

CULTURAL INFLUENCES ON ENTRY MODE CHOICE IN INTERNATIONAL BUSINESS: AN ASSESSMENT AND REVIEW

ABSTRACT

The aim of this paper is to provide a reflection on how academic production in International business has approached culture and its influences on entry mode choice. This paper provides: a theoretical basis for systematically interrelating the literature into four propositions: propositions about both horizontal and vertical joint ventures and different levels of profitability in an industry; the relationship between perceived cultural distance for joint venture or wholly owned subsidiaries, and finally, the role of trust and inward FDI and uncertainty avoidance. The cultural factors and investments risks and cultural factors and trust relationships on entry mode choice literature are reviewed in the context of such propositions, and it is possible to identify, depending on the level of cultural distance, that it certainly affects the relationship between countries in the process of deciding for an entry mode. The level of trust plays an important role when the MNE is looking for local partners, aiming to cease any possibility of investment risks.

Keywords: Cultural Influences, Entry Mode Choice, Trust.

INFLUÊNCIAS CULTURAIS NA ESCOLHA DO MODO DE ENTRADA EM NEGÓCIOS INTERNACIONAIS: ACESSO E REVISÃO

RESUMO

O objetivo deste trabalho é proporcionar uma reflexão de como a produção acadêmica em negócios internacionais tem abordado a cultura e suas influências sobre a escolha do modo de entrada. Este artigo fornece: uma base teórica para inter-relacionar sistematicamente a literatura em quatro proposições: proposições sobre *joint ventures* horizontais e verticais e diferentes níveis de rentabilidade em um setor; a relação entre a distância cultural percebida para *joint ventures* ou subsidiárias integrais, e, finalmente, o papel da confiança, investimento estrangeiro direto e aversão à incerteza. Os fatores culturais e riscos de investimentos assim como as relações de confiança sobre literatura de escolha do modo de entrada é revista no contexto dessas proposições, e é possível identificar, dependendo do nível de distância cultural, que afeta a relação entre os países no processo de decidir por um modo de entrada. A confiança desempenha um papel importante quando a MNE está à procura de parceiros locais, com o objetivo de interromper qualquer possibilidade de riscos de investimento.

Palavras-chave: Influências Culturais, Escolha Do Modo De Entrada, Confiança.

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1 INTRODUCTION

The aim of this article is to provide a reflection on how academic production has approached culture and its influences on entry mode choice in foreign markets. The structure of the present discussion is grounded on the article proposing a scope of analysis of tendencies in research on theory of agency, developed by Eisenhardt (1989), in which she suggests a set of propositions indicating the status of studies, that is, the way different authors discuss such theory. The propositions are formulated by the predominant hypotheses in the publishing regarding this particular topic, and those are highlights for trends in approaches, as well as they infer the common directions adopted by the literature concerning that specific subject.

This text essentially brings out a qualitative research in the field of international business, drawing two dimensions of approach of culture when associated to entry mode choice. One is set in its bounds with investment risks, what leads to an entry decision aiming minimizing the impact of such problem. The other implies the interference of trust along with culture in the process of expanding the firm's operations abroad.

According to Marschan-Piekkari and Welch (2004), qualitative research has always been present in the studies regarding international business arena. One of the examples of this is outlined by the authors, which is the own Uppsala model (Johanson & Vahlne, 1977) predominantly built up in a range of techniques including qualitative methods, as part of the generation of a theory and presentations of new insights. Nevertheless, the qualitative research still inspires a certain stigma in terms of providing a serious and committed view on a given topic or subject. However, despite this hard process to infer the deserved recognition, the literature in international business has actually recurred to qualitative methods when analyzing issues of core concern in this field of knowledge. The arguments in favor of qualitative research are grounded on the fact that international business still needs a theory-generating research than testing (Osland & Osland, 2001). Another justification is the holistic approach to the observation of a phenomenon in its context, as emphasized by D'Iribarne (1996-97). And last but not least, as remarked by Buckley and Chapman (1996), qualitative research does not keep the usual "observable behavior" (the "what") and looks for the understanding of the undergoing and underlying action (the "why" and "how").

For the discussion presented here, a search in the electronic databases ISI Web of Science and UMI-ProQuest was carried out, and the articles were obtained by inserting the expressions "cultural

aspects" and "entry mode choice" as search procedures. This resulted in the sample of 216 articles, published from 1988 to 2015. Initially, it calls the attention the increase of the interest by scholars in analyzing the relationship of culture with international entry mode from the year 2000 on. This fact can be seen in the sample obtained for this article: there are 26 publishings from 1988 to 1999 and 190 articles from 2000 to 2015. The significant rise on academic production after 2000, in the topic of culture and its relations in international business area, can be explained by globalization context, in which there is also an interest for multinational companies expanding their operations to emerging markets, like China and India, as well as there is a phenomenon of rise of merges and acquisitions (M&A) of companies all over the world. Leung, Buchan, Erez & Gibson (2005) provides a state-of-the-art review of several innovative advances in culture and IB to stimulate new avenues for future research. The paper reviews the issues surrounding cultural convergence and divergence, and the processes underlying cultural changes. Examine novel constructs for characterizing cultures, and how to enhance the precision of cultural models by pinpointing when cultural effects are important.

After reading all the selected articles, they were classified by the main association with the idea of culture, that is, the decision for entry mode involved not only the cultural aspects but also counted with other factors. The motivation this aspects relying on the idea that culture itself is not the only aspect that interferes in the way an enterprise enters in a certain market, i.e., the cultural aspects are seen along with investments risks on entry mode or they actually are related to trust relationships on entering in a given foreign country. Having these two prevailing trends in the approach of the relationship between cultural aspects and entry mode choice, the discussion is displayed in two sections: the first regards the analysis of articles concentrated on the topic of cultural factors and investment risks on the decision making for a particular entry mode; the second relates to the cultural factors and trust relationships on entering foreign markets.

The procedure adopted for this analysis relies essentially on the approach of selected articles presented in each section in chronologic order. In the course of the reflection on the main aspects focused by the articles, some propositions are displayed, which were inspired from a set of hypotheses somehow more than once proposed by different authors in the publications.

2 CULTURAL FACTORS AND INVESTMENT RISKS ON ENTRY MODE CHOICE

Kogut and Singh (1988) elaborate a study specifically focused on the possible effects of national culture on entry mode choice, by analyzing data on 228 entries into the USA market by acquisition, wholly owned subsidiaries (WOS) and joint venture. In the beginning of the discussion, two objectives are displayed: one is related to entry mode choice shown in patterns of both country and industry; the other objective referring to predominant influential factors on choice between joint ventures, wholly owned investments and acquisitions. The article shows the results of the study mainly the cultural features of countries specifically towards uncertainty upon the decision of entry into USA market, which is grounded on investment perspectives as well. There are strong differences among the decisions of entry mode. Countries/regions like Japan, Scandinavia and France tend to decide for joint ventures. Although Japanese acquisitions are not usual, Japanese firms have significant proportion of the wholly owned investments. This behavior of Japanese firms in terms of preference for joint ventures is also discussed by Bartlett & Ghoshal (1999). Despite the mentioned countries decided for joint ventures, 111 of the 141 entries performed by United Kingdom are acquisitions.

In the discussion proposed by Schroath (1988), devoted to the analysis of the property and liability insurance industry in the relationship of mode of foreign market entry, it is argued that there is a dilemma in terms of the choice of entry mode in international marketing. The study focuses on the techniques adopted by primary property and liability insurers to enter foreign markets having two methodologies: structured interviews and questionnaire survey. As for results, 21 interviews were obtained and the survey consists of responses from 271 companies operating in 47 countries, and 216 foreign market entries were performed.

In the beginning of the article of Schroath (1988), it is stated that the multinational firms are able to choose from a considerable variety of both techniques and methods to get into foreign markets. Specifically on the results of the structured interviews and questionnaire survey, the article mentions that the interviews were carried out with 21 executives, who accepted to take part in the interviews. They were from three companies of United Kingdom, two enterprises of continental Europe and five others located in USA.

The answers of such interviews were the basis for the elaboration of a survey questionnaire sent to 423 companies in 63 countries. This procedure came up with 271 responses were gotten from 47 countries. From data collected from those

questionnaires 80 companies reported entering foreign markets. Regarding the interview results, it was predominant that most companies preferred joint venture where they could retain control or majority ownership. However, most interviewees declared finding hard to get to the right partners.

Benito and Gripsrud (1992) investigate the relationship between expansion of foreign direct investments (FDI) taking into consideration the aspects involving cultural distance. Two hypotheses are made from the internationalization context referring to locations of FDIs. The data is from Norwegian manufacturing companies and cultural distance is evaluated having as parameters the index proposed by Kogut and Singh (1988).

Kim and Hwang (1992) discuss the influence of cultural factors on entry mode decision, which in this context is associated to investments, specifically transaction costs. It is particularly emphasized the importance of global strategy on the way a given multinational company (MNC) would make a decision on operations abroad. The research results from a survey, with a questionnaire distributed to 629 US-based multinationals listed in *The International Directory of Corporate Affiliations 1987/1988* (IDCA), from those 137 were responded, consisting of 22% of the sample. In the considerations about the results, Kim and Hwang (1992) state that there were six variables related to exert influence on entry mode choice, three of them regarding strategy, two involving environmental aspects and one about transaction costs.

Shane (1992) also devotes the attention to the relationship between cultural aspects and investments, specifically the effect of cultural differences in perceptions of transaction costs. Having as framework the theory of power distance index, proposed by Hofstede (1980), it is argued that cultural differences in perceptions of transaction costs consist of a process of level of trust in a society. The study tests this argument with data from United States Commerce Department's Benchmark Survey (1985), specially the operations of US multinational corporations in 1977 and 1982.

Andersen (1993) evaluates two types of modes referring to individual firm's internationalization process. The article presents an inquiry based on two ways of analyzing the process of a firm's internationalization, i.e., the Uppsala Internationalization Model and the Innovation-related internationalization one. In evaluating the two types of models, Andersen (1993) compares the strengths and weaknesses in terms of behavioral approach.

Armstrong and Sweeney (1994) establish the differences in ethic, by comparing perceptions of Australian and Hong Kong managers. Such sort of perceptions measured relates to the kinds of industries, cultures and modes of entry in

international markets. Specifically on cultural differences, regarding a comparison between western and eastern cultures, it is presented in the article the mention to Tse, Lee, Vertinsky and Wehrung (1988), in which it is said that the distinction between both Chinese and North American cultures resides in the perspective of a collective orientation of the Chinese and the individualistic orientation of the North Americans. Such glimpse on specific differences between cultures is also deeply referred by Hofstede (1980).

Nitsch, Beamish and Makino (1996) concentrate their discussion on the relationship between entry mode and performance of Japanese subsidiaries in Europe. The article presents the situation of the ownership based entry modes of 173 Japanese subsidiaries.

Barkema and Vermeulen (1997) also evaluate the risks in the process of entry mode decision making, mainly the link between cultural backgrounds and option for successful international joint ventures. The study presents the results of a research carried out in data from 828 entries of Dutch multinationals from 1966 to 1994. The aim of the study resides in providing which differences in local culture are most disruptive of international joint ventures. The research is theoretically based on the studies on cultural dimensions elaborated by Hofstede (1980) and one of the conclusions of the study proves that the increase of uncertainty due to cultural aspect interferes in long-term orientation.

In a similar direction is the article elaborated by Gómez-Mejía and Palich (1997) in which it is reinforced the role of cultural diversity on the performance of MNCs. The central hypothesis of the study relies on the statement that a firm performance is deeply affected if cultural diversity is not related.

Hennart and Larimo (1998) also reflect on the impact of culture on a given strategy of a multinational company. There is a comparison between the entries in USA partially or WOS, conducted by Japanese and Finnish companies, which have differences in terms of culture when compared to the North American context.

Buckley and Casson (1998) develop an analysis concentrated on entry decision between acquisition and greenfield investment. The article displays the approach to opt for the possible market entry strategies, in a way to enable the identification of the most adequate strategy aiming at profitability. The dimensions of the strategy were defined having as parameters: production location, property on production or distribution, ownership through greenfield investment or acquisition. The results of the study reveal main differences between Japanese and Finnish samples. Finnish companies were inclined to decide for WOS, while Japanese ones opted for acquisitions.

Zhang, Zhang and Liu (2007), in a paper devoted to the approach of entry mode choice based on FDI in emerging countries, sustain that knowledge about market plays an important role in the economies of such kind of countries. Differently from previous papers that focused predominantly FDI in developed countries, the referred study pays attention to sequential pays FDI in countries like China.

Tong and Reur (2010) provide an overview on recent international business research on international joint ventures and focuses on how enterprises use such ventures in benefit for knowledge and ways of enhancing competitiveness. The article provides a full discussion on joint venture's performance in markets and establishes a difference between horizontal and non-horizontal/vertical joint ventures. Horizontal joint ventures imply a situation in which the partners will actually decide on prices and outputs in markets the firms operate. In such context, the parent companies can elaborate a joint venture agreement on a way it can have control on the joint venture's most important decisions. On the other hand, vertical/non-horizontal joint ventures tend to be more competitive because such ventures bring in new entrants. In the analysis concerning theory and description of both horizontal and vertical joint ventures, two hypotheses are offered, enabling the elaboration of the following propositions:

Proposition 1: The higher levels of profitability in an industry are directly related to the greater intensity of horizontal joint ventures;

Proposition 2: The lower levels of profitability in an industry are strongly related to greater intensity of non-horizontal joint ventures.

The results of the study reveal that horizontal joint ventures tend to increase industry profitability. Other kinds of joint venture can contribute to industry competitiveness although they tend to reduce industry profitability.

In another article dedicated to the analysis of influences of entry mode choices on the performance of the firms, Ulrich, Boyd and Hollensen (2012) develop a study from results obtained from 170 Danish small and medium enterprises (SME). According to the results of the study, the most significant factor related to entry modes was financial profitability. In order to succeed, the companies evaluate how the entry mode can affect performance and the importance in selecting the proper partners in joint ventures, so as not to fail the financial turnover.

Zaheer, Schomaker and Nachum (2012) reinforce the role of distance in entry mode divisions

as having intrinsic value on the way the own characteristics of the firm can moderate the effects of distance.

López-Duarte and Vidal-Suárez (2010) state that a great deal of studies focused on decision making between joint ventures and WOS tend to approach the topic of cultural distance in an isolated way. In this sense, their study carries on an analysis of factors regarding diversity of countries often associated with cultural distance. The contribution of the referred study relies on the actual influence of geographical distance and aspects related to language and economic development. As a matter of fact the article reinforces interaction between cultural distance and political risk.

Yildiz (2013) reflects on the performance implications of the firms in their process of internationalization by licensing, joint venture and WOS. Essentially the article presents a discussion on the effective strategic choices made by firms that actually guarantee their success in international context and the debate is guided by four premises such as:

- firms have different reasons along the internationalization process;
- depending on the reason of the firm its involvement in the process also varies, affecting the foreign operations as a whole;
- in the internationalization process the entry mode establishes several decisions in order to reduce risks and analyze the control process;
- because there are differences in the way firms entry foreign markets, there are impacts on the quality of performance in foreign markets.

In the set of the studies conducted by different authors and published in distinct time contexts, it is possible to infer the following proposition:

Proposition 3: In countries where is perceived cultural distance, the more likely a firm will decide for a joint venture or WOS over acquisition.

In order to provide an overview of the assumption made by different authors in somehow relating cultural aspects to entry mode choice, Annex 1 presents a set of studies published after 2000, in which authors have distinct procedures in terms of samples and analysis unit (corporations, subsidiaries, questionnaires, industries, acquisitions, joint ventures, WOS, managers), use of statistic models, variables that lead to research findings often relating cultural aspects and risk of investments in

the process of decision for a certain entry mode in foreign markets.

3 CULTURAL FACTORS AND TRUST RELATIONSHIPS ON ENTRY MODE CHOICE

Erramilli and Rao (1990) reinforce the role of knowledge in the process of decision making of service firms for an entry mode. In the beginning of the discussion, it is stated that firms do decide their entries abroad by using different entry modes and this decision. It is emphasized that such firms can get into foreign markets by exportation process (both direct and indirect), licensing and franchising contractual ways and FDI. However, the decision of entry implies above all having knowledge of the market before making the final decision. The article presents the argument that it is important to take into consideration the Level of Involvement (LI) as a construct to evaluate the degree of participation or involvement of a given firm.

O'Grady and Lane (1996) contribute with a significant debate on how psychic distance configures as more complex than the own theory reveals. According to the specific studies on psychic distance, generally psychically close countries are understood better than the distant ones; nevertheless some operations in close countries are not successful exactly because executives fail in detecting critical differences in such close countries. When such situation happens, there is a psychic distance paradox, the main focus of this study.

Brouthers (2002) elaborates a study analyzing the criteria for foreign market entry mode choice and firm performance according to the results of a research carried out in a sample of European Union firms. He aims to determine which factors prevail on entry mode choice: institutional, cultural or factors related to transaction costs theories. Specifically on what relies on cultural context variables, Brouthers and Brouthers (2001) state that it is necessary to add expanded models related to transaction cost entry mode once they might influence both managerial cost and uncertainty evaluations in the target markets.

Bhardwaj, Dietz and Beamish (2007) dedicate their study on how the host country culture actually influence the choice for an entry mode by firms, mainly emphasizing that the foreign enterprises decide to invest in countries where the levels of trust are high. It is basically argued that there is a strong relationship between trust and FDI. One of the hypotheses refers to the condition in which the attempt in avoiding uncertainty moderates the linkage between host country degree of trust and levels of FDI. The more uncertainty avoidance increases, the weaker FDI becomes. The research is

carried out in a sample of 43 nations support the hypothesis of relationship between level of trust and FDI.

Björkman, Stahl and Vaara (2007) recover the concept of cultural distance approached in terms of problems involving risks related to the contact established between different cultures mainly inside organizations. The research of Kogut and Singh (1988) is also adopted as an example of the mention to Hofstede's cultural dimensions (Hofstede, 1980) of national cultures. However, Björkman et al. (2007) sustain that there has been inconsistent results in studies using cultural distance as an independent variable, due to the properties of distance construct, often undertaken as a composite of other variables, such as, political economic or even institutional ones.

Morschett, Schramm-Klein and Swoboda (2008) reflect about the entry modes for manufacturer's after-sales service, especially on the influence of the aspects like transaction costs, determinants specific for firm and country-host as well. Their study suggests that country-specific variables have an effective influence on the entry mode decision. The justifications for such argument is reasoned on risks regarding the country, demand fluctuations and possibility of getting to suitable service partners, what explains the choice of cooperative entry mode. Once there is culture distance from host country, there is the necessity for integrative modes. The discussion proposed by Morschett et al. (2008) concentrates on entry modes with effective presence in international market. For such investigation, the study describes the results of 80 manufacturing companies with after-sales service in international markets.

The importance of after-sales service is explained for its constant practice, once even in exportation for material goods, it is necessary to provide after-sales services in the foreign market. In the case of services, differently from what occur to material goods, they are hard to fit on standards, due to the fact they are provided by people. As an example of this, it is worth to mention the repairing of all sorts of damage to machinery or training employees. In such cases, if customers do not provide good evaluation of services, there is an increase of risk. From a manufacturer's point of view, it is fundamental to guarantee effective relationship with outsourcing partners, in order to provide good service quality.

Concerning variables related to country risks, the study proposed by Morschett et al. (2008) reinforces that problems like political instability, variations in economy and currency fluctuations do actually increase the perception of risks. When there is considerable level of country risk, enterprises are propelled to reduce such risk by dropping the level of investments.

Specifically regarding cultural aspects, Morschett et al. (2008) reflect on cultural distance in terms of the way it might impact coordination costs when cooperating with a local partner. In the final part of the article, the authors state that entry mode decision is actually influenced by country-specific variables. When there is a high country risk, there is a preference for cooperative entry modes. The study also confirms that there is a strong relationship with entry mode choice and availability of service partners in the foreign markets.

Sarala and Vaara (2010) dedicate their study to analyze how cultural factors affect knowledge transfer in international acquisitions. The purpose of the article is to verify how national and organizational cultural differences have impact on knowledge transfer and this can have either positive or negative effects.

Griffith, Kiessling and Dabic (2012) examine the relationship between the conditions of a given local market and strategic orientation, in terms of understanding how this orientation might exert influence on knowledge management of subsidiaries of multinational companies. The results of such study reveal that the strategic orientation is responsible for greater knowledge capabilities.

According to the positions assumed by different authors suggesting a relationship between cultural aspects and trust relationships on entry mode choice, it is possible to get the following proposition:

Proposition 4: If uncertainty avoidance increases, lower becomes the relationship between trust and inward FDI.

4 CONCLUSIONS

This study was basically grounded on a qualitative approach on the academic production on the topics "cultural aspects" and "entry mode choice", predominant in the sample gathered for this research work, in articles published from 1988 to 2015.

As it could be observed in the set of studies analyzed here, although in diverse contexts of analysis by different authors, cultural distance, for example, was positively related to entry mode decision, level of foreign diversification, as well as MNE performance. There is also strong negative relationship between environmental uncertainty and cultural aspects as well, and such uncertainty is often related to complementary aspects, such as, country risk or high level of institutional restrictions by the host country. The MNEs might show hesitation in increasing risk levels and tend to look for markets with familiar cultures. As an example of hesitation by MNE could be a situation in which the MNE makes a decision for joint venture as a primary mode

of entry, what enables a firm to restrict its risk in terms of exposure in a considered culturally distant country.

One important remark regarding the contribution of this study should be outlined: along with the relationship between cultural aspects and investment risks on entry mode decision, there is the role of trust in the process of companies articulating the way they will decide for entering foreign markets.

As it was possible to identify along the discussion proposed here, depending on the level of cultural distance, it certainly affects the relationship between countries in the process of deciding for an entry mode. Besides, characteristics of the MNE in the home country do interfere and affect strategic choice as well as the relationships with the target markets.

In terms of level of trust, this particular aspect plays an important role when the MNE is looking for local partners, aiming to cease any possibility of investment risks. The idea of trust is also prevailing when the firm needs to protect its core competences and this propel to a more defined alliance strategy.

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Annex 1 - Sample, Methodology and Findings. Only recent articles published after 2000

AUTHOR(S)	SAMPLE AND ANALYSIS UNIT	STATISTIC MODELS	VARIABLES	FINDINGS
Andersen (2011)	1164 Corporations	Descriptive Statistics and Correlation Analysis Two-stage regression of minimum square	Performance Risk Shrink Risk Organization Size Capital Reserves Multinationality Innovation	The corporate network operating in different national environments enable to the corporations more flexibility in activities arrangements as well as the use of diverse knowledge in global opportunities.
Belderbos (2006)	940 Japanese Subsidiaries of Electronic Industry	Descriptive Statistics and dependent variables Correlation Matrix	Characteristics of the Parent Company Characteristics of the Subsidiary Characteristics of the country	Results reveal that depending on the kind of entry mode it affects the capability of subsidiaries in adjusting themselves to changes in the environment of a given country. Joint Ventures have as characteristics lower operational flexibility and possibility to provide adjustments to new market opportunities.
Bener & Glaister (2010)	109 questionnaires	Factorial Analysis Spearman Correlation between determinants of performance expectation and performance mensuration ANOVA between determinants of JV performance and performance factors	International Joint Venture (IJV) Performance IJV control IJV management autonomy Level of trust between IJV companies National Culture Corporate Culture	Positive predictable results towards performance expectation and dominant control of IJV, with a significant room to IJV management and confidence between firms.
Berry & Zhou. (2010)	871 USA industries	Euclidian Method Mahanobilis Method Correlation Matrix Descriptive Statistics Logistic Regression	Cultural Distance Political Distance Geographic Distance Finance Distance Administrative Distance Knowledge Distance	Results show that distance can affect the way FDI decision making.

Cont. Annex 1

Bouquet, Morrison & Birkinshaw (2009)	135 Medium and Large Multinationals	Factorial Analysis Descriptive Statistics OLS Regression	Global scanning International Communication Globalization Discussions International Attention MNE performance MNE size Global Strategy Posture Diversification	International Attention has three components: scanning, communication element and discussion element. International Attention impacts performance. Performance gains by international attention results from managers' practice that interact with cognitive influences.
Brouthers (2002)	213 questionnaires	T-Test Correlation Matrix Logistic Regression Regression Analysis	Firm size Entry mode International Experience Transaction Costs Assets Specificity Investment Risks Legal Restrictions Industry Sector	Results show that firms perceive high transaction costs and tend to choose for wholly ownership entry mode. Firms entering in markets with high level legal restrictions are inclined to choose for Joint Ventures. Firms that perceive high levels of investment risks tend to opt for Joint Ventures as well.
Chari & Chang (2009)	730 International Acquisitions	Regression Analysis Descriptive Statistics and correlations Tobit Regression Analysis Logistic Regression Analysis	Location of the Firm differs from location of industry Efforts in R&D of Local Industry Cultural Distance Local Firm Size Country Risk	Results show that capital share in international acquisitions is a complex decision influenced by several factors including value costs due to information asymmetry between local and foreign firms, integration problems faced by local managers in countries with cultural distance, costs in separation of desired and undesired assets, and costs with investments compromise in uncertain situations.
Chen & Mujtaba(2007)	229 questionnaires	Correlation Matrix	Assets Specificity Firm Size International Experience Country-Risk Cultural Distance	Results reveal that factors related to an expanded transaction costs model play an important role in entry mode choice.
Chen (2008)	101 Joint Ventures e 168 wholly owned subsidiaries	Descriptive Analysis Correlation Analysis	Support on R &D Industry Intensity Industry Knowledge Industry Concentration	Results show that there are strong evidences indicating that Japanese home companies select a wholly ownership system in order to avoid

				acquisitions in USA, but do not use partial ownership mode to influence entry mode.
Dikova & Witteloostuijn (2007)	208 questionnaires with four managers of Dutch companies	Cluster Analysis Correlation Matrix Logistic Regression	Entry Mode Acquisition Experience Greenfield Investments Experience International Experience Regional Experience Host Market Concentration Host Market Rise Investment Production Subsidiaries Investments supports Technology Intensity International Strategy Institutional Improvement	Results show that acquisition experience or greenfield investments experience has a positive relationship with tendency in acquisition decision or decision for greenfield investments. Regarding results of production subsidiaries there is a strong possibility in performing greenfield investments. Regional Experience influences positively in partial ownership entry model as well as international experience tend to wholly ownership decision..
Harzing (2002)	287 respondents from subsidiaries	Cluster Analysis Correlation Matrix Logistic Regression	Acquisition <i>versus</i> Greenfield P&D Intensity Diversification International Experience Cultural Distance Strategy Control Expatriates Presence Local Responsibility	Results indicate that the variable MNC strategy influences entry mode choice. Acquisitions are often performed by multidomestics as well as greenfield investments are opted by global enterprises.
Hutzchenreuter, Voll & Verbeke (2011)	91 MNEs in activity in Germany	Correlation Matrix Tobit Regression	International Expansion Aggregated Cultural Distance (Hofstede) Aggregated Cultural Distance (GLOBE) Product Diversification Acquisitions Wholly Ownership Profitability Size Capital Structure	International expansion is a process that spends both time and resources. MNEs had actually to face aggregated cultural distance in a given period of time and had to reduce international expansion in the following period.

Quer, Claver & Rienda(2007)	471 entries of Spanish companies from 1999 to 2004	Correlation Matrix Multicolinearity Test Logistic Regression	Country-Risk Cultural Distance Commitment Level Firm Size Industry	Results indicate that the variable related to country-risk is statistically significant and presents a negative sign. The high figures of such variable indicate the existence of rising restrictions in given countries, showing a high level of risks. Concerning cultural distance, there is also significant statistics with positive signs. Cultural distance rises for Spanish companies in target countries not located in Europe or Latin America.
Sarala & Vaara(2010)	133 results from acquisitions performed by Finnish companies, sent by e-mail in the periods:1993-1996, 1997-2000, 2001-2004	Factorial Analysis Correlation Matrix Regression Analysis	Knowledge Transfer Industry Size Time Gap Operational Production Effort National Cultural Differences Organizational Cultural Differences Organizational Cultural Convergence	Difficulty in understanding the role of cultural differences and variables related to cultural integration in knowledge transfer in international acquisitions. Research findings indicate that international acquisitions performed by culturally distant cultures not necessarily had negative implications but they had positive results in terms of rise of knowledge transfer.
Xu, Hu & Fan(2011)	167 companies with different entry modes	Logistic Regression Descriptive Statistics	Sales Industry Country-Risk Cultural Distance	Research findings reveal that country-risk and cultural distance impact entry mode choice. As country-risk rises, companies do prefer non-ownership-based entry mode.

Source: Elaborated by the Authors (2015).