

What about a Soft Landing?

An exploratory case study on business incubation to find improvements in response to the needs of foreign companies



Bachelor Thesis

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Industrial Engineering & Management, University of Twente

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TWENTE
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regio
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Nederlandse samenvatting

Deze bachelor opdracht is uitgevoerd bij de organisaties Kennispark Twente en Netwerkstad Twente. Beide organisaties hebben het doel om de economische omgeving en de werkgelegenheid te verbeteren in Twente. In Twente zijn diverse business incubators actief die verschillende diensten leveren aan bedrijven om groei te stimuleren. Zo wordt er ook ondersteuning geboden aan buitenlandse bedrijven die zich willen vestigen in Twente. Het proces van het ondersteunen van buitenlandse bedrijven heet 'soft landing'.

Door de diversiteit van de business incubators in Twente is het onduidelijk hoe de soft landing voorziening in Twente er uitziet en hoe deze kan worden verbeterd. Het doel van dit onderzoek is daarom om de aangeboden diensten in Twente in kaart te brengen en mogelijkheden tot verbetering te vinden, gericht op de vraag van buitenlandse bedrijven.

Ten eerste is een literatuuronderzoek uitgevoerd om te achterhalen wat er over soft landing bekend is. Vervolgens zijn vijf business incubators geïnterviewd en zijn zes internationaal georiënteerde bedrijven in Twente geïnterviewd. Tenslotte is onder de zes bedrijven een enquête over de belangrijkheid van diensten gehouden.

De conclusie van dit onderzoek is dat een business incubator drie typen diensten moet aanbieden: Toegang tot netwerken, bedrijfsbegeleiding en fysieke middelen. Binnen deze drie typen worden met name tien diensten als erg belangrijk beschouwen: toegang tot kantoorruimte, aanbieden van zakelijke dienstverlening, ondersteuning in regelgeving & belastingen, ondersteuning in HRM-activiteiten, financiële assistentie (accountants), coaching, geografische nabijheid, clustering van bedrijven, het imago en de connectie met een Universiteit. Een soft landing voorziening zal met name aan deze factoren aandacht moeten besteden.

Tevens blijkt uit het onderzoek dat het hebben van betrouwbare relaties belangrijk is voor buitenlandse bedrijven in hun keuze voor en succes in het opzetten van een buitenlandse vestiging. Het creëren van betrouwbare relaties moet daarom het centrale aandachtspunt zijn binnen een soft landing voorziening om zo bedrijven aan te trekken en optimaal te kunnen ondersteunen. Dit komt neer op het inrichten van een geschikt beheer van de soft landing voorziening.

Naar aanleiding van dit onderzoek wordt het Twente aanbevolen om een soft landing team op te starten die zich enkel richt op netwerkactiviteiten om zo betrouwbare relaties te creëren. Om dit moment is het beheer van de soft landing voorziening daar niet geschikt voor. Daarnaast dient de Universiteit Twente beter gebruikt te worden in de promotie en moet er meer aandacht komen aan de geografische nabijheid. Zo dient er meer nadruk gelegd te worden op het imago van Twente. Tenslotte dienen de relaties met accountants versterkt te worden en moet er aandacht komen voor ondersteuning in HRM-activiteiten.

Preface

This Bachelor thesis is the final report of my conducted research on soft landing and is the concluding part of my Bachelor study Industrial Engineering and Management at the University of Twente. It is great to have finished my Bachelor thesis and to finally obtain my Bachelor degree.

I would like to thank Stichting Kennispark Twente for giving me the opportunity to conduct my Bachelor assignment at Kennispark. Especially thanks to Jantsje op de Hoek for the supervision within Kennispark. Furthermore I would like to thank Nicole Verzijl of Netwerkstad Twente for the collaboration and I would like to thank all companies that participated in my research.

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List of Abbreviations

FDI	Foreign Direct Investment
HRM	Human Resource Management
JV	Joint Venture
KBV	Knowledge-based view
KvK	Kamer van Koophandel (Chamber of Commerce)
MNC	Multinational Corporation
NBIA	National Business Incubator Association
NBV	Network-based view
RBV	Resource-based view
SME	Small and Medium Enterprise
STE	Small Technology Enterprise
WTC	World Trade Center
WTCA	World Trade Center Association

Introduction

1.1 Background

Nowadays globalization and internationalization play a key role for organizations. Some reasons for the rising interest in globalization and internationalization are the use of efficient worldwide communications technology and transportation, the decrease in governments' protectionist policies and the resulting decrease in the number of geographically protected market niches (McDougall & Oviatt, 2000; Dunning, 2001). Due to this rising interest more companies start to undertake activities abroad.

Because of the interest in globalization and internationalization there are organizations active that foster the internationalization processes of companies and trade. For example, the World Trade Organization (WTO) is a global international organization that tries to improve the rules of trade between nations in order to help companies conducting their business (WTO, 2011). Another example is the European Union, which is a political partnership of 27 European countries in order to foster economic cooperation (EU, 2012). The internationalization process of companies is also of interest to countries and to specific regions of countries, because local governments strive for economic development in order to achieve long-term sustainability in the standards of living, adjusted for purchasing power parity (Porter, 2000). By being an attractive region for (foreign) companies, companies may choose to start or expand their business in that region.

As a result there are specific organizations, which are called business incubators, active in certain regions that support and attract foreign companies. The process of supporting foreign companies is called *soft landing*. Soft landing is a brand name, introduced by The National Business Incubator Association (NBIA), for having specialized programs and/or facilities for helping foreign companies break into new markets. The NBIA gives specific organizations the soft landing designations to identify the organizations as incubators who have these specialized programs and/or facilities. Hereby, an incubator is defined as "an organization who exploits a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services" (NBIA, 2010). A soft landing designation can be obtained if the incubator has developed resources and programs that are specifically designed to meet the needs of foreign companies.

1.2 Context

Twente, a region located in the east part of Netherlands, wants to attract more foreign companies to strengthen the economic environment in Twente. Therefore Twente offers services for foreign companies to establish their businesses in Twente. The services of soft landing are offered by a couple of business incubators located in Twente. Two key players in the economic developments of Twente are “Stichting Kennispark Twente” and “Netwerkstad Twente”. These two organizations both have the mission of enforcing the economic environment in Twente.

Stichting Kennispark Twente is a partner of the University of Twente and is located on the innovation campus Kennispark Twente. Its goal is to create an optimal climate for innovation and entrepreneurship, resulting in the realisation of 10.000 extra high-quality jobs in the period of 2005-2025 (KennisparkTwente, 2010).

Netwerkstad Twente is a partnership of the municipalities of Enschede, Hengelo, Almelo, Oldenzaal and Borne. The goal of Netwerkstad Twente is to offer a range of facilities and a labour supply that fits with an urban network of 360.000 residents, and to be the economic engine of Twente (RegioTwente, 2012).

1.3 Problem definition

Stichting Kennispark Twente and Netwerkstad Twente both face the challenge of improving the economic developments in Twente. Due to the diverse amount of business incubators in Twente that offer services to companies, it is a challenge to get the concerns of all organizations together. With the partnership of Netwerkstad Twente, the partnering municipalities have made a first step. Now the partnering must be translated to specific actions. Therefore Netwerkstad Twente is developing an action plan (Acquisition & Account management Twente) to improve the cooperation, acquisition and positioning of Twente. The ambition is to have a joint acquisition and account management for businesses in Twente to keep the current businesses and enforce the business cluster by specific acquisition and account management in the sectors High Tech, Logistics and ICT/IT. One part of this plan is the acquisition and support of foreign companies. However, Stichting Kennispark Twente and Netwerkstad Twente do not have a complete overview of the kind of services that are actually provided to foreign companies in Twente as well as how these services can be improved in order to attract and support better more foreign companies.

1.4 Research question and objectives

The research question is stated as:

How should a soft landing provision be arranged to meet the needs of foreign companies?

To answer this research question three sub questions are identified.

1. What challenges do companies encounter in their internationalization process?
2. How should a business incubator support companies in these challenges?
3. What lessons can be learned in Twente: How is the soft landing provision in Twente arranged and what are the experiences of international companies in Twente?

1.5 Method

The research is divided into two stages in order to answer the identified sub questions. The first and second sub question is answered by a literature study. The third question is answered by an exploratory research on the business incubators in Twente who provide services for foreign companies. On the basis of secondary literature and interviews the soft landing provision in Twente is mapped. Consequently an exploratory research is conducted on the experience of companies who successfully started their business in a foreign country. International oriented companies in Twente are interviewed about their experience in business incubation.

1.6 Structure of the report

The thesis is divided into eight chapters. In chapter two the literature study is presented. An introduction to internationalization theories and types is given and the business incubation process is discussed, based on the conducted literature study. In Chapter 3 I discuss the methodology, where I describe the research approach and how the exploratory research is conducted. The findings of the conducted research are presented in chapter 4 and chapter 5. Chapter 4 discusses the current soft landing provision in Twente. In chapter 5 the findings of the experience of companies in the internationalization process is discussed. In chapter 6 the main research question is answered. Recommendations to the soft landing in Twente are presented in chapter 7 and finally, the thesis ends with a discussion in chapter 8.

2 Literature study

2.1 Introduction

Literature about soft landing and business incubation within the internationalization process of companies is scarce. Therefore literature about the internationalization process is compared with the concept of business incubation. This chapter is divided into three sections. First an introduction to the concept of internationalization is presented to understand why and how companies may go abroad and what challenges they face. Then the concept of business incubation is discussed. The chapter ends with a conclusion of the literature study, which contains the theoretical framework.

2.2 Internationalization

2.2.1 Motives for going abroad

Companies go abroad for many different reasons. However, typical reasons are company growth or expansion. Furthermore a distinction can be made between companies who want to exploit their existing capabilities, or companies who want to source new capabilities abroad (Chung, 2001). This is closely related to the distinction between access to markets or access to science (von Zedtwitz & Gassmann, 2002). The goal for exploiting or sourcing capabilities may be financial profit or nonfinancial profits (non-profit). The continuity of a company is an example of a nonfinancial profit. But actually financial or nonfinancial profits are intently related. Furthermore a company may go abroad to enter a new market or to serve an existing market. The reason may be to increase profits and sales or to protect their markets, profits and/or sales (Ball, et al., 2008).

Therefore, the motives of a company for going abroad will be strongly determined by the characteristics of the market the company is entering (Chung, 2001). For example, it is more likely that a company goes abroad to a highly technical developed market to source new capabilities, instead of exploiting her capabilities. Hence, the motives of a company are partially dependent upon how developed the target market is (Chung, 2001).

The level of competition in the targeted market is an important market condition for a company as well, because foreign entry heightens competition (Chung, 2001). When there is a high level of competition a company may enter that market to protect her current (domestic or foreign) market or to attack the competitor (Ball, et al., 2008). The level of competition influences the mission and strategy a company is following. For example, the strategy of a company may be cost leadership, differentiation or segmentation (Porter, 1998).

2.2.2 Entry strategies

A company can enter a foreign country or a foreign market in different ways. Well-known strategies are exporting, foreign direct investments (FDI), licensing, joint venturing and subcontracting (Buckley & Casson, 1998; Ball, et al., 2008; UNCTAD, 2011). Exporting means that a company distributes his product to a certain market in a foreign country. The main motive is to increase profits and sales by selling the product to a larger market. FDI is the concept of investing in a certain foreign country, with the aim to maintain or obtain management control in that foreign country (Moosa, 2002; UNCTAD, 2011). The strategy of licensing means that the foreign company (licensor) receives a certain amount of money of a company (licensee), so that the licensee, who pays the licensor in this case, receives the rights to use or sell something that is owned by the licensor (UNCTAD, 2011). This is often intellectual property. Joint venturing is the partnership between two or more companies to execute a particular business together. In this case a company enrolls in a joint venture with a foreign company (UNCTAD, 2011). Subcontracting is a contractual relationship wherein obligations and tasks are assigned from one party to the other. Here a company closes a subcontract with a foreign company.

The main difference between these five strategies is the mode of control of the company in the foreign country. Therefore the entry to a foreign country is based on two interdependent decisions: on location and on mode of control (Buckley & Casson, 1998). Location refers to the place where the company conducts her business activities. A difference in the mode of control can be made between equity-based modes of entry and nonequity modes of entry (Ball, et al., 2008; UNCTAD, 2011). The difference between these two is that equity-based modes of entry require a direct investment and nonequity modes of entry not. Nonequity modes of entry are therefore relatively free of risk (Ball, et al., 2008). Equity-based modes of entry are: wholly owned subsidiary, joint venture and some strategic alliances. Nonequity-based modes of entry are: exporting, subcontracting, licensing, franchising and some strategic alliances (Ball, et al., 2008; UNCTAD, 2011). Since all equity-based modes require a direct investment these modes of entry are all considered as a form of FDI in this research.

2.2.3 Foreign Direct Investment

Especially FDI distinguishes itself due to the element of control over management policy and decisions compared to other entry strategies (Moosa, 2002; Ball, et al., 2008). Here, the ownership of assets is the important factor and therefore FDI is stated as a long-term participation of a company in a foreign country (Moosa, 2002; Ball, et al., 2008). FDI should be especially of interest for local governments, because the long-term participation brings investments and also technologies and

managerial know-how. These are important factors for promoting economic growth (Urata & Kawai, 2000).

A definition of FDI is constructed by using different definitions found in literature (Buckley & Casson, 1998; Moosa, 2002; Ruiz-Moreno, et al., 2007; UNCTAD, 2011). In this research FDI is defined as the process whereby residents of one country (the source country) acquire ownership of assets for the purpose of controlling the production, distribution or other company related activities (like R&D and marketing) in another country (the host country).

In FDI two key factors are stated as important for the strategy of the company. The first factor is the ownership of resources, the 'host country' versus the 'source country' (Buckley & Casson, 1998). For example, who owns the R&D, production, distribution or marketing facilities? The second factor is the diversification. Hereby, the company can decide to build an entirely new organization in a foreign country from scratch (called Greenfield investments), or the company can acquire an existing local firm (called acquisition) (Buckley & Casson, 1998; Ruiz-Moreno, et al., 2007). That the market structure is a crucial factor in the choice between Greenfield investments and acquisition (Chung, 2001) is confirmed by Buckley and Casson (1998). Especially Greenfield investments are of interests for governments, because Greenfield investments increase local capacity and intensify competition, whereas acquisitions do not (Buckley & Casson, 1998).

2.2.4 Challenges of companies in FDI

The challenge of a company that plans for FDI is to choose an environment where the company can conduct its intended activities in the best way. A company that participates in FDI must have both ownership and locational advantages, which correspond to the entry based decisions location and mode of control. A company will invest where it is most profitable to internalize these advantages. This is known as Dunning's Eclectic Theory or OLI model (Dunning, 2001) and is currently the most widely cited and accepted theory of FDI (Dunning, 2000; Hollenstein, 2005; Ball, et al., 2008). Dunning (2000) defines the ownership advantage (O) as the competitive advantage of the company, which are specific to the ownership of the investing company, relative to those of other companies. The locational advantage (L) is the locational attraction of alternative countries or regions to conduct the value added activities of the company. Finally, the internalization (I) evaluates alternative ways in which companies may organize their creation and exploitation, given the locational attractions of different countries or regions. The greater the benefits of internalization the more likely a company will prefer to engage in FDI (Dunning, 2000). The incorporated challenges in the OLI model are how to value your competitive advantage and how to value the attractiveness of regions. These are closely related to internal and external forces in the theory of international business. Internal forces

are controllable forces of a company. These are production, marketing, finance and personnel (Ball, et al., 2008). The external forces are certain environment forces that can influence the company. Ball, et al. (2008) identified eleven external forces in the environments, which are presented in Table 1. These forces influence the attractiveness of regions. Besides a company can face problems with these forces, because the company is not aware or not familiar with the characteristics of a certain force and therefore does not know how to deal with it.

Table 1 - Forces in the foreign environment (Ball, et al., 2008)

Force	Description
Competitive	Kinds/number/characteristics of competitors
Distributive	National and international agencies available for distributing goods and services
Economic	Countries economic variables
Socioeconomic	Characteristics and distribution of the human population
Financial	Financial variables, such as: interest rates, inflation rates and taxation
Legal	Foreign and domestic laws
Physical	Elements of nature such as topography, climate, and natural resources
Political	Elements and state of the political climate
Sociocultural	Elements of the culture, like attitudes, beliefs, and opinions
Labour	Composition, skills, and attitudes of labour
Technological	Technical skills and equipment that affect how resources are converted to products

Key factors that play a role in determining the companies' foreign market entry decisions are: Location costs, internalization factors, financial variables, cultural factors, such as trust and psychic distance, market structure and competitive strategy, adaptation costs (to the local environment), and the cost for doing business abroad (Buckley & Casson, 1998). In these factors costs and locational attractions can be identified as major factors.

The level of problems that a company may encounter depends on five factors. These factors are institutional distance, historical legacy and organizational legitimacy, market orientation, industry orientation and the level of technology (Vachani, 2005).

The smaller the home-host economic and institutional distance the smaller is the foreign knowledge gap of the foreign company, which affect the 'liability of outsidership' (Lee & Beamish, 1995; Kostova, 1999; Vachani, 2005). Distance refers to the 'psychic distance', which is a measure of the economic or cultural difference between two countries. Small and medium sized enterprises (SMEs) are more likely to face problems than large companies, because they have less experience in dealing with diverse international environments and have fewer resources to tackle the encountering challenges (Vachani, 2005; Wright, et al., 2007).

Furthermore, companies have a need for social acceptability and credibility. Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995). The social acceptability and credibility may be affected by the historical legacy between countries (Vachani, 2005).

Host governments affect the strategic orientation of a foreign company in FDI. The market orientation is therefore important for the level of problems the company encounters. The strategy may be to exploit for export markets or local markets (Vachani, 2005).

Industry concentration reflects market power. The power of suppliers, power of customers, threats of new entrants, and threats of substitute problems affect the competitive rivalry and therefore affects the market power within an industry (Porter, 1998). When the company is in a concentrated industry niche the problem level will be lower than when it is in a fragmented industry niche (Vachani, 2005).

Transfer of tacit knowledge is more difficult than knowledge that is easily codified. A company will face a higher level of problems when their products require a high level of manufacturing technology (Vachani, 2005).

2.2.5 Success factors in FDI

The OLI model suggests that a company will invest where it is most profitable to internalize its advantages. The OLI model theory focuses mainly on multinational enterprises (MNEs) and is linked to the resource-based view (RBV). The RBV is a view where companies choose the optimal strategy for entering a foreign market by analysing the costs and risks based on market characteristics and taking into consideration their own resources (Johanson & Vahlne, 2009).

Findings show that network relationships have an impact on the foreign market selection as well as on the mode of entry in the context of on-going network processes. This is known as the network based view (NBV) or network perspective (Turnbull & Valla, 1986; N. Coviello & Munro, 1997; N. E.

Coviello & Martin, 1999; Saarenketo, et al., 2004; Johanson & Vahlne, 2009). Insidership in networks is identified as an important factor, because especially SMEs have a high risk and a lack of resources in the internationalization processes (Hollenstein, 2005; Vachani, 2005; Wright, et al., 2007). In the NBV a reciprocal commitment between the firm and its counterparts is stated as a requirement of successful internationalization (Johanson & Vahlne, 2009). Here, intentions, expectations, and interpretations of all concerned parties are stated as important for a successful internationalization. Therefore companies need to be an insider in the network. The business network process can be seen as a cyclic model (Johanson & Vahlne, 2009). You have a position in a network (state), you get an opportunity (state), you make a new connection by commitment decisions (change), you learn and create trust building (change), and then you have a new network position (state).

However, due to the diverse nature of industries and fast changing developments researchers seem to agree more and more that none of the theories can solely explain the dynamics of the internationalization of companies. (N. E. Coviello & Martin, 1999; Dunning, 2001; Saarenketo, et al., 2004). Success factors in FDI will be company specific and therefore success factors are in general difficult to identify.

2.3 Business Incubation

2.3.1 Definition

Business incubation is “a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts” (NBIA, 2010).

A business incubator must provide the services that a specific company needs. The challenges a company faces depend on many factors. The size of the company, the age, the industry, motives, strategies and the phase of development may all affect the challenges in the FDI process (Hallam & DeVora, 2009), but there may exist many and many more. Due to these dynamics every company needs different support (Nocke & Yeaple, 2007) and so every business incubation process is unique. For that reason an incubator must segment companies accurately to provide the right service to the right company (Hallam & DeVora, 2009).

2.3.2 Services

Because a business incubator must provide the right service to the right company, it must have access to an adequate palette of services. Main types of services that a business incubator must

provide are access to physical resources, business assistance and networks (Mian, 1996; Bollingtoft & Ulhoi, 2005; Hallam & DeVora, 2009).

Networks are a key factor for the success of companies. Therefore an incubator must provide access to networks the foreign company needs. A distinction can be made between internal and external networks (Hallam & DeVora, 2009). The internal network is defined as the direct environment in which the company lands. The external network is defined as the network of the incubator itself. Examples of types of networks are relations with customers, suppliers, producers, joint-venture partners, distributors, researchers, regulators and institutions.

Business assistance is a key factor to SMEs, because SMEs may lack certain activities and skills that are needed or critical for the success of the company (Urata & Kawai, 2000; Bollingtoft & Ulhoi, 2005; Salvador, 2011). Companies or entrepreneurs with a high level of technology often lack management, business and/or financial skills. Typical needed services are consulting services, financial and legal services and training and educational workshops (Hallam & DeVora, 2009). A business incubator should provide the right assistance to the company to support the development of the company. This may be, for example, in the form of a learning centre where the entrepreneurs are trained in the lacking skills, or by connecting people with the right skills to the company in the form of collaboration.

At last, physical resources is an important factor to companies, because companies often do not have the capacity or capability to arrange or afford the resources themselves. Physical resources can be any tangible object that a company may need in conducting her activities. Typical resources are (shared) office, production, storage and R&D facilities, meeting rooms, restaurants/lunchrooms, and building security (Hallam & DeVora, 2009). Access to (venture) capital is also identified as a physical resource.

2.3.3 Types

Business incubators can be categorized by many different factors, like for-profit or non-profit, the sponsoring entity, industry sector, their objectives, geography, development stage and type of counselling (Mian, 1996; Rice, 2002; Aernoudt, 2004; Carayannis & von Zedtwitz, 2005; Bergek & Norrman, 2008; Hallam & DeVora, 2009; Al-Mubarak & Busler, 2010). However, common types of business incubators are University, government or private incubators (Carayannis & von Zedtwitz, 2005; Zedtwitz & Grimaldi, 2006; Hallam & DeVora, 2009). The main difference between these common types is their objectives. Based on the objectives, five types of business incubators are identified. These types are: mixed incubators, economic development incubators, technology incubators, social incubators and basic research incubators (Aernoudt, 2004). These types of business

incubators are presented in Table 2. A University business incubator often has the objective of creating entrepreneurship and stimulating innovation and technology. The objectives of government business incubators are often regional development and the creation of employment. Furthermore, University and government business incubators typically have no profit purposes. On the other hand, private incubators often do have profit purposes. The creation and development of companies is therefore an important objective for private incubators.

Table 2 – Incubator types by different objectives

Incubator type	Main philosophy: Dealing with:	Main Objective	Secondary Objective	Sectors Involved
Mixed incubators	Business gap	Create start-ups	Employment creation	All sectors
Economic development incubators	Regional or local disparity gap	Regional development	Business creation	All sectors
Technology incubators	Entrepreneurial gap	Create entrepreneurship	Stimulate innovation, technology Start-ups and graduates	Focus on technology,
Social incubators	Social gap	Integration of social categories	Employment creation	Non profit sectors
Basic research incubators	Discovery gap	Blue-Sky research	Spin-Offs	High tech

Another distinction between business incubators is based on three components of the incubator model. These components are selection, business support and mediation (Bergek & Norrman, 2008). Bergek and Norrman suggest that a business incubator consists of the following model components: selection, infrastructure, business support, mediation and graduation. Selection refers to the criteria business incubators use to select companies for their incubation process. Infrastructure is defined as the access to physical research. Business support is associated with coaching/training activities and therefore refers to business assistance. Mediation is defined as how an incubator connects participating companies with each other and with the outside world. Mediation therefore contains

networking activities. At last graduation denotes the exit policies for a participating company in the incubation process (Bergek & Norrman, 2008). This incubator model of Bergek and Norrman corresponds with the identified types of services (physical resources, business assistance and networks) that an incubator should provide (Mian, 1996; Bollingtoft & Ulhoi, 2005; Hallam & DeVora, 2009). The addition of Bergek and Norrman to create the incubator model are thus the selection and graduation criteria in the business incubation process. Because the physical resources and used graduate criteria are more or less the same at every incubator, an incubator can be categorized by the selection criteria, business support and networking activities (Bergek & Norrman, 2008).

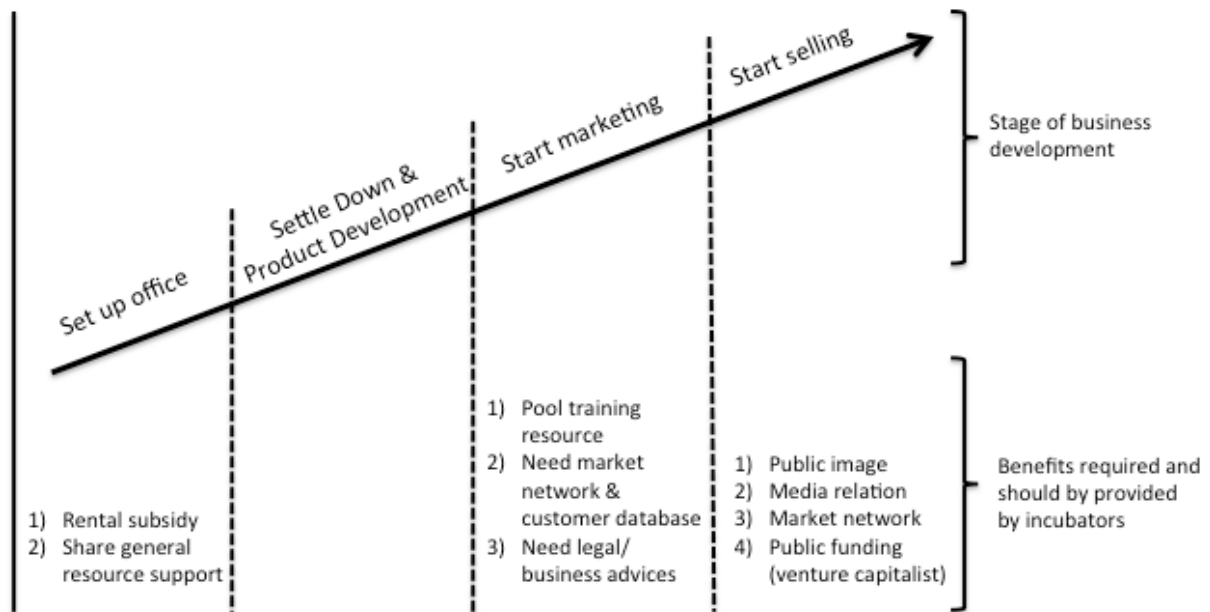
2.3.4 Best practices

Many studies about business incubation research the added value and functioning of business incubators, because researchers and economics link their output to economic growth, job and wealth creation. These studies provide insight into the success factors of business incubators. The most important characteristics for the success of business incubators are University links and suitability of management (Mian, 1996; Aernoudt, 2004; Grimaldi & Grandi, 2005; Ratinho & Henriques, 2010; Salvador, 2011). Ratinho & Henriques (2010) found that the proximity and formal links of Universities have less impact on the success of business incubators than the scope and intensity of those linkages. Second, they confirmed that the typical kind of infrastructure of business incubators is a mix of organizations that provides services to companies, each with different objectives. Therefore Ratinho & Henriques (2010) proposed a management profile to reconcile these interests, in order to improve the success in terms of economic growth.

2.3.5 Needs of SMEs

Few researches have tried to identify the needs of SMEs in the incubation process. Chan and Lau (2005) developed a timeline of the possible needs of technology start-ups in a certain stage of their business development. They concluded that evidence on the effectiveness of their model is not conclusive. Nevertheless, it does provide interesting insights. The used stages (in order of time) are set up office, settle down and product development, start marketing and start selling. Chan and Lau (2005) suggested that companies in the set-up-office-stage need rental subsidy and pooled resources like office services, training and events. In the settle down & product development stage, Chan and Lau (2005) identified no specific benefits of an incubator. In the start marketing stage they identified three possible needs: pooled training resources, market network & customer database, and legal/business advices. And at last, Chan and Lau (2005) identified four possible needs in the start selling stage: public image, media relation, market network, and public funding (venture capitalist). Figure 1 presents the overview of the model.

Figure 1 - Benefits of the incubation process per stage (Chan & Lau, 2005)



As can be concluded from the model, technology start-ups need support in physical resources, and some business assistance in the early development stage of the company. From the moment of starting marketing and start selling, the access to networks becomes to play a role, but the access to business assistance and physical resources are still required.

In developing this model nine services that incubators may provide are used (Chan & Lau, 2005). These are: pooling resources, sharing resources, consulting/counselling services, public image of the targeted region, networking, clustering, geographic proximity, costing and funding. Interesting conclusions of Chan and Lau (2005) are that cost advantage is the most important benefit form an incubator program, networking and clustering do not gain any benefits for companies and the presence of a technical University relationship is more useful than the presence of a science park-technology relationship.

The importance of cost advantages is confirmed by Bollingtoft and Ulhoi (2005). They state that high-tech companies typically fail due to the lack of managerial skills and/or access to high-risk capital. Besides the standard economic-driven business incubation services, Bollingtoft and Ulhoi (2005) confirm that companies do need to be an insider in networks, personal as well as business networks. Bollingtoft and Ulhoi (2005) call this the social driven dimension, also known as social capital theory. They also state that physical resources, like office services are easy to imitate while business networks are not. They are unique for a certain incubator. This corresponds with the distinctions in the incubator models of Bergek and Norrman (2008).

2.4 Conclusions

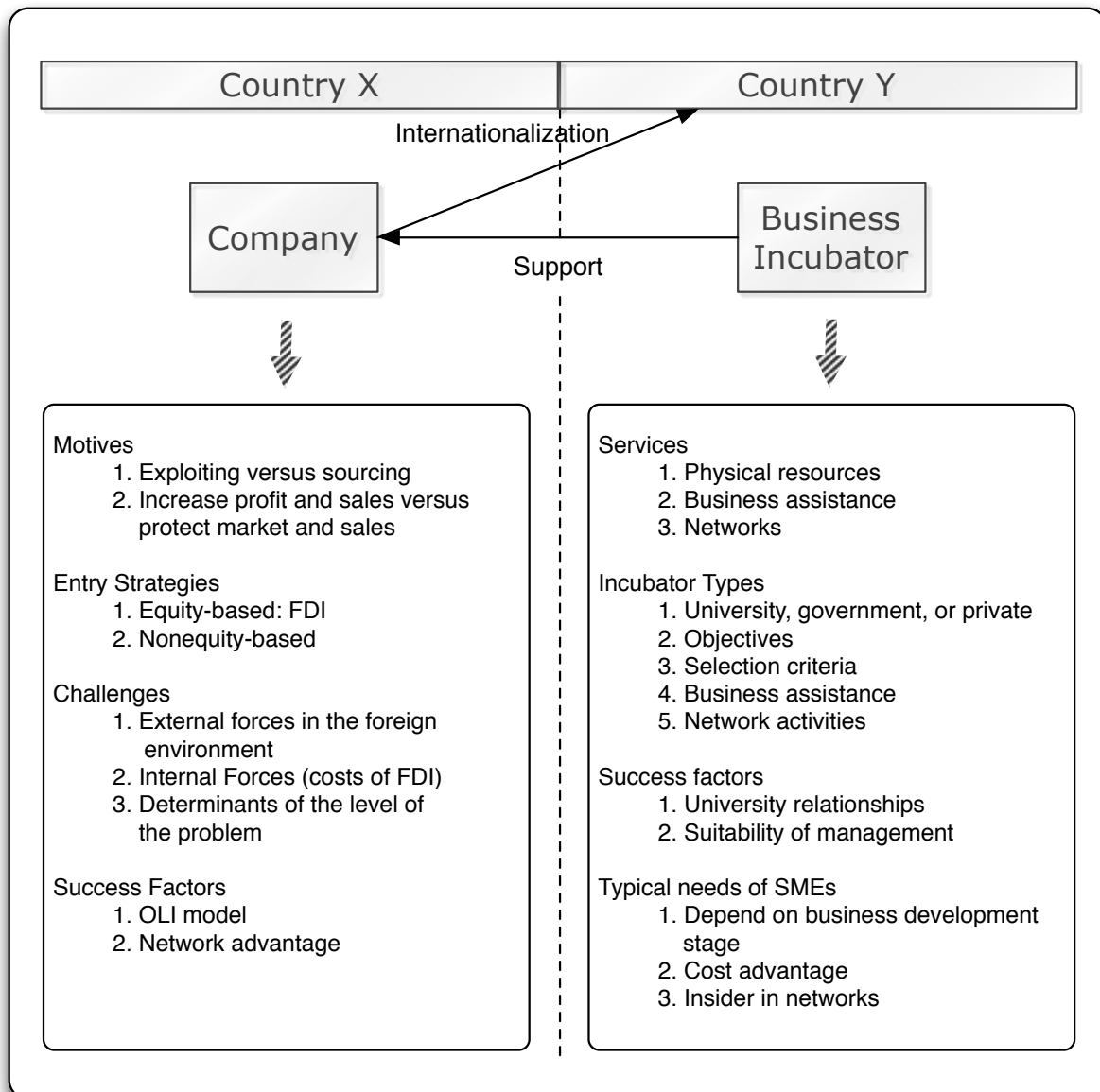
This section compares and discusses literature on internationalization with literature on business incubation. What can be concluded is that foreign companies who plan for FDI should be especially important for local governments. Business incubators should then provide services to the specific needs of foreign companies to create the soft landing. Therefore an incubator first needs to know what support the company needs and what challenges this company will face. Second, an incubator should have the identified services in her portfolio. Success factors for business incubators in terms of economic growth are strong relationships with Universities and a suitable management structure.

On the other hand a foreign company wants to know what services a business incubator can provide and how this process will look like in order to make their location choice of FDI. Here the success factors in FDI are the determinants of their location choice. The identified success factors are: location advantage, ownership advantage and network advantage. Therefore an incubator should give attention to these factors in order to attract foreign companies.

To provide the right services a business incubator should provide network services, business assistance and access to physical resources. Every company may need different support, which depends on the stage of the company. Typical benefits in the incubator process are cost advantage and insider ship in networks. Furthermore, companies who go abroad face challenges in the foreign environment and in the costs of FDI. The costs are for example location costs, financial variables, adaptation costs (to the local environment), or the cost for doing business abroad. An incubator should provide support to overcome these challenges by network activities, business assistance or physical resources.

A theoretical framework is constructed to summarize the findings of the literature study, which can be seen in Figure 2. The discussed topics in the literature study and the main findings of these topics are presented. This theoretical framework is used in the conducted research.

Figure 2 – Theoretical framework



3 Methodology

3.1 General design

The goal of this research is to map the soft landing service in Twente in order to find improvements. Therefore the nature of this research is an exploratory research, which focuses on the region Twente. Because of this explorative nature a flexible research approach is needed. Therefore a qualitative research fits well (Boeije, 2010). The designs and methods of case study research is explicitly discussed by Yin (2009). Yin defined a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2009, p. 13). Furthermore Yin argues that a case study design is suitable when a ‘how’ or ‘why’ question is being asked about a contemporary set of events, over which the investigator has little or no control. Because this study examines the particular case of Twente a case study analysis is appropriate (Vaus, 2001; Yin, 2009).

The contemporary phenomenon in this research is the process of soft landing. The case study is divided into two phases where each phase answers a part of the stated sub question. The two parts of the sub question are:

1. What services are provided in Twente for foreign companies, who provide these and how are they arranged?
2. What are the experiences in the incubation process of international oriented companies in Twente?

These two phases describe the soft landing service in Twente, and therefore the case study is seen as an embedded research design (Vaus, 2001; Yin, 2009). In an embedded case study design some issues should be taken into account. These are (Vaus, 2001; Yin, 2009; Boeije, 2010):

- How to collect the needed data and from who?
- How to analyse the obtained data?
- And what are the constraints and limitations of this research design?

These questions are discussed in the next sections.

3.2 Types of data collection

There are many sources of information and many approaches to obtain information, such as persons, media, documents and literature (Verschuren & Doorewaard, 2007). Most commonly used sources of

information in case studies are documentation, archival records, interviews, direct observations, participant-observation and physical artefacts (Yin, 2009). Because detailed information about the services in soft landing is needed and the study is focused on Twente, mainly documents and interviews are used to obtain the required information. Documents are used as secondary literature to prepare and complement the obtained information by the interviews. Information on the Internet, annual reports, advertising leaflets, and all kind of conversations are examples of the used secondary literature.

By setting up an interview the following issues should be considered: an interview must be drawn, questions in an interview should primarily be open questions, focusing on the negative should be avoided, questions should be adapted to specific levels and you should let the guide grow and not let it become static (Downs & Adrian, 2004). The structure of an interview can be summarized as (Downs & Adrian, 2004; Boeije, 2010):

- Orientation: Make personal introduction, describe the general purpose of the audit, assure interviewees of confidentiality, state briefly how the interviewees are selected, explain briefly how one would like to conduct the interviews, suggest ways in which the information may ultimately be used
- Start with the job
- Probe general areas before getting to specific ones
- Do not permit the guide to restrict the interview

3.3 Sample

Before the study could be conducted, the units of analyses needed to be identified. The units of analysis are the parties from who information is collected. The first phase studied organizations that offer services. The second phase of the study focused on international companies with experience in the incubation process. However, within these phases a proper selection of cases needed to be made and therefore a sampling strategy was needed (Curtis, et al., 2000). A sampling strategy can be checked on basis of six criteria, which Miles and Huberman presented (Miles & Huberman, 1994; Curtis, et al., 2000). These six criteria are presented in Table 3.

The used sampling strategy in this study is 'snowball' or 'chain' sampling. Snowball sampling is defined as "a sampling procedure where the researcher accesses informants through contact information that is provided by other informants" (Noy, 2008). This sampling strategy fits well, because by the use of diverse networks a wide range of samples was identified, which led to rich information. Based on the knowledge of Kennispark Twente, this sampling strategy was feasible. An

important issue, however, was the ethical part of snowball sampling. Some informants were not able to give information about their (previous) customers.

Table 3 - Checklist for sampling strategy (Miles & Huberman, 1994)

1.	The sampling strategy should be relevant to the conceptual framework and the research questions addressed by the research
2.	The sample should be likely to generate rich information on the type of phenomena which need to be studied
3.	The sample should enhance the 'generalizability' of findings
4.	The sample should produce believable descriptions/explanations
5.	Is the sample strategy ethical?
6.	Is the sampling plan feasible?

Based on snowball sampling, first, five business incubators in Twente that offer services to foreign companies were identified with the help of Stichting Kennispark Twente. Subsequently, during the interviews with the business incubators it was asked if they knew interesting companies for this research and if these companies could be approached. Finally, together with Stichting Kennispark and Netwerkstad Twente, six companies were selected on basis of secondary literature. The participants of the two samples are introduced in the next two sections.

3.3.1 Sample phase I

The identified business incubators are: Oost NV, VentureLab Twente (VLT), Chamber of Commerce (KvK-Oost), WTC-Twente and BTC-Twente.

Oost NV is an organization that is focused on the east part of Netherlands. Its mission is to strengthen and stimulate the economy of the provinces of Gelderland and Overijssel. Therefore Oost NV has two locations: one on the Business and Science Park in Enschede, but also one in Arnhem.

VentureLab Twente (VLT) is an organization that supports the business development for technology-based start-up companies and the business growth acceleration for well-established companies. Therefore VLT offers a one-year programme for entrepreneurs to develop their company. VLT is located on the Business and Science Park in Enschede.

The Chamber of Commerce, KvK (in Dutch: Kamer van Koophandel) is an institute that is committed to help entrepreneurs in The Netherlands. KvK-Oost is part of the Chamber of Commerce and is focused on the east part of Netherlands. Therefore KvK-Oost is located on the Business and Science Park in Enschede. The Chamber of Commerce provides entrepreneurs support and information about all the aspects of entrepreneurship. Furthermore, KvK-Oost contributes to the development of the entrepreneurial environment in the east part of Netherlands. Therefore KvK-Oost exploits activities in international trade.

World Trade Center Twente is part of the World Trade Center Association (WTCA), which is active in almost 100 different countries. Promoting international trade is the key objective of the WTCA. WTC-Twente is located in Hengelo and is targeted on the entire Twente-region. WTC-Twente is focused on boosting the economic activity by the exchange of knowledge and technology.

BTC-Twente is a for-profit business-incubator, located on the Business and Science Park in Enschede. BTC-Twente is focused on knowledge-intensive companies. The main activity of BTC-Twente is the rental of business spaces, like office space, meeting rooms and production facilities, but BTC-Twente offers extra services that a particular participating company needs.

3.3.2 Sample phase II

Out of the identified companies a sample of six international companies in Twente is made with the help of Stichting Kennispark Twente and Netwerkstad Twente. The companies are Autosoft BV, Prismtech, Universal Electronics Inc., Freedom Innovations, Starsale and ProLeit.

Autosoft BV is a Dutch founded company that is active with Internet services in the automotive sector. Autosoft has a joint-venture in Germany, sales offices in France and plans to expand her business in East-Europe.

Prismtech is a USA founded software company in producing middleware with operation in the USA, UK, France and The Netherlands. OpenSplice BV is a subsidiary of PrismTech and is located in Hengelo.

Universal Electronics Inc. is a USA founded company that is the global leader in wireless control technology. The corporate headquarters is located in the USA and the international headquarters is located in Enschede, Twente.

Freedom Innovations is USA founded company too and is focused on developing world-class lower limb prosthetic solutions in close collaboration with prosthetics and amputees. Corporate headquarters, R&D and manufacturing are located in the USA. European operations are located in Enschede, Twente.

Starsale is a Dutch founded company that is active with the professional application of Internet, cloud computing and social media. Starsale successfully started a subsidiary in Turkey.

ProLeit is a Germany founded company that develops concepts of future types of process control technology. ProLeit has subsidiaries in the USA, Ukraine, Mexico, Russia, Brazil, Spain, China, Austria and The Netherlands.

Table 4 – Sample overview

Business Incubators	Companies
Oost NV	Autosoft BV
VentureLab Twente (VLT)	Prismtech
Chamber of Commerce (KvK-Oost)	Universal Electronics Inc.
WTC-Twente	Freedom Innovations
BTC-Twente	Starsale
	ProLeiT

3.4 Data analysis

How the obtained information is gathered and analysed is discussed in this section. First, because the case study consists of two phases, the findings of the conducted research are divided into these two phases. In phase I all business incubators were interviewed about their activities. The interviews were recorded and transcribed to paper. Based on the retrieved information the current soft landing provision in Twente is mapped. By using the identified topics and their determinants in the literature study, the business incubators are described. Then differences between the business incubators are identified and discussed. Furthermore, all the current services of the business incubators are explained and divided into the three types of services: physical resources, business assistance and networks. Now that is known what is provided and to what extend, the soft landing provision is compared with phase II of the research.

In phase II the experiences of the selected international companies in Twente were identified. Based on an interview and a questionnaire the experiences of the six companies were gathered. The interviews were recorded and transcribed to paper. With the retrieved information general company information is compared with the entrance strategy, the faced challenges, success factors and the used support of business incubators in their internationalization process. In this way the needs and benefits of the incubation process is identified, which then is compared with phase I of the research. Furthermore, directly after each interview the questionnaires were completed. In this way extra information could be retrieved and the reliability of the questionnaire is ensured. A 7-point Likert scale is used to quantify the importance of services in the incubation process. When a service scored on average 5 points or more, it is identified as an important service. Finally, the comparison with the available services in Twente led to discrepancies between the provided soft landing provision and the needs of companies.

Before conclusions and recommendation were made, the gathered data was first discussed with Netwerkstad Twente to check if the information was interpreted correctly. During this meeting the main findings were identified. These findings corresponded closely with mine observations and findings.

3.5 Constraints and limitations

To ensure the quality of the research, the constraints and limitations of the case study design needs to be discussed. There are identified some issues that establish the quality in empirical social researches, which are also relevant for case study research. These are construct validity, internal validity, external validity, reliability, ethical issues and practical issues (Vaus, 2001; Yin, 2009).

Construct validity issues the operational measures used in the research (Yin, 2009). The purpose of the literature study is to ensure the construct validity. Therefore a structural literature study is conducted in order to identify the correct factors and the operationalization of these. This resulted in the theoretic framework (Figure 2). How the literature study is conducted is described in the appendix.

The issue of internal validity is the concern about concluding the causal relationship between two events (Vaus, 2001; Yin, 2009). It is the threat that factors other than the identified key variables are producing any changes we observe (Vaus, 2001). With case study designs the internal validity is in principal high, compared with other research designs, because the purpose of the case study is to achieve a full and contextualized understanding of the case and not just parts of many cases. Furthermore, the internal validity is taken into account by dividing the case study into a supply side (business incubators) and demand side (companies) to improve the quality of the findings.

External validity is defined as to which domain the findings can be generalized (Vaus, 2001; Yin, 2009). Especially with case studies there is criticism about the external validity, because single cases offer a poor basis for generalizing (Yin, 2009). A case cannot be representative of a larger universe of cases (Vaus, 2001). However, the aim of this research is to explore and find improvements of the soft landing provision in Twente and not to provide a general framework of soft landing. Therefore the findings of this research are limited to one case. But the research with the identified factors is designed in such a way, so that it can be repeated anywhere. This may lead to other findings, which is then interesting to compare with the case of Twente to find similarities and differences.

The issue of reliability is the concern about to which domain the operations of the research can be repeated, with the same results (Yin, 2009). Because this research is focused on one case with a small

sample, the findings are specific at that current moment. Exactly repeating this research may lead to other results since specific developments at the business incubators, companies or Twente as region may have occurred in the intervening time. Besides, incorporating other companies may lead to other results. However, this conducted research is described in detail in this thesis with the purpose to ensure the reliability, so that anyone can repeat this research. Again, comparing the findings is then interesting to improve the theory of soft landing.

Practical issues concerns the sampling, ensuring consistency and presenting the case studies (Vaus, 2001). Sampling is about the identification of the unit of analysis, getting consistency is about the researcher who conduct the research and presenting the case studies is about the data analysis of the obtained information. The selection of the units of analysis in Twente is discussed in detail. By working with an interview guide and a strict survey the consistency is assured. The interview guide and survey can be found in the appendix. To ensure the data analysis all interviews are recorded and completely transcribed to paper to be sure that no information is lost.

Ethical issues are ethical principals that may influence the quality of the research (Vaus, 2001). In this research data is collected by documents and interviews. All parties that are interviewed are asked if their given information can be recorded and if there organization can be disclosed in this research.

4 The soft landing service in Twente

4.1 Introduction

This chapter presents the findings of the research on business incubators. First the different types of the business incubators are discussed to get an overview of the purposes of the business incubators in Twente. The second section explains all services that are provided in the soft landing provision in Twente. Third, the processes of the different business incubators are discussed. Furthermore, the business incubators are also asked about possible improvements and their visions of the soft landing service in Twente. The chapter ends with a conclusion of phase I of the case study research.

4.2 Incubator types

The business incubators are characterized according to the identified factors in the literature study. The findings are presented in Table 5.

The mission of Oost NV is to strengthen and stimulate the economy of the provinces of Gelderland and Overijssel. Oost NV is targeted on the sectors food (Agrofood), health (Life Sciences), and technology (High Tech). In her activities Oost NV supports entrepreneurs and municipalities. Big and small companies are both of interested to Oost NV. Small companies will ensure a broad base and good economic structure and big companies are good for the visibility of Twente.

VentureLab Twente (VLT) is an organization that supports the business development for technology-based start-up companies and the business growth acceleration for well-established companies. VLT collaborates closely with the University of Twente and Saxion University of Applied Sciences; therefore VLT can give access to the facilities and expertise of these universities. With the help of Oost NV and BTC-Twente, VLT is awarded with the Soft Landing designation of the NBIA in 2009.

KvK-Oost is an institute that is committed to help entrepreneurs in eastern Netherlands and therefore provides entrepreneurs support and information about all the aspects of entrepreneurship. Besides, KvK-Oost contributes to the development of the entrepreneurial environment in eastern Netherlands. Therefore KvK-Oost exploits activities in international trade.

Promoting international trade is the key objective of WTC-Twente. WTC-Twente is founded by municipality Hengelo, KvK-Oost, Regio Twente, and Saxion University. WTC-Twente focuses on boosting the economic activity by the exchange of knowledge and technology. Therefore it has no specific focus on a sector.

BTC-Twente is a for profit business-incubator focused on knowledge-intensive companies. The University of Twente and Saxion University are shareholders of BTC-Twente and BTC-Twente states they are the business incubator for the University of Twente and Saxion University. The main activities of BTC-Twente are to house companies and to support and encourage technological innovations.

Table 5 – The business incubators classified by type

Incubator	Type	Objective	Sectors
Oost NV	Government	Strengthen and stimulate the local economy	Food, health and technology sector. Big and small companies
VentureLab Twente	University	Developing high-tech businesses	High-tech Technology-based start-ups
KvK-Oost	Government	Committed to support entrepreneurs in The Netherlands	All sectors
WTC-Twente	Government	Promoting international trade	All sectors
BTC-Twente	Private / University (for profit)	Housing and supporting innovative technological companies	Knowledge intensive companies

4.3 Provided services

The services that the business incubators offer are classified into the three types of services that are identified in the literature study. Second the provided services of the business incubators are clustered to present what services are provided in the soft landing provision in Twente. This is presented in Table 6. The provided services per business incubator are presented in Table 7 at the end of this section.

Table 6 - The provided services of the business incubators

Networks	Business Assistance	Physical Resources
1 Trade missions	1 Coaching	1 Office space (incl. flexrooms)
2 Business meetings	2 Training	2 Production areas
3 Joint-Venture partners	- Strategy	3 Business services
4 Strategic Alliances	- Marketing	4 Venture Capital (participation)
5 Risk capital	- Finance	
6 International Business Information Center (IBIC)	- Technology	
7 Academics (University of Twente, Saxion University of Applied Sciences)	- Organization	
	- Personal & team skills	
	3 Seminars/Courses	
	4 Government regulations and Taxes	
	5 Finance (subsidy program)	
	6 Housing	
	7 Language (Translation)	
	8 Culture	
	9 Domestic market research and entry	
	10 Knowledge protection	
	11 (Expert Desk)	

4.3.1 Networks

The provided services in networks are diverse, partly because all parties are active and aware of the importance of networking activities. The seven identified network services are trade mission, business meetings, joint-venture partners, strategic alliances, risk capital, international business information center, and academics.

Trade missions (1) are organized events where companies come to visit Twente, or where other inspiring companies or entrepreneurial environments are visited by a couple of companies of Twente. The goal of trade missions is to make new or maintain interesting connections. KvK-Oost, Oost NV and WTC-Twente organize these trade missions. Sometimes they work together in the organization of their trade missions.

Business meetings (2) are local events with the intention to get in touch with other entrepreneurs and companies in Twente. This is often organized as a business drink. WTC-Twente offers a business club, which gives access to the entire network of the WTCA. In VLT entrepreneurs participate in the program in teams and therefore collaborate. BTC-Twente organizes business meetings for their participating companies.

Joint-Venture partners (3) is the service of supporting a company in finding and succeeding in a joint-venture relationship. Oost NV is the only organization that actively offers this service.

Strategic alliance (4) is the service of realising cooperation agreement with another party. In a strategic alliance the participating companies remain independent organization. Oost NV is again the

only party that actively offers this service. In this service, Oost NV tries to connect foreign companies to regional companies. Besides Oost NV supports the company in the technology transfer to improve the success of an alliance.

The service of *risk capital (5)* is the support of finding risk capital. Both VLT and Oost NV provide access to networks to receive risk capital of investors. VLT is connected to business angels and Oost NV has its own holding company, named PPM Oost.

The *international business information center (IBIC) (6)* is a collaboration between WTC-Twente and KvK-Oost. The goal of IBIC is to match worldwide supply and demand with regional supply and demand. By bundling their knowledge and networks they look for new opportunities and chances for local companies.

The *academics (7)* service refers to the relations with the University of Twente and Saxion University of Applied Sciences. Especially VLT and BTC-Twente have strong relationships with the University of Twente and Saxion University of Applied Sciences, which is useful for sharing resources and therefore is useful for the R&D-phase of a company. WTC-Twente has a strong relationship with Saxion University of Applied Sciences in the form of training services.

4.3.2 Business assistance

Business assistance is well available in the soft landing provision of Twente. VLT provides the most business assistance services by her program. Nevertheless all other parties offer services in business assistance. The eleven identified services are: coaching, training, seminars/courses, government regulations, finance (subsidy), housing, language (translation), culture, domestic market research and entry, knowledge protection and an expert desk, which is in development.

Coaching (1) is specifically provided in the VLT-program. Here, an entrepreneur is connected to a coach to set up his business by an intensive coaching program.

Training (2) is also provided in the VLT-program. The program addresses different topics so that an entrepreneur can enrol in a training of its interests. The current available topics in the VLT-program are strategy, marketing, finance, technology, organization, and personal & team skills.

Seminars/courses (3) are events about a specific subject. KvK-Oost organizes collective seminars and courses in the field of international trade. WTC-Twente periodically offers courses and workshops about trading in collaboration with Saxion University of Applied Sciences.

Government regulations and taxes (4) concern the assistance in the Dutch and European regulations and its duties. KvK-Oost, Oost NV and VLT are the parties that provide information about government

regulations. At KvK-Oost all information about Dutch regulations can be found. Oost NV and VLT are more pro-active in the support in government regulations and therefore support the company in the whole process of regulations. WTC-Twente can support the company in regulations about international trade, called trading educational service.

Finance (5) is the assistance in all-financial aspects of the company. Oost NV has, with its holding company PPM Oost, a lot of experience in financial support. VLT provides support in finance too by supporting participating companies in attracting capital. Therefore VLT collaborates with Oost NV. KvK-Oost provides support in the applications for subsidies, which is called 'prepare to start', but only Dutch companies have access to these subsidies.

Housing (6) concerns the assistance in finding space for the company to operate her activities or to house her employees. VLT supports companies in housing for the company and for her staff. Oost NV provides support in site selection, which means that Oost NV supports the company in realising housing.

Language (7) assistance is provided by WTC-Oost and VLT. They both provide a translation service and in addition VLT offers language training. Besides language training, VLT offers *culture (8)* training to entrepreneurs and their staff.

Domestic market research and entry (9) is the assistance in analysing the market of Twente, The Netherlands, or Europe. Only VLT actively provides assistance to companies in market research and their entry to the market.

Knowledge protection (10) is the assistance in securing the technical capabilities/findings of the company. In the training program of VLT knowledge protection is treated to be aware of the importance and possibilities of knowledge protection. Support in the applications for knowledge protection is not provided, though there are contacts with organizations that do support it.

The *expect desk (11)* is a kind of desk that WTC-Twente is developing to provide one entrance for 'knowledge workers' who have questions about (the economic environment of) Twente.

4.3.3 Physical resources

Access to physical resources is also provided in the soft landing provision of Twente. In total four services are actively provided in the soft landing provision of Twente, these are office space, production areas, business services and venture capital.

Office space (1) is provided by VLT and BTC-Twente. VLT provides entrepreneurs flex rooms where they can work for 7 days a week. As a business-incubator, BTC-Twente only offers office space.

However, WTC-Twente is planning to build a business center in Hengelo to provide office space too. Besides office space, BTC-Twente offers *Production areas (2)* too.

Business services (3) concern all kind of facility services that are often provided in a business incubator center. BTC-Twente offers these services to participating companies. WTC-Twente provides companies simple business services, but want to expand these services with the development of the business center in Hengelo.

Venture capital (4) is only provided by Oost NV by their holding company PPM Oost. The goal of the given venture capital is to enforce the equity of the company, therefore capital is provided in return of participation in the company.

Table 7 – The provided services per business incubator

	Oost NV	VLT	KvK-Oost	WTC-Twente	BTC-Twente
Networks					
1 Trade missions	•		•	•	
2 Business meetings/drinks		•		•	•
3 Joint-Venture partners	•				
4 Strategic Alliances	•				
5 Risk Capital	•	•			
6 IBIC			•	•	
7 Academics		•		•	•
Business Assistance					
1 Coaching		•			
2 Training		•			
3 Seminars/Courses		•	•		•
4 Government regulations and Taxes	•	•	•	•	
5 Finance	•	•	•		
6 Housing	•	•			
7 Language (translation)		•		•	
8 Culture		•			
9 Domestic market research and entry		•			
10 Knowledge protection		•			
11 (Expert desk)				•	
Physical Resources					
1 Office space		•			•
2 Production areas					•
3 Business services				•	•
4 Venture Capital	•				

4.4 Process of soft landing

Currently there is collaboration between the business incubators, but there is no collaborative process for the acquisition of foreign companies. Therefore every business incubator created its own kind of process and together they share their information about a company if that company is interesting for that party. Therefore it depends on where the company has its entrance to Twente.

The individual processes of the parties are not that explicit. Three business incubators explicitly stated that they identified what a potential foreign company needs by asking all kind of things to that company, and they try to answer all questions that the company asks. If the company is interesting they try to get the company to Twente by offering their services. Sometimes Oost NV invites foreign companies to visit Twente to show what the possibilities are in Twente, which is called a fact-finding trip. When Oost NV retrieved enough information they make a 'bidbook' that is compiled for the specific company. In the bidbook all interesting services and facilities that Oost NV and Twente offers is presented.

4.5 Improvements of the soft landing provision

As can be concluded from the conducted interviews the vision of the soft landing provision of the parties are more or less the same. All parties get in contact with potential foreign companies by the use of their own network. Therefore all parties are actively involved in networking activities. One business incubator stated that foreign companies often go to Twente because they already have a connection or relation with Twente. Acquiring companies who do not have any connection or relation is seen as difficult. Every party tries to find some leads and then try to get them interested to go to Twente. Almost all parties say that they see advantages of a collaborate process of the acquisition of foreign companies. But how this portal should be organized and managed is unclear. Three business incubators stated that Kennispark Twente should be better used as a brand name. One business incubator added that there need to be more centralisation of information at Kennispark Twente, like which processes and activities with (potential) companies are currently in progress.

4.6 Conclusion

The five business incubators in Twente are diverse, but are mainly focused on economic development or creating new high-tech or knowledge intensive companies. Oost NV, KvK-Oost and WTC-Twente can be typified as economic development incubators and VLT and BTC-Twente can both be typified as technology incubators and basic research incubators. Besides, Oost NV can also be typified as a mixed incubator, because they are focused on the food, health and technology sector and also on big and small companies.

As a consequence of the diversification the provided services are diverse too. Network activities, business assistance and physical resources are all three well provided. There is also some overlap in services between business incubators. This is mainly in the field of network activities, but overlap also exists in business assistance and physical resources. As is concluded from the literature study a

business incubator can distinguish themselves by their network activities and business assistance. With their training program, VLT is therefore a unique business incubator. They provide specific business assistance to support possible faced challenges of foreign companies, like cultural training, language training, government regulations and market research support. Oost NV is distinguished by their partnering activities and their holding company PPM Oost. The distinguishing feature of BTC-Twente is the access to offices and production areas. And its international network of the WTCA distinguishes WTC-Twente.

When the provided services of the business incubators are compared with identified services by the literature study, some discrepancies are noticed. Some services are not well provided by the business incubators. These are information about the geographic proximity, public image, cost advantages and support in human resources. The business incubators may provide some of these activities, but these were not clearly identified. Following the literature study cost advantage is even identified as the most important benefit for a company from an incubator program. Giving more attention to these services can therefore be a good improvement.

5 The experience of international oriented companies in Twente

5.1 Introduction

This chapter presents the findings of phase II of the conducted research. Six international companies in Twente were interviewed and asked about their experience in the internationalization process. The findings are discussed in two sections. In section 5.2 the findings of the interviews are discussed. In section 5.3 the findings of the quantitative research about the value added services are discussed. Finally, this section ends with a conclusion. The summaries of the interviews can be found in the appendices to get a better understanding of each case.

5.2 Interviews

5.2.1 Motives to go abroad

There is some overlap in the motives of the six companies to go abroad. Two companies said that the motive to go abroad was to capture the European market for more profit. Two other companies explained that the motive to go abroad was to get closer to their customers to expand their businesses, because their customers are international or multinational companies. One company said that the motivation to go abroad was the acquisition of new capabilities. With the new R&D subsidiary that company was able to expand its portfolio. The last company motivated her choice by acquiring skilled employees. In the home market, The Netherlands, the demand for skilled programmers is high, while the supply is low. This competitive environment was the trigger to acquire skilled employees in another, less competitive, country (Turkey).

5.2.2 Entry strategies

The entry strategies of the companies are more or less the same. In all cases we can identify a certain incremental process of expanding the business abroad. Three companies first started with exporting their product abroad and then expanded their business by a wholly owned subsidiary. Two companies directly started a wholly owned subsidiary abroad. In both cases these subsidiaries were initially not asked to do sales and marketing activities. One company acquired an R&D center and the other company delegated work to the subsidiary for their existing projects. After a couple of years both companies were able to expand the activities in their subsidiaries. The last company maintains the strategy of exporting. That company said she uses a very lean and mean strategy in her activities abroad by working with very low costs. Therefore only sales and marketing activities are launched abroad in Europe, all other activities are centralised in the headquarters in Twente.

5.2.3 Location choice

The main used criteria for the location choice are market factors and network connections. Four of the six companies explicitly stated that market factors are important criteria. As market factors you may think of proximity of (existing) customers, accessibility to (local) market and local market conditions. Three of the six companies explicitly stated that network connections are important for the location choice. Within network connections the connection with a University, potential partners and existing connections with people are important. Furthermore, two companies explicitly stated that the image and the labour supply are criteria for the location choice. The business climate and a University contribute to the image of the location. And at last, one company explicitly stated that the infrastructure also is an important criterion, especially the accessibility of an airport.

5.2.4 Challenges

In their internationalization processes the companies faced some challenges. All six companies emphasized the importance and challenge of finding trustworthy persons who can manage the start up of the subsidiary. All six companies acquired a local employee (or employees) who managed the start up of the subsidiary. Furthermore, four companies explicitly said that the challenge of finding an office and arranging the office facilities is important. Two of these four companies started in a business incubator center and the other two companies started in an office on a business park. These latter two companies encountered more problems with arranging business facilities than the companies who started in the incubator center. Furthermore, two companies emphasize the challenge of arranging business services, like a bank account and to comply with the legal requirements. Other stressed challenges are acquisitions of skilled employees, arranging R&D subsidies, create sales, cultural differences in work attitudes and responding to the European market.

5.2.5 Success factors

Following the statements of the six companies a trustworthy person or party who knows the local environment is the most important success factor of the internationalization process. Another important success factor is the accessibility and support in realising an office facility. Furthermore, the support in practical issues, like a bank account, insurance, legal requirements, is helpful. Two companies state that you just need a good local accountant for these practical issues. One company argues that an accountant that speaks your language is really beneficial.

5.2.6 Improvements

At last, the companies were asked about improvements in the support in their internationalization process. This induced some different improvements in the soft landing provision, especially in the case of Twente. One company suggested that you have to offer a turnkey office facility that foreign

companies can access for a predefined price. In that office you provide a good data connection, like a telephone and Internet, and you need to provide accountant services. Another company suggested that there should be offered more business facilities, like a business hotel and some caterer services for the companies on the business parks. Two companies explicitly suggested that there should be more supporting activities in the acquisition of skilled employees. It is seen as difficult to attract employees, because the commuting distance is large if the employees do not live in Twente, and often employees are not willing to move. Furthermore, one company suggested that some support in marketing and sales might be an improvement, because at the start of their business she encountered challenges in attracting projects. Maybe some support in marketing and sales would have improved the start-up phase. Additionally, two companies suggested that the University of Twente should be utilized better to attract and get in contact with foreign companies. A University is seen as a stable business and a good breeding ground for employees. At last, three companies explicitly stated that you have to be distinctive as a region. Twente needs to think bigger and out of the box.

Table 8 - Overview of interview findings

	Motivation to go abroad	Strategy	Location choice	Challenges	Success factors	Improvements
Autosoft	To deliver to existing international partners for more profit	Exporting existing capabilities with wholly owned sales offices and joint-venture	Infrastructure and image (accessibility of airport and University)	Find trustworthy persons, i.e. salesmanager and accountant	Trustworthy contact person Accountant for legal and tax purposes For-profit parties for offices	A turnkey facility
Freedom Innovations	To capture European market to make more profit	Exporting existing capabilities with wholly owned subsidiary	Favourable business climate Nearby German market Proximity of University and other parties	Finding office Arranging business services Finding skilled employees	Dutch skilled employee to start up the business Support in site selection Support in practical issues like bank and insurance	Support in Dutch utility companies More business facilities, like business hotel and caterer services
PrismTech	The acquisition of new capabilities	Wholly owned R&D-subsidary	Skilled employees Proximity of existing customer (Thales)	Finding office Acquiring R&D subsidies Finding skilled employees	Existing customer (Thales) Only R&D activities Support in site selection Accountant	Acquisition of skilled employees
ProLeit	To get close to largest customer	Exporting existing capabilities with wholly owned subsidiary	Proximity of customer (Grolsch)	Finding office Finding skilled employees Comply with legal requirements Create sales	Skilled employees Support in legal requirements Incubator center with business services	Support in marketing and sales activities
Starsale	To acquire skilled employees (especially programmers)	Delegating existing capabilities with wholly owned subsidiary	Availability of skilled employees University connection Local market conditions	Find trustworthy persons Cultural differences in work attitudes	Trustworthy contact person at the University Business centre at the University	Utilization of the University of Twente
Universal Electronics	To capture European market to make more profit	Exporting existing capabilities with wholly owned subsidiary	Connection with people in that region	Finding office Find trustworthy persons Respond to European market Finding skilled employees	Trustworthy connection with a local party Business centre and support in site selection	Acquisition of highly skilled employees Be distinctive as a region, for example with University connection

5.3 Survey

In addition to the conducted interviews the six companies were asked to participate in a survey about possible services in a business incubator process. The companies were asked if they used specific services, and to what rate (from 1 to 7) they believe the services are important. For every service the average importance and its variance is calculated. The services are ranked from largest to smallest average importance. If two services have the same average importance the service with a lower variance is stated as more important, because the rating of this service is seen as more stable. Besides the average importance and its variance, the minimal and maximal ratings are presented. The range is the difference between the maximal and minimal rating. So when the range is high some companies believe that the service is very important and some companies believe that the service is not very important. At last, the number of companies is presented who rated the importance of the service with a 5 or higher, i.e. as very important. The findings are presented in Table 9.

Table 9 - Overview of survey findings

Rank	Service	Used			Importance					
		Yes	No	Nvt	Average importance	Variance	Min	Max	Range	>4?
1	Office space	6	0	0	6.50	0.70	5	7	2	6
2	Government regulations & taxes	6	0	0	6.33	0.27	6	7	1	6
3	University connection	4	2	0	5.83	1.37	4	7	3	5
4	HRM	4	2	0	5.67	0.27	5	6	1	6
5	Financial assistance	4	2	0	5.67	1.47	4	7	3	5
6	Image	4	2	0	5.67	3.87	2	7	5	5
7	Clustering of businesses	1	5	0	5.33	2.27	3	7	4	4
8	Geographic proximity	4	2	0	5.33	5.07	1	7	6	5
9	Coaching/Consult	3	3	0	5.33	5.87	1	7	6	4
10	Business services	5	1	0	5.00	3.20	2	7	5	4
11	Cost advantage	4	2	0	4.67	3.47	2	7	5	4
12	R&D facility	2	4	0	4.33	5.47	2	7	5	3
13	Connection (JV or alliances)	0	6	0	4.17	2.57	2	6	4	2
14	Market research	1	5	0	4.00	5.60	1	7	6	3
15	Distribution facility	1	2	3	4.00	7.00	1	6	5	2
16	Training	1	5	0	3.83	2.97	1	6	5	2
17	Culture and language	3	3	0	3.67	4.67	1	7	6	2
18	IPM	1	5	0	3.50	5.90	1	7	6	2
19	Funding	0	5	1	2.80	2.70	1	5	4	1
20	Housing	0	5	1	2.40	1.30	1	4	3	0
21	Production facility	0	3	3	2.33	2.33	1	4	3	0

As can be seen in the table, there is a top 10 of services that score an average importance of 5 or higher. Especially office space and government regulation and taxes, ranked 1 and 2, stand out, because all six companies used these two services and all rated these two services as important or very important. The University connection (ranked 3), HRM (ranked 4), financial assistance (ranked 5) and the image (ranked 6) scored all four very well. Four of the six companies did use all these services and five of the six companies rated these services as important, except for HRM (4) where all

companies rated this service as important. In the case of image we notice a relatively high variance (3.87), which is caused by one company that rated this service as unimportant. The rating of this company seems logic, because that company had not a location choice.

The next four services which are rated as important are: clustering of businesses (ranked 7), geographic proximity (ranked 8), coaching/consult (ranked 9), and business services (ranked 10). These services are on average rated as important, but there is some greater dispersion on the rates of importance as can be seen in their variances.

Furthermore, it is noticed that all services, except for housing and production facility, are at least by one company rated as important, i.e. with a 5 or higher. And almost all services, except for connection, funding, housing and production facility, are at least by one company used in their internationalization process.

5.4 Conclusion

The main findings of the interviews correspond with the main findings of the survey. The top 10 important services in the survey are all discussed in the interviews with the companies. As a result, a soft landing provision should give specifically attention to these ten services, but as is identified in literature and in the survey every company and every internationalization process is unique and therefore companies may need all kinds of different support. Therefore the top ten services should, at least, be basic in the soft landing provision. Furthermore, the identified success factors are: acquiring trustworthy persons, good office facility and support in practical issues, especially access to an accountant. These success factors are all covered in the top 10 of important services. Concluding, the soft landing provision should at least provide in office space, government regulations & taxes, University connection, HRM, financial assistance, image, clustering of businesses, geographic proximity, coaching/consult and business services. By dividing these ingredients into the three types of services, we see that all three types are important in the soft landing provision, see Table 10.

Table 10 - Top ten important rated services

	Networks	Business Assistance	Physical Resources
Important services	1 University connection	1 Government regulations & taxes	1 Office space
	2 Image	2 HRM	2 Business services
	3 Clustering of businesses	3 Financial assistance (accountant)	
	4 Geographic proximity	4 Coaching/Consult	

Office facilities should be well arranged and clearly provided in the soft landing provision. This should be combined with business services, because a company wants to exploit her activities as fast as

possible. For example, a company directly needs access to a strong data connection, like Internet and a telephone and often does not have the time to arrange all such things. The clustering of businesses is therefore suitable, because this gives the company confidence that it is properly arranged. Furthermore, the company needs support in the government regulations & taxes to start up the business, because the company often does not have this knowledge. This is linked with the financial assistance. A company needs a local accountant who is able to do and advise the company in regulation and finance. Furthermore, the University connection and HRM services should be well provided, because a foreign company needs skilled and trustworthy partners or employees who are able to manage the subsidiary. To attract foreign companies, the image of the location is important. A University connection and the geographic proximity contribute to that image, but all kind of other factors influence the image as well. As identified, a trustworthy relationship is very important. A company chooses its location largely based on trust. She seeks trustworthy people who are able to set up and expand the business abroad. A coach or a consultant can influence the image and is therefore an important service in the soft landing provision too.

6 Conclusion

In this chapter the three parts of the research are compared in order to give an answer to the research question: *How should a soft landing provision be arranged to meet the needs of foreign companies?* This section is divided into three sections. In the first section the first stated sub question is discussed. Subsequently, the second sub question is discussed in the second section. Finally the stated research question is answered.

6.1 Challenges

The first sub question is: *What challenges do companies encounter in their internationalization process?* The literature study identified three challenges that companies encounter in their internationalization process. These are dealing with environmental forces, the costs of internationalization and acquiring network relationships.

As is identified in the research on the companies in Twente, companies seek trust in their internationalization process. They seek trustworthy persons or parties who are able to support the start up of the company, and so trust is created by insider ship in networks. This corresponds with the findings in literature. Therefore relationships are important, personal relationship as well as business relationships. However, the importance of trust is not explicitly identified in literature.

The costs of internationalization are a challenge in the internationalization processes of the investigated companies. Often the internationalization processes evolved incrementally to keep costs low. However, in the survey cost advantage is on average not rated as very important by the companies. It is concluded that the costs of FDI are important, but that cost advantage is not the main interest of the investigated companies.

The challenge of dealing with environmental forces is partly identified in the internationalization processes. The forces in the environment that are recognized are legal, sociocultural and labour forces. The encountered challenges in legal forces are company registrations, visa and work permits, taxes and accounting requirements. The encountered sociocultural challenge is the difference in work attitudes and the encountered challenge of labour forces is the acquisition of skilled and trustworthy employees.

The conclusion of challenges that companies encounter in their internationalization process is the importance of the search of trustworthy relationships and the settlement of the business, like the search of an office, employees and dealing with regulation issues.

6.2 Services

The second sub question is: *How can a business incubator support companies in these challenges?* Following the literature study a business incubator should provide access to networks, physical resources and business assistance. The findings of the research on the business incubators and the companies in Twente confirm the importance of these three types of services. The five investigated business incubators in Twente all provide services in all three types of services. Together the business incubators provide a wide range of services to foreign companies. A wide range of services is important, because as is identified every company and internationalization process is unique and therefore every foreign company may have different needs. However, some basic ingredients in the internationalization process are identified by the research on the companies in Twente. The important ingredients in networks are: University connection, image, clustering of business and geographic proximity. The important ingredients of business assistance are: assistance in government regulations and taxes, assistance in HRM activities, financial assistance and coaching or consulting activities. The important ingredients of physical resources are: access to office space and business services.

6.3 Answer of the research question

The motive for this investigation was to map the soft landing provision in Twente in order to give improvements. Therefore the research question is stated as: *How should a soft landing provision be arranged to meet the needs of foreign companies?*

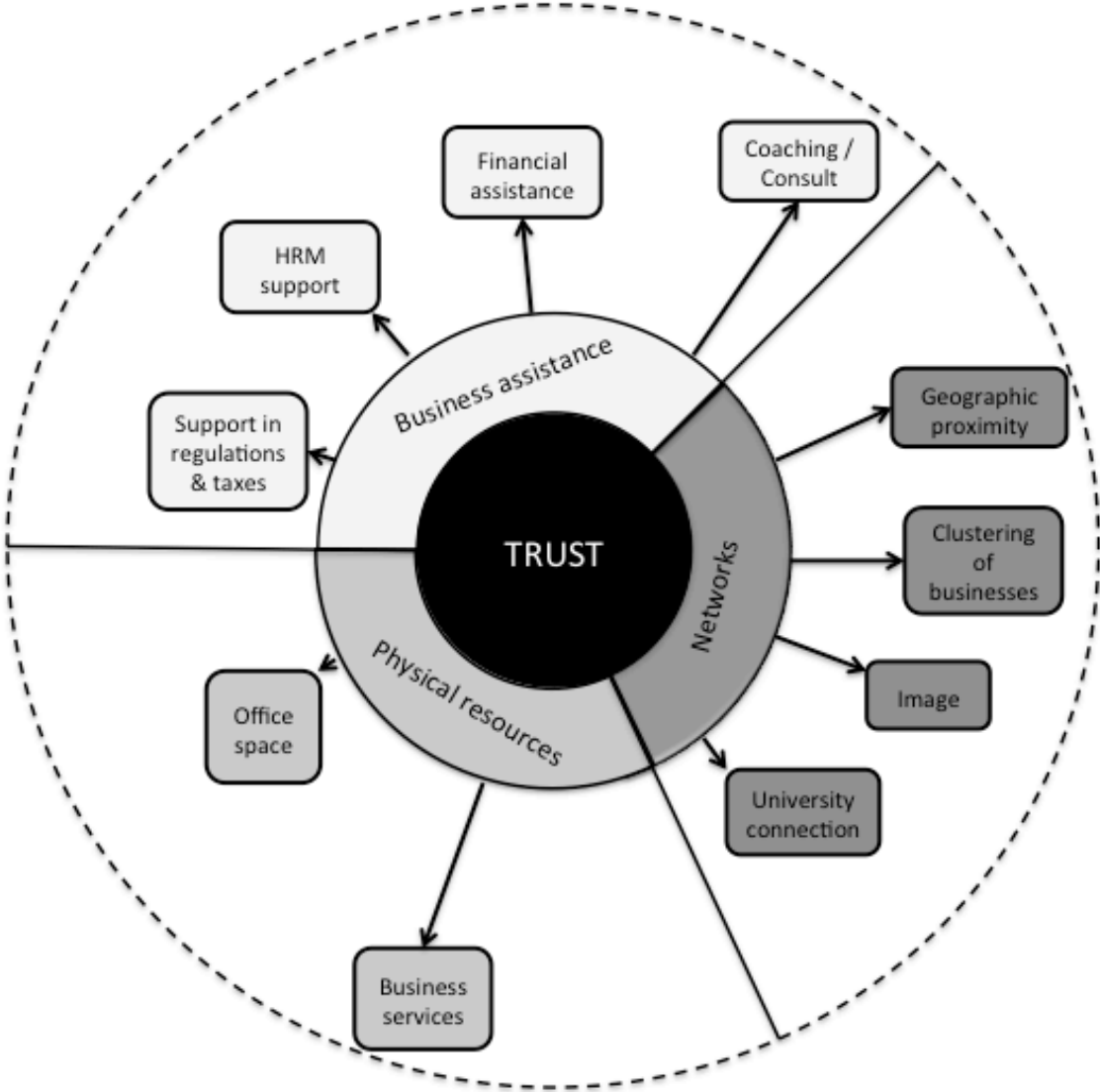
The conclusion is that every internationalization process is unique and therefore every company may have different needs in order to acquire a soft landing. However, the most important factor in the internationalization process is the creation of trustworthy relationships. Companies seek trustworthy people or parties who are able to support them. Therefore, creating trust should be the central theme of a soft landing provision. To succeed, a soft landing provision must be accessible, flexible, reliable, and therefore have a clear understanding of doing business. So clear communication and understanding the company are important factors.

Besides creating relationships other factors are important in the soft landing provision. The identified needed support can be categorized into three types: access to networks, business assistance and physical resources. Therefore a soft landing provision should provide services in these three types. Concluded from the research, ten ingredients are identified as important. Therefore a soft landing provision should, if possible, give specifically attention to these. These ingredients are: access to office space, providing business services, support in government regulations & taxes, support in

HRM-activities, financial assistance (accountant), coaching, geographic proximity, clustering of business, image of the location, and University connection.

The basic ingredients of the soft landing provision are graphically presented in figure 3. The length of the arrows denotes the importance of the ingredients. The shorter the arrow the more important is the ingredient.

Figure 3 - Basic ingredients of a soft landing provision



7 Recommendations for the soft landing provision in Twente

This chapter discusses the recommendation for the soft landing provision in Twente. Now that the research question is answered, the soft landing provision in Twente is compared with the findings. First recommendations about the services of the soft landing provision are presented. Then recommendations about the organization of the soft landing provision in Twente are discussed.

7.1 Services

When the basic ingredients of a soft landing provision are compared with the soft landing provision in Twente, strong points are identified, but also some improvements. In Table 11 the ranked services are compared with how many business incubators provide the corresponding services. The total of services provided by the five business incubators is extensive. There is a wide range of services within all three types. Well existing services in Twente are: the availability of office space, the access to business services, the connection with the University of Twente, the clustering of businesses within the business parks, assistance in government regulations & taxes, and access to coaches.

However, there are some basic ingredients that are not well provided in the soft landing provision in Twente. The service that is lacking is the assistance in HRM activities. As indicated by some companies, some faced or still face the challenge of acquiring skilled employees. Besides, assistance in HRM activities is rated as important. Therefore the soft landing provision in Twente should give specifically attention in arranging this service.

Furthermore there are three basic ingredients that are present, but where improvements are necessary. These are financial assistance, the image of Twente and the geographic proximity. Here, the image of Twente and the geographic proximity are strongly related. The advantages of the geographic proximity in Twente should be highlighted to improve the image. Some given examples of the geographic advantages are the University of Twente, the infrastructure (in comparison with the Randstad), the proximity of the German and European market, Dutch-, English- and German speaking labour pool, and proximity of Airports. These improvements have all emerged in the interviews, so Twente is aware of these improvements. Activities in order to improve the image are already in progress. This research confirms that these are suitable developments and need permanent attention.

The financial assistance can be improved by giving more attention to connections with local accountants. VentureLab provides assistance in finance in their training program and BTC-Twente provides accounting services in their business center. The service of financial assistance can therefore

be improved by connecting foreign companies to local accountants in order to get financial consult, because some companies indicated that they seek a trustworthy accountant in the internationalization process.

Table 11 - Comparison of soft landing ingredients

Rank	Service	Average rate of importance	Number of business incubators
1	Office space	6.50	••
2	Government regulations & taxes	6.33	••••
3	University connection	5.67	•••
4	HRM	5.83	
5	Financial assistance	5.67	•••
6	Image	5.67	
7	Clustering of businesses	5.33	•••
8	Geographic proximity	5.33	
9	Coaching/Consult	5.33	••
10	Business services	5.00	••
11	Cost advantage	4.67	
12	R&D facility	4.33	
13	Connection (JV or alliances)	4.00	••
14	Market research	4.17	•
15	Distribution facility	4.00	
16	Training	3.83	•
17	Culture and language	3.67	••
18	IPM	3.50	•
19	Funding	3.00	•
20	Housing	2.83	••
21	Production facility	2.33	•

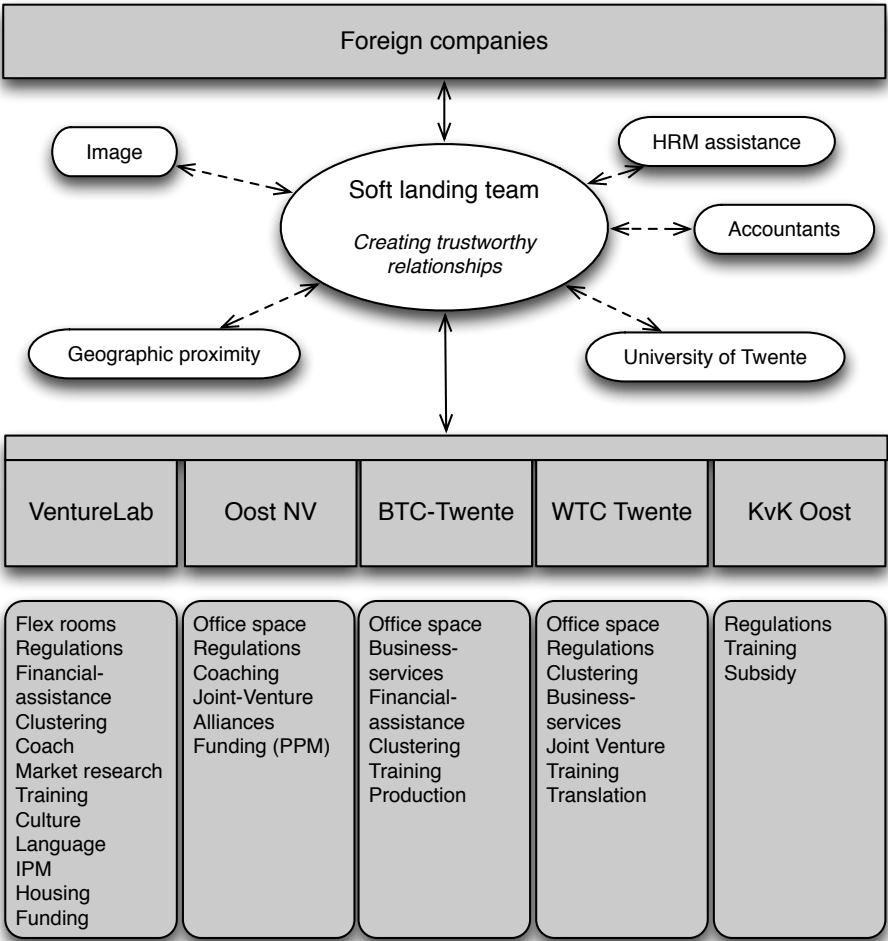
7.2 Organization

The creation of trustworthy relationship is identified as a very important success factor in the internationalization process of companies, and so the creation of trust should be the central theme in the organization of the soft landing process. In the case of Twente five organizations that provide services in soft landing are identified. This leads to some advantages but also some disadvantages. The advantage is that due to the dispersion of the services the different business incubators can better optimize and professionalize their provided services, since they can give specifically attention to them. This contributes to the quality of the provided services. The disadvantage is that the soft landing provision is complex and that it is hard to keep the overview. As is concluded, there is no joint process of guiding foreign companies in Twente, while the suitability of management is stated as important for the success of business incubators in terms of economic growth. Furthermore, a clear and accessible soft landing provision is important to create the trustworthy relationships, which are important for the success of the internationalization process of companies.

Therefore the centralisation of the communication is a major improvement. The business incubators also indicated the need of centralising information. An independent operating team with the aim of guiding foreign companies and create trustworthy relationships is needed, where every foreign company is seen as a client. This team should be small and accessible in order to be flexible. Consequently, the team must have a clear understanding of doing business and should be preliminary engaged in networking activities, in order to establish long-term relationships. A visible connection with the University of Twente is also desired, because companies perceive this as trustworthy.

The recommendations are, together with the current provision, graphically presented in Figure 4. The white building blocks present the recommendations and the grey buildings blocks designate the current available provision in Twente.

Figure 4 - Summary of recommendations for Twente



8 Discussion

This section discusses the limitation of the research and possibilities for further research.

8.1 Limitations

This exploratory research is conducted in Twente, a region in the east part of Netherlands. The data contains information about specific organizations located in Twente. Therefore the generalizability of this research is limited, since the results depend on this specific case.

In order to obtain validated results the number of respondents is important. Due to a limited number of available international oriented companies in Twente and the time to conduct the research, case studies were conducted on a restricted number of organizations. In total five business incubators and six international oriented companies were interviewed. To achieve significant results the number of respondents should be much higher. However, this exploratory research provides a clear insight on soft landing in Twente, which was the main motive of this research. The obtained data and conclusion therefore contribute to the current knowledge about soft landing.

This research is based on literature findings about internationalization and business incubation. This combination is not yet well identified in literature, and therefore this research is distinctive. However, studies about internationalization and business incubation are widely done. Consequently, not all studies could be examined and used in this research, and so there is a possibility that important findings were not taken into account in this research. Specifically, useful literatures were studies on: entry strategies in the internationalization process, location choices in FDI, and success factors of business incubation. Less useful literatures were studies on the effectiveness of business incubators, because the functioning of the business incubators in terms of added value is not directly examined in this research.

8.2 Further research

Research on the added value and success factors of business incubators and science parks is well provided in literature. However, research with the viewpoint of companies or what companies actually need and a distinction between domestic and foreign companies is scarce. This results in very limited information about the concept of soft landing. Because this research presents the viewpoint of companies and it is focused on the case of Twente, it is interesting to expand this research to other regions. The design of this research is attempted to be general, in order to be able

to expand the number of cases. By expanding and comparing cases, results can be significant and the knowledge about the concept of soft landing can be improved.

Further research in Twente is needed to organize the soft landing team. The team should be able to operate independently, however in the starting phase they need guidance and it needs financial support. Kennispark Twente, Netwerkstad Twente and Oost NV are organizations that seem to be able to organize this, but further research is required for the operational and implementation part. Another recommendation for further research is research on the added value and effectiveness of the business incubators in Twente. This research examined how the soft landing provision can be improved to support better foreign companies. These findings can be strengthened by research on the feasibility of a stable soft landing provision.

Finally, the question arises are the needs of foreign companies different than the needs of domestic companies? A company that wants to start a branch in the domestic country will certainly face challenges that a foreign company might face too. So, should a soft landing provision specifically be focused on foreign companies? I suspect that there are some differences between foreign companies and domestic companies, but due to the globalization I also think the differences become smaller and smaller. Now I think that foreign companies have a greater need for trustworthy relationships in the targeted foreign country, because initially they are less aware of how the environment is. Furthermore, they face the challenge of coping with laws and regulations of multiple countries. Since international laws and regulations arise more and more, and cultural barriers become less and less, I suspect the differences in needs between domestic and foreign companies will become smaller.

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Appendices

Appendix A: Explanation of the process of the literature research

To set out a literature review about FDI in the incubation process, a structured literature study is conducted. The search engine Web of Science is used, because Web of Science has access to a high number of top journals. How the used literature is selected is explained in this appendix.

First, a search is conducted about FDI and business incubation to check if there is literature about FDI in the business incubation process. Unfortunately, literature about FDI in the incubation process is sparse, i.e. a search for FDI and business incubation resulted into 2 unusable articles. Hereby, the following search code was used in Web of Science.

Topic=(FDI OR foreign direct investment) AND Topic=(business incubation)
 Timespan=All Years. Databases=SCI-EXPANDED, SSCI, A&HCI, CPCI-S, CPCI-SSH.
 Lemmatization=On

Because there is no literature about 'FDI in the incubation process' already, the literature study is divided into two searches: 'FDI and SME' and 'Business Incubation'.

FDI and SMEs

A search for FDI and SMEs resulted in 82 articles. Hereby the following search code in Web of Science is used:

Topic=(FDI OR foreign direct investment) AND Topic=(sme OR small medium)
 Timespan=All Years. Databases=SCI-EXPANDED, SSCI, A&HCI, CPCI-S, CPCI-SSH.
 Lemmatization=On

Selecting relevant articles by title resulted in the following 11 articles.

Authors	Year	Title	Source title	Times Cited
Acs	1997	The internationalization of small and medium-sized enterprises	Small Business Economics	50
Acs	1997	Small and medium-sized enterprises, technology, and growth	Small Business Economics	36
Becchetti	2001	The determinants of small and medium-sized firm internationalization	WELTWIRTSCHAFTLICHES ARCHIV-REVIEW	4
Coviello	1999	Internationalization of service SMEs: An integrated perspective	Journal of international marketing	41
Hollenstein	2005	Determinants of international activities: Are SMEs different?	Small Business Economics	17
Li	2002	Technical efficiency and location choice of small and medium-sized enterprises	Small Business Economics	4
Lu	2001	The internationalization and performance of SMEs	Strategic management journal	212
Marcotte	2005	Small and medium-sized enterprises involved in technology	International Small Business Journal	5
Schwens	2011	The Moderating Impact of Informal Institutional Distance	Journal of management studies	5
Urata	2000	The determinants of the location of foreign direct investment	Small Business Economics	27
Vachani	2005	Problems of foreign subsidiaries of SMEs compared with large firms	International Business Review	5

By ordering the articles by Times Cited the articles are assessed to content with a 7 point Likert-scale. A rate of 7 means the article is very useful (moreover a comparative study) and a rate of 1 means the article is not useful et al. This leads to the below order of articles.

#	Authors	Year	Title	Source title	Times Cited (WoS)	Content rate
1	Urata	2000	The determinants of the location of foreign direc	Small Business Econo	27	7
2	Vachani	2005	Problems of foreignsubsidiaries of SMEs compar	International Busines	5	7
3	Coviello	1999	Internationalization of service SMEs: An integrat	Journal of internatio	41	6
4	Hollenstein	2005	Determinants of international activities: Are SME	Small Business Econo	17	5
5	Lu	2001	The internationalization and performance of SMI	Strategic managemer	212	4
6	Acs	1997	The internationalization ofsmall and medium-siz	Small Business Econo	50	4
7	Marcotte	2005	Small and medium-sized enterprises involved in t	International Small B	5	4
8	Acs	1997	Small and medium-sized enterprises, technology,	Small Business Econo	36	3
9	Schwens	2011	The Moderating Impact of Informal Institutional I	Journal of managem	5	3
10	Becchetti	2001	The determinants of smalland medium-sized firm	WELTWIRTSCHAFTLIC	4	3
11	Li	2002	Technical efficiency and location choice of small	Small Business Econo	4	3

Business Incubation

A search for business incubation (incubat* in the title and business as topic) resulted in 187 articles.

Selecting interesting journals resulted in 64 articles. Hereby the following search code is used:

Title=(incubat*) AND Topic=(business)

Refined by: Source Titles=(TECHNOVATION OR ECONOMIC DEVELOPMENT QUARTERLY OR JOURNAL OF BUSINESS VENTURING OR JOURNAL OF TECHNOLOGY TRANSFER OR ENVIRONMENT AND PLANNING C GOVERNMENT AND POLICY OR INTERNATIONAL CONFERENCE ON INDUSTRIAL ENGINEERING AND ENGINEERING MANAGEMENT IEEM OR INTERNATIONAL JOURNAL OF TECHNOLOGY MANAGEMENT OR INTERNATIONAL SMALL BUSINESS JOURNAL OR JOURNAL OF SMALL BUSINESS MANAGEMENT OR PROCEEDINGS OF PICMET 09 TECHNOLOGY MANAGEMENT IN THE AGE OF FUNDAMENTAL CHANGE VOLS 1 5 OR PROCEEDINGS OF THE 5TH INTERNATIONAL CONFERENCE ON INNOVATION MANAGEMENT VOLS I AND II OR RESEARCH POLICY OR SMALL BUSINESS ECONOMICS OR 2009 INTERNATIONAL CONFERENCE ON INFORMATION MANAGEMENT INNOVATION MANAGEMENT AND INDUSTRIAL ENGINEERING VOL 3 PROCEEDINGS OR ENTREPRENEURSHIP THEORY AND PRACTICE OR JOURNAL OF BUSINESS RESEARCH OR JOURNAL OF PRODUCT INNOVATION MANAGEMENT)

Timespan=All Years. Databases=SCI-EXPANDED, SSCI, A&HCI, CPCI-S, CPCI-SSH.

Lemmatization=On

Selecting relevant articles by title resulted in the following 25 articles:

Authors	Year	Title	Source title	Times Cited
Aernoudt	2004	Incubators: Tool for entrepreneurship?	Small Business Economics	20
Aerts	2007	Critical role and screening practices of European busines	Technovation	17
Autio	1998	A comparative study of two European business incubat	Journal of Small Business Manag	26
Bergek	2008	Incubator best practice: A framework	Technovation	12
Bollingtoft	2005	The networked businessincubator - leveraging entrepre	Journal of business venturing	31
Carayannis	2005	Architecting gloCal (global-local), real-virtual incubator	Technovation	24
Chan	2005	Assessing technologyincubator programs in the science	Technovation	36
Grimaldi	2005	Business incubators and new venture creation: an asses	Technovation	22
Hackett	2008	Inside the black box ofbusiness incubation: Study B-scale	Journal of Technology Transfer	3
Hallam	2009	Technology-Based BusinessIncubation: A Study of the Di	Conference: PICMET 2009	0
Hannon	2003	Are incubators good forbusiness? Understandingincubat	Environment and planning C-gov	13
Kim	2006	Business incubators as economic development tools: ret	Internation Journal of Technolog	7
Lee	2004	A comparison of critical success factors for effective ope	Journal of Small Business Manag	10
McAdam	2008	High tech start-ups in University Science Park incubators	Technovation	12
Mian	1997	Assessing and managing the university technology busin	Journal of business venturing	60
Mian	1994	UNITED-STATES UNIVERSITY-SPONSORED TECHNOLOGY	Technovation	27
Ratinho	2010	The role of science parks andbusiness incubators in con	Technovation	3
Rice	2002	Co-production of businessassistance in business incubat	Journal of business venturing	33
Salvador	2011	Are science parks andincubators good "brand names" fo	Journal of Technology Transfer	1
Scherer	1988	A MODEL FOR THE DEVELOPMENT OF SMALL HIGH-TECI	Journal of product innovation ma	12
Schwartz	2008	Specialization as strategy forbusiness incubators: An ass	Technovation	7
Schwartz	2009	A multidimensional evaluation of the effectiveness of bu	Environment and planning C-gov	2
Schwartz	2010	Cooperation patterns ofincubator firms and the impact	Technovation	1
Scillitoe	2010	The role of incubatorinteractions in assisting new ventu	Technovation	1
Totterman	2005	Start-ups - Business incubationand social capital	International Small Business Jour	19

By ordering the articles by Times Cited the articles are assessed to content with a 7 point Liker-scale. A rate of 7 means the article is very useful (moreover a comparative study) and a rate of 1 means the article is not useful et al. The top 10 relevant articles are:

#	Authors	Year	Title	Source title	Times Cited (WoS)	Content rate
1	Chan	2005	Assessing technologyincubator programs in the science park:	Technovation	36	7
2	Carayannis	2005	Architecting gloCal (global-local), real-virtual incubatornetwor	Technovation	24	6
3	Bollingtoft	2005	The networked businessincubator - leveraging entrepreneurie	Journal of business ventur	31	5
4	Salvador	2011	Are science parks andincubators good "brand names" for spin	Journal of Technology Tra	1	5
5	Autio	1998	A comparative study of two European business incubators	Journal of Small Business I	26	4
6	Kim	2006	Business incubators as economic development tools: rethinki	Internation Journal of Tec	7	4
7	Schwartz	2010	Cooperation patterns ofincubator firms and the impact ofincu	Technovation	1	4
8	Scillitoe	2010	The role of incubatorinteractions in assisting new ventures	Technovation	1	4
9	Hallam	2009	Technology-Based BusinessIncubation: A Study of the Differer	Conference: PICMET 2009	0	4
10	Rice	2002	Co-production of businessassistance in business incubators - /	Journal of business ventur	33	3

Appendix B: Interview guide companies

Introduction

Personnel introduction / General purpose of the interview /Confidentiality and disclosure / How the interviewees are selected / How I would like to conduct the interview / How the information of the interview is used

Part I

1. Can you briefly describe the activities of the company?
2. Can you briefly describe your activities in the company?
3. What was the main purpose of the company to go abroad?
 - a. Exploiting capabilities or sourcing new capabilities?
 - b. Increase profit and sales or protect market and sales?
4. Initially, with what strategy did the company go abroad?
 - a. Exporting, FDI, licensing, joint venturing or subcontracting?
 - b. Development stage of the company: set-up office, settle down & product development, start marketing, start selling.
5. Why did the company choose the current foreign location(s) for the internationalization?
 - a. Location advantage: Because of the locational attraction, for undertaking the value added activities (raw materials, tax, low wages, infrastructure etc.)
 - b. Ownership advantage: Because of the competitive advantage in that region.
 - c. Network advantage: To become close to Interesting (potential) partners.
6. What challenges did the company face in the internationalization process?
 - a. External forces: Liability of foreignness environment (see table)
 - b. Internal forces: Company organization, FDI Costs, like: Location costs, financial variables, adaptation costs (to the local environment), or the cost for doing business abroad?
7. Why, do you think, were these the main challenges?
 - a. Determinants of the level of problems: institutional distance, historical legacy, market orientation, industry orientation and the level of technology.
 - b. Lack of resources
8. Did the company make use support in the internationalization process. Which support and why?
 - a. Access to what physical resources?

- b. What kind of business assistance?
 - c. What access to networks?
9. To what extent are you satisfied with the used support? Why? And what could be improved?
10. What kind of support would have improved the internationalization process of the company? Why?

Part II

Now a couple of services follow that can be provided by business incubators. Can you rate the following services to their added value on a scale from 1 to 7?

1-point: The kind of service has no added value to the company

7 –points: The kind of service has a lot of added value to the company

Closing

Is there anything that we should have talked about that I have not asked?

Environmental forces

Force	Description
Competitive	Kinds/number/characteristics of competitors
Distributive	National and international agencies available for distributing goods and services
Economic	Countries economic variables
Socioeconomic	Characteristics and distribution of the human population
Financial	Financial variables, such as: interest rates, inflation rates and taxation
Legal	Foreign and domestic laws
Physical	Elements of nature such as topography, climate, and natural resources
Political	Elements and state of the political climate
Sociocultural	Elements of the culture, like attitudes, beliefs, and opinions
Labour	Composition, skills, and attitudes of labour
Technological	Technical skills and equipment that affect how resources are converted to products

Part II – Survey

Type	Service	Rate of Importance							Description		
		1	2	3	4	5	6	7			
	Service used?	Yes	No								
Business Assistance											
1	Coaching/Consult	Y / N		0	0	0	0	0	0	0	A coach or consultant that supports the internationalisation process of the company
2	Training	Y / N		0	0	0	0	0	0	0	Access to training to learn new skills (for example in strategy, marketing, finance, technology)
3	Government regulation & taxes	Y / N		0	0	0	0	0	0	0	Assistance in business legislation and assistance in taxation tariffs
4	Finance	Y / N		0	0	0	0	0	0	0	Assistance in the organisation of financial activities and support in attracting capital
5	Culture and language	Y / N		0	0	0	0	0	0	0	Cultural training, language training and translation services
6	Market research	Y / N		0	0	0	0	0	0	0	Support in the domestic market analysis
7	IPM	Y / N		0	0	0	0	0	0	0	Assistance in requesting property protection
8	HRM	Y / N		0	0	0	0	0	0	0	Assistance in human resource activities, like hiring staff
Physical Resources											
1	Office space	Y / N		0	0	0	0	0	0	0	Access to office space
2	R&D Facility	Y / N		0	0	0	0	0	0	0	Access to R&D facilities
3	Production Facility	Y / N		0	0	0	0	0	0	0	Access to production facility
4	Distribution Facility	Y / N		0	0	0	0	0	0	0	Access to distribution facility
5	Cost advantages	Y / N		0	0	0	0	0	0	0	Cost advantages in using space and services
6	Business services	Y / N		0	0	0	0	0	0	0	Pooled resources (like secretariat, printing, lunch rooms, building security, etc.)
7	Housing	Y / N		0	0	0	0	0	0	0	Access to houses for staff
8	Geographic proximity	Y / N		0	0	0	0	0	0	0	Proximity to market and city, infrastructure (like proximity to trainstation, highway, airport, harbor)
Networks											
1	Clustering of businesses	Y / N		0	0	0	0	0	0	0	The clustering of companies to foster connections (like business meetings, drinks, business club etc.)
2	Connecting (JV or alliances)	Y / N		0	0	0	0	0	0	0	Access to networks to find interesting Join-Venturs or strategic alliances
3	Funding	Y / N		0	0	0	0	0	0	0	Access to networks to get (venture) capital
4	Public image	Y / N		0	0	0	0	0	0	0	The image of the foreign environment
5	University connection	Y / N		0	0	0	0	0	0	0	Access and proximity to a University

Appendix C: Summary of interviews

Autosoft BV

Autosoft BV is a Dutch founded company (founded in 1999) that is active with Internet services in the automotive sector. She defines herself as a service for the automotive industry to present itself on the Internet.

Autosoft has a joint venture in Germany, sales offices in France and plans to expand her business furthermore in East-Europe. Autosoft started to undertake activities abroad because existing partners asked to. These partners in the automotive industry were already active in different companies, and so they asked if Autosoft could give their service there too. And so Autosoft found out that the needs in the automotive industry is broadly the same in France and Germany. If the foundation of the software is well, it is easy to translate it to markets abroad.

So, Autosoft made the decision to deliver its existing service in Germany and France. The main reason is more profit. This is in line with the continuity of the company. Autosoft argues that the diversification in markets has benefits. If it is not going well in a certain country, then it will probably go better in another country. This results in a more stable return and so a more stable company.

The initial strategy of Autosoft is to export her service to partners abroad. Therefore the main activities of Autosoft are centralised in the headquarters in Enschede, and Autosoft launched the sales activities on the specific locations. To choose the sales locations, Autosoft looks at the infrastructure and the image of the location. The accessibility is the most important factor, especially the proximity of an airport.

Autosoft says that they encountered not many problems in their internationalization process. Autosoft argues that this is because she first finds a trustworthy partner in the targeted country. That partner knows how to set up a subsidiary and earns his money within that subsidiary. Besides Autosoft says that they choose to maintain a very lean and mean principal by working with very low costs. The partner will, to a large extend, operate from a home office, and Autosoft rents a small office where meetings can be held. Furthermore, Autosoft says that she especially tries to avoid cooperation with governments, because initially governments work way to slow.

The offices that Autosoft rents abroad are part of a business complex, which is usually owned by a for profit company. Autosoft definitely is willing to pay a little more for an office owned by a profit company, because usually these are better arranged.

Autosoft believes that the support in the internationalization process must be practical in nature. Therefore you need a clear contact person. Furthermore, persons with knowledge about legal and tax would really help. Autosoft recruited a good accountant in every country where she is active. Autosoft identifies this as a success factor. You need a good accountant. Therefore it would be great if you can find an accountant in a certain country that also speaks your language. It would be really great if Twente is able to do that.

Furthermore, Autosoft believes that a turnkey facility is really important. Especially in the form of an all-in package with a predefined price. In this support you certainly have to offer data connection (telephone and Internet) and accounting services.

Concluded, the accessibility, a total package and the image are important factors for Autosoft in her abroad activities. For the image the connection with a University should be utilized.

Freedom Innovations Europe B.V.

Freedom Innovations is an American producer of prostheses and is specialized in lower limb prosthetic solution. In 2002 Freedom Innovations started in the United States. Freedom Innovations Europe B.V. officially started in April 2011 and is the sales and marketing organization of Freedom Innovations in Europe. The corporate headquarters, R&D and manufacturing are located in the USA.

Worldwide Freedom Innovations identifies two other companies as direct competitors, one located in Iceland and one in Germany.

Initially Freedom Innovations went abroad, because the market in America is limited, i.e. the number of needed lower-limb prostheses remains constant. Therefore, Freedom Innovations argues, to increase sales you need to capture market share. Before the location in Europe, Freedom Innovations operated in the European market with distributors for almost 10 years. But from 2009, Freedom Innovations made the strategic decision to start a subsidiary in Europe, because often the distributors were not able to take all products of Freedom Innovations into their portfolios. The goal of Freedom Innovations is to capture the European market with their existing products. In the end, it is all about the profit.

Europe is an interesting market, because the social services are well provided so that people who need prostheses are compensated. Markets like Africa and Asia are not yet well developed in case of these social services.

Freedom Innovations choose to go to The Netherlands, because from an American point of view The Netherlands is a stable country with a relatively favourable business climate for American businesses.

The Netherlands is seen as an open, competitive society, almost everyone speaks English and the fiscal and logistic climate is attractive. Furthermore, Freedom Innovations wanted to locate itself nearby Germany, because Germany is the largest market in Europe. Twente was preferred, because of a German speaking labour pool, the proximity of the University clinic of Munster, good support and nearby interesting other organizations.

Initially Freedom Innovations came into contact with a Dutch investment company, which was part of the Ministry of Economic Affairs in The Netherland and so got in contact with Oost NV. Furthermore, Freedom Innovations recruited a Dutch employee, who would guide the process of starting up the company in Twente.

Freedom Innovations Europe B.V. encountered some challenges with the process of setting up the organization. With support of Oost NV, Freedom Innovations Europe B.V. searched and founded an office relatively easy. Furthermore Oost NV supported some practical issues, like introducing Freedom Innovations to a bank, an insurance company and a recruitment agency. The faced problems are in general related to Dutch utility companies, like arranging Internet connection and opening a bank account.

Suggested improvements by Freedom Innovation are related to the scarce business facilities in Twente. For example, there is not a good business hotel in Twente. Furthermore a caterer that provides lunches on the business parks is a good improvement. There are a lot small companies on these business parks that do not have a full canteen. The caterer can also fix the supplies of the company, like coffee and tea et cetera. So, Freedom Innovations says some more facilities, in addition of some ground and a building, would be a nice improvement. Freedom Innovation gives the example of their headquarters in Irvine, USA. They are located on an enormous for profit full service, turnkey business park, where it is all well organized. Therefore Freedom Innovations believes that Twente needs to think bigger.

PrismTech

PrismTech is a UK founded software company and develops middleware for mission critical systems. PrismTech has operation in the USA, UK, France and The Netherlands. Main customers of PrismTech are the military, the navy, companies like Thales, air traffic control, NASA and John Deere.

In 2006 Thales made the decision to close a specialised business unit of middleware and to outsource this middleware to another company. Therefore they got in contact with PrismTech in the UK, because this specialised middleware would fit in the portfolio of PrismTech. In 2006, PrismTech and the former employees of the business unit of Thales choose to start an R&D-facility of PrismTech in

Twente to acquire the new product. The location of PrismTech Netherlands became Twente, because the seven employees who would start in the company came from the closed business unit of Thales, which is also located in Twente, and these employees were not willing to migrate.

In January 2012 PrismTech Netherlands is changed into OpenSplice BV as a subsidiary of PrismTech. OpenSplice is the name of the product.

PrismTech did not encounter many problems in their internationalization process in The Netherlands. With support of Oost NV an office in Hengelo was found, nearby Thales, which of course became the most important customer. Furthermore, the seven employees could continue with their activities, which they previously employed within Thales. All other activities, like the administration, management and finance are still centralised in the headquarters of PrismTech in the UK. PrismTech Netherlands was just an R&D facility. The change to OpenSplice BV is just a legal change. Now, OpenSplice BV hires the activities of the headquarters of PrismTech. Though, OpenSplice BV needed an accountant to take care of the administration of OpenSplice BV.

The change to OpenSplice BV was necessary to qualify for an R&D-subsidy in The Netherlands. With help of Oost NV, OpenSplice BV achieved a subsidy of 'Agentschap NL' for their R&D activities. Besides OpenSplice BV cooperates with P&O, which is an organization that arranges subsidies for companies.

An upcoming challenge is the acquisition of new employees. OpenSplice BV wants to expand its activities in Twente and therefore needs more skilled employees. Though, acquiring skilled employees in Twente is difficult, OpenSplice BV says. Therefore she plans to cooperate with Monsterboard, a large company in the Netherlands that supports the acquisition of new skilled employees. OpenSplice BV believes that the acquisition of skilled employees in Twente really is a big challenge.

ProLeit

ProLeit is a Germany founded company that develops concepts of future types of process control technology. Therefore she operates business to business. ProLeit is mainly active in the food industry, but she is also active in the pharmaceutical industry and the fine chemical industry. In these industries, ProLeit provides the process control of process equipment to produce nutrients. Mainly it is about process equipment that produces consumer package goods.

Worldwide, ProLeit is market leader within the brewery industry. 20% of the worldwide brewed beer is handled and produced with help of ProLeit. Besides ProLeit is active in the dairy, chocolate and soft

drink industry, and becomes more active in the bakery industry. In total, ProLeit has subsidiaries in the USA, Ukraine, Mexico, Russia, Brazil, Spain, China, Austria and The Netherlands.

The first abroad activity of ProLeit was the subsidiary in Twente in 2004. ProLeit started in Twente, because in 2002 she received a major order of the new construction of the brewery Grolsch in Twente. In that time, this was the largest order of ProLeit's history. Because of this major order, it was attractive to provide local service to Grolsch and to continue to expand the business in that environment.

ProLeit acquired a Dutch employee in Twente, which they already knew, who also did know Grolsch. Together they started the subsidiary in Twente. In the process of starting the company in Twente, ProLeit did face some challenges. In the beginning ProLeit needed skilled employees who could sell the product of ProLeit, because she needed an income. Besides ProLeit needed time to attract more projects. It may easily take six to twelve months before a new customer is acquired. Fortunately, ProLeit was able to acquire an American employee that already knew the software package of ProLeit, and therefore directly was able to arrange income for ProLeit. In this process, Oost NV supported ProLeit in the legal process to get a work permit. With this income, ProLeit was able to continue to expand her business in Twente.

Besides ProLeit was supported by Oost NV in the internationalization process, like in finding a location and by assisting ProLeit with the legal requirements of starting a business. ProLeit founded a location at BTC-Twente. At BTC-Twente, ProLeit is supported in diverse business services like accounting services. ProLeit says that there or not direct improvements in the obtained support. At that time the contacts were really intense, and the support that we needed, we got. An improvement can be support in marketing and sales activities, because, especially in the beginning of the start-up in Twente, this was really important.

Starsale

Starsale is a Dutch founded company that is active with the professional application of Internet, cloud computing and social media. Starsale is founded in 1999 and was started as a store on the Internet in Franeker. Unfortunately, the market was not ready for it and so Starsale made the decision to start developing websites. Now, until 2012, Starsale have developed about 500 to 600 websites. Because the Internet market is a fast moving industry, Starsale tries to remain a flexible organization. Starsale expanded its business with content management, webdesign and portals. At this moment, Starsale is active in web, mobile and social media services.

In 2006 Starsale expanded its business with a subsidiary in Antalya in Turkey. The main reason to go abroad was that Starsale had difficulties with attracting skilled employees, especially programmers. Attracting projects was not a problem at all; they just needed employees to do the work. Besides Starsale found out that due to the communication technology, the location is not that important anymore.

Together with a student of the University of Twente, Starsale did a research on where to start a subsidiary. Criteria for the location were: the availability of skilled employees, the cooperation with a University, the local market conditions, and no countries like Russia, India and Thailand, because the experience of Starsale in these countries is that the communication and quality of programmers is not that well. Besides, Starsale believes that difference in time is not convenient. To their surprise, Turkey scored the best on their identified criteria. By contacting some Universities, like in Istanbul, Ankara and Antalya, Starsale finally made the decision to start a subsidiary in Antalya, because Starsale had contact with a person who reacted very active and communicated well. By visiting Antalya the decision was made. Besides, Antalya had the status that she really wants to attract foreign companies. Therefore Antalya applies the policy that a foreign company does not pay any tax on R&D-costs for seven years. To benefit from this, the company has to be located on a tax-free zone, which is simply a piece of ground on the University.

From 2006 to 2012, Starsale Ltd in Turkey expanded its businesses. The first couple of years, Starsale Netherlands was the only customer of Starsale Ltd., because the initial strategy of Starsale was to delegate work to skilled employees. Now, Starsale Ltd is expanded and even acquires own projects in Turkey. Now, 80-90% of the activities in Turkey are their own required orders.

The challenge that Starsale encountered in their internationalization process was the investment decision. To make that decision they needed to know what financial risk was involved. By contacting the Chamber of Commerce, Starsale got in contact with the Ministry of Economic Affairs in The Hague to get some information about Turkey. Ultimately, the investment was feasible. A second challenge was the difference between the Dutch and Turkish culture. Selling products is extremely difficult in Turkey if you do not personally know the customers. These networks are very important to be a successful company. Besides they do not work with deadlines and strict agreements, which is in The Netherlands pretty standard. Another problem is the conscription in Turkey. Other regulations in Turkey are not that different as in The Netherlands.

In their internationalization process Starsale did not received many support. Starsale had intense contact with a person at the University in Antalya. That person even became a part-time employee and is now the full time sales manager of Starsale in Antalya. Starsale believes that you need to find

people that you can trust. That is the success factor. Besides, the University of Antalya arranges the office facility including some business services like Internet, security and some basis facilities. It is a small business centre with 15 companies.

Finally, Starsale believes that the connection to a University is very important. Therefore the University of Twente should be better utilized to connect and attract companies. The University of Twente is well known, but when I see what activities are employed at the University in Antalya, there is a difference. Antalya and Twente are well comparable, but the University in Antalya is bigger, somewhat more active to companies and has an enormous academic hospital. Twente needs to think bigger, out of the box may help.

Universal Electronics

Universal Electronics is a USA founded company, publicly listed, and is a consumer electronics company. Universal Electronics is founded in the eighties, and is the global leader in wireless control technology. The corporate headquarters is still located in the USA and the international headquarters is located in Enschede, Twente. In Europe, Universal Electronics delivers to retail business and business to business. She owns the brand name 'One for all', which is sold worldwide. Market and product development are located in the USA and in Twente. Production takes place in China, where Universal Electronics acquired its own factory in 2010.

In 1992 Universal Electronics started a subsidiary in The Netherlands. She wanted to expand her existing business to Europe. Universal Electronics started the subsidiary in Twente, because some people within Universal Electronics had some contacts with people who had knowledge in the region of Twente, because of previous international experiences. But with the same reason they could have made the decision to go to Amsterdam, for example.

Universal Electronics started in the incubator centre of BTC-Twente with a small team. The products were developed in America and were tried to sell in Europe by making contracts with retailers. In this process Universal Electronics experienced a hard time (liquidity problems) and encountered some problems, because Universal Electronics tried to launch American products into the European market, while the European demand was somewhat different. Afterwards, Universal Electronics learned that you have to do some product marketing on the targeted European market, and therefore Universal Electronics invested in product marketing in Europe by attracting knowledge and employees.

Universal Electronics encountered challenges in the acquisition of skilled employees for the senior positions. Because Twente had no other consumer electronics companies, it was difficult to attract

skilled employees. Appropriate employees needed to be attracted from other regions in The Netherlands and therefore the commuting distance was large. Therefore, in the long term, it is also difficult to keep the employees at your business. This is still an issue at Universal Electronics. On the other hand, Universal Electronics faces no problems with the employees of their call centre for the after sales service.

Furthermore Universal Electronics encountered no specific problems. She needed an office, production was not addressed, the storage is outsourced to Shenken in Oldenzaal, and therefore she did not encounter problems in permits or regulations et cetera. Universal Electronics received support in finding their office and in some practical issues of OOM (Overijsselse Ontwikkelingsmaatschappij), which was the predecessor of Oost NV.

The success factor for Universal Electronics in the internationalization process is the connection with a local party. You have to trust on people who have the knowledge in that region. Universal Electronics is especially interested in Dutch parties who have experience in that region. Examples of parties are Transfer, which is targeted on Latin American countries, and Eurodev in Almelo. Both are for-profit companies.

For a company it is important what you offer as a country or region. What makes you unique and distinctive? For example a specific technology and the collaboration with the University of Twente. Universal Electronics sees the technology in Twente, but for her the technology is too specific and not focused on their branch.

Appendix D: Survey results

Service	Used			Total						
	Yes	No	Nvt	Importance						
				Average importance	Variance	Min	Max	Range	>4?	
Bussiness Accistance										
1 Coaching/Consult	3	3	0	5,33	5,87	1	7	6	4	
2 Training	1	5	0	3,83	2,97	1	6	5	2	
3 Government regulations & tax	6	0	0	6,33	0,27	6	7	1	6	
4 Financial assistance	4	2	0	5,67	1,47	4	7	3	5	
5 Culture and language	3	3	0	3,67	4,67	1	7	6	2	
6 Market research	1	5	0	4,00	5,60	1	7	6	3	
7 IPM	1	5	0	3,50	5,90	1	7	6	2	
8 HRM	4	2	0	5,67	0,27	5	6	1	6	
Fysieke middelen/bronnen										
1 Office space	6	0	0	6,50	0,70	5	7	2	6	
2 R&D facility	2	4	0	4,33	5,47	2	7	5	3	
3 Production facility	0	3	3	2,33	2,33	1	4	3	0	
4 Distribution facility	1	2	3	4,00	7,00	1	6	5	2	
5 Cost advantage	4	2	0	4,67	3,47	2	7	5	4	
6 Business services	5	1	0	5,00	3,20	2	7	5	4	
7 Housing	0	5	1	2,40	1,30	1	4	3	0	
8 Geographic proximity	4	2	0	5,33	5,07	1	7	6	5	
Netwerken										
1 Clustering of businesses	1	5	0	5,33	2,27	3	7	4	4	
2 Connection (JV or alliances)	0	6	0	4,17	2,57	2	6	4	2	
3 Funding	0	5	1	2,80	2,70	1	5	4	1	
4 Image	4	2	0	5,67	3,87	2	7	5	5	
5 University connection	4	2	0	5,83	1,37	4	7	3	5	