of 2.60 for old FEVs versus mean value of 3.10 for young FEVs]), “accessing to distribution channels” ($p < 0.01$ [the mean value of 2.95 for old FEVs versus mean value of 3.56 for young FEVs]), “return on equity” ($p < 0.05$ [the mean value of 2.54 for old FEVs versus mean value of 3.04 for young FEVs]), “market share” ($p < 0.1$ [the mean value of 3.07 for old FEVs versus mean value of 3.42 for young FEVs]), “acquisition of know-how” ($p < 0.05$ [the mean value of 2.90 for old FEVs versus mean value of 3.20 for young FEVs]), and access to capital/finance ($p < 0.05$ [the mean value of 2.78 for old FEVs versus mean value of 3.15 for young FEVs]) varies

with age¹⁴. This finding about the effect of age on performance is consistent with the previous studies (Robson, et al., 2002).

4. 2. 3. Performance and Foreign Subsidiary Size

As in the case of parent companies, we classified subsidiaries into four groups, in terms of their number of employees, amount of capital, sales and assets, with the consideration of their appropriateness in using for statistical tests, we checked the consistency of this classification separating them within two groups. Appendix Table IV.19 shows that there is almost no support for H7a when we classify firms into four groups based on their employees. That means that, taking only the employees into account; firm performances diverge in “accessing to critical resources performance” factor ($p < 0.1$), “access to capital/finance” ($p < 0.05$) variable. In “accessing to critical resources performance” factor, the third group (firms with employee number between 101 and 500) has the lowest mean value of -0.31; and, the fourth group (firms with employee number above 500) has the highest mean value of 0.40. In terms of the “access to capital/finance” performance criteria, while the second group (firms with employee number between 51 and 100) has the lowest mean value of 2.59, the fourth group has the highest mean value of 3.36. As it is seen on Appendix Table IV.20, where firms are classified as small (100 employees or less) and large (more than 100 employees), the situation of no support does not change where only one variable, “access to capital/finance” ($p < 0.1$ [with small firms’ mean value of 2.81 and large firms’ mean value of 3.13]), mean difference becomes significant.

¹⁴ We also checked whether there is a relationships between parent firm’ age and perceived foreign subsidiary performance. Interestingly, we found that nine out of 13 variables are statistically significant (see Appendix Table IV. 33) which can be considered strong support for the proposition of “There will be differences in performance depending on parent firm’s age”.

When subsidiary capital is taken as the size measure, Appendix Table IV.21 reveals that there is very limited support for H7b. Specifically, firms differ only in “accessing to critical resources performance” factor ($p < 0.01$); and, for the individual variables, “market share” ($p < 0.05$), “access to international corporate network” ($p < 0.01$), “acquisition of know-how” ($p < 0.1$) and “access to capital/finance” ($p < 0.01$) vary depending on the capital of the foreign subsidiary firms. In the “accessing to critical resources performance” factor, the first group (firms with capital amount up to 500.000 \$) has the lowest mean value of -0.49; and, the fourth group (firms with capital amount more than 10 million \$) has the highest mean value of 0.65. Regarding to performance criteria of “market share” the first group has the lowest mean value of 2.80 and the fourth group has the highest mean value of 3.56. In terms of “access to international corporate network” the first group has the lowest mean value (2.79) while fourth group has the highest mean value (3.81). Concerning to the “acquisition of know-how” variable the first group has the lowest mean value of 2.71 and the second group (firms with capital amount between 500.001 and 2 million \$) has the highest mean value of 3.29. Related with “access to capital/finance” performance criteria the first group has the lowest mean value (2.71) while the second group has the highest mean value (3.73). Classifying firms as small (up to \$2 million capital) and large (more than \$2 million capital) does not improve the limited support situation in which subsidiary firms again differ only in “accessing to critical resources performance” factor ($p < 0.05$ [the mean value of -0.19 for small firms versus the mean value of 0.23 large firms]); and, for the individual variables, “achievement of strategic aims” ($p < 0.05$ [the mean value of 2.92 for small firms versus the mean value of 3.38 large firms]), “access to international corporate

network” ($p < 0.05$ [the mean value of 3.11 for small firms versus the mean value of 3.50 large firms]), and “access to capital/finance” ($p < 0.05$ [the mean value of 2.77 for small firms versus the mean value of 3.22 large firms]) which are shown on the Appendix Table IV. 22.

Considering H7c that purports that, other things being constant, performances of firms will be different with respect to sales level of the subsidiary firm, a measure that is more commonly used as size trait. It is found in Appendix Table IV.23 that there is moderate support for this size measure: One of the two factors, “accessing to critical resources performance” ($p < 0.01$); and seven out of 13 variables show significant difference in the mean score which are “customer service” ($p < 0.1$), “achievement of strategic aims” ($p < 0.05$), “return on investment” ($p < 0.05$), “return on equity” ($p < 0.1$), “access to international corporate network” ($p < 0.1$), “acquisition of know-how” ($p < 0.05$), and “access to capital/finance” ($p < 0.01$). In the “accessing to critical resources performance” factor, the first group (firms with sales amount up to 10 million \$) has the lowest mean value of -0.48; and, the third group (firms with sales amount between 50.1 million and 250 million \$) has the highest mean value of 0.44. Pertaining to performance criteria of “customer service” the first group has the lowest mean value of 3.03 and the fourth group (firms with sales amount more than 250 million \$) has the highest mean value of 3.67. With respect to “achievement of strategic aims” variable, the first group has the lowest mean value of 2.81 and the third group has the highest mean value of 3.63. In the two financial performance variables largest discrepancies exist between the first and the second groups’ mean values as such: “Return on investment” (2.54 versus 3.14), “return on equity” (2.50 versus 3.07). Related with the “access to international

corporate network” performance, the first group has the lowest mean value of 3.00 and the third and fourth group has the highest mean value of 3.56. In the last two significant performance measures, highest divergences exist between the first and the third groups such as: “Acquisition of know-how” (2.75 versus 3.44), “access to capital/finance” (2.49 versus 3.44). But, using the dichotomized sales level as large (more than \$50 million) versus small (\$50 million or less) reduces the moderate support situation to limited support as it is shown on Appendix Table IV.24: Again, “accessing to critical resources performance” factor ($p < 0.05$); and, four out of 13 variables show significant difference in the mean score which are “customer service” ($p < 0.05$), “access to international corporate network” ($p < 0.1$), “acquisition of know-how” ($p < 0.05$), and “access to capital/finance” ($p < 0.01$). For the “accessing to critical resources performance” factor, small firms’ mean value is -0.16; and, for large firms’ mean value is 0.41. The mean values for small and large firms of the three performance variables as follows: “Customer service” 3.17 versus 3.58 and “access to international corporate network” 3.19 versus 3.56, “acquisition of know-how” 2.94 versus 3.40, and “access to capital/finance” 2.83 versus 3.38.

The last subsidiary firm characteristic of total asset, which is the subject of H7d, shows limited support for this hypothesis (see Appendix Table IV.25). Like in the other subsidiary size variables, the “accessing to critical resources performance” factor ($p < 0.05$) is significant here too. For the individual variables, “customer service” ($p < 0.1$), “achievement of strategic aims” ($p < 0.1$), “productivity gains” ($p < 0.05$), and “access to capital/finance” ($p < 0.01$) are significantly different in mean scores (see Appendix Table IV.25). In the “accessing to critical resources performance” factor, the first group (firms with asset amount up to 10 million \$) has

the lowest mean value of -0.26; and, the fourth group (firms with asset amount above 250 million \$) has the highest mean value of 0.71. In the other significant performance variables largest discrepancies exist between the first and the fourth groups' mean values as such: "Customer service" 3.07 versus 4.67, "achievement of strategic aims" 2.89 versus 3.83, "productivity gains" 2.80 versus 3.50 and "access to capital/finance" 2.64 versus 4.00. Appendix Table IV.26 shows that using small versus large classification, reduces the limited support situation to almost no support where only the "accessing to critical resources performance" factor ($p < 0.1$ [the mean value of -0.08 for small firms (firms with asset amount less than 50 million \$) versus the mean value of 0.38 large firms (firms with asset amount more than 50 million \$)]) and "access to capital/finance" ($p < 0.1$ [the mean value of 2.90 for small firms versus the mean value of 3.31 large firms]) variable are significantly different in mean scores¹⁵.

Previous scholarly literature has established that there is a relationship between foreign subsidiary size and foreign subsidiary performance (Gatignon and Anderson, 1988). Taking into account only international joint ventures' performance and these ventures' size characteristics, a review study revealed that out of 15 empirical studies five found positive relationship, one found negative relationship and nine of them found no relationship (Robson et al., 2002). In this study, we found that, in general, a relationship exists between firm size and performance. Except the size measure of foreign subsidiary employee number (in which direction of the relationship between size and performance indeterminate), a positive relationship exist between foreign

¹⁵ It is also found that performances of foreign subsidiaries differ based on parent firm's total asset (see Appendix Table IV. 34). This can be considered very strong support for the premises of "There will be differences in performance depending on parent firm's total asset".

equity venture' (FEV) amount of capital, sales, and assets, whereby as the size increases so does the performance. However, the strength of this positive relationship is weak.

4. 2. 4. Performances and Foreign Subsidiary Industry

Manufacturing sub-industry of subsidiaries were almost the same with parent firms' sub-industries. We constrained the conventional classification of firm sectors into six categories as we did in the parent firm' sub-industry for making the statistical testing of the foreign subsidiary firms performance possible. The sub-sectors are narrowed as follows: Manufacture of food products, beverages and tobacco products (ISIC 15); manufacture of textiles and wearing apparel (ISIC 17-18); manufacture of wood and paper products and publishing (ISIC 20-22); manufacture of chemicals, rubber and plastic products (ISIC 24-25); manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (ISIC 26- 28); manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment (ISIC 29, 31,32). Appendix Table IV. 27 shows that subsidiary firms differ only in "gain access to low cost inputs" ($p < 0.05$) variable. In this performance measure, manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment sub-sector has the lowest mean value of 2.64 while the manufacture of food products, beverages and tobacco products sub-sector has highest mean value of 3.31. Thus, there is no support for H8, which means that sub-sector of the foreign subsidiary firms does not explain the differences in their performances.

This result is in some way consistent with the findings of Robson et al.'s (2002) study. In reviewing the literature on international joint venture performance, they documented that industry characteristic (where firms grouped according to standard industrial classification (SIC) as we did) five studies (in the total of eight) reported no relations between overall performance and industry type. As we mentioned in the capabilities and sub-sector relationship, we combined some SIC code classifications together, which is a very broad perspective to detect a sector's relationship with performance. Within the sub-sectors industry concentration, industry growth, industry profitability, industry labor or capital intensity and industry technology level can affect performance. Combining some sub-sectors together and using a broad classification (i.e. two digit) may have neutralized some specific sectors' relationship with performance.

4. 2. 5. Performance and Foreign Subsidiary Host Country Locations

As in the case of capabilities, we first classified host countries into four groups as developed countries (which consist of Belgium, Canada, England, Germany, Ireland, Israel, Italy and Netherlands), Turkic Republics (i.e., Azerbaijan, Kazakhstan, Kyrgystan, Turkmenistan, Uzbekistan), Central and Eastern European countries (which are comprised of Albania, Bulgaria, Poland, Romania, Russian Federation, Ukraine) and other countries (which consist of Algeria, Argentina, China, Egypt, Iran, Malaysia, Republic of South Africa, Syria and Tunisia). Appendix Table IV.28 shows that there is a strong support for H9, which states that "there will be differences in realized subsidiary performance depending on host-

country locations”. Except for the “operational performance” factor; and, “accessing to distribution channels” and “gain access to low cost inputs” variables, the other factor and all the other variables are significantly different in mean scores. In the “accessing to critical resources performance” factor ($p < 0.01$), the second group, subsidiaries established in Turkic Republics (TRs), has the lowest mean value of -0.70; and, the first group, subsidiaries in developed countries (DCs) has the highest mean value of 0.39. In the other significant performance variables, significance levels; and, lowest and highest mean values of performance with respect to host country locations as follows: “Product design” ($p < 0.05$ [lowest (2.83) in other countries (OCs) and highest (3.53) developed countries (DCs)]); “customer service” ($p < 0.05$ [lowest (3.07) in Central and Eastern European countries (CEECs) and highest (3.79) in DCs]); “achievement of strategic aims” ($p < 0.05$ [lowest (2.88) in TRs and highest (3.68) in DCs]); “reputation” ($p < 0.1$ [lowest (3.33) in CEECs and highest (4.00) in DCs]); “productivity gains” ($p < 0.05$ [lowest (2.63) in TRs and highest (3.42) in DCs]); “accessing to distribution channels” ($p < 0.05$ [lowest (2.96) in TRs and highest (3.84) in DCs]); “return on equity” ($p < 0.05$ [lowest (2.38) in TRs and highest (3.00) in DCs and OCs]); “market share” ($p < 0.05$ [lowest (2.88) in TRs and highest (3.68) in DCs]); “access to international corporate network” ($p < 0.01$ [lowest (2.88) in TRs and highest (3.79) in DCs]); “acquisition of know-how” ($p < 0.01$ [lowest (2.58) in TRs and highest (3.37) in DCs]); and “access to capital and finance” ($p < 0.05$ [lowest (2.63) in TRs and highest (3.44) in DCs]).

Classifying the host countries into three groups (like it is done in examining the capabilities and host country location relationships) as developed countries, culturally similar and other countries, and Central and Eastern European countries

did not much affect the situation of strong support for H9. The statistical test presented on Appendix Table IV.29 shows that with the exception of the three variables (i.e. “return on investment”, “return on equity” and “gain access to low cost inputs”) all of the factors and variables are significantly different in mean scores. Comparing the mean scores of firms by using the developed country versus other countries dichotomy did not lessen much for the support of H9 where only “operational performance” factor; and, “return on investment”, “return on equity” and “gain access to low cost inputs” variables were not significantly different in mean scores (see Appendix Table IV.30).

4. 2. 6. Performance and Foreign Subsidiary Entry Modes

For testing H10, which asserts that “there will be differences in realized subsidiary performance depending on the chosen entry mode”, we first used a broad classification of the entry mode as wholly owned subsidiary (WOS) and joint venture (JV). As it is presented in Appendix Table IV.31, only two variables “product design” ($p < 0.1$ [mean value of 3.19 for WOS versus mean value of 2.88 for JV]) and “reputation” ($p < 0.05$ [mean value of 3.71 for WOS versus mean value of 3.22 for JV]) have significances. Considering the entry modes of WOS as greenfield and acquisition, and using JV as minority, equal and majority ownership JVs, “operational performance” factor ($p < 0.1$ [minority ownership JVs have the lowest mean value of -0.71 and greenfield investments have the highest mean value of 0.18]) and the variables of “reputation” ($p < 0.01$ [equal ownership JVs have the lowest mean value of 2.63 and greenfield investments have the highest mean value of 3.76]), “return on investment” ($p < 0.05$ [minority ownership JVs have the lowest

mean value of 2.17 and greenfield investments have the highest mean value of 3.06]), and “gain access to low cost inputs” ($p < 0.1$ [minority ownership JVs have the lowest mean value of 2.40 and acquisition investments have the highest mean value of 3.22]) show significance in terms of difference in mean scores among grouped firms (see Appendix Table IV.32). Hence, there is low support for H10.

In the previous literature it is suggested that different entry modes have different performance outcomes (Nitsch, et al., 1996; Woodcock, et al., 1994) in that high-control entry mode has high market performance (Chen, 1999; Woodcock, et al., 1994). This study did not confirm well these researchers’ findings. Nonetheless, it is found that cultural distance affects entry mode in the foreign country (Hennart and Larimo, 1998). TMFs indifferences of performance among entry mode choices can partly be explained by the cultural similarity of Turkey with most of the TMFs host countries.

4. 2. 7. Performances and Degree of Internationalization (DOI) of Turkish

Manufacturing Firms (TMFs)

In this study, we had to limit previously mentioned (when reviewing the DOI literature) measurement tools of DOI for several reasons. For example, usage of the number of foreign subsidiaries will not take us anywhere because 79 of the sampled firms had only one subsidiary, while eight firms had two subsidiaries; four firms had three foreign subsidiaries and the remaining three firms had more than five foreign subsidiaries. The same applies to psychic dispersion of international operations since sampled firms’ FDI concentrated much on nearby and culturally similar countries. Another issue is top management’ international orientations. Even though it is

difficult to measure all of the top managers' international orientation, we have some indication about it. We asked our respondents, who are mostly in upper level management position, their international business experiences operationalized by having worked in jobs related to international business (IB). We found that on the average (total years of IB experience of the respondent divided by number of respondents), respondents had 10 years of IB experience. Their average total work experience was 18 years. Moreover, these respondents' opinion on the "firm's commitment to international activity" was the second highest average mean score (see Table 4. 2.). This can be translated as top manager's having high orientation towards international business. Furthermore, we have also asked the respondents how many foreign languages they knew well prior to foreign investment. Fifty three of them knew one foreign language; 19 of them knew two foreign languages; and 8 of them knew three foreign languages (14 of them either did not know any foreign languages or did not answer this question). Relating to their education, 51 percent of the respondents had four-year college degree while 37 percent had masters-level education. In addition, their last earned educational degree was in the areas of business administration (58 %), economics (20 %), engineering (17 %) and other social sciences. Looking just at the respondents' qualifications we can say that they share the traits of global managers (Ali and Camp, 1996), and they may be positively affecting their firms' international outlook (Reeuber and Fisher, 1997; Sherman et al., 1998; Athanassiou and Nigh, 2002).

Due to the difficulty of obtaining other relevant data, we will use linear combination of percentage of internationally working employees to total employees, percentage of foreign sales to total sales, percentage of foreign assets to total assets

as Sullivan (1994), Jetto Giles (1998), and UNCTAD (2001, 2002) used (see Table 4.6). As Ramaswamy et al. (1996) noted, we should be cautious in interpreting the overall index (more importantly, precaution has to be taken using it for subsequent analysis), because of the fact that aggregating the DOI components may inhibit the effects of individual components¹⁶.

When we compare the DOI of TMFs with the UNCTAD's classification of the major largest firms around the world according to transnationality index (i.e. DOI) we see that almost half of the TMFs have similar DOI percentages to world's top 100 firms (see UNCTAD, 2002 for comparison with Table 4. 6). The other half shares the similar percentage of developing country-based MNCs' DOI (UNCTAD, 2002). Even though the amount of sales and number of firms are not comparable to the mentioned firms, the percentages of TMFs' DOI is very high and is comparable to the world's leading firms. This is a very impressive and quite interesting result. In the following table (Table 4.7), TMFs are grouped as degree of internationalization (DOI), foreign employment to total employment (FE/TE), foreign sales to total sales

¹⁶ We also examined whether there is a relationship between foreign to total employment ratio, foreign to total sales ratio, foreign to total asset ratio, overall DOI rate, and performance of foreign subsidiaries or not. We only found existence of a relationship between total asset ratio and the variables of "return on investment" and "access to capital/finance" (see below Table).
Multiple Regression on Performance Criteria and Asset Rate

Performance Criteria	FA/TA
Constant	5.592
Return on investment	-9.296*
Access to capital/finance	8.249**
Adjusted R square	0.078
F value	4.484*
N=83	

Notes: FA/TA= Foreign Assets divided by Total Assets

*p < 0.01; **p < 0.51

This table shows that two out of 13 performance criteria are significant explaining the 0.7 percent change in performance. Therefore, similar to previous studies (Goerzen and Beamish, 2003) there is a relationship between performance and asset dispersion; yet in our sample this relationship is very weak.

(FS/TS), foreign assets to total assets (FA/TA); and, respective firm numbers and percentages in the total sample are given for a clear delineation.

By combining and consolidating the previous research on internationality, Kutschker and Baurle (1997, p.105) identify three main dimensions of internationality: “(1) the number and the geographic-cultural distance of the corporation’s foreign markets, (2) the extent of value added in these markets, and (3) the degree of integration within the corporation”. Needless to say that a corporation, which has activities in many countries, is more international than the one that has activities in a few markets. Similarly, when the more value adding activities such as purchasing, research and development (R&D), manufacturing and sales take place in foreign markets that means the firm is more international. Related to the degree of integration Kutschker and Baurle (1997, p.107) uses four factors that are “intensity of flows of resources within the corporation”, “frequency and intensity of exchange of resources and information”, “synthesis of knowledge”, and “build in flexibility of corporation’s infrastructure”.

Although it is instrumental in showing the multidimensional aspects of internationalization, as Kutschker and Baurle (1997) accept it, it is very difficult to measure DOI with these three dimensions. Apart from this measurement issue, research shows “that the relationship between multinationality and performance is not linear” due to the fact that at certain point of internationalization produce more costs than benefits “such as coordination and control, administrative system to manage culturally distinct markets and diverse human resources” (Gomez and Ramaswamy, 1999: 174-175; Riahi-Bekaoui, 1998). These researches empirically found that DOI’s effect on performance is reverse “U” shaped, hence after one point performance starts to decline.

Table 4. 6. Degree of Internationalization (DOI) of Turkish Manufacturing Firms

	FE/TE	FS/TS	FA/TA	DOI		FE/TE	FS/TS	FA/TA	DOI
1	0.02	0.03	0	0.02	48	0.01	0.15	1.55	0.57
2	0.04	0.05	0.03	0.04	49	0.5	1	0.23	0.58
3	0.02	0.07	0.07	0.05	50	0.44	0.85	0.45	0.58
4	0.02	0.06	0.09	0.06	51	1.31	0.3	0.15	0.59
5	0.05	0.09	0.07	0.07	52	1.13	0.5	0.2	0.61
6	0.08	0.09	0.09	0.08	53	0.9	0.46	0.45	0.61
7	0.07	0.05	0.12	0.08	54	1.49	0.34	0.06	0.63
8	0.13	0.07	0.07	0.09	55	1.54	0.19	0.19	0.64
9	0.08	0.14	0.12	0.12	56	1.41	0.21	0.33	0.65
10	0.01	0.43	0.07	0.17	57	0.25	0.9	0.9	0.68
11	0.06	0.18	0.31	0.18	58	0.57	0.56	0.97	0.7
12	0.17	0.17	0.23	0.19	59	1.23	0.69	0.28	0.73
13	0.05	0.47	0.08	0.2	60	1.29	0.95	0.14	0.79
14	0.31	0.16	0.12	0.2	61	1.67	0.19	0.54	0.8
15	0.02	0.29	0.28	0.2	62	1.55	0.82	0.43	0.93
16	0.21	0.37	0.03	0.2	63	1.58	1	0.22	0.94
17	0.13	0.42	0.09	0.21	64	1.55	0.82	0.49	0.95
18	0.14	0.23	0.27	0.21	65	2.03	0.46	0.43	0.97
19	0.25	0.28	0.16	0.23	66	1	1	1	1
20	0.01	0.58	0.15	0.24	67	2.23	0.43	0.45	1.04
21	0.16	0.36	0.24	0.25	68	2.13	0.6	0.64	1.12
22	0.2	0.37	0.17	0.25	69	3.75	0.15	0.35	1.42
23	0.02	0.75	0.02	0.26	70	2.23	1.33	0.93	1.5
24	0.03	0.78	0.02	0.27	71	4.52	0.6	0.33	1.82
25	0.26	0.3	0.25	0.27	72	5	0.53	0.53	2.02
26	0.11	0.58	0.15	0.28	73	5.63	0.24	0.35	2.07
27	0.44	0.33	0.07	0.28	74	6	0.41	0.94	2.45
28	0.1	0.38	0.38	0.29	75	6.41	0.83	0.75	2.66
29	0.05	0.49	0.37	0.3	76	6.86	0.5	0.67	2.67
30	0.09	0.83	0.02	0.31	77	8	0.41	0.19	2.86
31	0.15	0.4	0.38	0.31	78	7.19	0.25	1.67	3.04
32	0.1	0.77	0.09	0.32	79	6.67	1.8	0.85	3.11
33	0.04	0.93	0	0.32	80	8	1	0.5	3.17
34	0.2	0.47	0.32	0.33	81	9.67	0.02	0.97	3.55
35	0.57	0.42	0.06	0.35	82	11.45	1	1	4.48
36	0.5	0.42	0.2	0.37	83	12.1	2.58	0.93	5.2
37	0.17	0.72	0.25	0.38	84	1.17	0.23	16.5	5.97
38	0.43	0.3	0.45	0.39	85	18.75	1	1	6.92
39	0.25	0.56	0.37	0.39	86	20	1	1	7.33
40	0.17	0.71	0.33	0.4	87	20	2.4	0.73	7.71
41	0.04	0.54	0.63	0.4	88	25	1	0.39	8.8
42	0.05	0.5	0.69	0.41	89	26.92	3	0.18	10.03
43	0.51	0.3	0.44	0.42	90	36.95	1	1	12.98
44	0.06	0.57	0.62	0.42	91	43.33	0.84	0.86	15.01
45	0.74	0.4	0.38	0.5	92	0	45.25	0	15.09
46	1.17	0.2	0.22	0.53	93	63.33	0.88	1	21.74
47	0.73	0.6	0.25	0.53	94	0.02	0.25	250	83.42

Notes : FE/TE= Foreign Employment to Total Employment; FS/TS= Foreign Sales to Total Sales;
FA/TA= Foreign Assets to Total Assets; DOI= $\frac{FE/TE + FS/TS + FA/TA}{3}$

Table 4.7. Degree of Internationalization (DOI) of TMFs as a Group

Firms	DOI Rates	n	%	Firms	FS/TS Rates	n	%
1-12	0.02 - 0.19	12	0.13	1-17	0.02 - 0.19	17	0.18
13-15	0.20 - 0.27	13	0.14	18-36	0.20 - 0.38	19	0.20
26-35	0.29 - 0.39	14	0.15	37-50	0.40 - 0.49	14	0.15
40-51	0.40 - 0.59	12	0.13	51-64	0.50 - 0.69	14	0.15
52-65	0.61 - 1.00	15	0.16	65-79	0.71 - 0.95	15	0.16
66-77	1.04 - 2.86	11	0.12	80-94	1.00 - 45.25	15	0.16
78-94	3.04 - 83.42	17	0.18				
Firms	FA/TA Rates	n	%	Firms	FE/TE Rates	n	%
1 - 20	0.00 - 0.09	20	0.21	1-11	0.00 - 0.03	11	0.12
21 - 32	0.12 - 0.19	12	0.13	12-24	0.04 - 0.09	13	0.14
33 - 45	0.20 - 0.28	13	0.14	25-35	0.10 - 0.17	11	0.12
46 - 58	0.31 - 0.39	13	0.14	36-54	0.20 - 0.90	19	0.20
59 - 69	0.43 - 0.54	11	0.12	55-68	1.00 - 1.67	14	0.15
70 - 84	0.62 - 0.97	15	0.16	69-81	2.03 - 7.19	13	0.14
85 - 94	1.00 - 250	10	0.11	82-94	8.00 - 63.33	13	0.14

Notes : FE/TE= Foreign Employment to Total Employment; FS/TS= Foreign Sales to Total Sales;
FA/TA= Foreign Assets to Total Assets; DOI= $\frac{FE}{TE} + \frac{FS}{TS} + \frac{FA}{TA}$

3

4. 3. Firm-specific Capabilities of Parent Firm and Performance of Their Foreign Subsidiaries

To determine which of the capabilities are likely to be the most significant or least significant in explaining the variation in the foreign subsidiary performance, a binomial logistic regression was performed via using two performance factor scores as dependent variable. Logistic regression is recommended when the dependent variable is binary and the data do not satisfy the multivariate normality assumption (Sharma, 1996; Hair et al., 1998) as in the case of our data. There were only two multivariate data analysis options for testing H11: Logistic regression and multiple discriminat analysis. We preferred to use the logistic regression because the other similar multivariate analysis technique (i.e., discriminant analysis) “relies on strictly

meeting the multivariate normality” and “equal variance-covariance matrixes across groups” (Hair et al., 1998, p.314). In the Logistic regression, coefficients are used to estimate the impact of the independent variables on the probability of an event’s occurrence. It is similar to multiple regression which uses the method of least squares in estimating the coefficients whereas logistic regression uses the maximum likelihood procedure in estimating coefficients (Hair et al., 1998). Table 4. 8 shows the results of binominal logistic regression in measuring the impact of firm-specific capabilities on foreign subsidiary performance. In testing H11 (which purports that performance of TMFs’ foreign equity ventures will vary depending on capabilities of TMFs), zero factor scores are used for cut off point in dividing dependent variables as 0 and 1. A positive coefficient for an independent variable means that it increases the probability of performance; on the contrary, a negative coefficient decreases the probability of performance. While the first model has low overall explanatory power with insignificant chi-square values of 15.3 and correctly classifies 69.9 percent of observations, the second model has high overall explanatory power with significant chi-square values of 23.9 ($p < 0.05$) and correctly classifies 73.5 percent of observations, which is a higher rate than that could occur by chance.

In model 1 where operational performance factor (FACTOR1) is used as a dependent variable, the only variable of “technological know-how” has statistically significant coefficient ($p < 0.1$) which means that it has an effect on performance in a negative way, contrary to our prediction in H11. In the model two where accessing to critical resources performance (FACTOR2) is used as dependent variable, four variables are significant with relatively higher significance levels than the previous

one: The variables “technological know-how” ($p < 0.05$) and “economies of scale” ($p < 0.01$) have positive coefficient as expected.

However, the variables of “ability to adapt previously imported technologies to new markets” ($p < 0.05$) and “quality of company's product” ($p < 0.05$) have negative coefficients, as opposed to our expectation. Therefore, there is very limited support for H11, and in some variables causality works in a negative way.

Table 4. 8. Results of Logistic Regression for the Firm-specific Capabilities of TMFs and Performance of their Foreign Subsidiaries

	Dependent Variables			
	Model 1		Model 2	
	FACTOR1		FACTOR2	
Variable Name	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
International experience	0.255	0.585	0.011	0.001
Ability to develop differentiated products	0.547	1.926	-0.042	0.011
Technological know-how	-0.953	3.176*	1.117	3.724**
Trademark and brand image	0.586	2.065	-0.060	0.022
Economies of scale	-0.359	0.803	1.302	7.385***
Firm's commitment to international activity	-0.162	0.187	0.133	0.099
Adapting technologies to new markets	-0.311	0.793	-0.854	4.857**
Ability to adapt itself to different markets	0.416	0.838	0.457	0.855
Level of specialization	0.223	0.143	-0.632	1.026
Quality of company's product	0.485	0.842	-1.140	3.803**
Effective management practices	0.166	0.147	-0.626	1.560
Charging competitive prices	-0.194	0.317	-0.015	0.001
Speed of responding to consumer demand	-0.529	1.272	0.390	0.749
Constant (Intercept)	-0.715	0.091	0.238	0.008
Model chi-square	15.394		23.969**	
n=	83 ^a		83 ^a	
	0 = 46 1 = 37		0 = 42 1 = 41	
Correct Classification (%)	69.9		73.5	
Proportional chance criteria (%)	55.4		50.6	
*p<0.1; **p<0.05; ***p<0.01 (two tailed)				
FACTOR1: Operational Performance (0= Factor scores < 0; 1= Factor score > 0)				
FACTOR2: Accessing to Critical Resources Performance (0= Factor scores < 0; 1= Factor score > 0)				
a: Eleven cases with missing values are not included in the model				

To examine the capability and performance matter more closely, we have excluded five performance variables that had close loading to each performance factors (which means that factor analysis results in roughly equal percentage of variance in the specific variable explained by each factor) and then calculated the factor scores. These variables were gain access to low cost inputs, market share, return on investment, return on equity, accessing to distribution channels. When we used the recalculated factor scores as dependent variables there were some improvements on both models (see Table 4. 9).

Table 4. 9. Results of Logistic Regression for the Firm-specific Capabilities of TMFs and Performance of their Foreign Subsidiaries

	Dependent Variables			
	Model 1		Model 2	
	FACTOR1		FACTOR2	
Variable Name	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
International experience	0.312	0.800	0.067	0.044
Ability to develop differentiated products	0.775	3.760**	0.288	0.573
Technological know-how	-1.186	5.097**	0.370	0.625
Trademark and brand image	0.208	0.273	-0.445	1.223
Economies of scale	-0.493	1.469	1.184	6.688**
Firm's commitment to international activity	-0.175	0.221	0.194	0.237
Adapting technologies to new markets	-0.215	0.358	-0.607	3.009*
Ability to adapt itself to different markets	0.207	0.206	0.139	0.091
Level of specialization	0.466	0.602	0.118	1.038
Quality of company's product	0.692	1.612	-0.938	3.072*
Effective management practices	0.606	1.904	-0.223	0.269
Charging competitive prices	0.110	0.101	0.285	0.656
Speed of responding to consumer demand	-0.902	3.150*	0.082	0.039
Constant (Intercept)	-1.670	0.474	-0.439	0.543
Model chi-square	18.916		19.243	
n=	85 ^a		85 ^a	
	0 = 47 1 = 38		0 = 43 1 = 42	
Correct Classification (%)	70.6		76.5	
Proportional chance criteria (%)	55.3		50.6	
*p<0.1; **p<0.05 (two tailed)				
FACTOR1: Operational Performance (0= Factor scores < 0; 1= Factor score > 0)				
FACTOR2: Accessing to Critical Resources Performance (0= Factor scores < 0; 1= Factor score > 0)				
a: Nine cases with missing values are not included in the model				

While the first model's (FACTOR1) chi-square values a little bit improved from 15.394 to 18.916, its overall insignificance did not change. On the other hand, the second model's (FACTOR2) explanatory power declined from 23.969 to 19.223 and became insignificant. The models correctly classify 70.6 and 76.5 percent of observations in the FACTOR1 and FACTOR2, respectively, which are higher rates than which would be expected by chance. In addition to “technological know-how” ($p < 0.05$) the variables of “ability to develop differentiated products” ($p < 0.05$) and “speed of responding to consumer demand” ($p < 0.1$) become significant in the first model. In the second model (Table 4.9) “economies of scale” ($p < 0.05$) has positive coefficient as expected. However, the variables of “ability to adapt previously imported technologies to new markets” ($p < 0.1$) and “quality of company's product” ($p < 0.1$) have negative coefficients, contradicting our expectation. Again, there is very limited support for H11.

As we see in Table 4.8 and 4.9, the relationship between capabilities and performance is not strong. The reason for that may partly be our assumption that a parent firm's capability will influence its foreign subsidiary's performance whether it is JV or WOS. In the case of JVs this relationship will be weaker than that of WOS. The other possibility would be, as it is mentioned in reviewing the literature, beside capabilities external elements may be at play affecting the foreign subsidiary performance.

5. Conclusion

This chapter examined empirically the capabilities and performances of Turkish FDI firms by using the cross-sectional survey data gathered from a relatively

large sample size. It set out the key characteristics of the sample, which will be the subject of analysis for the subsequent chapters. This is the first study attempting to identify the capabilities, characteristics and performances of manufacturing FDI firms originated in Turkey operating abroad. Comparing to the studies of developing country originated FDI firms, it has also strength in terms of including both WOS and JVs, relating parent firm capabilities to its foreign subsidiary performance.

Like in many developing countries, Turkish governments may have had an influence on generating certain capabilities in their firms by setting up policies both in import substitution and export promotion stages of development phases (Yeung, 1994a; Aggarwal and Agmon, 1990). It appears that both country-specific comparative advantages and firm capabilities are effectively utilized by Turkish firms in expanding their business activities to foreign markets via FDI. This shows that TMFs' FDI behavior is affected by macroeconomic (to some extent) and microeconomic (Kumar and Kim, 1984; Kimura and Lee, 1998) along with geographical and cultural (Thomas and Grosse, 2001) factors.

Our focus in this study is mainly on firm-related microeconomic factor's influence on TMFs internationalization. Internationally operating firms need to have valuable, rarely found, inimitable and nonsubstitutable resources (Barney, 1991; Conner, 1991) and sufficient capabilities (Grant, 1991; Westhead et al., 2001; Madhok, 2002). Further, as mentioned, contextual settings should also be congruent to the usage of these firm-specific factors (Roth and Morrison, 1992) whether these firms be conventional (Trevino and Grosse, 2002) or unconventional FDI firms (Moon and Roehl, 2001).

Of the 13 ownership-specific capabilities of sampled FDI firms, which are determined by reviewing the received literature and reducing the previously identified large list with interviews, we have identified four factors via factor analysis. These were operation-related, product-related, marketing-related and management-related factors that explained 69.07 percent of the variance in the sample data. To investigate the capabilities of TMFs thoroughly, five hypotheses related to sample characteristics of age, size, and industry along with choice of host country and market entry mode are tested. A summary of hypotheses and degree of their support along with applied statistical test is provided below in the Table 4. 10.

Table 4. 10. Summary of Capabilities and Performance Hypothesis and Resulting Supports

Hypothesis	Degree of Support	Statistical Test Used
Firm-specific Capabilities and Ages of Firms H1: There will be differences in capabilities of Turkish manufacturing firms (TMFs) that are involved in foreign direct investment (FDI) with respect to their age. That is, relative strengths of these firms (measured by thirteen firm-specific variables) will vary with their ages.	Limited and Moderate support	ANOVA and Two-sample <i>t</i> test
Firm-specific Capabilities and Sizes of Firms H2: There will be differences in capabilities/strengths of TMFs with respect to their size. H2a: Relative strengths of these firms will vary with their number of employees. H2b: Relative strengths of these firms will vary with their amount of capital. H2c: Relative strengths of these firms will vary with their amount of total sales. H2d: Relative strengths of these firms will vary with their amount of total assets.	Limited and Moderate support Limited support Limited support Moderate support Moderate support	ANOVA and Two-sample <i>t</i> test ANOVA and Two-sample <i>t</i> test ANOVA and Two-sample <i>t</i> test ANOVA and Two-sample <i>t</i> test ANOVA and Two-sample <i>t</i> test
Firm-specific Capabilities and Industry of TMFs H3: There will be differences in capabilities of TMFs with respect to their industries.	No support	ANOVA
Firm-specific Capabilities and Host Country Types H4: There will be differences in capabilities of TMFs when choosing host-country locations.	No support	ANOVA and Two-sample <i>t</i> test

Firm-specific Capabilities and Choice of Entry Mode H5: There will be differences in capabilities of TMFs when choosing entry mode of wholly owned subsidiary (WOS) versus joint ventures (JVs). That is, the higher the relative importance of ownership advantages of TMFs the more likely that they will choose WOS over JVs. H5a: The higher the relative strength of the capabilities, the higher is the propensity to choose greenfield investment over acquisition. H5b: The higher the relative strength of the capabilities, the higher is the propensity to choose majority ownership of JV.	No support Limited support Limited support	Two-sample t test ANOVA ANOVA
Performance and Foreign Subsidiary Age H6: There will be differences in realized performance depending on the subsidiary age.	Limited and moderate support	ANOVA and Two-sample t test
Performance and Foreign Subsidiary Size H7: There will be differences in realized performance of subsidiaries with respect to their size. H7a: Realized performance of subsidiaries will vary with their number of employees. H7b: Realized performance of subsidiaries will vary with their amount of capital. H7c: Realized performance of subsidiaries will vary with their amount of total sales. H7d: Realized performance of subsidiaries will vary with their amount of total assets.	Limited support No support Limited support Moderate and limited support Limited and no support	ANOVA and Two-sample t test ANOVA and Two-sample t test ANOVA and Two-sample t test ANOVA and Two-sample t test ANOVA and Two-sample t test
Performance and Foreign Subsidiary Industry H8: There will be differences in realized subsidiary performance depending on their industries.	No support	ANOVA
Performance and Foreign Subsidiary Host Country H9: There will be differences in realized subsidiary performance depending on host-country locations.	Strong support	ANOVA and Two-sample t test
Performance and Foreign Subsidiary Entry Modes H10: There will be differences in realized subsidiary performance depending on the chosen entry mode of WOS versus JVs.	Limited support	ANOVA and Two-sample t test
Parent Firm Capabilities and Performance of Foreign Subsidiaries H11: Performance of TMFs' foreign subsidiaries will vary depending on capabilities of TMFs. That is, the higher the relative strength of the capabilities, the higher the TMFs's foreign subsidiary performance will be.	Limited support	Logistic Regression

While test of the first hypothesis (H1) is supported somewhat moderately (which means that, to some extent, capabilities of FDI firms vary with their age), there is mixed support for the second hypothesis (H2) related to size. Although the number employees (H2a) and the amount of capital (H2b) almost do not differentiate firms' capabilities, amount of sales (H2c) and assets (H2d) are, to a moderate extent, elements in differentiating firms' capabilities. Industry of firms (H3) and the type of host country (H4) do not have relevance in divergence of capabilities; hence, there is no support for these two hypotheses. Lastly, there is extremely low support for the fifth hypothesis (H5), which means that capabilities do not vary depending on two broad entry modes of WOS and JV. However, there was very low support for H5a, which states that the higher the relative strength of capabilities the higher the propensity to choose greenfield investment over acquisition; and H5b had the same limited support, which purports that the higher the relative strength capabilities the higher the propensity to choose majority ownership of JVs.

At one point, foreign subsidiaries of TMFs' staying in the operation and surviving in different countries by transferring organizational knowledge and mobilizing organizational resources, which is very difficult to do in many different developing countries and economies in transition even for well established MNCs (Fabry and Zegni, 2003), is a sign of performance. Even though their stability can be considered an objective and concrete measure of performance, in this study we have covered both external and internal dynamics' effect by asking the managers their perception of the reached level of performance compared with their initial expectations. By reviewing the received literature we have determined 13 performance criteria for foreign subsidiaries and confirmed them with interviews.

Using these variables we have identified two factors via factor analysis. These were labeled as “operational performance” and “accessing to critical resources performance” factors that explained 62.8 percent of the variance in the sample data. As with the capabilities, five hypotheses related to sample characteristics of age, size, and industry along with choice of host country and market entry mode are tested with respect to foreign subsidiary-related performance (see Table 4. 10). There is somewhat reasonable support for H6 indicating that performances of firms to a reasonable extent vary with foreign subsidiary age. The hypotheses related to size (H7) received mixed but low support. Specifically, the only variable that varies among firms depending on the employee number is “gain access to capital/finance”; hence, there is almost no support for H7a. There were limited supports for H7b and H7d, which means that performances of subsidiary firms seldom vary according to their amount of capital and asset. H7c received a reasonable support indicating that performances of subsidiary firms diverge with their sales level. However, there is no support for H8 demonstrating that sub-sector does not explain the performance divergence. Contrary to sub-sector, the type of host country has strongly explained the performance variance that is an indication of strong support for H9. For the case of entry mode, there was very low support for H10 wherein 3 out of 13 variables were significantly different in mean scores.

Finally, degree of internationalization (DOI) of TMFs appeared exceptionally high and comparable to leading multinational firms of developed and developing countries. In the case of parent firm capability relationship with foreign subsidiary performance there is very limited support for the H11. Moreover, some capability variables were affecting performance in a negative direction.

CHAPTER V. STRATEGIC MOTIVES OF TURKISH MANUFACTURING FDI FIRMS

1. Introduction

In the preceding chapter we have identified the capabilities and characteristics of manufacturing parent companies that are physically located in Turkey and these firms' foreign subsidiaries. Once a firm has the unique ability to conduct business activities, it must then consider country-specific advantages and decide where geographically it is going to set up foreign subsidiaries. This chapter attempts to identify strategic motives of Turkish manufacturing firms' (TMFs) foreign direct investment (FDI) by trying to answer the questions of "why TMFs go abroad"; and, why have they invested in particular areas and not in others?

What the factors are that motivate outward investment by Turkish firms is a very important question in the context of Turkey. Recently, FDI involvement of Turkish firms has become a central issue occupying the attention of businessmen, government, unions, political commentators among other interested individuals and groups. Regarding the social and economic impact of outward investment, some consider it as a capital flight when the country desperately needs it in a situation of chronic under-investment in many sectors. Unions, for example, recognizing the immobility of labor in contrast to other production inputs, calls for government's action to reduce the unemployment aroused from capital exports.

Despite the important benefits of the FDI outflows, its negative aftermaths are mainly emphasized in Turkey. Many of the commentators ignore the long-term benefits of FDI outflows. Spread of domestic enterprises around the world can create a positive foreign image for a country and goods and services produced from that country; consequently, these improve export chances in general (O'Brien, 1980). It is true that the effect of FDI outflow on the balance of payment is negative (Daniels, 1970). Yet, in the long run, home country economy may get reverse capital transfer from the earnings that directly come from the export of goods and services generated by FDI as well as from remittances of dividends. Moreover, it can create more linkages to global production and service network (e.g. transport and marketing), technological developments; and, this in turn may be used to promote other exports of the home country (Agarwal, 1985). More importantly, FDI firms can develop competitive skills in foreign markets and bring these skills and knowledge to the home country, and grow more; consequently, they may become more active in globalized world markets (Czinkota, et al., 2002).

Empirical FDI research on Turkey has historically been centered on incoming rather than outgoing firm activities (Aydın and Terpstra, 1981; Erdilek, 1982; Erden, 1987, 1988a, 1988b, 1996a, 1997; Kırım and Ateş, 1990 Kaynak and Dalgıç, 1992; Bodur and Madsen, 1993; Bodur et al., 1998; Demirbağ et al., 1995; Buckley and Geyikdağı, 1996; Keçeci, 1997; Ekin, 1998; Demirbağ and Mirza, 2000; Tatoğlu and Glaister, 2000; Erdal and Tatoğlu, 2002). Even though outward FDI involvement of Turkish firms started as early as mid 1980s, up to date there is no empirical examination of Turkish manufacturing firms' internationalization by means of FDI

undertaken by themselves¹⁷. It is important to understand what are the urges of firms that lead to investment decisions. We want to look vital locational advantages or pull motives of host countries and critical home country-related push factors and their importance in determining the extent, mode and pattern of TMFs' internationalization. We will find out whether TMFs internationalization is the result of government erected push factors such as taxes, economic and political instability or host-country related place-specific spatial advantages or conditions.

This chapter provides new facts and empirical insights about one of the developing country firms' expansion of business activities since the mid 1980s (mostly in the 1990s) by using the data gathered from a sample of 60 wholly owned subsidiaries (WOS) and 34 joint ventures (JVs). Following this introduction, in the next section we review the prior literature related to strategic motives of multinational firms in serving foreign markets by focusing on mainly push and pull motives. Based on the literature review, in this section we develop hypotheses in relation to certain firm characteristics and their FDI activities. In the third section we present the results and discuss the findings. Summary and conclusions are presented in the final section.

2. Literature Review and Hypotheses Development

When we look at the studies examining the foreign direct investment (FDI) activities of enterprises from historical perspective, we see that there were some

¹⁷ We have researched master thesis and doctoral dissertations on the subject of international business for the years between 1987 and 2000 with the exceptions of Yaylı (1997), Keçeci (1997) and Ekin (1998) none of them uses empirical data. Scopes of these theses and other books limited to explaining existing theories and not relating them to reality.

rudimentary works in the period between the 1930s to 1960; however, important empirical efforts have taken to explain the expansion and the role of internationally operating firms during the late 1960s and early 1970s (for an excellent review of the past studies see Dunning, 1993). Especially since the mid 1970s, studies dealing with FDI broadened their scope by including other country firms beside US-based ones; and, by tackling variety of questions and issues with more sophisticated statistical methods¹⁸ (Dunning, 1993). One of the subjects of these studies was motive(s) of firms for going abroad or selecting particular countries for investment location. Empirical studies dealing with motives of manufacturing FDI firms originating from developed nations and going to; (a) the other developed nation(s) (Flowers, 1976; Arpan and Ricks, 1979; Buckley and Mathew, 1979; Ajami and BarNiv, 1984; Dunning, 1986b; Chernotsky, 1987; Kim and Lyn, 1987; Prasad, 1987; Kogut and Singh, 1988; Tallman, 1988; Kim and Kim, 1993; Grosse and Trevino, 1996; Hennart and Larimo, 1998), (b) both developed and developing nation(s) (Green and Cunningham, 1975; Kobrin, 1976; Johanson and Vahlne, 1977; Davidson, 1980; Dunning, 1980; Schineither and Frey, 1985; Benitto and Gripsrud, 1992; Kim and Hwang, 1992), and (c) only developing nation(s) (Agodo, 1978; Root and Ahmed, 1978; Ajami and Ricks, 1981; Erdilek, 1982; Nigh, 1985; Jun and Sing, 1996; Ali, 1997; Michalet, 1997; Louri, et al., 2000; Tatoğlu and Glaister, 2000; Thomas and

¹⁸ Looking at the empirical studies chronologically, motives of manufacturing foreign direct investment has been examined extensively (and published mainly in *Journal of International Business Studies* and *Management International Review*, which are the two major international business journals) since the mid 1970s (Green and Cunningham, 1975; Flowers, 1976; Kobrin, 1976; Johanson and Vahlne, 1977; Lecraw, 1977; Agodo, 1978; Root and Ahmed, 1978; Arpan and Ricks, 1979; Buckley and Mathew, 1979); during the 1980s (Davidson, 1980; Dunning, 1980; Ajami and Ricks, 1981; Erdilek, 1982; Ajami and BarNiv, 1984; Kumar and Kim, 1984; Agarwal, 1985; Nigh, 1985; Schineither and Frey, 1985; Chernotsky, 1987; Kim and Lyn, 1987; Prasad, 1987; Kogut and Singh, 1988; Tallman, 1988) in the 1990s (Benitto and Gripsrud, 1992; Lecraw, 1993; Kim and Kim, 1993; Grosse and Trevino, 1996; Jun and Sing, 1996; Ali, 1997; Michalet, 1997; Kimura and Lee, 1998) and after the 1990s (Tatoğlu and Glaister, 2000; Thomas and Grosse, 2001; Makino et al., 2002; Wang, 2002).

Grosse, 2001) are plentiful¹⁹. However, empirical studies dealing with motives of manufacturing FDI firms originating from developing nations and going to; (a) the other developing nation(s) (Lecraw, 1977; Wells, 1977, 1983; Lall, 1982, 1983; Agarwal, 1985; Kumar and Kim, 1984) (b) both developed and developing nations (Lecraw, 1993; Dent and Randerson, 1996; Kimura and Lee, 1998; Makino et al., 2002; Wang, 2002) are scarce, compared to developed country firms'. Moreover, studies that use both pull and push motives are rarely found in the extant literature.

Scarcity of empirical studies dealing with FDI motives of developing country firms can partly be explained by the small amount of investment from these countries compared to developed ones (Yeung, 1994b). However, most of the conceptual studies (O'Brian, 1980; Lall, 1982, 1983; Wells, 1983) and empirical works about the motivations of less developed country (LDCs) or developing country firms have been conducted before the 1990s. The conditions of the 1970s that created FDI outflows were dissimilar (see Henan and Keegan, 1979) than the environment of the 1980s (see Lecraw, 1992; Safarian, 1999) that in turn were different from the conditions of the 1990s. As we have already mentioned in Chapter I, the impact of external forces such as globalization; liberalization and privatization; growing ease of trans-border communications; reduced transport costs (UNCTAD, 2001); creation of regional economic blocks; application of liberal FDI policy frameworks in Turkey; and changing criteria by which foreign governments evaluate FDI (Dunning, 1994); hence, favorable political environment and few rules regarding entry and operations of FDI firms are drastically different from the conditions before the

¹⁹ There are two recent studies also dealing with FDI originated from both developed and developing countries going to a developed country (Zitta and Powers, 2003) and a developing or less-developed country (Mellahi et al., 2003).

1990s. It is no doubt that these external environment's elements may have facilitated competent Turkish firms' FDI involvement.

In the literature various classifications of FDI motives exist. First, motives of FDI firms are divided into proactive or aggressive and reactive or defensive nature (Czinkota et al., 1996; Dunning, 1993). The former involves benefiting from economies of scale, tax differentials, exclusive information of foreign customer and market, and unique product while the latter are motivated by competitive pressures and overproduction. Second, depending on governments' manipulation effects, FDI motives are differentiated as policy and non-policy related determinants (Sethi et al., 2003; Loree and Guisinger, 1995). While the latter consists of political stability, cultural distance, GDP per capita, infrastructure, the former involves with various incentives offered or requirements put forth by local governments (e.g. tax concessions; or, operational requirements i.e., usage of local inputs and exporting certain amount of outputs) in dealing with foreign investors. Even though both of them are prone to manipulation, the change effect of the policy determinants are felt in a short period of time. Therefore, some of the motives are related to existing or built in factors in the host countries such as low cost of inputs, availability of know-how, and market potential. The other issues are related with host country's policy frameworks. Third, drivers of FDI are differentiated as external market motivation and internal company motivation (Zitta and Powers, 2003). While the former include host country market size, labor market, capital markets and political stability, the latter arises from need for growth, technology, and global presence. Fourth, FDI motives of firms can also be classified as pull factors; like trade barriers, low labor and raw materials costs, market size and favorable government policies (Kumar and

Kim, 1984; Chernotsky, 1987); and push factors such as political instability, labor unrest and unfavorable taxation at home country (Arpan, Flowers and Ricks, 1981; Ajami and Ricks, 1981). In this study, we will use these pull and push factors as a broad classification of TMFs' internationalization motives.

2. 1. Pull Motives

The pull factors can be considered mostly as locational advantages of host countries. Theoretical origin of the importance of locational factors can be traced back to comparative advantage framework that is based on Heckscher-Ohlin model (Czinkota et al., 1996), to location theory, which Dunning's location (L) component of ownership-location-internalization (OLI) derived from it (Dunning, 1993, 1998). In terms of locational advantages, dividing firms' behavior into three categories according to their economic orientations such as resource seekers, market seekers, and efficiency seekers is very pervasive in the literature (Dunning, 1988, 1993, 1994; Stopford 1994; Ehrman and Hamburg, 1986; UNCTAD, 1998; Czinkota et al., 1996; Jun and Singh, 1996; Michalet, 1997; Makino et al., 2002; Sethi, et al., 2003). Resource seeking motive involves obtaining physical or natural resources (such as minerals, agricultural products, raw materials), human (low cost of labor) and other resources relatively cheaply in order to sustain or advance international competitiveness. Market seeking motive involves sustaining or protecting current markets or exploiting new markets. Firms with market seeking motives attempt to follow suppliers and customers that went overseas and try to take advantage of host country market by being close to customers or by trying to follow competitors that went to a specific market. Efficiency seeking motives basically try to rationalize both

resource seeking and efficiency seeking investment to gain cost and/or other advantages. Efficiency seeking expansions are carried out to realize scale and scope economies, risk diversion among others. Dunning adds one more category of foreign investment motive and calls it as strategic asset seeking which involves "...acquiring the assets [such as technological, organizational or managerial skills, trade marks, goodwill etc.] of foreign corporations to promote their long-term strategic objectives"... (Dunning, 1993: 60). The main objectives in this action is either increase the competitive position of the firm or weaken the competitive position of competitors, or may be both. Other motivations constitute the investment climate, policy framework and business facilitation (UNCTAD, 1998, Czinkota et al., 1996; Brewer, 1993; Ehrman and Hamburg, 1986; Kim and Kim 1993; Ali, 1997; Buckley and Mathew, 1979; Jun and Singh, 1996; Michalet, 1997).

Reviewing the previous conceptual and empirical literature we have identified sixteen strategic pull motives and adapted them to this study. Strategic pull motive variables and their sources are as follows: (1) Low cost of inputs²⁰, which consist of labor, raw material, semi-finished goods, energy (Michalet, 1997; Erden, 1996; Dunning, 1993; Benitto and Grisprud, 1992; Schnider and Frey, 1985; Wells, 1983; Daniels, 1970); (2) Access to know-how such as management, marketing, product and process technology (Czinkota et al., 1996; Dunning, 1993; Lecraw, 1993; Ajami and Niv, 1984; Ajami and Ricks, 1981); (3) Access to capital (Tatoğlu and Glaister,

²⁰ While it might be better to measure the effects of the sub-categories of inputs separately, due to the existence of other important motives and item limitations we preferred to measure the overall effect of the low cost of inputs. Besides, "...[A]lthough labor costs are important for certain activities, they are not, by themselves, among the most important determinants for the location of FDI. Furthermore, differences in labor costs between developed and developing countries are, to a certain extent, offset by corresponding differences in labor productivity" (UNCTAD, 1994, p: 19). Same offsetting situation can be seen in terms of semi-finished goods' quality and cost.

2000; Dunning, 1993); (4) Access to international corporate network (Tatoğlu and Glaister, 2000; Dunning, 1993; Agarwal, 1985); (5) Market potential of host country -market size and growth-(UNCTAD, 1998; Czinkota et al., 1996; Dunning, 1993; Kim and Lyn, 1987; Ajami and Niv, 1984; Schineither and Frey, 1985; Arpan, et al., 1981; Ajami and Ricks, 1981; Davidson, 1980; Dunning, 1980; Kobrin 1976; Green and Cunningham, 1975; Daniels, 1970); (6) Access to markets in host country's region (UNCTAD, 1998; Dunning, 1993); (7) To protect the market developed through export (Kim and Kim, 1993; Prasad, 1987; Arpan et al., 1981); (8) To avoid tariff or non - tariff barriers to trade (Kimura and Lee 1998; Dunning, 1993; Lecraw, 1993, 1977; Benitto and Grisprud, 1992; Wells, 1983); (9) Economic stability of invested country (UNCTAD, 1998; Kim and Kim 1993; Ehrman and Hamburg, 1986; Schineither and Frey, 1985; Arpan et al., 1981; Daniels, 1970); (10) Political stability of invested country (Dunning, 1993; Kim and Kim 1993; Tallman, 1988; Schineither and Frey, 1985; Arpan et al., 1981; Buckley and Mathew, 1979; Agodo, 1978; Goodnow and Hanz, 1972; Daniels, 1970); (11) Favorable legal climate, regulatory conditions for business in the host country (Michalet, 1997; UNCTAD, 1994); (12) Foreign government incentives (e.g. tax rebates, loans) for foreign investors (Czinkota et al., 1996; Erden, 1996; UNCTAD, 1996b; Jun and Singh, 1996; Dunning, 1993; Benitto and Grisprud, 1992; Wells, 1983; Ajami and Ricks, 1981); (13) Quality of infrastructure (power, transportation, communication, etc.) in the host country (UNCTAD, 1994; Dunning, 1993); (14) Similarity of the host country to Turkey -language, culture, business practices, etc.- (Czinkota et al., 1996; Dunning, 1993; Kim and Hwang, 1992; Davidson, 1980; Johanson and Vahlne, 1977); (15) Host country government's having no restrictions to limit foreigner's firm ownership in the host country (Chen and Chen, 1998); (16) Favorable

diplomatic relations and/or bilateral trade and investment agreements between host country and Turkey (Thomas and Grosse, 2001; Grosse and Trevino, 1996; Nigh, 1985). As it is seen we are culled variables from researches as early as 1970s to 1990s. The reason for this is that TMFs' FDI involvement is in its early stage, that is initial investment stage rather than reinvestment or sequential investment (Kogut, 1983). Also we have confirmed the relevance of these variables in the initial preparation and pre-test stage of the questionnaire.

2. 2. Push Motives

Kogut (1983) notes that when the firm has capabilities and the home country environment is not supportive of their activities these firms will go to other countries that offer better locational conditions. The influence of home country' economic and political environment on outward investment of firms has received inadequate attention in the literature (Dunning, 1993). Dunning considers home country-related positive and negative dynamics as contextual factors of ownership-location-internalization (OLI) framework (Dunning, 2000). Even though Grosse and Trevino (1996) find weak support for home country political risk's effect on home country firms' outward FDI, study done by Tallman (1988) and Bulatov (1998) show that home country political risks affect their firms' outward internationalization. As in the case of pull factors, we think that push motives can be divided as market-related pushers (e.g. stagnant home market), efficiency-related pushers (i.e., producing products are inefficient due to the product), strategic asset-related pushers (that means certain strategic assets of the firm are not deployed and stay idle) and business climate-related pushers (e.g., unfavorable business environment) denoting the

locational disadvantages in the home countries. With the extensive literature review and with consulting the managers in the survey questionnaire development phase the following variables are deemed to be important: (1) High employment costs (including social security premium, and employment tax) (İSO, 2003; Altuner and Demirer, 1999); (2) High cost of raw material and semi-finished goods in Turkey (İSO, 2003; Altuner and Demirer, 1999); (3) High utility costs (energy, water) in Turkey (Altuner and Demirer, 1999; Demircan 2003); (4) High cost of finance/credit in Turkey (İSO, 2003; Altuner and Demirer, 1999); (5) Political instability (Buğra, 1994; İSO, 2003; İSO, 2002b) (6) Unfavorable legal climate, regulatory conditions (including red tape) for business in Turkey (İSO, 2003); (7) High corporate tax rate in Turkey (Duran, 2003; İSO, 2003); (8) Unstable exchange rates in Turkey (İSO, 2002b); (9) High inflation rates in Turkey (İSO, 2002b); (10) Slow growth of the firms in Turkey (İSO, 2003; (11) Low profitability of firm in Turkey (Kimura and Lee, 1998); (12) Increased competition in Turkey is suggested as an important element in TMFs outbound investment. In line with the preceding studies (Mutinelli and Piscitello, 1997; Shama, 2000), we treat the ingredients of pull and push motives (i.e. market-related, efficiency-related and business climate-related) as a firm strategy for existence, expansion and growth.

2. 3. Motives and Ages of Firms

Firms gain knowledge about opportunities in foreign markets contingent upon domestic business experience and by the passage of time. For this reason, parent firm's age is very much related with international expansion through FDI (Markusen, 1995). Timing of entry (i.e. subsidiary age) is also a constituent in explaining the

strategic motives of firms (Shama, 2000; Hashi and Mladek, 2000; Gaba et al., 2002). For example, facing the constraints in home country and opportunities in host countries, while some firms may want to take advantage of moving early, other firms might prefer a strategy of wait and see. Accordingly, these firms' strategic motives will be different. Based on this, we hypothesize that:

H1a: Relative importance of pull motives will vary with the parent firm age.

H1b: Relative importance of pull motives will vary with the subsidiary firm age.

H1c: Relative importance of push motives will vary with the parent firm age

H1d: Relative importance of push motives will vary with the subsidiary firm age

2. 4. Motives and Sizes of Firms

Firm size has been an important element in explaining the behavior of FDI firms. Needless to say that large firms have more resources and learning channels than that of small firms for international expansion through equity investment. In his pioneering work Hymer (1976) emphasized the size of the firms along with their product differentiation as a sign of market power. Later, Horst (1972) found that firm size is the single significant factor in firms' decision to invest abroad. A number of studies have shown that firm size have an impact on conducting FDI activities (Grubaugh, 1987; Terpstra and Yu, 1988; Kimura, 1989; Li and Guisinger, 1992; Tan and Vertinsky, 1996; Gaba et al., 2002). There are various usages of size measures for FDI firms such as total amount of capital investment (Sanyal and Guvenli, 2000) affiliate employees (Hashi and Mladek, 2000), subsidiary and parent employees (Delios and Beamish, 1999) and asset of the parent firm (Gaba et al., 2002). By using size of both parent and subsidiary firms, we propose that:

H2a: Relative importance of pull motives will vary with the parent firm's amount of capital.

H2b: Relative importance of pull motives will vary with the foreign subsidiary's amount of capital.

H2c: Relative importance of push motives will vary with the parent firm's amount of capital.

H2d: Relative importance of push motives will vary with the foreign subsidiary's amount of capital.

H2e: Relative importance of pull motives will vary with the parent firm's number of employees.

H2f: Relative importance of pull motives will vary with the foreign subsidiary's number of employees.

H2g: Relative importance of push motives will vary with the parent firm's number of employees.

H2h: Relative importance of push motives will vary with the foreign subsidiary's number of employees.

H2i: Relative importance of pull motives will vary with the parent firm's amount of total sales.

H2j: Relative importance of push motives will vary with the parent firm's amount of total sales.

H2k: Relative importance of pull motives will vary with the parent firm's amount of total assets.

H2l: Relative importance of push motives will vary with the parent firm's amount of total assets.

2. 5. Motives and Host Country Types

Past research has shown that location decisions of FDI firms vary depending on country of origin (Ulgado, 1996). We think that internationalization motives of TMFs' vary across countries depending on host countries development level, cultural similarities and geographical closeness. In fact, in a recent study, Makino et al. (2002) found that FDI firms' motivations and capabilities significantly affect their location choices in developed country versus less developed countries. Specifically, they found that Taiwanese firms that have market-seeking and strategic asset-seeking motives invested in developed countries; and, when they have labor-seeking motive they invested in less-developed countries. Further, they found that technology-based capabilities of Taiwanese firms reinforced their investment in developed countries. Firms choose FDI location of developed versus developing countries with a certain goal in mind (Hyder, 1999).

Choice of host country type is also related to the psychic distance of investing firm's home country and host country. Specifically, investing firms' preferences for host country can be affected from geographical, cultural, economic, social closeness and the similarities in consumer behaviors, market conditions, industry structure, institutional settings and economic development which will have effect on market selection (Johanson and Vahlne, 1977). Prior studies suggest that higher the psychic distance, the lower the preference of high control equity ownership (Gatignon and Anderson, 1988; Kogut and Singh, 1988).

Prior research has shown that less developed country (LDC) firms generally invest in neighboring countries rather than the developed ones. This is explained partly by similarity of ethnic and cultural origin buttressed with similarity of demand structures (Ghymn, 1980; Agarwal, 1985), economic conditions and the lack of international experience (Dunning, et al., 1998). This situation may not be peculiar to developing country firms. Even developed country multinationals have chosen regional markets within their countries' peripheries. For example, Vernon notes that "United States-based TNCs tended to establish their earliest affiliates in countries most proximate to the United States in physical and cultural distance, and they moved further and further from home base in the course of time" (Vernon, 1999, p. 40). During the years 1971 to 1986, Vernon observes that US firms expanded into Latin America and Japanese firms in Asia, yet their preferences changed over time and they established their foreign ventures outside of their regions (Vernon, 1992). Sethi et al., (2003) suggested using location (L) construct of eclectic framework to denote not only country level but also regional character of production places. Locational characteristics of Central and Eastern European (CEE) countries are very much different (Feils and Carpano, 1997; Altomonte, 2000; Glaister and Atanasova, 2000; Hashi and Mladek, 2000; Holland et al., 2000) than the countries that belong to Arabic cluster (Kabasakal and Bodur, 2002); and, both regions are very dissimilar to the developed countries. Based on this review, we hypothesize that:

H3a: Relative importance of pull motives will vary with the host country's economic development level

H3b: Relative importance of push motives will vary with the host country's economic development

level

H3c: Relative importance of pull motives will vary with the host country's cultural similarity to Turkey.

H3d: Relative importance of push motives will vary with the host country's cultural similarity to Turkey.

2. 6. Motives and Entry Mode

Firms' entry modes in internationalization consist of export, import, licencing/franchising, subcontracting and management contracts, and direct investment. Internationalization through equity investment can be conducted by means of single or joint ownership. Having determined the ownership mode, a firm makes a decision on the alternatives of acquisition and greenfield investment for wholly owned subsidiary (WOS); and minority, majority and equal ownership of joint ventures (JV). Each entry mode of firms can be considered as a continuum from least cost, control, commitment and risk to highest return, control and commitment; hence, each entry strategies has pros and cons (Kumar and Submarian, 1997).

There are two main theoretical approaches and empirical applications of entry modes in the literature. First one is transaction cost theory that includes the concepts of internalization theory (Anderson and Gatignon, 1986; Kogut and Sing, 1988; Hennart, 1991b; Eramilli Rao, 1993; Buckley and Casson, 1998; Hennart and Larimo, 1998). The second stream is the eclectic framework (Hill et al., 1990; Agarwal and Ramaswami, 1992; Kim and Hwang, 1992; Brouthers, et al., 1999). Transaction cost theory purports that when an FDI firm needs complementary assets

or intermediate inputs (industry-specific knowledge, market knowledge, access to distribution channels) of other firms and when getting these assets from external market is costly or impossible due to search, negotiation and contracting costs that firm should choose joint ventures rather than wholly owned subsidiary (Hennart, 1991b). Eclectic framework maintains that choice of entry mode must be contingent upon the nature of firm-specific ownership, host country locational conditions and need for internalizing the intermediate inputs of firms (Dunning, 1988; 1993).

Strategies of firms differ in entering foreign market and perception of risks can have impact on chosen strategic entry mode (Shama, 2000). Hoffmann and Schaper-Rinkel (2001) state that choice of entry mode, in this case acquisition and joint venture, is contingent upon the combination of environmental, transactional and company characteristics. Hennart and Reddy (1997) found that joint ventures are means for accessing to other firms resources; and, when the local market experience of the foreign firm increases it chooses acquisition over JVs. Taking into consideration strategy of the firms and choice of entry mode, Harzing (2002) found that acquisition is preferred by the firms that have multidomestic strategies and greenfield is favored by the firms that have global strategies.

Aside from firm strategy, sometimes, choice of entry mode can be ordained by external forces (Gomez-Casseras, 1990). For example, in some countries acquisition in privatization projects and minority joint ventures in some sectors can be single alternatives imposed upon foreign investor by host governments (Meyer, 2001). In other countries, establishing greenfield investments can be time-consuming which make handicap for achieving the investing firms' strategic aims; moreover, it may

become arduous to integrate greenfield investment into host country business network (Hennart, 1991b). Holding constant the influences of other factors in TMFs' choice of entry mode, we propose that:

H4a: Relative importance of pull motives will vary based on chosen entry mode.

H4b: Relative importance of push motives will vary based on chosen entry mode.

2. 7. Motives and Degree of Equity Ownership

Having identified the foreign country to enter and mode of organizing the cross-border ventures via either single ownership or joint ownership firms must determine their degree of ownership. While the degree of ownership subsumed under the entry mode in previous studies, one of the recent studies takes exclusively level of ownership irrespective of chosen entry mode (Delios and Beamish, 1999). Firms chose their foreign ownership degree based on the parent firm strategies (Gatignon and Anderson, 1988) and host country type (Beamish, 1988). Whatever the chosen entry mode share of ownership is a critical matter in controlling the foreign venture. Early internalization theorists (e.g., Buckley and Casson, 1976) first focused on the trade off between licensing and FDI, and then they shifted their attention to WOS and JV by asserting that higher control level has to be chosen for protecting critical firm-specific assets (Delios and Beamish, 1999).

Shane (1994) emphasized the trust aspect of national culture in effecting ownership choice and ownership level. Eramilli (1996) found that cultural factors such as power distance and uncertainty avoidance can explain ownership patterns as

much as transactional economic factors. Makino and Neupert (2000) found that while transaction cost themes are important in chosen ownership type, cultural matters have effect on this. Meyer (2001) showed that host country's institutional environments (in the case of changing, inconsistent and uncertain business environment of the countries that their economies are in transition) have also an influence on chosen ownership degree. Delios and Beamish (1999) and Lu (2002) found that institutional influences are more important than transaction cost related issues in choice of ownership level. Therefore, other conditions being equal, we hypothesize:

H5a: Relative importance of pull motives will vary based on the degree of ownership.

H5b: Relative importance of push motives will vary based on the degree of ownership.

2. 8. Motives and Manufacturing Sub-sector of Foreign Investment

The nature of the industry and the business activity within this industry that a firm operates in has also affect on FDI involvement (Aswicahyono and Hill, 1995; Shama, 2000; Hashi and Mladek, 2000). For some sub-sectors of manufacturing, establishing equity ventures in foreign countries may be more appealing than the others due to comparative advantages of the host countries. By the same token, home country conditions can push away some sectors more than the others. Therefore, we hypothesize:

H6a: Relative importance of pull motives will vary based on sub-sector of the firm.

H6b: Relative importance of push motives will vary based on sub-sector of the firm.

2. 9. The Relative Importance of Pull and Push Motives

Both at the domestic and international level adverse business environment push firms towards other possible favorable locations. Interest rates, inflation rates, currency convertibility, tax policies are important for firms in the home and host countries (Ehrman and Hamburg, 1986). In one of the earlier study of undesirable environment's effect on developing country originated firms, Lecraw found that being effected from insecure economic and political environmental conditions, "[m]any LDC [less developed country] firms saw their investment in Thailand as a means of increasing the chance of survival of their firms by operating in as many countries as possible" (Lecraw, 1977, p.446). Looking from host country perspectives, Schneider and Frey (1985) empirically determined that both balance of payments deficits and the rate of domestic inflation were negatively and significantly related to inbound FDI. Thus, as discussed earlier, favorableness of international business environment and business strategy of exploiting these opportunities pulled competent firms to other countries; by the same token, unfavorable general and task environment has pushed Turkish firms to go abroad. The critical question is which motives are more important for establishing foreign equity ventures in other countries? Without the promising opportunity for business expansion in foreign countries, TMFs could not have gone to other countries (may try to survive in home country), we think that pull motives were more important than push motives. Based on this discussion, we hypothesize;

H7: Pull motives were more important than push motives for TMFs in investing abroad.

3. Results and Discussions

3. 1. Host Country-Related Strategic Motives (Pull Factors) for Turkish Manufacturing Firms

The rank order of strategic pull motives for Turkish manufacturing firms (TMFs), based on the mean measure of the importance of 16 host-country-related motives is shown in Table 5. 1. Examining Table 5. 1 first reveals that 13 out of 16 motives are higher than the median measure of three. TMFs consider “market potential of host country” (4.11) and “access to markets in host country's region” (4.08) as outmost important motives in going abroad. Not only for developing country firms like Turkey but also developed country-based firms need markets to sell their goods and services. This is consistent with the results of Holland et al.,’s (2000) study on the motives of foreign firms in CEE countries where they found that market potential is more important than other issues. Heightened competition in the domestic market and export markets caused firms to reach new markets with a different means such as low cost inputs, which is the next important motive. As some respondents noted, in many manufacturing sectors in Turkey factories work under capacity due to the existence of many producers and weak purchasing power of Turkish consumers. “Low cost of inputs”(3.72) and “to protect the market developed through trade” (3.66) come as next important reasons for choosing a host country for production location. The most important four motives are related with

reaching new market or protecting the export market except the low cost of input motive, which is indirectly related with it.

“Favorable relations between host country and Turkey” (3.52), “political stability of the host country” (3.50) and “existence of no restrictions to limit foreign ownership” (3.49) are in between “important” and “neither important nor unimportant” scale. The favorable relations variable seems to be as important as political stability and existence of no restrictions to limit foreign ownership in the host country. Since the establishment of the Republic of Turkey, Turkish foreign policy followed the credo of “Peace at home, peace in the world”. As a result, Turkey had good relations with most of her neighbor countries that may have provided for impetus for creating business relationship²¹. Therefore, as Tallman (1988) noted, bilateral international political relationships are important facilitators of FDI. “Quality of infrastructure in the host country” (3.39), “favorable legal climate in the host country” (3.39) and “economic stability of the host country” (3.38) are slightly less important than the latter three motives. The issues of “to avoid the tariff or non-tariff barriers of trade” (3.33), “foreign government incentives for foreign

²¹ Turkey is a member of Economic Cooperation Organization (ECO) which is “an inter-governmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of sustainable socio-economic development of member states. ECO is the successor organization of Regional Cooperation for Development (RCD) which remained active from 1964 up to 1979. In 1992, the Organization was expanded to include seven new member, namely: Islamic State of Afganistan, Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan; Turkmenistan and Republic of Uzbekistan” (www.ecosecretariat.org).

In 1992, Turkey and the other ten states (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldavia, Romania, Russia, and Ukraine) formed the Black Sea Economic Cooperation (BSEC/KEİB), which represents a region of some 350 million people, as a “regional structure of multilateral cooperation in various fields of economic activity” such as trade, industry, banking and finance (Derdiyok, 1999, p.431).

Customs Union with EU countries in effect since the beginning of the 1996. With the beginning of the 1970s Turkey has made agreements for the avoidance or prevention of double taxation with 39 countries; and since the 1985 she has signed bilateral investment treaties (BITs) with more than 60 countries to promote and protect foreign investment activities (Demircan, 2003; Derdiyok, 1999).

investors” (3.29) and “access to international corporate network”(3.12) are also important but close to neutral state.

Table 5. 1 Relative Importance of Host Country-Related Pull Motives

Motives	Rank	Mean	SD
Market potential of host country	1	4.11	1.28
Access to markets in host country's region	2	4.08	1.27
Low cost of inputs	3	3.72	1.39
To protect the market developed through trade	4	3.66	1.39
Favorable relations between host country and Turkey	5	3.52	1.06
Political stability of the host country	6	3.50	1.19
Existence of no restrictions to limit foreign ownership	7	3.49	1.14
Quality of infrastructure in the host country	8	3.39	1.15
Favorable legal climate in the host country	9	3.39	1.19
Economic stability of the host country	10	3.38	1.17
To avoid the tariff or non-tariff barriers of trade	11	3.33	1.44
Foreign government incentives for foreign investors	12	3.29	1.22
Access to international corporate network	13	3.12	1.42
Similarity of the host country to Turkey	14	2.90	1.23
Access to capital	15	2.42	1.29
Access to know-how	16	2.39	1.37

Notes:

1. N = 94
2. The mean is the average on the scale of 1: Not important at all; 2: Not important; 3: Neither important nor unimportant; 4: Important; 5: Very important.
3. SD = Standard deviation

The last three motives, which are “similarity of the host country to Turkey” (2.90), “access to capital” (2.42) and “access to know-how” (2.39) appears to be unimportant for the sampled firms. The similarity of country motive is close to neutral state, but access to capital and access to know-how are unimportant. The reasons for this are that most of the countries (except the developed ones) Turkish firms established in are also financially weak countries, so the aims of firms were not reaching financial resources for their new venture. Similarly, since FDI firms are the competent firms of Turkey, their know- how seems to be higher than the host

country originated firms (see Holland et al., 2000). Therefore, it appears that TMFs' did not have motives of access to capital and access to know-how.

3. 1. 1. Factor Analysis of Host Country-Related Pull Motives

Before the factor analysis, assumptions of multivariate data analysis are examined. Data examination revealed that seven out of 16 variables are not complied with the normality assumption; and, data transformation did not solve the problem of the six of the seven non-normal variables. "Normality is not a necessary assumption for principal component factor analysis" (SPSS Base 10 Application Guide, p.320) that we utilized here; yet, the same source warns that the analyst should be cautious for high skewness and many outliers in the data. Most of the variables met the linearity and homoscedasticity assumption. For those variables that do not fulfill the assumptions of multivariate data analysis we left them with their original values for the consistency of data with the other variables that fulfilled the multivariate assumptions. Reproduced correlation matrix' residuals (expected correlation minus predicted correlations) was less than 50 percent (i.e. 41 per cent), indicating the goodness of the fit of the data for the factor analysis. Anti-image correlation matrix indicated that the only variable was the "low cost of inputs" (.492), being slightly below .50, might be a candidate for omission, but we preferred to keep it. Applying exploratory factor analysis with varimax rotation resulted in five factors. Extracted factors are named as the pull motives of favorable business environment seeking, market seeking, strategic asset seeking, cultural asset exploiting and efficiency seeking. These factor scores and individual motive variables are used to test the pull

motives hypothesis in terms of means, standard deviations together with suitable test statistics for evaluating differences in mean scores.

Factor loadings greater than 0.50 were integrated for each factor extracted. For the sample size of 94, minimum factor loadings of 0.56 or above is needed (Hair, et al., 1998). In host country related motive variables one of the item's loading (i.e. "to avoid the tariff or non-tariff barriers of trade") was below the required factor loading but it was kept. The factor analysis of pull motives highlighted five factors and explained 65.49 percent of total variance, as it is shown in Table 5.2.

General reliability analysis of all items resulted in 0.81 Cronbach alphas; and internal reliability of each factor ranged from 0.27 to 0.84. To see whether the variables and factors differentiated from each other well, we did the factor analysis with oblique rotation. Conducting the factor analysis with oblique factor rotations resulted in five factors and exactly the same variable loadings; hence, confirmed the orthogonal varimax rotation. Further, correlations among factors were less than 30 percent, indicating the clear differentiation of factors. The resulting factors are validated also by means of factor analysis with split sample of the data.

Table 5. 2 Factor Analysis of the Motives (Pull) Turkish Manufacturing FDI Firms

Factors	Factor loads	Eigen-value	%Variance explained	Cum. %	Cronb. alpha
Factor 1: Favorable Business Environment Seeking		3.53	22.09	22.09	0.84
Favorable legal climate in the host country	0.88				
Political stability of the host country	0.82				
Economic stability of the host country	0.80				
Quality of infrastructure in the host country	0.66				
Existence of no restrictions to limit foreign ownership	0.58				
Foreign government incentives for foreign investors	0.57				
Factor 2: Market Seeking Motives		2.09	13.05	35.14	0.62
Access to markets in host country's region	0.86				
Market potential of host country	0.83				
To avoid the tariff or non-tariff barriers of trade	0.44*				
Factor 3: Strategic Asset Seeking Motives		2.03	12.68	47.82	0.74
Access to know-how	0.84				
Access to international corporate network	0.82				
Access to capital	0.61				
Factor 4: Cultural Asset Exploiting Motives		1.57	9.81	57.63	0.27
Favorable relations between host country and Turkey	0.79				
Similarity of the host country to Turkey	0.75				
Factor 5: Efficiency Seeking Motives		1.26	7.86	65.49	-0.62
Low cost of inputs	0.83				
To protect the market developed through trade	-0.62				

Notes:

Principal components factor analysis with varimax rotation.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.738

Bartlett's Test of Sphericity = 546.461; $p < 0.000$

*When we extracted this variable, cumulative percentage is increased to 69 percent and individual variables' loadings are escalated slightly (Figures in this table are based on including all variables).

3. 2. Home Country-Related Push Motives

The rank order of the Turkish manufacturing firms' (TMFs) home-country-related push factors based on the mean measure of the 12 motives is shown in Table 5. 3. Looking at Table 5. 3, we see that the item that is considered of highest importance is "high utility costs" (3.54). It is no surprise that in Turkey, for example, electrical energy costs are twice as high as world prices (Demircan, 2003). The next

two issues are “unstable exchange rates” and “high inflation rate”(3.29) with equal importance. These are clearly related with economic instability of Turkey. In the last 20 years Turkish economy experienced very high inflation (in some years hyperinflation approaching 90 %), which caused a number of problems such as pricing, investment decision. Even large corporations tried to earn interest from government bonds instead of making investments in the country.

The next variable is “political instability” (3.19). In the recent past, the extent of state intervention or control in South Korea and Taiwan was similar to Turkey; however, the nature and form of interventions was considerably different (Buğra, 1994). Contrary to the former countries, state intervention in Turkey created uncertainty via frequent change of economic policies, and blurred boundaries of intervention (Buğra, 1994). This was the situation of mostly 1970s and partly 1960s and 1980s. In the 1990s Turkey was governed by coalitional governments. In the last 11 years Turkey has changed 10 governments (İSO; 2003; İSO, 2002b). There are empirical studies related to the influence of home country’s political instability on outward FDI.

For instance, Tallman (1988:220) notes that “...increased conflict at home results in a national environment which threatens private investment and produces an increase in outward manufacturing direct investment. A cooperative home country political environment improves conditions for domestic investment and thus tends to reduce the incentives for overseas direct investment”. Therefore, inappropriate political environment of Turkey may have pushed outward FDI of Turkish firms.

Table 5. 3 Relative Importance of Home Country-Related Push Motives Turkish Manufacturing FDI Firms

Motives	Rank	Mean	SD
High utility costs	1	3.54	1.36
Unstable exchange rates	2	3.29	1.43
High inflation rate	3	3.29	1.41
Political instability	4	3.19	1.39
High cost of finance	5	3.18	1.36
High employment costs	6	3.16	1.43
High cost of raw material	7	3.15	1.36
Unfavorable legal climate	8	3.09	1.32
Increased competition	9	3.05	1.39
High corporate tax rate	10	3.01	1.32
Slow growth of the firm	11	2.93	1.34
Low profitability of firm	12	2.91	1.39

Notes:

1. N = 94

2. The mean is the average on the scale of 1: Not influenced at all; 2: Not influenced; 3: Neither positively nor negatively influenced; 4: Influenced; 5: Influenced much.

3. SD = Standard deviation

The next issue is “high cost of finance/credit” in Turkey (3.18) which is important; because in the last 10 years or so, to close the budget deficits Turkish governments constantly borrowed money from the local market; this policy in turn increased the interest rates; and, personal and institutional investors turned to money markets (Altuner and Demirer, 1999). There is a shortage of finance and high interest rates in Turkey. Almost equally important two items are the “high employment costs” (3.16) and “high cost of raw material” (3.15). Turkish FDI firms do not complain about this much maybe because raw material and semi-finished goods prices have become increasingly similar around the world. Moreover, employment cost does not cause much problem either.

The concerns for “unfavorable legal climate” (3.09) and “increased competition in home market” (3.05) are just above the neutral scale. Unfavorable

legal climate and regulatory conditions (including red tape) for business are widely noted in Turkey (ISO; 2003). Business conditions (e.g. low taxes) and macroeconomic situation have an effect on FDI investment in developing countries (Jun and Singh, 1996). Business facilitation such as investment promotion and facilitation, investment incentives, hassle costs (related to corruption, administrative efficiency, etc.,) are considered other non-economic determinants of FDI (UNCTAD, 1998). Nonexistence of these things may have slightly pushed Turkish firms to go abroad.

“High corporate tax rate in Turkey” (3.01) seems to be neither important nor unimportant based on average mean measure. However, corporate tax rate of 44 percent is being gradually reduced since 1996 and became 33 percent in 2002, but it is still over the average of Organization for Economic Cooperation and Development (OECD) countries’ tax rates; and, it shows similarity to developing countries tax rates rather than developed ones which are lower than the formers (Duran, 2003, p.39). The last two push motives are “slow growth of the firms in Turkey” (2.93) and “low profitability of firms in Turkey” (2.91). Slow growth can arise from deficiencies in domestic demand (as one owner observed it in our interview), which means domestic market is too small for firms’ operations (ISO, 2003). Or it may occur because of both stagnation of the economy and monopoly position of some firms. It is evident that Turkish economy in which “state-owned enterprises still account for one third of manufacturing value added” (Çavuşgil, et al., 2003, p.468) suffers from inefficiency and low productivity (McKinsey Global Institute, 2003). “Slow growth of the home market may result in a slow growth of the firm and increased competition, and this will likely motivate a growth-seeking firm to undertake FDI. Where the domestic demand is seen as too vulnerable for the continued success of the domestic firm,

foreign expansion becomes an essential long-term component of the firm's strategy" (Kimura and Lee, 1998, p.116).

3. 2. 1. Factor Analysis of Home Country-Related Push Motives

As it is done for pull motive variables, the assumptions of normality, linearity and homoscedasticity are checked for push motives also prior to factor analysis. Almost all of the variables met these assumptions. Correlation matrix provided that 60 out of 66 correlations were above the 30 percent that is an indication of very high correlation for the application of factor analysis to push motives.

Besides, there were 20 non-redundant residuals (30 % of the total) in the Reproduced Correlation Matrix, which is less than 50 per cent of the total, demonstrating the goodness of fit for the factor analysis. Further, Anti-image Correlation Matrix, being over 0.77, indicated that none of the variables were necessary to omit. The factor analysis highlighted three factors explaining the 77.15 percent of total variance for the push motives, which are shown in Table 5. 4.

General reliability analysis of all items resulted in 0.93 cronbach alpha; and internal reliability of three factors were 0.93, 0.89 and 0.81, respectively. Thus, cronbach alphas indicated very high reliability. Doing the factor analysis with oblique rotation resulted in three factors and exactly the same item loadings. Also, the resulting factors are validated via splitting sample into two and running the factor analysis one more time. Three factors of push motives are named as unfavorable business environment, efficiency-related and market-related concerns.

Table 5. 4 Factor Analysis of the Push Motives of Turkish Manufacturing FDI Firms

Factors	Factor loads	Eigen-value	% Variance explained	Cum. %	Cronb. alpha
Factor 1: Unfavorable Business Environment Pushers		3.96	32.98	32.98	0.93
Unfavorable legal climate	0.90				
Political instability	0.82				
Unstable exchange rates	0.78				
High inflation rate	0.74				
High cost of finance	0.65				
High corporate tax rate	0.62				
Factor 2: Efficiency Pushers		2.86	23.83	56.81	0.89
High employment costs	0.83				
High cost of raw materials	0.82				
High utility costs	0.80				
Factor 3: Market Pushers		2.44	20.34	77.15	0.81
Low profitability of firm	0.87				
Increased competition	0.82				
Slow growth of the firm	0.71				

Notes:
Principal components factor analysis with varimax rotation.
Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.832
Bartlett's Test of Sphericity = 906.643; $p < 0.000$

Owing to the fact that the nature of the variables and slight differences in their measurement we have treated the pull motives and the push motives separately until here; from now on, testing the hypothesis related to them will be done together. In all of the hypothesis testing we have looked at the relationships between firm characteristics and motives in two, three, four, and five groups if it is appropriate. When there is no significant difference or meaningful aid to hypothesis testing we will stick to four-group classification. If, however, there is a substantial difference between four groups and the other groups, we will report them also

3. 3. Motives and Ages of Firms

Appendix Table V. 1 shows that only two variables, “quality of infrastructure in the host country” ($p < 0.1$) and “market potential of host country” ($p < 0.05$) are significant in relation to pull motives and parent firm age. This indicates that there is no support for H1a, which means that the relative importance of the pull motives does not vary with respect to parent firm age. Looking at age and pull motive relationships in terms of foreign subsidiary age, Appendix Table V. 2 reveals that “political stability of the host country” ($p < 0.1$) “economic stability of the host country” ($p < 0.1$), “to avoid the tariff or non-tariff barriers of trade” ($p < 0.05$) and “similarity of the host country to Turkey” ($p < 0.01$) are the four variables that have significances. From this results we can see that there is limited support for H1b indicating that pull motives of firms hardly vary with subsidiary age or with entry time.

Relating to push motives and parent firm ages, statistical test results displayed in Appendix Table V. 3 provide strong support for H1c. Specifically, except for “efficiency push factor” and the variables of “unstable exchange rates”, “high inflation rate” and “slow growth of the firm” the rest of the factors and variables are significant with various degrees. In terms of subsidiary firm age none of the factors and variables are significant (see Appendix Table V.4). Accordingly, there is no support for H1d, meaning that relative importance of push motives does not vary with subsidiary age or timing of entry into foreign markets via FDI. The reason for this may be related to the young age of TMF’s subsidiaries. Since business

environment in the last decade or so was very chaotic in Turkey and TMFs expanded their investment in this period, there is no differentiation in the push motives.

3. 4. Motives and Sizes of Firms

As in the case of age characteristic we have done statistical tests for parent firms' and their foreign subsidiaries' size characteristics mainly by classifying them into four groups. However, when necessary, binary classifications for the support of each size hypothesis will be used also. Appendix Table V. 5 presents statistical test results for the relationships between pull motives and the capital of parent firms. In this table we see the significance of one factor, "strategic asset seeking motives" ($p < 0.05$), and the variables of "political stability" ($p < 0.05$), "economic stability" ($p < 0.1$) and "similarity of the host country to Turkey" ($p < 0.05$) providing very limited support for H2a. Considering the hypothesis related to subsidiary capital and pull motives, we see in the Appendix Table V. 6 that there exists very limited support for H2b. Only two factors of "cultural asset exploiting motives" ($p < 0.01$) and "efficiency seeking motives" ($p < 0.1$) and two variables of "similarity of the host country to Turkey" ($p < 0.05$), "low cost of inputs" ($p < 0.1$) expose that the relative importance of pull motives hardly vary with the foreign subsidiary's amount of capital.

In terms of push motives and parent firm's capital relationships, statistical test results presented in Appendix Table V. 7 show that three variables of "high cost of raw materials and semi-finished goods" ($p < 0.1$), "low profitability of firm" ($p < 0.01$), "increased competition" ($p < 0.01$) and one factor of "market pushers" ($p <$

0.05) are significant. This provides limited support for H2c, which means that the relative importance of push motives barely vary with the parent firms' amount of capital. Even though there is limited support for H2d when the firms grouped into four according to their foreign subsidiary capital, there is strong support for it when they are grouped into two as small versus large. The first case is shown in Appendix Table V. 8 where five variables of "high inflation rate" ($p < 0.1$), "high corporate tax rate" ($p < 0.1$), "high employment costs" ($p < 0.1$) "high cost of raw materials and semi-finished goods" ($p < 0.05$), and "low profitability of firm" ($p < 0.1$) are significant. In the second case, Appendix Table V. 9 shows that, except the variables of "unfavorable legal climate", "political instability", "unstable exchange rates", "high cost of finance", "slow growth of the firm", eight out of twelve variables and two out of three factors are significant.

Appendix Table V.10 presents the test results of the relationship between pull motives and the parent firms' employee number. According to this table significance of three variables, namely "political stability of the host country" ($p < 0.05$), "similarity of the host country to Turkey" ($p < 0.01$), "to protect the market developed through trade" ($p < 0.05$), and one factor, "efficiency seeking motives" ($p < 0.05$) reveal that there is very restricted support for H2e. In other words, relative importance of pull motives seldom vary with the parent firm's number of employees. Pull motives do not vary with the foreign subsidiary employee number either. Appendix Table V.11 shows that "favorable legal climate in the host country" ($p < 0.1$) is the only variable that has a significance, which results in rejecting H2f.

In the case of push motives and parent firm employee number relationship, the support for H2g ranges from moderate to strong support. The moderate support situation is shown in the Appendix Table V. 12 where six out of twelve variables are significant with varying degree such as “unfavorable legal climate” ($p < 0.05$), “high inflation rate” ($p < 0.1$), “high cost of finance” ($p < 0.1$), “high corporate tax rate” ($p < 0.05$), “high cost of raw materials and semi-finished goods” ($p < 0.05$), “high utility costs” ($p < 0.05$). The strong support situation arises when we classify parent firms as small (up to 500 employee) and large (more than 500 employee) that is shown in Appendix Table V. 13, where except for two factors (i.e. “unfavorable business environment pushers” and “efficiency pushers”) and two variables (i.e. “political instability” and “high employment costs”) all the other variables’ and factor’ mean values are significantly different with varying significance levels. A similar situation arises when we look at push motives and subsidiary employee number: While in using four groups classification there is no support for H2h (see Appendix Table V. 14), classifying subsidiary firms into two groups results in limited support for it. Specifically, Appendix Table V. 15 shows that variables of “unfavorable legal climate” ($p < 0.1$), “political instability” ($p < 0.1$), “high inflation rate” ($p < 0.1$), “high corporate tax rate” ($p < 0.05$), “high utility costs” ($p < 0.1$) and the factor of “unfavorable business environment pushers” ($p < 0.1$) are significant.

Related to H2i, which purports that the relative importance of pull motives will vary with the parent firms’ amount of total sales, we see from Appendix Table V. 16 that there is very limited support for this hypothesis. It is seen on Appendix Table V. 16 that only four out of 12 variables, namely “political stability of the host country” ($p < 0.05$), “to avoid the tariff or non-tariff barriers of trade” ($p < 0.1$), “similarity of

the host country to Turkey” ($p < 0.05$), “low cost of inputs” ($p < 0.1$), are significant. On the other hand, test results presented in Appendix Table V. 17 assign very strong support for H2j, indicating that relative importance of push motives vary with the parent firms’ amount of total sales. Examining Appendix Table V. 17 closely, we see that except for the variables of “unstable exchange rates” and “high employment costs”, and the factor of “efficiency pushers”, the rest of the factors and variables are significant with varying levels.

Concerning the last size trait, H2k asserts that the relative importance of pull motives will vary with the parent firms’ amount of total assets. Appendix Table V. 18 reveals that only one factor, “strategic asset seeking motives” ($p < 0.1$), and one variable, “access to international corporate network” ($p < 0.1$) have significances which means there is no support for H2k when using four group classification. However, when we use two-group classification, there is moderate support for H2k. Appendix Table V. 19 shows that one factor and eight variables are significant. We see a similar situation in testing the H2l. Using four groups classification there is limited support for H2l, which can be seen as significant in one factor, “market pushers” ($p < 0.05$), and three variables, “high utility costs” ($p < 0.1$), “low profitability of firm” ($p < 0.05$) and “increased competition” ($p < 0.05$) that are depicted in Appendix Table V. 20. Applying two-group classification we get moderate support for H2l, which can be seen on the Appendix Table V. 21 that shows significance of seven out of 12 variables. Therefore, relative importance of push motives moderately varies with the parent firms’ amount of total assets.

3. 5. Motives and Host Country Types

The first thing we notice in Appendix Table V. 22 is that majority of TMFs (around 70 out of 94 firms) invest in geographically close developing countries. This is consistent with prior research findings that less developed country (LDC) firms generally invest in neighboring countries rather than developed ones. Researchers answer the question of why LDC firms invest in neighboring countries differently. For example, Lecraw reasons that (1977, p.446):

...LDC firms did not have experience with the highly sophisticated, capital-intensive, large-scale technology necessary for efficient production in developed countries. Consequently, they could not respond to a threat to their markets in developed countries by making a direct investment there. They did have experience with the labor intensive, small-scale technology which was appropriate to the factor costs and market size of other LDCs. They could respond to a threat to their markets in LDCs by making direct investment.

However, Ferrantino argues that the main reason of LDCs investment in other LDCs “is not out of preference for low-income or labor-intensive markets, but because of barriers to entry in industrial country markets. These barriers include, but may not be limited to, geographical and cultural barriers” (Ferrantino, 1992, p.451). Hence, when such factors are controlled, he shows that developing country firms invest in developed countries.

In testing H3a, it was necessary to dichotomize countries according to their development level as developed versus developing. Appendix Table V. 22 shows that there is moderate support for H3a, which is verified by the significance of “political stability of the host country” ($p < 0.1$), “economic stability of the host country” ($p < 0.1$), “access to know how” ($p < 0.05$), “access to international corporate network” ($p < 0.01$), “similarity of the host country to Turkey” ($p < 0.01$), “low cost of inputs”

($p < 0.01$) “to protect the market developed through trade” ($p < 0.05$) variables and three factors of “strategic asset seeking motives” ($p < 0.01$), “cultural asset exploiting motives” ($p < 0.05$), “efficiency seeking motives” ($p < 0.01$). Therefore, to a moderate degree relative importance of pull motives differ with respect to the host country’s economic development level. Support for H3b can also be considered as moderate which means that the relative importance of push motives of firms, to some extent, diverges with the host country’s economic development level. Two factors’, “unfavorable business environment pushers” ($p < 0.1$), “efficiency pushers” ($p < 0.01$), and four variables’, i.e., “high employment costs” ($p < 0.01$), “high cost of raw materials” ($p < 0.05$), “high utility costs” ($p < 0.05$), “increased competition” ($p < 0.05$) mean values are significantly different in choosing host country location, as it is portrayed in Appendix Table V. 23.

When we classify countries with respect to cultural similarity to Turkey we have moderate support for the H3c. Statistical tests presented in Appendix Table V. 24 reveals that two factors, strategic asset seeking motives” ($p < 0.01$), “efficiency seeking motives” ($p < 0.01$) and the variables of “favorable legal climate in the host country” ($p < 0.1$), “economic stability of the host country” ($p < 0.1$), “market potential of host country” ($p < 0.1$), “access to know-how” ($p < 0.1$), “access to international corporate network” ($p < 0.01$), “access to capital” ($p < 0.1$), “similarity of the host country to Turkey” ($p < 0.05$) and “low cost of inputs” ($p < 0.01$) show significant differences in choosing different countries. Appendix Table V. 25 shows that H3d also takes moderate support which is evident in significance of two factors (“unfavorable business environment pushers” ($p < 0.05$) and “efficiency pushers” ($p < 0.01$)) and four variables of “unfavorable legal climate” ($p < 0.1$), “high

employment costs” ($p < 0.01$), “high cost of raw materials and semi-finished goods” ($p < 0.1$), “high utility costs” ($p < 0.05$), “increased competition” ($p < 0.1$). Therefore, push motives partially vary with the host country’s cultural similarity to Turkey.

3. 6. Motives and Entry Mode

Contrary to our expectation, the relative importance of pull motives does not vary based on the chosen entry mode. Appendix Table V. 26 assigns no significant variable or factor, which results in rejection of H4a. Similarly, we have no support for H4b either. Appendix Table V. 27 shows that none of the items are significant in terms of the relationship between push motives and the three types of entry modes (Although the results are not reported here, the no support situation did not changed when doing two-sample t test of wholly owned subsidiary (WOS) versus joint venture (JV), and ANOVA test of four groups such as greenfield, acquisition, majority ownership JV, balanced ownership JV, and minority ownership JV investment).

Apart from hypothesis testing, we notice from Appendix Table V. 26 and 27 that 60 firms have used wholly owned subsidiaries (WOS) and, among the firms using joint ventures (JV), they preferred majority (18 firms) or equal ownership (10 firms) share in their investment. This is not in line with the previous literature on developing country based firms’ choice of entry mode where it had been found that developing country based firms prefer minority joint venture because of lack of firm-specific technology and management know-how to internalize (Yeung, 1994a).

3. 7. Motives and Degree of Equity Ownership

Relating to H5a, which states that the relative importance of pull motives will vary based on the degree of ownership of the firm, Appendix Table V. 28 shows that only one variable “low cost of inputs” ($p < 0.05$) is significant. Therefore, H5a is rejected. Appendix Table V. 29 reveals that none of the variable related to H5b is significant. Consequently, results reject the statement that the relative importance of push motives will vary based on the degree of ownership.

The reason for not finding any support for H5a and H5b may be related to the strong tendency of the sampled firms toward having high ownership shares. Appendix Table V. 28 and 29 show that 15 firms had less than 50 percent ownership share (of which only three firms’ ownership shares were less than 30 percent); 14 firms had 50 percent ownership share; 17 firms had the ownership share between 51 and 65 percent; 10 firms had ownership share between 70 and 90 percent; 38 firms had ownership share of more than 90 percent (of which four firms’ ownership shares were between 95 and 99 percent, and 34 firms had 100 percent ownership shares).

3. 8. Motives and Manufacturing Subsector of Foreign Investment

Related to pull motives and subsector relationships we see from Appendix Table V. 30 that only two variables, which are “access to markets in host country’s region” ($p < 0.01$), “market potential of host country” ($p < 0.1$), and one factor of “market seeking motives” ($p < 0.01$) are significant. Therefore there is no support for the hypothesis that the relative importance of pull motives will vary based on the subsector of the firm (H6a). When we look at Appendix Table V. 31 that presents

test results of H6b, none of the variables and factors are significant. We reject the hypothesis that the relative importance of push motives will vary based on the subsector of the firm.

3. 9. The Relative Importance of Pull and Push Motives

Whether pull motives or push motives are more important for TMF's internationalization is a tempting question. To answer this question we have done multiple regression analysis with including all of the previously identified pull and push factors by using degree of ownership as a dependent variable. Yet, the overall model was not significant (results are not reported here). In the insignificant model there were three variables that had significant t values: "High cost of raw materials" ($p < 0.05$), "high cost of finance" ($p < 0.10$) and "increased competition" ($p < 0.10$). Then, we have tried to do multiple regression analysis with pull and push motive variables separately. None of the models resulted in overall significance. After that, we have taken the variables that have significant t values in these analyses and run the regression with them. The results of multiple regression analysis are shown on the Table 5. 5 and Table 5. 6.

Table 5. 5 shows that the overall model is significant ($p = .10$); and, with five variables we are able to explain 11 percent of change in the dependent variable of percentage of ownership. However, the coefficient signs of "economic stability of the host country" and "access to capital" variables are negative, indicating that these variables are reducing the percentage of ownership rather than increasing. Each

coefficient's numerical value is indicative of its effect on determining the 10 percent of change in the degree of ownership.

Table 5. 6 demonstrates that the overall model is significant ($p = .05$); and, with four variables we are able to explain 13.5 percent of change in the dependent variable of percentage of ownership. As in the previous model, each coefficient's numerical value is indicative of its effect on determining the 10 percent of change in the degree of ownership. It is also seen on the Table 5. 6 that except the "high utility costs" variable, remaining variables have negative coefficient sign, representing that these variables are reducing the percentage of ownership rather than increasing.

Table 5. 5 Multiple Regression Analysis of Push Motives

Variables' Correlation Matrix	PO	1	2	3	4	5
1 Access to international corporate network	0.10	1.00				
2 Economic stability of the host country	-0.02	0.18**	1.00			
3 Political stability of the host country	0.10	0.19**	0.85***	1.00		
4 Quality of infrastructure in the host country	0.17*	0.25***	0.48***	0.44***	1.00	
5 Access to capital	-0.06	0.43***	0.37***	0.39***	0.25***	1.00
Dependent Variable						
Percentage of ownership (PO)	1.00	0.10	-0.02	0.10		
0.17* 0.06						
*p<0.1; **p<0.05; ***p<0.01						

Model Coefficients	Unstandardized Coefficients		Stand. Coeff.	t	Sig.	Collin. Statist.	
Pull Motives	B	Std. Er.	Beta			Toler.	VIF
(Constant)	2.68	0.58		4.59	0.000		
Access to international corporate network	0.12	0.12	0.12	1.03	0.304	0.79	1.27
Economic stability of the host country	-0.55	0.25	-0.44	-2.23	0.029	0.27	3.74
Political stability of the host country	0.54	0.24	0.43	2.21	0.030	0.27	3.66
Quality of infrastructure in the host country	0.26	0.15	0.20	1.69	0.094	0.74	1.35
Access to capital	-0.20	0.14	-0.17	-1.43	0.156	0.71	1.41
Percentage of ownership (PO) = Dependent Variable							
R Square	: 0.110						
Adjusted R Square	: 0.057						
F Value	: 2.098						
Significance	: 0.073						

It can be seen from Table 5. 5 and Table 5. 6 that second model (push motives) has a little higher R square value than the first model (pull motives), 11 percent versus 13.5 percent. Besides, the second model has less variables (all of the four variables are significant) than the first model (three out of five variables are significant and eliminating the insignificant variables reduces R square value substantially). Even though, it seems that, contrary to our prediction, push motives are more important than pull motives, with these results, we think, it is hard to determine that one class of motives affected TMFs internationalization more than the other. These results assign inconclusive outcome of testing H7 which predicted that

pull motives were more important than push motives for TMFs in investing abroad.

Table 5. 6 Multiple Regression Analysis of Push Motives

Variables' Correlation Matrix	PO	1	2	3	4		
1 Increased competition	-0.20**	1.00					
2 High cost of raw materials	-0.18**	0.25***	1.00				
3 High utility costs	-0.05	0.33***	0.81***	1.00			
4 High cost of finance	-0.19**	0.20**	0.54***	0.64***	1.00		
Dependent Variable							
Percentage of ownership (PO)	1.00	-0.20**	-0.18**	-0.05	-0.19**		
*p<0.1; **p<0.05; ***p<0.01							
Model Coefficients	Unstandardized Coefficients		Stand. Coeff.	t	Sig.	Collin. Statist.	
Push Motives	B	Std. Err.	Beta			Toler.	VIF
(Constant)	4.44	0.48		9.35	0.000		
Increased competition	-0.23	0.11	-0.22	-2.06	0.042	0.89	1.13
High cost of raw materials and ...	-0.43	0.18	-0.40	-2.37	0.020	0.35	2.87
High utility costs	0.54	0.20	0.50	2.67	0.009	0.28	3.62
High cost of finance	-0.27	0.14	-0.25	-1.96	0.053	0.59	1.70
Percentage of ownership (PO) = Dependent Variable							
R Square	: 0.135						
Adjusted R Square	: 0.096						
F Value	: 3.480						
Significance	: 0.011						

4. Conclusions

In the 1990s developing country governments have shown positive response to FDI since it had an effect on development, balance of payments and host of other government related issues. In fact, governments tried to induce foreign firms' investments by enhancing infrastructure, by appropriate industrial and technology policies, by sufficient education and training policies, by competitive policies (Dunning, 1996). Governments assisted incoming FDI by applying liberal policies, establishing regional economic blocks and bilateral

agreements to avoid double taxation, by giving investment incentives or entering into “investment competition” via offering more and more generous incentives (UNCTAD, 1996b). Previous studies reported that changing the business environment affect the FDI inflows. According to Brewer (1993), while some government policies, such as monetary policy, indirectly affect inbound and outbound FDI, others, such as capital controls, competition, labor relations and intellectual property rights directly affect it (For other studies examining the impact of government policies on FDI inflows and outflows, see Altomonte, 2000; Aggarwal, 1997; Globerman and Shapiro, 1999; Aswicahyono and Hill, 1995). Liberal policies of governments, competition and globalization have given many opportunities for firms’ international expansion.

Firms contemplating to invest in other countries take into consideration many factors related to their location choice (Werner et al., 1996; Dunning, 1998; Robertson and Wood, 2001). Some previous studies have used objective factors such as per capita income, infrastructure quality (Green and Cunningham, 1975), existing bilateral trade, exchange rate, home country gross domestic product (GDP), geographic distance (Grosse and Trevino, 1996; Thomas and Grosse, 2001) political stability (Nigh, 1985; Kobrin, 1976), wage rate and inflation rates (Woodward and Rolfe, 1993) to determine location choice of FDI firms. As in some other studies (Erden, 1996a, 1997; Bodur, et al., 1998; Bulatov, 1998; Demirbağ and Mirza, 2000; Tatoğlu and Glaister, 2000) we have used perceptual measures in determining strategic pull and push motives.

In this chapter building on the previous research we have identified a number of pull motives that host countries provide; and, push motives that home country creates for the internationalization of Turkish manufacturing firms (TMFs) via FDI. By relying on the past research we have developed a number of hypotheses relating to firm characteristics and TMFs' internationalization behaviors. We have analyzed the data first by mean measure of strategic pull and push motives: While the market-related motives (i.e. market potential, market access, market protection and low cost of inputs) appears to be the most important pull motives (see Table 5. 1), utility costs, unstable exchange rates, high inflation rate and political instability are considered to be the most important push motives of TMFs (see Table 5. 3). Variation in mean measure importance of the host country-specific and home country-specific items seems to be justifiable with the mentioned reasoning.

Secondly, we factor analyzed the pull and push motives for the purposes creating clear, parsimonious and distinct factors of TMFs internationalization. Resulting factors supported discrete conceptualization of market seeking, efficiency seeking, strategic asset seeking and favorable business environment seeking motives that are widely used in the literature. By using resulting factors and variables that highly loaded on these factors we have tested previously developed hypothesis with respect to sample characteristics (such as age, size, host country type, entry mode, degree of equity ownership and sub-sector) via appropriate statistical methods. A summary of hypothesis and degree of their support along with applied statistical test is provided below in the Table 5. 7.

Table 5. 7 Summary of Motive Hypothesis and Resulting Supports

Hypothesis	Degree of Support	Statistical Test Used
Motives and Ages of Firms		
H1a: Relative importance of pull motives will vary with the parent firm age.	No support	ANOVA
H1b: Relative importance of pull motives will vary with the subsidiary firm age.	Limited support	ANOVA
H1c: Relative importance of push motives will vary with the parent firm age	Strong support	ANOVA
H1d: Relative importance of push motives will vary with the subsidiary firm age	No support	ANOVA
Motives and Sizes of Firms		
H2a: Relative importance of pull motives will vary with the parent firms' amount of capital.	Limited support	ANOVA
H2b: Relative importance of pull motives will vary with the foreign subsidiary' amount of capital.	Limited support	ANOVA
H2c: Relative importance of push motives will vary with the parent firms' amount of capital.	Limited support	ANOVA
H2d: Relative importance of push motives will vary with the foreign subsidiary' amount of capital.	Limited and strong support	ANOVA and Two-sample <i>t</i> test
H2e: Relative importance of pull motives will vary with the parent firm's number of employees.	Limited support	ANOVA
H2f: Relative importance of pull motives will vary with the foreign subsidiary' number of employees.	No support	ANOVA
H2g: Relative importance of push motives will vary with the parent firm's number of employees.	Moderate and strong support	ANOVA and Two-sample <i>t</i> test
H2h: Relative importance of push motives will vary with the foreign subsidiary' number of employees.	No support and limited support	ANOVA and Two-sample <i>t</i> test
H2i: Relative importance of pull motives will vary with the parent firms' amount of total sales.	Limited support	ANOVA
H2j: Relative importance of push motives will vary with the parent firms' amount of total sales.	Strong support	ANOVA
H2k: Relative importance of pull motives will vary with the parent firms' amount of total assets.	No support and moderate support	ANOVA and Two-sample <i>t</i> test
H2l: Relative importance of push motives will vary with the parent firms' amount of total assets.	Limited support and moderate support	ANOVA and Two-sample <i>t</i> test
Motives and Host Country Types		
H3a: Relative importance of pull motives will vary with the host country's economic development level	Moderate support	Two-sample <i>t</i> test
H3b: Relative importance of push motives will vary with the host country's economic development level	Moderate support	Two-sample <i>t</i> test
H3c: Relative importance of pull motives will vary with the host country's cultural similarity to Turkey.	Moderate support	ANOVA
H3d: Relative importance of push motives will vary with the host country's cultural similarity to Turkey.	Moderate support	ANOVA
Motives and Entry Mode		

H4a: Relative importance of pull motives will vary based on chosen entry mode.	No support	ANOVA
H4b: Relative importance of push motives will vary based on chosen entry mode.	No support	ANOVA
Motives and Degree of Equity Ownership		
H5a: Relative importance of pull motives will vary based on the degree of ownership.	No support	ANOVA
H5b: Relative importance of push motives will vary based on the degree of ownership.	No support	ANOVA
Motives Sub-sector of Foreign Investment		
H6a: Relative importance of pull motives will vary based on sub-sector of the firm.	No support	ANOVA
H6b: Relative importance of push motives will vary based on sub-sector of the firm.	No support	ANOVA
The Relative Importance of Pull and Push Motives		
H7: Pull motives were more important than push motives for TMFs in investing abroad.	Inconclusive	Multiple Regression

Strong support for the H1c shows that older firms (30 years or above) find the push factors of home country less important for their internationalization. As it can be seen on the Table 5. 7 that there is sharp increases in the support for the H2d (from limited to strong) and H2k (from no support to moderate support), which shows the importance of classifying the sample according to certain size characteristics wherein applying one statistical test results in no support while the other shows strong support. There is a strong support for H2j, which reveals that, compared to large firms (total sales more than 2 million \$), small firms (total sales less than or equal to 2 million \$) consider home country-related factors more pushy (especially in terms of efficiency and market related factors). Support for the other size hypotheses ranges from limited to moderate depending on the used size measures. These results for the size hypothesis suggest that researchers should be more cautious for interpreting the research results that use only one or limited size measures. There was moderate support for the host country-related hypothesis in that their development level and cultural similarity to Turkey moderately affect the TMFs

location choice. Even though there is no support for the divergence of the sampled firms' entry mode with respect to motives, their preference of wholly owned subsidiary, equal or majority joint venture ownership contradicts with the previous literature on developing country firms' preference of entry mode (Yeung, 1994a). Similarly, no support was found concerning the relative importance of host country location factors degree of ownership and sub-sector of the firms.

Like in similar studies, using only survey questionnaire is clearly a limitation. For an elaborate coverage of the issue some quantitative measures such as a cultural distance index (Kogut and Singh, 1988), macroeconomic variables such as gross national product (GNP) of the host countries, interest rates, their population (Grosse and Trevino, 1996; Jun and Singh, 1996; Thomas and Grosse, 2001), could have been used as a triangulation. Due to time and resource constraints we were not able to do that. Since our study focused on only surviving subsidiary firms in other countries, our evidence may contain survivor bias, which reduce the generalizability of our interpretation. Future studies should take into account these issues for a complete and detailed investigation of foreign direct investment (FDI) motives of Turkish firms.

In addition to the mentioned limitations, there are a number of areas that needs further investigation. First, Teece (1981, p.4) notes that "[T]he emergence of multinational enterprise represents a response to a number of incentives. These incentives can be divided into three groups: circumventing or minimizing taxes and controls, monopoly and efficiency. Whereas all three categories yield private gain, only the latter is likely to be associated with a net gain to economic welfare". Taking this fact into account, we think that developing country-based FDI firms are neither monopoly nor are concerned much with transfer pricing compared to developed

country-based firms. Then, is developing country-based firms more beneficial than developed country-based firms for developing host countries' economy? Second, since motives are a multidimensional construct, future studies can include both home country-related factors (as we did) and the nature of the industry that may lead to the internationalization of firms, which are considered as contextual factors of FDI involvement (Dunning, 2000). Third, one can research the negative impact of FDI outflows on employment and economic growth as well as positive effect on the home country economy. Fourth, other researchers may try to explore the possible roles (especially facilitating roles like providing information and counseling) of international intermediaries such as export management companies, export trading companies and international facilitators such as private sector facilitators (distributors, banks, chambers of commerce and other business associations) and public sector facilitators (department of commerce, small business administration, Export-Import Bank, universities) for firms internationalization in general, and FDI involvement in particular. Finally, motives of FDI firms can be studied in a comparative manner by including two or more countries' firms in the sample. In this way, a through assessment of the issue can be accomplished.

CHAPTER VI: AN EMPIRICAL ASSESSMENT OF THE ECLECTIC, UPPSALA AND NETWORK THEORIES

1. Introduction

In this chapter, we will examine some of the foreign direct investment (FDI) theories reviewed in Chapter II. Taking into account the issues of relevance and usefulness, we have limited the usage of theoretical perspectives in the context of Turkish manufacturing firms' (TMFs) internationalization. Firstly, considering the nature of the TMFs, which have neither monopolistic nor oligopolistic position in producing certain products, market imperfection and oligopolistic reaction theories will not be used. However, this does not mean that these theories are outdated. In fact, they cover and explain the issues that the other theories either ignored or unresolved (Graham, 1998; Buckley and Casson, 1998). Secondly, since product cycle theory (PCT) explains and predicts the foreign investment of firms from developed countries to other developed and then developing countries, it will not be much relevant for the manufacturing firms established in a developing country, like Turkey. As Vernon himself recognized that PCT's postulations are inadequate for explaining and predicting international trade and investment behavior of firms in globalized and integrated markets (Vernon, 1999; see Dunning, 1998; Buckley and Casson, 1998; Safarian, 1999 for changing international business environment after the mid-1970s). Thirdly, because the internalization theory included in the eclectic or ownership, location, internalization (OLI) framework, we will be using it not as a separate theory but as an interdependent component of OLI. Here, to examine the internationalization of TMFs through FDI we will apply eclectic (OLI) theory,

Uppsala theory (UT) and Network theory (NT) that are the three predominant theories explaining the activities of foreign direct investment (FDI) and behavior of multinational companies (MNC). Since the subject of MNCs is multi-disciplinary in scope (Vernon, 1994), the endeavor of examining their activities with various branches of academic field is necessary. Accordingly, we will look at the behaviors of TMFs in terms of the three distinct academic terrains in that OLI being economics-based, UT being marketing-based and NT being organization theory-based²².

Literature on examining the behavior of FDI firms through utilizing multiple theoretical perspectives simultaneously is not rich (Coviello and McAuley, 1999). In the case of developing country-based FDI firms' activities, the situation is poorer, in that "...relatively few empirical studies have an explicit theoretical framework" (Yeung, 1994b, p. 299). Attempting to fill this gap, first we will briefly review OLI, UT, NT and develop hypothesis about internationalization of TMFs based on these theories. Next, results and discussions will be set out. Summary and conclusion will be presented at the end.

2. Literature Review and Hypothesis Development

2. 1. Eclectic (OLI) Theory

²² Even though two components of OLI framework, namely ownership (O) advantages of Turkish manufacturing firms (TMFs) in Chapter IV and location (L) advantages of host countries or strategic motives of TMFs in Chapter V are used in conjunction with performances and push motives, respectively, by including the internalization (I) advantages, we want to carry out a complete examination of OLI in this chapter along with the Uppsala and Network theories.

Dunning's eclectic theory (1980, 1988, 1993) subsumes combination and synthesis of international trade theory, ownership theories, industrial organization theories, resource-based theories, location theories, internalization theory and the firm theories (Dunning, 2000). Basically, OLI framework explains and predicts the existence and growth of multinational companies (MNCs) and their foreign direct investment (FDI) activities with the presence and interactions of the ownership (O) advantages of firms, location (L) advantages of host countries and internalization (I) advantages of organizing external market within the firm.

Ownership (O) advantages partly stems from structural market imperfections such as government-imposed restrictions and other entry barriers for doing specific business activities. Later, Dunning (1988, 1993, 2000) divided the "O" advantages as (1) asset advantage (O_a) which is the firm-specific ownership advantages that arise from the possession of (or privileged access to) particular intangible assets such as international experience, size, ability to differentiate its products and services, holding a superior technology, patents and trademarks; and (2) transaction cost minimizing advantages (O_t) that is the firms' capability of organizing assets more efficient way such as the ability to coordinate multiple and geographically dispersed activities, economies of scale and scope, more favored access to international inputs and markets. Transaction cost minimizing advantages (O_t) also includes using transfer pricing, shifting capital between currency areas to take advantage of exchange fluctuations, reducing risks by diversifying investment portfolios, operating in parallel production capacity to neutralize strikes (Dunning, 1980) that compensate additional costs of MNCs' functioning in unfamiliar environments or provide benefits to them. Location-specific factors are the attractions (market

potential and market size, favorable host government policies, market infrastructure, etc.) offered by other countries as a possible site for FDI activity (Dunning, 1993). Internalization advantages, which arise from, to some extent, natural market failures (i.e., for some asset's transactions like knowledge or brilliant idea market stops functioning in determining the price) and involve the benefits (e.g., minimizing negotiation and transaction costs, ensuring adequate quality control, avoiding the risk of information disclosure) gained doing activities internally instead of contracting out (Dunning, 1993). Therefore, eclectic theory maintains that combinations of comparative advantages of host countries, structural market imperfections and natural market failures are the causes of MNCs existence and their involvement with FDI.

Eclectic (OLI) theory has been criticized by international business scholars on the conceptual ground. Kuada and Sorensen (2000) claim that OLI uses static analysis of firm behaviors and ignores managers' subjective worldviews about threats and opportunities in the international business environment. Itaki (1991, p. 445) asserts that "the internalization and location factors are necessary and sufficient to explain the existence and growth of the MNE", hence, ownership advantage in the OLI framework becomes theoretically redundant. Itaki (1991) also argues that locational advantage is conceptually ambiguous. Gray (1996) contends that in the globalized world Eclectic Theory's static analysis of FDI is less important and should be replaced by the dynamic analysis. Forsgren (1989) says that OLI does not make distinction with both beginners and advanced stages of MNCs' internationalization and their forms of investment such as greenfield versus acquisition. Harrison et al. (2000) believe that OLI is more pertinent for greenfield

investment than mergers and acquisitions. It is also noted that OLI considers “each foreign market entry in isolation” (Erikson, et al., 1997: 338) and ignores the strategic interdependence among firms (Graham, 1998; Forsgren, 1989).

Since its inception in the late 1970s, Dunning’s eclectic paradigm of ownership, location, internalization (OLI) framework, is constantly revised, modified (by taking into consideration above-mentioned criticisms) updated and extended in the face of changing international business environment (Dunning, 1988, 1993, 1995a, 1995b, 2000). Lately, Dunning (1993, 2000) avows that OLI is not an alternative theory but a paradigm, “an envelope” or framework that melds and synthesizes many international business theories. Recently, Dunning avers that the three pillars of the OLI framework are strongly effected by contextual factors, which comprises of economic and political features of both home and host countries, firm characteristics, nature of industry or sector in which a firm’s value adding activities take place, and the motives or strategies for expanding firm activities in foreign markets (Dunning, 2000). Including the contextual variables not only broadened the application scope of the OLI to the sectors other than manufacturing (see Dunning and Kundu, 1995; Singh and Kundu, 2002), but also made it dynamic in the face of the new developments in the international business such as rising both globalization and regionalization, alliance capitalism (Dunning, 1995a) and knowledge-based economy (Dunning, 1999, 1998).

As a result, OLI framework is widely used in explaining the behavior of MNCs involving in different kinds of economic actives and originated from developed countries (DC) and less developed countries (LDC). For the former group of MNCs

there are many studies in various sectors supporting the explanations and predictions of OLI (Singh and Kundu, 2002; Tatoğlu and Glaister, 2000; Brouthers et al., 1999; Tse et al., 1997; Dunning and Kundu, 1995; Aggarwal and Ramaswami, 1992; Han and Brewer, 1987; Buckley and Mathew, 1979). However, for the latter group of MNCs few studies have utilized the OLI mainly in manufacturing sector and confirmed its postulations (Kumar and Kim, 1984; Agarwal, 1985).

Driving from the previous studies and confirming them with interviews, strength of firm-specific ownership (O) advantages of Turkish manufacturing firms (TMFs) determined by asking the respondents in a five point Likert scale (1 is being very weak; 5 is being very strong) in the following variables: “International experience”, “ability to develop differentiated products” (Dunning, 1993; Agarwal and Ramaswami, 1992), “technological know-how”, “economies of scale” (Dunning, 1993; Tatoğlu and Glaister, 2000), and “trademark and brand image” (Dunning, 1993; Tatoğlu and Glaister, 2000; ISO, 2002a) “firm’s commitment to international activity” (Czinkota et al., 1996), “ability to adapt technologies previously imported from developed countries to new market segments” (Agarwal, 1985; Wells, 1983; Lall, 1982), “level of specialization in producing the product” (ISO, 2002a), “quality of company’s product(s) compared to competitors” (Kim and Kim, 1993; ISO, 2002a), “ability to apply effective management practices” (Kim and Kim, 1993; ISO, 2002a), “charging competitive prices” (Kim and Kim, 1993; Craig and Douglas, 1997; ISO, 2002a), “speed of responding to consumer demand” (ISO, 2002a), and “ability to adapt to different market conditions” relying on the Turkish firm managers emphases during the interviews. It is known that competition in developed country (DC) markets are harsher than the competition in less developed country

(LDC) market and in emerging markets. To stay in operation in DC markets firms have to have capabilities that comparable to that of DC-based firms. Strategically, as LCD-based TMFs equipped with a bundle of experience in DC markets, it will be easier for them to function in other LDC markets. If TMFs do not have much strength in aforementioned capabilities they can go to LDC markets, but they cannot go to DC markets. Therefore, by holding other things constant, we hypothesize that:

H1a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will select a developed country (DC) over less developed country (LDC) for investment location.

Again, reviewing the literature we have identified sixteen host country locational advantages (L) and adapted them to this study. The variables are as follows: Low cost of inputs which consist of labor, raw material, semi-finished goods, energy (Michalet, 1997; Erden, 1996; Dunning, 1993), “access to know-how such as management, marketing, product and process technology” (Czinkota et al, 1996; Dunning, 1993), “access to capital (Tatoğlu and Glaister, 2000; Dunning, 1993), “access to international corporate network” (Tatoğlu and Glaister, 2000; Dunning, 1993), “market potential of host country, market size and growth” (UNCTAD, 1998; Dunning, 1993), “access to markets in host country’s region” (UNCTAD, 1998; Dunning, 1993), “to protect the market developed through export” (Kim and Kim, 1993; Prasad, 1987), “to avoid tariff or non - tariff barriers to trade” (Kimura and Lee 1998; Dunning, 1993), “economic stability of invested country” (UNCTAD, 1998; Kim and Kim 1993), “political stability of invested country” (Dunning, 1993; Kim and Kim 1993), “favorable legal climate, regulatory conditions

for business in the host country” (Michalet, 1997; UNCTAD, 1994), “foreign government incentives for foreign investors (Erden, 1996; Dunning, 1993), “quality of infrastructure in the host country” (UNCTAD, 1994; Dunning, 1993), “similarity of the host country to Turkey” (Czinkota et al., 1996; Dunning, 1993), “host country government’s having no restrictions to limit foreigner’s firm ownership in the host country (Chen and Chen, 1998), “favorable diplomatic relations and/or bilateral trade and investment agreements between host country and Turkey (Thomas and Grosse, 2001; Grosse and Trevino, 1996). As Dunning (1993, 2000) noted components of OLI are interdependent, if TMFs have requisite capabilities for doing business activities in DCs and when the locational advantages of DCs are high they will invest in DCs over LDCs. Further, majority of the predetermined sixteen locational advantages are generally existent in most of the LDCs (such as access to capital, know-how, corporate network; economic and political stability; high quality infrastructure; and high purchasing power of consumers). Based on this, we hypothesize that:

H1b: The higher the relative importance of location (L) advantages the more likely that a TMF will select a DC over LCD for investment location.

Even though measuring the internalization advantages is difficult (Buckley, 1988), Dunning (1993) identifies the following variables, which were also used by Tatoğlu and Glaister (2000), as representing internalization (I) advantages of FDI firms: Ensuring an adequate quality control, avoiding the risk of asset knowledge disclosure, lack of or unenforceability of patent and license protection laws, avoiding the cost of making and enforcing contracts, potential difficulties and problems with

agents or licensees. In the stage of questionnaire development, we have seen that these variables may be relevant for TMFs also. Therefore, we have included them in the questionnaire by asking their importance for TMFs (see Appendix B).

Internalization (I) component of OLI asserts that when the above conditions are absent firms will choose licensing agreement instead of FDI. We reason that since TMFs are FDI firms that did not do licensing in the developed country's better and suitable environment, the only option is investing in LDCs. Besides, we think, compared to DCs, in LDCs patent and license protection laws generally are not strong; making and enforcing contracts are costly; difficulties and problems with agents or licensees potentially high; and ensuring adequate quality is difficult. Based on these reasoning we hypothesize that:

H1c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will select a LDC over DC for investment location.

When the TMFs have higher ownership (O) advantages, we think that they invest in either DCs or LDCs earlier. The reason for this is that for highly competent firms not utilizing the slack resources will be costly for their growth and for their market positioning. In contrast to the high O-advantaged firms, low O-advantaged firms have less opportunity costs and surviving in unfamiliar markets will be harder if they take early move. For these reasons we hypothesize that:

H2a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will invest earlier than later in a foreign country.

- H2b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will invest earlier than later in a foreign country.
- H2c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will invest earlier than later in a foreign country.
- H3a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will select a wholly owned subsidiary (WOS) over joint venture (JV) investment in a foreign country.
- H3b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will select a WOS over JV investment in a foreign country.
- H3c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will select a WOS over JV investment in a foreign country.
- H4a: The higher the relative importance of ownership-specific (O) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.
- H4b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.
- H4c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.
- H5a: The higher the relative importance of ownership-specific (O) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

H5b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

H5c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

2. 2. The Uppsala Internationalization Theory (UT)

The process of gradual internationalization has been the subject of many theoretical and empirical researches. There are two major schools of thought in the process model (Anderson, 1993; Barkema, et al., 1996): One is the Uppsala model (U-model), which will be used in this study and explained below, and the other is the innovation-related internationalization (I-model), which considers each stage of foreign involvement as an innovation (Bilkey and Tesar, 1977; Çavuşgil, 1984) and includes product life cycle model (Vernon, 1966) also. Among the most prevailing studies dealing with Uppsala internationalization (UT) model are the works of Johanson and Wiedersheim-Paul (1975), Johanson and Vahlne (1977, 1990), Welch and Luostarinen (1988) who have described an internationalization model as process in which the enterprise gradually increases its international involvement. The core of the UT can be stated with two phrases that are “establishment chain” (i.e. firms start internationalization from exporting to appointing agents to setting up a sales subsidiary, to finally establishing a production or service organization) and “psychic distance” (which means that firms try to gain experiential internationalization

knowledge by first going to countries that has cultural, economic, social similarity to home country).

The Uppsala internationalization theory (UT) asserts that penetration to foreign markets proceed in a gradual, carefully controlled manner, so that extensive resource commitments are only initiated when significant experiential knowledge has been acquired. Firm's engagement in a specific country develops in chain (Johanson and Vahlne, 1977): First, there will be no regular export activity. Secondly, firms export with independent representatives or agents. Then, firms establish sales subsidiaries. Finally production or service facilities will be established. This sequence of stages requires increasing commitment of resources to the market. In the first stage, the firm has no market experience; in the second stage it has an information connection to the market and receives information regularly. In the later stages subsequent business activities in the market lead to more differentiated and broad experience.

The UT rests on the assumption that firms have imperfect access to information and explains internationalization as a process of increasing experiential knowledge and international involvement. It also assumes the bounded rationality of individuals in the firms and emphasizes importance of routines for organizational functioning. Given that a firm, which is a candidate for expanding activities outside of its national boundaries, has met the condition of having firm-specific advantage(s) (e.g. technical knowledge) needs foreign market knowledge that is assumed to be main requirement for foreign operations. Since lack of knowledge creates risks, firms respond to the complex and uncertain foreign market situation by gradual information acquisition and resource commitment (Johanson and Vahlne, 1977). Therefore, there are

sequential relationships between market knowledge and market commitment that affect commitment decisions and current business activities, which are the four main concepts of the model (Johanson and Vahlne, 1990)

Knowledge is divided into objective knowledge and experiential knowledge (Johanson and Vahlne, 1977, 1990) in this model. Objective knowledge is acquired through standardized methods of collecting and transmitting information (i.e., market search) and can easily be transferred to other countries and replicated by other firms. It is postulated in the model that knowledge can be acquired but objective knowledge is of minor importance compare to tacit knowledge or “learning by doing” (Johanson and Vahlne, 1977, 1990) in a firm’s internationalization process. It also asserts that experiential knowledge of market, clients, problems, and the opportunities abroad are gained through operating in the international market. Experiential knowledge not only yields a reduction of risks involved in going abroad, but also provides business opportunities. Johanson and Vahlne (1977) reasoned that because of that knowledge deficiency firms will choose the closer psychic distanced countries in which consumer behaviors, market conditions, industry structure and institutional settings are similar. The firms start internationalization by going to those markets that they can most easily understand. In these markets, they acquire knowledge, skills; and, transfer these to headquarter, thereby, accumulate the knowledge and skill stock which helps to reduce risks while conducting business in more culturally distanced countries (Johanson and Vahlne, 1990).

Beginning almost with its inception, the model has been not only supported but also criticized. Critics’ arguments were that being too deterministic and general,

having no explicit consideration of firms' environment (Johanson and Mattsson, 1988, Turnbull, 1987). Johanson and Mattsson (1988) whom among the model's establishers believe that Uppsala model of internationalization "is less valid in situations in which both the market and the firm are highly internationalized".

Finding no perceived differences of managers in cultural barriers at different stage of their firm's internationalization, Sullivan and Bauerschmidt (1990) raised some questions about the model. They say that majority of literature concentrated on Scandinavian industrial firms in which this country's nation-specific factors that is being small and highly industrialized may have an influence. Millington and Baylis (1990) believe that strategic planning and systematic appraisal of alternatives play little role in this model. In an attempt to answer some of the mentioned concerns and criticisms, Johanson and Vahlne (1990) have brought three exceptions to the model: First, when firms have large resources they are expected to take big steps toward internationalization. Second, when foreign market conditions are stable and homogeneous necessary market knowledge can be gained easily. Third, when a firm already has significant experience from markets with similar conditions to the targeted market, it may be possible to generalize former experiences to the new markets.

Criticisms of the UT model did not end after these modifications. Peterson and Pederson (1997) state that empirical evidence of Danish MNCs revealed that model's postulation of linear relationship between market knowledge and market commitment is not linear. They found that Danish managers considered the economic driver of increasing sales in foreign markets was more important than attainment of knowledge about foreign markets. Lamb and Liesch (2002)

determined that there is an interaction between the constructs of market commitment, market knowledge and market involvement; yet this does not work in a causal, static, unidirectional and deterministic way. Examining the UT from organizational learning perspective, Forsgren (2002, p. 257) notes the narrow interpretation of learning in UT “which limits the ability of the model to explain certain forms of internationalization behavior”. Parallel to this conceptual criticism, Garcia-Canal et al. (2002) found that international alliances are used for speeding gradual internationalization. Millington and Baylis (1997) empirically determined that investment in formal planning and search might substitute for experiential information. Then, firms by-pass the incremental internationalization according to them. In a similar vein, Lecraw’s (1993) and Oviat and McDougall’s (1994) studies also showed some skipping the stages of “establishment chain”. Clark et al. (1997) found that firms do not use a single mode; instead, to complement existing mode, firms used other modes. Thus, their study did not support the stage model and they reach the conclusion that “incremental view is exception rather than the rule”. Focusing on predictive validity of the “psychic distance” aspect of the theory, Clark and Pugh (2001) report that economic factors of market potential and geographic distance of the host country are more important than cultural factors in the process of internationalization. Similarly, Benito and Gripsrud (1992), covering only some part of the model, report that “location choices are discrete rational choices not a cultural learning process”. They found no support for expanding first into culturally close countries either. O’Grady and Lane (1996:398), raising some doubt on firms’ expanding into culturally close countries which termed with the concept of (low) psychic distance in the theory, say that the “similarity may hide unexpected and unforeseen barriers to successful entry and performance”. They suggest the

refinement of the concept by including legal and competitive environment of the business.

In their case study of Norwegian firms' entering into U.K. market, Juul and Walters (1987) finds support for the incremental model. Barkema et al. (1996), studying the large Dutch firms, report support for the key assumptions of the Uppsala model. Erden's (1996) survey of FDI firms investing in Turkey; and, Bodur and Madsen's (1993) case study on Danish firms operating in Turkey have partially supported the model. Eriksson et al. (1997, p. 353) support the incremental model and say that "internationalization is a matter of learning and it is a process difficult to plan in advance". Finally, Young, et al., (1996), and Fina and Rugman (1996) report some support for the incremental internationalization. If we interpret "psychic distance" as cultural distance, we can find robust supports for one aspect of UT (e.g., Kogut and Sing, 1988; Barkema et al., 1996). In general, the model can be good for explaining small and medium-sized firms' internationalization (Peterson and Peterson, 1997) and for firms in their early stages of internationalization (Johanson and Vahlne, 1977; Johanson and Mattsson, 1988; Kwon and Hu, 1996) like the Turkish firms. Thus, the Uppsala model could still be applicable depending upon the nature of the underlying variables, management characteristics, firm characteristics, and product and market characteristics.

We will test the Upsala theory (UT) with five variables that are also used in testing eclectic (OLI) theory. These variables are "ability to adapt to different market conditions" "international experience", (Dunning, 1993; Agarwal and Ramaswami, 1992), "firm's commitment to international activity" (Czinkota et al., 1996),

“favorable diplomatic relations and/or bilateral trade and investment agreements between host country and Turkey (Thomas and Grosse, 2001; Grosse and Trevino, 1996), “similarity of the host country to Turkey” (Czinkota et al., 1996; Dunning, 1993). We consider the last two variables as accounting for of psychic closeness between Turkey and other countries in akin to the UT’s usage the concept of “psychic distance”. Similarly, the first three variables can be conceptualized as adaptability and grouped together (In the questionnaire, since these variables are among the constituents of capability traits, they are measured with respect to their degree of strength. On the other hand, the last two variables were among host country location-specific characteristics; they are measured by their degree of importance. See Appendix B).

We think that as TMFs gain international experience by means of, for example, export and import, licensing agreements (in home country); and as their commitment increase so does their adaptability to different market conditions. Since most less develop countries (LDCs) are similar to TMFs home country (Turkey) adaptability is not required as much as in developed countries (DCs). Therefore, we hypothesize that:

H6a: The higher the relative importance of adaptability, the more likely that a TMF will select a DC over LDC for investment location. If TMFs are not equipped with necessary capabilities to compete in DC market with mainly DC-based firms, their home-country’s psychological closeness may not cause them to invest in DCs. Therefore, we hypothesize that:

- H6b: The higher the relative importance of psychic closeness, the less likely that a TMF will select a DC over LDC for investment location. When the adaptability of TMFs as defined above is high, we predict that they will invest earlier than that of the low adaptability TMFs. Therefore, we hypothesize that:
- H7a: The higher the relative importance of adaptability, the more likely that a TMF will invest earlier than later. When the necessary capability is in existence, and when the opportunity to invest abroad is arrived, we predict that TMFs will invest in low psychic distanced countries. Therefore, we hypothesize that:
- H7b: The higher the relative importance of psychic closeness, the more likely that a TMF will invest earlier than later. If TMFs are strong in adapting themselves to different markets, we predict that they will not need to establish JV with other firms. Therefore, we hypothesize that:
- H8a: The higher the relative importance of adaptability, the more likely that a TMF select a WOS over JV investment in a foreign country. When TMFs think that host countries' similarity to their home country is important, that means they are looking for a place similar to Turkey. As the host country becomes more similar, that means they perceive less difficulty to do business there, consequently, they will establish equity ventures that have the characteristics of high control and high risk (i.e., WOS). Thus, we hypothesize that:
- H8b: The higher the relative importance of psychic closeness, the more likely that a TMF select a WOS over JV investment in a foreign country.
- H9a: The higher the relative importance of adaptability, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.

- H9b: The higher the relative importance of psychic closeness, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.
- H10a: The higher the relative importance of international experience, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.
- H10b: The higher the relative importance of the adaptability to different markets, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.
- H10c: The higher the relative importance of the commitment to international activity, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.
- H10d: The higher the relative importance of the similarity of the host country to Turkey, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.
- H10e: The higher the relative importance of the favorable relations between host country and Turkey, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

2. 3. Network Theory (NT)

Conceptualizing organizations' functioning from the network perspective is a recent phenomenon in organizational theory generally and in the field of international business specifically. As the organizations faced heightened speed of

change, immense complexity of operations and increasingly dynamic, hypercompetitive and turbulent business environment in the last two decades, network form of governance mechanism arose. One of the causes of the emergence of network form organizational relationships is this: “The internal mechanisms of the hierarchy, its rules, procedures and systems, were designed originally to organize economic activity in more ‘stable’ competitive environments. Ironically, it is those very governance processes and structures which limit the hierarchical firm’s ability to innovate and adapt” (D’Cruz and Rugman, 1994, p.277). Therefore, when the firms concentrate on what they are good at and farm out the other activities, most efficient governance mechanism that is network forms of inter-organizational structure emerges (Jarillo, 1988).

Since every organization has to interact with other entities in its environment to do its value adding functions, each organization establishes relationships directly or indirectly with the other organizations, institutions and individuals. Network theorists call an organization’s relationships with external environment constituents as networks. Network view perceives the organizational interactions “as a complex web of relationships in which a group of organizations is embedded” (Hatch, 1997, p.65) and tied to each other by several “technical, social, cognitive, administrative, legal, economic” connections that can be understood exactly through interactions experience gained within this web (Johanson and Vahlne, 1990, p.18). Organizations in a specific network not only trade goods and services but also exchange information for opportunities and threats. In this analysis, management not only concerned with top-down managing their organizations but also focused on managing the organization’s relationships in the network (Daft, 1998; Hatch, 1997).

The concept of network is regarded as connections among two or more organizations for exchanging the resources necessary for an organization's existence (Thorelli, 1986; Holm and Johanson, 1997). Each organization's position in a network is called a node and connections to other organizations are called links (Thorelli, 1986). Ghoshal and Bartlett (1990) envisage multinational corporations (MNCs) as intricate web of interrelationship within MNC boundaries and between the MNCs and other organizations. While in the first case MNCs internalize transactions within the firm, in the second case they conduct transactions outside of their boundaries (that is externalization of transactions) within the network but not in an open market. In this way, MNCs are "optimizing not just a single relationship but the firm's entire network of relationships" (Gulati et al., 2000, p. 204). Network form of organizing exchange relationship is "neither market nor hierarchy" but not in between them (i.e., hybrid form combines market and hierarchy) either, according to Powell, because the network relies on reciprocity, collaboration, interdependence, and informal relationship directed toward mutual gain (Powell, 1990). On the other hand, others (Thorelli, 1986; Jarillo, 1988) consider it between market and hierarchies.

In the network analysis generally, and in the interactions particularly, power is a central concept. It is because the network theory's intellectual root goes to resource dependency along with social exchange theory (Coveillo and McAuley, 1999). "In the parlance of political science we are dealing in a network with politics of the market place which is the ability to influence the decisions or actions of others" (Thorelli 1986, p.38). There are many interrelated but diverse sources of power of a

network participant: “economic base, technology, expertise, trusts, legitimacy, in a way all of the sources may be depend on knowledge” (Thorelli 1986:40). Holm and Johanson (1997), Anderson and Johanson (1997), Johanson and Vahlne (1992) Ghoshal and Bartlett, (1990) agrees that in every network there is a power structure in a way that different actors have different power to act, to influence the actions of others.

Four operative processes characterize network membership: “Entry positioning, repositioning, and exit” (Thorelli, 1986, p. 42). This implies that relationships are established, developed and broken to maintain positions in the network (Johanson and Mattsson, 1988). Johanson and Mattsson discern between micro and macro positioning. Micro positioning is described by the role, its importance to the other firm and strength of the relationship with specific individual firm. Macro positioning is characterized by the identity of the other firms, the role, its importance in the network and strength of the relationships with other firms. To enter a network an outsider has to have important resources and ability and intention to make adaptations to be in the network. In this way the new member may convince the network members to get acceptance into the network. Focusing on the atmosphere of international business relationship Holm and Johanson (1997) identifies empirically atmosphere of business as consisting of understanding, trust, power and bonds, and relationship strategy. Thus, accepting an actor into network also depends on these factors.

Forsgren believes that “FDI is a strategic investment undertaken in order to assume, defend or develop a position in a network...asset on which the direct

investment is based is not a company-specific asset... and negotiations, contracts, joint ventures (JVs), co-options and acquisitions are the ‘bridging’ strategies to handle the relationships in the network” (1989, p. 36-37). Accordingly, in terms of networks, internationalizations means the firm develops relationships in networks in other countries by means of establishing relationships in a new country networks (i.e. international extension); developing relationships in those networks (i.e. penetration), and connecting networks in different countries that is international integration the latter shows also firms’ degree of internationalization (Johanson and Mattsson, 1988). Hence, foreign market (or network) entry of the firm may “be the result of interaction initiatives taken by other firms” (Johanson and Vahlne, 1990, p.19) in the domestic and international markets as a result of the capabilities and initiatives of the potential network member. In this process firms’ internal assets are less important than its position in the network because the firm is dependent on resources controlled by other firms (Johanson and Mattsson, 1988). The relationships of a firm can be used as bridges to other networks. Some times customer demands that supplier follows him abroad if it wants to keep the business at home (Johanson and Mattsson, 1988). Other times, domestic industrial networks cause the firm to go abroad. Yet another times firms establish global alliances for mutual gains. Therefore, internationalization activity is the result of both firms’ assets and position in the network.

In the NT different layers of networks such as local, regional, national and international are identified (Thorelli, 1986; Johanson and Mattsson, 1988). Similarly, industries are seen as networks of business relationships also. In the words of Thorelli (1986, p. 38), “the entire economy may be viewed as a network of

organizations". To determine a firm's position or degree of internationalization (DOI) with respect to a specific industrial network, Johanson and Mattsson (1988) identify four categories of firms: the early starter (industry's and firms' DOI are low); the late starter (DOI of industry is high, but DOI of firm is low); the lonely international (DOI of the firm is high, but DOI of the industry is Low); and the international among others (both industry's and firm's DOI are high).

Despite the fact that there are many debatable issues in NT's postulations (such as giving less importance to organizational asset than network connections which is also an organizational asset), interestingly there is not much conceptual and empirical work criticizing the NT. In contrast to this, several empirical studies have reported support for NT.

In a case study of the investment behavior of Danish firms in Turkey, Bodur and Madsen (1993); and, in another case study of small Pakistani firms, Zafarullah et al. (1998) found support for NT. Chen and Chen (1998) have shown that network linkages determine the location choice of FDI and these linkages can complement weaknesses of small firms' firm-specific advantages to undertake FDI. Holm et al.'s (1996) findings show that the development of cooperative relationship with customers, suppliers and other business partners can be critically important for foreign market entry and entry mode selection. In their exploratory study, Björkman and Kock (1995) exposed the importance of social relationships in entering the foreign business networks. Gulati (1999, p. 413) found that network resources are "a significant predictor of the frequency with which firms entered new alliances". Holm et al. (1999, p. 467) empirically demonstrated that "a causal chain from business

network connection through mutual commitment and mutual dependence to value creation in the relationship”.

In summary, according to NT, networks develop as a consequence of interaction between a firm and customers, customers’ customers, competitors, supplementary suppliers, suppliers, distributors, agents, consultants, friends as well as regulatory and other public agencies whom have different positions and links in the network (Johanson and Vahlne, 1990; Johanson and Mattsson, 1988; Ghoshal and Bartlett, 1990). Furthermore, network-based transactional mechanisms are prevalent in developing country-based MNCs (Yeung, 1994b; Kuada and Sorensen, 2000) and in the countries whose economies are in transition (Meyer, 2001, Todeva, 2000).

In this study, after identifying the importance of network relationships with competitors (Calof and Beamish, 1995; Johanson and Mattsson, 1988), distributors (Erden, 1996; Johanson and Mattsson, 1988), suppliers (Erden, 1996; Chen and Chen, 1998; Calof and Beamish, 1995; Johanson and Mattsson, 1988), and customers (Chen and Chen, 1998; Johanson and Mattsson, 1988), we have asked respondents these variables’ influence in establishing equity ventures in foreign countries.

Based on the above review, and other things being constant, we hypothesize:

H11a: The higher the relative influence of relationships with customers, the less likely that a TMF will select a DC over LDC for investment location.

- H11b: The higher the relative influence of relationships with competitors, the less likely that a TMF will select a DC over LDC for investment location.
- H11c: The higher the relative influence of relationships with distributors, the less likely that a TMF will select a DC over LDC for investment location.
- H11d: The higher the relative influence of relationships with suppliers, the less likely that a TMF will select a DC over LDC for investment location.
- H12a: The higher the relative influence of relationships with customers, the more likely that a TMF will invest earlier than later.
- H12b: The higher the relative influence of relationships with competitors, the more likely that a TMF will invest earlier than later.
- H12c: The higher the relative influence of relationships with distributors, the more likely that a TMF will invest earlier than later.
- H12d: The higher the relative influence of relationships with suppliers, the more likely that a TMF will invest earlier than later.
- H13a: The higher the relative influence of relationships with customers, the more likely that a TMF select a WOS over JV investment in a foreign country.
- H13b: The higher the relative influence of relationships with competitors, the more likely that a TMF select a WOS over JV investment in a foreign country.
- H13c: The higher the relative influence of relationships with distributors, the more likely that a TMF select a WOS over JV investment in a foreign country.
- H13d: The higher the relative influence of relationships with suppliers, the more likely that a TMF select a WOS over JV investment in a foreign country.
- H14a: The higher the relative influence of relationships with customers, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.

H14b: The higher the relative influence of relationships with competitors, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.

H14c: The higher the relative influence of relationships with distributors, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.

H14d: The higher the relative influence of relationships with suppliers, the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.

H15a: The higher the relative influence of relationships with customers, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

H15b: The higher the relative influence of relationships with competitors, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

H15c: The higher the relative influence of relationships with distributors, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

H16d: The higher the relative influence of relationships with suppliers, the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.

3. Results and Discussions

3. 1. Eclectic (OLI) Theory

The rank order of the ownership, location and internalization (OLI) variables related with Turkish manufacturing firms (TMFs) foreign direct investment (FDI) is shown in Table 6. 1. While all of the 34 variables in this table are measured in a five point Likert scale, in 16 location-specific (L) variables and five internalization-related (I) variables their importance; and, in 13 of ownership-specific (O) variables their degree of strength based on the mean measure is shown in Table 6. 1. Even though we have discussed the degree of strength of TMFs' capabilities (ownership-specific advantages) in Chapter IV and importance of host-country-related factors (location-specific advantages) in Chapter V, by including transactional issues (internalization-advantages) Table 6. 1 provides the overall importance of all OLI variables. The table shows that, except the two location-related variables (i.e. "market potential of host country" and "access to markets in host country's region" which take the sixth and the seventh rank, respectively), "O" variables have outmost importance. Overall, location-related (L) variables take the second important ranking. Among the internalization-related (I) five variables, the variable "ensuring an adequate quality control" variable is the most important (takes the seventeenth rank with 3.55 average mean value).

The variables of "potential difficulties and problems with agents or licensees" (3.11) and "avoiding the risk of knowledge disclosure" (3.03) take the twenty-eighth and twenty-ninth ranks and close to neutral (neither important nor unimportant) scale. The last two internalization-related variables, namely "avoiding the cost of making and enforcing contracts" (2.78) and "lack of or unenforceability of patent/license protection laws" (2.74), are below the median measure of three and take the ranks of thirty-first and thirty-second, respectively. The reason for the relatively unimportance of internalization-related variables may be that TMFs do not have much licensable

Table 6. 1 Relative Importance of OLI Variables Affecting TMFs' Outbound Investment

Variable Name	Rank	Mean	SD
Level of specialization (O)	1	4.43	0.73
Firm's commitment to international activity (O)	2	4.35	0.73
Quality of company's product(s) (O)	3	4.29	0.80
Ability to adapt itself to different markets (O)	4	4.14	0.80
Speed of responding to consumer demand (O)	5	4.12	0.76
Market potential of host country (L)	6	4.11	1.28
Access to markets in host country's region (L)	7	4.08	1.27
Technological know-how (O)	8	4.03	0.93
Ability to apply effective management practices (O)	9	3.99	0.75
Ability to adapt imported technologies to new markets (O)	10	3.95	1.01
Charging competitive prices (O)	11	3.89	0.98
Economies of scale (O)	12	3.85	0.84
Trademark and brand image (O)	13	3.83	1.06
Ability to develop differentiated products (O)	14	3.80	0.97
Low cost of inputs (L)	15	3.72	1.39
To protect the market developed through trade (L)	16	3.66	1.39
Ensuring an adequate quality control (I)	17	3.55	1.30
Favorable relations between host country and Turkey (L)	18	3.52	1.06
Political stability of the host country (L)	19	3.50	1.19
Existence of no restrictions to limit foreign ownership (L)	20	3.49	1.14
International experience (O)	21	3.45	1.15
Quality of infrastructure in the host country (L)	22	3.39	1.15
Favorable legal climate in the host country (L)	23	3.39	1.19
Economic stability of the host country (L)	24	3.38	1.17
To avoid the tariff or non-tariff barriers of trade (L)	25	3.33	1.44
Foreign government incentives for foreign investors (L)	26	3.29	1.22
Access to international corporate network (L)	27	3.12	1.42
Potential difficulties and problems with agents or licensees (I)	28	3.11	1.39
Avoiding the risk of knowledge disclosure (I)	29	3.03	1.22
Similarity of the host country to Turkey (L)	30	2.90	1.23
Avoiding the cost of making and enforcing contracts (I)	31	2.78	1.19
Lack of or unenforceability of patent/license protection laws (I)	32	2.74	1.21
Access to capital (L)	33	2.42	1.29
Access to know how (L)	34	2.39	1.37

Notes:

1. N = 94.

2. The mean is the average score of a scale of 1 (=no importance/strength) to 5 (= of major importance/strength).

3. SD = Standard Deviation.

4. O = Ownership-specific advantage; L = Location-specific advantage; I = Internalization advantage.

assets such as trademark and patent to internalize. As Dunning (1986a, p.674)

observes that “the pattern of overseas investment by third world MNEs

[multinational enterprises] is more nearly explainable by a factor endowment than a

market failure model” in that developing country-based multinational corporations

(MNCs) “are mainly concerned with exploiting individual and unique asset advantages” as opposed to developed country-based MNCs that focus on internalizing the various activities for avoiding transaction costs.

3. 1. 1. Factor Analysis of OLI Variables

Before the factor analysis, assumptions of multivariate data analysis are examined. Data examination revealed that some of the variables were not complied with the normality assumption; and, data transformation did not solve the problem of non-normality. “Normality is not necessary assumption for principal component factor analysis” (SPSS Base 10 Application Guide, p.320) that we utilized here. Most of the variables met the linearity and homoscedasticity assumption. Reproduced correlation matrix’ residuals (expected correlation minus predicted correlations) were less than 50 percent (i.e., 28 percent), indicating the goodness of the fit of the data for the factor analysis.

Applying exploratory factor analysis with varimax rotation is resulted in nine factors²³ that explained the 71.46 percent of the observed variance (see Table 6. 2). Even though Hair et al. (1998) suggest using at least five times as many observations as the number of variables, according to Bryman and Cramer (1997), factor analysis can be applied to samples that exceed the variable numbers. Extracted factors are grouped under each OLI component in terms of their relevance. Four of the nine factors are regarded as ownership-specific advantage: While the two factors, i.e., “operation-related asset advantage” (Factor 2) and “product-based asset advantage” (Factor 7) are associated with asset advantages (Oa), the other two i.e., “marketing-based transactional advantage”

²³ Initially we have done factor analysis by including 34 variables related to OLI. We have seen that two eigenvalues were close to one; hence we have tried to extract 12 factors. Then percentage of total variance explained increased to 77.47 percent. Two individual variables “existence of no restrictions to limit foreign ownership” became eleventh factor, and “to avoid the tariff or non-tariff barriers of trade” twelfth factor. The variables of “low cost of input” and “to protect the market developed through trade” constituted tenth factor, which the latter was locational market seeking variable and the former is efficiency-seeking drive. Thus, including the variables in twelve factors was not feasible.

Similarly, when we reduce the 10 factors to nine to get rid of the single itemed tenth factor (“to avoid the tariff or non-tariff barriers of trade”), the variable loaded on Factor 8 (in the same group with the “favorable relations between host country and Turkey” and “similarity of the host country to Turkey”), which does not make much sense. Further, percentage of variance explained reduced to 68.73 percent. Therefore, we preferred to use 9 factor solution by excluding the variables low cost of input that was making factor seven’s interpretation difficult and the variable “to avoid the tariff or non-tariff barriers of trade” that one variable made one factor (and these two variables were not normally distributed also). In the nine-factored classification, the resulting percentage of variance explained was almost the same with 10-factored classification.

Table 6. 2 Factor Analysis of OLI Variables

Factors	Factor loads	Eigen- value	%Var. exp.	Cum. %	Cronb. alpha
Factor 1: Favorable Business Environment Availability (L)		3.90	12.20	12.20	0.84
Favorable legal climate in the host country	0.84				
Political stability of the host country	0.82				
Economic stability of the host country	0.79				
Existence of no restrictions to limit foreign ownership	0.63				
Foreign government incentives for foreign investors	0.59				
Quality of infrastructure in the host country	0.56				
Factor 2: Operation-related Advantage (Oa)		3.58	11.18	23.38	0.84
Trademark and brand image	0.84				
International experience	0.72				
Ability to adapt imported technologies to new markets	0.71				
Economies of scale	0.70				
Technological know-how	0.69				
Ability to develop differentiated products	0.62				
Factor 3: Transaction-related Risks (I)		3.49	10.92	34.30	0.86
Potential difficulties and problems with agents or licensees	0.83				
Lack of or unenforceability of patent and license laws	0.82				
Avoiding the cost of making and enforcing contracts	0.81				
Avoiding the risk of knowledge disclosure	0.80				
Ensuring an adequate quality control	0.62				
Factor 4: Marketing-based Advantage (Ot)		2.21	6.89	41.19	0.67
Charging competitive prices	0.82				
Speed of responding to consumer demand	0.66				
Ability to apply effective management practices	0.53				
Factor 5: Strategic Asset Availability (L)		2.17	6.77	47.96	0.74
Access to know how	0.81				
Access to international corporate network	0.80				
Access to capital	0.61				
Factor 6: Location's Market Potential (L)		2.14	6.68	54.65	0.73
Market potential of host country	0.81				
Access to markets in host country's region	0.80				
To protect the market developed through trade	0.63				
Factor 7: Product-based Advantage (Oa)		2.13	6.66	61.30	0.84
Quality of company's product(s)	0.84				
Level of specialization	0.84				
Factor 8: Existence of Strong Cultural Bonds (L)		1.65	5.16	66.46	0.56
Favorable relations between host country and Turkey	0.81				
Similarity of the host country to Turkey	0.75				
Factor 9:Management-related Advantage (Ot)		1.60	5.00	71.46	0.63
Firm's commitment to international activity	0.84				
Ability to adapt itself to different markets	0.61				

Notes:N=94
Principal components factor analysis with varimax rotation.
Kaiser-Meyer-Olkin Measure off Sampling Adequacy = 0.720
Bartlett's Test of Sphercity = 1489.054; p < 0.000
Oa: Assset-specific ownership advantage; Ot: Transaction-specific ownership advantage.; L = Location-specific advantage; I = Internalization advantage.

(Factor 4) and “management-related transactional advantage” are connected with transaction cost minimizing advantages (Ot). Except the factor of “transaction-related risk” (Factor 3), which is associated with internalization (I) advantage, rest of the four factors, “favorable business environment availability” (Factor 1), “strategic asset availability” (Factor 5) “location’s market potential” (Factor 6) and “existence of strong cultural bonds” (Factor 8) are related with host country location-specific (L) advantages.

Internal reliability of the resulting factors is assessed by calculating Cronbach alphas. The values of Cronbach alphas were very high ranging from 0.56 to 0.86 (see Table 6. 2). For the validation purposes the sample was split randomly into two. Then, Cronbach alphas recalculated for the factors on each subsample. The resulting alphas were very close to the ones calculated for the whole sample.

To determine which of the OLI factors are more important for explaining the behavior of TMFs, first a binomial logistic regression was performed for the dependent variables of investment location, investment time, investment type, investment size with nine OLI factors. Therefore, H1a through H4c are tested with binomial logistic regression analysis by binary classifications of the dependent variables and by using nine OLI factors. Secondly, a multiple regression analysis is carried out for discovering which factors of OLI are in play when TMF choose their degree (percentage) of ownership share, wherein H5a to H5c are tested. In the Logistic regression, coefficients are used to estimate the impact of the independent variables on the probability of an event’s occurrence. It is similar to multiple regression which uses the method of least squares in estimating the coefficients whereas logistic regression uses the maximum likelihood procedure in estimating

coefficients (Hair et al., 1998). While multiple regression requires metric dependent variable, logistic regression have the advantage of permitting researchers to do analysis with categorical variables (or metric variables recoded as binary variables). Another advantage of logistic regression is its ability to incorporate non-linearity and non-normality effect as opposed to multiple regression' strict assumptions of normality and linearity. In conducting both binomial logistic regression and multiple regression we checked multicollinearity problem that can weaken or bias the significance of independent variables. Since the nine OLI factors are not correlated with each other, we did not encounter the problem of multicollinearity.

3. 1. 2. Regression Analysis of OLI Factors and Investment Behaviors of TMFs

Table 6. 3 shows the results of the binomial logistic regression applied on OLI factors in conjunction to investment location and investment time that are the dependent variables of Model 1 and Model 2, respectively. In testing the H1 we assigned developing country the value of zero and developed country the value of 1. The estimated coefficients in Model 1 represent the inclination of choosing developed country over developing country. A positive coefficient for an independent variable means that it increases the probability of investing in a developed country compared to developing country. A negative coefficient means that a developing country is preferred to developed country. The model has a high overall explanatory power with a significant chi-square value of 23.221 ($p < 0.01$) and also correctly classifies 86.4 per cent of the observations, a rate higher than that could occur by chance (or proportional chance criteria).

We see from the Table 6. 3 (Model 1) that there is no support for H1a, in that ownership-specific advantages are not related with choosing developed country (DC) over less developed countries (LDC). However, the sign of the coefficients for “O” advantage variables are in the expected direction except the FACTOR9. The negative coefficient of FACTOR9 suggests that TMFs that are highly committed to internationalization and have the ability to adapt themselves to different markets will invest in LDC rather than DC. This result seems to be reasonable where in LDCs management-know is considered to be lacking.

Related to location-specific (L) advantage there is a reasonably strong support for H1b. Table 6.3 shows that three out of four factors, namely, “favorable business environment availability” ($p < 0.1$), “strategic asset availability” ($p < 0.05$), “existence of strong cultural bonds” ($p < 0.05$) have statistically significant coefficients. Nevertheless, contrary to our prediction, coefficients of one significant factor (i.e., “existence of strong cultural bonds”) and one insignificant factor (“management-related advantage”) are negative. Specifically, negative coefficients for the “existence of strong cultural bonds” (FACTOR8) means that when a foreign country has good relations and similarity with Turkey, TMFs will choose LDCs. TMFs seeking strategic assets (like know-how, access to international network and capital) and favorable business environment (such as stable economic and political environment, no restrictions to limit foreign ownership, high quality of infrastructure, favorable legal climate and government incentives) invest in DCs.

Table 6.3 shows that there is a strong support for H1c, the hypothesis related with internalization (I) advantages of TMFs. This suggests that because of the high

“transaction-related risks” ($p < 0.05$) of dissemination of firm-specific assets, TMFs choose direct investment in developing countries rather than serving these markets by means of licensing. This result seems reasonable because of the fact that TMFs mostly may not be threatened about the issues covered under FACTOR3 in developed countries.

Table 6.3 also shows the binomial logistic regression analysis results (Model 2) related to entry time, which is the dependent variable, and nine OLI factors that are the independent variables. In building the logistic regression model, late entry (subsidiary age five or less than five years old as of 2002) is taken as the base and assigned a zero value and early entry is given value of 1. While the estimated positive coefficients signify the preference of entering a foreign country earlier, a negative coefficient indicates the opposite. The model has a significant explanatory power with a model chi-square of 35.134 ($p < 0.01$) and correctly classifies 76.1 percent of the observations.

Table 6. 3 Results of Logistic Regression for Host Country Type and Investment Time

		Dependent Variables			
		Model 1		Model 2	
		LDC vs. DC		Late vs. Early	
Variable Name	Definition	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
FACTOR1	Favorable Business Environment (L)	0.594	3.342*	-0.729	5.629**
FACTOR2	Operation-related Advantage (O)	0.271	0.620	-1.315	10.666***
FACTOR3	Transaction-related Risks (I)	-0.681	3.956**	-0.380	1.963
FACTOR4	Marketing-based Advantage (O)	0.203	0.329	-1.003	7.655***
FACTOR5	Strategic Asset Availability (L)	0.849	6.017**	-0.098	0.118
FACTOR6	Location's Market Potential (L)	0.503	1.686	0.388	2.008
FACTOR7	Product-based Advantage (O)	0.024	0.004	-0.047	0.018
FACTOR8	Existence of Strong Cultural Bonds (L)	-0.957	6.642*	1.029	8.628***
FACTOR9	Management-related Advantage	-0.321	0.924	0.713	4.011**
Constant	Intercept	-2.085	24.691***	-0.221	0.677
Model chi-square		23.221***		35.134***	
n=		88 ^a		88 ^a	
		LDC = 71 DC = 17		Late = 49 Early = 38	
Correct Classification (%)		86.4		76.1	
Proportional chance criteria (%)		80.7		55.7	
*p<0.1; **p<0.05; ***p<0.01 (two tailed)					
LDC: Developing Country; DC: Developed Country (LDC = 0; DC = 1)					
Early: Foreign equity venture more than five years old; Late: Foreign equity venture five or less than five years old as of 2002 (Late = 0; Early = 1)					
a: Six cases with missing values are not included in the model					
O = Ownership-specific advantage; L = Location-specific advantage; I = Internalization advantage.					

It is seen on the Table 6. 3 (Model 2) that three out of four ownership-specific advantages are significant, which leads to fairly strong support for H2a. Nonetheless, contrary to our expectation, except the “management-related advantage” ($p < 0.05$) factor, the other two significant “O” advantages factors, which are “operation-related advantage” ($p < 0.01$) and “marketing-based advantage” ($p < 0.01$) have negative coefficient sign. This indicates that sampled firms that have operation-related and marketing-based advantages prefer to establish foreign ventures later rather than earlier. Conversely, TMFs that have high commitment to internationalization and able to adapt themselves to different markets (which are the two items of FACTOR7) establish equity ventures earlier. Support for the H2b is moderate, in that two out of four location-related (L) factors (FACTOR1 and FACTOR8) have statistically

significant coefficients (see Table 6.3). Specifically, significance of the factor of “favorable business environment” ($p < 0.05$) with a negative sign shows that firms seeking good business environment for investment tend to delay their outbound investment; yet, we were expecting the opposite. Positive and significant coefficient sign of “existence of strong cultural bonds” ($p < 0.01$) is in the direction that we expect, indicative of cultural factor’s influence on early investment. Table 6. 3 shows that FACTOR3 has negative and insignificant coefficient. This suggests that there is no support for H2c; and, firms that have high “T” advantage consider investing later as opposed to earlier.

Table 6.4 shows the results of the binomial regression model where the joint venture (JV) was taken as the base with a value of zero and wholly owned subsidiary (WOS) is given value of one. The model (Model 1) has insignificant value and low explanatory power with a model chi-square of 7.779 and correctly classifies 67 percent of the observations, which is a very low rate compare to the proportional chance criteria of 65.9 that means classification occurs by chance without any effect of independent variables. As a result, none of the factor is significant, suggesting the rejection of H3a, H3b and H3c. In addition to rejection of the hypothesis related to importance of OLI factors determining entry mode, the model has four negative coefficients that are the contrary to our expectation.

In testing H4, TMFs’ foreign equity ventures with capital value equal to or less than 2 million dollar are classified as small and assigned the value of zero and the others are given the value of one. The Model 2 that is presented in the Table 6. 4 has

a significant explanatory power with a significant model chi-square of 18.398 ($p < 0.05$) and correctly classifies 63.6 percent of the observations.

Table 6. 4 Results of Logistic Regression for Entry Mode and Firm Size

		Dependent Variables			
		Model 1		Model 2	
		JV vs. WOS		Small vs. Large	
Variable Name	Definition	Coef-ficient	Wald statistics	Coef-ficient	Wald statistics
FACTOR1	Favorable Business Environment	0.205	0.797	0.163	0.472
FACTOR2	Operation-related Advantage	0.006	0.001	0.407	2.467
FACTOR3	Transaction-related Risks	0.308	1.681	-0.907	10.222***
FACTOR4	Marketing-based Advantage	0.272	1.356	-0.271	1.027
FACTOR5	Strategic Asset Availability	-0.379	2.349	-0.019	0.006
FACTOR6	Location’s Market Potential	0.280	1.424	0.172	0.476
FACTOR7	Product-based Advantage	-0.011	0.002	0.365	2.198
FACTOR8	Existence of Strong Cultural Bonds	-0.104	0.192	-0.123	0.244
FACTOR9	Management-related Advantage	-0.113	0.209	0.224	0.839
Constant	Intercept	0.752	9.623***	-0.171	0.505
Model chi-square		7.779		18.398**	
n=		88 ^a		88 ^a	
		JV = 30 WOS = 58		Small = 47 Large = 41	
Correct Classification (%)		67.0		63.6	
Proportional chance criteria (%)		65.9		53.4	
p<0.05; *p<0.01 (two tailed)					
JV: Joint Venture; WOS: Wholly Owned Subsidiary (JV = 0; WOS = 1)					
Small: Foreign equity venture capital less than or equal to 2 million \$; Large: Foreign equity venture capital more than 2 million \$ (Small = 0; Large = 1)					
a: Six cases with missing values are not included in the model					

Table 6. 4 shows there is no support for the H4a and H4b. On the other hand, FACTOR4 (“marketing-based advantage”), FACTOR5 (“strategic asset availability”) and FACTOR8 (“existence of strong cultural bonds”) have negative coefficients. Contrary to our expectation, considering the issues covered by these factors, TMFs will establish small ventures rather than the large ones. Significant coefficient of FACTOR3 in Model 2 of the Table 6. 4 bestows support for the “transaction-related risk” ($p < 0.01$) factor. Yet, the sign of this factors’ coefficient is negative which means that TMFs invest a small amount of capital rather than large

amount. The only factor that is significant is “transaction-related risks” ($p < 0.01$) factor. Negative coefficient sign of this factor suggests that, even though transaction-related risk is important in determining foreign venture size, high transaction-related factor (or high internalization advantages) leads to establishing small size equity ventures rather than large ones.

For the purposes of further examination of the relationship between OLI factors and TMFs outbound investment, a multiple regression analysis is undertaken. In an attempt to identify the predictors of degree of ownership a regression equation is estimated by using nine OLI actors as independent variables. Table 6. 5 shows the result of multiple regression equation. We see from the Table 6. 5 that neither the regression model in general nor the individual factors are significant; hence, we reject H5 of the higher the relative importance OLI advantages the more likely that a TMF will have high percentage of equity ownership share.

Table 6. 5. Multiple Regression on OLI Factors of TMFs’ Outbound Investment

OLI Factors	Percentage of Ownership Share (b)
(Constant)	3.449
Factor 1: Favorable Business Environment Availability	0.153
Factor 2: Operation-related Asset Advantage	-0.024
Factor 3: Transaction-related Risks	-0.195
Factor 4: Marketing-based Transactional Advantage	0.182
Factor 5: Strategic Asset Availability	-0.040
Factor 6: Location's Market Potential	-0.063
Factor 7: Product-based Asset Advantage	0.227
Factor 8: Existence of Strong Cultural Bonds	-0.098
Factor 9: Management-related Transactional Advantage	-0.105
R square	0.081
Adjusted R square	-0.025
F Value	0.760

3. 2. Uppsala Theory (UT)

Some of the variables included in the OLI framework were also related to the issues that Uppsala theory (UT) deals with. For the purposes of clarity the related variables are presented on Table 6. 6 in the order of mean measure. It is shown on Table 6. 6 that TMFs are very strong in terms of “firm’s commitment to international activity” (4.35), “ firm’s ability to adapt itself to different markets”(4.14); and, they are moderately strong in “international experience” (3.45). While TMFs consider that “favorable relations between host country and Turkey” (3.52) moderately influenced their involvement of outbound investment, they appear to think that “similarity of the host country to Turkey” (2.90) had not much influence on their foreign involvement. Since the UT emphasizes psychic distance, commitment, international experience, a close examination of the variables on Table 6. 6 with respect to some sample characteristics are deemed to be necessary. In order to do that we have done first factor analysis, and then logistic regression multiple regression analysis

Table 6. 6 Relative Importance of UT Variables Affecting TMFs’ Outbound Investment

Variable Name	Rank	Mean	SD
Firm's commitment to international activity	1	4.35	0.73
Ability to adapt itself to different markets	2	4.14	0.80
Favorable relations between host country and Turkey	3	3.52	1.06
International experience	4	3.45	1.15
Similarity of the host country to Turkey	5	2.90	1.23

Notes:

1. N = 94.

2. The mean is the average score of a scale of 1 (=no importance/strength) to 5 (= of major importance/strength).

3. SD = Standard Deviation.

3. 2. 1. Factor Analysis of UT Variables

Having checked the assumptions of multivariate data analysis for normality, linearity and homoscedasticity we applied the exploratory factor analysis with varimax rotation that explained the 62.44 percent of the observed variance (see Table 6. 7). Sampling adequacy of the five variables' factor analysis in the limit of the suggested acceptable level of 0.50 (Hair et al., 1998). Even though reproduced correlation matrix showed that there were 8 (80 %) of non-redundant residuals with absolute values greater than 0.05, correlation matrix indicated that there is substantial number of correlation greater than 0.30 which means it is appropriate to continue to do factor analysis (Hair et al., 1998). The resulting factors named as adaptability and psychic closeness. Internal reliability of the resulting factors is assessed by calculating Cronbach alphas. The values of Cronbach alphas' were 0.56 and 0.58 (see Table 6. 7). These two factors are used to test hypothesis related to investment location, investment time, investment type, and investment size of the sampled firms.

Table 6. 7 Factor Analysis of UT Variables

Factors	Factor loads	Eigen- value	%Var. exp.	Cum. %	Cronb. alpha
Factor 1: Adaptability		1.70	34.16	34.16	0.58
Ability to adapt itself to different markets	0.83				
Firm's commitment to international activity	0.70				
International experience	0.59				
Factor 2: Psychic Closeness		1.41	28.28	62.44	0.56
Favorable relations between host country and Turkey	0.77				
Similarity of the host country to Turkey	0.73				

Notes:

N=94

Principal components factor analysis with varimax rotation.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.499

Bartlett's Test of Sphericity = 59.857; $p < 0.000$

3. 2. 2. Regression Analysis of UT Factors and Investment Behaviors of TMFs

Table 6. 8 shows the result of logistic regression analysis which is built in the same manner with the OLI factors' regression model in Table 6. 3. Model 1 in Table 6. 8 had no explanatory power with insignificant and very low chi-square value; and its percentage of correct classification is the same with the proportional chance criteria. Therefore, there is no support for H6a and H6b. However, the factor of "psychic closeness" ($p < 0.1$) is significant with a negative coefficient sign indicative of choosing developing country instead of developed country in the presence of cultural barriers, which is in the same direction that we expected. Table 6. 8 shows that the Model 2 has a significant chi-square value of 6.813 ($p < 0.05$) and also correctly classifies 64.1 per cent of the observations, a rate higher than that would be expected by chance that occur without including any independent variable.

Table 6. 8 Results of Logistic Regression for Host Country Type and Investment Time

		Dependent Variables			
		Model 1		Model 2	
		LDC vs. DC		Late vs. Early	
Variable Name	Definition	Coef-ficient	Wald statistics	Coef-ficient	Wald statistics
FACTOR1	Adaptability	0.090	0.113	-0.274	1.496
FACTOR2	Psychic Closeness	-0.422	2.735*	0.527	4.858**
Constant	Intercept	-1.395	27,049***	-0.197	0.818
Model chi-square		2.899		6.813**	
n=		92 ^a		92 ^a	
		LDC = 73 DC = 19		Late = 50 Early = 42	
Correct Classification (%)		79.3		64.1	
Proportional chance criteria (%)		79.3		54.3	
*p<0.1; **p<0.05; ***p<0.01 (two tailed)					
LDC: Developing Country; DC: Developed Country (LDC = 0; DC = 1)					
Early: Foreign equity venture more than five years old; Late: Foreign equity venture five or less than five years old as of 2002 (Late = 0; Early = 1)					
a: Two cases with missing values are not included in the model					

Contrary to our prediction, Table 6.8 displays that coefficient of FACTOR1 is insignificant and it has a negative sign. This suggests both rejection of H7a and the factor's relations with late entry rather than early entrance. In contrast to this, positive and significant coefficient of FACTOR2 provides support for H7b, in that early entrance is related to high psychic closeness between home and host country.

Table 6. 9 shows the result of logistic regression analysis which is built in the same manner with the OLI factors' regression model in Table 6. 4. Both models in Table 6. 9 had no explanatory power with insignificant and extremely low chi-square value; and the percentages of correct classification is equal or less than the proportional chance criteria. Therefore, there is no support for H8a, H8b, H9a and H9b. However, the factor of "psychic closeness" has a negative coefficient sign in both models, contrary to our expectation. We have done logistic regression analysis with five individual UT variables as well as using them in two factors above. Even though the results are not reported here, we have found that: When the country type becomes dependent variable, the variable of "similarity of the host country to Turkey" ($p < 0.01$) becomes significant (model chi square = 10.626 ($p < 0.10$)); when the entry mode is used as dependent variable, the variables of "ability to adapt itself to different markets" ($p < 0.05$) and "firm's commitment to international activity" ($p < 0.10$) turns out to be significant (model chi square = 7.748 and insignificant); and when the entry time is employed as a dependent variable, "similarity of the host country to Turkey" ($p < 0.01$) becomes significant (model chi square = 17.078 ($p < 0.01$)); and, there was no significant variable when the subsidiary capital is used as a dependent variable.

Table 6. 9 Results of Logistic Regression for Entry Mode and Firm Size

		Dependent Variables			
		<u>Model 1</u>		<u>Model 2</u>	
		JV vs. WOS		Small vs. Large	
Variable Name	Definition	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
FACTOR1	Adaptability	0.019	0.008	0.311	2.005
FACTOR2	Psychic Closeness	-0.018	0.007	-0.202	0.879
Constant	Intercept	0.629	8.245***	-0.181	0.722
Model chi-square		0.015		2.948	
n=		92 ^a		92 ^a	
		JV = 32 WOS = 60		Small = 50 Large = 42	
Correct Classification (%)		65.2		54.3	
Proportional chance criteria (%)		65.2		51.1	
p<0.05; *p<0.01 (two tailed)					
JV: Joint Venture; WOS: Wholly Owned Subsidiary (JV = 0; WOS = 1)					
Small: Foreign equity venture capital less than or equal to 2 million \$; Large: Foreign equity venture capital more than 2 million \$ (Small = 0; Large = 1)					
a: Two cases with missing values are not included in the model					

In testing the H10, we have done multiple regression analysis with the two UT factors, yet the model (R square = 0.003; F = 0.134; p = 0.875) was not significant. Again, we have done another regression analysis with five individual UT variables together with percentage of ownership share that is utilized as a dependent variable. Table 6. 10 shows the multiple regression equation. The regression equation has overall significance reflected by F value (p < 0.10). Besides, three out of five independent variables, which are “international experience” (p < 0.05), “ability to adapt itself to different markets” (p < 0.01) and “firm's commitment to international activity” (p < 0.05), have significant coefficients. The multiple regression equation in Table 6. 10 indicates that we can explain 11 percent of change in percentage of ownership with these three significant variables. Therefore, hypotheses related with “international experience” (H10a), “ability to adapt itself to different markets” (H10b) and “firm's commitment to international activity” (H10c) are supported. However, negative coefficient signs of these two variables reveal that international

experience and firm commitment lead TMF to have low percentage of ownership share in their foreign establishments which is opposite of what we expected. We also see from the Table 6. 10 that there is no support for H10d and H10e.

Table 6. 10. Multiple Regression on UT Variables of TMFs' Outbound Investment

UT Factors	Percentage of Ownership Share
(Constant)	4.497***
International experience	-0.297**
Ability to adapt itself to different markets	0.662***
Firm's commitment to international activity	-0.531**
Similarity of the host country to Turkey	0.045
Favorable relations between host country and Turkey	-0.163
R square	0.111
Adjusted R square	-0.059
F Value	0.067*

*p<0.1; **p<0.05; ***p<0.01 (two tailed)

In examining issues related with “establishment chain” Appendix Table 6.

1 will be utilized. In the first column of Appendix Table 6. 1 ages of foreign equity investments and in the second column the exporting ages are shown.

Close examination of the table reveals that generally TMFs had been exporting when they start to involve outbound investment. However, majority of these TMFs did not rated the host country that they made equity investment as among the three most important countries (see column four of Appendix Table 6. 1).

Looking at the eighth column (which shows the ages of marketing distribution agreement) of Appendix Table 6. 1 we see that majority of the firms did not involve in marketing distribution agreement. Comparing the first column (subsidiary age) with eighth column it can be seen that among about twenty firms that involved in marketing and distribution agreement almost half entered foreign market prior to foreign direct investment. Therefore, marketing and distribution agreement did not take place before the equity investment. For the

case of sales representative liaison office (column 14 of The Appendix Table 6.1), again most of the firms did not involve in this activity. Among the involved around 20 firms almost half of them reported that sales representative/liaison office arrangement sometimes precedes the FDI, other time goes hand in hand with FDI involvement.

3. 3. Network Theory (NT)

We measured the impact of network linkages on Turkish manufacturing firms' (TMFs) outbound investment by asking the respondents how much influence their relationships with local and foreign customers, competitors, distributors and suppliers have on their firm's internationalization. Respondents' answers are given in Table 6. 11. We see from this table that on the mean measure of influence "customers" (3.89) had paramount effect on TMFs internationalization in terms of network connections. After this, comes the "competitors" (3.66) with a strong influence. While "distributors" (3.13) had somewhat influence, "suppliers" (2.92) appears to have no influence in TMFs' foreign direct investment.

Table 6. 11 Relative Importance of NT Variables Affecting TMFs' Outbound Investment

Variable Name	Rank	Mean	SD
Customers	1	3.89	1.04
Competitors	2	3.66	1.10
Distributors	3	3.13	1.16
Suppliers	4	2.92	1.20

Notes:

1. N = 94.

2. The mean is the average score of a scale of 1 (=no influence) to 5 (= influenced much).

3. SD = Standard Deviation.

3. 3. 1. Factor Analysis of NT Variables

After the process of data examination for normality, linearity and homoscedasticity we have seen that the variable of “customers” and “competitors” were not normally distributed and transformation did not normalize them. These four variables generally complied with linearity and homoscedasticity assumptions. We factor analyzed these four variables: When taking eigenvalue “1” criterion for the number of factor to be extracted, one factor is resulted, explaining the 55 per cent of total variance. Not only the percentage of total variance explained is low, but also there were six (100 %) nonredundant residuals with absolute values grater than 0.05, indicative of unsuitability of the data for the factor analysis. Then, we rerun the factor analysis for predetermined two factor solutions.

Table 6. 12 Factor Analysis of NT Variables

	Factor loads	Eigen- value	%Var. exp.	Cum. %	Cronb. alpha
Panel I					
Factor 1: Network Relationships		2.23	55.73	55.73	0.73
Suppliers	0.78				
Distributors	0.77				
Competitors	0.74				
Customers	0.69				
Panel II					
Factor 1: Production Network		1.40	39.15	39.15	0.70
Distributors	0.85				
Suppliers	0.83				
Factor 2: Customers Network		1.56	34.93	74.08	0.59
Customers	0.89				
Competitors	0.71				

Notes:

N=94

Principal components factor analysis with varimax rotation.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0.734

Bartlett's Test of Sphercity = 74.165; p <0.000

In the two factor solutions, sampling adequacy and Bartlett's Test of Sphericity values did not change; and, reproduced correlation matrix showed that there were three (50 %) nonredundant residuals with absolute values greater than 0.05, which means the data was at the limit of the goodness of fit for factor analysis. Applying exploratory factor analysis with varimax rotation is resulted in two factors and explained the 74 per cent of total variance. The resulting factors named as "production network" and "customers network" (see Panel II of the Table 6. 12).

3. 3. 2. Regression Analysis of NT Factors/Variables and Investment Behaviors of TMFs

Doing regression analysis with above mentioned two factors of "production network" and "customers network" (independent variables) and five dependent variables (investment location (R square = 0.026; F = 1.178; p = 0.313), investment time (R square = 0.031; F = 1.439; p = 0.243), investment type (R square = 0.013; F = 0.600; p = 0.551), investment size (R square = 0.009; F = 0.411; p = 0.664) and degree of ownership share (R square = 0.001; F = 0.055; p = 0.947) resulted no significant solution at all.

As a result, to determine which network relationships are more important for explaining the activities of Turkish manufacturing firms (TMFs) we have done logistic regression analysis with four individual variables. The first model in Table 6. 13 is not significant and shows that there is no support for H11a to H11d. To put it differently, choice of host country location is not influenced by the interactions with customers, competitors, suppliers and distributors. Further, except the variable

“relationships with suppliers” the other variables show the positive coefficient sign, which is contrary to our expectation. That means that if the relations with customers, competitors, distributors had influenced TMFs’ investment decisions, they would have been invested in LDCs rather than DCs. On the contrary, the second model in Table 6.13 has a medium overall explanatory power with a significant chi-square value of 9.799 ($p < 0.05$) and correctly classifies 68.5 percent of observations, a rate higher than that could occur by chance. In this model, only the variable “relationships with competitors” ($p < 0.05$) has a significance, which means that timing entry is influenced by the relationship with competitors. This result give support for H12b, the other hypotheses (H12a, H12c and H12d) are not supported. The negative coefficient sign of this variable shows that influence of the relationship cause firms entering foreign market later than earlier.

Table 6. 13 Results of Logistic Regression for Host Country Type and Investment Time

		Dependent Variables			
		Model 1		Model 2	
		LDC vs. DC		Late vs. Early	
Variable Name	Definition	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
COMPETIT	Relationships with competitors	0.095	0.101	-0.649	6.539**
DISTRIBUT	Relationships with distributors	0.254	0.844	-0.210	0.757
SUPPLIERS	Relationships with suppliers	-0.165	0.416	0.292	1.495
CUSTOMER	Relationships with customers	0.384	1.348	0.135	0.290
Constant	Intercept	-3.582	6.008*	1.434	1.989
Model chi-square		3.654		9.799**	
n=		92 ^a		92 ^a	
		LDC = 73 DC = 19		Late = 51 Early = 41	
Correct Classification (%)		79.3		55.4	
Proportional chance criteria (%)		79.3		68.5	
*p<0.1;** p<0.05 (two tailed)					
LDC: Developing Country; DC: Developed Country (LDC = 0; DC = 1)					
Early: Foreign equity venture more than five years old; Late: Foreign equity venture five or less than five years old as of 2002 (Late = 0; Early = 1)					
a: Two cases with missing values are not included in the model					

The coefficient sign of relationships with distributors is also negative also. Both negative coefficients may indicate that, contrary to our prediction, TMFs take the investment strategy of wait and see.

For determining the effect of network relationship on the preference of entry mode and investment size, we have conducted logistic regression analysis in the same manner we did with OLI and UT. Table 6. 14 shows that model is not significant and there is no support for H13a to H13d. Even though the Model 1 in Table 6. 14 is not significant, the variable “relationships with suppliers” ($p < 0.10$) is significant. If the model had been significant this may have shown that relationships with suppliers influenced TMFs choice of WOS over JV. In addition, coefficient signs of “relationships with competitors” and “relationships with distributors” variables are negative which designate for choice of JV over WOS, as opposed to our prediction. Similarly, Model 2 of the Table 6. 14 is not significant either; hence, there is no support for H14a to H14d. Contrary to our expectations, the negative coefficient signs of two variables (customers and distributors) shows that TMFs will make small size of investment rather than large one as a result of the influence from customers and distributors.

Similar to OLI and UT, in testing the hypotheses related with degree of ownership and network relationships we used multiple regression analysis. The results presented in Table 6. 15 reveal that neither regression model in general nor the individual variables are significant. This led us to reject H15a to H15d. The coefficient signs of three variables are not positive except one variable of “relationships with suppliers”, which we had predicted as positive.

Table 6. 14 Results of Logistic Regression for Entry Mode and Firm Size

		Dependent Variables			
		Model 1		Model 2	
		JV vs. WOS		Small vs. Large	
Variable Name	Definition	Coef- ficient	Wald statistics	Coef- ficient	Wald statistics
COMPETIT	Relationships with competitors	-0.029	0.015	0.157	0.466
DISTRIBUT	Relationships with distributors	-0.267	1.229	-0.076	0.110
SUPPLIERS	Relationships with suppliers	0.455	3.643*	0.242	1.154
CUSTOMER	Relationships with customers	0.123	0.262	-0.241	1.023
Constant	Intercept	-0.302	0.098	-0.243	0.067
Model chi-square		4.777		2.341	
n=		92 ^a		92 ^a	
		JV = 34 WOS = 58 Small = 49 Large = 43			
Correct Classification (%)		63.0		53.3	
Proportional chance criteria (%)		66.3		56.5	
*p<0.1 (two tailed)					
JV: Joint Venture; WOS: Wholly Owned Subsidiary (JV = 0; WOS = 1)					
Small: Foreign equity venture capital less than or equal to 2 million \$; Large: Foreign equity venture capital more than 2 million \$ (Small = 0; Large = 1)					
a: Two cases with missing values are not included in the model					

Table 6. 15 Multiple Regression on NT Variables of TMFs' Outbound Investment

NT Variables	Percentage of Ownership Share
(Constant)	3.542
Relationships with competitors	-0.024
Relationships with distributors	-0.141
Relationships with suppliers	0.199
Relationships with customers	-0.035
R square	0.019
Adjusted R square	-0.026
F Value	0.422

3. 3. 3. Network Theory and Perceived Internationalization Level of TMFs

Finally, we want to look at the degree of internationalization of TMFs' industries and their potential for more internationalization as perceived by respondents. As a framework we utilized Johanson and Mattsson's (1988) model because it provides dynamic comparative picture of firms' positions in the network. We have asked respondents to assess (on a five point scale ranging from very low to

very high) internationalization level of their industry in Turkey and their company's potential for reaching higher internationalization level. And then, we recoded responses as low, neither low nor high, and high (It might be more clear to see the situation of TMFs in two by two matrix by coding the responses as low versus high. In this case, there were a dilemma of including neither high nor low answers; to avoid the distortion of data we preferred to recode into three). Table 6. 16 presents the results of cross tabulation analysis where vertical axis is degree of internationalization (DOI) of the firms' industry in Turkey and horizontal axis is the firm's potential for more internationalization. It can be seen from this table that there is no firm that consider their industry's internationalization level and their potential is low, which means there is no "early starter" among the sample firms. There are six firms (6.38 %) that consider their industry DOI is weak and their potential for more internationalization is neither high nor low. Firms that consider their industry's DOI low and their potential is high consist of are 15 firms (15.96 %) that are candidate for "lonely international". Regarding the firms that think their industry's DOI is neither high nor low; three firms (3.19 %) believe that their potential is low; five firms (5.32 %) say that their potential is neither low nor high and 16 firms (17.02) declare that their potential is high. Among the sampled firms there is no firm that thinks DOI their industry high but their potential is low, which means there is no "late starter" in our sample. There are six firms (6.38 %) that consider DOI their industry is high but their potential is neither high nor low. Finally, 43 firms (45.74 %) consider both their potential for more internalization level and their industry's degree of internationalization (DOI) are high that are candidate for being "the international among others".

Table 6. 16 Cross Tabulation Analysis of Degree of Internationalization (DOI) of Firms' Industry in Turkey and Their Potential for More Internationalization

		Company' potential for more internationalization			Total
		1	2	3	
DOI in TR	1	0	6	15	21
	% within DOI in TR	0.00	28.57	71.43	100.00
	% within Potential	0.00	35.29	20.27	22.34
	% of Total	0.00	6.38	15.96	22.34
	2	3.00	5.00	16.00	24.00
	% within DOI in TR	12.50	20.83	66.67	100.00
	% within Potential	100.00	29.41	21.62	25.53
	% of Total	3.19	5.32	17.02	25.53
	3	0.00	6.00	43.00	49.00
	% within DOI in TR	0.00	12.24	87.76	100.00
	% within Potential	0.00	35.29	58.11	52.13
	% of Total	0.00	6.38	45.74	52.13
	Total	3.00	17.00	74.00	94.00
	% within DOI in TR	3.19	18.09	78.72	100.00
	% within Potential	100.00	100.00	100.00	100.00
	% of Total	3.19	18.09	78.72	100.00

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12,14	4,00	0,02
Likelihood Ratio	11,52	4,00	0,02
Linear-by-Linear Association	3,03	1,00	0,08
N of Valid Cases	94		
a:5 cells (55,6%) have expected count less than 5. The minimum expected count is ,67.			

4. Conclusion

This chapter has sought to accomplish three objectives. First, it has attempted to identify the main ownership, location and internalization (OLI), Uppsala theory (UT) and Network theory (NT) variables which can affect the extent and pattern of the foreign involvement of the Turkish manufacturing firms (TMFs). Second, it has tried to determine the influence of these variables on TMFs behaviors. Third, it has

showed the relative importance of these theories in the context of a developing country firms' outward investment (see Table 6. 17 below for a comparison of support for these three theories).

Central point of the examined foreign direct investment (FDI) and multinational companies (MNCs) theories is the company-specific assets (such as production, marketing and technological knowledge, managerial skills, financial resources) which make possible MNCs to grow and compete with local firms in foreign country markets. While eclectic theory (OLI) and Uppsala theory (UT) give primary importance to these assets, it becomes secondary importance in the network theory (NT) (Forsgren, 1989). OLI framework considered as being more applicable to large and well-established firms (Forsgren, 1989) while UT is claimed to be good for explaining small and medium-sized firms' internationalization (Johanson and Wahlne, 1990; Peterson and Pederson, 1997) and for firms in their early stages of internationalization (Johanson and Vahlne, 1977; Johanson and Mattsson, 1988). We think that NT also has more explanatory power in explaining the outward investment pattern of small and medium-sized firms. Further, whereas OLI uses rational, strategic and determinist decision making and action, NT applies relations-based interactions; UT focuses on experience-based behavior. From a philosophical point of view OLI can be considered as positivist, UT as empiricist, and NT as relativist approach to the issue of firms' international involvement (Coviello and McAuley, 1999). Therefore, these three theories should be seen as complementary as opposed to contradictory (Dunning, 1993).

In testing the main postulations of each theory we have taken specific variables of the three theories as independent variables. Dependent variables are chosen in line

with past studies: Location choice of TMFs as developed country (DC) versus less developed country (LDC) (Lecraw, 1993; Eramilli et al., 1997; Makino et al., 2002); entry time (Gaba et al., 2002); entry mode (Agarwal and Ramaswami, 1992; Makino and Neupert, 2000; Pan and Tse, 2000); size as amount of capital (Sanyal and Guvenli, 2000); and degree of ownership (Delios and Beamish, 1999).

Testing the proposition of higher ownership advantaged firms will go to developed countries (DC) rather than less developed countries (LDCs), which was the subject of H1a, revealed no support. This result is in line with the findings of Eramilli et al. (1997). Investigating location choice of Korean manufacturing multinational companies (MNCs) they found no effect of ownership advantages on country selection of DC versus LDC. For the H1b, which states that high location-specific advantages of DC will attract TMFs more than LDC, there is moderate support: This is meaningful because favorable business environment seeking (FACTOR1) and strategic asset seeking (FACTOR5) Turkish manufacturing firms (TMFs) prefer to invest in DCs; yet, newly emerged economies' and culturally similar countries' market potential (FACTOR6), which is not significant, we think prevent strong support of this hypothesis. Moreover, MNCs from LDCs have a tendency to invest in "downstream" countries (Lecraw, 1993). The last OLI variable of internalization-related (I) issue for the host country selection, which is a subject of H1c, has been supported. Underneath of this support, as we discussed previously, lies the TMFs' operating in low technology industries.

Concerning the ownership (O) advantages and entry time, there is a strong support for H2a that means higher O advantaged firms enter the foreign markets

earlier than the low O advantaged firms. There is a moderate support for the H2b, which means entry time modestly is affected from the importance of locational advantages. This result may reveal that economic crises of the late 1990s in Russia and Asia (and two economic crises in Turkey during this period) somehow negatively affected choice of investment location in emerging markets. Relating to H2c, which deals with internalization advantages and entry time, there is no support. This result can be explained by the weakness of OLI (and internalization theory) for determining the entry time. It has been argued that OLI explains well “why”, “how” and “where” multinational companies (MNCs) will invest but its explanatory power is weak in determining investment time of when to invest. Pertaining to entry mode and OLI factors there is no support for H3a, H3b and H3c. Stating it differently, there is no statistically significant indication in choosing wholly owned subsidiary (WOS) over joint ventures (JV), which are at odds with findings of past studies (Brouthers et al., 1999; Pan and Tse, 2000; Agarwal and Ramaswami, 1992). Except the relationship between “I” advantages and investment size (H4c) which has a strong support, there is no support for “O” and “L” advantages and investment size (H4a and H4b). Further, OLI factors are not explaining the degree of ownership either; there is no support for H5b to H5c (see Table 6. 17).

The variables that are included the OLI framework and thought to be relevant for UT are not explaining the country type, entry time, entry mode and investment size. However, except the H7b, which is supported (indicating the effect of psychic closeness in establishing equity investment earlier is significant), there is no support for the hypotheses that has taken these four variables as dependent variable. When the degree of ownership share is used as a dependent variable, firms’ international

experience (H10a), firms' adaptability to different markets (H10b) and commitment to international activity (H10c) significantly explain this variable. That means there is support for H10a, H10b and H10c. Nevertheless, no support is ensued for the independent variables of similarity of the host country to Turkey (H10d) and favorable relation between host country and Turkey (H10e). Regarding the establishment chain of UT we have seen that only export behavior of TMF partly fit to the prediction of UT. Table 6. 17 shows that among the NT hypothesis only the H13b (influence of relationships with competitors on entry time) is significant. Therefore, in explaining the FDI investment of TMFs OLI, UT and NT show strength in that order. As a result, this study confirms Agarwal's (1985) findings, in that it is empirically determined that OLI can explain the behavior of developing country FDI firms as it did for DC-based firms (Agarwal, 1985). The results of this study also agree with the study of Anderson (1993) by showing that OLI explains investment behavior of TMFs better than UT.

It can be argued that we used more variables for explaining and predicting OLI than the UT and NT, so this result is inevitable. It may be true, but it seems obvious also that UT and NT are hard to study quantitatively because of measurement problems. For example (i.e., if experience tacit one (one of the claims of UT) and relationships embedded in the context (one of the claims of NT), they can be understood exactly more close observation and examination. Because this reason, we think, most of the studies examining these two theories use case study approach. During our interviews many respondents mentioned the importance of issues that UT and NT deals with. To put the point another way, we know from mean values that most of the UT and NT variables' average mean scores are higher than the median

measure of three. Correspondingly, these variables may have affected TMFs act of investment in foreign countries but not the form of that investment. For some firms, the issues of country type, entry time, entry mode, investment size and degree of ownership may have been considered as having secondary importance.

Table 6. 17 Summary of the Hypotheses Tests

Hypothesis	Variable Name	Support	Expected Sign	Actual Sign
Country Type and OLI				
H1a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will select a DC over LDC for investment location.	FACTOR2 FACTOR4 FACTOR7 FACTOR9	No Support	(+) (+) (+) (+)	(+) (+) (+) (-)
H1b: The higher the relative importance of location (L) advantages the more likely that a TMF will select a DC over LCD for investment location.	FACTOR1 FACTOR5 FACTOR6 FACTOR8	Moderately Supported	(+) (+) (+) (+)	(+)* (+)** (+) (-)*
H1c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will select a LDC over DC for investment location.	FACTOR3	Supported	(-)	(-)**
Entry Time and OLI				
H2a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will invest earlier than later in a foreign country.	FACTOR2 FACTOR4 FACTOR7 FACTOR9	Strong Support	(+) (+) (+) (+)	(-)** (-)** (-) (+)**
H2b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will invest earlier than later in a foreign country.	FACTOR1 FACTOR5 FACTOR6 FACTOR8	Moderately Supported	(+) (+) (+) (+)	(-)* (-) (+) (-)**
H2c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will invest earlier than later in a foreign country.	FACTOR3	No Support	(+)	(-)
Entry Mode and OLI				
H3a: The higher the relative importance of ownership (O) advantages the more likely that a TMF will select a WOS over JV investment in a foreign country.	FACTOR2 FACTOR4 FACTOR7 FACTOR9	No Support	(+) (+) (+) (+)	(+) (+) (-) (-)
H3b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will select a WOS over JV	FACTOR1 FACTOR5 FACTOR6	No Support	(+) (+) (+)	(+) (-) (+)

investment in a foreign country.	FACTOR8		(+)	(-)
H3c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will select a WOS over JV investment in a foreign country.	FACTOR3	No Support	(+)	(+)
Investment Size and OLI				
H4a: The higher the relative importance of ownership-specific (O) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	FACTOR2 FACTOR4 FACTOR7 FACTOR9	No Support	(+) (+) (+) (+)	(+) (-) (+) (+)
H4b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	FACTOR1 FACTOR5 FACTOR6 FACTOR8	No Support	(+) (+) (+) (+)	(+) (-) (+) (-)
H4c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	FACTOR3	Supported	(+)	(-)**
Degree of Ownership and OLI				
H5a: The higher the relative importance of ownership-specific (O) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	FACTOR2 FACTOR4 FACTOR7 FACTOR9	No Support	(+) (+) (+) (+)	(-) (+) (+) (-)
H5b: The higher the relative importance of location-specific (L) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	FACTOR1 FACTOR5 FACTOR6 FACTOR8	No Support	(+) (+) (+) (+)	(+) (-) (-) (-)
H5c: The higher the relative importance of internalization (I) advantages the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	FACTOR3	No Support	(+)	(-)
Country Type and UT				
H6a: The higher the relative importance of adaptability the more likely that a TMF will select a DC over LDC for investment location.	FACTOR1	No Support	(+)	(+)
H6b: The higher the relative importance of psychic closeness the less likely that a TMF will select a DC over LDC for investment location.	FACTOR2	No Support	(-)	(-)
Entry Time and UT				

H7a: The higher the relative importance of adaptability the more likely that a TMF will invest earlier than later.	FACTOR1	No Support	(+)	(-)
H7b: The higher the relative importance of psychic closeness the more likely that a TMF will invest earlier than later.	FACTOR2	Supported	(+)	(+)**
Entry Mode and UT				
H8a: The higher the relative importance of adaptability the more likely that a TMF select a WOS over JV investment in a foreign country.	FACTOR1	No Support	(+)	(+)
H8b: The higher the relative importance of psychic closeness the more likely that a TMF select a WOS over JV investment in a foreign country.	FACTOR2	No Support	(+)	(-)
Investment Size and UT				
H9a: The higher the relative importance of adaptability the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	FACTOR1	No Support	(+)	(+)
H9b: The higher the relative importance of psychic closeness the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	FACTOR2	No Support	(+)	(-)
Degree of Ownership and UT				
H10a: The higher the relative importance of international experience the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	International experience	Supported	(+)	(-)**
H10b: The higher the relative importance of the adaptability to different markets the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Adaptability to different markets	Supported	(+)	(+)***
H10c: The higher the relative importance of the commitment to international activity the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Commitment to international activity	Supported	(+)	(-)**
H10d: The higher the relative importance of the similarity of the host country to Turkey the more likely that a TMF will have high percentage of equity ownership share than low	Similarity of the host country to Turkey	No Support	(+)	(+)

percentage of equity ownership share in the firm in a foreign country.				
H10e: The higher the relative importance of the favorable relations between host country and Turkey the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Favorable relations between host country and Turkey	No Support	(+)	(-)
Country Type and NT				
H11a: The higher the relative influence of relationships with customers the less likely that a TMF will select a DC over LDC for investment location.	Customers	No support	(-)	(+)
H11b: The higher the relative influence of relationships with competitors the less likely that a TMF will select a DC over LDC for investment location.	Competitors	No support	(-)	(+)
H11c: The higher the relative influence of relationships with distributors the less likely that a TMF will select a DC over LDC for investment location.	Distributors	No support	(-)	(+)
H11d: The higher the relative influence of relationships with suppliers the less likely that a TMF will select a DC over LDC for investment location.	Suppliers	No support	(-)	(-)
Entry Time and NT				
H12a: The higher the relative influence of relationships with customers the more likely that a TMF will invest earlier than later.	Customers	No Support	(+)	(+)
H12b: The higher the relative influence of relationships with competitors the more likely that a TMF will invest earlier than later.	Competitors	Supported	(+)	(-)**
H12c: The higher the relative influence of relationships with distributors the more likely that a TMF will invest earlier than later.	Distributors	No Support	(+)	(-)
H12d: The higher the relative influence of relationships with suppliers the more likely that a TMF will invest earlier than later.	Suppliers	No Support	(+)	(+)
Entry Mode and NT				
H13a: The higher the relative influence of relationships with customers the more likely that a TMF select a WOS over JV investment in a foreign country.	Customers	No Support	(+)	(+)
H13b: The higher the relative influence of relationships with competitors the more likely that a TMF select a WOS over JV investment in a foreign country.	Competitors	No Support	(+)	(-)

H13c: The higher the relative influence of relationships with distributors the more likely that a TMF select a WOS over JV investment in a foreign country.	Distributors	No Support	(+)	(-)
H13d: The higher the relative influence of relationships with suppliers the more likely that a TMF select a WOS over JV investment in a foreign country.	Suppliers	No Support	(+)	(+)
Investment Size and NT				
H14a: The higher relative influence of relationships with customers the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	Customers	No Support	(+)	(-)
H14b: The higher relative influence of relationships with competitors the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	Competitors	No Support	(+)	(+)
H14c: The higher relative influence of relationships with distributors the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	Distributors	No Support	(+)	(-)
H14d: The higher relative influence of relationships with suppliers the more likely that a TMF will establish a large-size firm than a small-size firm in a foreign country.	Suppliers	No Support	(+)	(+)
Degree of Ownership and NT				
H15a: The higher the relative influence of relationships with customers the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Customers	No Support	(+)	(-)
H15b: The higher the relative influence of relationships with competitors the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Competitors	No Support	(+)	(-)
H15c: The higher the relative influence of relationships with distributors the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Distributors	No Support	(+)	(-)

H16d: The higher the relative influence of relationships with suppliers the more likely that a TMF will have high percentage of equity ownership share than low percentage of equity ownership share in the firm in a foreign country.	Suppliers	No Support	(+)	(+)

*p<0.1; **p<0.05; ***p<0.01 (two tailed)

Leaving aside a few studies such as the work of Lecraw (1993) for UT, the work of Zafarullah et al. (1998) for NT and the work of Agarwal (1985) for OLI, it is hard to find empirical studies in the literature examining the outward investment behavior of less developed country-based MNCs. Utilizing the key issues of the three theories, a through assessment of TMFs’ investment behavior is accomplished. There is not much comprehensive study utilizing all of the relevant variables of these examined theories and then testing them in a comparative way in the literature. As Clark et al. (1997) noted for studies supporting and negating UT, researchers supporting or negating OLI, UT and NT focus on a limited aspects. This makes hard for comprehensive comparisons of the three theories in terms of strengths and weaknesses.

Since which theory is more important can be determined by a specific research design, which is partly accomplished in this study, as a future research area we suggest designing a study for sole purpose of testing as many theories as possible. This is the only way, we believe, for a complete assessment of relevance, strengths and weaknesses of the extant theories. Further, it might be more appropriate to test, FDI/MNC theories with two samples: one would be the firms that have outbound investment and the other one is being the domestic firms that have no foreign equity investment. In assessing the importance and relevance of a theory, for instance OLI,

the effects of ownership advantages, location related strategies and internalization advantages on the firms' internationalization could be determined and compared. In turn, strategies for constrained firms in domestic markets because of some hindrances can be suggested. Furthermore, the same processes can be undertaken in service sector firms as well as manufacturing firms in developing country context.

CHAPTER VII. SUMMARY, CONTRIBUTIONS AND IMPLICATIONS

7. 1. Introduction

In the previous first three chapters we have provided the overall context of the Turkish manufacturing firms' (TMF) internationalization, theoretical foundations of the their foreign direct investment (FDI) activities, methodological approach used in studying their FDI involvement. In the last three chapters, we have examined capabilities and performances, pull and push motives of TMF FDI firms and relevance of the major theoretical perspectives in explaining their internationalization. In this chapter, we will summarize the overall results; and, discuss the contributions, implications, limitations and future research directions.

7. 2. Background and Purposes of the Study

In the last 25 years not only economic isolationism became impossible but also requirement for growth, economic development and prosperity necessitated breaking the old paradigms of mainly states, firms (Dunning, 1994) and individuals entrepreneurs. The realities of competition, technological changes, liberalization and globalization (UNCTAD, 1996, UNCTAD, 2002), which all of them interrelated, are the main causes of these paradigm changes. Globalization has also taken the meaning that when a firm does not extend its domestic activity to other territories; it is highly probable that other firms from anywhere in the world to come and attack it at home market (Hafsi, 2002).

Multinational corporations (MNCs) are one of the main driving forces behind these globalization processes. The number of MNCs and their foreign affiliates in the world jumped from 37,000 and 170,000, respectively, in 1993 to 65,000 and 850,000 in 2001 (UNCTAD, 2002). Likewise, the number of their employees, sales and FDI stocks are increased more than double in the last ten years. In terms of technological change and creating competition, MNCs undertake substantial amount of R&D investment, which cause inventions and innovations that in turn create competition.

After the mid 1990s developing country firms started to find a place in the list of world's leading 100 firms and, for the first time, five firms from developing countries entered to the top 100 firms list of UNCTAD in 2000 (UNCTAD, 2002). The same progress can be seen in the exports where seven of the 20 largest exporters in the world are from developing countries (UNCTAD, 2002). Further, developing country MNCs' "transnationality index" is increasing while that of developed country's stay stable (UNCTAD, 2001).

Since the early 1980s, as in many other developing countries (Dominguez and Brenes, 1997), Turkey's economic policy has dramatically changed from closed, inward looking, import substitution to open, outward looking, export promotion based economic regime. Commensurate with these regulatory changes, accumulating outward stock of Turkey's FDI reached \$268, \$2,511, \$3,008 million dollars for the years 1995, 2000 and 2001 respectively (UNCTAD, 2002). When we look at Turkey's FDI inward and outward flows changes as a percentage of gross fixed capital formation (GFCF), between 1990 and 2000, inflows stayed about the same

(2.2 percent), but outflows jumped from 0.1 to 2 percent of GDGF (UNCTAD, 2002). Likewise in 1995, Turkey's inward stock of FDI was 3 per cent of gross domestic product (GDP) and her outward stock was 0.2 per cent of GDP. In 2000 while inward stock was increasing to 4.7 of GDP, outward stock was jumping to 1.3 per cent of GDP (UNCTAD, 2002). Further, these figures are showing almost half of the amount of officially registered government figures, which are also inadequate in presenting the real situation. For example, we see that in 1989 and 1993 Turkey's outward FDI is 10 percent of inward FDI (197 million/1835 million = .10; 500 million/5083 million = .10, respectively); but, in 2002 its outward FDI jumps over 30 percent of inward FDI (5 billion/16 billion = .31); further, as a firm number, the figure jumps from 11 percent in 1993 (282/2554=.11) to 21 percent (1342/6280=.21) in 2003 (see Erden, 1996b; www.treasury.gov.tr; and unpublished record of GDBFI). This increase is, somehow, in parallel with the other developing country firms' FDI involvement in response to the change in the international competitive environment where, in 1980, only one percent of world FDI outflows came from developing countries or less developed countries (UNCTAD, 1999), however, in 2001 more than 10 percent of world FDI outflows originated in these countries (UNCTAD, 2002).

We noted that internationalization through FDI is very important for a nation's firms, industries and economy at large. Firms, for example, can develop competitive skills in foreign markets and bring these skills and knowledge to the home country, and grow more; consequently, they may become more active in globalized world markets (Czinkota, et al., 2002). Since there was no study examining the TMFs' internationalization via FDI, in the face of the developments and realities mentioned above, our objective in this study was to shed some light on a developing country

(Turkey) firms' FDI involvement. Our purpose was to examine, evaluate and assess the internationalization of TMFs' FDI in terms of capabilities, performances, motives and specific theoretical frameworks.

Even though internationalization is multidimensional construct and involves both inward and outward activities of firms (Fletcher, 2001) such as exports and imports, contractual agreements and informal cooperations with foreign partners in the home country and abroad, portfolio investment, and equity investment (i.e. FDI) via joint ventures and wholly owned subsidiaries (greenfield, acquisition and others), we have focused on the FDI aspect of it. Accordingly, we have considered more than 10 percent of Turkish manufacturing firms' ownership share as FDI in this study. Consequently, if a firm had ownership share of more than 90 percent we called it as wholly owned subsidiary (WOS) which can be in the form of greenfield or acquisition. Having an ownership share of between 11 and 90 percent lead us to call an investment as joint venture (JV) which can also be in the form of greenfield or acquisition (Stephen and Pfaffmann, 2002). We defined MNCs as "enterprises which own or control production service facilities outside the country in which they are based" (Czinkota et. al., 1996, p. 434).

7. 3. Theoretical Frameworks for MNCs and Their FDI Activities

In his pioneering work, Hymer (1960, 1976) pointed out that, to offset the disadvantage of operating in unfamiliar foreign environment, MNCs must have firm-specific asset advantage that they developed in response to market imperfections, which means deviation from perfect competition in both domestic and international

level related to goods and factors market. The asset advantages of technology, innovation, cost reduction, financing, production and marketing leads the firm that possess them a monopolistic advantage which arises as a result of market imperfection according to Hymer.

Caves (1971) and Calvet (1981) related the FDI theory to industrial structure and argued that firms in oligopolistic industries tend to become multinationals because they obtain intangible assets from their investments in advertising and research and development (R&D). Product or service differentiation, high entry barriers, and limited competition, which are the characteristics of oligopolistic industries, make the firm control assets in home countries as well as in host countries (Calvet, 1981). Firms in oligopolistic industries also adapt “follow-the-leader” or “follow-the-competitor” (Knickerbocker, 1973), “exchange of threats” (Flowers, 1976) behaviors while going to foreign markets. In this way, each of the small number of firms responds to actions of competitors accordingly, which is called oligopolistic reactions.

The product cycle (PCT) theory of Vernon (1966) seeks to explain international trade and foreign direct investment as “sequential stages that follow the life cycle of a product”. There are three stages in the life of a product (new (growth), maturity and decline.); and, production locations changes based on these stages, from origin-developed country to other developed country and finally to cheapest production places of developing countries according to PCT.

Internalization theory (IT) recognizes the necessity and importance of intermediate assets (information, research, knowledge and expertise), in producing

goods and services. However, IT asserts that it is hard to organize markets for intermediate products because of “public good” characteristics and creation of externalities in the exchange of these products (Rugman, 1980; Calvet, 1981). Specifically, intermediate assets cannot be efficiently traded and priced because of “transaction, contracting and co-ordinating costs”. According to IT researchers, market failures in intermediate products as a result of such as information costs, opportunism, and asset specificity are the main reason for an MNE’s existence and expansion (Rugman, 1981). Hence, an MNE is an institution that minimizes transaction costs by owning complementary asset in different countries and by integrating all the operations within its control and coordination (Casson, 1992).

In the eclectic approach, internationalization is seen as resulting from three factors: namely, firm-specific ownership advantages, country-specific location advantages and market or transaction-specific internalization advantages (Dunning, 1980, 1988, 1993, 1995b; 2000). Therefore, the eclectic approach gives the answers to the questions of why some firms involve in internationalization, where the firms activities take place, and how foreign involvement will be carried out (Dunning, 1993, 2000).

The Uppsala model deals with the question of “how internationalization process of firms evolves at the firm level” by describing it as gradual and sequential process in which firms increase their international involvement, starting with countries that have close “psychic distance” (e.g. cultural, economic, social similarity), via first exports, then agents, after that sales subsidiaries and finally production or service units (Johanson and Vahlne, 1977).

Network theory concentrates on establishment of formal or informal inter-organizational relationships among network members (Thorelli, 1986; Jarillo, 1988). The basic postulation of the Network theory is that in order to exist one partner organization is dependent on the resources of other organizations in the network and there are mutual benefits in entering the exchange relationships (Powell, 1990). According to Johanson and Mattsson (1988) network theory of internationalization means that the firm develops relationships in networks in other countries by means of establishing relationships in a new country networks (i.e. international extension); developing relationships in those networks (i.e. penetration), and connecting networks in different countries that is international integration.

7. 4. Research Design and Methodology of the Study

In this study we used both qualitative and quantitative research methods. In the qualitative phase, first, we have done extensive literature review related to research objectives, purposes and research questions. Second, semi-structured personal interviews are carried out with three managers who work in different internationally involved parent manufacturing firms that constituted our non-probability-“judgment sample”. Third, key informant (experienced person) surveys are conducted with three different experts from the Turkish Industrialists’ and Businessman’s Association (TUSİAD), the Foreign Economic Relations Board (DEİK), Istanbul Chamber of Industrialists (İSO).

In the quantitative stage, a questionnaire was developed on the basis of previous research and interviews that are done in the qualitative phase of the study. Along with advisors, the preliminary questionnaire was discussed with three academicians in the pertinent field who had also experiences with questionnaire survey. Based on their comments we revised the questionnaire and designed the draft form for the pilot study. The language of the draft questionnaire was English. We first translated it into Turkish and then we did a back-translation from Turkish to English. A bilingual person, who is given information about the research, independently translated the questionnaire into Turkish and then back-translated it to English. And then, we compared both translations to arrive the final Turkish version.

For the purpose of testing the data collection instrument, and possibly refining the questionnaire we conducted a pilot study. A total of eight Turkish manufacturing parent firms headquartered or located in Istanbul are used for the pilot test analysis. After completion of the draft questionnaire, semi-structured interviews were conducted with the respondents to evaluate the questionnaire in terms of capturing the desired information, assuring that they were clear and unambiguous. And then, validity and reliability of the questionnaire is assessed.

From the General Directory of Banking and Foreign Exchange (GDBFE) database we have chosen the manufacturing sector, which had 293 entities. When we subtracted from this the double or multiple counting firms and individuals that made investment in more than one country, we reached the initial sampling frame of 240 entities, 172 firms and 68 personal investors. Applying the 10 per cent cut off point resulted in 208 entities (168 firms and 40 personal investors) that are used for final

sampling frame for the primary data collection stage. In 23 years of time span (the official database of GDBFE starts from 1979) some firms are closed down, bankrupted and ended the operation. Therefore we are left with 84 firms that are operating in Turkey and have subsidiaries abroad. Among these firms 30 of them refused to participate for reasons of confidentiality of information and lack of time availability. In the end, 54 firms completed the questionnaire.

By contacting many institutions and organizations we have identified 120 manufacturing firms that are established in foreign countries, which are not included in GDBFE database. We were unable to contact 47 of the 120 firms since their addresses and phone numbers were not known. Among the contacted 73 manufacturing firms, 26 of them refused to participate. Thus, from the self developed FDI firms database 47 firms participated and completed the survey questionnaire.

The questionnaires were administered to the firms' executives or senior level managers (such as presidents, vice presidents, general managers, owner-managers, directors of international operations etc,) personally and through mail. After many contacts (on the average ten phone calls contacts made to each respondent), we reached 102 firms, that means 63 percent response rate. Eight firms are eliminated from the sample for the reasons of many missing values, not having corporate headquarter in Turkey and being service sector firms that resulted in sample size of 94 firms. Among the sampled firms 34 of them were within the list of largest 500 manufacturing firms of Turkey in 2002; 20 of these 34 firms are listed in the Istanbul Stock Exchange also. Besides, eight firms in our sample were within the list of second largest 500 manufacturing firms of Turkey in 2002.

Responses given to the survey instrument are gathered and entered into computer in line with our predetermined coding specification for the subsequent analyses. Prior to the data analysis an examination of the data will be carried out, as suggested by Hair et al. (1998), in terms of normality, linearity, homogeneity of variance, outliers and missing values.

7. 5. Firm-specific Capabilities and Performance of Turkish Manufacturing FDI Firms

In attempting to explore internationalization of TMF we first focused on the competence of corporations that engage in production outside of Turkey. From the prior literature and discussions with potential respondents during the questionnaire development stage we have identified 13 capability variables that are relevant for TMFs' FDI involvement. We rank ordered the relative importance of these capability variables. In half of the capability variables TMFs were over the strong scale while in the other half they were close to strong scale. Then, we factor analyzed the variables for the purposes of providing a parsimonious set of capability variables. Exploratory factor analysis resulted in four factors that were named as "operation-related", "product-related", "marketing-related" and "management-related" factors that explained 69.07 percent of the variance in the sample data.

To investigate the capabilities of TMFs thoroughly, five hypotheses related to sample characteristics of age, size, and industry along with choice of host country and market entry mode are tested (see Table 4. 10). While test of the first hypothesis (H1) is supported somewhat moderately (which means that, to some extent,

capabilities of FDI firms vary with their age; that is, older firms have more strengths in most of the capability variables than younger firms), there is mixed support for the second hypothesis (H2) related to size. Although the number employees (H2a) and the amount of capital (H2b) almost do not differentiate firms' capabilities, amount of sales (H2c) and assets (H2d) are, to a moderate extent, elements in differentiating firms' capabilities. Industry of firms (H3) and the type of chosen host country (H4) do not have relevance in divergence of capabilities; hence, there is no support for these two hypotheses. Lastly, there is extremely low support for the fifth hypothesis (H5), which means that capabilities do not vary depending on two broad entry modes of WOS and JV. However, there was very low support for H5a, which states that the higher the relative strength of capabilities. The higher the propensity to choose greenfield investment over acquisition; and H5b had the same limited support, which purports that the higher the relative strength capabilities the higher the propensity to choose majority ownership of JVs.

Since we were interested in capability and performance relationship, we started this endeavor by identifying perceived performance of TMFs with respect to initial expectations during the foreign equity venture's establishment. Reviewing the received literature, we have determined thirteen performance criteria for foreign subsidiaries and confirmed them with interviews. Even though rank ordering the thirteen performance variables based on mean measure showed that TMFs' expectations are not met in terms of financial gains, for the other measures of performance they experienced better or close to their initially expected performance. Using the thirteen performance variables we have identified two factors via exploratory factor analysis. These were labeled as "operational performance" and

“accessing to critical resources performance” factors that explained 62.8 percent of the variance in the sample data. As with the capabilities, five hypotheses related to sample characteristics of age, size, and industry along with choice of host country and market entry mode are tested with respect to foreign subsidiary-related performance (see Table 4. 10). There is somewhat reasonable support for H6 indicating that performances of firms to a reasonable extent vary with foreign subsidiary age; that is, as the years passes by performances of TMFs start to deteriorate. The hypotheses related to size (H7) received mixed but low support. Specifically, the only variable that varies among firms depending on the employee number is “gain access to capital/finance”; hence, there is almost no support for H7a. There were limited supports for H7b and H7d, which means that performances of subsidiary firms seldom vary according to their amount of capital and asset. H7c received a reasonable support indicating that performances of subsidiary firms diverge with their sales level. However, there is no support for H8 demonstrating that sub-sector does not explain the performance divergence. Contrary to sub-sector, the type of host country has strongly explained the performance variance that is an indication of strong support for H9, in that firms operating in developed countries (DCs) have reported highest performance whereas firms operating in Turkic Republics (TRs) have generally reported lowest performance. For the case of entry mode, there was very low support for H10 wherein three out of thirteen variables were significantly different in mean scores. In the case of parent firm capability relationship with foreign subsidiary performance there is very limited support for the H11. Moreover, some capability variables were affecting performance in a negative direction. Finally, degree of internationalization (DOI) of TMFs appeared

exceptionally high and comparable to leading multinational firms of developed and developing countries.

7. 6. Strategic Motives of Turkish Manufacturing FDI Firms

Having identified the capabilities of TMFs, which can be considered as prerequisite of their FDI involvement, it was necessary to discover strategic motives of these firms. While there are many classifications of motives in the literature (such as proactive versus reactive, external environment related versus internal company motivation), in this study, we used pull (host country-related) and push (home country-related) motives in classifying TMFs' FDI stimulus. By reviewing the previous conceptual and empirical literature extensively and by consulting the managers in the survey questionnaire development phase we have identified sixteen strategic pull motives and twelve strategic push motives.

We have analyzed the data first by mean measure of strategic pull and push motives: While the market-related motives (i.e. market potential, market access, market protection and low cost of inputs) appears to be the most important pull motives (see Table 5. 1), utility costs, unstable exchange rates, high inflation rate and political instability are considered to be the most important push motives of TMFs (see Table 5. 3). Variation in mean measure importance of the host country-specific and home country-specific items seems to be justifiable with the mentioned reasoning.

Secondly, we factor analyzed the pull and push motives for the purposes creating clear, parsimonious and distinct factors of TMFs internationalization.

Resulting factors supported discrete conceptualization of market seeking, efficiency seeking, strategic asset seeking and favorable business environment seeking motives that are widely used in the literature. By using resulting factors and variables that highly loaded on these factors we have tested previously developed hypothesis with respect to sample characteristics (such as age, size, host country type, entry mode, degree of equity ownership and sub-sector) via appropriate statistical methods.

Strong support for the H1c shows that older firms (30 years or above) find the push factors of home country less important for their internationalization. There is a strong support for H2j, which reveals that, compared to large firms (total sales more than 2 million \$), small firms (total sales less than or equal to 2 million \$) consider home country-related factors more pushy (especially in terms of efficiency and market related factors). There was moderate support for the host country-related hypothesis in that their development level and cultural similarity to Turkey moderately affect the TMFs location choice. Even though there is no support for the divergence of the sampled firms' entry mode with respect to motives, their preference of wholly owned subsidiary, equal or majority joint venture ownership contradicts with the previous literature on developing country firms' preference of entry mode (Yeung, 1994a).

7. 7. Empirical Assessments of the Eclectic, Uppsala and Network Theories

Considering the issues of relevance and usefulness, we have used only three theoretical perspectives (i.e., Eclectic, Uppsala and Network) in the context of Turkish manufacturing firms' (TMFs) internationalization. Central point of these

three foreign direct investment (FDI) and multinational companies (MNCs) theories is the company-specific assets (such as production, marketing and technological knowledge, managerial skills, financial resources) which make possible MNCs to grow and compete with local firms in foreign country markets: While eclectic theory (OLI) and Uppsala theory (UT) give primary importance to these assets, it becomes secondary importance in the network theory (NT) (Forsgren, 1989).

In testing the main postulations of each theory we have taken specific variables of the three theories as independent variables. We applied factor analysis to OLI, UT and NT variables and tested them with logistic regression analysis. Dependent variables in these analysis are chosen in line with past studies: Location choice of TMFs as developed country (DC) versus less developed country (LDC) (Lecraw, 1993; Eramilli et al., 1997; Makino et al., 2002); entry time (Gaba et al., 2002); entry mode (Agarwal and Ramaswami, 1992; Makino and Neupert, 2000; Pan and Tse, 2000); size as amount of capital (Sanyal and Guvenli, 2000); and degree of ownership (Delios and Beamish, 1999).

Testing the hypothesis of higher the firm-specific capabilities the more likely that TMFs will go to developed countries (DC) rather than less developed countries (LDCs), which was the subject of H1a, revealed no support. This result is in line with the findings of Eramilli et al. (1997). Investigating location choice of Korean manufacturing multinational companies (MNCs) they found no effect of ownership advantages on country selection of DC versus LDC. For the H1b, which states that high location-specific advantages of DC will attract TMFs more than LDC, there is moderate support: This is meaningful because favorable business environment seeking (FACTOR1) and strategic asset seeking (FACTOR5) Turkish manufacturing

firms (TMFs) prefer to DC; yet, newly emerged economies' and culturally similar countries' market potential (FACTOR6), which is not significant, we think prevent strong support of this hypothesis. The last OLI variable of internalization-related (I) issue for the host country selection, which is a subject of H1c, has been supported. Underneath of this support, as we discussed previously, lies the TMFs' operating in low technology industries.

Concerning the ownership (O) advantages and entry time, there is a strong support for H2a that means higher O advantaged firms enter the foreign markets earlier than the low O advantaged firms. There is a moderate support for the H2b that means entry time modestly affected from the importance of locational advantages. This result may reveal that economic crises of the late 1990s in Russia and Asia (and two economic crises in Turkey during this period) somehow negatively affected choice of investment location in emerging markets. Relating to H2c, which deals with internalization advantages and entry time, there is no support. This result can be explained by the weakness of OLI (and internalization theory) for determining the entry time. It has been argued that OLI explains well "why", "how" and "where" will multinational companies (MNCs) invest but its explanatory power is weak on determining investment time of when to invest. Pertaining to entry mode and OLI factors there is no support for H3a, H3b and H3c. Stating it differently, there is no statistically significant indication in choosing wholly owned subsidiary (WOS) over joint ventures (JV), which are at odds with findings of past studies (Brouthers et al., 1999; Pan and Tse, 2000; Agarwal and Ramaswami, 1992). Except the relationship between I advantages and investment size (H4c) which has a strong support, there is no support for O and L advantages and investment size (H4a and H4b). Further, OLI

factors are not explaining the degree of ownership either; there is no support for H5b to H5c (see Table 6. 17).

The variables that included the OLI framework and thought to be relevant for UT are not explaining the country type, entry time, entry mode and investment size. However, except the H7b, which is supported (indicating the effect of psychic closeness in establishing equity investment earlier is significant), there is no support for the hypothesis that has taken these four variables as dependent variable. When the degree of ownership share is used as a dependent variable, firms' international experience (H10a), firms' adaptability to different markets (H10b) and commitment to international activity (H10c) significantly explain this variable. That means there is support for H10a, H10b and H10c. Regarding the establishment chain of UT we have seen that only export behavior of TMF partly fit to the prediction of UT. Among the NT variables only the influence of relationships with competitors on entry time is significant. Therefore, in explaining the FDI investment of TMFs OLI, UT and NT show strength in that order.

7. 8. Contribution of the Study

This study has provided an empirical examination of the Turkish manufacturing firms' (TMFs) internationalization through FDI over the period of 1979- 2002. It has focused on capabilities, performances, degree of internationalizations, strategic pull and push motives, OLI, UT and NT factors related to TMFs. This study has made unique contribution to the literature in terms of mentioned issues by providing new data and new empirical insights. First of all, up to date there have been no studies examining the capabilities of TMF FDI firms and

the impact of parent firms' capabilities on foreign subsidiary firm performance. Secondly, there is no study investigating the developing country-based parent firms' perception of their foreign subsidiary performance with respect to initial expectations at the time of the subsidiary's establishment. Thirdly, there are few studies using both pull and push motives relating them to some firm characteristics. In exploring the motives of TMFs' FDI outflow, not only did we consider economic factors but also we used political, sociological, geographical and managerial factors. Fourthly, there are a small number of empirical studies utilizing multiple theoretical perspectives on the subject of FDI involvement of firms from developed countries generally and developing countries specifically. Lastly, using both official and the researchers' self developed data bases, this study employs relatively large sample size and examines the sampled firms thoroughly by utilizing multiple size variables (i.e., capital, sales, employees, assets), by distinguishing various and entry modes variables (that is, minority, equal, majority JVs; greenfield and acquisition WOS), and by portraying the duration of different prior internationalization experiences (import, export, marketing and distribution offices, sales subsidiary).

To be a subject of an elaborate dissertation, an issue must be important for academia and the consumers of the knowledge that are created by the academia. As we discussed, internationalization through FDI is very important for a nation' firms, industries and economy at large. Firms, for example, can develop competitive skills in foreign markets and bring these skills and knowledge to the home country, and grow more; consequently, they may become more active in globalized world markets (Czinkota, et al., 2002). Besides, globalization has also taken the meaning that when a firm does not extend its domestic activity to other territories; it is highly probable

that other firms from anywhere in the world to come and attack it at home market (Hafsi, 2002). When we make ten or twenty years projection about the position of Turkish manufacturing firms in the global arena, findings and implications of this study become crucially important. In addition, businessman and their associations, government officials, unions and general public debate considerably on “why doing production activities outside of Turkey” without relying on scientific facts. This study presents concrete facts and clear evidences on this debate.

A scientific inquiry has to bring forth original thought and/or contribute to the specified area with a valid knowledge and findings. We believe that this study, being the first empirical research attempting to identify the characteristics, capabilities, performance and motives of manufacturing FDI firms originated in Turkey operating abroad, has accomplished the endeavor of originality for the context of Turkey. Moreover, many issues that this study deals with are rarely researched in the context of developing countries. The variables are rigorously identified and tested with appropriate statistical methods. Though some hypotheses are not supported, they are also contribution to the literature along with supported hypothesis.

7. 9. Implications of the Study

This study has implications for mainly managers, policy making government officials and the academia. From managerial perspective this study shows that there are common explanations of the extent and pattern of the internationalization for FDI firms. Managers who need timely and relevant information for making their plans, strategies may benefit from the findings of this study while acting in a complex

international environment. For example, before expanding their business they can find out what their capabilities are and which capabilities are relevant in which countries. For the managers of firms that they have already established their business abroad try to find the reason(s) for diminishing performance by the passage of time and take corrective actions.

This study suggests that government policy makers should reduce utility costs, employment costs; and, they should furnish the country with economic and political stability, which are nonexistent for more than a decade. Not only are these issues important for local firms but also they are important for foreign firms contemplating to invest in Turkey. Besides taking care of the negative forces such as high inflation, high interest rates and unstable exchange rates, public policy makes should also concentrate on taking actions for diversifying and upgrading the manufacturing industry. Manufacturing sub-sector composition of sampled firms reveals that the proposition that developing country-based multinational firms operate in low technology, labor intensive, mature industries (Wells, 1983) is mostly true. In that respect, to compete in the global arena, government policy makers by taking a longer-term foresight should do the following (UNTACD, 1995, p.27):

Sectoral restructuring of the economy, from the primary sector, especially agriculture, through manufacturing to services.

Restructuring within a sector, e.g., restructuring of manufacturing industries from low productivity, labor-intensive (and typically low-technology) light industries to high-productivity (and usually high-technology) knowledge-based industries.

A shift within an industry –low-technology, low value added goods or services to higher-technology, higher-value-added ones.

In Turkey, after the liberal era of the 1920s, state played active economic developmental roles between 1930 – 1949 by establishing state owned enterprises in key economic sectors as a result of capital shortages (Öniş, 1998) like it is done in some European countries that entered relatively late into the Industrial Revolution (Lenway and Murtha, 1994). After another liberal era of 1950s, for two decades Turkey followed an import substitution policy to foster the growth of the economy. Even though economic policies of Turkey dramatically changed from the 1980 onward, privatization of the state-owned enterprises is not accomplished. “State-owned enterprises still account for one third of manufacturing value added” (Çavuşgil, et al., 2003, p.468). Partly because of this, Turkish economy suffers from inefficiency (McKinsey Global Institute, 2003). Besides, privatization is necessary for creating dynamic and outward looking firms (note that only two state owned firms made FDI which is very low compare to weight of publicly owned firms in Turkey’s economy). As mentioned, above and beyond speeding up privatization programs, Turkish government should take the facilitating and leading roles in Turkey’s economic development as most of the leading Asian countries have done (Buğra, 1994). Public policy makers and other organizations should be aware that outward investment is unavoidable in increasingly globalizing world economy. As in East and South-East Asia, especially in Japan, outward FDI of TMFs can help to restructure the manufacturing sector (UNTACD, 1995, p.27) and increase the competitive positions of the firms in that sector. By restructuring and enhancing their competitive positions, TMFs can expand their operations not only mostly to developing countries but also developed countries.

Since we are living in a new era of postindustrial stage or information age, this new era requires more connection with science, technology and innovation for reaching global competitiveness and for following global transformation. “The clue for a successful sustained competitiveness lies in the national innovation system” (TÜSİAD, 2001, p.8). Aside from increasing innovative capabilities of Turkey’s economy in general, there is a need for integration or connection of activities between universities and business organizations. For the case of business schools there is almost no links to business organizations in Turkey. Both business organizations and business schools appear to be turned their blind eye to each other’s existence. Even though TMFs’ endeavor of expanding their production functions outside of the home country started more than fifteen years ago, academicians did not researched this important phenomenon. Moreover, most of the business schools in Turkey still did not incorporated courses related to international business into their curriculum. The complexities of the economic, political, social cultural environment of international business necessitate that today’s students (whom will possibly be managers in the future) have to be equipped with essential skills, capabilities required in international arena; and, they have to be furnished with a wide knowledge of the world.

7. 10. Limitations of the Study

This study has a few limitations. First, because we collected the data on internationalization of TMFs after the FDI action was made, “it is possible that the responses were not an accurate reflection of the managerial attitude that shaped the decisions at the time the decision was made, but reflect an adjusted perception”.

However, the time span that may cause memory decay was reasonably short for most of TMFs' foreign establishments (more than half of the foreign subsidiaries' age was less than five years old; and, only 26.6 percent of the foreign subsidiaries were more than six years old). Further, since TMFs' FDI involvement is a very unusual, carefully thought, closely examined matter, it is unlikely that the issues are to be forgotten. A second limitation is that we used only perceptual measures of TMFs internationalization. Relative perception of single respondent may misrepresent the real situation. Yet, we reached the respondents that have mostly upper level management position; and, for the small and medium sized firms they were the only knowledgeable and responsible person that means their perception can be identified as the accurate perception. A third limitation is that this study mainly uses survey, which could be supplemented by case studies and econometric studies. Due to time and resource limitations we are unable to do these. Fourth, since our study focused on only surviving subsidiary firms in other countries, our evidence may contain survivor bias, which reduces the generalizability of our interpretation.

7. 11. Future Research Directions

There are a number of areas that needs further investigation. First, Teece (1981, p.4) notes that "[t]he emergence of multinational enterprise represents a response to a number of incentives. These incentives can be divided into three groups: circumventing or minimizing taxes and controls, monopoly and efficiency. Whereas all three categories yield private gain, only the latter is likely to be associated with a net gain to economic welfare". Taking this fact into account, we think that developing country-based FDI firms are neither monopoly nor are

concerned much with transfer pricing compared to developed country-based firms. Then, is developing country-based firms more beneficial than developed country-based firms for developing host countries' economy? Second, since motives are a multidimensional construct, future studies can include both home country-related factors (as we did) and the nature of the industry that may lead to the internationalization of firms, which are considered as contextual factors of FDI involvement (Dunning, 2000). Third, one can research the negative impact of FDI outflows on employment and economic growth as well as positive effect on the home country economy. Fourth, other researchers may try to explore the possible roles (especially facilitating roles like providing information and counseling) of international intermediaries such as export management companies, export trading companies and international facilitators such as private sector facilitators (distributors, banks, chambers of commerce and other business associations) and public sector facilitators (department of commerce, small business administration, Export-Import Bank, universities) for firms internationalization in general, and FDI involvement in particular. Fifth, capabilities, motives and performance of FDI firms can be studied in a comparative manner by including two or more countries' firms in the sample. In this way, a through assessment of these issues can be accomplished. Sixth, what benefits have TMFs gotten from the internationalization through FDI can be studied. Seventh, Turkish firms involving in FDI in the service sector can be studied. Eighth, the present competitive advantage of Turkey and her obstacles of creating competitive industries can be studied. Ninth, since which theory is more important can be determined by a specific research design, which is partly accomplished in this study, as a future research area we suggest designing a study for sole purpose of testing as many as theories as possible. This is the only way, we

believe, for a complete assessment of relevance, strengths and weaknesses of the extant theories. Further, it might be more appropriate to test, FDI/MNC theories with two samples: one would be the firms that have outbound investment and the other one is being the domestic firms that have no foreign equity investment. In assessing the importance and relevance of a theory, for instance OLI, the effects of ownership advantages, location related strategies and internalization advantages on the firms' internationalization could be determined and compared. In turn, strategies for constrained firms in domestic markets because of some hindrances can be suggested. Furthermore, the same processes can be undertaken in service sector firms as well as manufacturing firms in developing country context.

APPENDICES

Appendix Table I.1.

Turkey's Outward Direct Investment by Country and Year

US \$ 31.12.2002

	1995*		1996		1997		1998		1999		2000		2001		2002		TOTAL		
COUNTRY	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	NUMBER OF ENTERP.	EXPORTED CAPITAL	ÜLKE
U.S.A	29	49.710.118	3	2.441.082	1	2.777.515	3	5.178.600	8	42.139.000	7	67.421.225	4	17.563.651	2	3.140.000	57	190.371.191	A.B.D.
GERMANY	66	158.989.245	6	19.806.249	12	45.227.397	5	78.763.680	8	36.107.634	7	33.098.170	10	159.401.310	4	4.176.357	118	535.570.043	ALMANYA
ARGENTINA	0	0					0	12.000.000									0	12.000.000	ARJANTIN
ALBANIA	1	34.722									1	6.000.000	3	0	0	28.800	5	6.063.522	ARNAVUTLUK
AUSTRIA	4	2.932.425	0	14.674.788	2	88.436			2	11.054.353	1	10.953.897	0	2.098	0	733.627	9	40.439.624	AVUSTURYA
AZERBAIJAN	57	10.899.882	21	47.675.930	9	10.539.182	13	44.291.472	5	18.118.403	3	17.301.809	2	6.365.215	1	731.215	111	155.923.108	AZERBAIJAN
THE BAHAMAS	0	0					1	474.410	0	180.000							1	654.410	BAHAMA ADA
BAHRAIN	3	18.750.000					2	5.000.000	2	457.622	3	13.500.000	0	401.735			10	38.109.357	BAHREYN
BELGIUM	9	2.287.116	2	34.056.002	2	14.115.642	0	322.790	1	29.268	0	1.452.481					14	52.263.299	BELÇİKA
BELARUS	0	0									2	25.000	0	80.000			2	105.000	BEYAZ RUSYA
U.A. EMIRATES	1	0									1	137.000			2	569.200	4	706.200	BİRL. A.R.EMR.
BOSNIA AND H.	0	0	1	0	2	6.751.025	0	48.000	0	8.447.327							3	15.246.352	B. HERSEK CUMH.
BRAZIL	0	0					0	3.000.000									0	3.000.000	BREZİLYA
BULGARIA	12	230.827			4	188.370	4	10.989.022	7	10.003.906	3	19.334.006	5	2.011.015	4	3.262.820	39	46.019.965	BULGARİSTAN
IS. OF CAYMAN	0	0	1	10.000	2	60.000	1	950.000									4	1.020.000	CAYMAN ADA.
GIBRALTAR	0	0							1	0	0	1.000.000	0	1.750.000			1	2.750.000	CEBELİTARİK
CZECH REP.	3	35.375	0	85.000	1	145.000			1	0	0	27.000	1	93.333			6	385.708	CEK CUMH.
ALGERIA	0	0			1	19.980	1	0			2	1.971.533	0	1.112.733			4	3.104.246	CEZAYİR
P.R.OF CHINA	1	55.000					2	1.285.134	1	264.942					1	1.000.000	5	2.605.076	CİN
DENMARK	1	1.334.649	0	335.200	1	2.571.088					0	21.500					2	4.262.437	DANİMARKA
INDONESIA	0	0			1	1.000.000											1	1.000.000	ENDONEZYA
MOROCCO	0	0							1	10.000			1	0	2	458.002	4	468.002	FAS
FINLAND	1	0					1	0	1	21.089					0	125.000	3	146.089	FINLANDIYA
FRANCE	13	15.591.817	2	10.379.184	1	1.361.231	1	43.650	2	10.367.048	3	47.729.497	5	6.113.084			27	91.585.510	FRANSA
SOUTH AFRICA	1	750.000	0	750.000	1	0	1	7.208.918	0	1.770.000							3	10.478.918	G. AFR. CUMH.

GEORGIA	2	126.044	2	3.489.370	5	6.099.126	3	8.094.649	1	8.654.805	0	10.200.000	4	1.113.459			17	37.777.453	GÜRCİSTAN
INDIA	0	0					1	21.574									1	21.574	HİNDİSTAN
NEDHERLANDS	7	32.167.778	6	492.011.435	2	30.645.722	11	50.818.368	11	48.769.598	7	743.982.696	11	444.672.467	5	123.180.529	60	1.966.248.594	HOLLANDA
NEDH. ANTİLLS	0	0			1	0	2	550.000									3	550.000	HOLLANDA AN
HONG KONG	4	311.280					1	32.500	0	347.300							5	691.080	HONG KONG
ENGLAND	29	144.610.628	8	62.503.818	5	25.365.262	4	5.647.886	2	199.273.129	5	70.872.716	3	11.544.177	1	93.610	57	519.911.226	İNGİLTERE
İRAN	0	0			1	1.806.799	1	0	0	312.103	1	921.900	1	6.909.200			4	9.950.002	İRAN
IRELAND	2	5.000.000	2	94.000	2	500.000	3	12.314.949	6	5.042.451	2	4.079.510	0	1.799.028	1	1.667.489	18	30.497.427	İRLANDA
SPAIN	0	0					2	7.886	1	4.865	1	78.554	0	128.421	0	406.462	4	626.188	İSPANYA
İSRAEL	0	0							1	42.000					1	93.220	2	135.220	İSRAİL
SWITZERLAND	29	46.842.775	2	3.830.192	0	20.399.586	1	9.374.458	0	3.183.000					2	150.736	34	83.780.747	İSVİÇRE
ITALY	5	431.173	1	48.255					1	937.817	3	252.120	2	24.980			12	1.694.345	İTALYA
JAPAN	1	78.064															1	78.064	JAPONYA
İS. OF JERSEY	3	2.838.120	1	0			1	0	1	70.000							6	2.908.120	JERSEY ADA.
T.R.N. CYPRUS	58	23.627.131	12	9.362.636	8	1.992.649	1	533.929	10	14.010.581	4	27.683.072	3	1.395.721			96	78.605.719	K.K.T.C
CANADA	1	0					1	299.948	0	444.921	0	100.000					2	844.869	KANADA
QATAR	0	0									1	50.000					1	50.000	KATAR
KAZAKSTAN	23	18.832.082	6	11.520.520	18	8.965.665	8	49.142.704	4	45.064.486	3	10.722.957	3	22.871.480	1	520.000	66	167.639.893	KAZAKİSTAN
KYRGYSTAN	8	8.064.116	1	8.406.367	5	2.129.969	1	4.037.770	0	346.327			0	728.344			15	23.712.893	KİRGİZİSTAN
KUWAIT	0	0									2	2.980.000					2	2.980.000	KUVEYT
LIBERIA	1	1.100.000															1	1.100.000	LIBERYA
LİBYA	1	250.000															1	250.000	LIBYA
LITHUANIA	3	25.000					0	1.462.629									3	1.487.629	LİTVANYA
LUXEMBOURG	8	61.150.000	0	3.000.000	1	4.800.000	1	5.100.000	5	115.407.256	1	40.040.754	1	8.532.000	0	1.400.000	17	239.430.010	LÜKSEMBURG
HUNGARY	5	3.119.383							1	40.000.000			1	0			7	43.119.383	MACARİSTAN
MAKEDONIA	0	0	1	163.339			1	12.691	1	47.670	2	307.693					5	531.393	MAKEDONYA
MALAYSIA	1	50.000			2	279.660	0	112.500							0	39.372	3	481.532	MALEZYA
MALTA	0	0	3	5.300.000	2	12.042.509	3	2.320.038			2	8.301.500					10	27.964.047	MALTA
MEXICO	0	0									1	359.340	0	140.000			1	499.340	MEKSIKA
EGYPT	3	88.235			2	312.500	1	1.560.831	1	0	1	1.608.100	0	1.125.000			8	4.694.666	MİSİR
MOLDOVA	2	10.270	1	322.200							2	100.435					5	432.905	MOLDOVA
MONACO	0	0	1	10.200.000													1	10.200.000	MONAKO C.
NIGERIA	1	1.292.570															1	1.292.570	NİJERYA
İS. OF NİUE	0	0							1	150.000							1	150.000	NİUE
UZBEKİSTAN	17	3.122.077	25	3.599.200	5	4.660.414	3	2.107.296	1	1.169.333	2	5.623.954	0	607.879	1	497.380	54	21.387.533	OZBEKİSTAN
PAKİSTAN	2	678.786															2	678.786	PAKİSTAN
POLAND	4	214.207	0	3.000			1	1.036.518	2	482.110			1	1.540.248			8	3.276.083	POLONYA

ROMANIA	65	35.178.934	13	12.773.604	4	18.757.240	9	13.551.213	2	1.283.571	3	21.483.415	8	2.023.600	2	40.160.679	106	145.212.256	ROMANYA
RUSSIAN FED.	40	12.026.600	12	36.864.547	7	42.597.910	4	25.458.000	1	41.111.213	0	2.522.541	3	11.940.962	0	292.072	67	172.813.845	RUSYA FED.
SINGAPORE	1	35.000	1	49.000	1	75.000	0	3.000									3	162.000	SINGAPUR
SLOVAK REP.	0	0									1	332.500	1	5.353	1	1.661.000	3	1.998.853	SLOVAKYA
SYRIA	0	0					1	0	0	375.000							1	375.000	SURIYE
SAUDI ARABIA	6	4.030.093															6	4.030.093	S. ARABISTAN
THAILAND	0	0													1	1.140	1	1.140	TAYLAND
TUNUSSIA	3	1.731.008	0	100.000	0	889.407	1	1.074.140	0	762.090							4	4.556.645	TUNUS
TURKMENISTAN	10	16.666.776	5	1.562.503	2	641.166	2	7.819.428	1	3.469.332	3	7.286.054	0	1.836.172			23	39.281.430	TÜRKMENISTA
UCRAINA	12	639.664	1	32.005	6	417.391	4	2.967.977	1	833.948	4	1.955.300	2	126.330	1	1.127.144	31	8.099.759	UKRAYNA
JORDAN					1	0					1	17.236.394	0	900.000	0	774.798	2	18.911.192	URDÜN
VIRGIN ISLANDS							2	43.850.000			2	767.500	1	64.505.000			5	109.122.500	VIRGIN ADALA
GREECE									0	185.750			2	52.233	1	181.295	3	419.278	YUNANISTAN
TOTAL	559	685.938.970	140	795.449.426	120	268.222.840	109	418.868.558	95	670.751.248	87	1.199.822.123	78	779.416.228	34	186.471.947	1.222	5.004.941.340	TOPLAM

*31.12.1995 tarihi itibarıyla kümülatif toplam/ Cumulative by 12,31,1995

Source: General Directory of Banking and Foreign Exchange of the Undersecretariat of Treasury (Hazine Müsteşarlığı Banka ve Kambiyo Genel Müdürlüğü)

Appendix Table I.2.
A Comparison of GDBFE of Undersecretariat of Treasury and Foreign Economic Relations Board (FERB) Figures on Number of Outgoing Firms and Their Amount of Investment (End 2002)

Country Name	Number of firms (in GDBFE record)	Number of firms (in FERB record)	Investment (\$) (in GDBFE record)	Investment (\$) (in FERB record)
Azerbaijan	111	808	155.000.000	1.500.000.000
Belarus	2	40	105.000	20.000.000
Georgia	17	100	37.777.453	125.000.000
Kazakhstan	66	129	167.639.893	1.300.000.000
Kyrgyzstan	15	n/a**	23.712.893	350.000.000
Moldova	5	n/a	432.905	42.000.000
Russian Fed.	67	190	172.813.845	800.000.000
Tajikistan	n/a	n/a	n/a	30.000.000
Turkmenistan	23	400	39.281.430	1.000.000.000
Uzbekistan	54	125	21.387.533	750.000.000
Ukraine	31	n/a	8.099.759	100.000.000
Total	391	1792	626.250.711	6.017.000.000

*Source: Table compiled by author utilizing the General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury and Foreign Economic Relations Board (FERB) data.

**n/a: Not available

Appendix Table I. 3.

Turkey's FDI Outflow by Sector, Investors, Capital (1979 – 2002)*

Sector	Number of Outgoing Firms	Number of Investing People	Total Number	Total Number of Established Firms in Foreign Countries	Total Capital Transferred in \$
Banking	70	76	146	110	1.433.609.777
Manufacturing	172	68**	240	212	1.402.562.208
Other Financial Services	90	27	117	112	1.081.064.841
Commerce	345	315	660	473	709.964.812,3
Telecommunication	11	0	11	21	142.709.797,4
Energy	7	0	7	12	98.906.206,84
Tourism	34	24	58	39	85.462.302,31
Construction	37	4	41	46	70.156.305,75
Mining	8	4	12	10	40.623.665
Other	9	3	12	10	25.178.758
Transportation	18	5	23	21	6.260.229,14
Insurance	13	2	15	15	2.538.213,9
Total	814	528	1342	1081	5.099.037.117

*Source: Table compiled by author utilizing the General Directory of Banking and Foreign Exchange (GDBFE) of the Undersecretariat of Treasury, Unpublished Records.

**Meaning of the number of investing people for manufacturing sectors:

Three people invest individually; investments of 16 people is done in conjunction with holding type of institution; and 50 people whom their investment shares are very low make investment together with a firm. In the end we have as an institutional investors of 172 firms.

Appendix Table I.4.
Turkey's Outward Direct Investment by Country And Sector
US \$ 31.12.2002

COUNTRY	BANKING	OTHERS	OTH. FINC. SER.	ENERGY	PRODUC-TION	CONSTRUCTION	MINING	INSURANCE	TELECOM.	TRADE	TOURIZM	TRANSPORT.	TOTAL	ÜLKE
U.S.A	78.407.829	1.548.000			55.700.000	4.950.000			1.500.000	46.830.362	935.000	500.000	190.371.191	A.B.D.
GERMANY	438.130.043	73.821			40.035.546	21.510.142		908.700		18.782.639	15.904.037	225.114	535.570.043	ALMANYA
ARGENTINA					12.000.000								12.000.000	ARJANTIN
ALBANIA	6.000.000					34.722	28.800						6.063.522	ARNAVUTLUK
AUSTRIA	35.103.592				2.996.861					2.302.359	36.812		40.439.624	AVUSTURYA
AZERBAIJAN	1.960.388			4.147.780	28.634.795	6.000	88.652.246	431.930	23.199.687	8.890.282			155.923.108	AZERBAYCAN
THE BAHAMAS					654.410								654.410	BAHAMA ADA.
BAHRAIN	37.359.357		750.000										38.109.357	BAHREYN
BELGIUM					3.528.331					46.906.403	1.670.000	158.565	52.263.299	BELÇİKA
BELARUS					40.000					65.000			105.000	BEYAZ RUSYA
U.A. EMIRATES										706.200			706.200	BİRL. AR.EMR.
BOSNIA AND H.	15.060.230				48.000	138.122							15.246.352	B. HERSEK C.
BRAZIL					3.000.000								3.000.000	BREZİLYA
BULGARIA	21.167.176		120.000	157.900	6.799.138	68.000				17.477.705	225.200	4.846	46.019.965	BULGARISTAN
IS. OF CAYMAN			1.010.000							10.000			1.020.000	CAYMAN ADA.
GIBRALTAR				2.750.000									2.750.000	CEBELİTARİK
CZECH REP.										128.708	257.000		385.708	CEK CUMH.
ALGERIA				3.010.266	60.000					14.000		19.980	3.104.246	CEZAYİR
P.R.OF CHINA					905.076					1.700.000			2.605.076	CİN
DENMARK					4.113.039					149.398			4.262.437	DANİMARKA
INDONESIA					1.000.000								1.000.000	ENDONEZYA

MOROCCO					50.000			10.000	408.002			468.002	FAS
FINLAND									146.089			146.089	FINLANDIYA
FRANCE	15.670.351			199.017				56.676.838	14.450.302	3.755.002	834.000	91.585.510	FRANSA
SOUTH AFRICA						3.000.000			7.478.918			10.478.918	G. AFR. CUMH.
GEORGIA	3.760.000			16.649.363	600.000			16.762.131	5.959			37.777.453	GÜRCİSTAN
INDIA			21.574									21.574	HINDİSTAN
NEDHERLANDS	299.890.217		845.639.294	734.899.260					80.279.546	5.540.277		1.966.248.594	HOLLANDA
NEDH. ANTİLLS								300.000		250.000		550.000	HOLLANDA A.
HONG KONG									691.080			691.080	HONG KONG
ENGLAND	111.575.270	22.142.064	7.200.000	206.367.837					169.570.567	3.011.988	43.500	519.911.226	İNGİLTERE
İRAN				9.950.002								9.950.002	İRAN
İRELAND	50.000		26.050.262	2.954.465	1.398.700				44.000			30.497.427	İRLANDA
SPAIN				316.616					309.572			626.188	İSPANYA
ISRAEL									135.220			135.220	İSRAIL
SWITZERLAND	51.966.452	57.118	9.333.333	16.085	13.116.384		28.613		9.221.638		41.125	83.780.747	İSVİÇRE
ITALY				539.776		8.800			1.034.633		111.136	1.694.345	İTALYA
JAPAN										78.064		78.064	JAPONYA
İS. OF JERSEY			1.000.000						1.908.120			2.908.120	JERSEY ADA.
T.R.N. CYPRUS	66.829.642		2.277.253	884.275	30.000		1.091.971	2.031.372	523.982	4.911.346	25.878	78.605.719	K.K.T.C
CANADA		844.869										844.869	KANADA
QATAR					50.000							50.000	KATAR
KAZAKSTAN	34.202.874		555.000	37.968.939	1.673.085	22.469.950		12.882.630	16.116.752	38.770.663	3.000.000	167.639.893	KAZAKİSTAN
KYRGYSTAN	1.800.000			16.593.766					5.319.127			23.712.893	KİRGİZİSTAN
KUWAIT									2.980.000			2.980.000	KUVEYT
LIBERIA											1.100.000	1.100.000	LIBERYA
LİBYA					250.000							250.000	LIBYA
LITHUANIA				1.462.629					25.000			1.487.629	LİTVANYA
LUXEMBOURG	89.500.000		17.271.754		11.746.000				120.912.256			239.430.010	LÜKSEMBURG
HUNGARY	2.601.297			40.513.184					4.902			43.119.383	MACARİSTAN
MAKEDONIA	12.691			471.032	47.670							531.393	MAKEDONYA
MALAYSIA				350.160					131.372			481.532	MALEZYA
MALTA	300.001		11.145.037						16.519.009			27.964.047	MALTA
MEXICO									499.340			499.340	MEKSİKA
EGYPT				3.981.431					713.235			4.694.666	MİSİR

MOLDOVA					322.200				100.000	10.270		435	432.905	MOLDOVA
MONACO									10.200.000				10.200.000	MONAKO C.
NIGERIA					1.292.570								1.292.570	NIJERYA
IS. OF NIUE										150.000			150.000	NIUE
UZBEKISTAN	3.563.672				10.717.308					7.051.653	50.000	4.900	21.387.533	OZBEKISTAN
PAKISTAN		443.786			235.000								678.786	PAKISTAN
POLAND					3.100.322	1.000				174.761			3.276.083	POLONYA
ROMANIA	37.405.423	10.000	2.112.501		66.741.141	2.876.028	12.549.600	77.000		16.323.382	7.112.181	5.000	145.212.256	ROMANYA
RUSSIAN FED.	78.521.368				47.085.076	7.530.360				39.579.103	97.938		172.813.845	RUSYA FED.
SINGAPORE					35.000					78.000	49.000		162.000	SINGAPUR
SLOVAK REP.					5.353					1.993.500			1.998.853	SLOVAKYA
SYRIA										375.000			375.000	SURIYE
SAUDI ARABIA						4.030.093							4.030.093	S. ARABISTAN
THAILAND										1.140			1.140	TAYLAND
TUNUSSIA					4.316.645					240.000			4.556.645	TUNUS
TURKMENISTAN	2.771.904				32.705.329		500.000			500.403	2.803.794		39.281.430	TÜRKMENIST.
UCRAINA		59.100		2.254.530	2.373.231	50.000				3.362.898			8.099.759	UKRAYNA
JORDAN									18.911.192				18.911.192	URDÜN
VIRGIN ISLANDS			64.447.500							44.675.000			109.122.500	VIRGIN ADA.
GREECE										229.527	4.001	185.750	419.278	YUNANISTAN
TOTAL	1.433.609.777	25.178.758	988.933.508	12.320.476	1.402.562.208	70.156.306	127.209.396	2.538.214	142.573.849	708.136.316	85.462.302	6.260.229	5.004.941.340	TOPLAM

Source: General Directory of Banking and Foreign Exchange of the Undersecretariat of Treasury (Hazine Müsteşarlığı Banka ve Kambiyo Genel Müdürlüğü)

Appendix Table III.1.

Response Situation of The Firms From General Directory of Undersecretariat of Treasury Database

INVESTOR NAME	COUNTRY	STATUS
HS ELEKTRONIK HABERLESME ISI SAN VE TIC A.S.	U.S.A	DID NOT START TO OPERATE
İLİNGİROĞLU KONF. SAN. TIC. A.S.	GERMANY	DID NOT START TO OPERATE
TEKS KONFEKSİYON SAN. TIC. A.S.	GERMANY	DID NOT START TO OPERATE
ORMA TEKSTİL TIC. VE SAN. A.S.	GERMANY	DID NOT START TO OPERATE
ANGER GİYİM SAN TIC. A.S.	GERMANY	DID NOT START TO OPERATE
ÜRCAN KONFEKSİYON SAN TIC. A.S	GERMANY	DID NOT START TO OPERATE
EDAT SİLAHTAROĞLU	GERMANY	DID NOT START TO OPERATE
RGON TEKSTİL SAN. TIC. A.S.	GERMANY	DID NOT START TO OPERATE
LATAS TEKSTİL SAN. TIC. A.S.	GERMANY	DID NOT START TO OPERATE
LPAS ALTINOKLULAR TIC. VE PAZ. A.S	GERMANY	DID NOT START TO OPERATE
SLAN TEKİN ÖNEL	GERMANY	OPERATION TERMINATED
MURSUN ALI KARALI	RUSSIAN FED.	OPERATION TERMINATED
AKS DİS TİCARET A.S.	GERMANY	OPERATION TERMINATED
AKS HOLDING A.S.	GERMANY	OPERATION TERMINATED
ORLU HOLDING A.S.	GERMANY	OPERATION TERMINATED
ASAN YASSI METAL SANAYİ TIC. A.S.	AUSTRIA	OPERATION TERMINATED
NADOLU ISUZU OTOMOTİV SAN. VE TIC. A.S	AZERBAIJAN	OPERATION TERMINATED
DOĞU KRİSTAL AVİZE SAN TIC. LTD. STİ.	AZERBAIJAN	OPERATION TERMINATED
MEKSAN MAKİNA SAN. VE TIC. A.S.	AZERBAIJAN	OPERATION TERMINATED
ÖZ SERCAN METAL TIC. VE SAN. LTD. STİ.	AZERBAIJAN	OPERATION TERMINATED
ÖZGÜN DİKİS MAKİNALARI SAN VE TIC. A.S.	AZERBAIJAN	OPERATION TERMINATED
SİMTEL TİCARET VE SANAYİ A.S.	AZERBAIJAN	OPERATION TERMINATED
TÜRKİYE DİYANET VAKFI GENL MERKEZİ	AZERBAIJAN	OPERATION TERMINATED
GÜMÜSSUYU HALI SANAYİ VE TİCARET A.S.	BELGIUM	OPERATION TERMINATED
POLİSAN KİMYA SANAYİ A.S.	BELGIUM	OPERATION TERMINATED
HAYDAR DOĞAN	BULGARIA	OPERATION TERMINATED
KULA ELEKTRONİK SAN VE TIC. LTD. STİ.	BULGARIA	OPERATION TERMINATED
TURTEKS DİS TIC. TEKSTİL TURİZM SAN. VE TIC.LTD.ST	BULGARIA	OPERATION TERMINATED
KENT GIDA MAD. SAN. VE TIC. A.S.	CHINA	OPERATION TERMINATED
TARANCILAR DERİ SAN VE TIC. A.S.	CHINA	OPERATION TERMINATED
BOYLU ENDÜSTRİYEL MINERALLER ÜRT. VE DİS TIC.A.S.	FRANCE	OPERATION TERMINATED
ÖZKAHRAMAN ULUSLARARASI TASIMACILIK İNS. TAAH. TUR	GEORGIA	OPERATION TERMINATED
BAYKAL MAKİNA VE TIC. A.S.	NETHERLAND	OPERATION TERMINATED
MEHMET RÜŞTÜ BAŞARAN	ENGLAND	OPERATION TERMINATED
SİSTAS SİBOP VE ELEKTRO TEKNİK MALZEME SAN. VE TIC	İRAN	OPERATION TERMINATED
ERKSAN HOLDİNG	KAZAKSTAN	OPERATION TERMINATED
İHS HACILAR ELEKTRİK SAN VE TIC A.S.	KAZAKSTAN	OPERATION TERMINATED
TOKULLAR DERİ MAMULLERİ. SAN.	KAZAKSTAN	OPERATION TERMINATED
EKOL AKÜMÜLATÖR SAN. TIC. LTD. STİ	KYRGYSTAN	OPERATION TERMINATED
ORSAN ORMAN ÜRÜNLERİ MOBİLYA VE DEKORASYON SAN A.S	KYRGYSTAN	OPERATION TERMINATED
PROCTER AND GAMBLE TÜKETİM MALLARI SAN.A.S.	HUNGARY	OPERATION TERMINATED
ZAHİT BÜYÜKBAYRAK	HUNGARY	OPERATION TERMINATED
ELSANTI ULUSLARARASI ELKTRONİK SAN VE TIC. A.S.	UZBEKİSTAN	OPERATION TERMINATED
GENEL İNSAAT LTD. STİ.	UZBEKİSTAN	OPERATION TERMINATED
KUMKAYA GIDA SAN. VE TIC. LTD. STİ.	UZBEKİSTAN	OPERATION TERMINATED
REZZAK DURMAZ	UZBEKİSTAN	OPERATION TERMINATED
TERRA KİMYA SAN. VE DİS TIC. LTD. STİ.	UZBEKİSTAN	OPERATION TERMINATED
BAYINDIR HOLDİNG A.S.	ROMANIA	OPERATION TERMINATED
MUSTAFA CAN	ROMANIA	OPERATION TERMINATED

50	ÖZEKSİM DIS TİCARET VE SİN. YAT.A.S.	ROMANIA	OPERATION TERMINATED
51	PANAROMA TUR.TES.ISL.ADI ORT.-AHMET GÜNDOĞAN-TURGU	ROMANIA	OPERATION TERMINATED
52	SAYGILI TİCARET	ROMANIA	OPERATION TERMINATED
53	VESTEL ELEKTRONİK SAN. TİC. A.S.	ROMANIA	OPERATION TERMINATED
54	ENDEM CEPHE SİSTEMLERİ	RUSSIAN FED.	OPERATION TERMINATED
55	ÇAKIROĞLU İNŞAAT İTH. İHR. VE DAHİLİ TİC. LTD. STİ	RUSSIAN FED.	OPERATION TERMINATED
56	ZİRVE TURİZM İTH.İHR. SAN. VE TİC. LTD.STİ	RUSSIAN FED.	OPERATION TERMINATED
57	ARDEM PİSİRİCİ VE İSİTİCİ CİHAZLAR SAN.A.S.	TUNUSSIA	OPERATION TERMINATED
58	ESEN ESKİŞEHİR MAKİNA SAN VE TİC. A.S.	TUNUSSIA	OPERATION TERMINATED
59	TÜRK ELEKTRİK ENDÜSTRİSİ A.S.	TUNUSSIA	OPERATION TERMINATED
60	SERDAR AYDINTUĞ	GERMANY	HIS FIRM PARTICIPATED
61	AHMET FİKRET EVYAP	EGYPT	HIS FIRM PARTICIPATED
62	MEHMET FETHİ EVYAP	EGYPT	HIS FIRM PARTICIPATED
63	İBRAHİM MİRMAHMUTOGULLARI	GERMANY	REFUSED TO PARTICIPATE
64	SENOL YEGIN	GERMANY	REFUSED TO PARTICIPATE
65	SUNJUT SUNİ JUT SAN. VE TİC. A.S.	GERMANY	REFUSED TO PARTICIPATE
66	TADGÜL GIDA SAN. VE TİC. A.S.	AZERBAIJAN	REFUSED TO PARTICIPATE
67	ATILA UTKUCAN	BELARUS	REFUSED TO PARTICIPATE
68	AKMAYA SANAYİ VE TİCARET A.S.	B. HERZEGOVINA	REFUSED TO PARTICIPATE
69	KÖYTÜR ENTEGRE TAVUKCULUK SAN. VE TİC. LTD	BULGARIA	REFUSED TO PARTICIPATE
70	KÖYTÜR HOLDİNG A.S.	DENMARK	REFUSED TO PARTICIPATE
71	ALİPSAN KAGİT MAKİNALARI SAN. VE TİC. A.S.	FRANCE	REFUSED TO PARTICIPATE
72	KALEKALIP MAK. VE KALIP SAN. A.S.	NETHERLAND	REFUSED TO PARTICIPATE
73	TARBES TARIM ÜRÜNLERİ VE BESİCİLİK SAN VE TİC A.S.	NETHERLAND	REFUSED TO PARTICIPATE
74	DİZAYN TEKNİK PLASTİK BORU ELEMANLARI SAN. VE TİC	İRAN	REFUSED TO PARTICIPATE
75	DURAK TEKSTİL SANAYİ VE TİC. A.S.	ITALY	REFUSED TO PARTICIPATE
76	LAYNE BOWLER DIK TÜRBİN POMPALARI SAN. VE TİC. A.S	CYPRUS	REFUSED TO PARTICIPATE
77	TAMEK HOLDİNG A.S.	CYPRUS	REFUSED TO PARTICIPATE
78	ALTINAY MADENCİLİK İNS. GIDA MAK. SAN. TİC. A.S.	KAZAKSTAN	REFUSED TO PARTICIPATE
79	PRINT HOUSE BASIM YAYIN DIS TİC. A.S.	KAZAKSTAN	REFUSED TO PARTICIPATE
80	ASLANLI ULUSLARARASI TEKS.VE TAR.ÜRN. DIS TİC.AS	MACEDONIA	REFUSED TO PARTICIPATE
81	SİM ULUSLARARASI İNŞAAT MADENCİLİK SAN. VE Dİ. A.S	MACEDONIA	REFUSED TO PARTICIPATE
82	BAYCAN ÇIKLET VE GIDA SAN A.S.	UZBEKİSTAN	REFUSED TO PARTICIPATE
83	TÜRKİYE SELÜLOZ VE KAGİT FABRİKALARI GENEL MÜD.	PAKİSTAN	REFUSED TO PARTICIPATE
84	FAHRETTİN KILIÇ	ROMANIA	REFUSED TO PARTICIPATE
85	GLOBAL SANAYİ URUNLERİ İÇ VE DIS TİC. LTD.STİ.	ROMANIA	REFUSED TO PARTICIPATE
86	PAK GIDA ÜRETİM VE PAZ A.S.	ROMANIA	REFUSED TO PARTICIPATE
87	PAK HOLDİNG A.S.	ROMANIA	REFUSED TO PARTICIPATE
88	PİNAT GIDA SAN VE TİC A.S.	ROMANIA	REFUSED TO PARTICIPATE
89	DORMA TEKSTİL SAN. VE TİC. LTD. STİ	RUSSIAN FED.	REFUSED TO PARTICIPATE
90	İBG PAKPLASTİK YAPI ELEMANLARI SAN. VE TİC.	RUSSIAN FED.	REFUSED TO PARTICIPATE
91	GAP İPLİK SAN VE TİC. A.S.	TURKMENİSTAN	REFUSED TO PARTICIPATE
92	ANADOLU ENDÜSTRİ HOLDİNG A.S.	GERMANY	SERVICE SECTOR FIRM
93	ÇELİK CORAP SAN. VE TİC. A.S.	GERMANY	SERVICE SECTOR FIRM
94	TEOMAN BAYGAN	GERMANY	SERVICE SECTOR FIRM
95	AVRASYA TEKNOLOJİ MÜH VE İNS A.S.	AZERBAIJAN	SERVICE SECTOR FIRM
96	USKON UZAY SİSTEM KONSTRUKSİYONLARI SAN. VE TİC.	FRANCE	SERVICE SECTOR FIRM
97	ÇELİK MOTOR TİC. A.S.	GEORGIA	SERVICE SECTOR FIRM
98	RAM DIS TİC A.S.	NETHERLAND	SERVICE SECTOR FIRM
99	ÇOLAKOĞLU DIS TİC. A.S.	ENGLAND	SERVICE SECTOR FIRM
100	ÇOLAKOĞLU METALÜRJİ A.S.	ENGLAND	SERVICE SECTOR FIRM
101	HALİS TOPRAK	ENGLAND	SERVICE SECTOR FIRM
102	HASAN YALINKAYA	ENGLAND	SERVICE SECTOR FIRM

103	M. SEDAT YALINKAYA	ENGLAND	SERVICE SECTOR FIRM
104	OVA ELEKTRİK A.S.	ENGLAND	SERVICE SECTOR FIRM
105	IDİL İNŞAAT VE TİC. A.S.	HUNGARY	SERVICE SECTOR FIRM
106	BEREKETLİ DEĞİRMENCİLİK SAN VE TİC. KOLL. STİ.	NIJER	SERVICE SECTOR FIRM
107	NAFİZ ZORLU	ROMANIA	SERVICE SECTOR FIRM
108	ECZACIBASI İLAÇ SAN. VE TİC. A.S.	RUSSIAN FED.	SERVICE SECTOR FIRM
109	EKİNCİLER DİŞ TİC. A.S.	UKRAINE	SERVICE SECTOR FIRM
110	KORDSA KORD BEZİ SAN. VE TİC. A.S.	U.S.A	PARTICIPATED
111	DOĞAN YAYIN HOLDİNG A.S.	GERMANY	PARTICIPATED
112	HÜRRİYET GAZETECİLİK VE MATBAACILIK A.S.	GERMANY	PARTICIPATED
113	PASABAHÇE CAM SANAYİ VE TİC. A.S.	GERMANY	PARTICIPATED
114	TİRSAN TREYLER SAN. TİC. VE NAK. A.S.	GERMANY	PARTICIPATED
115	NUH ÇİMENTO A.S.	AUSTRIA	PARTICIPATED
116	FATOĞLU SAN VE TİC A.S.	AZERBAIJAN	PARTICIPATED
117	NETAS NORTHERN ELEKTRİK TELEKOMÜNİKASYON A.S.	AZERBAIJAN	PARTICIPATED
118	SOYTAS ELEKTRİKLİ EV ALETLERİ SAN. VE TİC. LTD. ST	AZERBAIJAN	PARTICIPATED
119	HAYAT HOLDİNG A.S.	THE BAHAMAS	PARTICIPATED
120	ÜMRAN ÇELİK BORU SAN. A.S.	BELGIUM	PARTICIPATED
121	İSİKLAR AMBALAJ SAN. A.S.	BULGARIA	PARTICIPATED
122	LOW PROFILE İSTANBUL TEKSTİL SAN. VE DİŞ. TİC. A.S	BULGARIA	PARTICIPATED
123	M. ZEKİ SARİBEKİR	BULGARIA	PARTICIPATED
124	SODA SANAYİ A.S.	BULGARIA	PARTICIPATED
125	RANA DEMİR ÇELİK SAN. TİC. LTD. STİ.	ALGERIA	PARTICIPATED
126	TÜRKİYE SİSE VE CAM FABRİKALARI A.S.	GEORGIA	PARTICIPATED
127	ANADOLU CAM SANAYİ A.S.	NETHERLAND	PARTICIPATED
128	HACI ÖMER SABANCI HOLDİNG	NETHERLAND	PARTICIPATED
129	KOMBASSAN İNŞAAT VE TARIM İŞLETMELERİ A.S.	NETHERLAND	PARTICIPATED
130	UNSA AMBALAJ SAN. VE TİC. A.S.	NETHERLAND	PARTICIPATED
131	KALPEKS KALYON PAZ. VE DİŞ TİC. A.S.	İRAN	PARTICIPATED
132	ECZACIBASI HOLDİNG A.S.	IRELAND	PARTICIPATED
133	ECZACIBASI KARO SERAMİK SAN A.S.	IRELAND	PARTICIPATED
134	AKBULUT DEMİR İMALAT MONTAJ İŞLETME TİC. LTD. STİ.	KAZAKSTAN	PARTICIPATED
135	EFES SİNAYİ YATIRIM VE TİCARET A.S.	KAZAKSTAN	PARTICIPATED
136	KOMBASSAN KONYA MATBAA BASIM AMB. SAN. VE TİC.A.S.	KAZAKSTAN	PARTICIPATED
137	SEMBOL AMBALAJ SANAYİ A.S.	KAZAKSTAN	PARTICIPATED
138	TEKEL GENEL MÜDÜRLÜĞÜ	KAZAKSTAN	PARTICIPATED
139	HESFİBEL FİBER OPTİK VE ELEKTRONİK SAN VE TİC A.S.	MALEZİA	PARTICIPATED
140	CAMİS MADENCİLİK A.S.	EGYPT	PARTICIPATED
141	EVYAP HOLDİNG A.S.	EGYPT	PARTICIPATED
142	KORDSA SABANCI DUPONT END. İPLİK VE KORD BEZİ S. T	EGYPT	PARTICIPATED
143	DUT ULUSLARARASI TİCARET A.S.	UZBEKİSTAN	PARTICIPATED
144	TEKFEN İNŞAAT VE TESİSAT A.S.	UZBEKİSTAN	PARTICIPATED
145	YAZEKS İÇ VE DİŞ TİCARET A.S.	UZBEKİSTAN	PARTICIPATED
146	ARÇELİK A.S	POLAND	PARTICIPATED
147	PROFİLO TELRA ELEKTRONİK SAN VE TİC. A.S.	POLAND	PARTICIPATED
148	AKAL TEKSTİL SAN. A.S.	ROMANIA	PARTICIPATED
149	ALİ KIYGİN	ROMANIA	PARTICIPATED
150	EGE PLASTİK TİC VE SAN A.S.	ROMANIA	PARTICIPATED
151	KASTAMONU ENTEGRE AĞAC SAN VE TİC A.S.	ROMANIA	PARTICIPATED
152	AYTIM AYAKKABI SAN. VE TİC. LTD.	RUSSIAN FED.	PARTICIPATED
153	BASER DİŞ TİC. A.S.	RUSSIAN FED.	PARTICIPATED
154	DOSTLAR İNŞAAT TURİZM VE TİC A.S.	RUSSIAN FED.	PARTICIPATED
155	ÖZKÖSEOĞLU İSİ SAN TİC. A.S.	RUSSIAN FED.	PARTICIPATED

156	YILMAZ ÖNEY İNŞAAT TAAH. İHR. İTH.	RUSSIAN FED.	PARTICIPATED
157	ZORLU POLİMER SENTETİK İPLİK SAN. VE TİC. A.Ş.	RUSSIAN FED.	PARTICIPATED
158	ÇAMLICA İNŞAAT VE TİC. A.Ş.	SINGAPORE	PARTICIPATED
159	ASD AYAKKABI SANAYİ VE DİŞ TİCARET A.Ş.	SLOVAK REP.	PARTICIPATED
160	ÇALIK HOLDİNG	TURKMENİSTAN	PARTICIPATED
161	ERHAS DİŞ TİC LTD STİ	TURKMENİSTAN	PARTICIPATED
162	KIZILKANAT İNŞAAT SAN VE TİC A.Ş.	TURKMENİSTAN	PARTICIPATED
163	BETA TEMİZLİK MADDELERİ SAN. VE TİC. A.Ş.	UKRAINE	PARTICIPATED
164	EVYAP SABUN YAĞ GLİSERİN SAN. VE TİC. A.Ş.	UKRAINE	PARTICIPATED
165	AK SİNAİ ÜRÜNLERİ PAZ. SAN TİC. LTD. STİ.	AZERBAIJAN	CAN NOT BE REACHED
166	ÇETAS ORMAN ÜRÜNLERİ SAN. VE TİC. A.Ş.	AZERBAIJAN	CAN NOT BE REACHED
167	HALİT ÖZÜTKÜ (NOT'A BAK)	AZERBAIJAN	CAN NOT BE REACHED
168	MERKEZ KİMYEVİ MAD. SAN VE TİC. LTD. STİ.	AZERBAIJAN	CAN NOT BE REACHED
169	MEVA DİŞ TİC A.Ş.	AZERBAIJAN	CAN NOT BE REACHED
170	SEDA- SARACIYE TİC. VE SAN. A.Ş.	BULGARIA	CAN NOT BE REACHED
171	ALİ UĞUR	FRANCE	CAN NOT BE REACHED
172	UĞUR UĞUR	FRANCE	CAN NOT BE REACHED
173	MUHAMMET DEMİR	GEORGIA	CAN NOT BE REACHED
174	SÜLEYMAN GÜRER	CYPRUS	CAN NOT BE REACHED
175	ARDİŞ TİP MLZ. SAN VE TİC. A.Ş.	KAZAKSTAN	CAN NOT BE REACHED
176	İĞİT ULUSLARARASI NAK.TUR.MAK.SAN. VE DİŞ TİC. AŞ	KAZAKSTAN	CAN NOT BE REACHED
177	KALASYA PLASTİK SAN. VE TİC. A.Ş.	KAZAKSTAN	CAN NOT BE REACHED
178	MUSTAFA SENYAMAN	KAZAKSTAN	CAN NOT BE REACHED
179	SİTKİ AYAN	KAZAKSTAN	CAN NOT BE REACHED
180	BASEKS İTHALAT İHRACAT VE TİC. LTD. STİ.	KYRGYSTAN	CAN NOT BE REACHED
181	PROFİLO SAN. VE TİC. A.Ş.	LITHUANIA	CAN NOT BE REACHED
182	DUHAN İTHALAT İHRACAT SAN VE TİC. LTD. STİ.	HUNGARY	CAN NOT BE REACHED
183	MEHMET SİSMAN	MOLDOVA	CAN NOT BE REACHED
184	AHMET BEKTAS	UZBEKİSTAN	CAN NOT BE REACHED
185	DURSUN EFE	UZBEKİSTAN	CAN NOT BE REACHED
186	OGUZ TABAG	UZBEKİSTAN	CAN NOT BE REACHED
187	ÖGÜT GIDA SAN VE TİC. A.Ş.	UZBEKİSTAN	CAN NOT BE REACHED
188	ÖZMAK MUHENDİSLİK VE MAKİNA SAN. VE TİC. A.Ş.	UZBEKİSTAN	CAN NOT BE REACHED
189	AHMET KALYONCU	ROMANIA	CAN NOT BE REACHED
190	ALİ NURHAN	ROMANIA	CAN NOT BE REACHED
191	ARGON MAKİNA TES. SAN. VE TİC. LTD. STİ.	ROMANIA	CAN NOT BE REACHED
192	CEVDET TATAROĞLU	ROMANIA	CAN NOT BE REACHED
193	KEMAL ZORLU	ROMANIA	CAN NOT BE REACHED
194	KRAL TİCARET	ROMANIA	CAN NOT BE REACHED
195	MEHMET E.K. KÖSEOĞLU-METEKŞ CAMASİR SANAYİİ	ROMANIA	CAN NOT BE REACHED
196	ÖMER FARUK KALYONCU	ROMANIA	CAN NOT BE REACHED
197	ÖMER FARUK OKAY	ROMANIA	CAN NOT BE REACHED
198	PEYAMİ SAFA SAFİ	ROMANIA	CAN NOT BE REACHED
199	RASİT BENDEZ	ROMANIA	CAN NOT BE REACHED
200	YENİ KAPADOKYA GIDA SAN İÇ VE DİŞ TİC. PAZ A.Ş.	ROMANIA	CAN NOT BE REACHED
201	SADİ ALTIN	RUSSIAN FED.	CAN NOT BE REACHED
202	TRAK DİŞ TİC. EXPORT İMP.-LEVENT ÖZARSLAN	RUSSIAN FED.	CAN NOT BE REACHED
203	GÜDERSAN DERİ SAN VE TİC LTD STİ	TURKMENİSTAN	CAN NOT BE REACHED
204	AHMET DALGIÇ A.Ş.	UKRAINE	CAN NOT BE REACHED
205	CEM İLDİROĞLU	UKRAINE	CAN NOT BE REACHED
206	DİLAN KONFEKSİYON SAN VE DİŞ TİC.	UKRAINE	CAN NOT BE REACHED
207	SENTEZ ÜRÜNLERİ SAN. ÜRN. ARAS. GEL. İHR. İTH. LTD	UKRAINE	CAN NOT BE REACHED
208	TÜ-YA BURSA ULUSLARARASI TEKSTİL SAN VE TİC. A.Ş.	UKRAINE	CAN NOT BE REACHED

Appendix Table III.2.
Officially Contacted Commercial Consul in All Foreign Countries

	COMMERCIAL CONSUL	PHONE NUMBER	FAX NUMBER	E-MAIL	CONTACT RESULT
1	ALMATI / REPUBLIC OF KAZAKHSTAN	0073272/93 00 22	93 00 26	dtalm@nursat.kz	Responded with firm information
2	AMMAN/JORDAN	00 962-6/ 46508 15 4641251,52	464 25 07	dtamm@go.com.jo	Did not respond
3	ASHGABAT / REPUBLIC OF TURKMENISTAN	00 993- 12/35 01 33	39 23 29	dtasg@online.tm	Responded with firm information
4	ATHENS / GREECE	00 30-210 /722 21 96	724 29 48	dtati@otenet.gr	Responded without firm information
5	BAGHDAT/IRAQ	00 96 41/ 718 65 70 719 44 19	718 02 05		Can not be reached
6	BAKU/ AZERBAIJAN	00 99- 412 /98 00 66	98 00 66	dtbak@azeronline.com	Responded with firm information
7	BERLIN/ DEUTSCHLAND	00 49-30/ 278 98 055	278 98 040	dtber@t-online.de	Responded without firm information
8	3006 BERNE/SUISSE	00 41- 31/ 351 43 75	351 43 75	dtbern@gmx.ch	Responded with firm information
9	BEIRUT / LEBANON	00 961/19 91 981	19 91 982	dtbey@cyberia.net.lb	Responded without firm information
10	BRUXELLES / BELGIQUE	00 32-2 /51 4 29 78513 94 28	514 45 63	dtbru19@skypro.be	Responded with firm information
11	BUDAPEST / HUNGARY	00 36- 1 /344 49 98	344 58 96	dtbru19@skypro.be	Responded with firm information
12	BUENOS AIRES / ARGENTINA	00 54-11/ 47 87 12 45	47 87 12 48	dtboa@arnet.com.ar	Did not respond
13	BUCHAREST / ROMANIA	00 40- 21/212 80 02	211 22 23	dtbuk@bx.logicnet.ro	Responded without firm information
14	GENEVE / SUISSE	00 41-22/ 791 70 10	791 70 20	dtgen- wto@missionturkey.ch	Responded without information
15	ALGER/ALGERIE	00 213-21/ 69 94 06	69 94 23	dtcez@wissal.dz	Responded with firm information
16	JEDDAH / SAUDI ARABIA	00 966- 2/665 48 71 665 51 10	665 43 11	dtcid@sps.net.sa	Responded without firm information
17	DUBLIN / IRELAND	00 353- 1/668 18 37	668 17 91	dtlub@iol.ie	Responded with firm information
18	DÜSSELDORF/GERM ANY	0049-211/ 45 47 851 45 30 804	45 30 805	dtlus@t-online.de	Responded with firm information
19	HAMBURG / DEUTSCHLAND	00 49 40/410 56 89 44 44 66	44 01 47	dtham@surfeu.de	Responded with firm information
20	HELSINKI / FINLAND	00 358- 9/44 44 10 44 88 11	44 44 92	dthel@turkish- commercial.inet.fi	Responded with firm information
21	CAUSEWAY BAY- HONG KONG /PEOPLE'S REPUBLIC OF CHINA	00 852/ 257 32 850	28 93 66 20	dthon@netvigator.com	Did not respond
22	ISLAMABAD/PAKIST AN	00 92 51/ 282 91 23 227 8748	282 93 63	dtisl@isb.paknet.com.pk	Responded with firm information
23	CARIO / EGYPT	00 202/ 792 22 53	794 36 11	dtkahire@link.net	Responded with firm information

24	KIEV / REPUBLIC OF UKRAINE	00 380-44/ 294 83 17	295 24 16	dtkiev@carrier.kiev.ua	Responded with firm information
25	COPENHAGEN / DENMARK	00 45-33/ 12 29 20	14 63 46	dtkop@mail.tele.dk	Responded without firm information
26	KUALA LUMPUR / MALAYSIA	00 603/ 4257 21 14	4257 57 30	dtkua@tm.net.my	Responded with firm information
27	KUWAIT	00 965/ 256 06 58	256 06 73	dtkuv@qualitynet.net	Responded without firm information
28	DEN HAAG/ HOLLAND	00 31-70/ 362 35 76	362 43 32	dtlah@planet.nl	Responded without firm information
29	LEFKOŞA/KKTC	00 392/ 228 89 84 227 88 69	227 27 36	dtlef@cc.emu.edu.tr	Did not respond
30	LONDON / UNITED KINGDOM	00 44-20/ 7235 49 91	7235 22 07	dtlon@btclick.com	Did not respond
31	MADRID / SPAIN	00 34-91/ 310 49 99	308 25 51	dtmad1@teleline.es	Responded without firm information
32	MELBOURNE / AUSTRALIA	00 613/ 96 82 54 48	96 82 54 49	dtmel@austarmetro.com.au	Responded without firm information
33	MILANO/ ITALY	00 39-0-2/ 545 68 32	545 63 25	dtmil@micronet.it	Responded without firm information
34	MOSCOW RUSSIAN FEDERATION	00 7- 095/ 246 29 89 246 39 89	246 49 89	dtmos@online.ru	Responded with firm information
35	NEW YORK, U .S. A	00 1- 212/ 687 15 30 687 15 31	687 20 78	dtnew@turkishtrade.org	Responded with firm information
36	OTTAWA / CANADA	00 1- 613/ 789 20 90	789 23 06	dtotw@magma.ca	Responded with firm information
37	PARIS / FRANCE	00 33-1/ 45 25 29 63	45 24 27 14	dtpar@club-internet.fr	Responded without firm information
38	PARIS (OECD)/ FRANCE	00 33-1/ 42 88 50 02	45 27 28 24	dttdpar@club-internet.fr	Did not respond
39	PEOPLE'S REPUBLIC OF CHINA	00 86-10/ 65 32 38 46	65 32 32 68	dtpek@turkey.org.cn	Responded with firm information
40	PRAGUE / CZECH REPUBLIC	00 420-2/ 24 31 19 44	24 31 19 43	dtpra@ms.easynet.cz	Responded with firm information
41	PRETORIA/ REPUBLIC OF SOUTH AFRICA	00 27-12/ 342 60 51	342 60 58	dtpre@global.co.za	Responded with firm information
42	EUR ROMA / ITALY	00 390-6/ 592 51 17 592 23 34	591 79 84	dtrom@flashnet.itdtrom@ti scalinet.it	Responded with firm information
43	SARAJEVO-BIH REPUBLIC OF BOSNIA - HERZEGOVINA	00 387-33/ 66 59 88	20 85 62	dt sar@bih.net.ba	Responded with firm information
44	SEOUL/ REPUBLIC OF KOREA	00 82-2/ 794 13 82	796 21 77	dtseu@aminet.co.krdtseu@ shinbiro.com	Did not respond
45	SYDNEY / AUSTRALIA	00 61-2/93 27 66 39	93 62 47 30	dt sid@bigpond.net.au	Responded with firm information
46	SINGAPORE	00 65/6738 74 55	6738 74 00	dt sin@singnet.com.sg	Did not respond
47	SOFIA / BULGARIA	00 359-2/ 981 82 00 87 14 64	981 61 65	dtsofia@bitex.com	Did not respond
48	STOCKHOLM / SWEDEN	00 46-8/ 661 64 83	666 96 25	dtsto@swipnet.se	Responded without firm information
49	DAMASCUS / SYRIA	00 963-11/ 333 31 42	331 49 65		Did not respond
50	SHANGAI-CHINA	00 86-21/ 64 37 83 02	64 33 02 21	dt san@uninet.com.cn	Responded with firm information
51	TEHRAN / IRAN	00 98-21/ 392 49 52	392 49 52	dt tah@arayan deh.net	Responded with

		391 35 92 392 62 46			firm information
52	TASHKENT / REPUBLIC OF UZBEKISTAN	00 99-871/ 133 29 19	133 29 19	dttas@bcc.com.uz	Did not respond
53	TEL AVIV / ISRAEL	00 972-3/ 524 09 05	523 61 98	dttel@netvision.net.il	Responded without firm information
54	GEORGIA	00-99532/ 92 37 74 92 37 75	92 37 75	dttif@access.sanet.ge	Responded with firm information
55	TOKYO / JAPAN	00 81-3/ 34 70 67 23 34 70 51 31	34 70 62 80	dttok@gol.com	Responded with firm information
56	TUNIS / TUNISIE	00 216-71/ 752 506 753 212	766 988	dtun@amb_turquie.intl.tn	Responded with firm information
57	WARSZAW / POLAND	00 48-22/ 646 34 47 646 43 21 646 14 08	646 34 47	dtvar@poczta.neostrada.pl	Did not respond
58	WIEN / AUSTRIA	00 43-1/ 713 13 58 712 43 82	713 13 58 75 712 43 82 75	dtviy@ins.at	Responded with firm information
59	WASHINGTON D.C/ U.S.A.	00 1-202/ 612- 6780/81	238-0629	dtwas@erols.com	Responded without firm information
60	NEW DELHI/INDIA	00 91 11/ 26 88 90 53 2687 99 07	2688 92 36	dttel@mantraonline.com	Did not respond
	RESULTS:				
	Did not respond*	14			
	Responded without firm information	16			
	Responded with firm information	30			
	TOTAL:	60			

BAGHDAT/IRAQ	Can not be reached
AMMAN/JORDAN	Did not respond
BUENOS AIRES / ARGENTINA	Did not respond
HONG KONG/CHINA	Did not respond
DAMASCUS / SYRIA	Did not respond
LEFKOŞA/KKTC	Did not respond
LONDON / UNITED KINGDOM	Did not respond
NEW DELHI/INDIA	Did not respond
PARIS (OECD)/ FRANCE	Did not respond
SEOUL/ REPUBLIC OF KOREA	Did not respond
SINGAPORE	Did not respond
SOFIA / BULGARIA	Did not respond
TASHKENT / REPUBLIC OF UZBEKISTAN	Did not respond
WARSZAW / POLAND	Did not respond

Appendix Table III.3.
Contacted Organizations in Turkey for Gathering Information
About Turkish Manufacturing FDI Firms

1. EU – Turkey Collaboration Association
(AB - Türkiye İşbirliği Derneği)
Tel: 0212 274 38 28
Fax: 0212 266 23 41
2. Packaging Manufacturers Association
(Ambalaj Sanayicileri Derneği) (ASD)
Tel: 0216 362 81 55
Fax: 0216 362 81 56
3. Elevator and Escalator Industrial Association
(Asansör Ve Yürüyen Merdiven Sanayicileri Derneği) (Aysad)
Tel: 0216 326 49 51
Fax: 0216 326 49 99
4. The Anatolian Lions Businessmen Association
(Anadolu Aslanları İşadamları Derneği)
Tel: 0212 621 18 68
Faks: 0212 621 19 08
5. Footwear Industry Suppliers Association
(Ayakkabı Yan Sanayicileri Derneği) (AYSAD)
Tel: 0212 518 03 79
6. Lighting Fixtures Manufacturers Association
(Aydınlatma Gereçleri İmalatçıları Derneği) (AGİD)
Tel: 0212 238 65 12
Fax: 0212 238 65 13
7. White Goods Suppliers Association
(Beyaz Eşya Yan Sanayii Derneği)
Tel: 0216 445 05 68
Fax: 0216 445 03 43
8. Big Sack Producers' Association
(Büyük Torba Üreticileri Derneği)
Tel: 0212 274 68 70
Fax: 0212 275 29 24
9. Tea Industrial and Business People Association
(Çay Sanayicileri Ve İşadamları Derneği) (Çaysid)
Tel: 0212 465 61 55 4 Hat
Fax: 0212 465 61 59
10. Stocking Business People Association
Çorap İş Adamları Derneği (Çiad)
Tel: 0212 637 76 60
Fax: 0212 637 76 51

11. Cement Producer Business People Association
Çimento Müstahsilleri İşadamları Derneği

Tel: 0312 447 20 25

Fax: 0312 447 85 17

12. Turkish Iron & Steel Producers' Association
(Demir Çelik Üreticileri Derneği)

Tel: 0312 466 37 34

Fax: 0312 426 74 22

13. Leather Garment Association
(Deri Konfeksiyoncuları Derneği)

Tel: 0212 665 27 47

Fax: 0212 546 77 53

14. State Planning Organization
(Devlet Planlama Teşkilatı)

Tel: 312 294 50 00

15. Foreign Economic Relation Board
(Dış Ekonomik İlişkiler Konseyi)

Tel: 0212 243 41 80 (4hat)

Fax: 212 243 41 84-245 05 21

16. World Newspaper
(Dünya Gazetesi)

Tel : 212 440 24 24

Fax : 212 629 08 46

17. Electronic Gadgetry Manufacturers Association
(Elektronik Cihazlar İmalatçıları Derneği) (ECİD)

Tel: 0212 267 04 68

Fax: 0212 272 78 93

18. Members of Association of Electromechanical Industries
(Elektromekanik Sanayicileri Derneği) (EMSAD)

Tel: 0312 284 40 32

Fax: 0312 287 37 65

19. Household Textiles Industrial Association
(Ev Tekstili Sanayicileri Derneği)

Tel: 0212 292 04 04

Fax: 0212 292 23 04

20. Gaziantep Chamber of Commerce
(Gaziantep Ticaret Odası)

Tel : 342 220 30 30

Fax: 342 231 10 41

21. Freshman Executive and Business People Association
(Genç Yönetici Ve İşadamları Derneği) (Gyiad)

Tel: 212 270 39 69

Fax: 212 270 7432

22. Fertilizer Producers' Association
(Gübre Üreticileri Derneği)
Tel:212-3583150
Fax: 212-3583153

23. Untrammelled Manufacturer and Business People Association
(Hür Sanayici Ve İş Adamları Derneği)
Tel: 0342 220 88 01
Faks: 0342 220 88 02

24. Heating Cooling Air Conditioning Association
(Isıtma Soğutma Klima İmalatçıları Derneği) (ISKİD)
Tel: 0216 327 41 10
Fax: 0216 327 41 34

25. Istanbul Organized Leather Industrial Association
(İstanbul Organize Deri Sanayicileri Derneği)
Tel: 0 216 394 07 40 – 41
Fax: 0 216 394 07 42

26. Istanbul Chamber Of Industry
(İstanbul Sanayi Odası)
Tel: 212 252 29 00
Fax: 212 251 30 87

27. Istanbul Textile And Apparel Exporters Associations
(İstanbul Tekstil Ve Konfeksiyon İhracatçılar Birliği) (İTKİP)
Tel: 212 454 02 00
Fax: 212 454 02 01

28. Business Life Consult's Association
(İş Hayatı Danışma Derneği)
Tel: 212 282 34 02
Fax: 212 282 34 06

29. Paper Box Board Boxing Industril Association
(Kağıt Karton Ambalaj Sanayicileri Derneği) (Kasad)
Tel: 0212 451 47 57
Fax: 0212 451 47 86

30. Rubber Association
(Kauçuk Derneği)
Tel: 0216 363 66 71-72
Fax: 0216 355 50 28

31. Clothing Findings & Trimmings Association
(Konfeksiyon Yan Sanayicileri Derneği) (KYSD)
Tel: 0212 637 36 87-88
Fax: 0212 637 36 89

32. Cosmetic and Toilet Preparation Producers' Association

(Kozmetik ve Tuvalet Müstahzarları Üreticileri Derneği)
Tel: 0216 416 76 44
Fax: 0216 416 92 18

33. Laleli Industrial and Business People Associations
(Laleli Sanayici Ve İşadamları Derneği)
Tel: 0212 516 90 52
Fax: 0212 458 12 50

34. Association Of Machine Manufacturers
(Makina İmalatçıları Birliği) (Mib)
Tel: 0312 4683749
Fax: 0312 4684291

35. Merter Industrial and Business People Association
(Merter Sanayici Ve İşadamları Derneği)
Tel: 0212 643 47 22
Fax: 0212 643 47 24

36. Metal Industrialist Association
(Metal Sanayicileri Derneği) (Mess)
Tel: 212 232 01 04
Fax: 212 241 76 19

37. Beverage Producer Association
(Meşrubatçılar Derneği)
Tel: 0216 345 99 15
Fax: 0216 348 10 29

38. Independent Industrial and Business People Association
(Müstakil Sanayici ve İş Adamları Derneği)
Tel: 212 213 61 00
Fax: 212 213 78 90

39. Office Furniture Industrial and Business People Association
(Ofis Mobilyaları Sanayici Ve İşadamları Derneği)
Tel: 212 289 22 16
Fax: 212 289 11 74

40. Automotive Manufacturers Association
(Otomotiv Sanayii Derneği)
Tel: 0216 318 29 94
Fax: 0216 321 94 97

41. Capital Markets Board Of Turkey
(Sermaye Piyasa Kurulu)
Tel: 312 292 90 90
Fax: 312 292 90 00

42. Soap and Detergent Manufacturers Association
(Sabun ve Deterjan Sanayicileri Derneği)

Tel: 0216 416 94 39
Fax: 0216 416 92 18

43. Turkish Ceramic Federation
(Seramik Kaplama Malzemecileri Üreticileri Birliği Deneği)
Tel: 0216 410 65 28
Fax: 0216 410 68 40

44. Sugared Product Manufacturers Association
(Şekerli Mamül Sanayicileri Derneği)
Tel: 0212 437 08 91
Fax: 0212) 437 08 9238.

45. Association of Automotive Parts & Components Manufacturers
(Taşıt Araçları Parça Sanayii Derneği)
Tel: 262 658 9818, 22
Fax: 262 658 98 39

46. Commerce Register Newspaper
(Ticaret Sicil Gazetesi)
Tel: 0312 417 77 00
Fax: 0312 418 32 68

47. Turkish Textile Foundation
(Türk Tekstil Vakfı) (TÜTEV)
Tel: 0212 260 14 05
Fax: 0212 227 40 03

48. Turkish Foreign Trade Foundation
(Türk Dış Ticaret Vakfı)
Tel: 312 235 65 10
Fax: 312 235 65 15

49. Foreign Trade Association Of Turkey
(Türkiye Dış Ticaret Derneği)
Tel: 212 272 69 81, 91
Fax: 212 275 51 36

50. The Turkish Economic And Social Studies Foundation
(Türkiye Ekonomik Ve Sosyal Etütler Vakfı) (TESEV)
Tel: 0212 292 89 03
Fax: 0212 292 90 48

51. Turkish Exporters Assembly
(Türkiye İhacatçılar Meclisi)
Tel: 0212 454 02 00
Fax: 0212 454 02 01

52. Young Businessmen Association Of Turkey
(Türkiye Genç İş Adamları Derneği)
Tel: 0212 251 97 62
Fax: 0212 245 59 06

53. The Union Of Chambers And Commodity Exchanges Of Turkey
(Türkiye Odalar Ve Borsalar Biliđi) (TOBB)
Tel: 0312 417 77 00
Fax: 0312 418 32 68

54. Turkish Aluminium Industrialists Association
(Türkiye Alüminyum Sanayi Derneđi)
Tel: 0216 387 37 31
Fax: 0216 387 37 32

55. Footwear Industrialist Association of Turkey
(Türkiye Ayakkabı Sanayicileri Derneđi) (TASD)
Tel: 0212 551 09 50
Fax: 0212 652 89 72, 43

56. Turkey Cement Industrialist Association
(Türkiye Çimento Müstahsilleri Derneđi)
Tel: 312 287 32 50
Fax: 312 287 92 72

57. Turkish Leather Industrialists Association
(Türkiye Deri Sanayicileri Derneđi)
Tel: 216 394 14 80
Fax: 216 394 14 79

58. The Foundrymen's Association Of Turkey
(Türkiye Döküm Sanayiciler Derneđi)
Tel: 212-213 39 59
Fax: 212 213 06 31

59. Turkish Electronics & Information Industries Association
(Türkiye Elektronik Sanayicileri Derneđi)
Tel: 0216 386 09 09
Fax: 0216 386 09 10

60. Turkish Clothing Manufacturers Association
(Türkiye Giyim Sanayicileri Derneđi)
Tel: 212 639 76 56
Fax: 212 451 61 13-03

61. Turkey Chemistry Industrialists Association
(Türkiye Kimya Sanayicileri Derneđi)
Tel: 216 4167644
Fax: 216 4169218

62. Turkey Miners Association
(Türkiye Madenciler Derneđi)
Tel: 212 591 26 35
Fax:212-2938355

63. Turkey Macaroni Industrialists Association

(Türkiye Makarna Sanayicileri Derneği)
Tel: 312 441 55 48
Fax: 312 438 34 33

64. Turkey Industrialists Businessmen Association
(Türkiye Sanayici İşadamları Derneği)
Tel: 212 294 54 48
Fax: 0212 294 19 29

65. Union of Dairy, Meat, Food Industrialists and Manufacturers Of Turkey
(Türkiye Süt, Et, Gıda Sanayicileri ve Üreticileri Birliği)
Tel: 0312 212 79 02
Fax: 0312 212 36 62

66. Whole Plastic Industrialists Association
(Umum Plastik Sanayicileri Derneği)
Tel: 0212 635 41 16

67. Flour Industrialists Association
(Un Sanayicileri Derneği)
Tel: 312 417 53 57
Fax: 312 417 53 58

68. National Industrialists and Businessmen Association
(Ulusal Sanayici ve İşadamları Derneği) (USİAD)
Tel: 212 217 36 48 - 217 36 50
Fax: 212 217 36 33

69. Management Counseling Association
(Yönetim Danışmanlık Derneği)
Tel: 0212 284 12 20/301

70. Vegetable Oils And Fats Association Of Turkey
(Bitkisel Yağ Sanayicileri Derneği)
Tel: 216 651 41 32 Ve 651 41 08
Fax: 216 651 44 88

Appendix Table III.4.

Contacted Organizations in Foreign Countries for Gathering Information About Turkish Manufacturing FDI Firms

	COUNTRY	NAME OF ORGANIZATION
1	GERMANY	ASSOCIATION OF TURKISH BUSINESSMEN AND INDUSTRIALISTS IN EUROPE (AVRUPA TÜRK İŞADAMLARI VE SANAYİCİLERİ DERNEĞİ) (ATİAD) E-mail: info@atiad.org
2	U. S. A.	ASSEMBLY OF TURKISH AMERICAN ASSOCIATIONS (TÜRK - AMERIKAN DERNEKLERİ KURULU) Web: www.ataa.org E-mail: assembly@ataa.org
3	U. S. A.	TURKISH - AMERICAN BUSINESS FORUM INC. Web: www.forum.org E-mail: info@forum.org
4	AUSTRALIA	AUSTRALIA TURKISH CHAMBER OF COMMERCE AVUSTRALYA TÜRK TİCARET ODASI E-mail: turkcham@kwiktron.net.au
5	AUSTRALIA	MELBURN TURKISH CHAMBER OF COMMERCE AND INDUSTRY (MELBURN TÜRK TİCARET VE SANAYİ ODASI) Web: www.mcci.com.au E-mail: admin@mtcci.com.au
6	AUSTRIA	AUSTRIA TURKISH BUSINESSMEN AND INDUSTRIALISTS ASSOCIATION AVUSTURYA TÜRK İŞADAMLARI VE SANAYİCİLER DERNEĞİ (ATIS) E-mail: atis@ins.at
7	AZERBAIJAN	AZERBAIJAN INTERNATIONAL SOCIETY OF TURKISH INDUSTRIALISTS & BUSINESSMEN (TÜRK SANAYİCİ VE İŞADAMLARI BEYNELHALK CEMİYETİ) Web: www.tusiab.com.az E-mail: tusiab@artel.net.az
8	BELGIUM	BELGIUM TURKISH BUSINESSMEN ASSOCIATION (BELÇİKA TÜRK İŞADAMLARI DERNEĞİ) (BETİAD) E-mail: tosed@email.com
9	BULGARIA	TURK - BULGARIA BUSINESSMEN FEDERATION (TÜRK-BULGAR İŞADAMLARI FEDERASYONU) (TUBİAF) E-mail: tubiaf@bitex.com
10	BULGARIA	BULGARIA - TURKEY BUSINESSMEN ASSOCIATION (BULGARİSTAN-TÜRKİYE İŞADAMLARI DERNEĞİ) (BÜTİŞAD) E-mail: butisad@mbox.digsys.bg
11	DENMARK	DENMARK - TURKEY CHAMBER OF COMMERCE AND INDUSTRY (DANİMARKA-TÜRKİYE TİCARET VE SANAYİ ODASI) E-mail: chris.hestback@danbbs.dk
12	FINLAND	FINN - TURKISH COMMERCE ASSOCIATION (FİN - TÜRK TİCARET DERNEĞİ) E-mail: maria-liisa.peltola@wtc.fi
13	FRANCE	TURKISH - FRENCH CHAMBER OF COMMERCE TÜRK-FRANSIZ TİCARET ODASI E-mail: surfaces@vif.fr
14	ENGLAND	TURKISH ENGLISH CHAMBER OF COMMERCE AND INDUSTRY (TÜRK-İNGİLİZ TİCARET VE SANAYİ ODASI) (TBCCI) Web: www.tbcci.uk.com E-mail: memlink@tbcci.demon.co.uk
15	IRELAND	IRELAND - TURKEY BUSINESS ASSOCIATION (İRLANDA-TÜRKİYE İŞ DERNEĞİ) E-mail : mary.mcmahon@ibec.ie
16	ISRAEL	ISRAEL - TURKEY BUSINESS BOARD (İSRAİL-TÜRKİYE İŞ KONSEYİ) Web: www.itbc.com.il E-mail: eyalb@tlv-chamber.org.il
17	SWITZERLAND	SWITZERLAND - TURKISH CHAMBER OF COMMERCE AND INDUSTRY (İSVİÇRE-TÜRK TİCARET VE SANAYİ ODASI) E-mail: ccist@iprolink.ch
18	CANADA	TURKISH - CANADA CHAMBER OF COMMERCE AND INDUSTRY AND BOARD (TÜRK-KANADA TİCARET VE SANAYİ ODASI VE KONSEYİ) E-mail: staff@cct.qc.ca

19	CANADA	TURKISH – CANADA BUSINESS BOARD (TÜRK-KANADA İŞ KONSEYİ) E-mail: cbc@passport.ca
20	KAZAKSTAN	KAZAKSTAN – TURKEY BUSINESSMEN ASSOCIATION (KAZAKİSTAN-TÜRKİYE İŞADAMLARI DERNEĞİ) (KATİAD) E-mail: katiad@katiad.org.kz
21	KYRGYSTAN	KYRGYZ – TURKISH BUSINESSMEN AND INDUSTRIALISTS ASSOCIATION (KIRGIZ - TÜRK İŞADAMLARI VE SANAYİCİLER DERNEĞİ) (KITİAD) E-mail: kitiaad@kitiaad.org.kg
22	MAKEDONIA	MAKEDONIA TURKISH BUSINESSMEN ASSOCIATION (MAKEDONYA TÜRK İŞADAMLARI DERNEĞİ) (MATIAD) E-mail: matiad@mpt.com.mk
23	UZBEKISTAN	UZBEKISTAN AND TURKEY BUSINESSMEN ASSOCIATION (ÖZBEKİSTANVE TÜRKİYE İŞADAMLARI DERNEĞİ) (UTİD) E-mail: utid@utid.silk.org
24	ROMANIA	TURKISH BUSINESSMEN ASSOCIATION (TÜRK İŞ ADAMLARI DERNEĞİ) (TİAD) E-mail: tiad@tiad.ro
25	RUSSIAN FED.	TURKISH BUSINESSMEN ASSOCIATION (TÜRK İŞADAMLARI DERNEĞİ) (RUS) Web: www.rtib.ru E-mail: rtib@turksihline.ru

Appendix Table III.5.

Turkish Manufacturing FDI Firms's (Self- Developed Database by Utilizing Various Sources)

	FIRM NAME	COUNTRY OF INV.	SUB-SECTOR	SITUATION
1	Asaş Ambalaj	Uzbekistan	Packing	Refused to Participate
2	Bayramlar Holding	Hungary	Food	Refused to Participate
3	Beta Gıda San. Tic. A.Ş.	Uzbekistan	Tea Packing	Refused to Participate
4	Bilfa Paints	Azerbaijan	Paints	Refused to Participate
5	Burç Şirketler Grubu	Kyrgystan	Food	Refused to Participate
6	Doruk Isı Ltd.	Pakistan	Machine piece	Refused to Participate
7	Gals Tekstil	Bulgaria	Textile	Refused to Participate
8	İstanbul Konksiyon	Bulgaria	Textile	Refused to Participate
9	Kahraman Maraş Kağıt San. Tic. A.Ş.	Azerbaijan	Paper Production	Refused to Participate
10	Kale Oto Radyotör San. A.Ş.	Egypt	Radiator Production	Refused to Participate
11	Kale Tekstil	Uzbekistan	Textile	Refused to Participate
12	Kölük Grubu	Turkmenistan	Textile	Refused to Participate
13	Lara Tekstil	Bulgaria	Textile	Refused to Participate
14	Maser Holding	Bulgaria	Textile	Refused to Participate
15	Özbarış Triko	Uzbekistan	Food	Refused to Participate
16	Silk & Cashmire (Fabeks Tekstil)	China	Textile	Refused to Participate
17	Star İhracat A.Ş.	Algeria	Sack Production	Refused to Participate
18	Tekağaç Ağaç San.	Russian Fed.	Wood and wood products	Refused to Participate
19	Tekerekoğlu Tekstil	Bulgaria	Textile	Refused to Participate
20	Teknoplast San. Tic.A.Ş.	Kazakistan	Pvc Door, Window	Refused to Participate
21	Timaş Basım Yayım A.Ş.	Uzbekistan	Textile	Refused to Participate
22	Türkiye Gazetesi	Germany	Publishing Of Newspapers	Refused to Participate
23	Ülker	Romania	Biscuits, candy	Refused to Participate
24	Yapayjüt	Algeria	Sack Production	Refused to Participate
25	Yılsan	Romania	Fertilizer	Refused to Participate
26	Aksa Jeneratör	England	Generator	Refused to Participate
27	A.A.K. Gıda Sanayi (Zarbun A.Ş.)	Bulgaria	Food	Participated
28	Adopen	Iran	Pvc Door, Window	Participated
29	Aksan Kalıp A.Ş.	Bulgaria	Connector Production	Participated
30	Akteks	Syria	Textile	Participated
31	Altın Boynuz İnşaat Mobilya İth. İhr	Kazakistan	Pvc Door, Window	Participated
32	Arbel A.Ş.	Canada	Food	Participated
33	Arz Tekstil	Uzbekistan	Textile	Participated
34	Atmaz Tekstil San. Tic.A.Ş	Russian Fed.	Textile	Participated
35	Baykan Isı Sistemleri	Romania	Steal Panel Radiator	Participated
36	Bayraktarlar Mot.Vasıta Tic.San.Aş.	Tunussia	Headlight	Participated
37	Beko	Tunussia	White Goods	Participated
38	Bericap Kapak San.Ltttd.	Kyrgystan	Cover Production	Participated
39	Bolacalar Un Yem Yağ Gıda A.Ş.	Bulgaria	Food	Participated
40	Borusan	Italy	Pipe	Participated
41	Bursel Holding	Uzbekistan	Textile	Participated
42	Cankurtaran Holding	South Africa	Electrical Equipment	Participated
43	Çelebi İnşaat	Kyrgystan	Pvc Door, Window	Participated
44	Çimtaş Çelik İşleme Ltd. (Enka)	China	Steal pipe	Participated
45	Demir Holding	Uzbekistan	Food	Participated
46	Demirdöküm	China	Radiator Production	Participated
47	Devecioğlu Silikon Kablo San.	Turkmenistan	Plastic Products	Participated

48	Dyo Boyaları	Romania	Paints	Participated
49	Ege Soğutmacılık A.Ş.	Algeria	Refrigerator Machine	Participated
50	Elvan Gıda San. A.Ş.	Azerbaijan	Biscuits, fruit juice	Participated
51	Ereğli Demir Çelik	Romania	Steel	Participated
52	Eroğlu Şirketler Grubu	Russian Fed.	Textile	Participated
53	Fatoğlu Gıda San. Tic. A.Ş.	Azerbaijan	Food	Participated
54	Genç Tekstil Giy.San. A.Ş	Kazakhstan	Textile	Participated
55	Gülüm Mefruşat	Uzbekistan	Food Cheese	Participated
56	İmaj Otomotiv Nakl. End. Malz. Ltd.	Romania	Timber	Participated
57	Kale Kilit A.Ş.	Germany	Door Lock	Participated
58	Konbaş	Kyrgyzstan	Cover Production	Participated
59	Kürüm Demir San. A.Ş	Albania	Lime Factory	Participated
60	Menderes Tekstil	Bulgaria	Textile	Participated
61	Metal Kiremit A.Ş.	Azerbaijan	Metal Roof Protection	Participated
62	Milliyet	Germany	Publishing Of Newspaper	Participated
63	Mısırlı Tekstil	Bulgaria	Textile	Participated
64	Okan Holding	Kazakhstan	Food	Participated
65	Pimapen	Romania	Pvc Door, Window	Participated
66	Prodaks	Ukraine	Napkin, Paper Produce	Participated
67	Roteks A.Ş.	Romania	Textile	Participated
68	Şahinler Holding	Germany	Textile	Participated
69	Teknik Mensucat	Uzbekistan	Textile	Participated
70	Teknoloji Holding	Iran	Software Machines	Participated
71	Yeim Tekstil A.Ş. (Nergis Holding)	Bulgaria	Tekstil	Participated
72	Yeşilyurt Tekstil	Germany	Tekstil	Participated
73	Zaman Gazetesi	Azerbaijan	Publishing Of Newspaper	Participated
74	Ahlesa Blankets	South Africa	Tekstil	Cannot be Teached
75	Aksaş A.Ş.	Iran	Tekstil	Cannot be Teached
76	Altın Company	B. - Herzegovina	Ferment Production	Cannot be Teached
77	Argutex	Tunussia	Tekstil	Cannot be Teached
78	Arl El Aha Int	Algeria	Soap Production	Cannot be Teached
79	Ascitex	Tunussia	Textile	Cannot be Teached
80	Atlas Holding	Algeria	Ammonia, Fertilizer	Cannot be Teached
81	Atlas Mod	Tunussia	Textile	Cannot be Teached
82	Aynur	Turkmenistan	Chemistry	Cannot be Teached
83	Bisaş	Turkmenistan	Textile	Cannot be Teached
84	Borsan Electrical Materials Prod.	Ukraine	Electrical Equipment	Cannot be Teached
85	Cavit Akpınar (Nurinvest Firması)	Bulgaria	Food, Canned Food	Cannot be Teached
86	Cma	Tunussia	Marble	Cannot be Teached
87	Dekor İtalya	Ukraine	Steel Door	Cannot be Teached
88	Faf Metal	Turkmenistan	Metal Treatment, Aluminium	Cannot be Teached
89	Fehtil İnd.Machins Manuf.Co.	Ukraine	Metal Etc.	Cannot be Teached
90	İ-K Ltd.	Ukraine	Sweet, Flour Product	Cannot be Teached
91	Infinity Srl	Moldova	Textile	Cannot be Teached
92	İstamboul Meuble	Algeria	Furniture	Cannot be Teached
93	Kamateks	Tunussia	Textile	Cannot be Teached
94	Karmetal	Turkmenistan	Metal	Cannot be Teached
95	Kotam	Turkmenistan	Textile	Cannot be Teached
96	Kvin Maya	B. - Herzegovina	Ferment Production	Cannot be Teached
97	Linkway İplik	Turkmenistan	Textile	Cannot be Teached
98	Meditolivia	Spain	Food, Olive Production	Cannot be Teached
99	Nebo	Turkmenistan	Textile	Cannot be Teached
100	Nefis Büskivi	Moldova	Biscuits Factory	Cannot be Teached

101	Odex Limited	Algeria	Pls. Mch., Flour, Semolina	Cannot be Teached
102	Onur Plastque	Tunussia	Plastic Products	Cannot be Teached
103	Penyetek Tekstil	Bulgaria	Textile	Cannot be Teached
104	Plaskap Bishkek	Kyrgystan	Plastic Bottle Production	Cannot be Teached
105	Ramsey Yedek Parça San. A.Ş.	Morocco	Motorbike Spare Part	Cannot be Teached
106	Satur 2000 Cc	South Africa	Door Lock	Cannot be Teached
107	Semstone Industrie	Tunussia	Marble, Stone Treatment	Cannot be Teached
108	Sesli Texttiles	South Africa	Textile	Cannot be Teached
109	Ste North Textile	Tunussia	Textile	Cannot be Teached
110	Sultan Büsküvi Şekerleme	Ukraine	Biscuits, candy	Cannot be Teached
111	Süzer Holding	Bulgaria	Cardboard Factory	Cannot be Teached
112	Technologie Rotules Et Systemes	Tunussia	Auto Pice	Cannot be Teached
113	Temteks Tekstil San. Ti.A.Ş.	Bulgaria	Textile	Cannot be Teached
114	Tetrafull 1123 Cc	South Africa	Textile	Cannot be Teached
115	Tokuşor Srl	Moldova	Footwear	Cannot be Teached
116	Uludag Blankets	South Africa	Textile	Cannot be Teached
117	Vemko Dış Ticaret A.Ş.	Algeria	Paper and Chem. Production	Cannot be Teached
118	Vita Ukraina Ltdd.	Ukraine	Biscuits, candy	Cannot be Teached
119	Volkan Ltd.(Pensa)	Kazakistan	Pvc Door, Window	Cannot be Teached
120	Vural Tekstil Ve Konf.	Romania	Textile	Cannot be Teached
	Result (Sonuç):			
	Refused to Participate (Katılmak İstemiyenler):		26	
	Cannot be Teached (Ulaşılamayanlar):		47	
	Participated (Dolduranlar):		47	
	TOTAL (TOPLAM):		120	

Appendix Table III.6.

Sampled Firms' Name, City, Investment Location, Name Position, Education And Field of Education of Respondents

	NAME OF COMPANY	CITY	COUNTRY	NAME OF RESPONDENT	POSITION OF RESPONDENT	EDUCATION	FIELD OF EDUCATION
1	Adopen Plastik	İstanbul	Tunussia	İbrahim Hitaybay Öngün	Asisstant General Director	Bachelor's degree	Textile Engineering
2	Ak-Al Tekstil A.Ş.	İstanbul	Romania	Cengiz Taş	Production Director	Bachelor's degree	Industrial Engineering
3	Akbulut A.Ş.	Mersin	Kazakistan	Seyfi Akbulut	Asisstant General Director	High school	Other
4	Aksan Kalıp San ve Tic. A.Ş.	İstanbul	Bulgaria	Osman Ak	Head of Boards of Directors	Master's degree	Business Administration
5	Akteks Akrilik iplik San. A.Ş.	Gaziantep	Syria	Yusuf Akay	Accounting Director	Bachelor's degree	Foreign Trade
6	Altınöznur Paz. İnş. Mab. İhr. İth. Ltd. Şti.	İstanbul	Kazakistan	Erol Önal	Head of Boards of Directors	Bachelor's degree	Mechanical Technician
7	Anadololu Efes Biracılık ve Malt San A.Ş.	İstanbul	Nedherlands	N. Orhun Köstem	Finance and Investment Director	Master's degree	Business Administration
8	Anadolu Cam San. A.Ş.	İstanbul	Russian Fed.	İsmail Baba	Finance Director	Bachelor's degree	Business Administration
9	Arbel A.Ş.	Mersin	Canada	Mahmut Arslan	Head of Boards of Directors	Bachelor's degree	Mechanical Engineering
10	Arçelik A.Ş.(Koç Holding)	İstanbul	Tunussia	Tamer Soyupak	Finance Director	Master's degree	Business Administration
11	Arz Tekstil Dış Tic.	İstanbul	Uzbekistan	M. Akif Afşar	Head of Boards of Directors		Unknown
12	Atmaz Tekstil Tic. A.Ş.	Gaziantep	Russian Fed.	Tarik Atmaz	General Director	Bachelor's degree	Economics
13	Aytım Ayakkabı San. Ve Tic. Ltd. Şti.	İstanbul	Russian Fed.	Hüseyin Üstüner	Accounting Director	Bachelor's degree	Economics
14	Beko elektronik A.Ş.	İstanbul	England	İsmail Haznedar	Strategic Planning Expert	Master's degree	Production Mng. and Marketing
15	Bericap Kapak San. Ltd. Şti	Kocaeli	Kazakistan	Gökhan Karabiber	Asisstant General Director	Master's degree	Business Administration
16	Beta Temizlik Mad. San.Tic. A.Ş	İstanbul	Ucraina	Muzaffer Köker	General Director	Master's degree	Finance
17	Bolacalar Un Yem Yağ Gıda San Tic. A.Ş.	Bursa	Bulgaria	Beyda İnci	Asisstant General Director	Bachelor's degree	Labour Eco. and Industrial Relations
18	Borusan Holding	İstanbul	Italy	Bingöl M. Etisoy	Asisstant General Director	Bachelor's degree	Business Administration
19	Bursel Tekstil San ve Dış Tic A.Ş.(Bursel Holding)	İstanbul	Uzbekistan	Haşim Özgürbüz	Asisstant General Director	Bachelor's degree	Business Administration
20	Camış Maddencilik A.Ş.(Şişiecam Holding)	İstanbul	Egypt	Cihan Sırmatel	Accounting Director		Unknown
21	Cankurtaran Holding	İstanbul	South Africa	Turgay Polat	Production Director	Bachelor's degree	Business Administration
22	Çalık Holding	İstanbul	Turkmenistan	Ayhan Bolay	Asisstant General Director	Bachelor's degree	Administrative Science
23	Çelebi Şirketler Grubu	Adapazarı	Kyrgystan	İsmail Kılıç	Accounting Director	Master's degree	Economics
24	Çimtaş AŞ.(Enka Holding)	İstanbul	China	Naz Türer	General Director	Bachelor's degree	Administrative Science
25	Demir Metal San ve Dış Tic A.Ş.(Yimpaş Holding)	İstanbul	Uzbekistan	Gültekin Tuğ	General Director	Bachelor's degree	Business Administration
26	Devecioğlu Slikon Kışık Kablo ve Profil San. Tic. Ltd. Şti.	İstanbul	Turkmenistan	Kemal Develi	General Director	Elementary school	Other
27	Doğan Yayın Holding A.Ş.	İstanbul	Germany	Murta Tanrıöver	Capital Markets Director	Bachelor's degree	Finance
28	Dostlar Dış Ticaret A.Ş.	Ankara	Russian Fed.	Seyithan Kaplan	Head of Boards of Directors	Bachelor's degree	Int. Relations - Public Administration
29	Dut Tekstil San ve Uluslararası Tic. A.Ş.	İstanbul	Uzbekistan	Erkan Numanbayraktaroğlu	Partner - Member of Boards of Dir.	Bachelor's degree	Economics
30	Dyo Boya Fab. San ve Tic A.Ş.	İzmir	Romania	İhsan Çullu	Asisstant General Director	Bachelor's degree	Business Administration
31	Eczacıbaşı Holding	İstanbul	Ireland	Zuhal Atanan	Budget and Planning Director	Master's degree	Business Administration
32	Eczacıbaşı Karo Seramik	İstanbul	Ireland	Ahmet Yamaner	General Director	Master's degree	Ceramics
33	Efes Sınai Yatırım A.Ş.	İstanbul	Azerbaijan	N. Orhun Köstem	Finance and Investment Director	Master's degree	Business Administration
34	Ege Plastik (Mazhar Zorlu Holding)	İzmir	Romania	Fikret Çamaşırıcıoğlu	Expert in Exporting Department	Bachelor's degree	Business Administration
35	Ege Soğutmacılık A.Ş.	İzmir	Algeria	Mustafa Hakan Zobu	Planning Director	Master's degree	Marketing - Business Administration

36	Elvan Gıda San. Ve Tic. A.Ş.	İstanbul	Azerbaijan	Mustafa Tapan	Accounting Director	Bachelor's degree	Accountancy
37	Ereğli Demir Çelik Fab. Tic. A.Ş.	Ereğli	Romania	Uğur Cudi Gül	Capital Markets Director	Bachelor's degree	Business Administration
38	Erhas Dış Tic. Ltd.Şti	İstanbul	Turkmenistan	Ahmet Haseki	General Director	Master's degree	European Integration
39	Eroğlu Şirketler Grubu	İstanbul	Russian Fed.	Adnan Demirayak	Marketing Director	Bachelor's degree	Business Administration
40	Evyap Holding	İstanbul	Ucraina	Mustafa Arın	Export General Director	Bachelor's degree	Int. Business Admn. and Marketing
41	Evyap Sabun, Yağ, Gliserin San. Ve Tic. A.Ş.	İstanbul	Egypt	Mustafa Arın	Export General Director	Bachelor's degree	Int. Business Admn. and Marketing
42	Farba Otom. Ayd. ve Plastik Fabrikaları A.Ş.	İstanbul	Tunussia	Ahmet Bayraktar	Vice President	Bachelor's degree	Industrial Engineering
43	Fatoğlu Gıda San. Ve Tic. A.Ş.	Giresun	Azerbaijan	Çiğem Celepoğlu Tuncel	Budgeting and Planning Director		Unknown
44	Feza Gazetecilik A.Ş.	İstanbul	Germany	Mustafa Kılıç	Resarch & Development Director	Bachelor's degree	Labour Eco. and Industrial Relations
45	Gülüm Mefruşat	İstanbul	Uzbekistan	Mehmet Gülüm	General Director	Bachelor's degree	Theacher
46	Güney Polgat Tekstil San ve Tic A.Ş.(Başer Dış Tic. A.Ş)	Adana	Israel	Nizamettin Demir	Head of Financial Affairs Group		Unknown
47	Hayat Kimya A.Ş.	İstanbul	Bulgaria	Arda Tugay	Finance Director	Master's degree	Business Administration
48	Hesfibel Fiber Optik ve Elektronik San ve Tic. A.Ş.	Kayseri	Malaysia	Burak Bayraktar	Busines Development Director	Bachelor's degree	Economics
49	Hürriyet Gazetecilik ve Matbaacılık A.Ş.	İstanbul	Germany	Ahmet Toksoy	Accounting Director	Bachelor's degree	Finance
50	Işıklar Holding	İstanbul	Bulgaria	Kenan Cankılıç	General Director	Bachelor's degree	Administrative Science
51	İmaj Otomotiv	İstanbul	Romania	İsmail Aras	General Director	Bachelor's degree	Economics
52	Kale Kilit ve Kalıp San. A.Ş.	İstanbul	Germany	Cengiz Özdemir	General Coordinator	Bachelor's degree	Business Administration
53	Kalpeks Dış Tic. A.Ş	Ankara	Iran	Tevfik Aksu	Head of Export Department	Bachelor's degree	Business Administration
54	Kastamonu Entegre Ağaç San. Ve Tic. A.Ş.	İstanbul	Romania	Erdoğan Albayrak	Asisstant General Director	Bachelor's degree	Electrical & Electronics Engineering
55	Kıyınlar A.Ş.	İstanbul	Bulgaria	Ali Kıygın	Member of Boards of Director	Elementary school	Other
56	Kızılkant İnş. San. Ve Tic. A.Ş.	İzmir	Turkmenistan	Abdülcelil Kurtaran	General Director	Bachelor's degree	Civil Engineering
57	Kombassan İnşaat Tarım İşletmeleri San Tic. A.Ş.	Konya	Romania	Talat Seher	Head of Financial Affairs Group	Master's degree	Business Administration
58	Kombessan Konya Matbaa Bas. Amb. İml.San. Tic. A.Ş.	Konya	Romania	Talat Seher	Head of Financial Affairs Group	Master's degree	Business Administration
59	Komsan Koprösör San. Ti. A.Ş	İstanbul	Iran	Emre Yıldız	Exp., Marketing, and Sales Director	Master's degree	Int. Business Administration
60	Konbaş Ambalaj San. A.Ş.	İstanbul	Kyrgystan	Serdar Başarır	Head of Boards of Directors	Bachelor's degree	Business Administration
61	Kordsa Dupond San ve Tic. A.Ş.	İstanbul	Argentina	Bekir Soyürk	Asisstant General Director	Master's degree	Engineering
62	Kordsa Kordbezi San ve Tic. A.Ş.	İstanbul	Egypt	Bekir Soyürk	Foreign Investment Coordinator	Master's degree	Engineering
63	Kürüm Demir A.Ş.	Kocaeli	Albania	Mahir Sinan Görür	Strategic Planning Director	Master's degree	Industrial Engineering
64	Low Profile İstanbul Tekstil San. Ve Dış Tic. A.Ş.	Bursa	Bulgaria	Kadir Peker	Accounting and Finance Director	Bachelor's degree	Business Administration
65	Menderes Tekstil A.Ş.	Denizli	Bulgaria	Ali Atlamaz	General Director	Bachelor's degree	Business Administration
66	Metal Kiremit	İstanbul	Azerbaijan	Ali Yücel	General Director	High school	Other
67	Mısırlı Tekstil San ve Tic. A.Ş.	İstanbul	Bulgaria	İhan Erturgut	General Director	Bachelor's degree	Business Administration
68	Milliyet Gazetesi	İstanbul	Germany	Mehmet Bülent Akgül	Capital Markets Management	Master's degree	Business Administration
69	Nortel Networks Netaş	İstanbul	Kazakistan	Barhan Özce	Busines Dev. and Fr. Affairs Dir.	Ph. D.	Electronics
70	Nuh Çimento Sanayi A.Ş.	İstanbul	Nedherlands	Ercan Sayan	Investment Coordinator	Master's degree	Management
71	Okan Holding	İstanbul	Kazakistan	Ender Kutluyol	Busines Dev. and Fr. Affairs Dir.	Bachelor's degree	Economics
72	Öz Köseoğlu/Entes	İstanbul	Russian Fed.	Ali Emre Bozok	Project Development Director	Master's degree	Mechanical Engineering
73	Park İthalat İhracat ve Tic A.Ş./Park Grubu	İstanbul	Syria	Osman Akgündüz	General Director	Master's degree	International Relations

74	Pimaş Plastik İnşaat malzemeleri A.Ş. (Enka)	Kocaeli	Russian Fed.	Demirhan Dinç	Export Director	Master's degree	Business Administration
75	Profilo Telra Elektronik Tic. A.Ş.	İstanbul	Poland	Meral Kaneti Molinas	Budget and Planning Director	Master's degree	International Management
76	Rana Demir Çelik San ve Tic Ltd. Şti.	İstanbul	Algeria	Rafet Vergili	Member of Boards of Director	High school	Science
77	Roteks Tekstil İhracat San. Ve Tic. A.Ş.	İzmir	Romania	Rabi Hazan	Member of Boards of Director	Bachelor's degree	Business Administration
78	Sabancı Holding A.Ş.	İstanbul	Nedherlands	Yaşar Atacık	Chem. Gr. Str. and Bus. Dev. Dir.	Ph. D.	Research in Qnt. Analysize Research
79	Sarten Amb. San ve Tic. A.Ş.	İstanbul	Bulgaria	M.Zeki Sarıbekir	Vice President	Bachelor's degree	Business Administration
80	Sembol ambalaj San A.Ş.	Konya	Uzbekistan	Hurşit Büyükmâtür	Head of Exporting	Master's degree	International Relationship
81	Soda Sanayi A. Ş.(Şişecam Holding)	Mersin	Bulgaria	Cihan Sırmatel	Head of Financial Affairs Group	Master's degree	Accountancy Auditing Expert
82	Soytaş Ltd. Şti.	Ankara	Azerbaijan	Oğuz Bey	Asisstant General Director	Bachelor's degree	Business Administration
83	Şahinler Holding A.Ş.	İstanbul	Germany	Akın Değirmenci	Member of Boards of Director	Bachelor's degree	Business Administration
84	Tekel Tütün Mamülleri, Tuz ve Alkol İşletmeleri A.Ş.	İstanbul	Kazakistan	Mehmet Saysel	Group Director	Master's degree	Business Administration
85	Tekfen Dış Tiic. (Tekfen Holding)	İstanbul	Uzbekistan	Tayfun Bater	Threat Marketing Director	Bachelor's degree	Food Technology
86	Teknik Mensucat	İstanbul	Uzbekistan	Süleyman Gündüz	Coordinator of Bus. in Uzbekistan	Master's degree	Polical Science
87	Tırsan A.Ş.	İstanbul	Germany	Serdar Ayıntuğ	Member of Boards of Director	Master's degree	Strategic Management
88	Türk Demir Döküm Fabrikaları A.Ş.	Bursa	China	Alper Avdel	Finance Director	Master's degree	Finance
89	Ümran Çelik Boru Sanayii A.Ş.	İstanbul	Belgium	İlkay Gökpınar	Accounting Director	Master's degree	Administrative - Commercial Sciences
90	Ünsa Ambalaj San. Tic.AŞ.	İstanbul	Nedherlands	Metin Çınar	Accounting Director	Bachelor's degree	Business Administration
91	Yeşim Tekstil San. Tic. A.Ş.(Nergis Holding)	Bursa	Bulgaria	Yaşar Uzun	Accounting Director	Bachelor's degree	Economics
92	Yılmaz Öney İnşaat Taahhüt İthalat İhracat	İstanbul	Russian Fed.	Sadık Gonca	Accounting Director	Bachelor's degree	Business Administration
93	Zarburun Gıda ve Ambalaj San. Tic. A.Ş.	İstanbul	Romania	Ahmet Andıç	Head of Boards of Directors	High school	Educator
94	Zorlu Mensucat San ve Tic. A.Ş.(Zorlu Holding)	İstanbul	South Africa	Bedii Berklin	Assistant Textile Gr. Coordinator	Master's degree	Computer Engineering

RESPONDENTS'S (ANKETE KATILANLARIN):					
POSITION IN THE COMPANY (ŞİRKETTEKİ KONUMLARI) :		EDUCATION (EĞİTİMLERİ) :		FIELD OF EDUCATION(EĞİTİM ALANLARI):	
General Director (Genel Müdür)	15	High school and below (Lise ve altı)	10	Management (İşletme)	42
Asisstant General Director (Genel Müdür Yardımcısı)	11	Bachelor's degree (lisans)	49	Economics (İktisat)	17
Head of Boards of Directors (Yönetim Kurulu Başkanı)	9	Master's degree (Lisansüstü)	33	Engineering (Mühendislik)	12
Member of Boards of Director (Yönetim Kurulu Üyesi)	6	Ph. D. (Doktora)	2	Social Sciences (Sosyal Bilimler)	9
Export or Business Development Director (İhracat veya İş geliştirme Müdürü)	16	Total (Toplam)	94	Other (Diğer)	14
Accounting and Finance Director (Muhasebe Finansman Müdürü)	20			Total (Toplam)	94
Other (Diğer)	17				
Total (Toplam)	94				

Appendix Table IV. 1 Firm Capabilities and Ages of Parent Company

	Age Groups+	Mean	SD	F	Sig.
Factor 1					
Operation-related					
	1	0.20	0.74		
	2	-0.23	1.11		
	3	0.08	1.10		
	4	0.13	0.85	0.99	0.401
Trademark and brand image	1	4.13	0.81		
	2	3.38	1.18		
	3	4.13	0.87		
	4	4.00	1.05	3.46	0.020**
Ability to adapt imported technologies to new markets	1	4.31	0.70		
	2	3.74	1.08		
	3	3.96	1.19		
	4	4.00	0.84	1.23	0.305
International experience	1	3.67	1.11		
	2	3.35	1.18		
	3	3.43	1.38		
	4	3.48	0.87	0.26	0.855
Technological know-how	1	3.94	1.00		
	2	3.82	1.09		
	3	4.39	0.72		
	4	4.05	0.74	1.81	0.152
Economies of scale	1	3.88	0.72		
	2	3.76	0.82		
	3	3.78	0.95		
	4	4.05	0.86	0.55	0.651
Ability to adapt itself to different markets	1	4.19	0.83		
	2	4.26	0.67		
	3	4.09	1.00		
	4	3.95	0.74	0.71	0.549
Factor 2					
Product-related					
	1	-0.12	0.87		
	2	-0.26	1.17		
	3	0.38	0.84		
	4	0.10	0.85	2.12	0.104
Quality of company's product(s)	1	4.38	0.72		
	2	3.94	0.98		
	3	4.48	0.51		
	4	4.57	0.60	3.84	0.012**
Level of specialization	1	4.31	0.70		
	2	4.32	0.91		
	3	4.61	0.58		
	4	4.48	0.51	0.87	0.459
Factor 3					

Marketing-related	1	0.13	0.95		
	2	0.23	0.89		
	3	-0.19	1.23		
	4	-0.26	0.89	1.47	0.228
Charging competitive prices	1	4.00	0.89		
	2	4.12	0.88		
	3	3.61	1.20		
	4	3.76	0.89	1.46	0.232
Speed of responding to consumer demand	1	4.25	0.68		
	2	4.15	0.70		
	3	4.17	0.94		
	4	3.90	0.70	0.76	0.517
Ability to apply effective management practices	1	4.13	0.72		
	2	4.06	0.74		
	3	4.04	0.77		
	4	3.71	0.78	1.25	0.297
Factor 4					
Management-related	1	0.27	0.95		
	2	0.24	1.00		
	3	-0.29	1.10		
	4	-0.28	0.80	2.36	0.077*
Firm's commitment to international activity	1	4.56	0.51		
	2	4.41	0.66		
	3	4.17	1.03		
	4	4.29	0.56	1.04	0.380
Ability to develop differentiated products	1	3.87	0.92		
	2	3.71	0.97		
	3	3.91	1.08		
	4	3.76	0.94	0.24	0.870

Notes: N = 94

+Age Groups: 1 = 1-10 yrs (16 firms); 2 = 11-20 yrs (34 firms); 3 = 21-30 yrs (23 firms); 4= Above 30 (21 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

*p<0.10 ; ** p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except "trademark and brand image"(p= 0.049) variable. There were no significant group differences according to Post Hoc Method of Scheffe except "quality of company's product" variable.

Appendix Table IV. 2 Firm-specific Factors and Ages of TMFs

Firm-specific Factors	Age Group*	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
	Young	-0.09	1.02		
	Old	0.10	0.98	-0.95	0.342
Trademark and brand image	Young	3.62	1.12		
	Old	4.07	0.95	-2.07	0.041**
Ability to adapt imported technologies to new markets	Young	3.92	1.01		
	Old	3.98	1.02	-0.27	0.785
International experience	Young	3.45	1.16		
	Old	3.45	1.15	-0.02	0.982
Technological know-how	Young	3.86	1.05		
	Old	4.23	0.75	-1.93	0.056*
Economies of scale	Young	3.80	0.78		
	Old	3.91	0.91	-0.62	0.056*
Ability to develop differentiated products	Young	3.76	0.95		
	Old	3.84	1.01	-0.42	0.674
Factor 2					
Product-related					
	Young	-0.22	1.08		
	Old	0.25	0.85	-2.29	0.024**
Quality of company's product(s)	Young	4.08	0.92		
	Old	4.52	0.55	-2.87	0.005***
Level of specialization	Young	4.32	0.84		
	Old	4.55	0.50	-1.51	0.134
Factor 3					
Marketing-related					
	Young	0.20	0.90		
	Old	-0.22	1.07	2.08	0.040**
Charging competitive prices	Young	4.08	0.84		
	Old	3.65	1.05	2.00	0.048**
Speed of responding to consumer demand	Young	4.08	0.84		
	Old	4.02	0.83	0.86	0.395
Ability to apply effective management practices	Young	4.08	0.72		
	Old	3.89	0.78	1.24	0.216
Factor 4					
Management-related					
	Young	0.25	0.98		
	Old	-0.29	0.96	2.69	0.009***
Firm's commitment to international activity	Young	4.46	0.61		
	Old	4.23	0.83	1.05	0.123
Ability to adapt itself to different markets	Young	4.24	0.72		
	Old	4.02	0.88	1.32	0.189

Notes: N= 94

* Young means 1-20 years old (50 firms); Old means 21+ years (44 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very important").

* p < 0.1; ** p < 0.05; *** p < 0.01 (two tailed)

Appendix Table IV.3 Firm Capabilities and Total Number of Employee

	Employee Groups+	Mean	SD	F	Sig.
Factor 1					
Operation-related	1	-0.19	1.07		
	2	-0.07	1.02		
	3	0.33	0.74		
	4	-0.10	1.17	1.33	0.268
Trademark and brand image	1	3.54	0.99		
	2	3.75	1.24		
	3	4.16	0.80		
	4	3.93	1.16	1.58	0.199
Ability to adapt imported technologies to new markets	1	3.96	1.04		
	2	3.89	1.23		
	3	4.16	0.69		
	4	3.67	0.98	0.78	0.508
International experience	1	3.38	1.17		
	2	3.44	1.25		
	3	3.60	1.12		
	4	3.33	1.05	0.22	0.884
Technological know-how	1	3.65	0.94		
	2	4.00	0.98		
	3	4.48	0.59		
	4	4.00	1.07	3.65	0.015**
Economies of scale	1	3.65	0.94		
	2	3.61	0.79		
	3	4.12	0.78		
	4	4.20	0.68	3.18	0.028**
Ability to develop differentiated products	1	3.69	0.97		
	2	3.63	1.01		
	3	4.08	0.91		
	4	3.80	1.01	1.07	0.364
Factor 2					
Product-related	1	-0.34	1.09		
	2	-0.13	0.97		
	3	0.30	0.77		
	4	0.34	1.06	2.61	0.057*
Quality of company's product(s)	1	4.08	0.89		
	2	4.11	0.92		
	3	4.52	0.51		
	4	4.60	0.63	2.69	0.051*
Level of specialization	1	4.15	0.78		
	2	4.39	0.83		
	3	4.60	0.58		
	4	4.67	0.49	2.37	0.076*
Factor 3					
Marketing-related	1	0.11	0.87		

	2	-0.17	1.12		
	3	-0.09	0.95		
Charging competitive prices	4	0.28	1.08	0.81	0.489
	1	3.69	1.16		
	2	3.89	0.96		
	3	4.04	0.79		
Speed of responding to consumer demand	4	4.00	1.00	0.61	0.613
	1	4.12	0.91		
	2	4.04	0.69		
	3	4.24	0.66		
Ability to apply effective management practices	4	4.07	0.80	0.34	0.797
	1	4.00	0.85		
	2	3.86	0.71		
	3	4.12	0.60		
	4	4.00	0.93	0.53	0.662
Factor 4					
Management-related	1	0.11	1.17		
	2	-0.01	1.12		
	3	0.03	0.80		
Firm's commitment to international activity	4	-0.22	0.77	0.33	0.803
	1	4.46	0.58		
	2	4.25	0.84		
	3	4.28	0.79		
Ability to adapt itself to different markets	4	4.47	0.64	0.58	0.633
	1	4.12	0.71		
	2	4.00	0.90		
	3	4.16	0.85		
	4	4.40	0.63	0.83	0.482

Notes: N = 94

+Employee Groups: 1 = Up to 100 (26 firms); 2 = 101-500 (28 firms); 3 = 501-2000 (25 firms); 4= Above 2000 (15 firms)
The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very important").

*p<0.10 ;** p< 0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances.

There were no significant group differences according to Post Hoc Method of Scheffe except the variable "technological know-how".

Appendix Table IV. 4 Firm-specific Factors and Employee Number of TMFs

Firm-specific Factors	Employee Number	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
	Small	-0.13	1.04		
	Large	0.17	0.93	-1.45	0.151
Trademark and brand image	Small	3.64	1.11		
	Large	4.07	0.94	-1.95	0.054*
Ability to adapt imported technologies to new markets	Small	3.92	1.13		
	Large	3.97	0.83	-0.23	0.817
International experience	Small	3.41	1.19		
	Large	3.50	1.08	-0.35	0.726
Technological know-how	Small	3.83	0.96		
	Large	4.30	0.82	-2.46	0.016**
Economies of scale	Small	3.62	0.85		
	Large	4.15	0.73	-3.09	0.003***
Ability to develop differentiated products	Small	3.66	0.97		
	Large	3.97	0.94	-1.55	0.123
Factor 2					
Product-related					
	Small	-0.23	1.03		
	Large	0.31	0.88	-2.69	0.008***
Quality of company's product(s)	Small	4.09	0.89		
	Large	4.55	0.55	-2.85	0.005***
Level of specialization	Small	4.27	0.81		
	Large	4.62	0.54	-2.34	0.021**
Factor 3					
Marketing-related					
	Small	-0.04	1.01		
	Large	0.05	1.00	-0.40	0.688
Charging competitive prices	Small	3.79	1.05		
	Large	4.02	0.86	-1.12	0.265
Speed of responding to consumer demand	Small	4.07	0.79		
	Large	4.17	0.71	-0.63	0.527
Ability to apply effective management practices	Small	3.92	0.77		
	Large	4.07	0.72	-0.94	0.347
Factor 4					
Management-related					
	Small	0.05	1.14		
	Large	-0.06	0.79	0.52	0.603
Firm's commitment to international activity	Small	4.35	0.73		
	Large	4.35	0.73	0.01	0.990
Ability to adapt itself to different markets	Small	4.05	0.81		
	Large	4.25	0.77	-1.17	0.245

Notes: N=94

Small -up to 500 employee- (54 firms); Large -above 500 employee- (40 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").*P<0.10; **p< 0.05; *** p< 0.01(two tailed)

Appendix Table IV. 5 Firm Capabilities and Capital of Parent Company

Capital Groups+	Mean	SD	F	Sig.
Factor 1				
Operation-related	1 -0.33	1.17		
	2 0.11	0.76		
	3 0.00	1.22		
	4 0.29	0.75	1.94	0.128
Trademark and brand image	1 3.50	1.22		
	2 3.88	0.88		
	3 4.07	1.10		
	4 4.04	0.95	1.57	0.201
Ability to adapt imported technologies to new markets	1 3.90	1.18		
	2 3.96	1.10		
	3 3.80	0.86		
	4 4.08	0.78	0.27	0.848
International experience	1 3.10	1.32		
	2 3.72	1.02		
	3 3.47	1.19		
	4 3.58	0.97	1.48	0.227
Technological know-how	1 3.57	1.14		
	2 4.24	0.60		
	3 4.20	1.01		
	4 4.29	0.69	4.05	0.010**
Economies of scale	1 3.53	0.90		
	2 3.84	0.62		
	3 3.80	1.01		
	4 4.29	0.69	3.99	0.010**
Ability to develop differentiated products	1 3.59	1.05		
	2 3.80	1.00		
	3 4.07	0.70		
	4 3.88	0.99	0.89	0.452
Factor 2				
Product-related				
	1 -0.34	1.17		
	2 0.05	1.00		
	3 0.46	0.72		
	4 0.08	0.82	2.36	0.077*
Quality of company's product(s)	1 4.00	1.02		
	2 4.28	0.74		
	3 4.60	0.51		
	4 4.46	0.59	2.55	0.060*
Level of specialization	1 4.23	0.90		
	2 4.44	0.71		
	3 4.67	0.49		
	4 4.50	0.59	1.36	0.261
Factor 3				
Marketing-related				
	1 0.05	0.96		

	2	-0.08	1.01		
	3	0.03	1.32		
Charging competitive prices	4	0.00	0.87	0.09	0.967
	1	3.77	1.19		
	2	3.84	1.03		
	3	4.13	0.74		
Speed of responding to consumer demand	4	3.96	0.75	0.52	0.669
	1	4.03	0.85		
	2	4.28	0.68		
	3	4.13	0.74		
Ability to apply effective management practices	4	4.04	0.75	0.58	0.631
	1	3.97	0.89		
	2	4.04	0.61		
	3	4.13	0.74		
	4	3.88	0.74	0.40	0.750
Factor 4					
Management-related	1	0.16	1.15		
	2	0.09	1.08		
	3	-0.13	0.93		
Firm's commitment to international activity	4	-0.22	0.74	0.81	0.494
	1	4.47	0.57		
	2	4.28	0.79		
	3	4.13	1.06		
Ability to adapt itself to different markets	4	4.42	0.58	0.84	0.477
	1	4.03	0.81		
	2	4.16	0.80		
	3	4.33	0.82		
	4	4.13	0.80	0.47	0.703

Notes: N = 94

+Capital Groups: 1 = Up to 1 million US\$ (30 firms); 2 = 1.1 –10 million US\$ (25 firms); 3 = 10.1 - 20 million US\$ (15 firms); 4= Above 20 million US\$ (24 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

*p<0.10; **p<0.05(two-tailed)

Variables passed the Test of Homogeneity of Variances except "technological know-how" (p.= 0.028); "economies of scale" (Sig. = 0.022); "charging competitive prices" (p = 0.035).

There were no significant group differences according to Post Hoc Method of Scheffe except the variables "technological know-how" and "economies of scale".

Appendix Table IV. 6 Firm-specific Factors and Capital of TMFs

Firm-specific Factors	Capital	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
	Small	-0.13	1.02		
	Large	0.18	0.95	-1.50	0.138
Trademark and brand image	Small	3.67	1.89		
	Large	4.05	0.99	-1.71	0.089*
Ability to adapt imported technologies to new markets	Small	3.92	1.13		
	Large	3.97	0.81	-0.22	0.825
International experience	Small	3.38	1.21		
	Large	3.53	1.04	-0.61	0.538
Technological know-how	Small	3.87	0.98		
	Large	4.25	0.81	-1.99	0.049**
Economies of scale	Small	3.67	0.79		
	Large	4.10	0.85	-2.50	0.014**
Ability to develop differentiated products	Small	3.68	1.02		
	Large	3.94	0.88	-1.29	0.199
Factor 2					
Product-related					
	Small	-0.16	1.10		
	Large	0.22	0.79	-1.85	0.067*
Quality of company's product(s)	Small	4.12	0.90		
	Large	4.51	0.55	-2.36	0.020**
Level of specialization	Small	4.32	0.81		
	Large	4.56	0.55	-1.57	0.120
Factor 3					
Marketing-related					
	Small	-0.01	0.98		
	Large	0.01	1.05	-0.09	0.931
Charging competitive prices	Small	3.80	1.11		
	Large	4.02	0.74	-1.10	0.273
Speed of responding to consumer demand	Small	4.14	0.77		
	Large	4.07	0.73	0.42	0.669
Ability to apply effective management practices	Small	4.00	0.76		
	Large	3.97	0.74	0.16	0.871
Factor 4					
Management-related					
	Small	0.13	1.11		
	Large	-0.19	0.80	1.52	0.131
Firm's commitment to international activity	Small	4.38	0.68		
	Large	4.30	0.79	0.47	0.639
Ability to adapt itself to different markets	Small	4.09	0.79		
	Large	4.20	0.80	-1.68	0.497

Notes: N=94

Small- up to 1 million US\$- (55 firms); Large- above 1 million US\$- (39 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong"). *p < 0.10; **p < 0.05 (two tailed)

Appendix Table IV. 7. Firm Capabilities and Total Sales

	Sales Groups+	Mean	SD	F	Sig.
Factor 1					
Operation-related					
	1	-0.23	1.11		
	2	-0.09	0.98		
	3	0.17	0.61		
	4	0.29	1.29	1.23	0.305
Trademark and brand image	1	3.56	1.12		
	2	3.74	1.06		
	3	4.04	0.89		
	4	4.13	1.19	1.41	0.245
Ability to adapt imported technologies to new markets	1	3.85	1.17		
	2	4.00	0.92		
	3	3.84	0.90		
	4	4.20	1.08	0.50	0.680
International experience	1	3.12	1.34		
	2	3.59	1.08		
	3	3.60	0.96		
	4	3.53	1.19	1.05	0.376
Technological know-how	1	3.70	1.03		
	2	3.96	0.90		
	3	4.32	0.56		
	4	4.27	1.16	2.38	0.075*
Economies of scale	1	3.63	0.88		
	2	3.56	0.85		
	3	4.12	0.67		
	4	4.33	0.72	4.73	0.004***
Ability to develop differentiated products	1	3.69	1.01		
	2	3.48	0.98		
	3	4.08	0.76		
	4	4.07	1.10	2.22	0.091*
Factor 2					
Product-related					
	1	-0.36	1.16		
	2	-0.06	0.82		
	3	0.29	0.93		
	4	0.28	0.95	2.42	0.071*
Quality of company's product(s)	1	4.00	1.00		
	2	4.26	0.71		
	3	4.48	0.65		
	4	4.53	0.64	2.22	0.091*
Level of specialization	1	4.19	0.92		
	2	4.33	0.68		
	3	4.64	0.57		
	4	4.67	0.49	2.53	0.062*
Factor 3					
Marketing-related					
	1	0.00	0.95		

	2	-0.19	1.05		
	3	0.06	0.91		
	4	0.22	1.17	0.59	0.624
Charging competitive prices	1	3.78	1.09		
	2	3.74	0.90		
	3	4.12	0.97		
	4	4.00	0.93	0.85	0.471
Speed of responding to consumer demand	1	4.00	0.88		
	2	4.11	0.64		
	3	4.24	0.72		
	4	4.13	0.83	0.43	0.735
Ability to apply effective management practices	1	3.89	0.89		
	2	3.96	0.65		
	3	4.12	0.67		
	4	4.00	0.85	0.41	0.744
Factor 4					
Management-related	1	0.09	1.08		
	2	0.01	0.93		
	3	0.13	1.16		
	4	-0.38	0.57	0.92	0.435
Firm's commitment to international activity	1	4.41	0.57		
	2	4.26	0.86		
	3	4.32	0.80		
	4	4.47	0.64	0.33	0.804
Ability to adapt itself to different markets	1	4.04	0.81		
	2	4.00	0.83		
	3	4.32	0.69		
	4	4.27	0.88	0.98	0.408

Notes: N = 94

+Sales Groups: 1 = Up to 10 million US\$ (27 firms); 2 = 10.1- 50 million US\$ (27 firms); 3 = 50.1 - 250 million US\$ (25 firms); 4= Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

* p<0.10;*** p< 0.01(two-tailed)

Variables passed the Test of Homogeneity of Variances except the variable "technological know-how (p= 0.091) and Factor Score 4.

There were no significant group differences according to Post Hoc Method of Scheffe except the variable "economies of scale".

Appendix Table IV. 8. Firm-specific Factors and Sales of TMFs

Firm-specific Factors	Sales Size	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
Trademark and brand image	Small	-0.16	1.04		
	Large	0.22	0.91	-1.82	0.072*
Ability to adapt imported technologies to new markets	Small	3.64	1.08		
	Large	4.07	0.99	-1.95	0.054*
International experience	Small	3.92	1.04		
	Large	3.97	0.97	-0.23	0.817
Technological know-how	Small	3.35	1.22		
	Large	3.57	1.03	-0.90	0.370
Economies of scale	Small	3.83	0.96		
	Large	4.30	0.82	-2.46	0.016**
Ability to develop differentiated products	Small	3.59	0.85		
	Large	4.20	0.68	-3.68	0.000***
	Small	3.58	0.98		
	Large	4.07	0.88	-2.47	0.015**
Factor 2					
Product-related					
Quality of company's product(s)	Small	-0.21	1.01		
	Large	0.29	0.92	-2.46	0.016**
Level of specialization	Small	4.12	0.86		
	Large	4.50	0.64	-2.27	0.025**
	Small	4.25	0.80		
	Large	4.65	0.53	-2.66	0.009***
Factor 3					
Marketing-related					
Charging competitive prices	Small	-0.09	0.99		
	Large	0.12	1.01	-1.03	0.307
Speed of responding to consumer demand	Small	3.75	0.98		
	Large	4.07	0.94	-1.56	0.122
Ability to apply effective management practices	Small	4.05	0.76		
	Large	4.20	0.75	-0.91	0.365
	Small	3.92	0.77		
	Large	4.07	0.72	-0.94	0.347
Factor 4					
Management-related					
Firm's commitment to international activity	Small	0.05	1.00		
	Large	-0.06	1.01	0.52	0.604
Ability to adapt itself to different markets	Small	4.33	0.72		
	Large	4.37	0.74	-0.27	0.786
	Small	4.01	0.81		
	Large	4.30	0.75	-1.70	0.091*

Notes: N= 94 Small -up to 50 million US\$- (54 firms); large -above 50 million US\$- (40 firms).

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$ (two tailed)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "very weak") to 5 (= "very strong").

Appendix Table IV. 9. Firm Capabilities and Total Assets

Appendix Table IV. 9. Firm Capabilities and Total Assets

	Asset Groups ⁺	Mean	SD	F	Sig.
Factor 1					
Operation-related	1	-0.29	1.17		
	2	0.11	0.87		
	3	0.21	0.67		
	4	0.03	1.26	1.32	0.272
Trademark and brand image	1	3.48	1.21		
	2	4.00	0.78		
	3	3.96	0.96		
	4	4.00	1.25	1.52	0.215
Ability to adapt imported technologies to new markets	1	3.83	1.26		
	2	4.00	1.02		
	3	4.04	0.72		
	4	3.93	0.96	0.22	0.880
International experience	1	3.04	1.32		
	2	3.79	1.02		
	3	3.58	0.99		
	4	3.47	1.13	2.11	0.105
Technological know-how	1	3.52	1.02		
	2	4.17	0.82		
	3	4.42	0.58		
	4	4.13	1.06	5.35	0.002***
Economies of scale	1	3.59	0.91		
	2	3.79	0.88		
	3	4.00	0.69		
	4	4.20	0.77	2.21	0.092*
Ability to develop differentiated products	1	3.46	1.10		
	2	3.83	0.82		
	3	4.08	0.89		
	4	3.87	0.99	1.90	0.136
Factor 2					
Product-related	1	-0.59	1.17		
	2	0.22	0.91		
	3	0.27	0.72		
	4	0.33	0.76	5.67	0.001***
Quality of company's product(s)	1	3.76	0.99		
	2	4.46	0.59		
	3	4.50	0.58		
	4	4.67	0.49	7.73	0.000***
Level of specialization	1	4.07	0.88		
	2	4.50	0.66		
	3	4.62	0.57		
	4	4.67	0.49	3.90	0.011**
Factor 3					
Marketing-related	1	-0.06	0.98		

	2	-0.11	1.05		
	3	-0.05	0.94		
Charging competitive prices	4	0.37	1.07	0.81	0.492
	1	3.90	0.98		
	2	3.75	1.15		
	3	3.96	0.77		
Speed of responding to consumer demand	4	4.00	1.07	0.27	0.849
	1	4.10	0.62		
	2	4.13	0.99		
	3	4.19	0.69		
Ability to apply effective management practices	4	4.00	0.76	0.20	0.895
	1	3.79	0.90		
	2	4.17	0.70		
	3	3.96	0.53		
	4	4.13	0.83	1.30	0.279
Factor 4					
Management-related	1	0.32	0.83		
	2	-0.13	1.25		
	3	-0.10	1.07		
Firm's commitment to international activity	4	-0.25	0.58	1.52	0.215
	1	4.38	0.62		
	2	4.17	0.87		
	3	4.31	0.79		
Ability to adapt itself to different markets	4	4.67	0.49	1.52	0.215
	1	3.97	0.78		
	2	4.17	0.82		
	3	4.19	0.80		
	4	4.33	0.82	0.80	0.499

Notes: N = 94

+Assets Groups: 1 = Up to 10 million US\$ (29 firms); 2 = 10.1- 50 million US\$ (24 firms); 3 = 50.1 - 250 million US\$ (26firms); 4= Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

* p<0.10; **p<0.05; ***p<0.01(two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "trademark and brand image" (p = 0.050), "quality of company's product" (p = 0.01), "ability to apply effective management practices" (Sig. = 0.029) and Factor Score 2.

There were no significant group differences according to Post Hoc Method of Scheffe except he variables "technological know-how", "level of specialization", "quality of company's product" and Factor Score 2.

Appendix TableIV. 10 Firm-specific Factors and Total Assets of TMFs

Firm-specific Factors	Sales Size	Mean	SD	t-value	Sig.
Factor 1					
Operation-related	Small	-0.11	1.05		
	Large	0.14	0.92	-1.22	0.226
Trademark and brand image	Small	3.71	1.06		
	Large	3.97	1.06	-1.17	0.245
Ability to adapt imported technologies to new markets	Small	3.90	1.14		
	Large	4.00	0.80	-0.46	0.641
International experience	Small	3.38	1.23		
	Large	3.53	1.02	-0.63	0.529
Technological know-how	Small	3.81	0.98		
	Large	4.31	0.78	-2.69	0.008***
Economies of scale	Small	3.67	0.89		
	Large	4.07	0.72	-2.30	0.024**
Ability to develop differentiated products	Small	3.63	0.99		
	Large	4.00	0.92	-1.82	0.072*
Factor 2					
Product-related	Small	-0.23	1.13		
	Large	0.29	0.72	-2.70	0.008*
Quality of company's product(s)	Small	4.07	0.89		
	Large	4.56	0.54	-3.05	0.003*
Level of specialization	Small	4.26	0.81		
	Large	4.63	0.53	-2.52	0.013**
Factor 3					
Marketing-related	Small	-0.08	1.01		
	Large	0.10	1.00	-0.88	0.381
Charging competitive prices	Small	3.83	1.05		
	Large	3.97	0.87	-0.71	0.478
Speed of responding to consumer demand	Small	4.11	0.80		
	Large	4.12	0.71	-0.05	0.956
Ability to apply effective management practices	Small	3.96	0.83		
	Large	4.02	0.65	-0.39	0.695
Factor 4					
Management-related	Small	0.12	1.05		
	Large	-0.15	0.92	1.29	0.201
Firm's commitment to international activity	Small	4.28	0.74		
	Large	4.43	0.70	-1.02	0.306
Ability to adapt itself to different markets	Small	4.05	0.79		
	Large	4.24	0.79	-1.13	0.261

Notes: N=94

Small -up to 50 million US\$- (53 firms); Large -above 50 million US\$- (41 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

*** p< 0.10; **p< 0.05; * p< 0.01 (two tailed)

Appendix Table IV. 11 Firm Capabilities and Manufacturing Sub-sectors

	SS*	Mean	SD	F	Sig.
Factor 1					
Operation-related	1	-0.07	0.76		
	2	-0.03	1.28		
	3	0.06	0.66		
	4	0.37	0.89		
	5	-0.21	1.01		
	6	-0.05	1.19	0.68	0.636
Trademark and brand image	1	3.62	0.96		
	2	3.88	1.09		
	3	4.09	0.94		
	4	4.24	1.09		
	5	3.57	1.12		
	6	3.71	1.07	1.06	0.389
Ability to adapt imported technologies to new markets	1	3.77	1.17		
	2	3.63	1.26		
	3	4.09	0.70		
	4	4.47	0.62		
	5	3.78	1.00		
	6	4.00	1.04	1.54	0.186
International experience	1	3.46	1.05		
	2	3.69	1.14		
	3	3.45	0.93		
	4	3.59	1.06		
	5	3.36	1.29		
	6	3.14	1.35	0.40	0.848
Technological know-how	1	3.92	0.86		
	2	4.13	1.02		
	3	3.91	0.83		
	4	4.18	1.07		
	5	3.91	1.04		
	6	4.14	0.66	0.29	0.917
Economies of scale	1	3.69	0.75		
	2	4.06	0.77		
	3	4.00	0.89		
	4	4.06	0.75		
	5	3.74	0.86		
	6	3.57	1.02	0.96	0.448
Ability to develop differentiated products	1	3.69	1.03		
	2	3.81	0.91		
	3	3.91	0.94		
	4	4.00	1.00		
	5	3.59	1.05		
	6	3.86	0.95	0.40	0.846
Factor 2					
Product-related	1	-0.30	1.02		

	2	0.44	0.76		
	3	0.01	0.97		
	4	0.10	0.86		
	5	-0.13	1.17		
Quality of company's product(s)	6	-0.14	1.10	1.02	0.409
	1	4.23	0.83		
	2	4.63	0.62		
	3	4.36	0.67		
	4	4.24	0.66		
	5	4.17	0.98		
Level of specialization	6	4.14	0.86	0.80	0.555
	1	4.15	0.69		
	2	4.63	0.50		
	3	4.55	0.69		
	4	4.65	0.49		
	5	4.30	0.97		
	6	4.29	0.73	1.23	0.302
Factor 3					
Marketing-related	1	-0.16	1.03		
	2	-0.05	1.23		
	3	0.40	0.66		
	4	-0.08	0.93		
	5	0.12	0.91		
Charging competitive prices	6	-0.20	1.17	0.62	0.683
	1	3.46	1.20		
	2	4.06	1.06		
	3	4.18	0.75		
	4	4.00	0.87		
	5	3.74	0.92		
	6	4.00	1.04	0.98	0.434
Speed of responding to consumer demand	1	3.85	0.80		
	2	4.25	1.00		
	3	4.09	0.83		
	4	4.24	0.66		
	5	4.00	0.67		
	6	4.29	0.61	0.75	0.588
Ability to apply effective management practices	1	3.62	0.77		
	2	4.25	0.68		
	3	4.27	0.79		
	4	4.18	0.64		
	5	4.00	0.67		
	6	3.57	0.85	2.60	0.030**
Factor 4					
Management-related	1	-0.31	1.21		
	2	0.19	1.29		
	3	0.26	0.92		

	4	0.09	0.81		
	5	-0.14	0.97		
	6	-0.02	0.78	0.61	0.692
Firm's commitment to international activity	1	4.23	0.60		
	2	4.13	0.89		
	3	4.73	0.47		
	4	4.29	0.69		
	5	4.48	0.51		
	6	4.29	1.07	1.16	0.336
Ability to adapt itself to different markets	1	4.15	0.80		
	2	4.31	0.79		
	3	4.36	0.67		
	4	4.06	0.83		
	5	4.09	0.85		
	6	3.93	0.83	0.56	0.729

Notes: N= 94 * Sub-sectors (SS) 1 = ISIC 15: Manufacture of food products, beverages and tobacco products (13 firms); 2 = ISIC 17-18: Manufacture of textiles and wearing apparel (16 firms); 3 = ISIC 20-22: Manufacture of wood and paper products and publishing (11) 4 = ISIC 24-25: Manufacture of chemicals, rubber and plastic products (17 firms); 5 = ISIC 26- 28: Manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (23 firms); 6 = ISIC 29, 31,32: Manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment (16 firms).

**p <0.5 (two tailed)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

Variables passed the Test of Homogeneity of Variances.

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table IV. 12 Firm Capabilities and Country Type (in Four Categories)

	Country Groups+	Mean	SD	F	Sig.
Factor 1					
Operation-related	1	-0.05	1.07		
	2	-0.24	1.19		
	3	0.01	0.83		
	4	0.36	0.88	1.33	0.270
Trademark and brand image	1	3.95	1.08		
	2	3.52	1.29		
	3	3.81	0.98		
	4	4.16	0.76	1.41	0.245
Ability to adapt imported technologies to new markets	1	3.58	1.12		
	2	3.96	1.06		
	3	3.97	1.02		
	4	4.26	0.73	1.49	0.222
International experience	1	3.53	1.07		
	2	3.16	1.28		
	3	3.42	1.03		
	4	3.83	1.20	1.25	0.297
Technological know-how	1	4.05	0.97		
	2	3.76	1.16		
	3	4.00	0.86		
	4	4.42	0.51	1.88	0.139
Economies of scale	1	3.95	0.78		
	2	3.64	0.91		
	3	3.90	0.83		
	4	3.95	0.85	0.72	0.541
Ability to develop differentiated products	1	3.89	0.81		
	2	3.40	1.04		
	3	3.74	1.03		
	4	4.33	0.69	3.59	0.017**
Factor 2					
Product-related	1	0.16	0.93		
	2	-0.29	1.26		
	3	0.05	0.87		
	4	0.13	0.86	0.98	0.406
Quality of company's product(s)	1	4.47	0.61		
	2	4.16	1.11		
	3	4.29	0.69		
	4	4.26	0.65	0.56	0.646
Level of specialization	1	4.47	0.61		
	2	4.20	0.96		
	3	4.45	0.62		
	4	4.63	0.60	1.37	0.256

Factor 3**Marketing-related**

	1	0.17	1.17		
	2	-0.15	1.04		
	3	-0.15	0.99		
	4	0.26	0.74	1.04	0.377
Charging competitive prices	1	4.16	0.69		
	2	3.56	1.23		
	3	3.97	0.95		
	4	3.95	0.85	1.54	0.210
Speed of responding to consumer demand	1	3.89	0.66		
	2	3.96	0.98		
	3	4.23	0.67		
	4	4.37	0.60	1.85	0.143
Ability to apply effective management practices	1	3.95	0.78		
	2	3.84	0.94		
	3	4.10	0.70		
	4	4.05	0.52	0.59	0.622

Factor 4**Management-related**

	1	-0.33	0.70		
	2	0.00	1.24		
	3	0.29	0.95		
	4	-0.14	0.92	1.73	0.167
Firm's commitment to international activity	1	4.37	0.96		
	2	4.40	0.50		
	3	4.19	0.79		
	4	4.53	0.61	0.89	0.451
Ability to adapt itself to different markets	1	4.21	0.79		
	2	3.96	0.93		
	3	4.13	0.76		
	4	4.32	0.67	0.78	0.510

Notes: N = 94

+Country Groups: 1 = Developed Countries (19 firms); 2 = Turkic Republics (25 firms); 3 = Central and Eastern European Countries (31 firms); 4= Other (19 firms) [Country classification and accompanying firm establishments as follows: Developed countries consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established; Turkic Republics that are composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgystan (2 firms), Turkmenistan (4 firms), Uzbekistan (8 firms) wherein a total of 25 firms established; 3 = Central and Eastern European Countries which are comprised of Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation(8 firms) and Ukraine(2 firms)which totals to 31 firm establishments; Other countries consist of Algeria (3 firms), Argentina (1 firms), China (2 firms), Egypt (3 firms), Iran (2 firms), Malaysia (1 firms), Republic of South Africa (2 firms), Syria (2 firms) and Tunisia (3 firms) which makes to total of to 19 firm establishments].

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

**p<0.05(two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "quality of company's product" (p = 0.030) and "charging competitive prices" (p = 0.043).

There were no significant group differences according to Post Hoc Method of Scheffe except the variable "ability to develop differentiated products".

Appendix Table. IV. 13 Firm Capabilities and Country Type (in Three Categories)

		Mean	SD	F	Sig.
Factor 1					
Operation-related					
	1	-0.05	1.07		
	2	0.02	1.10		
	3	0.01	0.83	0.03	0.973
Trademark and brand image	1	3.95	1.08		
	2	3.80	1.13		
	3	3.81	0.98	0.14	0.866
Ability to adapt imported technologies to new markets	1	3.58	1.12		
	2	4.09	0.94		
	3	3.97	1.02	1.74	0.180
International experience	1	3.53	1.07		
	2	3.44	1.28		
	3	3.42	1.03	0.05	0.948
Technological know-how	1	4.05	0.97		
	2	4.05	0.99		
	3	4.00	0.86	0.03	0.973
Economies of scale	1	3.95	0.78		
	2	3.77	0.89		
	3	3.90	0.83	0.37	0.692
Ability to develop differentiated products	1	3.89	0.81		
	2	3.79	1.01		
	3	3.74	1.03	0.14	0.866
Factor 2					
Product-related					
	1	0.16	0.93		
	2	-0.10	1.11		
	3	0.05	0.87	0.51	0.600
Quality of company's product(s)	1	4.47	0.61		
	2	4.20	0.93		
	3	4.29	0.69	0.75	0.475
Level of specialization	1	4.47	0.61		
	2	4.39	0.84		
	3	4.45	0.62	0.12	0.884
Factor 3					
Marketing-related					
	1	0.17	1.17		
	2	0.03	0.93		
	3	-0.15	0.99	0.65	0.526
Charging competitive prices	1	4.16	0.69		
	2	3.73	1.09		
	3	3.97	0.95	1.43	0.244
Speed of responding to consumer demand	1	3.89	0.66		
	2	4.14	0.85		
	3	4.23	0.67	1.15	0.322
Ability to apply effective management practices	1	3.95	0.78		

	2	3.93	0.79		
	3	4.10	0.70	0.47	0.629
Factor 4					
Management-related	1	-0.33	0.70		
	2	-0.06	1.10		
	3	0.29	0.95	2.50	0.088*
Firm's commitment to international activity	1	4.37	0.96		
	2	4.45	0.55		
	3	4.19	0.79	1.18	0.313
Ability to adapt itself to different markets	1	4.21	0.79		
	2	4.11	0.84		
	3	4.13	0.76	0.10	0.906

Notes: N = 94

+Country Groups: 1 = Develop Countries which consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established; 2 = Turkic Republics (that are composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgystan (2 firms), Turkmenistan (4 firms), Uzbekistan (8 firms), culturally Similar countries Algeria (3 firms), Egypt (3 firms), Iran (2 firms), Malaysia (1 firms), Syria (2 firms) and Tunisia (3 firms) and others which consist of Argentina (1 firms), China (2 firms), Republic of South Africa (2 firms), wherein a total of 44 firms are established; 3 = Central and Eastern European Countries which are comprised of Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation(8 firms) and Ukraine(2 firms) which totals to 31 firm establishments.

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very important").

* p<0.10 (two-tailed)

Variables passed the Test of Homogeneity of Variances

There were no significant group differences according to Post Hoc Method of Scheffe

Appendix Table IV. 14 Firm-specific Factors and Country Type of TMFs

Firm-specific Factors	Country Type	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
Trademark and brand image	Developed	-0.05	1.07	-0.23	0.819
	Other	0.01	0.99		
	Developed	3.95	1.08	0.54	0.592
	Other	3.80	1.07		
Ability to adapt imported technologies to new markets	Developed	3.58	1.12	-1.80	0.07*
	Other	4.04	0.96		
International experience	Developed	3.53	1.07	0.32	0.752
	Other	3.43	1.17		
Technological know-how	Developed	4.05	0.97	0.11	0.914
	Other	4.03	0.93		
Economies of scale	Developed	3.95	0.78	0.56	0.579
	Other	3.83	0.86		
Ability to develop differentiated products	Developed	3.89	0.81	0.50	0.622
	Other	3.77	1.01		
Factor 2					
Product-related					
Quality of company's product(s)	Developed	0.16	0.93	0.78	0.440
	Other	-0.04	1.02		
	Developed	4.47	0.61	1.14	0.256
	Other	4.24	0.84		
Level of specialization	Developed	4.47	0.61	0.32	0.748
	Other	4.41	0.76		
Factor 3					
Marketing-related					
Charging competitive prices	Developed	0.17	1.17	0.84	0.403
	Other	-0.04	0.96		
	Developed	4.16	0.69	1.32	0.189
	Other	3.83	1.03		
Speed of responding to consumer demand	Developed	3.89	0.66	-1.44	0.155
	Other	4.17	0.78		
Ability to apply effective management practices	Developed	3.95	0.78	-0.27	0.788
	Other	4.00	0.75		
Factor 4					
Management-related					
Firm's commitment to international activity	Developed	-0.33	0.70	-1.64	0.104
	Other	0.08	1.05		
	Developed	4.37	0.96	0.12	0.908
	Other	4.35	0.67		
Ability to adapt itself to different markets	Developed	4.21	0.79	0.44	0.661
	Other	4.12	0.80		

Notes: N = 94

Developed Countries (19 firms); Other Countries (75 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

* $p < 0.10$ (two tailed).

Appendix Table IV. 15 Firm-specific Factors and Entry Mode of TMFs

Firm-specific Factors	Entry Mode	Mean	SD	t-value	Sig.
Factor 1					
Operation-related					
	WOS	0.02	0.96		
	JV	-0.03	1.07	0.25	0.804
Trademark and brand image	WOS	3.85	1.08		
	JV	3.79	1.03	0.24	0.808
Ability to adapt imported technologies to new markets	WOS	3.97	0.95		
	JV	3.91	1.11	0.25	0.802
International experience	WOS	3.40	1.15		
	JV	3.55	1.14	-0.58	0.561
Technological know-how	WOS	4.00	1.02		
	JV	4.09	0.75	-0.44	0.662
Economies of scale	WOS	3.88	0.78		
	JV	3.79	0.94	0.49	0.624
Ability to develop differentiated products	WOS	3.93	0.88		
	JV	3.55	1.06	1.86	0.066***
Factor 2					
Product-related					
	WOS	0.03	1.05		
	JV	-0.05	0.93	0.33	0.743
Quality of company's product(s)	WOS	4.35	0.84		
	JV	4.18	0.71	1.01	0.314
Level of specialization	WOS	4.42	0.76		
	JV	4.44	0.66	-0.16	0.876
Factor 3					
Marketing-related					
	WOS	0.04	1.07		
	JV	-0.07	0.88	0.53	0.595
Charging competitive prices	WOS	3.92	0.94		
	JV	3.85	1.04	0.30	0.763
Speed of responding to consumer demand	WOS	4.10	0.65		
	JV	4.15	0.92	-0.26	0.795
Ability to apply effective management practices	WOS	4.00	0.71		
	JV	3.97	0.83	0.18	0.857
Factor 4					
Management-related					
	WOS	-0.03	0.99		
	JV	0.05	1.03	-0.34	0.734
Firm's commitment to international activity	WOS	4.32	0.79		
	JV	4.41	0.60	-0.61	0.546
Ability to adapt itself to different markets	WOS	4.22	0.78		
	JV	4.00	0.81	1.27	0.208

Notes:

N = 94

Wholly Owned Subsidiary -WOS- (64 firms); Joint Venture -JV- (30 firms)

** p < 0.05 (two tailed)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very important")

Appendix Table IV. 16 Firm Capabilities and Entry Mode

	EM	Mean	SD	F	Sig.
Factor 1					
Operation-related	1	0.03	0.98		
	2	-0.04	0.94		
	3	0.12	0.81		
	4	0.03	0.94		
	5	-0.60	1.86	0.61	0.657
Trademark and brand image	1	3.88	1.07		
	2	3.67	1.22		
	3	3.94	0.94		
	4	3.78	0.97		
	5	3.33	1.51	0.45	0.771
Ability to adapt imported technologies to new markets	1	3.96	1.02		
	2	4.00	0.50		
	3	3.94	1.06		
	4	4.00	0.87		
	5	3.67	1.75	0.12	0.973
International experience	1	3.41	1.13		
	2	3.33	1.32		
	3	3.59	1.00		
	4	3.22	1.20		
	5	4.00	1.55	0.52	0.724
Technological know-how	1	4.04	1.00		
	2	3.78	1.20		
	3	4.17	0.51		
	4	4.11	0.93		
	5	3.83	1.17	0.33	0.856
Economies of scale	1	3.88	0.77		
	2	3.89	0.93		
	3	4.11	0.68		
	4	3.67	1.00		
	5	3.00	1.26	2.18	0.078*
Ability to develop differentiated products	1	4.02	0.86		
	2	3.44	1.01		
	3	3.59	1.00		
	4	3.44	1.24		
	5	3.50	1.22	1.62	0.177
Factor 2					
Product-related	1	0.10	1.06		
	2	-0.39	0.90		
	3	-0.02	0.58		
	4	-0.67	1.29		
	5	0.61	0.60	2.14	0.083*
Quality of company's product(s)	1	4.37	0.87		
	2	4.22	0.67		
	3	4.22	0.55		
	4	3.67	0.87		

Level of specialization	5	4.67	0.52	1.96	0.107
	1	4.45	0.78		
	2	4.22	0.67		
	3	4.44	0.62		
	4	4.11	0.78		
Factor 3 Marketing-related	5	4.83	0.41	1.09	0.367
	1	0.05	1.08		
	2	0.00	1.03		
	3	-0.09	0.77		
	4	-0.03	0.88		
Charging competitive prices	5	0.09	1.22	0.07	0.990
	1	3.90	0.94		
	2	4.00	1.00		
	3	3.83	1.04		
	4	4.00	0.50		
Speed of responding to consumer demand	5	3.67	1.75	0.14	0.965
	1	4.18	0.62		
	2	3.67	0.71		
	3	4.11	1.02		
	4	3.67	0.71		
Ability to apply effective management practices	5	4.83	0.41	3.30	0.014**
	1	4.04	0.66		
	2	3.78	0.97		
	3	4.06	0.73		
	4	3.67	0.87		
Factor 4 Management-related	5	4.17	1.17	0.74	0.564
	1	-0.02	0.99		
	2	-0.08	1.01		
	3	0.02	1.25		
	4	-0.32	0.54		
Firm's commitment to international activity	5	0.57	0.76	0.73	0.576
	1	4.29	0.83		
	2	4.44	0.53		
	3	4.39	0.61		
	4	4.56	0.53		
Ability to adapt itself to different markets	5	4.50	0.55	0.36	0.839
	1	4.24	0.76		
	2	4.11	0.93		
	3	4.00	0.59		
	4	3.78	0.97		
	5	4.33	1.21	0.86	0.491

Notes: N=94

EM: Entry mode 1 = A new company is set up (greenfield) (51 firms); 2 = An existing local company was acquired (acquisition) (9 firms); 3 = A majority (51%+) joint venture (JV) is set up (18 firms); 4 = A balanced (%50-50%) JV is set up (9 firms); 5 = A minority (<49 %) JV is set up (6 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "very weak") to 5 (= "very strong").

* $p < 0.10$; ** $p < 0.05$ (two tailed)

Variables passed the Test of Homogeneity of Variances except the variables “ability to adapt imported technologies to markets” (Sig. = 0.038), “ability to adapt itself to different markets” ($p = 0.023$), “charging competitive prices” ($p = 0.009$); along with Factor Score 1 at $p < 0.5$ and Factor Score 2 at $p < 0.10$

There were no significant group differences according to Post Hoc Method of Scheffe

Appendix Table IV. 17 Firm Performances and Subsidiary Ages

Performance Factors	Groups+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.18	0.60		
	2	0.19	1.09		
	3	-0.12	1.17		
	4	-0.31	1.10	1.49	0.222
Product design	1	3.20	0.41		
	2	3.12	0.78		
	3	3.19	1.05		
	4	2.83	1.05	0.97	0.411
Customer service	1	3.36	0.49		
	2	3.48	0.92		
	3	3.31	0.79		
	4	3.00	1.12	1.39	0.252
Achievement of strategic aims	1	3.54	0.83		
	2	3.12	0.97		
	3	2.81	1.22		
	4	2.96	1.02	2.13	0.102
Reputation	1	3.68	0.63		
	2	3.60	0.87		
	3	3.69	0.87		
	4	3.24	1.05	1.41	0.246
Productivity gains	1	3.08	0.76		
	2	3.38	0.82		
	3	2.93	0.80		
	4	2.76	0.93	2.34	0.079*
Return on investment	1	3.12	0.60		
	2	3.08	0.91		
	3	2.60	1.06		
	4	2.60	1.00	2.35	0.078*
Accessing to distribution channels	1	3.56	0.71		
	2	3.56	0.92		
	3	3.07	0.88		
	4	2.88	0.99	3.67	0.015**
Return on equity	1	3.08	0.58		
	2	3.00	0.71		
	3	2.44	1.09		
	4	2.60	1.08	2.62	0.056*
Market share	1	3.44	0.77		
	2	3.40	0.82		
	3	3.25	1.00		
	4	2.96	1.17	1.32	0.274
Gain access to low cost inputs	1	3.12	0.73		
	2	3.17	0.70		
	3	2.81	0.54		
	4	3.04	1.04	0.72	0.545

Factor 2

Access to Critical Resources Performance	1	0.19	0.55		
	2	0.11	0.97		
	3	-0.08	0.93		
	4	-0.26	1.38	1.05	0.376
Access to international corporate network	1	3.42	0.65		
	2	3.25	0.85		
	3	3.25	0.86		
	4	3.24	1.16	0.21	0.891
Acquisition of know-how	1	3.25	0.44		
	2	3.16	0.85		
	3	3.06	0.68		
	4	2.80	1.08	1.41	0.244
Access to capital/finance	1	3.17	0.56		
	2	3.13	0.85		
	3	3.06	0.77		
	4	2.58	1.06	2.49	0.066*

Notes: N = 94

+Age Groups: 1 = 0 - 2 yrs (27 firms); 2 = 3 - 4 yrs (25 firms); 3 = 5 - 6 yrs (17 firms); 4 = Above 6 yr (25 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05(two-tailed)

Variables passed the Test of Homogeneity of Variances except "acquisition of know-how" (p = 0.057); "access to capital/finance" (p = 0.003); "return on investment" (p = 0.077); "return on equity" (p = 0.001); "product design" (p = 0.027); "reputation" (p = 0.052); "customer service" (p = 0.014)

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table IV. 18 Performance and Subsidiary Age

Performance Factors	Age+	Mean	SD	t-value	Sig.
Factor 1					
Operational Performance	0	0.19	0.86		
	1	-0.23	1.12	2.05	0.044**
Product design	1	3.16	0.62		
	2	2.98	1.05	0.99	0.328
Customer service	1	3.42	0.73		
	2	3.12	1.00	1.64	0.105
Achievement of strategic aims	1	3.33	0.92		
	2	2.90	1.09	2.00	0.049**
Reputation	1	3.64	0.75		
	2	3.41	1.00	1.19	0.236
Productivity gains	1	3.22	0.80		
	2	2.83	0.87	2.25	0.027**
Return on investment	1	3.10	0.76		
	2	2.60	1.01	2.60	0.011**
Accessing to distribution channels	1	3.56	0.81		
	2	2.95	0.94	3.28	0.001***
Return on equity	1	3.04	0.64		
	2	2.54	1.07	2.63	0.011**
Market share	1	3.42	0.78		
	2	3.07	1.10	1.75	0.084*
Gain access to low cost inputs	1	3.14	0.71		
	2	2.95	0.88	1.15	0.253
Factor 2					
Scare Resources Performance	0	0.15	0.77		
	1	-0.19	1.21	1.59	0.117
Access to international corporate network	1	3.33	0.75		
	2	3.24	1.04	0.46	0.649
Acquisition of know-how	1	3.20	0.68		
	2	2.90	0.94	1.76	0.082*
Access to capital/finance	1	3.15	0.71		
	2	2.78	0.97	2.00	0.049**

Notes: N= 94

+ 0 = less than 5 yrs (52 firms); 1 = more than 5 yrs (42 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05; ***p<0.01(two-tailed)

Appendix Table IV. 19 Firm Performances and Subsidiary Employees

Performance Factors	+	Mean	SD	F	Sig.
Factor 1					
Operational Performance					
	1	-0.03	0.82		
	2	0.01	1.05		
	3	0.04	1.13		
	4	-0.02	1.04	0.03	0.995
Product design	1	3.19	0.75		
	2	3.00	0.82		
	3	3.05	0.86		
	4	3.08	0.93	0.19	0.901
Customer service	1	3.38	0.74		
	2	3.09	1.12		
	3	3.24	0.94		
	4	3.42	0.64	0.71	0.549
Achievement of strategic aims	1	2.90	0.89		
	2	3.22	0.90		
	3	3.15	1.04		
	4	3.23	1.21	0.48	0.699
Reputation	1	3.57	0.81		
	2	3.52	1.04		
	3	3.48	0.87		
	4	3.58	0.81	0.06	0.979
Productivity gains	1	2.90	0.77		
	2	2.95	0.90		
	3	3.00	0.89		
	4	3.28	0.84	0.92	0.433
Return on investment	1	2.95	0.76		
	2	2.74	0.92		
	3	2.81	0.93		
	4	3.00	1.02	0.41	0.748
Accessing to distribution channels	1	3.24	0.77		
	2	3.36	1.00		
	3	3.10	1.09		
	4	3.44	0.82	0.60	0.619
Return on equity	1	2.81	0.81		
	2	2.78	0.90		
	3	2.75	0.97		
	4	2.88	0.95	0.09	0.963
Market share	1	3.19	0.81		
	2	3.43	0.99		
	3	3.05	0.97		
	4	3.35	1.02	0.71	0.551
Gain access to low cost inputs	1	2.95	0.69		
	2	3.00	1.09		
	3	3.19	0.81		
	4	3.08	0.49	0.36	0.780

Factor 2

Access to Critical Resources Performance	1	0.02	0.81	2.40	0.073*
	2	-0.16	1.06		
	3	-0.31	1.02		
	4	0.40	1.00		
Access to international corporate network	1	3.33	0.80	1.49	0.223
	2	3.32	1.04		
	3	2.95	0.76		
	4	3.50	0.91		
Acquisition of know-how	1	3.05	0.59	0.86	0.466
	2	3.00	0.95		
	3	2.90	0.85		
	4	3.27	0.83		
Access to capital/finance	1	3.05	0.59	3.65	0.016**
	2	2.59	0.96		
	3	2.85	0.99		
	4	3.36	0.70		

Notes: N = 94

+Employee Groups: 1 = 1 -50 (23 firms); 2 = 51 - 100 (23 firms); 3 = 101 – 500 (22 firms); 4 = Above 500 (26 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= “much worse than expected”) to 5 (= “much better than expected”).

*p<0.10; ** p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except “access to capital/finance” (Sig. = 0.028)

There were no significant group differences according to Post Hoc Method of Scheffe except “access to capital/finance”.

Appendix Table IV. 20 Subsidiary Employee and Performance

Performance Factors	+	Mean	SD	t	Sig.
Factor1					
Operational Performance	0	-0.01	0.93		
	1	0.01	1.07	-0.10	0.920
Product design	0	3.09	0.78		
	1	3.06	0.89	0.16	0.870
Customer service	0	3.23	0.96		
	1	3.34	0.79	-0.62	0.540
Achievement of strategic aims	0	3.07	0.90		
	1	3.20	1.13	-0.59	0.556
Reputation	0	3.55	0.93		
	1	3.53	0.83	0.07	0.942
Productivity gains	0	2.93	0.83		
	1	3.15	0.87	-1.23	0.221
Return on investment	0	2.84	0.84		
	1	2.91	0.97	-0.40	0.688
Accessing to distribution channels	0	3.30	0.89		
	1	3.28	0.96	0.10	0.920
Return on equity	0	2.80	0.85		
	1	2.83	0.95	-0.16	0.873
Market share	0	3.32	0.91		
	1	3.21	1.00	0.53	0.601
Gain access to low cost inputs	0	2.98	0.91		
	1	3.13	0.65	-0.92	0.361
Access to Critical Resources Performance	0	-0.07	0.94		
	1	0.07	1.06	-0.70	0.484
Access to international corporate network	0	3.33	0.92		
	1	3.26	0.88	0.34	0.735
Acquisition of know-how	0	3.02	0.79		
	1	3.11	0.85	-0.50	0.621
Access to capital/finance	0	2.81	0.82		
	1	3.13	0.87	-1.77	0.081*

Notes: N= 94

+ 0 = Equal or less than 100 employees (46 firms); 1 = more than 100 employees (48 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10 (two-tailed)

Appendix Table IV.21 Firm Performances and Subsidiary Capital

Performance Factors	Group+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	-0.25	1.10		
	2	0.18	0.95		
	3	0.06	0.90		
	4	0.00	1.08	0.84	0.475
Product design	1	2.92	0.91		
	2	3.22	0.60		
	3	3.00	0.94		
	4	3.25	0.86	0.80	0.495
Customer service	1	3.08	0.91		
	2	3.29	0.95		
	3	3.46	0.86		
	4	3.31	0.70	0.81	0.489
Achievement of strategic aims	1	2.58	0.83		
	2	3.25	1.07		
	3	3.35	0.85		
	4	3.44	1.21	3.57	0.017
Reputation	1	3.24	1.01		
	2	3.71	0.86		
	3	3.54	0.76		
	4	3.75	0.77	1.62	0.190
Productivity gains	1	2.80	0.91		
	2	3.21	0.88		
	3	3.04	0.79		
	4	3.20	0.77	1.16	0.331
Return on investment	1	2.63	0.97		
	2	3.13	0.90		
	3	2.81	0.80		
	4	3.00	0.97	1.37	0.256
Accessing to distribution channels	1	3.04	0.89		
	2	3.39	1.03		
	3	3.31	0.97		
	4	3.53	0.64	1.06	0.369
Return on equity	1	2.58	1.02		
	2	3.00	0.78		
	3	2.73	0.87		
	4	3.00	0.89	1.18	0.322
Market share	1	2.80	1.00		
	2	3.50	0.98		
	3	3.31	0.84		
	4	3.56	0.81	3.23	0.026
Gain access to low cost inputs	1	2.76	0.78		
	2	3.17	1.03		
	3	3.15	0.61		
	4	3.20	0.56	1.68	0.176

Factor 2

Access to Critical Resources Performance	1	-0.49	1.13		
	2	0.09	0.83		
	3	-0.02	0.94		
	4	0.65	0.78		
Access to international corporate network	1	2.79	0.83	4.86	0.004***
	2	3.43	0.95		
	3	3.31	0.74		
	4	3.81	0.83		
Acquisition of know-how	1	2.71	0.86	5.14	0.003***
	2	3.29	0.81		
	3	3.12	0.65		
	4	3.19	0.91		
Access to capital/finance	1	2.71	0.81	2.39	0.074*
	2	2.83	0.78		
	3	2.92	0.84		
	4	3.73	0.70		

Notes: N = 94

+Capital Groups: 1 = Up to 500. 000 US\$ (25 firms); 2 = 500.001 –2.000.000 US\$ (26 firms); 3 = 2.000.001 – 10.000.000 US\$ (27 firms); 4 = Above 10.000.000 (16 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= “much worse than expected”) to 5 (= “much better than expected”).

*p<0.10; **p<0.05 ; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except “gain access to low cost inputs” (p = 0.079), “achievement of strategic aims” (p = 0.088).

There were no significant group differences according to Post Hoc Method of Scheffe, except the variables “access to capital/finance”, and “access to international corporate network” and Factor Score 2.

Appendix Table IV. 22 Subsidiary Capital and Performance

<u>Performance Factors</u>	Capital +	Mean	SD	t	Sig.
Factor1					
Operational Performance	0	-0.03	1.04		
	1	0.04	0.96	-0.34	0.736
Product design	0	3.06	0.78		
	1	3.10	0.91	-0.18	0.854
Customer service	0	3.18	0.93		
	1	3.40	0.80	-1.21	0.230
Achievement of strategic aims	0	2.92	1.01		
	1	3.38	0.99	-2.20	0.030**
Reputation	0	3.47	0.96		
	1	3.62	0.76	-0.81	0.418
Productivity gains	0	3.00	0.91		
	1	3.10	0.78	-0.55	0.585
Return on investment	0	2.88	0.96		
	1	2.88	0.86	-0.03	0.976
Accessing to distribution channels	0	3.21	0.97		
	1	3.39	0.86	-0.93	0.355
Return on equity	0	2.79	0.92		
	1	2.83	0.88	-0.22	0.828
Market share	0	3.14	1.04		
	1	3.40	0.83	-1.31	0.193
Gain access to low cost inputs	0	2.96	0.92		
	1	3.17	0.59	-1.27	0.207
Factor 2					
Scare Resources Performance	0	-0.19	1.02		
	1	0.23	0.94	-2.07	0.041**
Access to international corporate network	0	3.11	0.94		
	1	3.50	0.80	-2.11	0.037**
Acquisition of know-how	0	3.00	0.88		
	1	3.14	0.75	-0.82	0.412
Access to capital/finance	0	2.77	0.79		
	1	3.22	0.88	-2.55	0.012**

Notes: N= 94

+ 0 = Equal or less than 2 .000.000 US\$ (51 firms); 1 = more than 2 .000.000 US\$ (43 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

** p<0.05 (two-tailed)

Appendix Table IV.23 Firm Performances and Subsidiary Sales

Performance Factors	+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	-0.15	1.08		
	2	0.05	1.00		
	3	0.22	0.76		
	4	0.07	1.07	0.59	0.625
Product design	1	2.97	0.95		
	2	3.10	0.77		
	3	3.24	0.66		
	4	3.11	0.93	0.39	0.758
Customer service	1	3.03	1.03		
	2	3.34	0.72		
	3	3.53	0.72		
	4	3.67	0.71	2.19	0.095*
Achievement of strategic aims	1	2.81	0.98		
	2	3.24	0.91		
	3	3.63	1.15		
	4	3.22	0.97	2.77	0.046**
Reputation	1	3.33	1.04		
	2	3.62	0.73		
	3	3.76	0.75		
	4	3.67	0.71	1.20	0.314
Productivity gains	1	2.83	0.86		
	2	3.11	0.83		
	3	3.29	0.77		
	4	3.22	0.97	1.44	0.237
Return on investment	1	2.54	0.92		
	2	3.14	0.79		
	3	3.12	0.86		
	4	2.89	1.05	2.95	0.037**
Accessing to distribution channels	1	3.00	0.97		
	2	3.43	0.79		
	3	3.59	0.87		
	4	3.44	1.01	2.13	0.102
Return on equity	1	2.50	0.97		
	2	3.07	0.80		
	3	2.94	0.68		
	4	3.00	1.00	2.61	0.057*
Market share	1	2.97	0.94		
	2	3.41	0.87		
	3	3.53	0.94		
	4	3.44	1.13	1.97	0.124
Gain access to low cost inputs	1	3.03	1.00		
	2	3.00	0.61		
	3	3.29	0.47		
	4	2.88	0.83	0.71	0.547

Factor 2**Scare Resources Performance**

	1	-0.48	1.07		
	2	0.28	0.84		
	3	0.44	0.88		
	4	0.35	0.41	5.98	0.001***
Access to international corporate network	1	3.00	0.94		
	2	3.41	0.87		
	3	3.56	0.73		
	4	3.56	0.88	2.26	0.087*
Acquisition of know-how	1	2.75	0.91		
	2	3.17	0.66		
	3	3.44	0.73		
	4	3.33	0.71	3.68	0.015**
Access to capital/finance	1	2.49	0.89		
	2	3.24	0.69		
	3	3.44	0.63		
	4	3.25	0.71	8.18	0.000***

Notes: N = 94

+Sales Groups: 1 = Up to 10 million US\$ (39 firms); 2 = 10.1- 50 million US\$ (29 firms); 3 = 50.1 - 250 million US\$ (17 firms); 4= Above 250 million US\$ (9 firms).

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed)

Variables passed the Test of Homogeneity of Variances except "access to capital/finance" ($p = 0.093$), "return on equity" ($p = 0.06$), "reputation" ($p = 0.044$) and Factor Score 2 ($p = 0.074$).

There were no significant group differences according to Post Hoc Method of Scheffe except the variables "acquisition of know-how", "access to capital/finance" and Factor Score 2.

Appendix Table IV. 24 Subsidiary Sales and Performance

Performance Factors	+	Mean	SD	t	Sig.
Factor1					
Operational Performance	0	-0.06	1.05		
	1	0.17	0.86	-1.00	0.320
Product design	0	3.03	0.87		
	1	3.19	0.75	-0.83	0.411
Customer service	0	3.17	0.91		
	1	3.58	0.70	-2.05	0.043**
Achievement of strategic aims	0	3.00	0.97		
	1	3.48	1.08	-2.04	0.045
Reputation	0	3.46	0.92		
	1	3.73	0.72	-1.33	0.185
Productivity gains	0	2.95	0.85		
	1	3.27	0.83	-1.61	0.111
Return on investment	0	2.81	0.91		
	1	3.04	0.92	-1.07	0.288
Accessing to distribution channels	0	3.19	0.91		
	1	3.54	0.90	-1.64	0.105
Return on equity	0	2.75	0.94		
	1	2.96	0.79	-1.05	0.298
Market share	0	3.17	0.93		
	1	3.50	0.99	-1.51	0.135
Gain access to low cost inputs	0	3.02	0.85		
	1	3.16	0.62	-0.77	0.441
Factor 2					
Scarce Resources Performance	0	-0.16	1.05		
	1	0.41	0.75	-2.50	0.014**
Access to international corporate network	0	3.19	0.92		
	1	3.56	0.77	-1.79	0.077*
Acquisition of know-how	0	2.94	0.83		
	1	3.40	0.71	-2.46	0.016**
Access to capital/finance	0	2.83	0.88		
	1	3.38	0.65	-2.76	0.007***

Notes: N= 94

+ 0 = Equal or less than 50.000.000 US\$ (68 firms); 1 = more than 50.000.000 US\$ (26 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05 ; ***p<0.01 (two-tailed)

Appendix Table IV. 25 Firm Performances and Subsidiary Assets

Performance Factors	Group+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	-0.13	1.05		
	2	0.11	0.93		
	3	0.02	0.54		
	4	0.53	1.46	0.98	0.407
Product design	1	2.96	0.93		
	2	3.21	0.63		
	3	2.91	0.54		
	4	3.67	1.21	1.75	0.163
Customer service	1	3.07	0.98		
	2	3.46	0.74		
	3	3.55	0.52		
	4	3.67	0.82	2.15	0.099*
Achievement of strategic aims	1	2.89	0.98		
	2	3.39	0.88		
	3	3.09	1.14		
	4	3.83	1.33	2.55	0.061*
Reputation	1	3.41	0.98		
	2	3.64	0.68		
	3	3.45	0.69		
	4	4.17	0.98	1.55	0.208
Productivity gains	1	2.80	0.84		
	2	3.22	0.85		
	3	3.36	0.50		
	4	3.50	1.05	2.89	0.040**
Return on investment	1	2.73	0.91		
	2	2.96	0.74		
	3	3.00	1.00		
	4	3.33	1.37	1.03	0.383
Accessing to distribution channels	1	3.16	0.95		
	2	3.44	0.89		
	3	3.27	0.90		
	4	3.67	0.82	0.91	0.441
Return on equity	1	2.71	0.94		
	2	2.82	0.82		
	3	2.82	0.75		
	4	3.50	1.05	1.38	0.254
Market share	1	3.11	0.99		
	2	3.32	0.86		
	3	3.55	0.82		
	4	3.67	1.21	1.12	0.344
Gain access to low cost inputs	1	2.96	0.92		
	2	3.11	0.70		
	3	3.18	0.40		
	4	3.40	0.55	0.69	0.560
Factor 2					

Scare Resources Performance

	1	-0.26	0.97		
	2	0.23	1.05		
	3	0.19	0.89		
	4	0.71	0.59	2.89	0.040**
Access to international corporate network	1	3.11	0.87		
	2	3.39	0.99		
	3	3.45	0.52		
	4	3.83	0.98	1.59	0.199
Acquisition of know-how	1	2.89	0.91		
	2	3.25	0.52		
	3	3.09	0.94		
	4	3.50	0.84	1.79	0.156
Access to capital/finance	1	2.64	0.81		
	2	3.32	0.82		
	3	3.00	0.45		
	4	4.00	0.71	7.61	0.000***

Notes: N = 94

+Assets Groups: 1 = Up to 10 million US\$ (49 firms); 2 = 10.1- 50 million US\$ (28 firms); 3 = 50.1 - 250 million US\$ (10 firms); 4= Above 250 million US\$ (6 firms).

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average of the factor score on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10;** p<0.05 ; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except "access to capital/finance" (p = 0.016), "reputation " (p = 0.062) and Factor Score 1 (p = 0.084).

There were no significant group differences according to Post Hoc Method of Scheffe except "access to capital/finance".

Appendix Table IV. 26 Subsidiary Assets and Performance

<u>Performance Factors</u>	+	Mean	SD	t	Sig.
Factor1					
Operational Performance	0	-0.04	1.01		
	1	0.20	0.95	-0.91	0.364
Product design	0	3.05	0.83		
	1	3.18	0.88	-0.54	0.592
Customer service	0	3.22	0.91		
	1	3.59	0.62	-1.60	0.114
Achievement of strategic aims	0	3.08	0.97		
	1	3.35	1.22	-0.99	0.327
Reputation	0	3.50	0.88		
	1	3.71	0.85	-0.88	0.384
Productivity gains	0	2.96	0.86		
	1	3.41	0.71	-2.01	0.048
Return on investment	0	2.82	0.86		
	1	3.12	1.11	-1.21	0.229
Accessing to distribution channels	0	3.26	0.93		
	1	3.41	0.87	-0.59	0.554
Return on equity	0	2.75	0.89		
	1	3.06	0.90	-1.27	0.209
Market share	0	3.19	0.95		
	1	3.59	0.94	-1.57	0.120
Gain access to low cost inputs	0	3.01	0.84		
	1	3.25	0.45	-1.09	0.280
Scare Resources Performance	0	-0.08	1.02		
	1	0.38	0.82	-1.73	0.087*
Access to international corporate network	0	3.22	0.92		
	1	3.59	0.71	-1.53	0.130
Acquisition of know-how	0	3.03	0.80		
	1	3.24	0.90	-0.94	0.348
Access to capital/finance	0	2.90	0.87		
	1	3.31	0.70	-1.75	0.084*

Notes: N= 94

+ 0 = Equal or less than 50.000.000 US\$ (77 firms); 1 = more than 50.000.000 US\$ (17 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

* p < 0.10 (two-tailed)

Appendix Table IV. 27 Firm Performances and Manufacturing Sub-sectors

	SS	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.52	0.97		
	2	-0.07	1.14		
	3	-0.25	0.90		
	4	-0.01	1.10		
	5	0.03	0.88		
	6	-0.24	0.98	1.01	0.416
Product design	1	3.54	0.78		
	2	3.19	0.98		
	3	2.90	0.74		
	4	2.94	0.85		
	5	3.05	0.59		
	6	2.86	1.03	1.24	0.299
Customer service	1	3.62	0.77		
	2	3.38	0.62		
	3	3.09	1.04		
	4	3.25	1.00		
	5	3.29	0.78		
	6	3.07	1.07	0.68	0.643
Achievement of strategic aims	1	3.31	1.18		
	2	3.13	1.13		
	3	3.00	1.10		
	4	3.06	1.06		
	5	3.29	0.90		
	6	2.93	0.92	0.32	0.898
Reputation	1	4.00	0.58		
	2	3.44	0.96		
	3	3.45	1.04		
	4	3.44	0.81		
	5	3.62	0.74		
	6	3.29	1.07	1.11	0.362
Productivity gains	1	3.15	0.80		
	2	3.19	0.83		
	3	3.00	0.45		
	4	3.06	1.00		
	5	3.05	0.85		
	6	2.79	1.05	0.39	0.857
Return on investment	1	3.08	1.12		
	2	3.07	0.88		
	3	2.55	0.69		
	4	2.69	1.01		
	5	3.00	0.77		
	6	2.79	0.97	0.78	0.565
Accessing to distribution channels	1	3.31	0.85		
	2	3.38	0.72		
	3	2.90	0.74		

	4	3.25	1.06		
	5	3.45	0.83		
Return on equity	6	3.29	1.27	0.50	0.775
	1	3.08	1.04		
	2	2.73	1.10		
	3	2.64	0.67		
	4	2.81	0.98		
	5	2.86	0.65		
Market share	6	2.71	0.99	0.36	0.872
	1	3.54	1.05		
	2	3.06	1.12		
	3	3.27	0.79		
	4	3.31	0.87		
	5	3.38	0.80		
Gain access to low cost inputs	6	3.00	1.11	0.63	0.675
	1	3.31	0.63		
	2	3.20	0.86		
	3	3.55	0.82		
	4	2.93	0.59		
	5	2.90	0.70		
	6	2.64	0.93	2.38	0.045**
Factor 2					
Scare Resources Performance					
	1	-0.19	0.77		
	2	0.33	1.27		
	3	0.13	0.68		
	4	-0.23	0.89		
	5	0.10	0.94		
Access to international corporate network	6	-0.19	1.26	0.82	0.540
	1	3.38	0.77		
	2	3.40	1.12		
	3	3.50	0.71		
	4	3.06	0.93		
	5	3.43	0.75		
Acquisition of know-how	6	3.00	1.04	0.78	0.569
	1	2.85	0.80		
	2	3.47	0.64		
	3	3.36	0.81		
	4	2.88	0.72		
	5	2.95	0.80		
Access to capital/finance	6	3.00	1.04	1.51	0.194
	1	3.08	0.49		
	2	3.29	0.91		
	3	2.60	0.84		
	4	2.81	0.83		
	5	3.14	0.85		
	6	2.79	1.05	1.21	0.310

Notes: N

18: Manufacture of textiles and wearing apparel (16 firms); 3 = ISIC 20-22: Manufacture of wood and paper products and

publishing (11) 4 = ISIC 24-25:Manufacture of chemicals, rubber and plastic products (17 firms); 5 = ISIC 26-28:Manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (23 firms); 6 = ISIC 29, 31,32:Manufacture of machinery and equipment; electrical machinery apparatus; radio, television and communication equipment (16 firms).

**p < 0.05 (two tailed)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

Variables passed the Test of Homogeneity of Variances except the variable "reputation" at p < 0.5 (i.e. Sig. = 0.035).

There were no significant group differences according to Post Hoc Method of Scheffe

Appendix Table IV. 28 Firm Performances and Host Country Types

	Host Country Types+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.46	1.09		
	2	-0.07	1.19		
	3	-0.18	0.86		
	4	-0.07	0.75	1.79	0.154
Product design	1	3.53	0.90		
	2	3.08	0.97		
	3	2.93	0.70		
	4	2.83	0.62	2.78	0.046**
Customer service	1	3.79	0.85		
	2	3.17	1.01		
	3	3.07	0.78		
	4	3.28	0.67	3.09	0.031**
Achievement of strategic aims	1	3.68	1.00		
	2	2.88	1.12		
	3	2.97	0.87		
	4	3.17	0.99	2.79	0.045**
Reputation	1	4.00	0.75		
	2	3.50	1.06		
	3	3.33	0.80		
	4	3.44	0.70	2.53	0.062*
Productivity gains	1	3.42	1.02		
	2	2.63	0.92		
	3	3.07	0.70		
	4	3.18	0.53	3.62	0.016**
Return on investment	1	3.05	0.97		
	2	2.48	1.12		
	3	3.00	0.74		
	4	3.00	0.69	2.07	0.110
Accessing to distribution channels	1	3.84	0.90		
	2	2.96	1.04		
	3	3.21	0.79		
	4	3.28	0.75	3.70	0.015**
Return on equity	1	3.00	0.94		
	2	2.38	1.17		
	3	2.93	0.59		
	4	3.00	0.69	2.76	0.047**
Market share	1	3.68	0.82		
	2	2.88	1.12		
	3	3.33	0.92		
	4	3.22	0.73	2.79	0.045**
Gain access to low cost inputs	1	2.88	0.70		
	2	2.83	0.87		
	3	3.20	0.81		
	4	3.28	0.67	1.77	0.160

Factor 2

Scare Resources Performance	1	0.39	0.88		
	2	-0.70	1.28		
	3	0.21	0.79		
	4	0.18	0.46	6.75	0.000***
Access to international corporate network	1	3.79	0.85		
	2	2.88	1.15		
	3	3.39	0.74		
	4	3.17	0.38	4.39	0.006***
Acquisition of know-how	1	3.37	0.76		
	2	2.58	0.97		
	3	3.14	0.69		
	4	3.28	0.57	4.63	0.005***
Access to capital/finance	1	3.44	0.86		
	2	2.63	1.01		
	3	2.93	0.81		
	4	3.06	0.42	3.49	0.019**

Notes: N = 94

+Country Groups: 1 = Develop Countries (19 firms); 2 = Turkic Republics (25 firms); 3 = Central & Eastern European Countries (31 firms); 4= Other (19 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05 ; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "acquisition of know-how" (p = 0.027), "access to capital/finance" (p = 0.003), "access to international corporate network" (p = 0.001), "return on investment" (p = 0.009), "return on equity"(p = 0.000), "product design" (p = 0.044), "productivity gains" (p = 0.005), reputation (p = 0.096) and Factor Score 2.

There were no significant group differences according to Post Hoc Method of Scheffe except acquisition of know-how", "access to capital/finance", "access to international corporate network", "accessing to distribution channels", "productivity gains", "customer service", and the Factor score 2.

Appendix Table IV.29 Firm Performances and Host Country Types

	Host Country Types+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.46	1.09		
	2	-0.07	1.01		
	3	-0.18	0.86	2.72	0.071*
Product design	1	3.53	0.90		
	2	2.98	0.84		
	3	2.93	0.70	3.69	0.029**
Customer service	1	3.79	0.85		
	2	3.21	0.87		
	3	3.07	0.78	4.59	0.013**
Achievement of strategic aims	1	3.68	1.00		
	2	3.00	1.06		
	3	2.97	0.87	3.75	0.027**
Reputation	1	4.00	0.75		
	2	3.48	0.92		
	3	3.33	0.80	3.81	0.026**
Productivity gains	1	3.42	1.02		
	2	2.85	0.82		
	3	3.07	0.70	3.03	0.053*
Return on investment	1	3.05	0.97		
	2	2.71	0.98		
	3	3.00	0.74	1.35	0.264
Accessing to distribution channels	1	3.84	0.90		
	2	3.10	0.93		
	3	3.21	0.79	4.85	0.010**
Return on equity	1	3.00	0.94		
	2	2.64	1.03		
	3	2.93	0.59	1.43	0.245
Market share	1	3.68	0.82		
	2	3.02	0.98		
	3	3.33	0.92	3.44	0.036**
Gain access to low cost inputs	1	2.88	0.70		
	2	3.02	0.81		
	3	3.20	0.81	0.95	0.392
Factor 2					
Scare Resources Performance	1	0.39	0.88		
	2	-0.32	1.09		
	3	0.21	0.79	4.69	0.012**
Access to international corporate network	1	3.79	0.85		
	2	3.00	0.91		
	3	3.39	0.74	5.96	0.004***
Acquisition of know-how	1	3.37	0.76		
	2	2.88	0.89		
	3	3.14	0.69	2.57	0.082*
Access to capital/finance	1	3.44	0.86		

2	2.81	0.83		
3	2.93	0.81	3.74	0.028**

Notes: N = 94

+Country Groups: 1 = Develop Countries (19 firms); 2 = Turkic Republics; Culturally Similar countries and others (44 firms); 3 = Central & Eastern European Countries (31 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05 ; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "return on investment" (p = 0.024), "return on equity"(p = 0.000), "productivity gains" (p = 0.052).

There were no significant group differences according to Post Hoc Method of Scheffe except access to capital/finance", "access to international corporate network", "market share", "achievement of strategic aims", "accessing to distribution channels", "reputation", "customer service" and Factor Score 2.

Appendix Table IV. 30 Performance and Country Type

Performance Factors	Country+	Mean	SD	t-value	Sig.
Factor 1					
Operational Performance	0	-0,11	1,02		
	1	0,15	0,96	-1,26	0,212
Product design	0	3,53	0,90		
	1	2,96	0,78	2,50	0,019**
Customer service	0	3,79	0,85		
	1	3,15	0,83	2,95	0,004***
Achievement of strategic aims	0	3,68	1,00		
	1	2,99	0,98	2,75	0,007***
Reputation	0	4,00	0,75		
	1	3,42	0,87	2,68	0,009***
Productivity gains	0	3,42	1,02		
	1	2,94	0,78	3,03	0,005***
Return on investment	0	3,05	0,97		
	1	2,83	0,89	0,94	0,348
Accessing to distribution channels	0	3,84	0,90		
	1	3,14	0,87	3,08	0,003***
Return on equity	0	3,00	0,94		
	1	2,76	0,89	1,03	0,305
Market share	0	3,68	0,82		
	1	3,15	0,96	2,21	0,030**
Gain access to low cost inputs	0	2,88	0,70		
	1	3,10	0,81	-1,01	0,315
Factor 2					
Access to Critical Resources					
Performance	0	-0,22	1,12		
	1	0,30	0,72	-2,75	0,007***
Access to international corporate network	0	3,79	0,85		
	1	3,16	0,86	2,84	0,006***
Acquisition of know-how	0	3,37	0,76		
	1	2,99	0,82	1,83	0,070*
Access to capital/finance	0	3,44	0,86		
	1	2,86	0,82	2,68	0,009***

Notes: N= 94

+0 = Developed countries (19 firms); 1 = Other countries (75 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

* p < 0.10; ** p < 0.05 ; ***p < 0.01 (two-tailed)

Appendix Table IV. 31 Performance and Entry Mode

Performance Factors	Entry Mode	Mean	SD	t-value	Sig.
Factor 1					
Operational Performance	0	0.12	0.93		
	1	-0.22	1.09	1.58	0.117
Product design	0	3.19	0.80		
	1	2.88	0.87	1.72	0.088*
Customer service	0	3.36	0.76		
	1	3.16	1.05	1.04	0.300
Achievement of strategic aims	0	3.19	1.04		
	1	3.03	0.98	0.68	0.498
Reputation	0	3.71	0.74		
	1	3.22	1.01	2.43	0.019**
Productivity gains	0	3.14	0.75		
	1	2.87	1.01	1.29	0.204
Return on investment	0	2.98	0.87		
	1	2.69	0.97	1.48	0.141
Accessing to distribution channels	0	3.38	0.81		
	1	3.13	1.09	1.23	0.223
Return on equity	0	2.92	0.82		
	1	2.61	1.02	1.43	0.160
Market share	0	3.37	0.89		
	1	3.06	1.05	1.49	0.139
Gain access to low cost inputs	0	3.16	0.67		
	1	2.87	0.96	1.64	0.106
Factor 2					
Access to Critical Resources Performance	0		0.09	0.85	
	1	-0.16	1.22	1.20	0.233
Access to international corporate network	0	3.39	0.79		
	1	3.10	1.06	1.45	0.150
Acquisition of know-how	0	3.15	0.74		
	1	2.90	0.94	1.38	0.171
Access to capital/finance	0	3.05	0.71		
	1	2.83	1.09	1.00	0.325

Notes:

N= 94

+ 0 = WOS (60 firms); 1 = JV (34 firms)

The mean for the factors is the mean of the factor score; the mean for the individual performance variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected"). * p < 0.10; ** p<0.05(two-tailed)

Appendix Table IV. 32 Subsidiary Firm Performances and Entry Mode

	EM*	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.18	0.97		
	2	-0.23	0.64		
	3	0.11	1.00		
	4	-0.55	0.83		
	5	-0.71	1.57	2.12	0.085***
Product design	1	3.22	0.87		
	2	3.00	0.00		
	3	3.06	0.83		
	4	2.75	0.71		
	5	2.50	1.22	1.43	0.232
Customer service	1	3.40	0.78		
	2	3.11	0.60		
	3	3.41	0.80		
	4	2.88	1.13		
	5	2.83	1.60	1.24	0.300
Achievement of strategic aims	1	3.22	1.06		
	2	3.00	1.00		
	3	3.12	0.86		
	4	2.88	0.83		
	5	3.00	1.55	0.27	0.893
Reputation	1	3.76	0.77		
	2	3.44	0.53		
	3	3.59	0.80		
	4	2.63	0.74		
	5	3.00	1.55	4.07	0.005*
Productivity gains	1	3.14	0.70		
	2	3.11	1.05		
	3	3.13	0.89		
	4	2.50	0.53		
	5	2.40	1.67	1.81	0.135
Return on investment	1	3.06	0.85		
	2	2.56	0.88		
	3	3.00	0.71		
	4	2.38	1.06		
	5	2.17	1.33	2.52	0.047**
Accessing to distribution channels	1	3.45	0.82		
	2	3.00	0.71		
	3	3.29	0.99		
	4	3.25	0.89		
	5	2.40	1.67	1.81	0.134
Return on equity	1	2.98	0.80		
	2	2.56	0.88		
	3	2.82	0.95		
	4	2.50	0.93		
	5	2.17	1.33	1.69	0.160

Market share	1	3.46	0.89	1.25	0.298
	2	2.89	0.78		
	3	3.06	1.03		
	4	3.00	0.93		
	5	3.17	1.47		
Gain access to low cost inputs	1	3.14	0.71	2.31	0.064***
	2	3.22	0.44		
	3	3.18	1.01		
	4	2.50	0.76		
	5	2.40	0.89		
Factor 2					
Scare Resources Performance	1	0.11	0.88	0.42	0.797
	2	-0.02	0.68		
	3	-0.15	1.13		
	4	-0.16	1.32		
	5	-0.28	1.64		
Access to international corporate network	1	3.44	0.81	0.86	0.494
	2	3.11	0.60		
	3	3.19	0.98		
	4	3.00	1.07		
	5	3.00	1.41		
Acquisition of know-how	1	3.18	0.77	0.91	0.462
	2	3.00	0.50		
	3	3.06	0.83		
	4	2.75	0.89		
	5	2.67	1.37		
Access to capital/finance	1	3.02	0.75	0.42	0.793
	2	3.22	0.44		
	3	2.81	0.91		
	4	2.88	1.13		
	5	2.83	1.60		

Notes: * 1 = A new company is set up (greenfield) (51 firms); 2 = An existing local company was acquired (acquisition) (9 firms); 3 = A majority (51%+) joint venture (JV) is set up (18 firms); 4 = A balanced (%50-50%) JV is set up (9 firms); 5 = A minority (-49 %) JV is set up (6 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

* $p < 0.01$; ** $p < 0.05$; *** $p < 0.10$ (two-tailed)

While variables of "gain access to low cost inputs"; "access to international corporate network"; "market share" passed the Test of Homogeneity of Variances the others "acquisition of know-how" (Sig. = 0.060), "access to capital/finance" (Sig. = 0.007), "return on investment" (Sig. = 0.026), "return on equity" (Sig. = 0.093), "achievement of strategic aims" (Sig. = 0.053) "product design" (Sig. = 0.014), "accessing to distribution channels" (Sig. = 0.042), "productivity gains" (Sig. = 0.047), reputation (Sig. = 0.002), Customer service (sig. = 0.020) and Factor Score 2 did not pass it.

There were no significant group differences according to Post Hoc Method of Scheffe except the variable "reputation".

Appendix Table IV. 33 Firm Performances and Ages

	Age Groups+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	0.14	1.19		
	2	0.09	0.99		
	3	-0.08	1.03		
	4	-0.17	0.86	0.43	0.732
Product design	1	3.00	1.04		
	2	3.00	0.66		
	3	3.40	0.74		
	4	3.04	0.81	0.90	0.446
Customer service	1	2.96	1.14		
	2	3.33	0.64		
	3	3.60	0.74		
	4	3.42	0.72	2.20	0.093*
Achievement of strategic aims	1	2.75	0.97		
	2	3.17	0.98		
	3	3.60	1.06		
	4	3.25	0.99	2.62	0.056*
Reputation	1	3.36	1.06		
	2	3.50	0.83		
	3	3.73	0.88		
	4	3.67	0.64	0.83	0.478
Productivity gains	1	2.77	0.95		
	2	3.13	0.74		
	3	3.47	0.92		
	4	3.00	0.72	2.33	0.080*
Return on investment	1	2.56	1.05		
	2	2.96	0.86		
	3	3.20	0.86		
	4	2.96	0.75	1.94	0.129
Accessing to distribution channels	1	2.92	1.09		
	2	3.38	0.82		
	3	3.67	0.82		
	4	3.38	0.77	2.47	0.067*
Return on equity	1	2.50	1.11		
	2	2.78	0.67		
	3	3.20	0.86		
	4	2.96	0.75	2.39	0.075*

Market share	1	2.96	1.10	1.50	0.220
	2	3.33	0.76		
	3	3.53	0.64		
	4	3.38	1.06		
Gain access to low cost inputs	1	3.04	1.04	2.23	0.091*
	2	2.83	0.58		
	3	3.50	0.65		
	4	3.04	0.62		
Factor 2					
Scare Resources Performance	1	-0.23	1.12	1.64	0.187
	2	0.19	0.99		
	3	-0.29	1.11		
	4	0.20	0.69		
Access to international corporate network	1	2.96	1.00	2.25	0.089*
	2	3.35	0.78		
	3	3.36	0.93		
	4	3.58	0.78		
Acquisition of know-how	1	2.64	0.95	4.49	0.006***
	2	3.30	0.82		
	3	3.40	0.63		
	4	3.13	0.54		
Access to capital/finance	1	2.50	1.04	7.20	0.000***
	2	3.04	0.47		
	3	2.92	0.76		
	4	3.50	0.66		

Notes: N = 94

+Age Groups: 1 = 1-10 yrs (16 firms); 2 = 11-20 yrs (34 firms); 3 = 21-30 yrs (23 firms); 4 = Above 30 (21 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variable "acquisition of know-how" (p = 0.012). There were no significant group differences according to Post Hoc Method of Scheffe except the variable "access to capital/finance".

Appendix Table IV. 34 Firm Performances and Total Assets

	Asset groups+	Mean	SD	F	Sig.
Factor 1					
Operational Performance	1	-0.45	0.97		
	2	0.38	1.19		
	3	-0.02	0.64		
	4	0.28	0.97	3.85	0.012**
Product design	1	2.65	0.89		
	2	3.48	0.90		
	3	2.88	0.43		
	4	3.53	0.74	7.13	0.000***
Customer service	1	2.81	0.96		
	2	3.61	0.89		
	3	3.35	0.63		
	4	3.53	0.74	4.61	0.005***
Achievement of strategic aims	1	2.52	0.70		
	2	3.52	1.04		
	3	3.32	0.90		
	4	3.33	1.23	5.62	0.001***
Reputation	1	3.19	1.00		
	2	3.78	0.95		
	3	3.50	0.58		
	4	3.87	0.74	2.98	0.036**
Productivity gains	1	2.65	0.80		
	2	3.32	0.95		
	3	3.15	0.61		
	4	3.13	0.99	2.96	0.037**
Return on investment	1	2.46	0.90		
	2	3.00	1.00		
	3	3.08	0.69		
	4	3.07	0.96	2.73	0.049**
Accessing to distribution channels	1	2.73	0.83		
	2	3.77	0.81		
	3	3.35	0.85		
	4	3.47	0.92	6.46	0.001***
Return on equity	1	2.44	0.85		
	2	2.96	1.07		

	3	2.96	0.61		
	4	3.00	1.00	2.24	0.089*
Market share	1	2.85	0.95		
	2	3.39	0.99		
	3	3.46	0.71		
	4	3.47	1.13	2.55	0.061*
Gain access to low cost inputs	1	3.04	1.02		
	2	3.05	0.79		
	3	3.15	0.46		
	4	2.93	0.83	0.26	0.857
Factor 2					
Score Resources Performance					
	1	-0.43	1.16		
	2	0.10	0.99		
	3	0.28	0.78		
	4	0.19	0.83	2.86	0.042**
Access to international corporate network	1	2.88	0.91		
	2	3.52	0.85		
	3	3.36	0.81		
	4	3.53	0.92	2.89	0.040**
Acquisition of know-how	1	2.67	1.00		
	2	3.26	0.54		
	3	3.24	0.60		
	4	3.20	0.94	3.33	0.023**
Access to capital/finance	1	2.50	0.91		
	2	3.13	0.97		
	3	3.12	0.53		
	4	3.36	0.74	4.58	0.005***

Notes: N = 94

+Asset Groups: 1 = Up to 10 million US\$ (29 firms); 2 = 10.1- 50 million US\$ (24 firms); 3 = 50.1- 250 million US\$ (26firms); 4= Above 250 million US\$ (15 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "much worse than expected") to 5 (= "much better than expected").

*p<0.10; ** p<0.05 ; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "acquisition of know-how" (p = 0.033), "access to capital/finance" (p = 0.018), "achievement of strategic aims" (p = 0.079), "product design (p = 0.003), "productivity gains" (p = 0.070), and Factor Score 1 There were no significant group differences according to Post Hoc Method of Scheffe except the variables "access to capital/finance", "achievement of strategic aims", "product design", "accessing to distribution channels", "customer service" and Factor Score 1.

Appendix Table V. 1 Pull Motives and Parent Firm Age

Pull Motives	Age Groups +	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.02	0.80	1.28	0.286
	2	0.01	0.97		
	3	0.29	1.13		
	4	-0.33	1.11		
Favorable legal climate in the host country	1	3.33	1.05	1.12	0.346
	2	3.32	1.17		
	3	3.77	1.15		
	4	3.14	1.31		
Political stability of the host country	1	3.56	1.09	0.31	0.821
	2	3.53	1.13		
	3	3.61	1.31		
	4	3.29	1.27		
Economic stability of the host country	1	3.63	1.09	1.28	0.287
	2	3.29	1.09		
	3	3.65	1.27		
	4	3.05	1.24		
Quality of infrastructure in the host country	1	3.88	1.02	2.36	0.077*
	2	3.09	1.24		
	3	3.65	1.03		
	4	3.24	1.09		
Existence of no restrictions to limit foreign ownership	1	3.25	1.24	0.35	0.790
	2	3.47	1.13		
	3	3.61	1.03		
	4	3.57	1.25		
Foreign government incentives for foreign investors	1	3.40	1.24	0.91	0.441
	2	3.38	1.21		
	3	3.43	1.20		
	4	2.90	1.26		
Factor 2: Market Seeking Motives	1	0.33	0.65	1.29	0.283
	2	-0.25	1.20		
	3	0.12	0.97		
	4	-0.01	0.92		
Access to markets in host country's region	1	4.40	0.91	1.38	0.253
	2	3.73	1.57		
	3	4.22	0.95		
	4	4.24	1.22		
Market potential of host country	1	4.56	0.81	2.89	0.040**
	2	3.62	1.46		
	3	4.30	1.15		
	4	4.33	1.24		
To avoid the tariff or non-tariff barriers of trade	1	3.27	1.44	0.22	0.883
	2	3.38	1.37		
	3	3.48	1.50		
	4	3.14	1.56		
Factor 3: Strategic Asset Seeking Motives	1	0.13	0.82		

	2	-0.13	1.06		
	3	0.04	1.02		
Access to know how	4	0.06	1.03	0.29	0.832
	1	2.38	1.36		
	2	2.44	1.46		
	3	2.48	1.38		
Access to international corporate network	4	2.24	1.30	0.13	0.942
	1	3.47	1.06		
	2	2.76	1.50		
	3	3.35	1.50		
Access to capital	4	3.20	1.40	1.23	0.302
	1	2.69	1.30		
	2	2.26	1.31		
	3	2.59	1.30		
Factor 4: Cultural Asset Exploiting Motives	4	2.29	1.27	0.59	0.622
	1	0.15	0.98		
	2	-0.06	1.01		
	3	-0.19	1.03		
Favorable relations between host country and Turkey	4	0.31	0.98	1.02	0.390
	1	3.60	1.30		
	2	3.39	0.93		
	3	3.43	1.08		
Similarity of the host country to Turkey	4	3.76	1.09	0.59	0.626
	1	3.31	1.14		
	2	2.82	1.34		
	3	2.70	1.29		
Factor 4: Cultural Asset Exploiting Motives	4	2.95	1.02	0.87	0.461
	1	0.47	0.84		
	2	0.05	1.06		
	3	-0.02	1.04		
Low cost of inputs	4	-0.33	0.82	1.94	0.129
	1	4.25	1.13		
	2	3.79	1.39		
	3	3.74	1.39		
To protect the market developed through trade	4	3.19	1.50	1.86	0.141
	1	3.19	1.47		
	2	3.71	1.40		
	3	3.83	1.40		
	4	3.76	1.30	0.77	0.512

Notes: N = 94

+Age Groups: 1 = 1-10 yrs (16 firms); 2 = 11-20 yrs (34 firms); 3 = 21-30 yrs (23 firms); 4= Above 30 (21 firms)

SD: standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average of the mean scores of the variables on a scale of 1 (= "not important at all") to 5 (= "very important").

*p<0.10 ; ** p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except "market potential of host country"(p= 0.084), "access to markets in host country's region" (p= 0.015), "similarity of the host country to Turkey" (p = 0.064) variables and "market seeking motives" (p = 0.061) factor. There were no significant group differences according to Post Hoc Method of

Scheffe.

Appendix Table V. 2 Pull Motives and Foreign Subsidiary Age

Pull Motives	Age Groups+	Mean	SD	FSig.	
Factor 1: Favorable Business Environment Seeking	1	0.35	0.97		
	2	0.08	1.11		
	3	-0.37	1.07		
	4	-0.22	0.88	2.14	0.101
Favorable legal climate in the host country	1	3.74	1.02		
	2	3.25	1.42		
	3	3.00	1.26		
	4	3.40	1.00	1.50	0.220
Political stability of the host country	1	3.89	1.15		
	2	3.64	1.11		
	3	3.06	1.09		
	4	3.24	1.27	2.36	0.077*
Economic stability of the host country	1	3.78	1.05		
	2	3.56	1.23		
	3	3.00	1.22		
	4	3.04	1.10	2.66	0.053*
Quality of infrastructure in the host country	1	3.52	1.22		
	2	3.40	1.29		
	3	3.41	1.12		
	4	3.24	0.97	0.25	0.860
Existence of no restrictions to limit foreign ownership	1	3.63	1.21		
	2	3.56	1.19		
	3	3.35	0.93		
	4	3.36	1.19	0.35	0.791
Foreign government incentives for foreign investors	1	3.41	1.22		
	2	2.96	1.37		
	3	3.47	1.23		
	4	3.36	1.08	0.82	0.486
Factor 2: Market Seeking Motives	1	0.09	0.77		
	2	-0.29	1.42		
	3	0.39	0.53		
	4	-0.08	0.96	1.54	0.210
Access to markets in host country's region	1	4.00	1.26		
	2	3.96	1.63		
	3	4.59	0.51		
	4	3.92	1.22	1.16	0.331
Market potential of host country	1	4.30	1.23		
	2	3.76	1.56		
	3	4.41	0.80		
	4	4.04	1.27	1.15	0.332
To avoid the tariff or non-tariff barriers of trade	1	3.93	1.38		
	2	2.79	1.38		
	3	3.29	1.26		
	4	3.24	1.51	2.86	0.041**
Factor 3: Strategic Asset Seeking Motives	1	0.02	1.29		

	2	0.03	0.92		
	3	0.20	0.69		
Access to know how	4	-0.18	0.91	0.48	0.696
	1	2.44	1.58		
	2	2.60	1.44		
	3	2.35	1.00		
Access to international corporate network	4	2.16	1.31	0.44	0.724
	1	3.23	1.53		
	2	2.92	1.47		
	3	3.53	1.12		
Access to capital	4	2.92	1.44	0.85	0.471
	1	2.56	1.37		
	2	2.36	1.29		
	3	2.94	1.24		
Factor 4: Cultural Asset Exploiting Motives	4	2.00	1.15	1.92	0.132
	1	-0.08	0.92		
	2	-0.27	0.91		
	3	0.21	1.20		
Favorable relations between host country and Turkey	4	0.31	0.99	1.72	0.170
	1	3.35	1.20		
	2	3.63	0.97		
	3	3.41	1.00		
Similarity of the host country to Turkey	4	3.68	1.07	0.55	0.651
	1	2.81	1.30		
	2	2.28	1.10		
	3	3.24	1.03		
Factor 4: Cultural Asset Exploiting Motives	4	3.40	1.15	4.41	0.006***
	1	-0.01	0.92		
	2	-0.04	1.00		
	3	-0.08	0.87		
Low cost of inputs	4	0.16	1.14	0.24	0.867
	1	3.56	1.48		
	2	3.92	1.41		
	3	3.59	1.23		
To protect the market developed through trade	4	3.80	1.44	0.37	0.777
	1	3.85	1.29		
	2	3.64	1.41		
	3	4.00	0.94		
	4	3.24	1.67	1.29	0.283

Notes: N = 94, SD: Standard deviation

+Age Groups: 1 = Up to 2 yrs (27 firms); 2 = 3-4 yrs (25 firms); 3 = 5-6 yrs (17 firms); 4 = Above 6 (25 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

* p < 0.10; ** p < 0.05 ; ***p < 0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except "access to know how" (p = 0.061), "market potential of host country" (p = 0.015), "access to markets in host country's region" (p = 0.015), "to protect the market developed through trade", (p = 0.007), "favorable legal climate in the host country" (p = 0.062), "similarity of the host country to Turkey" (p = 0.064) variables; and "market seeking motives" (p = 0.006) and "strategic asset seeking motives" (p = 0.014) factors.

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables of "to avoid the tariff or non-tariff barriers of trade" and "similarity of the host country to Turkey".

Appendix Table V. 3 Push Motives and Parent Firm Age

Push Motives	Age Groups+	Mean	SD	F	Sig.
Factor 1:Unfavorable Business Environment Pushers					
	1	-0.09	0.94	2.17	0.097*
	2	-0.11	1.01		
	3	0.45	0.96		
	4	-0.24	1.01		
Unfavorable legal climate	1	3.20	1.37	2.48	0.066*
	2	3.00	1.30		
	3	3.61	1.12		
	4	2.57	1.36		
Political instability	1	3.19	1.38	2.94	0.037**
	2	3.18	1.42		
	3	3.78	1.17		
	4	2.57	1.40		
Unstable exchange rates	1	3.25	1.44	0.82	0.488
	2	3.36	1.56		
	3	3.57	1.24		
	4	2.90	1.45		
High inflation rate	1	3.31	1.25	1.66	0.182
	2	3.32	1.51		
	3	3.70	1.33		
	4	2.76	1.37		
High cost of finance	1	3.44	1.26	2.57	0.059*
	2	2.91	1.38		
	3	3.74	1.29		
	4	2.81	1.33		
High corporate tax rate	1	3.56	1.41	3.58	0.017**
	2	3.03	1.36		
	3	3.26	1.18		
	4	2.29	1.10		
Factor 2: Efficiency Pushers					
	1	0.21	0.93	1.66	0.182
	2	-0.05	1.04		
	3	0.23	0.87		
	4	-0.38	1.07		
High employment costs	1	3.44	1.50	2.18	0.096*
	2	3.29	1.55		
	3	3.39	1.27		
	4	2.48	1.21		
High cost of raw materials and semi-finished goods	1	3.56	1.15	2.78	0.046**
	2	2.97	1.49		
	3	3.61	1.16		
	4	2.62	1.32		
High utility costs	1	3.94	1.39	3.38	0.022**
	2	3.47	1.44		
	3	4.00	0.95		
	4	2.86	1.35		

Factor: 3 Market Pushers

	1	0.46	0.93		
	2	0.22	0.95		
	3	-0.34	1.01		
	4	-0.33	1.00	3.41	0.021**
Low profitability of firm	1	3.63	1.20		
	2	3.15	1.35		
	3	2.74	1.32		
	4	2.19	1.36	4.12	0.009***
Increased competition	1	3.50	1.32		
	2	3.44	1.31		
	3	2.52	1.31		
	4	2.67	1.43	3.35	0.023**
Slow growth of the firm	1	3.44	1.15		
	2	2.76	1.30		
	3	3.17	1.44		
	4	2.52	1.33	1.89	0.136

Notes: N = 94

+Age Groups: 1 = 1-10 yrs (16 firms); 2 = 11-20 yrs (34 firms); 3 = 21-30 yrs (23 firms); 4= Above 30 (21 firms)

SD: standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10; ** p<0.05 ; ***p<0.01 (two-tailed)

All variables passed the Test of Homogeneity of Variances.

At the 0.05 significance level there were no significant group differences according to Post Hoc Method of Scheffe except the variables of "political instability", "high corporate tax rate", "high utility costs", and "low profitability of firm".

Appendix Table V. 4 Push Motives and Foreign Subsidiary Age

Push Motives	Age Groups+	Mean	SD	F	Sig.
Factor 1:Unfavorable Business Environment Pushers					
	1	-0.12	0.99	0.64	0.594
	2	0.18	1.07		
	3	0.14	1.08		
	4	-0.14	0.93		
Unfavorable legal climate	1	2.96	1.43	0.25	0.858
	2	3.24	1.27		
	3	3.19	1.22		
	4	3.00	1.35		
Political instability	1	2.70	1.46	1.95	0.127
	2	3.60	1.22		
	3	3.18	1.42		
	4	3.32	1.38		
Unstable exchange rates	1	3.15	1.54	0.55	0.647
	2	3.52	1.42		
	3	3.47	1.23		
	4	3.08	1.50		
High inflation rate	1	3.15	1.49	0.18	0.909
	2	3.44	1.39		
	3	3.29	1.31		
	4	3.28	1.49		
High cost of finance	1	3.22	1.42	0.03	0.991
	2	3.12	1.39		
	3	3.24	1.20		
	4	3.16	1.43		
High corporate tax rate	1	2.93	1.33	0.06	0.980
	2	3.08	1.26		
	3	3.00	1.37		
	4	3.04	1.43		
Factor 2: Efficiency Pushers					
	1	-0.04	0.95	0.50	0.686
	2	0.07	1.13		
	3	-0.27	1.04		
	4	0.09	0.94		
High employment costs	1	3.00	1.44	0.25	0.860
	2	3.28	1.46		
	3	3.06	1.20		
	4	3.28	1.59		
High cost of raw materials	1	2.93	1.41	0.70	0.554
	2	3.36	1.38		
	3	2.94	1.09		
	4	3.32	1.46		
High utility costs	1	3.41	1.45	0.50	0.684
	2	3.68	1.28		
	3	3.29	1.21		
	4	3.72	1.46		

Factor: 3 Market Pushers

	1	-0.16	0.98		
	2	-0.15	0.98		
	3	-0.08	1.20		
	4	0.34	0.92	1.35	0.264
Low profitability of firm	1	2.78	1.40		
	2	2.80	1.44		
	3	2.53	1.33		
	4	3.44	1.29	1.82	0.149
Increased competition	1	2.74	1.43		
	2	2.88	1.33		
	3	3.47	1.37		
	4	3.28	1.37	1.34	0.267
Slow growth of the firm	1	2.81	1.27		
	2	2.88	1.42		
	3	2.59	1.28		
	4	3.32	1.35	1.16	0.329

Notes: N = 94

+Age Groups: 1 = Up to 2 yrs (27 firms); 2 = 3-4 yrs (25 firms); 3 = 5-6 yrs (17firms); 4= Above 6 (25 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

Variables passed the Test of Homogeneity of Variances.

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 5 Pull Motives and Parent Firm Capital

Pull Motives	Capital Groups+	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.33	1.01		
	2	0.37	0.81		
	3	0.00	1.02		
	4	0.01	1.15	2.08	0.109
Favorable legal climate in the host country	1	3.07	1.27		
	2	3.60	0.91		
	3	3.47	1.30		
	4	3.50	1.25	1.03	0.385
Political stability of the host country	1	3.00	1.17		
	2	3.96	0.93		
	3	3.67	1.05		
	4	3.54	1.35	3.36	0.022**
Economic stability of the host country	1	3.00	1.20		
	2	3.76	0.93		
	3	3.27	1.33		
	4	3.54	1.18	2.20	0.093*
Quality of infrastructure in the host country	1	3.47	1.22		
	2	3.36	0.95		
	3	3.07	1.44		
	4	3.54	1.06	0.58	0.630
Existence of no restrictions to limit foreign ownership	1	3.30	1.15		
	2	3.60	1.00		
	3	3.73	1.22		
	4	3.46	1.25	0.58	0.631
Foreign government incentives for foreign investors	1	3.34	1.23		
	2	3.56	1.08		
	3	3.00	1.20		
	4	3.13	1.36	0.85	0.470
Factor 2: Market Seeking Motives	1	0.23	0.88		
	2	0.09	0.86		
	3	-0.47	1.36		
	4	-0.09	1.01	1.69	0.176
Access to markets in host country's region	1	4.24	0.91		
	2	4.04	1.23		
	3	3.87	1.60		
	4	4.04	1.49	0.30	0.822
Market potential of host country	1	4.27	1.01		
	2	4.16	1.25		
	3	3.73	1.58		
	4	4.08	1.44	0.59	0.624
To avoid the tariff or non-tariff barriers of trade	1	3.31	1.39		
	2	3.44	1.39		
	3	2.80	1.42		
	4	3.58	1.56	0.97	0.408
Factor 3: Strategic Asset Seeking Motives	1	-0.17	0.82		
	2	-0.35	0.95		

	3	0.39	0.86		
	4	0.29	1.19	2.83	0.043**
Access to know how	1	2.10	1.21		
	2	2.20	1.26		
	3	2.80	1.47		
	4	2.71	1.55	1.51	0.216
Access to international corporate network	1	2.86	1.33		
	2	2.76	1.33		
	3	3.60	1.45		
	4	3.52	1.50	2.11	0.104
Access to capital	1	2.57	1.33		
	2	2.13	1.03		
	3	2.47	1.51		
	4	2.50	1.35	0.58	0.631
Factor 4: Cultural Asset Exploiting Motives	1	0.36	1.15		
	2	-0.22	0.93		
	3	-0.22	1.02		
	4	0.03	0.80	1.82	0.150
Favorable relations between host country and Turkey	1	3.55	1.18		
	2	3.42	1.10		
	3	3.60	0.63		
	4	3.54	1.14	0.11	0.953
Similarity of the host country to Turkey	1	3.43	1.19		
	2	2.72	1.10		
	3	2.27	1.39		
	4	2.83	1.09	3.72	0.014**
Factor 5: Efficiency Seeking Motives	1	0.25	0.92		
	2	0.10	1.01		
	3	-0.22	1.12		
	4	-0.19	0.94	1.24	0.299
Low cost of inputs	1	4.10	1.27		
	2	3.84	1.31		
	3	3.60	1.64		
	4	3.21	1.38	1.98	0.123
To protect the market developed through trade	1	3.57	1.30		
	2	3.84	1.40		
	3	3.53	1.68		
	4	3.67	1.34	0.22	0.881

Notes: N = 94, SD: Standard deviation

+Capital Groups: 1 = Up to 1 million US\$ (30 firms); 2 = 1.1 –10 million US\$ (25 firms); 3 = 10.1 - 20 million US\$ (15 firms); 4= Above 20 million US\$ (24 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= “not important at all”) to 5 (= “very important”).

*p<0.10; ** p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except “market potential of host country” (p = 0.052), “access to know how” (p= 0.094); “access to markets in host country's region” (p = 0.098).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables “political stability of the host country” and “similarity of the host country to Turkey”.

Appendix Table V. 6 Pull Motives and Foreign Subsidiary Capital

Pull Motives	Capital Groups+	Mean	S D	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.26	0.98		
	2	0.05	1.11		
	3	0.27	1.01		
	4	-0.16	0.92	1.27	0.289
Favorable relations between host country and Turkey	1	3.67	0.92		
	2	3.38	1.17		
	3	3.27	1.15		
	4	3.94	0.85	1.63	0.188
Political stability of the host country	1	3.12	1.20		
	2	3.73	1.22		
	3	3.56	1.19		
	4	3.63	1.09	1.27	0.291
Economic stability of the host country	1	3.12	0.97		
	2	3.73	1.22		
	3	3.48	1.25		
	4	3.06	1.18	1.67	0.178
Quality of infrastructure in the host country	1	3.24	1.05		
	2	3.23	1.37		
	3	3.78	1.01		
	4	3.25	1.06	1.44	0.237
Existence of no restrictions to limit foreign ownership	1	3.40	0.96		
	2	3.38	1.33		
	3	3.67	1.04		
	4	3.50	1.32	0.33	0.801
Foreign government incentives for foreign investors	1	3.36	1.08		
	2	3.19	1.39		
	3	3.23	1.27		
	4	3.44	1.15	0.18	0.912
Factor 2: Market Seeking Motives	1	0.04	0.95		
	2	0.12	1.03		
	3	0.07	0.92		
	4	-0.40	1.21	0.98	0.404
Access to markets in host country's region	1	4.08	1.35		
	2	4.19	1.10		
	3	4.19	1.13		
	4	3.69	1.62	0.64	0.592
Market potential of host country	1	3.92	1.35		
	2	4.23	1.14		
	3	4.22	1.25		
	4	4.00	1.51	0.36	0.782
To avoid the tariff or non-tariff barriers of trade	1	3.48	1.33		
	2	3.35	1.47		
	3	3.27	1.56		
	4	3.19	1.47	0.15	0.926
Factor 3: Strategic Asset Seeking Motives	1	-0.21	0.99		
	2	0.17	0.94		

	3	-0.24	1.14		
	4	0.40	0.69	1.98	0.123
Access to know how	1	2.12	1.20		
	2	2.65	1.41		
	3	2.37	1.50		
	4	2.44	1.36	0.65	0.587
Access to international corporate network	1	2.83	1.58		
	2	3.31	1.23		
	3	2.96	1.51		
	4	3.50	1.32	0.97	0.413
Access to capital	1	2.16	1.14		
	2	2.35	1.13		
	3	2.38	1.53		
	4	3.00	1.26	1.48	0.226
Factor 4:Cultural Asset Exploiting Motives	1	0.50	0.70		
	2	-0.31	1.06		
	3	-0.29	0.94		
	4	0.37	1.06	4.56	0.005***
Favorable legal climate in the host country	1	3.24	1.13		
	2	3.32	1.25		
	3	3.69	1.16		
	4	3.25	1.24	0.79	0.500
Similarity of the host country to Turkey	1	3.52	1.08		
	2	2.62	1.39		
	3	2.63	1.08		
	4	2.88	1.15	3.25	0.025**
Factor 5:Efficiency Seeking Motives	1	0.12	1.06		
	2	0.39	0.72		
	3	-0.25	0.93		
	4	-0.28	1.18	2.48	0.067*
Low cost of inputs	1	3.80	1.44		
	2	4.19	1.17		
	3	3.63	1.24		
	4	3.00	1.67	2.61	0.056*
To protect the market developed through trade	1	3.80	1.41		
	2	3.31	1.35		
	3	4.07	1.17		
	4	3.31	1.62	1.83	0.148

Notes: N = 94, SD: Standard deviation

+Capital Groups: 1 = Up to 500.000 US\$ (25firms); 2 = 500.000 - 2 million US\$ (26 firms); 3 = 2-10 million US\$ (27 firms); 4= Above 10 million US\$ (16 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not important at all") to 5 (= "very important").

* p<0.10; ** p<0.05; ***p<0.01(two-tailed)

Variables passed the Test of Homogeneity of Variances except "Low cost of inputs" (p = 0.052), "Access to markets in host country's region" (p= 0.070); "Strategic Asset Seeking Motives" (p = 0.087).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the third factor of "cultural asset exploiting motives".

Appendix Table V. 7 Push Motives and Parent Firm Capital

Push Motives	Capital Groups+	Mean	S D	F	Sig.
Factor 1: Unfavorable Business Environment Pushers	1	0.08	0.90		
	2	0.01	0.88		
	3	0.06	1.36		
Unfavorable legal climate	4	-0.14	1.05	0.22	0.883
	1	3.38	1.32		
	2	3.20	1.12		
	3	3.00	1.41		
Political instability	4	2.67	1.40	1.39	0.250
	1	3.50	1.38		
	2	3.16	1.28		
	3	3.27	1.53		
Unstable exchange rates	4	2.79	1.41	1.17	0.324
	1	3.47	1.38		
	2	3.42	1.38		
	3	3.27	1.58		
High inflation rate	4	2.96	1.49	0.64	0.594
	1	3.50	1.41		
	2	3.40	1.35		
	3	3.33	1.63		
High cost of finance	4	2.88	1.33	0.97	0.412
	1	3.43	1.41		
	2	3.08	1.35		
	3	3.00	1.36		
High corporate tax rate	4	3.08	1.35	0.51	0.675
	1	3.37	1.50		
	2	3.12	1.13		
	3	2.73	1.28		
	4	2.63	1.24	1.72	0.169
Factor 2: Efficiency Pushers	1	0.13	0.97		
	2	0.00	0.73		
	3	0.08	1.34		
High employment costs	4	-0.25	1.06	0.68	0.564
	1	3.53	1.55		
	2	3.16	1.21		
	3	3.00	1.51		
High cost of raw materials and semi-finished goods	4	2.79	1.41	1.28	0.285
	1	3.57	1.30		
	2	3.08	1.26		
	3	3.33	1.50		
High utility costs	4	2.58	1.32	2.57	0.060*
	1	3.80	1.45		
	2	3.64	1.22		
	3	3.60	1.30		
	4	3.08	1.38	1.34	0.266
Factor 3: Market Pushers	1	0.44	1.11		

Low profitability of firm	2	0.04	0.83	3.99	0.010**
	3	-0.47	1.02		
	4	-0.30	0.86		
	1	3.47	1.36		
Increased competition	2	3.20	1.26	5.15	0.002***
	3	2.13	1.30		
	4	2.42	1.28		
	1	3.67	1.30		
Slow growth of the firm	2	3.12	1.30	4.24	0.008***
	3	2.67	1.40		
	4	2.46	1.32		
	1	3.43	1.38		
	2	2.64	1.19	2.23	0.090*
	3	2.67	1.45		
	4	2.75	1.26		

Notes:
N = 94
+Capital Groups: 1 = Up to 1 million US\$ (30 firms); 2 = 1.1 –10 million US\$ (25 firms); 3 = 10.1 - 20 million US\$ (15 firms); 4= Above 20 million US\$ (24 firms)
SD: Standard deviation
The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= “not influenced at all”) to 5 (= “influenced much”).
*p<0.101; ** p<0.05; ***p<0.01; (two-tailed)
Variables passed the Test of Homogeneity of Variances except “high corporate tax rate” (p = 0.090) variable and “efficiency pushers” (p= 0.049) factor.
At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables “low profitability of firm” and “increased competition”, and “market pushers” factor.

Appendix Table V. 8 Push Motives and Foreign Subsidiary Capital

Push Motives	Capital Groups+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	-0.08	0.86	0.47	0.704
	2	0.12	0.98		
	3	0.09	1.12		
	4	-0.21	1.10		
Unfavorable legal climate	1	3.13	1.26	0.85	0.473
	2	3.27	1.25		
	3	3.15	1.41		
	4	2.63	1.36		
Political instability	1	3.20	1.47	1.74	0.164
	2	3.42	1.39		
	3	3.37	1.24		
	4	2.50	1.41		
Unstable exchange rates	1	3.42	1.25	1.57	0.203
	2	3.69	1.44		
	3	3.07	1.57		
	4	2.81	1.38		
High inflation rate	1	3.40	1.22	2.47	0.067*
	2	3.73	1.46		
	3	3.19	1.52		
	4	2.56	1.21		
High cost of finance	1	3.16	1.34	0.23	0.879
	2	3.35	1.35		
	3	3.04	1.34		
	4	3.19	1.52		
High corporate tax rate	1	3.24	1.39	2.48	0.066*
	2	3.42	1.33		
	3	2.70	1.10		
	4	2.50	1.37		
Factor 2: Efficiency Pushers					
	1	0.17	0.88	1.66	0.180
	2	0.23	0.89		
	3	-0.23	0.81		
	4	-0.30	1.48		
High employment costs	1	3.60	1.50	2.67	0.052*
	2	3.42	1.27		
	3	2.89	1.28		
	4	2.50	1.59		
High cost of raw materials and semi-finished goods	1	3.24	1.36	2.80	0.045**
	2	3.69	1.23		
	3	2.85	1.23		
	4	2.63	1.54		
High utility costs	1	3.72	1.31	1.58	0.200
	2	3.81	1.23		
	3	3.48	1.37		
	4	2.94	1.53		
Factor 3: Market Pushers					
	1	0.15	1.08		
	2	0.22	1.04		

Low profitability of firm	3	-0.12	0.99		
	4	-0.41	0.83	1.64	0.185
	1	3.16	1.40		
	2	3.35	1.41		
Increased competition	3	2.67	1.18		
	4	2.25	1.44	2.75	0.047*
	1	3.36	1.35		
	2	3.35	1.23		
Slow growth of the firm	3	2.85	1.46		
	4	2.44	1.41	2.11	0.105
	1	2.88	1.39		
	2	3.15	1.38		
	3	2.96	1.32		
	2.56		1.26	0.65	0.582

Notes:

N = 94

+Capital Groups: 1 = Up to 500.000 US\$ (25firms); 2 = 500.000 - 2 million US\$ (26 firms); 3 = 2-10 million US\$ (27 firms); 4= Above 10 million US\$ (16 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

* p<0.10; ** p<0.05; *p<0.1; (two-tailed)

Variables passed the Test of Homogeneity of Variances except the "efficiency pushers" (p = 0.002) factor.

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe .

Appendix Table V. 9 Push Motives and Foreign Subsidiary Capital

Push Motives	Capital Group+	Mean	SD	t	Sig.
Factor 1: Unfavorable Business Environment Pushers	0	0.02	0.92		
	1	-0.03	1.11	0.23	0.815
Unfavorable legal climate	0	3.20	1.25		
	1	2.95	1.40	0.90	0.371
Political instability	0	3.31	1.42		
	1	3.05	1.36	0.93	0.357
Unstable exchange rates	0	3.56	1.34		
	1	2.98	1.49	1.99	0.050*
High inflation rate	0	3.57	1.35		
	1	2.95	1.43	2.15	0.035**
High cost of finance	0	3.25	1.34		
	1	3.09	1.39	0.57	0.568
High corporate tax rate	0	3.33	1.35		
	1	2.63	1.20	2.66	0.009***
Factor 2: Efficiency Pushers	0	0.20	0.88		
	1	-0.26	1.09	2.24	0.028**
High employment costs	0	3.51	1.38		
	1	2.74	1.40	2.67	0.009***
High cost of raw materials and semi-finished goods	0	3.47	1.30		
	1	2.77	1.34	2.57	0.012**
High utility costs	0	3.76	1.26		
	1	3.28	1.44	1.75	0.084*
Factor 3: Market Pushers	0	0.19	1.04		
	1	-0.23	0.93	2.01	0.047**
Low profitability of firm	0	3.25	1.40		
	1	2.51	1.28	2.67	0.009***
Increased competition	0	3.35	1.28		
	1	2.70	1.44	2.34	0.022**
Slow growth of the firm	0	3.02	1.38		
	1	2.81	1.30	0.74	0.461

Notes:

N = 94

+Capital Groups: 0 = Up to 2 million US\$ (51 firms); 1 = above 2 million US\$ (43 firms);

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p < 0.10; ** p < 0.05; ***p < 0.01; (two-tailed)

Appendix Table V. 10 Pull Motives and Parent Firm Employee

Pull Motives	Employee Groups+	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.23	0.95		
	2	0.06	0.98		
	3	0.33	0.98		
	4	-0.27	1.21	1.61	0.193
Favorable legal climate in the host country	1	3.16	1.11		
	2	3.44	1.12		
	3	3.68	1.25		
	4	3.20	1.32	0.96	0.416
Political stability of the host country	1	3.15	1.22		
	2	3.64	1.03		
	3	3.96	1.14		
	4	3.07	1.28	2.96	0.037**
Economic stability of the host country	1	3.12	1.24		
	2	3.43	1.14		
	3	3.72	1.14		
	4	3.20	1.15	1.28	0.285
Quality of infrastructure in the host country	1	3.35	1.06		
	2	3.32	1.33		
	3	3.68	1.03		
	4	3.13	1.13	0.82	0.484
Existence of no restrictions to limit foreign ownership	1	3.46	1.14		
	2	3.50	1.07		
	3	3.64	1.11		
	4	3.27	1.39	0.33	0.801
Foreign government incentives for foreign investors	1	3.62	1.02		
	2	3.19	1.14		
	3	3.24	1.42		
	4	3.00	1.31	0.98	0.407
Factor 2: Market Seeking Motives	1	-0.06	0.81		
	2	0.08	1.11		
	3	-0.01	1.15		
	4	-0.11	1.02	0.13	0.943
Access to markets in host country's region	1	4.00	1.02		
	2	4.19	1.30		
	3	4.12	1.30		
	4	3.93	1.64	0.17	0.919
Market potential of host country	1	3.96	1.08		
	2	4.29	1.30		
	3	4.04	1.40		
	4	4.13	1.46	0.31	0.818
To avoid the tariff or non-tariff barriers of trade	1	3.38	1.20		
	2	3.22	1.48		
	3	3.40	1.61		
	4	3.33	1.59	0.08	0.971
Factor 3: Strategic Asset Seeking Motives	1	-0.09	0.87		

	2	-0.08	0.99		
	3	-0.05	1.15		
	4	0.38	0.98	0.81	0.490
Access to know how	1	2.12	1.07		
	2	2.39	1.57		
	3	2.48	1.48		
	4	2.73	1.28	0.69	0.560
Access to international corporate network	1	2.85	1.35		
	2	2.96	1.32		
	3	3.29	1.57		
	4	3.60	1.45	1.12	0.344
Access to capital	1	2.54	1.30		
	2	2.50	1.32		
	3	2.38	1.44		
	4	2.13	0.99	0.36	0.783
Factor 4: Cultural Asset Exploiting Motives	1	0.40	1.05		
	2	-0.06	1.05		
	3	-0.02	0.83		
	4	-0.39	0.96	2.09	0.107
Favorable relations between host country and Turkey	1	3.50	1.10		
	2	3.59	1.15		
	3	3.52	0.96		
	4	3.43	1.09	0.08	0.972
Similarity of the host country to Turkey	1	3.50	1.03		
	2	2.71	1.36		
	3	2.92	1.22		
	4	2.20	0.86	4.33	0.007***
Factor 5: Efficiency Seeking Motives	1	0.46	0.96		
	2	-0.02	1.06		
	3	-0.11	0.87		
	4	-0.47	0.84	3.13	0.030**
Low cost of inputs	1	3.96	1.18		
	2	3.93	1.56		
	3	3.68	1.25		
	4	3.00	1.51	1.86	0.142
To protect the market developed through trade	1	2.92	1.44		
	2	3.86	1.35		
	3	4.12	1.20		
	4	3.80	1.26	3.94	0.011**

Notes: N = 94

+Employee Groups: 1 = Up to 100 (26 firms); 2 = 101-500 (28 firms); 3 = 501-2000 (25 firms); 4= Above 2000 (15 firms). The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

** p< 0.5; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables of "access to know how" (p=0.015) and "similarity of the host country to Turkey" (p=0.097).

At the 0.05 significance level there were no significant group differences according to Post Hoc Method of Scheffe except the variables of "similarity of the host country to Turkey", "to protect the market developed through trade" and "efficiency seeking motives" factor.

Appendix Table V. 11 Pull Motives and Foreign Subsidiary Employee

Pull Motives	Employee Group+	Mean	S.D.	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.17	0.87		
	2	0.21	1.25		
	3	0.22	1.00		
	4	-0.22	0.93	1.24	0.302
Favorable legal climate in the host country	1	3.09	0.94		
	2	3.59	1.40		
	3	3.86	1.12		
	4	3.08	1.11	2.58	0.059*
Political stability of the host country	1	3.39	1.27		
	2	3.83	1.30		
	3	3.41	1.18		
	4	3.38	1.02	0.76	0.520
Economic stability of the host country	1	3.26	1.13		
	2	3.78	1.20		
	3	3.36	1.21		
	4	3.15	1.12	1.32	0.274
Quality of infrastructure in the host country	1	3.22	1.12		
	2	3.78	1.20		
	3	3.50	1.18		
	4	3.12	1.03	1.67	0.179
Existence of no restrictions to limit foreign ownership	1	3.61	0.78		
	2	3.52	1.37		
	3	3.68	1.12		
	4	3.19	1.20	0.88	0.455
Foreign government incentives for foreign investors	1	3.22	1.04		
	2	3.36	1.32		
	3	3.36	1.36		
	4	3.23	1.21	0.10	0.961
Factor 2: Market Seeking Motives	1	0.10	0.74		
	2	-0.02	1.06		
	3	-0.17	1.30		
	4	0.04	0.96	0.28	0.840
Access to markets in host country's region	1	4.26	1.01		
	2	4.23	1.19		
	3	3.90	1.51		
	4	3.92	1.35	0.51	0.675
Market potential of host country	1	4.26	1.13		
	2	4.17	1.15		
	3	3.91	1.60		
	4	4.08	1.26	0.30	0.823
To avoid the tariff or non-tariff barriers of trade	1	3.26	1.48		
	2	3.00	1.60		
	3	3.50	1.43		
	4	3.54	1.27	0.68	0.567
Factor 3: Strategic Asset Seeking Motives	1	0.02	0.88		

	2	0.10	1.01		
	3	-0.03	1.17		
Access to know how	4	-0.08	0.96	0.13	0.944
	1	2.22	1.24		
	2	2.61	1.30		
	3	2.27	1.54		
Access to international corporate network	4	2.46	1.42	0.39	0.763
	1	3.30	1.22		
	2	3.43	1.53		
	3	3.00	1.54		
Access to capital	4	2.81	1.38	0.93	0.431
	1	2.39	1.15		
	2	2.36	1.13		
	3	2.77	1.63		
Factor 4: Cultural Asset Exploiting Motives	4	2.19	1.20	0.83	0.479
	1	0.08	0.55		
	2	0.10	1.26		
	3	0.07	0.74		
Favorable relations between host country and Turkey	4	-0.11	1.28	0.22	0.881
	1	3.61	0.78		
	2	3.55	1.26		
	3	3.62	0.92		
Similarity of the host country to Turkey	4	3.35	1.23	0.34	0.795
	1	2.83	1.11		
	2	3.17	1.49		
	3	2.82	1.18		
Factor 5: Efficiency Seeking Motives	4	2.81	1.13	0.48	0.695
	1	-0.06	0.97		
	2	-0.02	1.05		
	3	-0.02	1.01		
Low cost of inputs	4	0.16	0.96	0.24	0.868
	1	3.74	1.32		
	2	3.57	1.61		
	3	3.86	1.35		
To protect the market developed through trade	4	3.73	1.34	0.17	0.917
	1	3.74	1.28		
	2	3.70	1.36		
	3	3.82	1.46		
	4	3.42	1.47	0.37	0.775

Notes: N = 94

+Employee Groups: 1 = Up to 50 (23 firms); 2 = 51-100 (23 firms); 3 = 101-500 (22 firms); 4 = Above 500 (26 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

*p<0.10 (two-tailed)

Variables passed the Test of Homogeneity of Variances except "access to capital" (p=0.039), "similarity of the host country to Turkey" (p=0.098) variables, "market seeking motives" (p=0.069), and "cultural asset exploiting motives" (p=0.005) factors.

There were no significant group differences according to Post Hoc Method of Scheffe .

Appendix Table V. 12 Push Motives and Parent Firm Employee

Push Motives	Employee Groups+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	0.18	0.81	1.53	0.213
	2	0.10	1.19		
	3	-0.01	0.95		
	4	-0.50	0.96		
Unfavorable legal climate	1	3.52	1.16	3.05	0.033**
	2	3.14	1.38		
	3	3.08	1.32		
	4	2.27	1.16		
Political instability	1	3.42	1.33	0.91	0.439
	2	3.32	1.47		
	3	3.08	1.44		
	4	2.73	1.28		
Unstable exchange rates	1	3.54	1.30	1.95	0.128
	2	3.50	1.53		
	3	3.24	1.42		
	4	2.50	1.34		
High inflation rate	1	3.50	1.42	2.38	0.075*
	2	3.57	1.45		
	3	3.24	1.36		
	4	2.47	1.19		
High cost of finance	1	3.73	1.28	2.57	0.059*
	2	3.11	1.45		
	3	3.04	1.27		
	4	2.60	1.24		
High corporate tax rate	1	3.38	1.44	2.77	0.046**
	2	3.11	1.26		
	3	3.00	1.29		
	4	2.20	1.01		
Factor 2: Efficiency Pushers					
	1	0.19	0.97	1.33	0.269
	2	-0.02	1.10		
	3	0.04	1.03		
	4	-0.46	0.75		
High employment costs	1	3.50	1.63	1.40	0.248
	2	3.04	1.40		
	3	3.28	1.43		
	4	2.60	0.99		
High cost of raw materials and semi-finished goods	1	3.58	1.27	3.26	0.025**
	2	3.36	1.45		
	3	2.96	1.34		
	4	2.33	1.05		
High utility costs	1	3.96	1.31	2.83	0.043**
	2	3.64	1.37		
	3	3.48	1.33		
	4	2.73	1.22		

Factor 3: Market Pushers

	1	0.21	0.96		
	2	0.13	1.15		
	3	-0.28	0.95		
	4	-0.18	0.87	1.30	0.279
Low profitability of firm	1	3.27	1.22		
	2	3.11	1.55		
	3	2.44	1.19		
	4	2.73	1.53	1.85	0.143
Increased competition	1	3.50	1.27		
	2	3.11	1.47		
	3	2.84	1.43		
	4	2.53	1.19	1.87	0.141
Slow growth of the firm	1	3.23	1.27		
	2	3.18	1.47		
	3	2.60	1.19		
	4	2.47	1.30	1.92	0.132

Notes:

N = 94

+Employee Groups: 1 = Up to 100 (26 firms); 2 = 101-500 (28 firms); 3 = 501-2000 (25 firms); 4= Above 2000 (15 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10 ; ** p< 0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the "high employment costs" variable.

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables "unfavorable legal climate", "high cost of raw materials and semi-finished goods", "high utility costs".

Appendix Table V. 13 Push Motives and Parent Firm Employee

Push Motives	Employee Group+	Mean	SD	t	Sig.
Factor 1: Unfavorable Business Environment Pushers	0	0.14	1.02		
	1	-0.18	0.97	1.51	0.133
Unfavorable legal climate	0	3.32	1.28		
	1	2.78	1.31	2.01	0.047**
Political instability	0	3.37	1.39		
	1	2.95	1.38	1.45	0.149
Unstable exchange rates	0	3.52	1.41		
	1	2.97	1.42	1.83	0.071*
High inflation rate	0	3.54	1.42		
	1	2.95	1.34	2.02	0.046**
High cost of finance	0	3.41	1.39		
	1	2.88	1.26	1.90	0.060*
High corporate tax rate	0	3.24	1.34		
	1	2.70	1.24	1.99	0.050*
Factor 2: Efficiency Pushers	0	0.08	1.04		
	1	-0.14	0.96	1.07	0.286
High employment costs	0	3.26	1.52		
	1	3.03	1.31	0.80	0.426
High cost of raw materials and semi-finished goods	0	3.46	1.36		
	1	2.73	1.26	2.69	0.009***
High utility costs	0	3.80	1.34		
	1	3.20	1.32	2.15	0.034**
Factor 3: Market Pushers	0	0.17	1.05		
	1	-0.24	0.91	1.95	0.054*
Low profitability of firm	0	3.19	1.39		
	1	2.55	1.32	2.24	0.028**
Increased competition	0	3.30	1.38		
	1	2.73	1.34	2.01	0.048**
Slow growth of the firm	0	3.20	1.37		
	1	2.55	1.22	2.40	0.018**

Notes:

N = 94

+Employee Groups: 0 = Up to 500 (54 firms); 1 = more than 500 (40 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10 ; ** p< 0.05 ; *** p< 0.01 (two-tailed)

Appendix Table V. 14 Push Motives and Foreign Subsidiary Employee

Push Motives	Employee Groups+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	0,18	1,05	1,08	0,362
	2	0,19	0,85		
	3	-0,09	1,27		
	4	-0,24	0,85		
Unfavorable legal climate	1	3,18	1,22	1,40	0,248
	2	3,48	1,24		
	3	3,00	1,57		
	4	2,73	1,19		
Political instability	1	3,35	1,50	1,03	0,384
	2	3,52	1,38		
	3	3,05	1,46		
	4	2,88	1,24		
Unstable exchange rates	1	3,48	1,38	0,85	0,471
	2	3,52	1,31		
	3	2,90	1,67		
	4	3,23	1,39		
High inflation rate	1	3,52	1,38	1,19	0,318
	2	3,61	1,34		
	3	3,00	1,57		
	4	3,04	1,34		
High cost of finance	1	3,43	1,34	0,70	0,555
	2	3,26	1,18		
	3	3,18	1,44		
	4	2,88	1,48		
High corporate tax rate	1	3,30	1,29	1,50	0,219
	2	3,30	1,36		
	3	2,73	1,35		
	4	2,73	1,25		
Factor 2: Efficiency Pushers					
	1	0,11	0,98	0,41	0,749
	2	-0,01	0,89		
	3	-0,21	1,05		
	4	0,05	1,10		
High employment costs	1	3,17	1,37	0,31	0,820
	2	3,26	1,45		
	3	2,91	1,57		
	4	3,27	1,40		
High cost of raw materials and semi-finished goods	1	3,35	1,27	0,90	0,447
	2	3,39	1,41		
	3	2,82	1,44		
	4	3,04	1,34		
High utility costs	1	3,83	1,19		
	2	3,74	1,36		
	3	3,36	1,47		

Factor 3: Market Pushers	4	3,27	1,40	0,97	0,409
	1	-0,20	1,04		
	2	0,33	0,88		
	3	-0,01	1,24		
Low profitability of firm	4	-0,14	0,86	1,30	0,279
	1	2,83	1,30		
	2	3,43	1,38		
	3	2,73	1,49		
Increased competition	4	2,69	1,35	1,49	0,224
	1	2,91	1,38		
	2	3,39	1,08		
	3	3,09	1,57		
Slow growth of the firm	4	2,85	1,49	0,73	0,539
	1	2,74	1,32		
	2	3,35	1,34		
	3	3,00	1,48		
	4	2,65	1,20	1,31	0,278

Notes:

N = 94

+Employee Groups: 1 = Up to 50 (23 firms); 2 = 51-100 (23 firms); 3 = 101-500 (22 firms); 4= Above 500 (26 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

Variables passed the Test of Homogeneity of Variances except the "increased competition" variable and Factor 1.

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 15 Push Motives and Foreign Subsidiary Employee

Push Motives	Employee Group+	Mean	SD	t	Sig.
Factor 1: Unfavorable Business Environment Pushers	0	0.19	0.94		
	1	-0.18	1.05	1.75	0.084*
Unfavorable legal climate	0	3.33	1.22		
	1	2.85	1.37	1.78	0.079*
Political instability	0	3.43	1.42		
	1	2.96	1.34	1.67	0.098*
Unstable exchange rates	0	3.50	1.33		
	1	3.09	1.52	1.40	0.164
High inflation rate	0	3.57	1.34		
	1	3.02	1.44	1.90	0.061*
High cost of finance	0	3.35	1.25		
	1	3.02	1.45	1.17	0.246
High corporate tax rate	0	3.30	1.31		
	1	2.73	1.28	2.15	0.034**
Factor 2: Efficiency Pushers	0	0.05	0.93		
	1	-0.07	1.08	0.55	0.584
High employment costs	0	3.22	1.40		
	1	3.10	1.48	0.38	0.704
High cost of raw materials and semi-finished goods	0	3.37	1.32		
	1	2.94	1.37	1.55	0.124
High utility costs	0	3.78	1.26		
	1	3.31	1.42	1.70	0.093*
Factor 3: Market Pushers	0	0.07	0.99		
	1	-0.08	1.04	0.72	0.472
Increased competition	0	3.15	1.25		
	1	2.96	1.52	0.68	0.499
Slow growth of the firm	0	3.04	1.35		
	1	2.81	1.33	0.84	0.406

Notes:

N = 94

+Employee Groups: 0 = Up to 100 (46firms); 1 = More than 100 (48 firms)

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10 ; ** p< 0.05 (two-tailed)

Appendix Table V. 16 Pull Motives and Parent Firm Sales

Pull Motives	Sales Groups+	Mean	SD.	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.27	0.99		
	2	0.08	0.99		
	3	0.25	1.01		
	4	-0.10	1.14	1.18	0.322
Favorable legal climate in the host country	1	3.16	1.21		
	2	3.44	1.15		
	3	3.52	1.23		
	4	3.47	1.19	0.45	0.721
Political stability of the host country	1	3.00	1.21		
	2	3.78	1.09		
	3	3.88	1.09		
	4	3.27	1.22	3.36	0.022**
Economic stability of the host country	1	3.07	1.17		
	2	3.30	1.14		
	3	3.72	1.21		
	4	3.53	1.13	1.46	0.230
Quality of infrastructure in the host country	1	3.56	1.01		
	2	3.22	1.34		
	3	3.44	1.16		
	4	3.33	1.05	0.40	0.754
Existence of no restrictions to limit foreign ownership	1	3.41	0.97		
	2	3.63	1.15		
	3	3.60	1.19		
	4	3.20	1.37	0.57	0.635
Foreign government incentives for foreign investors	1	3.27	1.25		
	2	3.41	0.93		
	3	3.20	1.50		
	4	3.27	1.22	0.13	0.943
Factor 2: Market Seeking Motives	1	-0.09	0.95		
	2	-0.18	1.27		
	3	0.08	0.76		
	4	0.28	0.99	0.78	0.508
Access to markets in host country's region	1	4.00	1.10		
	2	3.85	1.59		
	3	4.21	1.14		
	4	4.40	1.12	0.72	0.544
Market potential of host country	1	4.00	1.18		
	2	3.81	1.55		
	3	4.32	1.14		
	4	4.47	1.13	1.16	0.330
To avoid the tariff or non-tariff barriers of trade	1	2.85	1.38		
	2	3.78	1.22		
	3	3.16	1.57		
	4	3.67	1.50	2.34	0.079*

Factor 3: Strategic Asset Seeking Motives	1	-0.05	0.83		
	2	-0.13	1.12		
	3	0.06	0.90		
	4	0.20	1.20	0.39	0.764
Access to know how	1	2.30	1.27		
	2	2.22	1.40		
	3	2.44	1.39		
	4	2.80	1.52	0.63	0.598
Access to international corporate network	1	2.88	1.34		
	2	3.15	1.56		
	3	3.17	1.31		
	4	3.40	1.55	0.44	0.728
Access to capital	1	2.52	1.25		
	2	2.42	1.47		
	3	2.40	1.32		
	4	2.27	1.03	0.12	0.947
Factor 4: Cultural Asset Exploiting Motives	1	0.37	0.73		
	2	0.03	1.26		
	3	-0.27	0.95		
	4	-0.08	0.88	1.74	0.165
Favorable relations between host country and Turkey	1	3.62	0.94		
	2	3.48	1.19		
	3	3.33	1.09		
	4	3.73	1.03	0.52	0.669
Similarity of the host country to Turkey	1	3.48	0.98		
	2	2.70	1.41		
	3	2.64	1.22		
	4	2.67	1.05	2.98	0.035**
Factor 5: Efficiency Seeking Motives	1	0.33	0.91		
	2	-0.14	1.14		
	3	0.06	0.98		
	4	-0.27	0.75	1.52	0.214
Low cost of inputs	1	4.22	1.01		
	2	3.37	1.64		
	3	3.84	1.37		
	4	3.27	1.33	2.43	0.070*
To protect the market developed through trade	1	3.30	1.35		
	2	3.63	1.57		
	3	3.88	1.27		
	4	4.00	1.25	1.14	0.338

Notes: N = 94

+Sales Groups: 1 = Up to 10 million US\$ (27 firms); 2 = 10.1- 50 million US\$ (27 firms); 3 = 50.1 - 250 million US\$ (27 firms); 4 = Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average of scale of 1 (= "not important at all") to 5 (= "very important").

* p< 0.10; **p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables of “foreign government incentives for foreign investors” ($p=0.015$), “access to markets in host country's region” ($p=0.030$), “low cost of inputs” ($p=0.006$) and the factor of “cultural asset exploiting motives” ($p=0.052$).

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 17 Push Motives and Parent Firm Sales

Push Motives	Sales Groups+	Mean	SD.	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	0.13	0.88	2.25	0.088*
	2	0.05	1.12		
	3	0.18	0.97		
	4	-0.59	0.95		
Unfavorable legal climate	1	3.38	1.20	4.62	0.005***
	2	3.22	1.40		
	3	3.28	1.14		
	4	2.00	1.20		
Political instability	1	3.70	1.14	4.89	0.003***
	2	2.96	1.53		
	3	3.48	1.26		
	4	2.20	1.26		
Unstable exchange rates	1	3.37	1.36	2.08	0.109
	2	3.48	1.48		
	3	3.50	1.32		
	4	2.47	1.51		
High inflation rate	1	3.56	1.34	3.12	0.030**
	2	3.30	1.51		
	3	3.56	1.26		
	4	2.33	1.29		
High cost of finance	1	3.56	1.31	2.56	0.060*
	2	3.00	1.36		
	3	3.40	1.35		
	4	2.47	1.25		
High corporate tax rate	1	3.37	1.39	3.18	0.028**
	2	3.00	1.41		
	3	3.16	0.99		
	4	2.13	1.25		
Factor 2: Efficiency Pushers					
	1	0.22	0.83	1.30	0.279
	2	-0.16	1.13		
	3	0.10	0.98		
	4	-0.34	1.04		
High employment costs	1	3.56	1.48	2.05	0.112
	2	3.04	1.45		
	3	3.28	1.37		
	4	2.47	1.25		
High cost of raw materials and semi-finished goods	1	3.70	1.14	4.14	0.008***
	2	2.81	1.36		
	3	3.36	1.38		
	4	2.40	1.30		
High utility costs	1	4.00	1.21	4.51	0.005***
	2	3.44	1.42		
	3	3.76	1.16		
	4	2.53	1.36		
Factor 3: Market Pushers					
	1	0.36	1.10		

	2	-0.06	1.03		
	3	-0.05	1.00		
	4	-0.47	0.61	2.32	0.081*
Low profitability of firm	1	3.41	1.28		
	2	2.85	1.51		
	3	2.88	1.27		
	4	2.20	1.32	2.61	0.056*
Increased competition	1	3.56	1.15		
	2	3.07	1.47		
	3	3.16	1.43		
	4	1.93	0.96	5.09	0.003***
Slow growth of the firm	1	3.52	1.25		
	2	2.56	1.31		
	3	2.96	1.31		
	4	2.47	1.30	3.27	0.025**

Notes: N = 94

+Sales Groups: 1 = Up to 10 million US\$ (27 firms); 2 = 10.1- 50 million US\$ (27 firms); 3 = 50.1 - 250 million US\$ (25 firms); 4= Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10; ** p< 0.05 ; *** p< 0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variable "increased competition" (p= 0.054).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables "unfavorable legal climate", "political instability", "high cost of raw materials and semi-finished goods", "high utility costs", "high corporate tax rate" "increased competition".

Appendix Table V. 18 Pull Motives and Parent Firm Asset

Pull Motives	Asset Groups+	Mean	S.D.	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.36	1.03		
	2	0.25	0.97		
	3	0.06	0.98		
	4	0.19	1.06	1.80	0.153
Favorable legal climate in the host country	1	3.07	1.15		
	2	3.52	1.27		
	3	3.38	1.13		
	4	3.80	1.15	1.38	0.253
Political stability of the host country	1	3.10	1.23		
	2	3.58	1.18		
	3	3.65	1.06		
	4	3.87	1.25	1.78	0.157
Economic stability of the host country	1	3.17	1.14		
	2	3.33	1.20		
	3	3.46	1.21		
	4	3.73	1.16	0.80	0.495
Quality of infrastructure in the host country	1	3.14	1.19		
	2	3.58	1.21		
	3	3.42	1.06		
	4	3.53	1.13	0.77	0.512
Existence of no restrictions to limit foreign ownership	1	3.14	1.13		
	2	3.63	0.97		
	3	3.73	1.00		
	4	3.53	1.55	1.44	0.236
Foreign government incentives for foreign investors	1	3.21	1.26		
	2	3.54	1.02		
	3	3.19	1.33		
	4	3.20	1.32	0.45	0.718
Factor 2: Market Seeking Motives	1	-0.13	1.05		
	2	-0.09	1.19		
	3	0.19	0.82		
	4	0.00	1.02	0.47	0.703
Access to markets in host country's region	1	3.82	1.33		
	2	3.96	1.40		
	3	4.32	1.14		
	4	4.33	1.11	0.96	0.417
Market potential of host country	1	3.90	1.37		
	2	3.92	1.38		
	3	4.35	1.16		
	4	4.40	1.12	1.00	0.397
To avoid the tariff or non-tariff barriers of trade	1	3.14	1.41		
	2	3.38	1.35		
	3	3.58	1.53		
	4	3.20	1.57	0.45	0.716
Factor 3: Strategic Asset Seeking Motives	1	-0.10	0.77		

	2	-0.29	1.07		
	3	0.05	1.12		
Access to know how	4	0.56	0.90	2.33	0.080*
	1	2.24	1.24		
	2	2.04	1.30		
	3	2.58	1.50		
Access to international corporate network	4	2.93	1.39	1.61	0.192
	1	2.75	1.35		
	2	2.92	1.56		
	3	3.31	1.41		
Access to capital	4	3.86	1.10	2.30	0.083*
	1	2.41	1.21		
	2	2.43	1.41		
	3	2.19	1.30		
Factor 4: Cultural Asset Exploiting Motives	4	2.80	1.26	0.70	0.554
	1	0.25	0.88		
	2	-0.22	1.33		
	3	0.02	0.82		
Favorable relations between host country and Turkey	4	-0.01	0.94	0.89	0.450
	1	3.57	1.07		
	2	3.33	1.24		
	3	3.60	0.76		
Similarity of the host country to Turkey	4	3.60	1.24	0.34	0.799
	1	3.28	1.25		
	2	2.54	1.35		
	3	2.88	1.07		
Factor 4: Cultural Asset Exploiting Motives	4	2.80	1.15	1.66	0.182
	1	0.25	0.88		
	2	-0.22	1.33		
	3	0.02	0.82		
Low cost of inputs	4	-0.01	0.94	0.89	0.450
	1	4.03	1.30		
	2	3.83	1.43		
	3	3.50	1.45		
To protect the market developed through trade	4	3.33	1.40	1.15	0.333
	1	3.14	1.46		
	2	3.83	1.34		
	3	3.92	1.35		
	4	3.93	1.22	2.07	0.110

Notes:

N = 94

SD: Standard deviation

+Assets Groups: 1 = Up to 10 million US\$ (29 firms); 2 = 10.1- 50 million US\$ (24 firms); 3 = 50.1 - 250 million US\$ (26firms); 4= Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not important at all") to 5 (= "very important").

* p<0.10 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "existence of no restrictions to limit foreign ownership" (p = 0.061), and the factor of "strategic asset seeking motives" (p = 0.080).

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 19 Pull Motives and Parent Firm Asset

Pull Motives	Asset Groups+	Mean	SD	t	Sig.
Factor 1: Favorable Business Environment Seeking	0	-0.09	1.04		
	1	0.11	1.00	-0.91	0.368
Favorable legal climate in the host country	0	3.27	1.22		
	1	3.54	1.14	-1.05	0.294
Political stability of the host country	0	3.32	1.22		
	1	3.73	1.12	-1.68	0.097*
Economic stability of the host country	0	3.25	1.16		
	1	3.56	1.18	-1.30	0.198
Quality of infrastructure in the host country	0	3.34	1.21		
	1	3.46	1.07	-0.52	0.607
Existence of no restrictions to limit foreign ownership	0	3.36	1.08		
	1	3.66	1.22	-1.27	0.209
Foreign government incentives for foreign investors	0	3.37	1.16		
	1	3.20	1.31	0.67	0.507
Factor 2: Market Seeking Motives	0	-0.11	1.10		
	1	0.12	0.89	-1.05	0.296
Access to markets in host country's region	0	3.88	1.35		
	1	4.33	1.12	-1.67	0.099*
Market potential of host country	0	3.91	1.36		
	1	4.37	1.13	-1.74	0.084*
To avoid the tariff or non-tariff barriers of trade	0	3.25	1.37		
	1	3.44	1.53	-0.63	0.532
Factor 3: Strategic Asset Seeking Motives	0	-0.19	0.91		
	1	0.23	1.07	-1.99	0.050*
Access to know how	0	2.15	1.26		
	1	2.71	1.45	-1.95	0.055*
Access to international corporate network	0	2.83	1.44		
	1	3.50	1.32	-2.31	0.023**
Access to capital	0	2.42	1.29		
	1	2.41	1.30	0.03	0.975
Factor 4: Cultural Asset Exploiting Motives	0	0.04	1.11		
	1	0.01	0.85	0.14	0.890
Favorable relations between host country and Turkey	0	3.46	1.15		
	1	3.60	0.96	-0.62	0.539
Similarity of the host country to Turkey	0	2.94	1.34		
	1	2.85	1.09	0.36	0.720
Factor 5: Efficiency Seeking Motives	0	0.21	0.95		
	1	-0.22	1.00	2.06	0.042**
Low cost of inputs	0	3.94	1.35		
	1	3.44	1.42	1.76	0.082*
To protect the market developed through trade	0	3.45	1.44		
	1	3.93	1.29	-1.68	0.096*

Notes: N = 94 SD: Standard deviation

+Assets Groups: 0= Up to 50 million US\$ (53 firms); 1= More than 50 million US\$ (41 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

* $p < 0.10$; ** $p < 0.05$ (two-tailed)

Appendix Table V. 20 Push Motives and Parent Firm Assets

Push Motives	Assets Groups+	Mean	S.D.	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	-0.03	0.90	0.54	0.655
	2	0.22	1.05		
	3	-0.11	1.02		
	4	-0.11	1.15		
Unfavorable legal climate	1	3.18	1.25	1.53	0.213
	2	3.46	1.22		
	3	2.92	1.32		
	4	2.60	1.50		
Political instability	1	3.52	1.27	1.10	0.352
	2	3.25	1.48		
	3	3.00	1.33		
	4	2.80	1.57		
Unstable exchange rates	1	3.38	1.37	0.44	0.725
	2	3.50	1.38		
	3	3.08	1.50		
	4	3.13	1.60		
High inflation rate	1	3.48	1.33	0.56	0.641
	2	3.38	1.47		
	3	3.19	1.50		
	4	2.93	1.39		
High cost of finance	1	3.28	1.46	1.20	0.316
	2	3.54	1.25		
	3	2.88	1.42		
	4	2.93	1.16		
High corporate tax rate	1	3.28	1.36	1.18	0.321
	2	3.13	1.36		
	3	2.88	1.24		
	4	2.53	1.30		
Factor 2: Efficiency Pushers					
	1	0.11	0.84	1.11	0.348
	2	0.16	1.09		
	3	-0.10	1.06		
	4	-0.38	1.04		
High employment costs	1	3.55	1.55	1.96	0.125
	2	3.17	1.31		
	3	3.12	1.48		
	4	2.47	1.13		
High cost of raw materials	1	3.41	1.21	1.67	0.179
	2	3.42	1.41		
	3	2.88	1.48		
	4	2.67	1.23		
High utility costs	1	3.79	1.32	2.15	0.099*
	2	3.88	1.26		
	3	3.31	1.44		
	4	2.93	1.28		

Factor 3: Market Pushers	1	0.50	0.93		
	2	-0.30	1.19		
	3	-0.13	0.87		
	4	-0.27	0.74	3.77	0.014**
Low profitability of firm	1	3.55	1.21		
	2	2.71	1.52		
	3	2.62	1.27		
	4	2.53	1.41	3.20	0.027**
Increased competition	1	3.72	1.16		
	2	2.79	1.53		
	3	2.81	1.44		
	4	2.60	1.06	3.64	0.016**
Slow growth of the firm	1	3.31	1.34		
	2	2.75	1.42		
	3	2.92	1.29		
	4	2.47	1.19	1.55	0.206

N = 94

SD: Standard deviation

+Assets Groups: 1 = Up to 10 million US\$ (29 firms); 2 = 10.1- 50 million US\$ (24 firms); 3 = 50.1 - 250 million US\$ (26firms); 4= Above 250 million US\$ (15 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

* p<0.10; **p<0.05 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variable "increased competition" (p = 0.065)

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the factor of "market pushers".

Appendix Table V. 21 Push Motives and Parent Firm Assets

Push Motives	Assets Group ⁺	Mean	SD	t	Sig.
Factor 1: Unfavorable Business Environment Pushers	0	0.09	0.97		
	1	-0.11	1.06	0.93	0.353
Unfavorable legal climate	0	3.31	1.23		
	1	2.80	1.38	1.85	0.067
Political instability	0	3.40	1.36		
	1	2.93	1.40	1.63	0.106
Unstable exchange rates	0	3.43	1.37		
	1	3.10	1.52	1.11	0.268
High inflation rate	0	3.43	1.38		
	1	3.10	1.45	1.15	0.254
High cost of finance	0	3.40	1.36		
	1	2.90	1.32	1.77	0.081*
High corporate tax rate	0	3.21	1.35		
	1	2.76	1.26	1.65	0.101
Factor 2: Efficiency Pushers	0	0.13	0.95		
	1	-0.20	1.05	1.61	0.112
High employment costs	0	3.38	1.44		
	1	2.88	1.38	1.69	0.094*
High cost of raw materials	0	3.42	1.29		
	1	2.80	1.38	2.20	0.030**
High utility costs	0	3.83	1.28		
	1	3.17	1.38	2.39	0.019**
Factor 3: Market Pushers	0	0.13	1.12		
	1	-0.18	0.82	1.45	0.151
Low profitability of firm	0	3.17	1.41		
	1	2.59	1.30	2.06	0.042**
Increased competition	0	3.30	1.41		
	1	2.73	1.30	2.01	0.047**
Slow growth of the firm	0	3.06	1.39		
	1	2.76	1.26	1.08	0.283

N = 94

SD: Standard deviation

⁺Assets Groups: 0 = Up to 50 million US\$ (58 firms); 1 = More than 50 million US\$ (36 firms).

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not influenced at all") to 5 (= "influenced much").

* p<0.10; **p<0.05 (two-tailed)

Appendix Table V. 22 Pull Motives and Country Type

Pull Motives	Country Groups ⁺	Mean	SD	t	Sig.
Factor 1: Favorable Business Environment Seeking	0	0.28	1.30		
	1	-0.07	0.94	1.28	0.205
Favorable legal climate in the host country	0	3.74	1.19		
	1	3.30	1.17	1.43	0.155
Political stability of the host country	0	3.95	1.31		
	1	3.39	1.14	1.86	0.066*
Economic stability of the host country	0	3.84	1.26		
	1	3.27	1.13	1.94	0.056*
Quality of infrastructure in the host country	0	3.68	1.20		
	1	3.32	1.13	1.24	0.218
Existence of no restrictions to limit foreign ownership	0	3.42	1.43		
	1	3.51	1.07	-0.29	0.772
Foreign government incentives for foreign investors	0	3.26	1.33		
	1	3.30	1.20	-0.11	0.914
Factor 2: Market Seeking Motives	0	-0.13	0.84		
	1	0.02	1.06	-0.54	0.592
Access to markets in host country's region	0	4.21	1.27		
	1	4.04	1.27	0.52	0.607
Market potential of host country	0	4.47	1.07		
	1	4.01	1.32	1.41	0.163
To avoid the tariff or non-tariff barriers of trade	0	3.00	1.56		
	1	3.42	1.40	-1.13	0.260
Factor 3: Strategic Asset Seeking Motives	0	0.69	0.97		
	1	-0.17	0.94	3.38	0.001***
Access to know how	0	3.00	1.49		
	1	2.24	1.30	2.21	0.030**
Access to international corporate network	0	4.06	1.26		
	1	2.89	1.37	3.45	0.002***
Access to capital	0	2.83	1.29		
	1	2.32	1.28	1.53	0.130
Factor 4: Cultural Asset Exploiting Motives	0	-0.39	1.09		
	1	0.13	0.96	-1.93	0.056**
Favorable relations between host country and Turkey	0	3.53	1.31		
	1	3.52	1.00	0.02	0.983
Similarity of the host country to Turkey	0	2.21	1.27		
	1	3.08	1.16	-2.86	0.005***
Factor 5: Efficiency Seeking Motives	0	-0.84	0.83		
	1	0.22	0.91	-4.39	0.000***
Low cost of inputs	0	2.32	1.45		
	1	4.08	1.14	-4.92	0.000***
To protect the market developed through trade	0	4.16	1.01		
	1	3.53	1.45	2.18	0.035**

Notes: N = 94

⁺Country Groups: 0 = Developed (19 firms); 1 = Developing (75 firms)

[Country classification: Developed countries consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established;

Other countries composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgystan (2 firms), Turkmenistan (4 firms), Uzbekistan (8 firms), Algeria (3 firms), Argentina (1 firms), China (2 firms), Egypt (3 firms), Iran (2 firms), Malaysia (1 firms), Republic of South Africa (2 firms), Syria (2 firms) and Tunisia (3 firms), Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation(8 firms) and Ukraine(2 firms)which totals to 31 firm establishments].

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average of scale of 1 (= “not important at all”) to 5 (= “very important”).

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed)

Appendix Table V. 23 Push Motives and Country Type

Push Motives	Country Group+	Mean	SD	t	Sig.
Factor 1: Unfavorable Business Environment Pushers	0	0.49	1.31		
	1	-0.13	0.88	1.93	0.067*
Unfavorable legal climate	0	3.21	1.58		
	1	3.05	1.25	0.46	0.646
Political instability	0	3.58	1.57		
	1	3.09	1.34	1.36	0.176
Unstable exchange rates	0	3.26	1.59		
	1	3.30	1.40	-0.09	0.927
High inflation rate	0	3.26	1.59		
	1	3.29	1.37	-0.08	0.934
High cost of finance	0	3.47	1.50		
	1	3.11	1.32	1.05	0.296
High corporate tax rate	0	2.84	1.34		
	1	3.05	1.32	-0.62	0.537
Factor 2: Efficiency Pushers	0	-0.76	0.83		
	1	0.18	0.96	-3.90	0.000***
High employment costs	0	2.11	0.94		
	1	3.43	1.42	-4.89	0.000***
High cost of raw materials	0	2.53	1.47		
	1	3.31	1.29	-2.28	0.025**
High utility costs	0	2.95	1.47		
	1	3.69	1.29	-2.18	0.032**
Factor 3: Market Pushers	0	-0.25	0.71		
	1	0.06	1.07	-1.48	0.147
Low profitability of firm	0	2.79	1.47		
	1	2.95	1.37	-0.44	0.662
Increased competition	0	2.47	1.22		
	1	3.20	1.39	-2.08	0.041**
Slow growth of the firm	0	2.74	1.41		
	1	2.97	1.33	-0.69	0.494

Notes:

N = 94

+Country Groups: 0 = Developed (19 firms); 1= Developing (75 firms)

[Country classification: Developed countries consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established; Other countries composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgystan (2 firms), Turkmenistan (4 firms), Uzbekistan (8 firms), Algeria (3 firms), Argentina (1 firms), China (2 firms), Egypt (3 firms), Iran (2 firms), Malaysia (1 firms), Republic of South Africa (2 firms), Syria (2 firms) and Tunisia (3 firms), Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation(8 firms) and Ukraine(2 firms)which totals to 31 firm establishments].

SD: Standard deviation

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not influenced at all") to 5 (= "influenced much").

*p<0.10; ** p<0.05; ***p<0.01 (two-tailed)

Appendix Table V. 24 Pull Motives and Country Type

Pull Motives	Country Groups	Mean	S.D.	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	0.28	1.30		
	2	0.01	0.89		
	3	-0.19	1.01	1.17	0.315
Favorable legal climate in the host country	1	3.74	1.19		
	2	3.50	1.06		
	3	3.03	1.28	2.48	0.089*
Political stability of the host country	1	3.95	1.31		
	2	3.45	1.13		
	3	3.29	1.16	1.89	0.156
Economic stability of the host country	1	3.84	1.26		
	2	3.39	1.02		
	3	3.10	1.27	2.45	0.092*
Quality of infrastructure in the host country	1	3.68	1.20		
	2	3.39	1.08		
	3	3.23	1.20	0.94	0.394
Existence of no restrictions to limit foreign ownership	1	3.42	1.43		
	2	3.41	1.04		
	3	3.65	1.11	0.43	0.655
Foreign government incentives for foreign investors	1	3.26	1.33		
	2	3.53	1.08		
	3	2.97	1.30	1.99	0.143
Factor 2: Market Seeking Motives	1	-0.13	0.84		
	2	0.13	1.04		
	3	-0.14	1.08	0.76	0.471
Access to markets in host country's region	1	4.21	1.27		
	2	4.19	1.16		
	3	3.83	1.42	0.81	0.446
Market potential of host country	1	4.47	1.07		
	2	4.25	1.14		
	3	3.68	1.49	2.90	0.060*
To avoid the tariff or non-tariff barriers of trade	1	3.00	1.56		
	2	3.40	1.42		
	3	3.45	1.41	0.65	0.525
Factor 3: Strategic Asset Seeking Motives	1	0.69	0.97		
	2	-0.11	0.91		
	3	-0.25	0.99	5.86	0.004***
Access to know how	1	3.00	1.49		
	2	2.23	1.34		
	3	2.26	1.26	2.41	0.096*
Access to international corporate network	1	4.06	1.26		
	2	3.00	1.36		
	3	2.74	1.39	5.68	0.005***
Access to capital	1	2.83	1.29		
	2	2.52	1.25		
	3	2.03	1.28	2.55	0.083*

Factor 4: Cultural Asset Exploiting Motives					
	1	-0.39	1.09		
	2	0.06	0.90		
	3	0.22	1.05	2.09	0.130
Favorable relations between host country and Turkey	1	3.53	1.31		
	2	3.37	1.02		
	3	3.73	0.94	1.02	0.365
Similarity of the host country to Turkey	1	2.21	1.27		
	2	3.16	1.20		
	3	2.97	1.11	4.31	0.016**
Factor 5: Efficiency Seeking Motives					
	1	-0.84	0.83		
	2	0.26	0.91		
	3	0.17	0.92	9.63	0.000***
Low cost of inputs	1	2.32	1.45		
	2	3.98	1.13		
	3	4.23	1.15	16.5	0.000***
To protect the market developed through trade	1	4.16	1.01		
	2	3.41	1.44		
	3	3.71	1.47	2.00	0.141

Notes:

N = 94

SD: Standard deviation

+Country Groups: 1 = Developed Countries (19 firms); 2 = Turkic Republics and other culturally similar countries (44 firms); 3 = Central and Eastern European Countries (31 firms) [Country classification and accompanying firm establishments as follows: Developed countries consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established; Turkic Republics and other countries that are composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgyzstan (2 firms), Turkmenistan (4 firms), Uzbekistan (8 firms), Algeria (3 firms), Argentina (1 firms), China (2 firms), Egypt (3 firms), Iran (2 firms), Malaysia (1 firms), Republic of South Africa (2 firms), Syria (2 firms) and Tunisia (3 firms) which makes to total of to 44 firm establishments; 3 = Central and Eastern European Countries which are comprised of Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation(8 firms) and Ukraine(2 firms)which totals to 31 firm establishments].

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

*p<0.10; **p<0.05; ***p<0.01 (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variables "market potential of host country" (p= 0.017), "low cost of inputs" (p = 0.037), "to protect the market developed through trade" (p = 0.035) and "charging competitive prices" (Sig. = 0.043).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables of "low cost of inputs", "access to international corporate network", "similarity of the host country to Turkey" and factor of "strategic asset seeking motives".

Appendix Table V. 25 Push Motives and Country Type

Push Motives	Country Group+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers	1	0.49	1.31		
	2	-0.24	0.94		
	3	0.04	0.77	3.67	0.029**
Unfavorable legal climate	1	3.21	1.58		
	2	2.77	1.29		
	3	3.45	1.09	2.63	0.077*
Political instability	1	3.58	1.57		
	2	2.98	1.42		
	3	3.26	1.21	1.30	0.278
Unstable exchange rates	1	3.26	1.59		
	2	3.02	1.45		
	3	3.70	1.24	2.04	0.136
High inflation rate	1	3.26	1.59		
	2	3.09	1.43		
	3	3.58	1.26	1.10	0.337
High cost of finance	1	3.47	1.50		
	2	2.91	1.27		
	3	3.39	1.36	1.70	0.188
High corporate tax rate	1	2.84	1.34		
	2	2.82	1.39		
	3	3.39	1.17	1.91	0.154
Factor 2: Efficiency Pushers	1	-0.76	0.83		
	2	0.00	0.98		
	3	0.43	0.88	9.78	0.000**
High employment costs	1	2.11	0.94		
	2	3.00	1.41		
	3	4.03	1.20	14.41	0.000**
High cost of raw materials and semi-finished goods	1	2.53	1.47		
	2	3.20	1.27		
	3	3.45	1.34	2.91	0.059*
High utility costs	1	2.95	1.47		
	2	3.50	1.32		
	3	3.97	1.22	3.55	0.033**
Factor 3: Market Pushers	1	-0.25	0.71		
	2	0.03	1.13		
	3	0.10	0.99	0.72	0.492
Low profitability of firm	1	2.79	1.47		
	2	2.86	1.41		
	3	3.06	1.34	0.28	0.754
Increased competition	1	2.47	1.22		
	2	3.07	1.45		
	3	3.39	1.31	2.65	0.076*
Slow growth of the firm	1	2.74	1.41		
	2	2.93	1.42		
	3	3.03	1.20	0.28	0.754

Notes: N = 94

SD: Standard deviation

+Country Groups: 1 = Developed Countries (19 firms); 2 = Turkic Republics and other culturally similar countries (44 firms); 3 = Central and Eastern European Countries (31 firms) [Country classification and accompanying firm establishments as follows: Developed countries consist of Belgium (1 firm), Canada (1 firm), England (1 firm), Germany (7 firms), Ireland (2 firms), Israel (1 firm), Italy (1 firm) and Netherlands (4 firms) where a total of 19 firms established; Turkic Republics and other countries that are composed of Azerbaijan (5 firms), Kazakhstan (6 firms), Kyrgystan (2 firm), Turkmenistan (4 firms), Uzbekistan (8 firms), Algeria (3 firms), Argentina (1 firms), China (2 firms), Egypt (3 firms), Iraq (2 firms), Malaysia (1 firms), Republic of South Africa (2 firms), Syria (2 firms) and Tunisia (3 firms) which makes a total of 44 firm establishments; 3 = Central and Eastern European Countries which are comprised of Albania (1 firm), Bulgaria (11 firms), Poland (1 firm), Romania (10 firms), Russian Federation (8 firms) and Ukraine (2 firms) which totals 31 firm establishments].

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed)

Variables passed the Test of Homogeneity of Variances except the variable "high employment cost" ($p = 0.077$).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables of "high employment cost", "high utility costs", and the factors of "unfavorable business environment pushers" "efficiency pushers".

Appendix Table V. 26 Pull Motives and Entry Mode

Pull Motives	Entry Mode+	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	0.15	0.92		
	2	-0.48	1.16		
	3	-0.16	1.12	1.70	0.189
Favorable legal climate in the host country	1	3.47	1.16		
	2	3.33	1.22		
	3	3.28	1.25	0.26	0.773
Political stability of the host country	1	3.69	1.10		
	2	3.44	1.33		
	3	3.24	1.26	1.49	0.230
Economic stability of the host country	1	3.57	1.14		
	2	3.22	1.39		
	3	3.15	1.16	1.42	0.247
Quality of infrastructure in the host country	1	3.49	1.14		
	2	3.11	1.36		
	3	3.32	1.12	0.51	0.601
Existence of no restrictions to limit foreign ownership	1	3.63	1.15		
	2	3.11	1.27		
	3	3.38	1.10	1.01	0.367
Foreign government incentives for foreign investors	1	3.33	1.18		
	2	2.67	1.22		
	3	3.39	1.27	1.33	0.269
Factor 2: Market Seeking Motives	1	0.11	0.98		
	2	-0.03	0.98		
	3	-0.20	1.08	0.94	0.395
Access to markets in host country's region	1	4.20	1.23		
	2	4.00	1.32		
	3	3.91	1.33	0.53	0.593
Market potential of host country	1	4.20	1.31		
	2	4.33	1.00		
	3	3.91	1.31	0.65	0.523
To avoid the tariff or non-tariff barriers of trade	1	3.37	1.40		
	2	3.56	1.51		
	3	3.21	1.52	0.24	0.788
Factor 3: Strategic Asset Seeking Motives	1	-0.15	1.00		
	2	0.46	0.78		
	3	0.13	1.00	1.55	0.219
Access to know how	1	2.27	1.36		
	2	2.67	1.22		
	3	2.50	1.44	0.47	0.627
Access to international corporate network	1	3.06	1.39		
	2	4.13	1.13		
	3	2.97	1.47	2.30	0.106
Access to capital	1	2.29	1.32		
	2	2.25	1.04		

Factor 4: Cultural Asset Exploiting Motives	3	2.65	1.30	0.84	0.436
	1	0.01	0.98		
	2	-0.15	0.92		
Favorable relations between host country and Turkey	3	0.09	1.07	0.18	0.833
	1	3.55	1.05		
	2	3.11	1.27		
Similarity of the host country to Turkey	3	3.59	1.04	0.76	0.472
	1	2.98	1.29		
	2	2.78	1.20		
Factor 5: Efficiency Seeking Motives	3	2.82	1.17	0.22	0.806
	1	-0.01	0.96		
	2	-0.03	1.00		
Low cost of inputs	3	0.08	1.05	0.09	0.912
	1	3.84	1.27		
	2	3.11	1.83		
To protect the market developed through trade	3	3.71	1.45	1.06	0.351
	1	3.84	1.35		
	2	3.67	1.32		
	3	3.38	1.46	1.13	0.328

Notes: N = 94

SD: Standard deviation

+ Entry Mode: 1: Greenfield investment (51 firms); 2: Acquisition (9 firms); 3: Joint Ventures (34 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

Variables passed the Test of Homogeneity of Variances except the variable "low cost of inputs" (p= 0.052).

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 27 Push Motives and Entry Mode

Push Motives	Entry Mode+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers	1	0.04	1.11		
	2	-0.33	1.04		
Unfavorable legal climate	3	0.03	0.83	0.52	0.593
	1	3.14	1.43		
	2	2.56	1.33		
Political instability	3	3.15	1.13	0.81	0.450
	1	3.16	1.55		
	2	2.78	1.39		
Unstable exchange rates	3	3.35	1.12	0.64	0.532
	1	3.33	1.52		
	2	3.00	1.22		
High inflation rate	3	3.30	1.38	0.21	0.815
	1	3.31	1.48		
	2	3.11	1.36		
High cost of finance	3	3.29	1.36	0.08	0.925
	1	3.02	1.45		
	2	3.00	1.41		
High corporate tax rate	3	3.47	1.19	1.22	0.301
	1	3.04	1.37		
	2	2.67	1.32		
Factor 2: Efficiency Pushers	3	3.06	1.28	0.33	0.717
	1	-0.12	1.08		
	2	0.06	0.89		
High employment costs	3	0.13	0.92	0.64	0.532
	1	3.04	1.52		
	2	3.11	1.17		
High cost of raw materials and semi-finished goods	3	3.35	1.37	0.49	0.614
	1	3.04	1.48		
	2	3.22	1.09		
High utility costs	3	3.29	1.24	0.37	0.693
	1	3.51	1.43		
	2	3.11	1.17		
	3	3.71	1.29	0.71	0.494
Factor 3: Market Pushers	1	0.00	1.05		
	2	-0.13	1.02		
Low profitability of firm	3	0.01	0.98	0.07	0.934
	1	2.90	1.45		
	2	2.44	1.42		
Increased competition	3	3.06	1.30	0.70	0.501
	1	3.02	1.45		
	2	3.22	1.30		
Slow growth of the firm	3	3.06	1.35	0.08	0.923
	1	2.92	1.40		
	2	2.56	1.33		
	3	3.03	1.27	0.44	0.644

Notes:

N = 94

SD: Standard deviation

+ Entry Mode: 1: Greenfield investment (51 firms); 2: Acquisition (9 firms); 3: Joint Ventures (34 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on scale of 1 (= "not influenced at all") to 5 (= "influenced much").

Variables passed the Test of Homogeneity of Variances except the variables of "high cost of raw materials and semi-finished goods" ($p=0.097$) and "political instability" ($p=0.021$).

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 28 Pull Motives and Degree of Equity Ownership

Pull Motives	Ownership+	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.30	1.02		
	2	0.15	0.98		
	3	-0.21	1.12		
	4	-0.11	1.08		
	5	0.17	0.98	0.78	0.544
Favorable legal climate in the host country	1	3.00	1.21		
	2	3.80	1.15		
	3	3.06	1.18		
	4	3.07	1.00		
	5	3.63	1.21	1.74	0.148
Political stability of the host country	1	3.38	1.12		
	2	3.47	1.25		
	3	3.24	1.30		
	4	3.50	1.22		
	5	3.69	1.16	0.45	0.775
Economic stability of the host country	1	3.38	1.12		
	2	3.73	1.10		
	3	3.12	1.17		
	4	3.14	1.41		
	5	3.46	1.15	0.72	0.578
Quality of infrastructure in the host country	1	3.00	1.41		
	2	3.47	0.83		
	3	3.18	1.19		
	4	3.29	1.27		
	5	3.66	1.08	1.04	0.389
Existence of no restrictions to limit foreign ownership	1	3.23	1.30		
	2	3.40	0.91		
	3	3.35	1.11		
	4	3.64	1.08		
	5	3.63	1.24	0.43	0.785
Foreign government incentives for foreign investors	1	3.31	1.38		
	2	3.60	1.06		
	3	3.06	1.29		
	4	3.21	1.25		
	5	3.29	1.23	0.38	0.819
Factor 2: Market Seeking Motives	1	0.46	0.52		
	2	-0.14	0.94		
	3	-0.19	1.17		
	4	-0.15	0.92		
	5	0.02	1.14	0.89	0.473
Access to markets in host country's region	1	4.62	0.51		
	2	3.93	1.39		
	3	3.75	1.34		
	4	3.77	1.36		
	5	4.20	1.32	1.18	0.324

Market potential of host country	1	4.62	0.51	0.90	0.466
	2	4.07	1.22		
	3	3.76	1.30		
	4	3.93	1.54		
	5	4.17	1.38		
To avoid the tariff or non-tariff barriers of trade	1	3.38	1.39	0.22	0.924
	2	3.53	1.41		
	3	3.13	1.36		
	4	3.50	1.51		
	5	3.26	1.54		
Factor 3: Strategic Asset Seeking Motives	1	0.07	0.91	0.14	0.966
	2	0.05	0.85		
	3	-0.16	0.86		
	4	0.08	0.96		
	5	-0.01	1.20		
Access to know how	1	2.69	1.49	0.35	0.841
	2	2.20	1.26		
	3	2.18	1.19		
	4	2.50	1.16		
	5	2.43	1.56		
Access to international corporate network	1	2.62	1.45	0.58	0.676
	2	3.33	1.40		
	3	3.06	1.34		
	4	3.07	1.27		
	5	3.26	1.54		
Access to capital	1	2.62	1.39	0.24	0.913
	2	2.60	1.06		
	3	2.24	1.03		
	4	2.36	1.08		
	5	2.38	1.56		
Factor 4: Cultural Asset Exploiting Motives	1	0.26	1.48	0.57	0.685
	2	0.16	0.72		
	3	-0.27	1.02		
	4	0.05	0.95		
	5	0.02	0.94		
Favorable relations between host country and Turkey	1	3.85	1.07	0.94	0.445
	2	3.67	0.82		
	3	3.13	1.31		
	4	3.46	1.05		
	5	3.54	1.04		
Similarity of the host country to Turkey	1	3.08	1.50	0.41	0.798
	2	3.07	0.96		
	3	2.59	1.23		
	4	2.86	1.10		
	5	2.94	1.30		
Factor 5: Efficiency Seeking Motives	1	0.23	1.10		
	2	-0.35	1.09		

	3	0.35	0.73		
	4	0.11	0.67		
	5	-0.09	1.08	1.25	0.297
Low cost of inputs	1	3.85	1.41		
	2	2.87	1.55		
	3	4.41	0.80		
	4	3.79	1.31		
	5	3.69	1.45	2.67	0.037**
To protect the market developed through trade	1	3.62	1.45		
	2	3.53	1.36		
	3	3.35	1.41		
	4	3.50	1.45		
	5	3.94	1.37	0.64	0.633

Notes:

N=94

SD: Standard deviation

+Ownership: 1=Less than 50 percent (15 firms); 2= 50 percent (14 firms); 3= Between 51 and 65 percent (17 firms); 4= Between 70 and 90 percent (10 firms); 5= More than 90 percent (38 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

**p<0.05

Variables passed the Test of Homogeneity of Variances except the variables "low cost of input" (p= 0.054), "access to capital" (p= 0.012).

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variables "low cost of input".

Appendix Table V. 29 Push Motives and Degree of Ownership

Push Motives	Ownership+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	0.04	1.08		
	2	0.01	0.76		
	3	-0.12	0.81		
	4	0.18	0.96		
	5	-0.02	1.21	0.18	0.949
Unfavorable legal climate	1	3.08	1.50		
	2	3.00	1.00		
	3	3.12	0.99		
	4	3.14	1.23		
	5	3.09	1.58	0.02	0.999
Political instability	1	3.23	1.64		
	2	3.07	1.16		
	3	3.24	1.20		
	4	3.64	1.15		
	5	3.03	1.58	0.51	0.726
Unstable exchange rates	1	3.62	1.61		
	2	3.27	1.22		
	3	3.06	1.14		
	4	3.54	1.45		
	5	3.20	1.61	0.40	0.808
High inflation rate	1	3.54	1.61		
	2	3.27	1.22		
	3	3.24	1.20		
	4	3.50	1.45		
	5	3.14	1.54	0.27	0.895
High cost of finance	1	3.69	1.44		
	2	3.33	1.23		
	3	3.24	1.20		
	4	3.14	1.29		
	5	2.91	1.48	0.85	0.499
High corporate tax rate	1	3.00	1.58		
	2	3.13	1.19		
	3	2.94	1.20		
	4	3.36	1.34		
	5	2.86	1.38	0.39	0.815
Factor 2: Efficiency Pushers					
	1	0.17	0.95		
	2	-0.19	0.75		
	3	0.37	0.82		
	4	-0.20	0.97		
	5	-0.12	1.19	1.05	0.388
High employment costs	1	3.38	1.50		
	2	2.73	1.22		
	3	3.35	1.17		
	4	3.36	1.39		
	5	3.09	1.63	0.57	0.685

High cost of raw materials and semi-finished goods	1	3.46	1.33	1.48	0.214
	2	3.20	1.21		
	3	3.71	0.99		
	4	2.86	1.29		
	5	2.86	1.56		
High utility costs	1	3.69	1.38	0.58	0.675
	2	3.33	1.18		
	3	3.94	1.09		
	4	3.36	1.39		
	5	3.46	1.54		
Factor 3: Market Pushers	1	0.15	0.94	0.88	0.479
	2	0.23	0.77		
	3	-0.10	1.24		
	4	0.24	0.68		
	5	-0.22	1.10		
Low profitability of firm	1	2.92	1.61	0.96	0.432
	2	3.20	1.21		
	3	2.94	1.34		
	4	3.36	1.28		
	5	2.60	1.44		
Increased competition	1	3.69	1.25	1.14	0.341
	2	3.27	1.22		
	3	2.88	1.58		
	4	3.07	1.00		
	5	2.80	1.51		
Slow growth of the firm	1	3.00	1.58	0.58	0.680
	2	3.13	1.36		
	3	3.06	1.14		
	4	3.14	1.23		
	5	2.66	1.39		

Notes:

N=94

SD: Standard deviation

+Ownership: 1=Less than 50 percent (15 firms); 2= 50 percent (14 firms); 3= Between 51 and 65 percent (17 firms); 4= Between 70 and 90 percent (10 firms); 5= More than 90 percent (38 firms)

The mean for the factors is the mean of the factor score; the mean for the individual capabilities variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

Variables passed the Test of Homogeneity of Variances except the variables of "political instability" (p=0.018), "unfavorable legal climate" (p=0.003), "increased competition" (p=0.044) and the factor of "market pushers" (p=0.051).

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table V. 30 Pull Motives and Subsector of the Firms

Pull Motives	Subsector+	Mean	SD	F	Sig.
Factor 1: Favorable Business Environment Seeking	1	-0.11	1.01		
	2	0.21	0.86		
	3	0.03	1.02		
	4	-0.22	1.14		
	5	0.23	0.80		
	6	-0.23	1.33	0.65	0.665
Favorable legal climate in the host country	1	3.23	1.09		
	2	3.73	1.22		
	3	3.36	1.03		
	4	2.94	1.34		
	5	3.64	1.05		
	6	3.36	1.34	0.98	0.436
Political stability of the host country	1	3.46	1.39		
	2	3.31	1.20		
	3	3.73	1.19		
	4	3.29	1.31		
	5	3.91	0.85		
	6	3.14	1.29	1.08	0.379
Economic stability of the host country	1	3.46	1.39		
	2	3.13	1.02		
	3	3.27	1.56		
	4	3.18	1.13		
	5	3.74	0.92		
	6	3.36	1.28	0.70	0.622
Quality of infrastructure in the host country	1	3.31	1.03		
	2	3.56	0.96		
	3	3.18	1.40		
	4	3.41	1.37		
	5	3.48	1.04		
	6	3.29	1.27	0.20	0.961
Existence of no restrictions to limit foreign ownership	1	3.69	1.03		
	2	3.44	1.21		
	3	4.18	0.75		
	4	3.00	1.32		
	5	3.43	0.90		
	6	3.50	1.40	1.58	0.175
Foreign government incentives for foreign investors	1	3.08	0.95		
	2	3.38	1.20		
	3	3.27	1.19		
	4	2.76	1.52		
	5	3.82	1.05		
	6	3.21	1.19	1.61	0.166
Factor 2: Market Seeking Motives	1	0.18	0.58		
	2	-0.67	1.23		
	3	-0.54	1.33		

	4	0.52	1.03		
	5	0.01	0.78		
	6	0.21	0.68	3.32	0.009***
Access to markets in host country's region	1	4.38	0.65		
	2	2.93	1.83		
	3	3.73	1.62		
	4	4.41	1.00		
	5	4.32	0.99		
	6	4.50	0.52	4.04	0.002***
Market potential of host country	1	4.15	0.99		
	2	3.31	1.78		
	3	3.73	1.56		
	4	4.41	1.06		
	5	4.35	1.07		
	6	4.50	0.85	2.17	0.065*
To avoid the tariff or non-tariff barriers of trade	1	3.62	1.33		
	2	3.44	1.41		
	3	2.82	1.33		
	4	3.76	1.56		
	5	2.91	1.41		
	6	3.50	1.51	1.13	0.350
Factor 3: Strategic Asset Seeking Motives	1	-0.01	0.90		
	2	-0.21	1.21		
	3	0.31	0.84		
	4	-0.33	1.03		
	5	0.09	0.74		
	6	0.23	1.23	0.89	0.494
Access to know how	1	2.38	1.04		
	2	2.56	1.50		
	3	2.64	1.21		
	4	1.94	1.30		
	5	2.30	1.43		
	6	2.71	1.64	0.65	0.663
Access to international corporate network	1	3.23	1.48		
	2	2.50	1.51		
	3	3.55	1.37		
	4	2.94	1.43		
	5	3.33	1.24		
	6	3.29	1.54	1.01	0.417
Access to capital	1	2.38	0.96		
	2	2.25	1.34		
	3	2.73	1.62		
	4	2.06	1.20		
	5	2.64	1.22		
	6	2.50	1.51	0.57	0.722
Factor 4: Cultural Asset Exploiting Motives	1	0.08	1.11		
	2	-0.06	0.95		
	3	0.57	0.65		
	4	-0.39	0.95		

	5	0.01	1.01		
	6	0.17	1.15	1.35	0.252
Favorable relations between host country and Turkey	1	3.31	1.18		
	2	3.27	1.03		
	3	4.18	0.75		
	4	3.41	1.23		
	5	3.50	0.96		
	6	3.64	1.08	1.21	0.310
Similarity of the host country to Turkey	1	3.23	1.17		
	2	3.00	1.26		
	3	3.09	1.30		
	4	2.29	1.05		
	5	2.91	1.20		
	6	3.07	1.38	1.16	0.337
Factor 5: Efficiency Seeking Motives	1	0.26	0.70		
	2	0.11	1.01		
	3	-0.24	1.34		
	4	-0.04	0.53		
	5	0.11	1.01		
	6	-0.16	1.31	0.46	0.806
Low cost of inputs	1	4.00	0.71		
	2	3.88	1.36		
	3	3.73	1.68		
	4	4.06	1.09		
	5	3.52	1.65		
	6	3.21	1.58	0.80	0.554
To protect the market developed through trade	1	3.31	1.70		
	2	3.56	1.31		
	3	3.73	1.56		
	4	4.35	1.00		
	5	3.48	1.12		
	6	3.50	1.74	1.16	0.334

Notes:

N= 94

+ Subsectors 1 = ISIC 15: Manufacture of food products, beverages and tobacco products (13 firms); 2 = ISIC 17-18: Manufacture of textiles and wearing apparel (16 firms); 3 = ISIC 20-22: Manufacture of wood and paper products and publishing (11) 4 = ISIC 24-25: Manufacture of chemicals, rubber and plastic products (17 firms); 5 = ISIC 26-28: Manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (23 firms); 6 = ISIC 29, 31,32: Manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment (16 firms).

*p<0.10; ***p<0.01

The mean for the factors is the mean of the factor score; the mean for the individual push motive variable is the average on a scale of 1 (= "not important at all") to 5 (= "very important").

Variables passed the Test of Homogeneity of Variances except the variables of "economic stability of the host country" (p=0.023), "access to markets in host country's region" (p=0.000), "market potential of host country" (p=0.000), "low cost of inputs" (p=0.000), "to protect the market developed through trade" (p=0.008); and except the factors of "market seeking motives" (p=0.027), "efficiency seeking motives" (p=0.002),

At the 0.05 significance level, there were no significant group differences according to Post Hoc Method of Scheffe except the variable of "access to markets in host country's region" and the factor of "market seeking motives".

Appendix Table V. 31 Push Motives and Subsector of the Firms

Push Motives	Subsector+	Mean	SD	F	Sig.
Factor 1: Unfavorable Business Environment Pushers					
	1	0.08	1.14	0.60	0.703
	2	-0.28	0.75		
	3	0.36	1.02		
	4	-0.15	0.97		
	5	0.01	1.10		
	6	0.10	1.05		
Unfavorable legal climate	1	3.23	1.48	0.49	0.780
	2	3.07	1.22		
	3	3.55	1.21		
	4	2.76	1.35		
	5	3.04	1.36		
	6	3.07	1.33		
Political instability	1	3.23	1.69	0.56	0.732
	2	3.06	1.18		
	3	3.82	1.25		
	4	3.12	1.58		
	5	3.00	1.45		
	6	3.21	1.19		
High inflation rate	1	3.38	1.39	0.67	0.647
	2	3.13	1.26		
	3	3.82	1.25		
	4	3.29	1.53		
	5	2.96	1.49		
	6	3.50	1.51		
High cost of finance	1	3.08	1.32	0.68	0.638
	2	3.25	1.39		
	3	3.82	1.17		
	4	2.88	1.54		
	5	3.09	1.44		
	6	3.21	1.19		
High corporate tax rate	1	3.08	1.38	0.78	0.566
	2	3.25	1.34		
	3	3.45	1.29		
	4	3.12	1.41		
	5	2.74	1.36		
	6	2.64	1.15		
Factor 2: Efficiency Pushers					
	1	-0.16	0.80	1.39	0.234
	2	0.40	0.95		
	3	0.31	1.16		
	4	0.11	0.84		
	5	-0.34	1.13		
	6	-0.16	0.99		
High employment costs	1	2.77	1.30		
	2	3.94	1.44		

	3	3.45	1.63		
	4	3.29	1.40		
	5	2.70	1.26		
High cost of raw materials	6	3.00	1.47	1.86	0.109
	1	3.31	1.25		
	2	3.13	1.50		
	3	3.91	1.30		
	4	3.06	1.39		
	5	2.83	1.34		
High utility costs	6	3.07	1.33	1.01	0.418
	1	3.54	1.27		
	2	4.00	1.32		
	3	4.27	1.19		
	4	3.47	1.50		
	5	3.04	1.33		
Unstable exchange rates	6	3.36	1.28	1.75	0.131
	1	3.31	1.32		
	2	3.27	1.44		
	3	3.91	1.38		
	4	3.12	1.58		
	5	3.09	1.47		
Factor 3: Market Pushers	6	3.36	1.45	0.54	0.742
	1	0.21	0.87		
	2	0.10	1.05		
	3	0.21	0.76		
	4	-0.15	1.11		
	5	-0.15	1.05		
Low profitability of firm	6	-0.07	1.15	0.41	0.840
	1	3.23	1.42		
	2	3.44	1.21		
	3	3.18	1.40		
	4	2.71	1.57		
	5	2.52	1.34		
Increased competition	6	2.71	1.33	1.19	0.323
	1	3.15	1.34		
	2	3.13	1.36		
	3	3.64	0.81		
	4	2.76	1.60		
	5	3.00	1.35		
Slow growth of the firm	6	2.86	1.66	0.61	0.694
	1	3.23	1.30		
	2	2.69	1.14		
	3	3.45	1.29		
	4	2.71	1.45		
	5	2.70	1.36		
	6	3.14	1.46	0.88	0.501

Notes:

N= 94

+ Subsectors 1 = ISIC 15: Manufacture of food products, beverages and tobacco products (13 firms); 2 = ISIC 17-18: Manufacture of textiles and wearing apparel (16 firms); 3 = ISIC 20-22: Manufacture of wood and paper products and publishing (11) 4 = ISIC 24-25: Manufacture of chemicals, rubber and plastic products (17 firms); 5 = ISIC 26-28: Manufacture of non-metallic mineral products; basic and fabricated metals-except machinery and equipment- (23 firms); 6 = ISIC 29, 31, 32: Manufacture of machinery and equipment; electrical machinery apparatus; radio, television, and communication equipment (16 firms).

The mean for the factors is the mean of the factor score; the mean for the individual push motive variable is the average on a scale of 1 (= "not influenced at all") to 5 (= "influenced much").

Variables passed the Test of Homogeneity of Variances except the variable of "increased competition" ($p=0.052$)

There were no significant group differences according to Post Hoc Method of Scheffe.

Appendix Table 6.1.

Data for Establishment Chain: Previous Export, Import, Marketing Distribution Agreement, Sales Subsidiary, and Licencing

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	1	4	20	(1) SU, KZ, BG	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2	4	4	44	(1) USA, GB, I	4	15	(1) I, CH, D	.	.	.	.	.	4	1	(2) R	.	.	.	.	.	.	.	.	.
3	5	10	6	-1	8	3	1	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
4	11	13	1	(1) D	15	2	(1) D, F	11	1	1	1	1	(1) D, CH	.	.	.	.	.	.	.	.	.	.	.
5	2	17	15	(2) I, SYR, F	17	7	(1) D, I, F	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
6	7	3	1	(2) KZ	.	.	.	2	5	(2) KZ	.	.	.	1	1	(2) KZ	.	.	.	.	.	.	.	.
7	2	11	35	(1) SU, R, KZ	.	.	.	.	.	.	.	.	.	.	.	.	.	1	1	(1) D	2	2	(1) USA, D	.
8	2	.	40	(1) I, F, IL	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
9	5	1	30	(1) BL, SR, ILD	1	2	(2) CDN, KG, RC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
10	5	12	85	(1) GB, F, AG	12	.	1	12	8	(1) D, I, RC	12	8	(1) GB, F, D	12	8	(1) GB, F, D,	.	.	.	.	.	.	.	.
11	1	6	4	(1) AB	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
12	1	.	8	(2) SU, IL, E	.	15	(1) A, D, IL	.	.	.	.	.	.	1	(2) SU	.	.	.	.	.	.	.	.	.
13	1	17	5	(2) SU, D, SA	18	6	(1) I, GB, D	.	.	.	.	.	.	6	1	(2) SU	.	.	8	10	(2) D, SU, GB	.	.	.
14	5	20	63	(2) GB, D, F	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
15	2	13	45	(2) KZ, GR, IR	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
16	4	16	10	(2) UR, SU, IRO	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
17	5	5	1	(2) BG	5	1	(2) BG	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
18	6	44	20	(2) USA, D, I	44	6	(1) SU, UR, F	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
19	7	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
20	12	.	.	.	8	.	(2) ET, BG, B	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
21	1	7	42	(2) ZA, SU, D	.	18	(1) I, RC, D	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
22	11	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
23	7	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
24	3	22	10	(1) USA, F, I	22	.	(1) I, D	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
25	11	13	5	(1) D, A, SU	.	.	(1) A, SU	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
26	8	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
27	1	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	8	2	(2) D	.	.	.	.
28	4	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
29	4	8	20	(1) SU, AG, D	8	7	(1) SU, KO, IL	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
30	7	22	35	(2) SU, R, SA	22	18	(1) D, CH, F	.	.	.	.	.	.	.	.	.	.	.	4	(1) D, F, I	.	.	.	.
31	7	10	50	(1) D, GB, USA	10	10	(1) UR, D, I	.	.	.	.	.	.	10	4	(1) D, GB	.	.	.	.	.	.	.	.

[illegible]

[illegible]

1: Foreign venture age

3: Number of countries export made

4: Three most important export countries

5: Importing age

- 6: Number of countries import made
 - 7: Three most important import countries
 - 8: Marketing and distribution foreign office age
 - 9: Number of marketing and distribution foreign office countries
 - 10: Three most important marketing distribution countries
 - 11: Age of marketing and distribution agreement made in Turkey
 - 12: Number of foreign countries marketing and distribution made
 - 13: Three most important marketing and distribution countries
 - 14: Age of sales representative and liaison offices in foreign countries
 - 15: Number of sales representative and liaison offices in foreign countries
 - 16: Three most important sales representative and liaison offices countries
 - 17: Ages of sales representative and liaison office in Turkey
 - 18: Number of foreign countries sales representative and liaison office that taken in Turkey
 - 19: Three most important sales representative and liaison office countries
 - 20: Age of patent, know-how/licence agreement is given to foreign countries
 - 21: Number of foreign countries patent and licence is given
 - 22: Three most important countries patent and licence is given
 - 23: Age of patent, know-how/licence agreement taken from foreign countries
 - 24: Number of countries patent, know-how/licence agreement taken from outside.
 - 25: Three most important countries that patent / licence is taken.
- (1): Host country is not among the three most important export, import, marketing/distribution, liaison office, and patent/licencing.
- (2): Host country is among the three most important export, import, marketing/distribution, liaison office, and patent/licencing.

A: AUSTRIA; AG: ALGERIA; AUS: AUSTRALIA; AZ: AZERBAIJAN; B: BELGIUM; BG: BULGARIA;
 BL: BANGLADESH; BLR: BELARUS; BR: BRAZIL; BRA: BRITAIN ISLANDS; CDN: CANADA; CH: SWITZER-
 LAND; CYP: CYPRUS; D: GERMANY; DB: DJIBOUTI; DK: DENMARK; E: SPAIN; EIR: IRELAND;
 ET: EGYPT; F: FRANCE; FIN: FINLAND; GB: UNITED KINGDOM; GE: GEORGIA; GR: GREECE;
 H: HUNGARY; HK: HONG KONG; I: ITALY; IL: ISRAEL; IND: INDIA; IR: IRAN; IRQ: IRAQ;
 JAP: JAPAN; JO: JORDAN; KG: KYRGYZSTAN; KO: KOREA; KW: KUWAIT; KZ: KAZAKHSTAN;
 MA: MALAYSIA; NL: NETHERLANDS; PL: POLAND; R: ROMANIA; RC: CHINA; RL: LEBANON;
 S: LIECH; SA: SAUDI ARABIA; SD: SUDAN; SKO: SOUTH KOREA; SL: SLOVAKIA;
 SR: SRI LANKA ; SU: RUSSIA; SYR: SYRIA; TU: TURKMENISTAN; UR: UKRAINA;
 USA: UNITED STATES; UZ: UZBEKISTAN; YM: YEMEN; ZA: SOUTH AFRICA

Appendix A.

Interview Questionnaire

- 1) Did you involve in making decisions for internationalization of your firm?
- 2) How does internationalization process occur from the practical point of view?
- 3) Are the links with other companies important for the firms' internationalization?
- 4) Did Turkish manufacturing firms (TMFs) use the networks to internationalize?
- 5) Had the firm have involved in any relationships in a specific country prior to equity ownership? If yes, what kind of relationships did you have?
- 6) What were firm-specific advantages of TMFs for investing abroad at the time of your investment?
- 7) What were your industry-specific advantages for investing abroad at the time of your investment?
- 8) What were your home country-specific advantages for investing abroad at the time of your investment?
- 9) What were your host country-specific advantages for investing abroad at the time of your investment?
- 10) Among the firm-specific, industry-specific, home and host country-specific advantages which one(s) were more important?
- 11) Did managers/owners' characteristics effect internationalization of the TMFs?
- 12) Why does TMFs internationalize?
- 13) What were your strategies in internationalization?
- 14) What were your reasons and motives for investing abroad at the time of your investment?
- 15) How did you select your host country market to do FDI?
- 16) Why some firms choose JVs while others choose WOS?

Appendix B.

Survey Questionnaire

Dear Sir/Madam,

This “Survey Questionnaire”, which is a part of Harun Kaya’s PhD thesis, is developed for collecting data to examine and explore issues related to the internationalization of Turkish manufacturing firms. The goal of the survey is to gain a deeper understanding of the issues, factors that relate to activities of Turkish manufacturing firms outside of Turkey which can be in the form of wholly owned foreign subsidiary (i.e. acquisition or greenfield) investment, shared equity investment (joint ventures), sales representative, licensing, and export.

Forces like increasing market liberalization, competition around the globe, and economic, commercial, political conditions of Turkey have, inevitably, affected Turkish firms. In response, they have established companies in foreign countries. But there is little known this type of internationalization activities of these firms. We think that this research will provide valuable insights to especially managers, academia and other individuals and organizations that are interested in the subject.

The responses that are given to this questionnaire will be kept strictly confidential. They will be **analyzed anonymously** and neither you nor your organization will be identified during the analysis and reporting stages of the research. And, we are willing to share the research results with you by sending research findings if you indicate so.

Completing the questionnaire will only take a short time and you will make an invaluable contribution to this study. It is essential that you should **answer all the questions** for the sake of complete measurement of variables and testing the hypothesis. We look forward to receiving your completed questionnaire.

Thank you very much for your help, cooperation and contribution.

Sincerely,

Prof. Dr. Deniz Erden
(Advisor)

Harun Kaya
(PhD Student & Research Assistant)

Address:
Boğaziçi Üniversitesi
İktisadi ve İdari Bilimler Fakültesi
İşletme Bölümü
34342 Bebek/İstanbul
Tel: 212 358 15 40/1812
Fax: 212 287 78 51
E-Mail: kayaha@boun.edu.tr

Respondent's Name: _____

Respondent's Title: _____

Company Address: _____

Phone No: _____ Fax No: _____ E-mail: _____

Name of Company (and Holding) in Turkey: _____

Establishment Year of Company: _____ Total Capital of Company (end 2002): _____

Percentage of Capital Owned by Foreign Investor Before Company's Foreign Investment: _____ %

Names of Three Main Products: _____ Total Product: _____

Please fill in the information on the table below related to your company in foreign country or countries.

Name(s) of Foreign Country in which Company Established	Name(s) of Company in Foreign Country	Year(s) of Establishment	Total Paid in Capital (end 2002) in Dollar	Names of Three Main Products and Total Product
1.			\$	Total:
2.			\$	Total:
3.			\$	Total:
4.			\$	Total:
5.			\$	Total:
6.			\$	Total:

Total Number of Company's Employees [in Turkey + in Foreign Countries] (end 2002): _____

Total Number of Company's Employees in Foreign Countries + Total Number of Employees Working in the Activities Related to International Business (end 2002): _____

Total Sales of Company [in Turkey + in Foreign Countries] (end 2002): \$ _____

Total International Sales of Company [Export from Turkey + Sales of Company or Companies in the Foreign Countries] (end 2002): \$ _____

Total Assets of Company [in Turkey + in Foreign Countries] (end 2002): \$ _____

Company's Total Assets Abroad (end 2002): \$ _____

Please answer all the questions with respect to your company's operations in the first country that you indicated above able, unless stated otherwise)

Motives for Choosing Particular Country as a Foreign Direct Investment (FDI) Location

How important were the following reasons for choosing a country as a foreign direct investment location at the time of your entry?

Please circle your reasons according to their importance for your company by using the given scale where

1: Not important at all, 2: Not important, 3: Neither important nor unimportant, 4: Important, 5: Very important.

	Not important at all			Very important	
1) Low cost of inputs (labor, raw materials, semi-finished goods, energy, etc.).	1	2	3	4	5
2) Access to know-how (marketing, management and technology).	1	2	3	4	5
3) Access to capital	1	2	3	4	5
4) Access to international corporate network.	1	2	3	4	5
5) Market potential of host country (market size and growth).	1	2	3	4	5
6) Access to markets in host country's region.	1	2	3	4	5
7) To protect the market developed through export.	1	2	3	4	5
8) To avoid tariff or non- tariff barriers to trade.	1	2	3	4	5
9) Economic stability of invested country.	1	2	3	4	5
10) Political stability of invested country.	1	2	3	4	5
11) Favorable legal climate, regulatory conditions for business in the host country.	1	2	3	4	5
12) Foreign government incentives (e.g. tax rebates, loans) for foreign investors.	1	2	3	4	5
13) Quality of infrastructure (power, transportation, communication, etc.) in the host country.	1	2	3	4	5
14) Similarity of the host country to Turkey (language, culture, business practices, etc.)	1	2	3	4	5
15) Host country government's having no restrictions to limit foreigner's firm ownership in the host country.	1	2	3	4	5
16) Favorable diplomatic relations and/or bilateral trade and investment agreements between host country and Turkey.	1	2	3	4	5
17) Other (please specify).	1	2	3	4	5

Country Specific Factors of Turkey

What degree of influence did the below factors do on your company's foreign direct investment decision at the time of your entry?

Please circle your answer by using the following scale in your answers where 1: Not influenced at all, 2: Not influenced, 3: Neither positively nor negatively influenced, 4: Influenced, 5: Influenced much.

	Not influenced at all				Influenced much
High employment costs (including social security premium, and employment taxes) in Turkey.....1	2	3	4	5	
High cost of raw materials and semi-finished goods in Turkey.....1	2	3	4	5	
High utility costs (energy, water) in Turkey.....1	2	3	4	5	
High cost of finance/credit in Turkey.....1	2	3	4	5	
Political instability of Turkey.....1	2	3	4	5	
Unfavorable legal climate, regulatory conditions (including red tape) for business in Turkey.....1	2	3	4	5	
High corporate tax rate in Turkey.....1	2	3	4	5	
Unstable exchange rates in Turkey.....1	2	3	4	5	
High inflation rates in Turkey.....1	2	3	4	5	
) Slow growth (e.g. low sales) of the firm in Turkey.....1	2	3	4	5	
) Low profitability of firm in Turkey.....1	2	3	4	5	
) Increased competition in Turkey.....1	2	3	4	5	
) Other (please specify).....1	2	3	4	5	

m-Specific Factors for Foreign Direct Investment (FDI)

In terms of your own company please indicate the **degree of strength** that your company had in the following factors in the equity forms of investment (joint venture [JV] or wholly owned subsidiary [WOS]) was first formed.

Please circle your answer by using the following scale where 1:Very weak, 2: Weak, 3: Neither weak nor strong, 4: Strong, 5: Very strong.

	Very Weak				Very Strong
International experience of your company	1	2	3	4	5
Ability to develop differentiated products	1	2	3	4	5
Technological know-how of your company.....	1	2	3	4	5
Trademark and brand image of your company	1	2	3	4	5
Economies of scale of your company (increased volume lowers unit cost).....	1	2	3	4	5
Your firm's commitment to international activity.....	1	2	3	4	5
Company's ability to adapt technologies previously imported from developed countries to new market segments	1	2	3	4	5
Company's ability to adapt itself to different market conditions	1	2	3	4	5
Level of specialization in producing the product	1	2	3	4	5
0) Quality of company's product(s) compare to competitors.....	1	2	3	4	5
1) Ability to apply effective management practices.....	1	2	3	4	5
2) Charging competitive prices	1	2	3	4	5
3) Speed of responding to consumer demand.....	1	2	3	4	5
4) Other (please specify).....	1	2	3	4	5

Internationalization Factors for Foreign Direct Investment (FDI)

How **important** were the following **factors** integrating transactions within your firm as equity forms investment (joint venture or wholly owned subsidiary) in a foreign country rather than serving this market via licensing?

Please circle your reasons according to their importance for your company using the given scale where 1: Not important at all, 2: Not important, 3: Neither important nor unimportant, 4: Important, 5: Very important.

	Not important at all			Very important
Ensuring an adequate quality control	1	2	3	4 5
Avoiding the risk of firm-specific knowledge, technology disclosure	1	2	3	4 5
Lack of or unenforceability of patent and license protection laws	1	2	3	4 5
Avoiding the cost of making and enforcing contracts.....	1	2	3	4 5
Potential difficulties and problems with agents or licensees.....	1	2	3	4 5
Other (please specify).....	1	2	3	4 5

Network Relationships and Internationalization

How much **influence** did the following **relationships** that your firm has established with local and foreign companies, organizations, and individuals do on your firm's internationalization?

Please circle your answer according to degree of influence of the relationships by using the given scale where 1: Not influenced at all, 2: Not influenced, 3: Neither positively nor negatively influenced, 4: Influenced, 5: Influenced much.

	Not influenced at all			Influenced much
Competitors.....	1	2	3	4 5
Distributors.....	1	2	3	4 5
Suppliers.....	1	2	3	4 5
Customers.....	1	2	3	4 5
Other (please specify).....	1	2	3	4 5

How would you assess your company's level of technology compare to your competitors's? Please circle an appropriate option.
1) Very low 2) Low 3) Neither low nor high 4) High 5) Very high

How do you assess internationalization level of your industry in Turkey? Please circle an appropriate option.
1) Very low 2) Low 3) Neither low nor high 4) High 5) Very high

How would you assess your company's potential for reaching higher internationalization level? Please circle an appropriate option.
1) Very low 2) Low 3) Neither low nor high 4) High 5) Very high

Entry Mode (Establishment Type) of Turkish Firms in Foreign Countries

Please fill in the table below relating to **establishment type** of your firm in the foreign country:

- (a) By marking in a cell on the second column chosen entry mode;
- (b) By writing in a cell on the third column your firm's percentage of ownership share in the chosen mode;
- (c) By writing in a cell on the fourth column your Turkish partner's percentage of ownership share in the chosen mode;
- (d) By writing in a cell on the fifth column total number of Turkish partners in the chosen mode;
- (e) By writing in a cell on the sixth column total number of foreign partners in the chosen mode.

1	2	3	4	5	6
Entry Mode of Turkish Firms	Chosen Entry Mode	Your Firm's Share	Other Turkish Partner's Share	Number of Turkish Partners	Number of Foreign Partners
A new company was set up as a start-up (greenfield) venture investment		%	%		
An existing local company was acquired as a takeover (acquisition) investment		%	%		
A joint venture was set up between Turkish and foreign firms with a majority (51+ %) ownership share of Turkish firm(s)		%	%		
A joint venture was set up between Turkish and foreign firms with a balanced (%50-50%) ownership shares		%	%		
A joint venture was set up between Turkish and foreign firms with a minority (9-50 %) ownership share Turkish firm(s)		%	%		
Other (please specify)		%	%		

Business Relationships Prior to FDI

Please fill in the table below:

- 1) By writing your firm's **total number of all relationships** in all foreign countries (except the country that foreign investment is made) in the cells of the second column;
- 2) By writing your firm's the **first starting years** of the relationships (i.e., export, distribution arrangement, etc.,) in the cells of the third column;
- 3) By writing names of the **three most important countries** in terms of your firm's specific business relationships in the other countries;
- 4) By writing your firm's total **number of all relationships** in Turkey with the foreign country firms (excluding the country that foreign investment is made) in the cells of the fifth column;
- 5) By writing in the cells of the sixth column, your firm's the **first starting years** of the relationships (i.e., import, distribution arrangement, etc.,) with the other country firms (except the country that foreign investment is made) in Turkey;
- 6) By writing in the cells of the seventh column, names of the **three most important countries** in terms of your firm's specific business relationships in Turkey.

1	Outside of Turkey			In Turkey		
	2	3	4	5	6	7
Types of Business Relationships	Number of Countries	The First Starting Year	Names of the Three Most Important Countries	Number of Countries	The First Starting Year	Names of the Three Most Important Countries
Export			1. 2. 3.			
Import						1. 2. 3.
Marketing/ Distribution Arrangement			1. 2. 3.			1. 2. 3.
Sales Representative Mission office			1. 2. 3.			1. 2. 3.
Patent / Know-how Licensing			1. 2. 3.			1. 2. 3.
Franchising			1. 2. 3.			1. 2. 3.
Management Contract			1. 2. 3.			1. 2. 3.
Other (please specify)			1. 2. 3.			1. 2. 3.

How would you **assess performance** of your firm in the foreign country (in terms of the below performance criteria) as compared with your **initial expectations** at the time the business venture was formed the foreign country?

Use circle by using the following scale where 1: Much worse than expected, 2: Worse than expected, 3: As expected, 4: Better than expected, 5: Much better than expected.

<u>Performance Criteria</u>	Much Worse than Expected	Worse than Expected	As Expected	Better than Expected	Much Better than Expected
Gain access to low cost inputs	1	2	3	4	5
Acquisition of technology, management and marketing capability	1	2	3	4	5
Access to capital/finance	1	2	3	4	5
Access to international corporate network	1	2	3	4	5
Market share	1	2	3	4	5
Return on investment	1	2	3	4	5
Return on equity	1	2	3	4	5
Achievement of strategic aims	1	2	3	4	5
Product design	1	2	3	4	5
) Accessing to distribution channels	1	2	3	4	5
) Productivity gains	1	2	3	4	5
) Reputation	1	2	3	4	5
) Customer service	1	2	3	4	5

Please write in the table below information related to your education, work experience and foreign language knowledge.

Highest educational degree?	Area of degree?	How long have you been working in this firm?	How long have you been working in the jobs related to international business?	What is your total work experience as a number of years?	How many foreign language(s) you knew well prior to foreign investment?

THANK YOU VERY MUCH FOR YOUR TIME, EFFORT AND CONTRIBUTION...

Would you like me to send you a summary report of the research findings? Please mark.

(1) Yes _____

(2) No _____

Appendix C.

Survey Questionnaire In Turkish

Sayın Yönetici,

Harun Kaya'nın doktora tezinin bir parçası olan bu anket, Türkiye genelinde imalat sektöründeki şirketlerin "uluslararasılaşması" (internationalization) ile ilgili konuları anlamaya, açıklamaya yarayacak bazı verileri toplamak üzere hazırlanmıştır. Anket, imalat sektöründe faaliyet gösterip de yurtdışında tam sahipli olarak şirket kuran (var olan bir şirketi satın alma [acquisition] veya yeni bir şirket kurma [green field] şeklinde olabilir), yabancı firmalarla yurtdışında ortak girişim (joint venture) yatırımı yapan şirketlerin sahiplerine ve/veya yöneticilerine uygulanacaktır. Adı geçen faaliyetleri yapan şirketlerin bu faaliyetleri yapmalarında hangi faktörlerin etkili olduğu ve daha önce yurtdışı bağlantısı (satış temsilciliği, lisans anlaşması, ihracat, ithalat gibi) olup olmadığı gibi hususlar incelenecektir.

Ülke piyasalarının hızla liberalleşmesi, dünya genelinde artan rekabet ve Türkiye'nin ekonomik, ticari, politik koşulları gibi etmenler kaçınılmaz olarak Türk firmalarını etkiledi. Sonuçta bazı firmalar yurtdışında da faaliyete başladılar. Fakat Türk firmalarının bu tür davranışlarıyla ilgili çok az şey biliniyor. Sizlerin de değerli katkılarınızla bu araştırmanın yöneticilere, akademisyenlere, diğer ilgili kişi ve kuruluşlara yararlı sonuçlar ortaya koyacağını düşünüyoruz.

Ankete verilen yanıtlar kesinlikle gizli tutulacaktır. Cevaplar anonim olarak analiz edilecek, siz veya şirketiniz herhangi bir şekilde tanınmayacaktır. Ayrıca, arzu ettiğiniz takdirde, araştırma bulgularını göndererek bu çalışmanın sonuçlarını sizinle paylaşmaktan mutlu olacağımızı belirtmek istiyoruz.

Anketi doldurmak sadece kısa bir sürenizi alacak ve bu çalışmaya çok önemli bir katkı yapmış olacaksınız. Değişkenlerin ölçülmesi, hipotezlerin test edilebilmesi için bütün soruları cevaplamanız çok önemlidir. Çünkü, eksik anketler veritabanıyla yapılan analizlerde kullanılamıyor. Çalışmanın verimli olabilmesi için tamamı doldurulmuş anketlerinizi bekliyoruz.

Bu araştırmaya göstereceğiniz yakın ilgi ve işbirliğinden dolayı şimdiden teşekkür eder, iyi günler dileriz.

Prof. Dr. Deniz Erden
(Danışman)

Harun Kaya
(Doktora Öğrencisi ve Araştırma Görevlisi)
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34342 Bebek/İstanbul
Tel: 212 358 15 40/1812
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E-Mail:kayaha@boun.edu.tr

İlminin Adı Soyadı: _____

etteki Unvanı: _____

et Adresi: _____

No: _____ Faks No: _____ E-mail: _____

kiye'deki Şirket (ve Holding) Adı: _____

etin Kuruluş Yılı: _____ Şirketin 2002 Yılı Sonunda Toplam Sermayesi: \$ _____

etin Yurtdışı Yatırımından Önce Yabancı Yatırımcısı Varsa Şirketteki Sermaye Yüzdesi: % _____

etin Ürettiği Üç Ana Ürünün Adı: _____ Toplam Ürün Sayısı: _____

fen aşağıdaki tabloya yurtdışındaki şirketiniz veya şirketlerinizle ilgili bilgileri yazınız.

Şirketin Kurulduğu Ülke veya Ülkelerin Adı	Yurtdışında Kurulan Şirket veya Şirketlerin Adı	Kuruluş Yılı	Toplam Ödenmiş Sermayesi (2002 yıl sonu ve Dolar olarak)	Şirketin Ürettiği Üç (3) Ana Ürün Adı ve Ürünler Toplamı
			\$	Toplam:
			\$	Toplam:
			\$	Toplam:
			\$	Toplam:
			\$	Toplam:
			\$	Toplam:

etin 2002 Yılı Sonunda Türkiye'de Toplam Çalışan Sayısı: _____

etin 2002 Yılı Sonunda Türkiye'de Uluslararası Faaliyetlerde ve Yurtdışındaki Ülke(ler)de Toplam Çalışan
Sayısı: _____

etin 2002 Yılı Sonunda Toplam Satışları (Türkiye'de + Yabancı Ülkelerde): \$ _____

etin 2002 Yılı Sonunda Toplam Yurtdışı Satışları (Türkiye'den İhracatı + Yurtdışındaki Şirket veya
Şirketlerin Satışları): \$ _____

etin 2002 Yılı Sonunda Toplam Varlıkları (Türkiye'de + Yabancı Ülkelerde): \$ _____

etin 2002 Yılı Sonunda Toplam Yurtdışı Varlıkları: \$ _____

(Lütfen bütün soruları, başka yönerge bulunmadıkça sorularda, yukarıda bir önceki sayfadaki tabloya yazdığınız birinci ülkeyle ilgili olarak yanıtlayınız)

Yurtdışına Doğrudan Yatırım Yeri Olarak Bir Ülkeyi Seçme Nedenleri

1. Bir ülkeyi doğrudan yatırım yeri olarak seçmenizde o ülkeye girişiniz sırasında aşağıdaki sebepler ne kadar önemliydi?

Lütfen her bir sebebin şirketiniz için önem derecesini şu ölçeğe göre daire içine alınız; 1: Hiç önemli değildi, 2: Önemli değildi, 3: Ne önemliydi ne de önemsizdi, 4: Önemliydi, 5: Çok önemliydi.

	Hiç önemli değildi		Çok önemliydi		
(1) Girdi maliyetlerinin düşüklüğü (hammadde, yarı-mamul madde, işçilik, enerji vs.).....	1	2	3	4	5
(2) Üretim teknolojisi, yönetim ve pazarlama süreci bilgisine (know-how'a) ulaşmak.....	1	2	3	4	5
(3) Finansal kaynaklara ulaşmak.....	1	2	3	4	5
(4) Uluslararası şirketlerle bağlantıya geçmek.....	1	2	3	4	5
(5) Ev sahibi ülkenin pazar potansiyeli (pazarın büyüklüğü ve genişlemesi).....	1	2	3	4	5
(6) Ev sahibi ülkenin çevresindeki pazarlara ulaşmak.....	1	2	3	4	5
(7) İhracatla elde edilen pazarın korunması.....	1	2	3	4	5
(8) Tarifeli ve tarife dışı ticaret engellerini aşmak.....	1	2	3	4	5
(9) Yatırım yapılan ülkedeki ekonomik istikrar.....	1	2	3	4	5
(10) Yatırım yapılan ülkedeki siyasi istikrar.....	1	2	3	4	5
(11) Ev sahibi ülkedeki yasal ortamın ve işletmecilikle ilgili düzenlemelerin uygunluğu.....	1	2	3	4	5
(12) Ev sahibi ülke devletinin yabancı yatırımcıyı teşviki (düşük faizli kredi, vergi indirimi gibi).....	1	2	3	4	5
(13) Ev sahibi ülkenin alt yapı kalitesi (iletişim, ulaşım, enerji, v.b.)	1	2	3	4	5
(14) Ev sahibi ülkenin Türkiye'ye benzerliği (kültür, ticari uygulamalar, v.s.)	1	2	3	4	5
(15) Ev sahibi ülke devletinin yabancı yatırımcılara şirket mülkiyetinde sınırlama koymayışı.....	1	2	3	4	5
(16) Ev sahibi ülke ile Türkiye arasında iyi diplomatik ilişkilerin varlığı ve/veya çift taraflı ticaret veya yatırım anlaşmalarının varlığı.....	1	2	3	4	5
(17) Diğer (lütfen belirtiniz).....	1	2	3	4	5

Türk Firmalarını Yurtdışında Doğrudan Yatırım Yapmaya Sevk Eden Türkiye'deki Etmenler

2. Şirketiniz yurtdışına doğrudan yatırım yapma kararı aldığında Türkiye koşullarıyla ilgili aşağıdaki faktörlerin bu karara etki derecesi neydi?

Lütfen cevabınızı şu ölçeği kullanarak daire içine alınız; 1: Hiç etkili değildi, 2: Etkili değildi, 3: Ne etkiliydi ne de etkisizdi, 4: Etkiliydi, 5: Çok etkiliydi.

	Hiç etkili değildi			Çok etkiliydi	
(1) Türkiye'de işçi maliyetinin yüksekliği (sosyal sigorta primleri ve vergiler dahil)	1	2	3	4	5
(2) Hammadde ve yarı mamul girdi maliyetlerinin yüksekliği.....	1	2	3	4	5
(3) Enerji maliyetlerinin yüksekliği.....	1	2	3	4	5
(4) Finansman (kredi) maliyetlerinin yüksekliği.....	1	2	3	4	5
(5) Türkiye'deki siyasal istikrarsızlık.....	1	2	3	4	5
(6) Türkiye'deki yasal ortamın ve işletmecilikle ilgili düzenlemelerin (bürokrasi dahil) uygun olmayışı.....	1	2	3	4	5
(7) Türkiye'deki kurumlar vergi oranının yüksekliği.....	1	2	3	4	5
(8) Türkiye'deki döviz kurlarındaki istikrarsızlık.....	1	2	3	4	5
(9) Türkiye'deki enflasyon oranlarının yüksekliği.....	1	2	3	4	5
(10) Şirketin Türkiye'de yavaş büyümesi (örn. satışlardaki düşüş).....	1	2	3	4	5
(11) Şirketin Türkiye'deki karlılığının düşük olması.....	1	2	3	4	5
(12) Türkiye'deki rekabetin artması.....	1	2	3	4	5
(13) Diğer (lütfen belirtiniz).....	1	2	3	4	5

Türk Firmalarını Yurtdışında Doğrudan Yatırım Yapmaya Sevk Eden Firmaya Özgü Nedenler

3. Şirketiniz yurtdışında ortak girişim veya tam sahipli şirket kurduğunda aşağıdaki faktörlerde ne kadar güçlü olduğunuzu belirtiniz.

Lütfen cevabınızı şu ölçeğe göre daire içerisine alınız; 1: Çok zayıftı, 2: Zayıftı, 3: Ne güçlüydü ne de zayıftı, 4: Güçlüydü, 5: Çok güçlüydü.

	Çok zayıftı		Çok güçlüydü	
(1) Şirketinizin uluslararası tecrübesi.....1	2	3	4	5
(2) Farklı ürünler geliştirme kapasitesi.....1	2	3	4	5
(3) Teknolojik bilgi birikimi (know-how).....1	2	3	4	5
(4) Şirketin ve ürettiği ürünün markasının imajı.....1	2	3	4	5
(5) Şirketinizin ölçek ekonomisi (artan üretim, düşen birim maliyet).....1	2	3	4	5
(6) Şirketin uluslararası faaliyette bulunmada kararlılığı..1	2	3	4	5
(7) Gelişmiş ülkelerden daha önce alınan teknolojileri yeni pazar alanlarına adapte edebilme kabiliyeti.....1	2	3	4	5
(8) Şirketin kendisini değişik pazar koşullarına uyarlayabilme yeteneği.....1	2	3	4	5
(9) Şirketin ürettiği üründe uzmanlaşması.....1	2	3	4	5
(10) Şirket ürünlerinin rakip şirket ürünlerine göre kalitesi..1	2	3	4	5
(11) Yöneticilerin etkili yönetim kabiliyeti.....1	2	3	4	5
(12) Rekabetçi bir fiyattan satış yapması (fiyat avantajı) 1	2	3	4	5
(13) Müşterilerin taleplerine cevap verebilme hızı.....1	2	3	4	5
(14) Diğer (lütfen belirtiniz).....1	2	3	4	5

Yurtdışına Doğrudan Yatırımın Piyasa Şartlarından Kaynaklanan Nedenleri

4. Şirketinizin yurtdışında **lisans anlaşması yapmayıp** da tam sahipli şirket veya ortak girişim yatırımı faaliyetinde bulunmasında aşağıdaki **etkenler ne kadar önemliydi?**

Lütfen nedenlerinizi önem sırasına göre şu ölçeği kullanarak daire içine alınız; 1: Hiç önemli değildi, 2: Önemli değildi, 3: Ne önemliydi ne de önemsizdi, 4: Önemliydi, 5: Çok önemliydi.

	Hiç önemli değildi				Çok önemliydi
(1) Yeterli kalite kontrol güvencesi sağlamak.....	1	2	3	4	5
(2) Şirketin sahip olduğu bilgi ve teknolojilerin dışarı sızma riskinden sakınmak.....	1	2	3	4	5
(3) Patent ve lisans koruma kanunlarının yatırım yapılan ülkede yokluğu veya yeterli uygulanmayışı.....	1	2	3	4	5
(4) Anlaşma yapma ve anlaşma müeyyidelerini uygulatma maliyetinden kaçınmak.....	1	2	3	4	5
(5) Acente ve lisansörlerle yaşanması muhtemel zorluklar ve sorunlar.....	1	2	3	4	5
(6) Diğer (lütfen belirtiniz).....	1	2	3	4	5

Diğer Organizasyonlarla Yurt İçinde ve Yurt Dışında Kurulan İlişkilerin (Network) Şirketin Uluslararasılaşmasına Etkisi

5. Aşağıdaki şirketlerle, örgütlerle veya kişilerle **kurduğunuz ilişkiler** (etkileşimler, münasebetler) firmanızın uluslararasılaşmasını ne kadar **etkiledi?**

Lütfen şu ölçeği kullanarak cevabınızı daire içine alınız; 1: Hiç etkilemedi, 2: Etkilemedi, 3: Ne etkiledi ne de etkilemedi, 4: Etkiledi, 5: Çok etkiledi.

	Hiç etkilemedi				Çok etkiledi
(1) Rekabet ettiğiniz şirketler (rakiplerinizi).....	1	2	3	4	5
(2) Dağıtımcılar.....	1	2	3	4	5
(3) Tedarikçiler.....	1	2	3	4	5
(4) Müşteriler.....	1	2	3	4	5
(5) Diğer(lütfen belirtiniz).....	1	2	3	4	5
6. Rakiplerinizi karşılaştırdığınızda şirketinizin teknolojik düzeyini nasıl değerlendiriyorsunuz? Lütfen uygun seçeneği daire içine alınız.					
1) Çok düşük 2) Düşük 3) Ne düşük ne de yüksek 4) Yüksek 5) Çok yüksek					
7. Türkiye’de faaliyette bulunduğunuz endüstrinin veya alt sektörün uluslararasılaşma düzeyini nasıl değerlendiriyorsunuz? Lütfen uygun seçeneği daire içine alınız					
1) Çok düşük 2) Düşük 3) Ne düşük ne de yüksek 4) Yüksek 5) Çok yüksek					
8. Daha fazla uluslararasılaşma düzeyine ulaşma bakımından firmanızın potansiyelini nasıl değerlendiriyorsunuz? Lütfen uygun seçeneği daire içine alınız.					
1) Çok düşük 2) Düşük 3) Ne düşük ne de yüksek 4) Yüksek 5) Çok yüksek					

Türk Firmalarının Yabancı Ükelere Doğrudan Yatırım Yaparken Seçtikleri Giriş Şekilleri (Kuruluş Türleri)

9. Lütfen yurt dışındaki firmanızın kuruluş türüyle ilgili bilgileri aşağıdaki tabloya yazın:

- (a) İkinci kolona, yurtdışına yaptığınız (birinci kolondaki) giriş türünü çarpı (x) koyarak işaretleyiniz.
 (b) Üçüncü kolona, yurtdışındaki firmada sahiplik veya ortaklık payını oran olarak yazınız.
 (c) Dördüncü kolona, yurtdışındaki firmada diğer Türk firmalarının ortaklık payını oran olarak yazınız.
 (d) Beşinci kolona, Türkiye’den giden ortaklarınızın (sizin dışınızdaki) toplam sayısını yazınız .
 (e) Altıncı kolona, yabancı ülke uyruğuna sahip ortaklarınızın toplam sayısını yazınız.

1	2	3	4	5	6
Türk Firmasının Yabancı Ülkeye Giriş Şekli	Seçilen Giriş Şekli	Firmanızın Sahiplik Oranı	Diğer Türk Ortaklarınızın Sahiplik Oranı	Türk Ortakların Sayısı	Yabancı Ortakların Sayısı
(1) Yeni bir şirket kuruldu (greenfield investment)		%	%		
(2) Bir şirket Türk sermayesince satın alındı (acquisition investment)		%	%		
(3) Çoğunluk hissesi (%51+) Türk firmalarına ait olan ortak girişim (joint venture) kuruldu		%	%		
(4) Türk ve yabancı firmaların eşit hisseli (%50-%50) olduğu ortak girişim oluşturuldu		%	%		
(5) Azınlık hisseleri (%49-) Türk firmalarının olduğu ortak girişim oluşturuldu		%	%		
(6) Diğer (lütfen belirtiniz)		%	%		

Firmanın Yurtdışına Yatırım Yapmadan Önce Yurtdışında Ve Türkiye’deki Ticari İlişkileri

10. Lütfen aşağıdaki tabloyu doldurunuz:

(a) İkinci kolona, **yurtdışına yatırım yapmadan önce** yabancı ülke firmalarıyla yaptığınız birinci kolondaki faaliyet (ihracat, ithalat, dağıtım anlaşması vb.[hangisini yaptıysanız]) **sayısını** (kaç ülkeye yapıyorsanız) yazınız.

(b) Üçüncü kolona, ikinci kolonda sayısını yazdığınız faaliyetlerin **ilk başlama tarihini** yazınız.

(c) Dördüncü kolona, yabancı ülkeler arasında birinci kolondaki faaliyetleri yaparken sizin için **en önemli olan üç ülke** adı yazınız.

(a) Beşinci kolona, Türkiye içinde yabancı firmalarla yaptığınız bütün faaliyetlerin ülke olarak **sayısını** yazınız.

(f) Altıncı kolona, Türkiye içinde yabancı ülke firmalarıyla yaptığınız ilişkilerin **ilk başlangıç tarihini** yazınız.

(g) Yedinci kolona, Türkiye’deki faaliyetiniz açısından **en önemli olan üç ülkenin** adını yazınız.

1	Türkiye’den Yurtdışındaki Ülkelere			Yurtdışından Türkiye’ye		
	2	3	4	5	6	7
İlişkiler (Faaliyetler)	Faaliyette Bulunulan Ülke Sayısı	Faaliyetin İlk Başlangıç Tarihi	Önemli Üç Yabancı Ülkenin Adı	Türkiye’de -ki İlişki Sayısı	Türkiye’de -ki İlişkinin Başladığı Tarih	Önemli Üç Yabancı Ülkenin Adı
(1) İhracat			1. 2. 3.			
(2) İthalat						1. 2. 3.
(3) Pazarlama / dağıtım anlaşması			1. 2. 3.			1. 2. 3.
(4) Satış temsilciliği /irtibat bürosu			1. 2. 3.			1. 2. 3.
(5) Patent veya know-how lisans anlaşması			1. 2. 3.			1. 2. 3.
(6) Franchising (imtiyaz) sözleşmesi			1. 2. 3.			1. 2. 3.
(7) Yönetim kontratı			1. 2. 3.			1. 2. 3.
(8) Diğer (lütfen belirtiniz)			1. 2. 3.			1. 2. 3.

Şirketin Yurtdışı Performansı

11. Aşağıdaki performans kriterlerini yurtdışındaki şirketi ilk kurduğunuzdaki beklentilerinizle karşılaştırdığınızda nasıl değerlendiriyorsunuz?

Lütfen yanıtlarınızı şu ölçeği kullanarak daire içine alarak belirtiniz; 1: Beklediğimden çok daha kötü, 2: Beklediğimden kötü, 3: Beklediğim gibi, 4: Beklediğimden daha iyi, 5: Beklediğimden çok çok daha iyi.

Performans Kriterleri	Beklediğimden çok daha kötü	Beklediğimden kötü	Beklediğim gibi	Beklediğimden daha iyi	Beklediğimden çok daha iyi
(1) Düşük maliyetli girdi sağlama	1	2	3	4	5
(2) Teknoloji, yönetim ve pazarlama yeteneği edinme	1	2	3	4	5
(3) Finansal kaynaklara ulaşma	1	2	3	4	5
(4) Uluslararası şirketlerle bağlantıya geçme	1	2	3	4	5
(5).Pazar.payı edinme	1	2	3	4	5
(6) Yatırımların getirisi	1	2	3	4	5
(7) Sermaye getirisi	1	2	3	4	5
(8) Stratejik hedeflere ulaşma	1	2	3	4	5
(9) Ürün tasarımı	1	2	3	4	5
(10) Dağıtım kanallarına erişim	1	2	3	4	5
(11) Üretkenlik kazancı	1	2	3	4	5
(12) Kurumsal imaj	1	2	3	4	5
(13) Müşteri hizmetleri	1	2	3	4	5

12. Lütfen aşağıdaki tabloya eğitiminiz, iş tecrübeniz ve yabancı dil ile ilgili bilgilerinizi yazınız.

En son aldığınız eğitim derecesi nedir?	En son aldığınız eğitimin alanı (bölümü) nedir?	Ne kadar süredir bu şirkette çalışıyorsunuz?	Uluslararası işletmecilik veya ticaret ile ilgili işlerde ne kadar süredir çalışıyorsunuz?	Kaç yıllık iş tecrübeniz var?	Yabancı ülkeye doğrudan yatırım yapmadan önce kaç tane yabancı dil biliyordunuz?

ZAMANINIZ, EMEĞİNİZ VE KATKILARINIZ İÇİN ÇOK TEŞEKKÜR EDERİZ...

Araştırmanın sonuçlarını size göndermemizi istermisiniz? Lütfen uygun seçeneği işaretleyiniz.

(1) Evet _____

(2) Hayır _____

Appendix D.
A letter of Request for Participation to the Study

Date

To whom it may concern,

I am studying on my PhD thesis related with internationalization of Turkish manufacturing firms via foreign direct investment. As far as I know your firm has established manufacturing company in a foreign country.

I am sending this fax for soliciting your firms' participation to this study. In order to send a survey questionnaire or to make an appointment I need to know the person whom is responsible or knowledgeable about your firm's investment in other country. Could you please inform me about that person's phone number and e-mail account.

Sincerely yours,

Harun Kaya
Research Assitant
Boğaziçi University
Faculty of Economics and Administrative Sciences
Department of Management
Bebek İstanbul.

Work Phone: 0212 358 15 40 Ext. 1812
e-mail: kayaha@boun.edu.tr
harunkaya66@yahoo.com

Appendix E.
A letter of Request for Participation to the Study in Turkish

Tarih

.....GENEL MÜDÜRLÜĞÜ'NE

Boğaziçi Üniversitesi'nde Türkiye menşeli imalat firmalarının yurtdışı yatırımlarıyla ilgili bir doktora tez çalışması yapmaktayım. Çeşitli kaynaklardan aldığım bilgilere göre kuruluşunuzun yurtdışında üretimi bulunmaktadır.

Bu faksı firmanızın adı geçen araştırmaya katılımını rica etmek için gönderiyorum. Size anket gönderebilmem veya randevu alarak bu anketi uygulayabilmem için yurtdışı yatırma karar veren veya bu konuda gerekli bilgiye sahip olan bir görevlinin adını ve kendisine ulaşmam için telefon numarası, e-mail hesabını öğrenmek istiyorum.

Gereğinin yapılmasını saygılarımla arz ederim.

Harun Kaya
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