

Entry mode Choices between Wholly-Owned and Joint Ventures of Taiwanese Firms in China—An Eclectic Theory Perspective

Yung-Heng Lee, Doctoral Candidate, Northwestern Polytechnic University, USA
 Dr. Yann-Haur Huang, Professor, Northwestern Polytechnic University, USA

ABSTRACT

The purpose of this study is to empirically investigate the effectiveness of The Eclectic Theory in explaining the entry mode choices of Taiwanese Electronic Components firms in China markets in the time period of 2003 to 2005 and includes as many as 267, 324, and 283 firms respectively. Through their real business viewpoint, this study hopes to explore how the ownership, location, and internalization advantages(OLI advantages) have influenced the entry mode choices between wholly-owned subsidiaries (WOS) and joint ventures (JV) of Taiwanese Electronic Components firms and identify which factors have important impacts on their choices of entry mode and hopefully to provide meaningful suggestions for the new coming firms which want to invest in the China market in the near future.

INTRODUCTION

The Eclectic Theory (is also called OLI theory based on the first letter of each advantage) has been one of the main frameworks which were widely applied in the past to explain and examine the foreign direct investment (FDI) decisions of multinational firms over the past two decades. (Xuemin Zhao and Reinhold Decker, 2004, pp 7-8)

Dunning (1977) first introduced the OLI theory and later the theory was developed by Dunning himself (1980, 1988, 1995, 1998, 2000) and other scholars such as Goodnow (1985) ; Hill, Hwang, Kim (1990); Macharzina & Engelhard (1991) ; Agawal & Ramasvisami, (1992); Woodcock, Beamish & Makino, (1994) ; Brouthers, Brouthers & Werner (1999); Brouthers, K.& L. Brouthers (2000) ;Cantwell & Narula (2003).

The eclectic theory, in short, is an attempt to integrate various FDI theories into a general framework to examine the choice of entry mode. This theory proposed that the choice of market entry mode is determined by three sets of advantages/ variables: ownership advantage, location advantage, and internalization advantage. (Dunning, 1980, pp 9-31)

Dunning (1988) stated that firms will choose the most appropriate entry modes to enter the foreign markets based on how much OLI advantages a firm possesses. Ikechi Ekeledo, K Sivakumar, (2004, pp 71-72) concluded that the more OLI advantages a firm possesses, the greater the probability it will adopt an entry mode with a high control level such as wholly owned venture. (Zhao, X.; R. Decker, 2004, pp 8) Some important entry mode scholars and the determinant factors on the OLI Theory from some previous studies are listed in Table 1 and Table 2.

Table 1. important entry mode determinant factors from some previous studies

Scholar	factor	Entry mode
Agarwal, Sanjeev, Ramaswami, Sridhar N..(1992)	1 .firm size 2. multinational experience 3. the ability to develop differentiated products 4. Market potential 5. investment risk 6. contractual risk	exporting, licensing, joint venture, and sole venture
Lance Eliot Brouthers, Keith D Brouthers, Steve Werner.(1999)	1. firm size 2. multinational experience 3. contract risk, 4. investment risk, 5. market potential, and 6. product differentiation	Wholly owned, joint venture, licensing or franchising, exporting.

Hill,Huang and Kim(1990)	1. country Risk 2.location Familiarity 3.demand Conditions 4.volatility of Competition 5.value of firm-specific know-how 6.tacit Nature of know-how 7.extent of national differences 8.extent of scale economics 9.global concentration	high control entry mode, low control entry mode
--------------------------	---	---

Source: this study

Table 2. Determinants of Entry mode in previous studies

IV	Reference	Previous studies
Firm size (number of employees)	Leung et al. (2003), Nakos and Brouthers (2002),Evans(2002)	Positive
International experience	Reuber and Fisher (2003), Evans(2002); King and Tucci (2002), Nakos and Brouthers (2002)	Positive
Firm –specific assets	Hill et al., (1990), Hennart, (1991), Erramilli and Rao, (1993) ,Madhok, (1998)	Positive
Market potential	Nakos and Brouthers 2002; Eicher and Kang 2002; Chung and Enderwick(2001)	Positive
Cultural distance	Leung et al. (2003); Evans (2002); Cristina and Esteban(2002)	Negative
Production Cost	Jiang and Fuming (2002);Cui, Jiang,and Stening (2007)	Positive
Host Government regulations	Brouthers(2002); Mutinelli and Piscitello(1998);Cui, Jiang and Stening (2007)	Positive
Country Risk and environmental uncertainty	Cristina and Esteban (2002);Brouthers and Brouthers,(2000); Tahir and Larimo(2006)	Negative
R & D intensity	Larimo(2000); Tahir and Larimo(2006); Brouthers and Brouthers,(2000)	Positive
Scale economies	1. Hwang & Kim, (1992) 2. Phatak et al. (1996) 3. Tahir and Larimo (2006)	Positive

Note: positive means increasing in choosing WOS mode of entry; negative means decrease in choosing WOS mode of entry (Source: this study)

Thus, the author selected the OLI approach as the framework of this study to empirically identify if the ownership, location, and internalization advantages influenced the ownership –based entry mode choices of Taiwanese Electronic Components firms operating in China in year 2003, 2004 and 2005.

LITERATURE REVIEW

The OLI theory proposed three sets of advantages/ variables (ownership advantage, location advantage, and internalization advantage) as its key components to influence and determine the FDI firms' entry mode decisions. (Dunning, John H., 1980, pp 9-31).The main ideas of OLI advantages/ variables are described in the following section.

Ownership Advantages (Firm Specific Advantages)

Dunning (1991, pp 123) defined ownership advantages as "any kind of income generating assets which make it possible for firms to engage in foreign production". He also pointed that ownership advantages are concerned with the extent to which the firm has tangible and intangible assets unavailable to other firms (Dunning, 1980; Dunning, 1988). Ikechi Ekeledo, K Sivakumar (2004, pp 72) defined ownership advantages as the competitive or monopolistic advantages of the firm that helps the foreign firm to overcome the disadvantages of competing with the local firms.

Based on the above definitions, a number of the ownership specific variables are expected to have an influence on the choice of entry mode. Three main FDI determinant factors within the ownership advantages have been found more frequently in the previous studies as listed at Table 2: the investing firm's size, their international experience, and firm-specific assets (the company's ability to develop differentiated products).

Location Advantages (Country Specific Advantages)

According to Dunning(1980; 1988), location advantages referred to the extent to which the firm will profit by locating its ownership advantages on a foreign market. Ikechi Ekeledo, K Sivakumar (2004, pp 72) defined that location advantages refers to the market potential and country risks that make conducting business in the foreign market profitable.

Thus, according to the above definitions, The location specific advantages include economic variables (such as the production factors, transport and telecommunications costs, scope and size of the market, and etc), political variables such as the common and specific government policies towards Foreign Direct Investment and trade issues), and social- cultural variables (such as psychic distance between the home and host country, language and cultural diversities, general attitude towards foreigners, and etc)

Internalization Advantages

Dunning defined internalization advantages are those which the best interest of firms possessing ownership advantages to transfer them across national boundaries within the own organization, rather than selling them ,or the right to use them, to foreign firms (Dunning, 1988). According to Salih Kusluvan (1998, pp 175), internalization advantages refer to the advantages of controlling, coordinating ownership and location specific advantages within the firms rather than selling the right to use those advantages to domestic firms in the host country.

From the above definition, it suggested that firms should choose an entry mode that can minimize the transaction costs caused by the transfer of firm-specific assets and can avoid the risk of the free-riding of firm's reputation to balance the trade-off between their uncertainty of country risk and the reach of the scales of economies in their host market expansion.

METHODS AND HYPOTHESIS

Data and methodology

The data of Taiwanese Electronic Components firms operating in China in year 2003 to year 2005 were used in the empirical analysis. The data were from the "Survey of Foreign Direct Investment by manufacturing Firms "in year 2003, 2004, and 2005, which was conducted annually by the Statistics Department of the Ministry of Economic Affairs, R.O.C. Thus, the quality of the data is better than other sources of information due to the rigorous administrative procedures of the survey representativeness of the respondents and the high response rate. The total number of observations in year 2003, year 2004, year 2005 is 267, 324, and 283 firms respectively.

Binary logistic regression is the recommended analysis technique when the dependent variable is binary. (Ball & Tschogl, 1982; Kachigan, 1986) Thus, consistent with many previous studies of foreign market entry mode choices (e.g. Agarwal & Ramaswami, 1992; Erramilli & Rao, 1993; Gatignon & Anderson, 1988; or Kim & Hwang, 1992) and because of the nature of the dependent variables and independent variables in this study, we used binary logistic regression procedure (with SPSS 12.0 version) as the analysis tool to test the relationship between the dependent variable (WOS vs. JV) and the independent variables. The probability of a Taiwanese firm choosing a WOS entry mode in preference to a JV entry mode is modeled as follows:

$$P(Y_i = 1) = 1 / (1 + \exp(-\alpha - X_i \beta_i)) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

Where P (Y_i = 1) means the probability of choosing a WOS entry; X₁, X₂, X₃...X_n are the 10 independent variables in this study (They are Firm size, International experience, Firm-specific assets ,Market potential, Production cost, Cultural distance, Government regulation and policies , investment risk ,scale economies and R &D); β₁, β₂, β₃.....β_n are coefficients of independent variables and *a* is the intercept parameter.

Y_i is the dependent variable, we assign a WOS mode as a value of 1 and a JV mode is assigned as the value of 0. X_i is the vector of the independent variable for the i th observation. B_i is the coefficients of independent variables and α is an intercept parameter. (Amemiya, 1981) It is used to estimate the probability that one event occurs (WOS entry mode in this study) rather than another (JV entry mode in this study). The estimated coefficient represents the probability of choosing WOS as the entry mode. A positive sign for the coefficient means that the variable increases the probability of WOS are chosen and the negative coefficient signifies the opposite.

Hypothesis

Dunning (1988) suggested that based on the OLI framework (Eclectic Theory), firms will choose the most appropriate entry modes into foreign markets. (Ikechi & Sivakumar, 2004 , pp 71-72) Dunning (1980) also pointed out that the more OLI advantages a firm possesses , the greater the probability of adopting an entry mode with a high control level such as wholly owned venture. (Zhao, X.; R. Decker, 2004, pp 8) Hence, based on the literature review from Table 2, the author proposed Hypothesis 1- Hypothesis 3 (H1- H3) and tested them in the following section.

Result of the empirical testing

The result of the logistic regression on Table 4 showed that our study presented a significant explanatory power with the p-value at 0.000. In addition, the Cox and Snell R^2 and Nagelkerke R^2 measures also indicate the goodness-of-fit of this model, with a high level of explanatory power. More importantly, the classification accuracy rate of the model is much greater at 90.8 % (2003), 78.9 % (2004), 92.5 % (2005) respectively .The model thus provides meaningful information for identifying important determinants of entry mode choice.

Table 4. the result of logistic regression of entry mode of Taiwanese firms in 2003-2005

	IV	2005	2004	2003
H1	1. Firm Size (number of employees)	1.727* (.908)	.794** (.350)	1.647*** (.546)
	2. International Experience (year of FDI)	4.413*** (1.407)	1.487** (.678)	1.359*** (.470)
	3. Firm-specific Assets (Technology)	3.051*** (1.015)	.441 (.310)	3.971*** (.709)
	Firm-specific Assets (management skills)	1.680*** (.581)	.791*** (.238)	1.340*** (.449)
	Firm-specific Assets (ability to differentiate products)	3.724*** (1.196)	1.737*** (.372)	2.462*** (1.436)
H2	4. Market Potential	.349 (.575)	.437* (.237)	.318 (.383)
	5. Cultural Distance	-6.250*** (1.771)	-.889 (.801)	-1.495 (1.314)
	6. Production Cost (Land cost)	2.665*** (.926)	1.511*** (.336)	-.574 (.519)
	7. Production Cost (raw material cost)	1.507*** (.564)	.472 (.452)	1.959*** (.517)
	Production Cost (labor cost)	.157 (.884)	.410* (.247)	3.005*** (.607)
	8. Host Government Regulations	8.433*** (4.109)	1.336*** (.321)	1.758 (.995)
H3	9. Country risk and uncertainty	-.334 (.508)	-.174 (.281)	-.907** (.418)
	10. Scales of economies	1.891* (.993)	.614** (.272)	----- -----
	11.R & D intensity	-2.113*** (.718)	-1.038*** (.350)	.167 (.399)

Goodness-of-fit	X ²	193.620 ***	150.551***	136.290***
	-2 Log Likelihood	270.800	684.434	172.541
	Cox & Snell R ²	.305	.186	.289
	Nagelkerke R ²	.524	.273	.537
	Percent correctly classified	90.8%	78.9%	92.5%
	Number of sample	267	324	283
	Entry mode choice	JV: 37 WOS: 230	JV: 82 WOS: 242(JV: 50 WOS:233

Notes: 1. ***, **, and * indicate significance at the 10, 5 and 1 percent levels respectively.

2. Standard error in the parenthesis.

The result of the logistic regression model of this study on Table 4 shows:

H1 is strongly supported in this study: There is a positive correlation between Ownership Advantages (Firm Size, International experience, and Firm-specific assets) and Choice of Entry Mode.

1. "Firm size(number of employees)" has a positive sign and is significant at $p < 0.1$, $p < 0.05$, and $p < 0.01$ level in year 2003, 2004 and 2005 respectively. Thus "Firm size" is supported in this study,
2. "International Experience" has a positive and significant effort in the factor "year of FDI" at $p < 0.01$, $p < 0.05$, and $p < 0.01$ level in year 2003, 2004 and 2005 respectively. Thus, International experience on years of operation in foreign markets is supported in this study and is consistent with the previous studies in Table 2.
3. "Firm's asset-specificity" has a positive and significant effort at $p < 0.01$ level in year 2003 and 2005 respectively. Thus firm's asset-specificity is strongly supported in this study and is consistent with the previous studies in Table 2.

H2 is partly supported in this study: There is a positive correlation between Location Advantages (production cost and government regulation and policies) and Choice of Entry Mode.

4. "Market potential" has a positive sign in this survey of all the three years, but it does not show statistically significant for the Taiwanese firms' choice of entry mode. Thus "market potential" is not supported by this empirical survey.
5. "Cultural Distance" variable in this survey shows a positive sign in year 2003 and year 2004 and it does not show statistically significant in the result, which indicated that "Cultural Distance" is not a significant variable for the Taiwanese firms in choosing entry mode in China. But in year 2005, it shows a negative sign and it is significant at the 0.001 level for the choice of JV entry mode. Since Taiwan and China tie together somehow based on the same language in the Confucius's cultural immerge, so no matter the different politic insist on each side of Taiwan Strait. Most of the firms feel no cultural distance in communicating with each other when doing business in China.
6. "Production cost factors "in China have significant impacts on firms' decisions in choosing their entry mode when firms enter into the China market. It indicates that the land, production factors (on raw materials and labors advantages in China) have significant effect on entry mode decisions. Thus it is supported in this study.
7. "The limitation of the host country's government regulation" has significant effect on entry mode decisions in Year 2004 and year 2005. Thus government regulation is supported in this study.

H3 is partly supported in this study: There is a positive correlation between Internalization Advantages and Choice of Entry Mode.

8. "Country Risk" has slightly significant effect on entry mode decisions, thus not supporting Hypothesis 2c in Year 2004 and Year 2005. The majority of our sample firms express they did not feel so much uncertainty of economic and political conditions in China.(More than 70% of this sample firms don't think there are uncertainty problems in the economic and political conditions in China.) .But it should notice that although most of the firms consider that there exist severe competition in the industry in China (50 % to 70%), these firms still rush to invest in China to pursuit for profit in doing business in that potential market . Yet it showed no statically significance in this survey in the influence on entry mode decision.
9. "R &D Intensity" has significant effect on entry mode decisions in year 2004 and 2005, thus supporting Hypothesis 3b at $p < 0.01$.
10. "Scale economies" shows a significant effect on entry mode decisions in year 2004 and 2005 at $p < 0.01$ level, thus supporting Hypothesis 3b.

11. The summary of the statistics result of the hypothesis testing in this study is listed in Table 3.

Table 3. summary of statistics result on the hypothesis testing (OLI) in this empirical study

Hypothesis	IV	Empirical result	Hypothesis testing
H1(O)	Firm size (number of employees)	+	Supported
	International experience	+	Supported
	Firm –specific assets	+	Supported
H2(L)	Market potential	+	Not supported.
	Cultural distance	-	Not supported.
	Production Cost	+	Supported
	Host Government regulations	-	Supported
H3(I)	Country Risk	-	Not supported.
	R & D intensity	+	Supported.
	Scale economies	+	Supported.

Note: Positive sign (+) means increasing in choosing WOS mode of entry; Negative sign (-) means decrease in choosing WOS mode of entry.

CONCLUSIONS

The purpose of this study is to empirically explore how the ownership, location, and internalization advantages influenced the entry mode choices between wholly-owned subsidiaries and joint ventures of Taiwanese Electronic Components firms which invested in China market from 2003 to 2005 .Through their viewpoint, this study identified the factors that could influence their entry mode choices in China market and hopefully provides meaningful suggestions for the new coming firms which want to invest in the China market in the near future .

The results of this study supported the eclectic theory. The eclectic theory has a good explanatory ability for entry mode choice by the Taiwanese Electronic Components firms in 2003, 2004, and 2005. Many of the results from the analysis of this study are consistent with the existing literatures as in Table 2.

The result indicated that seven variables in this study were statistically significant. The ownership advantages (large firm size, more international experience, more firm-specific assets), the location advantages (cheap production cost and less government regulation) , the internalization advantages (R & D intensity and scale economies) have increased the probability for the Taiwanese firms to choose a WOS mode as their entry in China .

From an entry mode perspective, a wholly- owned subsidiaries is preferred by Taiwanese Electronic Components firms in the following conditions: firstly, if a firm has large size, more international experience, and more ability to develop differentiated products ; secondly, if the target host governments offers favor investment incentives and are available with more cheaper production factors such as land , raw materials , labor ; and thirdly, it is a critical factor to consider the protection of firm-specific know-how that afford their firm’s competitive advantages in the host foreign market. This study finds that wholly-owned subsidiary is the preferred method of entry of the Taiwanese Electronic Components firms in China markets in the time period of 2003- 2005.

REFERENCES

- Aharoni, Y. (1966),The foreign investment decision process, *Harvard University*, Boston.
- Agarwal, J. & S. Ramaszami (1992), Choice of Foreign Market Entry Mode: Impact of Ownership, Location, and Internalization Factors, *Journal of International Business Studies*, 23, p. 1-27.
- Agodo, O. (1978), the determinants of US private manufacturing investment in Africa, *Journal of International Business Studies*, 9:3, p 95-107.
- Anderson and Gatignon (1986), Modes of Foreign Entry: A Transaction Cost Analysis and Proposition, p 1-26
- Anderson, E. & A. Coughlam, (1987), International market entry and expansion via independent or integrated channels of distribution, *Journal of Marketing* 51: 1, p. 71 – 83
- Bell, J. (1996), *Joint or single venturing? An eclectic approach to foreign entry mode choice* , Tillburg University, The Netherlands (dissertation).
- Benito, G. (1995), Studies in foreign direct investment and divestment behavior of Norwegian manufacturing companies. Norges Handelshoyskole , Norwegian School of Economics and Business Administration. (Dissertation)

- Brouthers, Keith D., (2002), Institutional Culture and Transaction Cost Influences on Entry Mode Choice and Performance, *Journal of International Business Studies* 33 (2), p. 203 - 221.
- Brouthers, K. & L. Brouthers (2000), Acquisition or Greenfield start-up? Institutional, Culture and Transaction Cost Influences. , *Strategic Management Journal* 21:1, p. 89-97
- Brouthers, L.E., K.D. Brouthers & S .Werner (1999) , Is Dunning's Eclectic Framework Descriptive or Normative? *Journal of International Business Studies*, 30, 4, p. 831-844
- Buckley, P. & M. Casson (1976) ,The Future of the Multinational Enterprises. London: Macmillan
- Byung Il Park (2007), Integrative Framework for the Determinants of Market Entry by Multinational Enterprises: Synthesis of Three Alternatives Based on Conventional Theories,
- Cantwell, J. & R. Narula (2003), International Business and the Eclectic Paradigm: Developing the OLI Framework, London, Routledge.
- Chandrapalart, A. (2000). The determinants of US direct investment in Thailand: A survey on managerial perspectives. *Multinational Business Review* 8:2, p. 82-88
- Cristina, L.D. and G. C. Esteban, (2002) ,The Effect of Firm and Host Country Characteristics on the Choice of Entry Mode: Empirical Evidence from Spanish Firms, *Journal of Management and Governance* ,6, p. 153 - 168.
- Davidson, W. (1980), The location of foreign investment activity. *Journal of International Business Studies* 11:2, p. 23.
- Delios, A. & P. Beamish (1999), Ownership strategy of Japanese firms: Transactional, institutional, and experience influences, *Strategic Management Journal* 20:10, p. 915-934.
- Dunning, J.H. (1977) ,Trade, location of economic activity and the MNE: a search for an eclectic approach, in Ohlin, B. et al. (Eds), The International Allocation of Economic Activity, Proceedings of a Noble Symposium Held in Stockholm, Macmillan, London.
- Dunning, J.H. (1980), toward an eclectic theory of international production: some empirical tests, *Journal of International Business Studies*, Vol. 11, Spring/Summer, p. 9-31.
- Dunning, J.H. (1988),The eclectic paradigm of international production: a restatement and some possible extensions, *Journal of International Business Studies*, Vol. 19, Spring, p. 1-31.
- Dunning, J.H. (1991), The eclectic paradigm of international production: a personal perspective, in C. N. Pitelis and R. Sugden (eds.), p. 117-136, The Nature of Transnational Firm. London: Routledge.
- Dunning, J. (1993). Multinational Enterprises and the Global Economy, Addison–Welsey Publishing Company, UK.
- Dunning, J.H. (1995): Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism, *Journal of International Business Studies*, 26, 3, p. 461-491.
- Dunning, J. H. (1998): Location and the multinational enterprise: A neglected factor, *Journal of international business studies*, 29(1), p. 45-66
- Dunning, J.H. (2000): The Eclectic Paradigm as an Envelope for Economic and business theories of MNE activity, *International Business Review*, vol. 9, 2000, p. 163-190
- Erramilli, M.K. and Rao, C.P., (1993), Service firms' international entry-mode choice: a modified transaction-cost analysis approach, *Journal of Marketing*, Vol. 57, July, p. 19-38.
- Erramilli, K., S. Agarwal & C. Dev (2002), Choice between non-equity entry modes: An organizational capability perspective. *Journal of International Business Studies* 33:2, p. 223-242.
- Evans, Jody (2002), Internal Determinants of Foreign Market Entry Strategy, Manchester Metropolitan University Business School. <http://130.195.95.71:8081/WWW/ANZMAC2001/anzmac/AUTHORS/pdfs/Evans1.pdf>.
- Gatignon, H. & E. Anderson (1988). The multinational corporation's degree of control over foreign subsidiaries: An empirical test of a transaction cost explanations. *Journal of Law, Economics and Organizations* 4:2, p. 305-336.
- Gomes - Casseres, B. (1985) , Multinational Ownership Strategies, *Harvard University*. UMI Press, Ann Arbor, Michigan (dissertation).
- Gomes - Casseres, B. (1987). Joint venture instability: Is it a problem? *Columbia Journal of World Business* 22:2, p. 97-102.
- Goodnow, J. & J. Hansz (1972), Environmental determinants of overseas market entry strategies. *Journal of International Business Studies* 3:1, p. 33 – 50
- Goodnow, J.D. (1985): Developments in International Mode of Entry Analysis, *International Marketing Review* 2 (autumn), p. 17-30
- Hennart, J. & J. Larimo (1998). The impact of culture on the strategy of multinational enterprises: Does national origin affect ownership decisions? *Journal of International Business Studies*, 29:3, p. 515 –538
- Hennart, JR, (1991). The Transaction Costs Theory of Joint Ventures: An Empirical Study of Japanese Subsidiaries in the United States. *Management Science*, 37(4), p 483-497.
- Hill, C.W.L., P. Hwang & W.C. Kim (1990): An Eclectic Theory of the Choice of International Entry Mode, *Strategic Management Journal*, vol. 11, 2, 1990, p. 117-128
- Hofstede, G. (1983). The cultural relativity if organizational practices and theories, *Journal of International Business Studies*, 14:2, p. 75-89
- Hwang, P & C. Kim (1992), Global strategy and multinational's entry mode choices, *Journal of International Business Studies*, 23:1, p. 29-42.

- Ikechi Ekeledo, K Sivakumar, 2004, International market entry mode strategies of manufacturing firms and service firms: A resource-based perspective, *International Marketing Review*. 21(1), p. 68
- Jiang, Fuming, Christodoulou, Chris & Wei, Ho-Ching, (2002) , the determinants of international pharmaceutical firms' FDI entry mode choices between joint venture and sole venture into China. *Innovation: Management, Policy & Practice*, 4 p. 1-21
- Keith D Brouthers, Lance Eliot Brouthers, Steve Werner. (2003) , Transaction cost-enhanced entry mode choices and firm performance, *Strategic Management Journal*. Chichester: Dec 2003. Vol.24, Iss. 12; p. 1239
- Kim, W.C. and Hwang, P. , 1992 , Global strategy and multinationals' entry mode choice , *Journal of International Business Studies*, Vol. 23, 1st quarter, p. 29-54
- King, Andrew, Christopher L. Tucci, 2002, Incumbent Entry into New Market Niches: The Role of Experience and Managerial Choice in the Creation of Dynamic Capabilities, *Management Science* 48 (2), p. 171 – 186
- Kogut, B. & H. Singh (1988). The effect of national culture on the choice of entry mode, *Journal of International Business Studies* 19:3, p. 411-432
- Lin Cui, Fuming Jiang and Bruce W Stening, (2007), Choice of FDI entry mode by Chinese MNCs: an integrated framework and empirical evidence, working paper series, Australian National University, School of Management, *Marketing, and International Business* 2(1)
- Larimo, J. & R. Tahir (2002). Determinants of ownership structure choices of Nordic firms in Asianmarkets. Paper presented at the AIB meeting in San Juan, Puerto Rico. June- July 2002.
- Larimo, J. (2000). Choice of organizational structure in foreign markets: The impact of Ownership and Location specific determinants on the foreign direct investment behavior of Nordic firms. Paper presented at the AIB meeting in Phoenix, Arizona. November 2000.
- Leung, M. K., D. Rigby and T. Young, (2003), Entry of Foreign Banks in the People's Republic of China: A Survival Analysis, *Applied Economics* 35, p 21 – 31
- Machrzina, K. & J. Engelhard (1991): Paradigm Shift in International Business Research: From Partist and Eclectic Approaches to GAINS Paradigm, *Management International Review*, 31, p. 23-43
- Meyer, K. (2001), Institutions, Transaction Costs, and Entry Mode Choice in Eastern Europe, *Journal of International Business Studies*, 32(2), p 357-367
- Madhok, A., (1997), Cost, value and foreign market entry mode: the transaction and the firm, *Strategic Management Journal*, Vol. 18, p. 39-61
- Mutinelli, M. & L. Piscitello, 1997, the influence of firm's size and international experience on the ownership structures of Italian FDI in manufacturing. *Small Business Economics*, 11:1, p. 43 –56
- Nakos, George and Keith D. Brouthers, (2002), Entry Mode Choice of SMEs in Central and Eastern Europe, *Entrepreneurship Theory and Practice*, 27 (1), p. 47 – 64
- Pan, Y and. Tse, (2000), the hierarchical model of market entry mode, *Journal of International Business Studies*, 31, 4, p. 535-554
- Padmanabhan, P. & K. Cho, (1999). Decision specific experiences in foreign ownership and establishment strategies: Evidences from Japanese firms. *Journal of International Business Studies* 30:1, p. 25 – 36
- Phatak, A., R. Muralidharan, & R. Chandran (1996), A study of the impact of location specific and moderating factors on the choice of entry mode in Thailand, Malaysia, and Indonesia. *Journal of Euro – Marketing* 4:3, p. 37-53
- Reuber, A. R., E. Fisher (2003), Targeting Export Support to SMEs: Owners' International Experience as a Segmentation Basis, *Small Business Economics*, 20 (1), p. 69 – 82
- Rizwan Tahir & Jorma Larimo (2006), Strategic motivations of Finnish FDIs in Asian countries, *Cross-Cultura Management*, 13(3), p. 244-256
- Roberts , P.W. & R. Greenwood. (1997), Integrating Transaction Cost and Institutional Theories: Toward a Constrained-efficiency Framework for Understanding Organizational Design Adaptation. *Academy of Management Review*, 22(2), p 346-373
- Root, F. & A. Ahmed (1978). The influence of policy instruments on manufacturing direct foreign investment in developing countries. *Journal of International Business Studies*, 9:3, p. 81-93
- Salih Kusluvan (1998), A review of theories of multinational enterprises (D.E.Ü.İ.İ.B.F. Dergisi Cilt: 13, Sayı: I, Yıl: 1998, .p. 163-180
- Sanna-Randaccio, F. (1990), The ownership structure of foreign subsidiaries: Evidence from the Italian multinationals. Paper presented at the Annual Meeting of EIBA in Madrid in 12 - 15.12.1990.
- Tahir, R.; Larimo, J. (2002) , Determinants of Location Strategies of Finnish Firms in Asian Countries". Paper proposed at the South & Southeast Asia Regional Meetings of the Econometric Society, Lahore, Pakistan, and December 28-30th.
- Tang, Y (1994), Entry-mode choice between a wholly owned subsidiary and equity Joint venture by Japanese manufacturing entrants in North America. York University, Canada (dissertation).
- Williamson, O.E. (1985), the economic institution of capitalism. New York: Free Press
- Woodcock, C.P., P.W. Beamish & S. Makino (1994: "Ownership-based Entry Mode Strategies and International Performance", *Journal of International Business Studies*, 25(2), p. 253-273
- Zhao, X.; R. Decker (2004): "Choice of Foreign Market Entry Mode - Cognitions from Empirical and Theoretical Studies", Discussion Paper No. 512, Faculty of Economics and at the University of Bielefeld