Strategic Motives and Foreign Direct Investment Activities of Turkish Manufacturing Firms: An Empirical Study

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This paper aims to determine and assess strategic motives of Turkish manufacturing firms’ (TMFs) foreign direct investment (FDI) involvement by the use of a broad set of factual and perceptual measures. Relying on the past research we have developed a number of hypotheses relating to firm characteristics and motives. Based on the analysis of 94 parent firm managers’ responses to a survey, first, we find that market-related motives (such as market potential, market access) appear to be the most important motives. Second, the results show that the relative importance of TMFs’ strategic motives does not vary with parent firm age; but, to a limited degree, they vary depending on subsidiary firm age. Third, strategic motives, to some extent, differ based on the size of the sampled firms and the size of their foreign subsidiaries. Fourth, motives of TMFs do not vary based on their sub-sector and entry mode. Finally, the results suggest that favorable business environment seeking and strategic asset seeking motives are significantly associated with investment in developed countries (DCs); and, cultural asset exploiting and efficiency seeking motives are significantly associated with investment in less developed countries (LDCs).

Keywords: Foreign Direct Investment (FDI), Strategic FDI Motives, Emerging Market-Based FDI Firms, Turkish Manufacturing Firms, Entry Modes, Host Country Selection.