



University of Twente

Internationalization of service organizations



A study of the factors that influence the internationalization of service organizations

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Acknowledgement

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Abstract

When looking at the internationalization of organizations, there are a lot of models and theories developed especially for manufacturing organizations. These model and theories are not necessarily useful for service organizations. Therefore there is a need for a model especially for service organizations. In this research a model is developed from a variety of existing international management literature about the factors that influence the internationalization of (service) organizations. This model consists of internal factors such as product/ service factors, organizational factors, managerial behavioral factors and the international network. And external factors such as: host country factors, entry modes and home country factors. These factors are made specific in order to make the model useful. The model is tested on a small service organization, ROB. This organization is investigated through different methodologies: desk research and semi-structured interviews.

ROB is a small, international company with 10 years of experience and a qualified staff. Most of their costumers live in the United States and the United Kingdom. Their internationalization has been organic and unplanned. Overall the organization needs more structure and focus in their internationalization in order to facilitate further market expansion and penetration.

The model about the factors that influence the internationalization of service organizations developed in this research seems useful for service organizations, although some adjustments and further research may be necessary to make the model more complete.

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Chapter 1: Introduction

This first chapter is an introduction into the research topic: the internationalization of service organizations. The reason for this research is discussed as well as the problem definition and the research questions. In addition the research methodology and the thesis structure are shortly elaborated on.

1.1 Need for research

International business can be defined as: 'business carried out across national boundaries' (Ball et al, 2006). In this research the internationalization of service organizations is investigated. The service sector is a growing sector in international business (Javalgi et al, 2007). But most of the research regarding internationalization is focussed on manufacturing organizations, this research is not necessarily applicable on service organizations. According to Javalgi et al (2007) the area of internationalization of service firms is relatively new in terms of building and testing theories. Other authors state that there is a lack of research in the internationalization of service organizations (Clark et al, 1996; Knight; 1999, Javalgi and White, 2002, cited in Javalgi et al, 2007). Overall there seems to be a need for more research in the field of internationalization of service organizations. Therefore the theoretical reason for this research is to find or create a model that can be used for service organizations and test this model on an organization in order to create more research in the field of internationalization of service organizations.

Service organizations are in need of a model that can help them understand which factors need to be investigated when they want to (further) internationalize and which factors influence their internationalization. A model will help them make informed choices and create more structure and focus in their internationalization. The practical reason for this research is to create a model that can help service organization to understand which factors influence their internationalization.

1.2 Problem definitions

In this research the internationalization of service organizations, in specific ROB is investigated.

ROB is a small service organization that has been international for over eleven years. Their main service is an assessment tool that measures culture, in for example organizations, nations and schools. Their international expansion and penetration seems to have a life of its own, without any specific effort, people from countries ROB has never worked in display their interest in their services.

In the year 2007 the management team of ROB developed a three-year strategic plan, starting in January of 2008, with specified objectives and goals per department. In the last year ROB has gone through a number of structural changes. In the new structure, Rob became the director of one of the departments. One of his roles is to travel around the world to make the services of ROB known by more people. But in doing this it became clear there was no specific strategy, which supported him in going to specific countries or markets. Nor to indicate different ways that could help to further penetrate existing markets. There was a need for a more specific and focussed approach in their internationalization.

The following main question that needs to be answered in this research can be determined:

What factors influence the internationalization of service organizations?

With market expansion is intended: internationalization in new markets and with penetration: further internationalization in existing markets.

1.3 Research questions

The problem formulation is too complex to answer as a whole, therefore it is split up into a number of research questions. The research questions together provide an answer to the total problem formulation.

First factors that influence the internationalization of service organizations must be derived from international management literature, so the first research question is:

1. Which factors that influence the internationalization of service organizations can be derived from international management literature?

When the factors are determined the internationalization of the small service organization ROB will be described with the help of these factors.

2. How can the internationalization of ROB be described?

Based on the findings about the internationalization of ROB the factors can be adjusted and new factors can be added if needed.

3. How can the factors that influence the internationalization of service organizations be adapted given the conclusions drawn from the internationalization of ROB?

The research questions together will lead to an answer to the main question of this research.

1.4 Research methodology

The research can be defined as deductive; based on existing literature the factors that influence the internationalization of service organizations are determined and tested. Furthermore the research can be defined as explanatory research, in order to determine the factors that can be used for the internationalization of service organizations an investigation of literature is done. After that these factors are tested; some of the results can probably be generalized to other organizations.

The research strategy is a case study. The research involves "the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence" (Saunders et al, 2007). The research is done for one organization and so can be defined as a single-organization case study (Saunders et al, 2007).

In order to answer the research questions, data needs to be collected. In this research primary and secondary data will be collected through desk research and semi-structured interviews. Through these research methods, qualitative data will be gathered. The result is more data than just numbers, which is of interest to ROB and to be able to determine the factors that influence the internationalization for service organizations. Qualitative data will give a good impression of which internationalization factors are critical for internationalization of service organizations.

1.5 Thesis structure

In the next chapter factors that influence the internationalization of service organizations are determined. Based on a variety of international management literature, a model will be found or created that can be used in this research. In chapter three the research methodology are discussed. The type of data, research methods, data analyses and the research limitations are elaborated on. In the fourth chapter the findings of the case study ROB are presented, analysed and conclusions are drawn. In the final chapter the overall conclusions and discussion are given.

Chapter 2: Literature review

In this chapter literature and models developed in existing literature are elaborated on. In specific the factors that influence the internationalization of service organizations are derived from divers international management literature and further explained.

2.1 Introduction

In the literature it seems there is no agreement about the usefulness of models and theories of manufacturing organizations for service organizations. When looking at entry modes: the field of market entry tends to be more risky for service organizations in contrast to manufacturing organizations (Grönroos, 1999). Because services have different characteristics than goods Root, 1994, Young et al 1989 and Enderwick 1989 argue that service organizations need different models and theories than manufacturing organizations (cited in Majkgard et al. 1998). Boddewyn et al (1986), Buckley et al., (1992), Dunning (1993) and Sharma and Johanson, conclude that the fundamental process of foreign market entry is the same for service and manufacturing but the manifestation of the process in the two sectors may differ (cited in Majkgard et al., 1998). In this research is kept in mind the specific characteristics that make services different from goods when looking at models and theories of manufacturing organizations. In the case of entry modes the characteristics of services have influence on the possible entry modes for internationalization of the organization. For example exporting is only possible when the service has a physical element (Buckley et al, 1992).

Successful market expansion and penetration both depends on the market entry strategy an organization has chosen. Elements of an international market entry strategy according to Root (1994) are presented in figure 1.

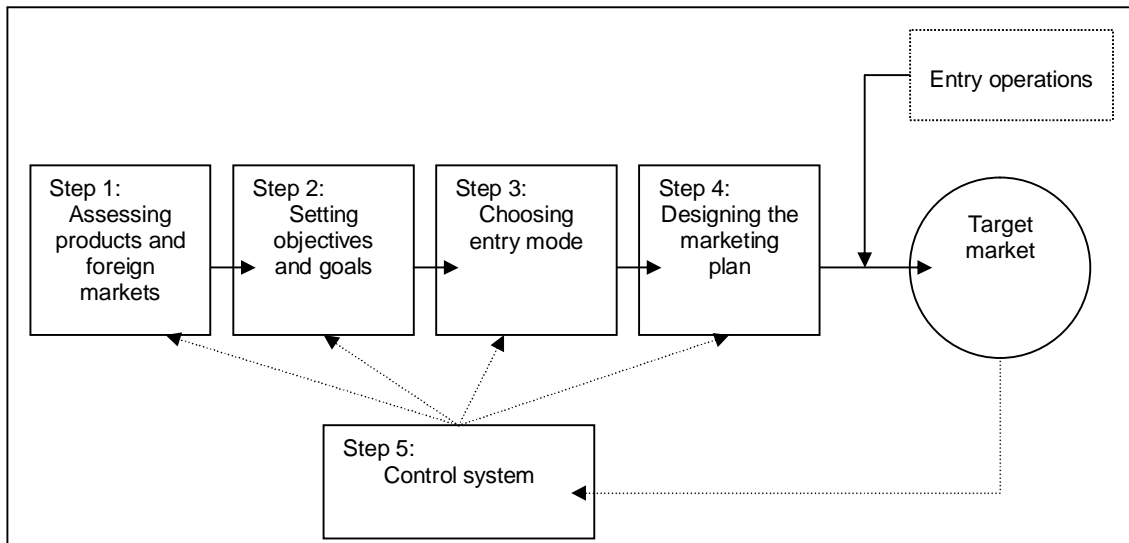


Figure 1: The elements of an International Market Entry Strategy (Root, 1994)

This systematical planning approach of Root (1994) provides a complete, applicable and incremental overview of the internationalization process of an organization. Figure 1 shows five steps that have to be taken: first the products and foreign market must be investigated. Then the objectives and goals must be set. Third the organization has to choose an appropriate entry mode. An entry mode is: "an institutional arrangement that makes possible the entry of an organization's products, technology, human skills, management or other resources into a foreign country" (Root, 1994). After the entry mode decision the marketing plan is designed and finally a control system should be developed to monitor the operations and to revise the entry strategy. In this research the entry mode decision, step 3, is the most important. In figure 2, on the next page, the model 'factors in the entry mode decision' of Root (1994) is presented. Note that this model is especially developed for manufacturing organizations.

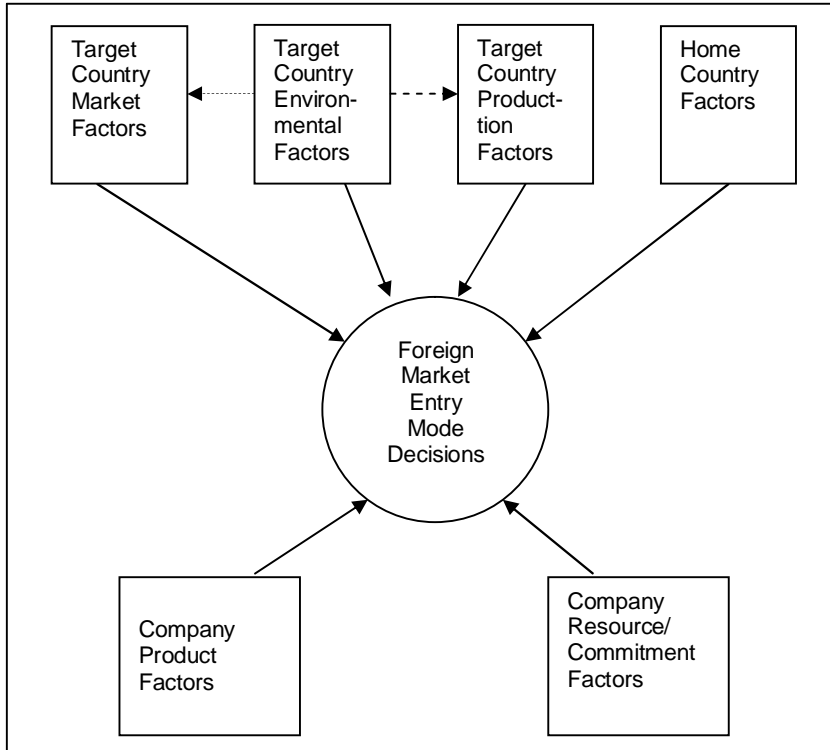


Figure 2: Factors that influence entry mode decision (Root, 1994)

In this model one can see that the market, environmental, production and country factors of the target market, the company/ product factors and company resource/ commitment factors have an influence on the foreign market entry mode decision. This model is specifically developed for manufacturing organizations and therefore not useful in this research. For example it is of no interest for services organizations to investigate Target Market Production Factors.

Based on the model of Root (1994) Lommelen et al (2005) came up with a model specific for

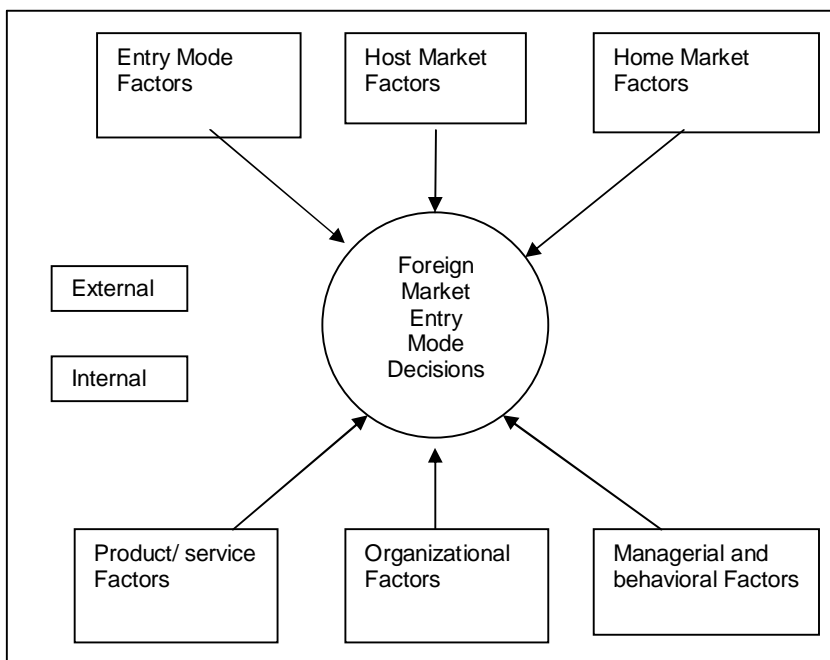


Figure 3: Factors that influence entry mode decision (Lommelen et al, 2005)

service organizations, figure 3, a model that would take into account the specific characteristics of services. They investigated more than 100 articles concerning the internationalization of services and concluded that factors that influence the entry mode choice are different for service firms. In this model the target market production factors are eliminated, the entry mode factors and managerial behavioral factors are added. Furthermore Lommelen et al (2005) concluded that the internal factors can be influenced by the organization.

In 2007 Javalgi et al came up with a new model based on the model of Lommelen et al (2005)

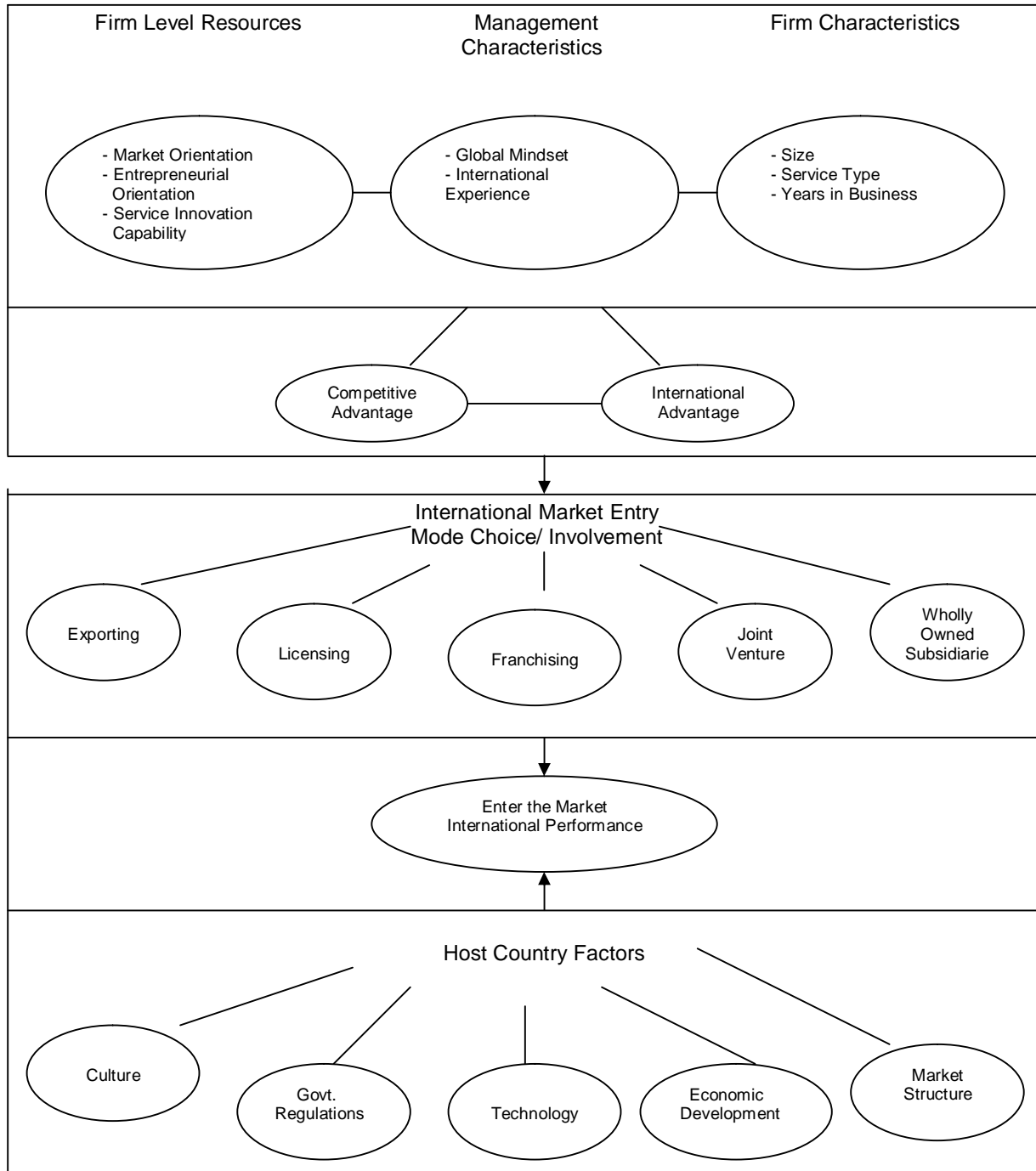


Figure 4: Framework for internationalization (Javalgi et al, 2007)

called 'Framework for internationalization' see figure 4. This model is about more than just the factors that influence the entry mode decision, it is about the factors that influence an international market entry strategy as like in the model of Root (1994) in figure 1. The model consists of internal factors, international market entry mode choice/ involvement and host country factors. The internal factors influence the international market entry mode choice/ involvement of an organization; step four of the model of Root (1994). Both the host country factors and the international market entry mode choice/ involvement of an organization influence the enter to the market and the international performance of an organization; step five of the model of Root (1994), the choice of entry is made and the marketing plan is designed. Furthermore internal factors and host country factors also influence each other. Unfortunately this model was never tested. In addition, the home market factors are not in this model. A good point is that a bigger part of the internationalization is shown, besides the entry mode decision also the 'Enter to market' and 'International performance' are part of this model.

Lommelen et al (2005) and Javalgi et al (2007) disagree about the factors within the internal factors that need to be investigated. For example, which managerial and behavioral factors Lommelen et al (2005) means: personal knowledge and experience in foreign markets and Javalgi et al (2007) also mentions: a global mindset and an attitude towards internationalization.

In addition, some elements indicated by other researchers are missing in these models. For example the 'international network' as discussed by Johanson et al (1990), who argues that organizations with an extended international network can internationalize in a different way, they can choose more risky entry modes than organizations without an extended international network.

Furthermore the factors itself are not thoroughly explained in these models. For example organizational size is one of the organizational factors, but the effect of the size of an organization on the entry mode decision is not explained.

Because none of the models discussed above seemed complete, a new model has been developed based on the model of Lommelen et al (2005) and Javalgi et al (2007), see figure 5 on the next page. The model is complemented with factors that seem important by other authors. Finally, the impact of the factors on the entry mode decision is explained with the help of additional literature.

In the model, the internal and external factors together determine the international strategy. The international strategy consists of the entry mode decision and the (international) marketing strategy. The marketing strategy is based on the choice of entry mode. This international strategy will lead to further market expansion and penetration. In the next two paragraphs of this chapter, the factors mentioned in this model will be explained.

2.2 Internal factors

In this section the internal factors that influence the entry mode decision are shortly discussed to give a better understanding of the model in figure 5.

Product/ service factors

Services are different from goods (Zeithaml et al 1985, Regan 1963, Rathmell 1974, Bateson 1989 cited in Majkgard et al. 1998). In order to get a clear view of what a service is and how it is different from goods a few specific elements of services are elaborated on.

First, one must recognize that a pure form of goods or services does not exist. Goods are delivered with services and services can involve physical goods, for example a report (Dunning, 1989).

Cowell described five specific characteristics that separate services from goods: intangibility, inseparability, perishability, ownership and heterogeneity (Cowell, 1986). Intangibility means that services do not always have a physical presence unlike goods. Inseparability addresses the fact that services are most of the times produced and consumed at the same time. Due to the perishability, services are not easy to store. Furthermore, ownership addresses the fact that the customer only gets access to the service and cannot own it. Finally, services can be very diverse. Services do not have all, but most of the time they have a few of these characteristics (Buckley et al, 1992).

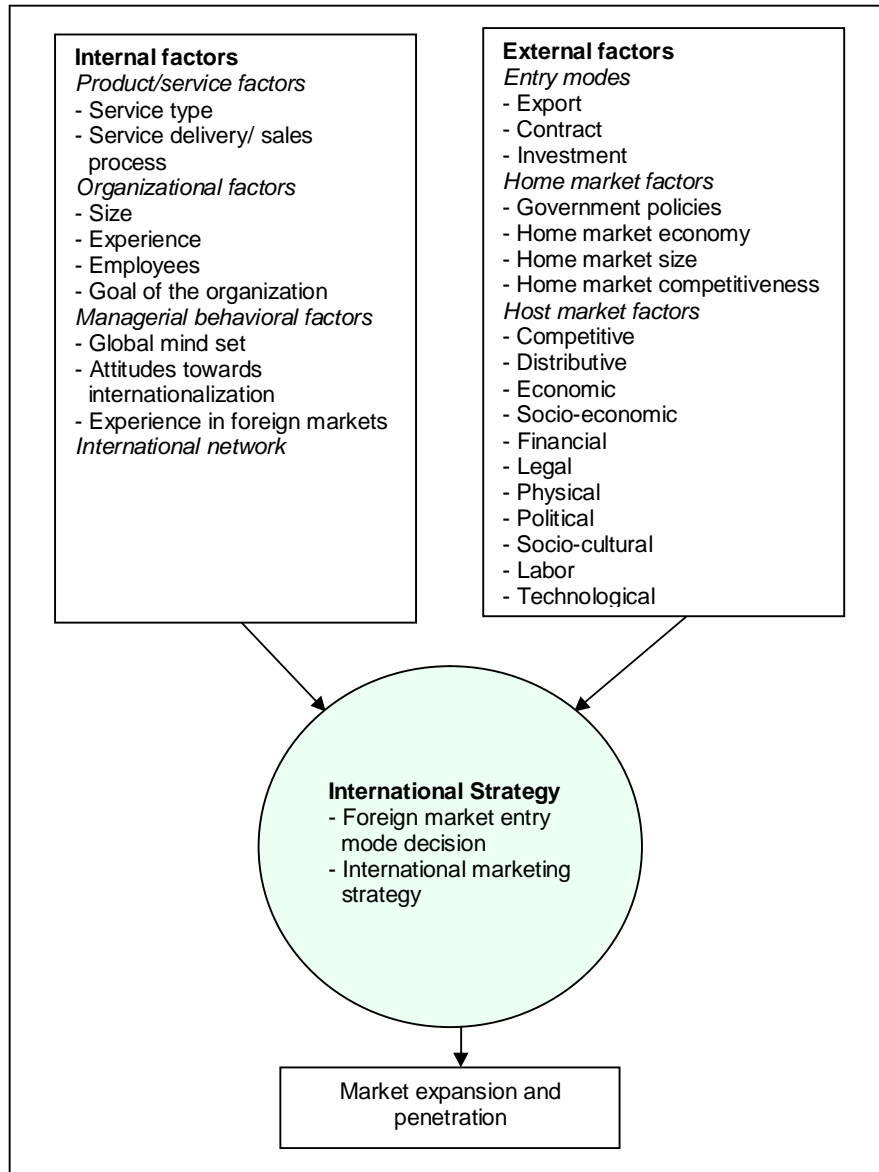


Figure 5: Factors that influence the internationalization of service organizations

Furthermore, Erramilli (1990) distinguished two types of services: hard and soft. With hard services, production and consumption can be separated (concerning internationalization: a limited or no local presence of the service organization is necessary). Hard services are not affected by the inseparability effect. Soft services are inseparable; this means the production and consumption occur simultaneously (considering internationalization: requiring the local presence of the organization) (Erramilli, 1990 cited in Javalgi et al., 2003).

The service delivery is the way of delivering the service to the customer. The sales process is everything that has to be done in order get the service to the customer.

Organizational factors

Javalgi et al (2007) discusses organizational size and experience as organizational factors which are important when considering the internationalization of service organizations. Meffert et al (2006) also sees employees and the organizational goal as important organizational factors.

"Organizational size is thought to be a useful and manageable approximation of organizational resources" (Bonaccorsi, 1992). Organizational size can give the organization

the opportunity to realize economies of size and scope. Size can give an organization access to resources denied to smaller organizations and thereby help the organization take risks, withstand setbacks, and initiate changes (Kimberly et al, 1981). Furthermore, size gives an organization more market power and this will help the organization to deal with its stakeholders in the technical as well as institutional environment (Pfeffer et al, 1978). On the other hand size may inhibit the organization's ability to change. Larger organizations tend to be more formalized and bureaucratic (Blau et al, 1971), and formal rules and regulations can stifle innovation. Organizational size can be measured as the number of employees worldwide (Erramilli et al, 1993). According to Agrawal (1996) organizational size can also be measured by sales, total assets, market value of equity, or profits.

Erramilli (1989) found out that, as the experience of an organization increases and becomes geographically more diverse, service organizations tend to choose markets that are culturally less similar to their home country. International experience can be measured as the number of years experience doing business outside the home country (Brouthers et al, 1999). Mockaitis et al (2006) argues that also the effort to acquire new knowledge determines the experience of an organization. They argue that: "this will involve the extent to which organizations view such aspects as employee training, knowledge of foreign markets and flexibility as important in entering foreign networks." The familiarity of an organization in the international environment reduces the uncertainty in foreign markets and so an contractual or investment mode is more likely (Johanson et al, 1990).

One other factor that has an affect on internationalization is employees and their qualifications and work experiences (abroad) (Meffert et al, 2006). An organization with a high share of foreign employees might be considered to be more internationalized (Hassel et al, 2003).

Lommelen et al (2005) discusses the importance of the personal knowledge and experience of foreign markets as important indicators of the influence on entry mode decision. The international experience of the employees has an influence on the way they look at the global economy and therefore influences the choice of entry mode (Lommelen et al, 2005).

Meffert et al (2006) also discusses the factor 'goals of an organization'. They state that the philosophy of an organization and their most important goal have influence on the best suited entry mode and marketing of a service organization (Meffert et al, 2006).

Managerial behavioral factors

A global mindset and attitudes towards internationalization of the management team do influence the organizational orientation towards internationalization (Javalgi et al, 2007). When managers have a global mindset they acknowledge the interdependence of their organization with the global economy. A global mindset can be defined as: "Cognitive filters through which we, as individuals and organizations, observe and make sense of the world". A global mindset is characterized by openness to and awareness of cultural diversity in markets (Gupta et al, 2002, as cited in Javalgi et al, 2007). Lommelen et al (2005) also discusses the importance of the personal knowledge and experience of foreign markets as important indicators of the influence of the managerial and behavioral factors on entry mode decisions. The international experience of the management has an influence on the way they look at the global economy and therefore an influence on the entry mode decision. "Previous research has identified international management experience as a measure of the ability of an organization to exercise control and manage an international operation, thus, influencing entry mode choice" (Ahmed, 2002).

International network

Johanson et al (1990) discusses the value of an international network. Organizations with an extended international network can internationalize in a different way, they will rather choose a riskier entry mode such as a wholly owned subsidiary than organizations without an extended international network (Johanson et al, 1990). The more 'partners' an organization has in different countries, the easier it will be for it to enter new markets through different entry modes" (Mockaitis et al, 2006).

2.3 External factors

In this section the external factors that influence the entry mode are discussed. First the entry mode factors are elaborated on, then home market and finally host market factors will be discussed.

Entry modes

Root (1994) distinguished three types of entry modes: export, contractual and investment which can be further specified, see figure 6.

The selection of a foreign market and an appropriate foreign entry mode in a foreign market can have significant and far-reaching consequences on an organizations performance and survival. It can not only block opportunities, but also limit the range options that are available to expand the scope of internationalization (Ekeldo et al, 2004). Control is an important element in this; the market entry mode determines the degree of control in the target market, and access to skills and resources, which is crucial as it ensures the success of the service organization. Furthermore the entry mode determines risk (or failure) and returns on investment, the degree of interaction between customers and providers, the degree of intangibility of service type and ultimately the performance of the organization in a foreign market (Javalgi et al, 2007). In figure 6 the entry modes are presented in order of control and risk; indirect export is seen as the entry mode with the least control and risks and a sole venture is seen as the entry mode with the most control and the most risks.

<p>Export entry modes; no equity</p> <ul style="list-style-type: none"> • Indirect; middle men located in home country • Direct agent/distributor; middle men located in target country • Direct branch/subsidiary; also located in target country. Requires investment • Other <p>Contractual entry modes; no equity</p> <ul style="list-style-type: none"> • Licensing • Franchising • Technical agreements • Service contracts • Management contracts • Construction/ turnkey contracts • Contract manufacture • Co-production agreements • Other <p>Investment entry modes; equity</p> <ul style="list-style-type: none"> • Strategic Alliance • Joint venture; new establishment/acquisition • Sole venture; acquisition • Sole venture; new establishment • Other
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Figure 6: Entry Modes (Root, 1994 and Ball, 2006)

Home market factors

Home market factors can be defined as: "external factors of the home market that affect foreign market activities". Home market factors that generally affect foreign business are:

1. Government policies.
2. Home market economy.
3. Home market size.
4. Home market competitiveness.

Home government policies towards exporting effect entry mode decision (Root, 1994), for example openness to trade, patent rights, and foreign tax rates. International operations have two consequences for the home country. They will increase the gross national product of the home country, which has benefits for both the organization and the country and the search for cheap resources of organizations around the world cuts the internal costs. This leads to a decrease in the creation of new jobs. Because of this, governments sometimes create

restrictions against international operations (Ball et al, 2006). Thus, restrictions and policies of a government on foreign economic relations can encourage or discourage the choice of entry mode. Low home country restrictions against foreign operations can encourage foreign investment. Furthermore, the larger and/or more competitive an organization is in its home market, the more resources it can use for foreign market expansion and penetration (Porter, 1990). Also the type of political structure of a country can influence the possible ways of internationalization of an organization.

Furthermore the home market economy influences the possibilities of the organization to further internationalize, when an economy is good the organization can have a competitive advantage compared to organizations that operate in countries where the economy is going less well. In addition the state of the economy can influence governmental policies (Ball et al, 2006). Finally when an economy is going well, people and organizations spend more and so it is likely that the product or service of an organization is bought more which increases the profits and so an organization has more resources that can be invested in new markets (Porter, 1990).

When an organization has a large home market, the organization has a large market where they can sell their product or service. This means that there is no or not much need to go to new markets for profit reasons. Therefore the bigger the home market the less international activity is likely to be shown (Ball et al, 2006).

The number of competitors in the home market also influence the internationalization of organizations. When there are a lot of competitors in the home market the size of the market and thereby the profit must be shared, with the result that an organization may need to explore new markets to stay profitable (Porter, 1990).

Host market factors

Host market factors are: "all external variables that impact entry strategies due to operating within a country and/or region" (Javalgi et al, 2007).

According to Ball et al (2006) the factors that need to be taken into account are:

1. Competitive environment
2. Distributive conditions
3. Economic environment
4. Socio-economic conditions
5. Financial conditions
6. Legal conditions
7. Physical and environmental conditions
8. Political conditions
9. Socio-cultural conditions
10. Labor conditions
11. Technological conditions

The competitive environment consists of the other organizations that offer a similar product or service in the host market. It is important to investigate: kind and number of competitors, their locations and their activities (Ball et al, 2006).

Distributive conditions are important because they influence the way (and how soon) a product or service can be with the customer. It is important to investigate national and international 'agencies/ ways' (other organizations, but also the internet) available for distributing services (Ball et al, 2006).

Besides the economic conditions in the home market also the economic situation in the host market has an influence on the ability to do business in that market. Variables such as GNP, unit labor cost and personal or organizational consumption (depending on the type of business) influence the international possibilities of the organization (Ball et al, 2006).

Furthermore the characteristics and distribution of the human population or the organizational populations influence the international operations of an organization. For example when a lot of people live in one part of the country, it could be wise to start the international operations in the part where the most people live (Ball et al, 2006).

Financial conditions of a host market can make a host market more (or less) attractive to do business, for example a high inflation rate can make doing business in the host market very risky, the invested resources can devalue very quickly. Other financial conditions that need to be investigated are: interest rates, exchange rates and taxation (Ball et al, 2006).

Countries have different legal systems, therefore the laws governing how international

organizations must operate need to be investigated (Ball et al, 2006).

Also the physical conditions can have a great influence on the international possibilities of an organization. Elements of nature such as topography, climate and natural resources can be treats or opportunities of an organization (Ball et al, 2006).

The political conditions affect the options an organization has. The political climate for example nationalism, forms of government and international organizations can influence for example laws in favor of against international operations (Ball et al, 2006).

Cultural elements such as attitudes, beliefs and opinions influence international operations. For example when people have a negative attitude towards foreign products this can influence the profit an organization can make in a host market (Ball et al, 2006).

When an organization is thinking of a new office or factory in the host market, labor conditions can have create influence on the success of this decision. The composition, skills and attitudes towards labor make a host market either attractive or unattractive for a foreign office or factory (Ball et al, 2006).

Finally technological conditions influence the international possibilities of an organization. Technical skills and equipment affect how resources are converted to products (Ball et al, 2006).

It is clear that the importance of the different host market factors is different per type of organizations. For example for most service organizations technological conditions are less important than socio-cultural condition.

2.4 International strategy

The international strategy consists of the entry mode decision and the (international) marketing strategy.

The possible entry modes are discussed in section 2.2. When al internal and external factors are investigated the organization can decide which entry mode fits the situation the best; this is called the 'entry mode decision'. The international market entry mode choice is influenced by the internal factors, the home market factors and the host market factors.

The international marketing strategy is created after the entry mode decision is made. Based on the entry mode decision a 'marketing strategy' can be developed. "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives" (American Marketing Association as cited by Lancaster et al, 2002). The marketing mix is: "A set of strategic decisions made in the areas of product, promotion, pricing and distribution for the purpose of satisfying the customers in the target market" (Ball et al, 2006). The idea of the four Ps: product, promotion, price and place (distribution) is suggested by McCarthy (1996). In a marketing strategy an organization chooses the marketing mix that fits the organization the best (Lancaster, 2002).

Chapter 3: Methodology

In this chapter the type of data and the data collection methodologies are explained. Furthermore the data analyses techniques and research limitations are discussed.

3.1 Type of research

In the research literature a distinction is made between a deductive and an inductive approach. A deductive approach in research: involves the testing of a theoretical proposition', an inductive approach: 'involves the development of a theory as a result of the observation of empirical data' (Saunders et al, 2007). In this research a model that indicates the factors that influence the internationalization of service organizations is developed from existing literature and tested, this is called a deductive approach.

Furthermore the research is explanatory research: in order to create a model that can be used for the internationalization of service organizations, a search of literature has been done. Explanatory research can be defined as: 'research that focuses on a situation or problem in order to explain a relationship between variables'. In this research: to explain which variable influences the internationalization of service organizations. These variables are discussed in chapter 2, which resulted in the model in figure 5.

The research strategy is a case study. The research involves "the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence" (Saunders et al, 2007). The research is done in one company and so can be defined as a single-organization case study (Saunders et al, 2007).

3.2 Research instruments

In order to answer the research questions, data needs to be collected. In this research primary and secondary data will be collected.

Primary data is: "data collected specifically for the research project being undertaken" (Saunders et al, 2007). The primary data will be collected with the help of interviews with stakeholders of ROB: users (customers) and staff. The interviews will be semi-structured. In semi-structured interviews the researcher will have a list of themes and questions that will be discussed during the interview, but these may vary per interview. It is possible to leave out or add some questions in particular interviews, given the specific context (Saunders, 2007).

The interviews will result in qualitative data: 'non-numerical data or data that have not been quantified' (Saunders et al, 2007). This qualitative data will result in more data than just numbers, which is of interest to ROB and the testing of the model. Qualitative data will give a good impression of which internationalization factors are critical for the internationalization of service organizations.

Secondary data is: "data used for a research project that were originally collected for some other purpose" (Saunders et al, 2007). The secondary data will be collected from literature research in order to find out what is already known about the research topic. In addition organizational documents and policies will be reviewed and the internet will be searched in order to answer some parts of the research questions, this is called 'desk research'.

The lack of standardization in semi-structured interviews may lead to concerns about reliability, bias, validity and generalisability. Reliability is concerned with whether other researchers would find the same information when doing the same research (Saunders et al, 2007). This type of research can have several types of bias: interviewer bias, interviewee or response bias. Interviewer bias occurs when the non-verbal behavior of the interviewer influences the response of the interviewee or when an interviewer interprets the response in the wrong way. It can also occur when there is a lack of trust or when the credibility of the interviewer is seen as lacking. Credibility can be enhanced through the interviewer showing ones knowledge on the research topic and/ or through the supply of relevant information to participant before the interview. A list of topics could be send to the interviewee in advance; this also increases the reliability and validity (by allowing the interviewee to consider the information being requested). In this research a list of topics was send to the interviewees in advance, furthermore all interviews were started with an introduction into the topics, in order to show the knowledge of the interviewer about these topics.

Interviewee bias is related to interviewer bias and can be caused by the perception of the interviewer or the type of interview. The interviewee may want to hold information that is too sensitive and tell only a part of the story. Bias can also result from the nature of the individuals who are interviewed. And finally the time consuming requirement of an interview can result in individuals who do not want to be interviewed, this can also bias the results (Saunders et al, 2007).

Validity refers to the extent to which is researched what one intended to research. Because of the flexibility of interviews its validity is taken care of (Saunders et al, 2007).

The results of semi-structured interviews are not easy to generalize to the entire population because this is based on a small and unrepresentative number of cases. In some cases it can be generalized: in a single case study and when one is able to relate ones research project to existing theory (Saunders et al, 2007).

3.3 Interviewee's selection

In this research there are two populations: the staff of ROB and the users. The cases in the population of the staff and users are selected with the help of purposive sampling. Purposive sampling is also called judgmental sampling: it enables the researcher to use judgment to select cases that will be useful to answer the research questions. This type of sampling is used when working with a small population, as is the case with the staff and users of ROB. The researcher can select cases that are particularly informative (Saunders et al, 2007). The strategy for selecting cases depends on the research questions and objectives.

When looking at the population staff, the staff members who have anything to do with direct operations will be interviewed. The population users consist of two groups: users who are trainers and users who are not a trainer. At this moment there are twenty-nine trainers part 1 (ten of these trainers also teach part 2).

In total there is around 1800 users (March 2008). This is not a large population besides purposive sampling it is also possible to obtain a sample framework. A sample framework is: the complete list of all the cases in the population, from which a probability sample is drawn (Saunders et al, 2007). This means that random selection is possible. But when doing random selection one must have a big enough sample size (in this case a sample size of 664 would be needed. A sample size of 664 will limit the data collection possibilities: one cannot interview 664 people and therefore one must do a questionnaire. A questionnaire will result in numbers and because in this research more than only numbers is needed one will select an amount of cases that could be interviewed.

First the population is divided into two relevant strata, users who are trainers (twenty six) and user who are not trainers (1686). This will result in more representative samples, if one can ensure that each strata is represented proportionally within the sample (Saunders et al, 2007).

In this research the relative sizes of the two strata mean that, in order to have sufficient data for analysis, one needs to select a larger sample from the strata with a smaller population (Saunders et al, 2007), as is the case with the users who are also trainer. The different sample size has to be taken into account when aggregating data from each of the strata to obtain an overall picture (Saunders et al, 2007). From each strata a sample will be drawn. From the users who are not a trainer nine cases of the total population will be selected. First the 1687 cases will be stratified through the variable: language areas (English speaking, English spoken and non-English spoken). After that three cases of each strata will be selected with the help of two members of the management team. The members of the management team will select the cases on their experience and possible input. From the users who are also trainer seven cases will be selected with the help of two members of the management team. As a result all cases are selected with the help of purposive sampling. In total sixteen cases from this population will be interviewed.

3.4 Interview development

When the interviewees were selected, the interview questions were developed and the interviews were planned. In Appendix 1 an overview is given of the factors that are investigated and from whom the information is retrieved. Based on this overview questions were developed. First there was one list of questions, which was later redeveloped in four lists

of questions for: the MT, staff members, trainers and users. These four lists of questions had some similar questions, which would make it possible to compare the answers. Each list of questions was given to a fellow student for feedback, and adjusted based on this student's comments. Furthermore it was 'tested' in the first interview of its kind and adjusted based on how this first interview went.

The interviews with the staff were almost all done face-to-face, three of them were done through skype because of the physical distance. Furthermore almost all interviews with the trainers and users were done through skype also because of physical distance. Performing non-standardized interviews by skype may offer potential advantages such as: access, speed and lower costs. Disadvantages are that one cannot see participants' responses and this makes it more difficult to establish trust (which makes it more difficult to ask sensitive questions). Sometimes the video was used during the interviews, but the video is not as clear as face-to-face; this can reduce the reliability of the interview. Other disadvantages are that an interview by skype is hard to record and because one misses the nonverbal communication one can misinterpret the results more easily. Also usually interviewees want to spend less time on the interview. Because of its limitations an interview by skype (or phone) is only recommended under special circumstances, for example long-distances, and then one must pay attention to its limitations (Saunders et al, 2007).

3.5 Desk research

Desk research is used to describe the organization ROB and their service, the home market factors and a part of the host market factors. In order to investigate the organization ROB, available documents about for example their strategy are reviewed and their website is investigated. In order to get ideas about the home market factors of ROB, the Internet is searched and their home market, the USA is investigated. Furthermore the Internet is used to find out what language was spoken in order to determine the countries where English is spoken.

3.6 Data analysis methods

After the data is collected through the interviews and desk research, the data needs to be structured and analyzed in order to be able to draw conclusions.

First the data of the interviews is structured by population (Staff of ROB, trainers and users) in order to make conclusions about the different populations. Three extended reports with analyzed data were created. Per population the data was first structured by topic: service delivery, international strategy, marketing and so on. In each topic the data was further structured categorized and unitized. Sometimes data was transferred to a different category. Sometimes interviewees gave very large answers with more information than just the answer to the question that was asked. Some parts of this answer belonged to a different topic.

When all the data was organized under the right topic relationships were recognized and conclusions were drawn. The most important relationships were highlighted and described extensively. Summaries were made to keep an overview.

After the analyses per population, the populations' staff, trainers and users are put together and analyzed together.

In chapter 4 a summarized version of the three reports is presented.

3.7 Research limitations

The following limitations have to be considered:

- The model developed in chapter 2 is only tested on one organization ROB (the research is a one case study).
- ROB is a 'small' service organization, it is not necessarily so that the findings of this research can be generalized to larger organizations.
- An insufficient number of interviews is done, in total 28 interviews (as discussed, above a sample size of 664 would have been representative).

- Unwillingness of staff members of ROB and users of ROB to share information. There is no guarantee that everybody has shared all information that would be of interest to this research.
- The data is analyzed by one person, this means that the personal perception has an influence on the analyzes.
- Not all factors of the model are investigated. Because ROB has no target market (yet) the host market factors were not investigated, except for a part of the host market factors/ socio-cultural conditions: language.

3.7 Overview of research methods

In the table below an overview of the methodology per research topic is given.

Factors	Indicators	Method	Literature
Product/service characteristics		Literature review, desk research and interviews with stakeholders	Javalgi et al (2007), Erramilli (1996), Cowell (1986), Buckley et al (1992), Meffert et al (2006), Erramilli et al (1993), Agrawal (1996)
Service type	Hard or soft		
Service delivery/ sales process	How is the service delivery process organized?		
Firm characteristics			
Size	Employees and sales		
Experience	Number of countries and years and length and efforts acquiring new knowledge		
Employees	Employees qualifications, experience abroad		
Goal of the company	Most important goals and philosophy of the company		
Managerial behavior characteristics			
Global mind set	Openness to and awareness of cultural diversity in markets?		
Attitudes towards internationalization	Positive or negative attitude to internationalization?		
Experience in former markets	Years of international experience and number of countries		
International network	How many years and how many countries?		
Entry mode characteristics	Export, contract, investment	Literature review, desk research and interviews with stakeholders	Erramilli (1996), Root (1994), Ball (2006), Porter (1990), Javalgi et al (2007).
Home market factors			
Government policies	What are important government policies?		
Home market economy	What is happening in the home market economy?		
Home market size	What is the size of the home market		
Home market competitiveness	How competitive is the home market?		
Host market factors	Competitive-, distributive-, economic-, socio-economic-, financial-, legal-, physical-, political-, socio-cultural-, labor-, technological factors		

Table 1: Overview research topics, sources, methods and theory

Chapter 4: Case study ROB

In this chapter the results from the desk research and the interviews are presented. First, the organization ROB will be further explained, and then the internal factors that influence the internationalization of ROB will be discussed, followed by the external factors. When the internal and external factors are discussed the overall internationalization will be elaborated on.

4.1 Product/service factors

In this second paragraph the product/service factors: service type and service delivery/ sales process of ROB are discussed.

Because the assessment is done online and the report is tangible, the service does not have to be consumed at the same moment as it is produced. According to the typology of Cowell (1986) the characteristics of the service of ROB are: tangible, separable, perishable and ownership (of the report) and no ownership (of the assessment). Furthermore, the service of ROB can be defined as a hard service. This means that the organization can adopt the same entry modes as manufacturing organizations. Because the service is 'hard', a limited or no local presence of the service organization in the target country is necessary.

Before someone can use the service of ROB, they first have to become a certified user. Only then they can ask for an assessment and a report. In order to become a certified user someone must successfully complete the training about the Cultural Transformation Tools. This sales process results in a small group of (direct) customers. Potential customers must first hear about the existence of ROB and their tools and then be so enthusiastic about this that they become a user, in order to become a (direct) customer. This makes the sales process of ROB difficult, ROB has to put a lot of effort in selling their service. Promotion and the availability of a trainer are important parts of this selling process.

Overall the trainers and users seem satisfied about the service delivery of ROB. They said: "they give professional service, are efficient, it is exactly what I want, there work a lot of wonderful people at ROB, excellent service delivery, I do not know anything that they could do better, very good, I give ROB very high marks on service delivery, fantastic, outstanding." Besides this they also have mentioned some possible improvements.

The fact that ROB has a hard service and a difficult sales process is not consciously used in the decision making process of ROB. In fact ROB lacks an international decision making process. At this moment ROB uses an export mode, which is only possible when a service is hard, but they do not use these terms, and just notice that they can do export. This implies that the type of service does have an influence on the internationalization. The people within ROB know they have a difficult sales process, but they do not name this. Even so they put effort in making their product know, Rob travels the world to speak at conferences and give workshops. In addition ROB is constantly looking for new trainers and tries to stay in a good relationship with the current trainers because they know the trainers are an important part of their sales process. To conclude: a difficult sales process and a hard type of service do influence the internationalization of an organization. Even if an organization does not know that they do have a hard service and a difficult sales process (or name it like this) it seems that these factors influence the possible ways an organization can internationalize.

4.2 Organizational factors

In this third paragraph the organizational factors: size, organizational experience, staff qualification and the most important goal of ROB are discussed.

ROB is a small, financial healthy, organization with offices in two countries. It is an organization with 10 years of international experience; they currently have users in 55 countries. The staff members are qualified and experienced. They do not put effort in acquiring knowledge about the countries they operate in.

The organizational factors all seem to influence the possible ways of internationalization of ROB. The size of ROB is small, therefore ROB has limited resources, which makes big investments not possible, but it also makes ROB more flexible. The years of international experience of the founders have resulted in a quick international growth over the last ten years, their experience made it possible to be international from the beginning. The fact that they do not put effort in acquiring knowledge about the countries they operate in seems to create a standardized approach towards foreign markets, for example their presentations are sometimes experienced as Anglo-Saxon. Not all people can understand or appreciate this Anglo-Saxon way, which can limit their internationalization. The qualified staff with a lot of experience (in work, but also international) seems to have created a culture in the organization that is open for internationalization. When looking at the goal it seems that ROB has a goal that support further internationalization which has a positive influence on their internationalization. Their goal affects the world and not just the USA and the UK. To conclude the organizational factors that are mentioned in the model influence the internationalization of the organization.

4.3 Managerial behavioral factors

The management team of ROB is qualified and have a lot of (international) experienced. Overall, the management team seems aware of cultural differences and has a positive attitude towards internationalization. The management team is international experienced and is open for cultural differences ROB

It seems that the management team of ROB has had a big influence on the internationalization of the organization. Mainly their international experience has guided a quick internationalization of ROB. Furthermore in the selection of new employees it is likely that they have chosen staff members that are also open for internationalization. It seems like their international experience and attitude towards internationalization have had a positive impact on the internationalization of ROB. To conclude the managerial behavioral factors have a great influence on the internationalization. In organizations the management team leads the organization and their experience and attitude determines if an organization becomes international or stays in the home market.

4.4 International network

In this section, the international network of ROB is discussed. ROB has a big network of users, in 55 countries, that is 100 times as big as the organization itself. Most of the trainers and users are from English speaking countries, most of them work in the USA and the UK. Almost all the users and trainers work as a consultant and the CVA is most used tool of ROB. Both the staff of ROB and the trainers and users have a desire to increase the collaboration within the network.

The network of ROB has had a positive influence on the internationalization of ROB. The fact that they know so many people in the world makes it easier for them to operate in foreign countries. They can work together with people form the network in their foreign operations. For example in order to understand how to approach the German market they can work with users in Germany, this is an easy and fast way to get to know a new market. On the other hand in the business structure hat ROB has the network is a vital part of their sales process, this makes ROB also dependant on their network. To conclude the international network of an organization can create much easier and faster ways to operate in international markets. In some business structures, like the one that ROB has chosen, the network can become part of the sales process of an organization.

4.5 Entry mode factors

The possible entry modes are discussed in paragraph 2.3. Because the entry mode factors are fixed they are not further discussed in this section. For an organization it is important to know the possible ways it can enter a market and choose the best entry mode in a particular

situation. Even though the entry modes are fixed a lot of different combinations are possible.

4.6 Home market factors

In this paragraph the home market factors that can influence ROB internationalization are investigated. The home market of ROB is the USA. Not all home market factors can be described because there is no target market decided on. So government restrictions and policies about the target market cannot be discussed. Therefore an overall political image of the home market is given. When a target market is decided on specific restrictions and policies need to be investigated.

Government policies

The USA is a constitution-based federal republic, with a strong democratic tradition (USA government, 2007). There are three important parts of this constitution-based federal republic. One is the bicameral Congress: which includes the Senate and the House of representatives, these institutions make the law, declare war and approve treaties. And there is the president, who appoints the cabinet and other offices, is commander and chief of the military and executes the federal law. And finally there is the supreme and federal court which interpret laws (Wikipedia, 2007). The USA is a country with a stable government. Stability in this context means: "a government that maintains itself in power and when its fiscal, monetary and political policies are predictable and not subject to sudden radical changes" (Ball et al, 2006). Also the USA is international orientated, it has a lot of trade agreements with other countries and a lot of American organizations operate internationally.

The USA is a country that is governed by the rule of law, this means that the interest of organizations operating in the USA will be protected by law. The basis of the law in the USA is common law and common law is based on the previous decisions of judges. The USA uses the capital gains tax, this system is more paper work than the European VAT system (Ball et al, 2006). The USA has patents laws that go as far as the boundaries of the USA, besides that international treaties can protect patents internationally. The international treaties are not with every country.

Home market economy

According to the Organization for Economic Cooperation and Development (OECD) the economy of the USA is "facing strong headwinds, which are exerting a sizeable drag on activity. The declining house prices are putting pressure on household wealth and the sharp increase in commodity prices is eroding workers' disposable incomes" (OECD, 2008).

One of the most important measurements that is used to measure an economy is the Gross Domestic Product (GDP). The GDP is: "the total of all goods and services produced in a country in a given year, including production by foreign organizations within a country's borders. In order to compare the economy of nations one need to know how many people GDP is divided the measurement for this is GDP/capita (Ball et al, 2006).

When comparing countries upon their GDP/capita a country has a more advanced economy when the value is higher. The GDP/capita of the USA was in 2005 41,889.59 dollar, in 2006 45,845 dollar and in 2007 46.000 dollar. This is a high value compared to other countries, the USA is one of the wealthiest countries in the world (Wikipedia, 2008). This means that the economy of the USA is more advanced than a lot of other countries. So it is good to business in the USA because in the USA the average person has more money to spend. Note that we always have to be cautious about GDP per capita because: "wealth is usually not evenly spread" (Ball et al, 2006). But at this moment the GDP is not growing very much, as is seen when comparing the GDP/capita over the last three years, according to the OECD: "real GDP growth should gradually return to potential next year."

The inflation rate in the USA is 2.85% (The USA inflation rate, 2008). This is not a high inflation so this has no great influence on doing business in the USA. If the USA would have a higher inflation (more than 5%) a lot of Americans will secure their money, so the value of it will not decrease, and they will buy foreign currency. At this moment there are some inflationary pressures, the OECD says: "the opening of a substantial output gap and higher unemployment, together with stabilization of commodity prices, should ease these pressures."

Home market size and competitiveness

The total population of the USA is 301,139,947 (Government USA, 2008). But this is not the

potential market size of ROB. In order to get an idea about the market size for ROB we can best look at the number of organizations. In 2002 there were 22,974,655 organizations in the USA. Compared to other countries the USA is big market.

The home market factors, especially governmental policies have an influence on the possible way for ROB to internationalize. Governmental policies can make it easier or more difficult to enter a foreign market. In the case of ROB it could be that they missed some potential in their home market because they internationalized so fast. In a lot of situations the home market factors such as competitiveness and economy can drive an organization into the international market. Because they cannot gather enough profit in their home market anymore they turn to foreign markets. In this research the home market factors are not totally investigated, because there is no target market, this makes it difficult to say if the mentioned home market factors are complete. As far as the investigated home market factors we can conclude that they influence the possible ways and organization can internationalization.

4.7 Host market factors

Because there is no target market in this research, only one of the host market factors will be investigated: language which is a part of the socio-cultural conditions. The other host market factors are not investigated in this research, they have to be investigated per country/market.

The staff of ROB think it is good to translate at least all standard text and automate this were possible. The trainers and users disagree about the importance of the translation of the tools. Some trainers do not need translations, but on the other hand if the customer could choose they would prefer to talk about values in their native language. There is no need to translate the report as it is, because it is not used.

It is not possible to conclude if the host market factors influence the internationalization of an organization, because these factors are not investigated in this research. It seems that language does influence the internationalization. ROB seems to have internationalized primarily in countries where people speak English, see figure 8 and 9 in section 4.5. This implies that speaking the same language as the target market can make internationalization easier. From the data gathered in this research we cannot make conclusions about if the other home market factors mentioned in the model also have an influence on internationalization.

4.8 International strategy

In this section the entry mode decision of ROB will be elaborated on, furthermore the ideas about the internationalization of ROB are discussed, followed by the ideas about the international marketing strategy. The international market entry mode choice is influenced by the internal factors, the home market factors and the host market factors. The international marketing strategy is created after the entry mode decision is made.

Entry mode decision

All factors discussed above are summarized in the table below.

Factor	ROB	Effect on entry mode
Service type	Hard	Export possible
Service delivery/ sales process	Difficult	Less risky entry modes, service is not easy to sell
Size	Small	Flexible organization Limited resources
Experience	High	Because of international organizational experience more risky entry modes
Employees	Experienced and qualified	More risky entry modes
Goal of the organization	International focused	More risky entry modes,

MT: Global mindset	Medium to high	the goal supports this The global mind set creates the possibility for more risky entry modes
MT: Attitude towards internationalization	Open	More risky entry modes, because of open attitude
MT: experience in foreign markets	Medium to a lot	More risky entry modes, because of experience of the MT
International network	Big (100 times as big as organization)	More risky entry modes, because of the size and countries of the network
Entry modes	Fixed	Determine the possible ways of entry
Home market	Struggling economy	Has an impact on competitive position, less risky entry modes
Host market	Not applicable in this case	Not applicable in this case
Conclusion		Overall more risky entry modes are possible for ROB.

Table 2: Overview results

The Service type can be defined as a hard service, this means that ROB does not have to be at the same location as their costumers, this means that export is possible. Because the sales process is difficult, there is an investment needed before there will be returns. First, potential costumers have be aware of the existence of the service, and then they have to do a two-day training. Because of this difficult sales process a less riskier entry mode would suit ROB better. But on the other hand, because of the international experience, qualified employees, the global mindset of the MT and the extensive international network, more risky entry modes can be chosen.

Overall one can conclude that because of the results of the internal and external factors, ROB can take more risky entry modes.

Internationalization

Both the staff of ROB see the internationalization of the organization as naturally, organic, reactive, 'it happens' and it seems to work, ROB has grown over the last 10 years. Overall, the internationalization of ROB is not visible for the trainers and users. Some users and trainers see the network expand, more people being trained and more people going to the conferences.

At this moment, ROB uses two types of entry mode: a licensing mode for the trainers and a direct export mode for the users who do an assessment.

It seems like the internationalization of ROB has been unplanned, and this has worked, their international expansion is growing and has grown every year since their start. When looking at the model it seems like because the organization has enough internal and external factors that have a positive influence on their internationalization they will internationalize faster, whether they know about these factors or not. It seems like knowledge about the internationalization process is not necessary. In addition when there is more knowledge about the internationalization process and a structured decision making process the internationalization of an organization will probably be more focused. This more focused approach will probably result a faster internationalization and less wasted resources.

Marketing Strategy

In this research, the focus will be on promotion because this is regarded as important due to the difficult sales process of ROB.

Overall the staff, users and trainers seem to think that a more proactive attitude towards promotion could benefit ROB. More promotion, in different ways and by different people can

increase the number of people that know of the existence of ROB. The MT thinks it is important to keep in mind that they do not want to sell their service, people must want it.

Because of the difficult sales process, promotion is the most important part of the (international) marketing strategy for ROB. The importance of the parts of the marketing strategy will differ per type of organization.

Overall it seems that the internationalization of ROB for the most part can be explained by the model as described in chapter 2. In addition ROB has mainly used export as an entry mode over the last years. Through the research it became clear that they can choose more risky entry modes. The expectation would be that ROB had chosen more risky entry modes, for example a strategic alliance, a joint venture or a sole venture.

Chapter 5: Conclusion and discussion

As discussed in the introduction the main question that needs to be answered in this research is: ***What factors influence the internationalization of service organizations?***

This final chapter will start with an overall conclusion of the data gathered. Followed by the discussion based on the most important findings. The conclusion and discussion are about the model.

5.1 Conclusion

A model was developed in order to find out which factors need to be investigated when looking at the internationalization of service organizations. The model is developed from divers existing literature about the internationalization of (service) organizations and presented and explained in chapter 2. The model consists of internal factors such as product/service factors, organizational factors, managerial behavioral factors and international network. And external factors such as: host country factors, entry modes and home country factors. In the model the different factors are made specific, in order to be able to test the model. In a lot of existing models the factors mentioned were not made specific, which made it impossible to test those models.

The model is tested on the small service organization ROB in chapter 4. The model seems very usable; it seems to explain the internationalization of the organization to a large extend. In addition the information that became clear by investigating the factors indicated by the model gave a lot of helpful information that can lead to a reasoned choice of entry mode. In this case the model seemed to initiate the factors that were of essence, in order to make a reasoned choice of entry mode and create an international strategy.

So the factors as discussed in the model seem to explain the internationalization of ROB. However besides the factors in the model there are some additional factors that have an influence on the internationalization.

These additional factors are: the international goal and the financial situation. It seems important that an organization sets goals for their internationalization, otherwise there is no agreement on where the organization is going. When the goals are clear all the staff members know where they can focus on and so less resources will be wasted. In addition under the heading the 'organizational factors' the factor 'financial situation' should be added. The fact that an organization is financially healthy makes it possible for ROB to invest resources in countries and become more international. The lack of financial resources will probably force an organization to focus on markets close to home. This implies that the financial situation of an organization has a great impact on the internationalization of an organization.

One last overall conclusion is that even though an organization is not consciously guiding its internationalization it can internationalize quickly if enough factors (internal and/or external) have a positive influence on the internationalization. With a positive influence is meant that these factors support a faster internationalization of the organization. It seems like the research implies that organizations do not have to be consciously aware of their internationalization to be successful in this. But it is likely that with a more conscious approach less effort is lost and the internationalization will be more successful. In table 3 below and on the next page an overview is given about the factors that influence internationalization.

Factor	ROB	Effect on internationalization
Service type	Hard	Has made export possible
Service delivery/ sales process	Difficult	The difficult sales process has made it harder create new costumers and quickly sell their product
Size	Small	Has made the organization flexible. But it also has resulted in limited resources
Experience	High	Has resulted in a faster internationalization because they already had experience in foreign markets
Employees	Experienced and qualified	Has resulted in a faster internationalization, it gives the organization more resources to invest

Financial situation	Financially healthy	This creates more resources and has resulted in a faster internationalization.
Goal of the organization	International focused	The goal has created a common international focus and therefore has resulted in a faster internationalization
MT: Global mindset	Medium to high	Has resulted in a faster internationalization because the MT has a global mindset.
MT: Attitude towards internationalization	Open	Has resulted in a faster internationalization
MT: experience in foreign markets	Medium to a lot	Has resulted in a faster internationalization, because the MT is open for internationalization
International network	Big (100 times as big as organization)	Has resulted in a faster internationalization, because of the size and diversity of the network
Entry modes	Fixed	Determine the possible ways ROB can entry a foreign market
Home market	Struggling economy	Has an impact on competitive position, needs to be investigated per country.
Host market	Not invested in this research	Not invested in this research
Conclusion		The factors have together resulted in a fast internationalization of ROB.

Table 3: Overview internationalization

5.2 Discussion

Overall the model seems useful for service organizations. The factors mentioned in the model all have their influence on the internationalization of service organizations. This became clear through the case study in this research, but was also proven by numerous researchers that investigated one or more of these factors in their investigations.

When looking at the case study it seems that it is important to be clear about the goals of an organization before using the model. This is a part that can be put into the model as is done in figure 11 on the next page. Before investigating the factors, which influences the internationalization of service organizations, the goals and objectives have to be clear. What does an organization want to achieve with becoming more international? This also is a part of the model of Root (1994) in figure 1: 'The elements of an International Market Entry Strategy'. By defining a goal before investigating the internal and external and making the entry mode decision. The model can be used with more focus, which will result in a more focused decision and probably a faster internationalization. In addition if the goals are not clear this can lead to a lot of uncertainty in the organization. When the goals are clear fewer resources will be wasted.

In addition the factor 'financial situation' is added in de model in figure 11 under the heading 'organizational factors'. Through the research it became clear that the financial situation of an organization also influences the internationalization of an organization. A financial healthy organization can spend part of its profit on their future internationalization. A financial unhealthy organization has to focus all the attention on the main market and making profit to survive. Therefore the financial situation of an organization influences the financial resources that can be invested in the internationalization of an organization and so influences the international possibilities.

Furthermore it is possible that the importance of the factors differ per type of organization. For ROB the factor 'International network' is very important, because in their operations they are dependant on this network. But for another service organization this could be less important. In addition the managerial behavioral factors turned out to be very important for ROB. The international experience and attitude of the founders of ROB made the organization international from the beginning. The international attitude of the Management Team at this moment has a great influence of were the organization will go. They make the decisions, the other staff members have their influence but the MT decides. This could very well be the case in other service organizations; it depends on the way the decisions are made within the organization. To conclude it is important to look at the type of organization before using the

model and adjust the model if necessary, one important change that can be made is the weight that is given to the different factors.

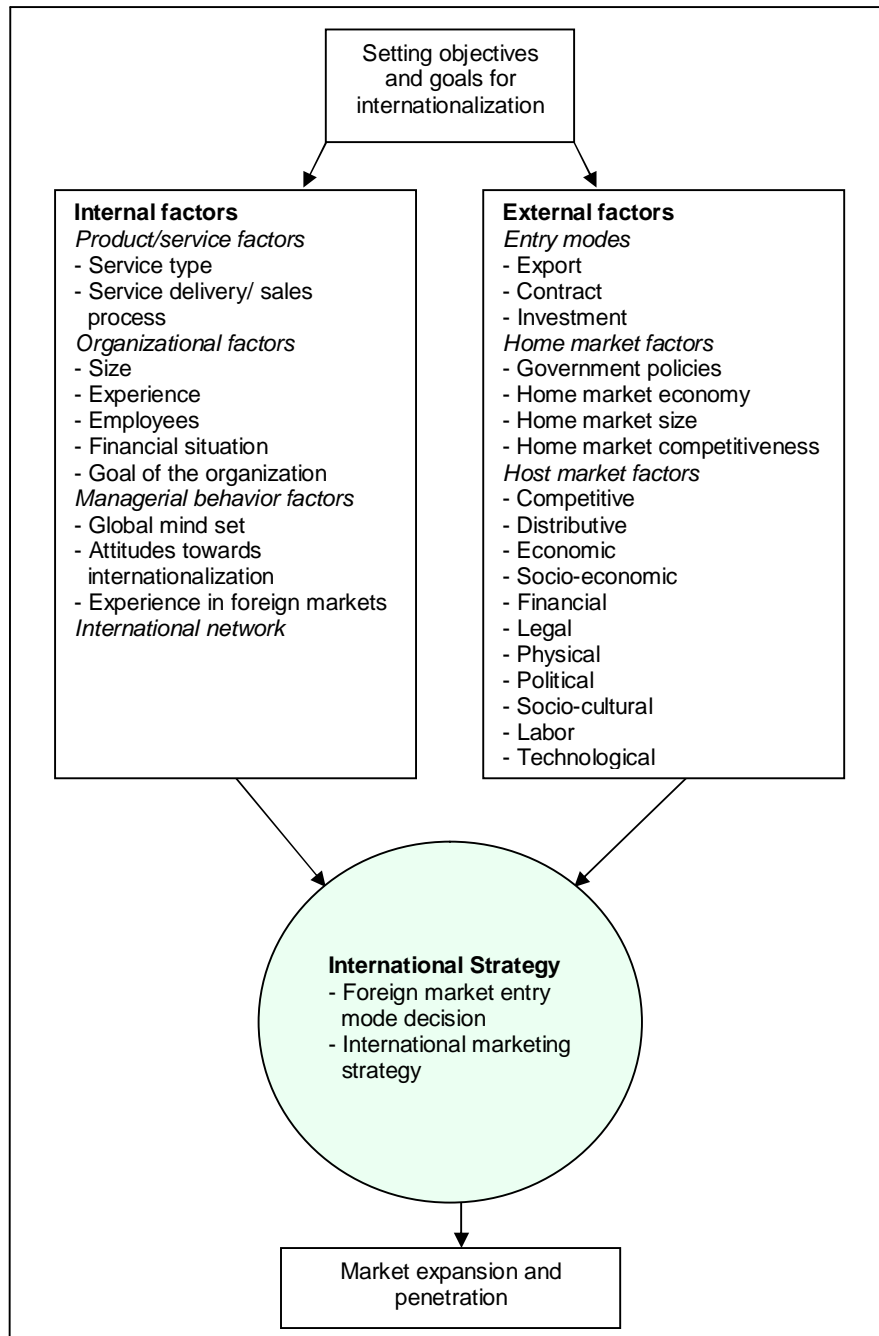


Figure 7: Factors that influence the internationalization of service organizations (2)

ROB has mainly used export as an entry mode over the last years. As discussed in chapter 4 because of the internal and external factors it is expected that ROB would have chosen more risky entry modes like a strategic alliance, a joint venture or a sole venture. But ROB did not do this in the last eleven years. This can be explained by the fact they were unaware of this possibility. Another reason can be because they did not have a conscious approach to internationalization and did not 'choose' an entry mode, but just did what they could do and this turned out to be the export mode. This implies that a conscious approach to internationalization can lead to the best fitting entry mode decision for an organization.

5.5 Future research

In this research only one case study is done, in the future more case studies need to be done in order to be able to have more prove that this model is useful. In addition some of these case studies need to be done with larger organizations, to test if this model is also appropriate for larger organizations.

As discussed in this research the home market factors and the host market factors are not really investigated because there was no target market decided for ROB. In future research a case needs to be investigated were a target market is appointed in order to be able to test the model as a whole. Also in this case it would be best to test the model on more than one and different type of service organizations.

The link international strategy and further market expansion and penetration is out of the scope of this research, but nevertheless a very interesting topic for future research.

Through future research the model will probably be adjusted and become more and more complete.

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Appendix 1: Overview interviews

In the table below an overview is given of the interviews and which data is gathered from which cases.

Factors	Indicators	Sources	Method	Who
Product/service characteristics				
Service type	Hard or soft	Theory/ website	Desk research	--
Service delivery/ sales process	How is the service delivery process organized?	MT, Staff, users, policies	Interview, desk research	MT, Staff, users
Firm characteristics				
Size	Employees and sales	MT	Interview	MT
Experience	Number of countries and years and length and efforts acquiring new knowledge	MT, policies	Interview, desk research	MT
Employees	Employees qualifications, experience abroad	MT, Staff	Interview	MT, Staff
Goal of the company	Most important goals and philosophy of the company	Policies, MT	Desk research, interview	MT
Managerial behavior characteristics				
Global mind set	Openness to and awareness of cultural diversity in markets?	MT	Interview	MT
Attitudes towards internationalization	Positive or negative attitude to internationalization?	MT	Interview	MT
Experience in former markets	Years of international experience and number of countries	MT	Interview	MT
International network				
	How many years and how many countries?	MT	Interview	MT
Entry mode characteristics				
	Export, contract, investment	MT, Staff, users, Theory	Interviews	MT, Staff, users
Home market factors				
Government policies	What are important government policies?	Internet	Desk research	--
Home market economy	What is happening in the home market economy?	Internet	Desk Research	--
Home market size	What is the size of the home market	Internet	Desk research	--
Home market competitiveness	How competitive is the home market?	Internet	Desk research	--
Host market factors				
	Competitive-,	--	--	--

	distributive-, economic-, socio- economic-, financial-, legal-, physical-, political-, socio-cultural-, labor-, technological factors			
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Table 4: Overview interviews