Global Marketing Management
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Module - 4
Lecture - 18
Global Market Entry Modes - Part I

Welcome to this course on Global Marketing Management. And now we will talk about the last component that is the global market entry modes that which is last component of development of competitive strategy, that is or global market entry modes, which is spread over modules 18 and 19.

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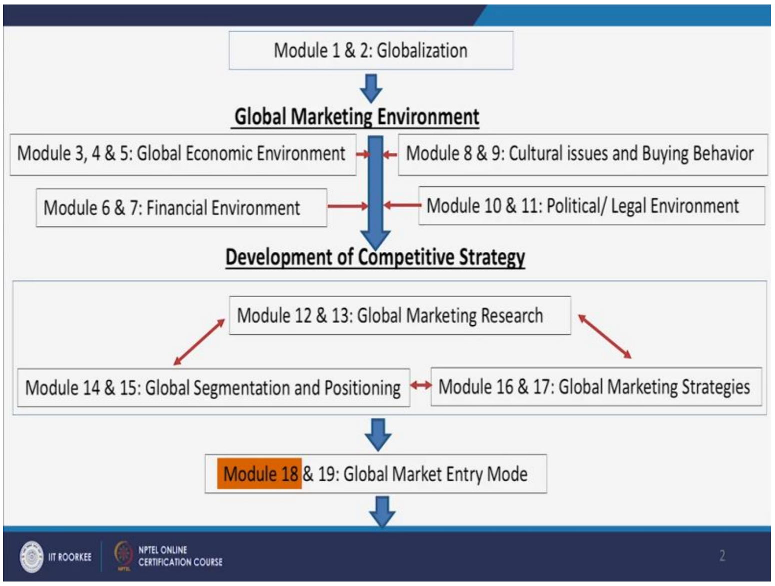

Let us start with module 18. And we will talk about target market selections, choosing the mode of entry and the various modes of entry like exporting, licensing and franchising.

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Now, keep in mind that these 2 things, that the selection of the target market and the mode in which with which to enter these markets. They are very important decisions because, once any, even one of those decisions goes wrong, then it will lead to lots of problems for the company, lots of losses and heartburns for the company. So, the first thing is, after having identified the various segments on the basis of the segmentation criteria, which target market to choose and how; that is the 1.

And the second is how to enter in those markets. These 2 decisions are very important and they are not reversible. So, making the right entry decision heavily impacts the company's performance in global market. So, you choose to enter a wrong market and then you are done with. So, other marketing, strategic marketing decisions also play a big role.

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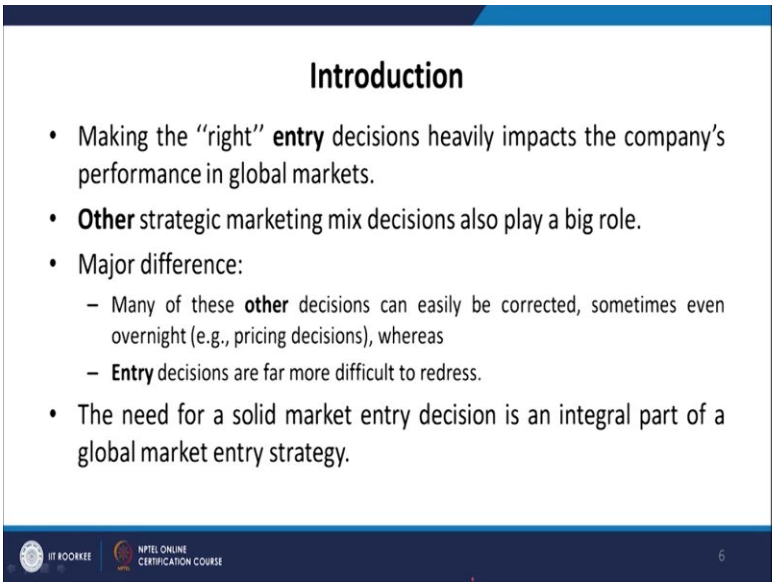

So, the major difference; many of these other decisions can easily be corrected, sometimes even overnight. For example, pricing can be changed overnight, but entry decisions are far more difficult to redress. Because in that case, if once the entry decision was wrong, then the company has to go back and then come back to the same country in a different kind of with a different kind of entry mode.

So, the selection the target market, selection of the target segments is 1 important thing. And another is how the, how a company choose to enter that market. And there is no fixed formula for that. So, there is a need for a solid market entry decision that is a integral part of global market entry strategy.

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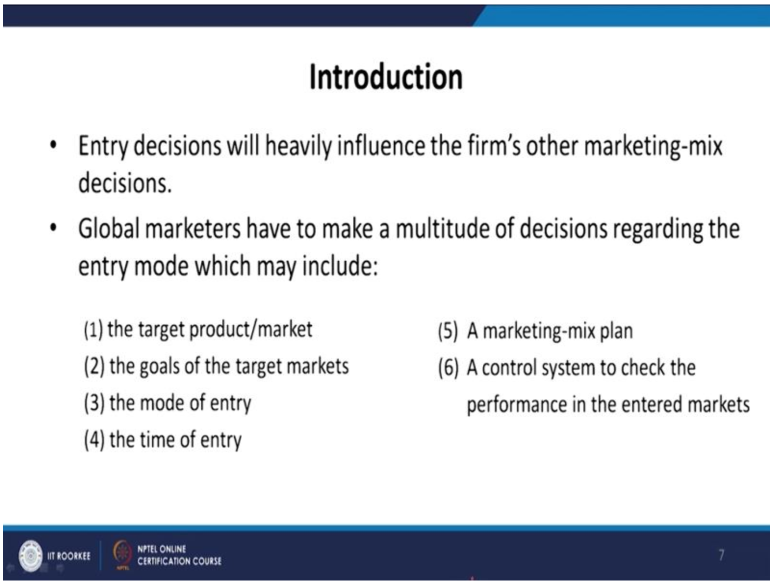

Entry decision will heavily influence the firm's other marketing mix decisions. So, global marketers have to make a multitude of decisions regarding the entry mode which includes which target, with which a product to enter which market. What should be the goals in the target markets? Do, should we have the same goals across target markets or do we pursue different goals in across target markets?

The mode of the entry, the timing of entry, what is the marketing mix and the control system to check the performance in the entered market. So, as we move from question number 1 to question number 6, the answers will keep on changing across companies and across times.

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Now, let us start with the first thing, that is target market selection. So, keep in mind that we have segmented the world on the basis of various kind of segmentation techniques that we have studied earlier. And now, we have to choose which segments to target. So, the crucial step in developing a global expansion strategy is the selection of potential target markets. Companies adopts many different approaches to pick target markets.

So, there is not 1 single approach with which to go about choosing a target market, but there are several approaches. One of these approaches elaborated with the help of a flowchart that will come later. A large pool of countries is taken and through preliminary screening it is narrowed down. Preliminary screening may be on the basis of the secondary data that is already freely available.

The goal of the screening is to minimize the mistakes of ignoring countries that offer viable opportunities for your product. So, it means that you are losing out on the demand, wasting time on countries where that offers no or little potential. So, you are losing out on profits or losses. So, keep in mind that we are minimizing, ignoring countries that offer a viable option and wasting time on countries that do not offer a viable option.

Both of them are may be wrong. So, we have to look for countries that offer opportunities, 1. And we have to we have to ignore countries that offer little potential. So, these are the 2 criteria for choosing a target market. And this is the logical flow chart of the entry decision process. The first step here is, do we have products that can probably be marketed abroad or we do not have.

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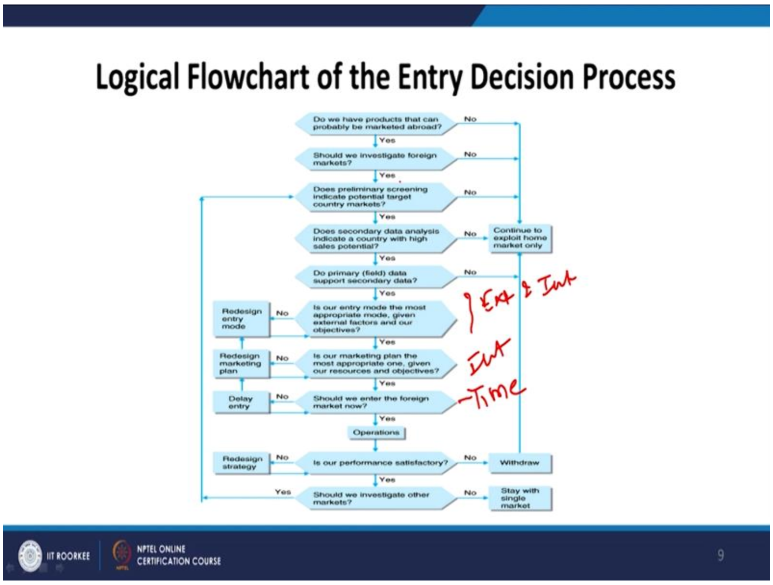

If we do not have, then we have to, then the option is that we withdraw. And if it is yes, then should we investigate foreign markets. So, every time, even if you have a product, it is not possible every time that you start going into foreign markets. So, that time is important. If the answer to the second question is yes, then we move on to the third question. Does preliminary screening indicate potential target country markets?

If yes, then the secondary data analysis indicate a country with high sales potential. If that is yes, then we go in for the primary data collection. And then, we will see whether the primary data supports the secondary data. If it is does not, then we withdraw. If it supports, then we move on to the next step. Is our entry mode the most appropriate mode given external factors and our objectives?

So, the external environment and the company's objectives and the internal environment will determine which is the right kind of entry mode. If the answer to this question is no, then you redesign entry mode. If it is yes, then we move on to the next step. Is our marketing plan the most appropriate one? Marketing plan, is it the right one, given our resources and objectives? So, here we are integrating the external and internal environment.

And then, we moved on to the internal environment. Will this marketing plan achieve our objectives depending on the resources that we have? If no, then we have to go back and redesign marketing plan. And if yes, should we enter the foreign market now? So, here we are to decide on the time. Is it the right time to enter a foreign market? If no, then you delay the entry. If yes, operations.

And then you move on to analyzing your performance in that country. If it is no, if the performance is not satisfactory then you withdraw. If it is yes, then you move on to the next step. And that is, should we investigate other markets. So, if this whole process from here to here, if the answers are yes, then we; and we are successful in country A, then we will think of entering country B.

Otherwise, we will have to redesign many other things and then do keep our entry restricted to country A. So, there is a 4 step procedure for initial screening process. The first is, select indicators and collect data, which indicators and how to go about collecting data. So, socio economic and political indicators that a company believes to be critical are identified, 1. These indicators are to a large degree driven by the strategic objectives spelled out in the company's global vision.

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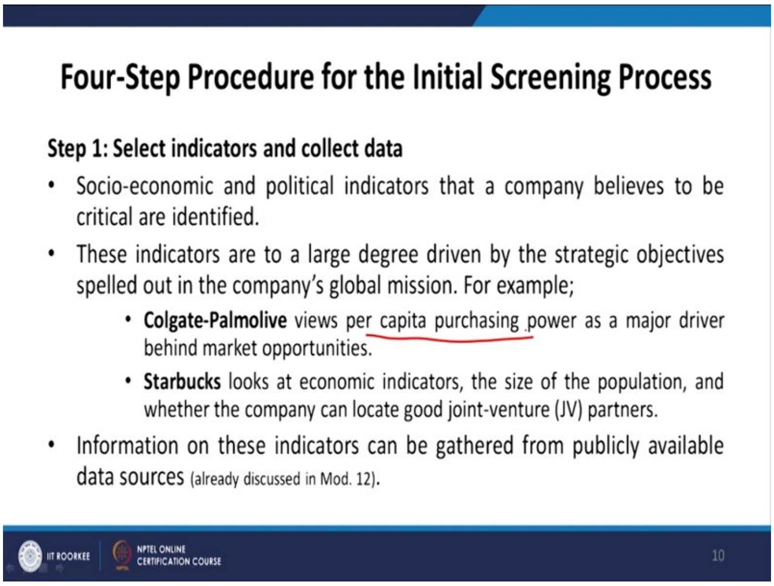

For example, Colgate-Palmolive views per capita purchasing power as a single major driver behind marketing opportunities. So, if the per capita income purchasing power is above the threshold then they will think of entering that market, otherwise they will not. Similarly, Starbuck looks at economic indicators, the size of population and whether the company can locate good joint venture partners.

So, here the, for the Colgate-Palmolive, there is just 1, that is per capita purchasing power. But for Starbuck, it looks for a variety of factors. Information on these indicators can be gathered from publicly available secondary data sources that we have discussed in module 12.

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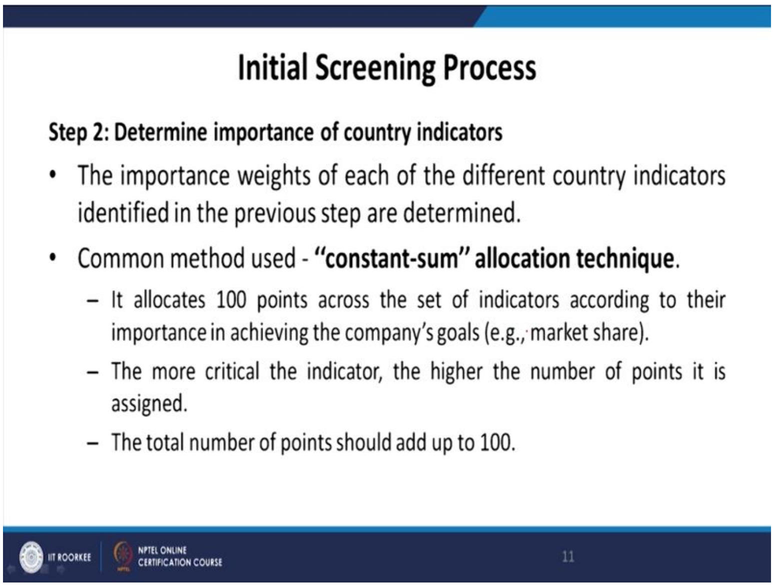

The second step is to determine importance of country indicators. How important is which indicator? The importance weights of each of the different country indicators identified in the first step are determined. The common method used is the constant sum allocation technique. It allocates 100 points across the set of indicators, according to their importance in achieving the company's goal.

So, there are 5 different indicators. So, 1 indicator may be given 30, another indicator may be given 40. So, 40 has more importance as compared to 30. A more critical the more critical the indicator, the higher the number of points it is assigned. And therefore, the total, when you total up the it adds up to 100. The third step is the, rate the countries in pool on each indicator.

So now, after having identified the indicator and given them weightages, the third point is to rate the countries in this pool on each indicator. A 10 point scale, 0 meaning very unfavorable and 10 meaning very favorable can be used.

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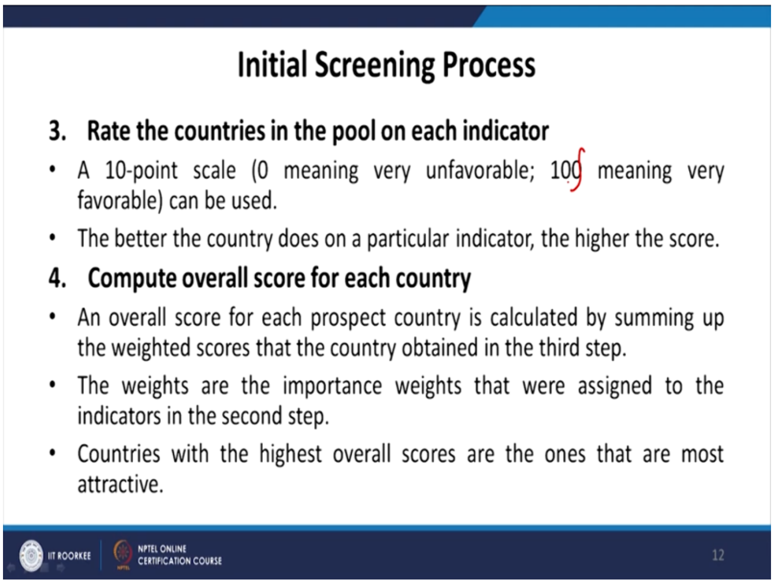

The better the country does on a particular indicator, the higher will be the score. So now you have different countries with different scores available with you. Now, you compute overall score for each country and overall score for each prospect country is calculated by summing up the weighted scores that the country obtained in the third step. The weights are the importance weights that were assigned to the indicators in the second step. So, countries with the highest overall score are the ones that are the most attractive. Now, these, all this is done on the basis of secondary data.

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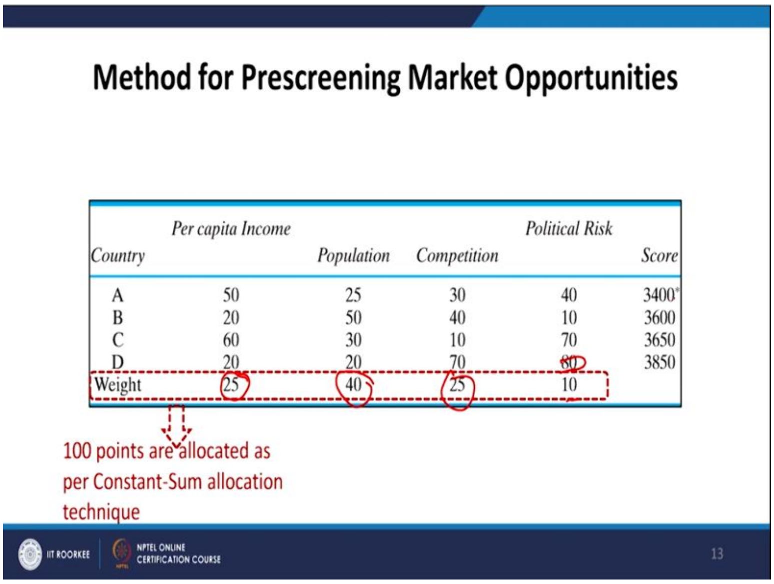

Now, this is the method for prescreening marketing opportunities. So, we are talking of country A, B, C, D. And then, we are talking of per capita income, population, competition and political score. So, now you see that the; for country A, the per capita income is given 50 and then 20 and the country D has again 20 and the weight to this per capita income is 25.

Similarly, the population varies across different countries, but the weightage of this population is 40.

That is, it is the most important. The third criteria is competition. How intense the competition is. So, in country A, it is 30; country B, it is 40 and country D it is 70. And the weightage that is given to competition is same as given to per capita income, that is 25. And then, look at the political risk. Again, for country A, it is 40; while it is maximum in country D, that is 80. But the weightage that is given to it is 10. So, they add up to 100. And then, they multiply and get the score of 3400, 3600, 3650 and 3850. So, obviously, which is the best country to choose.

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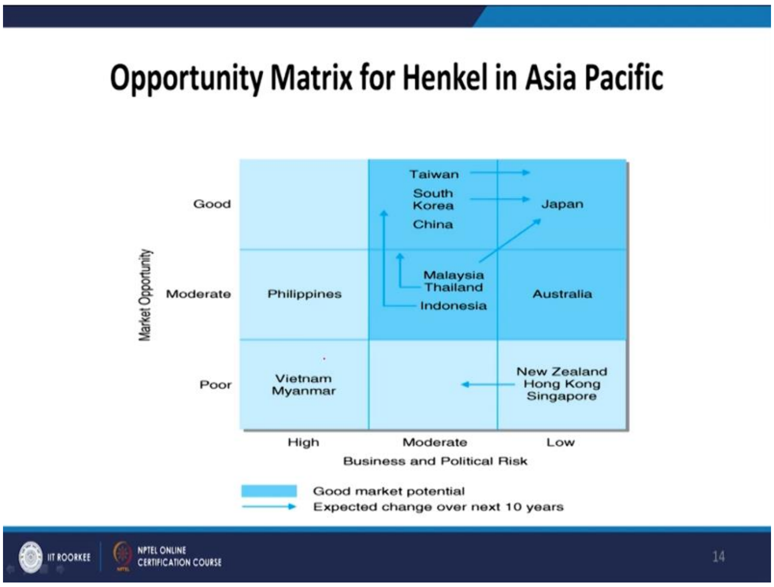

This is opportunity matrix that Henkel that makes detergents have made in South Asia, Asia Pacific sorry. On the x-axis we have the business and political risk and on the y-axis they have the market opportunities. So, these are the business politics political risk is important factor. And then the marketing market opportunities; how big the market is. And they are divided the market opportunity into 3. That is good, moderate and poor.

And similarly, business and political risk is again categorized into 3, high, moderate and low. So, this dark blue is good market potential, while the arrow means expected change over next 10 years. So, it so this opportunity matrix does not just tells about the current situation, but also it predicts for the next 10 years. So, Taiwan, South Korea and Japan; South Korea and China, they may move to good market opportunities with low business and political risk that which is there in Japan.

Malaysia, Thailand and Indonesia can move here or they can in the next 10 years they can move to this place. New Zealand, Hong Kong and Singapore can change from low business and political risk to moderate. While in Vietnam and Myanmar, the market opportunity is low and the business and political risk is high. So, therefore, there is no need to enter these countries.

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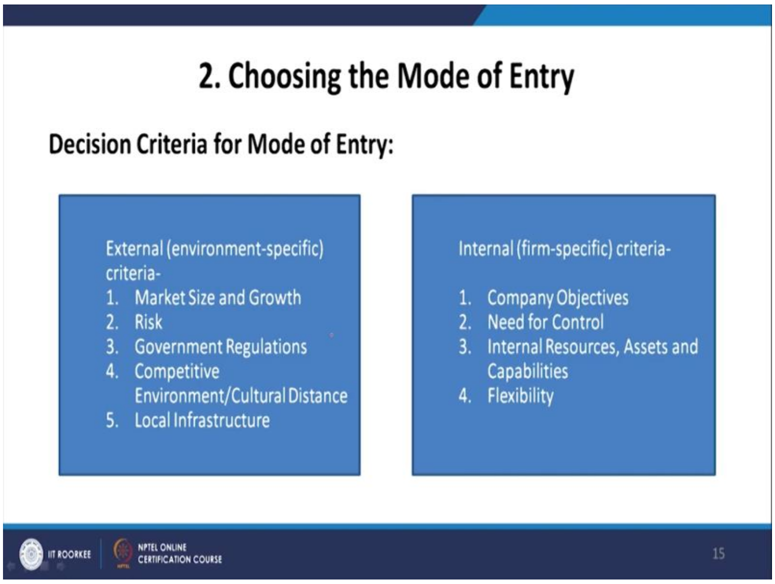

The decision criteria for the mode of entry. How to go about choosing the mode of entry. So, this is the decision criteria. The first is external, that is environment specific criteria, external environment. So, that is the market size and growth, risk, government regulations, competitive environment, cultural distance and local infrastructure. While there are certain firm or internal factors.

For example, company's objectives, the need for control, what are the internal resources, assets and capabilities of the firm and the amount of flexibility that the firm need to have on its operations. So, the market size and growth means, the larger market justify major resources commitments in the form of joint ventures or wholly owned subsidiaries.

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So, the joint ventures and subsidiary, wholly owned subsidiary means higher resource commitment. Market potential can relate to the current size of the market. Future market potential as measured via the growth rate is often even more critical, especially when the target markets include emerging markets. So, we just do not want to be profitable currently, but also to be profitable in future.

The risk is the greater the risk factor, the less eager companies are to make major resource commitment to that country or region. Therefore, if the risk is high, then obviously joint ventures and wholly owned subsidiaries are ruled out.

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The third is government regulation. In scores of countries, government regulations like trade barriers heavily constrained the set of available option that the company has so far as deciding on which mode of entry to choose. The fourth is competitive environment; that is, nature of the competitive situation in the local market is another driver. The, for example, the dominance of Kellogg Co. as a global player in the ready to eat cereal market was a key motivation for the creation of cereal partners worldwide, joint venture between Nestle and General Mills.

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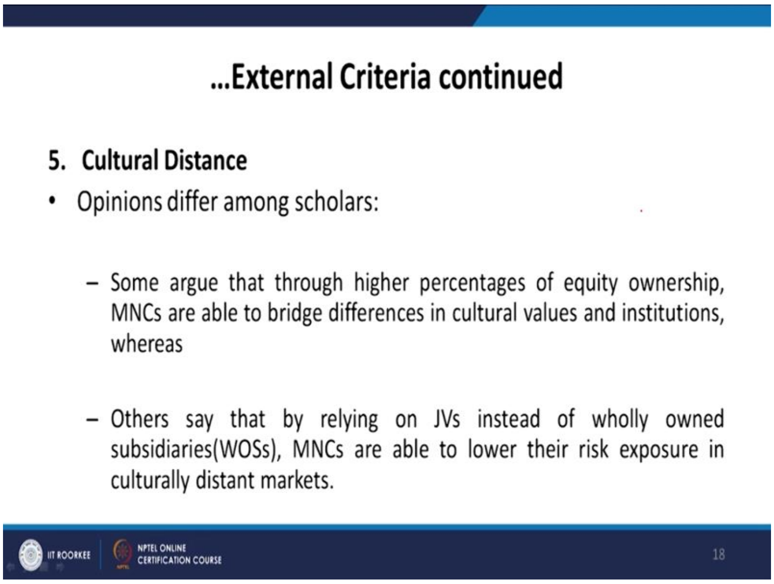

Another criteria is the cultural distance. That is opinion, on this the opinion differs among scholars. Some argue that, though the higher percentage of equity ownership that; some argue that through the higher percentage of equity ownerships, MNCs are able to bridge differences in cultural values and institutions. Whereas, others say that, by relying on joint ventures instead of wholly owned subsidiaries, MNCs are able to lower their risk exposure in culturally distant markets.

So, with this joint ventures, they will get to, local with joint ventures with local partners, the foreign companies, they will get to know what is important for the local culture. Therefore, the risk is reduced. Local infrastructure refers to the country’s distribution system, transportation and communication systems. The poorer the overall infrastructure, the moral reluctant the company is to commit major resources in terms of money and human.

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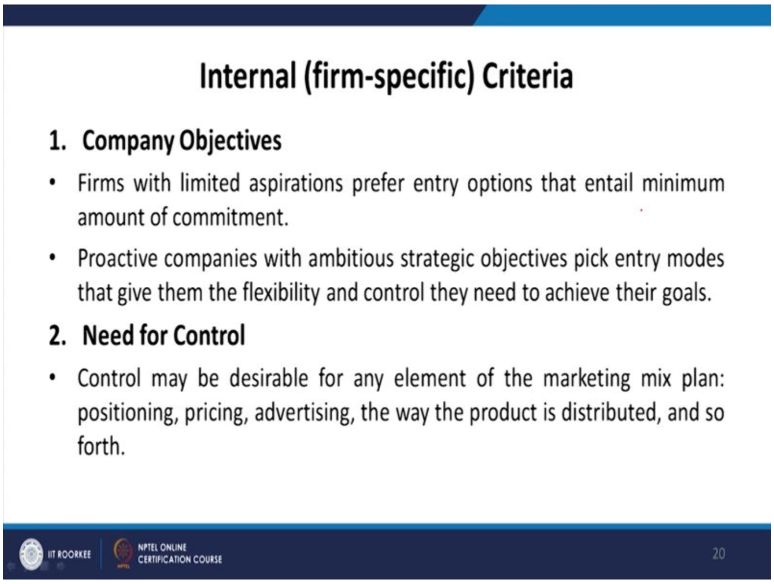

Now, let us look at the internal company specific criteria. The first is company objective. Firms with limited aspirations prefer entry mode that and entails minimum amount of commitment. Proactive companies with ambitious strategic objectives pick entry modes that give them the flexibility and control they need to achieve their objectives. The need for control is the control may be desirable for any element in the marketing mix plan.

So, the company may like to have control over the positioning, pricing, advertising and the way the product is distributed and so forth. So, the need for control is, how much control does the company have over the positioning, pricing, advertising and the distribution.

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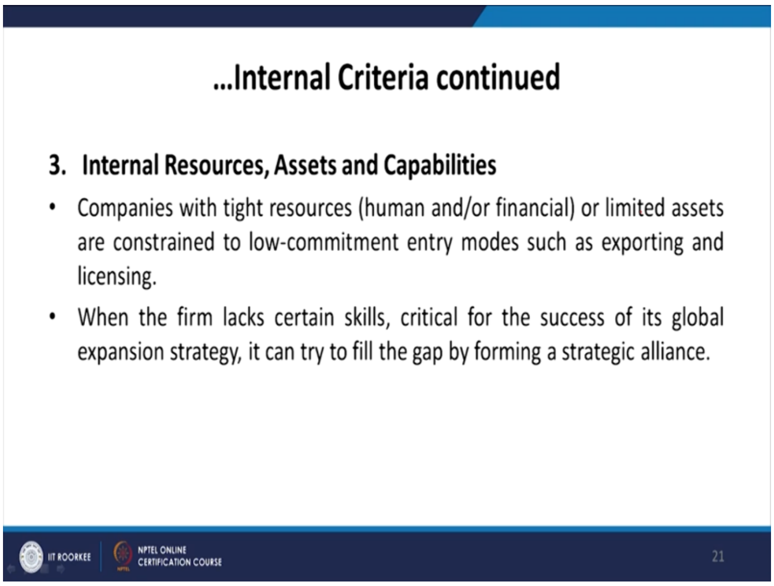

Another internal criteria is the internal sources, assets and capabilities of the company. Companies with tighter resources, that is human or financial or limited access or limited assets are constrained to lower commitment entry modes such as exporting and licensing. So, when the company does not have resources, they will look for low commitment entry modes, for example, exporting and licensing. While the firm, when the firm lacks certain skills critical for the success of its global expansion strategy, it can try to fill the gap by forming a strategic alliance.

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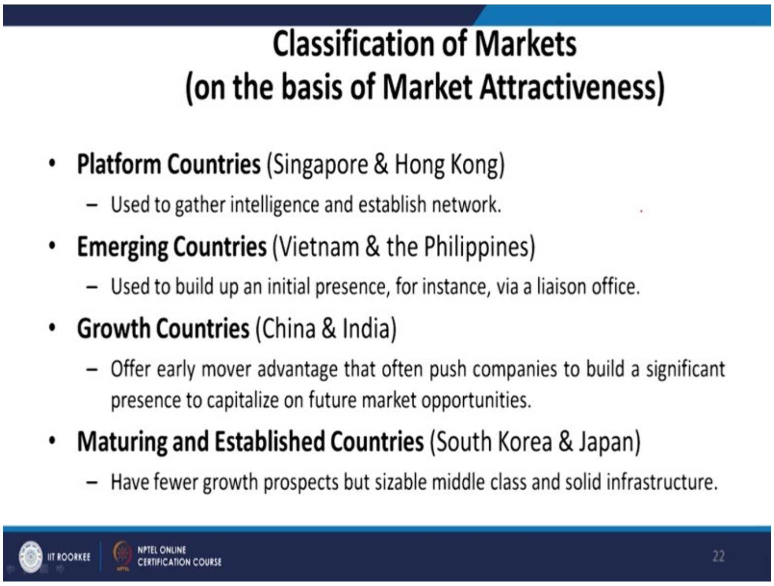

Now, let us look at the classification of markets based on the market attractiveness. So, there some are, some countries are classified as platform countries. Again, this kind of classification is on the basis of market attractiveness. Singapore and Hong Kong, they come under this category. So, they can be used to gather intelligence and establish networks. Then, their another kind of, another company that comes, another sort of, another type of countries that come out of this classification are called as emerging markets, Vietnam and Philippines.

They can be used to build up an initial presence via the liaison office. Then comes growth countries, for example China and India. Offers early mover advantage that often push companies to build a significant presence to capitalize on future market opportunities. The fourth is maturing and established countries, for example South Korea and Japan. Fewer growth about prospects but sizeable middle class and solid infrastructure.

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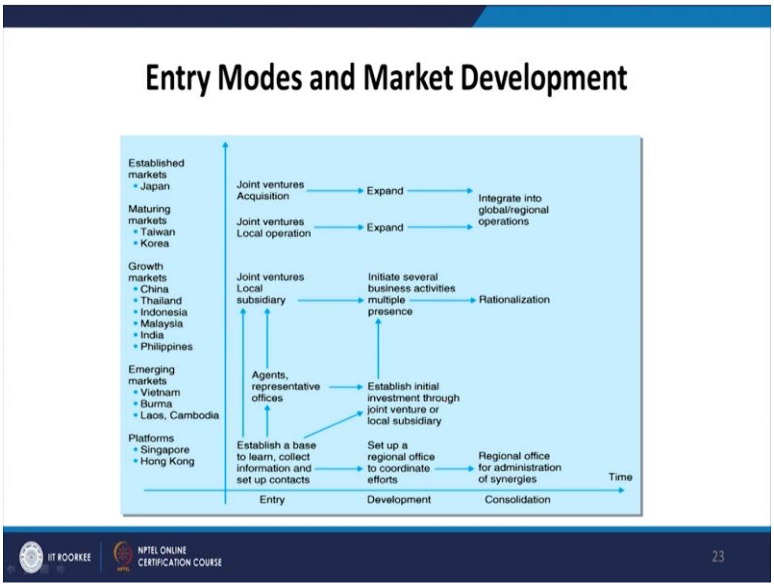

Now, let us look at this. So, there are established market Japan; measuring markets like Taiwan and Korea; growth markets like China, Thailand, Indonesia, Malaysia, India, Philippines; emerging markets like Vietnam, Burma, Laos; and then, there are platform countries Singapore and Hong Kong. And on x-axis, we have time, entry, development and consolidation. So, this tells that at this stage you have to go in for joint ventures acquisitions, expand, integrate into global or regional operations.

So, in this platform country, at the time of entry, they establish a base to learn, collect information and setup contact contacts. And then, in the growth market, they go in with joint ventures with local subsidiaries. And over a period of time, they initiate several business activities when multiple presence. And then, they go back and start doing rationalization. Or, in emerging markets, the companies can establish agents and representative office.

And then, again in growth markets they can have joint ventures with local partners. During development stage, they set up a regional office to co-ordinate efforts. And then, the regional office for administration of synergies. So, here the company moves from here to here and it means establishing initial investment through joint ventures or local subsidiaries. Now, let us look at what determines the mode of entry. So, there are 2 opposing paradigms.

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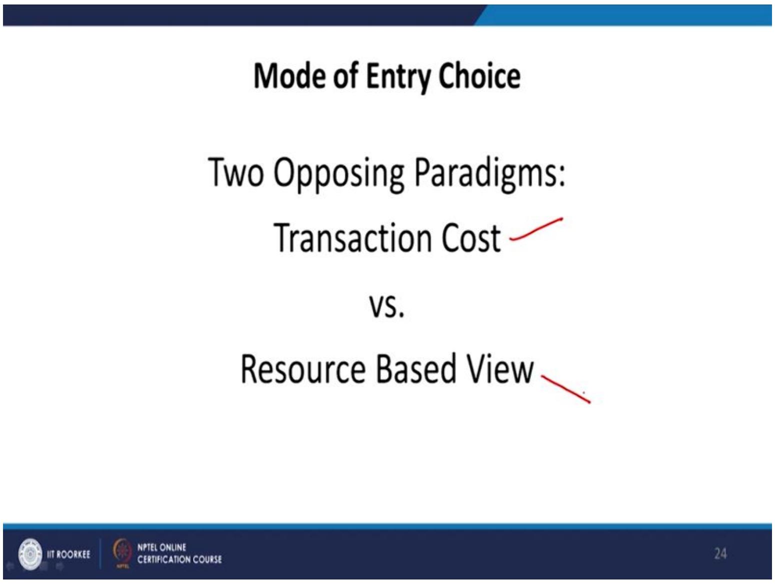

1 is the transaction cost and another is a resource based view. So, 1 may, transaction cost may tell something, while resources based view may tell some other thing.

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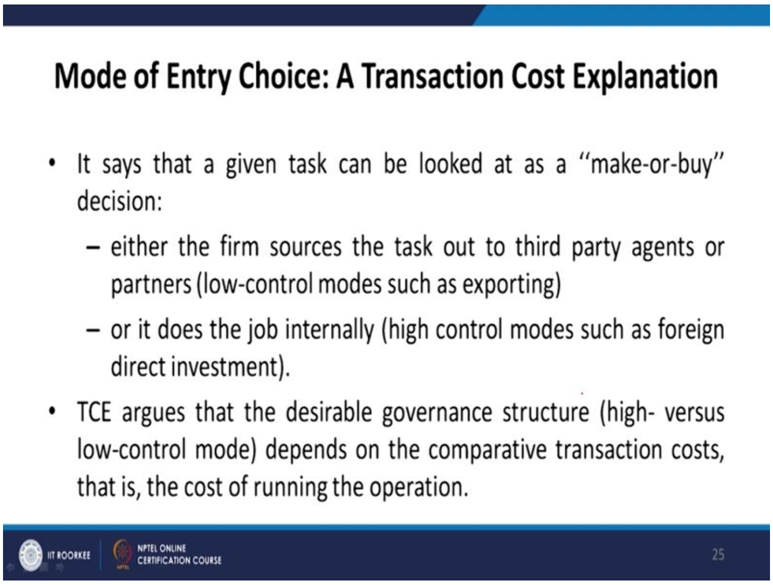

Let us look at the transaction cost explanation. It says that, given task can be looked at, any task can be looked at as make or buy decision. Either the firm resources sources the task out to a third party agents or partner. So, they are giving out it to someone else. So, that means low control mode such as exporting. While the job can be done internally. That is, high control mode such as foreign direct investment.

So, the transaction cost explanation argues that, the desirable governance structure, high versus low control mode depends on the comparative transaction cost. That is the cost of running the operation. If it is, if it can be done internally, it means that they, it this entry mode decision, they are to be looked at make, like make or buy decisions. Whether the company can do it internally or they should go in externally.

So, if they can, if the cost is low, then they can keep it internally or if the cost is high they can, if the cost incurred in doing so by themself is high, then they can outsource it to someone else who can do the same thing at a lower cost. So, in the context of entry mode choice, the transaction cost explanation perspective treats each entry as a transaction. So, in this approach begins with the premises that markets are competitive.

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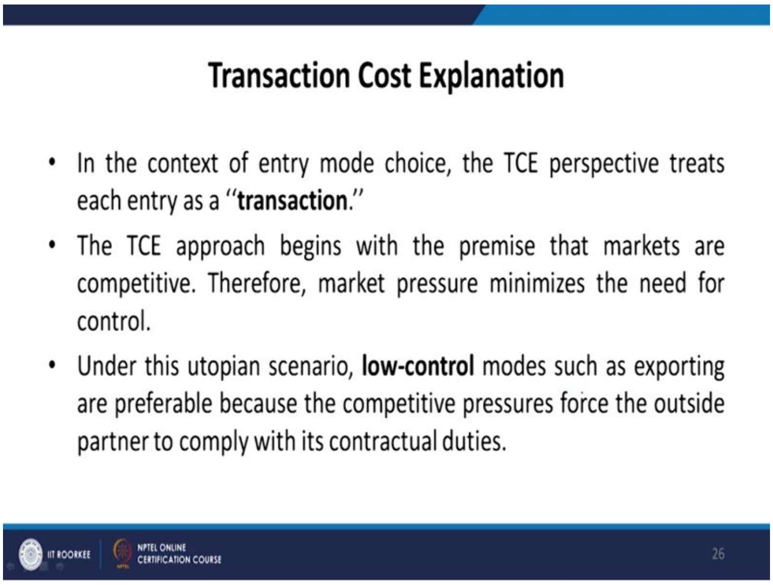

Therefore, market pressure minimizes the need for control. The market pressure will minimize the need for control and it will take care of the need for control. Under this utopian scenario, low cost modes such as exporting are preferable because the competitive forces, the outside partners to comply with their contractual duties and the need for control is minimized. Therefore, the cost is minimized.

When the market mechanism fails, then high control entry modes becomes more desirable. From the transaction cost explanation angle, markets market failures typically happen when transaction specific assets become more valuable.

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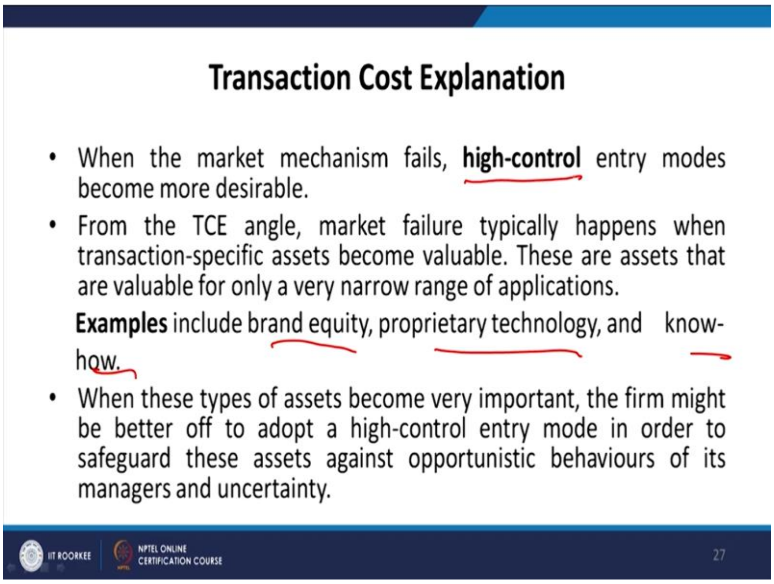

These are assets that are valuable for only a very narrow range of applications. For example, brand equity, proprietary technology and know-how. When these type of assets become more important, the firm might be better off to adopt high control entry mode in order to safeguard these assets against opportunistic behavior of its managers and uncertainty. So, when brand equity, proprietary technology and know-how are more important, then the company will go in for high control entry mode. Because if these things are given to someone else, then it become, then they become useless.

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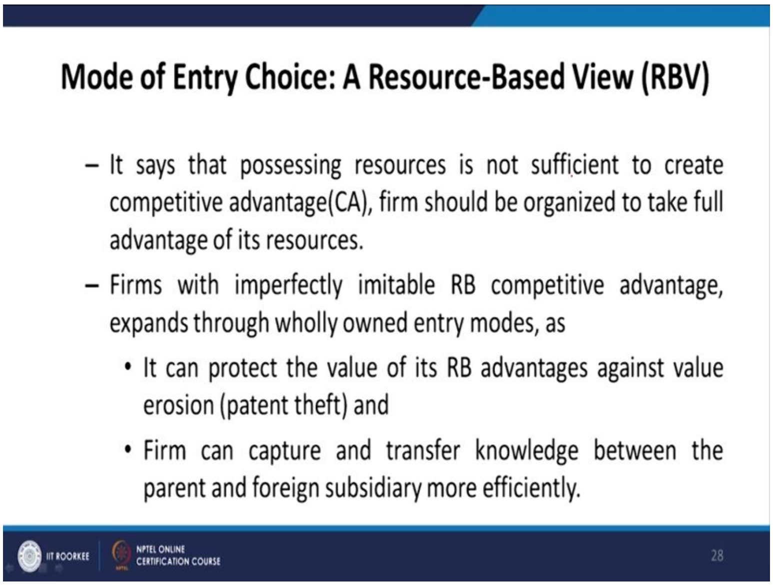

Now, let us look at what the resource based view says. It says that possessing resources is not sufficient to create sustainable advantage. Anybody can process possess resources. Firm should be organized to take full advantage of these resources. Firms with imperfectly imitable resource based competitive advantage expands through wholly owned entry modes.

So, the firms with imperfectly imitable; perfectly imitable means, does not, it will not mean that the company will have any kind of competitive advantage.

Therefore, we are talking of imperfectly imitable resource based competitive advantage. So, it can protect the value of its resource based advantages against value erosion; for example, patent thefts. Firms can capture and transfer knowledge between the parent and foreign subsidiary more efficiently. So, the transfer of knowledge from parent to subsidiary can be easier as compared from 1 company to another.

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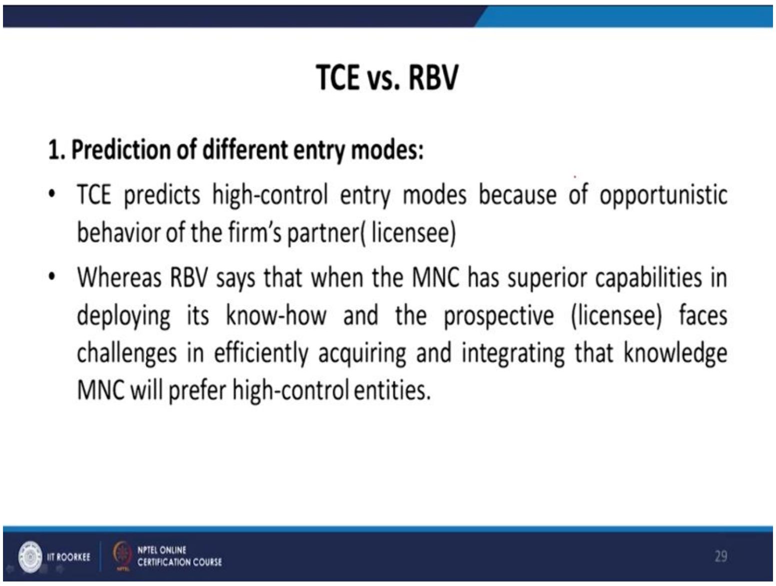

Now, look at what the transaction cost explanation versus the resource based view. They predict different entry modes. So, the transaction cost explanation predict high control modes because of opportunistic behavior of the firm's partner. That is the licensee. Whereas, resource based views says that, when the multinational firms have superior capabilities in deploying its know-how and the prospective, that is the licensee, faces challenges in efficiently acquiring and integrating that knowledge. MNC will prefer high control entry modes.

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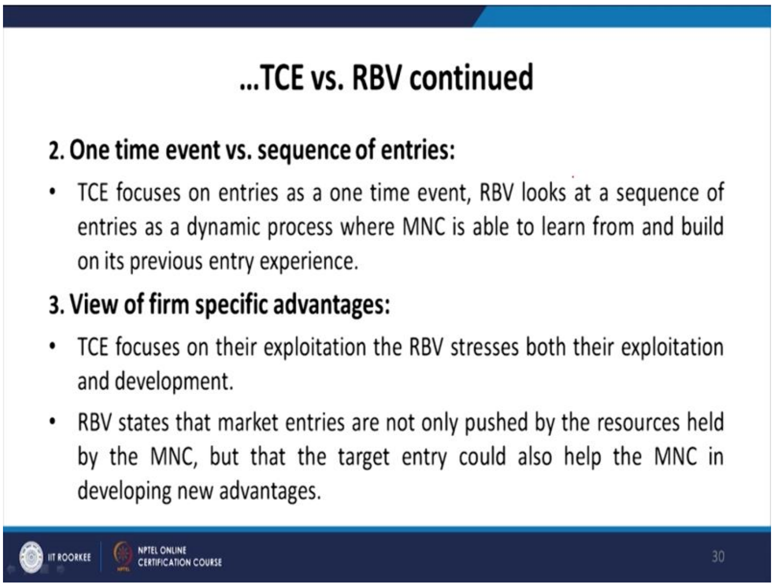

Then, it can be a 1 time event versus a sequence of entries. So, TCE focuses on entries as a 1 time event. Entries into foreign market. RBV looks at a sequence of entry as a dynamic process where multinational company is able to learn from and build on its previous entry experience. View of the firm's specific advantage. So, the transaction cost and explanation focuses on their exploitation of resource based view.

So, the transaction cost explanation focuses on the exploitation of the firm's specific advantages. While resource based views stresses both the exploitation and development. Resource based views states that market entries are not only pushed by the resources held by the multinational company, but that the target entry could also help the multinational in developing new advantages. An empirical study on entry modes made by the 180 largest MNCs over a 15 year period, found that;

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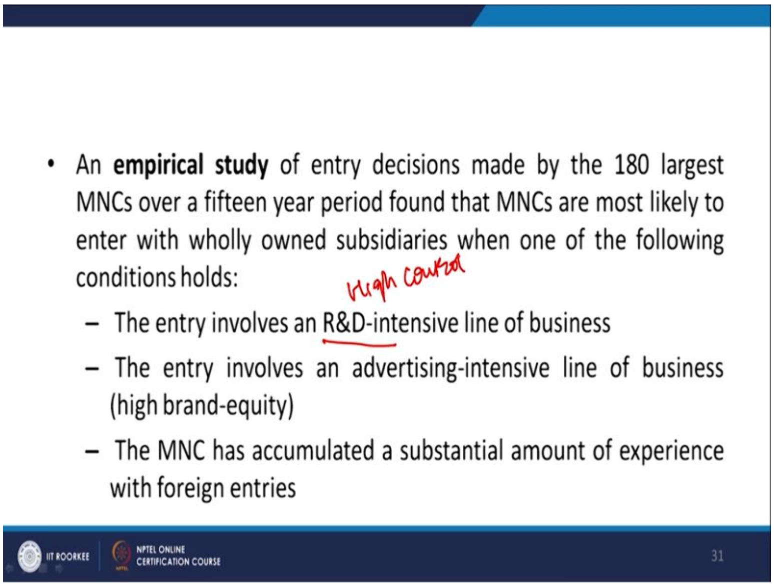

MNCs are most likely to enter with wholly owned subsidiaries when one of the following condition holds. The first is, entry involves an R&D intensive line of business. Again, this R&D intensive the we are talking of high control mode. Entry involves an advertising intensive line of business. That is, high brand equity. And MNCs has accumulated a substantial amount of experience with foreign entries.

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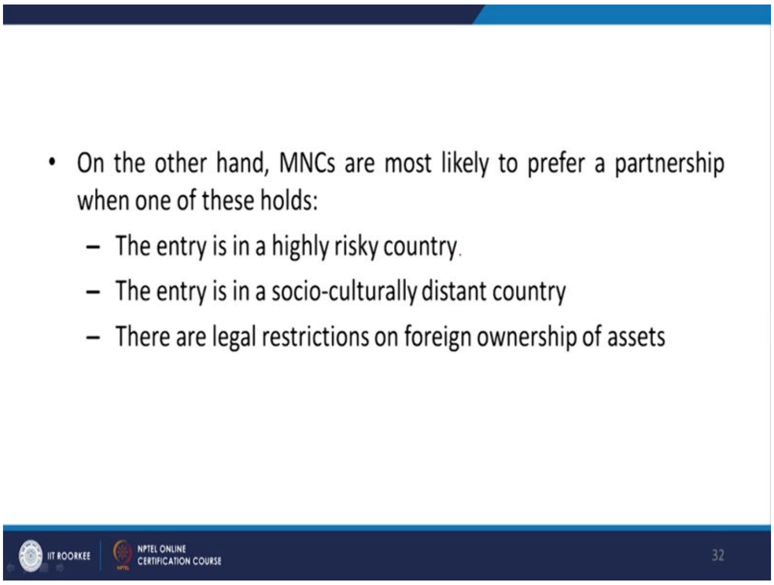

On the other hand, MNCs are most likely to prefer a partnership when one of these holds. The entry in a high risky country, highly risky country, the entry in a socio-cultural distant country and legal constraint on foreign ownership of assets.

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Now, let us look at exporting. What is exporting? So, most companies start their international expansion by exporting. So, that is the first step that a company undertakes in its international agenda. For many small businesses, exporting is very often the soul alternatives for selling goods in a foreign country. And a fair number of Fortune 500 companies such as Boeing and Caterpillar also generates a major part of their global revenues via exporting.

Companies that plan to engage in exporting, have a choice between 3 broad options. The first is indirect exporting. That means that the firm uses a middleman in its home market to handle the export.

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So, that is the safest one. The second is the cooperative exporting that the firm enters into an agreement with another company. Another company can be local or foreign, where the partner will use it, use its distribution network to sell the exporter's goods. The third is direct exporting. That it means that the company sets up in its own export organization and relies on a middleman based in a foreign market; that is a foreign distributor.

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The middleman can, are called as export merchants. For example, a trading company that will buy the firm's good outright and then resell them in a foreign market. The export exporter merchant usually specializes in a particular line of products and or certain geographical region. Then there are export agents. A trading company that acts for local manufacturers, usually representing a number of non-competing manufacturers.

They seek and negotiate foreign purchases. Unlike the export merchant that we have talked about earlier, the agent does not become the owner of the goods and therefore does not assume the risk of not being able to sell profitably overseas.

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Then, there is a set of companies that are called as export management companies. An independent firm that acts as the export exclusive export sales department for non-computing manufacturers. These companies come in all shapes and sizes and they are very popular among small businesses. Some acts as agent, soliciting orders in foreign markets in the name of manufacturer.

Other act as distributors on a buy and sell basis. So, the MNC buy from the firms, from a firm at a set price and resells to the foreign customer at price said by the export management company.

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This cooperative exporting means, companies that are unwilling to commit the resources to setup their own distribution organization but still want to have some control over foreign operations should consider this option. Another option is that of piggybacking piggyback exporting, one of the most popular forms of cooperative exporting. With piggybacking, a company uses the overseas distribution network of another company. So, another company can be from the home country of the host country for selling its goods in the foreign market.

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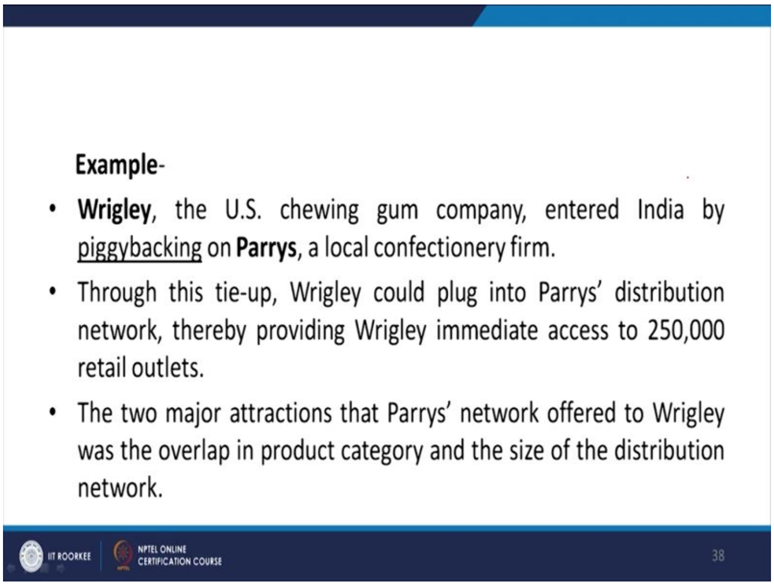

For example, Wrigley's, the U.S. chewing gum company entered India by piggybacking on Parrys, a local confectionery firm. Through this tie-up Wrigley could plugin to Parrys' distribution networks, therefore providing Wrigley immediate access to 25, 250 thousand retail outlets. The 2 major attractions that Parrys' network offered to Wrigley was the overlap in product category and the size of the distribution network.

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The next step is direct exporting. It involves setting up an exporting department and selling the product via the middlemen located in the foreign market. It often looks for more appeal, it often looks far more appealing than the indirect exporting when the international sales potential becomes substantial. The advantage over the, over indirect approach is that it offers more control over international operations; allow the company to build up its own network in the foreign market; and it also allows to get better market feedback.

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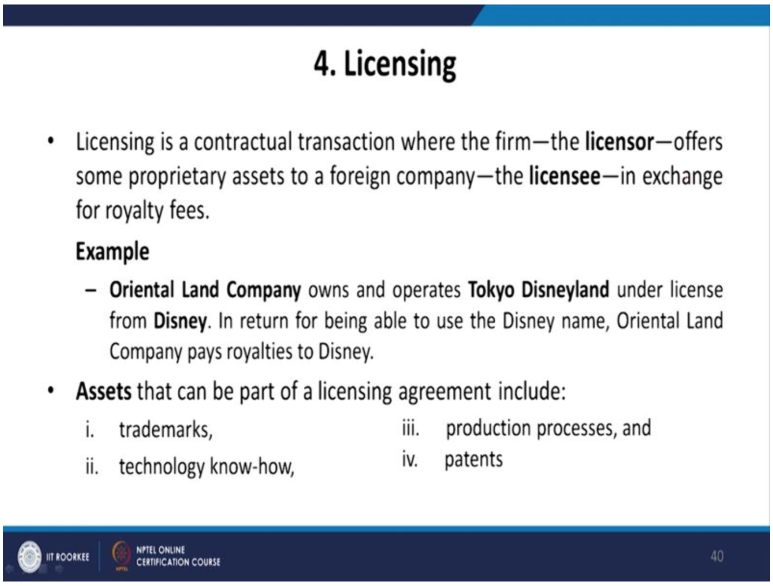

Another entry mode is licensing. It is a contractual transaction where the firm which is called as the licensor offers some proprietary assets to a foreign company that is called as licensee in exchange for royalty fees. For example, Oriental Land Company owns and operates Tokyo Disneyland under license from Disney. In return for being able to use the Disney name, Oriental Land Company pays royalty to Disney. Assets can be part of the licensing agreements including trademarks, technology know-how, production processing and patents.

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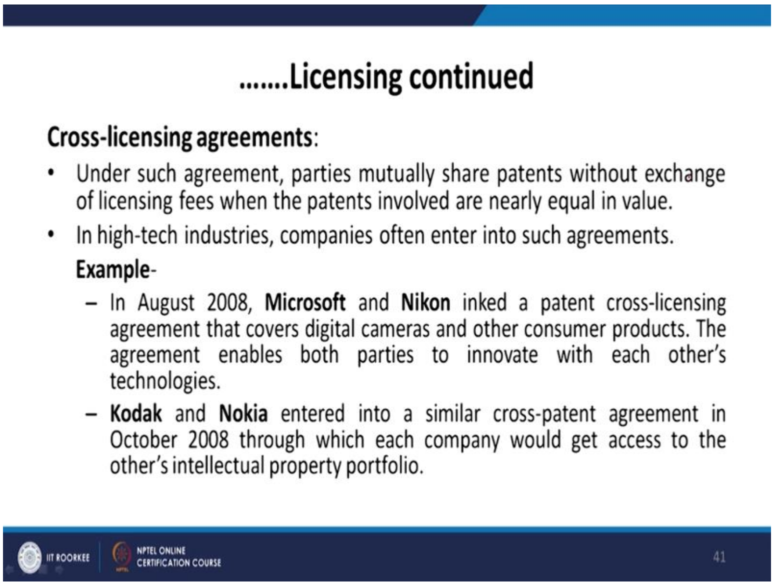

Then, there can be cross-licensing agreements. Under such agreements, parties mutually share patents without exchanging of license fee where when the patents involved are nearly equal in value. In high-tech industries, companies often enter into such agreements. For example, in August 2008, Microsoft and Nikon inked a patent cross-licensing agreements that covers digital camera and other consumer products.

The agreement enable both parties to innovate with each other's technology. Kotak and Nokia entered into a similar cross-patent agreement in October 2008, through which each company would get access to the other's intellectual property portfolio.

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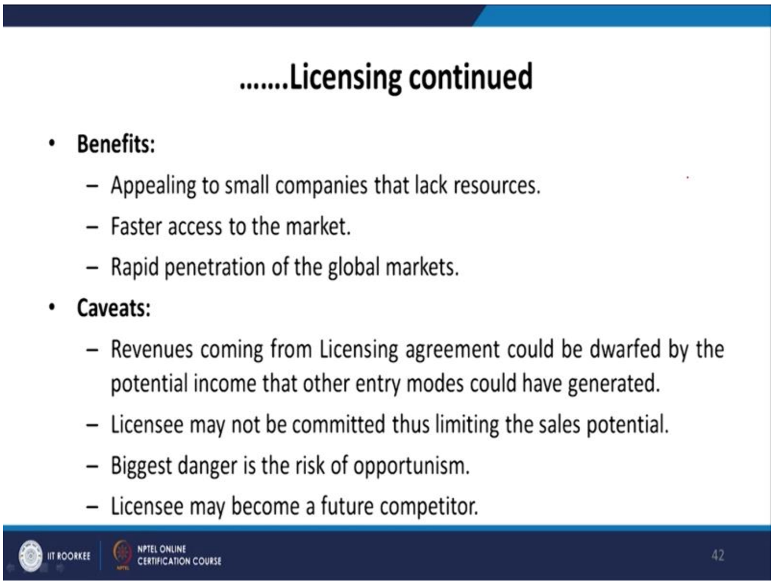

The benefits are that it is appealing to small companies that lack resources. It helps in gaining faster access to the markets and rapid penetration in the global markets. While the problems here are the revenue becomes, coming from the licensing agreement could be dwarfed by the potential income that other entry mode could have generated. Licensee may not be committed, thus limiting the sales potential. The biggest danger is lack, is the risk of opportunism. That is, the licensee may become a future competitor.

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Now, how to seek a good licensing agreement? Seek patents or trademark protections; look through the profitability analysis; go through a careful selection of prospective licensee; and then, look at the contract parameters, for example, technology package, use condition, compensation and provisions for the settlement of disputes. Another mode of entry is franchising.

In this agreement, whereby the franchisor gives the franchisee the right to use the franchiser's trade names, trademarks, business models and or know-how, in a given trade territory for a specific time period, normally 10 years. In exchange the franchisor gets royalty payment and other fees.

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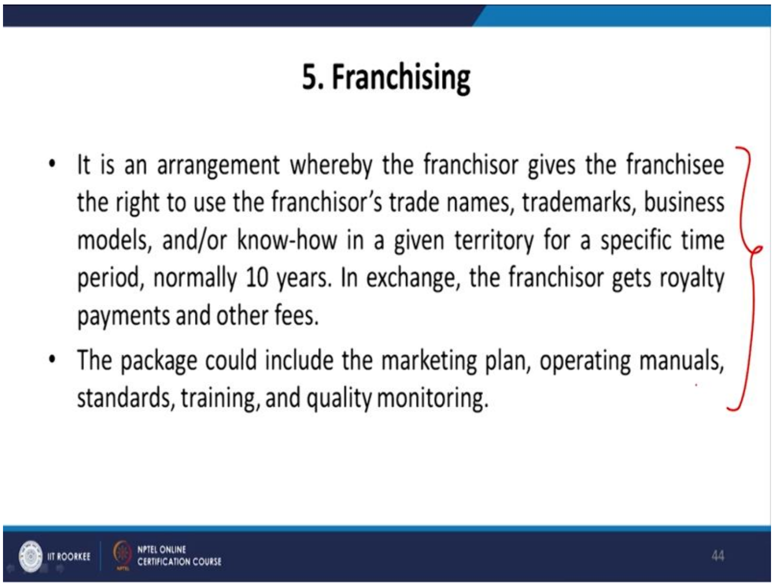

The package could also include, the marketing plan, operating manuals, standards, training and quality monitoring. Now, the difference, 1 broad difference between licensing and franchising is that, here there are lots of support from the franchisor to the franchisee, while in licensing it was a 1 time affair.

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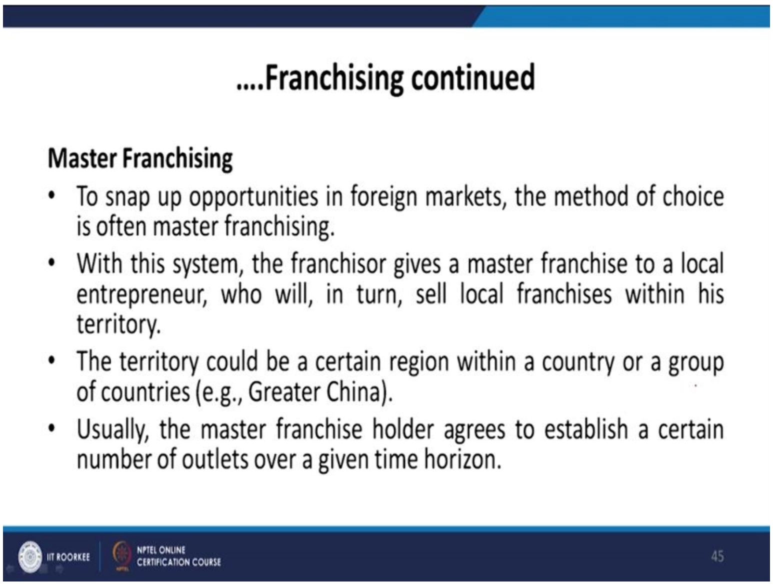

So, the master franchisor looks at the opportunity in foreign markets and the method of choice is often master franchisor. With this system, the franchisor gives a master franchisee to a local entrepreneur who will in turn sell local franchises within his territory. The territory could be certain region within a country or a group of country, for example, Greater China. Usually, the master franchisor holds holder agrees to establish a certain number of outlets over given time over a given time horizon. The benefits are that the overseas expansion with minimum of investments.

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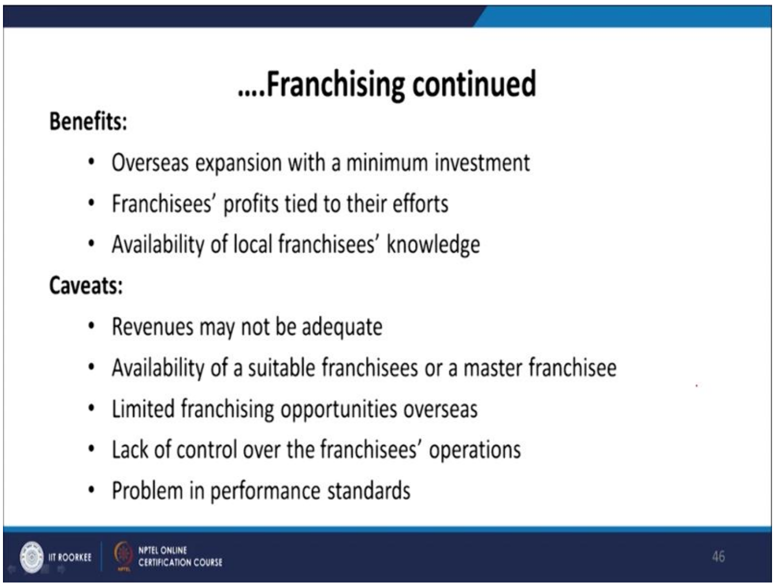

Franchisees' profits, they are tied to their efforts; and the ability of local franchise knowledge. So, the local franchisee they may be more knowledgeable about the local markets, while the problem is revenues may not be adequate. They may not be able to find a suitable franchisee or a master franchisee. Then there can be limited franchising options available overseas. The franchisor has a lack of control over the franchisees' operation. And then, that leads to the problem in performance standards.

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International Efforts of Ten Well-Known Franchise Companies

Company	Industry	Year Established	Year of First Franchise	Year First International Franchise	No. of Operating Units	No. of Countries
General Nutrition Centers	Vitamins retailing	1935	1988	1991	USA: 2954 CAN: 18 RoW: 227[1]	27
Mrs. Fields	Cookies	1977	1990	1992	USA: 849 CAN: 11 RoW: 60	12
Uniglobe Travel	Travel Agencies	1980	1981	1991	USA: 856 CAN: 192 RoW: 87	15
Subway	Sandwiches	1965	1974	1984	USA: 11452 CAN: 1259 RoW: 693	70+
Computertots	Computer education	1983	1989	1994	USA: 132 CAN: 0 RoW: 92	12
Midas	Automotive Services	1956	1956	1968	USA: 1898 CAN: 246 RoW: 561	NA
Mailboxes Etc.	Business Support	1980	1981	1988	USA: 2971 CAN: 209 RoW: 377	70+
Sir Speedy	Print & Copying Services	1968	1968	1984	USA: 1372 CAN: 9 RoW: 49	23
Ponderosa	Steakhouse	1965	1966	1985	USA: 506 CAN: 8 RoW: 40	NA
World Gym Fitness	Fitness	1977	1985	1985	USA: 276 CAN: 3 RoW: 9	NA

Source: www.franchiseintl.com.
[1]RoW = Rest of the World.

So, these are the international efforts of 10 well-known franchise companies.

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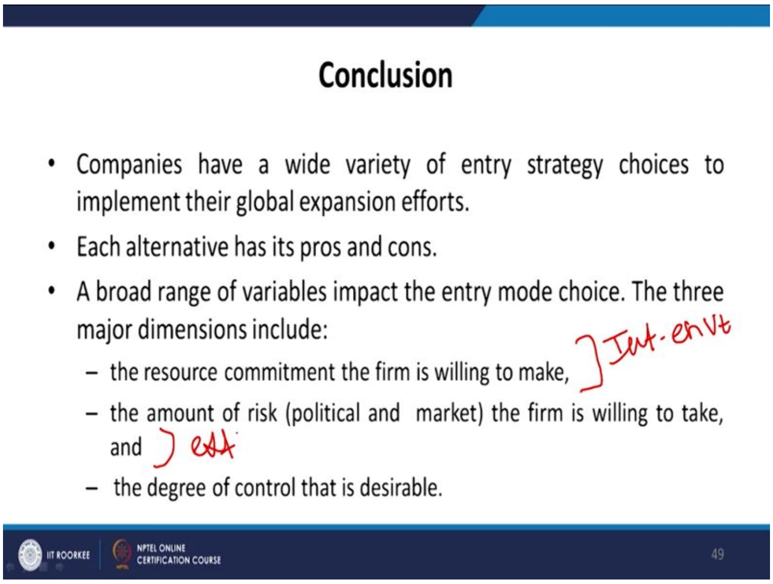

So now, in this module we have seen that the companies have a wide variety of entry strategy choices to implement their global expansion. Now different entry strategies, they have different advantages and they have different disadvantages. Each alternatives will obviously have various advantages and various disadvantages. A broad range of variables impact the entry mode choice.

It is not only 1 thing. The 3 major dimensions include: the resources commitment that the firm is willing to make, that is, from the internal environment. The amount of risk, the political and the market the firm is willing to take. So then, this also depends upon the, this is, this comes from the external environment; what is the amount of political and market risk that is there any country and a company is ready to take that risk. And the degree of control that the company wants to have on its foreign operations.

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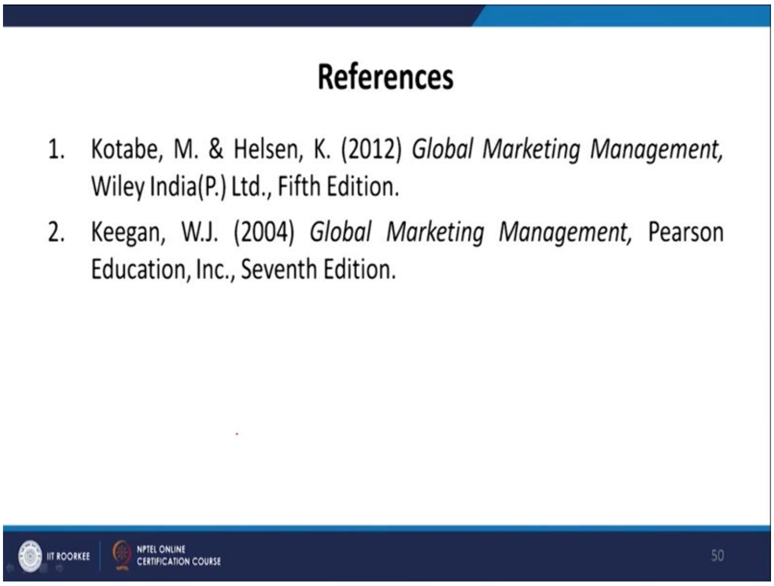

These are the 2 books that were used for this module. Thank you.