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The influence of factors on the foreign location choice

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Executive Summary

This research analyses the influence of factors on the foreign location choice of Dutch companies in Flanders and Wallonia. In particular the influence of cultural factors. The motive for this research is the large deviation in the location choice of Dutch companies in Belgium: in 2006 6500 Dutch companies had an affiliate in Belgium. Of these 6500 companies, 6435 companies were located in Flanders and 65 companies were located in Wallonia. This research has a high relevance for Dutch companies that want to start a new affiliate in Flanders or Wallonia because this research can help them make the right foreign location choice. This research is also relevant for the government of Flanders and Wallonia because it can help the government create a more business-friendly location climate.

The main purpose of this study is to research what the relative influence of cultural factors is on the location choice of Dutch affiliates in Flanders and Wallonia. Both qualitative and quantitative methods were used. For the qualitative research five companies of five different industries were interviewed to research which factors have influence on the location choice of Dutch companies in Flanders and Wallonia. The qualitative research also served as a pre-test for the quantitative research. For the quantitative research, 244 companies were contacted to participate in this research by filling in an online survey.

66 out of the 244 companies have filled in the survey. According to the companies, cultural factors have a small influence on the foreign location choice of Dutch companies in Flanders and Wallonia but this influence is not significant. Therefore this result is due to chance. This result is in line with other researches. Of the five cultural factors, only the factor the amount of business community that speak Dutch in the region has an average but not significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia.

The cultural distance between Flanders and the Netherlands is smaller than the cultural distance between Wallonia and the Netherlands but this relation is not significant. Therefore this result is due to chance. This result is in line with other researches.

Of all fifteen factors, only the factor unemployment rates has significant influence on the location choice of Dutch companies in Flanders and Wallonia. According to the Dutch companies in Flanders and Wallonia this factor has a small influence on their location choice but the influences of the other 14 factors are not significant: the influence of these factors are more likely due to chance.

According to the 244 companies, the factors that will attract companies to Flanders are the following factors: the average annual sales of the same type of product that they are selling in NL, the agglomeration effect, the wealth, the amount of persons with education, the amount of business terminals, the individualism, the amount of adaptation costs, the uncertainty avoidance, the geographic distance and the amount of business community that speak Dutch. The factors that will attract companies to Wallonia are the following factors: the amount of financial incentives, the masculinity and the unemployment rates.

Both regions rate the growth rate and the power distance of their own region higher.

Despite of the fact that all companies had the same chance to be part of this research the results are not generalizable because the sample used in this study is too small to make the outcomes representative for the complete group of Dutch companies in Flanders and Wallonia.

The conclusion of this research is that culture has a small but not significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia, the cultural distance between Flanders and the Netherlands is smaller than the cultural distance between Wallonia and the Netherlands but this relation is not significant and that only the factor unemployment rates has a significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia. This conclusion is in line with the results of other researches.

Preface

Growing up close to the Belgium border gave me the opportunity to be exposed to the Belgian culture. On first sight, Dutchmen and Belgians look the same: same language, appearances, traditions and habits. However, during the second year of my Bachelor degree in Small Business and Retail Management, when I did projects with exchange students from the University of Professional Education of Antwerp, I noticed a difference between the two cultures. For example, the Belgian students never spoke when a mentor was speaking. They would not even correct a mentor when the things he said were not correct. The Dutch students behaved differently during class: chatting with each other when the mentor spoke and openly doubting the words of the mentor.

Another moment when I noticed a difference was when I was trying to sell energy drinks on the Belgian market. When I spoke with possible distributors, I always wanted to avoid possible pitfalls. However most Belgians do not like this direct way of communication, especially when you want to do business during lunch or dinner. My Dutch way of doing business made it more difficult to enter the Belgian market. No go's resulted in interesting learning moments in how to distribute products in a country with different values.

A third learning moment was in the last seminar of my Bachelor degree when I wrote a thesis about the energy drink market in Sweden, Poland and Italy. I learned a lot about cultural differences and cross-cultural conflicts when contacting foreign companies. Each country has different values and behavior. A company has to respect the different values and behavior to gain a sustainable cooperation.

In this research, I want to use the gained experience to research which factors influence the foreign location choice of Dutch companies in Flanders and Wallonia.

I would like to thank the following persons. First of all, I want to thank my supervisors Dr. R. Harms and Mr. M.R. Stienstra MSc for guiding me through this thesis process. Also Dr. ir. J. Kraaijenbrink for giving me feedback on the data analysis. Special thanks go to all respondents who were kind enough to give me the requested information that was needed to answer the research question.

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1. Introduction

1.1 Background

Nowadays most companies carry their activities across borders. Making sustainable long-term profits is often the main reason for selecting foreign markets (Buckley et al. 2007). Reaching this goal depends on multiple factors (Lu/Beamish 2001). However, it is difficult for a company to analyze all possible factors that influence this choice. The values of these factors can be different for each country (Wood/Robertson 2000).

Therefore, it is not strange that managers make mistakes when choosing the right country. The companies have to conclude that their analysis was not complete: important criteria were missing. Therefore, a good overview of all influencing factors is crucial for a company (Rahman 2003).

When a company selects a country, it still has to choose in which region or market it will start an affiliate. Each region has its own benefits and disadvantages. The choice to enter a country is one that has to be measured out precisely. The existence and image of the company stand with it (Kang/Lee 2007).

1.2 Problem statement

In this research, the focus will be on the influence of factors on the foreign location choice of Dutch companies in Flanders or Wallonia. This research will concentrate on Dutch companies of all sizes that have an affiliate in Belgium. In 2006 6500 Dutch companies had an affiliate in Belgium. Of these 6500, 6435 companies were located in Flanders and 65 companies were located in Wallonia (Verrijp/Willems 2011). This research will try to find the reasons why almost all Dutch companies locate their affiliate in Flanders.

Belgium is known of being divided in two regions with completely different cultures (Billiet et al. 2003). Did culture influence the decision of Dutch companies to locate their affiliate in Flanders or Wallonia? The following problem statement will help this research to reach the right objective:

What is the relative importance of culture in the foreign location choice of Dutch companies in Flanders and Wallonia?

1.3 Research question

The following research question will guide this research and answer the problem statement:

What is the influence of (cultural) factors on the foreign location choice of Dutch companies in Flanders and Wallonia?

1.4 Purpose of the study

Because of the current fast moving and changing market, it is important for companies to make the right foreign location choice (Léon-Darder et al. 2010). This decision depends on multiple factors (Wood/Robertson 2000). This study will find out which factor has the most influence on this decision. *The first purpose of this study is to analyze which factor has the most influence on the foreign location choice of Dutch companies in Flanders and Wallonia.*

Most people think that because the language of Flanders and the Netherlands is the same, Dutch companies will easier choose for the market of Flanders (Dresselhuis 2009). This study will analyze if culture has influence on the location choice of Dutch companies in Flanders and Wallonia. *The second purpose of this study is to analyze the influence of culture on the location choice of Dutch companies.*

This study is important for the government of Flanders and Wallonia and for companies. It is important for the governments of Flanders and Wallonia because the results of this study can give them more insights on the factors that influence the location choice of companies in Flanders and Wallonia (Disdier/Mayer 2004). This research is also important for companies because this research can help them make the right foreign location choice (Leon-Darder et al. 2010). *The general purpose of this study is to analyze the influence of factors on the location choice of Dutch companies in Flanders and Wallonia.*

1.5 Research strategy

To find out what the influence of the factors is, a deductive approach will be used. With the deductive approach, this research will work from general to specific results. This research has a top-down approach that comprises problem statements, interprets theories, followed by methodology and a confirmation of the research question (Babbie 2006). This research will have a mixed-methods research approach by using qualitative and quantitative studies. This can lead to reliable generalized conclusions (Cook et al. 2001).

For the qualitative study, the research method interviews will be used. It will serve as a pre-test for the quantitative part and will be used to gain primary information about the influence of the factors. For the quantitative study, the research method survey will be used. The survey will consist of all factors that influence the foreign location choice of Dutch companies in Flanders and Wallonia. The literature review will give a fundamental understanding of all concepts. All information is gathered from primary and secondary sources and from scientific literature: articles, books and publications. Literature will be derived from scientific libraries and databases. In the final section of this research, the findings will be published and will be elaborated.

1.6 Significance to the research field

There have been multiple studies on the location choice of companies in foreign countries (Mucchielli/Yu 2011; Mayer et al. 2010; Lei/Chen 2010), on the influence of culture on the foreign location choice (Hahn and Bunyaratavej 2010) and on the influence of factors on the foreign location choice in regions (Spies 2010). However, none of these researches had a unique setting with two completely different regions and a deviating location choice. This research will provide the international business research field of new information on the influence of factors within Belgium.

2. Literature review

This chapter is structured as follows. First, the market selection process will be explained to give an overview of the process of finding the right market. Secondly, a brief description of the most used foreign market theories will be synthesized. Based on the descriptions, one theory will be selected which will be used for the empirical part of this research. Thirdly, the factors that influence the location choice will be discussed and series of hypotheses regarding this influence will be established. All information is gathered from Web of Science, Picarta, Google Scholar, Emerald and JSTOR.

2.1 International Market Selection

„International Market Selection is the process of establishing criteria for selecting (country) markets, investigating market potentials, classifying them according to the agreed criteria and selecting which markets should be addressed first and those suitable for later development‟ (Kurnar et al. 1994, cited by Andersen/Strandskov 1998, p. 67).
This process consists of three stages: screening, identification and making the final decision (Koch 2001). In the selection stage, the markets that do not meet the objectives of the company will be eliminated by looking at macro-level indicators. An example of macro-level indicators is the growth rate. The second stage is the identification stage. In this stage, companies use industry-specific information to make a short-list of potential countries. An example of industry-specific information is the factor entry barriers (Rahman 2003). In the third stage, the final decision will be made. In this stage, there are three limitations that influence the final decision: the company objective, the business strategy and the resources. These three limitations depend on the type of company and the type of industry (Andersen/Strandskov 1998).
The market selection process shows that there are multiple factors that influence the foreign location choice. To find out which factors have influence on this decision, one of the three main market selection theories will be used (for the following Brouthers/Hennart 2007). The three main market selection theories are Dunning's Eclectic Paradigm, Resource-Based View and the (New) Institutional Theory. To give a clear picture of all three theories, the theories will be shortly synthesized.

According to Dunning's Eclectic Paradigm companies need to „develop competitive Ownership advantages at home and then transfer these abroad to specific countries (depending on Location advantages) through FDI, which allows the MNE to internalize the Ownership advantages" (Rugman 2010, p. 2). The advantages all relate to important parts of entering a foreign market and how a company should go abroad: equity or non-equity modes (Dunning 1988). Internalization refers to the possibilities available for protection of market failure in a country (for the following Brouthers/Hennart 2007). Ownership advantages refer to the companies that will more likely engage in foreign markets when the competitive advantages are greater. Location advantages refer to the variables that make a country attractive or unattractive to invest in.

According to RBV (Resource-Based View), there are other factors that influence the foreign location choice. If a company wants to go abroad, it should have resources that are valuable, rare, inimitable and non-substitutable (Priem/Butler 2001). A company needs to develop unique resources to have strategic advantage over other companies (for the following Brouthers/Hennart 2007). A company can choose to exploit these resources in a foreign market or can use a foreign market to develop or acquire new resource-based advantages.

A theory that includes multiple factors is NIT (New Institutional Theory). This theory is based on „the assumption that the country's institutional environment affects the company's boundary choices" (Brouthers/Hennart 2007, p. 405). According to NIT, the institutional environment of a country consists of three environmental dimensions: cognitive, normative and regulatory. The cognitive dimension consists of all knowledge and skills of habitants used to establish or operate a new company. The normative dimension consists of all value systems of the habitants: country's culture, beliefs, norms and values. The regulatory dimension consists of all regulation, government laws and policies that support and encourage new foreign investments (Busenitz et al. 2000). These three dimensions vary in each country and will influence international business (Brouthers/Hennart 2007).

2.2 New Institutional Theory

Of the three theories, NIT is the most suitable theoretical framework for analyzing the foreign location choice of Dutch companies in Flanders and Wallonia. NIT makes it

possible to establish a solid base to explain the foreign location choice of companies (Wright et al. 2005).

The first reason for the choice for NIT is the fact that the foreign location choice is not only determined by firm-specific resources but is also determined by other factors of the institutional environment. Examples of factors of the institutional environment are economical factors (Quer et al. 2011; Foss/Eriksen 1995).

Secondly, RBV and Dunning's Eclectic Paradigm use broad definitions for the variables resources and location advantage. This makes it difficult to measure these variables (Kraaijenbrink et al. 2010; Andersen 1997). With NIT, all possible factors can be placed in the three environmental dimensions and none of the factors are correlated (Busenitz et al. 2000).

Thirdly, Dunning's Eclectic Paradigm is not completely based on the influence of factors on the foreign location choice but also on the choice of the (non-)equity mode (Cuervo/Pheng 2003; Dunning 1988). Because this research concentrates on the factors that influence the location choice of Dutch companies and not on the (non-) equity mode, Dunning's Eclectic Paradigm is not 100 % usable for this research.

Fourthly, RBV is a tautology: when using RBV a company should develop or obtain unique resources to differentiate at costs that are less than the profits to gain sustainable competitive advantage (Bromiley/Fleming 2002).

Fifthly, there is correlation between the location and ownership advantages of Dunning's Eclectic Paradigm. For example, when a company gets access to a natural resource like a mine a location advantage becomes an ownership advantage (Rugman, 2010).

In the next paragraph, the factors that can influence the foreign location choice of Dutch companies in Flanders and Wallonia are discussed. After this paragraph, the factors will be placed in the three environmental dimensions of NIT.

2.3 Factors influencing the foreign location choice

There have been multiple researches on the influence of factors on the foreign location choice (Mataloni 2011; Flores/Aguilera 2007; Spies 2010; Leon-Darder et al 2010; Cheng/Yum 2000; Disdier/Mayer 2004; Buckley et al. 2007; Sun et al. 2002; Siedschlag et al. 2010; Quer et al. 2011). A disadvantage of these studies is that these studies concentrate on a few factors and do not examine the influence of all factors. For

example, in the research of Leon-Darder et al. (2010) the researchers only examined the influences of market potential, the country risk and the cultural distance on the hotel branch in a foreign country.

None of the research mentioned above examined the influences of more than eleven factors. A research in which the influences of 60 factors were examined is the research of Wood and Robertson (2000). These 60 factors were derived by conducting extensive literature research, personal interviews, focus sessions and interviews with eight experience experts of government agencies. The researchers divided the 60 factors in six primary dimensions: politics, market potential, economics, culture, infrastructure and legal.

Because of the fact that the research of Wood and Robertson used extensive methods to derive the 60 factors and all 60 factors cover the factors used in other researches (Mataloni 2011; Flores/Aguilera 2007; Spies 2010; Leon-Darder et al 2010; Cheng/Yum 2000; Disdier/Mayer 2004; Buckley et al. 2007; Sun et al. 2002; Siedschlag et al. 2010; Quer et al. 2011), the 60 factors of the research of Wood and Robertson (2000) have higher value for this research and will be used for this research. The six primary dimensions and the including factors can be found in Appendix I. A point of interest is that the research of Wood and Robertson (2000) is focused on country-to-country base and this research is focusing on a country-to-region base. Factors like the degree of freedom of political opposition and entry barriers will be deleted because these factors are meant for foreign location choices in countries from Africa or Asia or for countries outside the EU (Spies 2010; Cheng/Yum 2000). When deleting these factors 15 factors are left that can have an influence on the foreign location choice of Dutch companies in Flanders and Wallonia.

A good tool that is used to analyze if the research of Wood and Robertson (2000) is missing influencing factors is the STEEPLE analysis (for the following Walsh 2005). STEEPLE stands for Social, Technological, Economical, Environmental, Political, Legal and Ethical environments in which a company is operating. The STEEPLE analysis is a framework with macro-environmental factors that is used for strategic management decisions. With this tool, a company can easily notice which factors are relevant for a company. After applying the STEEPLE analysis it can be concluded that the research of Wood and Robertson (2000) is not missing factors that can influence the foreign location choice of Dutch companies in Flanders and Wallonia.

In the following paragraph, the six primary dimensions will be connected with the three environmental dimensions of NIT.

2.4 Amalgamate the dimensions

As discussed earlier, according to NIT the institutional environment consists of three environmental dimensions: cognitive, normative and regulatory (Brouthers/Hennart 2007).

The primary dimensions politics and legal consist of all regulation, government laws and policies that can support or encourage foreign location choice (Wood/Robertson 2000). These two primary dimensions will be placed under the regulatory dimension because the regulatory dimension also consists of all political regulation, laws and policies that can support or encourage foreign location choice (Busenitz et al. 2000).

The primary dimension culture consists of factors that are part of the culture unity and culture difference of a region (Wood/Robertson 2000). The normative dimension also consists of aspects of culture: beliefs, norms and values of a region (Busenitz et al. 2000). Because both dimensions consist of cultural factors, the primary dimension culture will be placed under the normative dimension.

The cognitive dimension contains of all knowledge known of a country or market and the skills of the habitants (Brouthers/Hennart 2007). The cognitive dimension affects the way persons interpret, notice or categorize environmental information used to establish or operate a new company (Trevino et al. 2007). Information of the market potential, economics and infrastructure also affects persons in making their decisions (Wood and Robertson 2000). For example, a positive economical rate affects the spending habits of persons. Therefore, the primary dimensions market potential, economics and infrastructure will be placed under the cognitive dimension.

In the following part, the six primary dimensions will be discussed and series of hypothesis regarding the influence of the factors on the foreign location choice of Dutch companies in Flanders and Wallonia will be established. At the end, two hypotheses will be established to answer the research question of this research.

2.5 Primary dimensions

All factors are divided in six primary dimensions: cultural, political, legal, market potential, economical and infrastructure dimension (Wood and Robertson 2000). Because of the fact that cultural factors have an important role in this research, the cultural dimension will be explained more intensively.

2.5.1 Cultural dimension

The primary dimension that is part of the normative dimension is culture (Wood/Robertson 2000). „Culture is the collective mental programming of the mind that distinguishes the members of one group or category of people from others. Culture is largely inborn and learned‟ (Hofstede 1994, p. 4). Persons who are born in the same country share the same cultural characteristics than persons who are born in another country. One of the reasons is that the roots of the history of a country (Hofstede/Hofstede 2005) influence culture. For example, in the history of China the Chinese empire has always been lead by the government. The government made all the decisions. The thought that one person regulates everything is still shown nowadays. Important decisions are still made by one person: the large power distance is still present. Therefore, national culture has influence on foreign location choice of companies.

Looking at the fact that multiple countries have different languages, norms, values and behavior, problematic misunderstanding can easily occur. These different thinking patterns can influence international communications (Leon-Darder et al. 2010). This gap between the cultures of the home country and the foreign country is also known as cultural distance. For a company that wants to locate a foreign affiliate the culture of the foreign market should be the same as the culture of the home country. This way the chance of misunderstanding is very small and it will not lead to extra costs (Quer et al. 2011). To give a better understanding of the similarities and the differences of the cultures of the Netherlands, Flanders and Wallonia, all three cultures will be explained more intensively.

The official language of the Netherlands is Dutch. The second language among Dutchmen is English. The main religion is Catholicism. The Dutch society is known as feministic. This is demonstrated by their welfare state and aversion on militarism. Due to the colonial and exploring spirit of the Dutchmen, the Dutch culture is very broad and

open. This open culture is also known as a no-nonsense culture (Spicer 2004). This no-nonsense culture is also shown in the business culture of the Netherlands. The Dutchmen are very direct in negotiations, good organized, know what they want and will mostly concentrate on their side of the contract. Because of this direct approach, Dutchmen are often seen as addled and arrogant but also as honest and social (Dresselhuis 2009).

The official language in Flanders is Dutch with a few grammatical features that distinguish their language of Dutch. The second and third languages among the Flemings are English and French. The main religion is Catholicism. Due to the historical emancipation, the Flemings are very proud of their region. This is demonstrated by their own flag and their own anthem (Willemyns 2002). The Flemish society is masculine based. This is demonstrated by the respect for power and authority (Hofstede/Hofstede 2005). On the first moment Flemings seem the same as Dutchmen: the same language, similar and identical customs and the same religion. Because of these similarities, the Dutch business culture is increasingly being accepted by the Flemings. However, the Flemings are known as persons who are polite, sensitive, modest and more inward. The Flemings want to keep all options open, are reliable partners and they always want to close a business deal with a win-win thought. Flemish persons are proud persons but they will never show off during negotiations (Dresselhuis 2009).

The official language of Wallonia is French with a few grammatical features that distinguish their language of French. The second and third languages among the Walloons are Dutch and English. Due to historical events, the Walloons have more connection with the French than with the Flemings. The Walloons are very proud of their own region. This is demonstrated by their own flag and their own anthem (Willemyns 2002). The Walloon society is known as masculine: status and performance is important (Hofstede/Hofstede 2005). In the business culture, a Walloon businessperson is slower in compromising as a Flemish businessperson. Walloons are patient, will mainly follow the rules and do not make hastily decisions. Walloons are reliable partners even without a written contract (Dresselhuis 2009).

2.5.1.1 Cultural frameworks

In the current research on cultural differences, multiple cultural frameworks can be used to measure the differences between cultures. First should be noticed that none of the

cultural frameworks are known to be the best in measuring the differences (Kim/Gray 2009). Every framework has its positive aspects and shortcomings.

One of the following three cultural frameworks will be used in this research to analyze the cultural distance between Flanders, Wallonia and the Netherlands: the cultural dimensions of Hofstede (Hofstede/Hofstede 2005), the GLOBE program (House et al. 2002) and Schwartz value inventory (Kim/Gray 2009). The choice for these three frameworks is because they are used in multiple disciplines and are empirically verified by multiple studies (Kim/Gray 2009). All three frameworks will be shortly synthesized.

The first framework is the cultural dimensions of Hofstede. It is based on two unique databases. The first database consists of the answers of employees from 40 different countries. The second database consists of the same questions used in the first database answered by executive students from different companies and industries from 15 countries. The answers given show systematic differences between the values of all nations. A value is „a broad tendency to prefer certain states of affairs over others and are mostly unconscious" (Hofstede 1980, cited by Javidan et al. p. 903). These values distinguish countries from each other and are divided in four problem areas: emotional implications of having been born as a girl or as a boy, the relationship of the individual with her or his primary group, ways of coping with uncertainty and ways of coping with inequality. For each of these problem areas Hofstede created a cultural dimension: masculinity versus femininity, uncertainty avoidance, individualism versus collectivism and power distance (Hofstede 1994). At the end of 2010, the dimensions were applied in 76 countries (De Mooij/Hofstede 2002). A fifth dimension long-term orientation was added to the cultural framework in 2010. This dimension was added to show the differences between the Asian long-term orientations versus the European short-term orientations (Kim/Gray 2009).

The second framework is the GLOBE program (Global Leadership and Organization Behavior Effectiveness). It is based on previous researches of cultural divergences and patterns. The GLOBE program has analyzed and explored previous researches, integrated previous researches and made a new approach to measure the cultural differences in countries (House 1998). The GLOBE program uses nine cultural dimensions to measure the cultural differences of 62 countries: uncertainty avoidance, power distance, institutional collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, in-group collectivism and humane orientation (Kim/Gray 2009). The researchers divided the participating countries into cultural

cluster to show the similarities between the societies. For example, Austria, Germany, German-speaking Switzerland, Netherlands, Belgium and Dutch-speaking France were placed in the cluster Germanic Europe (House et al. 2002).

The third framework is Schwartz Value Inventory. Dr. Schwartz has collected data from 60000 individuals in 63 countries. In his research, Schwartz used ten different value types to make a complete image of a culture. The ten value types are power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security (Schwartz 1994). Each value type consists of a number of values that show how the value types are distributed in a country. For example, the value type power represents in which way an individual values prestige and social status (Kim/Gray 2009).

2.5.1.2 Selection of a cultural framework

For this research, it is important that the cultural framework that will be used for this research has data of the cultures of Flanders and Wallonia because this data can be used as a control system. The second criterion is that the data needs to be up-to-date.

Of the three frameworks, only the cultural dimensions of Hofstede has been applied to Flanders and Wallonia (Hofstede 2001). Schwartz and the GLOBE program analyzed Belgium as one culture (Schwartz 1994; House et al. 2002). Therefore, only the framework cultural dimensions of Hofstede has data of the similarities and differences between the cultures of Flanders and Wallonia.

Looking at the second criteria according to other researches, the cultural dimensions of Hofstede has been applied many years ago and therefore the results are outdated (Kim/Gray 2009). However, recent studies show that the variables of this framework did not change and are stable (Hofstede/Hofstede 2005). In addition, the data of the culture of Flanders have been updated in 1990, twice in 1998 and in 2001. These studies prove that the variables of the culture of Flanders did not change and are stable (Hofstede 2001). The last few years the variables of the other two frameworks GLOBE Program and Schwartz Value Inventory were updated but both frameworks does not have data of Flanders and Wallonia (House 1998; Schwartz 1994). Based on these two criterions the cultural dimensions of Hofstede will be applied in this research.

2.5.1.3 Cultural dimensions of Hofstede

The cultural dimensions of Hofstede is a framework that assesses and differentiates cultures in relation to organizational culture. The framework is based on four main criteria: power distance, uncertainty avoidance, individualism or collectivism and masculinity or femininity (Hofstede/Hofstede 2005). The four main criterions of the dimensions are all rated zero till 100, where zero means the lowest score and 100 mean the highest score. With this framework it is possible to compare different cultures. When comparing the score of the Netherlands, Flanders and Wallonia differences will be become visible. The data are shown in table 1.

	The Netherlands	Flanders	Wallonia
Individualism	80	78	72
Power distance	38	61	67
Uncertainty avoidance	53	97	93
Masculinity	14	43	60

Table. 1 Cultural dimensions of the Netherlands, Flanders and Wallonia. Source: own table

2.5.1.4 Individualism

The first cultural factor is the dimension individualism. This dimension demonstrates if an individual will look after itself or will also look at the goals of the group of which he or she is part. In individualistic cultures, persons tend to look after themselves. In collective cultures, persons are integrated in groups and perceive collective goals (De Mooij/Hofstede 2002).

The individualism of a business culture demonstrates if a company perceives individualistic goals or also perceives collective goals. For example, during a negotiation does the company look at his side of the contract or will it also look at the other side of the contract or the complete contract. A high score in this dimension demonstrates that a company is individualistic, a low score demonstrates that a company is collectivistic (Pressey/Selassie 2002). For a company that wants to locate an affiliate in a foreign market it is important that the cultural factors in the foreign country are the same as in the home country. This way misunderstanding can be prevented and will not lead to unnecessary costs (Leon-Darder et al. 2010).

After applying the data of this dimension to the cultures of the Netherlands, Flanders and Wallonia, the cultural distance between a Dutchman and a Fleming is smaller than between a Dutchman and a Walloon (Hofstede/Hofstede 2005). Dutchmen know what they want and they will concentrate on their part of the contract. The Flemings are more collectivistic because they are reliable partners and they want to close a business deal with a win-win thought. However, the culture of Wallonia is the most collectivistic because for Walloons networking is important: it is not about who he or she is but it is about whom he or she knows (Dresselhuis 2009). After applying this data, the following hypothesis can be derived:

Hypothesis 1a. In choosing between two international markets, all other things being equal, companies prefer to enter the market with the same extent of individualism of the home country.

2.5.1.5 Power distance

The second cultural factor is power distance. This dimension demonstrates to which degree less powerful persons of an organization or society accept that power is distributed unequally (Hofstede/Hofstede 2005). In a culture with low power distance, lower persons can easily criticize decisions made by higher management and they can contribute in negotiations that are normally done by CEO's. Decisions are made on a democratic way. In a culture with high power distance status is important. The CEO's make decisions and the decisions will not be criticized (De Mooij/Hofstede 2002). Also for this factor, it is important for companies that this cultural factor in the foreign country is the same as in the home country. Due to this, the chance of misunderstanding will be small and it will not lead to unnecessary costs (Leon-Darder et al. 2010).

After applying the data of this dimension to the culture of the Netherlands, Flanders and Wallonia, the cultural framework demonstrates that the cultural distance between the Dutchmen and the Flemings is smaller than between the Walloons and the Dutchmen (Hofstede/Hofstede 2005). Freely communicating with the manager and contradicting them is possible in the Netherlands. In Flanders, the role of hierarchy is more important but it is still possible to criticize decisions made or contribute in negotiations (Brans et al. 2006). In Wallonia, hierarchy is important and managers of lower departments cannot criticize a decision and cannot contribute in negotiations (Dresselhuis 2009). Based on this information the following hypothesis can be derived:

Hypothesis 1b. In choosing between two international markets, all other things being equal, companies prefer to enter a market with the same extent of power distance of the home country.

2.5.1.6 Uncertainty avoidance

The factor uncertainty avoidance demonstrates to which extent a person prefers structured situations or unstructured situations to cope with uncertainties (Hofstede/Hofstede 2005). In a culture with high uncertainty avoidance, everything that is different is known as dangerous, persons will react nervous on changes and companies need systematic improvements and steady environments (De Mooij/Hofstede 2002). These cultures need clear rules to keep structure. In a culture with low uncertainty avoidance, persons are easygoing and persons are curios for aspects that are different. This culture is more flexible and companies are known to be flexible, innovative and react considerably easier on changes (Hofstede 1994). Also for this factor, it is important that the cultural factors in the foreign country are the same as the factors in the home country. Due to this, the chance of misunderstanding will be small and it will not lead to unnecessary costs (Leon-Darder et al. 2010).

After applying the data of this factor to the cultures of the Netherlands, Flanders and Wallonia the deviation between the Walloons and the Dutchmen is smaller than between the Flemings and the Dutchmen (Hofstede/Hofstede 2005). Dutchmen are known to be entrepreneurial. Walloons are also known as entrepreneurial persons but have higher uncertainty avoidance but the Flemings have the most problems with changes in their environment. They rather want to operate in steady environments (Brans et al. 2006). Based on this information the following hypothesis can be derived:

Hypothesis 1c. In choosing between two international markets, all other things being equal, companies prefer to enter a market with the same extent of uncertainty avoidance of the home country.

2.5.1.7 Masculinity

The factor masculinity demonstrates to which extent a culture is known as a masculine or feministic culture (Hofstede/Hofstede 2005). A masculine culture is known to have dominant values: success, performance and competition. Status is important and most

high functions are taken by men. A feministic culture is known to have the following values: maintaining relations, quality of life and care for the weak. Status is less important and high functions are taken by men and women (Hofstede 1994). For a business culture this means to which extent are success and performance more important than maintaining relations (De Mooij/Hofstede 2002). For a company it is important to know this because otherwise, companies will make mistakes in approaching other companies.

After applying the data of this factor to the culture of the Netherlands, Flanders and Wallonia, the deviation between the Flemings and the Dutchmen is smaller than between the Walloons and the Dutchmen (Hofstede/Hofstede 2005). The Dutchmen are known for their feministic society with emotional aspects in their culture: welfare state, aversion on militarism, higher functions are taken by men and women. The Flemings are more masculine: status is more important and functions in Flanders are also taken by men and women. Wallonia is known as the most masculine society. Success and performance are very important for a Walloon (Dresselhuis 2009). Based on this information the following hypothesis can be derived:

Hypothesis 1d. In choosing between two international markets, all other things being equal, companies prefer to enter a market with the same extent of masculinity of the home country.

2.5.1.8 Business community that speak Dutch

Another important factor of the dimension culture that is not part of the cultural dimensions of Hofstede but has influence (Wood/Robertson 2000) is the similarity in the language that is used by the business community of the foreign country and the home country. Just like the other cultural factors similarity in language has a positive effect on the international business because the chance of misunderstanding in communication in the same language is smaller (Flores/Aguilera 2007). When a company can choose between a market with the same language and a market with a different language, the company will choose for the market with the same language because the chance of misunderstanding is smaller.

After applying this information to the cultures of the Netherlands, Flanders and Wallonia, there is a similarity between Flanders and the Netherlands. Both have the same official language: Dutch. The language of Wallonia is different. The chance that

there will be a misunderstanding in Flanders is smaller than in Wallonia (Spicer 2004; Willemyns 2002). Based on this result and the researches mentioned above, the following hypothesis is established:

Hypothesis 1e. In choosing between two international markets, all other things being equal, companies prefer to enter a market with a business community that speak the same language as the home country.

2.5.2 Political dimension

The first primary dimension of the regulatory dimension is the political dimension. The political dimension consists of one factor that can influence the location choice of Dutch companies in Flanders or Wallonia: the incentives used by the government to stimulate international business activity (Wood/Robertson 2000).

The use of financial incentives stimulates the foreign business activity in a market. Early research show that when a foreign market has multiple financial tools to stimulate international business activities, a company will more likely locate its affiliate in this foreign country because of the financial benefits (Li 2006; Deng 2009).

Both regions have multiple financial incentives to improve the international business activities (for the following Invest in Wallonia 2012; Invest in Flanders 2012) but Wallonia has more incentives and exoneration of taxes to encourage foreign business than Flanders. For example, Wallonia has Plan Marshal. This is a unique plan of incentives and tax exonerations to encourage international companies to locate an affiliate in Wallonia. Based on this information and the researches mentioned above, the following hypothesis is established:

Hypothesis 2. In choosing between two international markets, all other things being equal, companies prefer to enter a market with the most financial incentives.

2.5.3 Legal dimension

The second primary dimension of the regulatory dimension is the legal dimension (for the following Wood/Robertson 2000). Legal factors are factors that are part of the legal environment of the foreign market. The legal environment can restrain or prevent business activities. Non-tariff barriers and trading blocks are examples of tools to prevent or stimulate business activities (for the following Groenendijk 2011). Because

both regions and the Netherlands are part of the EU and the Benelux, they all have the same non-tariff barriers and trading blocks. Therefore none of the legal factors can influence the location choice of Dutch companies in Flanders and Wallonia.

2.5.4 Market potential dimension

The first primary dimension of the cognitive dimension is the dimension market potential. Market potential is the extent of whether the foreign country has the necessary means to buy imported products and whether the needs can be satisfied. The dimension market potential consists of four factors that can influence the foreign location choice of Dutch companies in Flanders and Wallonia (Wood/Robertson 2000).

2.5.4.1 Average annual sales

The factor average annual sales of the same type of product that they are selling in NL is influenced by the degree of general demand for a product. General demand is the degree of demand for a certain product in a (foreign) market. A high general demand means that a large group of persons in the market wants to buy a certain type of product (Wood/Robertson 2000). If there is uncertainty about the general demand in a foreign market a company will not select this market as a possible market because the company is not sure that the average annual sales will be high enough to survive. A high general demand has a positive effect on the foreign location choice (Goldberg/Grosse 1994).
Because this research is based on companies from different industries it is not possible to analyze the annual sales of all industries (for the following (Cabus/Vanhaverbeke 2007). After analyzing data of the annual sales of all industries in Flanders and in Wallonia it proves that the annual sales of Flanders in 2011 are higher than the annual sales of Wallonia. Based on this information and the researches mentioned above, the following hypothesis is established:

Hypothesis 3a. In choosing between two international markets, all other things being equal, companies prefer to enter a market with high average annual sales of the same type of product that they are selling.

2.5.4.2 Adaptation costs

Because of differences in the requirements of the population of foreign markets, companies need to change their products to sell their products in these markets. These extra costs are known as adaptation costs (Contractor 2007). Markets with high adaptation costs have a negative effect on companies that want to go abroad because adaptation costs are extra costs that companies have to calculate in before they can sell their product. Extra costs mean less profit (Buckley/Casson 1998).

Most of the products that are produced in the Netherlands can be sold in Belgium (for the following Bagnari et al. 1995) because of the EU-standards: most of the products have both Dutch and French packaging. This way it will not cost extra money to sell these products in both regions. However, there are also industries in which companies need to produce products in one language for example the industry marketing bureaus. In these industries the adaptation costs in Wallonia will be higher because these companies have to produce their products in a different language. Based on this result and the researches mentioned above, the following hypothesis is established:

Hypothesis 3b. In choosing between two international markets, all other things being equal, companies prefer to enter a market without adaptation costs.

2.5.4.3 Agglomeration effect

The effect that companies want to locate an affiliate in a foreign market because of the presence of a large concentrated group of companies and suppliers of the same industry is also known as the agglomeration effect. The presence of such a large group of companies can prove that the general demand is high, that this group has unique resources and technology or that the level of education is high (Siedschlag et al. 2010; Disdier/Mayer 2004). A company can notice if a market has potential based on the existence of a large concentrated group of companies and suppliers. Other researches also show that the presence of a large group of companies has a positive effect on the foreign location choice of companies because the agglomeration effect can prove that a market has potential (Mayer et al. 2010; Mataloni 2011).

Because this study is based on multiple different industries it is not possible to show the agglomeration effect of each industry. The general thought is that the region Flanders is a region where the agglomeration effect is high: companies intensively and closely network within agglomerations on short distances (Cabus/Vanhaverbeke 2007). Also

the geographic area of Flanders is smaller than Wallonia and most companies are located in Flanders (Verduyn/Vivet 2007). Therefore, the agglomeration effect is higher in Flanders than in Wallonia. Based on this result and the researches mentioned above, the following hypothesis is established:

Hypothesis 3c. In choosing between two international markets, all other things being equal, companies prefer to enter a market with agglomeration effect.

2.5.4.4 Future trends

The future trends or growth rates of a foreign market demonstrate if a market will increase or decrease in the following years (Koch 2001). Markets with high future trends are interesting for foreign companies because the future annual sales will be high (Rahman 2003). If a company can choose between a market with promising future trends and a market with future trends that has a decrease in growth, companies will choose for the market with promising future trends because the future annual sales will be high.

The future trends of Wallonia are higher than the future trends of Flanders (Bastiaens et al. 2000) and Wallonia will have an increase in established companies and a small decrease of economical activities in volume compared to a small decrease in established companies and large decrease of economical activities in volume in Flanders (Fonteyn 2011; Sprout 2011). Based on this information and the researches mentioned above the following hypothesis is established:

Hypothesis 3d. In choosing between two international markets, all other things being equal, companies prefer to enter a market with high growth rates.

2.5.5 Economical dimension

The primary economical dimension is the second dimension of the cognitive dimension. The dimension economics consists of factors that are part of the evolution and development of consumers, services and market industrial. The economical dimension consists of three factors that can influence the Dutch foreign location choice in Flanders and Wallonia (Wood/Robertson 2000).

2.5.5.1 GDP and income per capita

High GDP (Gross Domestic Product) and high income per capita prove that the population has enough financial possibilities. Therefore, the chances are high that a company will locate its affiliate in this market (Mataloni 2011; Mucchielli/Yu 2011). Almost all markets with high GDP and high income per capita are potential. A market with high income per capita has more money to spend than a market with low income per capita (Flores/Aguilera 2007; Sun et al. 2002). The chance that a new affiliate will fail in a market with high income per capita and high GDP is smaller than in a market with low income per capita and low GDP. Of course, there are also industries where a market with low GDP and low income per capita is preferred. An example of this is the cigarette industry. The amount of smokers in a market with low GDP and low income per capita is larger than in a market with high GDP and high income per capita (Blecher/Walbeek 2004). However, most industries prefer a market with high GDP and high income per capita (Mataloni 2011).

The GDP and income per capita in Flanders are higher than the GDP and income per capita in Wallonia (Persyn/Torfs 2011). Based on this result the following hypothesis is established:

Hypothesis 4a. In choosing between two international markets, all other things being equal, companies prefer to enter a market with high GDP and income per capita.

2.5.5.2 Education

Employees with the right diplomas can help a company have a steady position in the market. Without the right education, employees cannot make the right decision and standard manager processes become difficult (Muchielli/Yu 2011; Cheng/Yum 2000). Finding the right employees with education is important for a company. When a company can choose between two markets: one with a large amount of persons with education and one with a small amount of persons with education, the company will choose for the market with a large amount of persons with education because a company can easily find the right employees.

The amount of persons with education in Flanders is larger than in Wallonia. Therefore, the chance that a company can find new employees with the right education in Flanders is higher than in Wallonia (Sels et al. 2011). Based on this result the following hypothesis is established:

Hypothesis 4b. In choosing between two international markets, all other things being equal, companies prefer to enter a market with a higher amount of persons with education.

2.5.5.3 Unemployment rates

After a company locates an affiliate in a foreign market, the company needs employees to run the company. When a foreign market has low unemployment rates, it is difficult to find the right employee. When a foreign market has high unemployment rates, it is easier to find employees (Mataloni 2011). High unemployment rates can be indications of imperfections of the markets for example a large group of persons with low education but it still means that a large pool of workers is available (Disdier/Mayer 2004).
Wallonia has higher unemployment rates than Flanders (Meunier/Mignolet 2005; Persyn/Torfs 2011). Therefore, it is easier for companies in Wallonia to find new employees than in Flanders. Based on these results, the following hypothesis is established:

Hypothesis 4c. In choosing between two international markets, all other things being equal, companies prefer to enter a market with high unemployment rates.

2.5.6 Infrastructure dimension

Infrastructure is the third primary dimension of the cognitive dimension. „Infrastructure is the totality of all earning assets, equipment and circulating capital in an economy that serve energy provision, transport service and telecommunications, for the conservation of natural resources and transport routes in the broadest sense and buildings and installations of public administration, education, research, health care and social welfare“ (Jochimsen 1966, p.103, cited by Torrisi 2009, p. 7). The dimension infrastructure consists of two factors that can influence the Dutch location choice in Flanders and Wallonia (Wood/Robertson 2000).

2.5.6.1 Geographic distance

The first factor of the dimension infrastructure is the factor geographic distance. Geographic distance is the distance between the host country and the foreign market in

which a company wants to participate (Buckley et al. 2007). Early researches show that when the distance between the home country and the foreign market increases, the chance that a company will locate an affiliate becomes smaller (Disdier/Mayer 2004; Kang/Lee 2007). The reason for this is that the further managers or personnel need to travel, the higher the transportation costs will be and the longer it takes to arrive at the foreign affiliate (Mayer et al. 2010).

This factor is measured by the amount of km between the two markets. The amount of km between the Netherlands and Flanders is lower than between the Netherlands to Wallonia (Buckley et al. 2007). Therefore, the geographic distance between the Netherlands and Flanders is smaller. Based on this and the researches mentioned above the following hypothesis is established:

Hypothesis 5a. In choosing between two international markets, all other things being equal, companies prefer to enter a market that is closer to the home country.

2.5.6.2 Physical infrastructure

Physical infrastructure is „the entire construct of quality and availability of airports, ports, roads and telephone lines" (Flores/Aguilera 2007, p. 1192). For companies it is important that the foreign market has roads and communication that are in good condition and has a large amount of business terminals. The existence of business terminals supports the international business with customers and suppliers. Without these business terminals, it is difficult to reach new customers and be reached by suppliers (Mataloni 2011). Just like the variable geographic distance, this variable is also influenced by costs. The further and the longer a supplier or customer has to go, the higher the transportation and supply costs will be, the smaller the chance will be that a company will locate its affiliate in this market (Flores/Aguilera 2007).

Flanders has more harbors and airports than Wallonia. The quality of the harbors and airports in Flanders is also higher (Lagneaux 2008). The quality of the roads and the communication for both regions is the same because this is a task of the Belgian government (Daniels/Van Hout 2006). Based on this information and the information of the researches mentioned above, the following hypothesis is established:

Hypothesis 5b. In choosing between two international markets, all other things being equal, companies prefer to enter a market with the most business terminals.

With the current 15 hypotheses, the differences between the factors in Flanders and Wallonia can be analyzed to see if the results of the theories are the same as in practice. However, for this research the main purpose is to analyze which of the 15 factors has the most influence on the location choice of Dutch companies and to analyze if cultural factors influence this decision. The following hypotheses will be used to answer these questions.

2.5.7 Influence of culture

One of the main questions of this research is to research if cultural factors influence the Dutch location choice in Flanders and Wallonia. Because both regions have different cultures and 99 % of the Dutch companies locate their affiliate in the region with a culture that is similar to the culture of the Netherlands this research wants to analyze if culture has influence on this decision (Verrijp/Willems 2011).

Early researches show that the factors of the dimension culture have a small influence on the foreign location choice (Wood/Robertson 2000). Managers perceive other factors for example economical factors as more important because these factors are directly connected with profit and costs (Pressey/Selassie 2002) but according to Dresselhuis (2009), the cultural factor the percentage of business community that speak Dutch has influence on the location choice of Dutch companies in Flanders. Based on these results, the following hypothesis is established:

Hypothesis 6. The factors of the dimension culture will not be the factors that have the most influence on the foreign location choice of companies in two international markets.

2.5.8 Most influencing factor

The other important question for this research is to know which factor has the most influence on the location choice of Dutch companies in Flanders and Wallonia. With the other hypothesis, differences between the factors in Flanders and Wallonia and the influence of cultural factors will be visible but it still not clear which factor has the most influence. With this hypothesis, this question will be answered.

According to the research of Wood and Robertson (2000), the factors of the dimension market potential have the most influence on the foreign location choice. Other researches also show that the factors of the dimension market potential have a large influence on the foreign location choice (Siedschlag et al. 2010; Muchielli/Yu 2011; Head/Mayer 2004). Based on these researches the following hypothesis is established.

Hypothesis 7. One of the factors of the dimension market potential will be the factor that has the most influence on the foreign location choice of companies in two international markets.

2.6 Research model

The following model (figure 1) will be used to give an overview of which variables are used in this study and how the variables are connected.
Previous studies show that the international market selection process is influenced by factors that are divided in three environmental dimensions and six primary dimensions. Each primary dimension consists of a number of factors that can influence the foreign location choice (Koch 2001; Wood/Robertson 2000).

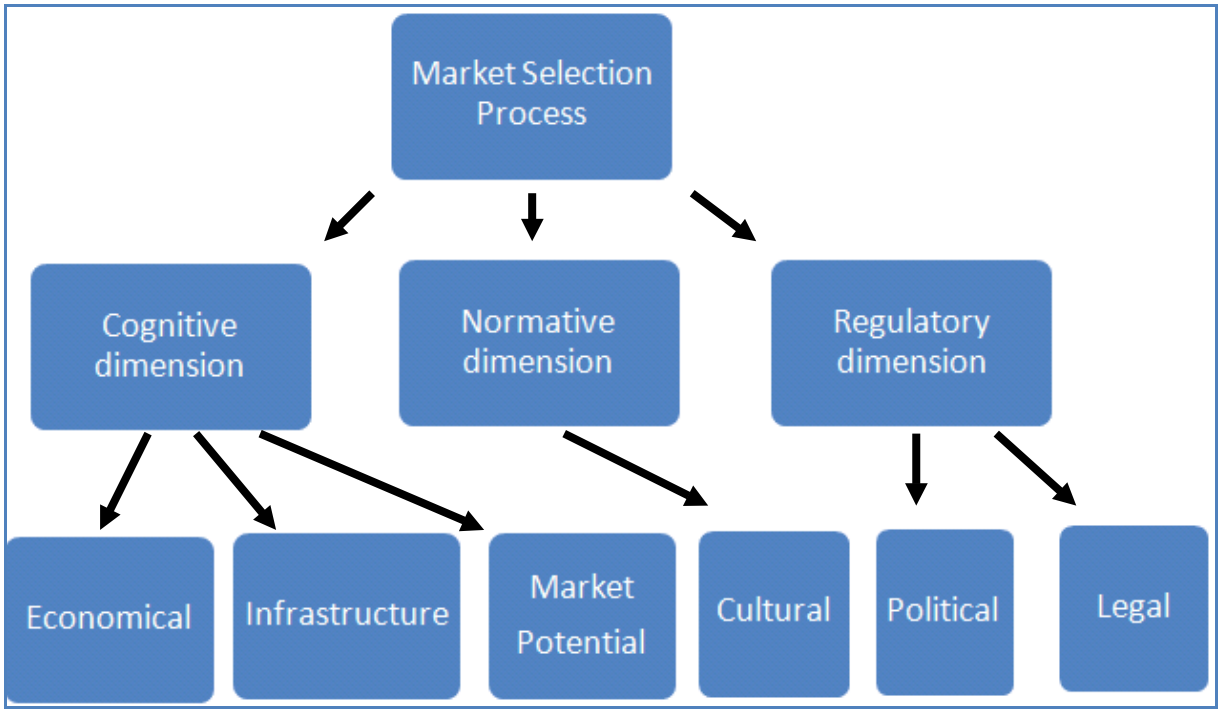

Figure 1: Research model. Source: own illustration

The market selection process is the process that the company follows to find the right foreign market to invest in. The market selection process consists of three stages: screening, identification and making the final decision. Within these three stages, the company will shorten their list of interesting investing markets by using macro-level indicators and industry specific information. In the last stage one market will be chosen by looking at three limitations: company's objective, the business strategy and the resources.

For this study, the influence of the factors with emphasis on culture on the foreign location choice will be analyzed. The factors used for this research are part of the research of Wood and Robertson (2000), the STEEPLE Analysis (Walsh 2005) and the cultural dimensions of Hofstede (Hofstede/Hofstede 2005).

In total, 15 factors can influence the location choice of a Dutch company in Flanders and Wallonia. These 15 factors are placed in five primary dimensions: political, cultural, economical, market potential and infrastructure dimension. The five groups are placed in three environmental dimensions: cognitive, normative and regulatory dimension. This distribution makes it possible to analyze which factor and which dimension have influence on this location choice.

3. Methodology

3.1 Introduction

The methodological section will give insights on the methods used to gather primary data regarding the influence of factors on the foreign location choice of Dutch companies in Flanders and Wallonia.

For this exploratory study, both qualitative and quantitative research will be applied to answer the research question (for the following Cook et al. 2011). The research method interviews will be used for the qualitative research and for the quantitative research, the research method survey will be used. Both qualitative and quantitative methods are important for this research. Without the qualitative method, there is a possibility that not all factors are covered in the survey: the interviews of the qualitative part are a pre-test for the survey of the quantitative part. Due to this, the companies will have no problems with answering the questions of the survey and the reliability of the survey will be higher. The qualitative part will also provide in-depth information about the topic and more information regarding to the motivation and the underlying reasons.

Without the quantitative part, this research cannot give the right conclusion of which factors influence the foreign location choice of the Dutch companies because the answers of the six companies cannot be used for all Dutch companies in Belgium. The combination of the interviews and a survey provide this research of a higher validity than without the interviews. Applying a survey in a research normally gives higher external validity and higher statistical conclusion validity. Applying an interview in a research normally gives higher construct validity.

In the following paragraphs first the qualitative part of this research will be discussed by describing the sample, the operationalization and the methods of analysis of the qualitative part. Secondly, the quantitative part of this research will be discussed by describing the sample, the response rate, the operationalization and the methods of analysis of the quantitative part.

3.2 Methodology of the qualitative part

3.2.1 Sample

The theoretical population for this research is the 6500 Dutch companies that have an affiliate in Belgium: of these 6500, 6435 companies are located in Flanders and 65 companies are located in Wallonia. These 6500 companies operate in multiple industries and are companies of all sizes. Most Dutch companies in Belgium are large companies with more than 250 employees (Verrijp/Willems 2011).

As a sample frame the website Platinagids.nl and company's websites were used to obtain a large sample. The website Platinagids.nl consists of a list of 500 Dutch international companies. With this sample frame, 249 contact details of Dutch companies with an affiliate in Flanders or Wallonia were obtained. Of these 249 companies, five companies will be contacted for the qualitative part.

For the qualitative part, the respondents will be selected through purposive sampling. If a research has a low N, it is important that the selected companies fit the criteria of the companies needed for this research (Babbie 2006). The purposive sampling is based on two criteria: the companies need to be of five different industries and the sample needs to consist of companies of all different sizes. With these criterions, it is possible to analyze if there are factors that are not part of the current 15 factors of the literature review. The unit of observation is the entrepreneur or the CEO unless he or she is not available because the entrepreneur or the CEO makes important strategic decisions (Busenitz/Barney 1997). The unit of observation will be interviewed at the headquarters of the company. When it is not possible to interview the entrepreneur at the headquarters, the entrepreneur will be interviewed through telephone.

Although interviewing five companies does not provide this research with enough data that can be generalized, the results of the qualitative part will provide this research of an indication of which factor influences the foreign location choice of Dutch companies in Flanders and Wallonia.

3.2.2 Operationalization

Operationalization is the process in which variables are defined into measurable factors. It will be possible to define unclear concepts and measure them through interview questions (Babbie 2006).

For the qualitative part, five semi-structured interviews will be applied. Because this research wants to collect in-depth information and information of the motivation, the research method interviews will be used (Cook et al. 2011). The purpose of the interviews is to analyze if all factors of the environmental dimensions that influence the decision of having a Dutch affiliate in Flanders or Wallonia are covered.

With *all factors that influence the decision of having a Dutch affiliate in Flanders or Wallonia* is meant every factor that influences Dutch companies to locate an affiliate in Flanders and Wallonia. These factors differ from cultural factors to political factors. All factors can be found in Appendix I. To research which factors influence the location choice, this interview will consist of the following questions: which factor has influenced your choice, which factor had the most influence and if there were more factors that influenced your choice: what is the order from most to less influential?

With *a Dutch affiliate in Flanders or Wallonia* is meant a Dutch company that has an affiliate in Flanders or Wallonia. To make sure that a company is part of the sample, this interview will consist of the following questions: since which year did your company have an affiliate in Belgium, in which part of Belgium is your company located?

With *covered* is meant that the Dutch entrepreneurs will mention a factor that has influence on their decision and is part of the 15 factors of the literature review.

Extra interview questions will be added to obtain information about the company and the motivation of their choice: to which industry does your company belong, why did you choose Flanders or Wallonia, which strategy did you used when entering Flanders or Wallonia and if you could make the same decision again would you also look at other factors? All interview questions can be found in Appendix II.

3.2.3 Methods of analysis

The data analysis of the qualitative part starts during the interviews by comparing the information obtained with the information of the literature review. All recorded and noted data will be analyzed after the interviews. Recording and noting data are important for the data analysis because data will not be lost and it avoids biases (Babbie 2006). The data analysis of the qualitative part will be done in five steps.

Firstly, it is important to know the data: which factors are there, how do the factors differ in both regions, based on which factors will a company locate its affiliate in Flanders or Wallonia (for the following Taylor-Powell/Renner 2003).
Secondly, it is important to focus the analysis by reviewing the purpose and identifying key questions: what is the influence of a factor, are certain factors missing in the current list of 15 factors.
Thirdly, the information will be categorized. With preset categories, it is possible to identify the themes before searching the data. It is also possible to find new categories during the analysis. This can lead to new ideas or categories.
Fourthly, the patterns and connections within and between categories will be identified by answering the following questions: what are the key ideas being expressed within the category, are there similarities and differences between the answers. The more often a certain category comes up, the more important a category will be.
The final step is interpretation. After the categories are placed in tables the data will be researched: which factors influence the foreign location choice of the five Dutch companies in Flanders and Wallonia. This result can be used for the quantitative part and for future studies.

3.3 Methodology of the quantitative part

3.3.1 Sample

The sample for the quantitative part consists of 244 companies of different branches and of all sizes. They will be approached to lay a solid foundation regarding the factors that have influence on the foreign location choice of Dutch companies in Flanders and Wallonia. The companies are found through the website Platinagids.nl and analyzing their websites. The website Platinagids.nl consists of a list of 500 Dutch international companies. Due to this sample frame a large sample is obtained. The units of analysis are the 244 Dutch companies. After contacting the companies, the entrepreneur or CEO will be asked if he or she has time to answer the questions. The entrepreneurs or CEO's are the units of analysis because important strategic decisions are normally made by the entrepreneur or the CEO (Busenitz/Barney 1997).
Because it is not possible to interview all 244 companies separately looking at the distance and the timeline of this research, a survey is a good method to obtain data in a

short time (for the following Babbie 2006). There are three survey methods: using a self-administered questionnaire, face-to-face interviews or telephone interviews. Face-to-Face interviews are difficult to use in this research because of the costs and the timetable. The research method telephone interviews is a good method to reach a large group of companies but because of the bad reputation of telephone interviews and the risk of having a low response rate this research method will not be used. With the self-administered survey, there is no chance of interviewer bias and there is bigger anonymity. This has a positive effect on the reliability of the answers. Therefore, the self-administered survey will be used for this research.

3.3.2 Response rate

For the quantitative part, 244 companies that have an affiliate in Flanders or Wallonia are contacted through telephone. If the company wants to fill in the survey, the questionnaire will be sent through e-mail. If the entrepreneur forgets to fill in the questionnaire after a period of one week a follow-up email will be sent. If needed, a reminder will be sent a week later.

After contacting the companies 56 companies did not want to participate because of multiple reasons: economical crisis, standard policy and bankruptcy.

The questionnaire was sent to the remaining 188 companies. After sending a follow-up e-mail and a reminder, 70 companies have filled in the questionnaire. Four out of the 70 companies did not fill in the survey correctly. Their questionnaires consisted of missing answers. After contacting these companies, the companies could not give extra answers because of multiple reasons: to busy with their primary activities, no knowledge about the other region or the person who filled in the questionnaire was absent for a long period. These four companies are excluded from the data.

In total 66 companies have filled in the questionnaire: 46 Dutch companies in Flanders and 20 Dutch companies in Wallonia. A response rate of 27 % shows that contacting the companies through telephone, sending a follow-up e-mail and reminder lead to a high response rate.

3.3.3 Operationalization

Operationalization is the process in which factors are defined into measurable variables. It will be possible to define unclear concepts and measure them, empirically and quantitatively (Babbie 2006).

3.3.3.1 Validity and reliability of the operationalization

To reach high construct validity this research will analyze if the questionnaire measures what it needs to measure (for the following Babbie 2006). First, the definitions of the factors according to early research were obtained to have a better understanding of the factors. Secondly, the definitions were changed in common words to make sure that the participants will understand the factors. Thirdly, the five companies of the qualitative research will be asked if they understand the definitions used in the questionnaire.

The research method questionnaire will be the right research method to answer the research question. Other research methods cannot answer the research question or will negatively influence the outcome. Due to this, the face validity will be high.

To reach high content validity the research will analyze the definitions used in questionnaire to make sure that they are complete, are not missing important parts and covers the whole dimension. This way for example, the questions of the influence of the five cultural factors will cover the complete influence of the primary dimension culture on the foreign location choice of Dutch companies in Flanders and Wallonia.

Through this operationalization it should be possible to reach high criterion validity by checking if the answers of interviews and the survey correlates with the theory. If both (qualitative and quantitative) parts have the same outcomes as the theory it will show that the criterion validity of this research is high.

To reach high construct validity this research obtained definitions of early researches and changed the definitions in common words. This way it will be possible to compare the outcomes of similar researches that use the same definition with the outcome of this research and it will be visible if the outcomes are the same. This will show if there is correlation between the outcomes.

To reach high reliability this research will use both qualitative and quantitative research. This way the chance of missing factors will be smaller than when a research only uses quantitative research. Also the fact that this research consists of all factors that are part

of early researches shows that the chances will be small that similar researches in the future will find other influencing factors.

3.3.3.2 Cultural dimension

The following five variables pertaining to cultural factors of the normative dimension are measured: the individualism, the power distance, the uncertainty avoidance, the masculinity of the companies (Hofstede/Hofstede 2005) and the similarities between the language spoken by the business community in the foreign region and the home country (Wood/Robertson 2000). These five factors are normally general aspects of national culture but „culture is the collective mental programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede 1994, p. 4). Hereby he means that national culture has the greatest influence on organizational behavior and therefore these factors will be used in this research to research the influence of the cultural factors.

This research wants to measure which region has the smallest cultural distance with the Netherlands by using these five cultural factors. Differences between the three societies will become clear and the results will indicate which of the region has the smallest cultural distance with the Netherlands. An ordinal scale and a Likert scale (five-point scale) will be used because the companies can rate the cultural factors very high, high, moderately, low or very low (Babbie 2006).

The first factor is the individualistic business culture. The individualistic business culture is measured by the percentage of companies that look after itself and reach their own goals (Hofstede 2001). This should indicate if the individualism is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the degree of individualism of the companies: percentage of companies that look after itself and reach their own goals instead of collective goals. Please rate very high, high, moderately, low or very low.

The power distance of the business culture is the second factor. The power distance is measured by the percentage of companies in which lower employees can contribute or criticize decisions made by higher management (Hofstede 2001). This should indicate if the power distance is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the power distance of the companies: percentage of companies in which lower employees can contribute or

criticize decisions made by higher management? Please rate very high, high, moderately, low or very low.

The third factor is the uncertainty avoidance of the business culture. It is measured by the percentage of companies that respond flexible to changes in the environment (Hofstede 2001). This should indicate if the uncertainty avoidance is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the degree of uncertainty avoidance of the companies: percentage of companies that respond flexible to changes in the environment? Please rate very high, high, moderately, low or very low.

Masculinity of the business culture is the fourth factor. It is measured by the percentage of companies that look at success and performance and will not look at maintaining relations (Hofstede 2001). This shows if the masculinity is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the masculinity of the companies: percentage of companies that look at success, performance and wealth and will not look at maintaining relations, modest behavior and solidarity? Please rate very high, high, moderately, low or very low.

The fifth factor is the similarities between the language spoken by the business community in the foreign region and the home country (Wood/Robertson 2000). This should indicate if the percentage of the companies that speak Dutch is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the percentage of the business community that speak Dutch in the region? Please rate very high, high, moderately, low or very low.

3.3.3.3 Political dimension

The following variable pertaining to the political factor of the regulatory dimension is measured: the financial incentives in the region. The financial incentives are measured by the amount of financial incentives available for foreign companies in the regions (Deng 2009). For this factor an ordinal scale and a Likert scale (five-point scale) is used because the companies can rate the amount of financial incentives very high, high, moderately, low or very low (Babbie 2006). The results of the questionnaire should indicate if the amount of financial incentives in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of financial incentives available for foreign companies in the region? Please rate very high, high, moderately, low or very low.

3.3.3.4 Market potential dimension

The following four variables pertaining to the market potential factors of the cognitive dimension are measured: average annual sales of the same type of product that they are selling in NL, adaptation costs, agglomeration effect and future trends. These four factors are all part of this dimension because these factors all have influence on the potential of a market. The factor adaptation costs has a negative effect on the market potential (Contractor 2007). The factors agglomeration effect, future trends and the average annual sales that they are selling in NL have a positive effect on the market potential (Mayer et al. 2010; Mataloni 2011; Rahman 2003; Goldberg/Grosse 1994). An ordinal scale and a Likert scale (five-point scale) will be used because companies can rate these factors very high, high, moderately, low or very low (Babbie 2006).

The first factor is the average annual sales of the same type of product that they are selling in NL. This factor is measured by the amount of average annual sales of the same type of product that they are selling in NL, in the region (Wu and Knott 2006). This should indicate if the amount of average annual sales of the same type of product in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the average annual sales of the same type of product in the region? Please rate very high, high, moderately, low or very low.

The adaptation cost is the second factor. This factor is measured by the amount of adaptation costs needed to sell the product in the region (Buckley/Casson 1998). This should indicate if the amount of adaptation costs is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of adaptation costs needed to sell your product in the region? Please rate very high, high, moderately, low or very low.

The third factor is the agglomeration effect. This factor is measured by the presence of a large concentrated group of competitors and suppliers in the region (Siedschlag et al. 2010). This should indicate if the agglomeration effect in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the presence of a large concentrated group of competitors and suppliers in the region? Please rate very high, high, moderately, low or very low.

The fourth factor is the future trends. This factor is measured by the growth rate of the region in which the product is being sold (Rahman 2003). This should indicate if the

growth rate in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the growth rate of the region in which your product is being sold? Please rate very high, high, moderately, low or very low.

3.3.3.5 Economical dimension

The following three variables pertaining to the economical factors of the cognitive dimension are measured: the GDP and income per capita in the region, the education of the region and the unemployment of the region (Wood/Robertson 2000). An ordinal scale and a Likert scale (five-point scale) will be used because a company can rate these factors very high, high, moderately, low or very low (Babbie 2006).

The first factor is the GDP and income per capita in the region. This factor is measured by the amount of wealth of the region (Mataloni 2011). This should indicate if the amount of wealth in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the wealth of the region? Please rate very high, high, moderately, low or very low.

The second factor is the education of the region. Education is measured by the amount of local persons with education in the region (Cheng/wan 2000). This should indicate if the amount of local persons with education of the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of local persons with education in the region? Please rate very high, high, moderately, low or very low.

The third factor is the factor unemployment rates of the region. It is measured through the amount of unemployed persons in the region (Mataloni 2011). This should indicate if the unemployment rates are very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of unemployed persons in the region? Please rate very high, high, moderately, low or very low.

3.3.3.6 Infrastructure dimension

The following two variables pertaining to the infrastructural factors of the cognitive dimension are measured: the geographic distance and the physical infrastructure. Both factors are part of this dimension because with the geographic distance it is possible to research if the length of the infrastructure has influence on the foreign location choice

and with the physical infrastructure it is possible to research the influence of business terminals on the foreign location choice. An ordinal scale and a Likert scale (five-point scale) will be used because companies can rate these factors very high, high, moderately, low or very low (Babbie 2006).

The first factor is the geographic distance. The geographic distance is measured by the amount of km between the home country and the foreign region (Buckley et al. 2007). This should indicate if the amount of geographic distance to the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of km that you need to travel from the Netherlands to the region? Please rate very high, high, moderately, low or very low.

The second factor is the physical infrastructure. The physical infrastructure is measured by the amount of airfields, ports and other business terminals in the region (Flores/Aguilera 2007). This should indicate if the amount of business terminals in the regions is very high, high, moderately, low or very low. In the questionnaire, the following question will be applied: how do you rate the amount of airports, harbors and other business terminals in the region? Please rate very high, high, moderately, low or very low.

3.3.3.7 Influence of the (cultural) factors

The main question of this research is to analyze what the influence of (cultural) factors is on the foreign location choice of Dutch companies in Flanders and Wallonia. An ordinal scale and a Likert scale (five-point scale) will be used (Babbie 2006) and this will be measured by asking the entrepreneurs which factor had the most influence on their location choice. The respondents can choose between the 15 factors and will rate the factors from no influence, slightly influential, moderately influential, very influential to extremely influential. In the questionnaire, the following question will be applied: Which of the following 15 factors had influence on your location choice in Flanders or Wallonia? Please rate no influence, slightly influential, moderately influential, very influential, and extremely influential.

The questionnaire with 19 questions can be found in Appendix III.

3.3.4 Methods of analysis

The methods of data analysis for the quantitative part starts with the description of data. The responses of the closed-ended questions will be placed in two groups: Dutch companies in Flanders and in Wallonia.

The answers of questions one to eight of the survey will be used to analyze which company filled in the survey and in which group this company will be placed and to show the characteristics of the companies.

For the answers of questions nine and ten the means of all variables will be measured. The analysis of variance will be used to test if the differences of the mean between the Netherlands, Flanders and Wallonia are statistically significant. This will indicate how the cultural factors differ in the three regions and which region has the smallest cultural distance with the Netherlands.

For questions eleven till fifteen an independent samples t-test will be used to test if the differences of the mean between Flanders and Wallonia are statistically significant and to test if the influence of the 15 factors is significant. This will show how the factors differ in Flanders and Wallonia and which factors have influence on the foreign location choice of Dutch companies.

The answers of questions sixteen to nineteen will be used to see who answered the questions, what the function of the person is and in which province he or she is born.

4. Research findings

In this chapter, the research findings will be described. Firstly, the results of the qualitative part will be described to see if the entrepreneurs mentioned a factor that is not part of the 15 factors of the literature review. Secondly, the results of the quantitative part will be described.

4.1 Results of the qualitative part

The qualitative part of this research was based on five interviews with Dutch companies that have an affiliate in Flanders or Wallonia. For the interviews, the companies needed to be of five different industries. The five different industries were IT and real estate, marketing bureau, retail, confectionary industry and food industry. Another criterion was that the sample needed to consist of companies of all sizes. Two companies were small companies, two companies were medium companies and one was a large company. The main purpose of the qualitative study is to research if there are other factors besides the 15 factors of the literature review that influence the foreign location choice of Dutch companies in Flanders and Wallonia. Otherwise, the list will be updated with new factors. The qualitative part also provides this research with more information about the motivation and underlying reasons of the foreign location choice of the Dutch companies in Flanders and Wallonia. Based on the interviews the following results are obtained:

The five entrepreneurs did not mention factors that were not part of the current 15 factors of the literature review.

The factor that had the most influence on the foreign location choice of Dutch companies in Flanders and Wallonia is the factor average annual sales of the same type of product that they are selling in NL, in the foreign region. This factor is part of the cognitive environmental dimension. Four out of the five companies said that this factor had the most influence on their location choice. The reason for this choice is that an affiliate cannot exist without profit. If the annual sales in a foreign market are not high, the chances are small that a Dutch company will locate its foreign affiliate in this market. This outcome is the same as the outcome of other researches (Siedschlag et al. 2010; Muchielli/Yu 2011; Head/Mayer 2004).

The second most influencing factor in Flanders and Wallonia is the factor geographic distance from the Netherlands to the region. This factor is part of the cognitive environmental dimension. Four of the five companies mentioned this factor as very influencing but according to the companies, the factor annual sales of the same type of product that they are selling in NL, in the foreign region had more influence on their location choice. The reason for this is that profit is important for a company because without profit an affiliate cannot exist and the factor geographic distance influences only a small part of the costs.

Of the cultural factors of the normative dimension, only the factor percentage of the business community that speak Dutch had influence on the foreign location choice in Flanders. The other cultural factors did not have influence on the location choice in Flanders. According to the companies, most companies think that because the Netherlands and Flanders have the same language the markets are the same. Therefore the factor percentage of the business community that speak Dutch is a factor that 'lowers the hurdle' for Dutch company to start a foreign affiliate in Flanders. In Wallonia, cultural factors did not have influence on the location choice of the Dutch entrepreneurs because other factors are more important. This is in line with other researches (Hofstede 2001; Wood/Robertson 2000).

The political factors did not have influence on the location choice in Flanders and Wallonia. According to the companies, this is because the Netherlands and Belgium are both part of the EU and the Benelux and the companies did not make use of financial incentives in Flanders or Wallonia.

The interviews also provided this research with unique relations between certain factors. There is a positive relation between the factors average annual sales of the same type of product that they are selling in NL, in the foreign region and future trends of the foreign market. Four of the five companies said that the relation between both factors is very important: if the annual sales of the same type of product that they are selling in NL, in the region is high and the future trends are also high, the chances are high that companies will locate a foreign affiliate in this region.

Secondly, there is a negative relation between the factors average annual sales of the same type of product that they are selling in NL, in the foreign region and the adaptation costs. Three of the five companies mentioned that costs and profit are connected with each other. According to the companies, adaptation costs have negative influence on the

annual sales and on the profit of the foreign affiliate. High adaptation costs lead to lower profit.

The interviews also provided this research with information about the primary dimensions, about the environmental dimensions and about how the companies look at the decision they made in the past.

Of the primary dimensions the primary dimension market potential had the most influence. According to the companies sales, costs and future trends are factors that have large influence on the location choice of Dutch companies in Flanders and Wallonia.

Of the environmental dimensions the cognitive dimension had the most influence on the foreign location choice of Dutch companies in Flanders and Wallonia.

Four out of the five companies were satisfied with the factors that they used for their foreign location choice. One company said that he would look at another factor if he could change the decision because his entry speed was too fast. The factor that he forgot to look at was the factor growth rate.

Certainly, the results of the interviews cannot be generalized for all Dutch affiliates in Flanders and Wallonia but it indicates which factors influence the location choice of Dutch companies in Flanders and Wallonia and how the factors are related with each other.

4.2 Results of the quantitative part

The following paragraph consists of the results of the quantitative part of this research. The first part of this paragraph will provide general information about the respondents. In the second part, the results of the hypothesis will be described.

4.2.1 General information

The 66 companies are from various industries. Using the codes of the Standard Industrial Classification Groups (U.S. Securities and Exchange Commission 2011) the companies are divided into the following industries:

Industries	**Number of companies in the sample**
Business services	6
Fabricated structural metal products	2
Fabricated textile products	2
Farm machinery and equipment	1
Food and kindred products	8
Games, toys and children's vehicles	1
Hotel, rooming house, camp and other lodging places	1
Household furniture	2
Insurance agents, brokers and service	2
National commercial banks	3
Plastic material, synth. resin/rubber, cellulose (no glass)	4
Retail - auto dealers and gasoline stations	1
Retail - food stores	2
Retail - family clothing stores	2
Retail - home furniture, furnishings and equipment	1
Retail – optician	1
Services - computer programming services	3
Services - engineering services	3
Specialty cleaning, polishing and sanitation preparation	1
Soap, detergents, cleaning prepr, perfumes, cosmetics	1
Transportation equipment	3
Transportation services	7
Truck and bus bodies	1
Water supply	1
Wholesale	7

Table 2: All industries that are part of the sample. Source: own table

Twelve out of the 66 companies are small companies with 0-50 employees, ten companies are medium companies with 51-250 employees and 44 companies are large companies with 251 and more employees. 20 out of the 66 companies are family firms and 44 are non-family firms.

36 out of 66 companies were established before 1950, twelve companies were established from 1950-1975, thirteen companies were from 1976-2000 and five companies were established from 2001-2005.
Twelve out of the 66 companies decided to go international before 1950, 19 companies decided to go international from 1950-1975, 26 companies decided to go international from 1976-2000 and nine companies decided to go international from 2001-2012.
Seven out of the 66 companies established an affiliate in Belgium before 1950, nine companies did this from 1950-1975, 32 companies established an affiliate in Belgium from 1976-2000 and 18 companies established an affiliate in Belgium from 2001-2012.
57,6 % of the companies decided that establishing an affiliate in Belgium would be their first moment to go abroad.
50 out of the 66 persons who filled in the questionnaire are men, eleven persons are women and five persons did not want to answer this question. The average age range of the 66 persons is 35-44 years. Most persons who filled in the questionnaire are from North-Brabant and South Holland and the questionnaire is mostly answered by directors (18 persons) and HR Managers (nine persons) but also by other occupations: Manager Communication, Export Manager, Account Managers and Expansion Manager. These results show that Dutch persons make the foreign location choice in Belgium based on their judgments and each company has different functions that make the decision.

4.2.2 Hypotheses of the cultural dimension

4.2.2.1 Hypothesis 1a. Individualism

For hypothesis 1a, the cultural distance between the two regions and the Netherlands looking at the individualistic business culture is researched by conducting a One-way ANOVA to analyze if the differences between the means of the Netherlands, Flanders and Wallonia are statistically significant. A mean (M) of 1.00 till 1.99 means that the individualism is rated very low, a mean of 2.00 till 2.99 means that it is rated low and a mean of 3.00 till 3.99 means that the individualism is rated average. The purpose is to find out which region has the smallest cultural distance compared to the Netherlands looking at the individualistic business culture. The literature review shows that the cultural distance between Flanders and the Netherlands looking at the individualistic business culture should be smaller than between Wallonia and the Netherlands (Hofstede/Hofstede 2005). The null hypothesis will not be rejected when according to

all companies the cultural distance between Flanders and the Netherlands looking at the individualistic business culture is not significantly smaller than between Wallonia and the Netherlands. The null hypothesis will be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the individualistic business culture is significantly smaller than between Wallonia and the Netherlands. The level of significance is five percent.

According to the Dutch companies in Flanders, the perceived difference in the individualistic business culture between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Flanders rated the individualistic business culture in the Netherlands as average (M = 3.20, SD = 0.991). The companies rate the individualistic business culture in Flanders as low (M = 2.93, SD = 0.837). The mean of Flanders is lower than that of the Netherlands. The companies rated the individualistic business culture in Wallonia (M = 2.73, SD = 0.751) also as low but the mean is lower than that of Flanders. The cultural distance between the three groups looking at the individualism is not significant (conditions; F (1,63) = 0.260, p = 0.612).

According to the Dutch companies in Wallonia, the perceived difference in the individualistic business culture between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Wallonia rated the individualistic business culture in the Netherlands as average (M = 3.35, SD = 1.089). The companies rated the individualistic business culture in Flanders (M = 3.05, SD = 0.887) also as average but the mean is lower than that of the Netherlands. The companies rated the individualistic business culture in Wallonia (M = 2.85, SD = 0.933) as low. The cultural distance between the three groups looking at the individualistic business culture is not significant (conditions; F (1,63) = 0.287, p = 0.594).

According to both groups, the cultural distance between Flanders and the Netherlands looking at the individualistic business culture is smaller than between Wallonia and the Netherlands but this relation is not significant. Therefore, the null hypothesis will not be rejected.

4.2.2.2 Hypothesis 1b. Power distance

For hypothesis 1b, the cultural distance between the two regions and the Netherlands looking at the power distance of the business culture will be researched by conducting a One-way ANOVA to analyze if the differences between the means of the Netherlands,

Flanders and Wallonia are statistically significant. A mean (M) of 1.00 till 1.99 means that the power distance is rated very low, a mean of 2.00 till 2.99 means that it is rated low and a mean of 3.00 till 3.99 means that the power distance is rated average. The purpose is to find out which region has the smallest cultural distance compared to the Netherlands looking at the power distance of the business culture. The literature review shows that the cultural distance between Flanders and the Netherlands looking at the power distance should be smaller than between Wallonia and the Netherlands (Hofstede/Hofstede 2005). The null hypothesis will not be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the power distance is not significantly smaller than between Wallonia and the Netherlands. The null hypothesis will be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the power distance is significantly smaller than between Wallonia and the Netherlands. The level of significance is five percent.

According to the Dutch companies in Flanders, the perceived difference in the power distance of the business culture between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Flanders rated the power distance of the business culture in the Netherlands as average (M = 3.58, SD = 0.892). The companies rated the power distance of the business culture in Flanders as low (M = 2.71, SD = 0.944). They rated the power distance of the business culture in Wallonia also a low (M = 2.62, SD = 0.984) but the mean is lower than that of Flanders. The cultural distance between the three groups looking at the power distance is not significant (conditions; $F(1,63) = 0.025$, $p = 0.875$).

According to the Dutch companies in Wallonia, the perceived difference in the power distance of the business culture between Wallonia and the Netherlands is smaller than between Flanders and the Netherlands. The Dutch companies in Wallonia rated the power distance of the business culture in the Netherlands as average (M = 3.20, SD = 1.056). The companies rated the power distance of the business culture in Wallonia as low (M = 2.95, SD = 1.191). The mean is lower than that of the companies in the Netherlands. They rated the power distance of the business culture in Flanders also as low (M = 2.75, SD = 0.851). The mean is lower than that of Wallonia. The cultural distance between the three groups looking at the power distance is not significant (conditions; $F(1,63) = 1.348$, $p = 0.250$).

Only the Dutch companies in Flanders rated the cultural distance between Flanders and the Netherlands looking at the power distance smaller than between Wallonia and the Netherlands but this relation is not significant. The null hypothesis will not be rejected.

4.2.2.3 Hypothesis 1c. Uncertainty avoidance

For hypothesis 1c, the cultural distance looking at the uncertainty avoidance of the business culture between the two regions and the Netherlands will be researched by conducting a One-way ANOVA to analyze if the differences between the means of the Netherlands, Flanders and Wallonia are statistically significant. A mean (M) of 1.00 till 1.99 means that the uncertainty avoidance is rated very low, a mean of 2.00 till 2.99 means that it is rated low and a mean of 3.00 till 3.99 means that the uncertainty avoidance is rated average. The purpose is to find out which region has the smallest cultural distance compared to the Netherlands looking at the uncertainty avoidance. The literature review shows that the cultural distance between Wallonia and the Netherlands looking at the uncertainty avoidance should be smaller than between Flanders and the Netherlands (Hofstede/Hofstede 2005). The null hypothesis will not be rejected when according to all companies the cultural distance between Wallonia and the Netherlands looking at the uncertainty avoidance is not significantly smaller than between Flanders and the Netherlands. The null hypothesis will be rejected when according to all companies the cultural distance between Wallonia and the Netherlands looking at the uncertainty avoidance is significantly smaller than between Flanders and the Netherlands. The level of significance is five percent.

According to the Dutch companies in Flanders, the perceived difference in the uncertainty avoidance of the business culture between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Flanders rated the uncertainty avoidance of the business culture in the Netherlands as average ($M = 3.64$, $SD = 0.773$). The companies rated the uncertainty avoidance of the business culture in Flanders also as average ($M = 3.11$, $SD = 0.832$) but it is lower than that of the Netherlands. They rated the uncertainty avoidance of the business culture in Wallonia as low ($M = 2.80$, $SD = 0.869$). The mean is lower than that of Flanders. The cultural distance between the three groups looking at the uncertainty avoidance is not significant (conditions; $F(1,63) = 1.383$, $p = 0.244$).

According to the Dutch companies in Wallonia, the perceived difference in the uncertainty avoidance of the business culture between Flanders and the Netherlands is

smaller than between Wallonia and the Netherlands. The Dutch companies in Wallonia rated the uncertainty avoidance of the business culture in the Netherlands as average (M = 3.30, SD = 0.733). The companies rated the uncertainty avoidance of the business culture in Flanders (M = 2.85, SD = 0.813) as low. The mean is lower than that of the Netherlands. The companies rated the uncertainty avoidance of the business culture in Wallonia also as low (M = 2.80, SD = 1.005) but the mean is lower than that of Flanders. The cultural distance between the three groups looking at the uncertainty avoidance is not significant (conditions; F (1,63) = 0.000, p = 1.000).

According to both groups, the cultural distance between Flanders and the Netherlands looking at the uncertainty avoidance is smaller than between Wallonia and the Netherlands but this relation is not significant. The null hypothesis will not be rejected.

4.2.2.4 Hypothesis 1d. Masculinity

For hypothesis 1d, the cultural distance between the two regions and the Netherlands looking at the masculinity of the business culture will be researched by conducting a One-way ANOVA to analyze if the differences between the means of the Netherlands, Flanders and Wallonia are statistically significant. A mean (M) of 1.00 till 1.99 means that the masculinity is rated very low, a mean of 2.00 till 2.99 means that it is rated low and a mean of 3.00 till 3.99 means that the masculinity is rated average. The purpose is to find out which region has the smallest cultural distance compared to the Netherlands looking at the masculinity of the business culture. The literature review shows that the cultural distance between Flanders and the Netherlands looking at the masculinity should be smaller than between Wallonia and the Netherlands (Hofstede/Hofstede 2005). The null hypothesis will not be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the masculinity of the business culture is not significantly smaller than between Wallonia and the Netherlands. The null hypothesis will be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the masculinity of the business culture is significantly smaller than between Wallonia and the Netherlands. The level of significance is five percent.

According to the Dutch companies in Flanders, the perceived difference in the masculinity of the business culture between Wallonia and the Netherlands is smaller than between Flanders and the Netherlands. The Dutch companies in Flanders rated the masculinity of the business culture in the Netherlands as low (M = 2.93, SD = 0.780).

The companies rated the masculinity of the business culture in Wallonia as average (M = 3.04, SD = 0.878). The mean is higher than that of the Netherlands. They rated the masculinity of the business culture in Flanders also as average (M = 3.13, SD = 0.757) but the mean is higher than that of the companies in Wallonia. The cultural distance between the three groups looking at the masculinity of the business culture is significant (conditions; F (1,63) = 5.277, p = 0.025).

According to the Dutch companies in Wallonia, the perceived difference in the masculinity of the business culture between Wallonia and the Netherlands is smaller than between Flanders and the Netherlands. The Dutch companies in Wallonia rated the masculinity of the business culture in the Netherlands as low (M = 2.90, SD = 1.071). The companies rated the masculinity of the business culture in Wallonia as average (M = 3.45, SD = 1.099) but the mean is higher than that of the Netherlands. They rated the masculinity of the business culture in Flanders also as average (M = 3.60, SD = 0.754) but the mean is higher than that of the companies in Wallonia. The cultural distance between the three groups looking at the masculinity of the business culture is not significant (conditions; F (1,63) = 2.537, p = 0.117).

According to both groups, the cultural distance between Wallonia and the Netherlands looking at the masculinity is smaller than between Flanders and the Netherlands but only according to the Dutch companies in Flanders this relation is significant. The null hypothesis will not be rejected.

4.2.2.5 Hypothesis 1e. Business community that speak Dutch

For hypothesis 1e, the cultural distance between the two regions and the Netherlands looking at the similarities in the language that is spoken by the business community in the foreign region and the home country will be researched by conducting a One-way ANOVA to analyze if the differences between the means of the Netherlands, Flanders and Wallonia are statistically significant. A mean (M) of 1.00 till 1.99 means that this factor is rated very low, a mean of 2.00 till 2.99 means that it is rated low and a mean of 3.00 till 3.99 means that this factor is rated average. The purpose is to find out which region has the smallest cultural distance compared to the Netherlands looking at the similarities in language spoken by the business communities. The literature review shows that the cultural distance between Flanders and the Netherlands looking at the similarities in language spoken by the business communities should be smaller than between Wallonia and the Netherlands (Spicer 2004; Willemyns 2002). The null

hypothesis will not be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the similarities in language spoken by the business communities is not significantly smaller than between Wallonia and the Netherlands. The null hypothesis will be rejected when according to all companies the cultural distance between Flanders and the Netherlands looking at the similarities in language spoken by the business communities is significantly smaller than between Wallonia and the Netherlands. The level of significance is five percent.

According to the Dutch companies in Flanders, the cultural distance between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Flanders rated the percentage of business community that speak Dutch in the Netherlands as high (M = 4.40, SD = 0.809). The companies rated the percentage of business community that speak Dutch in Flanders as average (M = 3.31, SD = 0.925). They rated the percentage of business community that speak Dutch in Wallonia as very low (M = 1.91, SD = 1.203). The cultural distance between the three groups looking at the percentage of business community that speak Dutch is not significant (conditions; F (1,63) = 0.434, p = 0.513).

According to the Dutch companies in Wallonia, the cultural distance between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands. The Dutch companies in Wallonia rated the percentage of business community that speak Dutch in the Netherlands as high (M = 4.30, SD = 0.801). The companies rated the percentage of business community that speak Dutch in Flanders as average (M = 3.15, SD = 0.875). They rated the percentage of business community that speak Dutch in Wallonia as very low (M = 1.40, SD = 0.598). The cultural distance between the three groups looking at the percentage of business community that speak Dutch is not significant (conditions; F (1,63) = 3.235, p = 0.077).

According to both groups, the cultural distance between Flanders and the Netherlands looking at the percentage of business community that speak Dutch is smaller than between Wallonia and the Netherlands but this relation is not significant. The null hypothesis will not be rejected.

4.2.3 Hypotheses of the differences of the factors in both regions

For hypotheses two till five, the differences of the remaining ten factors of the cognitive and regulatory dimensions in Flanders and Wallonia will be researched by conducting an independent samples t-test by measuring the differences between the means of

Flanders and Wallonia to analyze if they are statistically significant. The purpose is to find out which factors attract companies to Flanders and Wallonia. The table below shows how the Dutch companies in Flanders and Wallonia have rated the remaining ten factors in both regions. A mean (M) of 1.00 till 1.99 means that this factor was rated very low, a mean of 2.00 till 2.99 means that this factor was rated low and a mean of 3.00 till 3.99 means that this factor was rated average. The t-value (t) shows the direction of the difference in the sample means. A t-value of 0.000 till 2.500 means that the first mean is larger than the second mean. A t-value of -1.500 till -0.001 means that the first mean is smaller than the second mean. The probability (p) compares the two sets of data and shows if the probability of the two sets is the same. P can vary from 0 till 1. 0.00 till 0.05 means that the influence is significant. 0.06 till 1.00 means that the influence is not significant. The level of significance is five percent.

Table 3 Differences of the factors between Flanders and Wallonia				
	according to the Dutch companies in Flanders		according to the Dutch companies in Wallonia	
	in Flanders	in Wallonia	in Flanders	in Wallonia
the amount of financial incentives	(M = 2.93, SD = 0.611) t (24.823) = 2.133, p = 0.043	(M = 3.00, SD = 0.843) t (64) = 0.178, p = 1.000	(M = 2.40, SD = 1.046) t (24.823) = 2.133, p = 0.043	(M = 3.00, SD = 1.076) t (64) = 0.178, p = 1.000
the average annual sales	(M = 3.63, SD = 0.711) t (64) = 1.124, p = 0.265	(M = 2.78, SD = 0.964) t (64) = -1.249, p = 0.216	(M = 3.40, SD = 0.883) t (64) = 1.124, p = 0.265	(M = 3.10, SD = 0.912) t (64) = -1.249, p = 0.216
the amount of adaptation costs	(M = 2.37, SD = 1.040) t (64) = 2.236, p = 0.029	(M = 2.50, SD = 1.169) t (64) = 1.719, p = 0.090	(M = 1.75, SD = 1.020) t (64) = 2.236, p = 0.029	(M = 2.00, SD = 0.858) t (64) = 1.719, p = 0.090
the agglomeration effect	(M = 3.39, SD = 0.802) t (64) = 0.425, p = 0.672	(M = 2.76, SD = 0.794) t (64) = -0.625, p = 0.534	(M = 3.30, SD = 0.801) t (64) = 0.425, p = 0.672	(M = 2.90, SD = 0.912) t (64) = -0.625, p = 0.534
the growth rate	(M = 2.93, SD = 0.854) t (64) = 0.792, p = 0.431	(M = 2.91, SD = 0.725) t (64) = 0.297, p = 0.767	(M = 2.75, SD = 0.910) t (64) = 0.792, p = 0.431	(M = 2.85, SD = 0.933) t (64) = 0.297, p = 0.767
the wealth	(M = 3.63, SD = 0.741) t (64) = 0.153, p = 0.879	(M = 2.74, SD = 0.743) t (64) = -0.055, p = 0.956	(M = 3.60, SD = 0.754) t (64) = 0.153, p = 0.879	(M = 2.75, SD = 0.716) t (64) = -0.055, p = 0.956
the amount of persons with education	(M = 3.76, SD = 0.794) t (64) = 0.309, p = 0.758	(M = 2.93, SD = 0.904) t (64) = -0.279, p = 0.781	(M = 3.70, SD = 0.571) t (64) = 0.309, p = 0.758	(M = 3.00, SD = 0.795) t (64) = -0.279, p = 0.781
the unemployment rates	(M = 2.67, SD = 0.701) t (64) = 1.472, p = 0.146	(M = 3.33, SD = 1.706) t (64) = -1.203, p = 0.233	(M = 2.40, SD = 0.681) t (64) = 1.472, p = 0.146	(M = 3.65, SD = 0.813) t (64) = -1.203, p = 0.233
geographic distance from NL to Fl/Wa	(M = 2.26, SD = 0.953) t (64) = 0.239, p = 0.812	(M = 2.78, SD = 1.052) t (64) = 0.502, p = 0.618	(M = 2.20, SD = 0.951) t (64) = 0.239, p = 0.812	(M = 2.65, SD = 0.813) t (64) = 0.502, p = 0.618
amount of business terminals	(M = 3.24, SD = 0.766) t (64) = 0.191, p = 0.849	(M = 2.93, SD = 0.680) t (64) = -0.376, p = 0.708	(M = 3.20, SD = 0.768) t (64) = 0.191, p = 0.849	(M = 3.00, SD = 0.562) t (64) = -0.376, p = 0.708

Table 3: Differences of the factors in Flanders and Wallonia according to the Dutch companies that have an affiliate in Flanders and Wallonia. Source: own table

According to both groups the factors that will attract companies to Flanders are the factors the average annual sales of the same type of product that they are selling in NL,

the agglomeration effect, the wealth, the amount of adaptation costs, the amount of persons with education, the amount of business terminals and the geographic distance.
The factors that will attract companies to Wallonia are the factors the amount of financial incentives and the unemployment rates.
Both regions rate the growth rate of their own region higher.
Only the factors the amount of financial incentives available in Flanders and the amount of adaptation costs needed to sell your product in Flanders are significant. The other eight factors in Flanders and Wallonia are not significant: the differences between these factors are more likely due to chance.

4.2.4 Hypotheses of the influence of the (cultural) factors

For hypotheses six and seven, the influence of the (cultural) factors on the foreign location choice of the 66 Dutch companies in Flanders and Wallonia will be researched by conducting an independent samples t-test by measuring the differences between the means of the answers of Dutch companies in Flanders and Wallonia to analyze if they are statistically significant The purpose is to find out which factor has the most influence on the foreign location choice of the Dutch companies in Flanders and Wallonia. According to the literature review, a factor of the dimension market potential will have the most influence on both regions (Siedschlag et al. 2010) and culture will not be the most influencing dimension (Pressey/Selassie 2002). The table below shows how the Dutch companies in Flanders and Wallonia have rated the influence of the 15 factors on their foreign location choice. A mean (M) of 1.00-1.99 means that this factor did not had any influence, a mean of 2.00-2.99 means that this factor was slightly influential, a mean of 3.00-3.99 means that this factor was moderately influential and a mean of 4.00-4.99 means that this factor was very influential. The t-value (t) shows the direction of the difference in the sample means. A t-value of 0.000 till 2.500 means that the first mean is larger than the second mean. A t-value of -1.500 till -0.001 means that the first mean is smaller than the second mean. The probability (p) compares the two sets of data and shows if the probability of the two sets is the same. P can vary from 0 till 1.00. 0.00 till 0.05 means that the influence is significant. 0.06 till 1.00 means that the influence is not significant. The level of significance is five percent.

Influence of the factors on the foreign location choice		
	of Dutch companies in Flanders	of Dutch companies in Wallonia
Average annual sales	M = 3.48, SD = 1.243 t (64) = -1.739, p = 0.087	M = 4.05, SD = 1.191 t (64) = -1.739, p = 0.087
Business community which speaks Dutch	M = 3.48, SD = 1.027 t (64) = 0.582, p = 0.563	M = 3.30, SD = 1.380 t (64) = 0.582, p= 0.563
Growth rate	M = 3.33, SD = 1.266 t (64) = -0.218, p = 0.828	M = 3.40, SD = 1.273 t (64) = -0.218, p = 0.828
Geographic distance from NL to Fl or Wa	M = 3.07, SD = 1.272 t (64) = 0.749, p = 0.457	M = 2.80, SD = 1.436 t (64) = 0.749, p= 0.457
Wealth	M = 3.00, SD = 1.155 t (64) = -0.816, p = 0.418	M = 3.25, SD = 1.118 t (64) = -0.816, p = 0.418
Agglomeration effect	M = 2.63, SD = 1.236 t (64) = -0.059, p = 0.953	M = 2.65, SD = 1.268 t (64) = -0.059, p = 0.953
Amount of persons with education	M = 2.63, SD = 1.142 t (64) = -1.387, p = 0.170	M = 3.05, SD = 1.099 t (64) = -1.387, p = 0.170
The amount of business terminals	M = 2.37, SD = 1.254 t (64) = -0.254, p = 0.801	M = 2.45, SD = 0.999 t (64) = -0.254, p = 0.801
Power distance of the companies	M = 2.28, SD = 1.205 t (64) = -0.220, p = 0.827	M = 2.35, SD = 0,988 t (64) = -0.220, p = 0.827
Amount of adaptation costs	M = 2.26, SD = 1.290 t (64) = 1.029, p = 0.309	M = 1.95, SD = 1.050 t (64) = 1.029, p= 0.309
Masculinity of the companies	M = 2.26, SD = 1.063 t (64) = -1.019, p = 0.312	M = 2.55, SD = 1.050 t (64) = -1.019, p = 0.312
Uncertainty avoidance of the companies	M = 2.04, SD = 0,965 t (64) = -1.177, p = 0.243	M = 2.35, SD = 0.988 t (64) = -1.177, p = 0.243
Amount of financial incentives available for companies	M = 1.96, SD = 1.074 t (64) = -0.158, p = 0.875	M = 2.00, SD = 0.918 t (64) = -0.158, p = 0.875
Individualism of companies	M = 1.93, SD = 1.020 t (64) = -1.690, p = 0.096	M = 2.40, SD = 1.046 t (64) = -1.690, p = 0.096
Unemployment rates	M = 1.93, SD = 1.063 t (64) = -2.494, p = 0.015	M = 2.65, SD = 1.089 t (64) = -2.494, p = 0.015

Table 4: Factors that have an influence on the foreign location choice of Dutch companies in Flanders and Wallonia. Source: own table

According to the 46 Dutch companies in Flanders the factors average annual sales of the same type of product that they are selling in NL, in the region and the percentage of business community that speak Dutch have the most influence on their foreign location choice. The factor average annual sales of the same type of product that they are selling in NL, in the region is a factor of the dimension market potential and the factor the percentage of business community that speak Dutch is a factor of the cultural dimension. The influences of these factors are moderately influential. Of all 15 factors, there is a significant influence of the factor unemployment rates on the location choice

of Dutch companies in Flanders and Wallonia. The influences of the other factors are not significant: the influences of these factors are more likely due to chance.

According to the 20 Dutch companies in Wallonia the factor average annual sales of the same type of product that they are selling in NL, in the region has the most influence on their foreign location choice. The influence of this factor for the Dutch companies in Wallonia is very influential. The factor average annual sales of the same type of product that they are selling in NL, in the region is a factor of the dimension market potential. Also for the region Wallonia there is a significant influence of the amount of unemployment rates on the location choice of Dutch companies in Wallonia. The influences of the other factors are more likely due to chance.

Of the five cultural factors only the factor the percentage of business community that speak Dutch has a moderately influence on the foreign location choice of Dutch companies in Flanders and Wallonia. The other cultural factors are slightly influential or have no influence. The influences of all cultural factors were not significant and are more likely due to chance.

The following chapter is the discussion section of this research. Firstly, the results will be discussed. Secondly, the limitations of this research will be described. Thirdly, recommendations for companies and for the research field will be described and at the end, the overall conclusion will be given.

5. Discussion

5.1 Discussion

The results of this research show that the cultural factors of the normative dimension have a small but not significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia and that the factor unemployment rates has significant influence on the location choice of Dutch companies in Flanders and Wallonia. According to the Dutch companies in Flanders and Wallonia this factor had a small influence on their location choice. The influences of the other 14 factors are not significant: the influences of these factors are more likely due to chance.

First of all, it should be noticed that the results of the Dutch companies in Flanders and Wallonia are not generalizable because the sample used in this study is too small to make the outcomes representative for the complete group of Dutch companies in Flanders and Wallonia. Therefore the results of this research cannot indicate which factors influence the location choice of all Dutch companies in Flanders or Wallonia. Due to this, the external validity of this research is low (Babbie 2006). If this research had more participants the results could be generalizable and this research could indicate which factors influence the location choice of all Dutch companies in Flanders or Wallonia.

Secondly, unfortunately almost all relations were not significant. This is due to the small sample (Babbie 2006). Because of the fact that the network organizations did not to participate in this research the chances for a large sample were small. After finding the contact details of the Dutch companies 244 companies were contacted but only 66 companies filled in the questionnaire. At the end this response rate is high looking at the amount of companies contacted but with the help of network organizations the response rate could have been higher and the results could have been significant.

Thirdly, the results confirm that the influence of factors on the foreign location choice is on provincial base and not on country base (Spies 2010). Companies need to analyze the influence of factors of the different regions because within a country there can be differences between the regions and this can have an effect on the foreign location choice of companies.

Fourthly, the results confirm that the research method questionnaire was a good research method to answer the research question. None of the companies added comments about the structure of the questions or the chosen research method. At the end the results of the questionnaire made it possible to answer the research question. Due to this, the content validity and the face validity of this research are high. The results also show that the criterion validity for this research is low because the qualitative and quantitative parts do not have the same results as the theory indicates (Wood/Robertson 2000). The construct validity is not high because the results of certain factors is not in line with other researches for example the results of two of the four variables of the cultural dimensions of Hofstede are different than the results of the research of Hofstede (Hofstede 1994). The internal validity is high because according to the companies one of the 15 factors of this research influenced their foreign location choice in Flanders and Wallonia. They did not mention another factor. This shows that there is a causal relation between the 15 factors and their foreign location choice (Babbie 2006).

Results of this research also show that the influence of the cultural factors of the normative dimension generally is small but not significant. This is in line with other researches (Wood/Robertson 2000; Pressey/Selassie 2002). Similarities between cultures makes international business easier but this is not the main reason why companies locate a foreign affiliate. Also according to the interviews of the qualitative part factors like average annual sales are more important because these factors influence the profit of the company and a foreign affiliate cannot exist without profit.

Of all cultural factors only the factor the percentage of business community that speak Dutch in the region has an average but not significant influence on the location choice in Flanders and in Wallonia. According to the interviews of the qualitative part the reason for this relation in Flanders is because similarities in language ‘lowers the hurdle’ for companies. The fact that this factor also has average influence on the location choice in Wallonia could show that the business community in Wallonia speak more Dutch than expected.

It should also be noticed that to make a better understanding of the cultural factors this research asked the companies how they rate the five factors by giving examples. Through this operationalization it was easier for companies to know what is meant with the cultural factors but it can also influence their answers because the companies can

have a different meaning of the cultural factors. This could have influence on the causal relation between the cultural factors and the foreign location choice.

The research findings also show that the cultural distance between Flanders and the Netherlands is not significantly smaller than between Wallonia and the Netherlands. This is in line with other research (Hofstede/Hofstede 2005) and show that the cultural distance between the two regions and the Netherlands did not change generally.

However, this result also shows dissimilarities with other research (Hofstede 1994). According to the cultural dimensions of Hofstede (Hofstede 1994) the power distance and the uncertainty avoidance of the business culture in Flanders and Wallonia should be higher than that of the Netherlands but according to this research, the power distance and the uncertainty avoidance of the business culture in Flanders and Wallonia is lower than that of the Netherlands. Another dissimilarity is the fact that the masculinity of the business culture between Wallonia and the Netherlands is smaller than between Flanders and the Netherlands. According to the cultural dimensions of Hofstede the cultural distance between Flanders and the Netherlands looking at the masculinity of the business culture should be smaller (Hofstede 1994). This means that certain factors of the cultural dimensions of Hofstede (Hofstede 1994) have changed and are not stable as other research mentioned (Hofstede 2001).

Thirdly, it should be noticed that to make a better understanding of the cultural distance this research asked the companies how they rate the cultural distance by giving examples. Through this operationalization it will be easier for companies to know what is meant but it can also influence their answers because the companies can have a different meaning of the cultural factors. This could have influence on the cultural distance between the two regions and the Netherlands.

The research results also show dissimilarities with other researches in the most influencing factor. According to other researches (Siedschlag et al. 2010; Muchielli/Yu 2011; Head/Mayer 2004), one of the market potential factors of the cognitive dimension will be the factor that has the most influence but in this research only the factor unemployment rates has significant influence on the location choice of Dutch companies in Flanders and Wallonia. This factor is part of the economical dimension of the cognitive dimension.

Secondly, of the three environmental environments of NIT the cognitive dimension has the most influence on the foreign location choice of Dutch companies in Flanders and Wallonia. The second influencing environmental environment is the normative

dimension and the third influencing dimension is the regulatory dimension. The influences of the three dimensions are measured by analyzing the mean of the primary dimensions within the environmental dimensions. All relations were not significant.

The research findings of the differences of the factors in Flanders and Wallonia also show similarities with the outcome of other researches: the amount of financial incentives, the adaptation costs, the unemployment rates and the geographic distance in Wallonia are rated higher than in Flanders (Invest in Wallonia 2012; Invest in Flanders 2012; Bagnari et al. 1995; Meunier/Mignolet 2005; Buckley et al. 2007). The factors annual sales, agglomeration effect, wealth, amount of persons with education and the amount of business terminals are rated higher in Flanders than in Wallonia (Cabus/Vanhaverbeke 2007; Verduyn/Vivet 2007; Persyn/Torfs 2011; Sels et al. 2011; Lagneaux 2008) but there is a dissimilarity between the other researches and this research. According to other research (Bastiaens et al. 2000), the growth rate of Wallonia should be higher than that of Flanders but according to this research both regions rate the growth rate of their own region higher. A reason for this dissimilarity can be that the current economical crisis has impact on the growth rates of Flanders and Wallonia and therefore the growth rates of both regions changed.

Secondly, the results show that the factors the amount of financial incentives available for companies in Flanders and the amount of adaptation costs needed to sell your product in Flanders are significant. The results of the other factors are more likely due to chance. Like mentioned earlier the reason for the not significant result is the small sample used in this research.

Overall, the result findings show that cultural factors have a small but not significant influence on the location choice and that only the factor unemployment rates has significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia and that the cultural distance between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands but this relation is not significant.

5.2 Limitations

Firstly, because of the short period of this study it was only possible to reach a small group of respondents. This had an effect on the external validity and the research outcome. The total group of respondents consisted of 66 companies. When using a

longer timetable it would be possible to find more companies from certain industries that can lead to more precise research findings and a higher external validity.

Secondly, none of the network organizations wanted to support this research. Often network organizations have a large group of disciples that can be approached and will help more quickly when they are contacted through a network organization. Because network organizations did not want to support, a lot of time was lost by searching for respondents.

Thirdly, the questionnaire of the quantitative research was a bit long because the large amount of influencing factors. A small number of respondents commented the length of the questionnaire. A consequence can be that respondents do not read the questions carefully and will fill in wrong answers. This can affect the internal validity of this research.

Fourthly, it should be noticed that to make a better understanding of the factors this research asked the companies how they rate the factors by giving examples. With this operationalization, it will be easier for companies to know what is meant but it can also influence their answers because the companies can have a different meaning of the factors. This could have an effect on the causal relation of the influence of the factors on the foreign location choice.

5.3 Recommendations for companies

The following recommendation can help companies that want to locate an affiliate in international regions in their search for new international locations. Especially for Dutch companies in the regions Flanders or Wallonia.

The process of finding the right location choice can be very complex. After deciding the resources, strategy and objective of the company a company needs to compare new locations by looking at the influence of location factors. Make sure that the decision is based on the right factors because making the wrong decision can cost a lot of money and time. This research already showed that the influence of fifteen factors can differ in two unique regions of the same country. In other regions and countries, the influence of these factors can be completely different. In certain countries, political conditions can have large influence but in another country, the factor average annual sales of the same type of product that they are selling in NL, in the region is the most influencing factor.

This shows that not only the fifteen factors used in this research can influence the foreign location choice.

5.4 Recommendations for future research

Despite the fact that this study gave a general view of the influence of factors on the location choice of Dutch companies in Flanders and Wallonia, there are still some recommendations for future studies.

To measure the influence of the cultural factors this research used the cultural dimensions of Hofstede (Hofstede/Hofstede 2005). The research findings showed a difference in three of the five cultural factors. For future research, it could be interesting to see if these differences still occur in Flanders and Wallonia.

Secondly, in this research the choice was made to concentrate on fifteen factors that can influence the location choice in Flanders and Wallonia. This choice was based on five interviews with Dutch companies from five different industries. For future research, it could be interesting to research if according to other industries the same factors influence the location choice in Flanders and Wallonia.

Thirdly, for this research the emphasis was on Flanders and Wallonia because of the striking deviation between affiliates of Dutch companies in Flanders and Wallonia and the unique cultures of Flanders and Wallonia. However, Belgium also has smaller regions for example Brussels. For future studies, it could be interesting to analyze which factor has the most influence on the location choice of Dutch companies in Brussels.

Fourthly, the results of the quantitative part showed unique relations within certain industries. For example according to all companies of the industry Transportation Services, the influence of the factor geographic distance was extremely influential. For future studies, it could be interesting to analyze if there are other unique relations within industries.

5.5 Conclusion

This study tried to answer the following research question:

What is the influence of (cultural) factors on the foreign location choice of Dutch companies in Flanders and Wallonia?

The findings of the qualitative and quantitative research provide this research with enough information to answer the research question. With these findings, this research can conclude that cultural factors of the normative dimension overall have a small but not significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia. Of all five cultural factors, only the factor the amount of business community that speak Dutch in the region has an average but not significant influence on the location choice of a Dutch affiliate in Flanders or Wallonia. The results are not generalizable because the sample used in this study is too small to make the outcomes representative for the complete group of Dutch companies in Flanders and Wallonia (Babbie 2006).

This research can also conclude that of all factors only the factor unemployment rates of the cognitive dimension has a significant influence on the foreign location choice of Dutch companies in Flanders and Wallonia. In Wallonia, this factor has the lowest influence and in Flanders, this factor is the seventh most influencing factor. According to the companies the factor annual average sales of the same type of product has the most influence on the location choice of Dutch affiliates in Wallonia but this influence is not significant. This is a factor of the cognitive dimension. In Flanders there are two factors that have the most influence on the foreign location choice of Dutch companies: the factor annual average sales of the same type of product and the factor the amount of business community that speak Dutch in the region but the influence of both factors is also not significant. According to the companies of the qualitative research, the reason that the factor average annual sales of the same type of product that they are selling in NL, in the region has the most influence is because without high profits an affiliate cannot exist. High profits are fundamental for an affiliate in the international business. If the average annual sales of the same type of product that they are selling in NL, in the foreign region are low, the chances are very small that a Dutch company will located its affiliate in this foreign region.

This research can also conclude that the cultural distance between Flanders and the Netherlands is smaller than between Wallonia and the Netherlands but the cultural distance between the two regions and the Netherlands is not significant.

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Appendix I: Primary dimensions

Political dimension

Factors of the political dimension
Political strength of leadership in the foreign country
Degree of freedom of the political opposition in the foreign country
The degree of local labor unrest and the foreign government's ability to deal with the current and future labor unrest
Degree of foreign country's domestic instability (e.g. rebellion, political kidnappings, riot, guerrilla wars)
Degree of normal diplomatic relations between NL and the foreign country and vice versa
Extent of restrictions on free and open trade with the foreign country due to political frictions (e.g. NL freeze on Dutch technology exports)
Extent of foreign government's use of incentives to encourage private business
The ability of the foreign government to enforce its diplomatic policies with the respect to trade (for example, ability of foreign government to enforce policy of limited trade with NL)
Actual size of the private sector in relation to the government sector in the foreign country

Market potential dimension

Factors of the market potential dimension
Potential foreign buyers' ability to pay for your product
Average annual sales of the same type of product or service in the foreign country
Future trends and growth rate of the foreign market in which your product or service would be sold
Opportunities to offset cyclical swings in the Dutch market demand for your product by entering a foreign market
Parts and technical service supported needed and available for your product in the foreign country
Need to change your product specifications due to differences in foreign buyers' tastes and preferences or technical requirements
Degree of test marketing and promotion required to assure adequate sales of your product in the foreign market
Credit and financing normally extended to buyers in the foreign country (i.e. industry standards for financing sales to a foreign market)
Types and number of competitive products on the market in the foreign country
Competitors' market share, coverage, and growth rate in the foreign market
Advantages and weaknesses of competitors in the foreign market (e.g. the uniqueness of competitor's product and facilities for distribution)
Price levels on competitive products compared to your CIF price (costs, insurance and freight) in the foreign market

Economical dimension

Factors of the economical dimension
Gross National Product and per capita income in the foreign country
Availability of Euro reserves in the foreign country
Education and employment levels in the local foreign country
Inflation rate over the past five years in the foreign country
Trends in the foreign country's balance of trade (surpluses versus deficits)
The degree of use of modern, efficient methods in the creation of products and services in the foreign country (relative skill level of labor force)
Wealth of the foreign country in natural resources and the extent of their development
The diversity and range of all products produced in the foreign country versus those imported
Per capita ownership of consumer goods in the foreign country (e.g. cars, radios, TVs, etc)
Per capita food consumption in the foreign country
Per capita energy consumption in the foreign country (e.g. oil, gas, coal)
Per capita industrial goods consumption (e.g. steel, cement, glass) in the foreign country

Cultural dimension

Factors of the cultural dimension
Number of different cultural groupings, such as ethnic, religious, racial and language groups found in the foreign country
Extent of friction between different cultural groups in the foreign country
Similarities in the culture of the region with the other country
Percent of the business community who speak Dutch
The extent of adoption of Dutch business practices in the foreign country
Preferences and prohibition in the foreign country with respect to numbers, colors, shapes, sizes, and symbols on products and in promotion of products
Differences between NL and foreign views on the use of your product

Dimension infrastructure

Factors of the dimension infrastructure
Costs and efficiency of transportation to the foreign country from NL (business terminals like airlines, shipping lines, etc.)
Costs and efficiency of transportation within the foreign country (roads, highways, railroads, trucking, etc.)
Costs and efficiency of physical handling and warehousing in the foreign country (in the port of entry and throughout the foreign country)
Extent of development of wholesale/retail system in the foreign country
Costs and efficiency of communications to the foreign country from NL (e-mail, telex, telephone, post office/other mail, telegraph)
Costs and efficiency of communications within the foreign country (i.e. commercial broadcast media, print media, promotional agencies)
Costs and efficiency of trade fairs and industrial exhibitions in the foreign country
Total land area of the foreign country and description (i.e. mountain range, rivers, natural harbors, landlocked)
Climatic characteristics in the foreign country
Natural disaster potential in the foreign country (earthquakes, volcanoes, floods, windstorms)

Legal dimension

Factors of the dimension legal
Exact tariffs, import duties, and taxes assessed by the foreign country on your products
Tariff concessions allowed by the foreign country (i.e. drawbacks, preferential tariffs)
Common markets or regional trading blocs to which the foreign country belongs
Product standards imposed by the foreign country (e.g. local assembly laws; product packaging and labeling requirements; local safety and environmental regulations
Required documentation, import procedures, and quotas imposed by the foreign government
Extent and nature of the foreign government's participation in trade (e.g. foreign government procurement policies)
Visa requirements in the foreign country
Foreign government's laws affecting relationships with agent's distributors (e.g. severance pay, compensation)
Laws regulating and restraining advertising and promotion in the foreign country
Patent, copyright, and trademark protection in the foreign country

Appendix II: Interview questions for the qualitative part

General

1. Define the industry that your company belongs to?

2. Since which year did your company have a foreign affiliate in Belgium?

3. In which part of Belgium is the foreign affiliate located?
    a. Flanders
    b. Wallonia
    c. Both

4. Why did you choose for this part of Belgium?

5. Which strategy did you used before choosing Belgium as a possible market?
    a. Resource-seeking
    b. Market-seeking
    c. Client-following

Factors influencing the foreign location choice

6. When entering the Belgian market which factors did you considered when making the decision?

7. Which factor was the most important for your decision?

8. If there are multiple factors that influenced the decision: can you give me the order from most important till less important?

9. If you could make the same decision again would you also look at other factors? Which factors?

Appendix III: Survey questions for the quantitative part

Why do Dutch companies locate their foreign affiliate in Flanders or Wallonia?

With this research the influence of factors on the Dutch location choice in Flanders and Wallonia will be examined. The following survey consists of 19 questions to see how you rate the different factors in Flanders and Wallonia and to see which factor had the most influence on your location choice. The questionnaire will take around ten minutes of your time. Thank you in advance!!!

1.

What is the name of your company? *

2.

To which industry does your company belong? *

3.

In which year was your company established? *

4.

What is the size of your company? *

- Small (<50 employees)
- Medium (50-250 employees)
- Large (250> employees)

5.

Is your company a family firm? *

- Yes
- No

6.

In which year did your company go international? *

7.

In which year did your company establish an affiliate in Belgium? *

8.

In which part of Belgium is your foreign affiliate located? *

- Flanders
- Wallonia
- Both

9.

For the cultural factors we want to know which region (Flanders or Wallonia) has the largest cultural distance compared to the Netherlands.

Can you first rate the following cultural factors in the Netherlands? Please rate very low, low, average, high or very high? Please rate the following:

	very low				very high
The degree of individualism of Dutch companies: percentage of companies that only look after itself and reach their own goals instead of collective goals.					
The power distance of Dutch companies: percentage of companies in which lower employees can contribute or criticize decisions made by higher management.					
The degree of uncertainty avoidance of Dutch companies: percentage of companies that respond flexible to changes in the environment.					
The masculinity of Dutch companies: percentage of companies that only look at succes, performance and wealth and will not look at maintaining relations, modest behaviour and solidarity.					
Percentage of the business community that speak Dutch.					

10.

To see which region (Flanders or Wallonia) has the largest cultural distance compared to the Netherlands we want to know how the cultural factors differ in Flanders and Wallonia.

So compared to the Netherlands, how do you rate the cultural factors in the regions Flanders and Wallonia? Please rate much lower, lower, equal, higher or much higher? Please rate the following:

	much lower (Flanders)				much higher (Flanders)	much lower (Wallonia)				much higher (Wallonia)
The degree of individualism of companies in the region: percentage of companies that only look after itself and reach their own goals instead of collective goals.										
The power distance of companies in the region: percentage of companies in which lower employees can contribute or criticize decision made by higher management.										
The degree of uncertainty avoidance of companies in the region: percentage of companies that respond flexible to changes in the environment.										

The masculinity of companies in the region: percentage of companies that only look at succes, performance and wealth and will not look at maintaining relations, modest behaviour and solidarity.	○	○	○	○	○	○	○	○	○	○
Percentage of the business community that speak Dutch in the region.	○	○	○	○	○	○	○	○	○	○

11.

For the following political factor we want to know which region has the most financial incentives available for foreign companies.

How do you rate the following political factor in the regions Flanders and Wallonia? Please rate very low, low, average, high or very high? Please rate the following:

	very low (Flanders)				very high (Flanders)	very low (Wallonia)				very high (Wallonia)
The amount of financial incentives available for foreign companies in the region	○	○	○	○	○	○	○	○	○	○

12.

For the following factors we want to know which of two regions has better market potential for your company.

So how do you rate the following market potential factors in the regions Flanders and Wallonia. Please rate very low, low, average, high or very high? Please rate the following:

	very low (Flanders)				very high (Flanders)	very low (Wallonia)				very high (Wallonia)
The annual sales of your type of product or service in the region	○	○	○	○	○	○	○	○	○	○
The amount of adaption costs needed to sell your product in the foreign market	○	○	○	○	○	○	○	○	○	○
The presence of a large concentrated group of competitors and suppliers in the foreign market	○	○	○	○	○	○	○	○	○	○
The growth rate of the market in which your product or service is being sold	○	○	○	○	○	○	○	○	○	○

13.

For the following factors we want to know which region has a better economy based on the following three factors.

So how do you rate the following economical factors in the regions Flanders and Wallonia? Please rate very low, low, average, high or very high? Please rate the following:

	very low (Flanders)				very high (Flanders)	very low (Wallonia)				very high (Wallonia)
The wealth of the region	○	○	○	○	○	○	○	○	○	○
The amount of local people with education in the region	○	○	○	○	○	○	○	○	○	○
The amount of unemployed persons in the region	○	○	○	○	○	○	○	○	○	○

14.

How do you rate the following infrastructural factors in the regions Flanders and Wallonia? Please rate very low, low, average, high or very high? Please rate the following:

	very low (Flanders)				very high (Flanders)	very low (Wallonia)				very high (Wallonia)
The amount of km that you need to travel from the Netherlands to the region	○	○	○	○	○	○	○	○	○	○
The amount of airports, harbours and other business terminals in the region	○	○	○	○	○	○	○	○	○	○

15.

Which of the 15 factors mentioned had influence on your location choice in Flanders or Wallonia? Please rate no influence, slightly influential, moderately influential, very influential, extremely influential.

	no influence				extremely influential
The individualism of companies in the region	○	○	○	○	○
The power distance of companies in the region	○	○	○	○	○
The degree of uncertainty avoidance of companies in the region	○	○	○	○	○
The masculinity of companies in the region	○	○	○	○	○
Percentage of business community that speak Dutch in the region	○	○	○	○	○
The amount of financial incentives available for foreign companies in the region	○	○	○	○	○
The annual sales of your type of product or service in the region	○	○	○	○	○
The amount of adaption costs needed to sell your product in the foreign market	○	○	○	○	○
The presence of a large concentrated group of competitors and suppliers in the foreign market	○	○	○	○	○
The growth rate of the market in which your product or service is being sold	○	○	○	○	○
The wealth of the region	○	○	○	○	○
The amount of local population with education in the region	○	○	○	○	○
The amount of unemployed persons in the region	○	○	○	○	○
The amount of km between the Netherlands and the region	○	○	○	○	○
The amount of airfields, ports and other business terminals in the region	○	○	○	○	○

16.

Please specify your gender: *

- ○ Men
- ○ Women
- ○ Prefer not to answer

17.

Please specify your age range: *

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65 or Above
- Prefer not to answer

18.

In which province were you born? *

19.

What is your current position in the company? *

20.

Comments

Thank you for devoting time for answering this survey!!