Editorial

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Biographical notes: Craig C. Julian, PhD is a Senior Lecturer in Marketing in the School of Commerce and Management at Southern Cross University in Tweed Heads, New South Wales. He has won competitive research grants, including a prestigious large ARC Discovery Grant, and has over 80 publications to his name. His work has appeared in quality international journals such as the *European Journal of Marketing*, *Journal of Small Business Management*, *Journal of Macromarketing*, the *Journal of Business Research* and many others. His primary research interests are aligned to the international marketing discipline and include strategic alliances, international joint ventures and export marketing.

For significant advances in market entry mode theory to be achieved, a more integrated approach needs to be taken to the conceptualisation, development and measurement of the different constructs impacting the performance of the different market entry modes. A fundamental part of such an approach is the refinement and validation of measurement scales across different national settings. The validation of measurement scales plays an important role in advancing market entry mode theory by establishing reliable scales that can be used in more than one country. As such, international researchers would be encouraged to use similar measurement instruments and compare findings across different national settings, leading eventually to a more systematic development of market entry mode theory. Market entry modes for this special issue could have included anything from International Joint Ventures (IJVs), exporting, franchising, wholly-owned subsidiaries, turnkey operations, portfolio investment, mergers and acquisitions, greenfields investments etc.

Another important issue regarding the current body of market entry mode literature is that the majority of studies to date have been conducted in developed countries with limited attention being given to the developing countries in the Asia Pacific Region and Eastern Europe. The performance measures used in previous studies often reflect the unique emphasis that different countries place on entry mode performance. Given the paucity of studies in the developing countries of the Asia Pacific Region and Eastern Europe one of the key issues focused on in this special issue was to further market entry mode knowledge in developing countries, especially in the Asia Pacific Region and Eastern Europe, through conceptual studies, empirical investigations and state of the art reviews on issues that are specifically relevant to different types of businesses and markets in developing countries. Some of the key areas that the special issue was intended to focus on in the call for papers were market entry mode decision-making and strategic planning in the Asia Pacific Region and Eastern Europe; implementation of market entry mode strategies in different developing country markets and industry contexts; antecedents of performance for the different market entry modes; development of market entry mode competencies and skills; market entry mode knowledge management that facilitates market learning; role of management of the different market entry modes in determining performance and/or strategic goals for firms conducting business in developing countries; relationship between the different market entry modes and other functions within the organisation; role of market entry mode decision making in the internationalisation of businesses; barriers to internationalisation and their role as antecedents of performance and goal attainment; significance of exporter-importer or distributor relationships in developing countries; partnerships and networking in developing countries; role of the Internet in market entry mode choice when conducting business in developing countries; and, specific market entry mode strategies for the different stages of business cycles.

As Guest Editor for this double special issue it gives me great pleasure to include eight high quality journal articles on a diverse range of topics, methodologies and all from a wide range of different country backgrounds, including the developing countries of the Asia Pacific Region and Eastern Europe. All papers were subjected to a rigorous double blind review process.

Article 1 by Sedoglavich, Akoorie and Pavlovich on *'Scatter-Gun' or 'Follow-the-Leader' Behaviour: International Strategies of the High-Tech SMEs* examines the internationalisation process of eight high-tech SMEs from New Zealand. Using Ansoff's Matrix, the author's concluded that the most common international market growth strategies were market penetration, product development and market development strategy respectively. Firms with the available technology were able to modify products and sell in the existing markets, as well as to sell a current product range in new demographic/geographic segments. The authors concluded that the findings of this study underlined the view that companies can increase their chances of success if they combine future orientation with organisational adaptability and flexibility. The study results revealed the importance of taking a managerial approach to internationalisation, increasing the pace of internationalisation, and especially, the importance of having strong networks throughout the whole process of internationalisation for the long-term survival of the high-tech SMEs in the sample. The authors used a case study methodology in order to acquire in depth knowledge of the case firms being investigated with the case firms being based in New Zealand.

Article 2 by Julian examined *The Empirical Link between Entry Mode Selection and the Barriers to Internationalisation.* This article by Julian was set in a state of Australia, used a quantitative methodology and examined the impact that various barriers to internationalisation have on entry mode selection for Australian firms entering foreign markets. The Julian study considered a comprehensive set of potential barriers to internationalisation identified from the literature and the four major market entry modes, namely, direct export, joint ventures, contract manufacturing and wholly owned subsidiaries. The study was based on an empirical investigation of Australian firms that had operations in foreign markets. The sample of firms came from a wide cross section of industries. The list of firms comprising the sample was provided by a state government department. A multiple regression analysis was conducted between the different barriers to internationalisation as independent/predictor variables with the different market entry modes as the criterion or dependent variable. The findings indicate that venture management characteristics, distribution access, foreign practices incompatible with domestic business, adapting to foreign market needs and foreign market attractiveness as barriers to internalisation were the significant determinants of entry mode selection for direct exporters, joint ventures, contract manufacturers and wholly owned subsidiaries.

Article 3 by Wong and Merrilees also examined *Foreign Market Entry Mode Choice of Australian Firms.* This article by Wong and Merrilees was also set in Australia, used a quantitative methodology and examined why firms chose an export mode over a non-export mode of market entry. Based on institutional and capability perspectives, a theoretical model incorporating brand orientation, commitment, experience, industry group and foreign market competition intensity was developed and empirically tested. A self-administered mail survey obtained responses from more than 300 internationally active Australian firms. Logistic regression was used to analyse the data and test the hypotheses. Statistically significant results were found for three of the variables. The intensity of industry competition and being involved in a service industry encouraged the use of an export mode of market entry. A strong brand orientation encouraged the use of a non-export mode of market entry e.g., Foreign Direct Investment (FDI). The contribution of this study to the body of knowledge is that it does not focus on the traditional explanations of commitment and experience but focuses on the external factors e.g., competition. Another contribution of this study to the body of knowledge is that it identifies brand orientation as a key predictor in selecting the non-export mode of market entry.

Article 4 by Dutta and Beamish studies *Discretion and Internationalisation: Impact of Environmental Determinants of Managerial Discretion and Host Country Experience on Entry Mode Choice*. This study by Dutta and Beamish is conducted on a sample of Japanese Multinational Enterprises (MNEs) that had made investments in China during 2003–2005. The author's choice of Japanese companies was especially guided by prior research, which suggests that Japanese firms adopt a process approach to internationalisation and tend to make their entry in a new host country in sequential stages. The Dutta and Beamish article uses a quantitative methodology and examines the impact of environmental determinants of managerial discretion on the MNE's internationalisation reflected in its choice of mode of entry. Using insights from the behavioural theory of the firm and the process view of internationalisation, the authors demonstrate that a composite measure of the environmental determinant of managerial discretion affects the MNE's choice of entry mode, with comparatively higher levels of the environmental influence leading managers to choose the IJV over the Wholly Owned Subsidiary (WOS). At the same time, this relationship between the environmental determinant of managerial discretion and entry mode choice is intensified when the MNE has had prior host country experience.

Article 5 by Majer and Nöhammer studies *Internationalising into an Unfriendly Environment: Designing a New Framework for Western Small and Medium Sized Enterprises.* This article by Majer and Nöhammer is in essence a meta-analysis of articles on the barriers to internationalisation when Western Small to Medium-sized Enterprises (SMEs) enter transition/developing economies such as the Eastern European market of the Ukraine. In this article, the authors suggest that more information on the barriers to internationalisation that might appear in day-to-day business will assist companies to overcome them. The objectives of this article are, first, to extract and to consolidate existing knowledge on the nature of the barriers to internationalisation, especially, in a transition economy and to develop a new, more detailed framework to cluster the relevant barriers to internationalisation. In order to do so, several previous representative studies to categorise the barriers to internationalisation are consolidated and their utility to the new framework is analysed. An overview of the main concepts builds the basis for the development of a new framework for Western SMEs internationalising into transition countries. The second and final aim is to analyse each of the barriers to internationalisation individually regarding their characteristics and their specific influence on the Western SME internationalising into a certain transition market. As an example, this article examines barriers hindering Western SMEs on their internationalisation path into the Ukraine.

Article 6 by Kelly and Harrison undertakes *A Comparison of Market Entry Strategies Adopted by Information and Communication Technology (ICT) Firms from Major and Emerging Software Exporting Nations*. This article by Kelly and Harrison uses a quantitative methodology and examines the market entry practices of Australian and Pakistani Information and Communication Technology (ICT) firms and the proposition that Local Software Economy (LSE) maturity affects the selection of market entry practices. This issue is significant as it is focused on an indirect effect – namely LSE maturity – on the adoption of market entry practices, with indirect effects being identified in the recent market entry mode literature as being significant and an area in need of further research. This study used survey data from a sample of Australian and Pakistani ICT firms. Australia is representative of a high maturity LSE, whereas Pakistan is representative of a low maturity LSE. Data for the Australian firms in the sample were drawn from a much larger study undertaken in collaboration with an Australian Regional City Council's Economic Development Group that surveyed all businesses on an e-mail list of known ICT businesses maintained by that Council. The Pakistani firms in the sample were drawn by convenience methods. These firms, located in Islamabad, Lahore or Karachi, were involved in research and training supported by the Pakistan Software Export Board (PSEB), part of a Pakistani government initiative to assist software companies to increase the quality of their products and develop their understanding of export markets. The study's findings provide support for the authors proposition, indicating that Australian and Pakistani firms, representative of firms operating in high and low maturity LSEs respectively, adopt a range of different practices relating to international engagement, geographic focus, market entry strategies and international market offering.

Article 7 by Timlon and Hilmersson examines *Balancing Intermediated Relationships in Emerging Country Markets.* In this study the authors used a case study methodology that included eight internationalising firms and their respective intermediaries and/or customers in foreign markets. The case firms were considered as 'best practice' of crossing the Baltic Sea either to old or new European Union (EU) country markets. Eight case studies were conducted about the expansion of firms from Sweden and Denmark to the newer member states of Latvia, Poland and Estonia and from the newer member states of Estonia and Lithuania to the more traditional EU country markets of Germany and Finland. A case study methodology was used by the authors to give the researcher not only insights into the phenomenon under study but also to suggest and provide access to sources of corroborating evidence that will be used to discover new dimensions of the research problem. This article by Timlon and Hilmersson concerns a major strategic issue for internationalising firms that have made the decision to enter an emerging country market via an intermediary, such as an agent or a distributor, and that is how to make an efficient trade-off between linking up to the final customer and the intermediary. The authors suggest that an effective trade-off is a long-term relationship building process based on business and social exchange that creates knowledge reciprocity and a mutual orientation. It occurs through feedback processes between the parties in which the existing knowledge of the exporter is exploited and new knowledge about the local market is explored together with the intermediary. The case study findings revealed that the result was a new joint knowledge platform that enabled the intermediary to more actively operate on the behalf of the exporter as the exporter's internationalisation knowledge had become institutionalised with the intermediary. As such, the exporter's role changed from initially being more proactive to eventually being more reactive. The exporter is, therefore, able to dedicate more attention to the expansion of other emerging markets. The effective trade-off, therefore, seems to be a kind of balancing act where the different roles of the exporter and intermediary are changing over time as they develop joint experiential knowledge and new capabilities. In this way market entry becomes a win-win situation for both exporter and intermediary.

The final article, by Ogunmokun and Wong examined *Determinants of Foreign Market Entry Mode Decision: An Exploratory Study of Business Organisations in Australia.* This study was set in Australia and used a quantitative methodology. The sampling frame for this study was selected from a directory of Western Australian companies that were involved in any form of international marketing. At the time of this study the directory used contained about 365 companies in Western Australia and a small number of interstate and overseas companies. All the firms were approached by phone to be screened for eligibility through their answers to the following three screening questions. First, does your firm market or sell its products or services overseas? Second, has your firm entered into a new foreign market over the past three years? Finally, did you assume a decision making role with respect to the selection of the entry mode in any of the foreign markets your firm has entered into in the past three years?

The authors suggest that whilst a number of overseas studies have made substantial contributions to our understanding of the foreign market entry mode behaviour of business organisations and have identified some factors that could impact entry mode decisions most of the studies concentrated either purely on multinational corporations or focused mainly on small-medium sized companies and they did not include a comprehensive list of factors in their investigations. This article by Ogunmokun and Wong presents the results of an exploratory study conducted in Australia that was designed to identify the factors that determine the entry modes used by large and small-medium sized business organisations in Australia when entering foreign markets. A stepwise discriminant analysis was utilised for the analysis and although many variables were investigated, the analysis revealed only three variables that discriminated between organisations that use a high involvement entry mode compared to those that use a low involvement entry mode. The relative importance of each of the three variables is also covered in this article. The authors concluded that organisations that used high involvement entry modes compared to those that used low involvement entry modes are more likely to be influenced by the cost of labour and by the pursuit of the return on investment objective. These two factors accounted for most (83%) of the total discrimination that determined why they have selected the entry modes used for entering foreign markets. Population trends in the foreign markets were the third most important factor that accounted for 17% of the difference between the two groups.

I trust you enjoy the diverse range of articles presented here for you the reader and that they contribute to your understanding and knowledge of the different market entry modes and issues in the different regions of the world. I would also like to take this opportunity to thank the anonymous reviewers that participated in this process to bring this Special Issue to fruition because without their invaluable assistance none of this would have been possible.