Motives and Partner Selection Criteria for Formulation of IJVs in High-technology Industries in Turkey

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Abstract

This study is presented in three parts. In the first section a brief background on international joint ventures (IJVs) in Turkey is provided. The second section examines the motives for IJVs in high-tech industries in Turkey. In following section Turkish and foreign partner's contributions and selection criteria are described by the managers of IJVs perspectives. Our hypotheses regarding the motives for IJVs formation and the various partner selection criteria are also tested in this section. Finally, the study's conclusions are presented and directions for further research are suggested. Although previous research has similar deductions, we put forward original conclusions for discussion, for the first time IJVs formulation in high-tech industries in Turkey.

Key words: International joint ventures, equity joint venture, motives, partners contributions, partner selection.

1. Introduction

Turkey is generally accepted as an emerging market with strong future business prospects. Firstly, the country represents a big market for foreign corporations with a population of 66 million (a figure that corresponds to one-fifth of the total EU population), covering a geographical area of a quarter of the size of the EU. Secondly, the country is also located strategically for foreign firms wishing to engage in international business activities as it is situated at the crossroads of several regions such as Central Asia, the Middle East and North Africa.

There are several opportunities for foreign investors to invest in Turkey. With recent changes and additions that have been implemented into the country's foreign investment legislations, the foreign investment environment become more attractive, efficient and suitable for potential investors. The foreign investment legislation in Turkey provides a securer environment for foreign investors granting them the same rights and obligations as local capital, while guaranteeing the transfer of profits, fees and royalties, and the repatriation of capital (www.deik.org.tr). Currently, 5000 foreign companies of which 104 can be found in the "Fortune Top 500" are active in Turkey. (www.fdimagazine.com). Since the beginning of the 1980's foreign investors are allowed to establish wholly foreign-owned firms in Turkey. There is no limitation in participation ratios of foreign partners; it is possible to invest in Turkey without a Turkish partner. Table 1 shows the distribution of FDI by investment type. As it is reflected in Table 1, it is concluded that the most popular strategy to enter Turkey is through "% 100 foreign direct investment" and second most popular strategy is through establishing a "Joint Venture".

Table 1

Foreign Direct Investment Permits By Types of Investment in Turkey (million $)

INVESTMENT TYPE	2000	2001	2002	2003
NEW	667	127	117	251
CAPITAL INCREASE	185	763	614	869
PARTICIPATION	351	306	266	88
TOTAL	*1.203*	*1.196*	*997*	*1.208*

Source: General Directorate of Foreign Investment, June 17, 2003, www.treasury.gov.tr .

In today's competitive business environment, few firms possess all of the competitive advantages that would enable them to become internationally successful. Many firms try to complement their firms' strengths and internationalize through a network of joint ventures.

Therefore this study proposes an analysis of the international joint ventures in the Turkish business environment to complement and enhance our understanding in this subject as we hope the dynamic Turkish market will be of great interest for International Business scholars and practitioners alike. This study is organized as follows. First we will define the concept of joint ventures and international joint ventures. Second, we will analyse the motives and partner selection criteria underlying this specific type of inter-firm arrangement. Third, we will review prior research on the IJVs in the Turkish business environment and underline our specific contribution to the field to lay the ground for our own methodology. We will then interpret the results and offer our major findings.

There are different definitions for international joint ventures in various contexts. In this study, a joint venture (JV) is defined as structures/companies are formed when two or more independent legal firms establish a new, third independent legal firm in which each has an equity position and combination of their resources to form a separate jointly owned organization (Mariti, Smiley, 1983; Wassink, Carbaugh, 1986; Inkpen, Beamish, 1997; Sulej, 1998; Xu, Bower, Smith 2004). In literature, joint venture partners' share are generally accepted to fluctuate between 10% and 90% in IJVs established (Walmsley, 1989, p. 5; Ramu, 1997, p. 78).

2. Existing Research On Motives, Partners Resource Contributions And Partner Selection Criteria

In this part the motives for IJVs forming, partner selection criteria and partners contribution are examined.

2.1. Motives For IJVs Formation Process

IJVs consist of three entities (two parents and the newly created entity) and these entities often have different motives and views for IJVs forming. Entering a foreign country through an IJV has several advantages, compared to entering through a wholly owned subsidiary. The IJV allows the firm to complete their lack of resources and capabilities, acquire different skills, entering new markets, access to suitable distribution channels, gain competition power, sharing power, differences in management styles, expanding existing product lines, establishing a high value for a division, affiliate, brand name, or product, international expansion, gain local partner's knowledge about the market, bureaucracy and business practices and transfer of technology (Luo, 2002; Gale, Luo, 2004), reduce economic and political risks and costs of foreign entry (Lee, 2004), overcome legal constraints (Habib, Burnett, 1988; Grub, Moran, 1995; Calantone, Yushan, 2001; Craig, 2002). Many countries insist that foreign firms have participation from local businesses, citizens of the local country, and/or the government to set up operations (Martinot, Haddad 1997). The idea of forming IJV is to combine the strong points of two or more firms to eliminate risks possesed by their weaker points (Griffith, Y. Hu, Chen, 1998). IJVs provide foreign partners with quick and easy access to new markets by leveraging the local partner's market knowledge and local networks that help reduce risks and increase revenue (Craig, 2002).

A number of researchers as shown below in Table 2, have identified a variety of motives behind firms decisions to enter into IJV agreements. Contractor and Lorange present seven motives for the formation of IJVs. These are: risk reduction, economies of scale and/or rationalization, technology exchanges, co-opting or blocking competition, overcoming government mandated trade or investment barriers, facilitating initial international expansion of inexperienced firms, and vertical quasi-integration advantages of linking the complementary contributions of the partners in a "value chain" (Contractor, Lorange, 1988). Harrigan has divided the motives into three groups: internal, external, and strategic. Internal motives deal with sharing risks and expenses, exposure to innovation, and increasing access to resources. External motives include easing political tensions and combating global competition. Strategic motives underlying IJVs involve the possibility of diversification and future business (Harrigan, 1985). The motivations can be also divided into three broad categories: 1) resource-driven IJVs, 2) market driven IJVs, and 3) risk-driven IJVs.

Table 2

Motivation and Partner Selection Research in IJVs

Motivation
Harrigan (1985); Habib, Burnett (1988); Contractor, Lorange (1988);Grub, Moran (1995); Demirbag, Mirza, Weir (1995); Martinot, Haddad (1997); Griffith, Y. Hu, Chen (1998); Tatglu, Glaister (2000); Calantone, Yusha (2001); Craig (2002); Luo (2002), Gale, Luo (2004).
Partner Selection
Tomlinson (1970); Adler, Hlavacek (1976); Geringer (1991); Yan, Gray (1996); Al-Khalifa (1998); Ramamse-shan, Loo (1998); Tatoglu, Glaister (2000); Wong, Ellis (2002); Child (2002); Gale, Luo (2004).

In a developing country such as Turkey, the attractiveness of foreign investments through IJVs is that they are a means of stimulating market development, acquiring advanced technology and developing managerial skills necessary to create further economic growth (Gale, Luo, 2004).

2.2. Existing research on Turkish IJV

Demirbag, Mirza, Weir (1995) and Tatoglu, Glaister (2000) analyse the motives of both foreign and local parent firms in Turkey. Demirbag identifies four main motives of the foreign parent firms for JV formation: protection of technology/quality assurance, risk reduction, partners local identity and knowledge and cost reduction. The main motives for local firms for JV formation that they identified are as follows: Enhancement of competitiveness, transfer of complementary technology and knowledge, access to global markets, access to foreign parent's complementary resources, risk sharing and incentives. In addition to that, Tatoglu and Glaister compared Western MNEs motives and local partner firms in Turkey. The major motives of Western firms engaged in IJVs with Turkish partner firms are primarily concerned with gaining faster access to the Turkish market and hedging risks of doing business in Turkey. The major motives of Turkish firms are concerned with transfer of technology and enabling high quality production. Also they researched process of partner selection. Our study investigates the motives and partner selection criteria for high technology IJV formulation in Turkey parallel with Tatoglu's suggestions in his study.

2.3. Prior Research Examining Partners Contributions And Partner Selection Criteria

A variety of selection criteria have been identified and partner selection has been examined by Tomlinson (1970), Geringer (1991). According to the resource based theory, joint ventures are formed to combine complementary strengths of the each partner. Understanding partner similarities and differences, and choosing the right partner are critical factors for the success of the IJVs. What are the partner's strengths and weaknesses? The prime strength comes from cash. However, land, facilities, and brand names can also have big effect on empowering the strength of the partners as they appear as assets on IJV's balance sheets. Other strengths include systems, management services, training and technology (Child, 2002). Managers usually seek a complementary resources they may need from a partner. Management analyze their own firm and compare their current and potential future resources and decide what extra resources may be necessary for IJV to be successful (Al-Khalifa, 1998).

Tomlinson's (1970) finding is that the majority of joint venture are identified on the basis of prior association or relationships. Often partners are past customers, suppliers (Wong, Ellis, 2002). A potential investor may be expected to rely on existing ties with IJV partners. Geringer (1991) introduced the task- and partner-related dimensions and organized the partner selecting criteria between task-related (strategic) and partner-related (organizational) dimensions (Wong, Ellis, 2002). Partner-related criteria involves the presence of multiple partners as industrial and foreign experience, national or corporate culture, compatibility or trust between management teams, the degree of favorable past association between the partners, combined with the quality of production facilities and personnel. Task-related criteria are associated with the operational skills and resources that a venture requires for its competitive success as patents, technical know-how, financial resources, experienced managerial personnel and access to marketing and distribution channels (Tatoglu, Glaister 2000, p. 60). Yan and Gray suggest that partner selection is made on the basis of two categories: equity (cash, land, buildings, plant) and non-equity (technology, management expertise, local knowledge, raw material, product distribution and marketing channels, global service support) (Yan, Gray, 1996).

According to Berquist (1995) one of the reasons for IJV failure is the selection of an incompatible partner. In a more recent study, Wong (2002) suggests that the partner information can be gained systematically via market research. The identification of potential partners follows a process whereby a large number of candidates are systematically screened according to the predetermined criteria identified by Geringer (1991). The firm seeking a partner prepares the criteria for the IJV partner and begins the search to evaluate partners complementary resources, such as market knowledge, market access, local identity, marketing channels and locations with the predetermined criteria (Geringer, 1991). The information should include the partner's company size, qualifications, organizational structure, previous experience and reputation, capital assets and property, business specialists, managerial personnel, facilities-equipped, share of local and international markets and research and development capabilities (Gale, Luo, 2004)

3. Methodology

So far we have seen and synthesised literature on motives and partner selection criteria associated with the IJV formation. We will now use our literature survey to build a questionnaire to analyse the IJVs in Turkey. In this research a questionnaire is developed to find out the motives and contributions of partners of IJV in Turkey. The conclusions presented in this study are based upon this 26-item questionnaire including an introductory letter. The questionnaire has been sent to 69 IJVs managers in Turkey, plus 7 in-depth interviews were conducted in Ankara, İstanbul. The interviewed IJV managers' suggestions have also been asked and taken in consideration before determining the final format of the questionnaire. Telephone contact was made with each of IJVs secretarieas to ascertain the name and position of the most appropriate manager. Pilot questionnaire was used to conduct a pilot study. Pilot study group included individuals from 10 selected companies located in Ankara and Istanbul. 38 usable questionnaire responses were collected from 38 general managers of IJVs and subjected to SPSS analysis. A response rate of 55,07% was obtained. After that, the results of questionnaire have been evaluated and some proposals are offered. The results of the study are consistent with the assumptions.

IJV managers were asked to indicate on a 5 point Likert scale to what motives has effected Turkish and foreign partners establishing a joint venture in Turkey. Also the IJVs managers were asked to answer which resources have been contributed by Turkish and foreign firms, and what was the rate of importance of the following fourteen inputs in influencing partner selection. The assessments were scored through a five point scale (1=not important at all; 5= extremely important) .

3.1. Research Questions

This study addresses two research questions. First question examines the motives for IJV formation between foreign and Turkish firms. Second question identifies contributions of partners in IJV formation and compares partner selection criteria:

1) Why doTurkish and foreign firms enter IJV in Turkey?

2) What kind of resources does each parent firm contribute to IJV? What are the criteria for foreign and local partner selection in the IJV process?

3.2. The Hypotheses

The hypotheses are as follows:

H1: The emphasis of factors that motivate IJV formation for Turkish and foreign firms shows differences.

H2: Partner selecting criteria show differences for joint ventures partners.

3.3. Scope and Limits Of The Study

The scope and limits of this research are determined as follows:

1) The research is limited to IJVs between Turkish and foreign firms which were established in Turkey and having only one foreign parent firm.

2) Proportion of foreign equity shares is between 20% and 80%. Joint ventures are determined which Turkish firms have foreign partners and foreign equity share is between 20% and 80%.

3) It focuses on empirical analysis in the semiconductor industry. Joint ventures in this study are industrial firms and they have characteristics of high-tech industries (huge capital investment, quick technology obsoleteness). The sector categories of the JVs are as follows: Electronic, automobiles, iron, chemical products, construction, aircraft industry, textile, mining, energy. The research doesn't include finance, trade and service sectors.

4) Joint ventures' capital value are more than one trillion Turkish liras. A total of 69 joint ventures are identified. (Small joint ventures are not included in this study because they do not meet the criteria of amount of investment value determined in this study. Although some company names are determined and they meet the research criteria, their addresses and contact information are not available).

5) This study was conducted from the perspective of JV managers due to the fact that JV managers are well-informed about daily activities, partners' contribution, performance, control and know process of JV. Data weren't collected from both partners for all 38 IJVs. We couldn't reach foreign partners' address. It is generally difficult to obtain information from both partners because of busy timetables of the executives and false or insufficient data. Future research should attempt to gain the opinions of both parents and the JV management.

6) There is no publicly available database of Turkish-foreign JV formation. All foreign investments are recorded by the General Directorate of Foreign Investment (GDFI). Therefore, a special list of qualifying ventures was obtained from GDFI in Ankara. Because the reach all the joint ventures in Turkey was difficult, this research doesn't include all the list. All joint ventures were in the manufacturing sector based on technology. From the list IJVs based on technology were selected. This research has been limited to 69 joint ventures which have these features.

7) Turkish Government doesn't require joint venture participation by foreign firms. There wasn't government pressure to the imposition of restrictions on foreign investors by Turkish government. Therefore government intervention, as a questionnaire sub-category related to the understanding of the underlying motives of IJV partners, was not included in our survey.

4. Analysis And General Results Of Hypothesis Testing

A variety of statistical techniques were used to analyze data. All data are initially coded. All statistics are run by using SPSS version 7.0 for Windows. The hypotheses H1 and H2 were tested by Wilcoxon. As the sample size is above 30 in accordance with the minimum requirement of central limit theorem, non-parametric test was used.

The nationalities of the 38 foreign partners are as follows: USA (34%), Germany (13%), no response (4%), Austria (2,63), Belgium (2,63%), South Korea (2,63%), Holland (5,26%), Switzerland (2,63%), Italy (2,63%), Canada (2,63%), Israil (2,63%), Saudi Arabia (2,63%). In terms of the time period of formation for the sample of 38 IJVs, 56% of the IJVs operated between 2 and 10 years, 36% of the IJVs operated between 11 and 20 years and 5% of IJVs operated more than 20 years. Only one questionnaire has been returned unanswered. To obtain information about high technology IJVs in Turkey, JV managers of each sector were asked. 38 managers' answers by the sector categories of the JVs are as follows: Electronic (16%), automobiles (26%), iron-steel (8%), chemical products (11%), construction (8%), aircraft industry (5%), textile (13%), mining (3%), energy (5%), other manufacturing (5%). In the high technology industry in Turkey, joint ventures represent an increasingly important way for firms. The number of JVs didn't include service sector. The largest number of joint ventures was found in automobiles (26%).

General Results

H1: The emphasis of factors that motivate IJV formation for Turkish and foreign firms shows differences.

According to H1, foreign and Turkish partners are motivated by different motives. Turkish and foreign firms have different motives to establish joint venture in Turkey. As shown in Table 3, increasing production quality, competitive power and technology transfer are most important objectives of Turkish partners while the main targets for foreign firms are international expansion to global markets, obtaining a cheaper labor force, acquiring power of competition, learning partners culture, market knowledge. The common motives for both partners are international expansion to global markets, acquiring competition power and reducing risk by sharing risk.

Table 3

The Motives of Turkish partners for IJVs forming

Motives of Turkish partners for IJVs forming	Mean
1. Increasing production quality	4,17
2. Increasing competitive power	4,03
3. Learning new technologies	4
4. Increasing firms image	3,97
5. Obtaining finance resource	3,83
6. Expanding product line	3,83
7. Risk sharing	3,71
8. Accessing to global markets	3,69
9. Learning modern management types	3,43
10. Decreasing investment costs	3,20
11. Sharing research-development cost	3,06
12. Utilizing government incentives	2,81
13. Blocking new competitors to enter market	2,73
14. Obtaining raw material or physical settlement	2,54
15. Learning knowledge about the Turkish market, dealing with Turkish bureaucracy	2,46
16. Obtaining tax advantage	2,23
17. Obtaining lower labor costs	1,50

Note: The mean is the average on a scale of 1 (=of no importance) to 5 (= of very important).

IJVs managers were asked what Turkish and foreign partners motives were for forming their IJV. Tables 3 and 4 summarize reasons given by IJVs managers for IJV forming in Turkey. Table 3 shows that Turkish partners formed IJVs in Turkey primarily are mostly motivated by increasing production quality. Many Turkish partners want to increase competitive power and learn new technologies but they are unsure how to develop new technologies. Many Turkish firms view high technology firms' methods and forming IJVs is considered as a way to learn about technologies and increase production quality. In addition, Turkish firms want to increase firms image and obtain finance resources. Table 4 shows that, foreign partners form IJVs primarily to access to global markets, obtain lower labor costs and increase competitive power. On the other hand, foreign firms consider the IJVs as a way to gain easier access to global markets.

In this sense, IJVs in Turkey are formed in order to access to global markets, obtain lower labor costs, increase competitive power.

Table 4

The Motives of Foreign Partners for IJVs forming in Turkey

Motives of Foreign Partners for IJVs forming in Turkey	Mean
1. Access to global markets	4,08
2. Obtaining lower labor costs	3,89
3. Increasing competitive power	3,86
4. Learning knowledge about the Turkish market, dealing with Turkish bureaucracy	3,81
5. Decreasing investment costs	3,67
6. Risk sharing	3,58
7. Expanding product line by local distribution	3,33
8. Obtaining tax advantage	3,31
9. Increasing firms image	3,28
10. Obtaining raw material or physical settlement	3,22
11. Increasing production quality	3,17
12. Blocking new competitors to enter market	3,06
13. Sharing research-development cost	2,97
14. Utilizing government incentives	2,97
15. Obtaining finance resource	2,86
16. Learning modern management types	2,08
17. Learning new technologies	2,08

Table 5 shows that, there is fairly reasonable support for H1 with the motives being significantly different for obtaining finance resource, raw material or physical settlement, decreasing investment costs, increasing production quality, expanding product line and increasing firms' image (*p* less than .05).

Table 5

Wilcoxon Test Results about Foreign and Turkish partners motives for IJVs forming in Turkey

Foreign and Turkish partners motives for IJVs formulate in Turkey	Asymp.Sig.(2-tailed) p
Obtaining finance resource	0,005
Obtaining raw material or physical settlement	0,039
Learning new technologies	0,000
Learning modern management types	0,000
Obtaining lower labor costs	0,000
Decreasing investment costs	0,024
Accessing global markets	**0,354***
Increasing competitive power	**0,599***
Obtaining tax advantage	0,000
Sharing research-development cost	**0,924***
Learning knowledge about the Turkish market, dealing with Turkish bureaucracy	0,000
Expanding product line	0,040
Risk sharing	**0,710***
Increasing production quality	0,001
Increasing firms image	0,003
Blocking new competitors to enter market	**0,093***
Utilizing government incentives	**0,565***

Scores are significantly different on the Asymp.Sig.(2-tailed) ($p<0.05$)
* $p>0.05$ no differences

H2: Partner selecting criteria show differences for joint ventures partners.

In partner selection criteria, mean ratings and standard deviations were calculated for 38 responses. The raw scores of the responses are summarized in Tables 6 and 7. The higher the means, the higher the degree of importance of the item in partner selection criteria appears to be. Turkish and foreign firms consider different criteria when they select their partners. Ramaseshan and Loo's study found that inter-organizational trust significantly influences a partner's perceived effectiveness of the alliance (Ramamseshan, Loo, 1998, p. 455). Trust is also a critical factor in the management of business relationships. As shown in Table 6, the most important issues for Turkish partner are foreign partner's international prestige, trust, technology, while foreign firms consider Turkish firms' market knowledge, trust, financial statement, work harmony, contemporary resources and relationship with Turkish goverment.

Table 6

Foreign Partner Selection Criteria

Foreign Partner Selection Criteria	Respondents	Mean
International prestige	38	4,53
Establishing trust	38	4,44
Having technology	38	4,42
Willingness about transferring knowledge and capabilities	38	4,39
Harmony in business approach and strategies	38	4,25
Having resources other firms needs	38	4,08
Experience about international project management	38	4,06
Financial situation (profit, liquiditg, loan, productivity)	38	4,08
Firm size	38	4,03
Experience about IJV forming	38	3,97
Prior business relationships	38	3,94
Knowledge of local market and conditions	38	3,22
Relationship with procurement firms and distribution network	38	3,03
Good relationship with government	38	2,64

In addition to the partner selection criteria managers were also asked to comment on their perceptions on the importance of trust in IJVs. All the interviewees said that personal trust was an important factor in their selection of their business partners.

Table 7

Turkish Partner Selection Criteria

Turkish Partner Selection Criteria	Respondents	Mean
Knowledge of local market and conditions	38	4,58
Establishing trust	38	4,58
Financial situation	38	4,28
Relationship with procurement firms and distribution network	38	4,28
Harmony in business approach and strategies	38	4,28
Having resources other firms needs	38	4,11
Good relationship with government	38	4,03
Prior business relationships	38	4,01
International prestige	38	3,83
Experience about IJV forming	38	3,83
Having technology	38	3,78
Firm size	38	3,75
Experience about international project management	38	3,75
Willingness about transferring knowledge and capabilities	38	3,67

There is no significant difference between choosing a Turkish IJV partner and a foreign IJV partner ($p>0,05$) .

Statistical results presented in Table 8 show that both Turkish and foreign partners selection criteria values were similar and there was no significant difference between foreign and Turkish partners selection criteria results (firm size, financial situation, harmony in business approach and strategies, experience about IJV forming, prior business relationships, establishing trust, having resources other firms needs, experience about international project management).

Table 8

Wilcoxon Test for Partner Selection Criteria

Partner Selection Criteria	P
Firm size	**0,068***
Financial situation (profit, liquidate, loan, productivity)	**0,39***
Knowledge of local market and conditions	0,000
Relationship with procurement firms and distribution network	0,000
Harmony in business approach and strategies	**0,851***
Experience about IJV forming	**0,337***
International prestige	0,001
Prior business relationships	**0,799***
Willingness about transferring knowledge and capabilities	0,001
Establishing trust	**0,305**
Having resources other firms needs	**0,941***
Having technology	0,011
Good relationship with government	0,000
Experience about international project management	**0,142***

*P>0,05 no differences, null hypotheses accepted.
P<0,05 null hypotheses rejected.

As shown in Table 9, IJVs managers expressed that the majority of the Turkish partners' contribution to IJV structure are labor, connection with Turkish government, knowledge about market and communication with finance institutions.

Table 9

Partners Contributions

Contribution Fields	Turkish (%)	Foreign (%)	Both (%)
Obtaining labor	94	6	-
Connection with Turkish government	91	3	6
Knowledge about market	89	11	-
Communication with finance institutions	72	22	6
Forming distribution network	69	28	3
Physical evidence	67	30	3
Material procurement	58	39	3
Products Introductory	55	42	3
Personnel Training	55	45	-
Planning and developing marketing techniques	50	42	8
Knowledge of general management	47	47	6
Quality management	44	48	8
Technology	11	83	6

The managers of IJVs were asked whether a business network was used in the selection of the IJV partner. Most of them were provided by contacts or made use of some type of formal Networks, prior business relationships. 50% of managers reported that they had prior business connections and transactions. In most of the cases, the partner identification and selection were based on prior relationships. 9 out of the interviewed managers (23%) had been offered to become a partner by their current foreign IJV partners. In 13% of the surveyed cases firms were approached directly.These prior relationships took the form of business relationships. Our result was consistent with Tomlinson's research. Joint venture partners have the basis of prior association or relationships.

Table 10 shows that 50% of partners in IJVs had a prior research on partner selection as 50% of respondents in our survey reported that they obtained the necessary information about potential JV partner before negotiation.

Table 10

How did the firm select a particular partner for the IJV?

The Selection of the IJV Partner	Frequency of use	%
A consultant firm who knows about the industry and country helps to find a partner	1	2
Trade Unions cooperation	2	5
Through the foreign trade department	1	2
Through the agency of bank	0	0
Partnership offer comes from foreign firm	**9**	**23**
Prior Business Connections and Transactions	**19**	**50**
Direct contact with potential partners	4	13
Investigation for a company which has superior technology	2	5
Total	**38**	**100**

IJVs manager were asked whether, prior to entering into a joint venture agreement, they had had any problem in Turkey. 24 (63,2%) IJVs managers reported that they hadn't had any problem in Turkey. And 14 IJVs managers reported that they had some problems that can be categorized as economic instability, bureaucracy and political instability. 36 IJVs managers reported that the advantages of IJV forming in Turkey were: the market potential of Turkey, long relationship with partner, the need for raw material procurement, low labor cost, low material cost and Turkey's need for technology and managerial expertise.

5. Conclusion

In this study, motives and partner selection criteria in forming IJVs in high-technology industries in Turkey and contributions of the partners are investigated. Significant differences are found in the motives for forming IJVs between Turkish and foreign partners. Foreign and Turkish partners enter IJVs with different motives and expectations. Selection criteria of Turkish and foreign partners are also examined. Turkish and foreign partners consider different criteria when each of them selected their partners. The statistical results show that there is no significant disparity ($p>0,05$) between Turkish and foreign partners in respect to partner selection criteria. The results generally support existing theories. Further research could extend the investigation about small IJVs and partner selections, along a number of factors which affect IJVs and both partners performance.

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