Internationalization of Service Firms:

The case of Computer-Related Services

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Le doyen

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Abbreviations

CR	Computer-related
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
ICT	Information and Communication Technology
IT	Information Technology
OECD	Organization for Economic Co-operation and Development
SME	Small and Medium-sized Enterprises
UNCPC	United Nations Central Product Classification
WTO	World Trade Organization

Keywords: Service firms' internationalization, entry mode, service tradability, computer-related (CR) services, geographical distance, cultural distance, regulatory barriers, performance in internationalization.

1 INTRODUCTION

Every period in economic history has its hero. The current digital revolution is brought about by the significant drop in cost and rapid expansion of power of digital devices such as computers and telecommunications. Today's digital world is a world where all kinds of computers, equipment and appliances are interconnected and functioning as one unit. Such complex systems cannot operate without a set of computer-related (CR) services which assume strategic role in the digital economy. This is a fascinating issue that is at the heart of the contemporary economy. The evolution of technologies has considerably decreased the physical and technical distance between the actors concerned. Hence the international development of service firms is almost an obligation imposed by the changes of the world economic environment and the tendency towards globalization of markets. Internationalization seems to be a permanent preoccupation for firms, especially in the CR services sector which has the characteristics of being relatively young and cosmopolitan. In the context of globalization, firms providing CR services have a particular place which renders the analysis of their internationalization process meaningful and interesting. The CR service industry has little tradition and its managerial habits tend to differ from those in other fields. CR services are also an area where emerging economies have a real chance to compete in a high tech sphere, which gives potentially an important development dimension to the subject. Do the existing theories of internationalization remain valid or should they be modified to explain the recent trends in business internationalization? The above attributes imply that the CR service firms and their managers are particularly interesting to consider when looking for new trends in international managerial practices and challenging the accepted wisdom within the internationalization theory of business firms. As international trade in this sector is among the fastest growing areas of global trade, it offers a particularly

promising field of investigation. With globalization, the needs of clients become more homogenized, especially in this sector, and many new firms called born global, do not follow the traditional stages of internationalization. Modern business activities are service-intensive and trade in services tends to grow rapidly. Today an increasing number of services are needed and in many leading firms, services are the fastest growing part (Chesbrough and Spohrer, 2006). According to them, today is the time for considering a field in services science and the critical enabler is information and communication technology (ICT). Services are increasingly seen as the most dynamic and promising area of economic activities throughout the world and they are no longer viewed as peripheral activities of the manufacturing sector (Wirtz, 2000). This creates increased opportunities for marketing services internationally (Ekeledo and Sivakumar, 1998; Javalgi *et al.*, 2003).

1.1 Research objective

This research based on interviews, questionnaires and case studies, attempts to identify the principal variables, which shape internationalization of CR service firms and to evaluate their impact on the firms' performance in international markets. What is distinctive about the firm's internationalization in the CR services sector and what do those differences imply for marketing strategies worldwide? What are the critical variables of success (or failure) for different mode(s) of entry? What is the CR service firms' perception of the geographical/cultural distance[1] and the regulatory barriers in export market? What are the firms' rationales to engage in international activities? How do perception of the export market and motivations towards international activities influence the choice of the entry mode(s)? What are the distinctive characteristics of each CR sub-sector and what lessons can be drawn

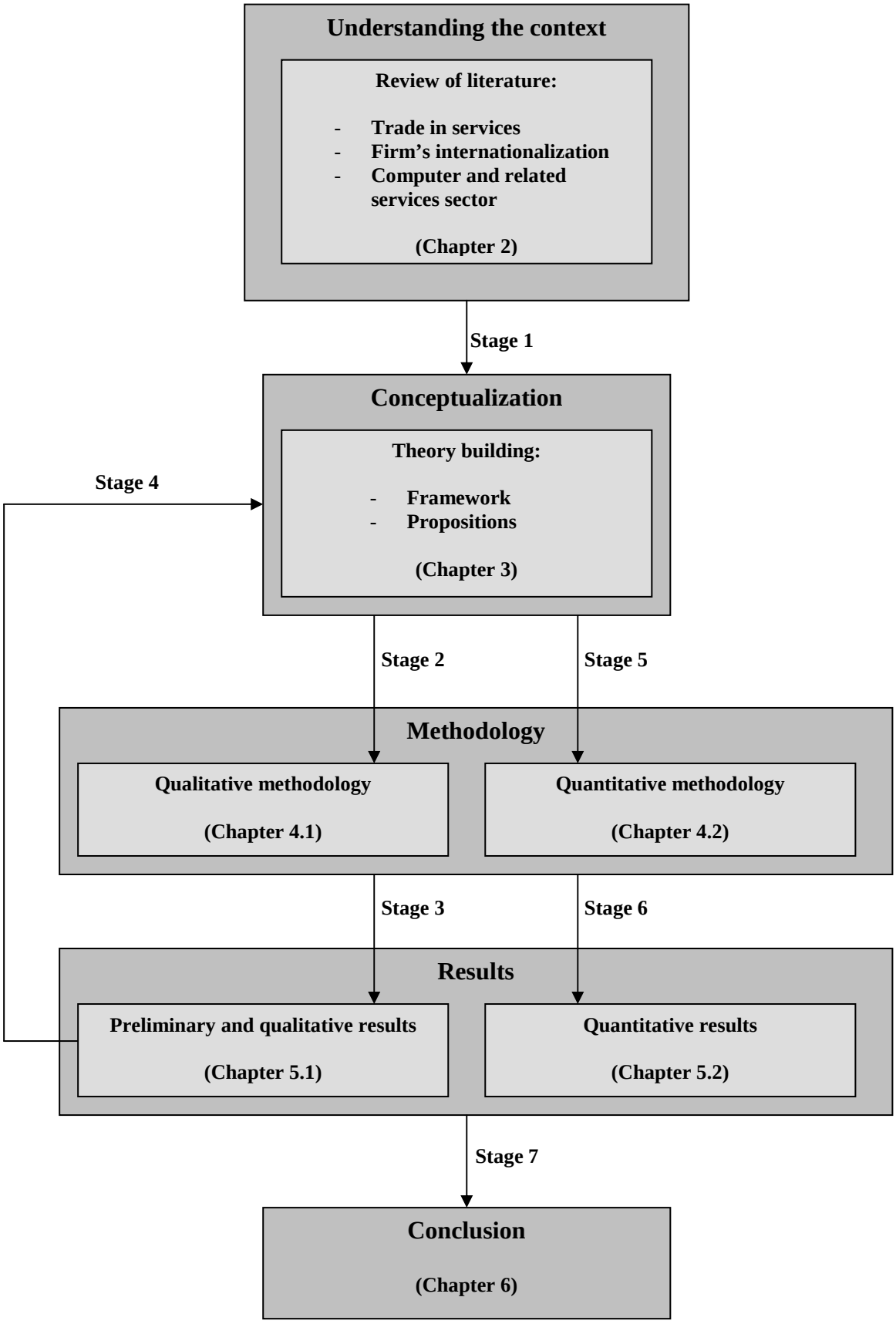
[1] Throughout this paper, geographical/cultural distance refers to the geographical/cultural distance between a firm's home country and the host country of the foreign operation.

from their comparative assessment for the globalization process of CR services and services in general? The objective of this project is to contribute to the underlying research body of knowledge on service firms' internationalization and to provide guideline for CR service firms that undertake the globalization process.

1.2 Research structure

The document is organized as follows. First a review of the pertinent literature is done. Then a discussion of the conceptual framework with the presentation of propositions and relations between constructs is given. Then, the methodology used to collect and analyze the data is described. Finally, the study findings, implications, conclusions and limitations of the study are discussed. Figure 1 shows the structure and the different stages. First, in-depth interviews are conducted with the goal to specifically detect the manager's perception of the process of internationalization. This section (stage 2 and stage 3) helps us to develop our understanding of real world and to revisit our preliminary framework and generate propositions for the quantitative research (stage 5 and stage 6).

Figure 1: The structure of the research



2 REVIEW OF LITERATURE

Services today are like the component of international exchanges which is experiencing the strongest development. In the era of globalization which we are in, all the parameters are present so that firms can exceed their borders and internationalize. Through this chapter, we will go through the key points which relate to the internationalization of services and service firms. We will be initially interested in trade in service as a whole, then with the internationalization of the firms and the various modes of entry in a new market. We also will see the problems with which the companies are confronted in their process of internationalization. Then, we will review the CR services and existing opportunities to have international activities in this sector.

2.1 Trade in services

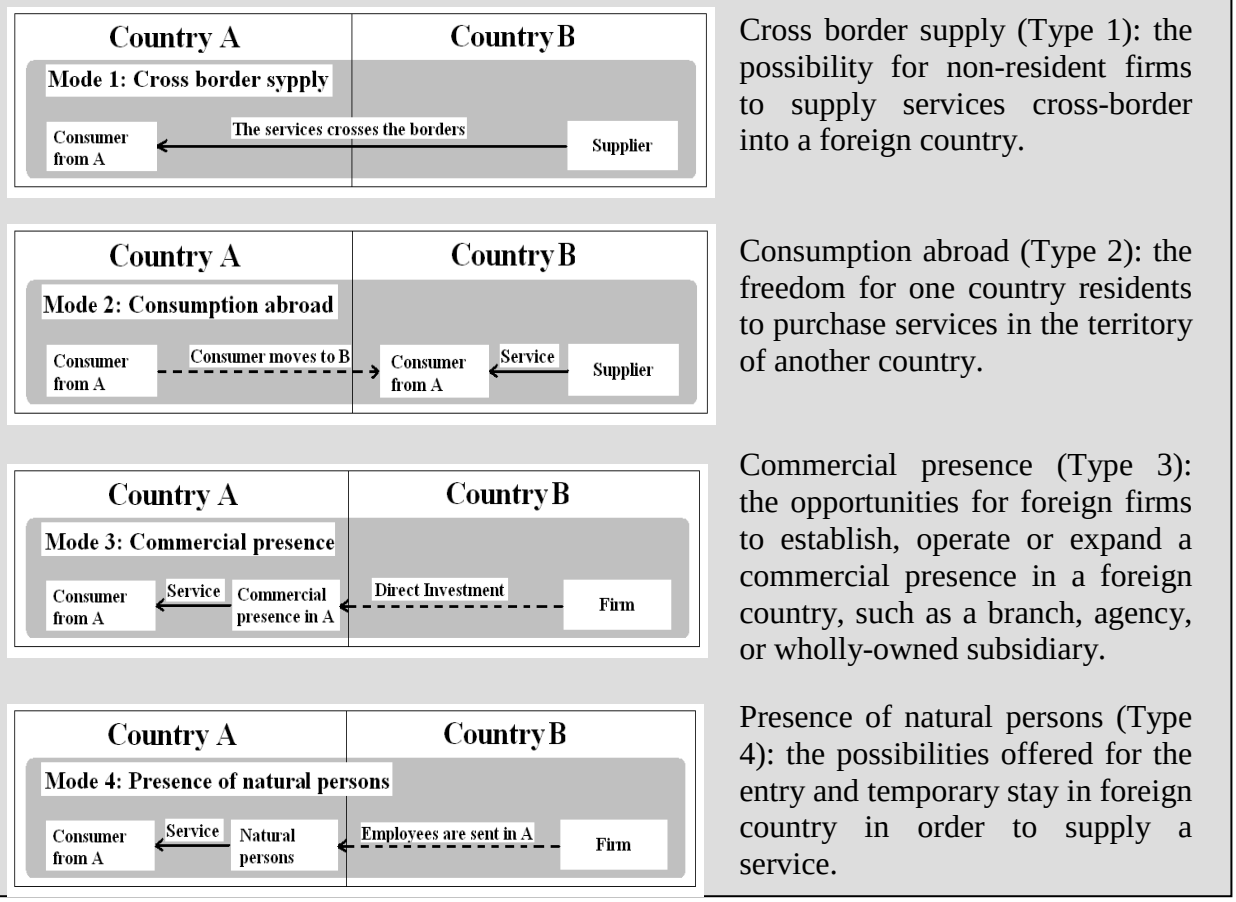
Is trade in services less and less dependent on geographical distance? Information and communication technologies (ICTs) are rendering many untradable services tradable and are facilitating the internationalization of service firms. This is particularly true for CR service firms. Information technology (IT) and especially Internet are the origin of the fundamental changes in the economies of service industries. Modern business activities are service-intensive and trade in services tends to grow rapidly. Commercial services (defined by communications services, construction services, insurance services, financial services, computer and information services, etc…) reached $1380 billion in 2006 (WTO, 2007). This category has recorded important growth over recent years, doubling in value compared to 2000 (WTO, 2007). Always according to this publication, between 2000 and 2005, the fastest growing sectors were computer and information services (17% growth).

Today an increasing number of services are needed before and during production (research and development, maintenance, storage, quality control, distribution, etc.) and any product which does not rely on the functioning of services is not in a condition to be used (Giarini, 1994). In other words products can only exist economically through the service system. Services are increasingly seen as the most dynamic and promising area of economic activities throughout the world and they are no longer viewed as peripheral activities of the manufacturing sector (Wirtz, 2000). This creates increased opportunities for marketing services internationally (Ekeledo and Sivakumar, 1998; Javalgi *et al.*, 2003). The latter are mainly due to:

- Emergence of new technologies and complex systems requiring more services, as is the case of CR services.
- Advances in information and communications technologies and the creation of new services with Internet, which affect the nature of CR service exports and increase demand for CR services.
- Trade globalization and the elimination of some barriers to export services resulting from the WTO/GATS and regional trade arrangements.
- Emergence of new markets as many countries follow a rapid development pattern.
- Trend towards service outsourcing, driven by cost and linguistic considerations, or high centralized know-how.
- Increased governments' openness toward international trade.
- Tendency for service suppliers following their clients who are entering in international market.
- Growing importance of services around goods.

Table 1 shows four types of service supply described by the General Agreement on Trade in Services (GATS) in international markets. In 2001, 56% of total world services trade took place via commercial presence (Karsenty, 2000). Commercial presence such as the movement of capital in the form of foreign direct investment (FDI), is the most frequent type of supply, particularly for developed countries that rely on capital based forms of internationalization. All the types of entry are also used in the case of CR services (See Chapter 2.3.2).

Table 1: Four types of service supply



Cross border supply (Type 1): the possibility for non-resident firms to supply services cross-border into a foreign country.

Consumption abroad (Type 2): the freedom for one country residents to purchase services in the territory of another country.

Commercial presence (Type 3): the opportunities for foreign firms to establish, operate or expand a commercial presence in a foreign country, such as a branch, agency, or wholly-owned subsidiary.

Presence of natural persons (Type 4): the possibilities offered for the entry and temporary stay in foreign country in order to supply a service.

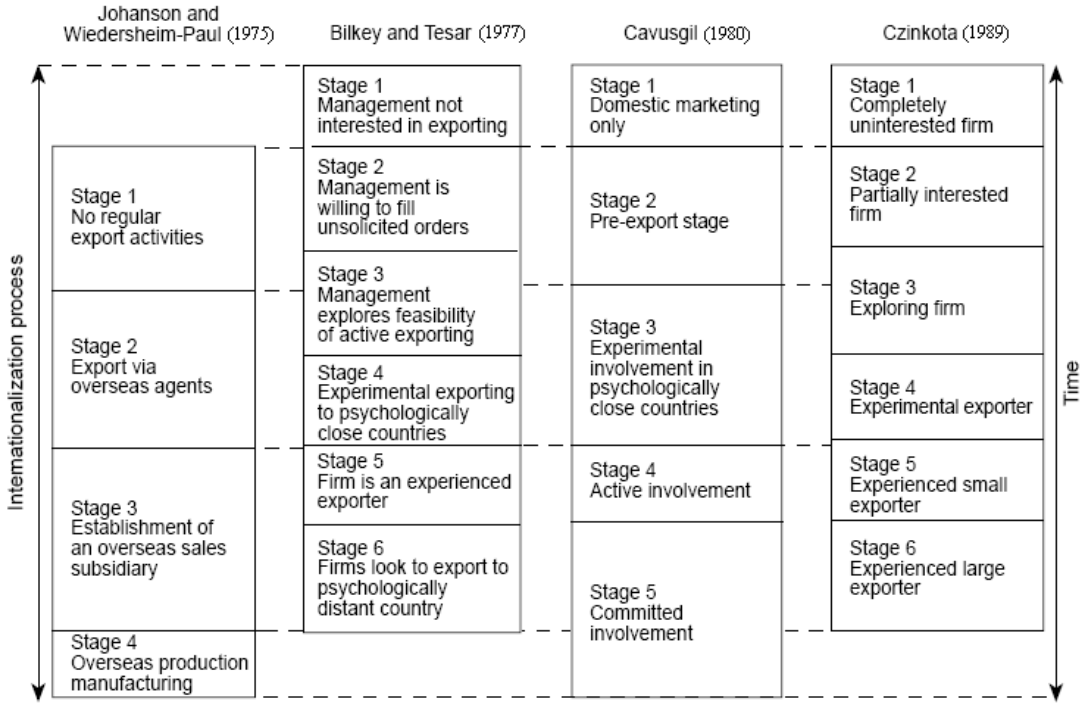
2.2 Firm's internationalization

Internationalization is usually viewed as a process through which a firm moves from operating only in its home market to international markets (O'Farrell *et al.*, 1998; Javalgi *et al.*, 2003). The significant growth of the service sector in the global economy has fostered a need for research on international services marketing (Javalgi *et al.*, 2003). There are numerous contributions on the internationalization of manufactured goods but few publications deal with the internationalization of services (Lovelock, 1999; Grönroos, 1999; Clark and Rajaratnam, 1999; Buckley *et al.*, 1992; Lovelock and Gummesson, 2004). Whereas some researchers claimed that many aspects viewed in the manufacturing sector are also applicable to the service sector (Boddewyn *et al.*, 1986) others argued that internationalization of services have many distinctive characteristics (Knight, 1999; Vandermerwe and Chadwick, 1989; Patterson and Cicic, 1995) and should be considered distinctively.

Numerous theories describe the internationalization as a progressively process through different stages. One of the known internationalization theory is the Uppsala internationalization model (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977). The Uppsala model describes how firms experience several stages of increasing international commitment by gradual acquisition of foreign market knowledge (Johanson and Vahlne, 1977). Johanson and Wiedersheim-Paul (1975) classified four distinct stages in a firm's internationalization process ranging from no regular export to foreign establishment. Table 2 describes the different stages of Uppsala model and three quite similar internationalization processes seen in the literature. The three last ones have a less strict view of the internationalization process. They are called the Innovation-related internationalization models. These stage models are concentrating on the source of the initial internationalization

decision. Internationalization may start when there are internal change agents who actively push firms toward greater internationalization and alternatively, internationalization may be initiated by external stimuli such as unsolicited orders from overseas clients (McKiernan, 1992; Lam and White, 1999).

Table 2: Four internationalization stage models



Source: Ford & Leonidou (1991); Andersen (1993).

Andersen (1993) claimed that except for the initiating mechanism, the differences between these models reflect semantic differences rather than real differences concerning the nature of the internationalization process. Firms are expected to follow a succession from low to high commitment modes of operation and to enter new markets with successively higher psychic distance. However over the last decade, there have been an increasing number of studies focusing on the fact that many new firms are internationalizing rapidly, in a fashion that is not consistent with the slow process with stages defined above (Cavusgil and Knight, 1996;

Rennie, 1993). Many new firms called born global, do not follow the traditional stages of internationalization. Is a new theory necessary? Information technologies (ITs) are essentially the origin of this change (see Chapter 2.3.1); it is therefore most likely that technology-based services such as CR services, provide a particularly good case to examine. It might be thus interesting to consider whether the above stages in the process of internationalization are also applied to CR service firms.

2.2.1 Mode of entry

The firm's choice of the entry mode is one of the most fundamental strategic decisions (Root, 1994). The term of entry mode has been used to describe the entry and the selection of method including exporting (direct, indirect), licensing and foreign direct investment (FDI) such as joint venture and owned subsidiary (Whitelock and Jobber, 2004). In the literature, the impact of the entry mode chosen by a firm on its performance in internationalization is essentially limited to findings from manufacturing industries (Woodcock *et al.*, 1994). Concerning the service, Grönroos (1999) argued that there is another entry mode, which is the electronic marketing. According to Grönroos (1999, p. 295), "Electronic marketing as an internationalizing strategy means that the service firm extends its accessibility through the use of advanced electronic technology. The Internet provides firms with a way of communicating its offerings and putting them up for sale [….] when using electronic marketing, the firm is not bound to any particular location. The service can be administered from anywhere on the globe and still reach customers throughout a vast international market". The choice of an appropriate entry mode has, thus, a direct consequence on the firm's performance (Terpstra and Sarathy, 1994; Root, 1994). Each entry mode has its own characteristics on the quantity of resource commitment required, the degree of control, the degree of risk and the speed of market entry (Woodcock *et al.*, 1994; Maignan and Lukas, 1997; Osland *et al.*, 2001).

2.2.1.1 Services versus goods in the choice of the entry mode

In management science literature on internationalization, the comparison between the entry modes of goods versus services has often been done. Some authors such as Terpstra and Yu (1988) considered that the same factors influence the choice of entry mode in the case of goods and services. Other authors as Erramilli and Rao (1993) focused their works on the entry mode choices of service firms and claimed that important differences did exist between manufactured goods and services. According to them, service characteristics such as

- intangibility (Bateson, 1977; Berry, 1980),
- heterogeneity (Langeard *et al.*, 1982),
- perishability (Berry, 1975; Lovelock, 1982),
- simultaneity of production and consumption (Grönroos, 1977)

play a key role in the choice of the entry mode in a foreign market. Table 3 summarizes the implications of the various service characteristics for the service globalization process.

Table 3: Service characteristics and the globalization process

Service Characteristics:	Implications for Globalization.
Intangibility:	Subjective determination of service quality, hence service quality perception can vary across national markets and cultures; how to influence customer perceptions of service quality? Advertising mainly through word of mouth: who are the influential opinion makers in each market? Validity of a 'Follow the client' strategy in entering international markets? Managing corporate image in multiple markets.
Heterogeneity:	How to reduce across-country variations in service quality influenced by variations among service providers? Can all service personnel in several countries be trained to the same level and quality of performance? Impact of cultural differences affecting extent and kind of training in each market.
Perishability:	Can excess capacity in one market be used to satisfy demand in another? How to forecast service demand patterns in different markets? (Database requirements, differences in seasonal variations). Are there similarities in the model for service demand across countries? Can standardized incentives be used to manage demand across countries?
Simultaneity of production & consumption	Can service be provided at a distance internationally? (Role of technology, electronic delivery i.e ATMs — Automatic Teller Machines). If not, what should the mode of entry be? Franchising, licensing, joint venture and foreign direct investment. How much of service production can be placed in the 'back office'? Sharing of back office functions across markets. The need to find service providers places a constraint on the pace of international expansion.

Source: Sarathy (1994).

Kostecki (1999) reported that the modes of entry in service are more diversified than for goods. It is important for the service firm's manager to know which entry mode used for

manufacturing firms are also suitable for service firms (Ekeledo and Sivakumar, 2004). According to them, entry mode choice of manufacturing firms could be generalized to service firms but it depends on the category of service involved. Hard service is easier to export than soft service, which requires major local presence (Erramilli, 1990). Soft service means that production and consumption occur simultaneously (non-separable), contrary to hard service (separable). Ekeledo and Sivakumar (1998) reported that there is a significant difference between hard and soft service but it does not significantly differ between hard services and manufactured goods. Sampson and Snape (1985) also distinguished the services according to their tradability, putting forward that separable services are easier to export than non-separable. In a foreign market, non-separable service can be supplied through local activities abroad, through a local firm under license or through foreign direct investment (Buckley *et al.*, 1992; Ekeledo and Sivakumar, 2004; Sampson and Snape, 1985). Investment capital is a key factor in distinguishing the entry mode between manufacturing firms and service firms (Erramilli and Rao, 1993). Most service firms use FDI, because their capital needs tend to be much lower compared to manufacturing firms (Terpstra and Yu, 1988). Firms can also choose a collaborative mode of entry, such as joint venture, in order to improve their capabilities (Ghoshal, 1987) and to be complementary. Huber (1991) suggested that a firm can use this mode of entry to gain new knowledge where the firm lacks the requisite level of knowledge. Joint venture is also used for services in which production and consumption occur simultaneously and which require a local presence due to the importance of face-to-face contact. In the area of IT services, it is frequent that advanced firms first establish a joint venture with a local firm and then, when the business is well established, buy the local partner. Service firms may opt for licensing (franchising, license agreement) to reduce the risk for entering in a not well-known foreign market. Franchising is also used for services that involve several sites. According to Braun and Kostecki (1995), the most important advantages

to opt for this entry mode are (i) franchisees are local entrepreneurs, (ii) local business is easier to develop, (iii) rapid expansion is easy to master under franchising and (iv) low entry cost. Through franchising, smaller firms with fewer resources can gain an international presence (Javalgi *et al.*, 2003). On the one hand, the indirect entry (direct export sales, indirect sales by retailer or sales agent, license agreement, franchising) is less risky than the direct one (establishment abroad). On the other hand, a high control entry mode, such as local presence with owned subsidiary, offers an easier integration than an indirect entry (Vandermerwe and Chadwick, 1989; Erramilli and Rao, 1993). Buckley and Casson (1985) put forward the link between cost/risk and the entry mode for international expansion. They represent a gradual process from low cost, low risk to high cost and high risk entry strategies. One can claim that despite of some differences between goods and services, some of the points seen above are true for both.

2.2.1.2 Factors influencing the choice of the entry mode

In the current decade numerous researches have focused on examining the impact of various factors on the entry mode chosen by firms. According to Zhao and Decker (2004) and other researchers, these factors can be classified into (i) country specific factors (market barriers, geographical and cultural distance, host government attitude, etc.), (ii) industry specific factors (market size, industry type, etc.), (iii) firm specific factors (firm size, firm capacity, etc.) and (iv) product/service specific factors (product/service type, maturity, etc.). Koch (2001) classified factors influencing market entry mode in three categories which are (i) internal (firm size and resources, management risk/control attitudes, experience with antecedent entry mode, etc.), (ii) external (market barriers, popularity and viability of each entry mode in the overseas market, characteristics of the host country and business environment, market growth rate, industry feasibility and viability of the entry mode, etc.) and

(iii) mixed (capabilities and skills required for each market entry mode, sufficiency and reliability of information inputs). In the following chapter, we will try to list barriers to internationalization, such as for instance the host government's measures and we will try to see how these measures can also influence the choice of the entry mode.

2.2.2 Barriers to internationalization

Barriers are significant for firms in early and late stages of internationalization (Czinkota, 1994). Although international business experience and accumulated knowledge do reduce barriers, newcomers and even born global firms may face similar problems (Jaklic and Svetlicic, 2003). When a firm reflects on the possibility to enter in a foreign country, it must take into account the country's social, legal, economic and political framework (Quer *et al.*, 2007). An important difference between successful and unsuccessful firms in the process of internationalization is the ability to learn by seeking knowledge about international markets, potential customers, and an issue of operations management in distant and unfamiliar environments (Craig and Douglas, 1996).

2.2.2.1 Internal and external barriers

Barriers can be internal (originating from firms' internal characteristics) and external (originating from the external environment). Concerning internal ones, it could be from the financial capacity of the firm, but also from human resources, such as a lack of (i) skilled labour, (ii) international management knowledge and attitude, (iii) knowledge of foreign languages, etc. Concerning external ones, it could be from the home country and the host country environments. External barriers such as underdeveloped supporting institutions and no promotion policies from the home country can have an important influence on the

internationalization of firms. Host country barriers refer to legislation, regulation, especially tariffs and customs regulations, institutions, political situation and country stability, cost of establishing a legal entity, protection of intellectual property, cultural distance, etc. (Jaklic and Svetlicic, 2003). These barriers can be formal and also informal. The Office of the United States Trade Representative (1994) listed several formal barriers, such as (i) customs duties and other import charges (e.g. surtaxes, variable levies), (ii) quantitative restrictions (e.g. quotas), (iii) exchange and other financial controls (e.g. restrictions on payments of foreign exchange in international trade), (iv) poor protection of intellectual property rights (e.g. piracy of copyrighted works, inadequate patent protection), (v) restrictions on FDIs (e.g. limitations on foreign equity participation). As far as the informal barriers are concerned, kostecki (2001) listed barriers, such as (i) lack of security in market access (e.g. domestic regulations affecting trade are often modified, applied tariff rates change frequently, political threats), (ii) badly functioning regulatory schemes (e.g. customs officers are not familiar with tariff preferences, customs authorities impose taxes that do not exist formally), (iii) cumbersome procedures (e.g. the number of crossing points is limited and is forcing traders to travel, documentation requirements are heavy), (iv) harassment (e.g. authorities apply regulations deliberately to create a barrier to exporting) and finally (v) unofficial payments. Even if these barriers concern more goods, the also can exist for services.

2.2.2.2 Comparison of barriers for services versus goods

International trade in services is, in comparison, more complex than international trade in goods. Because of its nature, restrictive measures in services are different from goods. As the transaction is not observable in the border, border taxes are difficult to impose (Hoekman and Braga, 1997). Contrary to goods, barriers on services are not so much border taxes as quantitative restrictions (Kostecki and Nowakowski, 2002). According to them, quantitative

restrictions may consist of limitations on the number of firms allowed to compete for a market and on the nature of their operations. Hence for trade in services, market access is about reducing government policy interventions, which are less visible than for trade in goods (McGuire, 2002). Regulations imposed by the governments are often discriminatory against foreign firms (Hoekman and Kostecki, 2001). Frequently, their goal is aimed at domestic policy objectives rather than trade policy objectives and they set up discriminatory taxation and other restrictions for foreign firms in order to protect domestic ones. Compared to goods markets, the access restrictions to markets in the field of services protect local companies more against external competition. This shows to what extent the nature and obstacles to internationalization of firms differ from those of products. Lovelock and Yip (1996) claimed that host governments use (i) import tariffs, (ii) non-tariff barriers, (iii) local content requirements, (iv) currency and capital flow restrictions, (v) ownership restrictions, (vi) requirements on technology transfer. The choice of the entry mode often depends on the results of negotiations between firm and the host country's authorities (Fagre and Wells, 1982). Tang and Yu (1990) also argued the importance of host government restrictions' impact. Hoekman and Braga (1997) distinguished the following types of barriers: (i) quotas, local content and prohibitions; (ii) price-based instruments; (iii) standards, licensing and procurement; (iv) discriminatory access to distribution networks. Howells (1989) reported that the major regulatory issues for computer service firms are: (i) access to distribution channels; (ii) access to reasonable tarification rates on telecommunication networks; (iii) mobility of personnel; (iv) protection of intellectual property rights. Erramilli (1991) claimed that cultural distance is also true for service firms. According to him, firms with a low degree of international experience choose culturally comparable foreign markets. One can claim that some barriers as the lack of resources, lack of knowledge about exporting and the cultural differences, which are true for goods, are also true for services (Grönroos, 1999).

2.3 Computer and related services sector

Computer services can be separated in different sub-sectors. They are composed of installation of computer hardware, software implementation, data processing, maintenance and repair of computers and peripheral equipment, provision of advice and assistance on matters related to the management of computer resources, online support, database, internet site design and management. Table 4 shows United Nations Central Product Classification (UNCPC) descriptions of the GATS sectoral classification.

Table 4: UNCPC descriptions of the GATS sectoral classification in CR services

C_a. Consultancy services related to the installation of computer hardware: assistance services to the clients in the installation of computer hardware and computer networks.
C_b. Software implementation services: all services involving consultancy on, development and implementation of software, and defines "software" as the sets of instructions required to make computers work and communicate, which may include a number of different programmes developed for specific applications (application software) and situations in which the customer may have a choice of ready-made off-the-shelf programmes (packaged software), specifically developed programmes for its requirements (customized software) or a combination of the two.
C_c. Systems and software consulting services: services of a general nature prior to the development of data processing systems and applications. It might be management services, project planning services, etc.
C_d. Systems analysis services: include analyzing the clients' needs, defining functional specification, and setting up the team, as well as project management, technical coordination and integration and definition of the systems architecture.
C_e. Systems design services: include technical solutions, with respect to methodology, quality-assurance, choice of equipment software packages or new technologies, etc.
C_f. Programming services: the implementation phase, i.e. writing and debugging programmes, conducting tests, and editing documentation.
C_g. Systems maintenance services: consulting and technical assistance services of software products in use, rewriting or changing existing programmes or systems, and maintaining up-to-date software documentation and manuals and specialist work, such as conversions.
C_h. Data-processing and tabulation services: consisting of services such as data processing and tabulation services, computer calculating services, and rental of computer time.
C_i. Data base services: all services provided from primarily structured databases through a communication network. The UNCPC specifically excludes "data and message transmission services" which it classifies under telecommunications services and excludes documentation retrieval services classified as library services.
C_j. Online support services: all services where the requests and the responses can be done through the Internet.

Source: WTO (1998), "Computer and related services", adapted.

2.3.1 Opportunities of international activities in CR services sector

The geographical distance seems to be increasingly meaningless. With the development of new technologies, services are less dependent on local operations (Winsted and Patterson, 1998; Kostecki, 1994). With Internet, the cost of the interaction between the firm and the customer is reduced (Iansiti and MacCormack, 1999; Nevens, 1999). Online service is growing and it represents an easy way to conduct business-to-business (B2B) transactions. Internet makes it possible to sell a variety of services from anywhere in the world and many of the barriers to entry are reduced (Javalgi *et al.*, 2004). It has also changed firms' risk perception of the foreign markets by providing more information to evaluate this risk. The direct electronic trade is growing and this includes online ordering, payment and finally supply of services. Online supply of services is profitable because the transaction from a country to another is instantaneous. Internet reduces also the time needed to put goods or services on the market, creates new distribution channels and eliminates the importance of physical distance between the firm and the customer (Eika and Reistadbakk, 1998). Some products that have been traditionally delivered as goods can now be sent across borders in digital form (Javalgi *et al.*, 2004). Internet can also be useful for firms to conduct inexpensive studies on products and markets online, in order to improve their marketing worldwide. As far as SMEs are concerned, Internet provides a low-cost option to access international markets (Quelch and Klein, 1996; Hamill, 1997; Moen *et al.*, 2004). Hamill (1997) listed four barriers to internationalization of SMEs and explained how Internet can be helpful in surmounting barriers, such as (i) psychological, (ii) operational, (iii) organizational and (iv) product/market. Table 5 explains these different barriers. As technique related to Internet is advancing and resolving many problems on security and speed, it intervenes in almost all

kinds of goods or services trade. The growth of the service sector and advances in ICTs facilitate the management of relationships with clients (Rust *et al.*, 2006).

Table 5: Internet usefulness for overcoming barriers to firm's internationalization

Barriers to SME internationalization	Internet applications/advantages
Psychological	Increase in international awareness, confidence and commitment through access to global information sources; participation in global network communities
Operational	Simplified export documentation through electronic data transfers; electronic payments; online export assistance, etc.
Organizational	Access to low cost export market research resources; improved knowledge of international markets and culture; reduced dependence on traditional agents and distributors through direct marketing; establishment of virtual network of partners
Product/market	Country/market selection decision made easier by online export market research; consumer/market orientation through customer, agent, etc. feedback and comment; costs savings through electronic market research, communication cost savings improving the profitability of exporting; adoption of global niche rather than country centred strategies

Source: Hamill (1997).

2.3.2 Development of international trade in CR services sector

There are numbers of restrictive measures concerning CR services, which may be separated in 4 types as described by GATS. Table 6 shows those types and numbers of measures related to 4 sub-sectors of CR services. The limitations listed are frequently related to the commercial presence and the presence of natural persons. "The fact that CR services face little or no sector-specific regulation, does not mean that government policies and practices lack significance for the sector […] a variety of government measures have an effect on the growth and development of these services […] include labor policies (work permits/visas, education and training), research and development support, protection of intellectual property rights to address software piracy, technical standards, tariffs on computer equipment, and government

procurement of information services" (WTO, 1998, p. 10). The restrictive measures on the presence of natural persons are generally quantitative limitations relating to the number of foreigners employed. Some firms have sought to alleviate labor shortages by cross-border, often on-line, relationships contracted with foreign computer service suppliers such as software design or computer programming firms (WTO, 1998). However several GATS member countries, especially developing countries, want more liberalization of the export under the presence of natural persons. These countries are more concerned because they can capitalize on their labor-intensive services to increase and benefit international services trade (Nishith Desai Associates, 2002). Obviously some sub-sectors are more concerned than others. It is shown in Table 6 that the number of "other measures" is high. The reason is that a lot of restrictive measures cannot be classified in only one distinct category.

Table 6: The types of restrictive measures affecting trade in CR services[2]

(Listed in the 62 Schedules containing commitments on CR services)

Sub-sectors	Type	Type of Measure			
		Number of natural persons	Type of legal entity	Participation of foreign capital	Other market access measure
Consultancy services related to the installation of computer	1	-	-	-	III
	2	-	-	-	II
	3		III	III	I
	4	IV	-	-	IV
Software implementation services	1	-	-	-	III
	2	-	-	-	II
	3	-	III	III	V
	4	III	-	-	IV
Data processing services	1	-	-	-	III
	2	-	-	-	I
	3	-	I	II	IV
	4	I	-	-	II
Data base services	1	-	-	-	II
	2	-	-	-	-
	3	-	II	III	IV
	4	II	-	-	II

Source: WTO (1998), "Computer and related services", adapted.

[2] The values I, II, III and IV represent the number of measures related to each sub-sector and type of entry.

The major exporters of CR services are mainly located in developed countries. The newly industrialized countries of East Asia, including Singapore, Malaysia and the Republic of Korea are increasingly emerging in this sector (Kozul-Wright, 2002). Some developing countries, such as India, are also major exporters. In India, the IT sector is strongly supported by the government with a direct positive effect on the development of these services. Government support plays a major role in helping service export, providing research and the development support, obtaining permits or visa, ensuring protection of intellectual property rights, etc. For instance, as far as CR services are concerned, Indian government founded in 1991 an autonomous society called the Software Technology Park of India (STPI). The aim of this society is to facilitate the work of domestic firms by managing data communication infrastructure, trade facilitation, favourable FDI regulations and other services such as technology assessments and professional training of software exporters. However, firms' needs in export assistance and promotion depend also on their international experience and their degree of internationalization (Kotabe and Czinkota, 1992; Cavusgil, 1990).

One major reason of the exports' growth in the area of IT services has been due to outsourcing. Indeed IT outsourcing is growing and countries like India are considered major players due to their high quality engineers as well as lower labor and operating costs (Yang, 2001). Outsourcing allows firms in high-cost countries to maintain their strategic focus without the added pressures of maintaining an ever expanding IT infrastructure (Singh, 2005). For firms without solid outsourcing programs, it will be difficult to stay competitive in the global market. According to Kostecki (1994, p. 13), "The increased tradability of services signifies greater outsourcing options for service providers. Services firms have to systematically review their activities to decide which of them are of central importance for their strategy and which ones could be eliminated, subcontracted or purchased from low-cost suppliers abroad".

2.4 Conclusion

Through this review of the literature, one notes that there are many parameters which are regrouped so that CR service firms are motivated by internationalization. We have gone through the key points which relate to the internationalization of services and service firms. We have gone through the modes of entry into a new market, by describing the advantages and the disadvantages of each one. It is obvious that the choice of the entry mode is very important in the strategy of internationalization of the firms and that it has its importance in the performance of internationalization. We also went through the problems with which the companies are confronted and retained some points to integrate them into our model of research of the chapter which will follow. We also focused on the CR services in order to see the characteristics of this sector and opportunities existing to have international activities. In the next chapter, we will describe the criteria of this review of the literature which was retained for the conceptualization of our framework.

3 THEORY BUILDING

Based on the literature review of the preceding chapter, as well as on our qualitative research through interviews (see Chapter 5.1), we set up a framework (see Chapter 3.1). We retained the points which we considered to be important for this research and will describe them below. We would like to stress the influence of the (i) characteristics of the service, (ii) firm's profile, (iii) perception of the foreign market and (iv) motivations to extend the business to international, on the choice of the mode of entry in a new market. We saw in the preceding chapter that each mode of entry has its characteristic such as, for example, the degree of control or the quantity of resources required. However the decision for a mode over another, also seems to depend on the variables mentioned above. In addition, it is also noticed that the motivations of the firms to be internationalized are multiple and that we have tried to set up in this chapter, a list which summarizes what was noted in the review of the literature and our interviews. The goal being on the one hand to see the motivations which play an important part in the process of internationalization, and on the other hand to see whether the motivations differ according to the firm's profile.

We defined a block named *service tradability* which represents, to some extent, the characteristics of the service and its tradability. Very often in the literature, one speaks about the characteristics of the service such as intangibility, heterogeneity, perishability, simultaneity of the production and consumption. We opted for other characteristics and the choice of our five criteria came especially from the qualitative research phase and the interviews with entrepreneurs. To explain these five criteria, one can say that each one of them explains a part of the *service tradability*. Based on the literature, the interviews, but also on the intuition, a CR service is more tradable when it is easily transmissible on-line, when it does not require a strong confidentiality, when it does not require an important face-to-face

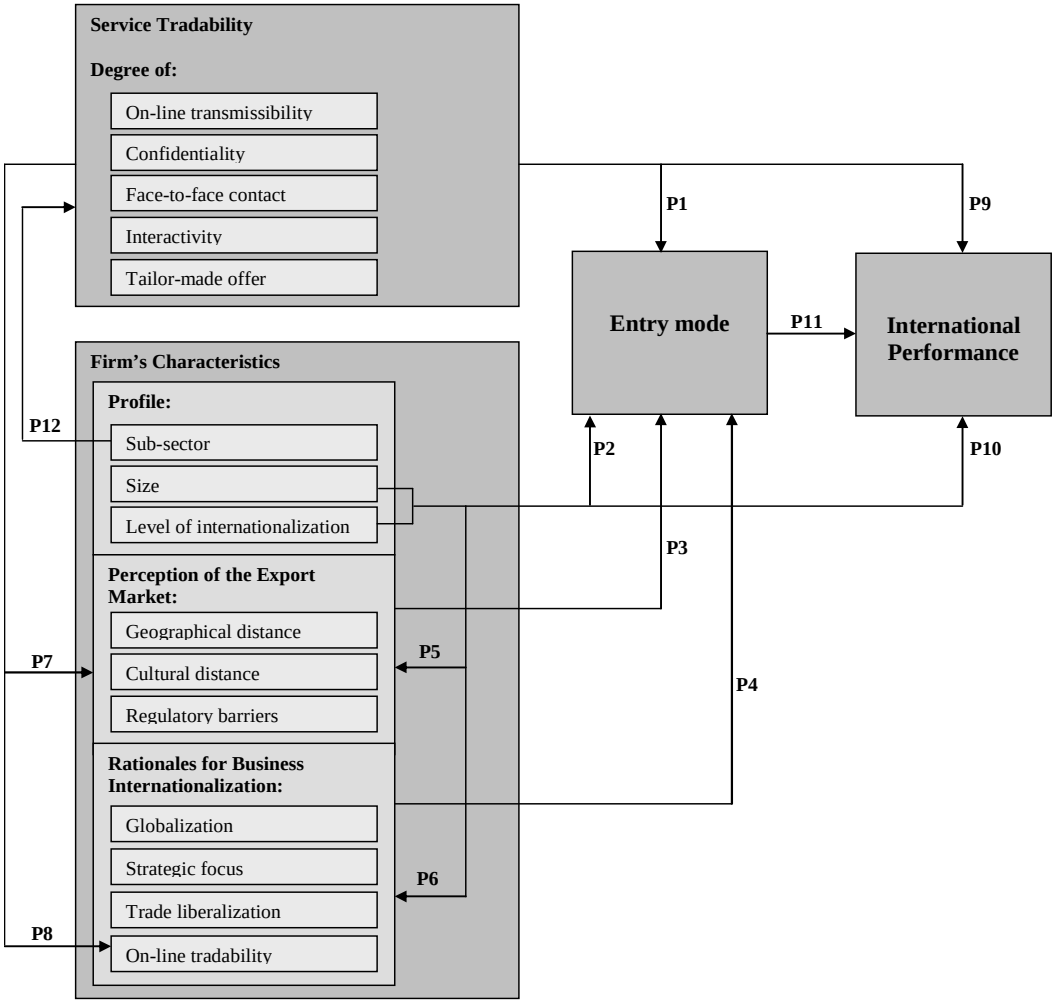
contact with the customer and when it is relatively standardized. As evoked several times, the geographical distance seems to play a less and less important part, in particular due to ICTs which facilitate the access to services. The services which are digitalized and which are often easily transmitted on-line, completely change the strategy of internationalization of the firms. However, the geographical distance can nevertheless have its importance, since each service has its characteristics and that according to the service and/or the strategy of the company, it may be that the firm decides to stress the quality of the service provided and that it wants to be close to its customers in order to better adapt its service. Under this aspect, one sees that the geographical distance plays an important role and that one cannot underestimate it. Concerning the cultural distance, this factor has always been considered as an important barrier to internationalization and one would like to see whether with globalization, the request is homogeneous or heterogeneous according to the markets, particularly as it concerns a sector which seems to be very *international*. In addition, we also would like to see the perception of the companies on regulatory barriers, in spite of the trade globalization and the elimination of some barriers to export services resulting from the WTO/GATS and regional trade arrangements. A part of this research is thus used for exploring the perception of the firms on geographical distance, cultural distance or regulatory barriers and to see the influence of this perception on the strategy of the company during its expansion to international and its choice of the mode of entry in a new market.

In this framework, we also wanted to represent the performance of internationalization and what is important for us is to see (i) the influence of the choice of the entry mode, (ii) the characteristics of the service and (iii) the characteristics of the firm, on its performance in internationalization. In the sub-chapters which follow, we will describe and explain all our propositions which connect the variables of our framework.

3.1 Framework[3]

When modeling the critical issues in internationalization of services, the following sets of blocks are being considered: (i) Service tradability, (ii) Firm's characteristics, (iii) Entry mode and finally (iv) Performance in internationalization of service providers.

Figure 2: Framework



As said above, in the block called s*ervice tradability*, five characteristics have been retained which are the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face

[3] This is an exploratory framework retouched after the qualitative phase and in-depth interviews. We have also eliminated the aspect concerning the company strategy, based on outsourcing. Indeed, during our interviews with the companies, on could feel that the managers were reluctant to reveal information on this subject. This was also seen during our quantitative research, where the questionnaires were returned blank in the section dealing with outsourcing.

contact, (iv) interactivity with the client and finally (v) tailor-made vs standardized offer. Each of them will be measured on a gradual scale (see Chapter 4.2.2).

The block which concerns the firm's characteristics is divided into three components: (i) profile (CR sub-sector, size and level of internationalization), (ii) perception of the export market (geographical distance, cultural distance and the restrictiveness of regulatory barriers), (iii) rationales for business internationalization (globalization reasons, strategic focus reasons, trade liberalization reasons and on-line tradability reasons). General globalization ration is a latent variable composed of five indicators which are (i) attractiveness of international markets (versus local), (ii) clients' internationalization, (iii) competitors' internationalization, (iv) fuller exploitation of company's competitive advantage in international operations and finally (v) positive previous international experience. Motivation to internationalization linked to strategic focus relates to (i) participation in international know-how networks, (ii) reduction of production costs and (iii) access to quality labor force. Trade liberalization comprises motivation to internationalization induced by (i) elimination of barriers to export (resulting from the WTO trade negotiations, regional agreements, etc.) and (ii) favourable regulations (e.g. easier foreign government regulations, etc.). Concerning the desire to internationalization resulting from the opportunity to provide services on-line, it is itself the latent variable.

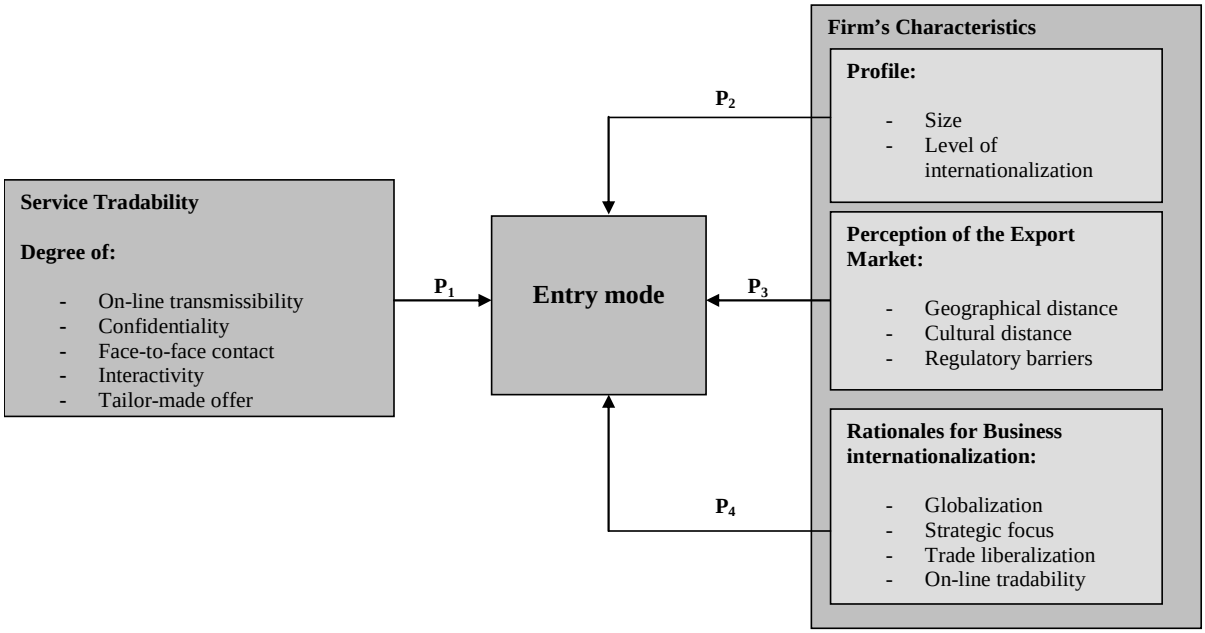
The block which concerns the entry mode is composed of (i) direct export, (ii) indirect export, (iii) franchising/license agreement, (iv) joint venture, (v) establishment abroad (wholly-owned subsidiary) and finally (vi) electronic marketing.

3.2 Propositions

3.2.1 Entry mode as dependent variable (propositions 1, 2, 3 and 4)

Figure 3 illustrates these four propositions.

Figure 3: Entry mode as dependent variable (DV)



The easier transmission of a digitalized service via electronic way obviously influences the mode of entry. Internet makes it possible to sell a variety of services from anywhere in the world and many of the barriers to entry are reduced (Javalgi *et al.*, 2004). The direct electronic trade is growing and online supply of services is profitable because the transaction from a country to another is instantaneous. It is rarely limited by governmental barriers nad usually takes place at a very low cost. Internet reduces the time needed to put goods or services on the market, creates new distribution channels and eliminates the importance of physical distance between the firm and the customer (Eika and Reistadbakk, 1998). Some

products that have been traditionally delivered as goods can now be sent across borders in digital form (Javalgi *et al.*, 2004). One can suppose that for instance online services, requiring a high digitalization and a low physical contact with the client, is easier to provide in other countries than services related to computer installation which cannot be fully digitalized and requiring a close client-provider contact. Even in the same sub-sector, there often exist important differences in providing these services internationally. For example, in the case of standard software packages, which require little interactivity with the client, sales can be done by direct export, contrary to more complex systems which calls for more services by systems houses and a physical presence (Kozul-Wright, 2002).

While deciding to internationalize, managers have to pay attention to the confidentiality required by the service. This may discourage firms to export. The high level of confidentiality, required in the CR services sector, influences the market entry mode decision. However, the importance of the issue tends to vary depending on the CR services sub-sectors.

According to Roberts (2001) commenting on the internationalization of computer software firms, there is a need to provide extensive client support in terms of consultancy, systems design, customization, installation, training and after-sales service and these factors require an important face-to-face contact with the client. Numerous studies, such as those by Vandermerwe and Chadwick (1989), put forward that pure service firms must establish local presence to be successful in a foreign market. According to the authors, services which are characterized by low materiality and at the same time a high degree of interactivity have a tendency to be more appropriate for making direct investment rather than other forms of service export. Nonetheless, this mode of internationalization is occasionally used only if the firms had chosen, to begin with, the temporary transfer of persons. As services are often inseparable from their users, many service firms generally must have some form of local presence in a foreign market (Erramilli, 1990). Non-separable services require strong affinity

with the local culture and thus service firms have to pay particular attention to the demands of the local norms and values (Ekeledo and Sivakumar, 2004; Dahringer, 1991; Patterson and Cicic, 1995). An entry mode which offers a high control is also preferable to build personal relationship and to respond to the market's preferences (Hastings and Perry, 2000).

Service firms are often confronted with the choice of standardizing or adapting their services. The choice depends on several factors. The focus must be on client needs. When the needs are heterogeneous, firms could opt for an adaptation strategy; when the needs are homogenized, firms could opt for a standardization strategy. Roberts (2001) claimed that concerning CR services, provision of customized services requires a local presence, and standardized service may be delivered through cross-border trade. In some cases, existing relationships between the software developer and a distribution channel provides the opportunity for software firms to link into the latter's dealer networks (Bell, 1995). With the growth of information technology (IT) and especially Internet, firms working in the CR services sector often opt for a standardization strategy. With globalization, the needs of clients, especially in this sector, seem to become more homogenized all around the world. We can suppose that for firms, providing tailor-made services, it is relevant to have more proximity with their clients and a local presence. Firms may also use a partnership mode with local firms in order to facilitate the adaptation to local culture. However, we must include other key parameters, such as the cost of the adaptation strategy. Indeed, many firms cannot assure costs for an adaptation strategy even if they estimate that it is the good strategy. The choice between the two strategies is not exclusive, i.e. firms can on the one hand standardize basic services which internationally require the same form and on the other hand adapt services which require more local knowledge and local contacts (Kostecki, 1994). Based on the arguments above, this proposition is suggested:

P_1: *The tradability of the service, which is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity and (v) the degree of tailor-made offer, influences*[4] *the choice of the entry mode(s) in a foreign market*[5].

Choosing the appropriate entry mode(s) is one of the most important strategic decisions that a firm must make during its internationalization process. This next proposition concerns the relationship which may exist between the firm's characteristics and its mode(s) of entry into new markets. At first we will consider that the mode of entry will depend upon the firm's profile such as its size and level of internationalization. It is believed that the size of a firm is a variable which can influence the choice of the firm's mode of entry. As far as SMEs are concerned, they often need external help due to their lack of internal resources (human, financial and material) and this reduces the degree of control of their business abroad (Blili and Raymond, 1993). Resources must be viewed in terms of financial, but also man power (Dunning, 1980; O'Farrell *et al.*, 1998). According to Koch (2001), establishing a fully-owned subsidiary requires very significant investment and also high risk levels and small firms may not have sufficient management potential and special skills to enter foreign markets through this mode of entry. As far as the computer software sector is concerned, Bell (1995) argued that the size of the enterprise is not critical. According to him, small software businesses with a handful of employees can develop excellent packages which have great export potential. According to Coviello and Munro (1997), the internationalization of software firms typically starts after one year, using essentially a partner's network to communicate with the foreign market. It could be interesting to examine if there is a tendency

[4] Throughout the hypotheses, "construct A influences construct B" means that there is a positive or negative correlation and influence of the construct A on the construct B, depending on each sub-construct (i, ii, iii, iv and v) of the construct A.

[5] Entry mode is composed of: a) Direct export, b) Indirect export, c) Franchising, license agreement, d) Joint venture, e) Establishment abroad, f) Electronic marketing.

for small firms with low resources, to opt more for an electronic marketing than a mode with high control and costs, such as an establishment abroad.

As far as the level of internationalization is concerned, Reuber and Fisher (2003) claimed that the international experience influences the choice of the entry mode. Firms with a high international experience prefer to choose an entry mode with a high control (Johanson and Wiedersheim-Paul, 1975). For firms with a low level of internationalization, local partner and the use of a cooperative mode of entry is a good approach (Morschett, 2006). Based on the arguments above, this proposition is suggested:

P_2: *The firm's (i) size and (ii) level of internationalization influence the choice of the entry mode(s)*[6].

The mode of entry could also depend on the firm's perception of the export market such as cultural/geographical distance and regulatory barriers. Cultural distance influences the decision of entry mode (Chen and Hu, 2002; Leung *et al.*, 2003; Anderson and Coughlan, 1987; Hofstede, 1980). Language barriers, socio-cultural differences, differences in established business traditions, have drawn important consideration in the internationalization process (Vinh *et al.*, 2005; Erramilli and Rao, 1993; Cicic *et al.*, 1999). When there is an important cultural distance with foreign markets, firms prefer to opt for an entry mode with higher control due to the fact that transactions in such markets generate higher information costs and are associated with greater difficulties in transferring competencies (Li and Guisinger, 1992; Tihanyi *et al.*, 2005). Some research found that the higher the cultural distance, the more firms opt for wholly owned modes (Padmanabhan and Cho, 1996). Others found that cultural distance is related to the use of shared control modes of entry, such as joint

[6] Entry mode is composed of: a) Direct export, b) Indirect export, c) Franchising, license agreement, d) Joint venture, e) Establishment abroad, f) Electronic marketing.

venture (Kogut and Singh, 1988). According to Madhok (1997), when the cultural distance is high, firms will prefer an entry mode based on collaboration with local agents. Generally firms firstly target the neighboring markets (low geographical and cultural distance) and secondly enter foreign markets with greater geographical and cultural distance (Vahlne and Wiedersheim-Paul, 1973). In the sector of CR services, we can suppose that for a firm, providing services which call for important contact with the clients, the geographical distance or even the perception of this distance play a relevant role in the choice of the entry mode. It could be expensive for these firms to send employee(s) to their clients if they are based geographically too far. The same analysis may be done concerning cultural distance. An important cultural distance in terms of culture, economic systems and business practices, supports the use of entry modes that involve more commitment of resources (Johanson and Vahlne, 1977). However Czinkota and Ursic (1987) claimed that cultural distance has become less relevant and that the markets have become progressively more homogeneous due to new communication technology. According to O'Grady and Lane (1996), research on cultural distance often use an absolute measure of distance and does not deal with the firm's perception of cultural distance. It could be interesting to see if the firm's perceptions of the cultural and geographical distance influence the choice of the entry mode.

Another perception that could play an important role in the choice of the entry mode is the regulatory barriers. In spite of the WTO/GATT and regional negotiations on the elimination of barriers to trade in services, there still are restrictive regulations, depending on the country. Frequently, customs duties and fees, which are specific to the merchandise sector, cannot be applied to services, since the latter do not necessarily physically cross borders. An additional protection, applied to service activities is, therefore, implemented by administrative measures. These measures are constituted, for example, by differentiated taxing systems and investment regulations. Lovelock and Yip (1996) claimed that host governments use (i) import tariffs, (ii)

non-tariff barriers, (iii) local content requirements, (iv) currency and capital flow restrictions, (v) ownership restrictions, (vi) requirements on technology transfer. Hoekman and Braga (1997) distinguished the following types of barriers: (i) quotas, local content and prohibitions; (ii) price-based instruments; (iii) standards, licensing and procurement; (iv) discriminatory access to distribution networks. Contrary to goods, barriers on services are not so much border taxes as quantitative restrictions (Kostecki and Nowakowski, 2002). According to the latter authors, quantitative restrictions may consist of limitations on the number of firms allowed to compete for a market and on the nature of their operations. Kostecki (1994) claimed that there are generally two categories of regulations affecting service providers, which are technical and economic regulations. Firms must take into account the entry mode feasibility and viability depending on the regulatory barriers. The perception of these regulations may play an important role on their entry mode choice. Based on the arguments above, this proposition is suggested:

P_3: *The firm's perception of (i) geographical distance, (ii) cultural distance and (iii) conditions of access as determined by various regulatory measures, influence the firm's choice of the entry mode(s)*[7].

The firms' motivations to have international activities can influence the choice of entry mode(s). It could be expected that a factor, influencing the entry mode, is the previous international experience (Reuber and Fisher, 2003; Johanson and Vahlne, 1977). Johanson and Wiedersheim-Paul (1975) claimed that firms with a high precedent experience of foreign market prefer to choose an entry mode with a high control. However some research illustrated that there is not a positive correlation between precedent international experience and the

[7] Entry mode is composed of: a) Direct export, b) Indirect export, c) Franchising, license agreement, d) Joint venture, e) Establishment abroad, f) Electronic marketing.

choice of an entry mode with high control (Kogut and Singh, 1988; Erramilli, 1991). For firms with little international experience, an interesting way is to find a local partner and use a cooperative mode of entry (Morschett, 2006). These firms tend to avoid an establishment abroad and opt for a lower resource commitment due to the lack of foreign market knowledge (Randoy and Dibrell, 2002). Other motivations could also influence the entry mode. For example, one can expect that the internationalization of competitors and their choice of entry mode (e.g. follow the leader), can influence the choices of the said company. As well known, another motivation for firms to internationalize their services is to follow their clients (Vandermerwe and Chadwick, 1989; Terpstra and Yu, 1988; Erramilli and Rao, 1990). Bell (1995) claimed that small computer software firms, following their clients, do not necessarily choose to commit themselves in a new market. They often use the network of their clients who are establishing themselves in new countries. Cost reductions can also be a tributary variable, which can influence the firm's choice. For instance, if the office rentals as well as the salaries are lower in another country, the firm can opt for a foreign implantation or a partnership. According to Barker and Kaynak (1992), the opportunity to reduce costs and/or to increase the production capacity is a relevant factor of the firm's internationalization and this issue could influence the choice of the entry mode. Access to a high quality workforce in another market can also be a determining factor. In this case, it is not necessary to send employees to these countries and the firm can organize itself consequently and opt for an entry mode adapted to the situation. Another motive is an easier foreign country regulation (Bilkey and Tesar, 1977). Indeed, in the case of important comparative advantages in other markets (reduced duties, taxes, etc.), this can influence the firms' choice in having a local presence (i.e. owned subsidiary) with more advantages. Another motivation, which can play an important role in the choice of entry mode, is the possibility for a company to provide on-line services. Indeed, this considerably influences the choice of entry mode. One can assume

that firms which have the opportunity to provide their services on-line, do not necessary need to have a local presence. Obviously, this also depends on whether the said service provided, requires following-up or not. All these motivations influence in one way or another, the firms' choice of entry mode. Each of them is represented as an indicator of one of the following latent variables: (i) general globalization reasons, (ii) strategic focus reasons, (iii) trade liberalization reasons and (iv) on-line tradability reasons (see Chapter 3.1). Based on the arguments above, this proposition is suggested:

P_4: *The firm's motivations to have international activities due to (i) general globalization reasons, (ii) strategic focus reasons, (iii) trade liberalization reasons and (iv) on-line tradability reasons, influence the firm's choice of the entry mode(s)*[8].

[8] Entry mode is composed of: a) Direct export, b) Indirect export, c) Franchising, license agreement, d) Joint venture, e) Establishment abroad, f) Electronic marketing.

3.2.2 Perception of the export market and rationales for business internationalization as dependent variables (propositions 5, 6, 7 and 8)

Figure 4 illustrates the propositions five and seven, with the perception of the export market as the dependent variable. Figure 5 illustrates the propositions six and eight, with the rationales for business internationalization as the dependent variable.

Figure 4: Perception of the export market as DV

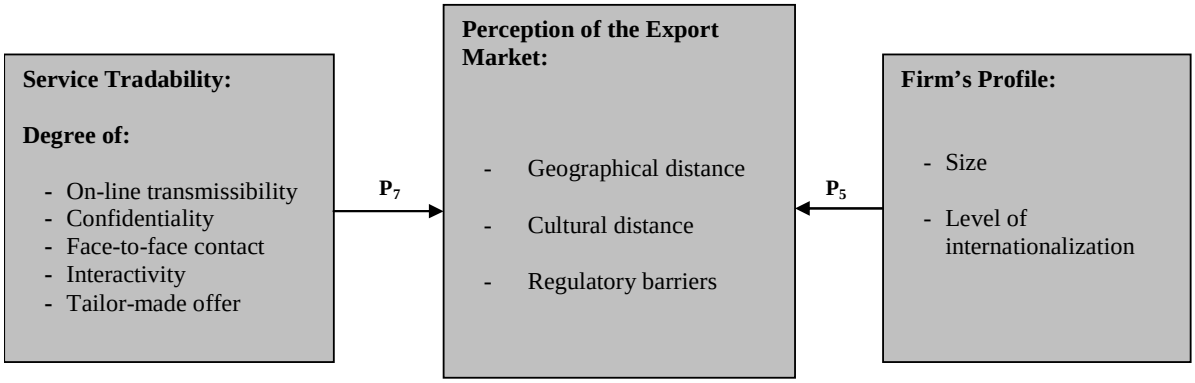
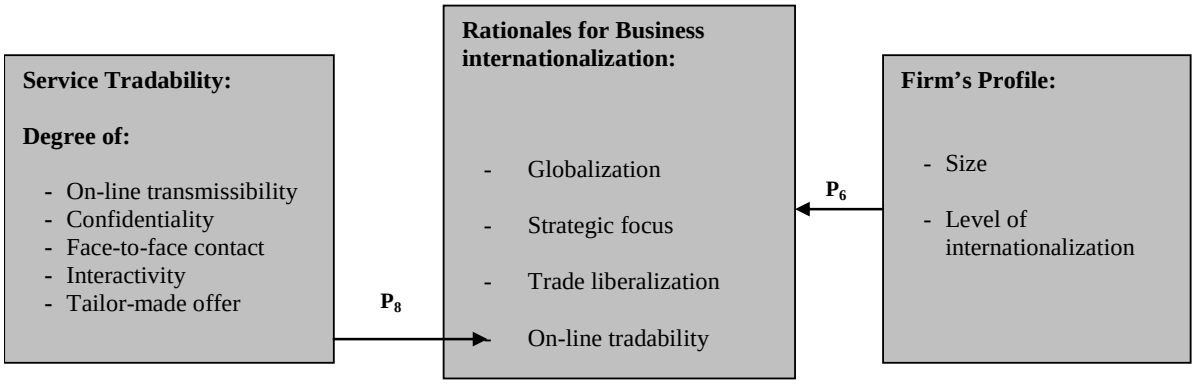


Figure 5: Rationales for business internationalization as DV



The perception of factors such as geographical distance, cultural distance, or regulatory barriers is changeable and could depend upon the firm's size and its degree of internationalization. Geographical and cultural distance could generate additional costs in the firm's process of internationalization and cause supplementary problems for small firms. However, with the development of new technologies, the cost of the interaction between the firm and the client is reduced (Iansiti and MacCormack, 1999) and geographical distance becomes increasingly meaningless. Moreover one can presume that, with globalization, the needs of clients become more homogenized, especially in the sector considered, and that the cultural distance has little influence on born global firms in their internationalization process. However, in the literature, we often found that firms with a low degree of internationalization and a little foreign market experience prefer markets at a short cultural distance (Blomstermo *et al.*, 2006). According to the latter study, firm's existing experiential knowledge is less relevant in culturally different environments. Erramilli (1991) also claimed that firms with a low degree of international experience choose culturally similar foreign markets and those with a high degree of international experience choose progressively more culturally different markets as their experience grows. As far as the regulatory barriers are concerned, it could also be interesting to see if the firm's size and level of internationalization influence the firm's perceptions. Regulatory barriers include host government regulations, prohibition or limitation of foreign ownership, local content requirements, financial and fiscal controls (Javalgi *et al.*, 2003) and it could be supposed that as small firms are less confronted to international business, they give less importance to regulatory barriers. Based on the arguments above, this proposition is suggested:

P_5: *The firm's (i) size and (ii) level of internationalization influence its perception of (a) geographical distance, (b) cultural distance and (c) conditions of access as determined by various regulatory barriers of the export market.*

With regard to motivations to have international activities, we would like to know the influence of the firm's size and the level of internationalization on the different ones. Indeed, we would like to know which motivations have more or less importance at each level of internationalization and how the firm's size influences that ranking. Hence, this proposition is suggested:

P_6: *The firm's (i) size and (ii) level of internationalization influence its motivations to have international activities due to (a) general globalization reasons, (b) strategic focus reasons, (c) trade liberalization reasons and (iv) on-line tradability reasons.*

The characteristics of the offered services could influence the perception of foreign markets. One can suppose that firms, which provide services requiring a high contact with the clients and/or a high adaptation to them, give more importance to the geographical and/or cultural distance. It is this perception that interests us in this research. It could be totally the opposite for highly digitalized or completely standardized services. According to Tihanyi *et al.*'s study (2005), the cultural distance and international diversification relationship is negative for high-technology sectors, while it is positive for other sectors. The confidentiality required by the service is also one part of our definition of *service tradability*. One can suppose that the higher the confidentiality required by a service, the less it is tradable. Indeed the need to assure the confidentiality could influence the perception of the export market and discourage a firm in its process of internationalization. More physical client contact means sending specialists to the spot which also raises the question of regulatory barriers. Services which

require less contact and for which internationalization is less hazardous, could tend to be more easily distributed towards geographically and culturally distant markets. Based on the arguments above, this proposition is suggested:

P_7: *The tradability of the service, which is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity and (v) the degree of tailor-made offer, influences the firm's perception of (a) geographical distance, (b) cultural distance and (c) conditions of access as determined by various regulatory barriers of the export market.*

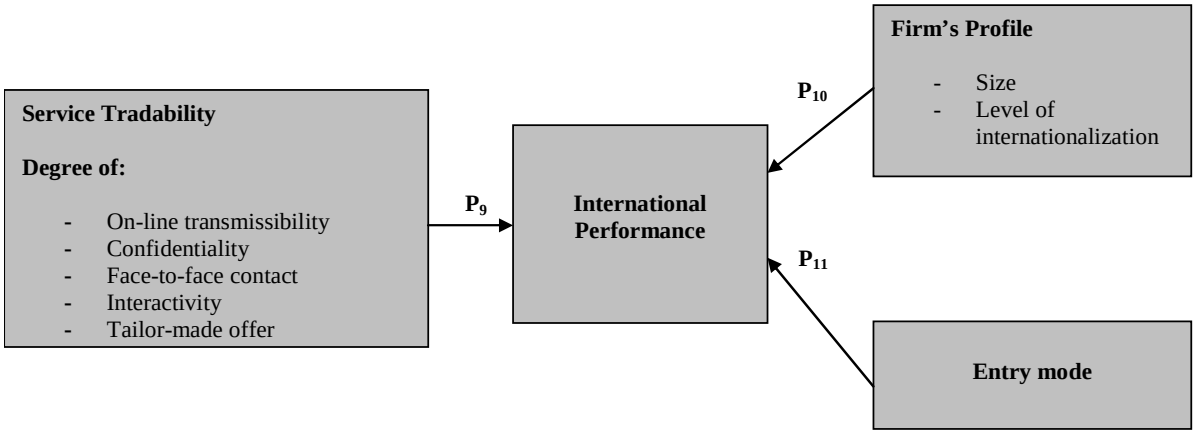
The characteristics of the offered services could also influence the firm's rationales to have international activities due to the possibility to provide services on-line. One can suppose that firms which provide services with a high degree of digitalization, can better exploit the way to deliver them via Internet. It could be less obvious when the services require a high degree of contact or when they are weakly standardized. On-line tradability of CR services is a good and low cost option to become global and to access international markets. Moreover, with Internet, the cost of the interaction between the firm and the client is reduced (Nevens, 1999). It has also changed firms' risk perception of the foreign markets by providing more information to evaluate this risk. Online supply of services is profitable because the transaction from a country to another is instantaneous. Internet reduces the time needed to put services on the market and eliminates the importance of physical distance between the firm and the client (Eika and Reistadbakk, 1998). However this depends on the characteristics of the service in question. Based on the arguments above, this proposition is suggested:

P_8: *The tradability of the service, which is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity and (v) the degree of tailor-made offer, influences the firm's rationale to have international activities due to the opportunity to provide services on-line.*

3.2.3 Performance in internationalization as dependent variable (propositions 9, 10 and 11)

Figure 6 illustrates the propositions nine to eleven, with the performance in internationalization as the dependent variable.

Figure 6: Performance in internationalization as DV



The easier transmission of digitalized services via on-line can influence positively the firm's performance in internationalization, due to a general reduction of costs. With Internet, the cost of the interaction between the firm and the customer is reduced. Online service is growing and it represents an easy way to conduct business-to-business (B2B) transactions. New technologies make it possible to provide a variety of services from anywhere in the world and many of the barriers to entry are reduced (Javalgi *et al.*, 2004). Internet creates new distribution channels and eliminates the importance of physical distance between the firm and the client (Eika and Reistadbakk, 1998). One can suppose that the higher the degree of service on-line transmissibility, the better the firm's performance in internationalization.

The degree of confidentiality required by a service has an influence on its tradability. Services requiring a high degree of confidentiality are internationally less tradable due the fact that it is

psychologically more risky and difficult to maintain confidentiality when the markets are geographically distant and subjected to various regulations. This may discourage firms to expand their activities in an international way. One can suppose that the lower the degree of confidentiality required by the service, the better the firm's performance in internationalization.

Information technologies (ITs) are resolving many problems of tradability. However this development requires more services, due to the complexity of new technologies. The complex technical nature of most professional services involves an important contact with the client. These services require strong affinity with the local culture and thus service firms have to pay particular attention to the demands of the local norms and values. However, some services require more face-to-face contact than others. According to Roberts (2001) commenting on the internationalization of small computer software firms, there is a need to provide extensive client supports which require an important face-to-face contact with the client. Services which require important contact with the client are internationally less tradable due to the fact that the geographical and cultural distance, play a relevant role. It is a barrier for firms providing these services, to send employee(s) in the host country based geographically and culturally too far. Furthermore, there are also problems of regulatory barriers which may discourage sending specialists to the client. Services which require less physical contact are less hazardous to be provided internationally. For a firm, providing services with intensive face-to-face contact, it could be difficult to overcome the additional costs (Knight, 1999) and this can negatively influence its performance in internationalization. One can suppose that the lower the degree of face-to-face contact with the client, the better the firm's performance in internationalization.

Finally, another variable which can influence the firm's performance in internationalization is the degree of tailor-made offer (vs standardized). Standardized services are more tradable,

contrary to tailor-made offer which involve also more costs. Standardization generates savings on costs and more flexibility in the technical assistance services. One can suppose that the lower the degree of tailor-made offer, the better the firm's performance in internationalization. Based on these arguments this proposition is suggested:

P_9: *The tradability of the service, which is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity and (v) tailor-made offer, influences the firm's performance in internationalization.*

The performance in internationalization depends on the firm's profile, such as its size (Cavusgil and Zou, 1994; Lovelock and Yip, 1996). Several studies showed that there is a correlation between the increase of international activity and the size of a firm (Cavusgil, 1980; Cavusgil and Nevin, 1982; Erramilli and Rao, 1993; Javalgi *et al.*, 2003). Aaby and Slater (1989) said that the larger a firm, the better its ability to manage the risks due to the internationalization. Larger firms have a better capacity to expand resources and absorb risks than smaller ones (Erramilli and Rao, 1993). Small firms have more problems of logistics, overseas markets contact, market information availability and legal barriers, due to the lack of training of employees in international business (Winsted and Patterson, 1998). These barriers harm international performance (Patterson and Cicic, 1995). Globalization and the internationalization of markets pose new challenges for SMEs (Raymond, 2003). It could also be supposed that precedent foreign experiences can play an important role in the firm's international performance. This experience can be a potential source of competitive advantage and depends on the firm's level of internationalization. According to Shoham and Albaum (1995), international experience reduces the impact of external barriers and mechanically improves the international performance. Based on these arguments this proposition is suggested:

P_{10}: *The firm's (i) size and (ii) level of internationalization influence its performance in internationalization.*

The present proposition concerns the relationship between the choice of the entry mode and the firm's success in international markets. According to Gatignon and Anderson (1988), the choice of the entry mode is a frontier issue that has a major impact on the success of foreign operations. Lu and Beamish (2001) also claimed that there is a strong correlation between the choice of entry mode and the performance. For instance exporting firms and/or firms with a low level of foreign direct investment tend to experience a negative impact on profits (Lu and Beamish, 2001; Nakos and Brouthers, 2002). An entry mode with insufficient control can limit the firm's capacity to coordinate activities, utilize resources and implement strategies in international markets (Geringer and Hebert, 1991). Pan *et al.* (1999) claimed that the establishment abroad, such as wholly-owned subsidiary, has a better performance than an entry mode with less control. Kirca (2005) claimed that a firm with a local presence, such as wholly-owned subsidiary might provide services with a flexibility that would facilitate its adaptation and its marketing strategy to the changing demands of clients, avoiding the possible conflicts of interest and objectives in the case of for instance an entry mode, such as joint venture. According to him, this flexibility would positively affect the sales performance of the firm. The choice of entry mode has direct consequences on the firm's performance (Root, 1994), and based on these arguments this proposition is suggested:

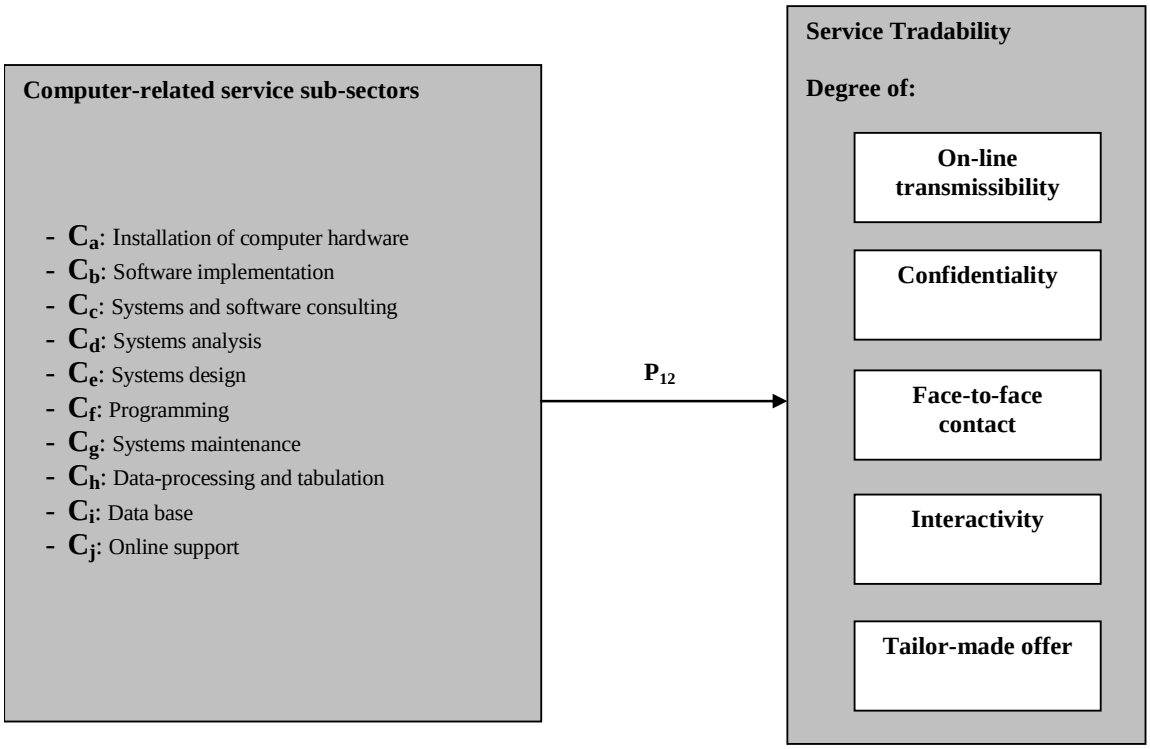
P_{11}: *The choice of the entry mode*[9] *influences the firm's performance in internationalization.*

[9] Entry mode is composed of: i) Direct export, ii) Indirect export, iii) Franchising, license agreement, iv) Joint venture, v) Establishment abroad, vi) Electronic marketing.

3.2.4 Service tradability as dependent variable (proposition 12)

The proposition below is more technical and is focused on the difference between the CR sub-sectors (see Figure 7).

Figure 7: Service Tradability as DV



In reviewing the literature, there is almost never a distinction between these sub-sectors. It could be useful to consider CR services globally on some issues but also separately on others. Each CR service has its own characteristics. It could be interesting to see the characteristics such as the degree of on-line transmissibility, confidentiality, face-to-face contact, interactivity and finally tailor-made offer of each sub-sector. It could be supposed that for instance online support services and/or data base services are more highly digitalized and require a lower degree of physical contact than services related to computer installation. The

confidentiality required by the service is also one part of our definition of *service tradability* and one can suppose that the higher the confidentiality required by a service, the less the service concerned is tradable. The degree of face-to-face contact with the client can also vary depending on the sub-sector. According to Roberts (2001), there is a need to provide extensive client support in terms of consultancy, systems design, installation, training and after-sales service and these factors require an important face-to-face contact with the client. Finally as far as the degree of standardization is concerned, sub-sectors, which exercise a systematic function (i.e. systems maintenance services, data-processing and tabulation services, data base services, etc.), are easier to standardize than other sub-sectors. Based on these arguments, this proposition is suggested:

P_{12}: *The tradability of the service, which is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity and (v) tailor-made offer, depends on the CR sub-sector.*

4 METHODOLOGY AND RESEARCH PLAN

The empirical research is composed of two parts; first, in-depth interviews have been conducted with the goal to specifically detect the manager's perception of the process of internationalization. This section called *qualitative* (Chapter 4.1) helped us to develop our understanding of real world events (McCutcheon and Meredith, 1993) and to revisit our preliminary framework and generate propositions for the second stage. Hence in our case, the qualitative research will be exploratory in terminology of Yin (1989). Voss *et al.* (2002, p. 195) also claimed that "Case research enriches not only theory, but also the researchers themselves. Through conducting research in the field and being exposed to real problems, the creative insights of people at all levels of organizations, and the varied contexts of cases, the individual researcher will personally benefit from the process of conducting the research".

The *quantitative* part (Chapter 4.2) was done by distributing a questionnaire to 541 firms, followed by the collection and the analysis of the data. In this research, only B2B firms have been considered. They have been selected with the use of quota system based on factors, such as CR service sub-sectors, size and level of internationalization. Moreover in order to have similar regulatory framework and a homogenous commercial and political environment, the countries of these firms have been selected in the same area (Western Europe[10]). Indeed external factors can influence firms' internationalization and the specification of countries will increase the validity of the study.

[10] Finland, France, Germany, Norway, Spain, Sweden, Switzerland and United Kingdom.

4.1 Qualitative methodology

As far as the qualitative research is concerned, 22 in-depth interviews have been conducted by phone. Moreover two case studies have been done for a better understanding of stakes and internationalization's process (see Appendix 7.1). For all interviews, the procedure suggested by Yin (1989) and Eisenhardt (1989) has been followed. Firms have been selected from several different sources (chambers of commerce, B2B database on Kompass[11], industry branch registers). Information was collected on Internet site of companies in question, in order to not waste time in the discussion and to have sufficient data on the firm before contacting it. Moreover information such as press releases, annual report and information on the firms were also consulted beforehand, in order to measure the reliability of each case by having several sources of information.

The first contact with these companies was established by e-mail (see Appendix 7.2). After a few days, we phoned companies to check the date and the hour when we can call the person in charge for exports and marketing. All of them were from senior management level in their respective firm (CEO, vice president, marketing director, chief information officer, sales manager). Finally we called the responsible persons for the interviews to briefly explain again our research in order to have a climate of confidence and to ensure that our interlocutor has understood the goal of our study and the types of information needed. We have also specified the fact that our interview would be completely confidential and than we were going to record this communication in order to transcribe it. Indeed the use of a tape recorder can improve the reliability. Then we started to follow our interview protocol which we had set up beforehand (see Appendix 7.4). This interview protocol contains a series of open questions. Several practitioners were consulted for the construction of this protocol and it has been preliminarily

[11] http://www.kompass.com

tested in order to review and adjust it (Eisenhardt, 1989). The case method generally requires questions starting with *why*, *what* and *how*. As recommended by many authors concerning empirical qualitative study, questions were not asked in the order they are in the protocol. We tried to ask questions in an informal way during the discussion and dependently on the responses of the interlocutor. This way allows the interlocutors to cover the subjects that they think important. Moreover, new issues could emerge for the future interviews. We wanted to keep flexibility on the interviews and did a semi-structured interview protocol in order to avoid information loss due to the rigidity of the interview protocol. According to Eisenhardt (1989, p. 539), "flexibility is controlled opportunism in which researchers take advantage of the uniqueness of a specific case and the emergence of news themes to improve resultant theory". It is also important to let speak our interlocutor, as long as it does not move away from the central subject of our research.

For the transcription, all the discussions were put on paper. In qualitative analysis literatures, we see that it is important to read and re-read the transcriptions and all notes concerning the interviews. These field notes comprise on one hand, all answers relevant for the study and on the other hand all observations on the interviewer's behavior (Eisenhardt, 1989). We evaluated its relevance and the credibility of the person in charge of the answers. Quotes were also put on the quality of each interview (Patton, 1990). Then we did a summary of each dialogue by putting the answer of our interlocutor below the corresponding question (see Appendix 7.5). Thus the comparison between different interviews becomes easier. It is the first phase to analyze qualitative data. Then to assure and make easier the examination of the interviews, we put in a table all the responses. Each line represents a question or a characteristic of the firm and each column the number representing a firm. We distributed a number to each firm in order to keep firms' confidentiality.

4.2 Quantitative methodology

The quantitative research has been done by a survey questionnaire, developed after the in-depth interviews. As far as the method is concerned, the questionnaire has been on a web page (see Appendix 7.6). First, we contacted the managers by e-mail, to inform them about this study, and then by phone, to confirm their participation in the study. Lastly, the link to the questionnaire has been sent by e-mail. The Mail survey is a reasonably priced method of collecting data. It provides also the opportunity to contact hard-to-reach people, and respondents are able to complete the questionnaire in their own time. However, mail surveys do require an up-to-date list of e-mail addresses. The disadvantage of this method is that it usually has lower response than other data collection methods. For this reason, we sent follow-up letters (see Appendix 7.3) and made telephone reminders to increase the number of answers. A second and a third invoice at monthly interval was also made. As for the qualitative research, we asked the firms that the questionnaire must be filled out by the person in charge of exports.

4.2.1 The sample

In this study, our sampling method is *non-probabilistic*. Its construction is based on a subjective procedure where the choice for selection of each unit is not known before. That means that all target-population cannot be included in this sample, as there is no database being appropriate with our criteria of selection. The selection has been done from several different sources (chambers of commerce, B2B database on Kompass, industry branch registers). Firms have been selected, based on factors, such as (i) B2B, (ii) geographical area (Western Europe), (iii) at least 60% of service (versus product) in the firm's turnover, (iv) CR services sub-sectors, (v) size and finally (vi) level of internationalization. For the last three

factors, a quota system has been used. Concerning the level of internationalization, we have decided to send the questionnaire only to those firms who are providing their services in at least one foreign country and highlighting their motivations for internationalization, rather than to send the questionnaire to a free sampling of firms which may not have international activity.

4.2.2 Questionnaire informations

Before sending the questionnaire, it has been tested in two manners. The first was mainly for the form (expression and sentences used, type of questions, etc.) and the second on the content of the document (structure, questions order and their relevance, etc.). The first test was carried out among the researchers and staff of the IENE[12]. For the second, we submitted to three specialists of the matter and ten firms in the sector chosen randomly from our database. After filling up the questionnaires we have arranged for an interview with them to hear their suggestion and make the final modification.

The questionnaire (see Appendix 7.6) is composed of four distinct parts:

A. Characteristics of Services
B. Entry Strategy into Foreign Markets
C. Firm's Characteristics
D. Personal Informations (Optional)

The section A is composed of questions about the characteristics of services furnished. The section B concerns questions about the mode of entry, the perceptions of the export market and the firm's internationalization strategy. The section C deals with the firm's

[12] IENE: Enterprise Institute of Neuchâtel

characteristics, and finally the section D gives information's about the person who has filled up the questionnaire. This section is marked optional in order to have more responses. Indeed with this option, firms have the choice to remain anonymous.

4.2.2.1 Service tradability's indicators

In our case, the *service tradability* is determined by the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact with the customer, (iv) interactivity with the customer and finally (v) the degree of tailor-made offer. Respondents were asked to indicate these informations, on five-point scales (from very low to very high). Table 7 resumes these informations.

Table 7: Service tradability's indicators

Service characteristics (degree of)	**Type variable**	**Value**
On-line transmissibility	scale	min: 1 max: 5
Confidentiality	scale	min: 1 max: 5
Face-to-face contact with the client (high vs low touch)	scale	min: 1 max: 5
Interactivity with the client	scale	min: 1 max: 5
Tailor-made vs standardized offer	scale	min: 1 max: 5

4.2.2.2 Firm profile's indicators

The first variable of firm's profile is the CR sub-sector. Respondents were asked to indicate the services which are provided by their firm (see Appendix 7.6). A value of one is put for each sub-sector provided. Concerning the firm's size, it is composed of two indicators, which are the turnover and the number of employees. For the first one, respondents were asked to indicate the company's turnover in Euro, on ten-point scales (see Appendix 7.6). For the second one, that was an open-question. The level of internationalization is a latent variable and is composed of four indicators which are (i) ratio of foreign assets, (ii) ratio of foreigners in top management, (iii) ratio of foreign based employees and (iv) number of subsidiaries. For three first indicators, respondents were asked to indicate their case, on five-point scales (less than 20%, 21-40%, 41-60%, 61-80%, more than 80%). For the last one, the question was open. Table 8 resumes these informations.

Table 8: Firm profile's indicators

Firm profile	Type variable	Value
CR sub-sector	nominal	0 or 1
Size - Turnover	ordinal	min: 1 max: 10
- Number of employees	scale	open-question
Level of internationalization - Ratio of foreign assets	scale	min: 1 max: 5
- Ratio of foreigners in top management	scale	min: 1 max: 5
- Ratio of foreign based employees	scale	min: 1 max: 5
- Number of subsidiaries	scale	open-question

4.2.2.3 Firm perception's indicators

The three variables of the firm's perception of the export market are (i) geographical distance, (ii) cultural distance and (iii) regulatory barriers. All these questions were asked on five-point scales (from not important at all to very important or from do not agree at all to completely agree). Table 9 resumes these informations.

Table 9: Firm perception's indicators

Firm perception of the export market	Type variable	Value
Geographical distance - Absence from certain markets due to geographical distance (e.g. cost of transportation/communication with the market, …)	ordinal	min: 1 max: 5
- Entry mode depends on the geographical distance of the respective countries	ordinal	min: 1 max: 5
- Geographical distance is not important any more due to the opportunity to provide services on-line	ordinal	min: 1 max: 5
Cultural distance - Absence from certain markets due to difficulty to do business in a foreign culture (e.g. language, …)	ordinal	min: 1 max: 5
- Establishment abroad makes it easier to cope with a different cultural environment	ordinal	min: 1 max: 5
Regulatory barriers - Absence from certain markets due to difficulty of market access (e.g. regulatory barriers/taxes, …)	ordinal	min: 1 max: 5
- Establishment abroad makes it easier to deal with complex regulations in foreign markets	ordinal	min: 1 max: 5
- Regulatory barriers are not important any more due to elimination of barriers to export resulting from the trade negotiations (e.g. WTO, regional agreements, …)	ordinal	min: 1 max: 5
- Regulatory barriers are not important any more due to easier foreign government regulations (e.g. taxation, …)	ordinal	min: 1 max: 5

4.2.2.4 Firm rationales for business internationalization's indicators

Firm's motivations are resumed in the Table 10. All questions were asked on five-point scales (from not important at all to very important).

Table 10: Firm rationales for business internationalization's indicators

Firm rationales for business internationalization	Type variable	Value
Globalization		
- Attractiveness of international markets (versus local)	ordinal	min: 1 max: 5
- Clients' internationalization	ordinal	min: 1 max: 5
- Competitors' internationalization	ordinal	min: 1 max: 5
- Fuller exploitation of company's competitive advantage in international operations	ordinal	min: 1 max: 5
- Positive international experience	ordinal	min: 1 max: 5
Strategic focus		
- Participation in international know-how networks	ordinal	min: 1 max: 5
- Reduction of production costs	ordinal	min: 1 max: 5
- Access to quality labor force	ordinal	min: 1 max: 5
Trade liberalization		
- Elimination of barriers to export (resulting from the WTO trade negotiations, regional agreements, ...)	ordinal	min: 1 max: 5

- Favourable regulations (e.g. easier foreign government regulations, taxation, ...)	ordinal	min: 1 max: 5
On-line tradability - Opportunity to provide services on-line	ordinal	min: 1 max: 5

4.2.2.5 Entry mode's indicators

As far as the mode of entry is concerned, respondents were asked to indicate the dominant entry chosen by their firm (see Appendix 7.6). A value of one is put for each mode selected. Respondents could also select two or three different mode specifying the order of importance. Table 11 resumes these informations.

Table 11: Entry mode's indicators

Entry mode	**Type variable**	**Value**
Direct export	nominal	0 or 1
Indirect export	nominal	0 or 1
Franchising, license agreement	nominal	0 or 1
Joint venture (partnership)	nominal	0 or 1
Establishment abroad (wholly-owned subsidiary)	nominal	0 or 1
Electronic marketing	nominal	0 or 1

4.2.2.6 International performance's indicators

The international performance is a latent variable and is composed of three indicators which are (i) ratio of foreign sales (Cavusgil, 1984b), (ii) number of countries where the services are provided (Samiee and Walters, 1990) and (iii) firm perception of its internationalization (Cavusgil and Nevin, 1982). For the first indicator, respondents were asked to indicate their case, on five-point scales (less than 20%, 21-40%, 41-60%, 61-80%, more than 80%). For the second one, that was an open-question. Indeed the number of countries where the services are provided indicates its success in reaching the international community (White *et al.*, 1998). According to them, an implicit relation exists between the number of foreign countries entered and the international success, due to the fact that if a firm is successful in its international expansion, it continues to expand, otherwise it will often take a defensive position and move back from several markets. Finally for the third indicator, the aim is to control the firm's success and satisfaction about its process of internationalization. Precedent success and satisfaction influence the firm's belief on its performance in internationalization. Respondents were asked to indicate their case, on five-point scales (from do not agree at all to completely agree). Table 12 resumes these informations.

Table 12: International performance's indicators

International performance	**Type variable**	**Value**
- Ratio of foreign sales	scale	min: 1 max: 5
- Number of countries where the services are provided	scale	open-question
- Firm perception of its internationalization	ordinal	min: 1 max: 5

4.2.3 Data analysis method

In this research, the structural equation modeling (SEM) using partial least squares (PLS) was the specific technique adopted to test the relationships between the latent variables. PLS is a multivariate technique which simultaneously executes both factor analysis and aspects of multiple regression in order to estimate interrelated dependent relationships (Hair *et al.*, 1998). It also allows path analytic modeling to be performed with latent variables (Chin, 1998). Compared to Lisrel (Linear structural relationships), PLS is more appropriate in the initial phase of developing and verifying theories (Fornell and Bookstein, 1982). Moreover PLS method does not require a large sample (Fornell and Lacker, 1981). Chin's PLS-Graph, version 3.0 was used for the analysis. We used this method for the propositions one to eleven. As far as the proposition twelve is concerned, we used ANOVA test for comparing means. In order to compare the results with PLS, you will also find in Appendix 7.7 the results with the method of logistic and linear regression.

5 RESULTS

This chapter is composed of two parts; first, through in-depth interviews that have been conducted, we will describe the preliminary and qualitative results, with the goal to detect the manager's perception of the process of internationalization (Chapter 5.1). Then in the following chapter (Chapter 5.2), we will present our quantitative results and the propositions which have been accepted and the propositions which lack sufficient evidence to be maintained.

5.1 Preliminary and qualitative results

5.1.1 Service characteristics and the choice of the entry mode

After having transcribed and analyzed all interviews, several points are to be emphasized. To begin with, one can speak of an existing link between the characteristics of the various services and the firms' choice of entry mode. Since quality is an essential aspect of the service, companies in this sector generally opt for a local presence. This is even more justified since computer services are often complex and the providers must be near the client in order to provide good quality service. Throughout the various interviews, it can be seen that since the service requires an elevated degree of contact, the companies have a local presence and the latter is carried out by foreign direct investment. There is also an important aspect to consider which is the duration of intense contact with the client, required by the service. Some services require a lot of contact in the beginning and less thereafter. "One needs a contact brought closer with the customer at the time of the phase of council to include/understand its

needs […] thereafter, the development can be made at a distance" said the marketing director of firm no. 9, during our telephone interview (see Appendix 7.5).

With regard to the degree of digitalization of the service, it is not surprising to note that services that are highly digitalized are often provided via Internet. We were told by the marketing manager of firm no. 9, "contact is not essential any more […] our services represent a relatively high digitalization". Firm no. 3's marketing manager said, "until now, our services aren't downloadable and that's why we must have a local presence". As for firm no. 12's market manager, the following was stated, "there is part of the services which can be operated via Internet, but there is part of the services which requires the direct contact with the customer". For the marketing manager of firm no. 1, "it depends on the service [...] we have one service which is more packageable and that one is sold all over the world without our local presence […] it's a service that requires less contact with the client". "The contact with clients takes a lot of time because it is related to high technology and complex system […] therefore we cannot sell by Internet", declared the director of firm no. 18.

5.1.2 Firm's characteristics and the choice of the entry mode

One must also mention that in our interviews, firms who opted for an establishment abroad (wholly-owned subsidiary) through foreign direct investment, have for the most part a turnover over €100 million. For small firms, one can think that it is not due to lack of will but rather a lack of means. These small companies often consider a local presence in the near future. It also occurs that small companies buy foreign branches too quickly and are not able to handle the costs. As stated by the CEO of firm no. 1, "in the future, we can't permit ourselves to acquire subsidiaries and pay an army of salaries". Table 13 provides an overview of firms interviewed. In order to have the same regulatory framework and a homogenous

commercial and political environment, all these firms are based in the same area (Western Europe).

Table 13: Overview of firms interviewed for qualitative research

Firm	Number of employees	Turnover (in million €)	Entry mode (dominant)
1	80	8	- Direct export - Establishment abroad
2	2000	224	- Joint venture - Establishment abroad
3	5700	1000	- Indirect export - Joint venture - Establishment abroad
4	10000	1700	- Establishment abroad
5	900	170	- Establishment abroad
6	20	1	- Indirect export - Joint venture
7	110	10	- Joint venture
8	6	0.5	- Indirect export - Joint venture
9	3000	190	- Joint venture - Establishment abroad
10	5000	1500	- Direct export - Indirect export
11	36000	7500	- Indirect export - Establishment abroad
12	150	10	- Direct export - Indirect export
13	350	40	- Direct export
14	2800	220	- Joint venture - Establishment abroad
15	25	30	- Direct export - Indirect export - Establishment abroad
16	5	1	- Direct export - Joint venture
17	3	1	- Indirect export - Joint venture
18	20	5	- Joint venture - Establishment abroad
19	10	10	- Establishment abroad
20	10	2	- Direct export - Joint venture
21	5	3	- Joint venture
22	40	10	- Joint venture - Establishment abroad

Figure 8 and 9 show some relationship between the size and the most important mode of entry chosen by the firm. The size is measured by the number of employees but also by the turnover. The value of Cronbach's alpha is very high (0.95) and it is used to measure reliability between these two variables.

Figure 8: Dependence between the size (number of employees) and dominant entry mode

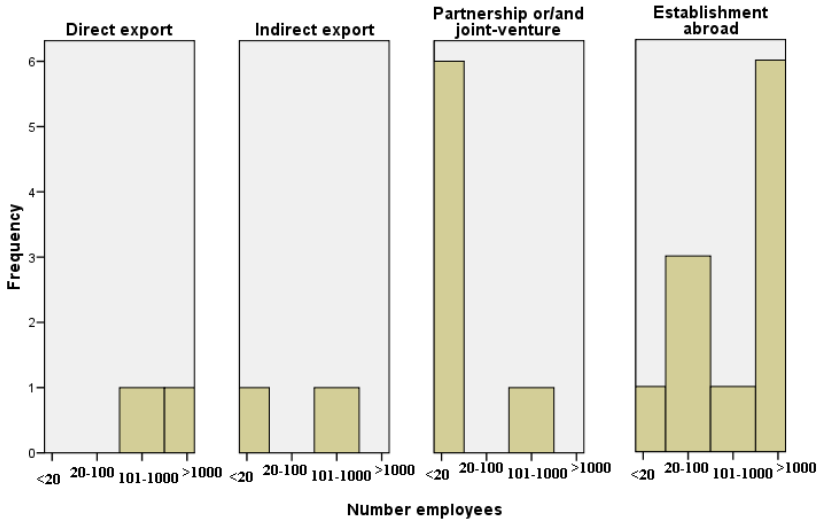
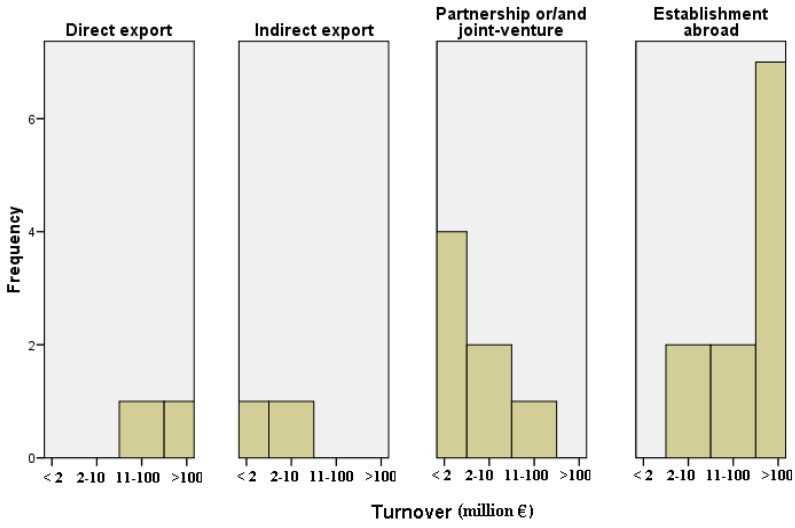


Figure 9: Dependence between the size (turnover) and dominant entry mode



Firms which do not have foreign subsidiaries and whose services are nonetheless offered, generally chose either a partnership or direct export. The partnership option with local

companies is a strategy often used. “As we are not really internationalized, the best strategy would be to create alliances with local companies”, said the marketing manager of firm no. 14. Another entry strategy is to purchase a firm in the country where one wants to offer its services. “We look especially if there is a subsidiary company in the country concerned with which we can be established”, declared the marketing manager of firm no. 14. It was also noticed that the higher the level of services provided by a firm (ratio service/product), the more the local presence becomes important.

Another aspect emphasized, is the size of client companies. Firms often distinguish between small and large clients. For small clients, the service is more standardized and is carried out through a network of independent sellers. “There is a difference between the small clients and the large ones […] with the small companies, the contact is often done by the retailers while with the large companies, we prefer to have more control with a local presence”, declared the manager of firm no. 11.

5.1.3 Perception of the export market and rationales for business internationalization

Presence abroad is very important in order to adapt to local culture. “It is important to have a local presence […] to see the specificities of each culture […] we have partners in China for adapting our services to local culture […] it is a win-win process” declared the marketing manager of firm no. 3. For China, this manager told us that the firm has adapted its strategy by trying to be as close as possible to the market, which differs greatly from the others. The firms chose to collaborate with local companies in order to facilitate the adaptation strategy. “With a level of understanding of local markets that could not be obtained from remote operations, our China Application Development Center develops both products for the worldwide market as well as products to specifically address the Chinese market […] in

addition, we believe that our products will have a competitive advantage as a result of being engineered locally", declared the marketing manager of firm no. 10. "We try to look at the geographical and cultural proximity with potential market", declared the manager of firm no. 18. "The cultural similarities facilitate internationalization and the purchase of new markets which resemble to our country" claimed the director of firm no. 16. "It is important to expand towards countries that have a similar culture in order to better understand on the one hand, the clients and on the other, the local workforce […] it is very important to have people on the spot who understand local business" said the director of firm no. 20. Language is also an important cultural factor. "Our strategy is to select countries for a particular reason: the language […] concerning Spain, it is because the Director general speaks Spanish […] it is thus more one manner natural to penetrate the markets and which enables us to have an easier contact with the customers" declared the marketing manager of firm no. 13. "We have voluntarily opted for a presence in the countries which are culturally similar to us, in the aim to improve our service quality […] this is possible only by proximity and clear understanding of our clients, which is only possible if the same language is spoken" said the marketing director of firm no. 14.

The same logic can be applied to custom-made services. Indeed, local presence is mandatory if a company wants to adapt its services to its clients. Some firms nonetheless commented that a solution, which catered only to a local need, seems improbable since clients are not to be considered unique with unique needs but as an ensemble, needing common based interaction. One must also consider the cost of a service, which is not standardized. "We are lucky, because our service is standardized and so there is no adaptation cost", said the manager of firm no. 1.

We have observed through our interviews that firms are generally not aware of the effects that WTO regulations can have on trading in their field. Despite the fact that services must respect

certain legislative demands in order to comply with the host country, the WTO regulations were perceived by managers as having no influence on the choice of the company's entry mode since, according to our interlocutors, there are very few regulations pertaining only to services. "We don't care of WTO, we essentially provide our services in Europe", statement made during our interview with firm no. 2. Nonetheless, a small number of companies declared being concerned by what happens at the WTO. This is the case with firm no. 4 who said that they send representatives to WTO conferences, which demonstrates clearly that, not only is the company involved but that it hopes to advocate its position concerning negotiations on services. Firm no. 5 claimed that they choose those countries first where entry barriers are not high. Moreover, firms are not always free to choose their entry mode. For some countries and some sectors of service, the local regulation forces to have a company recorded in the national commercial register. "We don't have the choice of the mode of entry because the regulation forces us to have a company recorded in the commercial register of the country to be able to treat with a national bank", declared the director of the firm no. 19 who provides on-line payment solutions.

Through the interviews, it can be seen that one of reasons for firms to have international activities is to follow their clients, who are already international. "We will also play much with our contacts emanating from international groups who are already our customers" said the manager of firm no. 7. "What made us internationalize is client satisfaction or rather, accompanying the client in its projects abroad" said the director of firm no. 22. The option of low-priced qualified labor was also of interest. "The training level of local young university graduates was extremely high […] they have worked extensively with new technologies and in fields where it is very difficult to find experienced labor" declared the marketing director of firm no. 15.

Other motivations are the attractiveness and security of the countries in question. “We choose the countries by market attractiveness, competition situation in the market and by environmental issues” declared the marketing manager of firm no. 4. In several cases, local success encouraged firms to expand beyond their boundaries. This signifies that the trend towards internationalization was fuelled by the desire to exploit a distinctive competitive advantage.

When questioned about their future ambitions, companies often expressed the desire to conquer the markets of emerging countries, “we currently see enormous opportunity in the emerging markets and are investing in these areas […] expanding our geographic coverage is a key element of our growth strategy [...] we believe that rapidly growing economies, including those of China, India, Eastern Europe and Latin America, present significant growth opportunities for us” declared the marketing manager of firm no. 10.

These 22 interviews allowed us to see the tendencies in this sector and enriched us for the follow-up to this research project, specifically, for the quantitative research.

5.2 Quantitative results

Our *non-probabilistic* sample has been compiled from several sources (chambers of commerce, B2B database on Kompass, industry branch registers). Firms have been selected based on factors, such as (i) B2B, (ii) geographical area (Western Europe[13]), (iii) CR services sub-sectors, (iv) ratio service versus product, (v) size and (vi) level of internationalization. A total of 541 firms were surveyed, in approximately equal proportions of factors seen above. 126 completed questionnaires were returned (23%). Of all the questionnaires collected, 14 questionnaires were considered non-valid being incomplete. Moreover, 17 questionnaires were non-usable because they did not correspond to our criteria of selection. This leaves us with a total of 95 questionnaires duly completed. We have to pay attention to the possibility of a non-response bias. However the section D of the questionnaire (see Appendix 7.6) is marked optional in order to not oblige the manager to put his/her name and the name of the firm. He/she has the choice to remain anonymous and this reduces the non-response bias.

5.2.1 Preliminary and descriptive analysis

In order to know whether the observation number in our sample is sufficient, a preliminary test was conducted on the stability of the answers. To achieve this, we selected a few questions at random and measured the cumulated average and standard deviation. Figure 10 shows this test on two questions selected at random. The first question consists of the firm's motivation to expand its international activities due to the attractiveness of international market and the second consists of the firm's absence from certain markets due to geographical

[13] The questionnaire has been sent to firms from these countries: Finland, France, Germany, Norway, Spain, Sweden, Switzerland and United Kingdom.

distance. One can observe that after approximately 70 answers, the two curves are stabilized. This means that we have a sufficient number of observations to effect our analysis.

Figure 10: Representation of cumulated average and standard deviation for two random questions

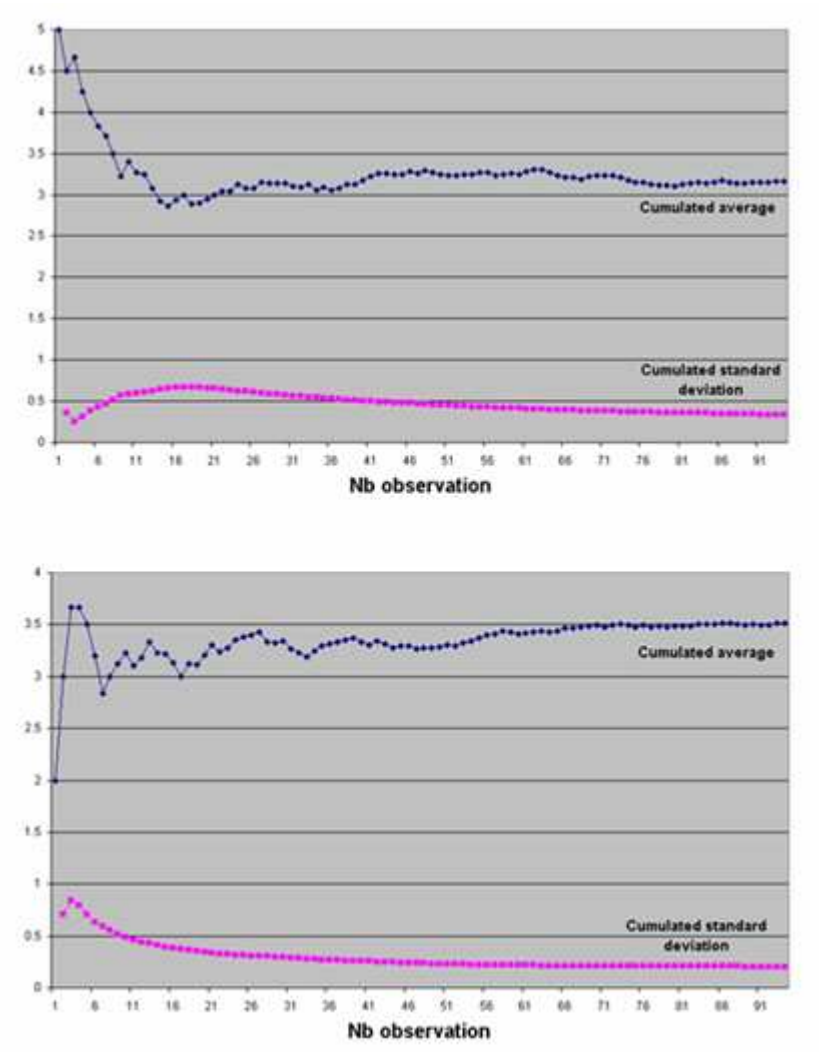


Table 14 presents the descriptive statistics, indicating the tendency of the answers. The values of indicators have been previously normalized.

Table 14: Descriptive statistics

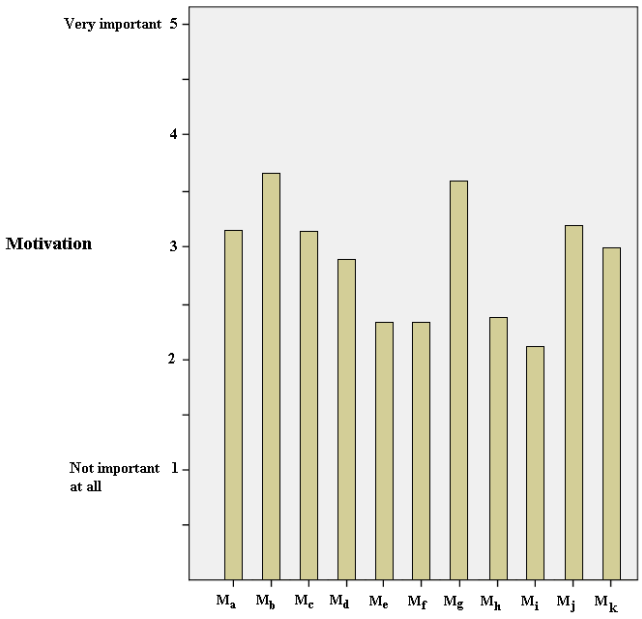
Variable	Mean	Med	Std. Deviation	Min	Max
Degree of on-line transmissibility	**3.46**	3.00	1.02	1.00	5.00
Degree of confidentiality	**3.35**	4.00	1.13	1.00	5.00
Degree of face-to-face contact	**3.58**	4.00	1.06	1.00	5.00
Degree of interactivity	**3.87**	4.00	0.92	1.00	5.00
Degree of tailor-made offer	**3.47**	3.00	1.09	1.00	5.00
Size	**2.57**	2.50	1.27	1.00	5.00
Level of internationalization	**1.82**	1.60	0.82	1.00	5.00
Perception of the degree of importance of geographical distance	**3.22**	4.00	1.06	1.00	5.00
Perception of the degree of importance of cultural distance	**4.06**	4.00	0.92	1.00	5.00
Perception of the degree of importance of regulatory barriers	**2.68**	2.75	0.84	1.00	5.00
General globalization reasons	**3.35**	3.00	0.81	1.00	5.00
Strategic focus reasons	**2.56**	2.00	1.12	1.00	5.00
Trade liberalization reasons	**2.36**	2.00	1.17	1.00	5.00
On-line tradability reasons	**2.97**	3.00	1.43	1.00	5.00
Performance in internationalization	**2.34**	1.80	1.04	1.00	4.00

The descriptive analysis, on the geographical/cultural distance and regulatory barriers' perception, shows that firms consider cultural distance as the most important factor (mean = 4.06), followed by the geographical distance (mean = 3.22) and finally the regulatory barriers (mean = 2.68). As far as contact with client is concerned, we create a single latent variable with two indicators which are face-to-face contact and interactivity with the client. We put these two variables together due to the fact that they are highly correlated and it is not correct to consider them as two distinctive constructs.

More than half of the firms opt for a joint venture (65% of firms). But for the majority, this kind of entry mode is not the only one. Indeed firms often choose several entry modes in parallel. In our database, 44% of firms have opted for direct export and 41% for establishment abroad. The number of firms using franchising and/or license agreement is insufficient (10% of firms) and we must exclude this entry mode from our analysis. The same remark is also true for electronic marketing (11% of firms).

As far as the motivations are concerned, their comparisons are described in Figure 11. They are represented in order of importance (most to least important). The three first motivations for a firm to expand its international activities are M_b (Clients' internationalization), M_g (Fuller exploitation of its competitive advantage in international operations) and M_j (Positive international experience). The three less important are M_i (Easier foreign government regulations), M_e (Reduction of production costs) and M_f (Access to quality labor force).

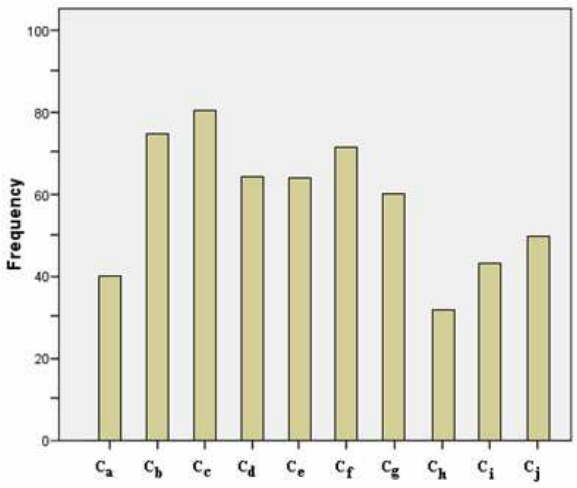
Figure 11: Rationales for business internationalization



Motivations (in order of importance on a scale from 1 to 5)
M_b : Clients' internationalization (3.69)
M_g : Fuller exploitation of company's competitive advantage in international operations (3.62)
M_j : Positive international experience (3.20)
M_a : Attractiveness of international markets (versus local) (3.17)
M_c : Competitors' internationalization (3.14)
M_k : Opportunity to provide services on-line (2.97)
M_d : Participation in international know-how networks (2.89)
M_h : Elimination of barriers to export resulting from the trade negotiations (2.47)
M_f : Access to quality labor force (2.40)
M_e : Reduction of production costs (2.38)
M_i : Easier foreign government regulations (2.28)

Figure 12 shows the descriptive statistics of CR service sub-sectors. We notice that firms often provide simultaneously several CR services. It is very unusual to have a firm which provides only one kind of service. In the following table, one can observe that the sub-sectors C_c (Systems and software consulting services), C_b (Software implementation services) and C_f (Programming services) are the most provided services by the companies in our database. The least provided service is the C_h (Data-processing and tabulation services).

Figure 12: CR services sector



C_a : Consultancy services related to the installation of computer hardware
C_b : Software implementation services
C_c : Systems and software consulting services
C_d : Systems analysis services
C_e : Systems design services
C_f : Programming services
C_g : Systems maintenance services
C_h : Data-processing and tabulation services
C_i : Data base services
C_j : Online support services

5.2.1.1 Reliability and validity of measures

In this research, the structural equation modeling (SEM) using partial least squares (PLS) was the specific technique adopted to test the relationships between the latent variables. We employed bootstrapping method (200 sub-samples) to test the significant level of regression path coefficients. All constructs are defined in PLS as reflective. It means that each latent variable is indirectly observable by a set of manifest variables which must be highly correlated between them.

There are two basic types of assessments that need to be done in order to claim that the measurement process is sufficiently valid. The first is the *reliability*, which deals with the extent to which the measurement process yields consistent results when the process is repeated in some way (Dröge, 1996). Cronbach's alpha is used to measure reliability and for an exploratory research, its value should be over 0.6 (Dröge, 1996). In this research, all latent variables have a cronbach's alpha higher than 0.6 and it confirms that the scale reliabilities have adequate and stable measurement properties. Reliability can also be verified by considering the value of the rho coefficient and in our case, all the values are higher than 0.6.

The second assessment is the *validity*, which is the degree to which a measure precisely represents what it is supposed to. Validity is measured based on three main criteria, which are unidimensionality, convergent and discriminant validity. As far as unidimensionality is concerned, this is done by conducting an exploratory factor analysis. For each construct, only the first eigenvalue is over one and hence unidimensionality is confirmed and validated (Dröge, 1996). As far as convergent and discriminant validity are concerned, they are components of a larger measurement concept known as construct validity (Straub *et al.*, 2004). These two validities capture some of the aspects of the goodness of the measurement model. Convergent validity is shown when each measurement item is strongly correlated with its construct. It is usually satisfied by retaining variables whose loadings are greater than 0.5, indicating that they share sufficient variance with their related construct (See Table 19, in Appendix 7.7.1). As far as discriminant validity is concerned, it appears when each measurement item is weakly correlated with all other constructs except for the one to which it is theoretically associated (Gefen and Straub, 2005). Table 15 shows the intercorrelation of the research constructs. The diagonal of this matrix represents the square root of the AVE (average variance extracted). For adequate discriminant validity, the diagonal elements should be significantly larger than the correlation of the specific construct with any of the other constructs and should be at least 0.5 (Fornell and Larcker, 1981a). In our case, discriminant validity is confirmed and sufficient to support the model.

Table 15: Reliability and discriminant validity (intercorrelation of the research constructs)[14]

Latent variable	ρ[a]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Degree of on-line transmissibility	1	**1**[b]																	
2. Degree of confidentiality	1	-.03	**1**																
3. Degree of contact	.82	-.21*	.14	**.83**															
4. Degree of tailor-made offer	1	-.06	-.06	.29**	**1**														
5. Direct export	1	.04	-.06	-.19*	-.22*	**1**													
6. Indirect export	1	-.21*	.14	.03	-.04	.02	**1**												
7. Joint venture	1	.02	.16	-.05	-.03	-.18*	.01	**1**											
8. Establishment abroad	1	-.09	-.05	.23*	.05	-.46**	-.07	.11	**1**										
9. Size	.96	-.17	.03	.18*	-.15	-.13	-.19*	.04	.26**	**.96**									
10. Level of internationalization	.85	-.25**	.04	.14	-.02	-.16	.08	.02	.25**	.40**	**.81**								
11. Perception of geographical distance	.61	.61**	.16	.08	-.01	.07	-.03	-.02	-.04	.00	-.27**	**.61**							
12. Perception of cultural distance	.92	.03	.16	.01	-.19*	-.05	-.12	-.02	.23*	.30**	.07	.17	**.91**						
13. Perception of regulatory barriers	.88	-.03	-.02	.05	-.13	-.23*	-.05	.19*	.13	.19*	.10	-.05	-.03	**.84**					
14. Globalization reasons	.79	-.04	.07	-.12	-.25**	.00	.00	.23*	.17	.31**	.35**	-.09	-.01	.07	**.66**				
15. Strategic focus reasons	.88	-.05	.34**	-.05	-.33**	-.12	-.04	.14	.29*	.35**	.44**	-.11	.16	.18*	.60**	**.84**			
16. Trade liberalization reasons	.86	.01	.08	-.20*	-.19*	-.18*	-.25*	.16	.13	.20*	.22*	-.09	.19*	.17*	.44**	.61**	**.87**		
17. On-line tradability reasons	1	.27**	-.13	-.52**	-.15	-.04	-.10	.01	-.09	-.23*	.08	-.23*	-.09	.17*	.24*	.34**	.40**	**1**	
18. Performance in internationalization	.81	-.07	-.13	-.20*	-.25**	-.03	-.02	.21*	.25*	.52**	.56**	-.15	.16	.06	.56**	.34**	.22*	.08	**.77**

Notes:

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

a Rho coefficient = $(\Sigma\lambda_i)^2/((\Sigma\lambda_i)^2+\Sigma(1-\lambda_i^2))$

b Diagonal: (Average Variance Extracted)$^{1/2}$ = $(\Sigma\lambda_i^2/n)^{1/2}$

[14] We have to be careful for the interpretation of non-significant path coefficients as they can come from a multicollinearity problem. For each non-significant path coefficient where there is nevertheless a large and significant correlation, we delete punctually the independent variable(s) perturbing the results in order to find the right value of path coefficient.

5.2.2 Results: Entry mode as dependent variable (propositions 1, 2, 3 and 4)

To identify the factors which influence the choice of the entry mode(s), we scrutinized the strength and level of significance of the path coefficients estimated by PLS. As shown in the Figure 13, the service's characteristics and the firm's characteristics explain 22% of variance for direct export, 24.5% for indirect export, 15.4% for joint venture/partnership and 27.9% for establishment abroad (wholly-owned subsidiary).

A significant path coefficient (γ = -0.218) shows that the degree of contact (face-to-face and interactivity) required by a service, influences the choice of firms opting for direct export. It means that the lower the degree of contact, the more firms opt for a direct export. On the contrary, the significant path coefficient (γ = 0.221) supports that the higher the degree of contact, the more firms choose an establishment abroad. This mode is essentially used for services whose production and consumption occur simultaneously and who require an important contact with the client. In CR services, there is a need to provide extensive client support in terms of consultancy, customization, training and after-sales service and these factors require an important face-to-face contact with the client and hence, local presence is essential for being successful in a foreign market. Indeed CR services are often complex and if a firm wants to offer good quality service, it must be near its clients and have a local presence. A high control entry mode is better to build personal relationship and to familiarize with foreign markets (Hastings and Perry, 2000). This result confirms the literature, which suggested that there is a correlation between the degree of control and establishment abroad (Vandermerwe and Chadwick, 1989; Erramilli and Rao, 1993).

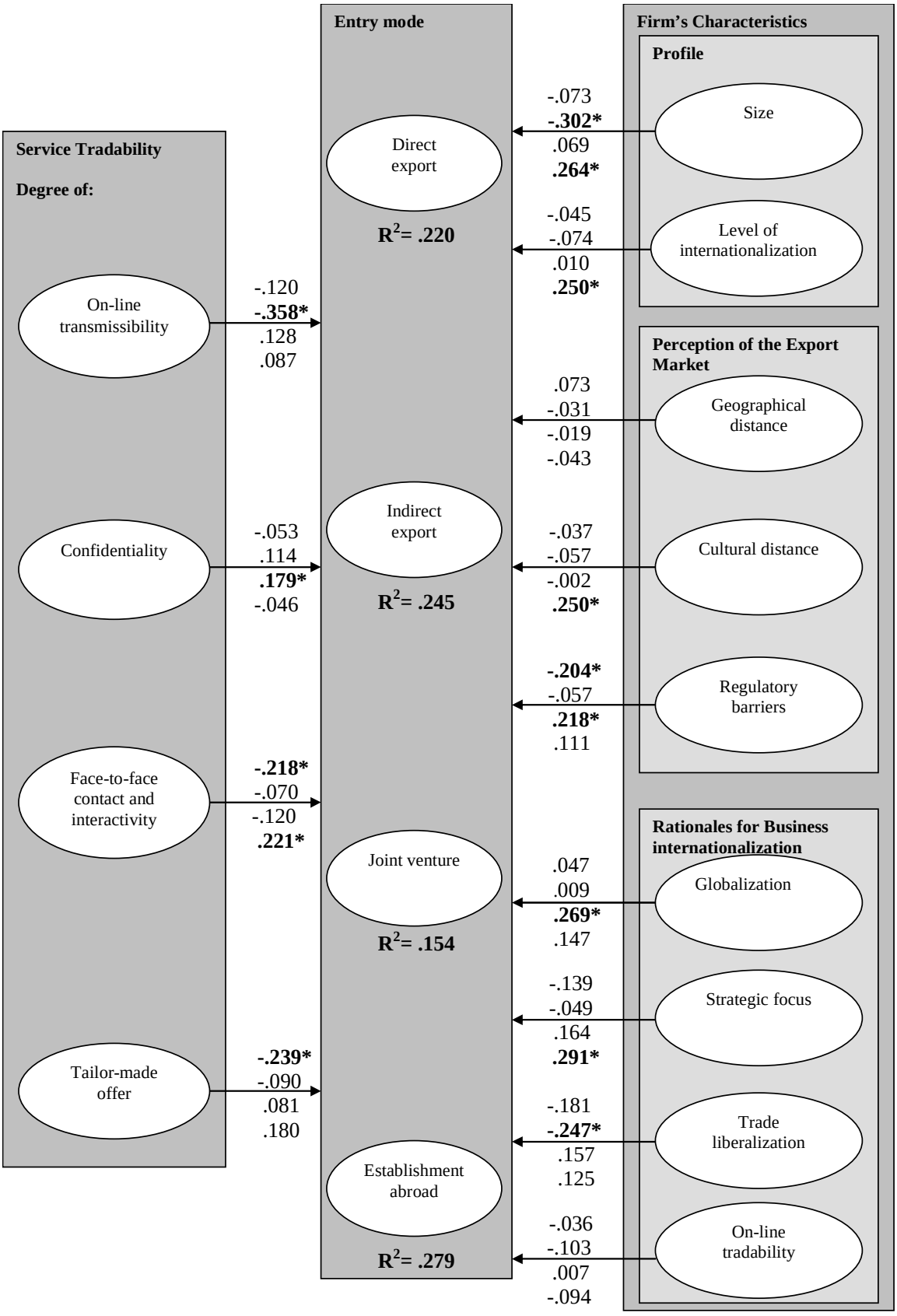
A significant path coefficient (γ = -0.239) supports that the degree of service standardization influences the direct export entry mode. It means that the lower the service's degree of tailor-

made offer, the more firms choose a direct export. This result confirms Roberts' research (2001) which claimed that in the sector of CR services, standardized ones may be delivered through cross-border trade, contrary to customized services which require a local presence. For firms providing standardized services, the need of proximity with their clients is less relevant than for firms providing tailor-made services. However even if the path coefficient from the service's degree of tailor-made offer to the entry mode called establishment abroad is relatively high ($\gamma = 0.180$), the value is not significant at the level of 0.05.

A significant path coefficient ($\gamma = -0.358$) shows that the degree of on-line transmissibility influences the indirect export mode choice. It means that the higher the possibility of transmitting on-line the service, the less firms choose an indirect export. This can be explained by the fact that when a service is highly digitalized and easily transmitted on-line, firms do not need to work with local firms and through intermediaries (i.e. sellers, etc.). These kinds of services can be directly transmitted to the clients and the firm can avoid useless costs. However one can observe that for these services, there is a tendency to opt for joint venture and establishment abroad but the path coefficients are not significant at the level of 0.05.

A significant path coefficient ($\gamma = 0.179$) supports that the service's degree of confidentiality influences the entry mode by joint venture. It means that the higher the degree of confidentiality required by a service, the more firms opt for a joint venture. This result is quite surprising. We could suppose that the need to assure the confidentiality could discourage a firm to use a collaborative mode to enter a new market and a new country. It is exactly the contrary. However this result is particularly true for the firms which opt for joint venture with the local firms. Depending on the country and the market, local clients trust more easily these firms.

Figure 13: Results with PLS (prop 1, 2, 3 and 4)



* significant at the 0.05 level.
** significant at the 0.01 level.

Two significant path coefficients confirm the proposition that the firm's size influences the choice of the entry mode. It means that the smaller the firms, the more they opt for an indirect export (γ = -0.302). On the contrary, the larger the firms, the more they opt for an establishment abroad (γ = 0.264). Small firms often need external help due to their lack of resources and the costs of an establishment abroad (wholly-owned subsidiary) could be too much for them. Our results confirm also Koch's research (2001) who suggested that a fully-owned subsidiary requires an important investment and small firms may not have sufficient skills to enter into foreign markets through this mode of entry. As far as the level of internationalization is concerned, the significant path coefficient (γ = 0.250) means that the higher firms' level of internationalization, the more they opt for an establishment abroad. As Johanson and Wiedersheim-Paul (1975) claimed, firms with a high level of international experience and internationalization prefer to choose an entry mode with a high control.

The significant path coefficient (γ = 0.250) confirms that the perception of the importance of cultural distance influences the choice for an establishment abroad. In other words the higher the perception of the importance of cultural distance, the more firms opt for an establishment abroad. This result confirms precedent research done by Li and Guisinger (1992), Tihanyi *et al.* (2005), Padmanabhan and Cho (1996), who claimed that when there is an important cultural distance with foreign markets, firms prefer to choose an entry mode with higher control. Indeed the export in these markets generates higher information costs and generally if the firms have the opportunity, they prefer to have a local presence. As far as the perception of the importance of regulatory barriers is concerned, the higher the perception of the importance of regulatory barriers, the less firms opt for a direct export (γ = -0.204) and the more firms opt for a joint venture (γ = 0.218). In general, firms for which regulatory barriers are perceived to be an important factor, prefer to opt for a local presence by joint venture or establishment abroad than direct or indirect export. When there are important regulatory

barriers in foreign markets, firms prefer to opt for an entry mode with a relatively high control and opt for an entry mode based on collaboration with local firms in order to facilitate their entry. Finally, as far as the perception of the geographical distance is concerned, there is no influence on the choice of the entry mode.

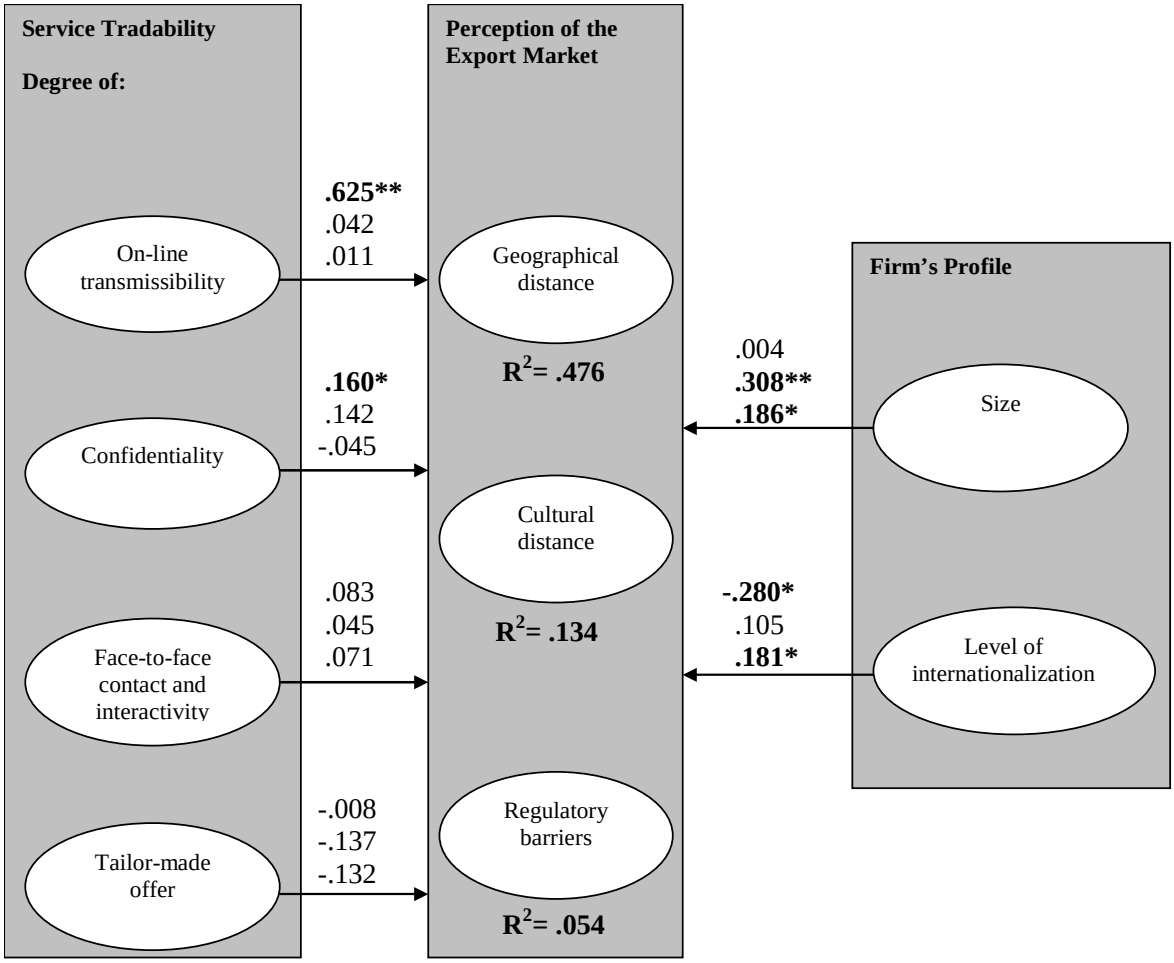
A significant path coefficient ($\gamma = 0.269$) confirms that firms with general globalization reasons (i.e. attractiveness of international markets, clients' internationalization, etc.), usually opt for a joint venture. It is interesting to note that this mode of entry is particularly successful in the case of firms which have these motivations. Firms can opt for a collaborative mode of entry, such as joint venture, in order to improve their potential and to be complementary. Firms can use this mode of entry to improve their knowledge where they lack the requisite level of knowledge. Firms can also first opt for a joint venture with a local firm and then, when business is well established, buy the local partner. However it depends on the low of the country concerned. As far as strategic focus motivation is concerned, a significant path coefficient ($\gamma = 0.291$) shows that firms with strategic focus motivations (i.e. reduction of production costs, access to quality labor force, etc.) often opt for an establishment abroad. For these service firms, capital necessities to establish are much lower compared to manufacturing firms and they prefer to reduce their costs and access to quality labor force by opting for a wholly-owned subsidiary. As far as trade liberalization is concerned, a significant path coefficient ($\gamma = -0.247$) confirms that for firms which trade liberalization (i.e. elimination of barriers to export resulting from the trade negotiations, or easier foreign government regulations) is an important factor of internationalization, they generally opt for a joint venture and/or an establishment abroad, rather than an indirect export. However the dependence on the entry modes joint venture and establishment abroad are not significant at the level of 0.05. Finally, as far as the reason of the internationalization due to on-line

tradability of the service is concerned, there is almost no influence on the choice of the entry mode.

5.2.3 Results: Perception of the export market as dependent variable (propositions 5 and 7)

As shown in the Figure 14, the service's characteristics, the firm's size and level of internationalization explain 47.6% of the geographical distance perception, 13.4% of the cultural distance perception and 5.4% of the regulatory barriers perception.

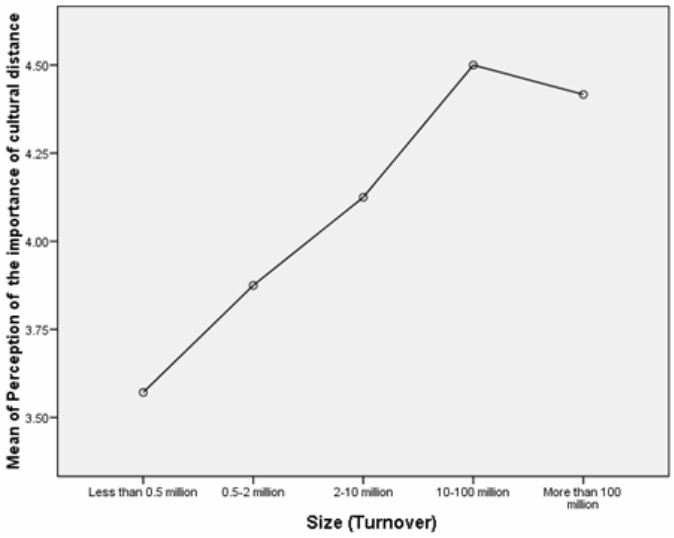
Figure 14: Results with PLS (prop 5 and 7)



* significant at the 0.05 level.
** significant at the 0.01 level.

Significant path coefficient confirms the influence of the firm's size on its perception of the cultural distance (γ = 0.308). The larger the firms, the more they give importance to the cultural distance (see also Figure 15).

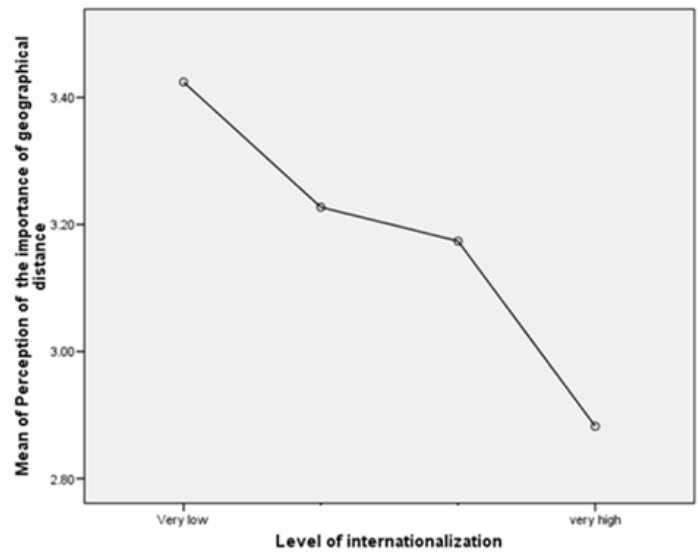
Figure 15: Influence of size on the perception of the importance of cultural distance



In the same way, the larger the firms, the more their perception of the importance of regulatory barriers is meaningful (γ = 0.186). This can be explained by the fact that small firms, with less experience of international business are less confronted with these kinds of problems and therefore attribute less importance to regulatory barriers, such as host government regulations, prohibition or limitation of foreign ownership, local content requirements, financial and fiscal control, etc. Smaller firms may have sporadic engagement abroad and therefore they care less about cultural distance and regulatory diversity. Larger firms usually expand internationally through FDI and local presence calls for dealing with local culture and regulatory barriers. As far as the level of internationalization is concerned, a significant path coefficient (γ = 0.181) supports also its influence on the perception of the regulatory barriers. It means that the higher firms' level of internationalization, the more they

give importance to regulatory barriers. The same reasoning as above can be appropriate also in this case. On the contrary a significant coefficient (γ = -0.280) confirms the link between the firm's level of internationalization and its perception of the geographical distance. It means that the higher firms' level of internationalization, the less geographical distance is meaningful (see also Figure 16). It is interesting to see that firms with little experience of international activities and a low level of internationalization perceive the geographical distance as an important factor. Firms with little foreign market experience prefer markets at a short distance. These firms choose geographically near markets and firms with a high degree of international experience choose progressively more distant markets. Even if geographical distance may generate additional costs in the process of internationalization of small firms, there is no correlation between the size and the perception of the geographical distance as a limiting factor of internationalization.

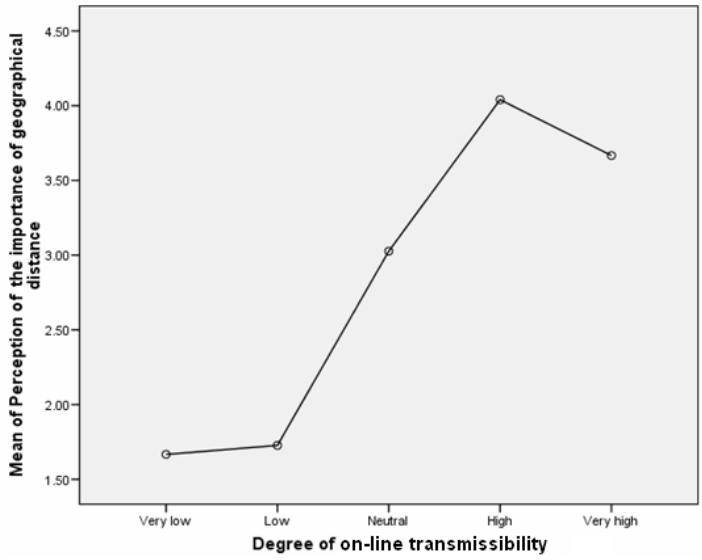
Figure 16: Influence of level of internationalization on the perception of the importance of geographical distance



A significant path coefficient (γ = 0.625) confirms that the service's degree of on-line transmissibility strongly influences the perception of the importance of geographical distance. It means that the higher the degree of on-line transmissibility, the more geographical distance

is perceived to be meaningful (see also Figure 17). Firms who provide services which are easily transmittable on-line are conscious about the importance of the geographical distance and their opportunity to access to their clients all over the world. This can be explained by the fact that, the more the service is on-line transmissible, the easier the access to distant markets. But the perception of the importance of geographical distance increases due the fact that firms providing these services on-line, do not have enough foreign presence and geographical dispersion, in the case of problem-solving.

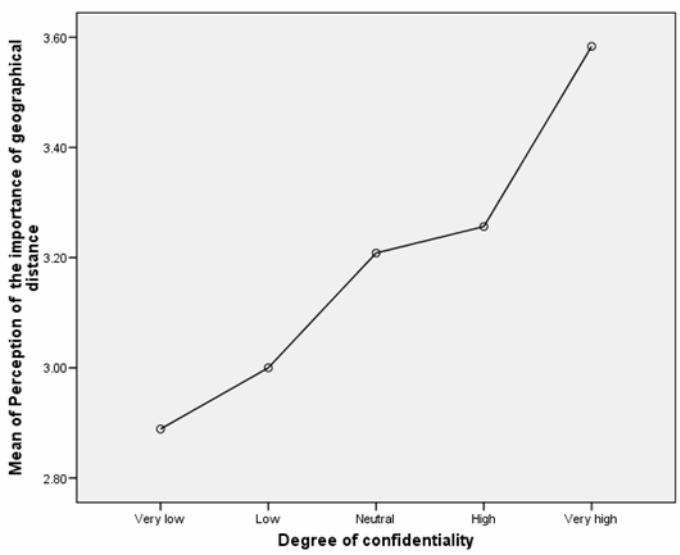
Figure 17: Influence of service's degree of on-line transmissibility on the perception of the importance of geographical distance



In the same way, a significant path coefficient ($\gamma = 0.160$) confirms that the service's degree of confidentiality influences the perception of the importance of geographical distance. In other words the higher the degree of confidentiality required by a service, the more the geographical distance is meaningful as a limiting factor of internationalization (see also Figure 18). One can deduce that firms, who provide services with a high degree of confidentiality, are less motivated to enter geographically distant foreign markets. Indeed it might be psychologically more risky and difficult to maintain confidentiality when the markets are geographically distant.

There are no other significant links between service characteristics and the perception of the export market.

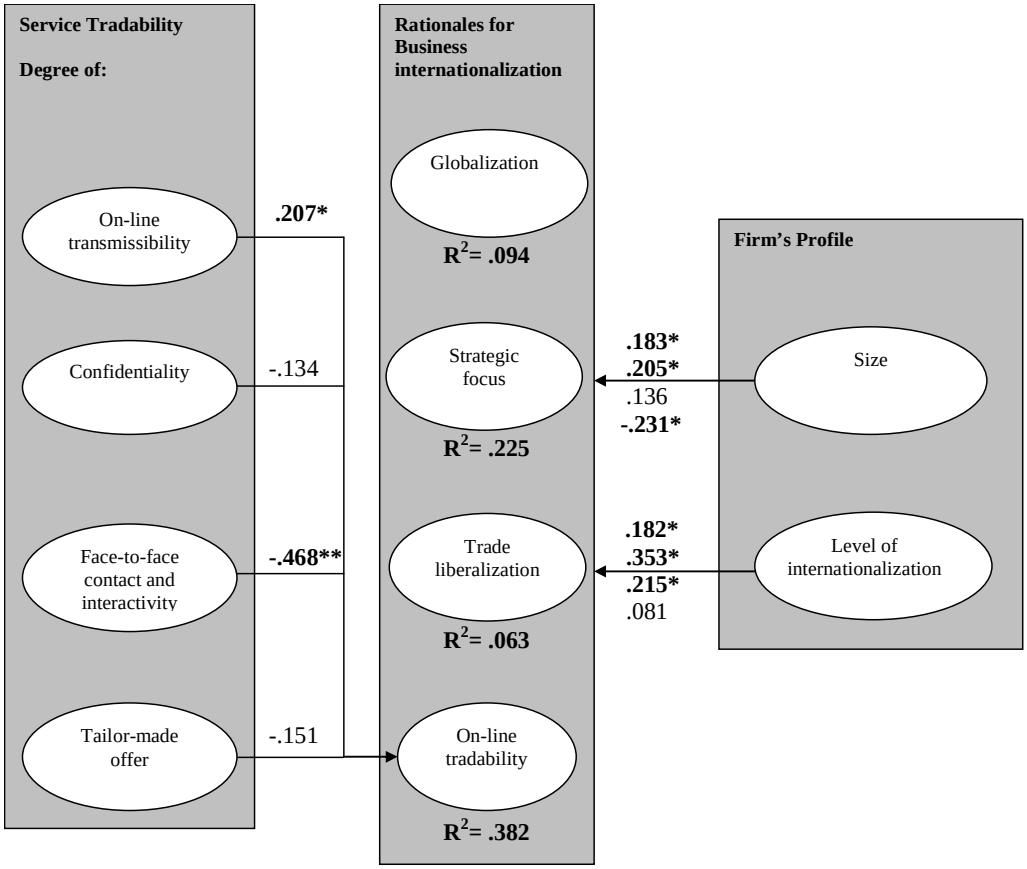
Figure 18: Influence of service's degree of confidentiality on the perception of the importance of geographical distance



5.2.4 Results: Rationales for business internationalization as dependent variable (propositions 6 and 8)

As shown in the Figure 19, the firm's size and level of internationalization explain 9.4% of its motivation to internationalization due to general globalization reasons (i.e. attractiveness of international markets, clients' internationalization, etc.), 22.5% of its motivation due to strategic focus reasons (i.e. reduction of production costs, access to quality labor force, etc.) and 6.3% of its motivations due to trade liberalization (i.e. elimination of barriers to export resulting from the trade negotiations, easier foreign government regulations). Concerning the motivation to internationalization due to on-line tradability of the service, 38.2% is explained by the service's characteristics and the firm's profile.

Figure 19: Results with PLS (prop 6 and 8)

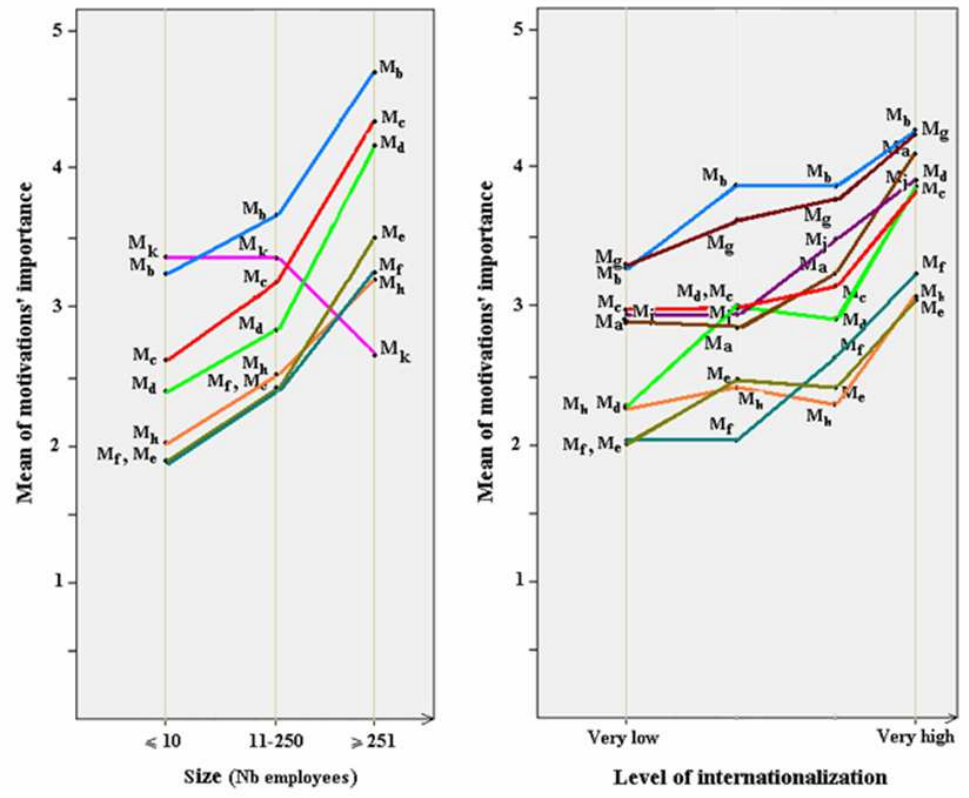


* significant at the 0.05 level.
** significant at the 0.01 level.

Significant path coefficients confirm that the firm's size has an influence on its motivation to internationalization due to general globalization reasons ($\gamma = 0.183$) and due to strategic focus reasons ($\gamma = 0.205$). As far as the firm's level of internationalization is concerned, it also influences significantly its motivation due to general globalization reasons, such as the internationalization of their clients and/or competitors ($\gamma = 0.182$). Strategic focus reasons ($\gamma = 0.353$) and firm motivations due to trade liberalization ($\gamma = 0.215$) are also depended on the firm's level of internationalization. One can see that, in general, the rationales to have international activities increases when the size and level of internationalization increase (see also Figure 20). This can be justified by the fact that the larger the firms, the more they are already internationalized and therefore, have these motivations to expand their international activities. However, a significant coefficient ($\gamma = -0.231$) supports that the firm's size influences negatively its motivation to have international activities due to the tradability of service and possibility of transmitting it easily on-line. In other words, the possibility of using Internet is an important source of motivation for small firms to expand their activities in an international way. It is less meaningful for large firms. Small firms are conscious that they often do not have enough resources for local presence. This opportunity simplifies their export (i.e. electronic data transfers, on-line export assistance, etc.) (Hamill, 1997). This opportunity also changes their risk's perception of the foreign markets. Hence on-line tradability of their services is a good option for small firms to become global.

To verify these results, an ANOVA test has also been done (see Appendix 7.7.7 and 7.7.9). The results are the same as with PLS.

Figure 20: Influence of size and level of internationalization on the motivation to have international activities[15]

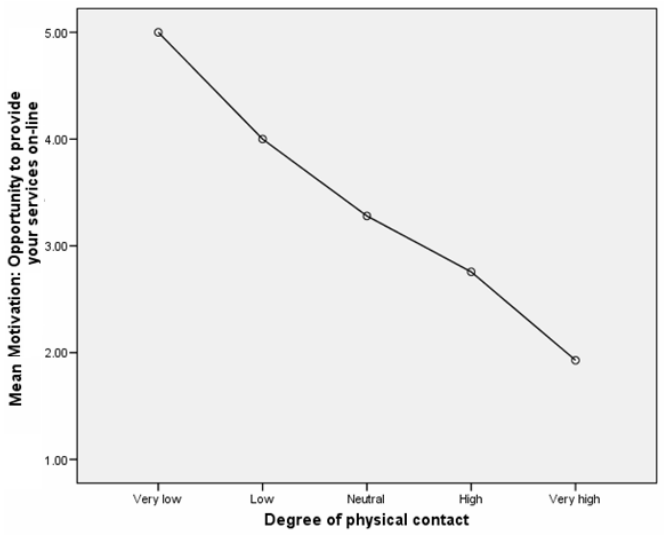


A significant path coefficient (γ = 0.207) supports that the degree of on-line transmissibility of the service influences positively the firm's motivation to have international activities due to the on-line tradability of the service. The higher the degree of on-line transmissibility of the service, the more the possibility of transmitting it on-line is an important motivation to have international activities. For a low digitalized service, it is more difficult to deliver it via electronic data transfers. A significant path coefficient (γ = -0.468) confirms also that the degree of contact with the client required by a service, influences negatively the firm's motivation to have international activities due to the on-line tradability of the service. The higher the degree of face-to-face contact, the less the firms' have been motivated to expand

[15] **Note:** M_a (Attractiveness of international markets); M_b (Clients' internationalization); M_c (Competitors' internationalization) ; M_d (Participation in international know-how networks); M_e (Reduction of production costs); M_f (Access to quality labor force); M_g (Fuller exploitation of company's competitive advantage in international operations); M_h (Elimination of barriers to export resulting from the trade negotiations); M_i (Favourable regulations); M_j (Positive international experience); M_k (Opportunity to provide services on-line).

their international activities, due to the opportunity to provide their services on-line (see also Figure 21). This is justified since computer services are often complex and the providers must be near the client in order to provide good quality service.

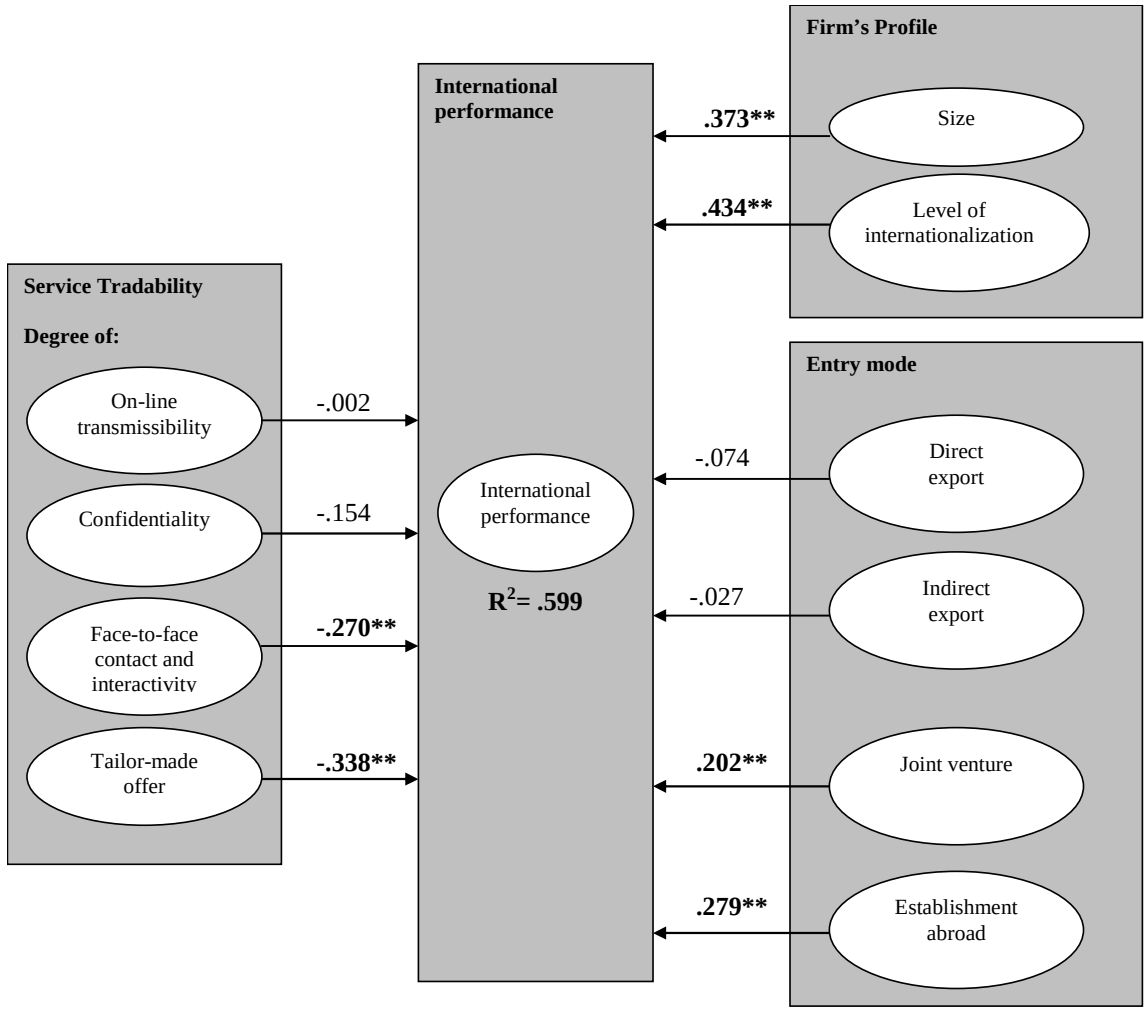
Figure 21: Influence of service's degree of face-to-face contact on the opportunity to provide services on-line



5.2.5 Results: Performance in internationalization as dependent variable (propositions 9, 10 and 11)

As shown in the Figure 22, the service's characteristics, the firm's profile and the choice of entry modes explain 59.9% of firm's performance in internationalization.

Figure 22: Results with PLS (prop 9, 10 and 11)

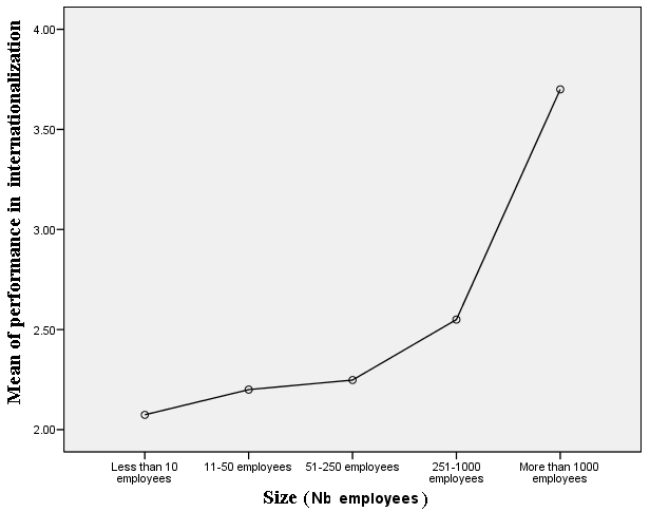


* significant at the 0.05 level.
** significant at the 0.01 level.

A significant path coefficient (γ = -0.270) confirms that the degree of contact with the client, required by a service influences negatively the firm's international performance. It means that the lower the degree of contact (face-to-face and/or interactivity) required by a service, the better the performance in internationalization. In the same way, a significant path coefficient (γ = -0.338) supports that the degree of adaptation required by a service influences negatively the firm's performance in the process of internationalization. In other words, the more the service is standardized, the better the firm's performance in internationalization. These two results show that the cost of service adaptation to clients and the cost of being close to them, influence negatively the performance in internationalization.

It is not a surprise to see that there are significant path coefficients from the firm's size and level of internationalization to its performance in internationalization. The larger the firm and the higher its level of internationalization, the better its performance in internationalization (γ = 0.373). This result confirms multiple studies done previously by Cavusgil and Zou (1994), Lovelock and Yip (1996). As stated Aaby and Slater (1989), large firms have a better capacity to manage the risks in their process of internationalization which improves their performance.

Figure 23: Influence of the size on the performance in internationalization



Firms opting for an establishment abroad (wholly-owned subsidiary) and/or a joint venture have a better performance in their process of internationalization. Significant path coefficients support that joint venture ($\gamma = 0.202$) and establishment abroad ($\gamma = 0.279$) are the entry modes which influence positively the firm's performance in internationalization. Direct and indirect export have no influence. This result confirms Pan *et al.*'s study (1999) which also claimed that firms with a local presence, such as wholly-owned subsidiary, have a better performance.

5.2.6 Results: Service tradability as dependent variable (proposition 12)

To identify the relation between the degree of (i) on-line transmissibility, (ii) confidentiality, (iii) face-to-face contact, (iv) interactivity, (v) tailor-made offer, within the CR sub-sector[16], an ANOVA test was conducted. As seen in Table 16, there are significant differences between sub-sectors concerning the degree of on-line transmissibility (F=10.53), degree of confidentiality (F=3.57), degree of face-to-face contact (F=13.85), degree of interactivity (F=2.33) and finally the degree of tailor-made offer (F=5.86).

Table 16: Anova (prop 12)

	df	F-value
On-line transmissibility	9	**10.53****
Confidentiality	9	**3.57****
Face-to-face contact	9	**13.85****
Interactivity	9	**2.33***
Tailor-made offer	9	**5.86****

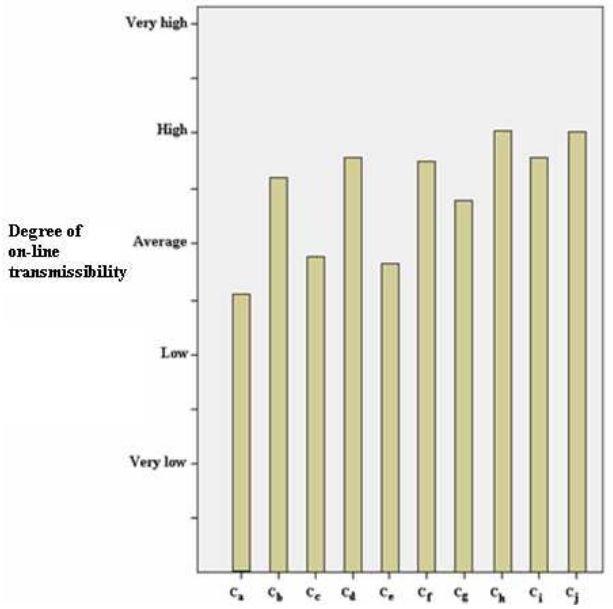
* significant at the 0.05 level.
** significant at the 0.01 level.

Figure 24 shows the degree on-line transmissibility of each sub-sector. The two sub-sectors which are the most digitalizable and on-line transmissible are C_h (Data-processing and tabulation services) and C_j (Online support services). The sub-sectors which are the less on-line transmissible are C_a (Consultancy services related to the installation of computer hardware), C_e (Systems design services) and C_c (Systems and software consulting services). After using the Tukey test (see Appendix 7.7.13), there are significant differences (at the 0.05

[16] **Note:** C_a (Consultancy services related to the installation of computer hardware); C_b (Software implementation services); C_c (Systems and software consulting services); C_d (Systems analysis services); C_e (Systems design services); C_f (Programming services); C_g (Systems maintenance services); C_h (Data-processing and tabulation services); C_i (Data base services); C_j (Online support services)

level) of on-line transmissibility between the sub-sectors C_a and [C_b, C_d, C_f, C_g, C_h, C_i, C_j], C_c and [C_d, C_f, C_h, C_i, C_j], C_e and [C_b ,C_d , C_f, C_h, C_i, C_j].

Figure 24: The degree of on-line transmissibility for each CR sub-sector

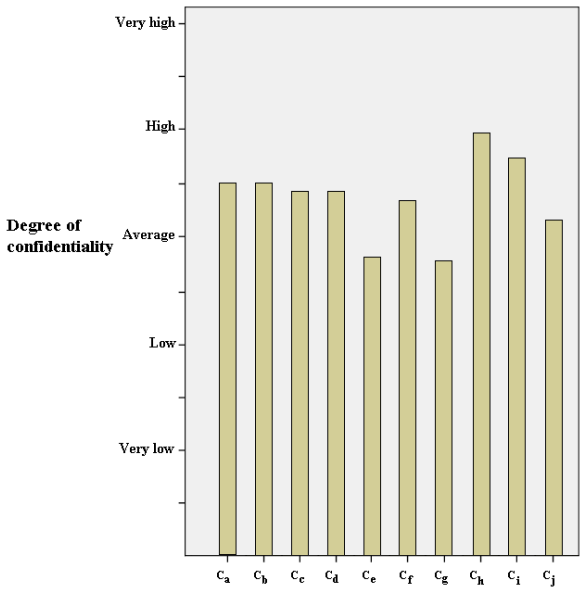


Classification in order (from the lower to the higher on a scale from 1 to 5):

Ca: Installation of computer hardware (2.55)
Ce: Systems design (2.75)
Cc: Systems and software consulting (2.87)
Cg: Systems maintenance (3.40)
Cb: Software implementation (3.63)
Cf: Programming (3.73)
Cd: Systems analysis (3.78)
Ci: Data base (3.80)
Ch: Data-processing and tabulation (4.10)
Cj: Online support (4.11)

Figure 25 shows the degree of confidentiality required by each sub-sector. The two sub-sectors which require the most confidentiality are C_h (Data-processing and tabulation services) and C_i (Data base services). The two sub-sectors which require the less confidentiality are C_g (Systems maintenance services) and C_e (Systems design services). There are significant differences between the sub-sectors C_g and [C_h, C_i], C_e and C_h.

Figure 25: The degree of confidentiality required for each CR sub-sector

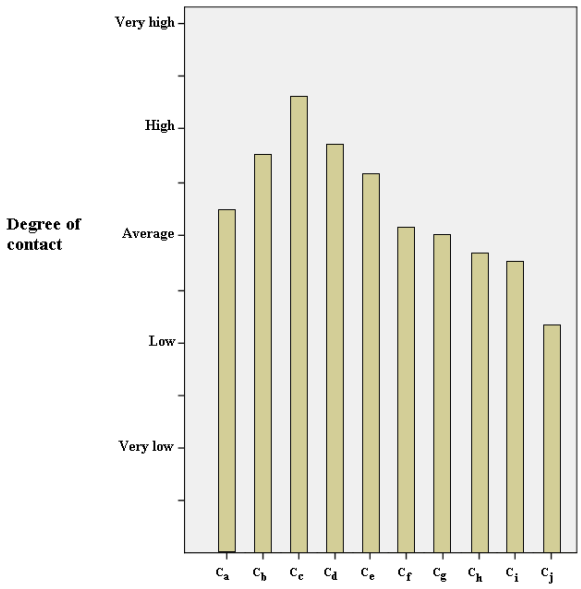


Classification in order (from the lower to the higher on a scale from 1 to 5):

C_g: Systems maintenance (2.70)
C_e: Systems design (2.82)
C_j: Online support (3.22)
C_f: Programming (3.33)
C_c: Systems and software consulting (3.44)
C_d: Systems analysis (3.45)
C_a: Installation of computer hardware (3.56)
C_b: Software implementation (3.56)
C_i: Data base (3.70)
C_h: Data-processing and tabulation (4.11)

Figure 26 shows the degree of face-to-face contact with the client, required by each sub-sector. The three sub-sectors which require the most face-to-face contact are C_c (Systems and software consulting services), C_d (Systems analysis services) and C_b (Software implementation services). The sub-sector which requires the less is C_j (Online support services). There are significant differences between the sub-sectors C_b and [C_f, C_g, C_h, C_i, C_j], C_d and [C_f, C_g, C_h, C_i, C_j], C_c and [C_a, C_e, C_f, C_g, C_h, C_i, C_j], C_e and [C_i, C_j], C_f and C_j.

Figure 26: The degree of face-to-face contact for each CR sub-sector

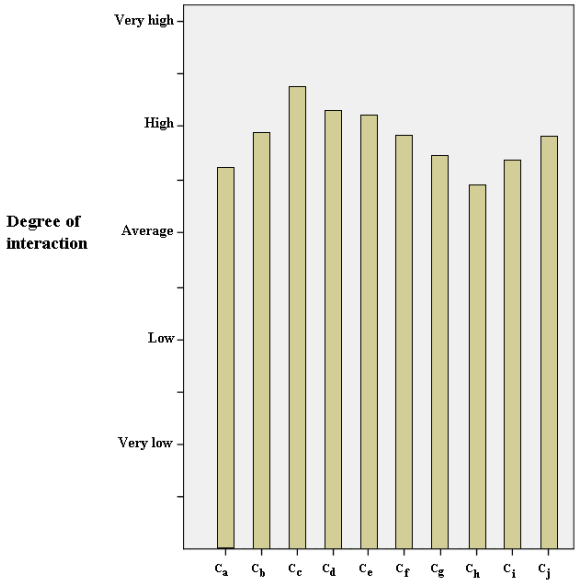


Classification in order (from the lower to the higher on a scale from 1 to 5):

C_j: Online support (2.39)
C_i: Data base (2.83)
C_h: Data-processing and tabulation (2.91)
C_g: Systems maintenance (3.05)
C_f: Programming (3.14)
C_a: Installation of computer hardware (3.22)
C_e: Systems design (3.63)
C_b: Software implementation (3.84)
C_d: Systems analysis (3.94)
C_c: Systems and software consulting (4.33)

As far as the degree of interactivity is concerned, there is only a significant difference between C_c and C_h (see Figure 27). It means also that the sub-sector which requires the most interactivity is C_c (Systems and software consulting services) and the sub-sector which requires the less is C_h (Data-processing and tabulation services).

Figure 27: The degree of interactivity for each CR sub-sector

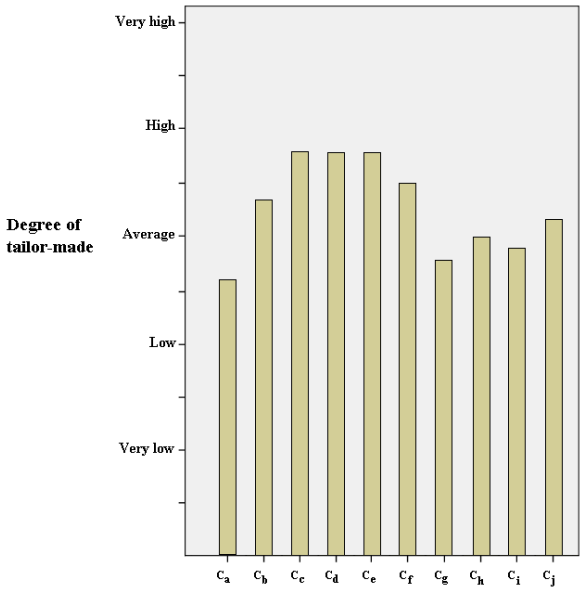


Classification in order (from the lower to the higher on a scale from 1 to 5):

C_h: Data-processing and tabulation (3.41)
C_a: Installation of computer hardware (3.65)
C_i: Data base (3.71)
C_g: Systems maintenance (3.78)
C_f: Programming (3.91)
C_b: Software implementation (3.96)
C_j: Online support (3.96)
C_e: Systems design (4.11)
C_d: Systems analysis (4.18)
C_c: Systems and software consulting (4.38)

Figure 28 shows the degree of tailor-made offer required by each sub-sector. The three sub-sectors which require the most adaptation are C_c (Systems and software consulting services), C_d (Systems analysis services) and C_e (Systems design services). The sub-sectors which seem to be more standardized are C_a (Consultancy services related to the installation of computer hardware), C_g (Systems maintenance services) and C_i (Data base services). There are significant differences between the sub-sectors C_a and [C_c, C_d, C_e, C_f], C_c and [C_g, C_i], C_d and [C_g, C_i], C_g and [C_e, C_f].

Figure 28: The degree of tailor-made offer for each CR sub-sector



Classification in order (from the lower to the higher on a scale from 1 to 5):

C_a: Installation of computer hardware (2.69)
C_g: Systems maintenance (2.78)
C_i: Data base (2.89)
C_h: Data-processing and tabulation (2.96)
C_j: Online support (3.10)
C_b: Software implementation (3.39)
C_f: Programming (3.56)
C_e: Systems design (3.71)
C_d: Systems analysis (3.72)
C_c: Systems and software consulting (3.73)

6 CONCLUSION

This study has attempted to identify the principal variables, which shape internationalization of CR service firms and to evaluate their impact on the firms' performance in international markets. The objective was to contribute to the underlying research body of knowledge on the service firm's internationalization. Table 17 resumes the confirmed propositions one to eleven.

Table 17: Summary of results[17]

Proposition	IV (independent variable)	DV (dependent variable)	Link (+/-)
P1$_{i\text{-}b}$	Degree of on-line transmissibility	Entry mode: indirect export	-
P1$_{ii\text{-}d}$	Degree of confidentiality	Entry mode: joint venture	+
P1$_{iii\text{-}a}$	Degree of contact	Entry mode: direct export	-
P1$_{iii\text{-}e}$	Degree of contact	Entry mode: establishment abroad	+
P1$_{v\text{-}a}$	Degree of tailor-made offer	Entry mode: direct export	-
P2$_{i\text{-}b}$	Firm size	Entry mode: indirect export	-
P2$_{i\text{-}e}$	Firm size	Entry mode: establishment abroad	+
P2$_{ii\text{-}e}$	Firm level of internationalization	Entry mode: establishment abroad	+
P3$_{ii\text{-}e}$	Perception of cultural distance	Entry mode: establishment abroad	+
P3$_{iii\text{-}a}$	Perception of regulatory barriers	Entry mode: direct export	-
P3$_{iii\text{-}d}$	Perception of regulatory barriers	Entry mode: joint venture	+
P4$_{i\text{-}d}$	Internationalization rationales due to globalization reasons	Entry mode: joint venture	+
P4$_{ii\text{-}e}$	Internationalization rationales due to strategic focus reasons	Entry mode: establishment abroad	+
P4$_{iii\text{-}b}$	Internationalization rationales due to trade liberalization reasons	Entry mode: indirect export	-
P5$_{i\text{-}b}$	Firm size	Perception of cultural distance	+
P5$_{i\text{-}c}$	Firm size	Perception of regulatory barriers	+
P5$_{ii\text{-}a}$	Firm level of internationalization	Perception of geographical distance	-
P5$_{ii\text{-}c}$	Firm level of internationalization	Perception of regulatory barriers	+
P6$_{i\text{-}a}$	Firm size	Internationalization rationales due to globalization reasons	+
P6$_{i\text{-}b}$	Firm size	Internationalization rationales due	+

[17] In this Table, only the significant dependences (at the 0.05 level) of propositions one to eleven are indicated.

		to strategic focus reasons	
P6$_{i\text{-}d}$	Firm size	Internationalization rationales due to on-line tradability reasons	-
P6$_{ii\text{-}a}$	Firm level of internationalization	Internationalization rationales due to globalization reasons	+
P6$_{ii\text{-}b}$	Firm level of internationalization	Internationalization rationales due to strategic focus reasons	+
P6$_{ii\text{-}c}$	Firm level of internationalization	Internationalization rationales due to trade liberalization reasons	+
P7$_{i\text{-}a}$	Degree of on-line transmissibility	Perception of geographical distance	+
P7$_{ii\text{-}a}$	Degree of confidentiality	Perception of geographical distance	+
P8$_{i}$	Degree of on-line transmissibility	Internationalization rationales due to on-line tradability reasons	+
P8$_{iii}$	Degree of contact	Internationalization rationales due to on-line tradability reasons	-
P9$_{iii}$	Degree of contact	Firm performance in internationalization	-
P9$_{v}$	Degree of tailor-made offer	Firm performance in internationalization	-
P10$_{i}$	Firm size	Firm performance in internationalization	+
P10$_{ii}$	Firm level of internationalization	Firm performance in internationalization	+
P11$_{iv}$	Entry mode: joint venture	Firm performance in internationalization	+
P11$_{v}$	Entry mode: establishment abroad	Firm performance in internationalization	+

Based on the results of this research, several key points are described below, such as the theoretical and managerial implications.

6.1 Key points and theoretical implications

6.1.1 Findings which confirm previous studies dealing with other sectors and sets of countries

- When CR services require a high degree of contact with the clients, firms generally have opted for an establishment abroad (wholly-owned subsidiary). On the contrary when the services require a low degree of contact, firms have the tendency to opt for a direct export. When there is a need to provide extensive client support in terms of consultancy, customization, training and after-sales service, local presence is essential for being successful in a foreign market. CR services are often complex and for a good quality of service, the firms must be near their clients and have a local presence.

- When CR services are highly standardized, firms have the tendency to opt for a direct export. In this case, it is not necessary to have a local presence. For a firm providing standardized services, the need of proximity with clients is less relevant than for a firm providing tailor-made services. However, a firm can on the one hand, standardize basic services which internationally require the same form and, on the other hand, adapt services which require more local presence. One can also observe that firms often distinguish between small and large clients. For small clients, the service is more standardized than for the large ones.

- Firms providing CR services with a high degree of digitalization, exploit the way to deliver them via Internet. On-line tradability of CR services is a good and low cost option to become global and to access international markets. It is the contrary when the services require a high degree of contact.

- Small firms have often opted for an indirect export and large firms for an establishment abroad. Small firms often need external help due to their lack of resources and skills. The costs of an establishment abroad (wholly-owned subsidiary) could be too much for them. Establishing a fully-owned subsidiary involves a substantial investment. Furthermore, high risk levels and small firms may not have sufficient management potential and required skills to enter foreign markets through this mode of entry. Large firms have more resources and a better ability to manage the risks. However, compared to manufacturing firms, service firms can more easily opt for FDI because capital necessities are usually much lower.

- Firms generally start by targeting the markets with a low cultural distance. The cultural similarities facilitate internationalization and the access to markets which resemble the country of origin. It is important to expand towards countries that have a similar culture in order to understand the local business. The quality of services is also better when the firm has a clear understanding of its clients. Generally the firms with a low degree of international experience choose culturally similar foreign markets and those with a high degree of international experience choose progressively more culturally different markets as their experience grows. In the same way, firms with little foreign market experience prefer markets at a short distance. These firms choose geographically near markets and firms with a relatively high degree of international experience choose progressively more distant markets. Geographical and cultural distances generate additional costs in the firm’s process of internationalization and cause supplementary problems, especially for small firms. However we observe in this

research that the cultural distance seems to be a more important factor than the geographical distance in the firms' process of internationalization.

- When cultural distance with foreign market is important, firms have generally opted for an establishment abroad or a joint venture. The export in these markets generates higher information costs and generally if a firm has the opportunity, it is better to opt for an entry mode with high control. The partnership mode with local firms can facilitate the adaptation to local culture.

- When the regulatory barriers are strong, firms have the tendency to opt for an entry mode based on collaboration with local firms. With this entry mode the firm has a relatively high control and at the same time the partnership with local firms can reduce the risks due to lack of knowledge on the regulatory barriers.

6.1.2 Original findings of this study

- Firms providing standardized CR services, seem to have a better performance in internationalization. Standardization generates savings on costs, more flexibility in the supplying of subsidiaries, more flexibility in the technical assistance services, coherency of the firm's image, limited risk of interference from international distributors and finally, good coordination. With the globalization, the needs of clients, especially in the sector of CR services, seem to become more homogenized worldwide.

- Firms providing CR services with a low face-to-face contact, seem to have a better performance in internationalization. Indeed one can observe in this research that the cost of being close to them influences negatively the performance in internationalization.

- Small firms exploit more the possibility of using Internet to expand their activities in an international way. It is less meaningful for large firms. Small firms are conscious that they often do not have enough resources for local presence. When CR services are easily transmitted on-line, the firms can avoid useless costs. For these firms, the opportunity to provide their services on-line has also changed their risk's perception of the foreign markets.

- Firms providing CR services with a high degree of confidentiality have the tendency to opt for near foreign markets. It could be psychologically, but also truly more risky and more difficult to maintain confidentiality when the markets are geographically far.

- For firms which have general globalization motivations (i.e. attractiveness of international markets, clients' internationalization, etc.), joint venture seems to be a good option of entry mode. Firms can use this mode of entry to improve their knowledge where they lack the requisite level of knowledge. This entry mode also allows to benefit from local partner's market know-how, established distribution channels and contacts. Firms can also in the beginning opt for a joint venture with a local firm and then, when the business is well established, buy the local partner. In this research, more than half of the firms have opted for a joint venture. This entry mode has also a positive influence on the performance in internationalization. The

establishment abroad (wholly-owned subsidiary) also influences positively the firm's international performance. This entry mode allows providing services with a flexibility that would facilitate the firm's adaptation and marketing strategy to the changing demands of clients. As indication, concerning firms' motivations to expand their international activities, the three most important reasons are (i) the clients' internationalization, (ii) the fuller exploitation of its competitive advantage in international operations and (iii) the previous international experience.

- For firms which have strategic focus motivations in their process of internationalization (i.e. reduction of production costs, access to quality labor force, etc.), establishment abroad (wholly-owned subsidiary) seems to be a good option of entry mode. For these service firms, capital necessities to establish are much lower compared to manufacturing firms and they can reduce their costs and access to quality labor force by opting for a wholly-owned subsidiary. However it depends on foreign countries. As indication, concerning firms' motivations to expand their international activities, the three less important reasons are (i) easier foreign government regulations, (ii) reduction of production costs and (iii) access to quality labor force. As reason and motivation of internationalization, these points seem meaningless for the firms.

- Firms providing these five kinds of services: (i) software implementation, (ii) systems and software consulting, (iii) systems analysis, (iv) systems design and (v) consultancy services related to the installation of computer hardware, have generally opted for an establishment abroad due the fact that these services require a high degree of contact with the client and also a high degree of adaptation (tailor-made offer).

Indeed firms providing these services have rarely opted for a direct export and prefer to have a constant local presence. These firms must often send experts to their clients and it is less expensive if they are closed to them by having a local presence. As far as on-line support services are concerned, as they are highly digitalized and require a low face-to-face contact with the client, firms providing these services have generally not been established abroad. They can be virtual and provide their services via Internet.

6.2 Managerial implications

The objective of this research was to contribute to the underlying research body of knowledge on the service firm's internationalization, but also to provide a guideline for CR service firms that undertake the globalization process. A set of practical suggestions of interest to managers are listed below:

- SMEs wishing to become global players should preferably focus on exports of digitalized services and use Internet, which is an attractive distribution channel.
- A firm which initially exports standardized services which require low face-to-face contact increases its chances of success in international markets.
- A firm which initially exports its service to foreign markets with familiar culture, increases its chances of success in international markets.
- When confidentiality is an issue for you or your client, it is better to start with geographically near markets.
- Overcome regulatory barriers by joining forces with a local firm in that market.
- In exports of digitalized and standardized services with little face-to-face contact, presence abroad is less important for success.
- Establishment abroad is particularly risky for small firms; larger firms risk less by opting for it.
- Consider establishment abroad:
    - when tailor-made offer and proximity to clients result in a competitive edge.
    - when your priority foreign market is culturally distant.
    - when access to low-cost, quality labour and know-how networks abroad is beneficial enough.

6.3 Limitations and future research

The findings of this research suggest that further exploration is needed in a number of areas. First, the principal limit of this study is related to the characteristics of our sample which is non-probabilistic. This means that all target-population could not be included in this sample, as there was no appropriate database with our criteria of selection. For this reason, the character of our sample requires us to be careful before drawing general conclusions. It could also be interesting for future research to enlarge the sample in order to confirm the results obtained. Second, in this research we wanted to see the influence of perception of the export market on the choice of the entry mode(s). It could be interesting to compare the manager's perception of cultural distance and the real cultural distance by including more variables. In the same way, future studies can be undertaken for comparing the perception of geographical distance and the perception of regulatory barriers with respectively the real geographical distance and regulatory barriers. Third, future research could also put the accent more on the choice of the market/country and to see its influence on the entry mode(s) and the firm's performance. Fourth, future studies can also put emphasis on the vision of clients. Indeed in this research, all firms selected were B2B and for a better comprehension of the internationalization of service firms, it could be interesting to have clients' opinions. Fifth, future studies can follow this research by applying it to other geographical areas and to make a comparative study. The perception of the export market could be totally different, according to firms' geographical location. Sixth, as firms often choose simultaneously several entry modes, it is difficult to measure separately the real influence of each entry mode on the firm's performance in internationalization. Hence it could be useful for future research to put the accent on the relation between the entry mode(s) and the firm's performance in internationalization, by adding more variables which will enable to measure distinctly the influence of each entry. Seventh, firms often provide simultaneously several CR services and

it is difficult to evaluate separately each of them and their influence on the firm's performance. In the future, one can develop studies allowing individually the evaluation and the contribution of each sub-sector on firms' performance in their process of internationalization. It could be interesting to see which sub-sectors are the most practical and profitable to be expanded in an international way. Eighth, one can apply with some changes our theoretical model to other sectors and make also a comparative study with CR sector. Indeed lessons can be drawn from comparative assessment for the globalization process of CR services and services in general.

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7 APPENDIX

7.1 Case studies

In addition to interviews for the qualitative research, two case studies have been done. By these two cases we want to learn more about the process of internationalization of firms in the CR services sector. These two firms have been named Alpha and Beta, and data and informations have been distorted to assure confidentiality. The first case is on the internationalization of a large firm from an emerging country and the second case is on a young and small firm opting for franchising as entry mode and internationalization process.

As far as the methodology is concerned, the procedure suggested by Yin (1989) and Eisenhardt (1989) has been followed. Based on our preliminary propositions, a guide of interview was established. Information was collected on Internet site of companies in question, in order to have sufficient data on the firm before contacting it. Moreover information such as press releases, annual report and information on the firms were also consulted beforehand, in order to measure the reliability of each case by having several sources of information. The first contact with these companies was established by e-mail (see Appendix 7.2). After a few days, we phoned companies to check the date and the hour when we can call the person in charge for exports and marketing. All of them were from senior management level in their respective firm (CEO, vice president, marketing director, chief information officer, sales manager). Finally we called the responsible persons for the interviews by explaining again our research in a few words in order to have a climate of confidence and to ensure that our interlocutor has understood the goal of our study and the types of information needed for the research. We have also specified the fact that our interview would be completely confidential and than we were going to record this

communication in order to transcribe it. Indeed it is important to record the interviews in the aim to have more precision of answers (Yin, 1986). Furthermore the use of a tape recorder can improve the reliability. Then we started to follow our interview protocol which we had set up beforehand (see Appendix 7.4). This interview protocol contains a series of open questions which we addressed to our interlocutor. Several practitioners were consulted for the construction of this protocol. Moreover the protocol has been preliminarily tested in order to review and adjust it (Eisenhardt, 1989). The case method generally requires questions starting with *why*, *what* and *how*. As recommended by many authors concerning empirical qualitative study, questions were not asked in the order they are in the protocol. We tried to ask questions in an informal way during the discussion and dependently on the responses of the interlocutor. This way allows the interlocutors to cover the subjects that they think important. Moreover new issues could emerge for the future interviews. We wanted to keep a flexibility on the interviews and did a semi-structured interview protocol in order to avoid information loss due to the rigidity of the interview protocol.

7.1.1 Case study 1: Alpha's internationalization

7.1.1.1 Introduction

Alpha is a major, worldwide technology service company, offering complete commercial solutions to its clients: development, maintenance, system integration, etc. The successful internationalization of the company is due to its quality, position and business externalization process. The present case study shows that the internationalization of technology services for a firm from an emerging country, which remains coherent and is able to master the operational and regulatory complexities of its business, can be truly successful.

7.1.1.2 Business development

Founded in India in 1991, Alpha is one of the major world providers of consultancy and IT services. Alpha is rated among the best technology companies worldwide, with a turnover of more than €1'000 millions. The company has more than 10'000 employees, throughout the world, most of whom have completed university studies. Although firm's activities are mainly outside of India, only 6% of its employees are foreign. Alpha has a number of offices worldwide in India, United States, Canada, China, France, Belgium, Sweden, Switzerland, United Kingdom and Australia. Foreign investors, mainly in United States, hold approximately 50% of the firm's capital. The board of directors is composed of seven members of Indian nationality and seven foreign members in accordance with the actual company policy which strives to maintain an independent board of directors and separate the functions of corporate governance from that of management. Five of these executive directors are the founders of the company.

Alpha was developed in several phases. Its first global initiatives began in 1993 with the opening of an international office in United States. In 1997, the company became resolutely global by opening offices all in Europe and the installation of development centers in several cities in India. The company's performance during its development resulted in a turnover of more than 1 billion dollars in 2004.

7.1.1.3 Service range

Alpha is essentially a service company since, in 2006, the percentage of products sold represented only 3% of the turnover. Alpha's management believes that changes in the structure of services offered can potentially influence the global performance of the firm. Since some services are more competitive than others, a certain balance between services is essential and allows the firm's management to be sure that they invest in services that bring the most competitive advantage. Currently, a great deal is invested in grouped applications (Package implementation), which contribute to an increase in income of 17%. By doing this, Alpha can reinforce its competitive position and seriously threaten its competitors.

The three main services Alpha offers are the development of personalized applications, application maintenance and grouped applications. The personalized applications and solutions offered by Alpha allow firms to acquire a competitive advantage, to bridge the gap between the functionality offered by grouped commercial applications, to deal with the aspects of professional processes adapted to their needs. In order to accomplish its maintenance services, Alpha proceeds in three steps: corrective maintenance, adaptive maintenance and finally, preventive maintenance (updates). Due to standard application groups, Alpha assists clients in the automation of their value chain. These applications include planning of company resources, management of the production chain, management of client relations and the integration of the company's applications.

The structure of the services offered by Alpha in 2006 is shown in Table 18.

Table 18: Alpha's concentration of services

	2006
Development	20%
Maintenance	30%
Package implementation	17%
Testing	6%
Re-engineering	5%
Consulting	4%
Business process management	4%
Engineering services	2%
Others services	8%
Total services	97%
Product	3%
Total	100.0%

Source: Alpha's Annual Report, 2006.

7.1.1.4 Internationalization process

"The company was always designed to be global company which means that it served global market. Right from the time the company started, our first few clients were outside of India"[18] declared the alpha's manager. During 2005, exportations represented 98% of Alpha's income and international expansion remained one of the company's principal priorities. The company launched several global initiatives (press and public relations) to increase its visibility. During the years, Alpha established a direct marketing network throughout the world, including North America, Europe and the Asian Pacific regions, in order to sell the company's services.

While the success of firms depends on several aspects, one of the most important is the firm's expansion skill. For Alpha management team's, there was never a better opportunity in IT history to think global. The IT services market is very competitive and competition includes major consulting firms, sub-divisions of technological multinational companies, IT outsourcing companies. Currently, one of Alpha' main concerns is to distinguish itself from

[18] *Excerpt of the interview, 2006.*

its rivals. “We have the growth part” said the CEO of Alpha. “But for the last 7 or 8 months, we have increased our focus on differentiation”[19]. The alpha’s CEO was alluding to new businesses launched this year as part of the push to differentiate itself from its rivals. In 2004 Alpha launched a technology consultancy unit in an effort to establish a foothold in the consulting sector. The new strategy for Alpha is to go *global* as soon as possible and get rid of the “made in India” image. According to the firm’s managers, the “made in India” makes customers think cheap labor and low-end contracts. Moreover the firm’s managers expect that the US and EU might eventually put some sort of quota per country on imports of computer services. The establishment of foreign rival subsidiaries in countries such as China, with the goal of blocking India’s competitive advantage, is another hindrance added to the one already mentioned.

Concentrating income on one particular country exposes the company to the economic conditions, commerce policy, laws, political environment, ethics and culture of that specific country. Since each market has distinctive characteristics with regard to its growth potential, Alpha imposes no limit to its geographical distribution. While the United States remains their main market (65%), the company endeavors to maintain a geographical balance. Therefore the geographical distribution in Europe (22%) was a priority for the firm’s leaders. The firm successfully developed partnerships with its European clients. Alpha’s internationalization model is global presence which signifies having many subsidiaries in many places throughout the world. This strategy is also motivated by the fact that the characteristics of Alpha’s products and services require a high degree of contact with the client. To bring synergy between all the subsidiaries, Alpha has implemented a group business enabling structure. Based on a benchmarking exercise conducted across global corporations, the firm

[19] *Source: Alpha’s website.*

implemented a matrix structure to align all business-enabling functions (Annual Report, 2006).

Alpha has chosen to export to a large number of foreign markets in order to attain greater sales and avoid being too dependent on one market. For multiple reasons, Alpha uses on one hand, a standardization strategy and on the other hand, an adaptation strategy to enter new markets. The standardization generates for the firm the following advantages: (i) savings on costs, (ii) more flexibility in the supplying of subsidiaries, (iii) more flexibility in the technical assistance services, (iv) coherence of the company's image, (v) limited risk of interference from international distributors and finally (vi) good coordination.

Alpha's management is aware that one of the main determinants of success of the internationalization is the choice of appropriate entry mode(s) for targeted markets. The principal entry mode selected by Alpha for its services is direct export, that is, limited use of intermediaries. These exportations can be accelerated by organizing and acquiring new subsidiaries. In this way the market penetration is easier and the service to clients is better. The preference for this entry mode is motivated by the desire to participate in the promotion of the company's *brand* and to control certain foreign sales factors. Management chose this strategy in order to better penetrate the market, obtain information on marketing activities, and better control and encourage the skills development within the firm. Moreover, Alpha relies on a combination of patent, copyright, trademark and design laws, trade secrets, confidentiality procedures and contractual provisions to protect its products and services intellectual properties.

Alpha engages into joint ventures only when it has no choice. This, for example, is the case in China where the firm was authorized to enter a market through a joint venture with a local partner only. However, this requirement of the Chinese legislation has been recently modified. This shows that the entry modes for a given market depend mostly on the access

conditions of the market. Moreover, as most of the employees at Alpha are from India, the possibility for the firm's professionals to work in foreign countries depends on obtaining visas and work permits and this dependence makes them vulnerable. "It is difficult to predict economic and political events, which might affect immigration laws and therefore obtain visas/work permits for employees" (Annual Report, 2006). A solution consists to have cross-cultural teams across various geographies, in order to be aware of employment laws and significant legal requirements pertaining to the work practices in respective countries. "Our workforce composition is becoming increasingly global with employees from 59 nationalities. This requires us to comply with the respective local employment laws" (Annual Report, 2006).

The success of the entry modes depends on the country. Alpha has to face political (e.g. China) and geographical restrictions as well social difficulties such as language and culture. Before entering a new market, Alpha looks for language and labor law compatibilities. If there is no compatibility, it withdraws or does not evolve in that market. If there is certain compatibility, then it opens an office in that country or region and employs a few workers from India and recruits a few locally. Alpha then ensures a staff rotation with workers from India. For instance, in South America the company had enormous difficulties due to the lack of personnel able to speak English correctly. These difficulties are also generated, due to government laws of those countries, imposing that a percentage of the personnel recruited be local. The problem is that Alpha cannot recruit workers who do not speak English. Alpha' management is working to resolve these problems with the respective countries. Actually, with the exception of the South American region, these entry modes have been a success.

7.1.1.5 Conclusion

As one can see in the company's results in terms of notoriety and income, it can be said that Alpha made a good strategic choice and succeeded in implementing a perfectly adequate business model within the context of technology services. In the face of competition, its positioning allows to distinguish itself and to increase its growth. For a firm from an emerging country, Alpha is a good example of success in its process of internationalization.

7.1.2 Case study 2: Beta's internationalization

7.1.2.1 Introduction

Beta is a service firm, active in CRM (Customer Relationship Management) for SMEs. CRM is a broad term that covers concepts used by firms to manage their relationships with customers, including the capture, storage and analysis of customer information. This market was difficult to access because of the high cost of its activities. Due to its collaboration with the Open Source community, Beta has been able to reduce its costs considerably. Indeed, this community provides an initial database, which is then used by Beta to integrate its own software. The present case study aims to detail the functioning and perspectives of Beta, which makes internationalization a pillar for growth.

7.1.2.2 Business development

Based in Switzerland, Beta has been created in 2002. The goal was to take advantage on the potential of the CRM market, by increasing the relation dimension between firms and their clients. Indeed, the founders of Beta observed that firms often used basic ways to establish commercial contacts and that they were not aware of the benefits which CRM software could bring. The company has sixteen employees, eight of which are engineers who handle the software development. Beta has a subsidiary in Switzerland as well as a team of four persons in India. Beta's leading product was operational and ready to be sold in 2004. In 2005, a statistic model for client behavior is created. Beta also has an Internet platform for its dealings with research centers and various partners as well as a debugging service. The commercial services now include 60 direct clients and a potential of 700 indirect clients. In 2006, Beta

attains a turnover of €250'000. 20% of Beta's turnover is from foreign markets and 80% from Switzerland.

7.1.2.3 Service range

Beta provides global solutions to develop the client loyalty of its clients on Internet. 50% of the products are made for 50% of the services, knowing that its products are totally digitalized, since they consist of software that can be distributed through Internet. Its products are in line with CRM, with a line of software accompanied by a consulting-oriented approach. Beta therefore offers global solutions in order to assist its clients in increasing their own on-line clients' loyalty. Beta noticed that only 0.01% to 0.02% of visitors entering an e-shop Internet site, actually made a purchase. This is obviously not enough. Beta's mission would be to optimize client relations by creating a trustworthy environment. "The client relationship is always important, every detail counts. In order to carry out CRM, one has to create strategies which optimize and rationalize the relationship […] what does the client expect from your services? Clients not only buy the product but also what is not seen, what is not the product. Everything in the relationship must aim towards one goal. Those clients haven't the impression of buying, but of being served."[20]

Its leading product's goal is to on the one hand, satisfy the owner of the website (statistics, direct technical assistance and direct client assistance as well) and on the other hand, the person visiting the website (help section, precise and rapid answers, detailed offers). Therefore, this product can be considered as two entities, which can be purchased separately. It offers in particular, a live chat that allows direction interaction with the client visiting the site. The product is based on the characteristics of an algorithm, which helps the client to

[20] *Source: Excerpt of the interview of Beta's Director in the press.*

classify the data of its own clients, according to their importance and potential. "One has to begin by knowing one's clients well. Do they prefer direct contact, the telephone, e-mail or mail? Do they want basic or high-range service? Do they respond to business lunches or do they want to limit contact to a strict minimum? Does the economic return justify bending over backwards in order to please them? One must answer these questions in order to created *identity cards* in each case, which are then categorized into groups according to certain typical profiles and make the maximum profit"[21].

In addition to its software products, Beta provides consulting services, which consist of implementation and support of software as an additional analysis. The aim of this new type of service is to assist the client in optimizing its marketing efforts on the Web as well as its CRM resources. At this time, 50% of its turnover is due to consulting. However, new clients and the growth they generate come from product sales.

By assisting in the development of the interaction between clients and the company sites as well as helping the latter serve their clients by their selling power, Beta plays an important role by increasing its clients' capabilities in using Internet as a tool for acquiring and developing long-term relations with their clients.

Beta entered the CRM market, which it saw as having a strong potential, contrary to ERP (Enterprise Resource Planning) who aims at coordinating all activities and SCM (Supply Chain Management) and optimizing the production and functioning of the logistic chain. Indeed, the CRM market for SMEs is underexploited due to the relatively high cost of tools. The fact that the CRM market is associated with such companies as Oracle and SAP results an elitist vision of the market. A barrier is therefore created leading SMEs to believe that these services are too expensive (which is not necessarily false) and that they cannot afford such an investment. It is true that this type of consulting remains expensive but the alternative proposes by such companies, as Beta remains an efficient way to use this type of service.

[21] *Source: Excerpt of the interview of Beta's Director in the press.*

Indeed, since Beta collaborates with the world of Open Source, it can allow itself to offer lower prices than its competitors. Furthermore, its rivals (strong competition in United States, less in Europe) still use an older distribution method and do not offer local service, which further weakens their competitive offer. Beta therefore characterizes itself as the forerunner of a new method, better adapted to its clients. As we have seen, its environment is competitive and Beta's goal will be to make known its new solutions. The firm has developed workshops in which it proposes to potential future clients to try its products. Bata has created training days during which potential clients are able to use and manipulated the product in every way. When the day is over, the participants leave with a usable demo version. They are given a login so that they can connect themselves directly to the server in order to play on-line, in the hopes that they will purchase a license. The use of CRM can appear, especially in the beginning, a little complex, due to the fact that the system changes individual working habits, from salespersons to the accounting department. These workshops are an example of the steps taken by Beta to attract new clients. It is thus an effective marketing strategy, with which the firm makes numerous contacts, develops a network and makes itself known. Its website reflects this strategy perfectly. One has access to demos of the various products, which give a more precise idea of the applications.

7.1.2.4 Internationalization process

According to the founders of Beta, the company began with the goal of becoming international. Growth is therefore achieved by exporting services and a progressive internationalization. Beta opted for a franchising entry mode. It is with this mode of entry that Beta plans to advance towards internationalization. In a way, the company creates solutions which are purchased by the franchisee in the form of software, which it then develops with the goal of promoting its leading product to SMEs, who will then be more able to optimize

their sales and satisfy their clients' needs. In other words, Beta provides the marketing tools so that the franchisees can attract their future clients. Franchising also represents an important advantage, in a sense that the franchisees can then open their own subsidiaries, which contributes to the reputation and client network of the company. According to Braun and Kostecki (1995), the most important advantages to opt for this entry mode are (i) franchisees are local entrepreneurs, (ii) local business is easier to develop, (iii) rapid expansion is easy to master under franchising and (iv) low entry cost. Always according to them, the most disadvantages are (i) shortage of managerial know-how, (ii) franchisers may find it difficult to control franchisees, (iii) franchising schemes are difficult to modify when changes occur, (iv) rules regulating franchising are likely to be changed, (v) quality might be a critical issue and finally (vi) management of the scheme may be costly due to public bureaucracy. As Beta's products are particularly low-priced since it collaborates with the Open Source community, this also represents a major advantage for creating franchises, since the latter will be more inclined to sell products at a competitive price. The cost of a franchise is about €50'000 for the entrance fee, to which is added €1'000 a month.

With the international extension of services, Beta's director has established an internationalization strategy based first of all on the proximity. He plans to take advantage of the proximity and open franchises around Switzerland to ensure a constant follow-up. The countries concerned are France, Germany and Austria. Then Beta wants to reach Ukraine, New Zealand and the Czech Republic. The extension depends on the financial means available to the company. In order to reach the first phase, the company needs €1-1.4 million. Once this first goal is achieved, a 3-4 year period is foreseen before larger investors can be attracted, who can in turn open new franchises. In order to increase its chances of concluding franchising contracts and finding clients, Beta plans to hire independent consultants in the

chosen countries. In this manner, the company can count on qualified employees to contribute to the implementation and the use of software.

7.1.2.5 Conclusion

Beta, like all companies active in computer services, is constantly evolving in the performance race, needing highly qualified, ambitious personnel. With a team consisting exclusively of certified engineers, Beta is at the peak of technology and knowledge. It has a unique chance in the world of computer services since on the one hand, the domain of CRMs is at this time, hardly exploited and on the other hand, the firm knows how to take advantage of the Open Source community for the development of its software at attractive prices. However, Beta's market has certain characteristics. Indeed, it demands constant innovative techniques, new ideas for future projects as well as the maintenance of one or several leading products in which the company excels and which permit it to obtain profitable market shares in the years to come. Another characteristic of the market deals with intellectual property since it is difficult to patent inventions, which implies the necessity to respects partners' ideas and to trust them but also to imagine the possibility of being copied by them and to prepare oneself for this by creating new, highly specialized solutions. This is how such a company must be prepared to prevail and expand in a market that is as severe and demanding.

Beta envisions its entire strategy and hopes of growth on the internationalization of its services, which will be based on a franchising system, according to a strategy of proximity in three parts, with the goal being to maintain maximum control over its franchisees during its advancement towards the international. The financial risk of the advancement strategy through franchising is minor since the costs are paid by the franchisee, contrary to the opening of a subsidiary. The company strategy is reliable and coherent and the personnel, highly qualified and motivated, seem to have the necessary resources for carrying it out.

7.2 Appendix: Letter for the qualitative research, first contact by e-mail

Dear Madam, Dear Sir,

I am a marketing researcher at the Enterprise Institute of the University of Neuchatel, Switzerland.

My current research project deals with the **Internationalization of firms in the sector of computer-related services**. I would like to ask some questions to the person in charge of exportations (marketing manager or export manager) for your company.

You will be informed of the results of this enquiry which I believe will be interesting to you.

In the hopes of receiving a positive response to my request I remain.

Yours sincerely.

7.3 Appendix: Letter for the quantitative research

IENE

Université de Neuchâtel unine

Institut de l'entreprise
Faculté des sciences économique
- Rue de la Maladière 23
- CH-2000 Neuchâtel

Neuchâtel, December 2006

Research Enquiry

Dear Madam, Dear Sir,

I am a marketing researcher at the Enterprise Institute of the University of Neuchatel, Switzerland. Our current research project deals with the **internationalization of firms in the sector of computer-related services**.

We would like to ask you to participate in our research by filling in the attached **questionnaire (10 minutes)**.

Please note:

- You will be informed of the results of this enquiry, which we believe will be of interest to you
- Your answers will be strictly confidential

You can answer the questionnaire directly on-line at this address: http://www.iene-research.com. This questionnaire must be filled in by the person **in charge of exportations (marketing manager or export manager)**, for your company.

Thank you in advance for your collaboration.

In the hopes of receiving a positive response to my request I remain,

Yours sincerely,

7.4 Appendix: Interview Protocol

7.4.1 Interview Protocol (In English)

1. What type of computer-related services do you provide? Refer to the 2-3 most important types of services that are offered by your company.

2. Which ratio of the sales turnover comes from the service?

3. What are the characteristics of these services?
    a. degree of contact (seller-customer)
    b. degree of interactivity (seller-customer)
    c. degree of on-line transmissibility
    d. degree of confidentiality

4. How do you enter foreign markets?
    a. direct export
    b. indirect export (through seller, …)
    c. franchising, license agreement
    d. partnership, joint venture
    e. establishment abroad

5. Does the above entry mode(s) depend on the types and characteristics of the service (such as degree of contact, interactivity, on-line transmissibility or confidentiality required by the said service)?

6. Does the entry mode depend on the accessibility to the respective foreign markets? How do you choose the countries? Are you concerned by the decision of the WTO?

7. Are you satisfied with the entry mode chosen? Why?

8. What strategies do you use to enter a new market/country? Adaptation versus Standardization? Would you say that the choice of strategy depends on the type of service?

9. What is you turnover? What percentage is foreign-earned?

10. How many employees work in your firm?

11. What is the level of internationalization of your company?
    a. Number of countries where your services are provided? Which countries?
    b. Number of countries where you have been established abroad? Which countries?
    c. Ratio of foreign employees?
    d. Ratio of foreign management team?
    e. Ratio of foreign board members?

f. Ratio of foreign sales (average depending on the number of years in foreign markets)?
g. Ratio of foreign assets?

12. Is Internationalization a priority task for your firm?

13. Does the firm's top management have a favourable attitude towards operating internationally?

14. What ambitions does the company have for the next 3 years? On an international level? In your view, what would be the best strategy for a firm such as users to increase its international operations over the next 3 years?

7.4.2 Interview Protocol (In French)

1. Quel type de services informatiques fournissez-vous? Quels sont les 2 ou 3 types de services les plus importants que fournit votre entreprise?

2. Quel pourcentage du chiffre d'affaires provient des services?

3. Quelles sont les caractéristiques de ces services?
    a. Degré de contact (vendeur-client)
    b. Degré d'interactivité (vendeur-client)
    c. Degré de digitalisation
    d. Degré de confidentialité

4. Comment pénétrez-vous les marchés étrangers (exportation directe, exportation indirecte, franchise, accord de licence, partenariat, joint venture, établissement direct à l'étranger)?

5. Est-ce que le(s) mode(s) d'entrée(s) choisi(s) dépendent des types et des caractéristiques du service (tel que le degré de contact, l'interactivité, la digitalisation ou la propriété intellectuelle exigée par le service concerné)?

6. Est-ce que le mode d'entrée sélectionné dépend de l'accès aux marchés des pays respectifs? Comment avez-vous choisi les pays? Est-ce que le mode d'entrée a été choisi en fonction des réglementations de l'OMC dans le pays en question?

7. Etes-vous satisfait avec le choix de votre mode d'entrée? Pourquoi?

8. Quelles stratégies utilisez-vous pour pénétrer un nouveau marché/ pays? Adaptation ou standardisation? Pourriez-vous affirmer que le choix de la stratégie dépend du type de service fourni par la firme?

9. Quel est votre chiffre d'affaire? Quel pourcentage provient des ventes réalisées à l'extérieur du pays de la maison mère?

10. Combien d'employés travaillent dans votre entreprise?

11. Quel est le niveau d'internationalisation de votre firme?
    a. Nombre de pays où vous fournissez vos services? Quels pays?
    b. Nombre de pays où vous êtes établis à l'étranger? Quels pays?
    c. Taux d'employés étrangers qui travaillent en dehors du pays en question?
    d. Taux d'employés étrangers qui font partie de l'équipe de management?
    e. Taux d'employés étrangers dans les membres du Conseil de l'entreprise?
    f. Taux des ventes réalisées à l'étranger?
    g. Taux des capitaux étrangers?

12. Est-ce que l'internationalisation est une étape primordiale pour votre entreprise?

13. Est-ce que le top management de votre entreprise a une attitude favorable pour opérer au niveau international?

14. Quelles sont les ambitions de votre entreprise pour les 3 prochaines années? Selon vous, quelle est la meilleure stratégie pour une firme telle que la vôtre qui souhaite augmenter ses opérations internationales sur les 3 prochaines années?

7.4.3 Interview Protocol (In German)

1. Welche Informatikdienste bieten Sie an? Beziehen Sie sich auf die wichtigsten Dienste, die Sie im Ausland anbieten.

2. Wie viel Prozent Ihres Umsatzes machen diese Dienste aus?

3. Können sie diese Dienste spezifizieren?
   a. Häufigkeit des Kontakts (Anbieter-Kunde)
   b. Häufigkeit der Interaktionen (Anbieter-Kunde)
   c. Grad der Digitalisierung
   d. Grad der Vertraulichkeit

4. Wie betreten Sie den Markt im Ausland?
   a. Direktexport
   b. Indirektexport
   c. Franchising, Handelsvereinbarung
   d. Partnerchip, Joint Venture
   e. ausländische Niederlassung

5. Ist die Methode des Zutritts abhängig von der Art der Dienste?

6. Ist der Zutritt abhängig von der Zugänglichkeit der ausländischen Märkte? Wie wählen Sie die Länder aus? Sind Sie von den WTO-Entscheidungen betroffen?

7. Sind Sie mit der(n) Zutrittsmethode(n) zufrieden? War(en) diese erfolgreich?

8. Welche Strategie benutzen Sie, um einen neuen Mark zu betreten? Adaptation oder Standardisierung? Denken Sie, dass die Wahl einer Strategie von der Art des Dienstes abhängt?

9. Wie hoch ist Ihr Umsatz? Wieviel Prozent kommt von ausländischen Transaktionen?

10. Wieviele Mitarbeiter beschäftigen Sie?

11. Was ist das Niveau Ihrer Internationalisierung?
    a. Zahl den Länder in denen Sie Ihre Dienste anbieten? Welche Länder?
    b. Zahl den Länder in denen Sie sich niedergelassen haben? Welche Länder?
    c. Prozent von ausländischen Mitarbeitern?
    d. Prozent von Ausländern im Management?
    e. Prozent von Ausländern im Vorstand?
    f. Prozent der Verkäufe im Ausland?
    g. Prozent des Kapitals im Ausland?

12. Ist Internationalisierung ein primäres Ziel für Ihre Firma?

13. Hat Ihre Firmenleitung eine wohlwollende Haltung gegenüber Internationalisierung eingenommen?

14. Welche Ambitionen hat Ihre Firma für die nächsten 3 Jahre? Bezüglich der Internationalisierung? Welche Strategie wäre, Ihrer Meinung nach, die beste, um den internationalen Handel Ihrer Firma in den nächsten 3 Jahren zu steigern?

7.5 Appendix: Summary of the Interviews

	Firm 1	**Firm 2**	**Firm 3**
Description interview	Firm's Director	Firm's Marketing Director	Firm's Marketing Director
Qu1 : Types of Services	- Application software packages, business, office, professional and financial - Integrated computer systems - Software to customer specification, software houses	- Application software packages, business, office, professional and financial - Software to customer specification, software houses - Computer and computer peripheral maintenance services - Electronic data processing (EDP) and data input services - Computer and Internet related services	- Application software packages, industrial, technical and scientific - Application software packages, business, office, professional and financial - Software to customer specification, software houses
Qu2 : Turnover	8 million €	224 million €	1000 million €
Qu3 : Turnover from services		50%	
Qu4 : Number employees	80	2000	5700
Qu5 : Characteristics of services	- High degree of contact - Low degree of interactivity - High degree of standardization "We are lucky, because our service is standardized and so there is no adaptation cost."	- High degree of adaptation "We are for the adaptation and we collaborate with local firms for that."	- High degree of contact - Low degree of confidentiality "We opt for the adaptation and standardization. Sometimes we have to adapt to the local culture (language, interface, etc.) and that 's why we often have local partners for instance in Asia."
Qu6 : Entry mode	- Occasional export - Establishment abroad	- Establishment abroad - Partnership with local firms, and Joint venture for instance with firms of China - "We follow our clients who are becoming international."	- Establishment abroad - Through sellers - Partnership
Qu7: Satisfaction with the entry mode chosen	"No partnerships or other entry modes for the time being [...] in the future, we can't permit ourselves to acquire subsidiaries		"It is important to have a local presence […] to see the specificities of each culture […] we have

	and pay an army of salaries […] but we are planning it for the future but for that, we will have to evolve […] that our services be easier to integrate by others […] more packaged […]"		also partners in China for adapting our services to the local culture […] it is a win-win process."
Qu8 : Dependence between the entry mode and services characteristics	"Of course!!! The services that can be downloaded, you can sell without being near (physically) or having a team near by. We, on the other hand, have a very complex service, which needs direct contact, client adaptation."		"Until now, our services aren't downloadable and that's why we must have a local presence, it is impossible to download the software through Internet."
Qu9 : Influence of trade negotiations (WTO, regional agreement, ...)		"We don't care, we essentially provide our services in Europe."	
Qu10 : Degree of internationalization	- Subsidiaries in France, Germany, Lebanon… - "It depends on the service […] occasional export in other countries […] Belgium and Switzerland […] we have one service which is more packageable and that one is sold all over the world, in Japan, United States, Canada, South Africa, it's a service that requires less contact with the client." - 37% of employees are foreign based.	- Subsidiaries in France, United States, Spain - 10% of the turnover comes from outside. - Services provided in 30 countries. - 0.5% of employees are foreign based.	- Turnover from Asia: 20%, America: 30% Europe: 50%. - Subsidiaries in 40 countries - The production is done in France and United States - "We are present in Europe, North and south of America, Asia" - 70% of employees are foreign based.
Qu11 : Manager attitude towards the internationalization			
Qu12 : Ambition for the future	"To be a leader in the European market. And it happens by using an approach other than buying subsidiaries [...]"	"To be a leader in the European market, and to be established in other European countries [...]"	"To be present in all developed countries […]" "Put the accent on the markets where we are not enough present […]"

	Firm 4	Firm 5	Firm 6
Description interview	Firm's Marketing Director	Firm's Marketing Director	Firm's Business Development Manager
Qu1 : Types of Services	- Software to customer specification, software houses - Software, material and production management systems (MPMS), to customer specification - Application software packages, business, office, professional and financial - Integrated computer systems - Software, database management system (DBMS) - Application software packages, industrial, technical and scientific - Electronic data processing (EDP) and data input services	- Application software packages, business, office, professional and financial - Computer and Internet related services - Programming services, microprocessor -Software maintenance services	- Design - Development and implementation of tailored software - Analysis and management of information
Qu2 : Turnover	1700 million €	170 million €	1 million €
Qu3 : Turnover from services	50%	20%	5%
Qu4 : Number employees	10000	900	20
Qu5 : Characteristics of services	- High degree of interactivity - High degree of standardization "Customers with a contract have normally a regular contact with us. They have also the possibility to contact us by online support (chat) or to look up the questions in a online knowledge database. The main contact channel is the telephone. More than 60% of all Support contacts are made by phone." "We have always a very standardized approach."	- High degree of contact - High degree of adaptation "The type of software we are selling is not that easy to sell that means that you can not just look for a distributor to sell it. It is not like selling Microsoft. You have to give some explanations to the clients, you have to face the clients. You have a lot of very special and in depth questions." "We try to do some sort of adaptation" "We have a flexible sort of software to put in the different languages. So we try to adapt the barrier specialties out of these	- High degree of contact - High degree of interactivity - High degree of adaptation "We offer tailored software under demand (services)."

		special countries."	
Qu6 : Entry mode	- Establishment abroad	- Establishment abroad	- Indirect export - Partnership "We are working in Europe with a distributor, although our main foreign contacts come from Biosciences and Biotechnologies International fairs where we use to assist for promoting our products, direct marketing trough potential clients research, and collaboration agreements with others companies."
Qu7: Satisfaction with the entry mode chosen	"Until now we are successful with our model by entering a new market trough acquisitions of the market leader."	"[…] Completely […]"	
Qu8 : Dependence between the entry mode and services characteristics	"No, we have always an office in each country."		
Qu9 : Dependence between the entry mode and access to the markets of the respective countries & Influence of trade negotiations (WTO, regional agreement, ...)	"We choose the countries by market attractiveness, competition situation in the market and by environmental issues." "We send representatives to WTO conferences"	"Of course we try to choose those countries first where we think that entry barriers are not that high. We have chosen Germany, although the tax law is quite difficult to fulfill, we think that Germany is a very important market. We are selling in Moscow and we could solve all the language problems there. But mainly we would like, we are interested in all those countries that have a quite open financial industry. That's very important to us and not any restrictions within the financial industry."	"Yes and we choose countries based on the importance (number/market) of potencial customer." "No, we are not concerned by the decision of WTO."
Qu10 : Degree of internationalization	- "We are present in all areas of the world. Each country branch has its	- "The software is actually developed in the US but we have also a	"At the moment, we are not selling any service abroad. We

	own managment team, the global managment is located in UK and France." - 80% of employees are foreign based.	small development center in Copenhagen, here in Europe." - "We are present in about 50 countries: Switzerland, Germany, Austria, France and so on. Also in North America, some use in Asia, some countries in Africa, then an office in Dubai and we are covering all North Africa." - 15% of the turnover comes from outside. - 11% of employees are foreign based.	sell abroad just our trademark products."
Qu11 : Manager attitude towards the internationalization		"Yes, it is important. I mean the company was founded in 1983 and in the beginning, the first 12 years, the company more or less only stayed and sold its products in the home country. After that they found that they needed to go, for having bigger success, it is absolutely necessary to go abroad and to have and internationalization within the product sales."	"Of course it is a desirable task for us, and actually we are working for it." "Because it allows us to meet a lot of people and important scientific groups in biotechnology research, strengthening our company through their experiences and knowledge, making it successful. But at the same time it is quite slow and time consuming. We are trying to improve our presence in international market."
Qu12 : Ambition for the future		"We want to remain one of the major players in the market. We are one of the major players, we belong to the biggest ones. We just introduced a new product into the market and of course we would like to make this product as successful as the others."	"The first step to access and achieve success in a new market is to know what are the new sector demands, for offering a innovative product creating a trade need with it. We work following a

			strategy of flexibility, versatility and adaptation to the current demands in order to satisfy our customer's needs. We agree with this, because the strategy chosen will depend of the end-users, looking for the best functionalities and characteristics for them." "We plan to be settle down at Europe market and start commercial activities in United States market."

	Firm 7	**Firm 8**	**Firm 9**
Description interview	Firm's Director	Firm's Director	Firm's Marketing Director
Qu1 : Types of Services	- Electronic data processing (EDP) and data input services - Computer data processing consultants	- Electronic data processing (EDP) and data input services	- E-business & technology consulting - Application management - Application development - Web services and security - Implementation and outsourcing
Qu2 : Turnover	10 million €	0.5 million €	190 million €
Qu3 : Turnover from services	100%	100%	85%
Qu4 : Number employees	110	6	3000
Qu5 : Characteristics of services	- Low degree of contact - High degree of standardization "The degree of contact is weak in theory for the services which we provide, it is not essential to meet the customer directly because the offer is not really personalized, our services are generic services in the field. However, contact is sometimes made with important customers and those which have a specific problem." "Our strategy will be based on a standardization of our services and work with the partnership and the contacts of the international groups already customers."	- High degree of interactivity - Low degree of contact - High degree of standardization "The contact is purely virtual. The majority of the customers being from Europe, it would be impossible to meet all of them. The contacts are thus done by Internet or phone. Even the delivery of the service is virtual." "Currently the company is owner of its software which is not protected by patent because it is not useful. The protection of the software is regulated in the contracts with the customers. Our trademark is deposited." "No there is no real adaptation of the service. It is a standardized service."	- High degree of contact - High degree of interactivity - High degree of digitalization "Our services require a high degree of contact and interactivity. One needs a contact brought closer with the customer at the time of the phase of council to include/understand its needs. Thereafter, the development can be made the communication remotely nevertheless remains an important factor in the success of the project. It is important to communicate with our customer throughout the process, but the direct contact is not essential any more. Our services represent a potential of digitalization relatively high in measurement or these two services represent programs. But at the

			time of projects, these activities are often gathered with other services like the development of an Intranet, Web design or warehousing dated."
Qu6 : Entry mode	- Partnership "We are currently not present outside of the country of our head office." "The characteristics of our services don't allow to use direct export, the opening of subsidiary companies, etc…" "The modes of entry will be partnership. We will also play much with our contacts emanating from international groups who are already our customers." "We will choose the frontier countries. A very important criterion selection will be the safety and the state of competition in the countries concerned."	- Indirect export (through seller) - Partnership "In order to limit the financial risks which would be related to the opening of offices abroad."	- Establishment abroad (acquisitions) - Partnership
Qu7: Satisfaction with the entry mode chosen	"We will see in the future […]"	"Yes completely, it is our way of working. The results of growth of the company shows that the choice was good." "In Anglo-Saxon countries, Latin America or United States, the company is not yet present following problems of penetration of the market, but the goal of the company remains to be able to reach them in the long term. The principal difficulties come from the questions of safety during	

		the transfers of money which are not regulated, there are still many problems which makes difficult the establishment in these countries."	
Qu8 : Dependence between the entry mode and services characteristics	"[…] Completely […]"	"[…] Completely […]"	"The physical contact with the customer is very important, this is why we must have a presence near the most carrying markets. The activity of council is typically an activity which is done directly at the customer. The activity of development can generally be done in an offshore way. It is possible that maintenance is done also directly at the customer's. Although often the majority of the activity can be done remotely, it is preferable not to be far too much, on the one hand for the reasons enumerated above, and on the other hand for cultural reasons."
Qu9 : Influence of trade negotiations (WTO, regional agreement, ...)			
Qu10 : Degree of internationalization	"Sales are only in the country of the head office."		**- "**We have already a physical presence in each great carrying area, the United States, Europe, India, Japan and Australia." - 50% of employees are foreign based.
Qu11 : Manager attitude towards the internationalization	"Our internationalization is a medium-term ambition."		
Qu12 : Ambition for the future		"For the moment the principal task is to be established to the maximum in Europe, a larger expansion will be considered once this task	"In the medium term, we plan to increase our penetration in the current markets, in the United States and in Asia in particular.

		finished and on the basis of consideration of safety, the goal is to go always possible further.”	We are always searching opportunities in terms of international development, and this especially on the plan of acquisitions. In addition, we aim to reinforce our collaborations with our partners.”

	Firm 10	**Firm 11**	**Firm 12**
Description interview	Firm's Marketing Director	Firm's Solution Manager	Firm's Marketing Director
Qu1 : Types of Services	- System and development software - Software, database management system - Application software packages, business, office, professional and financial - Application software packages, industrial, technical and scientific	- System and development software - Software, computer aided software engineering (CASE) - Software, application programming - Software, data compression - Software, database management system (DBMS) - Software, object orientated database - Application software packages, business, office, professional and financial	- Integrated computer systems - Online process control - Control and data acquisition (SCADA) - Software to customer specification, software houses - Software, industrial automation, to customer specification - Programming services for numerically controlled machine tools
Qu2 : Turnover	1500 million €	7500 million €	10 million €
Qu3 : Turnover from services	35%	100%	70%
Qu4 : Number employees	5000	36000	150
Qu5 : Characteristics of services	- High degree of contact - High degree of interactivity - Low degree of digitalization "Yes. There is a high level support, our customers are not the end-users of our products, they are retailers who on our premises have a direct access via a hotline and with the online forums in which they take part." "For services, they are not downloadable. The products being primarily the various software, they are digitalized. For the services, it is a little more delicate, they are rather the updates accessible online and the services from information for the subscribers who could be included in this category. All in all, for the	- High degree of contact - High degree of interactivity - High degree of digitalization - High degree of adaptation "Adaptation. Especially compared to the customer and for the various linguistic versions." "There is a difference between the small clients and the large ones […] with the small companies, the contact is often done by the retailers (called *partners*) while with the large companies, we prefer to have more control with a local presence" "The basic installation is done through CDs, the maintenance is done more or less automatically by the Web (especially when	"High degree of standardization. We try to care according to international standards." "Degree of contact with the customer varies according to type of service." "There is part of the services which can be operated via Internet, but there is part of the services which requires the direct contact with the customer. The telemetric services are highly digitalized. On the other hand when of the projects of automations the degree of the contact with customer acts is raised more, because it is necessary to go at his place to make the

	consulting and training, the degree of digitalization is less low." "The products are protected by licences. Services a little less. But it would seem that it proves rather beneficial for the company that information and councils concerning its products circulate well, especially between the users. With regard to the consulting and training personalized for the companies, they are certainly managed by contracts with the specific clauses."	the legislation changes)."	installations."
Qu6 : Entry mode	- Direct export - Indirect export "We have created a large global community of resellers, third-party developers and customers, which provides us with a broad reach into volume markets. Our reseller network is extensive and provides our customers with global resources for the purchase and support of our products as well as resources for effective and cost efficient training services. We have a significant number of registered third-party developers, creating products that run on top of our products, further extending our reach into volume markets."	- Establishment abroad - Indirect export	- Direct export - Indirect export
Qu7: Satisfaction with the entry mode chosen			
Qu8 : Dependence between the entry mode and services characteristics		"Yes, insofar as the model is also used on the foreign markets. One looks at more the growth potential of the markets."	"Yes, completely"
Qu9 : Influence of trade		"We are not influenced	"Information on the

negotiations (WTO, regional agreement, ...)		by the decisions of WTO."	decisions of WTO are not critical points for us."
Qu10 : Degree of internationalization	- 60% of the turnover comes from outside. - Presence in 100 countries. - 50% of foreign employees	- 70% of the turnover comes from outside. - Subsidiaries in 50 countries. - Presence in 100 countries. - 80% of foreign employees. - 86% of employees are foreign based.	- 60% of turnover comes from outside - Our services are provided in about 40 countries. - 0% of foreign employees
Qu11 : Manager attitude towards the internationalization			"Very open towards the internationalization. Our company since the beginning works on the world market. It is a characteristic of our firm."
Qu12 : Ambition for the future	"We currently see enormous opportunity in the emerging markets and are investing in these areas. Expanding our geographic coverage is a key element of our growth strategy. We believe that rapidly growing economies, including those of China, India, Eastern Europe and Latin America, present significant growth opportunities for us. With a level of understanding of local markets that could not be obtained from remote operations, our China Application Development Center develops both products for the worldwide market as well as products to specifically address the Chinese market. In addition, we believe that our products will have a	"[…] to concentrate on the segment of the SMEs."	"[…] to increase the quality of the services, to satisfy the customers. As we are certified ISO 9001, our customers are guaranteed high quality of our services. For us, it is a motivation not to lower the existing level of quality."

	competitive advantage as a result of being engineered locally. We believe our ability to conduct research and development at various locations throughout the world allows us to optimize product development and lower costs. However, international development, whether conducted by us or independent developers on our behalf, involves significant costs and challenges, including whether we can adequately protect our intellectual property and derive significant revenue in areas, such as emerging economies, where software piracy is a substantial problem.”		

	Firm 13	Firm 14	Firm 15
Description interview	Firm's Marketing Director	Firm's Marketing Director	Firm's Marketing Director
Qu1 : Types of Services	- System and development software - Software, database management system - Application software packages, business, office, professional and financial - Application software packages, industrial, technical and scientific - Software to customer specification, software houses - Electronic data processing (EDP) and data input services -Computer and Internet related services Management services	- Computer and computer peripheral maintenance services - Computer disk drive repair services - Computer installation and maintenance services - Computer and Internet related services - Computer data security consultants Integrated computer systems - Application software packages, industrial, technical and scientific - Software to customer specification, software houses - Electronic data processing (EDP) and data input services	- System and development software - Software, database management system - Application software packages, business, office, professional and financial - Application software packages, industrial, technical and scientific - Software to customer specification, software houses
Qu2 : Turnover	40 million €	220 million €	30 million €
Qu3 : Turnover from services	95%	100%	20%
Qu4 : Number employees	350	2800	25
Qu5 : Characteristics of services	- High degree of contact - High degree of interactivity "The contact still remains very personal. We do not yet make products that one can sell via Internet. The services which we propose need really a personal and individual interaction. It is each time about a personalized service."	- High degree of contact - High degree of interactivity	- High degree of contact - High degree of interactivity - High degree of digitalization - High degree of adaptation (due to the language)
Qu6 : Entry mode	- Direct export "For the moment we do not have yet great activities in outside. There are currently customers in France, Germany and Spain." "Our strategy is to select countries for a particular reason: the language.	- Establishment abroad (acquisitions) - Partnership "We look at especially if there is a subsidiary company in the country concerned with which we can be established."	- Establishment abroad - Indirect export - Direct export

	Concerning Spain, it is because the Director general speaks Spanish. It is thus more one manner natural to penetrate the markets and which enables us to have an easier contact with the customers."		
Qu7: Satisfaction with the entry mode chosen		"We have voluntarily opted for a presence in the countries which are culturally similar to us, in the aim to improve our service quality […] this is possible only by proximity and clear understanding of our clients, which is only possible if the same language is spoken."	"The training level of local young university graduates was extremely high […] they have worked extensively with new technologies and in fields where it is very difficult to find experienced labor."
Qu8 : Dependence between the entry mode and services characteristics			"[…] yes, completely […]"
Qu9 : Influence of trade negotiations (WTO, regional agreement, ...)		"The selected mode of entry was selected according to the access to the market of the country in question. As one is on pure service, there are few regulations of WTO around that thus the decision to be present in certain countries was not influenced by the regulations of WTO."	"No at all"
Qu10 : Degree of internationalization	"We have a center of development directly present at Vietnam with 70 employees." "We have a large staff which comes to work on our premises and which is originating in France, of Spain, and other countries, because we have a very good connection with the Universities and the High specialized Schools."	- Our services are provided in France, Austria, Spain and Belgium. - Local presence in this 4 countries. - 9% of turnover comes from outside.	- 80% of turnover comes from outside. - "Local presence with subsidiaries in Germany, Japan, United States." - 50% of employees are foreign based.
Qu11 : Manager attitude towards the internationalization	"Yes, it is very important. The idea is, with the project of ticketing which we	"Not yet but maybe in the future. Mitigated for the moment."	

	developed, to open and penetrate of new markets. It is indeed a project very carrying and adaptable to the new markets with regard to the regulations which exist. The principal idea is to open offices on the spot and to employ there autochtones which would develop with their time their own projects."		
Qu12 : Ambition for the future	"Medium-term (3-5 years), we would really like to open international subsidiaries with personnel, to discover new customers, to offer more services and to have a true data base of the customers to project the edition of clean software and the integration of solutions ticketing."	"As we are not really internationalized, the best strategy would be to create alliances with local companies."	"To increase of 30% our turnover." "To buy competitors and to make "service & dirty joints ventures" i.e. to make joints ventures with service firms, which will make consultations and training schemes for our customers. In this case, we will be able to concentrate only on the development of software and their sale."

	Firm 16	**Firm 17**	**Firm 18**
Description interview	Firm's Director	Firm's Director	Firm's Marketing Director
Qu1 : Types of Services	- Software specialized in the treatment and the automatic classification of documents	- Systems and software consulting services - Systems maintenance services	- Software implementation. It provides a suite of Software and services that enables designers of real-time applications in aerospace, transportation, and industrial automation to build high quality applications using models and simulation for implementation, verification and validation.
Qu2 : Turnover	1 million €	1 million €	5 million €
Qu3 : Turnover from services		40%	50%
Qu4 : Number employees	5	3	20
Qu5 : Characteristics of services	- High degree of digitalization (100%) - High degree of contact - High degree of standardization	- High degree of adaptation	- High degree of contact - High degree of adaptation "The contact with clients takes a lot of time because it is related to high technology and complex system. The relation with the customer comprises an important degree of contact, therefore we cannot sell by Internet (not *Cash & Carry*). The service thus is very personalized".
Qu6 : Entry mode	- Direct export - Partnership "The partnership facilitates the entry on an unknown market."	- Indirect export - Partnership "We export in an indirect way via our clients who have a presence in other countries." "The partnership is very important for us."	- Partnership - Establishment abroad (acquisitions) "Our difficulty is to find collaborators with a very specific profile, which can include/understand the speciality of the product and which can then go to sell it to new customers."

Qu7: Satisfaction with the entry mode chosen	"Relatively satisfied. But the lack of relation in the partnership posed problem." "The cultural similarities facilitate internationalization and the purchase of new markets which resemble to our country."		"We are satisfied, because we are still small and cannot invest massively to enter in a new market. We try to look at the geographical and cultural proximity with potential market."
Qu8 : Dependence between the entry mode and services characteristics			
Qu9 : Influence of trade negotiations (WTO, regional agreement, ...)			"That can influence according to the market. For example, United States' market, which is incontestably a market with strong potential, was not yet aimed because the commercial approach is very complex."
Qu10 : Degree of internationalization	Presence in France and in the Netherlands. Wish to extend in Europe, in the Middle East and in Russia.	Low degree of internationalization.	Presence in France, China and Japan. The want to have a presence also in Germany very soon. "The company is still small and wishes to have 30% of its sales from abroad. For the moment, it is 12%".
Qu11 : Manager attitude towards the internationalization	Positive attitude. They don't want to choose a market if they don't have adequate partners.	"In theory, internationalization is not a priority for us, because we do not have a direct contact with the foreigner. Our partnership is sufficiently strong and by this way our services are providing out of our borders".	"It is vital. The perimeter of growth of our company is certainly in France, but it is especially with in international. It is very important for the growth of our company […] it is a vector of growth for the company."
Qu12 : Ambition for the future	"We want to expand the network of partner and to extend in all Europe with a widening in the Middle East and Russia"	"We wish to continue a progressive growth and to become essential by maintaining our collaboration with our partner. Our death sentence would be to cease evolving/moving.	"To have 30% of sales turnover from abroad […] to succeed in starting the German territory […] it is a territory close, accessible, with a similar culture."

		We must unceasingly adapt us to the system.”	

	Firm 19	**Firm 20**	**Firm 21**
Description interview	Firm's Director	Firm's Director	Firm's Director
Qu1 : Types of Services	Recognised specialist in secure payments and offering e-commerce solutions	- Data-processing infrastructure: installation of information processing systems. - Business Solution: Study of the customer requirements and adaptation to their requests. - Development of software: Specific mandates	- Systems maintenance services
Qu2 : Turnover	10 million €	2 million €	3 million €
Qu3 : Turnover from services	100%	98%	100%
Qu4 : Number employees	10	10	5
Qu5 : Characteristics of services	- High degree of digitalization (100%) - Low degree of contact - High degree of interaction - High degree of standardization "All the contacts are done by Internet or phone." "Impossible to deposit patents on the software. We unceasingly create new products, services, functionalities by listening to the requests of the customers." "The platform is centralized and the services are standardized. You'll find the same services in Europe, america or Asia."	- High degree of interaction - High degree of contact - High degree of adaptation "Our services require a strong degree of contact with the customer and our engineers move to the customer for the installation and consulting. At the time of project with client, we must have a presence in the client's firm and cannot do it only by Internet […] for some of the products, we make the installation and maintenance exclusively via Internet."	- Low degree of contact - High degree of adaptation
Qu6 : Entry mode	- Establishment abroad Subsidiary in France, in Luxembourg and in England and an office in Singapore and in United States.	- Direct export - Partnership "The network of partners is essential in our strategy of internationalization because we don't have subsidiary yet abroad."	- Partnership
Qu7: Satisfaction with the entry mode chosen	"We are more or less satisfied with the mode	"Our mode of entry is not optimal. To develop in	"We are satisfied in England and Germany

	of entry although we don't have the choice because of regulations." "We are dependent on our partners."	international level, it would ideally be necessary to open subsidiaries in the various markets to satisfy the variable of proximity which request service." "It is important to expand towards countries that have a similar culture in order to better understand on the one hand, the clients and on the other, the local workforce […] it is very important to have people on the spot who understand local business."	but we prefer to stay in Switzerland for the moment and collabore with our partners."
Qu8 : Dependence between the entry mode and services characteristics	"We don't have the choice of the mode of entry because the regulation forces us to have a company recorded in the commercial register of the country to be able to treat with a national bank."	"Our services requiring a strong degree of interaction and contact, and thus of proximity with the customer, we have difficulties of providing them in international markets because we don't have subsidiaries abroad […] and psychologically, the fact of being present on the market is very important for the customers."	
Qu9 : Influence of trade negotiations (WTO, regional agreement, ...)			
Qu10 : Degree of internationalization	Activity on the European markets and, in a less measurement on those American (North and South). They are positioned on the Asian market through their office in Singapour.	"For the moment, the degree is low."	About 100 countries
Qu11 : Manager attitude towards the internationalization	"Internationalization is a priority because the payment by Internet is a world market. It is thus naturally opened to expansion and internationalization."		
Qu12 : Ambition for the future	"The principal objective	"The internal market	"The goal is to

	in the medium term is to increase on the market of Europe (Italy and Spain) and to consolidate the markets where they are already established (England, France and Switzerland, …). In the second time, to extend to America's and Asia's markets."	being rather restricted and administratively heavy, we want to move towards the international markets"	develop various activities ... Internationalization will depend on the customer requirements."

	Firm 22
Description interview	Firm's Director
Qu1 : Types of Services	- Consulting (Organization and transformation, information systems governance, cards and payment systems) - Integration (Systems and Solutions) - Outsourcing (Applications maintenance, infrastructure & production)
Qu2 : Turnover	10 million €
Qu3 : Turnover from services	100%
Qu4 : Number employees	40
Qu5 : Characteristics of services	- High degree of contact - High degree of adaptation "We proceed by adaptation. We deliver the products which it is necessary to work again with our clients to personalize and make function."
Qu6 : Entry mode	- Partnership - Establishment abroad (acquisitions)
Qu7: Satisfaction with the entry mode chosen	"To reach a significant expansion, only the external growth allows a fast development. This strategy gives us satisfaction. Consequently, there is no reason to change it." "What made us internationalize is client satisfaction or rather, accompanying the client in his projects abroad."
Qu8 : Dependence between the entry mode and services characteristics	
Qu9 : Influence of trade negotiations (WTO, regional	

agreement, ...)	
Qu10 : Degree of internationalization	Presence in europe
Qu11 : Manager attitude towards the internationalization	
Qu12 : Ambition for the future	"Our solutions in this sector could interest the other countries in the neighborhoods. We can hope to export them by our partners."

7.6 Appendix: Questionnaire

Internationalization of Service Providers

Marketing Strategies
in the Computer-Related Services

This study deals with the internationalization of firms in the sector of computer-related services.
Thank you for taking 10 minutes to fill in this questionnaire.

- Your answers are strictly confidential.
- Participants will have access to the results of this research.

For questions, please contact **Mr. Reza Etemad-Sajadi**, Enterprise Institute, University of Neuchatel, **SWITZERLAND**.
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E-mail: reza.etemad@unine.ch

A. Characteristics of Services

1. What types of computer-related services are provided by your firm? (several answers possible)

a. Services related to the installation of computer hardware	☐
b. Software implementation services	☐
c. Systems and software consulting services	☐
d. Systems analysis services	☐
e. Systems design services	☐
f. Programming services	☐
g. Systems maintenance services	☐
h. Data-processing and tabulation services	☐
i. Data base services	☐
j. Online support services	☐
k. Other computer services	☐

2. What is the degree of interactivity with your customers which is required to market your various services?

Please leave blank the sub-sectors which you do not offer.

	Very low	Low	Average	High	Very high
a. Services related to the installation of computer hardware	□	□	□	□	□
b. Software implementation services	□	□	□	□	□
c. Systems and software consulting services	□	□	□	□	□
d. Systems analysis services	□	□	□	□	□
e. Systems design services	□	□	□	□	□
f. Programming services	□	□	□	□	□
g. Systems maintenance services	□	□	□	□	□
h. Data-processing and tabulation services	□	□	□	□	□
i. Data base services	□	□	□	□	□
j. Online support services	□	□	□	□	□
k. Other computer services	□	□	□	□	□

3. What is the degree of face-to-face contact with your customers which is required to market your various services?

Please leave blank the sub-sectors which you do not offer.

	Very low	Low	Average	High	Very high
a. Services related to the installation of computer hardware	□	□	□	□	□
b. Software implementation services	□	□	□	□	□
c. Systems and software consulting services	□	□	□	□	□
d. Systems analysis services	□	□	□	□	□
e. Systems design services	□	□	□	□	□
f. Programming services	□	□	□	□	□
g. Systems maintenance services	□	□	□	□	□
h. Data-processing and tabulation services	□	□	□	□	□
i. Data base services	□	□	□	□	□
j. Online support services	□	□	□	□	□
k. Other computer services	□	□	□	□	□

4. What is the degree of digitalization (on-line transmissibility) of the various services considered?

Please leave blank the sub-sectors which you do not offer.

	Very low	Low	Average	High	Very high
a. Services related to the installation of computer hardware	□	□	□	□	□
b. Software implementation services	□	□	□	□	□
c. Systems and software consulting services	□	□	□	□	□
d. Systems analysis services	□	□	□	□	□
e. Systems design services	□	□	□	□	□
f. Programming services	□	□	□	□	□
g. Systems maintenance services	□	□	□	□	□
h. Data-processing and tabulation services	□	□	□	□	□
i. Data base services	□	□	□	□	□
j. Online support services	□	□	□	□	□
k. Other computer services	□	□	□	□	□

5. What is the degree of a custom-made (versus standardized) approach in marketing the various services considered?

Rate the relative importance on a scale from 1 (pure standardized) to 5 (pure custom-made).
Please leave blank the sub-sectors which you do not offer.

	Standardized				**Custom-made**
	1	**2**	**3**	**4**	**5**
a. Services related to the installation of computer hardware	☐	☐	☐	☐	☐
b. Software implementation services	☐	☐	☐	☐	☐
c. Systems and software consulting services	☐	☐	☐	☐	☐
d. Systems analysis services	☐	☐	☐	☐	☐
e. Systems design services	☐	☐	☐	☐	☐
f. Programming services	☐	☐	☐	☐	☐
g. Systems maintenance services	☐	☐	☐	☐	☐
h. Data-processing and tabulation services	☐	☐	☐	☐	☐
i. Data base services	☐	☐	☐	☐	☐
j. Online support services	☐	☐	☐	☐	☐
k. Other computer services	☐	☐	☐	☐	☐

6. What is the degree of confidentiality which is required by the various services considered?

Please leave blank the sub-sectors which you do not offer.

	Very low	**Low**	**Average**	**High**	**Very high**
a. Services related to the installation of computer hardware	☐	☐	☐	☐	☐
b. Software implementation services	☐	☐	☐	☐	☐
c. Systems and software consulting services	☐	☐	☐	☐	☐
d. Systems analysis services	☐	☐	☐	☐	☐
e. Systems design services	☐	☐	☐	☐	☐
f. Programming services	☐	☐	☐	☐	☐
g. Systems maintenance services	☐	☐	☐	☐	☐
h. Data-processing and tabulation services	☐	☐	☐	☐	☐
i. Data base services	☐	☐	☐	☐	☐
j. Online support services	☐	☐	☐	☐	☐
k. Other computer services	☐	☐	☐	☐	☐

B. Entry Strategy into Foreign Markets

7. What motivates your company to expand its international activities?

Rate the relative importance on a scale from 1 (not important at all) to 5 (very important).

	Not important at all				**Very important**
	1	**2**	**3**	**4**	**5**
a. International markets are more attractive than your local market.	O	O	O	O	O
b. Your clients are increasingly internationalized.	O	O	O	O	O
c. Your competitors are increasingly internationalized.	O	O	O	O	O
d. You have to be international to participate in international know-how networks.	O	O	O	O	O
e. Reduction of production costs	O	O	O	O	O
f. Access to quality labor force	O	O	O	O	O
g. Fuller exploitation of company's competitive advantage in international operations.	O	O	O	O	O
h. Elimination of barriers to export (resulting from the WTO trade negotiations, regional agreements, ...).	O	O	O	O	O
i. Easier foreign government regulations (e.g. taxation, ...).	O	O	O	O	O
j. Positive previous international experience.	O	O	O	O	O
k. Opportunity to provide your services on-line.	O	O	O	O	O

8. In which geographical area(s) do you provide your services? Specify also in terms of relative importance.

Rate the relative importance on a scale from 1 (not important at all) to 5 (very important).

	Not important at all				**Very important**
	1	**2**	**3**	**4**	**5**
Europe	O	O	O	O	O
North America	O	O	O	O	O
South America	O	O	O	O	O
East Asia	O	O	O	O	O
Middle East	O	O	O	O	O
South Asia	O	O	O	O	O
Africa	O	O	O	O	O
Australia	O	O	O	O	O

9. International expansion is limited by the fact that confidentiality is an issue for your clients (e.g. banks).

Do not agree at all	Do not agree	Neutral	Agree	Completely agree
O	O	O	O	O

10. Your absence from certain markets is mainly due to:

	Do not agree at all	Do not agree	Neutral	Agree	Completely agree
a. difficulty of market access (e.g. regulatory barriers/taxes, …).	O	O	O	O	O
b. difficulty to do business in a foreign culture (e.g. language, ...).	O	O	O	O	O
c. geographical distance (e.g. cost of transportation and communication with the market, …).	O	O	O	O	O

11. What is your perception about these remarks:

	Do not agree at all	Do not agree	Neutral	Agree	Completely agree
a. Geographical distance is not important any more due to the opportunity to provide services on-line.	O	O	O	O	O
b. Regulatory barriers are not important any more due to elimination of barriers to export resulting from the trade negotiations (e.g. WTO, regional agreements, …).	O	O	O	O	O
c. Regulatory barriers are not important any more due to easier foreign government regulations (e.g. taxation, …).	O	O	O	O	O

12.a. What is your dominant Entry Mode for the various services? (several answers possible)

	A. Direct export	B. Indirect export	C. Franchising, License agreement	D. Joint venture, Partnership	E. Establishment abroad	F. Electronic marketing	G. Other
	□	□	□	□	□	□	□

12.b. If you have selected several fields above, please specify the letters in order of importance (e.g. E, B, A)

13. Establishment abroad (subsidiary) makes it easier:

	Do not agree at all	Do not agree	Neutral	Agree	Completely agree
a. to maintain face-to-face contact with your foreign client.	O	O	O	O	O
b. to cope with a different cultural environment.	O	O	O	O	O
c. to offer a custom-made service.	O	O	O	O	O
d. to deal with complex regulations in foreign markets.	O	O	O	O	O
e. to engage in local marketing which is preferable to marketing at a distance.	O	O	O	O	O
f. to provide services that are not highly digitalized.	O	O	O	O	O

	Do not agree at all	Do not agree	Neutral	Agree	Completely agree
14. Entry mode depends on the degree of interactivity required by your services.	O	O	O	O	O
15. Entry mode depends on the geographical distance of the respective countries.	O	O	O	O	O
16. With the growth of Information Technologies, the needs are becoming more standardized.	O	O	O	O	O
17. Local presence is necessary because confidentiality is better secured.	O	O	O	O	O
18. Internationalization is a priority task for your company.	O	O	O	O	O

C. Firm's Characteristics

19. In which country is your head office located?

choose in the list

20. How much is your company's turnover (in €)?

Less than 0.5 million	0.5 - 1 million	1-2 million	2-5 million	5-10 million	10-25 million	25-50 million	50-100 million	100-500 million	More than 500 million
O	O	O	O	O	O	O	O	O	O

	Less than 20%	21-40%	41-60%	61-80%	More than 80%
21. What percentage is earned outside the country in which your headquarter(s) is (are) based?	O	O	O	O	O
22. What ratio of your turnover comes from services, compared to products?	O	O	O	O	O

23. In how many countries are your services provided?

24. How many subsidiaries does your firm have?

25. How many employees does your firm have?

	Less than 20%	21-40%	41-60%	61-80%	More than 80%
26. What is the ratio of foreign assets, in your company's total assets?	O	O	O	O	O
27. What is the ratio of foreigners in top management in your company?	O	O	O	O	O
28. What is the ratio of foreign based employees over your total?	O	O	O	O	O

	Less than 5 years	6-10 years	11-15 years	16-20 years	More than 21 years
29. Your company has been in operation for ...	O	O	O	O	O

D. Personal Informations (Optional)

Notice: As said above, your answers are strictly confidential.

Your name

Your e-mail

Your position

Number of weeks on business trips abroad during the last 12 months

The name of the company

Other comment(s):

Submit

7.7 Appendix: Statistical Data

7.7.1 Correlation between manifest variables and latent variables

Table 19: Correlation between variables and latent variables[22]

	Degree of on-line transmissibility	Degree of confidentiality	Degree of contact and interactivity	Degree of tailor-made offer	Size	Level of internationalization	Perception of geographical distance
Digit	1.000						0.720
Conf		1.000					
Contact1			0.925				
Contact2			0.682				
Tailor_made				1.000			
Size1					0.967		
Size2					0.972		
Level_Int1						0.682	
Level_Int2						0.745	
Level_Int3						0.758	
Level_Int4					0.687	0.566	
GeoDist1							
GeoDist2	0.639						0.882
GeoDist3							
CultDist1							
CultDist2							
RegBarr1							
RegBarr2							
RegBarr3							
RegBarr4							
Motiv_ Glo1							
Motiv_ Glo2							
Motiv_ Glo3							
Motiv_ Glo4							
Motiv_ Glo5							
Motiv_Strat1							
Motiv_Strat2							
Motiv_Strat3							
Motiv_Lib1							
Motiv_Lib2							
Motiv_Online Trad			-0.502				
Direct_Exp							
Indirect_Exp							
Joint_Venture							
Estab_abroad							
Perf_Int1						0.641	
Perf_Int2							
Perf_Int3					0.554		

[22] To make easier to read, correlations below 0.5 are not shown.

	Perception of cultural distance	Perception of regulatory barriers	Globalization rationality	Strategic focus rationality	Liberalization rationality	On-line tradability rationality
Digit						
Conf						
Contact1						-0.510
Contact2						
Tailor_made						
Size1						
Size2						
Level_Int1						
Level_Int2						
Level_Int3						
Level_Int4						
GeoDist1						
GeoDist2						
GeoDist3						
CultDist1	0.830					
CultDist2	0.969					
RegBarr1		0.937				
RegBarr2		0.895				
RegBarr3		0.566				
RegBarr4						
Motiv_Glo1			0.577			
Motiv_ Glo2			0.634			
Motiv_ Glo3			0.772	0.633		
Motiv_ Glo4			0.522			
Motiv_ Glo5			0.621	0.530		
Motiv_Strat1			0.604	0.822	0.545	
Motiv_Strat2				0.819		
Motiv_Strat3				0.880	0.522	
Motiv_Lib1				0.578	0.979	
Motiv_Lib2					0.781	
Motiv_Online Trad						1.000
Direct_Exp						
Indirect_Exp						
Joint_Venture						
Estab_abroad						
Perf_Int1						
Perf_Int2			0.577			
Perf_Int3						

	Direct export	Indirect export	Joint venture	Establishment abroad	Performance in internationalization
Digit					
Conf					
Contact1					
Contact2					
Tailor_made					
Size1					
Size2					
Level_Int1					
Level_Int2					
Level_Int3					0.516
Level_Int4					0.605
GeoDist1					
GeoDist2					
GeoDist3					
CultDist1					
CultDist2					
RegBarr1					
RegBarr2					
RegBarr3					
RegBarr4					
Motiv_ Glo1					
Motiv_ Glo2					
Motiv_ Glo3					
Motiv_ Glo4					
Motiv_ Glo5					
Motiv_Strat1					
Motiv_Strat2					
Motiv_Strat3					
Motiv_Lib1					
Motiv_Lib2					
Motiv_Online Trad					
Direct_Exp	1.000				
Indirect_Exp		1.000			
Joint_Venture			1.000		
Estab_abroad				1.000	
Perf_Int1					0.747
Perf_Int2					0.792
Perf_Int3					0.800

7.7.2 Complementary data analysis (proposition 1)

In the aim to compare the results with our method (PLS), below you will find results with the method of logistic and linear regression. Only significant links are represented.

Logistic regression

Dependent variable: Direct export. Nagelkerke R^2 = 0.092						
Independent variables	B	S.E.	Wald	df	Sig.	Exp(B)
Degree of tailor-made offer	**-.382**	.231	2.741	1	**.098***	.683

* significant at the 0.1 level.

Dependent variable: Indirect export. Nagelkerke R^2 = 0.125						
Independent variables	B	S.E.	Wald	df	Sig.	Exp(B)
Degree of on-line transmissibility	**-.704**	.333	4.485	1	**.034***	.494

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.066						
Independent variables	B	S.E.	Wald	df	Sig.	Exp(B)
Degree of face-to-face contact	**.470**	.237	3.942	1	**.047***	1.600

* significant at the 0.05 level.

7.7.3 Complementary data analysis (proposition 2)

Logistic regression

Dependent variable: Indirect export. Nagelkerke R^2 = 0.067						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Size	**-.463**	.261	3.144	1	**.076***	.629

* significant at the 0.10 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.092						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Size	**.442**	.184	5.799	1	**.016***	1.556

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.114						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Level of internationalization	**.761**	.288	6.982	1	**.008***	2.141

* significant at the 0.01 level.

7.7.4 Complementary data analysis (proposition 3)

Logistic regression

Dependent variable: Establishment abroad Nagelkerke R^2 = 0.083						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Perception of the importance of cultural distance	**.617**	.285	4.687	1	**.030***	1.852

* significant at the 0.05 level.

7.7.5 Complementary data analysis (proposition 4)

Logistic regression

Dependent variable: Joint venture. Nagelkerke R^2 = 0.094						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (a): Attractiveness of international markets (versus local)	**.447**	.187	5.705	1	**.017***	1.564

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.094						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (b): Clients' internationalization	**.369**	.199	3.440	1	**.064***	1.446

* significant at the 0.1 level.

Dependent variable: Joint venture. Nagelkerke R^2 = 0.100						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (c): Competitors' internationalization	**.454**	.184	6.112	1	**.013***	1.575

* significant at the 0.05 level.

Dependent variable: Joint venture. Nagelkerke R^2 = 0.087						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (d): Participation in international know-how networks	**.424**	.186	5.202	1	**.023***	1.528

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.072						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (d): Participation in international know-how networks	**.363**	.169	4.596	1	**.032***	1.438

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.077						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (e): Reduction of production costs	**.375**	.169	4.913	1	**.027***	1.455

* significant at the 0.05 level.

Dependent variable: Establishment abroad. Nagelkerke R^2 = 0.093						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (f): Access to quality labor force	**.435**	.180	5.848	1	**.016**	1.545

* significant at the 0.05 level.

Dependent variable: Direct export. Nagelkerke R^2 = 0.056						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (h): Elimination of barriers to export resulting from the trade negotiations	**-.309**	.166	3.474	1	**.062***	.734

* significant at the 0.10 level.

Dependent variable: Indirect export. Nagelkerke R^2 = 0.141						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (h): Elimination of barriers to export resulting from the trade negotiations	**-.698**	.296	5.551	1	**.018***	.497

* significant at the 0.05 level.

Dependent variable: Joint venture. Nagelkerke R^2 = 0.045						
Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
Motivation (i): Positive international experience	**.305**	.182	2.815	1	**.093***	1.357

* significant at the 0.10 level.

7.7.6 Complementary data analysis (proposition 5)

Linear regression

Dependent variable : Perception of the importance of geographical distance. R^2 = 0.063, F = 3.049 Sig (model): 0.052				
Independent variable	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Level of internationalization	**-.297**	**-2.467**	**.015***	.712

* significant at the 0.05 level.

Dependent variable : Perception of the importance of cultural distance. R^2 = 0.118, F = 5.758 Sig (model): 0.005				
Independent variable	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Size	**.362**	**2.957**	**.004***	.686

* significant at the 0.05 level.

7.7.7 Complementary data analysis (proposition 6)

Linear regression

	Independent variable	
Dependent variable	Size	Level of internationalization
Motivation (a): Attractiveness of international markets (versus local)	R^2 = .001 F = .074 B = .028 Sig. = .787	**R^2 = .098** **F = 9.976** **B = .313** **Sig. = .002***
Motivation (b): Clients' internationalization	**R^2 = .135** **F = 14.405** **B = .368** **Sig. = .000***	**R^2 = .134** **F = 14.367** **B = .366** **Sig. = .000***
Motivation (c): Competitors' internationalization	**R^2 = .073** **F = 7.208** **B = .271** **Sig. = .009***	**R^2 = .053** **F = 5.173** **B = .231** **Sig. = .025***
Motivation (d): Participation in major know-how networks	**R^2 = .096** **F = 9.543** **B = .310** **Sig. = .003***	**R^2 = .164** **F = 17.845** **B = .405** **Sig. = .000***
Motivation (e): Reduction of production costs	**R^2 = .071** **F = 6.829** **B = .266** **Sig. = .011***	**R^2 = .082** **F = 8.169** **B = .287** **Sig. = .005***
Motivation (f): Access to quality labor force	**R^2 = .096** **F = 9.407** **B = .309** **Sig. = .003***	**R^2 = .146** **F = 15.368** **B = .382** **Sig. = .000***
Motivation (g): Fuller exploitation of company's competitive advantage	R^2 = .026 F = 2.395 B = .161 Sig. = .125	**R^2 = .075** **F = 7.427** **B = .275** **Sig. = .008***
Motivation (h): Elimination of barriers to export resulting from the trade negotiations	**R^2 = .061** **F = 5.802** **B = .247** **Sig. = .018***	**R^2 = .065** **F = 6.292** **B = .256** **Sig. = .014***
Motivation (i): Easier foreign government regulations	R^2 = .000 F = .018 B = .014 Sig. = .892	R^2 = .006 F = .511 B = .076 Sig. = .477
Motivation (j): Positive previous international experience	R^2 = .016 F = 1.499 B = .127 Sig. = .224	**R^2 = .056** **F = 5.464** **B = .237** **Sig. = .022***
Motivation (k): Opportunity to provide services on-line	**R^2 = .048** **F = 4.332** **B = -.219** **Sig. = .040***	R^2 = .004 F = .376 B = .066 Sig. = .541

* significant at the 0.05 level.

7.7.8 Complementary data analysis (proposition 7)

Linear regression

Dependent variable : Perception of the importance of geographical distance. R^2 = 0.409, F = 15.083 Sig (model): 0.000				
Independent variables	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Degree of on-line transmissibility	**.613**	**7.411**	**.000***	.991
Degree of confidentiality	**.197**	**2.372**	**.020***	.984

* significant at the 0.05 level.

7.7.9 Complementary data analysis (proposition 8)

Linear regression

Dependent variable : Motivation (k): Opportunity to provide services on-line. R^2 = 0.340, F = 8.155 Sig (model): 0.000				
Independent variables	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Degree of on-line transmissibility	**.169**	1.766	**.031***	.913
Degree of face-to-face contact	**-.451**	**-4.269**	**.000***	.747

* significant at the 0.05 level.

7.7.10 Complementary data analysis (proposition 9)

Linear regression

Dependent variable : Performance in internationalization. R^2 = 0.113, F = 2.087 Sig (model): 0.075				
Independent variables	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Degree of face-to-face contact	**-.295**	**-2.319**	**.023***	.667
Degree of tailor-made offer	**-.367**	**-2.521**	**.003***	.893

* significant at the 0.05 level.

7.7.11 Complementary data analysis (proposition 10)

Linear regression

Dependent variable : Performance in internationalization. R^2 = 0.168, F = 17.540 Sig (model): 0.000			
Independent variables	Standardized Coefficients (B)	T	Sig.
Size	**.410**	4.188	**.000***
Level of internationalization	**.432**	4.250	**.000***

* significant at the 0.01 level.

7.7.12 Complementary data analysis (proposition 11)

Linear regression

Dependent variable : Performance in internationalization. R^2 = 0.146, F = 2.674 Sig (model): 0.028				
Independent variable	Standardized Coefficients (B)	T	Sig.	Colinearity statistics
Establishment abroad	**.330**	**2.671**	**.009***	.715

* significant at the 0.05 level.

7.7.13 Complementary data analysis (proposition 12)

Tukey HSD

Dependent Variable	(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.
On-line transmissibility	a: Installation of computer hardware	b: Software implementation	**-1.08081***	**.23510**	**.000**
		c: Systems and software consulting	-.31944	.25416	.962
		d: Systems analysis	**-1.22222***	**.24657**	**.000**
		e: Systems design	-.19444	.23065	.998
		f: Programming	**-1.17172***	**.23510**	**.000**
		g: Systems maintenance	**-.84444***	**.24033**	**.018**
		h: data-processing and tabulation	**-1.54444***	**.26728**	**.000**
		i: Data base	**-1.24444***	**.24033**	**.000**
		j: Online support	**-1.55556***	**.24657**	**.000**
	b: Software implementation	a: Installation of computer hardware	**1.08081***	**.23510**	**.000**
		c: Systems and software consulting	.76136	.24305	.059

		d: Systems analysis	-.14141	.23510	1.000
		e: Systems design	**.88636***	**.21834**	**.003**
		f: Programming	-.09091	.22303	1.000
		g: Systems maintenance	.23636	.22854	.990
		h: data-processing and tabulation	-.46364	.25673	.731
		i: Data base	-.16364	.22854	.999
		j: Online support	-.47475	.23510	.586
	c: Systems and software consulting	a: Installation of computer hardware	.31944	.25416	.962
		b: Software implementation	-.76136	.24305	.059
		d: Systems analysis	**-.90278***	**.25416**	**.016**
		e: Systems design	.12500	.23874	1.000
		f: Programming	**-.85227***	**.24305**	**.019**
		g: Systems maintenance	-.52500	.24811	.518
		h: data-processing and tabulation	**-1.22500***	**.27430**	**.000**
		i: Data base	**-.92500***	**.24811**	**.009**
		j: Online support	**-1.23611***	**.25416**	**.000**
	d: Systems analysis	a: Installation of computer hardware	**1.22222***	**.24657**	**.000**
		b: Software implementation	.14141	.23510	1.000
		c: Systems and software consulting	**.90278***	**.25416**	**.016**
		e: Systems design	**1.02778***	**.23065**	**.001**
		f: Programming	.05051	.23510	1.000
		g: Systems maintenance	.37778	.24033	.861
		h: data-processing and tabulation	-.32222	.26728	.971
		i: Data base	-.02222	.24033	1.000
		j: Online support	-.33333	.24657	.940
	e: Systems design	a: Installation of computer hardware	.19444	.23065	.998
		b: Software implementation	**-.88636***	**.21834**	**.003**
		c: Systems and software consulting	-.12500	.23874	1.000
		d: Systems analysis	**-1.02778***	**.23065**	**.001**
		f: Programming	**-.97727***	**.21834**	**.000**
		g: Systems maintenance	-.65000	.22396	.110
		h: data-processing and tabulation	**-1.35000***	**.25266**	**.000**
		i: Data base	**-1.05000***	**.22396**	**.000**
		j: Online support	**-1.36111***	**.23065**	**.000**
	f: Programming	a: Installation of computer hardware	**1.17172***	**.23510**	**.000**
		b: Software implementation	.09091	.22303	1.000

		c: Systems and software consulting	**.85227***	**.24305**	**.019**
		d: Systems analysis	-.05051	.23510	1.000
		e: Systems design	**.97727***	**.21834**	**.000**
		g: Systems maintenance	.32727	.22854	.916
		h: data-processing and tabulation	-.37273	.25673	.909
		i: Data base	-.07273	.22854	1.000
		j: Online support	-.38384	.23510	.831
	g: Systems maintenance	a: Installation of computer hardware	**.84444***	**.24033**	**.018**
		b: Software implementation	-.23636	.22854	.990
		c: Systems and software consulting	.52500	.24811	.518
		d: Systems analysis	-.37778	.24033	.861
		e: Systems design	.65000	.22396	.110
		f: Programming	-.32727	.22854	.916
		h: data-processing and tabulation	-.70000	.26153	.188
		i: Data base	-.40000	.23392	.789
		j: Online support	-.71111	.24033	.095
	h: data-processing and tabulation	a: Installation of computer hardware	**1.54444***	**.26728**	**.000**
		b: Software implementation	.46364	.25673	.731
		c: Systems and software consulting	**1.22500***	**.27430**	**.000**
		d: Systems analysis	.32222	.26728	.971
		e: Systems design	**1.35000***	**.25266**	**.000**
		f: Programming	.37273	.25673	.909
		g: Systems maintenance	.70000	.26153	.188
		i: Data base	.30000	.26153	.979
		j: Online support	-.01111	.26728	1.000
	i: Data base	a: Installation of computer hardware	**1.24444***	**.24033**	**.000**
		b: Software implementation	.16364	.22854	.999
		c: Systems and software consulting	**.92500***	**.24811**	**.009**
		d: Systems analysis	.02222	.24033	1.000
		e: Systems design	**1.05000***	**.22396**	**.000**
		f: Programming	.07273	.22854	1.000
		g: Systems maintenance	.40000	.23392	.789
		h: data-processing and tabulation	-.30000	.26153	.979
		j: Online support	-.31111	.24033	.954

	j: Online support	a: Installation of computer hardware	**1.55556***	**.24657**	**.000**
		b: Software implementation	.47475	.23510	.586
		c: Systems and software consulting	**1.23611***	**.25416**	**.000**
		d: Systems analysis	.33333	.24657	.940
		e: Systems design	**1.36111***	**.23065**	**.000**
		f: Programming	.38384	.23510	.831
		g: Systems maintenance	.71111	.24033	.095
		h: data-processing and tabulation	.01111	.26728	1.000
		i: Data base	.31111	.24033	.954
Confidentiality	a: Installation of computer hardware	b: Software implementation	.00000	.30005	1.000
		c: Systems and software consulting	.11111	.30005	1.000
		d: Systems analysis	.10101	.28609	1.000
		e: Systems design	.73737	.28609	.234
		f: Programming	.22222	.30005	.999
		g: Systems maintenance	.44841	.29736	.888
		h: data-processing and tabulation	-.55556	.33547	.819
		i: Data base	-.14444	.29245	1.000
		j: Online support	.33333	.30005	.983
	b: Software implementation	a: Installation of computer hardware	.00000	.30005	1.000
		c: Systems and software consulting	.11111	.30005	1.000
		d: Systems analysis	.10101	.28609	1.000
		e: Systems design	.73737	.28609	.234
		f: Programming	.22222	.30005	.999
		g: Systems maintenance	.44841	.29736	.888
		h: data-processing and tabulation	-.55556	.33547	.819
		i: Data base	-.14444	.29245	1.000
		j: Online support	.33333	.30005	.983
	c: Systems and software consulting	a: Installation of computer hardware	-.11111	.30005	1.000
		b: Software implementation	-.11111	.30005	1.000
		d: Systems analysis	-.01010	.28609	1.000
		e: Systems design	.62626	.28609	.467
		f: Programming	.11111	.30005	1.000
		g: Systems maintenance	.33730	.29736	.981
		h: data-processing and tabulation	-.66667	.33547	.609
		i: Data base	-.25556	.29245	.997
		j: Online support	.22222	.30005	.999

	d: Systems analysis	a: Installation of computer hardware	-.10101	.28609	1.000
		b: Software implementation	-.10101	.28609	1.000
		c: Systems and software consulting	.01010	.28609	1.000
		e: Systems design	.63636	.27141	.364
		f: Programming	.12121	.28609	1.000
		g: Systems maintenance	.34740	.28326	.968
		h: data-processing and tabulation	-.65657	.32304	.577
		i: Data base	-.24545	.27811	.997
		j: Online support	.23232	.28609	.998
	e: Systems design	a: Installation of computer hardware	-.73737	.28609	.234
		b: Software implementation	-.73737	.28609	.234
		c: Systems and software consulting	-.62626	.28609	.467
		d: Systems analysis	-.63636	.27141	.364
		f: Programming	-.51515	.28609	.734
		g: Systems maintenance	-.28896	.28326	.991
		h: data-processing and tabulation	**-1.29293***	**.32304**	**.003**
		i: Data base	-.88182	.27811	.053
		j: Online support	-.40404	.28609	.923
	f: Programming	a: Installation of computer hardware	-.22222	.30005	.999
		b: Software implementation	-.22222	.30005	.999
		c: Systems and software consulting	-.11111	.30005	1.000
		d: Systems analysis	-.12121	.28609	1.000
		e: Systems design	.51515	.28609	.734
		g: Systems maintenance	.22619	.29736	.999
		h: data-processing and tabulation	-.77778	.33547	.381
		i: Data base	-.36667	.29245	.963
		j: Online support	.11111	.30005	1.000
	g: Systems maintenance	a: Installation of computer hardware	-.44841	.29736	.888
		b: Software implementation	-.44841	.29736	.888
		c: Systems and software consulting	-.33730	.29736	.981
		d: Systems analysis	-.34740	.28326	.968
		e: Systems design	.28896	.28326	.991
		f: Programming	-.22619	.29736	.999
		h: data-processing and tabulation	**-1.41111***	**.33029**	**.001**

		i: Data base	**-1.0000***	**.28604**	**.019**
		j: Online support	-.11508	.29736	1.000
	h: data-processing and tabulation	a: Installation of computer hardware	.55556	.33547	.819
		b: Software implementation	.55556	.33547	.819
		c: Systems and software consulting	.66667	.33547	.609
		d: Systems analysis	.65657	.32304	.577
		e: Systems design	**1.29293***	**.32304**	**.003**
		f: Programming	.77778	.33547	.381
		g: Systems maintenance	**1.41111***	**.33029**	**.001**
		i: Data base	.41111	.32869	.963
		j: Online support	.88889	.33547	.200
	i: Data base	a: Installation of computer hardware	.14444	.29245	1.000
		b: Software implementation	.14444	.29245	1.000
		c: Systems and software consulting	.25556	.29245	.997
		d: Systems analysis	.24545	.27811	.997
		e: Systems design	.88182	.27811	.053
		f: Programming	.36667	.29245	.963
		g: Systems maintenance	**1.0000***	**.28604**	**.019**
		h: data-processing and tabulation	-.41111	.32869	.963
		j: Online support	.47778	.29245	.830
	j: Online support	a: Installation of computer hardware	-.33333	.30005	.983
		b: Software implementation	-.33333	.30005	.983
		c: Systems and software consulting	-.22222	.30005	.999
		d: Systems analysis	-.23232	.28609	.998
		e: Systems design	.40404	.28609	.923
		f: Programming	-.11111	.30005	1.000
		g: Systems maintenance	.11508	.29736	1.000
		h: data-processing and tabulation	-.88889	.33547	.200
		i: Data base	-.47778	.29245	.830
Face-to-face contact	a: Installation of computer hardware	b: Software implementation	-.61562	.24027	.238
		c: Systems and software consulting	**-1.10278***	**.23730**	**.000**
		d: Systems analysis	-.71528	.24633	.107
		e: Systems design	-.41270	.24704	.812
		f: Programming	.07937	.24250	1.000
		g: Systems maintenance	.17384	.24776	1.000
		h: data-processing and tabulation	.30918	.31563	.993

		i: Data base	.39365	.28068	.926
		j: Online support	.83198	.27006	.066
	b: Software implementation	a: Installation of computer hardware	.61562	.24027	.238
		c: Systems and software consulting	-.48716	.19071	.242
		d: Systems analysis	-.09966	.20184	1.000
		e: Systems design	.20292	.20269	.992
		f: Programming	**.69498***	**.19714**	**.016**
		g: Systems maintenance	**.78945***	**.20357**	**.005**
		h: data-processing and tabulation	**.92479***	**.28227**	**.037**
		i: Data base	**1.00927***	**.24256**	**.002**
		j: Online support	**1.44759***	**.23020**	**.000**
	c: Systems and software consulting	a: Installation of computer hardware	**1.10278***	**.23730**	**.000**
		b: Software implementation	.48716	.19071	.242
		d: Systems analysis	.38750	.19829	.632
		e: Systems design	**.69008***	**.19917**	**.020**
		f: Programming	**1.18214***	**.19352**	**.000**
		g: Systems maintenance	**1.27661***	**.20006**	**.000**
		h: data-processing and tabulation	**1.41196***	**.27975**	**.000**
		i: Data base	**1.49643***	**.23963**	**.000**
		j: Online support	**1.93476***	**.22710**	**.000**
	d: Systems analysis	a: Installation of computer hardware	.71528	.24633	.107
		b: Software implementation	.09966	.20184	1.000
		c: Systems and software consulting	-.38750	.19829	.632
		e: Systems design	.30258	.20985	.913
		f: Programming	**.79464***	**.20449**	**.004**
		g: Systems maintenance	**.88911***	**.21070**	**.001**
		h: data-processing and tabulation	**1.02446***	**.28745**	**.014**
		i: Data base	**1.10893***	**.24857**	**.000**
		j: Online support	**1.54726***	**.23652**	**.000**
	e: Systems design	a: Installation of computer hardware	.41270	.24704	.812
		b: Software implementation	-.20292	.20269	.992
		c: Systems and software consulting	**-.69008***	**.19917**	**.020**
		d: Systems analysis	-.30258	.20985	.913
		f: Programming	.49206	.20534	.330
		g: Systems maintenance	.58653	.21152	.148
		h: data-processing and	.72188	.28806	.267

		tabulation			
		i: Data base	**.80635***	**.24927**	**.042**
		j: Online support	**1.24468***	**.23726**	**.000**
	f: Programming	a: Installation of computer hardware	-.07937	.24250	1.000
		b: Software implementation	**-.69498***	**.19714**	**.016**
		c: Systems and software consulting	**-1.18214***	**.19352**	**.000**
		d: Systems analysis	**-.79464***	**.20449**	**.004**
		e: Systems design	-.49206	.20534	.330
		g: Systems maintenance	.09447	.20621	1.000
		h: data-processing and tabulation	.22981	.28418	.998
		i: Data base	.31429	.24478	.957
		j: Online support	**.75261***	**.23253**	**.042**
	g: Systems maintenance	a: Installation of computer hardware	-.17384	.24776	1.000
		b: Software implementation	**-.78945***	**.20357**	**.005**
		c: Systems and software consulting	**-1.27661***	**.20006**	**.000**
		d: Systems analysis	**-.88911***	**.21070**	**.001**
		e: Systems design	-.58653	.21152	.148
		f: Programming	-.09447	.20621	1.000
		h: data-processing and tabulation	.13534	.28868	1.000
		i: Data base	.21982	.24999	.997
		j: Online support	.65814	.23801	.151
	h: data-processing and tabulation	a: Installation of computer hardware	-.30918	.31563	.993
		b: Software implementation	**-.92479***	**.28227**	**.037**
		c: Systems and software consulting	**-1.41196***	**.27975**	**.000**
		d: Systems analysis	**-1.02446***	**.28745**	**.014**
		e: Systems design	-.72188	.28806	.267
		f: Programming	-.22981	.28418	.998
		g: Systems maintenance	-.13534	.28868	1.000
		i: Data base	.08447	.31738	1.000
		j: Online support	.52280	.30803	.797
	i: Data base	a: Installation of computer hardware	-.39365	.28068	.926
		b: Software implementation	**-1.00927***	**.24256**	**.002**
		c: Systems and software consulting	**-1.49643***	**.23963**	**.000**
		d: Systems analysis	**-1.10893***	**.24857**	**.000**
		e: Systems design	**-.80635***	**.24927**	**.042**

		f: Programming	-.31429	.24478	.957
		g: Systems maintenance	-.21982	.24999	.997
		h: data-processing and tabulation	-.08447	.31738	1.000
		j: Online support	.43833	.27211	.843
	j: Online support	a: Installation of computer hardware	-.83198	.27006	.066
		b: Software implementation	**-1.44759***	**.23020**	**.000**
		c: Systems and software consulting	**-1.93476***	**.22710**	**.000**
		d: Systems analysis	**-1.54726***	**.23652**	**.000**
		e: Systems design	**-1.24468***	**.23726**	**.000**
		f: Programming	**-.75261***	**.23253**	**.042**
		g: Systems maintenance	-.65814	.23801	.151
		h: data-processing and tabulation	-.52280	.30803	.797
		i: Data base	-.43833	.27211	.843
Interactivity	a: Installation of computer hardware	b: Software implementation	-.30435	.26562	.979
		c: Systems and software consulting	-.73244	.26047	.136
		d: Systems analysis	-.52560	.26661	.620
		e: Systems design	-.45652	.26562	.784
		f: Programming	-.26087	.26562	.993
		g: Systems maintenance	-.12560	.27765	1.000
		h: data-processing and tabulation	.24041	.33268	.999
		i: Data base	-.06211	.29270	1.000
		j: Online support	-.31079	.29514	.989
	b: Software implementation	a: Installation of computer hardware	.30435	.26562	.979
		c: Systems and software consulting	-.42809	.21053	.576
		d: Systems analysis	-.22126	.21808	.991
		e: Systems design	-.15217	.21688	.999
		f: Programming	.04348	.21688	1.000
		g: Systems maintenance	.17874	.23145	.999
		h: data-processing and tabulation	.54476	.29522	.706
		i: Data base	.24224	.24931	.994
		j: Online support	-.00644	.25217	1.000
	c: Systems and software consulting	a: Installation of computer hardware	.73244	.26047	.136
		b: Software implementation	.42809	.21053	.576
		d: Systems analysis	.20684	.21177	.993
		e: Systems design	.27592	.21053	.951

		f: Programming	.47157	.21053	.431
		g: Systems maintenance	.60684	.22551	.181
		h: data-processing and tabulation	**.97285***	**.29059**	**.030**
		i: Data base	.67033	.24381	.158
		j: Online support	.42165	.24673	.790
	d: Systems analysis	a: Installation of computer hardware	.52560	.26661	.620
		b: Software implementation	.22126	.21808	.991
		c: Systems and software consulting	-.20684	.21177	.993
		e: Systems design	.06908	.21808	1.000
		f: Programming	.26473	.21808	.970
		g: Systems maintenance	.40000	.23258	.784
		h: data-processing and tabulation	.76601	.29611	.228
		i: Data base	.46349	.25036	.702
		j: Online support	.21481	.25320	.998
	e: Systems design	a: Installation of computer hardware	.45652	.26562	.784
		b: Software implementation	.15217	.21688	.999
		c: Systems and software consulting	-.27592	.21053	.951
		d: Systems analysis	-.06908	.21808	1.000
		f: Programming	.19565	.21688	.996
		g: Systems maintenance	.33092	.23145	.917
		h: data-processing and tabulation	.69693	.29522	.353
		i: Data base	.39441	.24931	.856
		j: Online support	.14573	.25217	1.000
	f: Programming	a: Installation of computer hardware	.26087	.26562	.993
		b: Software implementation	-.04348	.21688	1.000
		c: Systems and software consulting	-.47157	.21053	.431
		d: Systems analysis	-.26473	.21808	.970
		e: Systems design	-.19565	.21688	.996
		g: Systems maintenance	.13527	.23145	1.000
		h: data-processing and tabulation	.50128	.29522	.796
		i: Data base	.19876	.24931	.999
		j: Online support	-.04992	.25217	1.000
	g: Systems maintenance	a: Installation of computer hardware	.12560	.27765	1.000
		b: Software implementation	-.17874	.23145	.999
		c: Systems and software consulting	-.60684	.22551	.181
		d: Systems analysis	-.40000	.23258	.784
		e: Systems design	-.33092	.23145	.917

		f: Programming	-.13527	.23145	1.000
		h: data-processing and tabulation	.36601	.30609	.973
		i: Data base	.06349	.26209	1.000
		j: Online support	-.18519	.26480	1.000
	h: data-processing and tabulation	a: Installation of computer hardware	-.24041	.33268	.999
		b: Software implementation	-.54476	.29522	.706
		c: Systems and software consulting	**-.97285***	**.29059**	**.030**
		d: Systems analysis	-.76601	.29611	.228
		e: Systems design	-.69693	.29522	.353
		f: Programming	-.50128	.29522	.796
		g: Systems maintenance	-.36601	.30609	.973
		i: Data base	-.30252	.31982	.995
		j: Online support	-.55120	.32204	.788
	i: Data base	a: Installation of computer hardware	.06211	.29270	1.000
		b: Software implementation	-.24224	.24931	.994
		c: Systems and software consulting	-.67033	.24381	.158
		d: Systems analysis	-.46349	.25036	.702
		e: Systems design	-.39441	.24931	.856
		f: Programming	-.19876	.24931	.999
		g: Systems maintenance	-.06349	.26209	1.000
		h: data-processing and tabulation	.30252	.31982	.995
		j: Online support	-.24868	.28055	.997
	j: Online support	a: Installation of computer hardware	.31079	.29514	.989
		b: Software implementation	.00644	.25217	1.000
		c: Systems and software consulting	-.42165	.24673	.790
		d: Systems analysis	-.21481	.25320	.998
		e: Systems design	-.14573	.25217	1.000
		f: Programming	.04992	.25217	1.000
		g: Systems maintenance	.18519	.26480	1.000
		h: data-processing and tabulation	.55120	.32204	.788
		i: Data base	.24868	.28055	.997
Tailor-made offer	a: Installation of computer hardware	b: Software implementation	-.69745	.24983	.142
		c: Systems and software consulting	**-1.03056***	**.24674**	**.001**
		d: Systems analysis	**-1.02431***	**.25614**	**.003**

		e: Systems design	**-1.00868***	**.25614**	**.004**
		f: Programming	**-.86894***	**.25155**	**.021**
		g: Systems maintenance	-.08522	.26001	1.000
		h: data-processing and tabulation	-.26556	.32008	.998
		i: Data base	-.18791	.29402	1.000
		j: Online support	-.40312	.28081	.916
	b: Software implementation	a: Installation of computer hardware	.69745	.24983	.142
		c: Systems and software consulting	-.33311	.19830	.807
		d: Systems analysis	-.32686	.20987	.868
		e: Systems design	-.31123	.20987	.899
		f: Programming	-.17149	.20425	.998
		g: Systems maintenance	.61223	.21458	.122
		h: data-processing and tabulation	.43189	.28441	.884
		i: Data base	.50954	.25472	.599
		j: Online support	.29433	.23936	.967
	c: Systems and software consulting	a: Installation of computer hardware	**1.03056***	**.24674**	**.001**
		b: Software implementation	.33311	.19830	.807
		d: Systems analysis	.00625	.20619	1.000
		e: Systems design	.02188	.20619	1.000
		f: Programming	.16162	.20046	.998
		g: Systems maintenance	**.94534***	**.21098**	**.000**
		h: data-processing and tabulation	.76500	.28170	.170
		i: Data base	**.84265***	**.25170**	**.030**
		j: Online support	.62744	.23614	.194
	d: Systems analysis	a: Installation of computer hardware	**1.02431***	**.25614**	**.003**
		b: Software implementation	.32686	.20987	.868
		c: Systems and software consulting	-.00625	.20619	1.000
		e: Systems design	.01563	.21734	1.000
		f: Programming	.15537	.21191	.999
		g: Systems maintenance	**.93909***	**.22190**	**.001**
		h: data-processing and tabulation	.75875	.28997	.212
		i: Data base	**.83640***	**.26091**	**.046**
		j: Online support	.62119	.24594	.257
	e: Systems design	a: Installation of computer hardware	**1.00868***	**.25614**	**.004**
		b: Software implementation	.31123	.20987	.899
		c: Systems and software	-.02188	.20619	1.000

		consulting			
		d: Systems analysis	-.01563	.21734	1.000
		f: Programming	.13974	.21191	1.000
		g: Systems maintenance	**.92346***	**.22190**	**.002**
		h: data-processing and tabulation	.74313	.28997	.238
		i: Data base	.82077	.26091	.055
		j: Online support	.60556	.24594	.292
	f: Programming	a: Installation of computer hardware	**.86894***	**.25155**	**.021**
		b: Software implementation	.17149	.20425	.998
		c: Systems and software consulting	-.16162	.20046	.998
		d: Systems analysis	-.15537	.21191	.999
		e: Systems design	-.13974	.21191	1.000
		g: Systems maintenance	**.78372***	**.21659**	**.012**
		h: data-processing and tabulation	.60338	.28592	.521
		i: Data base	.68103	.25641	.195
		j: Online support	.46582	.24116	.647
	g: Systems maintenance	a: Installation of computer hardware	.08522	.26001	1.000
		b: Software implementation	-.61223	.21458	.122
		c: Systems and software consulting	**-.94534***	**.21098**	**.000**
		d: Systems analysis	**-.93909***	**.22190**	**.001**
		e: Systems design	**-.92346***	**.22190**	**.002**
		f: Programming	**-.78372***	**.21659**	**.012**
		h: data-processing and tabulation	-.18034	.29340	1.000
		i: Data base	-.10269	.26472	1.000
		j: Online support	-.31790	.24997	.960
	h: data-processing and tabulation	a: Installation of computer hardware	.26556	.32008	.998
		b: Software implementation	-.43189	.28441	.884
		c: Systems and software consulting	-.76500	.28170	.170
		d: Systems analysis	-.75875	.28997	.212
		e: Systems design	-.74313	.28997	.238
		f: Programming	-.60338	.28592	.521
		g: Systems maintenance	.18034	.29340	1.000
		i: Data base	.07765	.32391	1.000
		j: Online support	-.13756	.31198	1.000
	i: Data base	a: Installation of computer hardware	.18791	.29402	1.000
		b: Software implementation	-.50954	.25472	.599

	c: Systems and software consulting	**-.84265***	**.25170**	**.030**
	d: Systems analysis	**-.83640***	**.26091**	**.046**
	e: Systems design	-.82077	.26091	.055
	f: Programming	-.68103	.25641	.195
	g: Systems maintenance	.10269	.26472	1.000
	h: data-processing and tabulation	-.07765	.32391	1.000
	j: Online support	-.21521	.28518	.999
j: Online support	a: Installation of computer hardware	.40312	.28081	.916
	b: Software implementation	-.29433	.23936	.967
	c: Systems and software consulting	-.62744	.23614	.194
	d: Systems analysis	-.62119	.24594	.257
	e: Systems design	-.60556	.24594	.292
	f: Programming	-.46582	.24116	.647
	g: Systems maintenance	.31790	.24997	.960
	h: data-processing and tabulation	.13756	.31198	1.000
	i: Data base	.21521	.28518	.999

* The mean difference is significant at the .05 level.