

Why Do Turkish Firms Go Abroad to Invest?¹

Yılmaz Kılıçaslan², Yeşim Üçdoğruk Gürel³, Gökhan Önder⁴, Zeynep Karal Önder⁵

Abstract

The aim of this paper is to examine the determinants and localization of outward FDI (oFDI) of Turkish firms that differs from developed country MNEs with respect to firm size, technology, skills and access to information about global markets. This research is the first attempt aimed to explore especially the determinants of country/region selection of Turkish outward FDI at the firm level by using discrete choice models. The findings in this paper are based on the primary data collected by in-depth-interviews with 299 outward-investing Turkish firms operating in manufacturing, wholesale and retail trade, transportation and storage, and information and communication sectors. Our descriptive findings show that 60% of the investments are green-field. We found that 68% of the investments were made in developing countries while the developed countries attracted only 32% of Turkish investments. Our findings show that the main motivation of Turkish firms investing in other countries is willingness to reach to the larger markets (77%). Our econometric findings show that the size of the firm and the parent firm are significant factors in selecting developed countries as the host country for the investment. As the size of the firm increases, the possibility of Turkish investors to choose developed countries is diminishing, while as the size of the parent firm gets bigger, the possibility of locating the investment in developed countries is rising. The high share of foreign ownership in parent firms has a positive impact on choosing developing countries to locate the investment. It seems that foreign firms benefit from the experiences of Turkish firms operating in developing markets. Finally, while willingness to avoid from tariffs has no significant impact on the probability of investing in developed countries (including EU countries), it increases the probability of investment in the member countries of Shanghai Cooperation Organization.

Keywords: Outward Foreign Direct Investment, outward FDI, Probit, Logit, Turkey.

JEL Codes : F12, G1, E2

¹ This work is a part of 1001 Research Project (113K738) supported by TUBITAK (The Scientific and Technological Research Council of Turkey) and Treasury of the Republic of Turkey.

²**Corresponding Author** Department of Economics, Anadolu University, Eskisehir, Turkey. ykilicaslan@anadolu.edu.tr

³Department of Economics, Dokuz Eylül University, İzmir, Turkey. yesim.ucdogruk@deu.edu.tr

⁴Department of Business Adm., Anadolu University, Eskişehir. gokhanonder@anadolu.edu.tr

⁵Department of Public Finance, Anadolu University, Eskişehir, Turkey. zkartal@anadolu.edu.tr

1. Introduction

Foreign direct investment (FDI) is considered as a tool that stimulates growth and employment for economies by increasing capital accumulation and transferring of new techniques and knowledge. FDI is even more important for developing countries due to their limited capital and technical resources. Attracting FDI, thereby, is said to be a developing country phenomenon. In the last quarter, however, there has been significant changes in the geography of the investments: while developing countries are continuing to host a significant portion of global direct investments (developing countries host 50% of global FDI in 2017) on the one hand, they started becoming the home country of these of investments on the other. 8% of global FDI was made by developing countries in 2000, this ratio has increased to 42% in 2014, the highest level of the history, and then decreased to 29% in 2017 due to the fragility of the global economy and geopolitical risks.

Turkey, like many other developing countries, has dramatically increased outflow FDI during this period. Outflow FDI stock of Turkey rose to \$ 22.5 billion in 2010 from 3.6 billion dollars in 2000. In 2017, this figure has almost doubled with \$ 41.4 billion investment abroad (WIR, 2018). The Turkish Treasury (2014) data show that there are 2321 Turkish firms located in 110 different countries, 72% of them in service sector, 26% in industrial sector and only 2% in agricultural sector.

The most fundamental question about FDI is why a firm would choose a foreign market through affiliate production rather than other options such as exporting or licensing arrangements (Blonigen, 2005). The standard answer revolves around country level factors like country's stage of development, infrastructure, cost structure, skill differences in human capital, network linkages, market size and growth, institutions and incentive policies and firm level factors like the presence of intangible assets specific to the firm, such as technologies, managerial skills, etc. (Blonigen, 2005 and Pradhan, 2004). The relative role of these factors in determining outward FDI activity is complex to assess and depends largely on firm specific strategies. Previous studies investigate the relationship between decision made by firms to conduct FDI activity and firm size (Blomstrom and Lipsey, 1991; Dunning, 2000; Pradhan, 2004), profitability (Trevino and Grosse, 2002), export orientation (Lin, 2010; Pradhan 2004), age of firm (Pradhan, 2004), capital intensity (Siddharthan and Nollen, 2004), technological capabilities (Lall, 1980; Pradhan, 2004), managerial skill (Pradhan, 2004), advertising intensity (Blonigen, 2005) and financial constraints (Bond et.al., 2003).

The aim of this paper is to examine the determinants and localization of outward FDI (oFDI) of Turkish firms that differs from developed country MNEs with respect to firm size, technology, skills and access to information about global markets. This research is the first attempt aimed to explore especially the determinants of country/region selection of Turkish outward FDI at the firm level by using discrete choice models. Our findings in this paper are based on the primary data collected by in-depth-interviews with 299 outward-investing Turkish firms operating in manufacturing, wholesale and retail trade, transportation and storage, and information and communication sectors.

The paper consists of four sections. After the Introduction, section two presents a brief literature review about developing countries oFDI activities. Section three introduces data sources used in this study and provides a descriptive analysis on outward-investing firms according. Section

four presents the findings of an econometric analysis modeling the country specific determinants of outward FDI behavior of firms. The last section of the paper summarizes main findings and discusses policy implications.

2. Outward FDI from Developing Countries: Literature Review

FDI is defined as the establishment of a new production facility or sales unit in other countries, an acquisition of existing ones or a joint venture with a domestic operation in a host country to carry out the production and/or commercial activity of an operator outside its territory. In order to consider an investment as a foreign direct investment, the investor must have a shareholding of at least 10%. Investments in which the parent company owns between 10% and 50% are referred to as affiliate and investments with a share of more than 50% are referred to as subsidiary. Investments in which the parent company owns 100% of the shares are defined as wholly owned subsidiaries (OECD, 2008: 17).

The developing countries' multinational firms gained their first oFDI experiences at 1970s. The share of developing countries in total oFDI rose to the level of 5-6% from 0.2% at the end of the decade. Due to increase in investments, which has taken place in 70s economic turmoil, sources of the competitive advantages and operations of developing countries' firms have begun to be examined by the researchers. The internationalization process of developing country firms takes place in an intensely competitive environment where global trade has developed considerably, as opposed to developed country multinational firms. For this reason, the question of whether the behavior of these firms will be explained with existing theories or new approaches gained importance. This section will first briefly address traditional approaches, and then touch upon new approaches to explain the internationalization processes, strategies and competitive advantages of developing country multinationals.

The most fundamental question about FDI activity is why a firm would choose a foreign market through direct investments rather than other market entry options such as exporting or licensing arrangements. To answer this question, Hymer (1976) focuses on the company's motivation to control investments abroad. Buckley and Casson (1976) argue that firm can reach the highest productivity level with the direct investments due to market imperfections. According to Knickerbocker (1973), the main reason of FDI is competitors' foreign investments. Johanson and Wiedersheim (1975) argues that, for a firm is primarily engaged in local markets, internationalization is the result of decisions supported by operation experience and market knowledge in foreign countries. To Rugman (1981), FDI is a result of firm specific advantages (FSA) that express the skills and technology of the firm and country specific advantages (CSA) that represents country-based factors such as natural resources, labor and culture. Vernon (1966) tries to explain FDI with product life curves.

In the 1980s, the empirical literature on international business made important contributions to clarify FDI activity. Dunning (2001) suggested that the previous approaches in explaining FDI reflect only a certain direction of the subject and that these approaches should be examined from an integrated point of view in order to arrive at a collective judgment. OLI (ownership, location and internalization) model developed by Dunning (2001) explains FDI activity with three advantages that multinational corporations have at the same time: First of these advantages is ownership advantages based on intangible assets owned by the company, such as patents, management and marketing skills, and brand value. The second is internalization

advantages: the firm uses its ownership superiorities in its own control units in international markets. Internalization advantages, which reduce transaction costs relative to licensing agreements and other market entry methods such as exports, and help to protect firm reputation through effective management, express the ability to use the monopolistic power created by the intangible assets of the firm. The third and final advantage is the locational advantages that influence the choice of the country where the investment will be made. Within the scope of locational advantages, factors such as factor endowment, market size, natural resources, input prices and quality, transportation and communication infrastructure; economic factors such as incentives; social elements such as language, culture and business forms, trade laws, and political and legal elements such as tax regulations were examined (Dunning and Lundan, 2008; Piteli, 2010).

All of the above-mentioned views are indeed based on the internationalization experiences of developed country multinational firms (DCF). The first studies examining developing or emerging country firms (ECFs) dates back to the 1980s. These works try to define the common features of the first internationalization attempts of ECFs. These initial investments of developing countries mostly originated in countries in Latin America and Asia and targeted to the other neighboring developing countries. Researchers called these firms as third world multinationals or new multinationals. Small scale operations, labor-intensive technology, standardized goods and price are the main characteristics of the competitive power of ECFs (Lecraw, 1977; Agarwal & Weekly, 1982; Lall, 1983 and Wells, 1983). In order to protect export markets and overcome the restraints of the source countries' market legislations, these firms have moved to developing country markets where developed country firms find it risky to enter. Personal, ethnic ties and the ability to adapt to developing country conditions were other factors that these companies benefited from (Lecraw, 1977, Agarwal & Weekly, 1982 and Wells, 1983). Despite these general characteristics of third world multinationals highlighted in the studies above, according to Lall (1983), the sources of competitiveness of these firms vary from case to case. Because the learning processes and competitive strengths of these firms depend mostly on the conditions of their domestic environment. Therefore, different country conditions lead to different internationalization processes, oFDI types, and firm skills. While some of these firms have a unique set of small innovations that hard to copy for the other firms, some others may enhance abilities to commercialize a particular product. For this reason, the advantages of these firms do not depend solely on cheap and qualified labor.

These first wave of investments took place in the 1970s were followed by investments called the second and third wave in the 1980s and 1990s. During this period, the nature, aim and geographic scope of investments changed and the amount of capital exported increased dramatically. Along with these developments, models were needed to explain the behavior, strategies and achievements of the firms. The basic discussion of these models is that do the new multinationals imitates traditional competitors from the developed countries? Or do they have developed different advantages and capabilities in the process of internationalization? In other words, is the emerging country multinational (EMNE) a new type of multinational enterprise?

According to Ramamurti (2009 and 2012), the truth is somewhere between the two extremes. While existing theories are underestimating the ownership advantages of EMNEs, they

highlight the advantages of the source country in the oFDI process. However, according to the OLI paradigm, a firm cannot make oFDI without having ownership advantages. EMNEs have ownership advantages, but these are not the advantages we are familiar with in the developed country multinational enterprises (DMNEs). DMNEs have more serious ownership advantages, because they had enough time to develop these capabilities. Deep understanding of customer needs in emerging markets, ability to adapt to challenging politic, economic and institutional environmental conditions (adversity advantage), and ability to produce products and services at ultra-affordable cost by using more labor and less capital and developing products at an affordable price / quality mix are the examples of the EMNE's ownership advantages. It took a long effort to define the ownership advantages of Western companies. If the same effort is also made to define the ownership advantages of new multinationals, this list can be expanded. According to Ramamurti's (2012) the other aspects of EMNEs behavior are also different from the traditional MNEs: First they show very fast internationalization process. Second, the host countries chosen for the oFDI are not close to and similar to the source country. Third, EMNEs' investments are usually based on mergers and acquisitions. Capability upgrading and gaining global reach are the two forces that shape the expansion path of EMNEs and are the main reason for their rapid internationalization in developed and developing countries simultaneously. They invest in developing countries for gaining scale and experience, while they invest in developed ones for obtaining skills and cutting-edge technology. Obtaining skills and technology also give rise to high commitment to mergers and acquisitions (Guillen-Canal, 2009, Makino, Lau and Yeh, 2002, Fey et. al. 2016, Jindra et. al. 2016, Kotabe and Kothari, 2016, Cazorra and Genc, 2008). Luo and Tung (2007) called this capability upgrading process as a springboard perspective. EMNEs use os as a springboard to acquire strategic assets and gain competitive advantages against their rivals at home and abroad and to reduce their home country disadvantages. Springboard activities have recurrent and revolving nature. Each oFDI experience eliminate different deficiencies of the firms and have intense linkages with the domestic activities.

The EMNEs need significant financial resources to afford the strategic asset seeking investments. According to Hennart's (2012) bundling model, these resources come from home country specific advantages (CSA). Traditional approaches assume that CSA may be accessed by all firms operating in that country. But some CSAs such as access to distribution networks, lands, raw materials, and suppliers called complementary local factors in developing countries owned by locals holding monopoly control of these resources. EMNEs benefit from the monopoly power to finance the oFDI. In addition to this, complementary local resources have transaction costs for the foreigners. To access these resources MNEs must know their locations, availability and practices. Transaction cost level between local owner who held the complementary local resources and the MNE who held the intangible assets also determine the optimal market entry choices.

Organizational learning is one of the other factors that explain the rapid growth and success of EMNEs in international markets. Especially in developed country markets, the ability to utilize organizational learning and knowledge externalities plays an important role in the success of strategic asset seeking oFDI in developed country markets. This is one of other topics that distinguish EMNEs from DMNEs. The experience of internationalization of DMNEs was

shaped only by exploiting assets they developed in the home country (Banerjee et al, 2015, Williamson et al, 2013). Learning is a result of repeated application of linkage and leverage processes according to 3L model. 3L model emphasize the interconnected structure of the global economy and try to explain the rapid growth of the East Asian MNEs so called dragon multinationals. East Asian MNEs tap into the strategic networks, leverage the ties to obtain skills and learn from the repeated actions of these process (Mathews 2002, 2006, Kedia et al., 2015).

Another research stream on oFDI is the case studies dealing with particular country experiences. For example, in Latin American countries including Brazil, Chile, Argentina and Mexico, oFDIs usually made in mature industries to seek markets and concentrated in other Latin America countries. An increase in gross domestic product, education levels and international trade increase the oFDI from these countries (Chudnovsky and Lopez, 2000, Amal et al. 2009, Perez and Nogueria, 2016). In the case of China, the main factors driving oFDI are host countries' big markets, weak institutions and natural resources. Chinese firms are investing in countries that are technically superior to themselves in certain specific industries. Cultural proximity also plays an important role in the choice of host country for Chinese firms that have increased their strategic assets seeking oFDI after 2001 (Li et al. 2012, Kolstad and Wiig, 2012, Buckley et al. 2007).

Empirical studies focusing on the determinants of inward FDI provided evidence on the drivers that motivate MNEs to engage in FDI in Turkey but there are very few studies in the literature on the determinants of outward FDI from Turkey. Existing studies examine the outward FDI decision of Turkish firms by means of location-specific motives like agglomeration and coastal access (Deichmann et al., 2003), political and economic risk (Erdilek, 2003), human capital, market size (Kaya, 2014), infrastructure (Akçaoğlu, 2005), market attractiveness and growth (Kayam and Hisarcıklılar, 2009). However, we suggest that Turkish firms investing abroad must possess a bundle of “intangible assets” that they find profitable to exploit via foreign manufacturing rather than exporting or licensing. Moreover, being from a developing country with lower levels of high-tech industry, infrastructure and skills than other developed countries, the advantages of Turkish outward-investing firms are likely to be different from those of advanced country MNEs.

3. Data Sources and Construction of Variables

In this research, we focus only on four sectors: manufacturing, wholesale and retail trade, transportation and storage, and information and communication. Our descriptive findings based on the secondary data obtained from Turkish Treasury and the Central Bank of Turkey showed that there are 2321 outward-investing Turkish firms located in 110 different countries as of 2014. There are about currently 1000 active outward investments/firms abroad.

We collected the primary data of 299 outward investment-making firms (35% of the whole sample) by conducting in-depth interviews with the parent firm of the outward investment. The information about these firms was obtained from the Treasury of Turkey. In preparation of the questionnaire to be used in the field studies, we first determined the variables by surveying the literature and making use of “Information Form on Foreign Affiliates and Branches” conducted by the Treasury of Turkey every year.

According to the primary data collected, the average number of employees in FDI conducting firms (parent firms) is 1749 persons. 18% of companies are small enterprises (10-49 people), 18% are medium-sized enterprises (50-249) and 64% are large enterprises (250 and above). This implies that the parent companies are mostly large, established and domestic companies. While 5% of the parent companies do not export, 16% of these companies do not import. The average exports of FDI conducting companies is \$75 million USD while the average import amount is about \$74 million USD. 33% of the parent companies are exporting above the average export amount of all companies in the dataset, while 13% are importing above the average import amount. One of the most important characteristics of the parent companies conduct FDI is that they are all private sector companies. We observed that 83% of the companies that engage in FDI are foreign affiliated companies (the company that has more than 50% share of parent company and operates abroad).

The summary statistics of Turkish firms investing abroad are presented in Table 1. Table 1 shows that 53% of FDI engaging companies interviewed are affiliated with a part of a group (holding companies). Among these companies, there are young companies established in 2009, as well as older companies established in 1927. The average age of the parent companies engaged in FDI is 43 year.

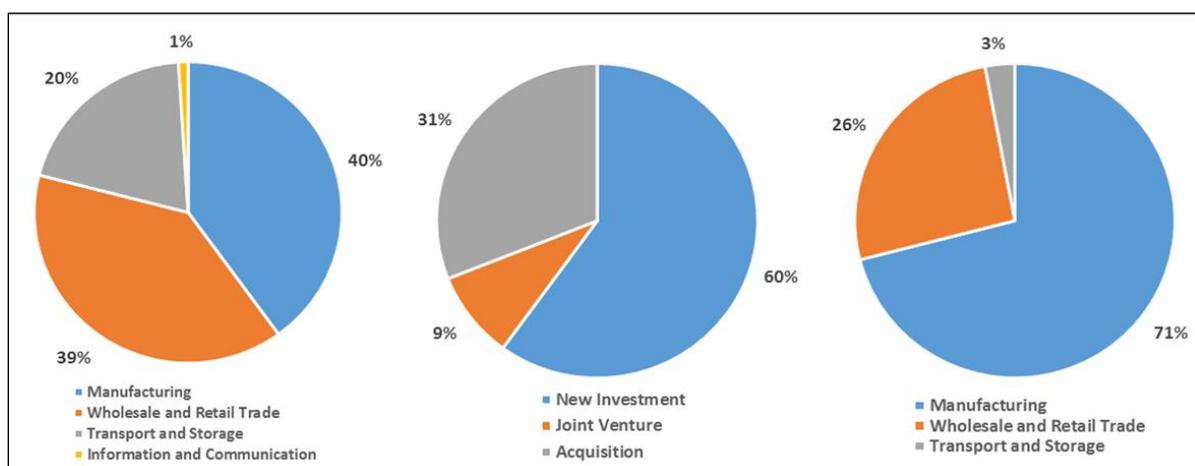
Table 1: Summary Statistics, outflow of FDI from Turkey

Variable	# of obs.	Mean	Std. Dev.	Min	Max
Number of employees	255	202.0	485.1	0	4491
Manager nationality (TC: 1, foreign: 0)	212	0.787	0.409	0	1
New investment	298	0.601	0.490	0	1
Joint venture	298	0.091	0.287	0	1
Acquisition	298	0.305	0.461	0	1
Establishment year	70	1994	27.95	1884	2014
Partnership	298	0.295	0.456	0	1
Parent company share	298	82.56	26.80	7.23	100
Foreign ownership	281	10.86	21.77	0	90
Risk of investment without partnership	278	0.086	0.281	0	1
The market knowledge of the partner	277	0.097	0.297	0	1
Distribution network of the partner	278	0.053	0.226	0	1
Technological competence of the partner	277	0.018	0.133	0	1
Brand recognition of the partner	278	0.053	0.226	0	1
Capital recruitment of the partner	278	0.054	0.226	0	1
The compliance with production and trade structure	278	0.097	0.296	0	1
Export to Turkey (1;0)	273	0.139	0.346	0	1
Export to Turkey (thousand \$)	259	2331	23500	0	359000
Total export (thousand \$)	59	3512	22200	0	170000
Import from Turkey (1;0)	292	0.431	0.496	0	1
Import from Turkey (thousand \$)	255	3432	12500	0	150000
Total import (thousand \$)	55	1353	2917	0	15000

Source: Authors' calculation based on primary data.

When the years of establishment of the companies conducted FDI are taken into consideration, it is observed that 49% of these companies are established companies and older than the average age of the sample. The average number of employees of associates or affiliates operating abroad is 202 persons. 26% of these FDI conducting companies are small, 24% are medium-sized and 20% are large enterprises. The proportion of subsidiaries or affiliates with a number of employees less than 10 is 30%. 79% of subsidiaries or affiliates operating abroad has a Turkish manager rather than the citizen of host country. 30% of the subsidiaries or affiliates that operate abroad have investment activities abroad through partnership. If we evaluate the reasons for the participation of an affiliate or subsidiary through a partnership; the proportion of companies stating that it is important to reduce the risk of investment rather than self-investing is 9%, the percentage of companies indicating that the market knowledge of the partner is important is 10%, the proportion of companies indicating that using entire chain of distribution of the partner is important is 5%, the percentage of companies indicating that technological competence of the partner is important is 2%, the proportion of companies stating that brand recognition of the partner is important is 5%, and the proportion of companies stating that capital recruitment of the partner is important is 5%. The proportion of the companies that regard the compliance with production and trade structure of the country as the reason for the subsidiary or affiliate through the partnership is 10%. 40% of 299 participations and affiliates that are interviewed, are in the manufacturing sector, 39% of them are in the wholesale and retail trade sector, 20% of them are in the transportation and storage sector and 1% of them are in the information and communication sector (see Figure 1). The distribution of the observations by sectors obtained from the interviews is proportional to the sectoral diversification of all Turkish firms engaging in FDI.

Figure 1. Number of FDI engaging firms, Mode of FDI and Value of capital stock of FDI engaging firms, by sector



Source: Authors' calculation based on primary data.

According to Treasury of Turkey, outward FDI from Turkey in 2014 seems to concentrate in the services sector (73%) in terms of both the amount of capital and the number of firms. Investment outflows in the agricultural sector are rather limited (1%). Industry sector accounts for 26% of investment outflows. Investments in this sector should be taken seriously because of the large excess of long-term and fixed capital investments. Investments in the industry sector

are more favorable than other major sectors in terms of technology transfer and employment transfer. The share of FDI conducting firms in manufacturing sector is 81% of all firms operating in industry sector. In the services sector, %28 of the number of firms investing abroad is in the wholesale and retail trade sector and 24% of them is in the construction sector. According to the capital distribution, only 7% of the total capital invested abroad is from the wholesale and retail trade sector and the construction sector constitutes only 11% of the outward FDI.

Capital data of FDI engaging firms could be obtained for 209 observations (%70 of all sample) through face-to-face interviews. The capital value of these companies is 1.8 billion dollars. If the capital stock of Turkish firms engaging in FDI is calculated by multiplying the capital of an affiliate or subsidiary located abroad with the share of the parent company, the total capital of the 209 affiliates and subsidiaries that belongs to the parent company is about 1.5 billion dollars. By 2014, the total amount of FDI capital from manufacturing, wholesale and retail trade, transportation and storage and information and communication sectors in Turkey is 6 billion dollars. This amount of capital corresponds to about 30% of the total capital outflow that is been accumulated up to date. Figure 1 shows the amount of capital investment of 209 observations according to sectors. The share of capital investment in the manufacturing industry is 71%, whereas it is 26% in wholesale and retail trade sector, and 3% in the transportation and storage sector.

As shown in Figure 1, 60% of the outward investments from Turkey were realized as new investments, 31% as acquisitions and 9% as joint ventures. The fact that more than half of the investments are realized as new investments means that the capital invested abroad has created a new enterprise in the host country. Another implication of this finding is that as the investments are mostly not made through partnership, Turkish firms do not regard the benefits associated with partnership through networking as an important factor affecting their decision to make investment abroad.

Figure 2 shows the geographical distribution of FDI from Turkey according to the number of affiliates or subsidiaries. 15% of the total investments were located in the Russian Federation whereas 8% of firms invest in Germany and 5% of firms invest in the US. These firms engaging in outward FDI hosted by 67 different countries and 68% of the affiliates or subsidiaries are in developing countries and 32% of them are in developed countries.

According to 2014 data obtained from Treasury of Turkey, the investments flowing outward from Turkey to developed and developing countries resemble each other in terms of magnitude and but these capital investments are unevenly distributed in terms of the number of firms. 50.6% of the total amount of capital invested abroad by Turkish firms flowed to developed countries and 49.4% of FDI flowed to less developed regions. However, 32% of the 2321 firms operating abroad were located in developed countries, while 68% of them were located in developing countries.

According to the magnitude of investments, Russia (\$368 million), Germany (\$171 million), and the United States (\$152 million) are the most capital-transferred countries. The magnitude of capital stock invested abroad by Turkish firms to developed and developing countries was observed to be shared almost halfway. Moreover, the magnitude of capital transfers of the subsidiaries or affiliates obtained from the interviews to developed countries constituted 31%

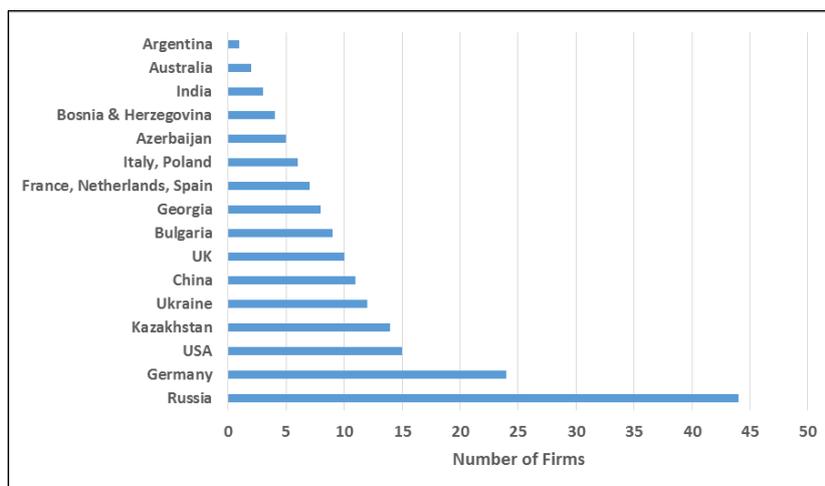
of all investment conducted and this share for less developed countries was 69% of total investment.

When the number of jobs created by the firms invested abroad is analyzed according to the host country, it is seen that FDI from Turkey provides 138 thousand jobs abroad (Hazine Müsteşarlığı, 2012). Total overseas investments analyzed within the scope of the sample provide jobs to 51.2 thousand persons abroad. This figure indicates that 37% of the employment created abroad by Turkish investors is covered by the sample obtained from the interviews. The country where Turkish firms engaging in FDI has created the highest employment level is Russia with about 12 thousand employees (see Figure 4). The number of employees that subsidiaries or affiliates has created in Pakistan and Georgia approximated to 4,000 employees.

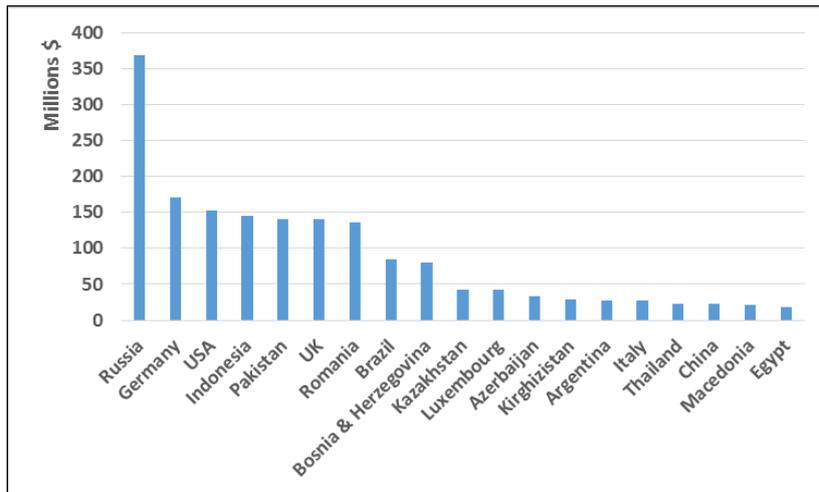
Figure 5 evaluates the main motivations of Turkish firms in engaging FDI. It is seen that market-oriented factors (55%) are more important than cost-oriented (14%), strategic asset-oriented (15%) and region-oriented factors (15%) that define geography of investments. It is reasonable for investing firms to assign high priority to market-oriented factors for a country like Turkey where the investment stock value has already exceeded 30 billion dollars and outward investment has increased in the last decade. It can be said that factors affecting investment decision will alter in favor of other factors after gaining experience and obtaining a credible position in international markets. Moreover, these second-generation outward investments will try to acquire new production technologies and techniques, to redesign production processes by most efficient cost structures in international markets.

Even though the long-term plans of the firm don't include any investment abroad, we observed that the trust-based relations between Turkish investors and foreign public authorities has been found to be effective in investing in a country. This is especially prevalent for investments in developing countries and related to relations between investors and public authorities of the host country. We have defined these investments as "socially embedded FDI". It seems that, the social embeddedness concept (Uzzi, 1999; Beckert, 2003) is also effective in oFDI decisions.

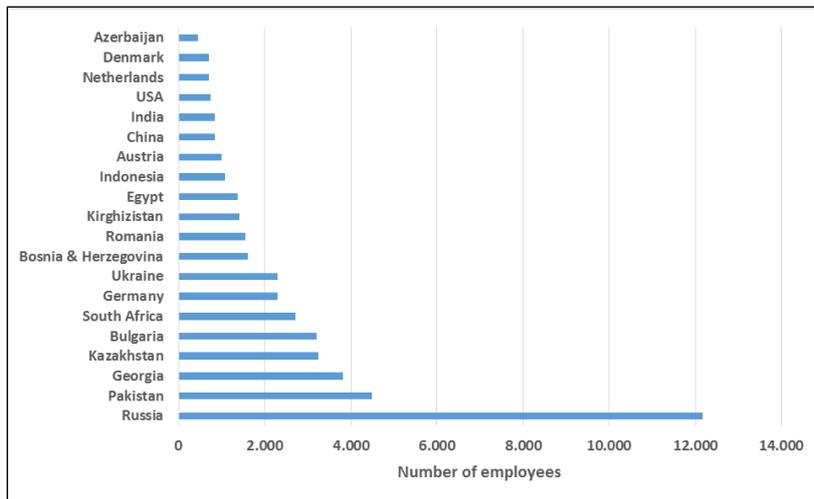
Figure 2. Number of FDI engaging firms, by host country



Source: Authors' calculation based on primary data.

Figure 3. Value of capital stock of FDI engaging firms, by host country

Source: Authors' calculation based on primary data.

Figure 4. The employment creation of FDI engaging firms, by host country

Source: Authors' calculation based on primary data.

Figure 5. Motivation of FDI engaging firms

Source: Authors' calculation based on primary data.

4. Methodology and Empirical Analysis

The role of firm specific characteristics to explain the determinants of outward FDI activity (measured as a binary variable for firms indicating whether they engage in FDI activity or not) will be evaluated by utilizing the binary choice analysis. As dependent variable of engaging in outward FDI takes binary values 0 or 1, the probit model that links the probability of this outcome taking the value of one if the firm engages in outward FDI activity and the value of zero in the opposite case to the normal distribution is used (Greene, 1997). The typical representation of this type of choice model is,

$$y_i^* = \beta X_i + e_i \quad i = 1, \dots, n \quad (1)$$

$y=1$ if firm invests in that country and $y=0$ if not

where X_{it} denotes individual firm characteristic.

The dependent variable, $y_{i,t}$, is the investment decision of firm i at time t measured as a binary variable taking value 1 if firm invests in a specific country and 0 otherwise. X_i controls for firm specific and country specific effects that determine the decision to invest.

We will use two sets of explanatory variables in the above model in order to evaluate the investment decision of firms. These can be grouped under two general headings: firm-specific factors and attracting and deterring factors that originate from the characteristics of both the source and the host country.

Firm specific factors that affect decision of firms in selecting host country for foreign investment can be listed as follows:

1. The sector in which the firm operates (manufacturing industry and wholesale and retail trade sector)
2. Size
3. Foreign ownership

The three main firms specific controls are firm size, size of parent investing firm and share of foreign ownership. The sector, expressed as a firm-specific factor, is a dummy variable created

according to the sector in which the company responding to the survey operates. According to this, if firms are in the manufacturing industry sector, the dummy variable takes the value 1 and 0 otherwise. Another firm-specific factor is the size of the firm. The size of the parent firm making overseas investments is calculated by taking the logarithm of the number of employees. FDI activity usually undertaken by large firms since they have greater ability to overcome the risk and uncertainty associated with investing abroad. In order to check for possible U-shaped relationship, we also include the square of size of parent investing firm into the model.

The size of the parent firm and the size of the foreign hosting firm are among the factors determining the country's choice for foreign investments. The size of an overseas subsidiary or affiliate is measured by taking the logarithm of the number of employees. Finally, the capital structure of the parent firm that invests abroad is also another factor that determines the decision to invest in a country. A dummy variable that takes the value 1 with a foreign capital share of 10% in the capital structure of the parent company and 0 for otherwise was formed. The share of foreign ownership explores the degree of internationalization of firms.

Attracting and/or deterring factors are associated with more country-specific or global inducements that motivate firms to invest abroad. As this study will examine foreign direct investments from Turkey, the attracting factors of the host country are often the driving factors for Turkey (the source country). The attractiveness factors to be used as explanatory variables in the model can be listed as follows (Dunning, 2006):

1. Market-oriented factors (access to major markets, desire for diversification of the market, desire to protect export markets and international diversification of investments, desire to invest abroad in order to avoid tariffs and quotas)
2. Cost-oriented factors (advantages in labor costs, advantages in other input costs, incentives and tax advantages, advantages in energy costs, advantages in transportation costs, and advantages in financing)
3. Region-oriented factors (the host country being a suitable export center, being a member of economic integration such as the EU, NAFTA, the host country having political stability, having cultural and legal norms that determine commercial life, cultural proximity to the host country)
4. Strategic asset-oriented factors (brand prestige and/or recognition, the acquisition of successful brands, access to large suppliers and distribution networks, and the desire to reach new production techniques and technologies)
5. Disadvantages in Turkey (limited growth opportunities, high input costs, economic and political instability, difficulties in tax and similar obligations) (Assuncao et al., 2011)

The country specific variables represent the answers of firms to some questions regarding their choice of location. Different dummy variables are defined for the region-oriented, strategic asset-oriented, cost-oriented factors and investment deterring factors in Turkey. For example, a dummy variable that takes the value of 1 is defined as a strategic asset-oriented factor if investor firm states answer of yes to any of the elements of strategic assets like brand prestige and/or recognition, the acquisition of successful brands, access to large suppliers and distribution networks, and the desire to reach new production techniques and technologies. A similar method has been followed for region-oriented, cost-oriented and deterring factors encountered in Turkey.

Lastly, for each of the market-oriented factors, we defined a dummy variable in our regression, including whether firms want to diversify markets, or want to preserve their export market shares, or want to allocate the risk of uncertainty to different markets, or want to shield their products from tariffs, or want to reach out for developed countries and emerging markets. The most important reason for adding market-oriented factors to econometric model as separate variables is that firms participating in the survey pointed out the importance of market-oriented factors affecting their decision to invest abroad.

Selection models (Probit estimation method) were used to determine the factors affecting the choice of host country for investment abroad. In these model(s) the dependent variable takes the value of 1 if the firm has invested in the country, or 0 if it has not. The first model determining the choice of the host country for FDI is a model covering all firms and containing only firm-specific explanatory variables (firm size, parent firm size, and foreign ownership). In addition to firm-specific explanatory variables, the second model includes market-oriented factors, strategic asset-oriented factors, regional-oriented factors, cost-oriented factors and deterring factors in Turkey as dummy variables in order to evaluate the country selection decision of foreign capital investments. Finally, Models (3) and (4) include only manufacturing sector firms, while the last two models only include firms operating in the wholesale and retail trade sectors.

Regarding the allocation of outward FDI in different host countries, 50.6% of the capital from Turkey flows to developed countries, 46% to EU, 17% to G8 countries, 7% to BRIC countries, 8% to Shanghai Cooperation Organization countries, 6% MENA countries and 2% of them flows to Central Asian Turkic Republics. Keeping this allocation in mind, we will evaluate the factors affecting the outward investment decision of Turkish firms for developed countries and Shanghai Cooperation Organization countries.

The size of the parent firm has an important effect on determining the decision to invest in developed countries (Table 2). While the impact of this variable is positive and significant in the models covering all firms, the size of the parent firm does not have a significant impact on different sectors. Another striking point is that as the size of the investing firm increases, the likelihood of Turkish investors choosing developed countries is diminishing. This suggests that the relationship between firm size and country selection is inverted-U shaped. The probability of choosing developed countries as a host country decreases as the size of the parent firm increases in the wholesale and retail trade sector.

The high share of foreign ownership in firms that conduct foreign direct investment has a negative impact on the location choice of developed countries. This result can be explained by the internationalization of investors. The only sector that the size of investing firm positively and significantly influences the possibility of choosing developed countries is the wholesale and retail trade sector.

In addition to firm-specific explanatory variables determining the location decision of foreign direct investment, the country-specific factors were included into the estimation model. (Table 2, Model (2)). Region-oriented factors increase the likelihood of investments in developed countries, both in models involving all firms and in models with separate sectors. Considering all firms, strategic asset-oriented factors encourage firms to invest in developed countries whereas, the desire to avoid tariffs and quotas as one of the market-focused factors decreases

the likelihood of firms to locate their investment in developed countries. Factors that have a positive impact on the choice of developed countries for the firms in the manufacturing industry are the desire for market diversification and strategic asset-oriented factors. The factor that increases the likelihood of investment in developed countries for the wholesale and retail trade sector is the disadvantages deterring domestic investment in Turkey. The factor that reduces the likelihood of choosing developed countries as centers of foreign investment for the same sector is cost-oriented factors like advantages in input costs, transportation and financing costs.

Table 2. The determinants of Turkish outward FDI to developed countries

Variables	All firms		Manufacturing		Wholesale and retail trade	
	(1)	(2)	(3)	(4)	(5)	(6)
Firm size	-0.150*** (0.050)	-0.211*** (0.059)	-0.062 (0.080)	-0.164 (0.132)	-0.248** (0.112)	-0.606*** (0.203)
Parent firm size	0.958** (0.429)	1.132** (0.502)	-0.289 (0.965)	0.045 (1.468)	0.870 (0.584)	1.459 (0.938)
Parent firm size (squared)	-0.077** (0.030)	-0.085** (0.036)	0.006 (0.065)	-0.013 (0.104)	-0.070* (0.042)	-0.114* (0.066)
Foreign ownership	-0.667** (0.314)	-0.208 (0.373)	-0.635 (0.555)	0.366 (0.902)	-0.367 (0.495)	1.951* (1.025)
Market diversification		0.045 (0.283)		0.901* (0.547)		-0.116 (0.891)
Preserving export markets		0.080 (0.316)		0.461 (0.658)		-0.421 (0.665)
Allocating investment risk		-0.226 (0.339)		-0.328 (0.674)		1.134 (0.836)
Avoiding tariffs and quotas		-0.900** (0.423)		-1.027 (0.738)		-0.956 (0.833)
Access to major markets		-0.355 (0.323)		-0.798 (0.616)		-1.329 (1.055)
Cost-oriented factors		-0.177 (0.273)		-0.908 (0.601)		-1.536* (0.825)
Region-oriented factors		0.727** (0.283)		1.081* (0.573)		1.345** (0.614)
Strategic asset-oriented factors		0.715*** (0.264)		1.905*** (0.529)		-0.892 (0.665)
Disadvantages in Turkey		0.230 (0.262)		-0.861 (0.527)		2.766*** (0.793)
Constant	-2.887** (1.458)	-3.926** (1.726)	1.183 (3.391)	-0.861 (5.120)	-2.326 (1.969)	-3.558 (3.405)
Number of firms	80	80	24	24	41	41
Number of observations	218	208	101	100	83	82
LR chi2	30.25***	49.13***	7.13	41.38***	20.15***	46.60***
Pseudo R ²	0.133	0.226	0.075	0.453	0.195	0.454

Notes: Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculation based on primary data.

Finally, we will examine the factors that determine the direct foreign investment from Turkey to the countries of the Shanghai Cooperation Organization (Table 3). There is no significant impact of the size of the firm in the host country when the FDI from Turkey chose the countries of the Shanghai Cooperation Organization as investment location. Nevertheless,

we can say that the size of the parent firm negatively affects the probability of investing in the countries of the Shanghai Cooperation Organization. There is a positive and significant impact on the likelihood investing in these countries if firms have a high share of foreign capital. In other words, foreign ownership of the parent firm both increases the likelihood of choosing the countries of the Shanghai Cooperation Organization as an investment center for all firms in the sample and for manufacturing industry firms.

Table 3. The determinants of Turkish outward FDI to Shanghai Cooperation Organization countries

Variables	All firms		Manufacturing		Wholesale and retail trade	
	(1)	(2)	(3)	(4)	(5)	(6)
Firm size	0.068 (0.048)	0.044 (0.056)	0.095 (0.079)	-0.010 (0.101)	0.139 (0.111)	0.069 (0.129)
Parent firm size	-0.830** (0.333)	-0.381 (0.445)	-1.089 (1.001)	-1.511 (1.297)	0.338 (0.595)	1.265 (1.385)
Parent firm size (squared)	0.060** (0.024)	0.021 (0.032)	0.086 (0.066)	0.120 (0.090)	-0.027 (0.042)	-0.104 (0.097)
Foreign ownership	0.825*** (0.253)	0.850*** (0.326)	1.008** (0.405)	1.914** (0.826)	-0.168 (0.502)	0.136 (0.845)
Market diversification		-0.110 (0.282)		0.870* (0.484)		-1.099 (1.001)
Preserving export markets		0.657** (0.293)		0.859 (0.525)		0.967 (0.729)
Allocating investment risk		0.446 (0.305)		-0.793 (0.619)		1.254 (0.946)
Avoiding tariffs and quotas		0.0263 (0.353)		0.368 (0.532)		0.482 (0.801)
Access to major markets		-0.182 (0.309)		0.229 (0.439)		0.427 (1.091)
Cost-oriented factors		0.652** (0.256)		0.965** (0.417)		0.836 (0.617)
Region-oriented factors		-0.595** (0.250)		-1.316*** (0.417)		-0.904 (0.650)
Strategic asset-oriented factors		0.148 (0.235)		-0.682 (0.426)		0.524 (0.611)
Disadvantages in Turkey		-0.064 (0.243)		0.018 (0.407)		-1.138 (0.846)
Constant	1.615 (1.102)	0.151 (1.548)	1.918 (3.596)	2.870 (4.629)	-2.056 (2.014)	-5.128 (5.243)
Number of firms	73	73	34	34	23	23
Number of observations	218	208	101	100	83	82
LR chi2	22.85***	38.06***	13.27**	31.77**	2.02	13.83
Pseudo R ²	0.089	0.154	0.109	0.263	0.024	0.165

Notes: Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculation based on primary data.

Apart from firm-specific explanatory variables that determine the country choice of foreign direct investment, the country-specific variables like cost and region-oriented factors also came into prominence as influencing investment decision (Table 3). Unlike developed countries,

cost-oriented factors increase the likelihood of selecting the countries of the Shanghai Cooperation Organization as the center of outward FDI both for all firms and manufacturing industry firms. The region-oriented factors have a negative impact on the investment decision to the Shanghai Cooperation Organization countries for all firms and for firms operating in the manufacturing industry. In addition to this, the desire for protecting the market diversification and export markets positively affects the likelihood of the foreign capital investments from Turkey to the Shanghai Cooperation Organization countries.

5. Conclusions and Policy Implications

Global FDI outflows reached \$ 1.4 trillion in 2015, have increased more than 11% compared to the previous year. Developed countries conducted 74% of these investments while 26% of them were undertaken by developing countries. 2015 has been recorded as the only year in which the investment performance of developing countries has experienced a significant decline for the last 15 years. Only one year ago, in 2014, developing countries made about 40% of global FDI. Developing countries have gradually increased their FDI outflows since 1970s and have gained a role as source countries in addition to being host countries for foreign direct investments.

Up to 2014, the amount of Turkish capital exported abroad for the purpose of direct investment is about \$45 billion. Turkey's foreign investments have increased significantly, especially since 2005. In 2014, the amount of capital exported was \$6.6 billion USD and this value decreased to \$4.7 billion in 2015. Turkish firms investing abroad employed about 140 thousand people in 2013. However, given the amount of capital made in the last four years, we now expect that this figure reached probably to 200,000 jobs.

In this research, we collected firm-specific information about 299 investments, operating in the four selected sectors (manufacturing, wholesale and retail trade, transportation and storage, and information and communication sectors) and representing approximately 30% of the main sample (1211 investors). The total investment of these 299 investments is approximately amount to 1.8 billion US dollars. This amount corresponds to 40% of the total capital exported in 2015 for these sectors. Moreover, these 299 investments provides employment to approximately 51 thousand people abroad.

The investments from Turkey going to 110 countries indicate that outward FDI from Turkey has a wide geographical distribution. Our findings based on the interviews with 299 outward-investing firms show that 68% of the investments were made in developing countries while the developed countries have attracted only 32% of Turkish investments. Even if the number of firms established in developed countries is lower compared to developing countries, the fact, the amount of capital invested is more than developing countries. While Turkish firms make usually capital-intensive investments in developed countries where economic and political risks are less than developing countries, a large number of firms in developing countries are operating with low intensity of capital investment.

Econometric findings show that the size of the firm undertaking outward investment is a significant factor in selecting developed countries to invest. As the size of the investing firm increases, the likelihood of Turkish investors choosing developed countries is diminishing. This suggests that the relation between firm size and country selection is an inverted-U shaped. The region-oriented factors increase the probability of investing developed countries whereas

decreases the probability to invest in the member countries of Shanghai Cooperation Organization. Willingness to differentiate the market and strategic asset-oriented factors are the main factors in choosing developed countries to invest for manufacturing industry firms. The probability of investing in the member countries of Shanghai Cooperation Organization increases with cost-oriented factors but decreases with region-oriented factors. Moreover, the willingness to diversify markets increases the probability to invest abroad for manufacturing firms regardless of location. Finally, while willingness to avoid from tariffs has negative and significant impact on the probability of investing in developed countries (including EU countries), it has no impact on the probability of investment in the member countries of Shanghai Cooperation Organization.

Foreign investment of multinationals from developing countries is considered to be a way of acquiring technology, experience and new capabilities in the global markets. Firms with outward investment have the opportunity to access new technologies and capabilities through overseas acquisitions and partnerships. Making outward direct investments may be said to be a way of accessing human resources, as one of the most important sources of competitiveness, and maximizing the use of global human capital.

Apart from the above-mentioned benefits, foreign investments also provide prominence and reputation to the firm. For this reason, firms seek to increase their company's reputation and brand value in the perception of consumers, investors and other commercial stakeholders by purchasing world famous brands and investing in prominent sectors in certain regions. Activities in foreign markets are also closely related to the goals of firms. The only way that makes a global company competitive is to operate in every market where profitability is high. This study concludes that even if the number of outward investing Turkish firms is not too many, it seems that Turkish large and established firms are also aiming to become a global company.

As a result, our findings show that foreign investments provide considerable contributions to the firm and the economy. Foreign investment is an inevitable reality in today's world due to the fact that competition is accelerating both locally and internationally. Firms face global competition, even if they operate only in national markets. To cope with this competition, thereby, the firms have to participate in global production and trade chains through engaging in foreign investment and production networks.

References

- Aggarwal, R. and Weekly, J. (1982). Foreign Operations of Third World Multinationals: A Literature Review and Analysis of Indian Companies. *The Journal of Developing Areas*, Vol. 17, No. 1 (Oct.,1982), pp. 13-30. https://www.jstor.org/stable/4191088?seq=1#metadata_info_tab_contents
- Akçaoğlu, E. (2005). *Türk Firmalarının Dış Yatımları: Saikler ve Stratejiler*. Ankara: Türkiye Bankalar Birliği.
- Amal, M., Raboch, H. & Tomio, B. (2009). Strategies and Determinants of Foreign Direct Investment (FDI) from Developing Countries: Case Study of Latin America, *Latin American Business Review*, 10:2-3, 73-94. <https://doi.org/10.1080/10978520903212532>
- Anıl, I., Armutlulu, I., Canel, C., & Portfield, R. (2011). The Determinants of Turkish Outward Foreign Direct Investment. *Modern Economy*, 2, 717-728. <https://doi.org/10.4236/me.2011.25080>

- Assuncao, S., Forte, R., & Teixeira, A. (2011). Location Determinants of FDI: A Literature Review. *FEP Working Papers*, No: 433.
- Banerjee, S., Prabhu, J. and Chandy, R. (2015). Indirect Learning: How Emerging- Market Firms Grow in Developed Markets. *Journal of Marketing*, Vol. 79 (January 2015), 10-28. <https://doi.org/10.1509/jm.12.0328>
- Beckert, J. (2003). Economic sociology and embeddedness: How shall we conceptualize economic action? *Journal of Economic Issues*, 37 (3), 769-787. <https://doi.org/10.1080/00213624.2003.11506613>
- Blomstrom, M. & Lipsey, R.E. (1991). Firm Size and Foreign Operation of Multinationals. *Scandinavian Journal of Economics*, 93, 101-107. https://www.jstor.org/stable/3440424?seq=1#metadata_info_tab_contents
- Blonigen, B.A. (2005). A Review of the Empirical Literature on FDI Determinants. *Atlantic Economic Journal*, 33, 383-403. <https://doi.org/10.1007/s11293-005-2868-9>
- Bond, S., Elston, J.A., Mairesse, J. and Mulkay, B. (2003). Financial Factors and Investment in Belgium, France, Germany, and The United Kingdom: A Comparison Using Company Level Panel Data. *The Review of Economics and Statistics*, 85(1), 153-165. <https://doi.org/10.1162/003465303762687776>
- Buckley, P. J., & Casson, M. (1976). *The Future of Multinational Enterprise*. London: Macmillan.
- Buckley, P., Clegg, L., Cross, A., Liu, X., Voss, H. and Zheng, P. (2007) The Determinants of Chinese Outward Foreign Direct Investment. *Journal of International Business Studies* (2007) 38, 499-518. <https://doi.org/10.1057/jibs.2008.102>
- Chudnovsky, D. and López, A. (2000). A Third Wave of FDI from Developing Countries: Latin American Tncs in the 1990s. *Transnational Corporations*, vol. 9, no. 2: 31-74. https://unctad.org/en/docs/iteit21v9n2_en.pdf#page=37
- Cuervo-Cazurra, A. and Genc, M. (2008). Transforming Disadvantages into Advantages: Developing-Country MNEs in The Least Developed Countries. *Journal of International Business Studies*, 39(6), 957-979. <https://doi.org/10.1057/palgrave.jibs.8400390>
- Deichmann, J., Karidis, S. and Sayek, S. (2003). Foreign Direct Investment in Turkey: Regional Determinants. *Applied Economics*, 35, 1767-1778. <https://doi.org/10.1080/0003684032000126780>
- Demirbağ, M., Tatoğlu, E., & Glaister, K. (2002). Institutional and Transaction Cost Determinants of Turkish MNE's Location Choose. *International Marketing Review*, 27(3), 272-294. <https://doi.org/10.1108/02651331011047989>
- Dunning, J. H. (2000). Eclectic Paradigm as an Envelope for Economic and Business Theories of MNE Activity. *International Business Review*, 9(2), 163-90. [https://doi.org/10.1016/S0969-5931\(99\)00035-9](https://doi.org/10.1016/S0969-5931(99)00035-9)
- Dunning, J. H. (2001). The Eclectic (OLI) Paradigm of International Production: Past, Present and Future. *International Journal of the Economics of Business*, 8 (2), 173- 190. <https://doi.org/10.1080/13571510110051441>
- Dunning, J. H. (2006). Towards a New Paradigm of Development: Implications for the Determinants of International Business. *Transnational Corporations* (Vol. 15). UNCTAD. https://unctad.org/en/Docs/iteit20061_en.pdf#page=183
- Dunning, J., & Lundan, S. (2008). *Multinational Enterprises and The Global Economy* (Second Edition). Edward Elger Publishing.
- Erdilek, A. (2003). A Comparative Analysis of Inward and Outward FDI in Turkey. *Transnational Corporations*, 12(3). https://unctad.org/en/Docs/iteit35v12n3a3_en.pdf
- Erdilek, A. (2005). *Case Study on Outward Foreign Direct Investment by Enterprises from Turkey*. United Nations Conference on Trade and Development. Geneva.

- Fey, C., Nayak, A., Wu, C. and Zhou, A. (2016). Internationalization Strategies of Emerging Market Multinationals: A Five M Framework. *Journal of Leadership & Organizational Studies*, Vol. 23(2) 128–143. <https://doi.org/10.1177/1548051816633229>
- Greene, W. (1997). *Econometric Analysis*, Third edition, Prentice-Hall International, Inc: US.
- Hazine Müsteşarlığı (2012). *Yurtdışı Doğrudan Yatırım Raporu*. Ankara.
- Guillen, M. F., & Garcia-Canal, E. (2009). The American Model of The Multinational Firm and The “New” Multinationals from Emerging Economies. *The Academy of Management Perspectives*, 23(2), 23-35. <https://doi.org/10.5465/amp.2009.39985538>
- Hennart, J. (2012). Emerging Market Multinationals and the Theory of the Multinational Enterprise. *Global Strategy Journal*, 2: 168–187. <https://doi.org/10.1111/j.2042-5805.2012.01038.x>
- Hymers, S. H. (1976). *The International Operations of National Firms: A Study of Direct Foreign Investment*. Cambridge. MIT Press.
- Jindra, B., Hassan, S. and Cantner, U. (2016). What Does Location Choice Reveal about Knowledge-Seeking Strategies of Emerging Market Multinationals in the EU? *International Business Review*, 25 (2016) 204–220. <https://doi.org/10.1016/j.ibusrev.2014.11.008>
- Johanson, J. and Wiedersheim, F. (1975). The Internationalization of the Firm — Four Swedish Cases. *Journal of Management Studies*. Volume 12, Issue 3. Page 305-323. <https://doi.org/10.1111/j.1467-6486.1975.tb00514.x>
- Kaya, H. (2014). Strategic Motives of Turkish Foreign Direct Investment Firms: An Empirical Study on Manufacturing Sector. *İstanbul Üniversitesi İşletme Fakültesi Dergisi*, 43(2), 368- 390. <https://dergipark.org.tr/en/pub/iuisletme/issue/9253/115776>
- Kayam, S., & Hisarıkılılar, M. (2009). Türkiye’den Çıkan Doğrudan Yatırımları Belirleyen Etmenler, 1992-2005. *İktisat İşletme ve Finans*, 47-70. <https://doi.org/10.3848/iif.2009.280.4933>
- Kedia, B., Rhew, N., Gaffney, N. and Clampit, J. (2016). Emerging Market Multinationals: Coopetition for Global Growth. *Thunderbird International Business Review*, Vol. 58, No. 6 November/December. <https://doi.org/10.1002/tie.21758>
- Knickerbocker, T. (1973). Oligopolistic Reaction and Multinational Enterprise. *The International Executive*, 15 (2), 7-9. <https://doi.org/10.1002/tie.5060150205>
- Kotabea, M. and Kothari, T. (2016). Emerging Market Multinational Companies’ Evolutionary Paths to Building A Competitive Advantage from Emerging Markets to Developed Countries. *Journal of World Business* 51 (2016) 729–743 <https://doi.org/10.1016/j.jwb.2016.07.010>
- Lall, S. (1980). Monopolistic Advantages and Foreign Involvement by US Manufacturing Industry. *Oxford Economic Papers*, 32, 102–122. <https://www.jstor.org/stable/2662620>
- Lall, S. (1983). The Rise of Multinationals from The Third World. *Third World Quarterly*, 5:3, 618-626. <https://doi.org/10.1080/01436598308419716>
- Lecraw, D. (1977). Direct Investment by Firms from Less Developed Countries. *Oxford Economic Papers*, New Series, Vol. 29, No. 3 (Nov., 1977), pp. 442-457 <https://www.jstor.org/stable/2662608>
- Li, J., Li, Y. and Shapiro, D. (2012). Knowledge Seeking and Outward FDI of Emerging Market Firms: The Moderating Effect of Inward FDI. *Global Strategy Journal*, 2: 277–295. <https://doi.org/10.1111/j.2042-5805.2012.01042.x>
- Lin, F-J. (2010). The Determinants of Foreign Direct Investment in China: The Case of Taiwanese Firms in the IT Industry, *Journal of Business Research*, 63(5), 479-485. <https://doi.org/10.1016/j.jbusres.2009.04.005>
- OECD (2008). OECD Benchmark Definition of Foreign Direct Investment. Fourth Edition, OECD Publishing.

- Luo, Y. and Tung, R. (2007). International Expansion of Emerging Market Enterprises: A Springboard Perspective. *Journal of International Business Studies*, 38, 481–498 <https://doi.org/10.1057/palgrave.jibs.8400275>
- Makino, S., Lau, C. and Yeh, R. (2002). Asset-Exploitation versus Asset-Seeking: Implications for Location Choice of Foreign Direct Investment from Newly Industrialized Economies. *Journal of International Business Studies*, Vol. 33, No. 3 (3rd Qtr., 2002), pp. 403-421 <https://doi.org/10.1057/palgrave.jibs.8491024>
- Mathews, J. (2002). Competitive Advantages of the Latecomer Firm: A Resource-Based Account of Industrial Catch-Up Strategies. *Asia Pacific Journal of Management*, 19, 467–488. <https://doi.org/10.1023/A:1020586223665>
- Mathews, J. (2006). Dragon multinationals: New players in 21st century globalization. *Asia Pacific Journal of Management*, 23: 5–27. <https://doi.org/10.1007/s10490-006-6113-0>
- Padilla, R. and Nogueira, P. (2016). Outward FDI from Small Developing Economies Firm Level Strategies and Home-Country Effects, *International Journal of Emerging Markets*, Vol. 11 Iss 4 pp. 693 – 714. <https://www.emerald.com/insight/content/doi/10.1108/IJoEM-11-2015-0236/full/html>
- Piteli, E. (2010). Determinants of Foreign Direct Investment in Development Countries: A Comparison between European and Non- European Countries. *Contributions to Political Economy*, 29, 111-128. <https://doi.org/10.1093/cpe/bzq004>
- Pradhan, J. (2004). The Determinants of Outward Foreign Direct Investment: A Firm- level Analysis of Indian Manufacturing. *Oxford Development Studies*, 32(4), 619-639. <https://doi.org/10.1080/1360081042000293371>
- Ramamurti, R. (2009). What Have We Learned about Emerging—Market MNEs? in. *Emerging Multinationals in Emerging Markets*, Edited by Ramamurti, R. and Singh, H. Cambridge University Press.
- Ramamurti, R. (2012). What is Really Different about Emerging Market Multinationals? *Global Strategy Journal*, 2(1), 41-47. <https://doi.org/10.1002/gsj.1025>
- Rugman, A. (1981). *Inside Multinationals: The Economics of Internal Market*. Columbia University Press. New York.
- Siddharthan, N.S. & Nollen, S. (2004). MNE Affiliation, Firm Size And Exports Revisited: A Study Of Information Technology Firms In India. *Journal of Development Studies*, 40(6), 146–68. <https://doi.org/10.1080/0022038042000233849>
- Trevino, L.J. & Grosse, R. (2002). An analysis of firm-specific resources and foreign direct investment in the United States. *International Business Review*, 11(4), 431–52. [https://doi.org/10.1016/S0969-5931\(02\)00018-5](https://doi.org/10.1016/S0969-5931(02)00018-5)
- UNCTAD (2015), *World Investment Report*, United Nations, New York and Geneva.
- UNCTAD (2018), *World Investment Report*, United Nations, New York and Geneva.
- Uzzi, B. (1999). Embeddedness in the making of financial capital: How social relations and networks benefit firms seeking financing. *American Sociological Review*, 1999, Vol. 64 (August: 481–505). <https://doi.org/10.2307/2657252>
- Vernon, R. (1966). International Investment and International Trade in The Product Cycle. *Quarterly Journal of Economics*, 190-207. <https://doi.org/10.1016/B978-0-12-444281-8.50024-6>
- Wells, L. (1983). *Third World Multinationals: The Rise of Foreign Investments from Developing Countries*. The MIT Press.
- Williamson, P., Ramamurti, R., Fleury, A. and Fleury, M. (2013). Rethinking The Implications of EMNEs' Rise in The Competitive Advantage of Emerging Market Multinationals. Edited by Peter J. Williamson, Ravi Ramamurti, Afonso Fleury and Maria Tereza Leme Fleury. Cambridge University Press.