THE DETERMINATION OF INTERNATIONAL ENTRY STRATEGY

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A thesis submitted to the University of Technology, Sydney in fulfilment of the requirements for the degree of Doctor of Philosophy

18 February 2015

CERTIFICATE OF ORIGINAL AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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ABSTRACT

Choosing an international entry strategy is one of the crucial decisions in global strategy. This choice is important because it has significant implications for the firm's operational efficiency and overall performance, and impacts what organizational forms and location decisions are made in the future. Although factors influencing this choice have been researched for decades, a theoretically agreed structure with clear empirical support has yet to be established. Much of the extant literature investigates the entry mode choice in a piecemeal manner, intertwining theories (e.g., internalization theory, institutional theory, the resource based view, the eclectic theory, and international process theory) while making use of a varied mixture of weakly comparable data sources (i.e., panel data, survey data, and qualitative interviews or case studies) and examining the factors at different levels of analysis (i.e., country, industry, and firm).

This doctoral research argues that one of the reasons that our understanding of entry mode choice has not advanced as quickly or as parsimoniously as possible is our failure to understand entry mode as a choice made by the managers. For example, some studies involve the manager solely as a representative of the firms (e.g., a type of "key" information about the firms). The managers *per se* are hardly considered to be decision-makers as their individual decision-making models are never investigated directly.

The goal of this research is firstly to review the extant literature statistically to determine what the research domain actually knows about this choice and then to advance on this by modelling international entry strategy at the level of the managers who make the decisions. This suggests interdependent research stages: a meta-analysis and a series of decision making experiments. The former synthesizes the diverse and inconsistent conclusions from previous studies and provides well-defined factors for the experimental designs. The latter tests whether the factors matter in making the decisions for decision-makers. Together these two stages allow the doctoral research to gain a more valid picture on international entry strategy and advance global strategy research by examining the importance of managerial models in determining strategic decisions.

In sum, this doctoral research brings into the global strategy literature a more behavioural focus as well as a window on the role of the managers as a critical source of

heterogeneity in strategic decisions and outcomes. Using meta-analytic structural equation modelling and random utility theoretic choice experimentation, this research is a significant advance on models that assume that a singular generalizable model of international entry strategy operates. This work helps advance the use of experimental approaches that directly examine managerial trade-offs in a manner that can account for many factors that are otherwise unavailable to those using secondary data sources and in a manner that avoids many of the problems associated with survey based approaches.

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