

INTERREG II, METRO 6.3  
Collaboration among the University of Macedonia and Equivalent  
Institutions  
of Neighboring Countries on Issues of Financial Management and  
Management and Operation of Small Businesses  
Scientific Coordinator: Professor Demetrios Papadopoulos

***Creation of Joint Ventures Among Participating Countries:  
Contemporary Trends and Prospects in Greece and Bulgaria  
Technical Guide***

Elaborated by the University of Macedonia  
And the Euroconsultants

**Scientific Coordinators**

- Demetrios Papadopoulos, Professor
- George Siomkos, Professor

**Scientific Work Group**

- George Tsiotras, Professor
- Stella Xirotiri – Koufidou, Professor

**90-0019**

## **CREATION OF JOINT VENTURES AMONG PARTICIPATING COUNTRIES**

### **SUMMARY**

Many forces are driving companies around the world to globalize, in the sense of expanding their participation in foreign markets. In order for businesses to accommodate such a mentality a strategy is needed. This guide deals with the subject of Foreign Direct Investment (F.D.I.) through Joint Venture, as a strategic business expansion of Greek investors in the neighboring countries of Bulgaria and Former Yugoslav Republic of Macedonia (F.Y.R.O.M). The guide consists of five sections.

The first section consists of an evaluation of alternative investment scenarios needed for the formation of a joint venture, followed by the parameters that affects such an investment and a risk analysis before the actual joint venture investment takes place. It also deals with the actual organization of the joint venture. In terms of strategic and operational planning, it refers to management issues as well as marketing and human resource issues that a joint venture has to deal with before the commencement of its operations. Lastly, it follows a presentation of the general EU legal framework and license agreement concerning joint ventures.

In the second section there is a detailed country analysis of each one of the participating countries namely Bulgaria and FYROM. This analysis consists of the following: Country's profile, Political environment, Economic environment, Foreign trade regulations, Foreign Direct Investments, Privatization, Business law and forms of business organizations, Accounting and Auditing, Taxation, Labor Force and Employment regulations, etc. All this documentation can reveal investment opportunities for a foreigner (and especially for a Greek Investor) in these countries, as well as the competitive advantages and disadvantages that the investor must consider in order to implement a Foreign Direct Investment or a joint venture there.

The third section analyzes Greek business activity in the Balkan region and particularly in Bulgaria and FYROM. Moreover, it reviews the important role that Greece plays, and its impact on the political stability and economic growth of the Balkan countries, as well as the growth of Foreign Direct Investment there. At the end of the section, a case study of a joint venture establishment is presented between a Greek private company (Delta Holding S.A.) and a Bulgarian state – owned company (Vitalact), in order to understand how the joint venture was contacted, and what the pros and cons were that a potential Greek investor must consider in order to do FDI by the means of joint venture in the participating countries.

The fourth section contains conclusions and suggestions relevant to the advantages and disadvantages of the joint venture as a strategic business choice and critical factors that affect joint venture establishment in the specific neighboring countries such as Bulgaria and FYROM.

Finally, the fifth section contains appendices such as a list of useful contacts for the countries mentioned above etc., the abbreviations and acronyms which are mentioned in the guide, and, finally, lists of relevant bibliography and internet resources used in the completion of this guide.