



## Factors in international market selection

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### *The influence of international experience on the decision making*

The decision of where to go with your company when expanding the international reach is based on quite a few factors. This study will, based on three approaches by Andersen & Buvik (2002), investigate whether companies prefer calculative factors, factors of perceived psychic distance or factors of trusted direct experience when making this decision. Will the international experience of the entrepreneurs play an important role in the choice of the factors that are used for the decision? This study combines the three international market selection approaches with international experience and the entrepreneurial processes of causation and effectuation which are originated by Sarasvathy (2001).

It's not about  
being the best.

It's about  
being better  
than you were  
yesterday.

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## **Masterthesis**

### **Factors in International Market Selection**

The influence of international experience  
on the decision making

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# Table of contents

<b>ACKNOWLEDGEMENT</b>	<b>II</b>
<b>TABLE OF CONTENTS</b>	<b>III</b>
<b>LIST OF TABLES</b>	<b>V</b>
<b>LIST OF FIGURES</b>	<b>VII</b>
<b>MANAGEMENT SUMMARY</b>	<b>1</b>
<b>MANAGEMENT SAMENVATTING</b>	<b>3</b>
<b>1 INTRODUCTION</b>	<b>5</b>
1.1 INTERNATIONAL MARKET SELECTION	5
1.1.1 LINKING THE SYSTEMATIC APPROACH TO THE CAUSATION PROCESS	8
1.1.2 LINKING THE NON-SYSTEMATIC APPROACH TO THE EFFECTUATION APPROACH	9
1.1.3 LINKING THE RELATIONSHIP APPROACH TO THE EFFECTUATION PROCESS	10
1.2 RESEARCH CONTEXT	12
1.2.1 THE IMPORTANCE OF IMS FOR THIRD PARTY LOGISTICS PROVIDERS	12
1.2.2 USING INTERNATIONAL EXPERIENCE TO DIVIDE THE RESPONDENT GROUP	14
1.3 THE PURPOSE OF THE STUDY	16
1.4 RELEVANCE OF THE STUDY	17
<b>2 THEORETICAL FRAMEWORK</b>	<b>18</b>
2.1 LITERATURE ANALYSIS	18
2.1.1 CALCULATIVE FACTORS	20
2.1.2 PERCEIVED PSYCHIC DISTANCE FACTORS	26
2.1.3 TRUSTED DIRECT EXPERIENCE FACTORS	30
2.2 LINKING INTERNATIONAL EXPERIENCE TO THE ENTREPRENEURIAL PROCESSES AND THE FACTORS USED IN IMS	35
<b>3 RESEARCH METHODS</b>	<b>41</b>
3.1 SETTING UP THE QUALITATIVE PRE-STUDY	41
3.1.1 ANALYSING THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE IMS APPROACH	41
3.1.2 ANALYSING WHICH FACTORS HAVE THE HIGHEST PREFERENCE	42
3.2 ADDING A DIVISION IN RESPONDENT GROUPS BASED ON INTERNATIONAL EXPERIENCE	43
3.3 OPERATIONALIZING INTERNATIONAL EXPERIENCE	44
3.4 METHODOLOGY TO DETERMINE THE PREFERENCE FOR IMS FACTORS	46
3.4.1 SAMPLE	46
3.4.2 GENERALIZABILITY	49
3.4.3 SAMPLE SIZE	51

3.4.4	METHODOLOGICAL ANALYSIS	52
3.4.5	ANALYSIS	58
3.5	OPERATIONALIZING ENTREPRENEURIAL PROCESS: CAUSATION AND EFFECTUATION	62

## **4 RESULTS** **63**

4.1	IDENTIFYING GROUPS BASED ON INTERNATIONAL EXPERIENCE	64
4.2	THE DIFFERENCES IN IMS BASED ON INTERNATIONAL EXPERIENCE	69
4.2.1	IMS PERFORMED BY THE LESS EXPERIENCED COMPANIES	69
4.2.2	IMS PERFORMED BY THE MORE EXPERIENCED COMPANIES	70
4.2.3	THE RELATIONSHIP BETWEEN INTERNATIONAL EXPERIENCE AND THE IMS	72
4.3	OUTCOME OF THE CONJOINT ANALYSIS	74
4.4	THE CALCULATION OF THE CONCEPTS OF CAUSATION AND EFFECTUATION	78
4.5	LINKING THE CONCEPTS OF CAUSATION AND EFFECTUATION TO INTERNATIONAL EXPERIENCE	81

## **5 CONCLUSION: THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE IMS AND ON THE CHOICE OF FACTORS** **82**

5.1	LESS EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION	82
5.2	LESS EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION FACTORS	83
5.3	MORE EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION	84
5.4	MORE EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION FACTORS	85
5.5	THE PREFERENCE FOR AN ENTREPRENEURIAL PROCESS BASED ON INTERNATIONAL EXPERIENCE	86

## **6 DISCUSSION FOR FURTHER RESEARCH** **89**

## **APPENDIX** **92**

APPENDIX 1	FACTORS FOR IMS	92
APPENDIX 2	FACTORS FOR IMS: CALCULATIVE FACTORS	93
APPENDIX 3	FACTORS FOR IMS: FACTORS OF PERCEIVED PSYCHIC DISTANCE	95
APPENDIX 4	FACTORS FOR IMS: FACTORS OF TRUSTED DIRECT EXPERIENCE	96
APPENDIX 5	QUALITATIVE INTERVIEW	97
APPENDIX 6	THREE IMS APPROACHES WITH DUTCH EXPLANATIONS	100
APPENDIX 7	FACTORS WITH DUTCH EXPLANATIONS	101
APPENDIX 8	FOREIGN MARKET ENTRY MODES	103
APPENDIX 9	BASIS QUANTITATIVE METHOD	104
APPENDIX 10	BASIS CONJOINT ANALYSIS: FULL PROFILE APPROACH	106
APPENDIX 11	DETERMINING ENTREPRENEURIAL PROCESS: CAUSATION AND EFFECTUATION	109
APPENDIX 12	THE QUESTIONNAIRE	111
APPENDIX 13	DEMOGRAPHICS ON THE RESPONDENTS	123
APPENDIX 14	THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE CAUSATION AND EFFECTUATION PROCESSES	125

# List of tables

TABLE 1	LIST OF FACTORS BASED ON THREE TYPES OF INFORMATION FOR IMS (OWN TABLE) .....	35
TABLE 2	THE FACTORS AND THEIR SCORES, TOP FOUR MARKED (OWN TABLE) .....	54
TABLE 3	THE FACTORS FOR THE QUANTITATIVE STUDY AND THE CORRESPONDING LEVELS (OWN TABLE).....	55
TABLE 4	EXAMPLE OF THE OUTCOME OF THE ESTIMATION METHOD, SHOWING THE IMPORTANCE OF THE IMS DECISION FACTORS (OWN TABLE).....	59
TABLE 5	EXAMPLE OF THE OUTCOME OF THE ESTIMATION METHOD, SHOWING THE IMPORTANCE OF THE IMS DECISION FACTORS DIVIDED BY INTERNATIONAL EXPERIENCE (OWN TABLE).....	59
TABLE 6	EXAMPLE OF THE OUTCOME OF THE ESTIMATION METHOD, SHOWING THE IMPORTANCE OF THE IMS DECISION FACTORS DIVIDED BY INTERNATIONAL EXPERIENCE, TESTED FOR SIGNIFICANCE AS ACCENTUATED (OWN TABLE) .....	60
TABLE 7	DETERMINING THE FACTOR IMPORTANCE BASED ON THE RANKING IN THE CONJOINT ANALYSIS (OWN TABLE).....	61
TABLE 8	NOMINALIZING THE VARIABLES THAT MIGHT AFFECT INTERNATIONAL EXPERIENCE (OWN TABLE).....	65
TABLE 9	OUTCOME OF PRINCIPAL COMPONENT ANALYSIS ON THE CONCEPT OF INTERNATIONAL EXPERIENCE (OWN TABLE) .....	67
TABLE 10	CALCULATING INTERNATIONAL EXPERIENCE INCLUDING FACTOR LOADINGS, ADAPTED FROM PAPADOPOULOS AND MARTÍN (2010, P. 400).....	68
TABLE 11	DETERMINING THE INTERNATIONAL EXPERIENCE OF THE FOUR INTERVIEWED COMPANIES (OWN TABLE) .....	73
TABLE 12	TWO RESPONDENT GROUPS BASED ON THEIR INTERNATIONAL EXPERIENCE SCORES (OWN FIGURE).....	74
TABLE 13	RESULTS OF THE CONJOINT ANALYSIS, DIVIDED BY RESPONDENT GROUPS AND THE SIGNIFICANCE RATED AT A 95% INTERVAL (OWN TABLE) .....	76
TABLE 14	DETERMINING THE FACTOR IMPORTANCE BASED ON THE RANKING IN THE CONJOINT ANALYSIS FOR THE LESS EXPERIENCED RESPONDENT GROUP (OWN TABLE) .....	77
TABLE 15	DETERMINING THE FACTOR IMPORTANCE BASED ON THE RANKING IN THE CONJOINT ANALYSIS FOR THE MORE EXPERIENCED RESPONDENT GROUP (OWN TABLE) .....	77
TABLE 16	OUTCOME OF PRINCIPAL COMPONENT ANALYSIS ON THE CONCEPTS OF CAUSATION AND EFFECTUATION (OWN TABLE).....	79
TABLE 17	LIST OF FACTORS BASED ON THREE TYPES OF INFORMATION FOR IMS (OWN TABLE) .....	92
TABLE 18	CALCULATIVE FACTORS WITH THEIR SUB-FACTORS AND EXPLANATIONS (REFERENCES INCLUDED).....	94
TABLE 19	FACTORS OF PERCEIVED PSYCHIC DISTANCE WITH THEIR SUB-FACTORS AND EXPLANATIONS (REFERENCES INCLUDED) .....	95
TABLE 20	FACTORS OF TRUSTED DIRECT EXPERIENCE WITH THEIR EXPLANATIONS, BASED ON BREWER (2001) AND FOR THE FACTOR GOVERNMENT PROGRAMS ALSO ON HÄTÖNEN (2009).....	96
TABLE 21	THE FACTORS FOUND IN THE LITERATURE IN ALPHABETICAL ORDER (OWN TABLE).....	98
TABLE 22	TABLE TO FILL IN THE FIVE MOST PREFERRED FACTORS (OWN TABLE).....	98
TABLE 23	LIST OF FACTORS BASED ON THREE TYPES OF INFORMATION FOR IMS (OWN TABLE) .....	99
TABLE 24	TABLE TO SELECT NINE FACTORS AND GIVE THEM A SCORE (OWN TABLE).....	99
TABLE 25	THE THREE IMS APPROACHES, WITH DUTCH TRANSLATIONS, (ANDERSEN & BUVIK, 2002), P. 351 (MODIFIED).....	100
TABLE 26	THE FACTORS WITH THEIR DUTCH EXPLANATIONS (OWN TABLE, BASED ON ORIGINAL REFERENCES) .....	102

TABLE 27	FOREIGN MARKET ENTRY MODES DERIVED FROM DAFT (2008) AND TRANSLATED TO DUTCH (OWN TABLE).....	103
TABLE 28	CHOSEN FACTORS WITH THEIR SCORE ACCORDING TO COMPANY A (OWN TABLE) .....	104
TABLE 29	CHOSEN FACTORS WITH THEIR SCORE ACCORDING TO COMPANY B (OWN TABLE) .....	104
TABLE 30	CHOSEN FACTORS WITH THEIR SCORE ACCORDING TO COMPANY C (OWN TABLE) .....	104
TABLE 31	CHOSEN FACTORS WITH THEIR SCORE ACCORDING TO COMPANY D (OWN TABLE) .....	104
TABLE 32	THE FACTORS AND THEIR SCORES, TOP FOUR MARKED (OWN TABLE) .....	105
TABLE 33	CAUSATION AND EFFECTUATION ITEMS, BASED ON CHANDLER ET AL. (2011), P. 382, WITH DUTCH TRANSLATIONS .....	110



# List of figures

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FIGURE 1	EXAMPLE OF A STIMULUS CARD TRADE-OFF FOR THE FULL-PROFILE APPROACH, BASED ON GREEN AND SRINIVASAN (1978), P. 108 .....	56
FIGURE 2	EIGENVALUE SCREE PLOT ON VARIABLES FOR INTERNATIONAL EXPERIENCE (OWN FIGURE).....	67
FIGURE 3	EIGENVALUE SCREE PLOT ON VARIABLES FOR CAUSATION AND EFFECTUATION (OWN FIGURE).....	80
FIGURE 4	THE RELATIONSHIP BETWEEN INTERNATIONAL EXPERIENCE AND NUMBER OF EMPLOYEES (OWN FIGURE).....	123
FIGURE 5	THE RELATIONSHIP BETWEEN THE INTERNATIONAL EXPERIENCE AND THE LOCATION OF THE FIRST LOCATION (OWN FIGURE) .....	123
FIGURE 6	THE RELATIONSHIP BETWEEN INTERNATIONAL EXPERIENCE AND THE NUMBER OF SECTORS THE RESPONDENT IS ACTIVE IN (OWN FIGURE).....	124
FIGURE 7	THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE SCORES OF CAUSATION DIVIDED BY RESPONDENT GROUP (OWN FIGURE).....	125
FIGURE 8	THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE SCORES OF CAUSATION, WITH VERTICAL, LABELLED LINE AS DIVISION BETWEEN THE RESPONDENT GROUPS (OWN FIGURE).....	125
FIGURE 9	THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE SCORES OF EFFECTUATION DIVIDED BY RESPONDENT GROUP (OWN FIGURE).....	126
FIGURE 10	THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE SCORES OF EFFECTUATION, WITH VERTICAL, LABELLED LINE AS DIVISION BETWEEN THE RESPONDENT GROUPS (OWN FIGURE).....	126

## **Management summary**

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International market selection is an important aspect for a company that is thinking about expanding business abroad through locations, partners, customers or delivery points. The company might invest in this new opportunity and therefore the choice of country should be the right one. There are many factors which the company can take into account when making the international market selection decision. What are the most important factors for the companies to take into account and will the international experience of the company play a factor in choosing these factors? That is what this study is about.

According to the literature there are three approaches in international market selection, a systematic approach, a non-systematic approach and a relationship approach (Andersen & Buvik, 2002). These three approaches can be linked to the concepts of causation and effectuation which are originated by Sarasvathy (2001). These two entrepreneurial processes are about decision making and future planning. When using the causation process the goal is clear, but the means are not. When using the effectuation process the means are clear, but the goal is not (Chandler, De Tienne, McKelvie, & Mumford, 2011; Sarasvathy, 2001). The systematic approach can be linked to the concepts of the causation process, based on their focus on the predictable aspects of the future, and the non-systematic approach and the relationship approach can be linked to the concepts of the effectuation process, since they are aimed at controlling the future through cooperative strategies and alliances.

Theory about international market selection has been investigated in order to find international market selection factors for each of these three approaches. 28 factors were found which can be used in the international market selection and these 28 factors were used in the next step of the study, interviewing four companies in order to find out about their international market selection. The interviews were also used to form the basis of the quantitative study, a questionnaire in which four factors are used to determine whether companies have a preference for a certain type of factor based on their international experience. A conjoint analysis is used for this quantitative study and four factors have been included since this is the right amount for industrial respondents (Green & Srinivasan, 1990).

When the interviews were analysed it became clear that there is a difference between the four companies when looking at their way of handling IMS. This difference seems to correspond with their international experience. More experienced companies prefer a more structured way of working in IMS in comparison to the less experienced companies, that mainly worked based on their own intuition and with the help of their contacts when performing IMS. In addition these interviews brought up four important factors which will be taken into the conjoint analysis, since this conjoint analysis is aimed at finding the most important factors to be used by the respondents in the IMS. These four factors are capability enhancement, long-term economic development, process standardization and visits to the markets.

A conjoint analysis can be performed with four factors when working with industrial respondents (Green & Srinivasan, 1990). In the interviews the respondents have indicated that there are four factors they prefer the most. These four factors have been used in a conjoint analysis to find out how important these factors are deemed by a larger respondent group and in order to find out whether international experience is responsible for the preference of the factors.

The less experienced respondent group seems to cling to all the factors that they are getting valuable information on. The more experienced respondent group, however, seems to slightly prefer the factors that can be termed as calculative factors. These factors belong to the systematic approach, which this respondent group already seemed to prefer in the interviews. So international experience does influence the preference for international market selection processes and factors. Less experienced companies perform their IMS with the help of all information they can get and with the help of trusted partners. More experienced companies work more structured and make use of information out of official sources which they seem to trust better.

## Management samenvatting

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Internationale markt selectie is een belangrijk onderdeel voor een bedrijf dat nadenkt over het internationaal uitbreiden van haar werkzaamheden, via nieuwe locaties, partners, klanten of bezorgpunten. Het bedrijf zou kunnen investeren in deze nieuwe mogelijkheid en daarom zal de keuze voor het land de goede keuze moeten zijn. Er zijn veel factoren die het bedrijf mee kan nemen in haar internationale markt selectie beslissing. Wat zijn de meest belangrijke factoren voor bedrijven om rekening mee te houden en zal de internationale ervaring van het bedrijf een rol spelen in het kiezen van deze factoren? Dat is waar dit onderzoek om draait.

Volgens de literatuur zijn er drie benaderingen wanneer het komt tot het selecteren van internationale markten, een systematische-, een niet-systematische- en een relationele benadering (Andersen & Buvik, 2002). Deze drie benaderingen kunnen op hun beurt weer gelinkt worden aan de concepten van de oorzaak en gevolg processen die zijn beschreven door Sarasvathy (2001). Deze processen van oorzaak en gevolg omhelzen de besluitvorming en de toekomstplanning. Wanneer het oorzaak proces wordt gebruikt dan is het doel duidelijk, maar de middelen niet. Wanneer het gevolg proces wordt gebruikt dan zijn de middelen duidelijk, maar het doel niet (Chandler et al., 2011; Sarasvathy, 2001). De systematische benadering kan worden gelinkt aan de concepten van het oorzaak proces, beiden focussen zich op de te voorspellen aspecten van de toekomst, en de niet-systematische- en de relationele benadering kunnen worden gelinkt aan de concepten van het gevolg proces, aangezien ze beiden gericht zijn op het controleren van de toekomst door middel van coöperatieve strategieën en allianties.

Literatuur over internationale marktselectie is onderzocht om internationale markt selectie factoren te vinden voor deze drie benaderingen. 28 factoren zijn gevonden welke kunnen worden gebruikt in het internationale markt selectie proces en deze 28 factoren worden in de volgende stap van het onderzoek, het interviewen van vier bedrijven, gebruikt om de internationale markt selectie te achterhalen. De interviews zijn ook gebruikt om de basis voor het kwantitatieve deel van de studie te leggen, een enquête waarin vier factoren worden gebruikt om te achterhalen of bedrijven een voorkeur hebben voor een bepaald type factoren gebaseerd op hun internationale ervaring. Een gebonden analyse is gebruikt voor dit kwantitatieve deel van het onderzoek en vier factoren zijn hierin toegevoegd, dit aangezien het aantal van vier

factoren de juiste hoeveelheid is voor industriële respondenten (Green & Srinivasan, 1990).

Bij het analyseren van de interviews werd het al duidelijk dat er een verschil is tussen de vier bedrijven wanneer gekeken wordt naar het selecteren van internationale markten. Dit verschil lijkt overeen te komen met de internationale ervaring van de bedrijven. Meer ervaren bedrijven geven de voorkeur aan een meer gestructureerde manier van werken in vergelijking met de minder ervaren bedrijven die voornamelijk werken gebaseerd op hun eigen intuïtie en met de hulp van hun contacten. Daarnaast hebben deze interviews vier belangrijke factoren bloot gelegd die mee dienen te worden genomen in de gebonden analyse. Deze vier factoren worden meegenomen aangezien deze gebonden analyse gericht is op het vinden van de meest belangrijke factoren om te gebruiken in internationale markt selectie door de respondenten. De vier factoren zijn resultaat verbetering, economische ontwikkeling op de lange termijn, proces standaardisatie en marktbezoek.

Een gebonden analyse kan het beste worden uitgevoerd met vier factoren wanneer gewerkt wordt met industriële respondenten (Green & Srinivasan, 1990). In de interviews hebben de respondenten de vier factoren aangegeven die zijn het meest prefereren. Deze vier factoren zijn gebruikt in een gebonden analyse om er achter te komen hoe belangrijk deze factoren worden gevonden door een grotere groep respondenten en om uit te vinden of internationale ervaring verantwoordelijk is voor de voorkeur in factoren.

De minder ervaren groep lijkt zich vast te klampen aan alle factoren waar ze waardevolle informatie van krijgen. De meer ervaren groep, daarentegen, lijkt de voorkeur te geven aan factoren die kunnen worden gekwalificeerd als berekende factoren. Deze factoren behoren toe aan de systematische benadering, welke deze respondenten groep al leek te prefereren in de interviews. Dus internationale ervaring beïnvloedt wel degelijk het internationale marktselectie proces en de factoren die worden gebruikt. Minder ervaren bedrijven voeren hun IMS uit met de hulp van alle informatie die ze kunnen krijgen en met de hulp van partners die ze vertrouwen. Meer ervaren bedrijven werken meer gestructureerd en maken gebruik van informatie uit officiële bronnen die ze meer lijken te vertrouwen.

# 1

## Introduction

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1.1	INTERNATIONAL MARKET SELECTION	5
1.1.1	LINKING THE SYSTEMATIC APPROACH TO THE CAUSATION PROCESS	8
1.1.2	LINKING THE NON-SYSTEMATIC APPROACH TO THE EFFECTUATION APPROACH	9
1.1.3	LINKING THE RELATIONSHIP APPROACH TO THE EFFECTUATION PROCESS	10
1.2	RESEARCH CONTEXT	12
1.2.1	THE IMPORTANCE OF IMS FOR THIRD PARTY LOGISTICS PROVIDERS	12
1.2.2	USING INTERNATIONAL EXPERIENCE TO DIVIDE THE RESPONDENT GROUP	14
1.3	THE PURPOSE OF THE STUDY	16
1.4	RELEVANCE OF THE STUDY	17

### 1.1 International market selection

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Many firms have locations, partners, customers or delivery points all over the world or at least in multiple countries. This shapes the concept of internationalisation in this study. Moving business abroad requires quite a lot of preparatory work. Countries differ due to for instance their location in the world and their development on several aspects, making them either more or less attractive for a company to start business there. It's a difficult decision to make for the country with all these different aspects to take into account. That this decision should not be taken lightly is explained by O'Farrell and Wood (1994) and He and Wei (2011). Entering new markets, in particular foreign markets, involves a major commitment of resources and the choice of location has critical impact on a firm's performance (He & Wei, 2011; O'Farrell & Wood, 1994).

There are three ways to perform such an International Market Selection (IMS), according to Andersen and Buvik (2002). One of such an IMS approach is the systematic approach, which uses a formalized decision process based on factors and

their weighting. Another IMS approach is the non-systematic approach, which is mostly based on perceived psychic distance. The third IMS approach is the relationship approach. This approach uses the foreign customer as the unit of analysis and focuses on the collaboration of two parties in making the IMS decision (Andersen & Buvik, 2002).

How these three IMS approaches work and in what way they are relevant for this study will be explained in the following paragraphs. The empirical focus in the systematic approach is the competitive positioning and development of the competitive advantage (Rask, Strandkov, & Håkonsson, 2008). The IMS is aimed at finding a country in which the company can further its business. In order to find a country in which the company can position itself competitive and in which it can develop its competitive advantage, the systematic approach makes use of an extensive information search. In this extensive information search information in the form of country- and market-factors is searched for, which in most cases is secondary data. This information is used to compute the optimal decision (Andersen & Buvik, 2002).

The non-systematic approach's empirical focus is the choice of geographical markets and international entry modes (Rask et al., 2008). "The firm creates an experience that pushes the firm to more and more risky markets and entry modes" (Rask et al., 2008, p. 331). In order to find a country that matches the current level of experience of the company, the company performs little or no information search. The information that is used in this approach is perceived psychic distance, which has been defined as "factors preventing or disturbing the flow of information between firms and the market..." (Johanson & Vahlne, 1977, p. 24). The source for this perceived psychic distance is experiential knowledge of the company and of the people making the IMS decision. This subjective type of information is guiding the IMS in the non-systematic approach (Andersen & Buvik, 2002).

The empirical focus of the relationship approach for IMS is international expansion through existing inter-organizational relationships (Rask et al., 2008). The company is after "Several simultaneous goals in relation to maximizing the company's position of power and influence vis-à-vis others and minimize dependence" (Rask et al., 2008, p. 331). Feasible international exchange partners are searched for in order to expand the reach of the own company. For this IMS approach limited information is searched for.

The information that is used in this approach is the perception of goal comparability, trust and performance. This information is found in the company's business relationship network. The company makes use of the knowledge and experience of its relationship network in order to find a partner with which it can build a qualitative relationship (Andersen & Buvik, 2002).

The former three paragraphs highlighted the most important aspects of the three IMS approaches of Andersen and Buvik (2002) for this study. These three approaches of Andersen and Buvik (2002) can be linked to the entrepreneurial processes that are described by Sarasvathy (2001), causation and effectuation. This will be explained below.

In order to explain the link between the three IMS approaches and the processes of causation and effectuation this study will start with explaining the processes of causation and effectuation. The entrepreneurial processes of causation and effectuation are about decision making and future planning. "Causation processes take a particular effect as given and focus on selecting between means to create that effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means" (Sarasvathy, 2001, p. 245). Causation is associated with rational planning since the entrepreneur is working towards an outcome that was predetermined, whereas effectuation is associated with emergent strategies since there is no predetermined outcome, but the means that the entrepreneur has will guide him in a certain direction. These two entrepreneurial processes both differ in what type of opportunities are finally exploited. "Causation processes are excellent at exploiting knowledge, effectuation processes are excellent at exploiting contingencies" (Sarasvathy, 2001, p. 250).

A decision process involving causation involves "(1) a given goal to be achieved or a decision to be made, which is usually well structured and specific, (2) a set of alternative means or causes, that can be generated through the decision process, (3) constraints on possible means, usually imposed by the environment, and (4) criteria for selecting between the means, usually maximization of expected return in terms of the predetermined goal" (Sarasvathy, 2001, p. 249).

When looking at a decision that involves effectuation it is seen that this involves "(1) a given set of means, that usually consists of relatively unalterable



characteristics/circumstances of the decision maker, (2) a set of effects or possible operationalizations of generalized aspirations, mostly generated through the decision process, (3) constraints on, and opportunities for, possible effects, usually imposed by the limited means as well as by the environment and its contingencies, and (4) criteria for selecting between the effects, usually a predetermined level of affordable loss or acceptable risk related to the given means” (Sarasvathy, 2001, p. 249-250).

In short the two processes can be described by their underlying logic and the outcome, which will be described in this paragraph. The underlying logic of the causation process is that to the extent that the future can be predicted it can be controlled. This causation process will have as an outcome a market share in an existing market through competitive strategies. The effectuation process has as an underlying logic that to the extent that the future can be controlled, the future doesn't have to be predicted. The outcome of this process will be a new market that is created through alliances and other cooperative strategies (Sarasvathy, 2001).

How can these two entrepreneurial processes, the processes of causation and effectuation, be related to the three IMS approaches that were mentioned by Andersen and Buvik (2002)? First the relationship between the causation process and the systematic approach will be described.

### **1.1.1 Linking the systematic approach to the causation process**

In order to support the claim that the causation process and the systematic approach are linked the underlying logic of both will be described. The causation process' underlying logic is aimed at predicting the future so this future can be controlled (Sarasvathy, 2001). “The systematic approach uses a formalized decision process including various statistical methods to analyze (Sic!) the potential of target markets” (Andersen & Buvik, 2002, p. 348, emphasis changed; Papadopoulos & Denis, 1988). The systematic approach is therefore aimed at predicting the future.

Both the causation process and the systematic approach are making use of decision-making selection factors. This paragraph is aimed at showing their overlap. When using a causation process use is made of selection factors that are based on expected return (Sarasvathy, 2001). The type of information that the systematic approach uses in the

IMS is country- and market-factors (Andersen & Buvik, 2002). Both types of factors are calculable and both are aimed at finding out what the expected return is going to be.

The final claim that is made to state that there is a link between the causation process and the systematic approach is that the outcome of both the process and the approach show overlap. The intended outcome of the causation process is a market share in existing markets through competitive strategies (Sarasvathy, 2001). The decision-making model of the systematic approach is rational, which means it is tried to include as much factors as possible. The marketing paradigm of the systematic approach is aimed at finding a market, not at finding a specific customer (Andersen & Buvik, 2002). Both concepts seem to work rationally in order to gain a good position in the market.

### **1.1.2 Linking the non-systematic approach to the effectuation approach**

The former paragraphs have indicated that there is a resemblance between the causation process and the systematic approach. Therefore the systematic approach will be labelled as a causation process in this study. In the following paragraphs the communalities between the effectuation approach and the non-systematic approach will be shown.

There is a common underlying logic between the effectuation process and the non-systematic approach, this will be explained in this paragraph. The effectuation approach has as an underlying logic that to the extent that the future can be controlled, it is not necessary to predict it (Sarasvathy, 2001). When looking at the underlying logic of the non-systematic approach it can be said that firms enter new markets with successively greater psychic distance (Andersen & Buvik, 2002; Johanson & Vahlne, 1990; Johanson & Wiedersheim-Paul, 1975). When using the non-systematic approach companies choose a country that resembles (one of) their own as much as possible since they know what is required in such a country. They feel like they can control the future in that country.

The decision-making selection factors of both the effectuation process and the non-systematic approach have communalities and this will be discussed in this paragraph. The decision-making selection factors in the effectuation process are factors that are based on affordable loss or acceptable risk (Sarasvathy, 2001). The non-systematic approach makes use of perceived psychic distance as the type of information in IMS

(Andersen & Buvik, 2002). This perceived psychic distance is a subjective feeling that people have towards a certain country, that is created by the ease that information flows between companies and the market (Andersen & Buvik, 2002; Johanson & Vahlne, 1977). The lower the perceived psychic distance between the company and the country, the more acceptable the risk that the company takes. This is caused by the higher amount of information that is transferred and correctly interpreted.

When looking at the outcome of both the effectuation process and the non-systematic approach it can be seen that there are communalities. The outcome of the effectuation process is that new markets are created through alliances and other cooperative strategies (Sarasvathy, 2001). The decision-making model of the non-systematic approach is disjointed incrementalism, which means that not all information is taken into account since people have limited memory capacity and the information that is taken into account is perceived in a selective way. The marketing paradigm is aimed at the discrete transaction, which means it is aimed at a country, not at a specific customer (Andersen & Buvik, 2002). With limited information, that might even be perceived subjective, a country is selected. The non-systematic approach relies more on a low perceived psychic distance between the company and the country, which will ease the forming of alliances or the forming of cooperative strategies.

### **1.1.3 Linking the relationship approach to the effectuation process**

The paragraphs above have indicated the resemblance between the effectuation process and the non-systematic approach. In the rest of this study the non-systematic approach will be treated as an effectuation process. The last IMS approach that can be linked to an entrepreneurial process is the relationship approach, which will be linked to the effectuation process.

The underlying logic of the relationship approach also shows overlap with the underlying logic of the effectuation process, which will be explained in this paragraph. The underlying logic of the effectuation process is that to the extent that the future can be controlled, it does not need to be predicted (Sarasvathy, 2001). The underlying logic of the relationship approach is that foreign market entry is the result of interaction initiatives taken by a buyer from another country towards the domestic firm (Andersen & Buvik, 2002; Bradley, 1995). When making use of a reliable partner that already

knows the new market, the future can be controlled to a certain extent. This partner already has experience and influence in this new country and therefore the company performing IMS can use this to control its own future.

The decision-making selection factors of the effectuation approach also show overlap with the decision-making selection factors of the relationship approach. The selection factors of the effectuation process are based on affordable loss or acceptable risk (Sarasvathy, 2001). The relationship approach makes use of perception of goal comparability, trust, and performance as the information type used in the IMS (Andersen & Buvik, 2002). The type of information that is used by the relationship approach in IMS will lower the risk that a company perceives when performing IMS. Therefore the effectuation process and the relationship approach show overlap in their decision-making selection factors.

In addition to a shared underlying logic and shared decision-making selection factors the effectuation process and the relationship approach also show communalities in their outcome. The outcome of the effectuation approach is that new markets are created through alliances and other cooperative strategies (Sarasvathy, 2001). The decision-making model of the relationship approach is bounded rationality. The company will try to take as much into consideration as possible, but this is limited due to the capacity of the human mind and therefore not all information is taken into account. When this information is taken into account the decision models are relatively simple. The marketing paradigm is called relationship marketing, which means that the company performing IMS is really looking for a reliable partner with whom they built a sustainable relationship. They are not just solely looking for a new country to expand their business as in the systematic and non-systematic approach (Andersen & Buvik, 2002). It is therefore clear that both the effectuation process and the relationship approach are entering new markets by developing a sustainable relationship with a partner in that specific country.

These comparisons on the underlying logic, the decision-making selection factors and the outcome of the two entrepreneurial processes and the three IMS approaches have indicated that there is a clear link between them. The causation process shows communalities with the systematic approach. The effectuation process shows communalities with both the non-systematic approach and the relationship approach.

These entrepreneurial processes and these IMS approaches form the basis for the study that is going to be performed. This study will now continue with explaining what the respondent group is.

## **1.2 Research context**

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### **1.2.1 The importance of IMS for third party logistics providers**

This study will be performed by making use of the response of Dutch road transportation companies that are internationally active. Third party logistics providers, and therefore also road-transportation companies, act as a middleman between the buyer and the seller. In this middleman function they provide services like warehousing, transportation, and value added activities in an integrated way (Cui & Hertz, 2011; Hesse & Rodrigue, 2004). And the importance of this logistical service is growing due to globalization, trade growth, which in turn is caused by the growth of geographical areas of interaction and the temporal flexibilization of freight flows (Hesse & Rodrigue, 2004), and worldwide deregulation of transport (Cui & Hertz, 2011).

When looking at the transportation process from the resource based view, firms are bundles of resources (Wernerfelt, 1984), they invest heavily in transport equipment, hiring drivers and operating staffs as well as building terminals. The core competence of these transportation companies is moving products from point A to point B in the most efficient way (Cui & Hertz, 2011). When looking at these same transportation companies from the industrial network approach, the approach that complements supply chain management with the concept of indirect connections between relationships (Jahre & Fabbe-Costes, 2005), they form and control transport systems through exchange relationships between various transportation companies (Cui & Hertz, 2011). These transportation companies mostly have fixed destinations and they can strongly differ in geographical locations from wide to narrow. In order to stay competitive and efficient transportation companies establish complex relationships through contracting, competition or, in rare cases, by co-operation (Cui & Hertz, 2011; Hertz & Alfredsson, 2003; Hesse & Rodrigue, 2004). Transportation firms might follow their customers when these customers are going international, or these transportation firms might provide services to customers that are already operating internationally. The other way

around, the international service that transportation companies offer grants their customers the option to internationalise as well. These are other reasons why networks are developing internationally (Hertz & Alfredsson, 2003).

A lot of this world trade is focussed on the major freight hubs that have dominated the transportation sector for a long time. This growth is at the same time what is slowing their development, since the area gets more congested and therefore the hinterland is harder to reach. The answer to this is inland hubs where primarily road and air freight is consolidated. Other reasons for this shift to the hinterland is that locations further into the hinterland might be able to provide the demanded services at lower rates and these locations connect more distant places of their hinterlands (Hesse & Rodrigue, 2004). This means that the choice of country is still important for the transportation companies, albeit that the important factors for a market are changing over time.

Another reason for locations to change is the Internet and its services. The Internet strengthens location strategy. Distance is no longer the challenge, time is. National warehouses are therefore gotten rid of and there is a preference for large distribution centres that distribute over several countries. So transportation distances get longer and the frequency of shipments also rises. Logistics becomes a strategic factor to optimize the value chain and it is necessary to keep the customer satisfied by on-time deliveries. As a result of this shipments are performed more frequent and these are also smaller (Lasserre, 2004).

How are these trends in the shift of important distribution locations relevant for third party logistics providers in the Netherlands? In Europe the central “region” is gaining preference when looking at it from the perspective of third party logistics providers. This core of Europe is the Benelux and eastern France. The Netherlands is emerging as Europe’s most favourable location for logistics, due to excellent accessibility, advanced terminal and transport infrastructure, critical mass of logistics functions and attractive operating conditions (vis-à-vis its neighbours). Among Europe’s most important hubs are Schiphol Airport and the Port of Rotterdam. Due to its position and infrastructure a large population is represented (Hesse & Rodrigue, 2004).

All of this indicates that the IMS is still important for transportation companies even though the market is changing towards more Internet business. This also alters the importance given to timely and frequent transportation. Due to all these changes

transportation is also gaining strategic importance in satisfying the partners and the customers.

The fact that the Netherlands is an important player in this transportation industry makes the respondent group, internationally oriented transportation companies that originated in the Netherlands, very relevant. The fact that the focus is more and more on hubs in the hinterland is a great addition to the relevance. The Dutch transportation companies are also gaining an international network, and this might be in order to get a better network in the hinterland. Since the Netherlands have been an important hub for a long time already it might have gotten congested in the Netherlands, forcing the transportation companies abroad.

Now that the trends in location choice for the respondent group, internationally oriented road-transportation companies that originated in the Netherlands, have been described it is now important to add a division in the respondent group. This study will examine if there is a difference in the way the IMS is performed by companies with a different level of international experience.

### **1.2.2 Using international experience to divide the respondent group**

The IMS approaches and the entrepreneurial processes have been described. There are two options when it comes to entrepreneurial processes, effectuation and causation. When it comes to the IMS approaches there are three options, which are the systematic approach, the non-systematic approach and the relationship approach. What is the reason for these different entrepreneurial processes and these different IMS approaches? This study is examining whether international experience of the company is determining which entrepreneurial process or IMS approach is used.

When looking at the differences between the entrepreneurial processes and the IMS approaches it becomes clear that the amount of information that a company gets their hands on and the contacts that a company already has are important in distinguishing which entrepreneurial process or IMS approach a company uses. It is assumed that the international experience that a company has, influences the amount of contacts it has and the type of information it can get their hands on. Companies either gain their own information or they get this information by looking at other firms or cooperating with

other firms (Rask et al., 2008). This assumption leads to the fact that international experience will be tested in this study as a determinant of choosing for a specific entrepreneurial approach or for a specific IMS approach.

Internationalization is an incremental and cyclical international development process. “International experience leads to greater international commitment, the latter helps to carry the firm to a higher level of internationalization, and this in turn builds more international experience (...)” (Papadopoulos & Martín, 2010). Through international commitment and the internationalization the international experience influences the export performance. Export performance is “the outcome of a firm’s activities in export markets” (Katsikeas, Leonidou, & Morgan, 2000, p. 497, citing; Shoham, 1996). A research that has been performed amongst venture capitalist firms indicates that firms with more experiential knowledge are more international. The likelihood of investing internationally and the number of international investments are associated with experiential knowledge (De Prijcker, Manigart, Wright, & De Maeseneire, 2012).

When starting their internationalisation firms lack sufficient experience. That is why they face higher uncertainty, they overestimate risks and they underestimate returns (Davidson, 1980; Kuo, Kao, Chang, & Chiu, 2012). In addition they also avoid making significant resource commitments in the host country (Anderson & Gatignon, 1986; Kuo et al., 2012). A lack of international experience might push the company towards a certain entry mode and towards certain factors to scan a country by. Since other options, for both the entry mode and the IMS decision factors, are hard to realize with a lack of international experience (Erramilli & Rao, 1993; Kuo et al., 2012).

International experience thus influences the IMS decision. Lacking international experience will lead to the fact that the company might not have enough or the right resources to perform a proper IMS and it might lead to the fact that the company has to do it more by themselves, since they have not gained enough useful contacts abroad when they start their internationalisation process.

In this study the preference of a company for a certain type of IMS or type of IMS factors is tested. An extra addition to this study is that it is going to test this preference based on the international experience of the respondents. This way the study will indicate whether the international experience is an determinant for the use of a certain type of IMS or type of IMS factors. Therefore a methodology will be used to determine



the international experience of the respondents and based on this international experience the respondent groups will be established. The differences between these groups will be analysed in order to find out whether international experience is a determinant for choosing a specific type of IMS or specific IMS factors.

So far this study has examined IMS in general and it has taken a look at the respondent group that it is aimed at. This respondent group will be divided in order to find out whether international experience is a determinant of choosing for a certain way of handling the IMS. All of this will be combined in the next step of the study where the study will be more specifically described.

### 1.3 The purpose of the study

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In this introduction it becomes clear that the transportation sector in the Netherlands is an important sector. Due to changes in the environment, congestion and more globalization through the use of Internet, the choice for location has become even more important. The fact that these decisions go hand in hand with large investments makes the market selection decision an important decision. This can be done according to two entrepreneurial processes, the causation process or the effectuation process, which both strongly differ in their way of working. One approach starts with a predetermined goal and the other one starts with given means to reach a goal that will arise along the process. These entrepreneurial processes can be linked to three international market selection approaches, the systematic approach, the non-systematic approach and the relationship approach. All of these three approaches have their own characteristics, based on either country- and market factors, perceived psychic distance or the perception of goal comparability, trust and performance.

In order to find out which approach and which process the respondents use, when making such important market selection decisions, this study will be guided by the following research question:

***What factors do companies take into consideration in order to select an international market?***

This research question will guide the study and will be answered at the end of the study. Why this study and this research question are relevant will be explained in the next section.

## **1.4 Relevance of the study**

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The theoretical relevance of this study will be created by the fact that this study takes the entrepreneurial processes of causation and effectuation and the three IMS approaches and combines this with one specific sector. The general theoretical studies are now used in order to get an in-depth view into the road transportation sector.

Another theoretical relevance of this study is the in-depth focus on the effect of international experience on the use of entrepreneurial processes and IMS approaches. There have been studies on the influence of multiple factors on the use of the entrepreneurial processes (Harms & Schiele, 2012), but this study will focus on one of those factors, which is international experience.

Although this paper will be mainly empirical there will also be practical relevance. Respondents and other interested members of the industry can take a look at whether their way of working corresponds with the way of working of their fellow industry members that have a corresponding level of international experience.

The subject, the respondent group, the research question and the relevance of the study have been introduced to give an overview of the whole study. This study will now continue with the theoretical framework.

# 2

## Theoretical framework

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<u>2.1</u>	<u>LITERATURE ANALYSIS</u>	<u>18</u>
2.1.1.	CALCULATIVE FACTORS	20
2.1.2	PERCEIVED PSYCHIC DISTANCE FACTORS	26
2.1.3	TRUSTED DIRECT EXPERIENCE FACTORS	30
<u>2.2</u>	<u>LINKING INTERNATIONAL EXPERIENCE TO THE ENTREPRENEURIAL PROCESSES</u>	
	<u>AND THE FACTORS USED IN IMS</u>	<u>35</u>

### 2.1 Literature analysis

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In the introduction it was shown that there are three IMS approaches, these approaches all have their own type of information that is used in the IMS, according to Andersen and Buvik (2002). It was indicated that the systematic approach makes use of country- and market-factors when performing IMS, the non-systematic approach makes use of perceived psychic distance as the type of information and the relationship approach is using the perception of goal comparability, trust, and performance as the type of information used in IMS. In order to find out what these types of information are more specifically a literature study will be performed in order to find more detailed information about these types of information.

This literature analysis is performed by searching for scientific literature on IMS that mentions factors that are used in these IMS processes. This search has been performed in Scopus and was performed by making use of the following keywords: “International Market Selection”, “IMS”, “reasons”, “criteria”, “factors”, “systematic approach”, “non-systematic approach”, “relationship approach”, “calculative”, “psychic distance”, “relationship”, and “network”. Articles that showed factors which can be used in the light of this study, were read and when it showed useful references these were read as

well in order to extend the list of factors. When Scopus redirected to ScienceDirect alternative articles were shown as well. These were also checked for relevance since the content of the articles showed great overlap on subject most of the times, leading to more, valuable articles.

Eventually seven articles were found that were useful in order to build a set of IMS factors. These articles are *Making the locational choice: A case approach to the development of a theory of offshore outsourcing and internationalization* by Hätönen (2009), *Country selection for new business venturing: A multiple criteria decision analysis* by Beim and Lévesque (2006), *Analysing qualitative attributes of freight transport from stated orders of preference experiment* by Beuthe and Bouffieux (2008), *Market selection for international expansion: Assessing opportunities in emerging markets* by Sakarya, Eckman, and Hyllegard (2007), *The antecedents of psychic distance* by Håkanson and Ambos (2010), *Operationalizing psychic distance: A revised approach* by Brewer (2007) and *International market selection: Developing a model from Australian case studies* by Brewer (2001).

Many of the factors were mentioned in multiple articles and therefore the articles have been combined in order to find factors for all three IMS approaches. In most cases the article was assigned to one of the three approaches, but in some cases the factors that were identified by the authors could be assigned to multiple approaches. In general it could be said that most articles for the larger part could be assigned to one of the three IMS approaches. The articles of Hätönen (2009), Beim and Lévesque (2006), Beuthe and Bouffieux (2008) and Sakarya et al. (2007) were used to identify calculative factors. The article of Sakarya et al. (2007) was also used in order to set up the list with factors of perceived psychic distance, together with the articles of Håkanson and Ambos (2010) and Brewer (2007). In order to identify factors of trusted direct experience the article of Brewer (2001) was used.

The following section will shortly elaborate on the type of information that each IMS approach uses and on which a start has been made in the introduction. After this description of the types of information, the found factors are described, it is explained why they are important in IMS and why they are linked to the types of information.

### 2.1.1. Calculative factors

As mentioned before the systematic approach can be linked to the causation process. According to Sarasvathy (2001), the causation process is making use of factors that are based on expected return. The systematic approach makes use of relevant factors or objectives against which the alternatives, different markets, will be evaluated, such as country-specific factors and market-specific factors. For each of these factors the decision-maker ought to know what it will do for all the alternative markets. The same goes for any future events. These have to be calculated as well as perfectly as possible, since IMS has a long-range nature (Andersen & Buvik, 2002). Based on the description given by the authors it is clear that a company will use these factors in order to calculate the alternatives on their future returns and to calculate the future investments that the company has to make. Due to this description these kind of factors that are related to the systematic approach will be called “calculative factors”.

Asset specificity is termed as a calculative factor for its explanation and its applicability. Asset specificity is explained as follows: “The ease of inter-organizational transfer may influence the choice of location in that transferring more complex and uncodified tasks involving non-standardized processes requires intensive effort in terms of training the outsourcing vendor in the production process” (Hätönen, 2009, p. 64; Kogut & Zander, 1993; Williamson, 1975). When a step in the production- or service process is hard to transfer since it requires for example human capital that is trained in performing this specific step or specific factor conditions to perform this step, than countries that have this qualified human capital or that have those factor conditions will be deemed more important for the company performing IMS. A company can up front study which countries would be more likely to be able to perform the step that is hard to transfer. They can do this by checking the specific factors in the new country that the step in the process requires. Therefore this factor is placed under calculative factors.

When looking at the applicability of the factor capability enhancement it can be seen that this factor can be identified as a calculative factor as well. Capability enhancement is about lowering costs and freeing resources, “...and the need to concentrate on core competences, to achieve flexibility through internal reorganization/transformation, to accelerate projects, reduce time to market, gain access to a flexible workforce, (...) to sharpen the business focus[, and to obtain] access to resources that are unavailable internally, and to high-caliber/skilled labor, improving the service quality, acquiring

ready-made innovations, compensating for the lack of a particular expertise in-house, and gaining access to new technology/skills” (Beuthe & Bouffieux, 2008; Hätönen, 2009, p. 63; Heikkilä & Cordon, 2002; Kakabadse & Kakabadse, 2002; Quélin & Duhamel, 2003). Will the company be able to lower the costs, lower the amount of loss and lower the time that is needed to perform specific tasks and will the company be able to increase its flexibility, its frequency of performing tasks and will it become more reliable when it starts business in the new country? Than the process improves and the capability enhances, which makes the country more attractive for the company performing IMS. During the whole IMS process the data that need to be collected in order to calculate the capability enhancement can be collected. Therefore the capability enhancement of a country will be termed a calculative factor.

The expectations of the customer can be calculated as well, this is indicated in this paragraph, which justifies that customer expectations are a calculable factor. The visibility of the company towards its clients, the degree of interpersonal interaction between the company and its clients and the convenience that the customers perceive together form the customer expectations (Graf & Mudambi, 2005; Hätönen, 2009). If it is possible for a company to live up to the customer’s expectations then that country gains interest. Is it not possible for a company to live up to the customer’s expectations then the country is less interesting since it will require more effort to reach the customer. A research about the customer’s expectations can be done during the whole process of IMS. Information that is found can be calculated to see what the customers expect and to see whether the company can live up to these expectations or not.

Whether the customers are receptive for the product or service of the company is also a calculative factor according to the following explanation and application of the factor. “Consumer attitudes toward foreign goods and services, and their perceptions of country of origin and of foreign business are important factors when assessing the potential of markets” (Sakarya et al., 2007, p. 219). The amount of customers in the target market and the willingness of these customers to use the product or service offered is an important factor to consider in IMS. When there are not enough customers or when they are not willing to use the product or service the resources that are invested in the new location are wasted. Like the former factor the information that is needed for this factor can be gained through a research during the IMS. This time the research would be aimed at whether the respondent is willing to use the company’s goods or

services, not at what the customer expects from the company. This factor can also be calculated up front.

The following explanation and application of the factor economy will show that this factor is a calculative factor as well. The factor economic is composed of access to financial capital, ease of profit repatriation, financial security, the GDP growth rate, the purchasing power parity and the difficulty to own and operate property (Beim & Lévesque, 2006). Different countries have different economic systems. It is important to know upfront what to expect in the new country, since the new country might have a negative economic climate for the new activities, leading to less profit or to monetary problems. The elements of which the factor economic is composed can all be calculated up front and can therefore be taken into the IMS calculation for a possible new country. It is therefore termed as a calculative factor.

Geographic distance is also termed as a calculative factor due to its explanation and its application in IMS. “Geographic proximity lowers transportation and communication costs and therefore facilitates personal interaction, information exchange and international trade” (Ghemawat, 2001; Håkanson & Ambos, 2010, p. 198; Johanson & Wiedersheim-Paul, 1975). It is important to calculate in the decision-making process how this distance will influence the future operation, since it might lead to costs or problems that are unwanted. A shorter geographic distance will lower the time and money needed to get there. Another problem might be the time difference, which might be problematic when regular contact is needed. These results of geographical distance, cost and time difference, are easily calculable. It can therefore be taken into the calculative factors.

Due to the explanation of the concept government policy and the application of this factor in the IMS it is termed as a calculative factor. The factor government policy is composed of the level of bureaucracy (number of procedures to open business), lack of corruption (the degree to which corruption is perceived to exist among public officials and politicians), government stability (“(...) a governance indicator which is a compilation of perceptions of the quality of governance of a large number of enterprises, citizens, non governmental (Sic!) organisations, commercial risk rating agencies and think tanks” (Beim & Lévesque, 2006, p. 276)), and the level of human rights and political freedom (political rights and civil liberties). A country might be led

by a government that is making it hard for the company to do business in the country, due to bureaucracy or corruption. Next to that a company might not wish to operate in a certain country when the situation in that country is not stroking with the ideals and beliefs of the company. Finding a country in which the company is able and willing to do business is a wise step, since it may prevent from struggling with the government or with ethical beliefs. This can be included in a preliminary study of the country. Previous research will already have been done on subjects as these in most countries. The company performing IMS can therefore take these data and use them in their calculation.

That the human capital and demographics are a calculative factor will be justified in this paragraph, which will start with the explanation of the factor. Human capital/demographics is explained as the workforce size, their availability, and their quality, which will also be under influence of the possibly changing demographics (Hätönen, 2009). When a company is willing to operate in a certain country they need to know if there is enough capable personnel to work for the company in the new country. It is important to take this in consideration before choosing for a new market, since a shortage in capable personnel is expensive to take care of and might lead to termination of the presence in the country. It is preferable that the company gets a hold on data which is related to the human capital and the demographics. These data can be taken into the IMS calculation and are therefore mentioned in this section of the study.

When assembling the list of calculative factors the factor infrastructure can be present as well, according to its explanation and application in IMS. Infrastructure is explained as “(...) the availability of advanced telecommunications (ICT infrastructure), [and] telecommunications costs (...) (Hätönen, 2009, p. 63)” The availability of advanced telecommunication is an important factor when considering a new market. This newly added market will have to be able to communicate with other parts of the company and with other parties such as suppliers, allies and customers. Having the proper telecommunication systems to perform these actions is a factor worth considering when making the IMS decision. Doing research up front will show data on this factor. Therefore it can be taken into the calculative factors.

When looking at the explanation and the application of the factor international experience it is clear that this can be termed as a calculative factor. International



experience is best explained by the following citation: “It is plausible to expect companies to be more receptive to outsourcing if they have previous experience of it, and to favour locations of which they have knowledge. (Hätönen, 2009)” Knowledge about that specific market that is already in-house reduces the need to gain knowledge, making that specific location more appealing. This will be an important factor in IMS decision making when there is a choice to make between several markets. It could speed up the decision making and it might improve the decision due to direct knowledge. This can be calculated by a company when they have insight into their own international experience. It is therefore mentioned under calculative factors.

The assigning of the factor legal to the list of calculative factors is justified in this paragraph, which will explain the concept and will explain its influence on the IMS. The factor legal is composed of the business law, the lack of crime, the environmental-, workplace- and product safety regulations, the labour regulations and the risks for intellectual property (Beim & Lévesque, 2006). The legal situation in a new market requires good investigation, since it can be prevented that in the future the company will face unforeseen negative drawbacks due to the legal system in the new market. A country with a legal system that offers the company an environment in which they can more easily operate will gain the favour in the IMS over a country that has a legal system which makes it hard for the company to operate in. The factor legal is composed of elements which can be investigated. Sources in which these data are collected can be consulted when performing IMS. Therefore it is a calculative factor.

The explanation of the factor and the application of this factor in IMS make outsourcing experience a calculative factor. This paragraph will start with the explanation of the factor. “Experience of managing outsourcing processes and relations also affects location choice, and indeed the cost of offshore outsourcing. (...) outsourcing is often a strategy that is subject to incremental learning, in which near-shore locations precede far-shore locations and non-strategic functions precede strategic functions” (Graf & Mudambi, 2005; Hagel & Brown, 2005; Hätönen, 2009, p. 64; Maskell, Pedersen, Petersen, & Dick-Nielsen, 2005; R. E. Morgan, 2003) If a company has already outsourced before, it has gained experience that might resemble those experiences that are faced in the new market. When this was a negative experience the company can decide to ignore this new market that might have the same negative effects, and this goes for the other way around as well. The more experience the company has, the

geographically further and more strategic the choice of country is. This outsourcing experience is present in the company and will influence the decisions that are made in the IMS. The amount of outsourcing experience can be taken into the calculation of selecting possible markets.

This paragraph will justify the allocation of the factor process standardization to the calculative factors. The IMS decision is influenced by the process standardization, which is explained as the availability of the option of doing business in the same way as in the current countries (Hätönen, 2009). The option to supply a (larger) area with your product or service in one and the same way is appealing to most companies. When this is possible in the new market this will be a positive factor in that new country. It will require less adaption from the company, which will lower the amount of resources that need to be invested. Since this can be investigated up front this can be taken into the calculation in order to determine the attractiveness of the country for this particular company. This can therefore be taken into account in the IMS decision-making, as a calculative factor.

The last factor that is termed as a calculative factor is strategic importance and will be explained in this paragraph. Strategic importance can be best explained by the following citation. “Whether an activity is strategic or not is broadly defined by its impact on the firm’s overall operations (Alexander & Young, 1996; Quinn & Hilmer, 1994), which in turn probably has an impact on the chosen location: as with most strategic activities firms are more likely to prefer locations with less country-related risk (...)” (Graf & Mudambi, 2005; Hätönen, 2009, p. 64). When a company is looking for a new country for its important tasks, then the country will have more demands towards that new country than when the task for which they are looking for a new country is of lesser importance. The core competences of the company will have to be preserved by a proper way of working. Strategic importance of the task will therefore demand more of the country. Whether the task is of strategic importance is easy to determine for the company and this consideration can definitely be taken into account when making a calculation. Therefore it is termed as a calculative factor.

Fourteen calculative factors have been found in the literature. All of these factors can be used in a calculation when a decision has to be made on which international market to select. All of the factors will aid in the calculation on the future, either on investments

or on return. Some factors will tell something about the experience of the company and therefore about how much has to be invested, since these costs that are related to the learning curve will decrease as well. Other factors are related to the future of the market and the possible return that the company will gain from entering it. All factors can be taken into a calculation on the IMS decision and therefore they are suited to be related to the systematic approach.

### **2.1.2 Perceived psychic distance factors**

The effectuation approach makes use of selection factors which are based on affordable loss or acceptable risk (Sarasvathy, 2001). For the non-systematic approach this has been more specifically termed as factors based on perceived psychic distance, which is composed of factors preventing or disturbing the flow of information between firms and market (Andersen & Buvik, 2002). The factors that are most likely to relate to the non-systematic approach will be describing the experienced differences between the company, and its home country, and the foreign country that they are considering as an alternative. These differences make communication with partners in that country and working itself in that country harder due to differences in perception on many different aspects. Therefore this part of the study will keep its original concept of “perceived psychic distance factors”.

Due to the meaning of the factor commercial ties and the way it is applied in IMS the factor commercial ties is listed as a factor of perceived psychic distance. The following citation gives the explanation of the factor. “The commercial relationship includes imports and exports of both goods and services. The relationship is also strengthened by foreign direct investment (FDI) flows between countries. (Brewer, 2007, p. 49)” The following citation shows the influence of the factor commercial ties on the IMS decision making. “Existing commercial exchanges (or connections) between countries should have an effect on the level of knowledge of those countries among the firms in those countries (Johanson & Wiedersheim-Paul, 1975; Wiedersheim-Paul, 1972; Wiedersheim-Paul & Welch, 1975). That is, a strong commercial relationship between two countries encourages stronger information flows between those countries” (Brewer, 2007, p. 49; Carlson, 1974). Good commercial ties will influence the flow of information and are therefore a factor of perceived psychic distance.

Cultural distance is one of the factors that are listed as a factor of perceived psychological distance. The following citation gives the explanation of the factor. “Communalities in religion, values and norms facilitate interaction and communication by providing shared, oftentimes tacit understandings of context and expectations of behaviour. To the degree that cultures differ, such understandings get blurred and communication becomes more difficult” (Adler, 1986/1997; Håkanson & Ambos, 2010, p. 198) How the factor cultural distance is applied in IMS decision making is explained in the following citation. “The greater the cultural distance between the home and the host country, the more difficult it will be both to identify and to accurately interpret available information about a foreign market” (Håkanson & Ambos, 2010, p. 198). This factor is for the larger part about understanding each other based on culture. This factor therefore influences the perceived psychic distance between the company and the country which they consider during the IMS.

Geographic distance is a factor that influences the perceived psychic distance. In what way it influences the perceived psychic distance is explained in this paragraph. “Geographic proximity lowers transportation and communication costs and therefore facilitates personal interaction, information exchange and international trade” (Ghemawat, 2001; Håkanson & Ambos, 2010, p. 198; Johanson & Wiedersheim-Paul, 1975). Now that the explanation of the factor has been given the application of the factor will be described. “By reducing international trade relations and the information flows regarding foreign markets with which they are associated, geographical distance can be expected to increase psychic distance perceptions” (Håkanson & Ambos, 2010, p. 199; Vahlne & Wiedersheim-Paul, 1973). The geographical distance still has an influence on the perceived psychic distance and therefore this factor is taken into consideration.

Due to its explanation and due to its application in IMS decision making the factor information ties is a factor of perceived psychic distance as will be justified in this paragraph. Information ties are best described by the following citation. “The more information there is available, the more easily firm managers can learn about new country markets” (Brewer, 2007, p. 52; "Uktradeinfo: Trading with Knowledge," 2005) The availability of secondary information will influence the psychic distance, since if there is hardly any information available to the company this company will not feel attracted to the country. It needs information to make a judgment deal on the country

and having no information will create a big gap between the countries when it comes to psychic distance, which will definitely influence the IMS decision makers. The availability of information will determine whether a link will be created in the first place. Since the unknown is hard to judge. Therefore it is a factor of perceived psychic distance.

Another factor that is influencing the perceived psychic distance is long-term economic development. Its description and its application show the reason for this factor being a factor of perceived psychic distance. Its description is given in the following citation. “(...) well developed economies have better developed infrastructures for the collection, analysis and dissemination of economic data and market information” (Håkanson & Ambos, 2010, p. 199; Vahlne & Wiedersheim-Paul, 1973). “Host market potential is one of the most important explanatory factors in country attractiveness and market selection and constitutes a primary driver in company expansion into foreign markets” (Sakarya et al., 2007, p. 215; Yoshida, 1987). How this factor is applied within IMS decision making will be explained in the next citation. “The higher the level of a country’s development, the closer is its psychic distance to all other countries, regardless of the state of play at home. Countries that are more developed are more open and have much more readily available sources of commercial intelligence” (Brewer, 2007, p. 53; "Doing Business in 2004: Understanding Regulation," 2004). The attractiveness of a country is often measured with factors that show just this current point in time. Potential attractiveness gives more insight into the long-term development (Sakarya et al., 2007). This might mean that the perceived psychic distance might lower in the future, since when a country develops the perceived psychic distance towards other countries lowers. The factor long-term economic development is one of the factors that determines the perceived psychic distance and is therefore taken into consideration.

Political ties also influence the perceived psychic distance. In what manner this occurs will be explained in this paragraph that will start with the description of the factor. Political ties “(...) may depend on and may be reflected in trade agreements, defense treaties, the level of diplomatic exchange, and aid programs” (Brewer, 2007) A former ally in war or other military conflict is likely to be viewed more positively and “closer” than a former enemy nation. In addition to this trade agreements, value of aid programs and trade representation offices are also influencing the psychic distance. A good representation in the country will ease the step to take to internationalise. This will

influence the IMS decision to be made (Brewer, 2007; Håkanson & Ambos, 2010). A good relationship with a country will lower the perceived psychic distance between the two countries, therefore political ties is a factor that is termed a factor of perceived psychic distance.

The fact that social ties are listed as a factor of perceived psychic distance is justified in this paragraph that will start with the description of the factor. “There is evidence to support the contention that community differences, especially business differences, affect the flow of knowledge and, therefore, the psychic distance between countries” (Brewer, 2007, p. 52; Davidson, 1983). Cultural similarities, sport preferences and language similarities (one of the official or *de facto* official languages of a country is the same) will lower the psychic distance experienced. Communication will prosper when the social ties are showing more similarities and this communication will face less awkward situations that arise due to misunderstanding each other on all facets (Brewer, 2007; Håkanson & Ambos, 2010). This ease of communication will definitely play an important role in the IMS decision-making. Social ties will decrease the perceived psychic distance, therefore this factor will be taken into consideration.

The last factor of perceived psychic distance that needs to be described and of which the application will be described is the strength of governance systems. It is described as follows: “Differences in (...) [political and institutional conditions] are likely to be especially important when managers from a country with an efficient regulatory environment and transparent governance structures are confronted with poorly developed political and judicial institutions where mores may be governed by informal rules and conventions that may appear strange, inefficient or even corrupt or otherwise immoral” (Håkanson & Ambos, 2010, p. 199). How this is applied in IMS and in what way it influences the decision makers is explained with the following citation. “The weaker the governance systems in a foreign country in comparison with that of the observer, the greater the psychic distance to it” (Håkanson & Ambos, 2010, p. 199). Democracy, freedom of speech, political stability, and absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption will influence the psychic distance that is experienced. The factor on governance strength is influencing the perceived psychic distance and is therefore taken into account in this study.

For the perceived psychic distance eight factors have been analysed. These factors are all related to differences between two countries that might prevent or disturb the flow of information between the two countries. When the factors are comparable for the two countries than the perceived psychic distance will be lower than when the factors differ between the two countries. A difference in factors leads to the fact that one of the parties has to adapt its way of working, or both parties have to be willing to keep cooperating in this rigid partnership, in order to be successful in the country. When cooperation requires a lot of energy from one or from both partners than it becomes hard to make the partnership profitable or to even keep the partnership continue. All of these factors contribute to that feeling of perceived psychic distance.

### **2.1.3 Trusted direct experience factors**

The effectuation approach was also related to the relationship approach, as was claimed in the introduction of this study. It therefore also makes use of selection factors which are based on affordable loss or acceptable risk (Sarasvathy, 2001). The relationship approach is in a whole more aimed at looking for a partner, from awareness, through exploration to the choice of the partner (Andersen & Buvik, 2002). When it comes to selecting a potential exchange partner the perception of goal comparability, trust and performance (Harvey & Lusch, 1995) of the candidates are important factors. These types of information are most likely to be based on direct experience (Andersen & Buvik, 2002; Mooreman, Deshpande, & Zaltman, 1993; R. M. Morgan & Hunt, 1994). These factors that seem to relate to the relationship approach are based on direct experience from the company. They have gained information from a third party that gave them insight into the information that this third party already had. The company seems to trust this third party since they use this information in their decision-making process. This study will therefore name these factors that relate to the relationship approach “trusted direct experience factors”.

The first factor of trusted direct experience that needs to be described and of which the application in IMS has to be shown is allies. The following citation will give the description of the factor. “Firms make country choices using the knowledge and other resources of associated business units, business associations, government agencies or other entities with which they have shared interests” (Brewer, 2001, p. 164). Having

allies that have additional information, that the company performing IMS doesn't have at that moment, or business options in another country will help the company in selecting markets. Not having useful allies will cause the IMS to take longer. The information that these allies have for the company will be taken into the IMS decision-making when it is useful and when the company trusts these allies.

The placing of enquiries in the list of factors of trusted direct experience will be justified in this paragraph that will start with the description of the importance of the factor. "Unsolicited business enquiries are an important source of both country identification and evaluation information" (Brewer, 2001, p. 164). When there is demand in a potential market (via partners) that comes to the company without the company asking for it, this will be a reasonable indicator of the potential demand in the country. Unsolicited business enquiries might therefore get the company thinking about that new country. Those enquiries come from a source that the company will most likely consider a reliable partner in business. Therefore this factor is termed as a factor of trusted direct experience.

When looking at the description and the way the factor exhibition is applied on IMS it can be justified to put this factor in the list of factors of trusted direct experience. Exhibitions are used by firms as informants (Brewer, 2001). These exhibitions will be a good location to find more information on the country, the region or the sector that the company might be interested in. Although exhibitions are merely held for promotion, useful information or a valuable partner might be found at an exhibition. These exhibitions will generate useful information or will lead to a party that can provide more information that is to be used in the IMS process. Therefore exhibitions are a trusted direct experience factor.

To indicate the contribution of the factor government programs to the factors of trusted direct experience the description and application for this factor will be given. "Government business support programs (both in the home country and in the foreign country) can help firms to identify markets and then to develop business there" (Brewer, 2001, p. 165). A trustful partner like the own government, which is also interested in the company going abroad, will provide useful and correct information on the potential market. Next to this they are also able to assist in several stages of the process. A good



government program might therefore be taken into consideration when making the IMS decision. Therefore it is included as a factor of trusted direct experience.

This paragraph will justify the classifying of the factor networks to the list of factors of trusted direct experience. The description will be given by making use of the following citation. “Having access to knowledgeable networks provides data, intelligence and contacts that help firms’ managers in forming decisions” (Brewer, 2001, p. 165). The network has more information than the company performing IMS on its own. This availability of information will help the decision-makers in collecting and processing the information. A good network will therefore be a positive addition to the IMS. These data and contacts are seen as trustworthy since they come from your own network of trustees. Decision makers will use this network in order to get as much out of it as possible which will speed up the process of the decision making, but also, most likely, of the real implementation. Therefore it is a factor of trusted direct experience.

The factor previous customers is also a factor of trusted direct experience when looking at the description and the application in IMS. Firms sometimes follow valued previous or existing customers (both local and foreign) into new markets. “It is those customers that are defining the new country markets in this situation” (Brewer, 2001, p. 166). A good customer is a customer worth keeping so it is definitely worth the consideration to follow the customer into the new market. This will create a good first step into the market which will influence the decision makers. These customers are parties with whom the company has already cooperated. Therefore there is already a relationship. This is why the factor is termed as a factor of trusted direct experience.

Due to the explanation that will be given and due to the application of the factor published reports on IMS decision making the factor is listed as a factor of trusted direct experience. The explanation of the factor is given using the following citation: “Keeping track of market opportunities through publicly published material is important for some firms” (Brewer, 2001, p. 166). Much material is published and when useful material is found it can be useful for a company. Depending on where it is placed the material is also checked for relevancy and truth. So there is a large amount of material, which is most likely published by a reliable party, which can help the decision makers in their process. Published reports will mostly be generated by parties that are deemed

reliable. Therefore these published reports will be referred to as a factor of trusted direct experience.

The justification of the listing of seminars as a factor of trusted direct experience is done in this paragraph. Public seminars and similar presentations on markets will give the company performing IMS experiential knowledge on a country that might be selected for future business expansion. An experienced party will present its findings or the general findings about the market and will therefore help the decision makers in preventing to make the same mistakes that have already been made and help them in taking opportunities in the right way due to experience. This is useful for the decision makers for gaining useful information about a country. Information that is provided by a party that is holding a seminar, or is invited to such a seminar, will be regarded by companies performing IMS as a reliable source of information. Therefore seminars are a factor of trusted direct experience.

This paragraph will give the description and application of the factor representatives. At the end of the paragraph it will be clear that this is also a factor of trusted direct experience. “Representation including agency appointments can be a strong market selection informant” (Brewer, 2001, p. 167). Informal representatives in markets might provide information on opportunities and thus help assess market potential and a competitive position. Making use of this representation will provide the decision makers inside information from a regional expert. They know the pitfalls and the opportunities and they are willing to aid in the decision making. A trusted party that is providing the company that performs IMS inside information about the country is clearly a factor of trusted direct experience.

The last factor that will be listed as a factor of trusted direct experience is visits to markets. “Visits to markets are a commonly used informant in assessing attractiveness and competitiveness” (Brewer, 2001, p. 167, emphasis changed). Visits to markets might be used to look around or to meet with potential clients and get the ball rolling. Seeing the market and its possibilities with your own eyes gives a better insight into the decision problem. It grants the decision makers more information on their target and even gives them the opportunity to meet in person with future partners. This will influence the final decision made (Brewer, 2001). This factor heavily relies on the direct

experience. The feeling of trust is created by this direct experience. Therefore it is a factor of trusted direct experience.

For the relationship approach ten factors have been found. All of these factors give the company the option to use information that this factor has about the new market. These factors are trusted by the company for giving reliable information about the possible market, otherwise the company would make no use of these factors. Some are trusted on experience in working together or on the same purpose and other factors are trusted because of their reputation of being a trustworthy source of information and aid. With all the factors the company can get direct contact in order to make sure that the information is correct, according to that factor. Therefore all of these factors belong to the trusted direct experience factors.

Two of the factors, economic development and geographic distance, seem to fit two types of information, namely calculative factors and perceived psychic distance factors. Therefore they are mentioned in both groups of factors, since they can both be calculated in a rational way, but they can also influence the perceived psychic distance due to their relative difference between the two countries.

One of the factors is present in all three types of information. This factor is government. This factor is considering both the own government and the foreign government. Its way of working can be calculated. Its way of working can create a perceived psychic distance and its way of working might provide incentives for a company to choose a particular country in its IMS. Therefore it is mentioned in all three types of information.

International experience is mentioned as a calculative factor. In this study the international experience is also used in order to divide the respondent groups. The factor will however still be used as a calculative factor to find out whether respondents themselves see this international experience as an important determinant in their decision making. When this factor will be taken into the questionnaire, which will be introduced later, this study will find out if international experience of the company itself is looked upon differently when the international experience rises through the years. For instance, will the company rely more on its international experience in the decision making as soon as it has gained more of it?

Now that all the factors have been found, analysed and explained these can be summarised in the following table shown below.

Type of information	Calculative factors	Perceived psychic distance factors	Trusted direct experience factors
<b>Factors</b>	Asset specificity	Commercial ties	Allies
	Capability enhancement	Cultural distance	Enquiries
	Customer expectations	Information ties	Exhibitions
	Customer receptiveness	Political ties	Networks
	Human capital/demographics	Social ties	Previous customers
	Infrastructure		Published reports
	International experience		Seminars
	Legal		Representatives
	Outsourcing experience		Visits to markets
	Process standardization		
	Strategic importance		
<b>Shared factors</b>	Long-term economic development		
	Geographical distance		
	Government		

Table 1 List of factors based on three types of information for IMS (own table)

## 2.2 Linking international experience to the entrepreneurial processes and the factors used in IMS

There is a difference between decision makers that use elements that relate to the causation process and those that use elements that relate to the effectuation process. The choice for either a causation-based or an effectuation-based way of working is for a large part determined by the task-specific experience of a company (Dew, Read, Sarasvathy, & Wiltbank, 2009; Harms & Schiele, 2012; Read, Song, & Smit, 2009). This is caused by the difference in the amount and accessibility of “(...) experiences, representations and organization of knowledge, and critical stances to predictive information (...)” (Dew et al., 2009; Harms & Schiele, 2012, p. 102). Outcomes on such studies seem to differ however and this will be shown below.

The most important difference between decision makers that deal with opportunities according to the causation process and decision makers that deal with opportunities according to the effectuation process is international experience and internationalization experience of the decision makers. Those that have more individual international experience tend to act according to the characteristics of the effectuation process and

those that have more individual international experience tend to not choose to act according to the characteristics of the causation process. Next to that those decision makers that have more internationalization experience tend to use elements of the causation process less (Harms & Schiele, 2012).

As has been already indicated, this internationalization experience will lead to the assumption that those experienced decision makers that prefer to work according to the effectuation process (Harms & Schiele, 2012) will more likely choose for the non-systematic approach or the relationship approach. They for example would exhibit a “follow-the-customer” behaviour, which is perfectly fitting in the relationship approach. Decision makers that rely on the characteristics of a causation process would use a market analyses in order to internationalize (Andersen & Buvik, 2002; Sarasvathy, 2001). Therefore it is assumed that these decision makers, that rely on the way of working like that is described for the causation process, would make use of the systematic approach, which is rational.

Differences in the use of either the causation or the effectuation process can also be related to how the psychic distance is perceived as will be explained in this paragraph. Distance does still matter with regard to a firm's early foreign market selection process. This distance is not solely spatial or economic distance, like market size, but also psychic distance. When looking at internationally-oriented small firms this psychic distance works as a mediator variable between the external distance, such as spatial or economic distance, and the selected foreign markets (Shoham, 1996). It therefore seems that internationally-oriented, but small firms, put emphasis on the psychic distance. This psychic distance is strongly related to the non-systematic approach, which is linked to the entrepreneurial process of effectuation.

International experience also influences the choice for the entrepreneurial process due to all that can be gained through the years. How this experience contributes will be explained in this paragraph. In order to acquire the foreign market knowledge and financial resources needed for internationalization social capital is important. This foreign market knowledge causes the internationalization to be incremental. More knowledge is needed to make a bigger step. This foreign market knowledge can also be acquired through the network of the founder or the managers. These personal networks were contributing more to the access of necessary resources for internationalization than

were the business relationships (Davidson, 1980). This indicates that all firms make use of their network in order to get the right resources that are needed for internationalization. However, the more connections, the better the acquired resources. It can be assumed that internationally more experienced companies have a larger network that they can use, due to the company's experience and due to the number of decision makers within the company that all might have built up their own network through the years within or outside the company. This indicates that companies from both levels of international experience use their network to internationalize, but that those companies that have more international experience might have a larger network to use. Therefore they might prosper more when using the relationship approach.

Experiential knowledge reduces the firm's perception of market uncertainty or risk, this impacts on the firm's commitment to international markets. Firms have to build up this experiential knowledge and therefore small, incremental steps are taken to open up new markets (Hadley & Wilson, 2003; Johanson & Vahlne, 1977). The causation process is aimed at predicting the future so that it can be controlled (Sarasvathy, 2001). This reduction of market uncertainty and risk would seem to fit the underlying logic of the causation process. Experiential knowledge is needed to achieve this reduction of the firm's perception of market uncertainty or risk. Therefore it seems that a growing level of international experience would ease the use of a causation process.

When looking at the literature that has studied the link between international experience and the use of causation and effectuation multiple findings can be found. There seems to be not one unambiguous link between international experience and the use of causation and effectuation. This study will therefore start with hypotheses that follow one of the possible directions in which the relationship has been found in previous literature, which are as shown below.

- H1: Less experienced firms will use an IMS approach associated to the causation process when going international.*
- H2: More experienced firms will use an IMS approach associated to the effectuation process when going international.*

Next to the whole process of IMS as indicated by the three approaches, systematic, non-systematic and relationship, the type of information that is used will be studied as well. This type of information is only a part of the whole process and will be studied based on factors for IMS. Information that is used in the systematic approach are country- and market-indicators, which in the aim of this study will be renamed to calculative indicators. The non-systematic approach makes use of perceived psychic distance, which is subjective, as the main type of information when performing IMS. The relationship approach uses perception of goal comparability, trust and performance as the type of information (Andersen & Buvik, 2002), but these factors will be called factors of trusted direct experience in this study.

The availability of foreign business resources, for instance foreign market information and experiential knowledge, foreign business contacts, and localized sales and distribution channels, will make rapid internationalisation possible (Katsikeas et al., 2000). The amount of foreign business resources that a company will possess will increase when they become more active internationally. It therefore seems that companies with more international experience will have a larger network of foreign business resources and will therefore be using their network more when performing IMS.

The non-sequential internationalization model, entering countries that are very different from its home country for the first foreign expansion, claims that psychic distance is not the determinant for companies that start their international presence. Companies might choose a very different market than that of their home country. When performing IMS according to this non-sequential internationalization model the companies do use their alliance with a foreign company that is active in their home country (De Prijcker et al., 2012). This would imply that companies that are internationally inexperienced might not necessarily work with the help of factors of perceived psychic distance, but when they don't they will work with the help of factors of trusted direct experience. These internationally inexperienced companies either way seem to work with factors of one of the IMS approaches that are related to the effectuation process.

Psychic distance is important in selecting a foreign market, especially in the first stages of international business development and for companies that are small or medium-sized (Brewer, 2007; Cicic, Patterson, & Shoham, 1999). When companies become

internationally more active the influence of the psychic distance is reduced when selecting a new foreign market (Benito & Gripsrud, 1992; Brewer, 2007). This clearly states that less experienced firms prefer the use of the psychic distance and that more experienced firms let go of the use of psychic distance.

“The more systematic the selection of foreign target markets the higher the export performance will be for SMEs (...)” (Brouthers & Nakos, 2005, p. 373). In this citation systematic was defined as “(...) using objective criteria to select export markets” (Brouthers & Nakos, 2005, p. 364) with most of these objective criteria corresponding to the calculative factors in this research as indicated in the former section. The other criteria that Brouthers and Nakos (2005) use primarily fall within the group of factors based on trusted, direct experience with a few exceptions that correspond to the factors of perceived psychic distance. The study of Brouthers and Nakos (2005) also found that international experience has no relationship to the export performance, which would mean that both respondent groups in this study would benefit from using calculative factors when making their IMS decision.

In the previous two hypotheses it has been stated that a relationship between international experience and the entrepreneurial processes will be studied. The following hypotheses will be looking at the relationship between international experience and the type of information used.

Since previous literature doesn't seem to have found an unambiguous link in the relationship of international experience and the use of factors in the IMS decision making this study will continue with hypotheses that follow one of the possible linkages between international experience and the use of factors in IMS. The hypotheses are shown below.

- H3: Less experienced firms will prefer the use of factors based on calculative factors when making the IMS decision.*
- H4: More experienced firms will prefer the use of factors based on perceived psychic distance and factors based on trusted direct experience when making the IMS decision.*



These hypotheses will be used in order to guide this study and eventually to help understand the answer to the research question that has been stated in the introduction of this study. How these hypotheses are tested will be elaborated on in the next section that deals with the methodology that is used for this study.

# 3

## Research methods

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<u>3.1</u>	<u>SETTING UP THE QUALITATIVE PRE-STUDY</u>	<u>41</u>
3.1.1	ANALYSING THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE IMS APPROACH	41
3.1.2	ANALYSING WHICH FACTORS HAVE THE HIGHEST PREFERENCE	42
<u>3.2</u>	<u>ADDING A DIVISION IN RESPONDENT GROUPS BASED ON INTERNATIONAL EXPERIENCE</u>	<u>43</u>
<u>3.3</u>	<u>OPERATIONALIZING INTERNATIONAL EXPERIENCE</u>	<u>44</u>
<u>3.4</u>	<u>METHODOLOGY TO DETERMINE THE PREFERENCE FOR IMS FACTORS</u>	<u>46</u>
3.4.1	SAMPLE	46
3.4.2	GENERALIZABILITY	49
3.4.3	SAMPLE SIZE	51
3.4.4	METHODOLOGICAL ANALYSIS	52
3.4.5	ANALYSIS	58
<u>3.5</u>	<u>OPERATIONALIZING ENTREPRENEURIAL PROCESS: CAUSATION AND EFFECTUATION</u>	<u>62</u>

### 3.1 Setting up the qualitative pre-study

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#### 3.1.1 Analysing the influence of international experience on the IMS approach

In order to find out what the influence of international experience is on the use of the two entrepreneurial processes, causation and effectuation, and on the three IMS approaches, systematic-, non-systematic- and relationship approach, use is made of case descriptions. These four case-descriptions will analyse the steps taken in the IMS. For these four case descriptions four companies will be selected that are different in their level of international experience. Two of them are internationally very experienced and cover a large part of Europe with subsidiaries and collaborations. Next to that two less experienced companies are selected that either run their business from one point or are

active in a small selection of countries. This is done to get a better insight into the influence of this international experience on the IMS.

The interviews will consist of two parts. The first part will consist of an interview that is guided by the indicators of IMS which are described by Andersen and Buvik (2002) and which are of most relevance for this study. These indicators are: decision problem, information search, type of information and sources of information (Andersen & Buvik, 2002). By this guided interview the respondent's IMS will be analysed and every part of the process can afterwards be coupled to one or more of the three IMS approaches due to the answers that are given by the respondents.

The interview will continue with the respondent choosing five factors from a list with the 28 factors all mixed-up. In this way it is possible to identify if the respondent has a clear preference for one of the three types of information which can be used in IMS decision making, according to Andersen and Buvik (2002).

This part of the study will show results on which entrepreneurial process or IMS approach the respondents prefer and on which factors they prefer when making the IMS decision.

### **3.1.2 Analysing which factors have the highest preference**

In the literature analysis it has been indicated that 28 factors were found which are used in IMS. The second part of the qualitative study is aimed at finding out what the most important factors are out of these 28. The aim of this part of the qualitative study is to find four factors that are deemed most important by the respondent group. These four factors will be used in the quantitative part of the study that follows after the qualitative part of the study. The interviewing of experts is valuable for determining the attributes (Huber, Herrmann, & Gustafsson, 2007), or in this study factors. Next to that it is important that both levels of experience have input into the quantitative part of this study, in order to give the respondents of the questionnaire, which is the quantitative part of this study, options that they feel connected to.

The second part of the interview will therefore focus on the type of information that is used in the IMS process. In the literature 28 factors have been found that can be used in the IMS. In order to have the respondents choose their most important factor, which can

be linked to an information type of the IMS approach, the amount of factors will be more organised than the current 28 factors. This bringing down of the amount of factors is particularly important since otherwise the respondents will get an overload of information which they cannot properly rank or rate

For the purpose of this study the respondents of the quantitative part of the study have to be given the option to choose factors from multiple approaches. Therefore each one of the four respondents gets to choose nine factors, this time three from each type of information, which the respondent deems important in making the IMS decision. These nine factors will have to be rated, nine points for the most useful in IMS decision making and one point for the least useful in IMS decision making. Each of the four interviewees gets to choose nine factors since giving each of them the option of choosing only three factors might lead to the fact that there are too many factors with the same amount of points. This might make it impossible to use four factors after the interviews.

The interviews will lead to four case descriptions in the IMS decision-making. These will give an insight into what steps in the process are taken by the companies and on what decisions those steps are taken. Since there are, roughly said, two levels of international experience in these four cases the expectations are that there are also two types of answers given. The expectations are that the IMS process will be comparable for companies that share a certain level of international experience. The second section is as has been mentioned in the previous paragraph focussed on the types of information used, which have been left out in the first part of the interview. The results of this interview will therefore be able to give a good perspective on the relation between international experience and the way the IMS process is handled.

### **3.2 Adding a division in respondent groups based on international experience**

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As has been indicated in the previous sections of this study the respondent group will be divided based on the international experience of the companies. This is done in order to find out whether international experience is a determinant for the companies working

according to one of the three IMS approaches or one of the two entrepreneurial processes. In section 3.3 this study will elaborate on how to determine the international experience, but in order to already introduce the division of respondent groups that is used in the next section this study will first explain how the division is made.

All respondents of the questionnaire have to answer a set of questions and these answers are needed to determine their international experience. Once all response has been received the scores on international experience will be calculated, leaving a number of scores. Of all these scores the average score will be calculated and this average score will be used as the borderline between the two respondent groups. Those companies with a score on international experience that is below the average score will be termed less experienced companies and those companies with a score on international experience above the average score will be termed more experienced companies.

For now it is clear that the group of respondents will be divided into two groups and it is introduced on what basis this is going to be. In the next section this study will elaborate more on this division.

### **3.3 Operationalizing international experience**

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One of the main points of the study is determining the differences in outcome, both in the qualitative part and in the quantitative part, between respondent groups that differ in international experience. How this international experience will be determined will be described below.

In order to classify the respondents on their international experience the method of Papadopoulos and Martín (2010) will be the guideline. They measure international experience based on longitudinal experience and cross experience. Longitudinal experience exists of “Experienced years of international presence” and “Years since first foreign subsidiary or foreign export”. The construct cross experience is measured by “Number of countries entered” and “Diversity of entry modes”. In this way international experience is measured based on both intensity- and diversity-driven experience (Papadopoulos & Martín, 2010). In this way the three most important dimensions of international experience: time abroad, markets served and modes of

operation used are covered (Jarvis, Mackenzie, & Podsakoff, 2003; Papadopoulos & Martín, 2010).

The “Years since first foreign subsidiary or foreign export” are determined by the first international activity of the company. The higher the number of years that they are already internationally active, the higher their international experience will be.

The “Experienced years of international presence” is determined by withdrawing three years of the number of years that the company is already internationally active. This is done since the line between internationally experienced and internationally inexperienced is set at three years (Eriksson, Johanson, Majkgard, & Sharma, 1997; Erramilli, 1991). For this variable again goes the higher the number of years, the higher is the international experience.

The “Number of countries entered” is determined by the amount of countries in which the company is active, through export or through presence. The higher the number of countries entered, the higher the international experience of the company.

The final variable for international experience is “Diversity of entry modes”. There are seven different entry modes, which are exporting, global outsourcing, licensing, franchising, joint venture, Greenfield venture and wholly owned foreign affiliate/acquisition (Daft, 2008). The more of these entry modes the company has used, the higher their international experience.

Since all four variables are measured in a different way, number of years, number of entry modes used and number of countries entered, all these variables have to be normalised. This normalisation will take place by dividing the answers into seven groups. The number of entry modes shows the smallest range of values, one to seven, and in this way one variable can be left unchanged and this still grants the option to add a reasonable amount of classes to the other variables. Therefore the range in answers given for the “Years since first foreign subsidiary or foreign export”, “Experienced years of international presence”, “Number of countries entered” and “Diversity of entry modes” will be divided by seven and the answers that the respondents will give will receive a nominal rating ranging from 1 to 7.

These four variables together will determine the international experience of the company according to Papadopoulos and Martín (2010). The results section of this study will further elaborate on this part.

### **3.4 Methodology to determine the preference for IMS factors**

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#### **3.4.1 Sample**

This study is aimed at a specific respondent group, namely Dutch road transport companies that are internationally oriented. The relevance of this particular study for this particular respondent group has been given in the introduction of this study. The aim of this study is to discover the factors on which companies choose a specific country when they add a country, a subsidiary or partner to their portfolio. These companies are chosen since they are internationally oriented, mostly by subsidiaries or partners in other countries, which makes them more easily distinguishable. The second reason is that this sector has always interested the author and this would be an ideal opportunity to take a closer look at the sector.

On the internet site of “Logistiek Magazine” a list is published of Dutch logistics companies (LogistiekMagazine, n.y.p.). This list only features the names of the companies and the contact information. Some of these companies have also published additional information about their revenue, their employee count and international locations. This makes it easier to check for internationally oriented logistics companies, although a lot of research will have to be done since not all information is shown in this list on “Logistiek Magazine”. Out of this list the internationally oriented ones will be distilled.

There are advantages and disadvantages to Web-based surveys, a particular way of surveying that is going to be used in this study. What these advantages and disadvantages are will be discussed here. Due to the geographical distance of these companies, from the University and amongst each other, this study will make use of a digital questionnaire on the Internet, a Web-based survey. This option excludes the need to make a strict appointment that fits both parties and excludes the need for travelling. Next to that the web-based survey is less costly to implement than another alternative

which is mail survey. They also give faster, more complete and more accurate responses (Klassen & Jacobs, 2001; Lang, 2007; McCoy & Marks Jr., 2001; Schaefer & Dillman, 1998). In addition they also offer the advantages of real-time response validation, automated data entry and programmable context-sensitive skip patterns (Lang, 2007).

There are seven causes of nonresponse, which are: no or inadequate experience of the type of activity addressed by the survey, organization has shut down, too busy to respond, named contact person has left organization, organizational policy not to respond, problems loading Web survey and questionnaire received by person in inappropriate role (Lang, 2007).

The response rate greatly improves when the respondent group is accurately sampled, which means that only those respondents are approached that can be valuable for the study instead of approaching a larger potential respondent group which includes many actors that are not the target audience for the questionnaire, and when the process has proper follow-up procedures, which remind the possible respondent of the fact that he was approached, but that he did not respond yet. (Mehta & Sivadas, 1995; Ye, 2007). Other factors that also improve the response rate are, according to Lang (2007), personality of correspondence, use of material rewards, clarity and salience of questions, questionnaire format, good visual design and web survey usability, length of questionnaire, endorsement by a university or professional body and reputation of the researcher, web server uptime, use of return, advice of cut-off dates and confidentiality.

These factors that improve the response rate will be applied to this study as much as possible. The most important one will be the follow-up procedure that takes out several reasons for non-response. The sampling of the respondents has been done in previous paragraphs. There will also be a follow-up procedure when companies that have indicated that they want to cooperate are not responding. To make this possible companies will have to fill in their company name, but with the guarantee that the outcome of the study will not be linked to the company's name. Since the questionnaire will be complemented with telephone calls to the respondents it is possible to personalise the e-mail correspondence. This will also lead to the fact that the questionnaire is sent to the right person within the organization eliminating several reasons for nonresponse. The respondent is likely to be experienced with the type of activity addressed in the survey, the contact person has not left the company, which was



also a reason for nonresponse according to Lang (2007) and the questionnaire will probably not be received by a person in an inappropriate role.

Other factors that decrease the non-response and that will be used in the study are the following. At the end of the survey an option will be granted to win a material reward, this is done to trigger the respondent to participate. Although the prizes will not be much it might be seen as a token of appreciation. The respondent will be informed about this in the e-mail and at the beginning of the questionnaire. The clarity and salience of the questions is improved by the qualitative study that is performed in order to improve the questionnaire. The length of the questionnaire is kept as short as possible. After a few introduction questions, needed to classify the respondent, only four factors will be tested. There are not more factors included in order to keep the respondent motivated.

After that about twenty questions regarding causation and effectuation will be presented to the respondent. These will be answered using a five-point Likert scale. After that the final page will be shown in which the respondent can leave its contact details in order to participate in winning the material reward. Making use of endorsement of reputation is also improving response. The e-mails will be send from the student account of the author, showing the university's name in the address. The fact that several practitioners have already participated will also be mentioned to encourage the respondent to participate as well. The last factor that is of importance is the confidentiality. Outcomes will be kept confidential and respondents will be clearly informed about this.

Some of these factors to improve the response rate are out of the author's control due to the dependence on a third party for the online questionnaire. The influence on the questionnaire format, the visual design and the web server uptime are limited due to the fact that a third party will be included for the online questionnaire. Next to that there is no need for use of return since no mail is send or received. A cut-off date is also not included since respondents are expected to quickly respond or not respond at all, when making use of a Web-based survey (Lang, 2007).

More information about this respondent group in order to give a better picture of their way of doing business was given in the introduction of this study. This study will now continue with the generalizability of the study.

### 3.4.2 Generalizability

There are five principles of generalized causal inference that scientist use in making generalizations. The first principle is surface similarity. “Scientists generalize by judging the apparent similarities between the things that they studied and the targets of generalization (...)” (Shadish, Cook, & Campbell, 2002). To illustrate this principle of surface similarity Shadish et al. (2002) state that “(...) animals with wings seem more similar to our prototypical understanding of birds than do animals without wings.” In this study the principle of surface similarity is applied by making use of internationally active road transportation companies as respondents. At first all companies that seem to resemble this description will be selected for further specification.

The second principle of generalized causal inference is ruling out irrelevancies. “Scientists generalize by identifying those attributes of persons, settings, treatments, and outcome measures that are irrelevant because they do not change a generalization (...)” (Shadish et al., 2002). For example “(...) size is irrelevant to membership in the category of bird (...)” (Shadish et al., 2002). Irrelevancies of the respondent group of internationally active road transportation companies have been taken out. Data like in which countries these companies are active, the size of the company and other data that are not directly relevant for determining their IMS and their level of international experience have been ruled out.

The third principle of generalized causal inference is making discriminations. “Scientists generalize by making discriminations that limit generalization (...)” (Shadish et al., 2002). An example of such a discriminations is “(...) that any animal with both feathers and wings falls within the boundaries of the category of birds, but all other animals fall outside that category” (Shadish et al., 2002). The group of internationally active road transportation companies also knows its discriminations. Those companies that are of non-Dutch origin or that have been taken over by a foreign company are not included. The same applies to those companies that don’t have their own trucks.

The fourth principle of generalized causal inference is interpolation and extrapolation. “Scientists generalize by interpolating to unsampled values within the range of the sampled persons, settings, treatments, and outcomes and, much more difficult, by

extrapolating beyond the sampled range (...)” (Shadish et al., 2002). This might be best described by the example “that effects of toxic chemicals on small mammals will generalize to much larger and more biologically complex humans” (Shadish et al., 2002). Not all companies that are within the sample will participate in the study. Therefore at the end of the study the found results will be interpolated. The results of the study might even be extrapolated, but this will not occur within this study. Extrapolating these results will require too much justification that is outside of the scope of this study.

The fifth principle, and last, principle of generalized causal inference is causal explanation. “Scientists generalize by developing and testing explanatory theories about the target of generalization (...)” (Shadish et al., 2002). An example of this fifth principle might be that an effect of stimulants might lead to “(...) both scratching in primates and rearing in rats because the biological mechanisms underlying both these behaviors are the same” (Shadish et al., 2002). In this study the international experience of the respondent groups will be linked to the use of IMS factors. The aim of this study is to determine whether there is a causal relationship between this international experience and the use of IMS factors.

The respondent sample is now narrowed down in order to increase the generalizability of the study. The next section of this study will determine some basics to determine whether the sample size is large enough.

### 3.4.3 Sample size

In order to determine whether the sample size is of a sufficient size for a factor analysis it is important to take a look at the level of communality and the level of overdetermination. “The communality of a variable is the portion of the variance of that variable that is accounted for by the common factors” (MacCallum, Widaman, Zhang, & Hong, 1999). The influence of the sample size reduces when the factor loadings, and thus communalities, are higher (MacCallum et al., 1999; Velicer & Fava, 1998). Communalities are termed high when all of them represent a value of .6, .7 or .8. They are termed wide when their values range from .2 to .8 and these communalities are termed low when they have values of .2, .3 or .4. “(...) it is desirable for the mean level of communality to be at least .7, preferably higher, and for communalities not to vary over a wide range (MacCallum et al., 1999). This means that even samples that traditionally would be too small for factor analysis are considered acceptable. It is however noteworthy to keep in mind that “the likelihood of nonconvergent or improper solutions may increase greatly (...)” (MacCallum et al., 1999) when these smaller sample sizes are used. These communalities will be calculated in the principal component analysis in SPSS.

In addition to the level of communality is the level of overdetermination that also plays an important role in determining the sample size. “(...) the degree of overdetermination of the common factors [is] (...) the degree to which each factor is clearly represented by a sufficient number of variables” (MacCallum et al., 1999). “Highly overdetermined factors are those that exhibit high loadings on a substantial number of variables (at least three or four) as well as good simple structure” (MacCallum et al., 1999). When it comes to the level of overdetermination it is best to avoid situations in which both the number of variables and the number of factors is high. When looking at the number of variables per factor, it is better to have more variables than fewer (MacCallum et al., 1999).

The level of communality and the level of overdetermination are important indicators to find out whether the sample size is large enough for factor analysis. Therefore these two indicators will be checked on both factor analyses that are performed in this study, the one to determine the international experience and the one to determine the level of causation and effectuation. This study will now continue with elaborating on the methodology to be used.

#### 3.4.4 Methodological analysis

As has been already explained, the quantitative part of this study will consist of a conjoint analysis, which is a method to measure the structure of consumers' preferences. Conjoint analysis is "(...) any decompositional method that estimates the *structure* of a consumer's preferences (...), given his or her overall evaluations of a set of alternatives that are prespecified in terms of levels of different attributes" (Green & Srinivasan, 1990, p. 4) Roughly put, this means that an object is divided into several characteristics. Each of these characteristics gets several levels. These levels of characteristics are mixed up in several alternative objects and by the respondent choosing a certain object the importance of the characteristics is measured.

The conjoint analysis was originally developed in order to calculate the preference of consumers on products and the specific attributes of these products. Therefore an example with a product might clarify the way a conjoint analysis works. Imagine the purchase of a new car. There are a lot of attributes on a car, like brand, colour, the engine and the number of doors. When all these attributes are given two levels, like for the brand Mercedes and Opel and for the engine a 1.6L and a 2.0L the importance of these factors can be measured. When consumers have to pick between the different attributes with their different levels, the outcome might be that consumers prefer a 1.6L Mercedes over a 2.0L Opel, but also prefer a 2.0L Mercedes over a 1.6L Opel. This would indicate that the brand would weight more in their purchase decision than the engine. This ranking of attributes is what can be achieved by making use of a conjoint analysis and therefore it will be used in this study in order to find out what weighting the factors have in making the IMS decision.

The conjoint analysis consists of six steps according to Green and Srinivasan (1978). These six steps are: (1) selection of a model of preference, (2) data collection method, (3) stimulus set construction for the full-profile method, (4) stimulus presentation, (5) measurement scale for the dependent variable and (6) estimation method. The first five steps will be explained in the following five sections. The estimation method will be discussed in the analysis section that follows after this section on operationalization.

#### ***3.4.4.1 Selection of a model of preference***

The four factors with the most points after the four interviews are used, since the full-profile method of conjoint analysis works best when there are only four attributes, when working with industrial respondents (Green & Srinivasan, 1990). The number of factors will influence the outcome of the conjoint analysis, since the information overload rises and the reliability decreases when increasing the number of factors (Acito, 1979; Huber et al., 2007). The quantitative research will continue with these four most preferred factors.

The four factors that have been chosen by the respondents in the qualitative part of the study will be given two levels. The number of two levels is chosen to prevent respondents from having to deal with too much information (Green & Srinivasan, 1978). These levels will be used to find out how important the respondent deems that factor. This particular factor has been coupled to one of the three types of information in IMS decisions and therefore the preference for a factor will be corresponded to a preference for an information type. The model of preference will show the relationship between the international experience of the respondent group and the three types of information, calculative factors, perceived psychic distance factors and trusted direct experience factors. The levels of the factors will be treated as categorical in this study. There is not a seemingly unlimited amount of levels for the factor and this study won't pay attention to moderate changes in the level (Green & Srinivasan, 1978). This study will make use of two levels for each factor and with these two levels there is only the possibility to choose for one of those levels.

The qualitative research has, besides investigating the relationship between international experience and the IMS process, also provided a basis for the quantitative research. The respondents were asked to pick three factors for each type of information, calculative factors, factors of perceived psychic distance and factors of trusted direct experience. All these scores have been added up and have resulted in four factors that seemed to be most preferred after performing four case studies. The scores and the four most preferred factors are indicated in table 2.

	Type of information								
	Calculative factors	Page nr.	Score	Perceived psychic distance factors	Page nr.	Score	Trusted direct experience factors	Page nr.	Score
Factors	Asset specificity	20	-	Commercial ties	26	7	Allies	30	8
	Capability enhancement	20	19	Cultural distance	26	7	Enquiries	31	6
	Customer expectations	21	6	Information ties	27	-	Exhibitions	31	3
	Customer receptiveness	21	6	Political ties	28	1	Networks	31	5
	Human capital/demographics	23	-	Social ties	29	4	Previous customers	32	-
	Infrastructure	23	4				Published reports	32	-
	International experience	23	13				Seminars	32	5
	Legal	24	-				Representatives	33	-
	Outsourcing experience	24	-				Visits to markets	33	16
	Process standardization	24	16						
	Strategic importance	25	-						
	Long-term economic development				21/28	27			
	Geographic distance				22/27	14			
	Government							22/29/31	1

Table 2 The factors and their scores, top four marked (own table)

This means that the quantitative part of the study will continue with two factors which belong to the calculative factors, which are capability enhancement and process standardization, with one factor which is both a calculative factor and a factor of perceived psychic distance, long-term economic development, and one factor of trusted direct experience, which is visits to markets. In order to study how important the respondents deem these factors and in order to study how important they deem these factors when they are compared, these four factors need to be levelled.

Based on the explanations of the factors two levels were formulated. One level is in favour of the factor and choosing for this level means that the factor is deemed important for the respondent. The other level is opposing the importance of the factor. The respondent will first have to choose between those two levels and after that between two factors at a time, since the possibility in levels will create different options to choose from. The levels that have been created, with as much resemblance to the real situation as possible, are shown in table 3. The factors capability enhancement and long-term economic development require some additional explanation. The factor capability enhancement has a long explanation in section 2.1.1 and therefore it has been simplified in this table. This is done to shorten the explanation given to the respondents and to keep it simple for them. The factor long-term economic development has been changed during the study and therefore the explanation given to the respondents does not fully match the explanation given in this study in sections 2.1.1 and 2.1.2. The explanation below can however be fit into the full explanation given.

Factor	Levels	Description
<b>Capability enhancement</b>	+	Relatively cheap country with a save environment that offers the option to be more flexible and reliable in your service.
	-	A country that is more expensive and in which flexibility and reliability are not guaranteed, but possible and, when handled correctly, relatively better rewarded by customers.
<b>Long-term economic development</b>	+	The region offers supporting services and shows a steady demand for your service.
	-	Your service is new to the region and you have more chance of being the first to enter, but supporting services are not available.
<b>Process standardization</b>	+	It is possible to keep working the way you already do in this country.
	-	You are asked to change your way of working in order to be successful in this new, more profitable country.
<b>Visits to markets</b>	+	You have already visited this market and have personally seen what it offers.
	-	There has been no visit to the country, but partners did go there and asked you to follow.

**Table 3 The factors for the quantitative study and the corresponding levels (own table)**

Now that is clear how many levels are used and how this study will treat those levels the next step is to find out how to gain the data needed.

#### **3.4.4.2 Data collection method**

Due to the fact that there are four factors to be tested the preferred model for this study will be the full-profile approach over the two-factor-at-a-time approach. “The two-factor-at-a-time procedure (...) considers factors (...) on a two-at-a-time basis. The respondent is asked to rank the various combinations of each pair of factor levels from most preferred to least preferred” (Green & Srinivasan, 1978, p. 107). The full-profile approach shows all factors at a time, although the number of factors and levels have to be limited here to keep it clear for the respondent. Several studies prefer this full-profile approach over the two-factor-at-a-time approach (Green & Srinivasan, 1990; Gutsche, 1995; Huber et al., 2007). It gives a more realistic description of stimuli by defining the levels of each of the factors and possibly taking into account the potential environmental correlations.

This full-profile approach grants the option to test the correlation between the different factors. Is factor A still preferred when the level of factor B changes? This is possible since all possible options between the two factors concerning the levels are shown to the respondent. Combining their answers will lead to a ranking of importance of these factors and their levels. Therefore the correlation can be tested for all the different



factors and their levels. Next to that it will at the end also give the option to rank the importance of the factors, as will be explained in analysis section of this chapter.

The full-profile approach works with stimulus cards that are shown to the respondent. These cards have all factors on them with one of the two corresponding levels. The respondent will have to indicate which stimulus card is preferred (Green & Srinivasan, 1978). An example is given in figure 1.

<b>Capability enhancement</b> Relatively cheap country with a save environment that offers the option to be more flexible and reliable in your service.	<b>Capability enhancement</b> A country that is more expensive and in which flexibility and reliability are not guaranteed, but possible and, when handled correctly, relatively better rewarded by customers.
<b>Long-term economic development</b> The region offers supporting services and shows a steady demand for your service.	<b>Long-term economic development</b> Your service is new to the region and you have more chance of being the first to enter, but supporting services are not available.
<b>Process standardization</b> You are asked to change your way of working in order to be successful in this new, more profitable country.	<b>Process standardization</b> You are asked to change your way of working in order to be successful in this new, more profitable country.
<b>Visits to markets</b> You have already visited this market and have personally seen what it offers.	<b>Visits to markets</b> You have already visited this market and have personally seen what it offers.

**Figure 1** Example of a stimulus card trade-off for the full-profile approach, based on Green and Srinivasan (1978), p. 108

Now that it is clear how the data will be collected the next step is to show how the levels that are appointed to the factors are determined and set up. This will be discussed in the next paragraph.

#### ***3.4.4.3 Stimulus set construction for the full-profile method***

The factors that are going to be used have already been identified in this study, in the literature part. They can be found in table 1 and their number will be brought down to four by the qualitative interviews, in order to prevent the respondent from facing an overload of factors. After determining how many and which factors to use, another important trade-off to make in this section is the trade-off between real life levels or over exaggerated levels. Levels that are kept as real as possible will increase believability and validity. Over exaggerated levels provide a better estimation that leads to more insight into the importance of parameters, but at the same time this decreases believability and validity (Green & Srinivasan, 1978). In this study it is possible to keep the levels close to reality and this will indeed improve the believability, which might be important since the respondents are spared a long introduction to this study and over exaggerated levels might need extra explanation.

Now that the factors and their levels have been determined the next step is to present the factors. What is the right way to show the respondent the factors in a questionnaire?

#### ***3.4.4.4 Stimulus presentation***

During the questionnaire the respondent will be shown stimulus cards, as described in the previous section, which define the levels of each of the factors (Green & Srinivasan, 1978). It is important that the vocabulary matches the distinction that the respondents are making (Auty, 1995). In order to make use of the right vocabulary the questionnaire will be checked by an expert in the industry.

With the presentation clear, the conjoint analysis now needs a right measurement scale for the dependent variable. The choice is between a metric and a non-metric measurement scale.

#### ***3.4.4.5 Measurement scale for the dependent variable***

Roughly put, the measurement of the dependent variable can be done non-metric (paired comparisons (which of the two shown is preferred), rank order (rank the options from least preferred to most preferred)) or metric (rating scales assuming approximately interval scale properties (for example, giving the option a rating from zero to ten), or ratio scales obtained by constant-sum paired comparisons (a method that lets the respondent choose between A and B and when A is preferred it asks how much B has to change on a certain factor in order to be preferred)). This study will make use of paired comparisons. Respondents are shown two full-profile cards at a time and have to choose the most preferred option for their IMS decision. Its advantages are the increased reliability of the averaged rank order and the ability to test for overlap in the respondent's expressed preferences (Green & Srinivasan, 1978; Leigh, MacKay, & Summers, 1981). There are however hardly any significant influences on results depending on the selection of a specific surveying method (Huber et al., 2007).

Now that this study also has made clear how the respondent has to react to the stimulus shown, it is time to set up the estimation method in the next section that is about analysing the results to be found. This in order to show the results that have been found in a clarifying matter.

### 3.4.5 Analysis

The conjoint analysis will generate information on what level of the factor is most preferred and also which factor is preferred over other factors. How this information needs to be displayed is part of the conjoint analysis and is the last step in this method. The next paragraph will continue with that.

The last step of the conjoint analysis by Green and Srinivasan (1978) is the estimation method. For this study the option of simple percentage tables will be used to estimate the outcomes. In these tables the preferences for a certain level or factor are described in percentages of the total choices made. The fact that this study makes use of four factors with two levels will most likely allow results to be estimated with the use of simple percentage tables. Using the example full profile stimulus cards from a former section, the outcome for this section might resemble table 4.

In order to properly read this table this paragraph will shortly explain the use of levels and percentages. When a respondent chooses the first option for every factor (those indicated with a “+”), this indicates that the factor is deemed important by the respondent. When a respondent chooses the second option for every factor (those indicated with a “-”), this indicates that the factor is not deemed important by the respondent. When looking at the percentages on capability enhancement it can be seen that 84% of the respondents will prefer the capability enhancement factor to be favourable. 16% will not directly prefer a favourable level for the factor capability enhancement and they are willing to take more risk when entering a new market when it comes to capability enhancement. This would mean that the factors capability enhancement and long-term economic development are deemed important when making the IMS decision making when looking at the distribution of the percentages. The factor visits to markets would on the contrary not be important in the IMS decision making, since 87% of the respondents does not deem this factor of importance. The factor process standardization would seem to be preferred by almost half of the respondents, but would also not be of any importance to the other half of the respondents.

		Shown preference
<b>Factors</b>	<b>Capability enhancement</b>	
	+ Relatively cheap country with a save environment that offers the option to be more flexible and reliable in your service	84%
	- A country that is more expensive and in which flexibility and reliability are not guaranteed, but possible and, when handled correctly, relatively better rewarded by customers	16%
	<b>Long-term economic development</b>	
	+ The region offers supporting services and shows a steady demand for your service	96%
	- Your service is new to the region and you have more chance of being the first to enter, but supporting services are not available	4%
	<b>Process standardization</b>	
	+ It is possible to keep working the way you already do in this country	56%
	- You are asked to change your way of working in order to be successful in this new, more profitable country	44%
	<b>Visits to markets</b>	
	+ You have already visited this market and have personally seen what it offers	13%
	- There has been no visit to the country, but partners did go there and asked you to follow	87%

**Table 4 Example of the outcome of the estimation method, showing the importance of the IMS decision factors (own table)**

As indicated the results that are given by the respondents will be split up in two groups depending on the international experience of the company. How this international experience will be calculated will be explained later. In this section we will only introduce the international experience to the outcome tables. Table 5 below will show the factors capability enhancement and visits to markets as an example of how to cope with the differences in international experience, the levels will be left out in the table but the indicators (“+”/”-“) are still present. Where capability enhancement was very important for the respondent group that is low on international experience, the group of respondents that is high on international experience does not seem to prefer or dislike the use of the factor capability enhancement. When looking at the factor visits to markets it can be seen that the relative unimportant position of the factor for the group that is low on international experience changes into an important position for the group that is high on international experience.

		Capability enhancement		Visits to markets	
		+	-	+	-
<b>Respondent Group</b>	<b>Less experienced</b>	84%	16%	13%	87%
	<b>More experienced</b>	52%	48%	92%	8%

**Table 5 Example of the outcome of the estimation method, showing the importance of the IMS decision factors divided by international experience (own table)**

In order to find out whether there is a significant difference between the two groups, the less experienced and the more experienced, an independent t-test will be performed in SPSS for every trade-off. In order to reject the assumption that there is no difference

between the two respondent groups the two-tailed significance has to be lower than .05 (Moore & McCabe, 1993). This study will make use of the significance that is shown in the row in SPSS that does not assume equal variances in order to skip another check in the process. This will be displayed in the results by adding a row to the table above, which results in the table below.

		Capability enhancement		Visits to markets	
		+	-	+	-
Respondent Group	Less experienced	84%	16%	13%	87%
	More experienced	52%	48%	92%	8%
Significant difference between groups?		NO: Sig (2-t) of .456		YES: Sig (2-t) of .016	

Table 6 Example of the outcome of the estimation method, showing the importance of the IMS decision factors divided by international experience, tested for significance as accentuated (own table)

Next to this simple percentage table the factor importance will be calculated as well. This is the relative importance of the factors when all four of them are compared. For this a ranking of the factors and their levels is needed. The rank of the level will be determined by the times it was preferred in the conjoint analysis over the other option in the trade-off conjoint analysis. So if a respondent has indicated in the questionnaire that he or she prefers capability enhancement over long-term economic development, the level that indicates the importance of capability enhancement will gain a point and the level that indicates the unimportance of long-term economic development also gains a point. This is done for every trade-off and at the end all the points are combined per level of each factor. Now every level, both the one indicating importance and the one indicating unimportance, has a certain amount of points assigned to them. The level with the most points will be assigned rank one and the level with the second most points will receive rank two and so on until the one with the least points which will be assigned rank eight.

In order to determine the importance of a factor it has to be investigated whether one of the levels of that factor is dominating the other level, since if both levels are preferred almost evenly the factor doesn't seem to be of any significant importance. It would indicate that any level of that factor would be satisfying the respondents, meaning that it could be left out just as well. Therefore the calculation continues with the difference between the ranks of the two levels. So if capability enhancement had a rank of three for the importance level and a rank of five for the unimportance level the difference in ranks will be two. This difference in ranks indicates the importance of the factor, the

larger the difference in ranks, the more important that factor is in an IMS decision-making. We continue the calculation with this difference in ranks.

Now that all factors have their difference in ranks of the levels determined, the factor importance of the individual factors among all factors can be determined. This is done by adding up all four of the differences in rankings of the levels. Every individual difference in rankings can now be determined as a percentage of the total in difference between the levels, leading to the factor importance of every single factor. An example of this method will be given in table 7 below.

		Points	Rank	Difference in ranks	Factor importance
Factors	Capability enhancement +	22	2	5	31,25%
	-	8	7		
	Long-term economic development +	14	5	1	6,25%
	-	16	4		
	Process standardisation +	12	6	3	18,75%
	-	18	3		
	Visits to markets +	7	8	7	43,75%
	-	23	1		
Total				16	

Table 7 Determining the factor importance based on the ranking in the conjoint analysis (own table)

The tables above will, as explained, be used to show the results of the conjoint analysis. In the points column the points as explained gained out of the conjoint analysis are shown, followed by their relative ranking. The differences in ranks are shown in the next column with at the bottom the total difference in rankings. The final column shows the differences in rankings as a percentage of the total differences in rankings, which is termed as factor importance. Now this study will continue with the determination whether the company uses the causation process or the effectuation process.

### **3.5 Operationalizing entrepreneurial process: causation and effectuation**

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In the beginning of this study a link between the three approaches by Andersen and Buvik (2002) and the processes of effectuation and causation has been identified based on the elements of both the approaches and the processes. In the quantitative part of this study these processes of effectuation and causation will be included again. Based on the methodology of Chandler et al. (2011) each respondent will be tested on their process of decision making, whether they use the effectuation process or the causation process.

In their study Chandler et al. (2011) have tested questions related to causation and effectuation. After this test they have used the questions that were validated by the first study. In their second study they don't make use of the concept effectuation on its own. According to the authors, effectuation is made up of the sub-dimensions experimentation, affordable loss, flexibility and pre-commitments. These items, causation plus the four sub-dimensions of effectuation, are tested using a five point Likert-type scale, anchored by "strongly disagree" and "strongly agree".

The questions will be included in the Web-based survey and these questions can be found in appendix 11. The outcome of the test on the entrepreneurial processes will be compared to the international experience of the respondents.

Now that the research methods are described, the qualitative and the quantitative, the results of the methodology will be described, this again is split up in two parts. One part shows the results of the qualitative interview on the IMS with the four companies and the other part will show the outcome of the questionnaire, which was partly based on the qualitative part and goes more in-depth into the factors that are used in the IMS process. But the first step will be determining the calculation of international experience in order to divide the outcomes by international experience of the respondents.

# 4

## Results

<u>4.1</u>	<u>IDENTIFYING GROUPS BASED ON INTERNATIONAL EXPERIENCE</u>	64
<u>4.2</u>	<u>THE DIFFERENCES IN IMS BASED ON INTERNATIONAL EXPERIENCE</u>	69
4.2.1	IMS PERFORMED BY THE LESS EXPERIENCED COMPANIES	69
4.2.2	IMS PERFORMED BY THE MORE EXPERIENCED COMPANIES	70
4.2.3	THE RELATIONSHIP BETWEEN INTERNATIONAL EXPERIENCE AND THE IMS	72
<u>4.3</u>	<u>OUTCOME OF THE CONJOINT ANALYSIS</u>	74
<u>4.4</u>	<u>THE CALCULATION OF THE CONCEPTS OF CAUSATION AND EFFECTUATION</u>	78
<u>4.5</u>	<u>LINKING THE CONCEPTS OF CAUSATION AND EFFECTUATION TO INTERNATIONAL EXPERIENCE</u>	81

As has been indicated in the methodology part, four interviews were held with four transportation companies that differ in their level of international experience. These four interviews are used for the qualitative part of this study. For the quantitative part a questionnaire has been set up and distributed. In the methodology part it has been indicated that there were 187 potential respondents. These 187 potential respondents have been contacted by telephone and also by e-mail when they showed interest in the study. Eventually 71 potential respondents showed interest in the study and they have been approached with the questionnaire.

The main reasons for the other companies for not participating in the study were: the person in charge was not available due to the summer holiday, no time available due to the summer holiday, no interest in participating, a company policy that prevents from participating in surveys, no (more) transporting service, a bankruptcy and no Dutch origin. Out of those 71 potential respondents 62 started the questionnaire and eventually 30 completed the questionnaire. Five of these 30 respondents indicated that they do not fit the target group and therefore their answers will not be used in the study. Three



respondents missed one question which means that there are 22 useful respondents with whom this study will continue for the quantitative part.

## **4.1 Identifying groups based on international experience**

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In order to identify groups based on their international experience a principal component analysis has to be performed. A principal component analysis is a method to determine dependent factors, which are based on independent variables. First it determines how many of these variables influence the factor(s). Then it determines how many factors there are, that are influenced by the variables and finally it determines the amount of influence the variables have on the factor(s).

This study started with four variables that could determine international experience and by using a principal component analysis this study will determine whether all these variables influence the factor international experience and with what loading these variables have to be multiplied in order to determine the factor international experience. These factor loadings indicate to what extent each variable contributes to the concept of international experience. In order to determine the international experience this study withdrew four variables out of the literature, which are experienced years of international presence, years since first foreign subsidiary or foreign collaboration, number of countries entered and diversity of entry modes.

As has been indicated in section 3.3, the answers that are given by the respondents will be classified on a nominal basis with seven classifications. Now that the response is known, the classifications can be determined. These can be found in table 8 below.

Variable	Range answers	Class size	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
Years since first foreign subsidiary or foreign collaboration	4 – 100	13.86	3 – 16.86	16.87 – 30.72	30.73 – 44.58	44.59 – 58.44	58.45 – 72.30	72.31 – 86.16	86.16 – 100
Experienced years of international presence	1 – 97	13.86	0 – 13.86	13.87 – 27.72	27.73 – 41.58	41.59 – 55.44	55.45 – 69.30	69.31 – 83.16	83.17 – 97
Number of countries entered	1 – 15	2.14	0 – 2.14	2.15 – 4.28	4.29 – 6.42	6.43 – 8.56	8.57 – 10.70	10.71 – 12.84	12.85 – 15
Diversity of entry modes	1 – 7	1	1	2	3	4	5	6	7
Class value			1	2	3	4	5	6	7

Table 8 Nominalizing the variables that might affect international experience (own table)

The first step is to determine how many of these variables have to be included in order to determine the factor international experience. This is done by checking the measure of sampling adequacy (MSA). This MSA is a measure to quantify the degree of intercorrelations among the variables and the appropriateness of factor analysis. This index ranges from 0 to 1 and in order to proceed with the factor analysis a MSA value of .50 is required (Hair, Black, Babin, & Anderson, 2010).

At first the MSA could not be found. The data withheld the SPSS programme of calculating both the MSA and the Bartlett's test of sphericity. After deleting either the "years since first foreign subsidiary or foreign collaboration" or "experienced years of international presence" from the principal component analysis a MSA and a Bartlett's test of sphericity could be calculated. It doesn't matter which of the two variables are taken out since they are related to each other by the following calculation: "experienced years of international presence" = "years since first foreign subsidiary or foreign collaboration" - 3. For the rest of this study the variable "experienced years of international presence" has been left out, but this might as well have been the variable "years since first foreign subsidiary or foreign collaboration" as explained. This study will now continue with the principal component analysis.

With these three variables, "years since first foreign subsidiary or foreign collaboration", "number of countries entered" and "diversity of entry modes", a MSA of .532 was found. The three variables themselves also had a MSA score of more than .5 in the anti-image matrix. These scores of above .5 indicate that the principal component analysis can proceed. Another method of determining the appropriateness of factor

analysis, the Bartlett's test of sphericity, examines the entire correlation matrix. It provides the statistical significance that the correlation matrix has significant correlations among at least some of the variables. A statistically significant Bartlett's test of sphericity, with a significance smaller than .05, indicates that sufficient correlations exist among the variables to proceed with the principal component analysis (Hair et al., 2010).

With a Kaiser-Meyer-Olkin measure of sampling adequacy exceeding .5 and a significance lower than .05 on the Bartlett's test of sphericity, the use of a principal component analysis is appropriate (Hair et al., 2010; Sezhian, Muralidharan, Nambirajan, & Deshmukh, 2011). The significance that was found for the Bartlett's test of sphericity however strongly exceeded the .05. The found significance is .536 for these three variables. In order to find a solution for this high significance score the Cronbach's Alpha is tested. This measure indicates internal consistency, how closely related a set of items are as a group. In social sciences a Cronbach's Alpha of 0.70 or above is deemed consistent. When calculating this Cronbach's Alpha for the three variables "years since first foreign subsidiary or foreign collaboration", "number of countries entered" and "diversity of entry modes" a score of .394 is found. According to the item-total statistics the Cronbach's Alpha can be raised to .460 when the variable "diversity of entry modes" is left out of the calculation.

The following principal component analysis is showing improvement on the significance. When only the variables "years since first foreign subsidiary or foreign collaboration" and "number of countries entered" are taken into account the MSA will be .500 and the Bartlett's test of sphericity's significance-score will lower to .171. Although this is still exceeding the limit of .05 this study will continue with this principal component analysis since there is no other improvement to be made.

The principal component analysis leads to the following results, which shows the MSA scores, the percentage of the variance of the factor that is explained by the two variables and the factor loading that corresponds to the influence of the variable on the eventual factor, international experience.

Variable	MSA with 4 variables	MSA with 3 variables	MSA with 2 variables	Extraction sums of squared loadings (% of variance)	Component matrix
Experienced years of international presence	Undefinable	-	-	65.882	-
Years since first foreign subsidiary or foreign collaboration	Undefinable	.524	.500		.807
Number of countries entered	Undefinable	.522	.500		.807
Diversity of entry modes	Undefinable	.634	-		-
<b>Overall MSA</b>	Undefinable	.532	.500		
<b>Bartlett's test of sphericity significance</b>	Undefinable	.536	.171		

Table 9 Outcome of principal component analysis on the concept of international experience (own table)

The principal component analysis indicated that two variables have to be included in order to find the international experience. This outcome of the principal component analysis is tested by calculating the Cronbach's Alpha. The two factors that are together forming the international experience have a Cronbach's Alpha of 0.460, as has been indicated before.

This means that the principal component analysis will continue without the variables "experienced years of international presence" and "diversity of entry modes". The original method developed by Papadopoulos and Martín (2010) worked with four different variables but the "experienced years of international presence" and the "diversity of entry modes" do not contribute to the concept of international experience for this group of respondents. That is the reason this study will determine international experience based on the two variables that are left.

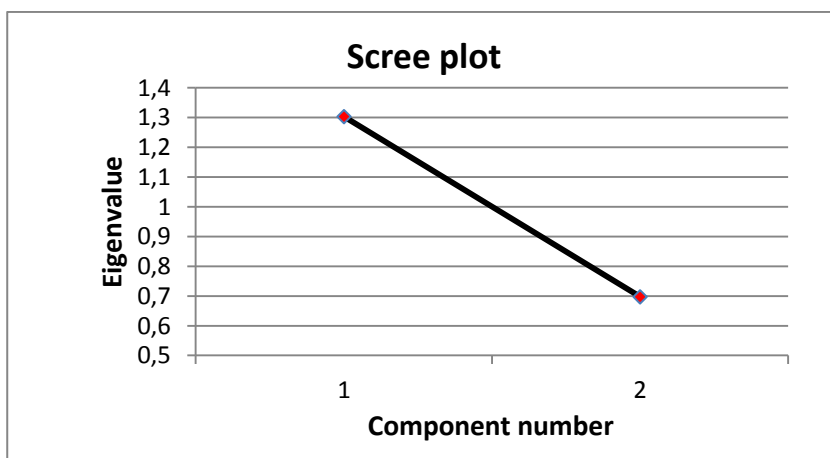


Figure 2 Eigenvalue scree plot on variables for international experience (own figure)

The variables lead to only one factor, since only one component shows an eigenvalue higher than one. An eigenvalue represents the amount of variance accounted for by a

factor. A component with an eigenvalue higher than one is considered significant (Hair et al., 2010). Now that there is only one component with an eigenvalue greater than one means that the two factors contribute to only one component, which is international experience. The calculation method for international experience will therefore look as shown in table 10.

Variable	Factor loading	Correction	Construct
Score on “Years since first foreign subsidiary or foreign collaboration”	.807	/ 11.298	International experience
Score on “Number of countries entered”	.807		

**Table 10 Calculating international experience including factor loadings, adapted from Papadopoulos and Martín (2010, p. 400)**

The first column of table 10 will show the score of the variables, ranging from one to seven. The second column shows the factor loading for the variable that has been calculated in the principal component analysis. The third column shows a correction in order to let the outcome, the international experience, range from zero to one. Since in the first column the scores ranged from one to seven, this column will correct this by multiplying the maximal score, which would be fourteen (seven plus seven), by .807, the factor loading that is calculated for both variables. The final column will show a score on international experience that will, due to the correction, range from zero to one.

In order to determine whether the sample size was large enough to determine this factor, international experience, we will look at the level of communality and the level of over determination. When looking at the level of communalities, both variables, the “years since first foreign subsidiary or foreign collaboration” and the “number of countries entered”, have a value of .651. Both are therefore levelled as high, although they are not above the preferred value of .7. When looking at the level of over determination it is seen that only two variables are leading to one factor. Instead of the preferred three or four per factor. Therefore the level of over determination can be indicated as too low in order to give a good factor analysis, meaning that the sample size might have been too small in order to give reliable results.

The higher the score for international experience, as calculated with the model above, the more international experience the company has. In this manner we can rank respondents on international experience and in this manner we can divide respondents in groups based on their international experience. This difference in international experience will be used in the following sections of the study in which the difference in international experience is used to clarify differences between answers that are given.

## **4.2 The differences in IMS based on international experience**

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### **4.2.1 IMS performed by the less experienced companies**

Two companies have been interviewed for this part of the study, Company A and Company B. Both companies have a low international experience. Company A is mainly active in four countries with three establishments and 70 transportation units. Company B is active in nine countries, but with only one establishment and 25 transportation units. How these companies deal with the most important parts of IMS for this study will be elaborated on below.

During the interviews for both companies the decision problem became clear. This paragraph will show the decision problem that the two less experienced companies face. When it comes to the decision problem Company A is officially looking for new countries when orientating internationally, but most of the new locations that are added to the portfolio come to the company by coincidence. The customers want their goods to be transported to a specific location and therefore the new location is added. For the decision problem of Company B the more expensive service, which is caused by using only Dutch truckers, leads to the fact that Company B is actively searching for exchange partners and is not directly searching for a new country. The orders they get from these customers will direct them where to drive to.

During the interviews with the two companies they also gave insight into their way of searching for information that is needed in the IMS. The ways that both companies search for information will be described in this paragraph. The information search when going international is limited at Company A. It mostly comes from opportunities that arise and with the experience that they have within the company the decision is made whether to accept the new location or not. When it comes to an IMS for Company B all possible information is gathered, since it is a large investment to make. The wheel has already been invented and therefore it is wise to learn from the mistakes that others already made.

One part of the interview was included in order to learn more about the sources of information that the companies use. For Company A it is important that knowledge

about the country or region is in-house. The decision-making model is mainly based on personal feeling. Signals arise out of the market from customers that want quality and reliability and these are then taken in consideration by Company A. After that the calculations follow. Company B tries to find out as much as possible about the new country, since it is a large investment to make. To find this information Company B makes use of parties that are already experienced in working in that country, like other transportation companies or the interest party for logistics providers or in some cases Company B visits the market. They try to avoid the mistakes that others already made.

Finally, the interview was aimed at finding out what type of information the company prefers to use when making the IMS decision. This paragraph will explain this for both companies. Both companies had to choose five factors out of the list of 28 factors. Company A chose one calculative factor, one factors of perceived psychic distance and two factors of trusted direct experience and one factor that both represents the calculative factors and the factors of perceived psychic distance. Company B chose three calculative factors, no factors of perceived psychic distance and two factors of trusted direct experience.

These are the results of the qualitative part of this study. The information found will be concluded on in the conclusion part where both respondent groups, based on international experience, will be compared. This study will now continue with the outcomes for the other respondent group, the more internationally experienced companies.

#### **4.2.2 IMS performed by the more experienced companies**

For this part of the study again two companies have been interviewed, Company C and Company D. These two companies both have a high international experience. Company C is already approximately 45 years internationally active and currently serves in 22 countries with a fleet size of 700 fridge units and 600 trucks. Company D is already 50 years internationally active in 10 countries with a fleet size of 5.500 trucking units.

For the more experienced companies the decision problem has been described by the respondents. The results are described in this paragraph. When it comes to the decision problem for choosing a new international location, Company C is searching for a new

country instead of searching for a new exchange partner. This has to do with the fact that the customers are strongly conglomerated in a region and therefore the search is limited to a specific region. Company D has expanded internationally by expanding their network. To service their customers they make use of partners in other countries. When the trade to that region increases they start looking at whether a take-over of that partner is a suitable choice. So collaborations are not the main focus of Company D, their own safety is and therefore collaborations, when profitable, end up in take-overs.

To compare the way information is searched by less experienced and more experienced companies this matter has also been described by these respondents. The findings are found in this paragraph. Before the decision is made Company C extensively searches for information about the country. When going through the whole IMS process as much information as possible is gathered. The whole process of internationalization within Company D is based on trade and vision, of course with human sense, but on the side-line. With the inclusion of Eastern-European countries to the European Union a new market originated. Within Company D they already had all the necessary information in-house before the borders opened up.

The sources of information also indicate what type of IMS the companies prefer, therefore it has been included as well. The results are found in this paragraph. The information that Company C uses in their IMS comes from experience, exhibitions, their network and many other sources. Most information Company D uses comes from official sources, since all the information needed is taken into account. Still their own people and customers will inform them about a market, this is the human-sense that was mentioned in the information search.

What type of information the more experienced respondents prefer will be shown in this paragraph. When the decision is made by Company C for countries that are geographically close, rational information is taken into account, but there is also more personal feeling involved. Distant locations are however chosen based on rational information only. This translates into the factors that Company C has chosen. They chose one calculative factor, one factor of perceived psychic distance, two factors of trusted direct experience and one factor that covered both the calculative factors and the factors of perceived psychic distance. The information that is used by Company D for determining whether to expand is literally everything. All figures and calculations are



included when making the IMS decision. They have chosen four calculative factors and one factor that both represents the calculative factors and the factors of perceived psychic distance and no factors of trusted direct experience.

These are the results of the qualitative part of this study for the internationally more experienced companies. The information found will be concluded on in the conclusion part where both respondent groups, based on international experience, will be compared. This study will now continue with the relationship between international experience and the IMS.

#### **4.2.3 The relationship between international experience and the IMS**

In order to link the outcomes of the interview to the international experience of the respondents the international experience of the respondents has to be determined. The numbers that were given by the companies, to determine their international experience (their years since first foreign subsidiary or foreign collaboration and the number of countries they have entered), have to be multiplied by the corresponding factor loadings, which have been calculated according to a principal component analysis, in order to find the international experience in the final column of table 11. The international experience score that is found and shown in the last column is a number that is used to compare companies amongst each other and to make judgements on answers that they have given in comparison to their international experience.

The more years since first foreign subsidiary or foreign collaboration and the higher the number of countries entered, the higher the international experience eventually will be. Adding up all these multiplications of the concepts and their factor loadings results in the international experience score of the company. The higher the score for the international experience, the more international experience the company has. This international experience is, as has already been explained, used to rank companies amongst each other based on international experience.

Company	Score on "Years since first foreign subsidiary or foreign collaboration"	Factor loading	Score on "Countries entered"	Factor loading	Correction	International experience
Company A	1	0.807	3	0.807	/ 11.298	0,286
Company B	3	0.807	5	0.807	/ 11.298	0,571
Company C	4	0.807	7	0.807	/ 11.298	0,786
Company D	4	0.807	5	0.807	/ 11.298	0,643

**Table 11 Determining the international experience of the four interviewed companies (own table)**

There is a clear difference between the companies when it comes to international experience. Whether this has influence on the IMS will be looked at now.

The outcomes of the interview with Company A are linked to the three IMS approaches and their types of information. This company is when it comes to the decision problem selecting a country instead of an exchange partner. This can both be related to the systematic as the non-systematic approach. For the other important parts of the IMS, information search, sources of information and type of information, Company A uses the options that are in all cases related to the non-systematic approach and in one case also to the relationship approach.

When combining the outcomes of the interview with the three IMS approaches and their types of information the following results appear. The following paragraph will give a short summary of the answers given by Company B. The decision problem as indicated by Company B is corresponding to the relationship approach. The information search is extensive however and is therefore corresponding to the systematic approach. The type of information that this company uses in IMS is also related to the systematic approach, but combined with the option that is given for the relationship approach. The sources of information used are corresponding to both the non-systematic approach and the relationship approach.

The answers of Company C given in the interview have been linked to the three IMS approaches and their types of information. The results will be shown in this paragraph. As goes for the decision problem, Company C is selecting a country instead of an exchange partner, this both fits the systematic- and the non-systematic approach. Company C is performing an extensive information search which is fitting the systematic approach. For the type of information and the sources of their information

Company C is making use of all possible options and therefore it seems they fit every IMS approach on these aspects.

Also for Company D the answers that have been given during the interview have been linked to the three IMS approaches and their type of information, leading to the following outcomes. The decision problem of Company D is about searching an exchange partner. This is corresponding with the relationship approach. The information search, the sources of their information and the type of information they use in IMS all correspond to the systematic approach.

These are the results after four qualitative case studies. Here it can already be seen that there are differences between the companies when it comes to their preference. This study will come back to these results when discussing them in the conclusion part. For now we will leave these qualitative results and continue with the quantitative results in the next section.

### 4.3 Outcome of the conjoint analysis

A conjoint analysis has been performed in which the factors on their own were evaluated by the respondents and in which the factors have been evaluated in combination by the respondents as well. The results of the conjoint analysis will be split up by respondent group. The international experience of all the respondents has been determined and based on that a division has been made in respondent groups. This division can be seen in table 12 below.

<b>The division of respondents into two categories based on their international experience</b>		
<i>Category 1 Less experienced</i>	<i>Mean of all scores on international experience</i>	<i>Category 2 More experienced</i>
9 respondents with a score on international experience lower than 0.562	0.562	13 respondents with a score on international experience higher than 0.562

**Table 12** Two respondent groups based on their international experience scores (own figure)

This conjoint analysis and the division in respondent groups leads to outcomes for the less experienced respondent group and for the more experienced respondent group. These results can be found in table 13 on page 76. There seems to be little difference between the two respondent groups when it comes to determining whether the four

factors are important or not. The biggest difference between the two respondent groups is for the factor capability enhancement, but even this is not statistically significant.

When looking at the part of the conjoint analysis in which the factors are combined it can be seen that only one trade-off shows significant differences between the two groups. The less experienced respondent group seems to significantly prefer the factor long-term economic development over the factor process standardization in comparison to the more experienced respondent group. When looking at the other significance scores it can be seen that the difference between the two respondent groups is bigger in the trade-offs than in the first section in which one factor at a time was evaluated. This can be seen at the significance scores that are lower. At a score of .05 they would be significant at the 95% confidence interval.

The factor importance, how important a factor is for the respondent group in terms of percentage of the four factors, is calculated as well. This can be found in the tables 14 and 15 on page 77. For the less experienced respondent group the factors long-term economic development and process standardization are more important than the factors visits to markets and capability enhancement (respectively 43.75% and 31.25% against 18.75% and 6.25%). For the more experienced respondent group the factor capability enhancement is by far the most important factor (43.75%), followed by process standardization and visits to markets (25%) and leaving long-term economic development as the least important factor (6.25%). The low factor importance for the long-term economic development for the more experienced respondent group is caused by the fact that the capability enhancement is preferred strongly above the factor of long-term economic development. It scores relatively well when compared to process standardization and visits to markets.

		Capability enhancement		Long-term economic development		Process standardization		Visits to markets	
		<i>Important</i>	<i>Not important</i>	<i>Important</i>	<i>Not important</i>	<i>Important</i>	<i>Not important</i>	<i>Important</i>	<i>Not important</i>
Respondent group	<i>Less experienced</i>	7	2	6	3	4	5	6	3
		78%	22%	67%	33%	44%	56%	67%	33%
	<i>More experienced</i>	7	6	9	4	7	6	8	5
		54%	46%	69%	31%	54%	46%	62%	38%
Significant difference between groups?		NO: Sig (2-t) of .259		NO: Sig (2-t) of .906		NO: Sig (2-t) of .684		NO: Sig (2-t) of .817	
		Capability enhancement versus Long-term economic development		Capability enhancement versus Process standardization		Capability enhancement versus Visits to markets			
		<i>Capability enhancement</i>	<i>Long-term economic development</i>	<i>Capability enhancement</i>	<i>Process standardization</i>	<i>Capability enhancement</i>	<i>Visits to markets</i>		
Respondent group	<i>Less experienced</i>	4	5	5	4	4	5		
		44%	56%	56%	44%	44%	56%		
	<i>More experienced</i>	9	4	10	3	9	4		
		69%	31%	77%	23%	69%	31%		
Significant difference between groups?		NO: Sig (2-t) of .277		NO: Sig (2-t) of .333		NO: Sig (2-t) of .277			
		Long-term economic development versus Process standardization		Long-term economic development versus Visits to markets		Process standardization versus Visits to markets			
		<i>Long-term economic development</i>	<i>Process standardization</i>	<i>Long-term economic development</i>	<i>Visits to markets</i>	<i>Process standardization</i>	<i>Visits to markets</i>		
Respondent group	<i>Less experienced</i>	9	0	7	2	4	5		
		100%	0%	78%	22%	44%	56%		
	<i>More experienced</i>	8	5	8	5	7	6		
		62%	38%	62%	38%	54%	46%		
Significant difference between groups?		YES: Sig (2-t) of .018		NO: Sig (2-t) of .434		NO: Sig (2-t) of .684			

Table 13 Results of the conjoint analysis, divided by respondent groups and the significance rated at a 95% interval (own table)

Less experienced respondent group					
		Points	Rank	Difference in ranks	Factor importance
Factors	Capability enhancement				
	+	13	5	1	6.25%
	-	14	4		
	Long-term economic development				
	+	21	1	7	43.75%
	-	6	8		
	Process standardisation				
	+	8	7	5	31.25%
	-	19	2		
	Visits to markets				
	+	12	6	3	18.75%
	-	15	3		
Total				16	

Table 14 Determining the factor importance based on the ranking in the conjoint analysis for the less experienced respondent group (own table)

More experienced respondent group					
		Points	Rank	Difference in ranks	Factor importance
Factors	Capability enhancement				
	+	28	1	7	43.75%
	-	11	8		
	Long-term economic development				
	+	20	4	1	6.25%
	-	19	5		
	Process standardisation				
	+	15	6	4	25%
	-	24	2		
	Visits to markets				
	+	15	6	4	25%
	-	24	2		
Total				16	

Table 15 Determining the factor importance based on the ranking in the conjoint analysis for the more experienced respondent group (own table)

#### **4.4 The calculation of the concepts of causation and effectuation**

---

In the methodological part of this study it was mentioned that this study will divide the concept of effectuation into four different concepts, which are experimentation, affordable loss, flexibility and pre-commitment. All of these five concepts, the four that together form the effectuation concept and the concept of causation, have specific questions to them that have been founded in a study of Chandler et al. (2011). The respondents have answered these questions that were rated with a five point Likert scale and the scores will be used in a principal component analysis in order to determine the amount of factors that they support and the factor loadings that have to be added to the different questions. These questions and the concept that they belong to, can be found in appendix 11. A principal component analysis with all these questions included as variables leads to a .000 significance in the Bartlett's test of sphericity, but also to a Kaiser-Meyer-Olkin MSA of .337. This means that there is no justification to continue the principal component analysis (Hair et al., 2010). Based on the MSA scores of the individual variables in the anti-image correlation table the number of variables included in the principal component analysis has been brought down from twenty to thirteen.

With a Kaiser-Meyer-Olkin MSA score of .714 and a significance of .000 for the Bartlett's test of sphericity the principal component analysis can proceed. The results of this analysis can be found in table 16 and in figure 3.

Variable	MSA with twenty variables	MSA with twelve variables	Rotation sums of squared loadings (% of variance)	Rotated component matrix	
				<i>Component 1</i>	<i>Component 2</i>
<b>Caus1</b>	.445	-	47.584	-	-
<b>Caus2</b>	.607	.879	14.134	.502	
<b>Caus3</b>	.349	.734		.902	
<b>Caus4</b>	.375	.730		.619	
<b>Caus5</b>	.350	.730		.626	
<b>Caus6</b>	.476	.734			.655
<b>Caus7</b>	.436	.836		.839	
<b>Exp1</b>	.303	.789		.905	
<b>Exp2</b>	.397	-		-	-
<b>Exp3</b>	.311	-		-	-
<b>Exp4</b>	.339	.719		.933	
<b>AffL1</b>	.190	-		-	-
<b>AffL2</b>	.228	.633			.651
<b>AffL3</b>	.151	-		-	-
<b>Flex1</b>	.753	.609			.872
<b>Flex2</b>	.202	-		-	-
<b>Flex3</b>	.378	-		-	-
<b>Flex4</b>	.081	-		-	-
<b>Pre-c1</b>	.545	.582			.800
<b>Pre-c2</b>	.303	.521			.637

Table 16 Outcome of principal component analysis on the concepts of causation and effectuation (own table)

The principal component analysis indicated that thirteen variables have to be included in order to find the concepts causation and effectuation. This outcome of the principal component analysis is tested by calculating the Cronbach's Alpha. This measure indicates internal consistency, how closely related a set of items are as a group. In social sciences a Cronbach's Alpha of 0.70 or above is deemed consistent. The thirteen factors that are together forming concepts causation and effectuation have a Cronbach's Alpha of 0.866. Each of these concepts, causation and effectuation, apart will lead to the following Cronbach's Alpha's. For the concept causation the Cronbach's Alpha will be 0.904 and for the concept effectuation the Cronbach's Alpha will be 0.576. This Cronbach's Alpha is below the limit of 0.7 and therefore another variable is taken out, which brings the Cronbach's Alpha up to 0.784. Both of the Cronbach's Alpha's are now above the level of 0.7 so they show enough internal consistency to continue.





Figure 3 Eigenvalue scree plot on variables for causation and effectuation (own figure)

There are two components where this study works with. This number of two components is determined by the scree plot that draws a more-or-less straight line after a certain component. The first component in this straight line will be included in the principal component analysis, the rest will be left out (Cattell, 1966; Jolliffe, 2002). In the scree plot above the more-or-less straight line starts at the second component. This might not fully resemble the original idea to work with the concepts of causation and the four dimensions that define effectuation (Chandler et al., 2011; Harms & Schiele, 2012), but the two components that are selected now seem to resemble the concepts causation (represented by five out of the six causation related questions, added up with two questions representing the original concept of experimentation) and effectuation (resembled by the rest of the questions that were related to one of the dimensions of effectuation, added up with only one question relating to the concept of causation). Therefore this study will continue with the two concepts causation and effectuation after this principal component analysis.

In order to find out whether the sample size was of sufficient size this study will take a look at the level of communality and the level of overdetermination. The communality values range from .408 to .823, leaving a wide range which is not preferable. The level of overdetermination however looks more stable. There are two factors which were withdrawn from the variables. One factor was based on seven variables and one factor was based on five variables, even more than the preferred three to four variables per

factor. For this factor analysis again the sample might not have been of a sufficient size, when considering the level of communality.

Now that the calculation of these concepts of causation and effectuation has been determined the scores can be calculated. The scores that are found are going to be linked to the international experience in the next section of this study.

#### **4.5 Linking the concepts of causation and effectuation to international experience**

---

The scores for causation and effectuation are defined based on the factor loadings that are found in table 16. In appendix 14 the results of these scores in combination with the international experience can be found. The figures show the relation of international experience with the causation process and with the effectuation process.

The more experienced respondent group scores higher on causation, but their linear fit line is descending where the linear fit line of the less experienced respondent group is ascending strongly. When both groups are combined in one figure it can be seen that the linear fit line is slowly ascending however, which means that causation is slightly more important for the more experienced respondent group than for the less experienced respondent group. This can be seen in figure 8 in appendix 14.

When the effectuation scores are calculated and compared to the international experience the less experienced respondent group scores higher than the more experienced respondent group. For the less experienced respondent group the linear fit line is ascending very quickly, where it is slowly descending for the more experienced respondent group. When both respondent groups are combined in one figure it is clear that the total linear fit line is descending, which means that the less experienced respondent group is preferring the entrepreneurial process of effectuation better than the more experienced respondent group.

Now that all the results are in these will be used to draw conclusions in the next section of the study.

# 5

## **Conclusion: the influence of international experience on the IMS and on the choice of factors**

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<u>5.1</u>	<u>LESS EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION</u>	<u>82</u>
<u>5.2</u>	<u>LESS EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION FACTORS</u>	<u>83</u>
<u>5.3</u>	<u>MORE EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION</u>	<u>84</u>
<u>5.4</u>	<u>MORE EXPERIENCED FIRMS AND THE INTERNATIONAL MARKET SELECTION FACTORS</u>	<u>85</u>
<u>5.5</u>	<u>THE PREFERENCE FOR AN ENTREPRENEURIAL PROCESS BASED ON INTERNATIONAL EXPERIENCE</u>	<u>86</u>

In the introduction the purpose of this study was explained by the research question “What factors do companies take into consideration in order to select an international market?” and by its supporting hypotheses. The literature has been scanned for factors used in international market selection and for methods to determine what processes and factors really matter. This has been investigated and has been linked to international experience in order to find results that either support or oppose the hypotheses and the research question. The study will now continue with the conclusion that is found for every hypothesis and at the end the research question will be answered.

### **5.1 Less experienced firms and the international market selection**

---

In the qualitative part of this study two companies have been interviewed in order to get a better insight into the international market selection of less experienced companies. The companies that are referred to as less experienced companies in the qualitative part are Company A and Company B. Company B’s score is later on in the study a score that indicates an experienced company. This was however not clear yet at the start of the interviews, therefore it is still called a less experienced company in the light of this

study. When looking at the answers given by Company A it can be seen that there is a preference for the processes that resemble the non-systematic approach. A weak resemblance is found for systematic approach related steps and relationship approach related steps in the IMS process. Company B who has a relatively much higher score for international experience is giving different answers than Company A. They seem to have no preference for a certain process. Their answers seem to correspond to most of the processes. It could however be said that it seems that the systematic approach is gaining relevance when looking at the two international experience scores of both companies.

The hypothesis related to this part of the study was “Less experienced firms will use an IMS approach associated to the causation process when going international”. This study rejects this hypothesis. Based on the two interviews it is clear that the non-systematic based process and the relationship based process are deemed more important by less experienced companies. These two processes consist of steps or factors that are related to the effectuation process. The conclusion for this part of the study is therefore that less experienced firms will use an IMS approach that is associated to the effectuation process when going international.

## **5.2 Less experienced firms and the international market selection factors**

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Based on the interviews the quantitative part of the study continued with four factors, two calculative factors (capability enhancement and process standardization), one factor that covered both the calculative factors and the factors of perceived psychic distance (long-term economic development) and one factor of trusted direct experience (visits to markets).

When looking at the trade-off models where the factors aren't linked yet (top of table 13) it seems that three factors are important to the less experienced respondents, namely capability enhancement, long-term economic development and visits to markets. The factor process standardization has no obvious amount of respondents which deem the factor either important or not important. When looking at the trade-offs between the

factors amongst each other it can be seen that the less experienced respondents strongly prefer the factor long-term economic development, with exception to the trade-off with the factor capability enhancement. All the other trade-offs seem to show no real preferences.

The factor importance is also calculated and in those tables (table 14 and table 15) it can be seen that long-term economic development and process standardization gain the highest factor importance, respectively 43.75% and 31.25%. The factors visits to markets and capability enhancement are receiving a factor importance of respectively 18.75% and 6.25%. After finding these results it is hard to say to which type of factors the less experienced respondent group is attracted. It is however possible to say that the hypothesis that was related to this part of the study, “Less experienced firms will prefer the use of factors based on calculative factors when making the IMS decision”, can be rejected. There are no clear results to support this hypothesis. Even though the two most preferred factors are (partly) assigned to the calculative factors. The third factor that is fully related to the calculative factors is preferred least by the respondents. It will therefore be rejected and be replaced by a statement with a tendency of “Less experienced firms will not strongly prefer any type of factors when making the IMS decision”.

### **5.3 More experienced firms and the international market selection**

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Next to the interviews with two less experienced firms two interviews were held with more experienced firms. The two companies that will be referred to in this part of the study as more experienced firms are Company C and Company D. When the answers of Company C are analysed it can be seen that the approach with the most correspondence is the systematic approach. A lot of correspondence is also shown with the non-systematic approach. This might be since both approaches show some overlap in the steps. The factors that Company C has chosen as most preferred are factors from all approaches. Company D strongly prefers the systematic approach, both in the whole process as in the chosen factors.

This part of the study started with the hypothesis “More experienced firms will use an IMS approach associated to the effectuation process when going international”. This study again rejects this hypothesis. The two companies that have been interviewed show a relative (Company C) and a strong (Company D) preference for the systematic approach, which is related to the causation process. The conclusion for this part of the study is therefore that more experienced firms will use an IMS approach that is associated to the causation process when going international.

#### **5.4 More experienced firms and the international market selection factors**

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The more experienced respondent group seems to deem all the factors slightly more important than not important when they are shown in a trade-off in which only that factor is different. When the factors are shown in the trade-off model, in which two factors differ at a time, it is clear that the capability enhancement factor is best preferred, followed by the long-term economic development. The long-term economic development is deemed less important than the capability enhancement factor. Also for the more experienced respondent group the factor importance has been calculated. This shows that the capability enhancement factor is preferred relatively strong over the rest of the factors with a factor importance of 43.75%. On a shared second position are the factors process standardization and visits to markets, which both have a factor importance of 25%. At the end of the list the factor long-term economic development is found with a factor importance of only 6.25%.

The hypothesis that is set up for this study and that is related to this part of the study is “More experienced firms will prefer the use of factors based on perceived psychic distance and factors based on trusted direct experience when making the IMS decision”. This hypothesis needs to be rejected since the factors long-term economic development and visits to markets are not the most important according to the more experienced respondents. The factor capability enhancement, which is a calculative factor, is however important to this respondent group. With process standardization on a shared second place the outcome of this part of the study might be summarised by the

following statement: “More experienced firms will prefer the use of factors based on calculative factors when making the IMS decision”, albeit that the factor long-term economic development is given a low factor importance by the respondents.

Now that all four hypotheses have been analysed and all results have been analysed this study needs to conclude with an answer to the research question that was stated in the beginning of this study. This will be done in the next section.

## **5.5 The preference for an entrepreneurial process based on international experience**

---

In the questionnaire questions have been added that determine whether the respondent prefers the causation process or the effectuation process. When looking at the scores on causation for the companies, there is a slowly ascending trend line visible when the international experience rises. This means that more experienced companies prefer the causation process more than the less experienced companies. This can be seen in figure 8 in appendix 14. The scores that have been gathered on causation and effectuation have also been subtracted from each other in order to see the overall score. The score on the causation process has been subtracted with the score on the effectuation process. The less experienced companies show a lower residual score than the more experienced companies. This means that the less experienced companies have a relatively lower preference for the causation process than the more experienced companies and that these less experienced companies have a relatively higher preference for the effectuation process than the more experienced companies, as can be seen in tables 8 and 10 in appendix 14.

When looking at the scores on the effectuation process it can be seen that the trend line is slowly descending when the international experience increases. This means that the more experienced companies prefer the effectuation process less than the less experienced companies. This can be seen in figure 10 in appendix 14. As mentioned before the scores on effectuation have also been subtracted from the scores on causation and in this table it is clear that the trend line ascends. This ascending in the residual scores means that the more experienced companies deem the effectuation process

relatively less important than the less experienced companies. In addition these more experienced companies also deem the causation process relatively more important than the less experienced companies.

Four hypotheses were used in order to find an answer to the research question that guides this whole study. This research question is “What factors do companies take into consideration in order to select an international market?” It was clear that the respondent groups both chose to work according to a different process. The less experienced companies were relying on the non-systematic approach and the relationship approach, which can both be related to the factors that are part of the effectuation process. It might be said that less experienced companies therefore work less structured and hold on to the information that they can get from sources they trust. The more experienced respondent group was clearly working according to the steps of the systematic approach, which is related to the factors of the causation process. This way of working is far more structured and information is gained more from official sources in order to get the right information.

These choices in the processes the companies follow can also be found again in the type of factors they use in their IMS. There was no significant difference found between the two respondent groups, except for the trade-off between long-term economic development and process standardization. The outcomes however suggested that the less experienced companies seem to make more use of the factors based on perceived psychic distance and on trusted direct experience, albeit that they also use calculative factors next to that. This suggestive outcome might be seen as clinging on to every type of useful information they can get their hands on. When looking at the more experienced respondent group there is also no significant difference with the outcomes of the less experienced respondent group, except for the trade-off already mentioned. The outcomes again might suggest that they make use of some factors that don't belong to the calculative factors, but most of their information is gained through those calculative factors. This most likely will have to do with the fact that they are working more structured and that they prefer the right information from official sources.

When the answer to the research question, “What factors do companies use in order to select an international market?”, has to be summarized it would be that less experienced



companies rely more on their own feeling and the information that they get from sources that they trust and that more experienced companies prefer to work more structured and therefore make use of calculative factors to judge a potential market on.

# 6

## **Discussion for further research**

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Although this study has been performed with the utter most care, the author is aware that this research is not perfect.

Further research might lead to more, or even newer, factors to be used in the whole process. In order to keep the respondent's attention as much as possible, many factors have been combined to narrow the choices down. Minor differences in the factors have therefore been removed by creating one factor that tries to divine the original factors as much as possible.

As has been explained throughout the research the concept of internationalisation is termed as having locations, partners, customers or delivery points all over the world or at least in multiple countries. There is a difference in the amount of resources that are needed to find a delivery point in a foreign country and to start a location in another country. The research however terms all of the companies that apply to this condition as internationally active companies. It has been asked how many methods companies have used in order to enter a foreign market. When a company has answered that they have only used one method it might seem reasonable to assume that this first method was exporting. This is assumed since it is a cheap method that requires relatively little risk and preparation. A division could have been made between those companies that only export and those that are more actively present in foreign markets. This is not done in this study since only four respondents have indicated that they have used one method of entering a foreign market and it is not sure whether this method was indeed exporting. A new study that might resemble the set-up of this study might be taking this matter into account more carefully.

The fact that only four interviews are the basis for the quantitative part of the study, in which a division is made into two groups, is also questionable. Do these two

respondents per experience group really cover all possible options that might be given when more respondents are added? The author is thankful that these companies were willing to cooperate in this study and put relatively much time in to the study. When looking at the four interviews it has also be kept in mind that these companies all originated in the vicinity of the Dutch border. This is mainly caused by the author's home town and the possibility to visit companies. The fact that all these companies are originated near the border might influence their vision on working internationally, since the choice to go international is easier made due to geographical distances. Adding more interviews and conducting interviews in more places within the Netherlands would be a great improvement.

The four companies that have been interviewed have also answered questions in order to determine their international experience. The international experience factor loadings have however been based on the answers given in the questionnaire. These answers have been nominalised and later on used in a principal component analysis. The number of countries in which Company C is active is however exceeding the maximum level in the nominalisation. The highest number of countries entered by companies that filled in the questionnaire is fifteen, Company C exceeds this score of fifteen countries with the 22 countries it is active in. Nonetheless Company C has only been given the highest level on NC which resembles a maximum of fifteen countries. The real international experience of Company C would therefore been even higher than it is now.

The questionnaire has been send to respondents from all over the country. Due to the planning of this study, which involves the execution of the questionnaire around June to August, the respondents were approached during a very busy period. The months June to August are generally used for summer holiday, which leaves offices and companies in general understaffed. This was one of the main reasons for non-response given by the potential respondents. An execution of this type of study in another period during the year would generate more response. More response in its turn would generate more valuable results that can more easily be generalized. In this study all the statements are based on four interviews and on 22 filled in questionnaires.

The input of these 22 companies is more than appreciated by the author, but this has led to some limitations within the study. The principal component analyses on international experience and on the entrepreneurial processes of causation and effectuation seem to

have been performed with too few respondents. This lack of sufficient respondents has explicitly left a mark on many calculation and outcomes. Due to the lack of respondents some calculations don't show enough significance to either continue a calculation or to make bold statements on outcomes. More respondents would really ease the making of calculations or statements.

The setup of the study however grants potential for further research. It is possible to redo a study like this one, with the same respondents or with a new type of respondent. When working with a new type of respondent the factor capability enhancement will have to be checked for relevance in the way it is explained in this study. An article that is strongly based on the transport sector by Beuthe and Bouffioux (2008), is used to partially explain capability enhancement in this study. Apart from this one factor the factors seem to be generally applicable to other sectors.

# Appendix

<u>APPENDIX 1</u>	<u>FACTORS FOR IMS</u>	92
<u>APPENDIX 2</u>	<u>FACTORS FOR IMS: CALCULATIVE FACTORS</u>	93
<u>APPENDIX 3</u>	<u>FACTORS FOR IMS: FACTORS OF PERCEIVED PSYCHIC DISTANCE</u>	95
<u>APPENDIX 4</u>	<u>FACTORS FOR IMS: FACTORS OF TRUSTED DIRECT EXPERIENCE</u>	96
<u>APPENDIX 5</u>	<u>QUALITATIVE INTERVIEW</u>	97
<u>APPENDIX 6</u>	<u>THREE IMS APPROACHES WITH DUTCH EXPLANATIONS</u>	100
<u>APPENDIX 7</u>	<u>FACTORS WITH DUTCH EXPLANATIONS</u>	101
<u>APPENDIX 8</u>	<u>FOREIGN MARKET ENTRY MODES</u>	103
<u>APPENDIX 9</u>	<u>BASIS QUANTITATIVE METHOD</u>	104
<u>APPENDIX 10</u>	<u>BASIS CONJOINT ANALYSIS: FULL PROFILE APPROACH</u>	106
<u>APPENDIX 11</u>	<u>DETERMINING ENTREPRENEURIAL PROCESS: CAUSATION AND EFFECTUATION</u>	109
<u>APPENDIX 12</u>	<u>THE QUESTIONNAIRE</u>	111
<u>APPENDIX 13</u>	<u>DEMOGRAPHICS ON THE RESPONDENTS</u>	123
<u>APPENDIX 14</u>	<u>THE INFLUENCE OF INTERNATIONAL EXPERIENCE ON THE CAUSATION AND EFFECTUATION PROCESSES</u>	125

## Appendix 1      Factors for IMS

Type of information	Calculative factors	Factors of perceived psychic distance	Factors of trusted direct experience
<b>Factors</b>	Asset specificity	Commercial ties	Allies
	Capability enhancement	Cultural distance	Enquiries
	Customer expectations	Information ties	Exhibitions
	Customer receptiveness	Political ties	Networks
	Human capital/demographics	Social ties	Previous customers
	Infrastructure		Published reports
	International experience		Seminars
	Legal		Representatives
	Outsourcing experience		Visits to markets
	Process standardization		
	Strategic importance		
<b>Shared factors</b>	Long-term economic development		
	Geographical distance		
	Government		

Table 17 List of factors based on three types of information for IMS (own table)

## Appendix 2 Factors for IMS: calculative factors

Calculative factors		
Factors	Sub-factors	Explanation
<b>Asset specificity</b> (Hätönen, 2009)		Ease of inter-organizational transfer may influence the choice of location in that transferring more complex and uncoded tasks involving non-standardized processes requires intensive effort in terms of training the outsourcing vendor in the production process.
<b>Capability enhancement</b> (Beuthe & Bouffieux, 2008; Hätönen, 2009)	Capability enhancement	
	Cost	As out-of-pocket door-to-door transport cost, including loading and unloading
	Flexibility	As percentage of non-programmed shipments that are executed without undue delay
	Frequency	Of service per week actually supplied by the carrier or the forwarder
	Loss	As percentage of commercial value lost from damages, stealing and accidents
	Process improvement	
	Reliability	As percentage of on-time deliveries
	Time	As door-to-door transport time, including loading and unloading
<b>Customer expectations</b> (Hätönen, 2009)	Convenience	Are you visible to your customers and can you make their expectations regarding interaction and increasing convenience come true.
	Interpersonal interaction	
	Visibility to customers	
<b>Customer receptiveness</b> (Hätönen, 2009; Sakarya et al., 2007)		Are there enough customers in the target market and are these customers willing to use the product or service offered?
<b>Economic</b> (Beim & Lévesque, 2006; Håkanson & Ambos, 2010)	Access to financial capital	
	Difficulty to own and operate property	
	Ease of profit repatriation	
	Financial security	
	GDP growth rate estimate	
	Purchasing power parity	What is your own currency worth in the potential market?
<b>Geographical distance</b> (Brewer, 2007; Håkanson & Ambos, 2010; Hätönen, 2009)		Geographical distance influences transport and communication costs and has influence on personal interaction, interaction, information and international trade.
<b>Government policy</b> (Beim & Lévesque, 2006; Hätönen, 2009)	Bureaucracy	
	Lack of corruption	
	Lack of human rights and political freedom	
	Government stability	
<b>Human capital/demographics</b> (Beim & Lévesque, 2006; Hätönen, 2009)		Human capital with the right qualities and their cost. How are they educated and what does the population look like demographically?
<b>Infrastructure</b> (Hätönen, 2009)		The availability of advanced telecommunication.
<b>International experience</b> (Hätönen, 2009)		Knowledge about that specific market that is already in-house reduces the need to gain knowledge, making that specific location more appealing.

<b>Legal</b> (Beim & Lévesque, 2006; Hätönen, 2009)	Business law	
	Environmental, workplace and product safety regulations	
	Labour regulations	
	Lack of crime	
	Risks for intellectual property	
<b>Outsourcing experience</b> (Hätönen, 2009)		Due to previous experience with outsourcing other locations may be chosen as a potential location.
<b>Process standardization</b> (Hätönen, 2009)		The option to supply a (larger) area with your product or service in one and the same way.
<b>Strategic importance</b> (Hätönen, 2009)	First-mover advantage	
	Strategic importance	

Table 18 Calculative factors with their sub-factors and explanations (references included)

### Appendix 3      Factors for IMS: factors of perceived psychic distance

Factors of perceived psychic distance		
Factors	Sub-factors	Explanation
<b>Commercial ties</b> (Brewer, 2007)		Two way trade; stock of foreign investments
<b>Cultural distance</b> (Håkanson & Ambos, 2010; Sakarya et al., 2007)	Cultural distance	The need to adapt to another way of working due to cultural differences between the home country and the potential host country.
<b>Long-term economic development</b> (Brewer, 2007; Håkanson & Ambos, 2010; Sakarya et al., 2007)	Economic development	Difference in gross domestic product per capita
	Economic, political and cultural influence	The influence a country exerts on smaller countries through economy, politics and culture due to its size.
	Long-term market potential	Factor conditions (what is above average available in the region or what has this region specialized in), demand conditions, related and supporting industries, firm strategy, structure and rivalry. Development of the potential market in the future due to more inhabitants and/or more wealth.
<b>Geographic ties</b> (Brewer, 2007; Ghemawat, 2001; Håkanson & Ambos, 2010; Hätönen, 2009; Johanson & Wiedersheim-Paul, 1975)		Geographic proximity lowers transportation and communication costs and therefore facilitates personal interaction, information and international trade.
<b>Information ties</b> (Brewer, 2007)		Secondary information availability; immigration numbers
<b>Political ties</b> (Brewer, 2007; Håkanson & Ambos, 2010)	Political rivalry (current and historical)	A former ally in war or other military conflict is likely to be viewed more positively and 'closer' than a former enemy nation.
	Political ties	Trade agreements, value of aid programs trade representation offices
<b>Social ties</b> (Brewer, 2007; Håkanson & Ambos, 2010)		Cultural similarities; sport preferences; language similarities (one of the official or <i>de facto</i> official languages of a country is the same)
<b>Strength of governance system</b> (Brewer, 2007; Håkanson & Ambos, 2010)		Democracy and freedom of speech; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; control of corruption

**Table 19 Factors of perceived psychic distance with their sub-factors and explanations (references included)**



## Appendix 4      Factors for IMS: factors of trusted direct experience

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<b>Factors of trusted direct experience</b>	
<b>Factors</b>	<b>Explanation</b>
<b>Allies</b>	Firms make country choices using the knowledge and other resources of associated business units, business associations, government agencies or other entities with which they have shared interests
<b>Enquiries</b>	Unsolicited business enquiries are an important source of both country identification and evaluation information
<b>Exhibitions</b>	Exhibitions are used by firms as informants
<b>Government programs</b>	Government business support programs (both in the home country and in foreign markets) can help firms to identify markets and then to develop business there
<b>Networks</b>	Having access to knowledgeable networks provides data, intelligence and contacts that help firms' managers inform decisions
<b>Previous customers</b>	Firms sometimes follow valued previous or existing customers (both local and foreign) into new markets. It is those customers that are defining the new country markets in this situation
<b>Published reports</b>	Keeping track of market opportunities through publicly published material is important for some firms
<b>Seminars</b>	(Public) market seminars and similar presentations
<b>Representatives</b>	Representation including agency appointments can be a strong market selection informant. Informal representatives in markets might provide information on opportunities and thus help assess market potential and competitive position
<b>Visits to markets</b>	Visits to markets might be used to look around or to meet with potential clients and get the ball rolling

**Table 20 Factors of trusted direct experience with their explanations, based on Brewer (2001) and for the factor government programs also on Hätonen (2009)**

## Appendix 5      Qualitative interview

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### *The IMS*

- 1) **Keuze probleem:** Wanneer er wordt gezocht naar een nieuwe internationale locatie om het bedrijf te vertegenwoordigen wordt er dan gezocht naar een nieuw land of naar een nieuwe handelspartner?  
***Decision problem:** When a new international location is chosen to represent the company, is the search aimed at finding a new country or aimed at finding a new exchange partner?*
- 2) **Niveau van de focus:** Ligt bij de keuze voor een internationale uitbreiding de focus van de beslissing op het beter worden van het eigen bedrijf of op het creëren van een duurzame samenwerking?  
***Level of analysis:** When choosing for an international expansion, is the focus of the decision aimed at improving the own company or is the decision aimed at creating a long-term collaboration?*
- 3) **Doel/Beslissingsmodel:** Wordt er bij het maken van de uiteindelijke beslissing gebruik gemaakt van een rationele afweging die sterk afhangt van de cijfers die een bepaalde markt laat zien of is er sprake van een beperkte afweging die is gebaseerd op wat er binnen het team aan informatie kan worden verzameld en op persoonlijk gevoel bij de desbetreffende locatie?  
***Purpose/Decision-making model:** When making the final decision, is use made of a rational decision that is strongly depending on the figures a certain market shows or is a bounded decision made, based on how much information the team can collect and on personal feeling for the relative location.*
- 4) **Tijdsduur:** Wordt bij de beslissing voor een nieuwe locatie een tijdshorizon vastgesteld voor de aanwezigheid in dit nieuwe gebied?  
***Time horizon:** When making the decision for a new location, is there a time horizon set for the presence in this new area?*
- 5) **Relatie tot andere beslissingsproblemen:** Ziet u de keuze voor een nieuwe internationale markt als een op zich staande beslissing of heeft het invloed op andere beslissingen en hebben andere beslissingen invloed op de keuze voor de nieuwe internationale markt?

**Connections to other decisions problems:** *Do you see the decision for a new international market as a decision on its own or does it influence other decisions and do other decisions influence the choice for the new international market?*

- 6) **Zoeken naar informatie:** Hoeveel informatie verzameld u voordat u een beslissing maakt voor een nieuwe internationale locatie?

**Information search:** *How much information do you gather before you make the decision for a new international location?*

- 7) **Informatiebronnen:** Waar haalt u dergelijke informatie vandaan? Haalt u dit uit secundaire bronnen, uit uw eigen ervaring of zoekt u informatie over potentiële relaties?

**Sources of information:** *Where do you find such information? Do you gather this information from secondary sources, from your own experience or do you search information about potential relations?*

### ***The IMS factors***

- 8) Kies uit onderstaande tabel de vijf factoren die u het meest belangrijk vindt bij het maken van een IMS keuze. (Bijlage met toelichting bijvoegen)

*Choose out of the table below five factors that you deem the most important for making the IMS decision. (Add appendix with explanations)*

<b>Factors</b>		
Allies	Asset specificity	Capability enhancement
Commercial ties	Cultural distance	Customer expectations
Customer receptiveness	Long-term economic development	Enquiries
Exhibitions	Geographic distance	Government
Human capital/demographics	Information ties	Infrastructure
International experience	Legal	Networks
Outsourcing experience	Political ties	Previous customers
Process standardization	Published reports	Representatives
Seminars	Social ties	Strategic importance
Visits to markets		

**Table 21** The factors found in the literature in alphabetical order (own table)

<b>Chosen factors</b>		
		#####

**Table 22** Table to fill in the five most preferred factors (own table)

- 9) Deze factoren behoren tot drie stromingen volgens de literatuur. Kies nu drie factoren van elke stroming die het meest belangrijk zijn in het maken van een

beslissing voor een locatie keuze, zodat er negen meest geprefereerde factoren overblijven.

*These factors belong to three approaches according to the literature. Now pick three factors from each approach that are most important in the IMS decision making, making a total of nine preferred factors.*

Type of information	Calculative factors	Factors of perceived psychic distance	Factors of trusted direct experience
Factors	Asset specificity	Commercial ties	Allies
	Capability enhancement	Cultural distance	Enquiries
	Customer expectations	Information ties	Exhibitions
	Customer receptiveness	Political ties	Networks
	Human capital/demographics	Social ties	Previous customers
	Infrastructure	Strength of governance system	Published reports
	International experience		Seminars
	Legal		Representatives
	Outsourcing experience		Visits to markets
	Process standardization		
	Strategic importance		
	Long-term economic development		
	Geographic distance		
	Government		

**Table 23** List of factors based on three types of information for IMS (own table)

De gekozen factoren moeten een score krijgen van 9 tot 1. 9 betekent dat deze factor het meest belangrijk is bij het maken van een beslissing voor een locatiekeuze, 1 betekent dat deze factor het minst belangrijk is bij het maken van een beslissing voor een locatiekeuze.

*The chosen factors have to be scored from 9 to 1. 9 means that factor is the most important in making the IMS decision, 1 means that factor is the least important in making the IMS decision.*

Chosen factors	Score 9-1	Chosen factors	Score 9-1	Chosen factors	Score 9-1

**Table 24** Table to select nine factors and give them a score (own table)

## Appendix 6 Three IMS approaches with Dutch explanations

Approach	Systematic	Non-systematic	Relationship
Decision problem	Selection of country	Selection of country	Selection of exchange partner
Keuze probleem	Keuze van een land	Keuze van een land	Keuze van een handelspartner
Level of analysis	The selling firm	The selling firm	The dyad
Niveau van focus	Het aanbiedende bedrijf	Het aanbiedende bedrijf	De samenwerking
Purpose	Normative	Descriptive	Mainly descriptive
Doel	Hoe zouden beslissingen moeten worden gemaakt, in plaats van hoe beslissingen worden gemaakt. Sterk geleid door rationeel denken	Beschrijven hoe bedrijven zich werkelijk gedragen bij het selecteren van een buitenlandse markt	Grotendeels beschrijvend hoe bedrijven zich werkelijk gedragen bij het selecteren van een buitenlandse markt
Decision-making model	Rational	Disjointed incrementalism	Bounded rationality
Beslissingsmodel	Beslissingen worden gemaakt aan de hand van “bindende” berekeningen	Bedrijven starten hun internationalisering door zich te richten op markten die makkelijk te begrijpen zijn, markten op grotere afstand volgen later	Niet alle informatie wordt meegenomen Informatie wordt stapsgewijs verwerkt Simpele procedures voor keuze proces Mensen kunnen niet alle informatie onthouden
Marketing paradigm	Discrete transaction	Discrete transaction	Relationship marketing
Marketing proces	Keuze voor markt zonder op de specifieke klant te letten. IMS is een stap op zich	Keuze voor markt zonder op de specifieke klant te letten. IMS is een stap op zich	Alles afgestemd op de samenwerking door geven en nemen in onderhandeling
Time horizon	Not specified	Not specified	Long term
Tijdsduur	Niet vastgesteld	Niet vastgesteld	Lange termijn
Connections to other decisions problems	IMS treated as an isolated decision	IMS as a function of the firm's internationalization	Not specified
Relatie tot andere beslissingsproblemen	IMS wordt behandeld als een geïsoleerde beslissing	IMS wordt behandeld als een functie van de internationalisering van het bedrijf.	Niet vastgesteld
Information search	Extensive	Little/none	Limited
Zoeken naar informatie	Uitgebreid	Weinig tot geen	Beperkt
Type of information	Calculative factors	Factors of perceived psychic distance	Factors of trusted direct experience
Sources of information	Secondary data	Experiential knowledge	Business relationships-network
Informatiebronnen	Secundaire data	Kennis door ervaring	Informatie over de mogelijke partners

Table 25 The three IMS approaches, with Dutch translations, (Andersen & Buvik, 2002), p. 351 (modified)

## Appendix 7 Factors with Dutch explanations

#		Factors	Explanation
1	<b>A</b>	Allies	Organisaties maken hun keuze voor een land gebruik makend van de kennis en andere hulpbronnen van gerelateerde bedrijfseenheden, bedrijven waar ze mee samen werken, overheidsinstanties en andere eenheden met wie ze belangen delen.
2		Asset specificity	Gemak van verplaatsing binnen de organisatie kan de keuze van de locatie beïnvloeden, omdat het verplaatsen van meer complexe en niet standaard taken die niet standaard processen behelzen meer moeite kosten wat betreft het trainen van de nieuwe gebruiker.
3	<b>C</b>	Capability enhancement	Het verlagen van de kosten, het verlies door schade, diefstal en ongelukken en het verlagen van de transporttijd. Met daarnaast het verhogen van de flexibiliteit, de frequentie van de service en de betrouwbaarheid wat betreft leveringen binnen de tijd.
4		Commercial ties	De grootte van de handelsstromen die al bestaan tussen de twee landen en de hoeveelheid buitenlandse investeringen die beide landen in elkaar hebben gedaan.
5		Cultural distance	De noodzaak om aan te passen aan een andere manier van werken door culturele verschillen tussen het thuisland en het potentiële gastland.
6		Customer expectations	Ben je zichtbaar voor de klant en kun je hun verwachtingen met betrekking tot interactie en toenemend gemak waar maken?
7		Customer receptiveness	Zijn er genoeg klanten in de doelmarkt en zijn deze klanten bereid om gebruik te maken van jouw product of dienst?
8	<b>E</b>	Long-term economic development	Het verschil in bruto binnenlands product per hoofd van de bevolking tussen de thuismarkt en de doelmarkt en de totale bruto binnenlandse productie van het land en de invloed die het land hierdoor uitoefent op kleinere economieën. Een groter verschil leidt tot een grotere psychische afstand. Een groei van een economie kan dus in de toekomst de psychische afstand verkleinen. Toegang tot financieel kapitaal, belemmeringen voor het bezitten en opereren van eigendom, gemak van winst overboeking naar thuismarkt, financiële zekerheid, BBP groei en de waarde van de euro in de nieuwe markt.
9		Enquiries	Spontane zaken aanvragen zijn een belangrijke bron van informatie voor zowel het idee om voor een land te kiezen als om het land te evalueren.
10		Exhibitions	Informatie verkregen op beurzen kan een goed hulpmiddel zijn.
11	<b>G</b>	Geographic distance	Geografische afstand heeft invloed op de transport- en communicatiekosten en heeft ook invloed op persoonlijke interactie, informatie en internationale handel.
12		Government	Mate van bureaucratie, corruptie, mensen rechten en politiek vrijheid en de stabiliteit van de overheid in de doelmarkt. Overheidsprogramma's die bedrijven steunen (zowel in het thuisland als in de doelmarkt) kunnen bedrijven helpen markten te identificeren en hun bedrijvigheid daar uit te breiden. Democratie en vrijheid van meningsuiting, politieke stabiliteit en het uitblijven van geweld, effectiviteit van de overheid, kwaliteit van de regelgeving, de rechtstaat en controle op corruptie.
13	<b>H</b>	Human capital/demographics	Een arbeidsmarkt met juiste kwaliteiten en wat de kosten hier van zijn. Hoe zijn ze opgeleid en hoe ziet de bevolking er qua samenstelling uit.
14	<b>I</b>	Information ties	Is er veel informatie te vinden op informatiebronnen over de doelmarkt. Immigratieaantallen kunnen ook een reden zijn tot keuze voor de doelmarkt.
15		Infrastructure	De beschikbaarheid van geavanceerde telecommunicatiemiddelen.
16		International experience	Kennis over de doelmarkt die al aanwezig is binnen het bedrijf verlaagd de hoeveelheid informatie die nog gezocht moet worden, wat er toe leidt dat een dergelijk locatie interessanter wordt.
17	<b>L</b>	Legal	Wetgeving met betrekking tot bedrijfsvoering, werk verlening, milieu, ARBO en productveiligheid. De aanwezigheid van criminaliteit en het risico dat intellectuele eigendommen lopen.
18	<b>N</b>	Networks	Toegang tot een ervaren netwerk levert waardevolle informatie en contacten die de managers van het bedrijf kunnen informeren over het nemen van beslissingen.

19	<b>O</b>	Outsourcing experience	Door eerdere ervaring met het uitbesteden kan een andere locatie worden gekozen als nieuwe potentiële locatie.
20	<b>P</b>	Political ties	Een voormalige bondgenoot in tijd van oorlog kan worden gezien als meer positief dan een voormalige vijand. Daarnaast vallen handelsovereenkomsten, waarde van hulpprogramma's en handelskantoren gevestigd in de doelmarkt hieronder.
21		Previous customers	Het volgen van waardevolle voormalige of huidige klanten (lokaal en internationaal) naar het buitenland. De klant bepaald hier welk land het wordt.
22		Process standardization	De mogelijkheid om een (groter) gebied op één en dezelfde manier te voorzien van het product of de dienst.
23		Published reports	Het volgen van marktkansen met behulp van openbaar gemaakt gepubliceerd materiaal.
24	<b>R</b>	Representatives	Vertegenwoordiging door bijvoorbeeld een instantie kan een goede informant zijn bij de keuze van een locatie. Informele vertegenwoordiging in markten kan informatie verlenen over mogelijkheden en kan dus helpen bij het afwegen van het potentieel van de markt en de competitieve positie.
25	<b>S</b>	Seminars	(Openbare) conferenties en dergelijke presentaties.
26		Social ties	Culturele overeenkomsten, sportvoorkeur, het spreken van dezelfde taal (één van de (on)officiële talen van het land is hetzelfde)
27		Strategic importance	Als eerste in de markt of het strategisch belang van de locatie op een andere manier.
28	<b>V</b>	Visits to markets	Bezoeken aan de doelmarkt kunnen waardevol zijn om rond te kijken of om potentiële klanten te ontmoeten en het balletje aan het rollen te krijgen.

**Table 26 The factors with their Dutch explanations (own table, based on original references)**

## Appendix 8 Foreign market entry modes

Methode voor het betreden van buitenlandse markten / Foreign market entry modes	Betekenis/Explanation
Exporteren <i>Exporting</i>	De organisatie behoudt haar productie faciliteiten in het thuisland en exporteert haar producten naar andere landen. <i>The organization maintains its production facilities within its home country and transfers its products for sale in foreign countries.</i>
Wereldwijd uitbesteden <i>Global outsourcing</i>	Deelnemen aan het internationaal verdelen van arbeid om zo de goedkoopste bronnen van arbeid en grondstoffen te verkrijgen, ongeacht het land. <i>Engaging in the international division of labor so as to obtain the cheapest sources of labor and supplies regardless of country.</i>
Licenties <i>Licensing</i>	Een organisatie in één land maakt bepaalde hulpbronnen beschikbaar voor bedrijven in een ander land om op die manier deel te nemen in de productie en de verkoop van haar producten in het buitenland. <i>An organization in one country makes certain resources available to companies in another in order to participate in the production and sale of its products abroad.</i>
Franchising <i>Franchising</i>	Een vorm van licentieverlening waarbij een organisatie de buitenlandse franchisenemer voorziet van een complete pakket van materialen en diensten. <i>A form of licensing in which an organization provides its foreign franchisees with a complete package of materials and services.</i>
Joint venture  <i>Joint venture</i>	Een variatie van directe investering in welke een organisatie kosten en risico's deelt met een andere organisatie voor het bouwen van een productiefaciliteit, het ontwikkelen van nieuwe producten of het opzetten van een verkoop en distributie netwerk. <i>A variation of direct investment in which an organization shares costs and risks with another firm to build a manufacturing facility, develop new products, or set up a sales and distribution network.</i>
Greenfield venture <i>Greenfield venture</i>	Het meest risicovolle type van directe investering waarbij een organisatie een vestiging bouwt uit het niets in een ander land. <i>The most risky type of direct investment, whereby a company builds a subsidiary from scratch in a foreign country.</i>
Volledig eigen buitenlandse vestiging/overname <i>Wholly owned foreign affiliate/acquisition</i>	Een buitenlandse vestiging waarover een organisatie volledige controle heeft, bijvoorbeeld door overname. <i>A foreign subsidiary over which an organization has complete control, for example through acquisition.</i>

**Table 27 Foreign market entry modes derived from Daft (2008) and translated to Dutch (own table)**



## Appendix 9 Basis quantitative method

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### Derived from Company A

Chosen factors	Score 9-1	Chosen factors	Score 9-1	Chosen factors	Score 9-1
Infrastructure	4	Cultural distance	3	Enquiries	6
Process standardization	9	Long-term economic development	8	Seminars	2
Geographic distance	5	Political ties	1	Visits to markets	7

Table 28 Chosen factors with their score according to Company A (own table)

### Derived from Company B

Chosen factors	Score 9-1	Chosen factors	Score 9-1	Chosen factors	Score 9-1
Capability enhancement	5	Long-term economic development	3	Allies	8
Customer expectations	6	Strength of governance system	1	Seminars	2
International experience	7	Economy	9	Visits to markets	4

Table 29 Chosen factors with their score according to Company B (own table)

### Derived from Company C

Chosen factors	Score 9-1	Chosen factors	Score 9-1	Chosen factors	Score 9-1
Capability enhancement	5	Commercial ties	7	Exhibitions	2
International experience	6	Long-term economic development	8	Seminars	1
Geographic distance	9	Social ties	4	Visits to markets	3

Table 30 Chosen factors with their score according to Company C (own table)

### Derived from Company D

Chosen factors	Score 9-1	Chosen factors	Score 9-1	Chosen factors	Score 9-1
Capability enhancement	9	Cultural distance	4	Exhibitions	1
Customer receptiveness	6	Long-term economic development	8	Networks	5
Process standardization	7	Economy	3	Visits to markets	2

Table 31 Chosen factors with their score according to Company D (own table)

**All scores added up**

	Type of information					
	Calculative factors	Score	Perceived psychic distance factors	Score	Trusted direct experience factors	Score
<b>Factors</b>	Asset specificity	-	Commercial ties	7	Allies	8
	Capability enhancement	19	Cultural distance	7	Enquiries	6
	Customer expectations	6	Information ties	-	Exhibitions	3
	Customer receptiveness	6	Political ties	1	Networks	5
	Human capital/demographics	-	Social ties	4	Previous customers	-
	Infrastructure	4			Published reports	-
	International experience	13			Seminars	5
	Legal	-			Representatives	-
	Outsourcing experience	-			Visits to markets	16
	Process standardization	16				
	Strategic importance	-				
	Long-term economic development			27		
	Geographic distance			14		
	Government					1

**Table 32 The factors and their scores, top four marked (own table)**

## Appendix 10 Basis conjoint analysis: full profile approach

### Set-up of the conjoint analysis: full profile approach

#### Legenda

1-4 = criteria number 1 to 4

C1-4= criteria number 1 to 4

"+" = that criteria is important to the respondent

"-" = that criteria is not important to the respondent

imp = important to the respondent

nimp = not important to the respondent

Importance C1	
1 +	1 -
2 +	2 +
3 +	3 +
4 +	4 +
C1 imp	C1 nimp
How important does the respondent deem C1?	

Importance C2	
1 +	1 +
2 +	2 -
3 +	3 +
4 +	4 +
C2 imp	C2 nimp
How important does the respondent deem C2?	

Importance C3	
1 +	1 +
2 +	2 +
3 +	3 -
4 +	4 +
C3 imp	C3 nimp
How important does the respondent deem C3?	

Importance C4	
1 +	1 +
2 +	2 +
3 +	3 +
4 +	4 -
C4 imp	C4 nimp
How important does the respondent deem C4?	

Trade-off C1 - C2	
1 +	1 -
2 -	2 +
3 +	3 +
4 +	4 +
C1 imp+C2 imp_C1>C2	C1 imp+C2 imp_C1<C2
C1 imp+C2 nimp_C1=C2	C1 imp+C2 nimp_?
C1 nimp+C2 imp_?	C1 nimp+C2 imp_C1=C2
C1 nimp+C2 nimp_C1<C2	C1 nimp+C2 nimp_C1>C2
What is more important? C1 or C2?	

Trade-off C1 - C3		Trade-off C1 - C3	
1 +	1 -	1 +	1 -
2 +	2 +	2 +	2 +
3 -	3 +	3 +	3 -
4 +	4 +	4 +	4 +
C1 imp+C3 imp_C1>C3 C1 imp+C3 nimp_C1=C3 C1 nimp+C3 imp_? C1 nimp+C3 nimp_C1<C3	C1 imp+C3 imp_C1<C3 C1 imp+C3 nimp_? C1 nimp+C3 imp_C1=C3 C1 nimp+C3 nimp_C1>C3	C1 imp+C3 imp_C1=C3 C1 imp+C3 nimp_C1>C3 C1 nimp+C3 imp_C1<C3 C1 nimp+C3 nimp_?	C1 imp+C3 imp_? C1 imp+C3 nimp_C1<C3 C1 nimp+C3 imp_C1>C3 C1 nimp+C3 nimp_C1=C3
What is more important? C1 or C3?			

Trade-off C1 - C4		Trade-off C1 - C4	
1 +	1 -	1 +	1 -
2 +	2 +	2 +	2 +
3 +	3 +	3 +	3 +
4 -	4 +	4 +	4 -
C1 imp+C4 imp_C1>C4 C1 imp+C4 nimp_C1=C4 C1 nimp+C4 imp_? C1 nimp+C4 nimp_C1<C4	C1 imp+C4 imp_C1<C4 C1 imp+C4 nimp_? C1 nimp+C4 imp_C1=C4 C1 nimp+C4 nimp_C1>C4	C1 imp+C4 imp_C1=C4 C1 imp+C4 nimp_C1>C4 C1 nimp+C4 imp_C1<C4 C1 nimp+C4 nimp_?	C1 imp+C4 imp_? C1 imp+C4 nimp_C1<C4 C1 nimp+C4 imp_C1>C4 C1 nimp+C4 nimp_C1=C4
What is more important? C1 or C4?			

Trade-off C2 - C3		Trade-off C2 - C3	
1 +	1 +	1 +	1 +
2 +	2 -	2 +	2 -
3 -	3 +	3 +	3 -
4 +	4 +	4 +	4 +
C2 imp+C3 imp_C2>C3 C2 imp+C3 nimp_C2=C3 C2 nimp+C3 imp_? C2 nimp+C3 nimp_C2<C3	C2 imp+C3 imp_C2<C3 C2 imp+C3 nimp_? C2 nimp+C3 imp_C2=C3 C2 nimp+C3 nimp_C2>C3	C2 imp+C3 imp_C2=C3 C2 imp+C3 nimp_C2>C3 C2 nimp+C3 imp_C2<C3 C2 nimp+C3 nimp_?	C2 imp+C3 imp_? C2 imp+C3 nimp_C2<C3 C2 nimp+C3 imp_C2>C3 C2 nimp+C3 nimp_C2=C3
What is more important? C2 or C3?			

Trade-off C2 - C4		Trade-off C2 - C4	
1 +	1 +	1 +	1 +
2 +	2 -	2 +	2 -
3 +	3 +	3 +	3 +
4 -	4 +	4 +	4 -
C2 imp+C4 imp_C2>C4 C2 imp+C4 nimp_C2=C4 C2 nimp+C4 imp_? C2 nimp+C4 nimp_C2<C4	C2 imp+C4 imp_C2<C4 C2 imp+C4 nimp_? C2 nimp+C4 imp_C2=C4 C2 nimp+C4 nimp_C2>C4	C2 imp+C4 imp_C2=C4 C2 imp+C4 nimp_C2>C4 C2 nimp+C4 imp_C2<C4 C2 nimp+C4 nimp_?	C2 imp+C4 imp_? C2 imp+C4 nimp_C2<C4 C2 nimp+C4 imp_C2>C4 C2 nimp+C4 nimp_C2=C4
What is more important? C2 or C4?			

Trade-off C3 - C4		Trade-off C3 - C4	
1 +	1 +	1 +	1 +
2 +	2 +	2 +	2 +
3 +	3 -	3 +	3 -
4 -	4 +	4 +	4 -
C3 imp+C4 imp_C3>C4	C3 imp+C4 imp_C3<C4	C3 imp+C4 imp_C3=C4	C3 imp+C4 imp_?
C3 imp+C4 nimp_C3=C4	C3 imp+C4 nimp_?	C3 imp+C4 nimp_C3>C4	C3 imp+C4 nimp_C3<C4
C3 nimp+C4 imp_?	C3 nimp+C4 imp_C3=C4	C3 nimp+C4 imp_C3<C4	C3 nimp+C4 imp_C3>C4
C3 nimp+C4 nimp_C3<C4	C3 nimp+C4 nimp_C3>C4	C3 nimp+C4 nimp_?	C3 nimp+C4 nimp_C3=C4
What is more important? C3 or C4?			

## Appendix 11 Determining entrepreneurial process: causation and effectuation

	Items	Construct	
1	We analysed long run opportunities and selected what we thought would provide the best return <i>We hebben de lange termijn kansen geanalyseerd en die geselecteerd waarvan wij dachten dat die het meeste op zouden leveren</i>	Causation	
2	We developed a strategy to best take advantage of resources and capabilities <i>We hebben een strategie ontwikkeld om het meeste voordeel te kunnen halen uit de hulpbronnen en de capaciteiten</i>		
3	We designed and planned business strategies <i>We ontwikkelden en planden organisatiestrategieën</i>		
4	We organized and implemented control processes to make sure we met objectives <i>We organiseerden en implementeerden controle processen om er zeker van te zijn dat we doelen zouden halen</i>		
5	We researched and selected target markets and did meaningful competitive analysis <i>We onderzochten en selecteerden doelmarkten en voerden waardevolle competitieve analyses uit</i>		
6	We had a clear and consistent vision for where we wanted to end up <i>We hadden een duidelijke en eenduidige visie van waar we uit wilden komen</i>		
7	We designed and planned production and marketing efforts <i>We ontwierpen en planden productie en marketing inspanningen</i>		
1	We experimented with different products and/or business models <i>We experimenteerden met verschillende product- en/of organisatiemodellen</i>	Experimentation	
2	The product/service that we now provide is essentially the same as originally conceptualized <i>Het product/service dat we nu leveren is in essentie hetzelfde als van oorsprong beoogd</i>		a
3	The product/service that we now provide is substantially different than we first imagined <i>Het product/service dat we nu leveren is substantieel anders dan eerst beoogd</i>		
4	We tried a number of different approaches until we found a business model that worked <i>We hebben een aantal verschillende benaderingen geprobeerd voordat we een organisatiemodel vonden dat werkte</i>		
1	We were careful not to commit more resources than we could afford to lose <i>We waren voorzichtig niet meer te investeren dan we ons konden veroorloven om te verliezen</i>	Affordable loss	
2	We were careful not to risk more money than we were willing to lose with our initial idea <i>We waren voorzichtig niet meer geld te riskeren dan we bereid waren te verliezen met ons oorspronkelijke idee</i>		
3	We were careful not to risk so much money that the company would be in real trouble financially if things didn't work out <i>We waren voorzichtig niet zo veel geld te investeren dat het bedrijf in financiële problemen zou belanden wanneer dingen niet uit zouden pakken zoals gepland</i>		

1	We allowed the business to evolve as opportunities emerged <i>We stonden toe dat het bedrijf zich ontwikkelde wanneer kansen zich voordeden</i>	Flexibility	
2	We adapted what we were doing to the resources we had <i>We pasten wat we deden aan, aan de hulpbronnen die we hadden</i>		
3	We were flexible and took advantage of opportunities as they arose <i>We waren flexibel en pakten kansen wanneer deze zich voordeden</i>		
4	We avoided courses of action that restricted our flexibility and adaptability <i>We vermeden daden die onze flexibiliteit en ons aanpassingsvermogen beperkten</i>		
1	We used a substantial number of agreements with customers, suppliers and other organizations and people to reduce the amount of uncertainty <i>We maakten gebruik van een substantieel aantal overeenkomsten met klanten, leveranciers en andere organisaties en mensen om onzekerheid te verminderen</i>	Pre-commitments	
2	We used pre-commitments from customers and suppliers as often as possible <i>We maakten zo vaak als mogelijk gebruik van te voren gemaakte afspraken met klanten en leveranciers</i>		

**Table 33 Causation and effectuation items, based on Chandler et al. (2011), p. 382, with Dutch translations**

<sup>a</sup> = reverse coded

## Appendix 12 The questionnaire

#	Question (Dutch/English)	(Possible) Answer
	<p>Welkom.</p> <p>Als gerenommeerde logistiek dienstverlener doet u internationaal zaken en heeft u misschien zelfs buitenlandse vestigingen geopend. Ik ben benieuwd naar uw overwegingen bij het selecteren van de landen waarin u opereert. Uw antwoorden op deze enquête wil ik gebruiken voor mijn afstudeeronderzoek waarin ik de relatie tussen internationale ervaring en criteria voor het selecteren van landen wil onderzoeken. Dit doe ik voor mijn afstudeeronderzoek voor de opleiding Internationaal Management aan de Universiteit Twente.</p> <p>Deze enquête is tot stand gekomen op basis van uitgebreide interviews met vier collega-logistiek dienstverleners. Ik hoop dat u net zo enthousiast bent als deze concullega's en dat u deze enquête wilt invullen.</p> <p>Er zal een bescheiden prijs worden verloot aan de deelnemers van dit onderzoek, maar daarover leest u meer op de laatste pagina.</p> <p>De enquête bestaat uit 16 vergelijkingen en enkele ondersteunende vragen. We beginnen met enkele ondersteunende vragen.</p> <p>Mocht u na het invullen van de enquête geïnteresseerd zijn in het eindresultaat dan kunt u dat aangeven op de laatste pagina. U zult dan, wanneer het onderzoek is afgerond, een pdf-versie van het afstudeerverslag ontvangen. Op basis van dit verslag kunt u uw manier van werken vergelijken met de manier van werken van bedrijven met eenzelfde of juist een verschillend ervaringsniveau. Deze antwoorden worden natuurlijk anoniem verwerkt, dus er zullen geen namen gekoppeld worden aan de resultaten.</p> <p>Alvast bedankt voor uw medewerking!</p> <p>Sil Jansen</p>	
	<p>Welcome</p> <p>As an experienced logistical service provider you are internationally active and you might even have opened a foreign subsidiary. I'm curious to find out about your considerations for selecting the countries you are operating in. I want to use your answers to this questionnaire for my Master's thesis in which I want to investigate the relationship between international experience and the criteria for selecting countries. I do this for my final thesis for the Master International Management at the University of Twente.</p> <p>This questionnaire is realized on the basis of four extensive interviews with four fellow logistical service providers. I hope that you are just as enthusiastic as these colleagues and that you will fill in this questionnaire.</p> <p>A modest price will be raffled amongst the participants of this study, but you will read more about this on the final page.</p> <p>The questionnaire is based on 16 comparisons and some supporting questions. We will start with some supporting questions.</p>	



	<p>If you are interested in the final result after filling in the questionnaire you can indicate this on the final page. You will, when the study is over, receive a pdf-version of the final thesis. With this thesis you can compare your way of working with the way of working of those companies that have a shared or differing level of experience. The answers will be processed anonymously, therefore there will be no names coupled to the results.</p> <p>I want to thank you already for participating!</p> <p>Sil Jansen</p>	
1	Is uw bedrijf van Nederlandse origine, internationaal actief op het gebied van wegtransport en rijdt u met eigen auto's?	[Ja] [Nee]
	Is your company of Dutch origin, internationally actief in the field of roadtransport and do you drive with your own vehicles?	[Yes] [No]
2	Hoeveel jaar is uw bedrijf al internationaal actief? (bijvoorbeeld omdat u vanuit Nederland transporten naar het buitenland uitvoert, samenwerkt met een buitenlandse partner of zelf een eigen vestiging in het buitenland heeft geopend)	[Aantal jaren]
	How many years is your company already internationally active? (For instance because you execute transports from the Netherlands to another country, work together with a foreign partner or have started your own subsidiary abroad)	[Number of years]
3	In hoeveel land is uw bedrijf actief aanwezig? (bijvoorbeeld omdat u vanuit Nederland transporten naar het buitenland uitvoert, samenwerkt met een buitenlandse partner of zelf een eigen vestiging in het buitenland heeft geopend)	[Aantal jaren]
	In how many countries is your company actively present? (For instance because you execute transports from the Netherlands to another country, work together with a foreign partner or have started your own subsidiary abroad)	[Number of years]
4	Hoeveel medewerkers zijn er ongeveer binnen uw bedrijf actief, zowel in Nederland als in het buitenland?	[Aantal medewerkers]
	How many employees are active within your company, both in the Netherlands and abroad	[Number of employees]
5	De allereerste vestiging van uw bedrijf:	[Ligt/lag dicht bij de Nederlandse grens (op minder dan 20 km afstand)] [Ligt/lag dicht bij een Nederlandse haven (op minder dan 20 km afstand)] [Ligt/lag dicht bij een Nederlandse luchthaven (op minder dan 20 km afstand)] [Ligt/lag niet dicht bij de bovenstaande opties]
	The very first location of your company:	[Is/was close to the Dutch border (at less than 20 km distance)] [Is/was close to a Dutch harbor (at less than 20 km distance)] [Is/was close to a Dutch airport (at less than 20 km distance)] [Is/was not located near

		one of the above options]
6	In welke deelmarkt(en) is uw bedrijf actief?	[Afvalstoffentransport] [Agrarisch vervoer] [Autotransport] [Bouwmaterialenvervoer] [Distributievervoer (KDN)] [Exceptioneel transport] [Geconditioneerd vervoer] [Kiepauto bedrijven] [Koeriers en express (VKE)] [Physical distribution (PDG)] [Rijdende melkontvangst] [Sierteeltvervoer (VSV)] [Tank- en silovervoer (DTSA)] [Veevervoer (Saveetra)] [Verhuisvervoer (OEV)] [Zeecontainervervoer (AZV)]
	In which sector(s) is your company active?	[Waste material transport] [Agrarian transport] [Car transport] [Construction materials transport] [Distribution transport] [Exceptional transport] [Conditioned transport] [Tip up truck companies] [Couriers and express] [Physical distribution] [Mobile dairy collection] [Cultivation transport] [Tanker- and silo transport] [Cattle transport] [Moving companies] [Sea container transport]
7	Uw geslacht	[Vrouw] [Man]
	Your gender	[Female] [Male]
8	Uw leeftijd	[Leeftijd]
	Your age	[Age]
9	Uw functie binnen het bedrijf	[Functie]
	Your function within the company	[Function]
10	Het aantal jaren dat u al werkzaam bent bij dit bedrijf	[Aantal jaren]
	The number of years that you are working at this company	[Number of years]
11	Van hoeveel van onderstaande methodes voor het betreden van buitenlandse markten hebt u gebruik gemaakt?	[1 methode] ... [7 methodes]
	How many of the methods described below have you used for entering a foreign market?	[1 method] ... [7 methods]

	<table><tr><th colspan="2">Methode voor het betreden van buitenlandse markten</th></tr><tr><td>Exporteren</td><td>U heeft een vestiging in Nederland van waaruit u transporten naar het buitenland uitvoert.</td></tr><tr><td>Wereldwijd uitbesteden</td><td>U maakt gebruik van buitenlandse charters om op deze manier kosten te besparen of uw bezetting op peil te brengen.</td></tr><tr><td>Licenties</td><td>U stelt auto's of een locatie beschikbaar voor een partner in het buitenland zodat deze (gedeeltelijk) onder uw naam kan rijden.</td></tr><tr><td>Franchising</td><td>U stelt alles beschikbaar voor een partner in het buitenland zodat deze volledig onder uw naam kan rijden.</td></tr><tr><td>Joint venture</td><td>U heeft samen met een partner een locatie opgebouwd in het buitenland, u heeft samen geïnvesteerd in auto's en gaat samen in het land het transport verzorgen vanuit deze nieuwe locatie.</td></tr><tr><td>Greenfield venture</td><td>U heeft zelf een locatie opgebouwd in het buitenland, u heeft zelf geïnvesteerd in auto's en gaat zelf in het land het transport verzorgen vanuit deze nieuwe locatie.</td></tr><tr><td>Volledig eigen buitenlandse vestiging/overname</td><td>U heeft in het buitenland een bedrijf of vestiging (met of zonder auto's) opgekocht om vanuit deze nieuwe vestiging het transport te gaan verzorgen in het land.</td></tr></table>	Methode voor het betreden van buitenlandse markten		Exporteren	U heeft een vestiging in Nederland van waaruit u transporten naar het buitenland uitvoert.	Wereldwijd uitbesteden	U maakt gebruik van buitenlandse charters om op deze manier kosten te besparen of uw bezetting op peil te brengen.	Licenties	U stelt auto's of een locatie beschikbaar voor een partner in het buitenland zodat deze (gedeeltelijk) onder uw naam kan rijden.	Franchising	U stelt alles beschikbaar voor een partner in het buitenland zodat deze volledig onder uw naam kan rijden.	Joint venture	U heeft samen met een partner een locatie opgebouwd in het buitenland, u heeft samen geïnvesteerd in auto's en gaat samen in het land het transport verzorgen vanuit deze nieuwe locatie.	Greenfield venture	U heeft zelf een locatie opgebouwd in het buitenland, u heeft zelf geïnvesteerd in auto's en gaat zelf in het land het transport verzorgen vanuit deze nieuwe locatie.	Volledig eigen buitenlandse vestiging/overname	U heeft in het buitenland een bedrijf of vestiging (met of zonder auto's) opgekocht om vanuit deze nieuwe vestiging het transport te gaan verzorgen in het land.	
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12	<p>Wij vragen u nu om zestien verschillende afwegingen te maken. Wij leggen u telkens twee verschillende opties met betrekking tot nieuwe internationale markten voor. De vraag is eenvoudig: welke nieuwe internationale markt betreedt u het liefst?</p> <p>Om u tijd te besparen, zijn bij elke overweging de criteria groen gemarkeerd die voor beide opties verschillend zijn. U kunt uw voorkeur aangeven door onder het figuur het bolletje van uw voorkeursoptie aan te klikken</p>																	
	<p>We ask you to make sixteen different trade-offs. We display two different options at a time that are related to new international markets. The question is simple: which new international market would you prefer to enter?</p> <p>To save your time the options that differ in the trade-off are marked green. You can display your preference by clicking the dot that belongs to your option of preference below the figure.</p>																	
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	<p>Dit waren de 16 vergelijkingen.</p> <p>De laatste vragen hebben betrekking op de afwegingen die u heeft gemaakt bij het zoeken naar en het betreden van nieuwe internationale markten.</p> <p>In dit onderdeel dient u aan te geven in hoeverre u het eens bent met de 20 stellingen (door een keuze te maken voor een optie die varieert van "zeer mee oneens" tot "zeer mee eens"). Op basis van uw ervaring moet dit onderdeel wederom relatief eenvoudig in te vullen zijn.</p>											



	<p>These were the 16 comparisons.</p> <p>The last questions are related to the considerations that you have made when looking for and entering a new international market.</p> <p>In this part you have to indicate to what extend you agree with the 20 statements (by selecting an option that varies from “totally disagree” to “totally agree”). Based on your experience this part should again be relatively easy to fill in.</p>	
27	In hoeverre bent u het eens met de volgende stellingen?	
	<p>We hebben de kansen op lange termijn geanalyseerd en die kansen geselecteerd waarvan wij dachten dat die het meeste zouden opleveren.  <b>We hebben een strategie ontwikkeld om het meeste voordeel te kunnen halen uit onze mensen en middelen en onze capaciteiten.</b>  We hebben organisatiestrategieën ontwikkeld en gepland.  <b>We hebben controleprocessen opgesteld en geïmplementeerd om er zeker van te zijn dat we doelen zouden halen.</b>  We hebben doelmarkten onderzocht en geselecteerd en deze markten onderworpen aan waardevolle, competitieve analyses.  <b>We hadden een duidelijke en eenduidige visie omtrent ons uiteindelijke einddoel.</b>  We hebben operatie- en marketing inspanningen ontworpen en gepland.</p>	<p>[Zeer mee oneens]  [Mee oneens]  [Neutraal]  [Mee eens]  [Zeer mee eens]</p>
	To what extend do you agree with the following statements?	
	<p>We analysed long run opportunities and selected what we thought would provide the best return  <b>We developed a strategy to best take advantage of resources and capabilities</b>  We designed and planned business strategies  <b>We organized and implemented control processes to make sure we met objectives</b>  We researched and selected target markets and did meaningful competitive analysis  <b>We had a clear and consistent vision for where we wanted to end up</b>  We designed and planned production and marketing efforts</p>	<p>[Totally disagree]  [Disagree]  [Neutral]  [Agree]  [Totally agree]</p>
28	In hoeverre bent u het eens met de volgende stellingen?	
	<p>We hebben met verschillende operatie- en/of organisatiemodellen geëxperimenteerd.  <b>De service die we nu leveren is in essentie hetzelfde als de service die we eerst hadden beoogd.</b>  De service die we nu leveren is substantieel anders dan de service die we eerst hadden beoogd.  <b>We hebben een aantal verschillende organisatiemodellen geprobeerd voordat we een organisatie model vonden dat werkte.</b></p>	<p>[Zeer mee oneens]  [Mee oneens]  [Neutraal]  [Mee eens]  [Zeer mee eens]</p>
	To what extend do you agree with the following statements?	
	<p>We experimented with different operations and/or business models  <b>The service that we now provide is essentially the same as originally conceptualized</b>  The service that we now provide is substantially different than we first imagined  <b>We tried a number of different business models until we found a business model that worked</b></p>	<p>[Totally disagree]  [Disagree]  [Neutral]  [Agree]  [Totally agree]</p>
29	In hoeverre bent u het eens met de volgende stellingen?	
	<p>We waren voorzichtig en hebben niet meer geïnvesteerd dan we ons konden veroorloven om te verliezen  <b>We waren voorzichtig en hebben niet meer geld geriskeerd dan we bereid waren te verliezen met ons oorspronkelijke idee</b>  We waren voorzichtig en hebben niet zo veel geld geïnvesteerd dat het bedrijf in financiële problemen zou belanden wanneer dingen niet</p>	<p>[Zeer mee oneens]  [Mee oneens]  [Neutraal]  [Mee eens]  [Zeer mee eens]</p>

	zouden uitpakken zoals gepland	
	To what extent do you agree with the following statements?	
	<b>We were careful not to commit more resources than we could afford to lose</b> We were careful not to risk more money than we were willing to lose with our initial idea <b>We were careful not to risk so much money that the company would be in real trouble financially if things didn't work out</b>	[Totally disagree] [Disagree] [Neutral] [Agree] [Totally agree]
30	In hoeverre bent u het eens met de volgende stellingen?	
	We hebben toegestaan dat ons bedrijf zich ontwikkelde wanneer kansen zich voordeden <b>Onze operaties hebben we aangepast aan de mensen en middelen die we hadden</b> We zijn flexibel geweest en hebben de kansen gepakt wanneer die zich voordeden <b>We hebben daden vermeden die onze flexibiliteit en ons aanpassingsvermogen beperkten</b>	[Zeer mee oneens] [Mee oneens] [Neutraal] [Mee eens] [Zeer mee eens]
	To what extent do you agree with the following statements?	
	We allowed the business to evolve as opportunities emerged <b>We adapted what we were doing to the resources we had</b> We were flexible and took advantage of opportunities as they arose <b>We avoided courses of action that restricted our flexibility and adaptability</b>	[Totally disagree] [Disagree] [Neutral] [Agree] [Totally agree]
31	In hoeverre bent u het eens met de volgende stellingen?	
	We hebben gebruik gemaakt van een substantieel aantal overeenkomsten met klanten, leveranciers, andere organisaties en mensen om onzekerheid te verminderen <b>We hebben zo vaak als mogelijk gebruik gemaakt van te voren gemaakte afspraken met klanten en leveranciers</b>	[Zeer mee oneens] [Mee oneens] [Neutraal] [Mee eens] [Zeer mee eens]
	To what extent do you agree with the following statements?	
	We used a substantial number of agreements with customers, suppliers and other organizations and people to reduce the amount of uncertainty <b>We used pre-commitments from customers and suppliers as often as possible</b>	[Totally disagree] [Disagree] [Neutral] [Agree] [Totally agree]
	Bedankt voor het deelnemen aan deze enquête en daarmee voor uw hulp bij mijn afstudeeropdracht.  Wanneer u kans wilt maken op een taart met uw bedrijfslogo erop dient u onderstaande gegevens in te vullen. Deze informatie zal niet vermeld worden in het onderzoek, maar zal puur en alleen gebruikt worden voor het verloten van de prijs en om te voorkomen dat ik u nogmaals benader om deze enquête in te vullen	
	Thank you for cooperating in this questionnaire and therefore for your help with my final thesis.  When you want to participate in winning a pie with your company's logo on it you should fill in the data below. This information will not be mentioned in the study, but will be solely used for the raffling of the price and to prevent me contacting you again for filling in this questionnaire.	
32	Naam	[Bedrijfsnaam]
	Name	[Company name]
33	Bedrijf/afdeling	[Bedrijf/afdeling]
	Company/department	[Company/department]
34	Ter attentie van	[Contact persoon]
	Addressed to	[Contact person]
35	Straatnaam/huisnummer	[Straatnaam/huisnummer]

	Number/street	[Number/street]
36	Postcode	[Postcode]
	Postal code	[Postal code]
37	Plaats	[Plaats]
	City	[City]
	Mocht u interesse hebben in een pdf-versie van dit onderzoek, uit pure interesse of om uw manier van werken te vergelijken, dan kunt u dat ook aangeven. U dient dan wel een e-mailadres in te vullen waarnaar de pdf-versie opgestuurd kan worden.	
	When you are interested in a pdf-version of this study, just out of interest or to analyse your way of working, than you can indicate this as well. You need to fill in an e-mail address however whereto the pdf-version can be send.	
38	E-mail adres	[E-mail adres]
	E-mail address	[E-mail address]
	Bedankt voor het deelnemen aan deze enquête en daarmee voor uw hulp bij mijn afstudeeropdracht	
	Thank you for participating in this questionnaire and therefore for your help to my final thesis.	

## Appendix 13 Demographics on the respondents

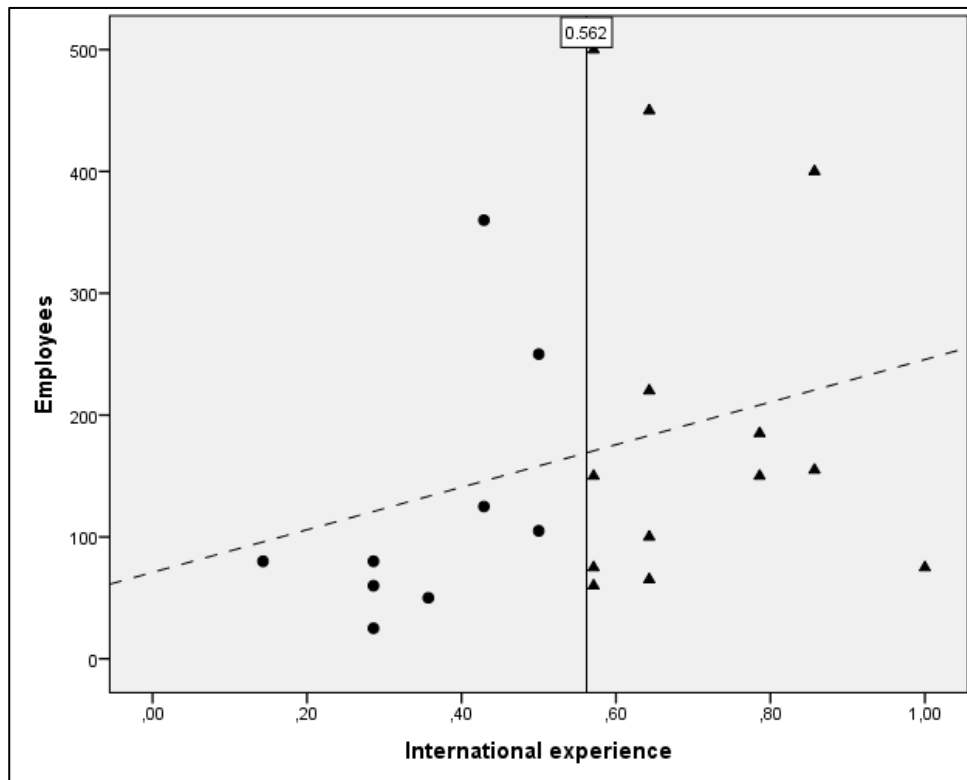


Figure 4 The relationship between international experience and number of employees (own figure)

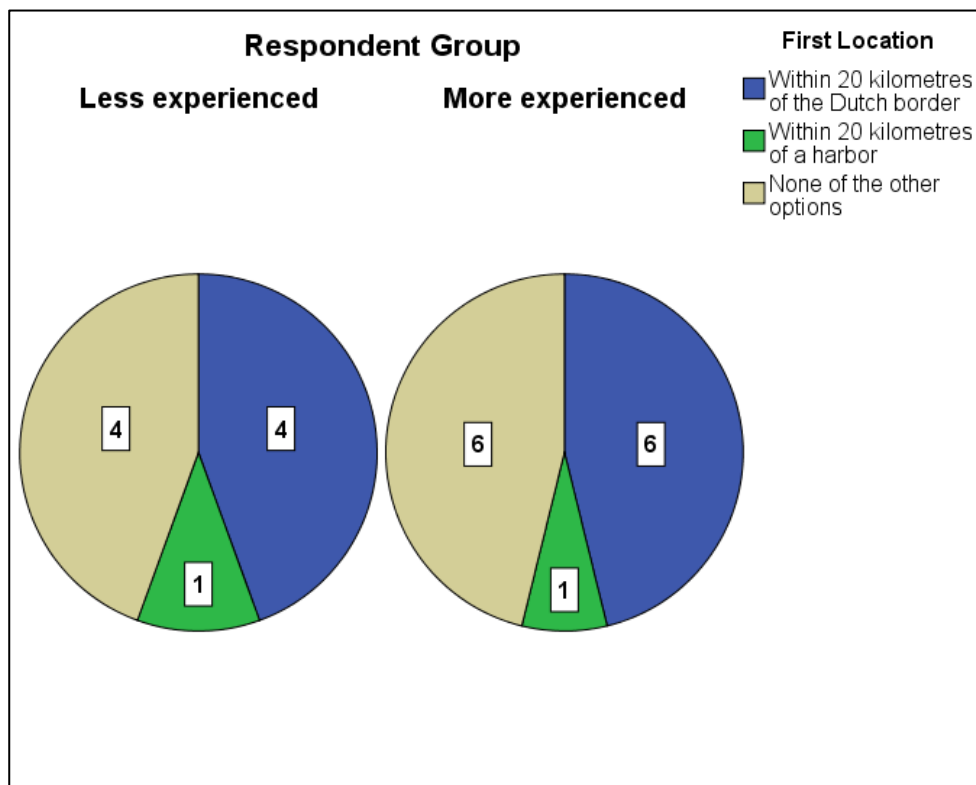
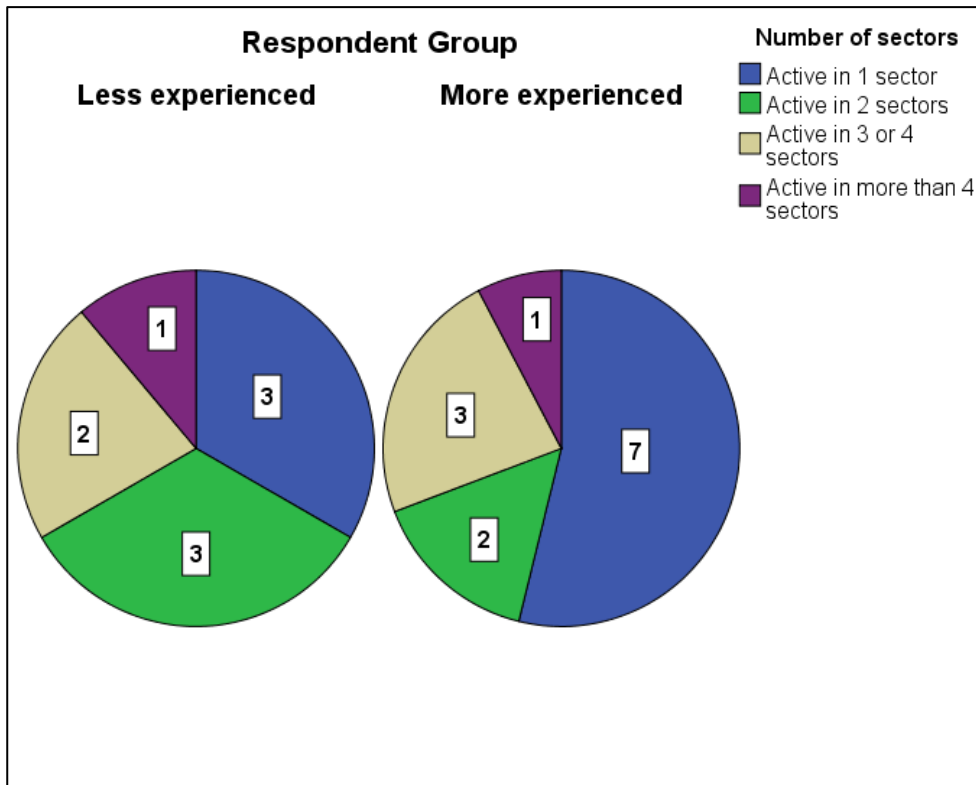


Figure 5 The relationship between the international experience and the location of the first location (own figure)



**Figure 6** The relationship between international experience and the number of sectors the respondent is active in (own figure)

## Appendix 14 The influence of international experience on the causation and effectuation processes

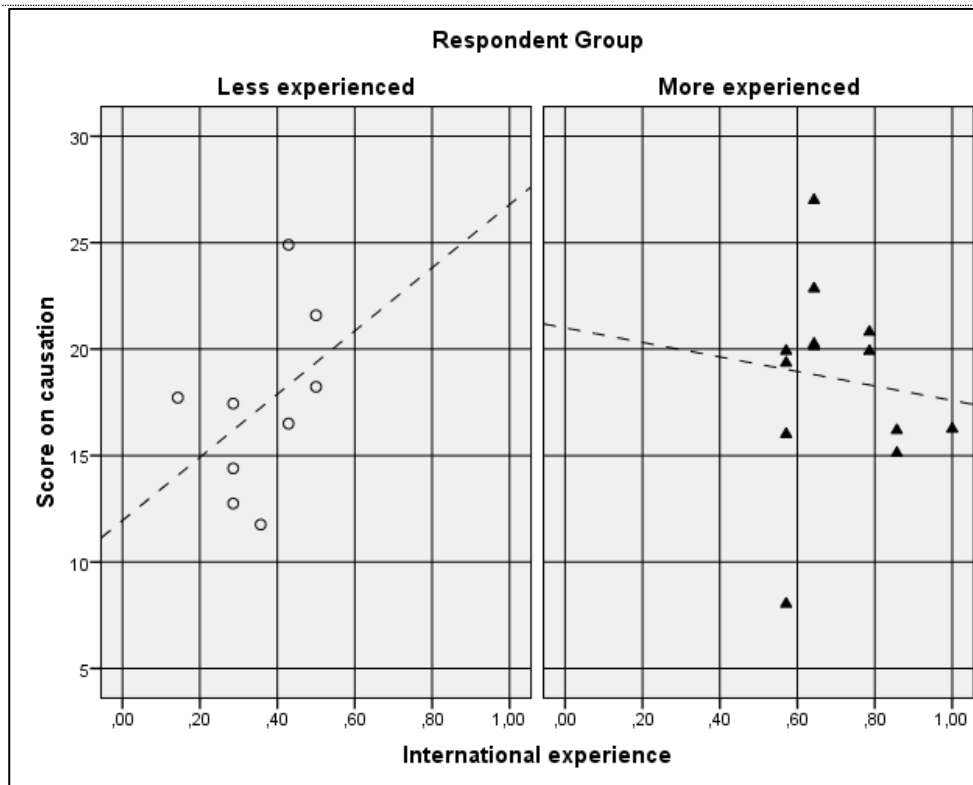


Figure 7 The influence of international experience on the scores of causation divided by respondent group (own figure)

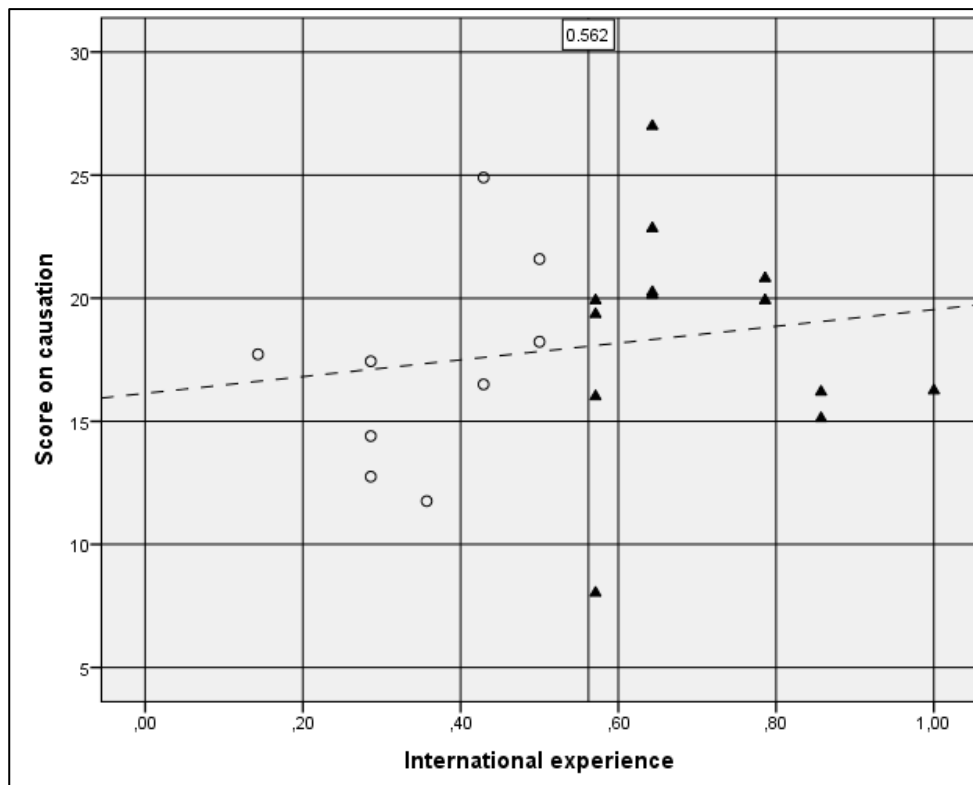


Figure 8 The influence of international experience on the scores of causation, with vertical, labelled line as division between the respondent groups (own figure)

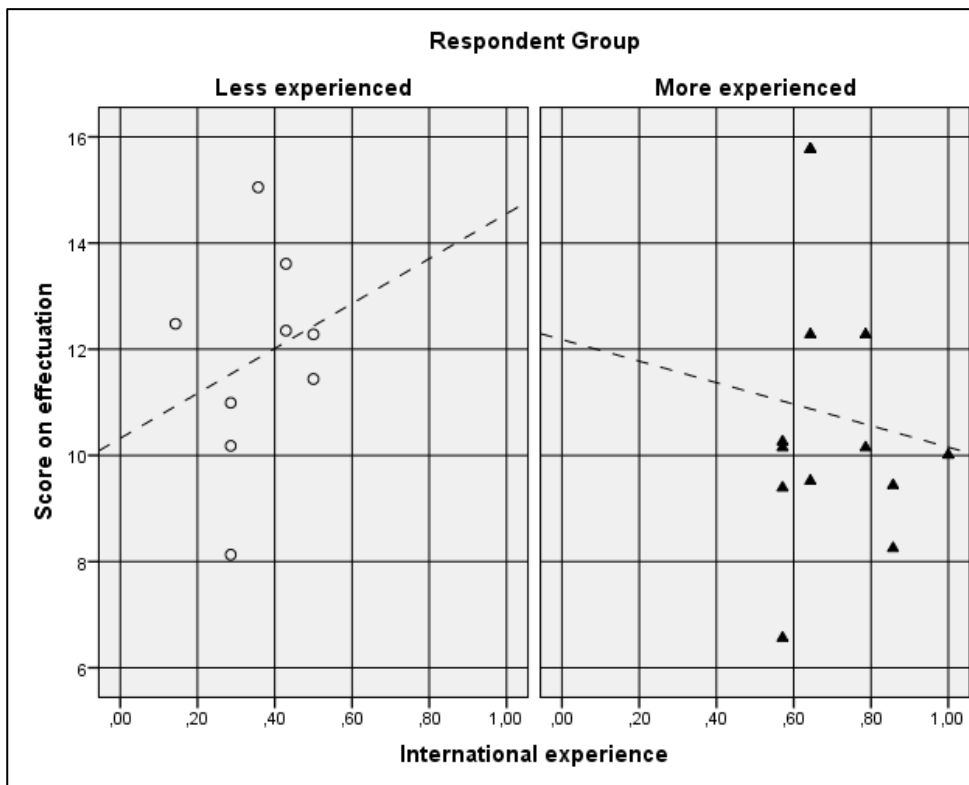


Figure 9 The influence of international experience on the scores of effectuation divided by respondent group (own figure)

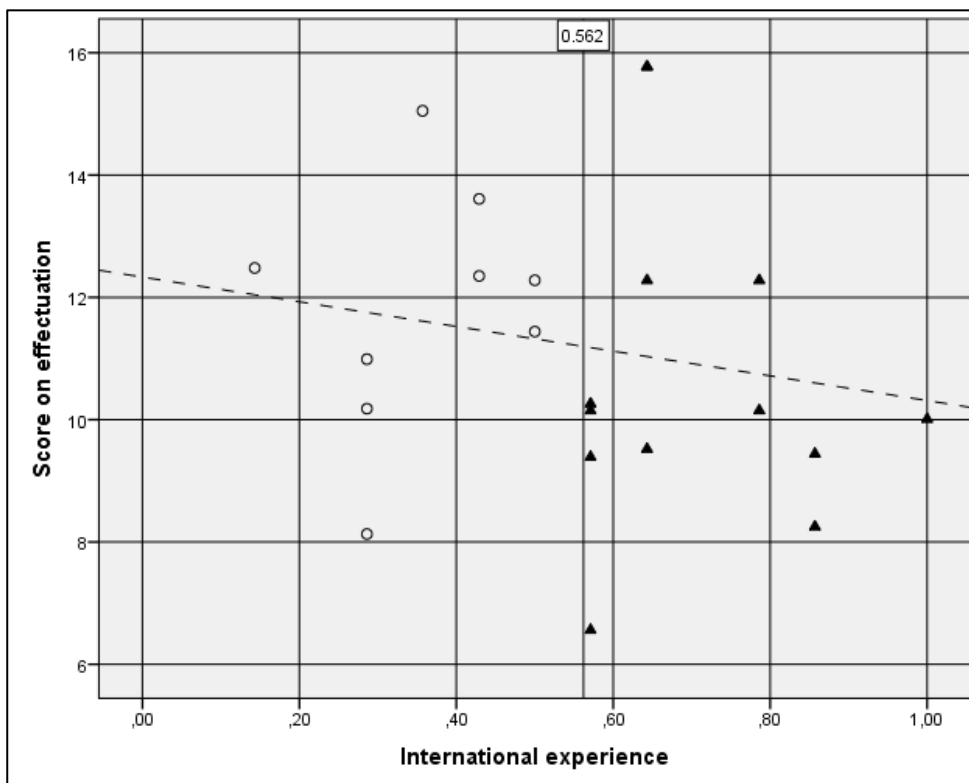


Figure 10 The influence of international experience on the scores of effectuation, with vertical, labelled line as division between the respondent groups (own figure)

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