

MARKET ENTRY STRATEGIES AND INFLUENCING FACTORS: A MULTI-INDUSTRY/MULTI-PRODUCT INVESTIGATION

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The purpose of this study, a departure from much of the existing research which is based on limited industries and product offerings, is to explore the factors influencing choice of market entry mode using a sample drawn from firms representing a wide range of industries and product types. The findings show that some traditionally accepted influence factors, such as market/firm characteristics and government policy/market imperfections, have a significant relationship to entry strategy. However, firm knowledge of, and experience with, international operations did not. Theoretical and managerial implications of the findings are presented.

INTRODUCTION

The purpose of this study is to explore factors associated with various market entry strategy choices. Much research has been done in terms of influences on a given firm's choice of entry strategy in any particular foreign, or overseas, market (cf. Andersen 1993). Generally, this research is either theoretical in nature (cf. Johanson and Valhne 1990), or involves empirical studies within a given industry or product type (cf. Erramilli 1991). Unfortunately, to date no comprehensive study exists which investigates market entry choice across product offering and customer categories. The study presented explores the relationship between several recognized factors influencing choice of market entry mode. By including firms offering different basic product types to different target markets, this investigation will provide a basis for widening the understanding of entry-strategy related issues beyond the scope of individual industries and product-types.

MARKET ENTRY STRATEGIES AND INFLUENCING FACTORS

A prominent theoretical approach to explaining firm selection of market entry modes and strategies has been in the form of internationalization models (Andersen 1993). Perhaps the most well known of these models is the Upsalla Internationalization Model first proposed by Johanson and Wiedersheim-Paul (1975) and subsequently refined by Johanson and Valhne (1990; 1977). Their approach, which has been adopted by other researchers (e.g., Welch and Luostarinen 1988; Jull and Walters 1987; Cavusgil 1980; Bilkey 1978; Buckley and Mathews 1978; Wiedersheim-Paul, Olson, and Welch 1978) is centered around the assumption that as firms gain more knowledge and experience in international operations they will progress through stages in internationalization. The first stage would involve only basic export activities, followed by firm-level interactions (e.g., licensing, franchising, strategic alliances, joint ventures, etc.), and finally culminating in foreign direct investment.

Other authors (Czinkota 1982; Reid 1981; Cavusgil 1980; Bilkey and Tesar 1977) have also viewed the selection of entry modes as a process of

internationalization but have chosen to adopt the theoretical perspective that such behavior on the part of a firm constitutes innovative behavior. This particular innovation-relation (Andersen 1993) form of internationalization model is built primarily around the constructs of uncertainty and knowledge. Knowledge, as it applies in this framework, takes one of two forms (Johanson and Valhne 1990; 1977; Penrose 1959). These are: 1) objective knowledge which can be taught; and 2) experiential knowledge which comes through personal or operational experience. Of the two, experiential knowledge is considered to be the driving force behind internationalization as it is through such knowledge that business opportunities, as well as problems and threats, are identified. Thus, a firm's willingness to exhibit innovativeness coupled with high level of knowledge, particularly experiential knowledge, should result in higher levels of internationalization (i.e., a movement away from exporting toward foreign direct investment).

The firm's ability to better understand, and perhaps control, the various uncertain elements in a foreign market through an increase in knowledge will make firms more likely to increase their level of commitment and involvement in a foreign market. This increased commitment and involvement will then be reflected in their primary means of foreign market entry whether it be on the initial level such as exporting, some intermediate stage (e.g., licensing, joint ventures, strategic alliances), or a high level of commitment such as foreign direct investment (FDI). In investigating the relevant underlying influencing factors on firm choice of market entry mode it is important to consider these in the context of existing published research. Three main antecedents to international market entry strategies have been addressed in the literature: 1) knowledge/experience; 2) government policies/market imperfections; and 3) market/firm characteristics.

Knowledge/Experience

The first key antecedent to the mode of entry selected for a given foreign market is uncertainty, or a lack of knowledge/experience. Uncertainty can be defined as a lack of predictability in corporate outcomes due to environmental instability (Miller 1992). This

notion of environmental instability has generally been accepted as decision makers' perceptions of the environment, based on individual experience, rather than as an objective conceptualization (McCabe 1990; Milliken 1987; Dess and Keats 1986; Yasai-Ardekani 1986). A related issue deals with the characteristic nature of uncertainty and its relationship to the environment. Duncan (1972) addresses uncertainty in terms of its impact on decision making across two dimensions: simple versus complex and static versus dynamic. The primary environmental contributor to uncertainty was found to be the static-dynamic dimension (Duncan 1972). Thus, the key to understanding the relationship between uncertainty and decision making is to recognize the importance of perceptual environmental instability, a by-product of a lack of experience, as defined along the static-dynamic dimension (Gerloff, Muir, and Bodensteiner 1991; McCabe 1990; Duncan 1972).

Government Policies/Market Imperfections

In addition to knowledge and experience, government policies and market imperfections have also been addressed in the context of firm-level foreign market entry strategies. Two articles specifically address the relationship between these antecedent constructs and foreign market entry modes (Brewer 1993; Boddewyn 1988). By definition, market imperfections are considered to be deviations from an environment of pure competition while government policies are the controls exerted by the political structure on the market economy in question. Brewer (1993) deals with the relationships between government policies, market imperfections, and entry strategies--in this case the specific entry mode of foreign direct investment (FDI). This author develops four key arguments: 1) a wide range of government policies affect a firm's market entry decision via their impact on market imperfections; 2) the various dimensions of government policies need to be identified; 3) contradictory effects exist in the relationship between government policies, market imperfections, and entry mode; and 4) the effects of government policies on entry strategy vary. In discussing the dimensions along which government policies may vary, Brewer (1993) suggests four: 1) scope (i.e.,

widespread versus selective); 2) relative cross-national differences; 3) host-home country pairing (whether or not the respective government policies complement or contradict each other); and 4) cross-national policy changes.

Because of government's ability to impose extra costs which impact entry strategies, the market environment and the imperfections which result from government policies play a key influencing role on international marketing strategy (Brewer 1993; Root 1982). These imperfections, created by host government policy, are considered to be political imperatives (Chakravarthy and Perlmutter 1985) which the firm must take into account when devising a strategy for international operations. Under this view, political imperatives fall into one of two categories: transfer restrictions and ownership/control restrictions (Root 1972). Transfer restrictions impede all manner of exchange (e.g., product, capital, payment, technology, etc.) while ownership/control restrictions are government politics designed to alter firm ownership or influence management control (Ring, Lenway, and Govekar 1990). The primary form of political imperative a firm faces in its international operations suggests certain market entry strategies may be more successful than others for circumventing or manipulating these imperatives (Ring, Lenway, and Govekar 1990). A fundamental assumption of the traditional economic model of international trade, which focuses on the importance of market imperfections, is that international trade is controlled by cross-national differences in the basic factors of land, labor, and capital. However, as firms become increasingly adept at manipulating their resource base to gain competitive advantage, they have also become cognizant that the political environment can be used to develop competitive niches.

Market/Firm Characteristics

A third area has been addressed in the literature regarding its impact on firm-level foreign market entry and operations strategies. These fall into the general categories of market characteristics and firm characteristics. Kwon and Konopa (1993) consider entry mode choice from the perspective of the foreign market characteristics. These authors identify three

categories of elements which impact entry choice: 1) the general business environment; 2) production factor characteristics; and 3) the competitive characteristics of local firms. Agarwal and Ramaswami (1992) empirically studied foreign market entry strategies based on internal and external factors. They conclude that the salient entry choice factors are: 1) ownership advantages (e.g., firm size, multinational experience, and the ability to develop differentiated products); 2) location advantages (e.g., market potential, investment risk); and 3) internalization advantages (e.g., contractual risk). Exporting was found to be preferred over no involvement if firms have the ability to develop differentiated products, joint and sole ventures are preferred if contractual risks are low. Overall, by utilizing a risk-return trade-off perspective, these authors conclude that, all else being equal, firms prefer foreign direct investment but are constrained by their size and multinational experience.

The other major impactor of entry strategies is firm characteristics. Goodnow (1985) and Root (1987) both consider the choice between exporting and direct investment from the perspective of firm characteristics specifically corporate strengths, competitive position, corporate policies, and product characteristics. Rolfe, et al. (1993) investigated variables which would impact incentive preferences identified by firms that chose to commit high levels of resources to international operations in the form of direct investment over exporting as an entry mode. These authors determined that internal variables, such as the firm's market orientation, product, the type of investment, the size of investment, and external forces, such as country, labor force size, and investment year all influenced the evaluation, on the part of firms, of incentives offered by foreign nations to these firms in an attempt to secure direct investment.

RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

Based on the above discussion of the existing research, any investigation of market entry choice must focus around knowledge/experience, government policies/market imperfections, and

market/firm characteristics, as the three basic influencers of a given firm's choice of entry mode.

Knowledge can be operationalized a variety of ways. Typically, it is assumed that as knowledge or experience is increased the reluctance to become more involved in international market(s) increases proportionally. On the other hand, market/firm characteristics are generally focused on the fit of a given firm's product offering(s) and operations, as well as the amount of resources it has, and is willing, to bring to bear on international markets. Similar to knowledge/experience, as market/firm characteristics increase in terms of fit in a foreign market environment and/or the amount of resources devoted to international markets increase, so will the level of involvement in that market as reflected in the choice of entry strategy. Finally, government policies and market imperfections are generally considered to be an inhibitor to the market exchange process imposed on the firm by an outside decision-making body, usually either a host, or in some cases home, government. The most common example of a market imperfection would be a foreign government trade barrier such as a tariff or quota. As these market imperfections become more problematic, firms often seek to alter their real or perceived status from foreign firm to domestic firm—an operational switch which frequently requires a change in entry strategy.

By combining these relationships, it is possible to construct a comprehensive research model applicable across a wide variety of firms. As the objective of this research is to identify a set of influencing factors for entry mode choice across a range of industries and customer types, the development of such a model is essential. There are three hypotheses presented in this study, relating to the relationship between knowledge/experience, market/firm characteristics, and government policies/market imperfections and choice of entry strategy as reflected in the given firm's level of involvement in a given market. Viewing entry strategies from the perspective of level of involvement is grounded in the notion that as the influencing factors on entry choice become less problematic, a firm will become more involved in a foreign market. Under these circumstances, level of involvement is considered to be the extent to which a firm is operationally immersed in an overseas

market as reflected by entry mode. Thus, the lowest level of involvement would be some form of exporting while the highest would be some form of foreign direct investment with license arrangements, franchises, strategic alliances, joint ventures, etc. falling in between in terms of involvement level.

Experience has already been established as being a primary influencing factors on firm market entry choice. As experience increases logic suggests that level of involvement in a foreign market will increase as firms become more confident in their ability to operate in a non-domestic market environment. Alternatively, as indicators of knowledge or experience are reduced, level of involvement, as reflected in type of market entry mode, should decrease. This leads to the first hypothesis:

H₁: Experience in international operations will have a significant, positive impact on level of international market involvement.

In this study, experience in international operations is measured using: 1) total years in operation; 2) number of years responding firms have operated in international markets, 3) the number of international markets in which any given firm has operations, and 4) individual firms' market shares in their international operations. The second hypothesis involves the relationship between market/firm characteristics and level of involvement. The literature supports the proposition that, as firm experience more similarity either between international markets or between their domestic and international market(s), and have more resources with which to operate, level of international market involvement should also increase. Thus, the second hypothesis becomes:

H₂: Similarities across markets of operations and amount of resources will have a significant, positive impact on level of international market involvement.

For the purposes of this study, these market/firm characteristics are indicated by: degree of similarity between international market(s) and/or between

domestic and international market(s), number of employees, amount of international sales, and corporate priority placed on international market(s) relative to domestic market. Lastly, the third hypothesis addresses the relationship between government policies and market imperfections and level of foreign market involvement. As Boddewyn (1988) has shown, several studies suggest that firms will attempt to reduce their exposure to external environmental influences, in the form of market imperfections such as trade barriers, which have the potential to negatively impact firm efficiency and profitability. One effective means by which the impact of such imperfections can be reduced is through market entry strategies which reduce, or eliminate, the "foreign-ness" of the firm's operations. That is, by placing a higher amount of operations within the foreign market, the firm can experience more of the same advantages of local firms. For example, a firm with manufacturing facilities placed directly in a given foreign market may eliminate the threat of tariffs or quotas as their product is no longer classified as a foreign import. This line of reasoning leads to the third, and final, hypothesis:

H₃: The existence of government policies/market imperfections which impact firm operations in foreign markets will have a significant, positive impact on level of international market involvement.

Having developed the hypotheses to be investigated the discussion now turns to the methodology employed in this study.

METHODOLOGY

A mailed survey instrument was utilized as the data collection tool in this study. A total of 1297 questionnaires were mailed to potential respondents with 171 usable surveys being returned, resulting in a final response rate of 13.1 percent. This response rate was consistent with previous research (cf. Kwon and Konopa, 1993) investigating similar subject matter and using the same methodological approach. The measurement instrument was designed to focus on the three constructs to be used as independent variables: 1) knowledge/experience, 2) market/firm characteristics, and 3) government policies/market

imperfections. The dependent variable, was established as level of international market involvement and measured as the entry strategy currently being employed by the firm in its overseas market(s). In the case of a firm operating in multiple markets, the respondent was asked to indicate the predominant entry strategy employed by the firm in its international/global operations, based on the number of international markets in which the firm operates, the market share the firm holds, and the emphasis/importance placed by the firm on the individual market. Based on established theory, discussed above, the various choices of entry mode were assumed to be progressive and, therefore, treated as ordinal data (Erramilli 1991).

Each of the independent variables were measured with items previously used in other studies of similar subject matter (cf. Erramilli 1991). Knowledge/experience was measured using four accepted (Erramilli 1991) indicators: 1) years in operation, 2) years of experience in international/global operations, 3) number of international markets in which the firm operates, and 4) estimated market share in each of these markets. Measurement of market/firm characteristics (cf. Kwon and Konopa 1993; Root 1987) was completed using four indicators which addressed issues related to the market(s) in which the firm operates as well as resource-based issues. These four indicators were: 1) similarity of international markets, 2) number of employees, 3) total average international sales revenue, and 4) overall corporate priority placed on international markets, relative to domestic markets, for firm resource allocation. The third independent variable, government policies/market imperfections, was operationalized (cf. Ring, Lenway, and Govekar 1990) using the following five indicators: 1) import restrictions/regulations, 2) revenue restrictions, 3) product content restrictions, 4) home export regulations, and 5) ownership/control restrictions. The items used to measure each of the three main constructs were tested for reliability using Cronbach's Alpha (Cronbach 1951). Each of the three sub-instruments, designed to measure uncertainty, market-firm characteristics, and government policies/market imperfections produced

Alpha scores in excess of the .7 cut-off recommended by Nunnally (1978).

DATA ANALYSIS

The data analysis portion of this study was conducted in two parts. First, preliminary correlation analysis was performed to determine the extent to which the hypothesized relationships between the three main constructs, knowledge/experience, market/firm characteristics, and government policy/market imperfections, may be significantly related to choice of market entry strategy. Second, as a means of testing the stated hypotheses, multiple regression analysis was utilized to investigate any potential significant impact each of these main constructs exerted as predictors of market entry mode. Table 1 shows the results of the initial correlation analysis.

TABLE 1
Correlation Matrix

Construct	Knowledge/ Experience (IV)	Market/Firm Characteristics (IV)	Government Policy/Market Imperfections (IV)	Market Entry Mode/Level of Involvement (DV)
Knowledge/ Experience (IV)	1.00	***	***	***
Market/Firm Characteristics (IV)	.517**	1.00	***	***
Government Policy/Market Imperfections (IV)	-.195*	.089	1.00	***
Market Entry Mode/Level of Involvement (DV)	.132	.304**	.182*	1.00

** Sig. $p < .01$ * Sig. $p < .05$

The preliminary correlation analysis provides some initial support for the propositions set forth in this study. At the initial stage, two of the three identified independent constructs can be shown to be significantly related to the dependent construct of market entry mode/level of involvement. Both

market/firm characteristics (.304; $p < .01$) and government policy/market imperfections (.182; $p < .05$) are significantly related to market entry mode/level of involvement, while knowledge/experience demonstrates no such level of significance.

In terms of significant relationships between the independent constructs, knowledge/experience was shown to be significantly correlated with both market/firm characteristics (.517; $p < .01$) and government policy/market imperfections (-.195; $p < .05$). In considering the individual items used to operationalize each of the three key constructs, the existence of significant correlations appears valid. While years of operation, years of international experience, the number of international markets in which the firm operates, and international market share could be considered as overall market/firm characteristics, it has been established for the purposes of this paper that these characteristics, as indicators of experience with international/global operations and therefore direct influencers on entry mode (Erramilli 1991), be treated as a separate construct in the investigation of influences on entry mode choice. Similarly, there would be a logical connection between the existence of government trade barriers, or other forms of market imperfections, and firm-level experience in international operations.

In considering the potential difficulties raised by significantly correlated independent constructs, other authorities (cf. Belsey et al. 1980) have determined correlations below .68 to be "weak", and therefore the result of dealing with similar issues rather than representing a multicollinearity problem. However, following the guidelines used by Erramilli (1991) when faced with a similar situation, the additional recommended (cf. Neter et al. 1983) diagnostic statistics (i.e. variance inflation factor, condition index, and tolerance factor) revealed no indication of a collinearity problem inherent in the data. Although on the surface these correlated relationships exist, in the theoretical context of market entry mode each are separate and distinct constructs founded on accepted indicators (Erramilli 1991).

The second phase of the data analysis was directed at testing the stated hypotheses. Although the correlation analysis provides some initial basis for proceeding with more rigorous statistical testing (Hair et al. 1992), it cannot be construed as a means of establishing any true predictive link between the independent constructs and the dependent variable of market entry mode. Following the procedure used in a similar previous study investigating influences on entry strategy for service firms (Erramilli 1991), multiple regression analysis was used for the hypotheses testing portion of the data analysis. Table 2 shows the results of the regression analysis.

TABLE 2
Effects of Independent Constructs
on Market Entry Mode¹

Construct	All Firms	Consumer Firms	Industrial Firms
Knowledge/ Experience	.078 (.749)	.093 (.516)	.049 (.397)
Market/Firm Characteristics	.314 (3.043)**	.515 (2.817)**	.240 (1.973)*
Government Policy/ Market Imperfections	.196 (2.148)*	.315 (1.984)*	.166 (1.499)
Model Statistics: - Overall F - Adjusted R ²	7.267** .172	6.619** .474	2.871* .099

** Sig. $p < .01$ * Sig. $p < .05$

As one of the main objectives of this study was to consider influences on market entry mode beyond single industry, single firm, of single customer type three prediction models were developed. Data was collected which allowed responding firms to be

subdivided into four primary product-offering categories (i.e., consumer goods, consumer services, industrial goods, and industrial services). However, while the complete sample was sufficiently large ($n=171$), not all of the four categories of firms were equally represented. In particular, industrial service firms represented just under 10 percent of the total sample. It was therefore determined to subdivide the sample along primary customer type (i.e., consumer vs. industrial) as these two larger categories were approximately equal in size.

The first model included all responding firms. The second model included only those firms, both goods-based and service-based, whose primary customer type was individual consumers, and the third model included only industrial goods and services firms. The purpose of these additional models was to provide a basis for exploring the generalizability of the first model. By sub-dividing the sample it was then possible to compare significant independent variables for the sample as a whole and individual customer types. The first hypothesis set forth in this study proposes a significant positive relationship between firm experience in international operations and level of foreign market involvement. That is, as firms become more experienced with international operations their level of foreign market involvement should increase. At the same time, a review of the prediction models shows no such relationship to exist in the data obtained resulting in a rejection of H(1). This result appears to contradict previous (cf. Johanson and Valhne 1977) internationalization literature which has traditionally placed a heavy emphasis on knowledge, both objective and experiential, a key influencing factor on foreign market involvement. However, it may also be possible that, as the marketplace in which firms operate becomes increasingly global, there is less reluctance to more fully engage and enter foreign markets on the part of firms relatively new to international operations.

The second hypothesized relationship involved market/firm characteristics and level of foreign market involvement. Specifically, H(2) postulated that, as similarities increased across a given firm's foreign markets of operations and the amount of

¹ NOTE: Unless otherwise indicated, numbers in columns are beta coefficients, numbers in parentheses are t-ratios.

resources devoted to these international operations was relatively high, a significant positive relationship would exist between market/firm characteristics and level of foreign market involvement. All three predictions models support this hypothesis. In each case, market/firm characteristics as operationalized in this study were shown to have a significant, positive relationship with level of firm involvement in foreign markets. This suggests that as firms operate in markets which are more similar around the world they place higher levels of priority on international operations, and have a relatively large resource base (measured here using number of employees and level of total international sales), any given firm will have an increased propensity to engage in international operations involving more advanced levels of market entry.

Similarly, the prediction models indicate some support for the third hypothesis. Of the three models developed, two of the three (the complete model with all firms and the model including only consumer firms) show significant relationships between government policy/market imperfections and market entry mode. The industrial firms sampled did not show a significant relationship between these two variables. This provides partial support for H(3). Thus, the data indicates that, as government policies in either the home or host country become more barrier oriented, thereby creating market imperfections, there is a tendency to move toward entry strategies which will enable the firm to operate with some, or all, of the same advantages (i.e., lack of trade/marketing impediments) enjoyed by local companies.

DISCUSSION

The findings here provide some support for the generalizability of existing theoretical research in the area of the internationalization of firm-level operations. Specifically, the identification of both market/firm characteristics and government policy/market imperfections as being significantly related to level of foreign market involvement shows that, under certain circumstances, individual firms either choose, or are compelled, to increase the level to which resources are committed to, and operations located in, a given foreign market(s). There seems to

be support for the notion that, as firms have higher levels of resources on which to draw, they view higher levels of market involvement to be a viable strategic option. Along the same lines, these firms, when faced with trade barriers and other political/market impediments, appear to view domestication of operations as a real and viable alternative for successful international operations. Each of these conclusions support the existing research base as it relates to foreign market entry mode, but in this case the wide range of firms sampled show that, to some extent, this existing literature can be generalized over a range of industry, customer, and product types.

While confirmation of some existing theoretical relationships can be demonstrated in this research, perhaps the most noteworthy finding here is the lack of significant relationship between experience in international operations and level of firm involvement. Previously, it has been both theoretically presumed (Johanson and Valhne 1990; 1977), as well as empirically argued (Erramilli 1991), that the level to which an individual firm is willing to internationalize operations is a direct function of both objective and experiential knowledge. However, much of the research (cf. Erramilli 1991) which argues such a relationship is either concentrated on specific types of firms, such as manufacturing organizations, or particular types of product offerings such as services. In the existing market entry strategy literature, there is a marked lack of studies which incorporate firms from a variety of industries, with different types of product offerings (e.g., goods and services) and different base customers (e.g., industrial and consumer).

Several possible explanations exist for this lack of significant relationship between experience and market entry mode. However, in terms of both theoretical and managerial implications two seem to have the most impact. One possible explanation is that differences in level of foreign market involvement, as reflected by level of market involvement, is more highly dependent upon industry, product offering, and/or customer type. It may be that past studies, in obtaining such a significant relationship within the context of certain types of firms or industries, have in fact identified a

tool used by these firms for gaining competitive advantage. That is, within a limited sample context, experienced firms use their knowledge of foreign markets and increase level of immersion in a foreign market(s) in order to better manage risk and uncontrollable factors in the global marketplace environment. At the same time, this use of market entry mode may not be universally accepted in all firms and all industries. The firms in this study all demonstrated characteristics which would suggest a relatively high level of experience in international operations, but the absence of any relationship between experience and entry strategy seems to indicate that, based on prior knowledge of international operations, many firms do not consider increasing level of involvement to always be the best entry strategy for maximizing opportunities in overseas markets.

A second alternative explanation may be related to the increasing global nature of the world economy. The globalization of the marketplace has grown at an ever-increasing rate, particularly in the past five years. Many of the studies available in the literature were conducted prior to that time frame. In may be, as foreign competitive pressures build in home markets and revenue opportunities continue to appear in foreign markets, that firms are increasingly willing to enter foreign markets with high levels of commitment and little prior experience. This being the case, local firms may need to be more aware of the potential immediate threat from new market entrants as the traditional progression of market involvement may no longer hold. Rather than gradually entering an overseas market, there may be some support in this data for the notion that firms are more willing to immediately engage in operations outside of the domestic market with high levels of resource commitment. For the local firm, this means the new players will have a higher investment in that market with a potentially high level of willingness to quickly and aggressively compete against other competitors, both local and other foreign firms. On the other hand, this explanation may provide encouragement to the firm new to international operations in that the success of advanced foreign market entry strategies may not be predicated on firm experience in international operations.

LIMITATIONS AND CONCLUSION

In terms of limitations, it should be understood that, although only accepted indicators of the constructs employed in the research model were utilized, research constraints necessitated the omission of other potentially significant measures which may have affected the final results. Expanding the means by which the measures of knowledge/experience, market/firm characteristics, and government policy/market imperfections were operationalized may have produced other results, most notably in the case of the relationship between knowledge/experience and market entry mode/level of involvement. Another limitation would be sample size. While the actual sample size, and the response rate for the study, are comparable to similar studies, a larger sample would have enabled more detailed and rigorous comparisons across firm types and product offerings. Lastly, the sample was dominated by North American firms. A sample from a wider range of firms around the world might have produced additional perspectives on both the influencing factors leading to, and the strategic role of, market entry modes in international/global operations.

In conclusion, the results set forth in this study suggest several areas of possible future research opportunities. Additional investigation into a wider range of knowledge/experience, market/firm characteristics, and government policy/market imperfection indicators and measurements would provide a deeper understanding of the influencing factors on firm-level foreign market entry modes. Similarly, further research across a variety of industries, firm types, and product offerings which allows for cross-category comparisons may provide insights into the role in which manipulation of foreign market involvement plays in the strategic mix of international firms. Finally, research which incorporates measures of firm performance would also be very beneficial in attempting to explicate the role of market entry mode in firm's overall international strategic mix and the efficacy of such efforts.

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