

UNIVERSITY OF TWENTE.

Master thesis Business Administration

Foreign direct entry mode in a transition economy: A design-oriented approach

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Date:	April 2013

With what kind of entry mode can Company Z be transformed into a profitable foreign subsidiary

Management summary

In this thesis a study is conducted for a Dutch small and medium sized enterprise in order to finish the master study *Business Administration* at the University of Twente. This company, Company Y - former Company X, established in Bosnia and Herzegovina an international subsidiary called Company Z. Company Z hasn't been successful until now and therefore the management of Company Y realised that a change is needed. The aim of this study was to research how Company Z can be transformed into a profitable foreign subsidiary. To fulfill this aim, the following research question was developed: *with what kind of entry mode can Company Z be transformed into a profitable foreign subsidiary with the requirements taken into consideration?*

A design-oriented research approach was chosen because this research method is used often by researchers to solve business problems. Because design-oriented projects focus on solving or improving business problems, these practitioners are satisfied with a solution, and therefore do not focus on scientifically proving the solution. In this research domain a rigour-relevance gap exists. First the difference between descriptive and prescriptive research has been explained followed by the difference between explanatory and exploratory research. Explaining these differences indicate possible ways of bridging this gap which was discussed in chapter two of this paper. At the end of chapter two the regulative cycle was explained which we used as a guidance to solve the current business problem. The regulative cycle is used by many managers and academics in their aim of solving business problems.

After explaining the research methodology (design science) we focused on the problem definition. We conducted internally an analysis with both directors and the employees, and we also externally interviewed competitors and potential customers. The information was collected by using a qualitative research method; namely semi-structured interviews were conducted. These interviews provided information about the financial limitations, made clear that the current employees need to be retained, and the property lot that has been acquired needs to be utilised. Also the causes of the problem were highlighted, with the following three important issues: a lack of communication competences, Company Z lacks also competitive advantage, and no profit generating activities are carried out.

The next step was analysing the findings. The causes of the problem were validated and analysed to be sure that these issues really cause the business problem. Also external interviews were conducted with four managers of four different (international) companies active in the Bosnian market. After these analyses a literature study was conducted to research what possible solutions can be for Company Z, in this case what kind of entry modes Company Z can use to re-enter the Bosnian market and to be transformed into a profitable foreign subsidiary. This study provides the following possible entry modes: exporting, with contractual agreements such as licensing and franchising; making foreign direct investments that entail alliances, joint ventures or acquisitions; or making new wholly owned subsidiaries. The advantages and disadvantages of these entry modes were described, and we analysed the three issues on how they influence each particular entry mode.

After this theoretical analysis two important theoretical perspectives, that are important for internationalising companies, were discussed; namely the resource-based view and the institutional-based view. Company Z resources were described and analysed, and the institutional environment of Bosnia and Herzegovina was researched so that it is clear how these institutions can influence the foreign entry mode choice. At that moment, all the analysis were taken together an a possible solution was defined. The advice for Company Z to re-enter the Bosnian market is to establish a *joint venture*.

In the last chapter the choice for a joint venture was explained and discussed, and a change plan was developed. Finally the contribution to the literature and possible future research directions were explained.

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Preface

Dear reader,

For many centuries, companies have been exploring foreign international markets, aiming to improve their business and competitive advantage. As Kamakura et al. (2012) indicate: trade across the world was 15 times greater in 2007 than it was in 1950, indicating the rapid pace of internationalization. Therefore the international market entry mode choice of firms has become an interesting topic that has been researched by several academics. In this study the internationalization of a Dutch company was the central subject of my journey.

A journey that started in september 2011 at the University of Twente and that ends now, in april of 2013. This journey is a scientific one, a practical one, and one with a specific goal: finishing and graduating the master study *Business Administration*. Three months of this journey have taken place in Bosnia and Herzegovina (the country of my origin) and more specifically at the foreign subsidiary of the company. I had a pleasant stay for which I want to thank the employees. I would also like to thank this company, in particular the directors of both companies and the employees which I interviewed, for giving me the opportunity to conduct this certain kind of research.

I want to thank Huub Ruël, my supervisor, primarily for being my supervisor and giving me the opportunity to conduct a research that I really wanted to execute, and obviously for helping me with my thesis. In this line I would also like to thank Martin Stienstra, my second supervisor, for his useful insights and helpful criticism.

Looking back at this period makes me realise that without the help and encouragement of some specific people I wouldn't have finished this thesis yet. Therefore I want to thank a couple of people in particular for motivating me at moments that I needed it. These are my friends Jan, Hans and Harold. I also want to thank Erik Booij, my friend and the one who read the whole paper and helped me correcting my grammatical errors. Finally I want to thank my mom for supporting me all the way.

Enschede, 10 April 2013

Vildan Korjenic

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Chapter 1: Introduction

'Louis Vuitton opens store in Shanghai' is an example of an online newspaper headline illustrating the globalisation of businesses (retrieved september 11, 2012, from retailgazetta.co.uk). Today's international business environment is characterised by firms opening new stores in countries outside their home market, by building manufacturing plants in foreign countries, by exporting and selling products worldwide, and many more activities. Due to the progress in telecommunication technologies and information technologies companies are able to manage their foreign subsidiaries (Pisani, 2009; Tatoglu, Demirbag & Kaplan, 2003). In some papers this process of entering foreign markets is called the globalisation of companies (Danis & Cavusgil, 2012; Pisani, 2009; Tatoglu et al., 2003), other researchers explain it as the process of increasing global economy with the internationalization of companies (Hessels & Kemna, 2008). The last couple of years scholars have paid attention to the internationalization process of firms, illustrated by Pisani (2009) showing an increase in the amount of international management literature what directly affects the presence of international management in the management area.

Several researchers (Dunning, 1980, 1988; Johanson & Vahlne, 1997, 2009; Madsen & Servais, 1997) have developed theories and models about the internationalization process of companies, of which the following three models have become dominant: the Uppsala model, the Eclectic paradigm and Born Globals. The Eclectic paradigm focuses on foreign international production and describes three particular advantages important in the internationalisation process: *ownership advantages*, *location advantages* and *internationalization advantages*. The Born Global literature focuses on companies that are international focused from the beginning, which is possible by using the latest communication and information technologies. The Uppsala Model, developed by Johanson and Vahlne (1977), describes a possible internationalization path which can be executed incrementally based on recursive loops with experiential learning (Johanson & Vahlne, 1977; Al-Kaabi, Demirbar & Tatoglu, 2010). The four stages of the Uppsala model are: 1- no regular exporting (sporadic export), 2- exporting to a country via independent representative or agent, 3- establishing an overseas sales subsidiary and 4- building production/ manufacturing facility in the host country. The Uppsala model is leading in this study because it can be used by every internationalising company, and because the different stages provide different ways of approaching a foreign market. The Uppsala model is also chosen because the Eclectic paradigm focuses especially on foreign direct investment and therefore indirectly excludes exporting. The Born Global literature isn't relevant in this study because the researched company isn't a born global venture. We assume that the company that is researched in this study is in the fourth stage of the Uppsala model.

The internationalisation literature describes different strategies that provide firms foreign access in a particular country (e.g. Dikova & van Witteloostuijn, 2007; Meyer, Wright & Puthri, 2009). The excessive amount of literature also indicates that it often happens that foreign subsidiaries aren't as successful as the entrant hoped (Som, 2009), which is a topic that this thesis will cover.

This study is conducted for a Dutch company of which the primary activity is selling products used in construction sector in the Dutch market. The company will be called Company X within this thesis because of confidential reasons. Company X, a small and medium-sized enterprise (SME) - which will be explained in chapter four, entered the Danish market unsuccessfully a couple years ago. Years later the opportunity arose to enter yet another foreign market; in this case Bosnia and Herzegovina. They entered the market with a greenfield investment which will be called Company Z in this study. Until now the entrance of Company X in the Bosnian market hasn't been as successful as the management expected. Some questions arise such as: did the management used the lessons learned from the Danish experience? Was the chosen entry mode not the right one? Could it be that the execution team that executed the internationalization of Company X in the Bosnian market isn't capable of executing this kind of expedition? To answer these questions a research question is formulated.

Two important aspects will be central in this research; namely foreign direct entry modes and transition economies. The first component, foreign direct entry mode is important in this study because Company X has chosen a particular entry mode that until nowadays hasn't been successful. This entry mode – a greenfield

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investment – has been used to enter the Bosnian market which can be characterised as a transition economy (Deichmann, 2012). The Bosnian economy is in transition to a market-based economic system or liberalised economy (Donais, 2002).

1.1 Research question

To focus this study we have devised the following research question that will be central in this research:

What is the most suitable foreign direct entry mode for a technical wholesaler (Company X) (re)entering a transition economy?

The primary goal of this research question is to explain what the most suitable and feasible option is for Company X so that the international subsidiaries meet the targets the management have drafted. To solve the problem of Company X described above we will use a particular research methodology used by other researchers in solving business problems, namely design-oriented research. As van Aken, Berends and van der Bij (2009) indicate, business problem solving projects as here often have the purpose to improve the performance of a business system, department or a company on one or more criteria. As these researchers also state; 'design-oriented means that much effort is put into the design of the solution and into the accompanying change process, as opposed to solving the problem through improvisation' (van Aken et al., 2009, p.15). The regulative cycle, which is a business solving cycle developed by van Strien (1997) and consist of five basic process steps, will be used to develop a solution for the problem. The five steps are: defining the problem, analysing and diagnosing it, making a plan of action, implementing the intervention, and finally evaluating the solution (e.g. van Strien, 1997; van Aken, 2004; van Aken et al., 2009). We focus on solving a business problem and because we use a design-oriented approach this study isn't structured as many other scientific articles.

1.2 Implications

This research has managerial and theoretical implications. The managerial implication can be formulated as solving the issue the management of Company X is currently facing, and that is how to improve the performance of the international subsidiary.

The theoretical implications of this research are more extensive. A first theoretical implication is to use a research methodology - design science - that is used by managers more often nowadays, and therefore contributing to the body of the design science research domain (Avenier, 2010). The second theoretical implication is to use foreign direct entry mode literature and transforming theoretical models into a practical solution for a specific business problem (van Aken et al., 2009). Another theoretical implication, and maybe the most important one, is that there hasn't been done earlier research on this topic in this specific country.

1.3 Paper outline

To come with a solution for the business problem and to answer the research question the paper has been structured as follow; chapter two will be dedicated to describing and discussing the methodology used in this study. In chapter three the problem will be central and a clear problem definition will be outlined. Chapter four is focused on analysing and diagnosing the problem. The analysis and diagnosis stage will be followed by a plan of action that will be conducted in chapter five. Finally in chapter six the conducted study will be evaluated; the answer on the research question will be discussed, and the limitations and future research directions will be explained.

Chapter 2: Research methodology

In this second chapter the research methodology used in this thesis will be described and explained, namely a design-oriented research. A question that arises is why this particular research methodology and not conducting for example a case-study or a longitudinal study? The reason why a case-study approach isn't an option is because little research has been conducted on this particular topic in this particular context (Deichmann, 2012), which means that little comparison is possible. We also didn't choose for a longitudinal research design because the study is about finding a solution for a business problem with time being a restriction. Therefore we choose to conduct a design-oriented study with the aim of solving a business problem.

2.1 Solution-oriented approach

Managers face problems and challenges within companies or within complex environments (Friedman, 2003) of these companies every single day. There are problems that can be solved by improvisation (van Aken et al., 2009), but other problems are too complex, ambiguous or comprehensive (Denyer, Tranfield & van Aken, 2008) that a deep analysis and diagnosis of the problem is necessary to understand the problem. As van Aken (2004, 2005a) states: "the mission of a design science is to develop knowledge that the professionals of the discipline in question can use to design solutions for their field problems". The aim is to develop "a means to and end" or "an artefact to solve a problem" (Holmström, Ketoviki, & Hameri, 2009, p.67).

When the problem is analysed, diagnosed and understood, the manager can start the search for a suitable solution for the problem. Describing the problem, explaining it, and predicting possible outcomes is the explanatory nature of descriptive-oriented research. This is only the first half of actually solving the problem. The other part is that of designing a solution for the problem, done by prescriptive-oriented research. The gap that exist between these two research programmes is a relevant problem with increasing interest (van Aken, 2004). Bridging this gap will be a focus of this chapter.

As we use the design science the question arises what exactly is design science? And how can we adjust it to fit to our purpose? An answer to these questions will be given in this part, starting with a deeper inquiry into descriptive and prescriptive research because these approaches are general approaches as opposed to the design science. To fully understand why the before mentioned gap exist we will also explain the difference between explanatory and exploratory research, and finally we will discuss the design science.

2.2 Descriptive and prescriptive research

Sun and Pan (2011) in their article emphasise the importance of a descriptive and prescriptive approach to scientific research, because these seem to be the two approaches to scientific research. Several researchers have discussed the difference between descriptive and prescriptive research (e.g. Sun & Pan, 2011; van Aken, 2004). Literature shows that the use of both approaches is becoming more important in design science, but it also shows that there is a gap between the two approaches that needs to be bridged (van Aken, 2004).

As many researchers indicate (e.g. Holmström, Ketokivi & Hameri, 2009), theory building, theory testing and explanation are indispensable and important for scientists. Descriptive research is oriented towards understanding and describing problems (van Aken, 2004). In descriptive-oriented research information (Casadevall & Fang, 2008) and facts (Wieringa, 2009) are collected to describe a particular issue. Description-driven research has an explanatory nature and is used in a conceptual way. Van Aken (2004) states that Organisation Theory results from descriptive-oriented research.

Casadevall and Fang (2008) argue that all science is in some sense "descriptive". Scientist working on descriptive research programmes operate within the academic reputation system, what means that theories should be scientifically proven (van Aken, 2004). The focus is on understanding a particular occurrence; to describe, explain and possibly predict this occurrence.

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In prescriptive-oriented research programmes, the opposite is the case of the descriptive-oriented research programmes. Prescriptive research is focusing on to “develop research products which can be used in designing solutions for management problems” (van Aken, 2004, p. 220). In prescriptive-oriented research a researcher’s aim is to solve a particular (business) problem or field problem (Denyer et al., 2008). Solving this problem is done by using *scientific* knowledge and existing theories.

Prescriptive research operate within the professional reputation system. Central in this system is the aim of finding relevant research outcomes (Edelson, 2002; van Aken, 2004), which is also the aim of this study: finding a relevant solution to solve the issue of Company X.

Descriptive and prescriptive research are two different research approaches, and between these two research approaches a gap exists, namely the rigour-relevance gap. As van Aken (2004, p.221) states: “management theory is either scientifically proven, but then too reductionistic and hence too broad or too trivial to be of much practical relevance, or relevant to practice, but then lacking sufficient rigorous justification”. This means that descriptive research is too general for practical usage whereas prescriptive research is too specific to be generalizable (Holmström et al., 2009). Management theory should meet criteria of scholarly quality and managerial relevance, and that’s exactly where the gap exists between the two approaches. The question that arises is: is it possible for managers to solve business problems and to do this under the rubric of scientific research? And if it is, how can this be done? Before answering these questions we first focus at another often used dichotomy; that of the explanatory and exploratory research approaches (Holmström et al., 2009).

2.3 Explanatory and exploratory research

As Holmström et al. (2009) indicate, some theories have been developed by practical usage and experience of managers. The definition of design science these researchers use in their article is: “design science is research that seeks to explore new solution alternatives to solve problems, to explain this explorative process, and to improve the problem-solving process” (2009, p.67). An important aspect mentioned in this definition is the explorative character of design science. These researchers make an distinction between exploratory and explanatory research approaches.

Finding out what makes a theory practical and how theories can be generated is been the focus of design researchers for the last couple of years. In the article of Holmström et al. (2009) the conventional research is dubbed in explanatory research. They mention a couple of differences between explanatory and exploratory research. We will first summarise the characteristics of explanatory research followed with the characteristics of exploratory research. Emphasising the characteristics of both methods will also indicate the differences between them.

An explanation of why design science is not widely used in different research disciplines is because the primary disciplines for design science are engineering and architecture, which can be characterised as “sciences of creating artificial phenomena” (Holmström et al., 2009, p.69). In their article Holmström et al. (2009) associate exploration with *design science* and explanation with *theoretical science*. This distinction indicates the difference in focus of both research approaches.

The explanatory research investigates existing empirical phenomena. This research discipline is seeking theoretical explanations in order to understand particular phenomenon. Outcomes of explanatory research are conclusions which are being based on collected data. In short, its about giving descriptions, explanations and predictions (van Aken, 2004; Denyer et al., 2008). This line of research advances theory and produces academic publications (Holmström et al., 2009).

Whereas the explanatory research investigates phenomena that already exist, in the exploratory research the phenomenon must be created before it can be evaluated. Holmström et al. (2009, p.68) call this the “creation of artificial phenomena or simply artefacts”. In the exploratory research data that needs to be analysed doesn’t exist until the artificial phenomenon is created. In this line first the artificial phenomenon must be created, in this case

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we need to develop a particular solution for the business problem, whereupon the necessary data needs be gathered so that it can be analysed. The goal of this research discipline is to create an artefact or (management) knowledge (Denyer et al., 2008) that can solve a practical problem, which is also the outcome of this pragmatic research discipline (Holmström et al., 2009). This means that exploratory research or design science is problem-focused (March & Storey, 2008) and solution-oriented (Edelson, 2002).

As the characteristics of these two research disciplines show above, there are quite some differences between the two research approaches. These two approaches differ on the phenomenon, the data, the end product, the knowledge interest, and the disciplinary basis. This explains the gap that exists between the two approaches, but as these approaches have their differences, they also can complement each other.

When artefacts are created by executing exploratory research it complements explanatory research with new artefacts that need to be evaluated. Conversely, explanatory research complements exploratory research by evaluating the merits of various artefacts in different context, which means that artefacts are tested under different kind of conditions. Van de Ven (2007) shows that the rigour of exploratory and explanatory research differ because the rigour in explanatory research is the construction and demonstration of an explicit and novel theoretical contribution, while the improvement of the solution design and demonstrating its practical utility is the rigour in exploratory research.

For a design scientist it takes longer to develop a formal theory than for cognitive scientist because as explained above, first an artefact needs to be developed before this one can be tested. New ideas need to be tested before they can become mid-range theories - covering specific ranges of issues (Friedman, 2003) - and reaching the goal of becoming a formal theory.

Holmström et al. (2009) in their article clearly explain a four-stage process how exploratory and explanatory research - or design science and theoretical science - can be used together in the process of starting with a new idea until it becomes a formal theory. They use a mean-ends approach which describes how goal-directed scientific inquiry can be conducted (Simon, 1969). The four stages are (1) solution incubation, (2) solution refinement, (3) explanation I - substantive theory and (4) explanation II - formal theory. The first two stages belong to exploratory research (design science) whereas the last two stages belong to the explanatory science (theoretical science). These four stages will briefly be explained, but first in the following part the design science will be discussed.

2.4 Design science

A first look at the terminology "design science" strikes the attention on two often used terms with their own specific characteristics; namely *design* and *science*. As Cross (1993) indicates, this distinction has been made intentionally by design methodologists. To mention some examples; Gregory (1966) states: science is analytics, design is constructive; Alexander (1964) describes it as follows: scientists try to identify the components of existing structures, designers try to shape the components of new structures; and an often quoted statement (e.g. Cross, 1993; Friedman, 2003) is the one that Simon (1969) made: the natural sciences are concerned with how things are... design science on the other hand is concerned with how things ought to be. This statement of Simon (1969) shows that in those early years the distinction between descriptive and prescriptive research was understood. It also clearly shows that in earlier years the distinction between design and science was sought by researchers. Also nowadays in practice this distinction is a problem, as van Aken (2004) states that understanding the problem (what is done by research and what is the aim of science) is only halfway to solving it (designing specific solutions).

The difference between a designer and a scientist is the point of view towards an artefact: a designer looks at an artefact with a pragmatic point of view whereas a researcher tries to examine and evaluate an artefact from a theoretical point of view (Holmström et al., 2009). Another obvious distinction between science and design is that the method is vital in science where it validates the results, which isn't important for design because the outcome of a design is context-specific and doesn't have to be repeatable as in science (Cross, 1993).

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The fact that this distinction has been researched indicates that there has to be some problem or gap between the two disciplines (Cross, 1993). Science produces scientifically proven general knowledge that researchers can use, but most of the time this knowledge is so broad and these theories are so reductionistic that they can't solve a particular business problem. On the other side, relevant theories for practical use lack sufficient rigorous justification most of the time (van Aken, 2004). This dilemma in management research is often called the rigour-relevance gap or dilemma (Argyris & Schon, 1989; van Aken, 2004). But as the mission of the design science is to develop knowledge that professionals can use to design solutions for specific problems in the field, this gap or dilemma needs to be solved.

In the preliminary part, we asked the question what exactly design science is. The design science is not a traditional academic research discipline (Fallman, 2007). It emphasises the connection between knowledge (produced by a scientist) and practice (used by a practitioner) (Wieringa, 2009). As Fallman (2007) indicates, some research fields are design-oriented ever since these fields originate and are characterised as a design discipline and not as any other traditional academic research discipline (Fallman, 2007). Friedman (2003, p.508) indicates: 'the foundation of design theory rests on the fact that design is by nature an interdisciplinary, integrative discipline'. As Edelson (2002) also indicates, the design science eliminates the boundary between design and research recognising design as an important approach to research in its own right. Where in traditional theory testing design takes place as the implementation of the theory which is followed by an evaluation-oriented research, in design science it is the outcome of the process.

Bridging the gap explained in the preliminary part has been investigated by several researchers all using their own methods. Design science researchers often deal with management problems. Management researchers seek to develop solutions for field problems (Denyer et al., 2008) instead of being content with only an explanation (Holmström et al., 2009). Therefore they search not only for theories that can explain the problem, but that can also provide a guidance in solving the issue. Using theories to understand a problem is just a part of a business problem solving project. The other part is developing and testing (alternative) solutions (van Aken, 2004). As van Aken (2004, p.220) states: "in management one needs description-driven research programmes next to prescription-driven research ones in order to develop research products which can be used in designing solutions for management problems".

In the following part the four stage process that Holmström et al. (2009) explain will be discussed because this process is an attempt to solve the rigour-relevance gap as it explains how to combine theory and practice.

2.4.1 Phase 1: Solution incubation

In this first phase framing the question in the right way and developing the rudiments of a potential solution design are central. Design scientists often use their experience and have a first subjective interpretation of a business problem (Denyer et al., 2008). Even more important is to develop novel business solutions with the ability to use and combine the insights of multiple disciplines (Denyer & Tranfield, 2006), or as Klahr and Simon (1999, p.532) say: "the idea of parallel domains of human expertise is at the core of design science". Design science is therefore multidisciplinary as it uses different knowledge domains in the search for a feasible solution. Abductive reasoning (Josephson, 1998) is used in this case to connect different knowledge domains and disciplines, and to find commonalities between them.

2.4.2 Phase 2: Solution refinement

In this second phase the first rudimentary solution is tested. Before a solution can be evaluated, and design improvements can be carried out, implementation is necessary. Each implementation is an opportunity to collect data for evaluation (Edelson, 2002). This iterative process of co-opting unintended consequences is often done in an empirical context. During these two stages - incubation and refinement - it is important to accommodate different objectives because of conflicting interests.

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2.4.3 Phase 3: Explanation I - substantive theory

Problem solvers often will be satisfied when a solution is feasible, and therefore will not further investigate the problem and its solution. But as mentioned before, these findings are not generalizable across different contexts and therefore decrease theoretical justification (Friedman, 2003). The findings must show a theoretical contribution that is started in the third phase with establishing a theoretical relevance of the artefact or solution by examining and evaluating the artefact or solution from a theoretical point of view.

In this phase the focus is on developing substantive theory of the mid-range variety, a context-dependent theory, for a narrowly defined context and empirical application. We should learn something theoretically novel from a solution design or artefact. This is seen as where the gap between explanatory and exploratory research can be narrowed by strengthening the link between these two approaches. Using both approaches together should have the aim of making design scientists' results generalizable and thereby increasing the theoretical justification as well as demonstration. This way the theoretical utility is also being sought by introducing the solution design in several contexts.

2.4.4 Phase 4: Explanation II - formal theory

A formal theory consists of theoretical propositions of which the applicability is not limited to the empirical context under study (Glaser & Strauss, 1967). As Holmström et al. (2009, p.77) state: "formal theoretical propositions do not require an empirical context; instead, their meaning is embedded in the logic of the theory itself".

Currently practitioners focus on the first two stages of solution incubation and refinement, focusing on solving practical problems, whereas researchers focus on the last two stages of forming a substantive and formal theory, with the aim of developing and testing of explanatory theory. Linking phase 2 and 3 could be important in an attempt of improving the managerial relevance of explanatory research (Holmström et al., 2009).

2.5 Possible solution

The question formulated before, and what this preliminary part was about, is: is it possible to solve business problems under the rubric of scientific research? And if we can, how can this be done? As Holmström et al. (2009) indicate, successful bridging of managerial relevance and theoretical contribution lies in the ability to bridge phase 2 and 3 of the above discussed four stages. The challenge for design science is to turn solutions and artefacts into novel theoretical insights. This is quite a challenge, also because the aim of design science is to solve business problems and not to create new theoretical knowledge.

Involving a researcher early in the process of design science, this means in the first or second phase of the four stages mentioned above, can produce three kinds of benefits (Holmström et al., 2009, 81): (1) theoretical expertise can be used in improving the solution design, (2) the scientist can steer the designer's solution towards some theoretical insights, and (3) the scientist will benefit from the fact that he or she will take part in the iterative process of gathering information which is better than receiving information afterwards.

In this line, a practitioner and a researcher working together on the same project could be a solution for solving business problems with scientific requirements being taken into consideration during the project, or as Holmström et al. state: "linking phase 2 and 3 can hold the key to improving the managerial relevance of explanatory research" (2009, p.77). Van Aken (2004) also indicated that bringing practitioners and academics together can be a solution for solving the relevance gap between what he called *Management theory* (resulting from prescription-driven research) and *Organisation theory* (resulting from description-driven research). As Cross (1993) indicates, although designing in itself is a non-scientific or a-scientific activity, a study of designing can be the subject of investigation. The fact that designers use subjectivism whereas researchers focus only on objectivism is something that needs to be addressed. Subjectivism isn't something wrong, because without it we would never find something new. What important is, is to know how much subjectivism is acceptable and relevant (Holmström et al., 2009).

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Although this option seems an easy way to narrow the rigour-relevance gap, we should keep in mind that this hasn't been discussed in the literature what means that it needs more testing to find out if it can be scientifically proven. Further research should focus on the applicability of this approach, but a first attempt is made and that is why we will try to take both of the roles of the scientist and the designer on us in this research project.

2.6 Regulative cycle

Now that we have explained what a possible solution can be to narrow the rigour-relevance gap, how we will try to solve the issue formulated at the beginning of this thesis will be the focus of the last part of this chapter.

As Kerssens-van Drongelen (2001) indicates, the development of new theory is characterised in three steps of which two are explained above: (1) exploration, (2) explanation and (3) validation. In a research project two important steps are selecting a research strategy that will provide the guidance to reach the research objectives (Kerssens-van Drongelen, 2001). In this case the research strategy will be the regulative cycle that will help us with our research objectives of exploration and explanation.

As van Aken et al. (2009) explain, business problem solving projects have the aim of improving the performance of a certain business system or organisational unit. To fulfill this aim, they provide the regulative cycle (van Strien, 1997) to be used to elaborate the problem and to find alternative solutions for it. The regulative cycle is a structured organisational problem solving process that is guided by grounded design rules (Heusinkveld and Reijers, 2009). Van Aken et al.'s (2009) approach to solving a business problem, conducting a design-oriented research, will be used as a guidance to conduct this research in a structured manner.

The regulative cycle is developed by van Strien (1997) and consists of five basic steps in order to come up with a solution for particular business problem. These steps are: problem definition, analysis and diagnosis, plan of action, intervention and evaluation. As van Aken et al. (2009) state: these steps are from a student's or problems solver's perspective. From an organisation's perspective the project has three parts: a design part, a change part, and a learning part. The design part consists of the problem definition, analysis, diagnosis and a change plan is made, the change part consist of the implementation of the solution, and in the learning part the evaluation is central. Because we do not have the time, permission and the resources to implement the nominated solution, we will focus on the design part.

As the literature shows, the regulative cycle has often been used and discussed in many different articles (e.g. Heusinkveld and Reijers, 2009; Kerssens-van Drongelen, 2001; van Aken, 2004; van Strien, 1997; Wieringa, 2009). This indicates the relevance of this structured manner of problem solving for managers and academics who are related to business problem solving projects. Because the purpose of this thesis is to solve a pragmatic business problem and to explain the relevance of the solution, using the regulative cycle will fulfill these aims. As this project is done in a specific context, the regulative cycle is ideal to use because it provides output that can be used within a particular context (Heusinkveld and Reijers, 2009).

In the third chapter of this thesis the first phase of the regulative cycle will be central; namely the problem definition. In this part the problem mess will be scoped down so that the right problem is being solved. In the fourth chapter the second step of the regulative cycle - analysis and diagnosis - will be pivotal. In this line, the problem will be analysed in the specific context and the causes of the problem will be diagnosed. The fifth chapter of this study is the part wherein the plan of action will be developed - also the third step of the regulative cycle. This is were the solution for the business problem will be designed and the change plan will be added. In the last chapter a reflection will take place with indication of further research possibilities.

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Chapter 3: Problem definition

In this chapter the first step of the regulative cycle will be central; namely the problem definition. As van Aken et al. (2009) indicate the problem definition consists of different processes. We perform three processes: first the intake process will be described, second the orientation process will take place followed by a description of the problem context, and finally the problem definition will be described.

The intake process consists of two parts; according to van Aken et al. (2009) first an initial contact with a representative of the company should be made, and the second step is to prepare an external exploration. One of the positive aspects of the regulative cycle is that the steps can be changed by the practitioner to fit its own purpose. Because of the very complex situation of Company X first the external orientation will be described. Describing the external orientation first will provide necessary information for the reader to understand the first initial contact and the related interview.

3.1 External orientation

As van Aken et al. (2009, p.42) state: "the external exploration consists of preliminary investigation of the organisation and its industry, based upon external sources". This means getting more familiar with the company's industry and the problem. Fictive names will be used for the employees because of confidential reasons.

Company X was established in 1972 as a technical wholesaler. Since then, the company has grown from one store the time to 45 stores nowadays in the Dutch market. The company's core business is selling technical related products and solutions to consumers and businesses in the construction sector. Mr. Gary was the CEO of Company X, and during his leadership this company became a market leader in the Dutch market, where the market is becoming saturated. The company is experiencing market saturation in the Dutch market and therefore opportunities are sought to counter this process. One opportunity to counter market saturation is to expand towards a foreign country to increase turnover and market share (Ball, Geringer, Minor & McNett, 2010; Som, 2009). This opportunity arose in 2004 when a store employee came with the idea to expand in the Bosnian market. More details will be discussed in the following part, the initial contact, but since 2006 Company Z exists with Mr. Josh as the general director of the foreign subsidiary. Figure 1 shows the former organisational structure.

In this old situation, the relationship between Company X and Company Z was the same as each relationship between Company X and any store in the Netherlands. This means that Company X ordered products from Company Z which were paid by Company X in advance. Employees of Company Z were paid by Company X, and Company Z only executed activities for Company X. With only executing these activities Company Z wasn't able to earn enough profit to be profitable. From the establishment of Company Z, Company X' aim was to turn Company Z into a foreign sales subsidiary. Although with the establishment of this foreign subsidiary Company X was able to acquire cheaper products with same quality in the Bosnian market, with this activity Company Z didn't earn enough to be self-sustaining. Without a sales function, Company Z is unprofitable, and therefore this was one of the factors that made the management conclude that the overall company structure needed to be changed.

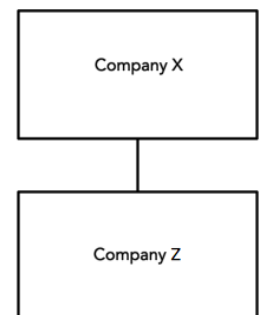


Figure 1: Organisation chart in the old situation

This change came in 2011 when the management board decided to change the organisational structure. The new organisational structure is shown in figure 2. This restructuring changed the whole organisational structure, making Company X one of the companies of a newly created holding. In this holding three other companies were also ventured. Company X, Company V and Company W are all three focused on exploiting the Dutch market. For all international activities a new company was constructed - here called Company Y. The restructuring also had consequences for the Bosnian subsidiary Company Z because Company X was first accountable for Company Z. This changed and at the moment Company Y is accountable for Company Z. Mr. Gary has resigned as director of

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Company X. The owner of the company, Mr. Willy, has become the new director of Company X whereas Mr. Gary has become the director of the three new companies, namely Company V, Company W and the new international division Company Y. The director of Company Z is accountable for the performance of Company Z, but the performance measurement and the eventual promotion or punishment will be done by the director of Company Y; Mr. Gary (former director of Company X).

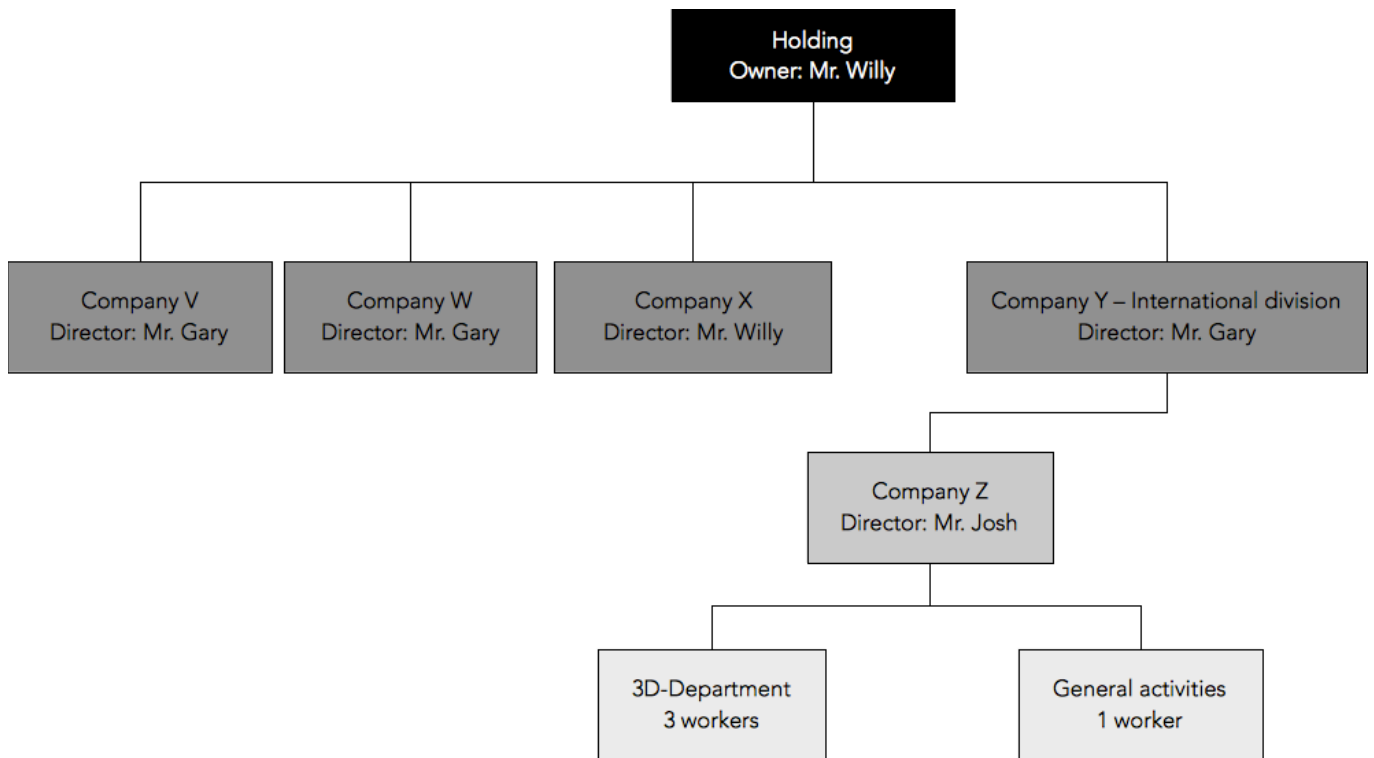


Figure 2: Organisational chart Holding

As the purpose of this part of the study is to add other perspectives to the preliminary problem a search for other sector-related companies who also internationalized did not show any similar cases that could be analysed to learn from. As the literature about internationalization is growing this specific case will add its own characteristics and improve it (Pisani, 2009).

3.2 Sampling

Before discussing the initial contact the sample we used for our interviews to collect data, which will be discussed further on in this chapter, will be explained. The sample will be briefly explained over here to understand which employees were part of the sample and why.

As Crouch and McKenzie (2006) indicate in some situations a researcher doesn't have a large target population where interviewees can be chosen from. In that particular situation a researcher has to work with the interviewees he has got. Ghauri and Grønhaug (2010) explain that in those particular cases information can be collected from each member of the population.

Within the holding in all the companies together work about 300 employees, but only two employees work for the international subsidiary in the Netherlands which directly restricts the population of which the sample can be constructed. Of these 300 employees Mr. Gary and Ms. Carla work for Company Y and are therefore connected with the international subsidiary: Company Z. Therefore Mr. Gary and Ms. Carla are part of the sample. Within company Z five persons are employed; director Mr. Josh, three employees working for the 3D-department - Mr.

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Martin, Mr. Harry and Mr. Andre - and Mr. Alex who is responsible for daily activities. These five persons are all confronted with the problem and are therefore part of the sample. Because only seven persons are part of the sample the sample size is relatively small. Randomising the sampling procedure is restricted because a few employees are committed to the international activities and therefore the amount of interviews with workers within the company that can be conducted is relatively low (Ghauri & Grønhaug, 2010).

In this line we argue that probability sampling wasn't an option because it would generate even a lower participation and directly lower the amount of information (Ghauri & Grønhaug, 2010). Therefore the sample size is determined based on the connection of workers with the particular business problem. Director of Company Y Mr. Gary, Ms. Carly who is the manager assistant of Company Y, director of Company Z Mr. Josh, Mr Alex who is general and financial manager at Company Z, and the three 3D workers ought to the sample. The different positions of the workers within the company and their experiences with the business problem make the sample, although small, representative.

3.3 Initial contact

The first initial contact was made with the former CEO of Company X Mr. Gary who is currently director of Company Y and responsible for all the international activities. The focus of the interview with Mr. Gary was on getting the problem clear. Because Mr. Gary is responsible and directly involved with Company Z first a meeting with him was arranged. Besides him also Ms. Carla, assistant manager of Company Y, is directly involved with the foreign division. The first meeting was with Mr. Gary and Ms. Carla to conduct an open interview to get more familiar with the problem and the background of the problem. The interview took approximately 45 minutes at the headquarter of the holding in the Netherlands.

No.	Date	Time	Location	Duration	Sex	Function
1.	10.04.2012	14.00	Headquarter	45 min.	M & F	CEO and assistant

Table 1: Interview information

In appendix A the whole interview can be found, that is why a summary will be given here of the most important aspects that were discussed in the interview. During the preparation of the interview we decided that three topics should be addressed in the interview. The first topic was Company X because Company Z was established by Company X. General questions such as about the history of the company, some general information, and some questions about the restructuring were asked. The second topic was Company Z because it is Company Z that is the unprofitable foreign subsidiary. Questions as how Company X decided to establish Company Z were asked, and general information was collected. In the last topic the requirements a solution needs to fulfill was central.

3.3.1 Company X

Mr. Gary first gave some general information about Company X such as information about the history and the development of the company, the environment of the holding, etc. An important aspect is that the holding is a privatised company which means that in the end important decisions on a corporate level always need to be approved by the owner. Mr. Gary also explained the restructuring of the holding as described already above and drawn in the organisational chart which illustrates the current situation of the holding and each of the particular companies.

3.3.2 Company Z

The second topic was Company Z. Mr. Gary indicated that the idea for establishing a subsidiary in Bosnia and Herzegovina came from an employee who was born in that country and moved to the Netherlands after the war. As Mr. Gary explained, the holding wasn't searching for a foreign investment opportunity at that moment but as

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this idea arose, the company looked at the possible opportunities. There were two important opportunities which were decisive in the decision to internationalise; namely the cheap labour costs, and the possibility of increasing sales and international market share. Mr. Gary indicated that he is responsible for the international division of the holding whereas the man who came up with the idea, Mr. Josh, is nowadays director of Company Z.

Company Z was established in 2006 in one of the suburbs of the capital city Sarajevo. Mr. Josh started exploring the market and it developed into a subsidiary wherein two operations are fulfilled; the first activity carried out is searching for manufacturers in the Bosnian market who can produce products that Company X now is buying from suppliers, and the second activity is a 3D-department which first aim was to produce 3D animations for only Company X but the focus moved to offer this service to other companies too. The last couple of years plans have been made to establish a sales function in this foreign market.

Just after the start, a property lot has been bought with the intention to build a new building that would fulfill three functions: (1) creating a department wherein 3D painting would be executed, (2) creating a department with employees exploring the market for manufacturers and other general activities - such as financial management, and (3) establishing a sales office or shop within this building. The initial plan and idea was that these three functions should make Company Z profitable.

3.3.3 Requirements

Each project has some requirements practitioners have to consider as is also the case in this study. During the interview Mr. Gary and Ms. Carla indicated that there is a financial budget as constraint. A necessary condition a possible solution has to meet is that the people who are working currently in Company Z need to be retained because relationships and trust with these employees have been built. The given solution for the current problem should also take care of the property lot that the firm has acquired in this foreign market. Table 2 summarises the requirements a possible solution has to fulfill.

Requirements a solution has to fulfill:
1. Fit within the financial budget of Company Y
2. The current employees should be retained
3. The acquired lot has to be utilised

Table 2: Requirements summary

What is remarkable is that at the moment there isn't any documentation about mission and goals that need to be achieved by Company Z in this foreign market. The question the CEO of Company Y and the management team at the moment have is "how to re-enter the market"? Or better stated: *with what kind of foreign entry mode (exporting, joint venture, mergers & acquisitions or greenfield investment) can the company operate profitable in this foreign market, and how can the property lot that has been bought been utilised profitably?*

3.4 Internal orientation

The internal orientation is the process where the business problem is discussed with important stakeholders who are influenced by the problem. To collect information interviews can be held, which is considered one of the best data collection methods (Ghuri & Grønhaug, 2010). The importance of the internal orientation is because "the primary purpose of these interviews is to add other perspectives to the preliminary formulated problem, to be able to assess its scope and depth" (van Aken et al., 2009, p.45).

In this phase of the regulative cycle a researcher has to listen actively to get different perspectives of the problem. In this line, questions are very exploratory to get as much as possible relevant information (van Aken et al., 2009).

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That's why exploratory interviews are used with the stakeholders questioning them about the preliminary problem. The stakeholders in this case are the employees that are part of the interview sample, which was described above. The fact that an emerging topic with broad perspectives is researched is also an argument to use exploratory interviews (Hrastinski & Aghaee, 2012).

3.5 Qualitative research: semi-structured interviews

Semi-structured interviews are the exploratory interviews that are used within this study. As Cooper and Schindler (2008, p.711) state semi-structured interviews "start with a few specific questions and then follows the individual's tangents of thought with interviewer probes". A qualitative research method has been selected because this research tends to be explorative and unstructured with an emphasis on understanding the problem (Ghuri & Grønhaug, 2010). The open character of qualitative research methods, here semi-structured interviews, gives an opportunity to delve deeper into the problem during the interview, because the interviewer can guide the interaction between the interviewer and respondent in a way the interviewer thinks is necessary to collect appropriate information (Crouch & McKenzie, 2006).

The different stakeholders all have their own experiences and perceptions of the problems with sometimes conflicting interests. A qualitative research methods as a semi-structured interview makes it possible to capture the perceptions and experiences of these stakeholders (Crouch & McKenzie, 2006; Hrastinski and Aghaee, 2012). Different point of views will enrich the collected data that will direct us in the right direction to find a solution for the business problem. The fact that in-depth interviewing provides rich data strengthens the argument for this type of data collection (Guion, Diehl and McDonald, 2011; Ghauri & Grønhaug, 2010). We conducted several in-depth interviews which provides different perspectives on the problem. Table 3 shows the interviews we conducted with the duration time, date and location of interview, the gender of the person in question, and the functions of the interviewees.

No.	Date	Time	Location	Duration	Sex	Function
1.	20.04.2012	11.30	Office Company Z	30 min	M	CEO Company Y
2.	25.04.2012	10.00	Office Company Z	45 min	M	Director Company Z
3.	26.04.2012	10.00	Office Company Z	30 min	M	Financial and general manager Company Z
4.	27.04.2012	10.00	Office Company Z	30 min	M	3D Department Company Z

Table 3: Interviews information

3.6 Interview questions and analysis

The three topics (Company X, Company Z and the requirements) on which we focused in the first interview with Mr. Gary and Ms. Carla were also central in the development of an interview guide for these interviews (Hrastinski & Aghaee, 2012). The interview with the Dutch CEO was conducted in Dutch, all the other interviews were conducted in the Bosnian language and were translated into Dutch afterwards. The first (with Mr. Gary and Ms.

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Carla) and second interview with Mr. Gary were both recorded. All other interviews were not recorded, but the answers were transcribed verbatim because the (Bosnian) interviewees didn't want the interviews to be recorded. Three months of research were conducted in Bosnia and Herzegovina within Company Z. That is also where the interviews were held. The first was with Mr. Gary who was interviewed for the second time because after the first interview (initial contact) questions arose.

During these three months the workers of Company Z were interviewed, and a lot of experience was gained within the company. Three interviews were conducted, one with the director Mr. Josh, one with worker Mr. Alex and a group interview with the three workers of the 3D-department; Mr. Martin, Mr. Harry and Mr. Andre. General questions such as how long the employees are working for Company Z, what their function is, etc. were first asked. Also questions about Company Y and the relation between Company Y and Z were asked, and at the end the requirements of a possible solution were talked over.

Notes were made in the three months at Company Z which were transcribed into a report about our experiences and observations at Company Z, which is first-hand information and important primary data (Ghauri & Grønhaug, 2010) to take in consideration when analysing the problem (Babbie, 2007; Cooper & Schindler, 2008). This report is confidential and can be obtained on request.

Ghauri and Grønhaug (2010) use the statement of Marshall and Rossman (1995, p.111) to explain data analysis, which according to these researchers, is "the process of bringing order, structure and meaning to the mass of collected data". Because qualitative research collects rich, full, earthy, holistic and 'real' data no single agreed-upon approach to qualitative data analysis exists (Ghauri & Grønhaug, 2010). To categorise data and discover patterns open coding is used which is the process of "breaking down, examining, comparing, conceptualising and categorising data" (Strauss & Gorbun, 1990, p.61).

The first step was data reduction; skipping unnecessary data from the interviews by making a summary of the interviews. Second categories were generated and themes were identified. And finally the codes of each interview that were created in the second step were compared with each other to see if any relationships between the interviews could be found (Ghauri & Grønhaug, 2010).

3.7 Interview outcomes

All full transcriptions of the interviews can be found in appendices B-E. Over here only the important aspects related to the current problem definition will be discussed. The information collected by the interviews should help scoping the current problem definition.

During the process of analysing the interviews it became obvious for us that the communication between the workers of Company Z and Company Y was one of the causes of the current problem. In the coding stage the term communication was found several times in different interviews. The interviewees indicated that the communication by telephone and email between Company Y and Company Z needs to be improved. According to the interviewees differences in languages, because three languages are used to communicate: dutch, english and german, have an important influence on the communication problem.

Although it isn't mentioned explicitly, in the interviews it became clear for us that the level of trust is low in the Bosnian subsidiary. At the moment we approached the employees for the interviews nobody resisted, but when we asked them to record the interviews all the Bosnian employees answered politely that they preferred if the interviews were not recorded.

What was obvious as well is that most aspects we talked about during the interviews were negative aspects of the companies. One example is the case wherein a Bosnian consumer ordered products from Company Z which were delivered too late by Company Y. Therefore Company Z lost this customer. This example was repeated several times during our stay at Company Z, also to indicate the importance of building a new building with room for stock.

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Analysing the interview data made clear that three aspects influence the unprofitability of Company Z, namely: communication competences, no competitive advantage and no profitable activities. The cause and effect diagram in figure 3 illustrates how the causes and effects are related.

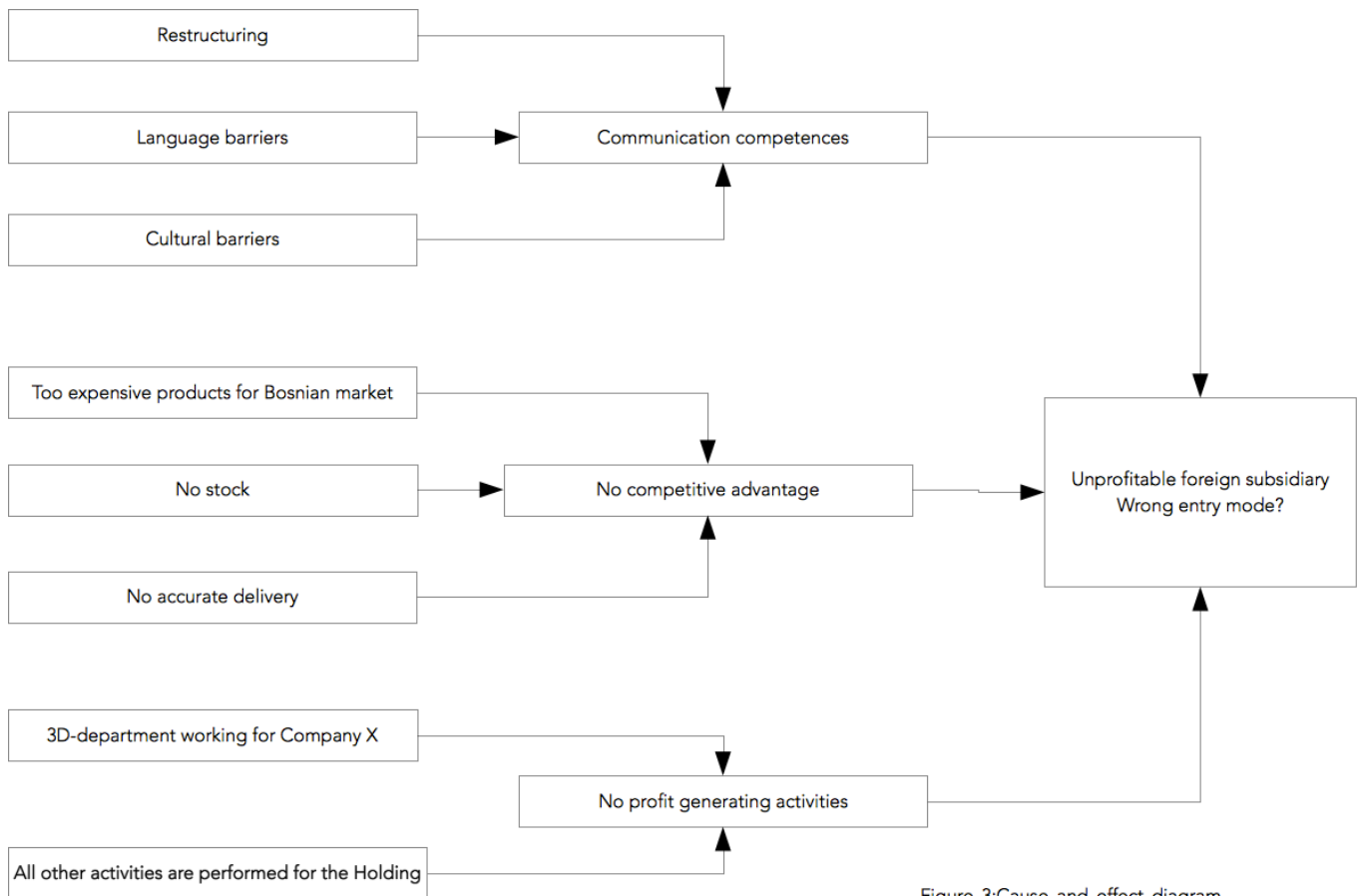


Figure 3: Cause and effect diagram

Although the cause and effect diagram shows important aspects of the main problem, it is not exclusive also because it is based on a small amount of interviews. These causes do indicate the direction to build the research on in the analysis and diagnosis stage of the regulative cycle (van Aken et al., 2009).

3.7.1 Communication, competitive advantage and profitability

As the cause and effect diagram shows, the many issues between Company Y and Company Z are reduced into three general issues. These three general issues are: missing communication competences, lack of competitive advantage, and activities that are not generating profit. Within this study we define communication as “the exchange of thoughts which is carried out by conversation, by the written word and by pictures” (Blythe, 2006, p. 256). Communication exists within the company, but also outside the company. In this research the focus will be on communication competences necessary to operate in the Bosnian market. Another important distinction is the one between competitive advantage and profitability, because these terms are used interchangeably. As Barney (2001, p.102) explains; “a firm is said to have competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors.” Competitive advantage will be described within this study as implementing a strategy that is creating value for customers. Although a firm is having a competitive advantage, it doesn’t mean that the activities it is performing are generating profit (Becerra, 2008). Therefore these two aspects are separated.

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3.8 Problem specification

The cause and effect diagram illustrates the current issues at Company Z. As the aim of this chapter is to get the problem definition clear, it indicates which causes can be researched. Table 4 summarises the causes of the problem the requirements a possible solution has to fulfill.

In the introduction part of the paper the research question was; what is the most suitable foreign direct entry mode for the technical wholesaler Company X (re)entering a transition economy? In this part wherein the problem definition was central interviews were taken to find out if the research question is right formulated.

It is now clear that Company Z is unprofitable and because of this the entry mode needs to be reconsidered. The question that needs to be answered is; *with what kind of entry mode can Company Z be transformed into a profitable foreign subsidiary with the requirements taken into consideration?*

In the next chapter the aim will be to search the literature on foreign direct entry modes to explicate the different foreign direct entry modes and their advantages and disadvantages. In this line the most suitable options can be set out for further research.

	Problem description
1	Due to the restructuring employees do not know whom to communicate
2	Language barriers cause slow and bad communication
3	Cultural differences between the workers also deteriorate communication
4	Products are too expensive for the Bosnian market
5	No stock means that products cannot be delivered fast to customers
6	No fast delivery is possible because of the distance between the Netherlands and BiH
7	3D department only works for Company Y
8	All activities are carried out for and under command of Company Y
	Requirements
1	The proposed solution should fit the financial budget
2	All current employees should be retained
3	The property lot that has been bought should be used in a solution

Table 4: Summary of the problems and requirements for a possible solution

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Chapter 4: Findings and analysis

According to van Aken et al. (2009, p.63) the purpose of the analysis and diagnosis step is "to validate the business problem, to explore and validate the causes and consequences of the problem, and to develop preliminary ideas about alternative directions to solve the problem". In this chapter an empirical analysis will be executed, followed by a theoretical analysis.

4.1 Empirical analysis

During the empirical analysis stage the symptoms of the problem, the potential causes, and the potential consequences of the problem are identified. Also evidence is gathered to support the analysis of the problem (van Aken et al., 2009).

4.1.1 Validating the business problem

Van Aken et al., (2009) explain that the first step during the diagnostic phase is determining whether the problem is a real problem, a perception problem, or a target problem. Beside this, a relevant organisational problem should be identified (Wang, Vogel & Ran, 2011).

A perception problem occurs in situations wherein the problem owner has an inaccurate perception of the business system and its performance. An example of a perception problem is a manager who thinks that the majority of customer complaints is due to bad delivery, but the main grounds for complaints are in reality defective products. A target problem is a problem based on unfeasible targets. The example given by van Aken et al. (2009) is an operational process which yields 80 percents which is the industry mean, but the management boards expects 90 percent yield, and therefore it is a target problem. Real problems are problems that are not perception or target problems and are the only worthwhile problems to study.

In this particular case the problem is the unprofitability of the foreign subsidiary Company Z. The cause and effect diagram proves that the unprofitability is caused by unprofitable activities which means that the problem isn't a perception problem. Within the industry wherein Company Z is active, there are other companies executing the same activities profitable which illustrates that the problem isn't a target problem. Therefore, as described above, the problem the management of Company Y faces with Company Z is a real problem that needs to be solved.

4.1.2 Exploration of causes

Now that the validity of the problem has been discussed the causes of the problem can be investigated. According to van Aken et al. the aim of the exploration of causes and effects is that it "should provide the basis for a fully fledged, integral explanation of the business problem" (2009, p.67).

The interviews, which are described in the previous chapter, have explored the causes of the problem. But these interviews are not the only source in order to explore the causes of the problem. During our stay at Company Z the situation has been observed and many conversations with the workers were held in an informal setting to get as familiar with the problem as possible.

4.1.3 Validation of causes

To find out if the causes highlighted in the interviews, that were explained in the previous chapter, are the causes that influence the business problem the workers were asked for a second round of interviews. The workers refused a second round of interviewing stating that they had said and explained everything they know in the first interviews. Although we can't conclude only on this occurrence that there is little trust under the Bosnian employees, we can question the level of trust within Company Z. The problems outlined in the previous chapter are validated based on the first round of interviews.

Problem 1: Due to the restructuring employees do not know whom to communicate with

During the interviews that were held in Company Z several workers indicated that the current restructuring of the companies into a holding isn't clear for the workers. As Mr. Alex indicated in his interview: "at the moment I really

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do not know whom to send the invoice to." In one of the many conversations we had with him he gave the following example; an e-mail he had send to an employee within Company X he always send the invoice to, was replied by another employee with whom he never had contact before. Mr. Josh also confirmed this problem and explained that the current restructuring isn't clear for him and his workers, because he and his workers were not informed about the plans to create a new holding and the restructuring of the business structure.

Our observations confirmed the fact that workers within Company Z do not know whom to communicate to at the moment. Mr. Gary visited Company Z during our stay at Company Z once, after two and half a month. He visited Company Z with the mission of instructing the workers whom to communicate with, because within Company Y they realised that the restructuring wasn't clear for the Bosnian workers. Mr. Gary explained that the management was busy with the restructuring for some five months, but that the plans were not finished and that a lot of details needed to be filled in so that he hadn't had time to inform the Bosnian workers about the restructuring.

After Mr. Gary left the workers had still questions unanswered, which indicates that this problem causes inefficiencies that influence the performance of Company Z.

Problem 2: Language barriers cause slow and bad communication

Mr. Josh indicates that the language is a barrier. This is because "it is hard to translate products name and descriptions into our own language. Therefore we need to search for the right description which takes unnecessary time." Mr. Alex illustrated the communication problem between Company Z and Company Y by showing several e-mails illustrating communications about a product. He said: "because we didn't understand the e-mail we ordered the wrong products. Therefore I had to cancel the order, and we made a loss."

During our stay at Company Z it also happened several times that the workers asked us to translate e-mails for them because they couldn't understand the e-mail, and they knew that we are bilingual. Mr. Gary explained in his interview that different languages are being used between workers of Company Y and Company Z. Mr. Gary: "Mr. Josh speaks Dutch, but sometimes I think he doesn't understand what I really mean. Mr. Alex speaks the German language besides the Bosnian language, whereas the 3D workers all speak English as a second language. This causes that different languages are used when workers communicate with each other, what can cause biases in the interpretation of words and sentences."

Problem 3: Cultural differences between the workers also deteriorate communication

In the many conversations with Mr. Josh, he illustrated several times the difference in culture between people who live in the Netherlands and people who are living in Bosnia and Herzegovina. For him, it was quite clear that because of these cultural differences, there are many different perceptions which lead to different thoughts about problems and opportunities.

The difference in culture was explained by the 3D workers which gave the following example: "some time ago we had to draw a project for a customer of Company Y. After we finished the project Mr. Gary called us to tell us that the house we had drawn was not as the customer expected. We thought that we had to draw a house as we know, but Mr. Gary told us that we had to draw a Dutch house." It illustrates that the workers have different perceptions of things which can be caused by the difference in culture.

Problem 4: Products are too expensive for the Bosnian market

An ongoing and important discussion with both of the directors was about which products could be sold in the Bosnian market, and for what prices. Mr. Alex: "we have researched what kind of products to sell within this particular market and what prices to ask. Each time we noticed that the price we should ask according to Company Y was too high for the Bosnian market". As the prices are too high it also directly influences the competitive advantage of Company Z, because there are competitors offering products for lower prices.

Mr. Josh also explained that the current prices cannot be used. He also pointed out that Company Z does not have the freedom to buy products on their own in other foreign countries. He explains: "if we get the opportunity

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to buy products by ourselves in foreign countries, we can exclude different margins what will allow us to charge a smaller price than that we can offer our customers at the moment.”

Mr. Gary is not convinced that the price is of that importance for selling goods. As he explains in his interview: “the price of a product is just one of the factors that influence the sales process, it is important to find the customers, to establish a relationship with them, and to explain the benefits of working with us. This way we can offer value for customers and even charge a bit higher price.”

Mr. Josh doesn't think that this approach of working will work for Company Z. He explains: “in Bosnia people and companies do not have enough money to pay more for products than is necessary. Companies want the right prices for products and therefore this factor is crucial in the sales process.”

Problem 5: No stock means that products cannot be delivered fast to customers

According to Mr. Alex and Mr. Josh, one of the reasons why Company Z at the moment cannot start selling products within the Bosnian market is because they cannot keep products in inventory to meet the demands of customers. Mr. Josh: “because we don't have an inventory with products we cannot deliver products to customers as fast as competitors who have an inventory.” He also explains that “it takes too long to transport products from the Netherlands to Bosnia.” According to Mr. Josh customers are not willing to wait that long also due to the fact that they can buy the same kind of products from the competitor who is able to deliver the products in a shorter amount of time.

Mr. Alex and Mr. Josh illustrated the importance of having stock as follow; they gave the example of a customer who wants to order some products which can be acquired at two companies. The first company delivers the products in a shorter amount of time than the other company, and both companies charge the same price. According to them the decision is then easily made.

Mr. Gary agrees that the distance between the two countries is an important factor. Therefore he offered several times to rent a building where a stock of goods can be stored. But, he also highlighted the importance of knowing what kind of products can be sold.

Problem 6: No fast delivery is possible because of the distance between the Netherlands and BiH

This problem is related to the stock problem. Transferring products from the Netherlands to Bosnia takes an amount of time as is also illustrated in the previous problem. Mr. Gary's opinion is that having a large stock is too expensive. Therefore Company Z should order products from Company Y which will be delivered directly from the distribution centre in the Netherlands.

Mr. Alex and Mr. Josh explained that this is not feasible. They indicated that the time to transfer products from the Netherlands to Bosnia is too long. According to them customers are not willing to wait that long for products. As described above, Mr. Gary is willing to create an inventory only when predictions about the demand can be given.

Problem 7: 3D department only works for Company X

One of the reasons why Company Z isn't profitable, is because the 3D department is only working for Company Y (and in the past for Company X) which pays only the wages of the employees, and therefore Company Z isn't earning any profit margin on the service that is delivered. This originates from plans that have been made when the idea arose at Company X to open a 3D department. At that moment the management needed this activity for internal purpose. As this department developed and the restructuring of the companies took place, the management board realised that this activity could also be used for external purposes; to offer it as a service for customers.

As Mr. Josh explains: “the 3D department was started with the aim of adding value to Company X. That is what we have done for years. Now that the restructuring is going on, they (Company Y) are expecting from us to

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change this aim into working on our own in a very short time period. What they do not realise, is that a change needs time and effort, and that this is a tough process.”

The 3D workers also explained that they have always worked for Company X (now Company Y), and that the current restructuring is something what causes problems, because working for Company X is quite different than working for other companies because employees know what is expected from them when working on projects of Company X. It takes a different process when working for external companies.

Problem 8: All activities are carried out for and under command of Company Y

A problem often mentioned in the different interviews is that all the activities are carried out under command of Company Y (and before the restructuring Company X). This means that Company Z always executed activities for Company Y and the employees salaries were paid which means that Company Z couldn't generate any profit. Now that the restructuring has been executed, Company Z needs to find activities that yield profit on their own.

4.1.4 External interviews

This first round of validating the causes has indicated in which way the causes influence the problem. To find out how important each of these causes is four extra interviews were held with managers of companies active in the Bosnian market. Two of these companies are competitors of Company Z; Economic and Vokel.

Three out of four companies have been operating within the Bosnian market for many years and therefore have a decent amount of experience within this particular market. The interview's aim was to research how other successful companies deal with the problems discussed above. The problems are categorised into three topics: the first topic is communication competences, the second topic is competitive advantage, and the third topic is profit generating activities. Semi-structured interviews were used to ask questions related to these three topics. Full transcriptions of the interviews can be found in appendix F-I.

Communication competences

During the interviews the respondents were asked if they faced communication problems at their company. The respondents indicated that there isn't any company where no miscommunication exists, but that this miscommunication is relatively small, and that the impact of this miscommunication is low.

The manager of Economic indicated that as every other company also within Economic there is miscommunication between employees sometimes. But because of "a good structure employees know whom to communicate" and therefore miscommunication is minimised. According to the manager of Vokel it is important for employees to know whom to communicate with for particular issues.

Summarising the interviews shows two important aspects that are necessary according to these four interviewees to establish good communication between employees. Aspect number one is having a good *structure* within the company so that the employees know what is expected from them during their work. The second important aspect is that employees know *whom to communicate* with when they face issues at work.

At Company Z the 3D workers do know what is expected from them but at the moment they do not know whom to communicate with. In the case of Mr. Josh and Mr. Alex it is more complicated. Mr. Alex knows partly what is expected from him. During one conversation with him he indicated that his task of finding manufacturers within the market and making sure that orders were fulfilled and transported to the Netherlands was quite clear for him. But Mr. Alex had some questions about what Company Y expects from him and Company Z when it comes to selling products within the market, because no agreements were made. Mr. Josh agrees with this, stating that without a clear plan, and full commitment from Company Y, he doesn't know how to establish a sales function.

Competitive advantage

The interviews showed that each of these four companies have their own competitive advantage. Analysing the interviews shows a remarkable point - and one to keep in mind when deciding on a solution for Company Z. This

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point is that each of these four companies focus on one particular aspect that differentiates them from competitors. This aspect is communicated to customers so that they know what value firms are offering them, and what can be expected from these firms.

In this line, is it sensible to look at the two sales companies who are competitors of Company Z (Economic and Vokel) and their competitive advantage in the Bosnian market. According to the interviewed manager the competitive advantage of the company Economic is that it has wide range of products so that customers can buy all the products they need when they are rebuilding a house or building a new house. In contrast to Economic, Vokel is focusing on one niche market and is offering only high quality products. This indicates that both companies have a clear focus on what differentiates them from their competitors.

Profit generating activities

The interviewees that participated in the interviews all worked at successful companies in the Bosnian market. Three of the companies were sales companies (Economic, Vokel and Interex) which buy products from manufacturers and sell these products to other companies or customers. Only company MDG was a manufacturer. That is why also the other three companies can be a good example for Company Z to analyse the way they work and generate profit, because they prove it is possible for a (foreign) company to execute profit generating activities in the Bosnian market.

During the interviews questions were asked how the company where the interviewee worked earned their profit. Economic, Interex and Vokel have the same function, which is selling products to their customers. They earn profit by acquiring products from manufacturers and selling these products to customers with a profit margin calculated on the price they paid to the manufacturers. MDG acquires raw materials of which products are manufactured, and these manufactured products are sold to other foreign companies.

The external interviews indicate how other companies perceive these kind of issues. In the next part a theoretical analysis will be conducted discussing potential foreign entry modes that the literature distinguishes.

4.2 Theoretical analysis

After the empirical analysis the focus shifts to the theoretical analysis. Theoretical analysis and empirical analysis should strengthen each other, but there is no standard recipe for doing so.

The first step is to search literature that describes the possibilities in entry modes companies have when entering a foreign market. As Pisani (2009) indicates, the international management literature has grown the last couple of years, and the entry mode choice has been identified as one of the most important topics in international business research (Ahsan & Musteen, 2011). To find relevant articles the following criteria were used, namely that the literature about entry modes should use small and medium sized enterprises (SME) as research variable. The importance of SME in the international arena have been highlighted by several researchers (e.g. Anderson, 2011; Kamakura et al, 2012 and Radas & Božić, 2009).

The choice for SME as one of the criteria can be uphold because the company in this research can be characterised as an SME. Characterising a company as an SME can be based on different aspects (e.g. Radas & Božić, 2009), but in this case we follow the criteria used by Anderson (2011) who use the definition of the European Union's Directeur General, which characterise an SME on the number of employees; 300 employees are working in this holding which meets the criteria of being an SME (Blakson & Omar, 2002).

The key search term that was used is *foreign entry modes*, other related words such as *foreign entry strategy* were also searched upon. The search was restricted to another criteria; the year of publication. Only articles from 2008 and later were considered in the first place; this to use the latests and most up-to-date articles. We also analysed how often an article was cited, and some older articles were referred to by several scholars, and therefore these articles were also considered. Several articles appeared in the search engine results providing us enough information to describe the possible foreign entry modes.

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4.2.1 Foreign entry modes

In the international business literature different researchers distinguish three foreign direct entry modes; namely through a greenfield investment, an acquisition or a joint venture (Meyer et al, 2009b; Som, 2009). Som (2009) and Ashan and Musteen (2011) classify the variety of modes of entry into global markets in three ways: (1) exporting, with contractual agreements such as licensing and franchising; (2) making foreign direct investments that entail alliances, joint ventures or acquisitions; or (3) making new wholly owned subsidiaries.

It is important to consider the modes carefully before proposing some particular mode, because for each entry mode a company has to make a consideration about how much commitment will be put into that entry mode. As classified, the different entry modes all have their own level of commitment which are displayed in table 5:

Level of commitment	Low commitment	Moderate commitment	High commitment	Full commitment
Internationalization mode and strategies:	Export	Licensing, franchising	Joint venture	Fully owned subsidiary

Table 5: Internationalization modes and commitment level

Where most of the authors distinguish three modes of foreign entry, Dikova and van Witteloostuijn (2007) explain two strategically important decisions companies have to decide on. The first decision is on establishing a foreign operation from scratch: investing in a greenfield facility, or engaging in an acquisition; buying equity shares in an existing foreign entity. The second decision that has to be made is if the company is going to do this on its own, a wholly owned subsidiary, or to involve a local partner: a subsidiary with shared ownership.

Al-Kaabi et al. (2010) also indicate the importance of the difference between non-equity based and equity-based entry modes. Non-equity based entry modes are contractual agreements; examples are licensing, franchising and exporting. Equity-based entry modes are for example joint ventures and wholly owned subsidiaries (O’Cass, Ngo & Heirati, 2012).

The classification that Som (2009) explains and which we have discussed above will also be used within this study. To know which kind of entry mode is most suitable for a particular company the advantages and disadvantages of the entry modes will be discussed in the following part.

4.2.2 Exporting: licensing and franchising

The first step of many internationalising firms has been exporting (Mori & Munisi, 2012; Owusu & Habiyakare, 2011). According to Shaver (2011, p.1047) exporting is “the production of goods at home that are sold in foreign markets”. Exporting links a company directly to a foreign market and it involves “the transfer of goods and services to foreign countries for their sale through a company operating in that country” (Som, 2009, p. 291). This definition indicates two important aspects; exporting is about transferring goods to foreign markets, and the sales of the products or services is executed through a company operating in that foreign market.

As Johanson and Vahlne (1977, 2009) describe in their Uppsala internationalization model, in most of the cases the first international experience of companies is exporting (Pinho & Martin, 2010). This model consist of four stages of internationalization (Mori & Munisi, 2012). The first step is starting with “ad-hoc exporting”. To stabilise their exporting formal agreements are made with intermediaries in foreign markets. The third step is when sales are growing in foreign markets, the intermediaries are replaced with own sales organisations. Finally, when growth patterns stabilise and continue most companies start manufacturing their products in that particular foreign country.

Exporting provides companies with different advantages. When a company decides to export products or services it doesn’t require an extended investment in the foreign country. Another advantage is the relatively low entry and

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exit costs. "Exporting is a means of reducing costs of market development" and it helps "to determine the nature and risk of the market" (Johanson & Vahlne, 1977, p.25). Exporting is also a manner to establish quickly and easily presence in a foreign market, to create growth, and to use under-utilised production capacity (Mori & Munisi, 2012; Navarro et al., 2010).

Beside these advantages exporting has also some disadvantages. Small and medium-sized enterprises encounter with exporting the inability to communicate with customers in foreign markets (Mori & Munisi, 2012). It is important to establish an effective distribution system in the foreign market, which can be problematic in countries with bad infrastructure or distributors with an excessive amount of control.

Exporting firms often encounter high costs of tariffs and transportation. Another aspect is the loss of control over resources, pricing, and distribution (O'Cass et al., 2012). By exporting a company is unable to tailor goods and services to local markets preferences which reduces the competitive advantage of companies (Som, 2009). Ortiz, Ortiz and Ramiz (2012) distinguish four sources of export barriers: knowledge barrier - e.g. about competition, resource barrier - e.g. need for financial/human resources, procedural barrier - e.g. difference in language and culture, and external barriers arising because of the uncertainty companies face in the foreign market.

Two other modes that firms can use without committing itself to foreign presence are licensing and franchising. These two modes require more commitment than with exporting because a limited investment in foreign operations is required (Owusu & Habiyakare, 2011). When a company gives a license to another company it gives the right to produce and/or sell their products in that foreign market. With franchising a foreign company gets the rights to use a brand name and/or operating method in order to sell a service (Som, 2009). With these contractual arrangements risks are reduced, as are profits.

The other modes of entry into global markets are foreign direct investment (FDI) entry modes. Different advantages exist when entering a foreign market such as a new potential market to sell products, access to cheap labour, overcoming import duty, following customers, and access to raw materials (Kirby & Kaiser, 2003). Companies can perform foreign direct investments in three ways: joint ventures, mergers and acquisition (M&A), and greenfield investments (Som, 2009).

4.2.3 Joint ventures

Elango and Sambharya (2004, p.110) give the following definition of a joint venture: "a partnership wherein the venture (business) is jointly owned by two or more firms". A joint venture is an "entity that is created when two or more firms pool a portion of their resources to create a separate jointly owned organisation" is how Lu and Beamish (2006, p.464) define it. Companies often create a joint venture in a foreign market with a local partner, also called international joint venture (Brouthers, Brouthers & Werner, 2008; Hu & Fan, 2011; Meyer, 2001), with the aim of pursuing common business objectives (Som, 2009).

One of the most often mentioned advantages of commencing a joint venture is that the firms participating share the risk that is related with establishing a new business together (Al-Kaabi et al., 2010; Dikova & van Witteloostuijn, 2007). Establishing a joint venture also reduces the risk of liabilities of foreignness, it provides a platform for sharing resources with local partners when a local partner is participating, and within a joint venture complementary strengths can be combined (Al-Kaabi et al., 2010). With this mode local presence is achieved which provides the opportunity to acquire local knowledge and resources. Creating a joint venture with a local partner "can help firms gain legitimacy because partnering with a local firm can help it create structures and activities that conform with local norms, values and expectations" (Brouthers et al., 2008, p.193).

According to Som (2009) the two primary reasons why joint ventures fail are incompatibility of partners and conflict between the partners. A disadvantage of a joint venture is the obvious risk of one firm being more committed to make a success of the venture than the partner (Gemser, Brand & Sorge, 2012; Meyer, 2001), and a difference in interests and goals (Dikova & van Witteloostuijn, 2007). The investor only benefits from resources provided by the local partner, whereas with an acquisition the investor gets access to all the resources the

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acquired company possesses (Meyer et al., 2009a). An also common experienced disadvantage of joint ventures is the challenge of coordination (Gemser et al., 2012). Besides this, cultural differences between companies can also impede good collaboration and therefore impede growth.

4.2.4 Mergers and acquisitions

Mergers and acquisitions have been the most important foreign direct entry mode in the last couple of years (Brouthers & Dikova, 2010; Johanson & Vahlne, 2009; Som, 2009).

Mergers and acquisitions are the simplest vehicle for accelerating growth (Som, 2009) and a speedy establishment of local presence (Dikova & van Witteloostuijn, 2007). Acquisitions have an advantage over joint ventures and greenfield investment when time is important in the investment decision (Elango & Sambharya, 2004). Acquiring a local company provides direct access to resources held by local firms, including capabilities embedded in business practices, and routines which are not easily transferrable to joint ventures (Meyer et al., 2009b). Acquiring a local company thus means complete access to the resources of the local firm but also access to complementary resources - such as local distribution channels (O'Cass et al., 2012) - which can provide the acquiring firm embedded resources otherwise hard to obtain (Meyer et al., 2009b).

Local resources are important because they are not available in the home country of the acquiring firm; e.g. market knowledge such as knowledge about (potential) customers, competitors, and government actions (Brouthers & Dikova, 2010; Meyer et al., 2009a). Besides this, local firms have knowledge about how court systems function, and know how to deal with corruption in transition or emerging economies. Acquiring a local company means quickly overcoming industry structural barriers in the host country and the liabilities of foreignness (Elango & Sambharya, 2004; Shimizu, Hitt, Vaidyanath & Pisano, 2004).

But as every other entry mode, this mode also has its disadvantages. Acquiring a foreign company requires resources of which financial resources are an important one. Most importantly, acquisitions are expensive and thus require a huge financial investment (Brouthers & Dikova, 2010). Therefore the financial risk is higher in comparison with a joint venture or a greenfield investment (where investment can be done incrementally). Another issue is the search for a company and the negotiation. Firms with no experience in acquiring a foreign company can therefore face high negotiation and acquisition costs (Brouthers & Dikova, 2010). One of the biggest challenge is managing the acquired business and transforming it into a well functioning subsidiary (Meyer et al. 2009a).

As Shimizu et al. (2004, p.310) state: "differences in national culture, customer preferences, business practices, and institutional forces, such as government regulations, can hinder firms from fully realising their strategic objectives". These aspects need to be managed properly to operate successful within a foreign market. Cultural clashes between the foreign subsidiary and the headquarter can also inhibit knowledge flows (Brouthers & Dikova, 2010).

4.2.5 Greenfield investment

The literature provides many different definitions of greenfield investments. Al-Kaabi et al. (2010, p. 153) define a greenfield investment as a "100 percent ownership start-up of a new operation". According to Shimizu et al. (2004, p.311) "greenfield ventures involve establishing wholly owned subsidiaries in new geographic markets". The definition used by Elango and Sambharya (2004, p. 109) is that "in a greenfield investment, a foreign firm start operations on its own in a host country". What is striking about all the definitions is that the most of them consist of two components; starting a new venture from scratch, and doing this in a foreign market.

A first and maybe the most important advantage is that with a wholly owned subsidiary, a company has total control over the operations that are executed abroad (Dikova & van Witteloostuijn, 2007; Shimizu et al., 2004). At any time, e.g. when demand is lowering or the growth decreases, the company can decide to sell the venture which indicates the control the company has over its foreign business activities (Brouthers & Dikova, 2010).

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In developing and transitioning countries property rights and law regulations are not functioning as in developed countries. By setting up a wholly-owned subsidiary a company has maximum control over their resources and assets, and they reduce the uncertainty of enforcement (Dikova & van Witteloostuijn, 2007). Establishing a wholly owned subsidiary in a foreign market also means access to local resources. The presence a company has with a foreign subsidiary provides an opportunity for building knowledge about that market. Local knowledge can be obtained if experienced local professionals are recruited who can enable entrants to develop a network of contacts with local parties (Meyer et al., 2009b). Besides this, a common organisational culture can be established which makes knowledge transfer between the foreign subsidiary and the headquarter easier (Brouthers & Dikova, 2010).

Companies which choose to enter a foreign market with a greenfield venture enter a market wherein they don't have the experience and knowledge the existing competitors already have. It takes a while for a company to overcome the liability of foreignness without the legitimacy of a local partner (Dikova & van Witteloostuijn, 2007). Relationships with suppliers, distributors and government units are necessary to succeed in a foreign market, and it takes time to build these relationship (Dikova & van Witteloostuijn, 2007; Shimizu et al., 2004). The amount of risk is higher than with exporting or a joint venture because the company has to make an up-front investment on its own.

Now that the possible entry modes have been discussed the question is which of these modes fits best for Company Z?

4.3 Entry modes and issues

In the previous chapter the main research question was divided into three sub issues. Before answering the main research question first an analysis will be conducted about how the entry modes facilitate on the following three aspects: namely (1) communication competences, (2) competitive advantage and (3) profit generation.

4.3.1 Communication competences and entry modes

We already have defined the term communication. In this part the focus will be on communication competences that are necessary in the communication process, and how each entry mode deals with communication issues.

Companies which start internationalizing by exporting their products sell their products directly into a foreign market and experience therefore little communication issues. As described above, of all entry modes exporting requires the lowest commitment (Owusu & Habiyakare, 2011), goods are ordered and shipped, and in the most cases a foreign company or sales agency takes care of the sales. Often this ordering process can be automated which means that little communication is necessary.

Communication is an important issue in joint ventures because two firms decide to establish a new business together which needs to be coordinated. A joint venture is a high commitment mode which requires an certain amount of investment (Owusu & Habiyakare, 2011). Companies have different interest and goals when participating in a joint venture. Therefore an often encountered problem with joint venture is coordination and communication problems (Dikova & van Witteloostuijn, 2007). Companies engaging in joint venture will therefore need some communication competences in order to prevent communication issues.

A company that acquires or merges with a foreign company needs to manage the acquired business and transform it into a well functioning subsidiary (Meyer et al., 2009a). To realise this, full commitment and communication competences are required, and therefore communication is an important aspect (Owusu & Habiyakare, 2011).

With a greenfield investment a new company is established within a foreign country. This means that the parent firm has full control over the foreign company. In managing the foreign company properly communication will be important. To execute this communication effectively and efficiently, the communication competences the employees possess will be crucial. Communicating with foreign employees requires some skills employees need

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to develop, because e.g. cultural differences influence the way employees communicate within different countries. The advantage of this mode is that employees who work already within the company can be used in the foreign subsidiary to transfer the company culture towards the foreign subsidiary.

4.3.2 Competitive advantage and entry modes

In the previous chapter competitive advantage was described as implementing a strategy that is creating value for customers. The relative position a company achieves relating to its competitors is achieved through a combination of cost, products, and service elements (Navarro, Losada, Ruzo & Díez; 2010). Cost advantages are achieved through prices and perceived value, product advantages are achieved through the quality, design, and other product attributes that differentiate the products from competitors. Finally, service advantages are achieved through the delivery speed, reliability, and after-sales service quality (Navarro et al., 2010). The entry modes will be analysed on these three aspects to compare the difference in competitive advantage.

The cost advantage of exporting is low because with exporting companies face high costs of tariffs and transportation. Most of the time control is lost over pricing and distribution. Companies who start exporting products do this because the products they are offering are not available in the foreign country or are cheaper what positively affects the product advantage. Companies who export products lack foreign presence which means that these firms are unable to tailor goods to local market preferences, and that they depend on agents for after-sales services (Som, 2009).

In the case of a joint venture, cost advantage can be achieved because access to local resources is acquired. With a joint venture a company has local presence and therefore can tailor products to customers tastes. Local presence also means a positive effect on service advantages, because a high speed of delivery, reliability, and after-sales service can be guaranteed (Meyer et al., 2009a).

With M&A's and greenfield investments a parent company has direct access to foreign local resources, because of the local presence that is achieved with these two modes. Therefore the company can achieve maximum cost advantages. Product advantages can also be maximised through analysing customer preferences and adjusting product towards these preferences. Service advantages can be achieved with these two modes through offering fast, reliable after-sales service within the foreign subsidiary. The only difference between these two modes is that with M&A's these advantages are received sooner, because with a greenfield investment it takes time for the company to start the operations in the foreign country.

4.3.3 Profit generation and entry modes

Due to the high tariffs and transportation costs, even though it is the safest mode of internationalizing, profits are reduced. Even when a company decides to license a product, returns must be shared with the licensee, and therefore profits are lower than with the other entry modes (Som, 2009). In this line the risk a company encounters is also the lowest compared to the other entry modes.

In a joint venture ownership is shared between two or more companies which means that risk is shared between these companies, it also means that the profit is shared between these companies (Meyer et al, 2009a).

Acquiring or merging with a local foreign company is the fastest method to obtain local presence and to operate within a foreign market. Therefore is a certain amount of financial investment required which makes M&A the most expensive foreign direct entry mode (Som, 2009). When a company is acquired the firm has full control, and all the profit is for the parent company.

Establishing a greenfield investment requires a certain amount of investment and commitment in the foreign country. Therefore the company is having some risk but all the profit is for the parent company. In this line it is clear that both M&A and greenfield investment require a certain amount of investment and that within both modes of entry the parent firm has full control over activities and profit. The difference is that a M&A is a quick

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way of entering a foreign market, but also the most expensive entry mode, and that a greenfield investment is a cheaper mode but that time is required.

Modes of entry:	Communication competences	Competitive advantage	Profit
Exporting	<ul style="list-style-type: none"> - low commitment - little communication necessary 	<ul style="list-style-type: none"> - high costs of tariffs and transportation - exclusive products/cheaper products - no presence 	<ul style="list-style-type: none"> - low financial risk - low profit margins
Joint venture	<ul style="list-style-type: none"> - high commitment - preventing coordination/communication issues 	<ul style="list-style-type: none"> - access to local resources - local knowledge about preferences - after-sales service 	<ul style="list-style-type: none"> - medium financial risk - sharing investment - sharing profit
M&A	<ul style="list-style-type: none"> - full commitment - communication competence required for transformation and management 	<ul style="list-style-type: none"> - access to local resources - local knowledge about preferences - after-sales service 	<ul style="list-style-type: none"> - high financial risk - high investment costs - full profit
Greenfield investment	<ul style="list-style-type: none"> - full commitment - communication competences required for management 	<ul style="list-style-type: none"> - access to local resources - local knowledge about preferences - after-sales service 	<ul style="list-style-type: none"> - medium financial risk - flexible amount of investment - full profit

Table 6: Entry modes and three aspects

Now that it is clear how each entry modes relates to the three sub issues a possible solution needs to be chosen, which will be the mode to re-enter the Bosnian market. This next stage of the regulative cycle will be executed within the next chapter, namely the solution design part.

Chapter 5: Plan of action

In the previous chapters the first two steps of the regulative cycle has been executed, namely the problem has been defined (chapter 2), and analysed and diagnosed (chapter 3). The next step in the regulative cycle is developing a plan of action, which involves a solution design, and a change plan design (van Aken et al., 2009). The aim of this chapter is to choose a solution design which is in this case a particular foreign entry mode, to discuss the choice, and to design a change plan.

5.1 Solution design

In the business problem solving project two activities are central: analysis and design. Where in analysis the dominant logic is from question to answer, in design it is rather from solution to specifications (van Aken et al., 2009). In the previous chapters an analysis of the problem has been undertaken, and a literature study has been conducted about possible entry modes for Company Z. In this chapter the focus shifts towards designing a solution, in other words, choosing the most appropriate foreign entry mode for Company Z.

Before an entry mode can be chosen, there are some aspects that need to be reflected. Companies need to consider at least two important aspects before entering a foreign market; the first aspect is the kind of resources a firm possess and how these can be used to gain competitive advantage in a foreign country. The resources Company Z uses at this moment provides them little competitive advantage in the Bosnian market, and therefore we look at the influence of resources on entry modes. A second important aspect are the institutions an entering firm have to deal with in the market wherein the firm will be active. In this case where the entrant is entering a transition economy (Deichmann, 2012), institutions can play an important role because within transition economies weak institutional development are rather the rule than an exception (Dikova & van Witteloostuijn, 2007; Meyer et al., 2009). The interviews that were conducted indicated that the property lot that has been bought hasn't been utilised until this moment. Exploiting this property lot means that Company Z will have to align its solution to the existing rules that institutions have made about utilising property lots, e.g. rules about building permits.

A literature review is conducted about how the resources a company possesses influence a foreign entry mode, and how host market institutions influence the foreign market entry strategy. To conduct this review consistent with the literature review in the previous chapter, and to use only the latest and most up-to-date articles in order to be sure that this research contributes to the latest discussion in the academic area, only articles from 2008 and later were considered. The second criteria we developed was the citation of articles; we preferred articles that were cited more often. In some articles researchers referred to the same older studies several times which were searched and analysed in order to understand the arguments of these researchers and the context wherein these researchers have conducted their study.

5.2 Theoretical perspectives and foreign entry mode

Several studies have been conducted about the influence of resources on entry mode and the influence of institutions on foreign direct entry modes (e.g. Dikova & van Witteloostuijn, 2007; Meyer and Peng, 2005; Meyer et al., 2009a; Peng et al., 2009). Meyer et al. (2009a) explicate two important theories that explain the choice for a foreign direct entry mode, namely analysing foreign entry modes with the resource-based view and institutional-based view. Meyer et al. (2009a) responded to the call of Meyer and Peng (2005) to integrate more the resource-based and institutional-based view.

A new generation of research, namely institutional theories, highlights how important institutions in foreign countries are, and how these institutions determine or influence foreign entry modes of companies (Gemser et al., 2012; Meyer et al., 2009a). In these institutional theories it is argued that formal and informal institutions influence the strategies that are formulated by companies to create competitive advantage. Institutions are also known as the "rules of the game" (Meyer et al., 2009a; North, 1990; Peng et al., 2008).

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The resource-based view and institution-based view can be integrated because in both lines of theorising there is a central concept, namely the effectiveness of markets in facilitating access to sought resources. O'Casey et al., (2012, p.225) describe the task of achieving congruence between the firm and its environment on strategic decisions, such as entry strategy choice, as the resource-strategy-environment duality. In this study where the question is how to create a profitable foreign subsidiary, resources and institutions are important aspects which influence the entry mode choice that need to be investigated. The interviews that were conducted in the previous chapter also indicate that resources are important in creating competitive advantage.

In this line, the study of Meyer et al. (2009a) examining the importance of resources and institutions on entry mode choice is a suitable starting point in exploring this relationship between resources and institutions. The empirical research Meyer et al. (2009a) conducted indicates that institutional and resource effects crucially interact. We analyse the resources Company Z possesses with the resource-based view, and the institutional environment will be analysed with the institution-based view. Together these analyses will be a guidance in formulating a suitable foreign entry mode to re-enter the Bosnian market.

Where Meyer et al. (2009a) focus on four emerging economies (Egypt, India, South Africa and Vietnam); Meyer and Peng (2005) studied Central Eastern European countries; Quer, Claver and Rienda (2007) study was conducted in China; in this study the transition economy of Bosnia and Herzegovina is the case. Therefore it is clear that because of the context the studied company is in, but also because of using these two particular views, this study will enrich and contribute to the international management literature.

Different studies have researched internationalisation of companies and entry mode choice between joint ventures, acquisitions, and greenfield investments (Al-Kaabi et al., 2010; Dikova & van Witteloostuijn, 2007; Meyer et al., 2009a). The models that these studies have provided suggest that ownership and entry mode can be viewed as sequential decisions. In these models the first step is to decide if the company is going to execute partial (joint venture) or full ownership (greenfield/acquisition). Step two is when a company chooses for full ownership to decide if an foreign local company is acquired or a company is builded from scratch. Meyer et al. state that "institutional issues affect ownership and entry mode questions simultaneously" and they therefore "analyse the three entry choices as being interdependent and consider them simultaneously" (2009a, p.63).

5.3 Resources and entry modes

The resource-based view of the firm has become an influential theoretical perspective in recent international business research (Xu & Meyers, 2012). Hoskison, Eden, Lau and Wright (2000) state that the resource-based view (RBV) is one of the top three most insightful theories in the management literature. Other researchers have also highlighted the importance of the resource-based view (e.g. Meyer and Peng, 2005; Meyer et al., 2009; Peng, 2001).

The resources and capabilities a firm possesses is an important aspect that needs to be considered before choosing a foreign direct entry mode. As Barney (1991) made clear in his article, resources can provide a company competitive advantage over other firms, and he therefore developed the resource-based view which focuses on the resources a company has, and explains that some resources can provide companies competitive advantage.

Resources can pull companies to internationalise because some resources and capabilities can only be acquired in foreign markets (Peng, 2001). In order to acquire specific local resources that are only available in particular countries companies will need to choose a foreign entry mode to establish foreign presence in that country. We analyse the different entry modes, in particular a joint venture, acquisition or greenfield investment, from a resource-based view perspective. Exporting will not be taken in consideration, because exporting companies are not active in the foreign market, and therefore are not inclined to acquire local resources in the foreign market.

The types of resources and capabilities entrants need in foreign developing or transition markets are often different than needed in the domestic market (Meyer & Peng, 2005; Xu and Meyer, 2012). In this line, analysing the resources and knowing what kind of resources are needed in the foreign market, and how difficult it is to

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acquire these resources in the foreign market, is necessary to know for firms entering foreign markets. Companies entering transitional or emerging markets often need context-specific or local resources in their competition against the existing local firms. A well known and often mentioned problem is how entering companies can get access to these important resources, or acquire these resources in markets often characterised by problematic and weak (institutional) regulations (Meyer et al., 2009a)?

When a firm decides to enter a foreign market using a greenfield investment as entry mode often these firms will encounter the need to acquire local resources that are necessary to operate in that foreign country. As opposed to entering using a greenfield investment, acquiring a local company or creating a joint venture with a local company delivers the entering firm access to local resources (Dikova & van Witteloostuijn, 2007; Meyer et al., 2009a) and complementary resources (Meyer et al., 2009b).

The division of resources in tangible resources and intangible resources is often made in literature (e.g. Meyer et al., 2009a; Meyer, Mudambi & Narula, 2011). It is an important division because some companies will need more tangible resources in comparison with intangible resources, and vice versa, which can influence the entry strategy a company executes. Tangible resources (such as e.g. real estate) are easily interchangeable and can be acquired by every company, whereas intangible resources are more difficult to interchange because these resources are within a company, and a lot of time is necessary to build these resources or capabilities. An example of intangible resources are the know-how employees possess. This classification of resources in tangible and intangible will be used further in this study.

Companies that need access to local brands, local knowledge, distribution channels, network relationships and other intangible assets will benefit maximally from an acquisition as entry mode, because it provides direct access to these resources. Meyer et al.'s (2009a) study shows that entering firms who need to rely on local resources to enhance competitiveness will benefit more from an acquisition or a joint venture in comparison with using a greenfield venture. Entrants who require intangible assets prefer establishing a joint venture or an acquisition as entry mode in comparison to a greenfield investment. Companies creating a joint venture with a local partner or acquiring a local firm get direct access to the resources these firms possess, which means also to the intangible resources such as market knowledge (Meyer et al., 2009a).

In summary, entrants that need local resources - tangible or intangible - to enhance their competitive advantage prefer to enter with a joint venture or an acquisition. Companies that depend less on local resources will prefer a greenfield investment because the particular company will remain total control over the foreign activities.

5.4 Institutions and entry modes

The question that arises before researching the influence of institution on entry modes is: what exactly are institutions? The literature provides different definitions of institutions. "The humanly devised constraints that structure human interaction" is how North (1995, p.3) define institutions. According to Scott (1995, p.33) institutions are "regulative, normative and cognitive structures and activities that provide stability and meaning to social behaviour".

Following these definitions, institutions can be broadly classified as formal and informal ones. Institutions are important because they "govern societal transactions in the areas of politics (e.g., corruption, transparency), law (e.g. economic liberalisation, regulatory regime), and society (e.g., ethical norms, attitudes towards entrepreneurship)" (Peng et al., 2008, p.922). Examples of what institutions include are legal frameworks and its enforcement, property rights, information systems, and regulatory regimes (Meyer et al., 2009a).

Now that it is clear what institutions are the question that arise is: how do institutions influence entry modes? A question asked by other researchers (Peng et al., 2009) is "how do firms play the game, when the rules of the game are not completely known and changing?" because this is the case within transition economies.

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Institutions are important to consider for internationalising companies because formal and informal institutions can influence the strategy a company will execute (Gemser et al., 2012). The institutional theory has been the most popular theoretical basis in the international management field (Schwens, Eiche & Kabst, 2011; Xu and Meyer, 2012). The institution-based view focuses on the dynamic interaction between institutions and organisations, because institutions directly influence the strategic choices of companies (Meyer et al., 2009a). Formal and informal institutions namely "affect the interactions between firms and therefore affect the relative transaction and coordination costs of production and innovation" (Meyer et al., 2011, p.237). Companies need to know more about the rules of the game abroad that may be different from the familiar rules within the home market (Peng et al., 2008).

Every market has its own mechanism of functioning. Institutions have an important impact on letting these market mechanisms function effectively. In some markets institutions function well as in many developed countries, in other markets institutions do not function well as is the case in many emerging and transition economies (Gemser et al., 2012; Meyer et al., 2009). In other words, institutions can constrain or enable businesses and effect the efficiency of markets and transactions costs due to for example information asymmetries, impeding partner search, and contract enforcement (Meyer et al., 2009; Xu and Meyer, 2012). Institutions also affect the rules of competition through for example competition law, and effect the level of uncertainty due to institutional changes (Xu and Meyer, 2012). Meyer et al. (2009a) classify institutional arrangements into two oppositions: strong and weak.

According to Meyer et al. (2009a, p.63) strong institutional arrangements are where institutions support "the voluntary exchange underpinning an effective market mechanism". Weak institutional arrangements are when institutions "fail to ensure effective markets or even undermine markets" (Meyer et al., 2009a, p.63). Formal rules influence the choice of entry strategy, but in weak institutional environments, informal rules play even an more important role. In countries with weak institutional environments finding the right resources can be tough work because of information asymmetries, which means that finding the right information takes more time and costs (Meyer et al., 2009a).

Dikova and van Witteloostuijn (2007) also focus on institutions and on the institutional advancement "in the context of a host country's formal rules of the game" (Dikova & van Witteloostuijn, 2007). They indicate that the better the institutional advancement in a country, the better formal rules work within the market. These formal rules are important for firms when entering foreign markets. Opposed to this, when institutional advancement is weak, it means that informal rules are important for companies and are an important aspect to deal with. In weak institutional environments market efficiency is low, finding the right information is difficult, and cost of functioning for firms in that particular market are high (Meyer et al., 2009a). Local companies try to counteract market inefficiencies by using interpersonal relationships (Peng et al., 2008), or by relying on network- and relationship-based strategies, which means developing the ability to enforce contracts using norms as opposed to litigation (Meyer et al., 2009a). To attain legitimacy in the host context entrants need local partners (Xu and Meyer, 2012).

Foreign companies often encounter discrimination by formal rules of the game in the entering country (Peng et al., 2008). In the case of strong or efficient functioning markets, and in markets with a low level of corruption, companies will experience little problems in the foreign market and therefore a greenfield investment will be more likely, as opposed to an acquisition or joint venture (Meyer et al., 2009a; Xu and Meyer, 2012). In weak institutional environments where informal rules play an important role and often high level of corruption is existing, entrants will prefer a joint venture or an acquisition, because the local partner has experience and knowledge about functioning in the foreign market (Meyer et al., 2009a).

A remark needs to be made, because in financial inefficient markets acquiring a local company can be problematic. In those cases entrants will prefer to enter the market with a greenfield investment.

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In summary, in weak institutional market entrants will prefer to enter these markets with a joint venture or an acquisition, as opposed to a greenfield investment, because local partners have the relationships within a foreign market and can be the interface with local institutions and authorities.

5.5 Institutions and resources

Institutions and resources are as aforementioned two important factors companies have to consider before choosing a particular entry mode. The resource-based view is firm-oriented and doesn't consider the environment which can have an influence on the performance of a firm. Acquiring resources happens within markets which are regulated by institutions. These institutions can influence the market mechanisms efficiency and are a crucial aspect for firms to consider.

The relationship between the resources a company possesses and the environment in which the company operates is illustrated in figure 4. As described above, companies need resources to achieve competitive advantage and these resources need to be acquired within an institutional environment. In a market wherein the institutional environment is well developed and functions properly a company will not experience any problems in acquiring resources. In institutional environments wherein institutions do not function properly, firms can face difficulties in acquiring resources. In this line we argue that the relationship between resources and institutions is crucial for companies, and therefore these two aspects will be analysed for Company Z in the following part. The analysis will be evident in choosing a suitable foreign entry mode for Company Z.

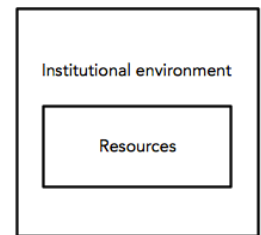


Figure 4: Institutions and resources

5.6 Company Z resources

The importance of resources and institutions has been discussed above. The question that now arises is which resources possesses Company Z? Therefore we will analyse the causes of the current problem to see what kind of resources company Z has, and what kind of resources it lacks.

5.6.1 Communication competences

In the interviews the employees of Company Z indicated that since restructuring that currently is happening within Company X, the employees of Company Z experience communication issues because it isn't clear whom to communicate with. The second communication barrier discussed is the language barrier between the headquarter and the subsidiary. Finally cultural differences between workers from both companies also deteriorate communication.

Human resources are an important asset for companies because the skills and knowledge employees possess can create a competitive advantage (Boddy, 2008; Torrington, Hall & Taylor, 2008). In this case employees experience communication barriers which hinder efficient collaboration between workers from Company Y and workers from Company Z. In other words, communication competences lack within the company. Communication competences are something intangible and therefore communication competences will be characterised as an intangible resource that is necessary in improving the performance of Company Z.

5.6.2 Competitive advantage

The interviews with employees of Company Z explained three reasons why Company Z at this moment lacks competitive advantage to compete with competitors. The interviewees explained that the research they had conducted on selling product from Company Y proved that selling products isn't realisable; because (1) the products are too expensive; (2) fast delivery cannot be guaranteed, because Company Z hasn't got any stock of products; and (3) the distance between the Netherlands and Bosnia is a restriction, because the transfer of products and goods takes too much time to be competitive against competitors who can deliver products in a shorter amount of time.

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The resources a company possesses have an important impact on the competitive advantage. In this case where Company Z requires products that can be sold in the market the firm lacks sufficient resources to establish a sales function. Without commitment from Company Y creating a foreign subsidiary with a sales function isn't realisable. In this case Company Z needs tangible resources, such as: competitive products, a location where these products can be stored and sold, and sales employees.

5.6.3 Profit generating activities

In the current situation all of the activities that are performed within Company Z are for Company Y. Company Z isn't performing any activities for other companies and no profit is been made. The management of Company Y has concluded that this needs to be changed in order to make Company Z a profitable foreign subsidiary.

Having analysed the three causes, the question that arises is what kind of resources does Company Z need to function profitably within this particular market? Does Company Z need tangible or intangible resources? And which of the possible entry modes delivers these resources?

As discussed above, Company Z lacks necessary resources to establish profitable foreign sales operations. On the one hand, Company Z lacks tangible resources such as competitive products that are going to be sold, a building where sales can be executed, a warehouse were goods can be stored, and sales employees. On the other hand, intangible resources are also required such as knowledge about customers demands, about distribution systems and human resources, but also about how to enforce contracts when customers or suppliers are not fulfilling their duties.

All the possible entry modes have their own characteristics related to providing the necessary resources. Table 7 summarises how the different entry modes are related with tangible and intangible resources. The firms that together establish a joint venture also together contribute their resources. It means that both companies contribute tangible resources such as for example financial resources, but it also means that intangible resources are contributed; especially the intangible resources from the local partner are important for the entrant. Entering firms that acquire a local company get direct access to their local tangible and intangible resources as discussed in the previous part. Firms that decide to enter a foreign market using a greenfield investment need to bring their own tangible and intangible resources.

Resources/ Entry mode	Tangible resources	Intangible resources
Joint venture	Both firms contribute tangible resources	The local partner contributes important local intangible resources
Acquisition	Direct access to local tangible resources	Direct access to local intangible resources
Greenfield investment	Contributing resources to foreign market or buying these resources within the foreign market	Need time to acquire or build intangible resources in a new market

Table 7: Resources and entry modes

5.7 Institutional environment Bosnia and Herzegovina

The market wherein Company Z is located is the Bosnian market which is an interesting market to research because of its recent history. The history of Bosnia and Herzegovina is marked by alternating periods of coexistence and violence, and its position on the frontier of Europe (Deichmann, 2012).

Bosnia and Herzegovina is a transition economy because the country was part of the former Yugoslavia until 1992, which was a communistic country, and since then it started a change process towards an open-market economy. Transition economies are in a change from centrally planned to market economy, and that is what is currently

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occurring within Bosnia and Herzegovina (Radac & Božić, 2009). This process was also for example the case in the Central Eastern Europe since the fall of the Iron Curtain (Deichmann, 2012; Meyer and Peng, 2005).

Bosnia and Herzegovina as the research domain is extremely important because of the divided structure that originates from the Dayton agreement that was signed at the end of the war in 1995. Since then, the country is divided into three territories or distinct geographical entities: the Federation of Bosnia and Herzegovina, the Republika Srpska, and the small district of Brčko (Deichmann, 2012). This divided structure provides challenges for managers working within this area as well for academics executing their research within this specific area.

In line with the institution theory, the question is how the Bosnian institutional environment is functioning since the restructuring of the country after the war? Evidence for a weak institutional environment in Bosnia and Herzegovina is provided by Deichmann (2012, p.8): "According to a report by Business Monitor International the country continues to be plagued by weaknesses in the business environment, an uncompetitive tendering process, and the inefficiencies caused by the divided structure of the country and its bureaucracy". This means that companies entering the Bosnian market need to consider and pay attention to these factors before deciding which entry mode to use.

Although a weak institutional environment there are signs that the government is doing its best in improving these deficiencies. An example is the establishment of the FIPA. BiH's Foreign Investment Promotion Agency (FIPA) was established in 1998 to overcome the disadvantages and to facilitate foreign direct investment (FDI). This organisation highlights the advantages the country provides for foreign investors, such as: the country's location at the crossroads of east and west, cheap labour costs, inexpensive deals, tax holidays, an investment support fund, and free trade with EU member states by virtue of the association agreement that was signed by the Bosnian government in 2008 (Deichmann, 2012). This agency shows the commitment of the host country to facilitating FDI.

The last couple of years the country has been characterised by high corruption levels and residual memories of conflict. Other important aspects that entrants need to consider are complexity of administrative rules, lack of transparency, and excessive perceived risk (Deichmann, 2012). Bad infrastructure is another important aspect that hinders businesses, which was also confirmed during the interview with the manager of Economic. To overcome this inefficiency Economic has their own trucks to transport goods throughout the country. This is also the case with Vokel who also keep the transport in-house because of the lack of efficient transport companies.

A change has been noticed because the government policy has changed into privatisation of companies. As stated above the government is showing commitment for FDI by establishing agencies as the FIPA. Beside this, the financial system is stable with a fixed exchange rate (Mark-Euro) (Deichmann, 2012). Financial transactions as for example acquiring foreign firms or creating joint ventures can be executed with a restricted amount of risk.

In summary, companies entering the Bosnian market need to realise the institutional difficulties in the Bosnian market. Table 8 shows the different entry modes and the way these modes deal with foreign institutions. The advantage of establishing a joint venture related with foreign institutions is that the local partner has experience with local institutions. This is also the case with an acquisition of a foreign local company. Companies that decide to enter a foreign market by establishing a greenfield investment do not have this advantage. For these companies it is important to establish relationships with local institutions. Entering the Bosnian market with a local partner through e.g. an acquisition or joint venture is recommendable for companies with little experience in this particular market.

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Institutional environment / Entry mode	Bosnian market
Joint venture	Local partner's experience with local institutions
Acquisition	Acquired company has experience with local institutions
Greenfield	Establishing relationships with foreign local partners and institutions is important

Table 8: Institutions and entry modes

5.8 Change plan design

Now that possible entry modes have been analysed with different theories it is time to execute the aim of this business solving project; and that is to solve the current business problem (van Aken et al., 2009). Otherwise stated, we arrived at the point to propose the most suitable foreign direct entry mode, and to answer the main research question of this study.

After having analysed the problem, diagnosed the causes, and researched the alternative solutions and the specifications a possible solution should conform, in this step of the problem solving project a creative leap towards a possible solution should be made. This is because a design problem is as answering an open-ended question; usually more than one good design is possible (van Aken et al., 2009). Choosing the most suitable foreign entry mode means that all important aspects and factors need to be considered before a decision is made. In the first interviews that were conducted the requirements a possible solution needs to be fulfilled were discussed. We need to know how important each of these requirements is, because there isn't any entry mode that can fulfill all of these requirements. Therefore the possible entry modes are analysed on how they fulfill these requirements as table 9 shows. The following symbolic is being used:

- = entry mode doesn't fulfill the requirement
- + = entry mode could fulfill the requirement, but extra effort is necessary
- + + = entry mode totally fulfills the requirement

Entry modes / requirements	Exporting	Joint venture	Acquisition	Greenfield investment
Financial budget	++	++	-	+
Retain current employees	-	++	+	++
Exploit the current land	-	+	-	++

Table 9: Requirements and entry modes

The cheapest entry mode for Company Y is through exporting products, but with exporting the current employees will not be necessary and the property lot that has been bought will not be utilised. This means that exporting isn't an suitable option.

Creating a joint venture with a local partner is the second entry mode when it depends on the financial budget. A joint venture is created together with a foreign partner so that the costs can be shared. If a joint venture is going to be used as entry mode the current employees of Company Z can be retained. The option exist when a joint venture would be created to use the property lot and to build an office or sales subsidiary on it.

Acquiring a foreign local company is the entry mode that requires the most financial resources. The current employees could be retained and fitted into the acquired company, although this would be a big challenge. If an acquisition would be chosen as entry mode the company would need to sell the current property lot.

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The final entry mode is establishing a greenfield investment, in this case establishing and building a foreign subsidiary on the property lot that has been bought. This means that the lot will be used in a way that it was planned. Establishing a greenfield investment is more expensive than establishing a joint venture because the company has to do it on its own. A positive aspect of a greenfield investment is that the current employees can be retained.

5.9 Advice

The analyses that have been executed within this chapter and the previous chapters form a good foundation to conclude this research with choosing the most suitable option for Company Z to re-enter the Bosnian market.

Having analysed the problem and its causes, discussed the requirements a solution should fulfill, explained the possible entry modes and how these entry modes relate with the resources a company possesses, and how the institutional environment can influence the entry strategy; the moment has come to choose the most suitable foreign entry mode.

In our opinion, the most suitable option for Company Z to re-enter the Bosnian market, and to establish a successful and profitable foreign subsidiary, is through establishing a *joint venture* with a local firm.

The reason why this particular entry mode is chosen will be discussed in the following and last chapter. In the last chapter also a guideline will be developed for if the management decides to follow this advice.

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Chapter 6: Evaluation of conducted research

The business solving project that has been executed in this study consisted of the following steps: in chapter three we defined the problem that the management of Company Y encountered, in chapter four we analysed the problem and diagnosed it, and in the fifth chapter the focus was on as van Aken et al. (2009) call it 'plan of action'.

In the previous chapter wherein a solution has been designed, a change plan should also be made. We choose to make the change plan within this chapter, because in this last chapter we will also discuss our findings. This way we can discuss the proposed change plan and conclude the whole research in the same chapter. Although the ultimate deliverable of a business problem solving project is an intended improvement of the business problem (van Aken, et al., 2009), in this project the proposed solution will not be implemented because we don't have the resources and the commitment of the management to do this.

In this chapter first the main research question will be answered followed by the change plan. After that, the proposed solution will be discussed and evaluated, followed by the limitations of the conducted research and what future possible research directions are.

6.1 Answering the main research question

The goal of this study was to find a solution for the business problem of Company Y. Therefore we drafted a research question at the beginning of the project that was pivotal during this study. After analysing the research question and diagnosing the causes of the problem, we adjusted the research question into the following question:

With what kind of entry mode can Company Z be transformed into a profitable foreign subsidiary with the requirements taken into consideration?

The answer to this question is given in the previous chapter. Namely, we advice the management of Company Y to re-enter the Bosnian market by establishing a *joint venture* with a local partner within the Bosnian market. The question that immediately arises is *why* this particular entry mode and not one of the other possible entry mode? The reason why we advice the management of Company X to re-enter the Bosnian market with a joint venture will be discussed over here.

6.2 Discussion of the findings

As discussed in the previous chapter, firms that consider to internationalise have different entry modes to enter foreign market. The different entry modes have their own advantages and disadvantages. These were weighed in order to find the most suitable option for Company Z to re-enter the Bosnian market.

In the decision for one of the possible entry modes different factors and aspects were considered. In the previous chapter we analysed the different entry modes with the resource-based view and an institution-based view. Beside these analyses, we also looked at the requirements a possible solution has to meet. These aspects will be discussed in order to explain the choice to advice for a joint venture.

In the previous chapter the resources were divided in tangible and intangible resources. Dividing the resources in tangible and intangible resources made it possible to analyse how the different entry modes provide the necessary resources. As aforementioned, Company Z will need tangible and intangible resource during their re-entering process in which a big transformation will be executed. The aim is to transfer Company Z in a foreign subsidiary which provides a 3D-drawing service for other companies, and has a sales department offering competitive products that customers require. To fulfill this aim tangible and intangible resources are required. As described in the previous chapter, firms entering foreign markets that require tangible and intangible resources will prefer entering a market by establishing a joint venture or acquiring a local company (Meyer et al., 2009a). Therefore these two entry modes are more preferable than the other entry modes.

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The interviews that were executed with employees of Company Z indicated that until now no problems were experienced with institutions. This can be because until now the company had little to do with local institutions, because little activities were carried out in the market. As Company Z starts to venture activities in the market, such as selling products or services, the chance that the firm will experience problem with other companies or with institutions will increase. An example can be the enforcement of contracts.

Deichmann (2012) explained that a weak institutional environment is the case within Bosnia and Herzegovina. Therefore relationships with institutions and local authorities will become crucial. Local partners can be an interface with these local authorities and institutions (Meyer et al., 2009a), and therefore joint ventures and acquisitions are more preferable than establishing a greenfield investment. Besides the weak institutional environment within the Bosnian market, the country is an exception with its divided structures of three territories in one country (Deichmann, 2012). Therefore it is even more important to have an experienced local partner that can help when institutional problems arise.

The requirements that were nominated by Company Y were the last step in our analysis. In this analysis exporting was also considered, but it proved to be the least feasible option because this entry mode cannot fulfill two of the three necessary requirements, namely choosing for exporting would mean that the current employees could not be retained because exporting can be executed from the home country. It would also mean that the current property lot that Company Y had bought in Bosnia and Herzegovina would need to be sold.

There was also a financial requirement, namely the company has a fixed budget that can be used to re-enter the Bosnian market. The financial requirement is also the most important one according to Mr. Gary. Of the three entry modes (joint venture, acquisition, greenfield) creating a joint venture will need the least financial investment, because the investment will be shared with a local partner (Som, 2009). As opposed to this, acquiring a foreign local company will be the most expensive entry mode. A greenfield investment is somewhere in between because a company will have to invest on its own, but this entry mode provides some flexibility, because the entrant can choose to start a small foreign subsidiary and to expand when sales increase for example. Thus a joint venture is the most suitable option when we take this requirement in consideration.

The management of Company Y made clear that a second requirement is that the current employees need to be retained, because the company has established a relationship and builded trust with these employees. Creating a joint venture with a local partner means that both partners have to bring in their own resources, such as for example human resources (Dikova & van Witteloostuijn, 2007; Meyer et al, 2009). Thus employees can be retained and integrated in the new organisation. Acquiring a foreign company means that access to all assets is required. It also means that retaining current employees is possible, albeit a challenge to transfer the current employees in the acquired company wherein the employees know each other, and know the business culture and how work is executed in this company. Challenges can arise to integrate the current employees in an acquired foreign company (Som, 2009). Building a greenfield investment from scratch requires employees which means that the current employees can be retained. Thus a greenfield investment is the most suitable option when we only take this requirement in consideration, and a joint venture being a good alternative.

The third requirement that was discussed in the interviews with the management is that a property lot has been bought to build a foreign subsidiary on, but that until now nothing has been done with it. A joint venture is always created with a partner which means that an agreement can be made with this partner to build a new building together on the land that already has been bought. It means that the partner has to agree on this proposition. Acquiring a local company means that the only option for Company Y is to sell the current property lot, because the acquired company is established on a particular location, and transferring this company to the property lot would mean that a new building would need to be build which will only increase the costs. Creating a greenfield investment is the most suitable option for this particular requirement because the greenfield investment can be established on the lot that has been bought. Thus also with this requirement a greenfield investment is the most suitable option and a joint venture being a good alternative.

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Taking all these analyses together will indicate the most suitable option for Company Z. The resource-based view and the institution-based view both indicated that in this particular case a joint venture is the most suitable option. The joint venture as entry mode was on the financial requirement, the most important one, the most suitable option and on the other two requirements a good alternative to the most suitable option. Therefore we can conclude that establishing a joint venture is the most suitable foreign entry mode for Company Z.

The decision for advising a joint venture to the management has been explained comprehensively. In the next part briefly a change plan with attention points is drafted so that if the management decides to follow the advice, it knows what to do to establish a profitable joint venture.

6.3 Change plan

Although within a business problem solving project normally the intervention is implemented and tested, it often happens that due to different conditions implementing the intervention isn't possible for the researcher. In this problem solving project this is also the case, because of a time constraint. Therefore only some attention points will be summed up for the management, if they decide to implement the proposed option.

As discussed in chapter four establishing a joint venture has some points that need to be considered in order to be successful. As Som (2009) indicates one out of two joint ventures proves to be unsuccessful. Different factors can influence the success rate of a joint venture.

Establishing a joint venture means creating a new business which is owned with another company (Elango & Sambharya, 2004; Lu & Beamish, 2006). A first important aspect is finding an appropriate foreign local partner. A potential local partner needs to be found which has complementary resources so that both companies combining their resources can strengthen their competitive advantage. A second, and often mentioned aspect by scholars, is the coordination problem between two companies (Dikova & van Witteloostuijn, 2007; Som, 2009). Joint ventures often fail because of incorrect strategies, incompatible partners, inequitable or unrealistic deals, and weak management (Som, 2009). Therefore it is wise to research potential partners and to make goals that the company wants to attain. Before establishing a joint venture, goals with the partner should also be made. These goals should fit the SMART criteria; specific, measurable, attainable, relevant and time-bound. This way it will be clear what is expected from the joint venture and performance can be settled on the goals.

In the next part the contribution of the conducted research for the literature will be discussed.

6.4 Contribution to the literature

The question that arises in this part of the thesis is: what does the executed study contribute to the existing literature? We highlight four contributions that this study has brought forward.

A first contribution of the conducted study is the artefact we created to solve the issue of the company. The design science is used as the research method with the goal of using management literature in our aim of researching what the most suitable option for Company Z is to re-enter the Bosnian market. To fulfill this mission we analysed and diagnosed the problem to understand it, and to know in which direction a possible solution should be searched. Several scholars (e.g. Denyer et al., 2008; Holmström et al., 2009; van Aken, 2004) have indicated that the aim of a design science is to create an artefact, which we did by advising Company Y which kind of entry mode to use in this particular market. The dilemma of management theories is the rigour-relevance gap which we have discussed in chapter two. Science produces scientifically proven general knowledge that researchers can use. Most of the time this knowledge is too broad and these theories are too reductionistic that it can't solve a particular problem. On the other hand, relevant theories for practical use lack sufficient rigorous justification (van Aken, 2004). This issue is also relevant for the artefact we developed, because the question is can we generalise the artefact so that other companies can use it when they face the same kind of problems?

The company central in this study, which we characterised as an SME, is a technical wholesaler with its own specific characteristics that entered a foreign transition economy. We analysed the company on the resources the

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company possesses and looked at how institutions can influence foreign entry mode. The entry modes companies can use to enter foreign markets are the artefacts we created as possible solutions for the business problem. These artefacts can be used by other companies. Although we didn't research other related companies the artefacts may be possible options for firms with characteristics that are familiar to the researched company when the same analysis is conducted as in this study.

A second contribution to the literature of the conducted research is the aim of solving the rigour-relevance gap that was highlighted in chapter two. The challenge for management science is to turn solutions and artefacts into novel theoretical insight. We argued that a possible solution for bridging the rigour-relevance gap could be to appoint a researcher and a practitioner to the same project, and in this way solving business problems with scientific requirements being taken into consideration. Therefore in this study we took both roles in order to reach our goal of finding a feasible and suitable solution for the problem, and taking scientific requirements into consideration.

In this study we conducted a literature review with the aim of finding a solution for our business problem. We found different entry modes that companies can use to enter foreign markets, and we found different perspectives of which two were analysed in this study; namely the resource-base view and institution-based view. Although these views describe which factors effect foreign entry strategy choices, most of these studies examined multinational enterprises (MNE) and use them as a research variable (Gemser et al., 2012; Kamakura et al., 2012). This study distinguishes from this main stream of literature because the research variable in this study was a small and medium sized enterprise (SME). The difference between SME and MNE have been discussed by several scholars with an often mentioned important difference that SME have less resources available for internationalisation in comparison to MNE (Gemser et al., 2012). Gemser et al. (2012) for example therefore researched the influence of resource limitations and the choice for a particular internationalisation strategy. This is also one of the reasons why SME's internationalisation strategies are relatively inert. In other words; the decision can have a huge influence on the performance of the foreign subsidiary, and therefore the management must think carefully about the option it chooses.

Schwens et al. (2011) approached a reason why little research is conducted with SME as research variable. These scholars argue that "the limited consideration of SMEs may be due to the fact that some authors demonstrated that theories developed for large MNEs also work reasonably well in predicting SME entry mode choice" (Schwens et al., 2011, p.331). Although these researchers argue that other scholars have conducted studies which show that the result from MNEs are not fully generalizable for SMEs, because of diverging levels of uncertainty and resources availability (Gemser et al., 2012), in this study we didn't face any hindrance of this difference of research variable.

The fourth contribution to the literature is the fact that the researched company is active in an interesting transition economy, namely in Bosnia and Herzegovina. This country is particularly interesting because the country exist of three distinct territories (Deichmann, 2012). Studies have been conducted in countries that also were part of the former Yugoslavian republic, for example Radas & Bozic (2009) conducted a study in Croatia, but this study is one of the first internationalisation studies conducted in this particular area. We highlighted the challenges companies face when entering this market. In this line we agree with Gemser et al. (2011) that SMEs are likely to react more sensitively to challenges arising from the institutional context, because they face greater resource scarcity. Resource scarcity is also one of the reasons why we advised the management to enter this particular market with a joint venture.

At this point it may be clear what the theoretical contributions of this literature are, and how we have tried to conduct a design-oriented research while taking in consideration the scientific requirements. Finally we will conclude this study by highlighting the limitations and further research possibilities.

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6.5 Limitations of conducted research and further research possibilities

As every other conducted study, this research has its limitations that we tried to minimise. We encountered several limitations within the conducted research. Three of in our opinion the most important limitations will be discussed; namely the use of qualitative interviews, following guidelines proposed by van Aken et al. (2009), and the context wherein this study is executed.

To collect the necessary information semi-structured interviews were conducted as data collection methods. Conducting interviews provides the researcher the ability to collect as much as possible relevant information (van Aken et al., 2009). As every other research methods, interviewing stakeholders also has its limitations. There is a possibility of misinterpretation by the interviewer about the answer given by the interviewees (Zondervan, 2012). To prevent misinterpretation of all interviews full transcriptions were made which were checked with the interviewees. Additionally, in this case where only two people are accountable for the foreign activities and only five people work within the foreign subsidiary, the sample size was small and randomisation wasn't possible. However, we tried to counter these possible limitations by interviewing all the workers with different positions and functions within the company making the small sample representative.

In this study, we used the guideline that van Aken et al. (2009) have described, in our aim of conducting a study that would at the end present a possible solution for a particular business problem. Using this guideline is a second limitation we have encountered. Although this guideline supports conducting a design-oriented research related to business and management studies in a structured manner, an open view to additional sources is recommended (Zondervan, 2012). The regulative cycle has played an important role in this study, but as discussed in chapter two this cycle focuses too much on pragmatic practical business problems providing results which lacks most of the time the ability to generalise these results. As discussed in chapter two, the generalizability of results is important and artefacts should be tested in different contexts to increase the theoretical justification (van Aken, 2004). In this line adding for example quantitative data beside the qualitative could be a first attempt in countering this limitation.

The third limitation, we think is important to discuss, is the context wherein the researched company is active; in this particular case the country of Bosnia and Herzegovina. Little international management research has been conducted in this particular country illustrated by the fact that we only found one study within the last couple of years that used the Bosnian market as their research domain (Deichmann, 2012). In our analysis we leaned on this study which can be interpreted as an limitation. We encounter this weakness with empirical observations we have witnessed during our stay in Bosnia and Herzegovina. These observations confirmed the information that Deichmann (2012) provides within its study.

These three limitations can be seen as a basis for future research directions. A first possible future research direction is conducting a study with the aim of generalising the data across different context and researching of the proposed relationships between resources and entry modes, and between institutions and entry modes, work as described by Meyer et al. (2009a).

A second possible research could be if the management decides to implement the proposed solution. That study could be focused on researching the proposed solution, and how it influences the performance of the foreign subsidiary. Using a longitudinal research design could analyse the effect on the change from a greenfield investment to a joint venture.

In this study we focused primarily on two important aspects that influence entry mode strategies, namely resources and institutions. These two factors are not the only two aspects that influence entry mode choice, because there are other factors such as firm size, product diversity, industry structure, etc. (Elango, 2004) that also influence the choice a internationalising firm makes. Therefore a future study could research the influence of these factors on foreign direct entry mode.

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Appendix A

Datum: 04.04.2012

Dit interview protocol is bestemd voor de volgende casus: Company Y wil met haar internationale tak Company Z verder groeien in de Bosnische markt. Na jaren actief te zijn geweest in deze specifieke markt is het bedrijf nog steeds niet winstgevend en vraagt het management zich of het wel de juiste 'entry mode' heeft gekozen destijds. Het doel van dit interview is tweeledig: allereerst dient dit interview om de huidige situatie helder te krijgen. Daarnaast moet dit interview voor informatie zorgen over de mogelijkheden die er zijn en met welke beperkingen er rekening gehouden moet worden.

Dit interview wordt afgenomen met de directeur van Company Y Mr. Gary en manager assistant Ms. Carla. Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van de Holding in Lutten (Ov) in het kantoor van de directeur. Tijdstip van aanvang was 11.00 uur en het interview zal ongeveer 45 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

In het interview zullen drie onderwerpen centraal staan: Company X, Company Z en waar een eventuele oplossing voor het probleem aan moet voldoen.

Vraag 1: Kunt u mij vertellen wat het bedrijf Company X doet en wanneer het is opgericht?

Company X is een technische groothandel die is opgericht in 1972. Dit jaar bestaat Company X 40 jaar. Wij zijn destijds begonnen met het doorverkopen van pvc-buizen en wij verkopen vandaag de dag technisch gerelateerde producten en oplossingen aan klanten, hetzij particulieren, hetzij bedrijven.

Vraag 2: Hoe ziet de organisatiestructuur eruit?

Sinds begin dit jaar is de organisatiestructuur gewijzigd. Waar eerst al die jaren Company X het hoofdbedrijf was waar het om ging - en nog steeds gaat - is daar dus sinds begin dit jaar een verandering in opgetreden. Zoals je wel kunt zien in de organisatiestructuur (zie hieronder) valt Company X nu onder de nieuwe holding. De oprichter heeft het bedrijf overgedragen aan zijn zoon Mr. Willy die nu 100% eigenaar is van de nieuwe holding waar dus ook Company X onder valt. Naast Company X zijn er ook drie nieuwe bedrijven opgericht, namelijk Company V, Company W en Company Y. Zelf ben ik afgetreden als directeur van Company X en ben ik directeur geworden van Company V, Company W en Company Y, mede doordat er overlap is tussen de verschillende bedrijven. Company V is opgericht om zich te richten op de eigenlijke groothandel functie van Company X, omdat we door de jaren heen merkten dat bedrijven toch graag een andere benadering wensden dan die ze nu krijgen bij Company X. Nadruk wordt dus gelegd op het doorverkopen van goederen in grote aantallen. Company W is de tweede nieuwe opgerichte organisatie waarin we alle niet-technisch gerelateerde handel in door verkopen. Je kunt het zien als volgt, alle goederen waarvan wij denken dat dit handel is verhandelen we onder de naam Company W. De derde nieuwe organisatie is Company Y waarmee we de holding internationaal op de kaart willen zetten. We hebben gemerkt dat de groei in Nederland geleidelijk aan stagneert waardoor we opzoek moeten naar nieuwe markten buiten Nederland. Deze zoektocht voeren we uit met Company Y waar ook de vestiging in Bosnië en Herzegovina - Company Z - onder valt. De activiteiten die we nu in België aan het opzetten zijn vallen dus ook onder Company Y.

Vraag 3: Sinds wanneer werkt u hier en als welke functie bent u begonnen?

Ik werk hier bij Company X als sinds mijn 17de, wat betekent dat ik nu 36 jaar voor Company X werk. Ik ben destijds begonnen als medewerker en heb me opgewerkt tot verkoper, daarna filiaalmanager en na nog een paar

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andere functies tussendoor te hebben vervuld ben ik een aantal jaar directeur van Company X geweest tot eind vorig jaar. Zoals al eerder gezegd ben ik nu directeur van de drie nieuwe bedrijven.

Vraag 4: Hoe zijn jullie op het idee gekomen om een vestiging in Bosnië en Herzegovina te beginnen?

Het verhaal is als volgt: er is een persoon die is gevlucht met zijn gezin voor de oorlog en die is in Nederland terecht gekomen. Zijn naam is Mr. Josh en hij is bij ons aan

het werk gekomen in het filiaal in Beringen (Limburg). Daar heeft hij zes jaar als verkoopmedewerker gewerkt. Hij kent dus de Nederlandse- en de Company X cultuur en spreekt redelijk Nederlands. Op een gegeven moment gaf hij aan dat hij graag terug zou willen naar Bosnië om mee te helpen in de wederopbouw van zijn land en vroeg of hij niet wat voor Company X kon gaan doen in Bosnië. De directie heeft hier spontaan ja tegen gezegd wat zich heeft vertaald dat we aan de slag zijn gegaan in Bosnië. We hebben eerst de markt verkend waarna er door de jaren heen producten zijn geproduceerd in Bosnië voor Company X. Ook zijn we daar een 3D tekenbureau begonnen. In Nederland had Mr. Josh geen verdere bevoegdheden waar hij die nu op dit moment in Bosnië die dus wel heeft.

Vraag 5: U als directeur van Company Y bent hoofd-verantwoordelijke voor de internationale tak van Company X. Zijn er verder nog mensen die verantwoordelijkheden hebben, hetzij hier in Nederland, hetzij in Bosnië?

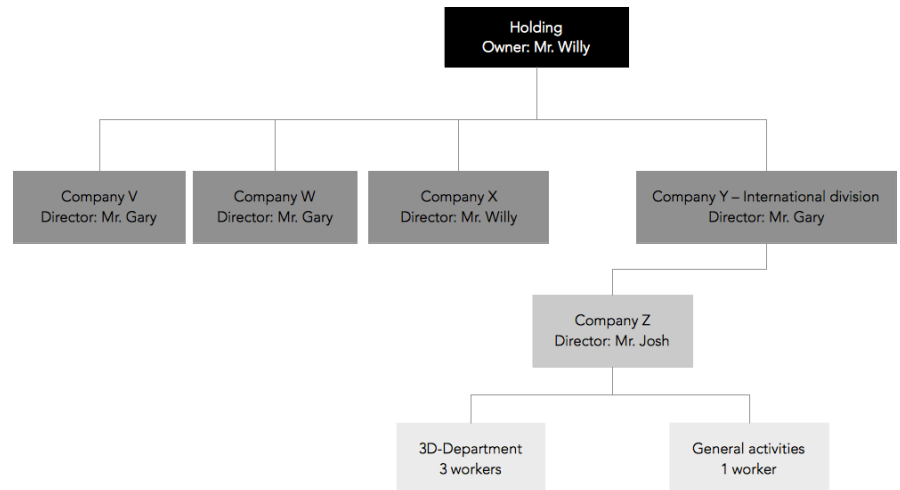
Ikzelf ben dus directeur van Company Y wat dus ook inhoudt dat ik verantwoordelijk ben voor de hele internationale tak van Company X. Mr. Josh is daarnaast verantwoordelijk voor het bedrijf Company Z, dat uiteindelijk wel verantwoording moet afleggen aan mij.

Vraag 6: Sinds wanneer heeft Company Y een vestiging in Bosnië? En op waar zit de huidige vestiging?

Sinds 2006 zijn wij actief in de Bosnische markt onder de naam Company Z. Het is eerst begonnen vanuit de woning van Mr. Josh in Vogosce. Daarna hebben we een poosje een kantoor gehad in Sarajevo wat alleen maar een kantoor was waar we verder geen opslagruimte hadden. Omdat er toch behoefte was aan ruimte om wat dingen op voorraad te leggen en verzendklaar te maken voor Nederland, zijn we opzoek gegaan naar een ander pand waar we een kantoor konden vestigen en waar we ook wat ruimte zouden hebben om goederen op te slaan. Uiteindelijk hebben we een pand gevonden in een klein stadje op 15 km afstand van Sarajevo genaamd Ilijas waar we nog steeds gevestigd zijn.

Vraag 7: Kunnen jullie mij vertellen wat er nu op de huidige locatie precies aan activiteiten wordt uitgevoerd en hoeveel mensen hier werken? Dus wat voor werkzaamheden er worden verricht en welke service er wordt aangeboden?

Op het moment staan twee activiteiten centraal in onze Bosnische vestiging. De eerste activiteit die wordt uitgevoerd is het pionieren in de markt, dus het zoeken naar fabrikanten die producten kunnen produceren die wij in ons huidig assortiment hebben. Door de lage arbeidskosten en kwaliteit die deze fabrikanten kunnen leveren levert het produceren van artikelen en producten in Bosnië ons een voordeel op t.o.v. concurrenten. De tweede activiteit die centraal staat is de 3D teken afdeling die we in Bosnië hebben. Deze is destijds opgericht met de gedachte dat we dan veel van onze producten in 3D kunnen laten tekenen en we animaties kunnen laten ontwikkelen zodat de werking van producten voor onze klanten duidelijk wordt. Daarnaast merken we ook dat



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deze afdeling opdrachten voor externe klanten kan verrichten. Op het moment werken er twee mensen die zich bezig houden met de dagelijkse leiding en daarnaast de zoektocht naar nieuwe producenten verrichten. Verder werken er ook nog drie medewerkers in de 3D teken afdeling.

Ms. Carla: de medewerkers daar hebben een controle functie om te na te gaan of de verzending in orde is voordat de zending naar Nederland wordt verzonden en op het moment dat alles gecontroleerd is kan dan de zending worden verzonden.

Controle op kwaliteit, controle op kwantiteit, op verpakking, noem maar op; voordat het wordt verstuurd. Ook regelen zij het vervoer, wat wel door een extern transport bedrijf wordt uitgevoerd.

Vraag 8: Welk doel heeft de vestiging in Bosnië? Is dit simpel genoemd winst genereren? Of zit er een andere visie achter?

Allereerst zit er een visie achter om toch het Oost-Europese gevoel op te snuiven voor Company X, om ervaring op te doen in een voor ons nog onbekend gebied waar toch wel veel mogelijkheden liggen. Maar ook om die mensen daar op de één of andere manier te helpen en natuurlijk moet er aan het eind van de rit winst gegenereerd worden om te investeren maar dat is een nevendoeel. Dus om te zien of wij als organisatie de potentie die die markt heeft kunnen benutten, en nogmaals, natuurlijk moet er in de toekomst rendement gemaakt worden anders kun je niet overleven als bedrijf zijnde.

Vraag 9: Is Company Z zelfvoorzienend?

Nee dat is het niet. De afgelopen jaren, toen Company Z een onderdeel was van Company X werd Company Z op precies dezelfde manier gefinancierd zoals elke andere winkel die wij hebben in Nederland. Daar waar de winkels in Nederland winstgevend zijn, is de vestiging in Bosnië dit niet. Nu de nieuwe structuur is ingevoerd, willen we er naartoe werken dat Company Z zelfvoorzienend wordt. Met de huidige twee activiteiten gaat dat niet lukken waardoor de noodzaak is aangebroken om producten in de Bosnische markt te gaan verkopen. Mocht Company Z binnen een nog te bepalen periode niet zelfvoorzienend worden, dan zal ik genoodzaakt moeten zijn om er de stekker uit te trekken.

Vraag 10: Hebben jullie in Bosnië al geïnvesteerd in materiële zaken zoals gebouwen, machines, auto's etc?

Wij hebben in het begin al een stuk grond gekocht in Vogosce (voorstad van Sarajevo) met de gedachte om daar een multifunctioneel pand neer te zetten waar we drie activiteiten in kunnen verrichten: het zoeken naar een producten en fabrikanten, een 3D teken afdeling en een verkoopafdeling. Voor die locatie is gekozen omdat Vogosce toch een aanzienlijke plaats is waar wat gebeurt op industrieel gebied. Daarnaast was daar op een goede locatie grond te koop en Sarajevo was behoorlijk vol en verkocht op de betere locaties. Dat zijn dus eigenlijk de redenen waarom wij op die locatie een stuk grond hebben gekocht. Ook de infrastructuur is hier goed omdat je dicht bij belangrijke wegen zit en deze factoren zijn dan ook absoluut meegenomen tijdens het maken van de beslissing. Daarnaast hebben we al geïnvesteerd in inventaris en een bedrijfsauto.

Vraag 11: Kunt u misschien iets meer vertellen over dit nieuwe pand?

De definitieve indeling van dit nieuwe pand is nog niet bekend maar het is zeker dat de 3D teken afdeling over gaat en een eigen ruimte krijgt in het nieuwe pand. Op het moment zien wij het pand zoals al eerder gezegd als volgt voor ons: een multifunctionele hal met kantooruimte voor de 3D tekenaars en de commerciële mensen met een shop en opslagruimte. De exacte invulling is verder nog niet bekend. De franchise formule die in Nederland gebruikt wordt is een idee om mee te nemen. Verder onderzoek moet uitwijzen wat de juiste manier is om het nieuwe pand in te richten. Aanvankelijk denken we toch aan een distributiecentrum en vanuit Vogosce de verdeling naar andere handelaren en andere wederverkopers. Dat is de eerste insteek en als dat niet haalbaar is kun je altijd een slag lager gaan totdat je bij de consument uitkomt.

Vraag 12: Zijn er doelstellingen opgesteld voor deze nieuwe vestiging? En zo ja, wat houden die in?

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De doelstellingen zijn nog niet opgesteld. Dat heeft te maken met het onderzoek waarin vragen centraal staan zoals: wat zijn de kansen die we nu kunnen grijpen? Welke omzet potentie heeft de nieuwe vestiging? In welke snelheid kunnen we groeien naar een geprognostiseerde omzet? Op het moment dat de definitieve invulling van het nieuwe pand bekend is zullen er zeker doelstellingen komen. Die zullen natuurlijk ook getoetst moeten worden aan de huidige marktomstandigheden.

Vraag 13: Welke beperkingen, hetzij interne, hetzij externe, zijn bekend die hierop van invloed zullen zijn? Om een voorbeeld te noemen: zijn er genoeg financiële middelen voorhanden om de doelstellingen te realiseren?

Personeel is er zeker voldoende en wij vinden het noodzakelijk om al het personeel te behouden. De financiële middelen zijn deels voorhanden. De eerste beperking die wij zien zijn de financiële middelen van de klanten. Daar proberen we een goede oplossing voor te vinden, ik denk dat we voor een gedeelte terug zullen moeten gaan naar de ruilhandel. Het zou kunnen dat je toch elkaar helpt. Aannemers daar willen wel van alles, maar willen liever niet voor producten betalen maar verrichten er liever werkzaamheden voor. De financiële middelen van klanten zijn voorlopig een groot risico voor ons. Daarom zullen wij voor ons zelf zo goed mogelijk de financiële risico's moeten beperken. Daarnaast staan wij open voor samenwerking met plaatselijke bedrijven, omdat wij er van overtuigd zijn dat door samen te werken een snellere groei makkelijker te verwezenlijken is.

Vraag 14: Wanneer is de planning dat jullie over gaan?

Het grondstuk is wel gekocht, maar de planning wanneer we overgaan is nog niet gemaakt. Het is wel zeker dat we dit jaar eventueel als dat de beste oplossing is beginnen met de bouw van het nieuwe pand. Er zit wel een bepaalde druk omdat we het grondstuk al een tijdje in bezit hebben. Daardoor gaat de gemeente pushen met de vraag van wanneer gaat er iets gebeuren. Er zit van onszelf ook een druk achter om het nu toch te laten gebeuren. We willen daar nu ook definitief gaan verkopen. Uiteraard kan het weer meespelen. De gemeentes werken van alle kanten mee. De subsidieaanvraag kan wel invloed hebben.

Vraag 15: Dus als ik het goed heb begrepen luidt de onderzoeksvraag door welke 'entry mode' te gebruiken Company Z winstgevend gemaakt kan worden en daarbij rekening houdend met het stuk grond dat gekocht is en op een manier die past binnen de beperkingen?

Dat is inderdaad waar wij graag antwoord op zouden willen hebben. Daarnaast zou het ook mooi zijn als jij in kaart kunt brengen met voor productlijnen wij daar aan de slag kunnen, op welke manier en of we ons dus moeten richten op bedrijven of toch op consumenten. Het is voor een gedeelte een marktonderzoek. Wat is er in de markt gewenst, etc. Daaruit zal vast blijken dat er land-specifieke dingen zullen moeten worden aangeleverd. De handelsfunctie zit er om bijv. de hele Balkan mee te voorzien van goederen. Dit is ook wel logisch gezien de enorme afstand en de daaraan verbonden hoge transport kosten.

Einde interview

Datum verwerking: 17.04.2012

Appendix B

Datum: 20.04.2012

Dit interview protocol is bestemd voor de volgende casus: Company X wil met haar internationale tak Company Y verder groeien in de Bosnische markt. Na jaren actief te zijn geweest in deze specifieke markt is het bedrijf nog steeds niet winstgevend en vraagt het management zich af of het wel de juiste 'entry mode' heeft gekozen destijds. Het doel van dit interview is om een antwoord te krijgen van Gait Lennips op de vragen die zijn ontstaan na afloop van het eerste interview met Mr. Gary and Ms. Carla.

Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van Company Z in Ilijas (BiH) in het kantoor van de directeur. Tijdstip van aanvang was 10.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

In het interview zullen o.a. de volgende onderwerpen aan bod komen: het arbeidsverleden, de internationale ervaringen van Company X en mogelijke opties wat betreft de te kiezen 'entry mode'.

Vraag 1: Na uw schoolbaan bent u begonnen met werken voor Company X en daar heeft u zich opgewerkt tot directeur. Hoe heeft u zich in die jaren verder ontwikkeld?

Waar ikzelf destijds ben begonnen nadat ik de middelbare school had afgemaakt heb ik mij opgewerkt door hard te werken en door dingen uit te proberen in de praktijk. Wij zijn er als bedrijf van overtuigd dat het beste geleerd wordt wanneer activiteiten worden ondernomen. Daarnaast vinden wij het belangrijk dat personeel verstand van zaken heeft. Daarom worden onze medewerkers geschoold.

Vraag 2: Krijgen de medewerkers in de Bosnische afdeling deze scholing ook?

Op het moment niet, we zijn er wel mee bezig om te zien hoe wij hen verder kunnen ontwikkelen. Doordat we nu nog niet weten op welke manier we het bedrijf verder kunnen ontwikkelen zijn we er nog niet uit hoe we het personeel daar verder zullen opleiden.

Vraag 3: Wat voor internationale ervaring heeft u zelf al opgedaan?

In de jaren dat ik voor Company X werkzaam ben heb ik verschillende internationale ervaringen opgedaan. Jaren ben ik inkoper geweest waardoor ik veel landen over de wereld heb bezocht. Daarnaast hebben wij met Company X een aantal jaren geleden een vestiging in Denemarken gehad en hebben we geprobeerd om voet aan grond te krijgen in Duitsland.

Vraag 4: Een vestiging in Denemarken?

Ja klopt, we hebben een vestiging in Denemarken gehad. Wij dachten namelijk dat de Scandinavische cultuur overeenkomt met de Nederlands cultuur en zagen mede daardoor kansen voor Company X in Denemarken. We hebben daar een duur winkelcomplex laten bouwen in de lijn van de franchise winkel in Nederland. Het was de bedoeling dat dit de eerste franchise winkel van Company X zou worden buiten Nederland. Na verloop van tijd bleek dat dit niet de juiste manier was en dat we er niet in slaagden om deze vestiging winstgevend te maken. Een oorzaak is dat we de kosten van het bouwen van het pand daar niet terug konden verdienen. Dit is ook één van de redenen dat wij ook denken dat wij misschien zelf in Bosnië geen pand moeten laten bouwen.

Vraag 5: Daarnaast zijn jullie in Duitsland actief geweest?

Ook in Duitsland hebben we geprobeerd om onze internationale activiteiten te vergroten. Ook hier is het ons niet gelukt om in het verlengde van de franchise formule in Nederland een franchise winkel op te zetten in Duitsland. Wat we nog wel hebben is een Duitse website waarop dus nog steeds Duitse klanten terecht kunnen.

Vraag 6: Wat is de belangrijkste les die jullie hebben geleerd tijdens deze buitenlandse excursies?

With what kind of entry mode can Company Z be transformed into a profitable foreign subsidiary

Wat we vooral van deze internationale excursies hebben geleerd is dat de franchise formule die we door de jaren heen verder hebben uitgebouwd in Nederland niet te kopiëren is naar het buitenland. Op het moment dat wij een pand neerzetten in het buitenland hebben wij al een achterstand op onze concurrentie doordat deze kosten invloed hebben op de prijzen van producten. Daarnaast hebben we geleerd dat lokale kennis belangrijk is om internationaal te slagen.

Vraag 7: Voordat jullie zijn begonnen in Bosnië is er de afspraak gemaakt om ook in Bosnië een pand neer te zetten. Door de jaren is hier niks van terecht gekomen. Spelen de internationale ervaringen hierin een rol.

Op het moment dat wij in Bosnië zijn begonnen zijn vanaf nul begonnen. We wisten niks van de markt waardoor we de markt moesten gaan onderzoeken en verkennen. In de tijd dat wij de benodigde kennis hebben opgedaan hebben Bosnische concurrenten zich snel ontwikkeld. Hierdoor was het daarna niet meer interessant voor ons om ook een winkel te openen. We moeten opzoek naar een manier om ons te onderscheiden en om aan de vraag te voldoen van klanten.

Vraag 8: Bemoeilijkt het verschil in taal het functioneren?

Zo regelmatig ondervinden wij hinder vanwege het feit dat er wordt gecommuniceerd in meerdere talen. Mr. Josh spreekt redelijk Nederlands, maar ik heb vaak de indruk dat hij niet alles begrijpt. Mr. Alex spreekt naast de Bosnische taal ook de Duitse taal en de 3D medewerkers spreken allen Engels. Hierdoor wordt er binnen ons bedrijf vaak in verschillende talen gecommuniceerd, wat natuurlijk ook voor verwarring kan zorgen doordat vertalingen steeds anders geïnterpreteerd kunnen worden.

Vraag 9: Maar dit is wel een van de redenen waardoor Company Z op het moment nog steeds niet winstgevend is, klopt dat?

Dat klopt. Wij beseffen ons goed dat met een winkelpand het voor Company Z een stuk eenvoudiger wordt om winstgevend te worden. Maar we vragen ons tegelijkertijd ook af of deze investering ook terugverdiend kan worden. Door al onze internationale ervaringen staan wij niet te springen om zonder te onderzoeken wat de beste opties zijn en welke risico's eraan vast zitten zomaar een pand te laten bouwen. Wij denken namelijk dat verkoop nu al mogelijk is zonder pand.

Vraag 10: Hoe denkt u te kunnen verkopen zonder een voorraad aan te houden? En welke invloed heeft de prijs op het verkoopproces.

Tijdens een verkoopproces kan een klant gevraagd worden per wanneer de producten beschikbaar moeten zijn. Waar wij vooral op hameren is om het te proberen, omdat dit in onze ogen op het moment nog niet genoeg wordt gedaan en we hier veel van kunnen leren.

Ik heb vaak van Mr. Josh gehoord dat de prijzen die wij hanteren te hoog zijn. Tijdens een verkoopproces spelen veel meer factoren een rol. Allereerst moeten er klanten worden gevonden. Nadat er een band is gecreëerd met de potentiële klant, dan dient de toegevoegde waarde te worden benadrukt en pas op het eind komt de prijs ter sprake. Daarom denk ik dat de prijs geen grote invloed is op de concurrentiepositie van Company Z.

Vraag 11: Klopt het dat wanneer Company Z binnen een korte tijd niet winstgevend is of tekenen laat zien dat het de goede kant op gaat deze divisie zal worden gesloten?

Dat klopt. In de loop der jaren hebben we veel geïnvesteerd in Company Z. Op een gegeven moment moeten wij rendement gaan zien, want wij kunnen natuurlijk niet eeuwig blijven financieren.

Vraag 12: Door de jaren heen hebben jullie bij Company X alles onder eigen naam gedaan. Is een joint venture wel een mogelijkheid voor jullie omdat jullie dan niet zelf de volledige macht hebben?

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Het klopt dat we altijd alles zelf hebben gedaan, maar onze internationale ervaringen hebben ons laten inzien dat sommige activiteiten misschien beter samen met anderen ondernomen kunnen worden. Daarom staan wij zeer zeker open voor een joint venture.

Vraag 13: Tot slot, zijn de huidige medewerkers in staat om van Company Z een winstgevend bedrijf te maken?

Daar ben ik deels wel van overtuigd. Het personeel dat werkt in de 3D teken afdeling is goed opgeleid - alle 3D medewerkers hebben allemaal universitaire achtergrond - en zij voeren taken goed uit. Wel heb ik mijn twijfels over de management capaciteiten van Mr. Josh en zijn leiderschapsvaardigheden. Het zou dus een idee zijn om iemand anders de boel te laten runnen nadat een optie is gekozen.

Bedankt voor het interview!

Appendix C

Datum: 25.04.2012

Dit interview protocol is bestemd voor de volgende casus: Company X wil met haar internationale tak Company Z verder groeien in de Bosnische markt. Na jaren actief te zijn geweest in deze specifieke markt is het bedrijf nog steeds niet winstgevend en vraagt het management zich of het wel de juiste 'entry mode' heeft gekozen destijds. Het doel van dit interview is om de Bosnische directeur Mr. Josh zijn verhaal te laten vertellen over de huidige situatie binnen Company Z.

Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van Company Z in Ilijas (BiH) in het kantoor van de directeur. Tijdstip van aanvang was 10.00 uur en het interview zal ongeveer 45 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

In het interview zullen drie onderwerpen centraal staan: Company X, Company Z en waar een eventuele oplossing voor het probleem aan moet voldoen.

Vraag 1: Als ik het goed begrepen heb heeft u eerst 6 jaar voor Company X in Nederland gewerkt. Wat deed u voor werk voordat u naar Nederland bent gekomen?

Het klopt dat ik 6 jaar voor Company X in Nederland heb gewerkt. Voordat ik naar Nederland ben gekomen was ik werkzaam voor een bedrijf in Joegoslavië waarbij ik vertegenwoordiger was van het bedrijf. Daardoor was ik werkzaam in heel Joegoslavië waardoor ik door de jaren heen een bepaald netwerk heb kunnen opbouwen.

Vraag 2: U bent nu de directeur van Company Z. Kunt u mij de relatie uitleggen tussen Company Z en Company X.

Nadat ik een aantal jaren in Nederland werkzaam ben geweest voor Company X kwam bij mij het besef dat ik eigenlijk wat wilde gaan doen in mijn geboorteland (BiH) om daar mee te helpen in de wederopbouw van het land. Na intern overleg is er besloten om bedrijfsactiviteiten te starten voor Company X in Bosnië en Herzegovina. De insteek was om een franchise winkel te openen in Bosnië. De relatie op het moment tussen Company Z en Company X is bij ons niet helemaal duidelijk doordat er intern een herstructurering aan het plaatsvinden is.

Vraag 3: Als ik het goed begrepen heb worden artikelen in Bosnië geproduceerd door externe bedrijven waarna die goederen in Nederland worden verkocht. Kunt u mij het proces uitleggen vanaf het moment dat Company X goederen bestelt bij jullie tot aan het moment dat ze door consumenten in Nederland worden gekocht.

Allereerst heeft Company X een bepaald assortiment. Op het moment dat Company X goederen in Bosnië wil laten produceren gaan wij op zoek naar bedrijven die daarvoor geschikt kunnen zijn. Wij laten hen een offerte maken en als die goed is gekeurd wordt er een prototype gemaakt. Op het moment dat het prototype voldoet aan de eisen plaatsen wij een order. Nadat de producten zijn geproduceerd, komen sommige artikelen op het hoofdkantoor in Ilijas en andere worden onderweg opgepikt door de vrachtwagen die het transporteert naar Nederland. Het transport wordt dus ook door Company Z geregeld. Eenmaal in Nederland aangekomen komt het in het centraal magazijn in Coevorden te liggen van waar het naar filialen in Nederland kan worden gebracht. Daar vindt de uiteindelijke verkoop van het artikel plaats.

Vraag 4: Hoeveel vrachtwagens gaan er gemiddeld per jaar naar Nederland?

Dat zijn er tussen de 30 en 50 vrachtwagens per jaar.

Vraag 5: Kunt u een schatting geven van het aantal bedrijven waarmee jullie samenwerken?

Dat zijn er ongeveer 25. De frequentie in afname van producten verschilt per bedrijf en per periode. Dit is onder andere te verklaren doordat sommige producten seizoenen afhankelijk zijn en er dus in sommige periodes van het jaar pieken zijn in de productiehoeveelheid.

Vraag 6: Hoe verloopt de communicatie tussen Company Z en Company X? Op het moment dat er iets ondernomen moet worden, hebben jullie de bevoegdheid om zelf iets te ondernemen of is hier de goedkeuring van Company X voor nodig?

Aangezien wij een onderdeel van Company X zijn (of waren) hebben wij uiteraard goedkeuring nodig van Company X hier in de regio, dus de landen Bosnië en Herzegovina, Kroatië, Servië en Slovenië. Ook wat betreft de prijs en kwaliteit en kwantiteit moeten wij overleggen met het moederbedrijf voordat wij actie ondernemen.

Vraag 7: In het interview met Mr. Gary kwam naar voren dat verkoop noodzakelijk is om winstgevend te worden. Hebben jullie de afgelopen jaren geprobeerd om de verkoop in Bosnië en Herzegovina op te starten?

Dat hebben we. Er zijn meerdere plannen en projecten gemaakt van het nieuw te bouwen complex waar dan de verkoop zou kunnen plaatsvinden. Ook was hierbij een businessplan opgesteld, met prognoses over de te verwachten omzetten en nog meerdere dingen. Helaas is er niks met deze plannen gedaan.

Vraag 8: Waarom is het verkopen van artikelen tot nu toe niet gelukt?

Allereerst is het in naar mijn mening in Bosnië en Herzegovina niet mogelijk om te verkopen zonder dat je de producten op de plank hebt liggen. Mensen in Bosnië willen iets eerst zien voordat ze het kopen. Daarnaast zijn de prijzen niet bekend waarvoor wij producten kunnen aanbieden. Een derde reden is dat prijzen die wel bekend zijn, te hoog zijn voor de Bosnische markt. Bosnische consumenten hebben niet veel geld en willen daarom altijd de laagste prijs. Kunnen wij hen deze niet bieden, dan hebben we direct een zwakke concurrentiepositie. Ook is het wel eens voorgekomen dat een bestelling is geplaatst en dat uiteindelijk het verkeerde is geleverd. Een bijkomend geval is dat je die producten niet meer terug kunt sturen naar Nederland. Hierdoor kunnen wij niet producten verkopen in Bosnië. Een andere oorzaak waarom wij niet kunnen concurreren met andere Bosnische bedrijven is het feit dat het te lang duurt voordat producten uit Nederland zijn geleverd. Doordat wij geen voorraad hebben kunnen wij producten niet zo snel leveren als onze concurrenten dat wel kunnen. Hierdoor is onze concurrentiepositie zwak ten opzichte van andere Bosnische bedrijven.

Vraag 9: Wat is er volgens u nodig om producten te gaan verkopen in Bosnië?

Allereerst is er een gebouw nodig, waar dan goederen kunnen worden opgeslagen en aan klanten kunnen worden aangeboden. Daarvoor zal uiteraard een programma van artikelgroepen moeten worden opgesteld waarvan wij denken die in Bosnië te kunnen verkopen. Een derde voorwaarde is dat de prijs bekend moet zijn waarvoor artikelen verkocht mogen worden.

Vraag 10: Hebben jullie toegang tot het voorraadbeheerssysteem waarmee Company X werkt zodat jullie weten hoeveel voorraad er aanwezig is van een bepaald artikel?

Helaas hebben wij hier geen toegang toe. Het enige wat wij weten zijn de verkoopprijzen waarvoor wij bepaalde producten kunnen kopen van Company X en waarover wij dan onze marge moeten berekenen voordat wij een verkoopprijs hebben voor de Bosnische markt. Het zou voor ons veel makkelijker zijn als wij weten wat de inkooprijzen zijn van Company X en dat wij zelf ook opzoek mogen gaan naar producten bij andere bedrijven in andere landen. Op die manier kunnen wij producten tegen een reële prijs aanbieden in de Bosnische markt en kunnen wij concurreren met andere Bosnische bedrijven. Omdat wij aan het eind van de rit worden afgerekend op de resultaten lijkt het mij niet meer dan logisch dat wij meer verantwoordelijkheid krijgen.

Vraag 11: Kunt u kort uitleggen hoe het proces in zijn werk gaat op het moment dat een Bosnische bedrijf producten bij jullie besteld? Zijn er voorwaarden waaraan de aanvraag moet voldoen?

Bedrijven die bij ons een product bestellen moeten minimaal een pallet afnemen. Maar helaas is de levertijd een probleem, bedrijven willen producten zo snel mogelijk geleverd hebben. Helemaal aangezien andere bedrijven de producten op voorraad hebben en wij dus niet met hen kunnen concurreren. Helaas is bij ons al eens

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voorgekomen dat iemand producten bij ons heeft besteld, maar dat de order veel later is geleverd dan de afspraak was. Dit zal dus moeten veranderen, daarom is het belangrijk om een gebouw te hebben waar voorraad gehouden kan worden en waar klanten direct kunnen zien dat je aan de vraag kunt voldoen. Anders beloof je bedrijven iets wat je niet kunt nakomen.

Vraag 12: Mogen jullie bij andere bedrijven goederen inkopen naast Company X?

Officieel mogen wij dat wel, maar het verkoopproces is nog niet zo ontwikkeld dat het nodig is dat wij producten in gaan kopen bij andere bedrijven. Daarnaast wil het management van Company X dat we zoveel mogelijk producten bij hen inkopen.

Vraag 13: Hebben jullie al wel eens plannen gemaakt voor een nieuw verkoopcenter? Is hier onderzoek naar gedaan?

Dat hebben we meerdere keren gedaan zoals eerder aangegeven. Er is hier onder leiding van mij door een student onderzoek naar gedaan. Een heel businessplan is geschreven maar helaas is hier nooit wat mee gedaan. De reden hiertoe is onbekend bij ons.

Vraag 14: Hebben jullie wel eens problemen gehad met gemeenten of andere instituties?

Dat hebben we meerdere keren gehad. Elke keer hebben wij getracht dit op een nette manier op te lossen en gelukkig zijn we er elke keer weer uitgekomen. Wel is het zo dat processen hier moeizaam verlopen. Dit is toch een land dat in de wederopbouw zit na de oorlog wat dus wel te begrijpen is.

Vraag 15: Op dit moment, afgezien van de beurs en de website, maken jullie marketing voor Company Z?

Op dit moment blijft het bij mond-tot-mond reclame. We hebben in het begin toen we met het idee kwamen om een center te bouwen wel naar buiten toe gecommuniceerd dat wij een center zouden bouwen. Na verloop van jaren kun je dit niet meer blijven communiceren, omdat mensen je als ongeloofwaardig gaan zien. Ook kunnen we moeilijk gaan communiceren omdat de structuur binnen ons bedrijf niet bekend is, dit kan bekend worden op het moment dat het nieuw te bouwen pand klaar is en we precies weten hoe we gaan werken en op welke manier en wat we gaan verkopen. Vanwege die redenen is reclame maken op dit moment niet verstanding. Het nieuw te bouwen center staat op de website maar is dus helaas nog niet gerealiseerd.

Vraag 16: Jullie hebben ook een 3D teken afdeling. Gaan er daar veranderingen plaats vinden?

Ook binnen de drie tekenafdeling gaat er wat veranderen. De 3D tekenafdeling is destijds opgericht met als doel om waarde toe te voegen aan Company X door producten beter te kunnen illustreren. Nu de herstructurering heeft plaats gevonden wordt er van ons verwacht dat wij zelf opzoek gaan klanten en projecten. Er wordt dus van ons verwacht dat wij binnen een hele korte periode een omslag maken waar veel tijd en energie gaat zitten. Daarnaast betwijfel ik of wij deze dienst wel kunnen verkopen in de Bosnische markt. Er zijn namelijk veel mensen die dit naast hun werk doen en dus veel goedkoper zijn dan dat wij zijn.

Vraag 17: Wat is belangrijker? Prijs of kwaliteit?

Mijn mening is dat de prijs nog steeds op de eerste plaats komt in Bosnië. Wel zien we een verschuiving en bewustwording in de Bosnische maatschappij dat kwaliteit steeds belangrijker wordt. Mede ook door de vele producten uit China die kwalitatief slecht zijn.

Vraag 18: Gebruiken bedrijven internet in Bosnië? En bestellen ze ook via internet?

Internet is in opkomst in Bosnië. Wel is het nog niet zover ontwikkeld als in het Westen. Ik merk ook dat bedrijven op het moment dat ze iets bestellen via het internet, graag daarna nog persoonlijk contact willen om daarna de deal alsnog definitief te maken.

Vraag 19: Wat zijn zaken die beter kunnen?

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Het systeem moet worden gedefinieerd. Wij moeten precies weten wat we kunnen verkopen, tegen welke prijs en waar we dat gaan verkopen. Daarnaast kan de communicatie altijd beter. Het bedrijf moet verder geprofessionaliseerd worden. Ik merk dat wij nog een beetje achterlopen op wat Company X in Nederland al wel heeft kunnen realiseren en hoop dat wij die stap de komende jaren kunnen maken.

Vraag 20: De communicatie? Hoe bedoelt u dat?

Het komt regelmatig voor dat wij niet begrijpen wat er in een mail wordt bedoeld. Hierdoor vindt er in mijn ogen onnodig mailverkeer plaats. Daarnaast merk ik ook dat er vanuit verschillende brillen naar activiteiten wordt gekeken. Dit is natuurlijk ook wel te verklaren doordat er mensen samenwerken die allen een andere cultuur en perceptie van zaken hebben. De taal speelt hierin ook een belangrijke rol. Het is moeilijk om artikelen direct te vertalen waardoor we veel tijd kwijt zijn om de juiste omschrijving te vinden. Daarnaast ondervinden wij op het moment problemen met de herstructurering die plaats vindt. Het feit dat er nu een holding is en dat wij nu niet meer voor Company X werken is iets waar we nog aan moeten wennen. Hier valt voor ons nog veel winst te behalen in de toekomst.

Dank voor uw tijd en inzet.

Appendix D

Datum: 26.04.2012

Dit interview protocol is bestemd voor de volgende casus: Company X wil met haar internationale tak Company Y verder groeien in de Bosnische markt. Na jaren actief te zijn geweest in deze specifieke markt is het bedrijf nog steeds niet winstgevend en vraagt het management zich of het wel de juiste 'entry mode' heeft gekozen destijds. Het doel van dit interview is om de medewerker Mr. Alex' zijn verhaal te laten vertellen over de huidige situatie binnen Company Z.

Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van Company Z in Ilijas (BiH) in het kantoor van de directeur. Tijdstip van aanvang was 10.00 uur en het interview zal ongeveer 45 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

In het interview zullen o.a. de volgende onderwerpen aan bod komen: het arbeidsverleden, de huidige gang van zaken binnen Company Z en de relatie tussen Company X en Company Z.

Vraag 1: Hoe lang bent u al werkzaam voor Company Z?

Op dit moment ben ik 5 jaar werkzaam voor Company Z.

Vraag 2: Waar bent u hiervoor werkzaam geweest?

Voordat ik bij Company Z aan de slag ben gegaan heb ik een aantal jaren voor een Duits bouwbedrijf in Duitsland gewerkt. Daar heb ik ook de Duitse taal geleerd die ik gebruik in de communicatie met de Nederlandse collega's.

Vraag 3: Wat is uw huidige functie binnen Company Z en welke primaire taken horen hierbij?

De functies die ik binnen Company Z vervul zijn heel gevarieerd. Mijn hoofdtaken zijn de administratie bijhouden en de communicatie met Company X in Nederland onderhouden. Dit houdt onder andere in dat ik dagelijks mail contact heb met medewerkers van Company X. Daarnaast heb ik ook regelmatig telefonisch contact met medewerkers van Company X en ook onderhoud ik contact met al onze leveranciers. Een andere taak is het zoeken van bedrijven die producten voor Company X kunnen produceren. Dit is in kort wat ik allemaal binnen Company Z doe.

Vraag 4: Het combineren van al deze taken gaat je goed af?

Ik moet eerlijk toegeven dat het een beste klus is om alles bij te houden. Er is recentelijk ook aangekaart bij Company X dat er behoefte is aan een nieuwe medewerker die mij een hoop werk uit handen kan nemen, zoals bijvoorbeeld de telefoon opnemen en vragen/e-mails beantwoorden. Hierdoor zou ik mij helemaal kunnen focussen op het zoeken naar bedrijven die een leverancier kunnen worden in de toekomst en kan ik het plan om goederen in de Bosnische markt te gaan verkopen verder uitwerken.

Vraag 5: Hoe verloopt de communicatie binnen Company Z?

Zoals al wel bekend is werken wij hier met 5 medewerkers. Dit betekent dat de communicatie snel kan verlopen wat de productiviteit ten goede komt.

Vraag 6: Verloopt de communicatie tussen Company Z en Company X ook zo vloeiend?

Ik zou je graag het volgende voorbeeld willen laten zien, want dit is namelijk een goed voorbeeld van miscommunicatie tussen ons - Company Z - en Company X. Zoals je kunt zien zijn er meerdere mails verstuurd over een bepaald product. Omdat wij niet begrijpen wat er precies gevraagd wordt is er een miscommunicatie ontstaan en is het verkeerde besteld. Hierdoor moet ik nu de order gaan herroepen bij de fabrikant. Een oorzaak van deze miscommunicatie is omdat tot op de dag van vandaag niet is geformuleerd op welke manier ze in Nederland verwachten dat wij onze taken uitvoeren. Doordat dit niet duidelijk is kan hier elke keer weer een meningsverschil over ontstaan waar dus direct weer tijd in gaat zitten wat tijdsverspilling is.

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Vraag 7: Heeft u zelf ideeën hoe deze miscommunicatie op te lossen is?

In mijn ogen wordt de miscommunicatie deels veroorzaakt door de verschillende talen en door culturele verschillen. Een mogelijke oplossing kan zijn om iemand in dienst te nemen die beide talen machtig is en die beide culturen begrijpt. Deze persoon kan ons een hoop tijd en moeite besparen.

Vraag 8: In hoeverre bent u op de hoogte van de reorganisatie?

Het is goed dat je daar over begint. Van deze hele reorganisatie snap ik niet veel. Ik weet niet met wie ik moet communiceren over orders, facturen, administratie etc. Verder weet ik ook nog niet wat de reorganisatie allemaal gevolgen gaat hebben voor ons. Wij zitten dus met een hoop vragen waar we op het moment geen antwoord op hebben.

Vraag 9: Zijn er verder andere problemen met Company Z?

Ik denk dat er inderdaad ook nog wel wat andere problemen zijn. Persoonlijk heb ik de indruk dat er vanuit het Nederlandse management dingen worden verwacht die op het moment niet haalbaar zijn. Om een voorbeeld te noemen; er wordt van ons verwacht dat wij producten gaan verkopen hier in Bosnië zonder dat wij de benodigde middelen en producten hebben. Daarnaast is er ook geen winkelruimte voor handen waarin deze verkoop eventueel gerealiseerd worden. Wij hebben al wel eens geprobeerd producten te verkopen zonder dat wij deze op voorraad hadden, maar toen bleek dat deze producten te duur waren en niet op tijd geleverd werden. Kortom, er moet nog van alles geregeld worden voordat verwachtingen gerealiseerd kunnen worden.

Vraag 9: Dus jullie hebben al geprobeerd om het verkoopproces op te starten?

Ja zoals daarnet aangegeven hebben we dat inderdaad geprobeerd. Ons zijn toen de volgende aspecten duidelijk geworden; allereerst is de afstand tussen Nederland en Bosnië te ver om zonder voorraad het verkoopproces op te starten. Daarnaast is destijds gebleken dat de te hanteren verkoopprijs te duur is voor de Bosnische markt. Wij hebben onderzocht welke producten we kunnen verkopen en voor welke prijs. Elke keer weer bleven we haken op de verkoopprijs die steeds te duur was. Een te hoge verkoopprijs verzwakt onze concurrentiepositie. Ook wat betreft de levertijd kunnen wij niet concurreren met Bosnische concurrenten. Daarnaast kopen Bosnische klanten producten alleen nadat ze deze hebben kunnen zien en dat is iets wat wij klanten op dit moment nog niet kunnen bieden.

Vraag 10: Zijn er volgens u wel kansen voor Company Z om verder te groeien?

Ik ben er van overtuigd dat er genoeg kansen zijn om verder te groeien. Om deze groei te realiseren hebben wij echter wel bepaalde middelen nodig. Daarvoor zal ook het management in Nederland haar vertrouwen moeten uitspreken en ons daarin moeten ondersteunen. Op het moment voelen wij namelijk niet het vertrouwen vanuit Nederland.

Vraag 11: Wat voor hulpmiddelen zijn er dan nodig?

Zoals al eerder aangegeven, klanten in Bosnië willen producten eerst kunnen zien voordat ze het daadwerkelijk zullen kopen. Mensen zijn erg argwanend namelijk. Hiervoor zal dus een ruimte moeten komen waarin de verkoop kan worden georganiseerd. Daarnaast zullen wij onze concurrentiepositie moeten versterken. Dit houdt in dat wij minimaal dezelfde levertijd moeten hanteren als dat onze concurrenten doen. Daarnaast moeten wij producten voor dezelfde prijs kunnen aanbieden als onze concurrentie. In mijn ogen moeten deze voorwaarden minimaal voldaan zijn voordat wij een stabiel en winstgevend bedrijf kunnen worden.

Bedankt voor het interview!

Appendix E

Datum: 27.04.2012

Dit interview protocol is bestemd voor de volgende casus: Company X wil met haar internationale tak Company Z verder groeien in de Bosnische markt. Na jaren actief te zijn geweest in deze specifieke markt is het bedrijf nog steeds niet winstgevend en vraagt het management zich af of het wel de juiste 'entry mode' heeft gekozen destijds. Het doel van dit interview is om de 3D medewerkers Mr. Harry, Mr. Andre en Mr. Martin hun verhaal te laten vertellen over de huidige situatie binnen Company Z. Er zal dus een groepsinterview plaatsvinden omdat deze vorm van interviewen tijdbesparend is maar wel de benodigde informatie kan opleveren.

Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van Company Z in Ilijas (BiH) in het kantoor van de directeur. Tijdstip van aanvang was 10.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

In het interview zullen o.a. de volgende onderwerpen aan bod komen: het arbeidsverleden, de huidige gang van zaken bij Company Z en de relatie tussen Company X en Company Z.

Vraag 1: Hoe lang zijn jullie werkzaam hier en wat voor opleiding hebben jullie hiervoor gedaan?

Mr. Harry: Ik ben op dit moment twee jaar werkzaam voor Company Z. Daarvoor heb ik mijn opleiding grafisch ontwerper aan de universiteit afgerond.

Mr. Andre: Op het moment werk ik nu bijna een jaar voor Company Z. Ik ben op het moment mijn opleiding grafisch ontwerper aan de universiteit aan het afronden.

Mr. Martin: Van ons drieën werk ik het langste hier, iets meer dan twee jaar. Daarvoor heb ik mijn opleiding architectuur aan de universiteit afgerond.

Vraag 2: Kunnen jullie omschrijven wat voor functies jullie binnen Company Z uitoefenen?

Mr. Martin: Wij zijn alle drie werkzaam voor Company Z als 3D tekenaars. Dit houdt in dat wij 3D tekeningen en animaties kunnen ontwikkelen waarop een product geïllustreerd kan worden. Daarnaast kunnen wij animaties maken waarin de werking van producten zichtbaar wordt.

Vraag 3: Wie zijn jullie opdrachtgevers?

Mr. Harry: Op het moment tekenen wij alleen voor Company X. Wij tekenen producten uit de catalogus en maken daarbij animatie filmpjes die Company X dan kan gebruiken om haar klanten de werking van producten te laten zien. Het feit dat we nu nog alleen voor Company X tekenen komt doordat de 3D teken afdeling is opgericht met het doel om deze te gebruiken voor Company X. Maar we merken dat dit doel aan het veranderen is omdat we nu steeds vaker via Company X opdrachten binnen krijgen die voor klanten van Company X zijn.

Vraag 4: Ondervinden jullie problemen tijdens het werken met betrekking tot Company X?

Mr. Andre: In ieder bedrijf zijn er wel problemen. Zo verloopt bij ons de communicatie met Company X niet vloeiend. Onlangs hebben we een project uitgetekend voor een klant van Company X waarna bij oplevering bleek dat het huis dat wij hadden getekend niet voldeed aan de perceptie van de klant. Dit kwam omdat wij een huis hadden getekend zoals wij huizen hier in Bosnië gewend zijn. Wat bleek, het huis had op een Nederlands huis moeten lijken. Konden we dit weer gaan aanpassen. Dit zijn uiteraard frustrerende dingen waar te veel tijd in gaat zitten en die door duidelijke communicatie en vooraf opgestelde richtlijnen te voorkomen zijn.

Vraag 5: Hoe verloopt de onderlinge communicatie tussen jullie drie?

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Mr. Martin: Zoals je wel kunt zien werken wij alle drie in één ruimte waardoor wij direct kunnen communiceren met elkaar. Hierdoor verloopt de communicatie tussen ons onderling prima.

Vraag 6: Hoe verloopt de communicatie binnen Company Z?

Mr. Harry: Ook hier zijn wij meer dan tevreden over. Doordat we nu nog een klein bedrijf zijn, zijn ook de communicatielijnen kort wat betekend dat communicatie snel verloopt. Bij vragen kunnen wij altijd terecht bij Mr. Josh en Mr. Alex die ons altijd verder helpen indien wij vragen hebben aan medewerkers van Company X.

Vraag 7: Het doel van Company X is om ook de 3D teken afdeling niet meer afhankelijk te laten zijn van Company X. Het is de bedoeling dat jullie zelf werk vinden en dus zelfstandig worden. Wat vinden jullie hiervan?

Mr. Martin: Dit zal voor ons een enorme uitdaging worden. Hier zijn een aantal redenen voor te noemen. Allereerst is het een grote uitdaging om in de Bosnische markt klanten te vinden die geïnteresseerd zijn in 3D tekenwerk of animaties. Er zijn veel mensen die dit soort werk zwart doen waardoor zij goedkoper zijn en onze concurrentiepositie aantasten en de uitdaging alleen maar groter wordt. Daarnaast werken wij ook niet met de laatste hardware en software. Er is al meerdere malen beloofd dat er nieuwe hardware en software zou komen maar tot op heden is dit er nog niet. Kortom, wij denken dat dit een hele grote uitdaging gaat worden en betwijfelen of dit gaat lukken.

Vraag 8: Hebben jullie nog mogelijke tips om het een succes te laten worden?

Mr. Andre: Om van Company Z een succes te maken zal er allereerst vertrouwen vanuit Company X moeten zijn. Daarnaast is het belangrijk dat wij bepaalde middelen krijgen waarmee wij ook daadwerkelijk iets kunnen beginnen. Wat misschien een mogelijkheid is om onze dienst als service aan te bieden tijdens het verkoopproces. Tot slot zullen wij heel hard moeten werken om er gezamenlijk een succes van te maken maar dat is iets wat we graag willen!

Bedankt voor het interview.

Appendix F

Interview Economic

Datum: 15.06.2012

Dit interview protocol is bestemd voor de volgende Company X casus. Na intern interviews te hebben gehouden bleek dat er drie problemen spelen dit specifieke geval; de communicatie verloopt slecht tussen Company X en Company Z, Company Z heeft geen competitief voordeel en is binnen Company Z worden activiteiten uitgevoerd die geen winst genereren. Om mogelijke oplossingen te vinden voor dit probleem is er besloten om naast een literatuur studie ook externe bedrijven te bezoeken om interviews af te nemen en te kijken hoe andere bedrijven functioneren.

Dit interview wordt afgenomen met Darijo Jerkovic de marketing manager van Economic. Economic is marktleider in Bosnië en Herzegovina en verkoopt in grote lijnen hetzelfde assortiment dat Company X in Nederland verkoopt. Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van Economic in Vitez (BiH) in het kantoor van de manager. Tijdstip van aanvang was 11.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

Vraag 1: In welk jaar is het bedrijf Economic opgericht en in welke plaats was dat destijds?

Economic is in Vitez opgericht in het jaar 1987 door de huidige eigenaar. Vandaag de dag zijn we nog steeds actief in Vitez.

Vraag 2: Dat betekent dus ook dat het hoofdkantoor gevestigd is in Vitez?

Dat klopt. Vanaf de dag dat het bedrijf is opgericht is hebben wij altijd het hoofdkantoor in Vitez gehad.

Vraag 3: Hoeveel personeel hebben jullie op dit moment?

Op de website staat dat wij 308 medewerkers hebben. Onlangs heb ik de actuele cijfers voorbij zien komen en toen bleek dat het aantal momenteel 300 medewerkers zijn wat er aardig wat zijn.

Vraag 4: Heeft het bedrijf één eigenaar of zijn er meerdere aandeelhouders?

Zoals ik al zei is het bedrijf opgericht door één persoon. Deze meneer is vandaag de dag nog steeds 100% aandeelhouder en dus is er maar één eigenaar.

Vraag 5: Kunt u mij vertellen wat de bedrijfsactiviteiten van Economic zijn?

Economic is een bedrijf dat producten doorverkoopt. Wij verkopen bouwtechnisch gerelateerde producten die te verdelen zijn in vijf productgroepen: elektromateriaal, cv-materiaal, bouw-materiaal, tuinmateriaal en loodgietermaterialen. Hiermee zijn wij in de loop der jaren gegroeid tot de onderneming die we vandaag de dag zijn. Daarnaast verkopen we sinds kort ook keukens, badkamer meubilair, kantoor meubilair, douches en overige accessoiren.

Vraag 6: Verkopen jullie deze producten aan bedrijven en consumenten?

Wij verkopen deze producten en diensten aan bedrijven en aan consumenten. 85% van de omzet wordt gerealiseerd door verkoop aan andere bedrijven en de overige 15% wordt gerealiseerd door verkoop aan consumenten. Daarnaast hebben we voor beide groepen een speciaal systeem ontwikkeld zodat we kunnen monitoren wat onze klanten kopen en zodat we onze klanten een nog betere service kunnen bieden.

Vraag 7: Worden deze producten allemaal vanuit deze plaatst verkocht?

Nee. Wij werken met een franchise formule. Op het moment hebben wij door heel Bosnië 56 franchise winkels. Het hoofdkantoor en distributiecenter zijn gelokaliseerd in Vitez. Van de 300 medewerkers werken er 295 hier in Vitez. Daarnaast hebben wij 5 verkoopmedewerkers die actief zijn in vijf andere grote steden, namelijk twee man

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in Sarajevo, één in Doboj, één in Tuzla en één in Mostar. 50% van de omzet wordt gerealiseerd door de hoofdvestiging in Vitez, de andere 50% wordt gerealiseerd door de franchise winkels.

Vraag 8: Dus als ik het goed begrijp verkopen jullie alleen producten in Bosnië?

Naast het feit dat we veel producten in Bosnië verkopen exporteren we ook goederen naar andere landen. Een paar landen waar we zoal naar exporteren zijn Nederland, Kroatië, Slovenië en Oostenrijk. Wij zijn in staat om onze producten in deze landen te verkopen doordat onze producten van hetzelfde kwaliteitsniveau zijn als producten in de desbetreffende landen maar wij ons kunnen onderscheiden op basis van de prijs die wij kunnen aanbieden. Deze is over het algemeen een stuk minder dan dat plaatselijke bedrijven vragen. De goedkope arbeidskrachten in BiH zorgen ervoor dat veel Bosnische bedrijven producten voor een lagere prijs kunnen maken. Dit is dan ook een competitief voordeel dat bedrijven kunnen behalen op het moment dat ze bedrijvigheid gaan voeren in BiH.

Vraag 9: Wat zijn factoren waardoor jullie marktleider zijn geworden?

Doordat wij producten direct bij de fabrikant kopen kunnen wij deze producten tegen een lage prijs in de markt afzetten. Daarnaast hebben wij volledige controle over het proces. Wij verzorgen bijvoorbeeld de distributie van producten van ons centrale distributiecentrum naar onze klanten. Dit zijn factoren die erg belangrijk zijn in de Bosnische markt. Om een voorbeeld te geven: in Europese landen wordt de distributie vaak uitbesteed aan bedrijven die zich hierin hebben gespecialiseerd. In Bosnië zijn wel wat van dit soort bedrijven te vinden maar deze bedrijven kunnen vaak niet de kwaliteit garanderen die wij de klant wel willen bieden. Een belangrijke factor in dit verhaal is de infrastructuur in BiH. De wegen zijn namelijk heel slecht waardoor het vervoer meer tijd in beslag neemt. Door dit inhouse te houden kunnen wij klanten de service die wij beloven altijd nakomen.

Vraag 10: Door de jaren heen zijn jullie als organisatie snel gegroeid. Hoe zorgen jullie ervoor dat ondanks de grootte van het bedrijf de communicatie intern goed blijft verlopen?

Het klopt dat de uitdaging steeds weer is om ondanks de groei die het bedrijf doormaakt de communicatie goed te laten verlopen. Elk bedrijf heeft wel eens problemen met miscommunicatie. Daarom is het belangrijk om ervoor te zorgen dat dit zo min mogelijk gebeurt. Wij zorgen ervoor dat deze communicatie soepel blijft verlopen door een duidelijke structuur te implementeren waardoor onze medewerkers weten met wie zij horen te communiceren. Door precies in kaart te brengen hoe wij als organisatie het meest effectiefst kunnen communiceren, weten wij hoe de communicatielijnen moeten verlopen. Deze lijnen worden dan uitgestippeld en medewerkers worden hiervan op de hoogte gebracht. Door te weten hoe de communicatie het best kan verlopen, kun je als organisatie hier op inspelen door bijvoorbeeld personeel dat veel met elkaar moet communiceren dichtbij elkaar te plaatsen. Daarnaast is duidelijkheid cruciaal, medewerkers moeten weten met wie ze horen te communiceren over bepaalde onderwerpen. Zo lukt het ons als organisatie de communicatie zo goed mogelijk te laten verlopen.

Vraag 11: Ondervinden jullie hinder van Bosnische instituties

Hinder is misschien het verkeerde woord, maar veel profijt van instituties hebben wij niet. Het zal je waarschijnlijk wel zijn opgevallen dat er in Bosnië redelijk wat corruptie is. Daarnaast wordt er weinig geïnvesteerd in infrastructuur. Dit zijn facetten die zaken doen in Bosnië niet vereenvoudigen. Veel buitenlandse bedrijven die zich vestigen in Bosnië ondervinden hier dan ook de consequenties van. Het is belangrijk om een netwerk te hebben in Bosnië om zo een weg te vinden door de bureaucratie.

Vraag 12: Hoe zien jullie de perspectieven op het moment in BiH?

Door de economische crisis is de situatie in Bosnië er ook niet gemakkelijker op geworden. Feit is dat de bouwsector in BiH heel erg is getroffen en dat het tijd zal kosten voordat deze sector zich weer gaat herstellen. De bouwsector is ook de sector waarin wij actief zijn. Omzetcijfers dalen door de economische slechte situatie. Gelukkig hebben wij de afgelopen jaren een sterke marktpositie opgebouwd waardoor wij ons door deze crisis

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kunnen overleven. Daarnaast is het noodzaak om als bedrijf zijnde te blijven innoveren, alleen op deze manier kunnen wij sterker uit de economische crisis komen.

Vraag 13: Tot slot, heeft u nog tips voor bedrijven die overwegen om de Bosnische markt te betreden?

Het mag wel duidelijk zijn dat wij ook niet alle kennis in pacht hebben. Ik kan wel aangeven wat in mijn ogen belangrijke aspecten zijn die bedrijven goed voor elkaar moeten hebben willen ze slagen in de Bosnische markt. Twee factoren zijn belangrijk. Factor één is het hebben van een netwerk van juiste mensen die de weg kent door de bureaucratie in BiH. De tweede factor die in mijn ogen heel belangrijk is is goed personeel. In Bosnië zijn genoeg mensen te vinden die kwalitatief hoogwaardig werk kunnen leveren tegen een lage prijs.

Dank voor het interview!

Appendix G

Interview Interex

Datum: 17.06.2012

Dit interview protocol is bestemd voor de volgende Company X casus. Na intern interviews te hebben gehouden bleek dat er drie problemen spelen dit specifieke geval; de communicatie verloopt slecht tussen Company X en Company Z, Company Z heeft geen competitief voordeel en is binnen Company Z worden activiteiten uitgevoerd die geen winst genereren. Om mogelijke oplossingen te vinden voor dit probleem is er besloten om naast een literatuur studie ook externe bedrijven te bezoeken om interviews af te nemen en te kijken hoe andere bedrijven functioneren.

Dit interview wordt afgenomen met Ismar - manager binnen de multinational Interex. Interex is een supermarktketen met meerdere vestigingen in Bosnië en Herzegovina (BiH). Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het kantoor van de manager in Sarajevo (BiH). Tijdstip van aanvang was 11.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

Vraag 1: Kunt u mij kort even vertellen wat Interex is en wat het bedrijf doet?

Interex is een supermarktketen met vestigingen in meerdere landen. Interex verkoopt levensmiddelen en doet dit in BiH ook. De missie van het bedrijf is om leidend te zijn in de distributie van levensmiddelen, om het beste assortiment aan te bieden en om dit tegen de beste prijs te doen.

Vraag 2: Uit welk land is deze keten afkomstig? En waar is het hoofdkantoor gevestigd?

Interex is ontstaan in Frankrijk en dat is ook waar het hoofdkantoor is, namelijk in Parijs.

Vraag 3: In welke landen is Interex allemaal actief?

Interex is o.a. actief in Frankrijk, België, Spanje, Portugal, Polen, Servië, Roemenië, Kosovo en Bosnië en Herzegovina. De focus ligt om verder uit te breiden in Oost/Zuid-Oost Europa.

Vraag 4: Hoeveel medewerkers heeft het bedrijf?

Dat is iets wat ik je niet zo één twee drie kan vertellen, het zijn er in ieder geval duizenden. Ik weet wel dat we op de Balkan ongeveer 1200 medewerkers hebben en dat er daarvan ongeveer 800 in BiH werken.

Vraag 5: In welk jaar is het bedrijf opgericht? En in welk jaar is Interex in BiH begonnen?

Interex is opgericht in 1965. Het bedrijf is in Bosnië in 1999 begonnen.

Vraag 6: Hoe heeft interex de Bosnische markt betreden?

Interex heeft vanaf het begin de Bosnische markt betreden met een Greenfield investment. Dit houdt in dat alles zelf is gefinancierd en dat er vanaf nul is begonnen. Door een markt te betreden met een Greenfield investment heeft Interex altijd de volledige controle gehouden, wat noodzaak was destijds vlak na de oorlog.

Vraag 7: Waarom is er destijds voor die manier gekozen?

Zoals ik al aangaf speelde de oorlog een belangrijke rol. Het land moest weer opgebouwd worden en veel resources waren niet voorhanden. Vlak na de oorlog was grond goedkoop waardoor investeren een goede optie was. Daarnaast steunde de regering elke investering in het land van buitenaf. Ook was er destijds geen concurrentie waardoor we de tijd hadden om ons daar te vestigen.

Vraag 8: Had het bedrijf eerdere internationale ervaringen voordat het de Bosnische markt betrad?

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Dat hadden we. Voordat wij in BiH begonnen waren we al actief in Polen, België, Spanje, Portugal. Daarnaast hebben we in het verleden ook activiteiten ondernomen in Italië en Duitsland maar al deze activiteiten zijn later weer verkocht aan andere bedrijven.

Vraag 9: Hadden jullie problemen met Bosnische instituties of het vinden van de benodigde resources?

Problemen met instituties hebben we haast niet gehad op het moment dat we de Bosnische markt betraden. We werden juist heel goed geholpen door de instanties. Wel was het moeilijk voor ons om resources te vinden die we nodig hadden, mede doordat het land net een oorlog achter de rug had. Daarom hebben we ook besloten om een Greenfield investment te gebruiken en om alle benodigde resources zelf mee te nemen.

Vraag 10: Hoeveel winkels hebben jullie vandaag de dag in BiH?

Op het moment hebben we 24 winkels in Bosnië, 7 winkels in Servië, 10 winkels in Roemenië en 2 winkels in Kosovo.

Vraag 11: Hoe verloopt de communicatie binnen jullie bedrijf?

Zoals je wel zult begrijpen wordt de structuur bepaald vanuit het hoofdkantoor in Parijs. Daar wordt gekeken wat de beste structuur is om de beoogde missie en visie strategisch te realiseren. Om de doelstellingen te realiseren is goede communicatie belangrijk waardoor er veel aandacht aan wordt besteedt. Daarnaast wordt er ook regelmatig onderzoek gedaan naar wat er verbeterd kan worden. Belangrijk is in ieder geval dat medewerkers weten met wie ze horen te communiceren. Daardoor kan miscommunicatie zo goed mogelijk worden voorkomen. Het weten met wie te communiceren is gelukkig binnen Interex wel duidelijk.

Vraag 12: Wat is jullie competitieve voordeel?

Het voordeel dat wij hebben is dat we producten op grote schaal kunnen inkopen waardoor we schaalvoordelen hebben en we goederen voor de juiste prijs kunnen aanbieden aan onze klanten. Daarnaast zijn wij jarenlang bezig, hetzij in BiH, hetzij in andere Europese landen waardoor we de nodige ervaring en kennis in huis hebben waardoor we een goede marktpositie hebben weten op te bouwen.

Vraag 13: Wat zijn tips voor ondernemingen die in BiH aan de slag willen?

Het is belangrijk om in Bosnië de juiste mensen te kennen of het juiste netwerk te hebben. Corruptie speelt een belangrijke rol waar het management mee om moet kunnen gaan.

Bedankt voor het interview.

Appendix H

Interview MDG International Ltd.

Datum: 16.06.2012

Dit interview protocol is bestemd voor de volgende Company X casus. Na intern interviews te hebben gehouden bleek dat er drie problemen spelen dit specifieke geval; de communicatie verloopt slecht tussen Company X en Company Z, Company Z heeft geen competitief voordeel en is binnen Company Z worden activiteiten uitgevoerd die geen winst genereren. Om mogelijke oplossingen te vinden voor dit probleem is er besloten om naast een literatuur studie ook externe bedrijven te bezoeken om interviews af te nemen en te kijken hoe andere bedrijven functioneren.

Dit interview wordt afgenomen met Muris Obarcanin de mede-eigenaar van MDG International Ltd. MDG International Ltd is een Joint Venture opgericht door een Nederlands bedrijf en een Bosnisch bedrijf die metaal producten vervaardigd. Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het hoofdkantoor van MDG International Ltd. in Vogosca (BiH) in het kantoor van de mede-eigenaar. Tijdstip van aanvang was 11.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

Vraag 1: In welk jaar is het bedrijf Economic opgericht en in welke plaats was dat destijds?

De Joint Venture is opgericht in februari 2012 in de plaats Vogosca in Bosnië en Herzegovina (BiH). Samen met een andere ondernemer zijn wij op het idee gekomen om een joint venture op te richten doordat we kansen zagen in de Bosnische markt.

Vraag 2: Voordat jullie de joint venture hebben opgericht was er al een bedrijf in Nederland, wanneer is dat opgericht?

Het Nederlandse bedrijf dat participeert in de joint venture bestaat als sinds oktober 2002.

Vraag 3: Wat was de gedachte achter de joint venture?

We zijn de joint venture begonnen doordat we in de loop van de jaren zagen dat de arbeidskosten in Nederland steeds duurder werden en we ons beseften dat we opzoek moesten gaan naar goedkopere alternatieven. In deze zoektocht kwam mijn achtergrond goed van pas. Ikzelf ben namelijk afkomstig uit BiH en weet daardoor dat de arbeidskosten in Bosnië een stuk lager liggen dan die in Nederland. Daarom heb ik gekeken of het niet mogelijk was om onze producten te laten produceren in BiH. Zodoende heb ik gekeken of we onze productie niet konden verplaatsen van Nederland naar BiH. Dit bleek haalbaar te zijn. Ik heb toen het voorstel uitgewerkt om een joint venture te beginnen en de Nederlandse ondernemer die ik kende en dit voorstel heb voorgelegd was enthousiast en besloot toen om mee te doen. Zodoende participeer zijn Nederlandse bedrijf en mijn Bosnische bedrijf samen in de nieuwe joint venture.

Vraag 4: Was één van de twee bedrijven daarvoor al internationaal actief?

Mijn bedrijf was daarvoor niet internationaal actief. Het bedrijf waarmee ik de joint venture heb opgericht had wel een internationale afzetmarkt dus had het wel enige internationale ervaring maar niet de ervaring van het starten van een onderneming in een ander land.

Vraag 5: In welk land is het hoofdkantoor van de joint venture gevestigd?

Het bedrijf is gevestigd in BiH waardoor de joint venture ook is geregistreerd in Bosnië. De opdrachten zijn wel afkomstig vanuit Nederland van het Nederlandse bedrijf dat participeert in de joint venture.

Vraag 6: Hoeveel personeel hebben jullie op het moment aan het werk?

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Op het moment hebben wij 8 personeelsleden. Dit zullen er na verloop van tijd meer worden doordat we inzien dat het produceren van producten in Bosnië veel goedkoper is voor ons dan het uit te besteden of het zelf te doen in Nederland.

Vraag 7: Op het moment dat jullie de Bosnische markt betraden, ondervonden jullie destijds moeilijkheden met instituties?

Wij hebben weinig moeilijkheden gehad met Bosnische instituties. Wij hebben juist veel goede hulp gehad van instituties. Wat in mijn ogen belangrijk is voor bedrijven die de Bosnische markt willen betreden is dat ze direct Bosnische mensen aannemen. Deze mensen snappen namelijk de cultuur en weten hoe de bureaucratie werkt. Veel buitenlandse ondernemers onderschatten dit namelijk en beseffen zich niet dat ook corruptie een belangrijke rol speelt.

Vraag 8: Hebben jullie zelf problemen gehad met corruptie?

Gelukkig hebben wij geen problemen gehad met corruptie. Een voordeel dat wij hadden is dat ikzelf uit Bosnië kom en weet hoe het systeem hier werkt. Daarnaast kochten wij land dat al te koop stond en waar bedrijvigheid op gevestigd diende te worden. Juist daardoor zijn wij geholpen door instanties om dit zo soepel mogelijk te laten verlopen.

Vraag 9: Hoe verloopt de communicatie binnen jullie bedrijf?

Binnen ons bedrijf verloopt de communicatie goed. Orders vanuit Nederland worden hier gecontroleerd en daarna doorgegeven aan het personeel die dan de orders uitvoert en de producten fabriceert. Nadat de producten klaar zijn worden deze gecontroleerd, ingepakt en vervoerd naar Nederland. Doordat wij een duidelijke structuur hebben binnen ons bedrijf en met betrekking tot de Nederlandse opdrachtgever weet elke medewerker wat van hem verwacht wordt en met wie er gecommuniceerd moet worden. Iedereen binnen het bedrijf kent zijn verantwoordelijkheden waardoor de communicatie heel goed verloopt. Echter zal er zo af en toe wel eens een miscommunicatie voorkomen.

Vraag 10: Jullie maken omzet met het vervaardigen van producten?

Inderdaad, wij produceren producten in opdracht van onze Nederlandse klant die wij goedkoper kunnen vervaardigen dan onze concurrenten.

Vraag 11: Wat zijn volgens u belangrijke aspecten waar bedrijven rekening mee moeten houden wanneer ze overwegen om de Bosnische markt te betreden?

Het is belangrijk om te weten wat het bedrijf voor voordeel heeft wanneer het de Bosnische markt betreedt. Daarnaast is het verstandig om Bosnisch personeel in dienst te nemen. Verder zou ik adviseren om duidelijk afspraken te maken wie wat doet en hoe er gewerkt en gecommuniceerd gaat worden.

Bedankt voor het interview.

Appendix I

Interview Vokel

Datum: 18.06.2012

Dit interview protocol is bestemd voor de volgende Company X casus. Na intern interviews te hebben gehouden bleek dat er drie problemen spelen dit specifieke geval; de communicatie verloopt slecht tussen Company X en Company Z, Company Z heeft geen competitief voordeel en is binnen Company Z worden activiteiten uitgevoerd die geen winst genereren. Om mogelijke oplossingen te vinden voor dit probleem is er besloten om naast een literatuur studie ook externe bedrijven te bezoeken om interviews af te nemen en te kijken hoe andere bedrijven functioneren.

Dit interview wordt afgenomen met een manager genaamd Ivan Basic van het bedrijf Vokel. Vokel is een bedrijf gespecialiseerd in verkoop van badkamer gerelateerd materiaal. Vokel is na Economic en Ecos nummer 3 in Bosnië en Herzegovina (BiH) met een jaarlijkse omzet van 50 miljoen mark (25 miljoen Euro). Het interview wordt afgenomen door een universitaire student die een objectieve kijk heeft op het verhaal. De locatie waar het interview is afgenomen is op het kantoor van de manager in Sarajevo (BiH). Tijdstip van aanvang was 11.00 uur en het interview zal ongeveer 30 minuten duren. Alle data zullen vertrouwelijk behandeld en verwerkt worden.

Vraag 1: Kunt u mij kort uitleggen wat Vokel is?

Vokel is een handelonderneming dat artikelen verkoopt voor badkamers en CV installaties. Wij bieden een uitgebreid assortiment aan van verschillende kwalitatieve merken. Wij kopen producten rechtstreeks in bij fabrikanten in verschillende landen, waaronder: Kroatië, Slovenië, Polen, Duitsland, Oostenrijk, Servië, Italië en België. Door direct bij de fabrikant in te kopen, kunnen wij producten van hoogwaardige kwaliteit voor de juiste prijs aanbieden.

Vraag 2: Wanneer is Vokel opgericht en waar was dat?

Vokel is in 1989 opgericht in Posusje, in BiH. In Posusje is nog steeds het hoofdkantoor en tevens is daar ook het distributiecentrum gevestigd. Recentelijk is een nieuwe distributiehuis geopend.

Vraag 3: Hoeveel medewerkers heeft het bedrijf?

Op het moment hebben wij 200 medewerkers in dienst die allen opgeleid zijn. Door ons personeel goed op te leiden kunnen wij klanten service van een hoog niveau bieden.

Vraag 4: Hoeveel winkels hebben jullie op dit moment?

Vokel heeft in Bosnië op het moment 10 winkels verspreid over het hele land.

Vraag 5: Verkopen jullie alleen producten in BiH of exporteren jullie ook producten?

We verkopen niet alleen producten in Bosnië maar we exporteren ook producten naar andere landen. Ook in Kroatië zijn wij actief. De landen waar we producten naar exporteren zijn Kroatië, Slovenië, en Montenegro.

Vraag 6: Hoe onderscheiden jullie je van jullie concurrenten?

Wij verkopen alleen A-kwaliteit producten. Zo weten onze klanten dat ze voor de juiste prijs producten van de beste kwaliteit kopen. Daarnaast zijn onze medewerkers goed opgeleid zodat wij in de winkel de klanten de juiste service kunnen bieden.

Vraag 7: Is het verkopen van duurdere producten in een markt waarin mensen niet te veel te besteden hebben niet een enorme uitdaging.

Dat was het in het begin wel. Het klopt inderdaad dat Bosnische consumenten niet veel te besteden hebben. Echter komen steeds meer Bosnische klanten erachter dat producten uit China niet zo lang mee gaan. Wij verkopen goederen die jaren meegaan waardoor de investering zichzelf terug verdient door kwaliteitsproducten

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te kopen. Dit beseffen Bosnische consumenten zich steeds meer. Daarnaast verkopen wij ook veel producten aan mensen die van oorsprong uit Bosnië komen maar vandaag de dag in het buitenland wonen en tijdens de vakanties terug keren naar hun geboorteland. Deze groep klanten is heel belangrijk voor ons.

Vraag 8: Hoe verloopt de communicatie binnen jullie bedrijf?

De communicatie verloopt goed. Iedere medewerker weet wat zijn taak is en wat er van hem wordt verwacht. Daardoor is het voor iedereen binnen het bedrijf duidelijk met wie er gecommuniceerd moet worden over bepaalde onderwerpen. Uiteraard is het niet zo dat wij nooit miscommunicatie hebben. Wel is de miscommunicatie die plaatsvindt te overzien is doordat er altijd snel geanticipeerd wordt om grote fouten te voorkomen.

Vraag 9: Wat zijn belangrijke aspecten om rekening mee te houden voor een bedrijf dat de Bosnische markt betreedt?

Het is belangrijk om te weten dat er een enorme bureaucratie is en dat corruptie daarin een belangrijke rol speelt. Het is daarom goed om een netwerk te hebben en om gelijk Bosnisch personeel in dienst te nemen dat de weg kent.

Dank voor het interview.