

A Study on the Entry Strategies Related With Risk Management of Turkish Companies to the Emerging Economies

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Abstract

Several studies have measured the performance of the entry modes utilizing different theories. Studies indicate that when the different strategies are evaluated separately, they may not provide sufficient explanation. Therefore, a strategy that integrates various theories would be more effective than a single theory in order to explain companies' entry modes. One of these new approaches by Dunning argues that various theories would be integrated by accepting that ownership advantages would be assessed as resource dependency theory, location advantages would be assessed as institutional theory and internalization advantages would be assessed as transaction cost theory. This Eclectic approach is used in this study in terms of the interactions of three different approaches. In this study, entry strategies of Turkish companies to the Russia Federation, Balkan Countries and Central Asia are explained, compared and discussed in terms of these theories. The aim of this study is to contribute to the relevant literature by understanding which entry strategy would explain the behavior of Turkish companies that invested in other developing countries.

1. Introduction

There is an extensive amount of literature about companies' entry-modes (Acquisition and Greenfield) and ownership preferences (Joint ventures and Wholly owned subsidiaries) that are used while investing abroad. In terms of these entry- modes, the explanation capacity of Institutional Theory, Transaction Cost Theory and Resource Dependency Theory have been measured by several studies. However, when these strategies are evaluated separately their explanation capacity decreases. Therefore, new approaches are used. One of these new approaches by Dunning states that the explanation capacity of these theories would be enhanced by integrating them. Dunning argues that these theories could be integrated by using resource dependency theory to assess ownership advantages, institutional theory to assess location advantages, and transactional cost theory to assess internalization advantages. This Eclectic approach is used in this study in terms of the interactions of three different approaches.

Entry modes with multiple theories would be more effective than a single theory in order to explain the entry modes of companies that are in global markets. In this study, entry strategies of Turkish companies to the Russia Federation, Balkan Countries and Central Asia are explained, compared and discussed in terms of these theories. The aim of this study is to contribute to the relevant literature by understanding which entry strategy would explain the behavior of Turkish companies while investing in other developing countries.

Previous studies on entry and ownership modes of firms show that companies use four different modes in terms of their Foreign Direct investment (FDI); Joint Ventures (JV) and Wholly Owned Subsidiaries (WOS) ownership mode, Greenfield and Acquisition entry mode. According to the different approaches, which are explained below, firms prefer different entry and ownership modes.

1.1. Institutional approach

According to Gatignon and Anderson (1998, pg.315) country risks generally consist of political, legal, cultural and economic environment of the country and there is a relationship among these factors and the stability of commercial activities. They argue that as the risk increases the companies may choose JV because JV gives the possibility to be more flexible in risky environments. The study by Kim and Hwang (1992, pg.35) confirms those arguments by indicating that multinational companies prefer JV entry mode when country risk is high. Another factor that leads the companies to prefer JV as an entry mode is the cultural difference between the host country and the country of the investor company. According to several studies (Kogut and Singh, 1988; Gatignon and Anderson, 1988; Erramilli and Rao, 1993; Meyer, 2001 and Tsai and Cheng, 2004) when the cultural differences are significantly high, investor companies prefer to enter by using JV. However, Brouthers and Brouthers (2000) report that there is no significant relationship between cultural difference and entry mode of Japanese firms that invested in Western Europe. Finally, Anil and Çakır (2010) found out that when firms are fully aware of the similarities between the business styles and the local culture of the country in question, they prefer JVs. However, the study reveals no meaningful connection between the cultural similarity and the preference of entry mode (Greenfield or acquisition).

1.2. Transaction cost approach

This approach argues that the organization and the administration structure reducing the transaction costs are the key elements for companies' entry modes (Zhao et al., 2004, pg.526). When the costs of protection against opportunist behavior, performance monitoring and adaptation of production technologies are high, firms prefer an internal administration structure (WOS) (Luo, 2001, pg.445; Meyer and Peng, 2005, pg.603; Williamson, 1985). Several studies in this field (Gatignon and Anderson, 1988; Padmanabhan and Cho, 1996; Delios and Beamish, 1999; Makino and Neupert, 2000; Luo, 2001; Brouthers, 2002; Tsai and Cheng, 2004) point out that when firms' asset specificities are high they will more likely prefer JV rather than WOS. However, it could be said that there are some exceptions to this situation. For example, Padmanabhan and Cho (1996, pg.48) argue that when technological deficits in the transition economies are taken into account, an R&D-intensive firm may prefer to have full control in order to protect its proprietary expertise and/or to use it optimally. They also report that R&D-intensive Japanese firms generally prefer whole ownership (WOS) in their foreign investments. In addition, since in some conditions the institutional structure cannot protect the intellectual capital of firms, technology-intensive firms could prefer to internalize (WOS) their transactions that require advanced technology (Meyer 2001).

Sometimes uncertainty plays an important role in choosing the entry mode. WOS is preferred especially when uncertainty renders contracts ineffective and leads the partners to be exposed to delays (Brouthers and Hennart, 2007). Transaction cost theorists report that firms' previous experiences in the host country or in the international areas have a significant effect on choosing the entry and ownership mode. In terms of this argument, firms with significant international experiences would prefer WOS since they do not need local partners (Dikova and Wittelloostuijn, 2007, pg.1016; Padmanabhan and Cho, 1999, pg.27; Gatignon and Anderson, 1988; Delios and Beamish, 1999; Tsai and Cheng, 2004). Firms' international experience also affects acquisition – greenfield dilemma (Larimo, 2003, pg.794).

1.3. Resource based approach

According to Brouthers and Hennart (2007, pg.404) firms' organizational abilities related to resources could be used as an advantage in the international markets. Moreover, sometimes firms want to enter international markets in order to have access to some key resources. In terms of this argument it could be said that while selecting their partners, firms from developing markets are more eager to share their financial assets, technical abilities, abstract assets and expertise with their partners; on the other hand, firms from developed markets emphasize the unique competence, market knowledge and access to the market of more than one partner (Hitt et.al., 2000, 461-463). In addition, firms in developed markets use their own resources in order to obtain competitive advantage and they prefer to work with partners that have core competence, local market experience and opportunity for entering the market.

However, firms in developing markets search for partners from which they can learn organizational and technical abilities.

Meyer et. al., (2009) point out that firms that enter developing markets prefer to use JV strategies when the institutional conditions of these economies are weak since they can access important resources by using this strategy. On the other hand, when the institutions are stronger and the market activity is higher, they choose acquisition strategy.

According to Anand and Delious (1997), acquisition is the only solution under the conditions that there are no local partners for the firms that need to obtain new resources in the new market. When the technological abilities of a firm are treated as a resource, firms that have technological abilities would prefer greenfield strategy for several reasons. First of all, the local firms do not have sufficient technological ability to present to firms that have stronger technological capacity. Secondly, if the acquirer has superior technological competences, transfer of these competences to the acquired company may be difficult or impossible because of the organizational inertia, i.e. the resistance of the workers within the acquired firm to the changes that would result from the acquisition process.

Finally, the size of a firm is regarded as an important antecedent of the firm's competitive advantage (Ekeledo and Sivakumar, 2004). According to some researchers (Buckley and Casson, 1976; Terpstra and Yu, adapted from Kumar, 1984, 1988, pg.35; Chang and Rosenzweig, 2001, pg.756) big companies are good at eliminating the risks and costs related to foreign direct investments and have greater advantage in balancing disadvantageous positions. It is also argued that the larger the investment firm is, the greater the acquisition competence of the firm is (Kogut and Singh, 1988, pg.420; Larimo 2003, pg.801).

1.4. Eclectic approach

This approach, also entitled OLI (Ownership, Location, Internalization), argues that firms choose the most convenient entry mode to the international markets and while doing that they evaluate the firms' own ownership advantages (Resource Based Theory), host country's position (Institutional Theory), and the internalizing advantages (Transaction cost Theory) of integrating the operations within the firm (Tatoglu and Glaister, 1998).

In their study, Agarwal and Ramaswami (1992) analyze the impact of mutual relations among the firms' properties (ability to develop differentiated products, their magnitude and international experience), the firms' position (potential of the market and their investment risk) and the firms' internalizing advantages (risks regarding the contract) in the firms' preferred market entry modes (exportation, licensing, JV, WOS). The results of this study show that most of the small firms which are not experienced enough in international markets prefer to use JV as an entry mode because JV agreements give a chance to share the risks, the costs and also complementary assets and abilities of the partner firm. However, big firms which are already experienced enough in international markets prefer to use WOS since they want to expand their markets and achieve their profit targets. In addition, according to this study when the contractual risks of the firms which have the ability to develop differentiated products are considered to be high, firms are apt to use WOS.

According to several researchers (Hoskisson et al., 2000; Luo, 2001; Wright et al., 2005; Meyer and Peng, 2005; Brouthers and Hennart, 2007) there are several factors that affect firms' preferences in terms of entry modes especially in the developing markets and therefore, it is not possible to explain behaviors of international companies by using only one theory or approach. Under the light of this assumption it could be argued that since Dunning's Eclectic Approach covers all other theories and approaches it has a more explicative framework (Brouthers and Hennart, 2007).

It should also be noted that this theoretical framework does not consist of the differences between managers in terms of risk perception. Since the key decision makers' risk perception would alter from one person to another it could affect the firm's entry mode choice.

2. Methodology and Findings

By the end of June 2008, Turkish Foreign Direct Investments were in ninety-five countries with a value of 14.049 billion dollars belonging to 2578 firms in twelve different sectors. Of these ninety five countries, sixteen were developed countries with a value of 6.805 billion dollars and 776 firms. The majority of these investments' distribution according to the sectors are as follows (in million dollars): Banking 1,083, finance 1,233, energy 3,516, manufacturing 1,858, commerce 1,374, telecommunications 867 and others 2,862.

The amount of foreign direct investments in the manufacturing industry is 1.858 billion dollars with 1.308 billion dollars in developed and 198 million dollars in developing countries, and 352 million dollars are in countries that are within the scope of this study. The total amount of FDI between 1989 and 2005 to the countries that are included in this study is 1.301 billion dollars. During the same period Turkey's total foreign investments were 7.019 billion dollars. This study included 107 firms and 169 facilities with more than 50 employees that were provided by the Turkish commerce consulates and Council on Foreign Relations. Data collection was performed between 2005 and 2007 by filling out the 16-category survey form prepared by Glaister ve Tatoğlu (1998) and in-depth interviews. In this study, risk management is considered as being limited to the management of the environmental risks, and the process for the investment decisions and the preferences for the entry modes are determined as the management of the environmental risks.

The third part of the questionnaire format utilized the 18 scales of Institutional Theory for location selection factors and was used in order to identify the realities regarding these firms. The questionnaire was given to 107 firms and 169 facilities in Bulgaria, Romania, Uzbekistan, Kazakhstan, Turkmenistan, Kyrgyzstan and Russia. For this study one question; "to have the advantage of being the first to enter the market" was added to the questionnaire. The fourth part of the questionnaire format was based on 13 scales of Transaction cost Theory for internalizing advantages of integrating the operations of firms and fifth part of the questionnaire format was based on 7 scales of ownership advantages of firms. The values of the criteria in each part of the questionnaire were measured according to a 5-point likert scale and averages were calculated.

2.1. Findings about the explanatory capacity of Institutional Theory

2.1.1. The relationship between type of investment and ownership pattern with location selection factors

Table 1 shows differences for the nineteen location selection determinants in terms of the type of investment. It is seen that convictions about the growth rate of the economy, the degree of unionization and the purchasing powers of customers affect preferences in regard to choosing Greenfield or acquisition. That is, there is a significant difference between two groups at the 0.05 significance level. Accordingly, firms who perceive "geographical proximity", "the growth rate of economy" and "level of unionization" as high prefer the greenfield investment type. There is a 0.034 significance level between growth rate of economy, level of unionization, geographical proximity factors and Greenfield-acquisition. The companies which have higher evaluations about the economic growth rate prefer the greenfield investment while the ones which evaluate the economic growth rate lower prefer greenfield investment. The companies which assess the economic growth prefer greenfield investment to benefit from the economics of scale and to create entry barriers for other companies. The companies that take notice of unionization decided to enter the country by greenfield investment, while the ones who do not emphasize the unionization decided to enter the country by acquisition. In the countries where unionization movements are not strong, the greenfield investment is preferred since labor cost can be controlled and therefore, long term profit will be acquired.

The companies which have "geographical proximity" as an important evaluation at a high level, made their investment decision by greenfield investment, the companies which evaluate the geographical proximity as not important preferred the acquisition option for their investment decision. The countries which are geographically far away, prefer greenfield investment by the transaction cost proposals since the transportation costs are high.

Table 2 shows differences for the nineteen location selection determinants in terms of the ownership patterns. There is just one significant difference in terms of the preferences about capital structure (type of ownership); firms who perceive "level of industry competition" to be high prefer WOS. Only the firms that perceive the competition level as high, prefer the joint venture investment decisions to share the risks. Under the low competition conditions, companies prefer to enter as wholly owned by not sharing the risks and income since they have the potential to decide on the selling prices which will eliminate the risks.

2.1.2. The relationship between ownership pattern with the cultural familiarity

There is a significant difference between WOS and JV groups about "similarity level of local cultures" and "similarity level of ways of business" at 0.05 significance level. Accordingly, firms that have high levels of perception about the similarity of local cultures and similarity of ways of business prefer JV ownership. Table 3 and Table 4 show that there is no significant difference between "corporate culture" and "similarity of business ethics" in terms of ownership pattern.

The firms which evaluate the similarity between the foreign country's culture and Turkish culture as high, prefer joint venture investment. According to the averages of the cultural values which are measured in the fourth item, the joint venture investment is preferred in the countries where total cultural similarity is evaluated as high.

There is a significant difference between WOS and JV patterns in terms of newly formed variable which is derived by the means of cultural variables above. JV is preferable in high levels of cultural familiarity.

Additionally, the relationship between cultural familiarity and mode of entry is analyzed but no significant difference can be determined.

2.1.3. The relationship between type of investment and ownership pattern on risk taking

The risk-taking behavior of traditionally internationalized firms is explained by a correlation with the amount of expected inputs (Buckley and Casson, 1981; Chakrabarti, 2001). Buckley *et al.*, (2007) verified that the phenomenon of highly risk-laden direct capital investments ventured by China is also true for the foreign investments by Turkish firms. All of the Turkish firms, except for one operating in Uzbekistan, work at high performance. It is seen that they have made their investments without considering the risk aspect (Demirbağ *et al.* 1998), which verifies the findings of previous studies. No correlation has been found between UNCTAD's data on the total investment countries receive and the data of the Undersecretaries of Treasury of the Turkish Republic. The same is true for risk factor data and COFACE risk index data.

There is no statistically significant difference between the averages of benefiting from economies of scale, better resource and capacity use, qualified and privileged access to inputs, presence in new markets, opportunity for rapid entry into markets, investment profitability, harmony with Turkish government policy, cost of contracting and implementation, avoiding the risk of misusing production information, ensuring sufficient quality control, insufficient legislation on patent and license rights, inability to make technology transfers through licensing and patents, and in agencies and licensing with the ownership pattern and type of investment. As shown in Table 5, no correlation is found between the amount of Turkish investment, total investment amount received in the country and the political instability of the country that received the investment.

As shown in Table 6, we observe one relation which is the level of implementation cost of contracts with the type of investment. Firms who perceive cost of contracts as high prefer greenfields at a 0.05 significance level. The companies that find the country risky and the legality of the agreements low, prefer greenfield investment to meet these costs and benefit the profit in long term.

During the interviews those who claimed that risk was unimportant expressed that they accepted the risk in order to achieve the required outcome, whereas those that regarded risk as highly important said that this factor ensures a non-competitive environment and so this aspect was very important in order to sustain the same environment.

2.2. Findings about the explanatory capacity of resource based theory

According to our results shown in Table 7, there is no statistically significant difference between the averages of international experience, brand and product image, practicing level of technology and managerial information, experience in markets of the chosen country, quality of staff improvement program, staff quality and product differentiation and development skills with ownership pattern and type of investment. Independent T tests are used to see if there is any significant difference between entry-mode groups (acquisition or green field) for all items in group of ownership advantages. We observe that international experience with type of investment shows significant differences for companies. Firms who perceive their international experience as high prefer greenfields at a 0.05 significance level.

2.3. Findings about the explanatory capacity of Transaction Cost Theory

Independent T tests are used to see if there is any significant difference between entry mode groups (acquisition or green field) for all items of internalization advantages which consist of; 1. benefiting from economies of scale, 2. better resource and capacity use, 3. qualified and privileged access to inputs, 4. presence in new markets, 5. opportunity for rapid entry into markets, 6. investment profitability, 7. harmony with Turkish government policy, 8. cost of contracting and implementation, 9. avoiding the risk of misusing production information, 10. ensuring sufficient quality control, 11. insufficient legislation on patent and license rights, 12. inability to make technology transfers through licensing and patents, 13. difficulties of agencies and licensing implementations. Reliability analysis is performed for this group of internalization; that consists of thirteen items.

Cronbach Alpha statistics is calculated as 0.7153. These items are used for factor analysis and four factors are emerged. KMO measure of sampling adequacy is calculated as 0.6690 and explained variance is 69.5680 per cent by factors. Four factors are composed of items as,

Factor 1	11, 12, 13, 9
Factor 2	2, 1, 8, 3, 6
Factor 3	5, 10
Factor 4	4.7, 4.4.

Group internalization results in Table 6 show significant difference for only cost of contracts item. Variances are assumed equal because of Levene's test and the significance level is estimated as 0.039 for mean difference. As a result, mean difference between groups is statistically significant at level 0.05.

2.4. Findings about the explanatory capacity of Eclectic Theory

Based on Dunning's Eclectic Approach's arguments in terms of country and company related advantages it could be said that the following factors have an impact on Turkish companies' decisions having a factory in EU, taking advantage of being first mover, entering international markets, buying a cheap facility in terms of privatization. In addition to these factors Eclectic theory has been covering other three theories via ILO approach. Firms that perceive location selection factors such as "geographical proximity", "the growth rate of economy" and "level of unionization" to be highly significant prefer the greenfield investment type. There is just one significant difference in location selection factor and terms of the preferences about capital structure (type of ownership); "level of industry competition" and firms who perceive level of industry competition high prefer WOS. Finally, firms that have high levels of perception about the similarity of local cultures and similarity of ways of business prefer JV ownership. Firms who perceive their international experiences as high prefer greenfields, and firms who perceive cost of contracts as high prefer greenfields.

Based on the explanations for the entrance behavior of the companies from different sectors, sizes and from different entrance years, this study found that Eclectic Approach is more exploratory than other theories.

3. Conclusions

This study analyzed which entry (Greenfield/acquisition) and ownership (JV/WOS) styles are used by firms in Turkey during their entrance process to other developing countries. This study utilized various theoretical aspects such as, Institutional Theory, Transaction Cost Theory, Resource Dependency Theory and Dunning's Eclectic Approach (OLI) which covers first three theories with additional factors. Despite the wideness of research that deals with the entrance styles of the companies in developed countries and their entrance process to the developing countries, there are relatively few studies that deal with the entrance styles of companies in developing countries that invest in other developing countries. Thus, this study aims to contribute by filling this gap.

Institutional Theory argues that in countries where uncertainty and cultural differences are high companies would choose JV. Similar results were found for all of the Turkish companies analyzed in this study. Moreover, these companies indicate that they did not care about the transaction costs because the conditions were similar to the conditions in Turkey. In this study it has been found that none of the relevant theories could explain the entrance behavior of Turkish companies alone; but, each of them partially explains it. As a result, it could be said that Dunning's Eclectic Approach is more explanatory than other theories.

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Table 1. Relative importance of variables by mode of entry

		N	Mean	Std. Deviation	T Value
Investment Risk	ACQUISITION	40	2,556	1,4909	0,270
	GREENFIELD	67	2,474	1,5516	
Economic Stability	ACQUISITION	40	2,775	1,6406	0,518
	GREENFIELD	67	2,612	1,5345	
Political Stability	ACQUISITION	40	2,338	1,6148	0,005
	GREENFIELD	67	2,336	1,6864	
Government Regulations	ACQUISITION	40	2,558	1,2314	-0,857
	GREENFIELD	67	2,780	1,3279	
Tax Advantages	ACQUISITION	40	2,613	1,5379	-1,813
	GREENFIELD	67	3,212	1,7143	
Incentives	ACQUISITION	40	2,000	1,6172	-0,363
	GREENFIELD	67	2,119	1,6654	
Government Policy Toward FDI	ACQUISITION	40	3,063	1,4771	0,317
	GREENFIELD	67	2,963	1,7284	
Market Potential	ACQUISITION	40	2,788	0,9650	-1,446
	GREENFIELD	67	3,061	0,9285	
Purchasing Power of Customers	ACQUISITION	40	3,150	1,4772	-0,928
	GREENFIELD	67	3,418	1,4265	
Market Size	ACQUISITION	40	3,475	1,5850	0,063
	GREENFIELD	67	3,455	1,5636	
Growth Rate of Economy	ACQUISITION	40	3,350	1,4597	-2,146* p=0.034177
	GREENFIELD	67	3,933	1,2965	
Level of Unionization	ACQUISITION	40	1,175	0,3848	-2,078* p=0.040148
	GREENFIELD	67	1,470	1,0410	

Table 1 Continued: Relative importance of variables by mode of entry

		N	Mean	Std. Deviation	T Value
Cost Advantages	ACQUISITION	40	3,238	1,0925	1,064
	GREENFIELD	67	2,977	1,2889	
Low Cost Inputs	ACQUISITION	40	3,563	1,2669	0,719
	GREENFIELD	67	3,362	1,4618	
Goods Quality Inputs	ACQUISITION	40	2,600	1,5981	1,020
	GREENFIELD	67	2,273	1,6033	
Access to Neighboring Markets	ACQUISITION	40	3,550	1,6633	0,813
	GREENFIELD	67	3,269	1,7717	
Location Advantages	ACQUISITION	40	2,638	1,0013	-1,881
	GREENFIELD	67	3,052	1,1595	
Int. Transport and Communication Cost	ACQUISITION	40	2,338	1,4384	-1,794
	GREENFIELD	67	2,896	1,6226	
Geographical Proximity	ACQUISITION	40	2,200	1,6825	-2,239* p=0.027
	GREENFIELD	67	2,985	1,7964	
Repatriability of Profits	ACQUISITION	40	3,375	1,2545	0,365
	GREENFIELD	67	3,276	1,4123	
Labor Supply	ACQUISITION	40	2,988	0,8272	0,547
	GREENFIELD	67	2,895	0,8522	
Qualified Local Personnel	ACQUISITION	40	2,500	1,4322	0,508
	GREENFIELD	67	2,364	1,2787	
Level of Industry Competition	ACQUISITION	40	3,900	1,4106	0,997
	GREENFIELD	67	3,606	1,5077	
Level of Infrastructure	ACQUISITION	40	2,563	1,3549	-0,519
	GREENFIELD	67	2,709	1,4464	
Advantage of Being the First Mover	ACQUISITION	40	4,750	0,7763	0,081
	GREENFIELD	67	4,739	0,6358	

Table 2. Relative importance of variables by ownership pattern

		N	Mean	Std. Deviation	T Value
Investment Risk	JV	31	2,613	1,5888	0,468
	WOS	76	2,460	1,5034	
Economic Stability	JV	31	2,677	1,6409	0,019
	WOS	76	2,671	1,5504	
Political Stability	JV	31	2,548	1,6450	0,846
	WOS	76	2,250	1,6583	
Government Regulations	JV	31	2,722	1,5094	0,128
	WOS	76	2,686	1,2049	
Tax Advantages	JV	31	2,933	1,7798	-0,203
	WOS	76	3,007	1,6340	
Incentives	JV	31	2,290	1,7358	0,867
	WOS	76	1,987	1,6041	
Government Policy Toward FDI	JV	31	2,839	1,8138	-0,651
	WOS	76	3,066	1,5606	
Market Potential	JV	31	2,917	0,9199	-0,278
	WOS	76	2,974	0,9634	
Purchasing Power of Customers	JV	31	3,226	1,6874	-0,381
	WOS	76	3,355	1,3437	
Market Size	JV	31	3,548	1,6500	0,361
	WOS	76	3,428	1,5378	
Growth Rate of Economy	JV	31	3,774	1,4308	-0,282
	WOS	76	3,691	1,3711	
Level of Unionization	JV	31	1,200	0,4842	-1,556
	WOS	76	1,421	0,9697	
	WOS	76	4,743	0,7325	

Table 2 Continued. Relative importance of variables by ownership pattern

		N	Mean	Std. Deviation	T Value
<i>Cost Advantages</i>	JV	31	3,194	1,2411	0,627
	WOS	76	3,029	1,2153	
Low Cost Inputs	JV	31	3,650	1,3592	0,989
	WOS	76	3,353	1,3993	
Goods Quality Inputs	JV	31	2,367	1,6914	-0,119
	WOS	76	2,408	1,5763	
Access to Neighboring Markets	JV	31	3,484	1,7102	0,419
	WOS	76	3,329	1,7465	
<i>Location Advantages</i>	JV	31	2,887	1,1843	-0,059
	WOS	76	2,901	1,0958	
Int. Transport and Communication Cost	JV	31	2,548	1,7096	-0,580
	WOS	76	2,743	1,5220	
Geographical Proximity	JV	31	2,645	1,8357	-0,171
	WOS	76	2,711	1,7800	
Repatriability of Profits	JV	31	3,468	1,4659	0,755
	WOS	76	3,250	1,3051	
<i>Labor Supply</i>	JV	31	2,800	0,9320	-1,004
	WOS	76	2,982	0,8010	
Qualified Local Personnel	JV	31	2,583	1,3004	0,815
	WOS	76	2,349	1,3491	
Level of Industry Competition	JV	31	3,161	1,7530	-2,257* p=0.026
	WOS	76	3,947	1,2829	
Level of Infrastructure	JV	31	2,661	1,3378	0,033
	WOS	76	2,651	1,4446	
<i>Advantage of Being the First Mover</i>	JV	31	4,742	0,5755	-0,010
	WOS	76	4,743	0,7325	

Table 3. Cultural familiarity by ownership pattern

		N	Mean	Std. Deviation	T value
Local Culture	JV	31	3,129	1,0565	2,580* p=0.011
	WOS	75	2,560	1,0232	
Corporate Culture	JV	23	2,826	1,3022	0,760
	WOS	61	2,607	1,1333	
Business Ethics	JV	31	2,355	1,2530	1,750
	WOS	75	1,927	0,8330	
Ways of Business	JV	31	2,210	1,3024	2,379* p=0.019
	WOS	75	1,627	0,6319	

Table 4. Cultural familiarity by ownership pattern at grouped level

		N	Mean	Std. Deviation	T value
Cultural Similarity	JV	23	2,7011	1,14362	2,201* p=0.031
	WOS	61	2,1578	0,49681	

TABLE 5: Turkish firms and their relationship with the risk dimension of all investments

	Total Investment	Turkish Investment	Political Stability	Confidence Index
Total Inv. Pearson Correlation	1	0,104	-0,577	-0,241
Sig.(2-tailed)		0,825	0,175	0,603
N	7	7	7	7
Turkish Inv. Pearson Correlation	0,104	1	0,584	0,143
Sig.(2-tailed)	0,825		0,169	0,760
N	7	7	7	7
Political Stability Pearson Correlation	-0,577	0,584	1	0,246
Sig.(2-tailed)	0,175	0,169		0,595
N	7	7	7	7
Confident Index Pearson Correlation	-0,241	0,143	0,246	1
Sig.(2-tailed)	0,603	0,760	0,595	
N	7	7	7	7

Total Investment Amounts: UNCTAD, Turkish Investment Amounts: Treasure, Political Stability 3.3
Political Stability Standard and Trust Index: COFACE.

Table 6. Cost of contract and implication by entry-mode preference

ENTRY MODE	N	Mean	Std. Deviation	Std. Error
ACQUISITION	38	1.934	1.3058	0.2118
GREENFIELD	63	2.579	1.5456	0.1947

Table 7. International experience by entry-mode preference

ENTRY MODE	N	Mean	Std. Deviation	Std. Error
ACQUISITION	40	2.663	1.6999	0.2688
GREENFIELD	57	3.404	1.7203	0.2279