Evaluating Emerging Markets

Swedish MNCs and their Evaluation Behavior

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Abstract

Country portfolio analysis, a commonly used tool among companies when evaluating potential target markets, only focus on potential sales instead of including cost and risk into the equation. However, some researchers today have become aware of the importance of taking these costs and risks into account. One of these researchers is Pankaj Ghemawat, who has developed a framework called CAGE which is supposed to be a complementary tool to the country portfolio analysis model. In this thesis we study if Swedish MNCs consider the factors suggested in the CAGE-framework when evaluating emerging markets. Furthermore, we suggest some adjustments to the evaluation process.

Data have been collected through a web-based questionnaire. The respondents were all headquarter managers in Swedish multinational corporations (MNCs). Our results show that the two most overlooked distances of the CAGE-framework are the cultural and the geographic distances. Hence, the two most considered were the economic and administrative distances. This is in partial accordance with Ghemawat’s theory, in which he states that the cultural distance is one of the two most overlooked distances. However, he presents administrative distance as the second most overlooked distance, which means that our thesis shows a somewhat different result than Ghemawat’s findings.

A company evaluating an entry into an emerging market needs to consider the CPA-model, but this is not enough. They also need to take other factors into account. These are previous as well as future growth of the market, predicted growth for the specific product or service in the market in question, and the competitive situation in the emerging market. A consideration of these factors gives the company a complete picture of a market regarding profit potential. Thereafter, this potential needs to be adjusted for the distances in the CAGE-framework.
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1. Introduction

In this section we will start with a short introduction of the characteristics of emerging markets, which opportunities these markets have, and which problems that could arise for companies deciding to enter emerging markets. At the later part of this section the main theory on which this thesis is based will be briefly presented, and finally we will present the problem statement.

As markets in developed countries have matured and shown a relatively low level of growth (Lamy 2006), companies looking to expand are turning to emerging markets (EMs) in hope of profitable business (O’Reilly 1988; Peak 1992; Goetzmann & Jorion 1999; Rosling 2005). In fact, the opportunity in the emerging markets of the world might be even bigger than what has previously been acknowledged. Prahalad and Hart (2002) argue that the market potential in the future will not lay in the wealthy few in developing countries or in the rising incomes of the middle-class, instead, the market potential lies in the billions of poor people who are settling in into a market economy for their first time. This view is also supported by other researchers such as Alon and Welsh (2001), who state that 80 percent of the world’s population live in what is commonly called emerging markets. In addition, 75 percent of world growth in trade is expected to be generated from these markets. Another example of the increasing interest in EMs is the fact that foreign direct investment (FDI) into EMs was U.S. $13 billion in 1985 and has risen to $267 billion in 2003 (Rosling 2005). Companies from Western Europe have realized this potential and see Eastern Europe (which includes emerging markets such as the Czech Republic and Poland) as their future primary market of growth, closely followed by China. India and Russia are also expected to generate great growth possibilities. (Accenture 2005)

However, where there exists potential for great returns there are usually also considerable risks at stake. Emerging markets are not an exception, there are problems in these markets which are important for companies from developed countries to consider if they wish to enter an EM. Examples of such problems are lack of developed communication infrastructure (Khanna & Palepu 1997), relatively underdeveloped financial markets, high volatility in the countries’ economic progress, difficulties in finding suitable business partners, (Hitt, Tina Dacin, Levitas, Arregle & Borza 2000) and several EMs have problems with high levels of
corruption (Khanna, Palepu & Sinha 2005). We argue that these problems create a distance between an EM and a developed country, which western companies need to adapt to. Hence, companies need to consider opportunities (potential sales) as well as threats (cost and risk) when evaluating an emerging market. Furthermore, we argue that the opportunities and threats are both greater in an EM than in a developed country.

Ghemawat (2001) states that previous research in evaluation of potential target markets, e.g. the CPA-model, has primarily focused upon potential turnover (e.g. GDP, market size, and per capita income) and has therefore failed to recognize the costs and risks related to the various non-business distances between markets. However, researchers such as Luostarinen (1979), Miller (1992), Ghemawat (2001), and Dow & Karunaratna (2006) acknowledge these distances. Ghemawat has presented the CAGE-framework, which takes into account Cultural (C), Administrative (A), Geographic (G), and Economic (E) distance. This framework will be the basis for this thesis.

1.1 Research Question

In this thesis we want to determine if the evaluation behavior of MNCs from developed countries, in regards to EMs, corresponds to the adjustments suggested by the CAGE-framework for the CPA-model. Are there any other factors that MNCs consider in this evaluation process? We have chosen Swedish MNCs as an example of multinational corporations from developed countries and aim to investigate which factors they consider when evaluating emerging markets for entry.
2. Background

This section starts with a general presentation of emerging markets, followed by a brief description of the distances between emerging and developed markets. Thereafter, we present examples of the increasing interest from Swedish MNCs in regards to EMs. Finally, we present how these distances will affect companies established in an EM.

2.1 Emerging Markets

It was not until in the 1980s that the term emerging markets was coined. It is generally used to describe market and business activity in emerging or industrializing parts of the world (Wikipedia 2006). There are several definitions of the term emerging markets. Nakata and Sivakumar (1997), for instance, define EMs as “less developed countries with indications of healthy economic advancement” while Eden, Hoskisson, Ming Lau & Wright (2000) define them as “low-income, rapid-growth countries using economic liberalization as their primary engine of growth”. Even though none of the definitions for EMs are very specific, including the two mentioned above, we chose the latter over the former due to that it is more specific. Additionally, the term is not dependent on geographic region or economic strength, rather, emerging markets’ most important characteristic is that the country in question is transforming from being a less developed country to a developed one (Wikipedia 2006). Other characteristics that researchers usually use to describe an EM are low to middle per capita income, movement towards an open market economy, and increasing local as well as foreign direct investments. Furthermore, they can be small economies such as Slovakia or big economies like China. (Heakal 2003) It is hard to define exactly which countries are emerging economies, first of all, because of the different definitions that exist. Secondly, for the reason that, if a country is an emerging economy or not is dependent on their economic progress which in turn changes over time. (Wikipedia 2006)
2.2 Swedish MNCs and Emerging Markets

Some Swedish multinational corporations (MNCs) have been established in emerging markets for a long time, e.g. Ericsson, which started its operations in India in 1903 (Swedish Trade Council 2006), and Sandvik which established itself in Mexico in 1961 (Sandvik 2006). Though, it was not until after 1985 that Swedish companies started to increase their foreign direct investments in a substantial manner (Nationalencyklopedin 2006) and it is not until recent years that several Swedish companies have started to expand into emerging markets on a large scale. There are many examples of Swedish MNCs that recently have started to move into different EMs, or have increased their previously established presence in these markets. A few of them will be presented below, and they are stated as evidence of the increasing interest from Swedish MNCs regarding emerging markets.

A Swedish company which recently has established itself in China is Haldex. They decided to start manufacturing locally to be able to better seize the business opportunities in the growing Chinese market. Their goal is to increase the sales in China from MSEK 100 as of today to MSEK 1000 within a five-year period. (NordicAudi 2006) Another fact pointing to the increasing importance of this EM is that in 2003 the country passed Japan as Sweden’s most important trading partner in Asia. (Riksbanken 2006) The Swedish manufacturing group Sandvik sees great potential in Asia, where China is the most interesting country. According to Vice President Lars Pettersson, the interest in China and Eastern Europe will continue to grow. The long term growth for Sandvik will, according to Lars Pettersson, take place in Asia, Eastern Europe, and Russia. He goes on saying that China is Sandvik’s tenth largest market today, but will become one of the largest in the near future. (Dagens Industri 2006) A number of other Swedish MNCs have also realized the great potential in China and have established themselves in a large scale, e.g. ABB, Electrolux, Getinge, Volvo, SKF, Atlas Copco, and Trelleborg (E24 2006).

Another example from the manufacturing industry is the Swedish steelworks group SSAB, which recently has established itself in another emerging market, Brazil. The company finds it important to give its customers fast access to the company’s products and therefore, a warehouse should not be further away than 48 hours. (Dagens Industri 2006)
IKEA is another MNC which sees emerging markets as an interesting way of expanding the company’s business. Their hope is to enter the Indian market within 5-10 years, and the company believes that India could become a new important country for IKEA. (Privata Affärer 2006) Another issue pointing to the relevance of India becoming an even more important market for Swedish MNCs than before is that the Swedish Trade Council helps establish one new Swedish company in India every month, which is a big surge compared to previous years. (Swedish Trade Council 2006)

Besides from firms in the manufacturing industry, another area of business where the interest for EMs has grown is the financial industry. Swedish banks are starting to gain interest in Russia because of an increase in the Russian demand for housing- and car loans, which is due to rising prices in housing, and because the Russian people have regained trust in its own banking system. (Realtid 2006)

2.3 Distances between Emerging and Developed Markets

Even though there exist great opportunities in EMs, there are also difficulties inherent in doing business in these countries. One aspect is the lack of developed communication infrastructure, which, in combination with often high levels of illiteracy, makes it harder for companies to communicate with consumers (Khanna & Palepu 1997). On the contrary, western countries like the U.S. and the countries in the European Union have a well developed communication infrastructure, e.g. widely spread Internet and telephone access (Khanna et al. 2005). Another problem is that emerging markets have relatively underdeveloped financial markets, high volatility in their economic progress, and the institutions for distribution of capital are not as strong as in developed countries. This leads to the notion that capital is not highly available and that it comes at a high cost in emerging markets. (Hitt et al. 2000) Compared to EMs, the financial markets in developed countries are well developed and characterized by e.g. access to venture capital, transparency in accounting standards, and a properly functioning banking system (Khanna et al. 2005). Additionally, if a company wishes to enter an emerging market through a strategic alliance, a suitable partner can be hard to find. This is mainly due to the fact that companies in EMs lack the experience in exploring and exploiting partnership opportunities. (Hitt et al. 2000) Another problem with EMs is that the competence and skill of available people to hire is sometimes difficult to
estimate due to lack of information about the quality of different schools and their education (Khanna et al. 2005). Furthermore, the government institutions that support business activities are less sophisticated than in developed countries, if they exist at all (Khanna et al. 1997). Moreover, unlike developed countries, distribution channels in EMs are usually inefficient and underdeveloped, which makes it harder for companies to deliver goods and products on time (Cavusgil 1997). Finally, many of the emerging countries have higher levels of corruption than developed counterparts. In contrast, in developed countries companies can rely on a functioning legal system, which includes enforcement of legal contracts. (Khanna et al. 2005) We argue that these factors combined create a distance between an EM and a western company’s home market that the MNC has to adapt to.

2.4 Evaluating Emerging Markets

As earlier mentioned, companies looking to expand are turning to EMs to increase their profits (O’Reilly 1998; Peak 1992; Goetzmann et al. 1999). Before entering an emerging market firms need to perform an evaluation of potential target markets. Previous research has mainly focused upon the revenue potential (based on factors such as market size, per capita income et cetera) when evaluating which markets to enter and have failed to realize the risks and costs associated with various non-business related distances between countries (Alon 2006; Ghemawat 2001). Focusing on these distances is especially important when entering an EM since, in line with previous argumentation, they will be larger from a developed to an emerging market than from a developed to a developed market. Hence, there is a higher risk of only focusing on revenue potential if you are entering an emerging market due to the potential impact of the various distances on the evaluation. Hence, companies also need to take into account factors such as cultural, economic, geographic, and administrative distance in the market being evaluated since these affect cost and risk. (Luostarinen 1979; Miller 1992; Ghemawat 2001; Dow & Karunaratna 2006)
3. Theoretical Background on Evaluation of Markets

Country portfolio analysis, a commonly used tool by many companies when deciding on which market to enter, will be presented in this section. After that a discussion follows of the flaws of this tool, and a description of a more dynamic tool called the CAGE-framework.

A theory that is widely used by companies when deciding on where to compete is the country portfolio analysis (CPA). As shown in figure 1, the CPA model takes into consideration the per capita consumption of the product/product group (Y-axis) a specific company sells and the per capita income of host markets (X-axis). This specific figure shows potential markets for an American fast food group, i.e. Tricon Restaurants International. The different circles represent different markets, and their location symbolizes how attractive they are when considering income per capita and how much every individual consume of the product in question. The size of the circles represents each country’s GDP and their total consumption of the product being discussed. Hence, the circle estimates potential turnover for the product in the specific country. (Ghemawat 2001)

Figure 1

Source: Ghemawat 2001
However, this analysis needs to be adjusted for the various distances earlier mentioned. Researchers such as Luostarinen (1979) have pointed to the importance of taking different distances into account. Luostarinen mentions that, traditionally, researchers have thought of distance as a one-dimensional measure but he states that it should be viewed as a four-dimensional one. Like Ghemawat (2001), Luostarinen points to the importance of looking at the economic, cultural, geographic, and administrative distances. However, he does not use the same labels for these distances as Ghemawat. Luostarinen calls these distances economic, physical, cultural, and institutional distance. Economic and cultural distance of the two frameworks is the same. The physical distance in Luostarinen’s framework is similar to Ghemawat’s geographical distance but it is defined a bit narrower and only includes the physical remoteness of a country. Furthermore, institutional distance in Luostarinen’s framework is the equivalent of administrative distance in Ghemawat’s framework.

The four distances affect the possibility of running a profitable foreign operation in several ways, e.g. cultural distance can be a barrier to entering and functioning in a foreign market (Swift 1998). For instance, a company from a developed country and a company from an EM who do not share a common language will have difficulties in communicating and hence, functioning well together. Furthermore, policies of the host country, included in the administrative distance, can affect a company in the sense of political risk, e.g. risk for expropriation (Friedman & Kim 1988). Additionally, geographic distance will affect the evaluation of markets in the sense that e.g. the host country’s transportation and communication infrastructure is likely to affect how easy it is to transport products or how easy the communication flows within the corporation, and should therefore also be evaluated in advance. Finally, Ghemawat (2001) states that economic distance will be large for companies relying on economies of scale, experience or standardization if they do not concentrate their efforts on countries which are similar in an economic sense. However, if they do, it will be easier for the company to utilize their competitive advantage due to the similarities in cost and quality of resources and also due to similarities in consumer income.

Miller (1992) also points to the importance of taking additional factors into account than income and consumption. Unlike Ghemawat and Luostarinen, he calls these factors uncertainties instead of distances. The scope of these uncertainties is also a bit narrower than the distances suggested by the other two researchers. In addition to the basic criterions that the
CPA-model suggests, Miller emphasizes the importance of taking into account uncertainties regarding general environmental, industry, and firm-specific uncertainties.

General environmental uncertainties consist of e.g. political uncertainties such as war or democratic changes in government. Furthermore, it entails macroeconomic uncertainties such as terms of trade and inflation. Social norms are also included in the general environmental uncertainties category and include attitudes, values, and beliefs in the people who are not included in the policies or the business practice of the country. Additionally, natural uncertainties are included in the category and refer to differences in weather and likelihood for natural disasters. Industry uncertainties include e.g. shifts in market supply and uncertainty concerning quality, so called input market uncertainties. Furthermore, included in industry uncertainty is also product market and competitive uncertainties. The former entails factors such as changes in consumer taste and scarcity of complementary goods, while the latter includes e.g. rivalry among existing competitors and new entrants. Firm-specific uncertainties consist of, for example, R&D, legal liability, and operating uncertainties. (Miller 1992)

In a recent article, Dow and Karunaratna (2006) discuss an issue they call “psychic distance stimuli” and what the main underlying dimensions of this concept are. Unlike Ghemawat, Luostarinen, and Miller they present seven “psychic distance stimuli dimensions” which are culture, language, industrial development, education levels, political systems, time zones, and religion dimensions. Additionally, they also include an “exogenous factor”, which is colonial links. These eight “psychic distance stimuli dimensions” have roughly the same content as the four distances presented by Ghemawat. Dow and Karunaratna argue that these eight dimensions together will affect the cognitive process of company managers and how they make decisions. Furthermore, Dow and Karunaratna argue that market selection as well as the decision of entry mode is strongly linked to psychic distance, both theoretically and empirically.

In this thesis we will focus on the framework presented by Ghemawat (2001), because it is the most comprehensive yet broad framework. In comparison to the theory presented by Miller, which takes on a more narrow perspective, we chose Ghemawat since we wanted to have such a complete picture as possible of the factors and distances considered. Luostarinen’s theory
has approximately the same content as Ghemawat’s framework but since the latter’s article is much more recent we chose this one. Furthermore, Luostarinen’s “geographic” distance is much narrower and only includes physical remoteness as a parameter while Ghemawat also includes e.g. size of country, and transportation and communication links. Dow and Karunaratna (2006) present eight dimensions that companies should consider when evaluating markets but it still has roughly the same content as the CAGE-framework. We chose the latter theory over the former since it takes in the same content but in fewer dimensions/distances, which makes the theory easier to understand.

3.1 The CAGE Distance Framework

The CAGE-framework evaluates which markets to enter from a specific country and, as mentioned before, it takes into account Cultural (C), Administrative (A), Geographic (G), and Economic (E) distance. The framework was developed by Pankaj Ghemawat (2001) to shed light on the fact that the analytical tools that managers use when evaluating foreign markets to invest in constantly underestimate the costs and risks of operating internationally. Ghemawat argues that an analysis over possible markets to enter need to consider not only potential sales, but also the costs and risks which it entails of doing business in a new market. Furthermore, Ghemawat argues that these costs and risks are the result of barriers created by four different types of distances between two countries, namely cultural, administrative, geographic, and economic distance. See figure 2 for a list of all attributes creating distance in the CAGE-framework.

Figure 2

![Figure 2: CAGE Distance Framework](image)

Source: Ghemawat 2001
When the distances of the CAGE-framework are taken into account (changes in the size of the circles are based on estimations by Frankel and Rose\(^1\)), the result of the evaluation becomes significantly different (See figure 3). This becomes especially apparent for the circles of e.g. Canada and Japan. The former went from the third most attractive country, to become the most attractive country to enter, while the latter falls from the most attractive country, to not even making the top three. This evidently shows the importance of taking the distances of the CAGE framework into account if a company wants to make a correct evaluation of potential markets. (Ghemawat 2001)

**Figure 3**

Source: Ghemawat 2001

The term *cultural distance* includes differences in factors such as religious beliefs, social norms, language, and race. Ghemawat states the example of countries that have a common language and that the trade between these countries will be three times greater than between countries that do not share a language. Hence, there is a distance inherent in speaking different languages that we argue is also relevant when considering which country to enter, e.g. there are costs entailed in miscommunication, lack of understanding and also more obvious ones such as the cost of hiring a translator. Miscommunication and a lack of understanding between headquarters and a subsidiary in an emerging market can create

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\(^{1}\) These estimations are e.g. sharing a common language which will increase trade with 200 percent, and having a common regional trading bloc which will increase trade with 330 percent. These estimations are written in several different articles by Frankel and Rose.
problems in form of aligning the subsidiary’s goals with headquarters’. However, there are other cultural attributes where it is not as simple to understand how they create distance, e.g. differences in religions, ethnicities, and social norms. These distances are often created when consumers choose between substitute products and their cultural programming makes them prefer certain features before others. (Ghemawat 2001)

Another distance that is likely to affect an evaluation of potential markets is *administrative distance*. This term includes factors such as having a common currency, being part of the same political union or having preferential trading agreements. All of these factors can separately increase trade by more than 300 percent each and since these factors obviously facilitate trade, we argue that they would also influence the choice of country to enter. Although, it should be noted that political ties must be of a friendly nature to facilitate trade. If they are not, it will result in an even bigger distance between the respective countries. A larger distance can also be created if a country imposes trade barriers such as quotas or tariffs. Another factor that is likely to have a strong effect on the evaluation of markets is institutional infrastructure. Factors such as corruption or social conflict usually dampen economic activity heavily into a country. (Ghemawat 2001)

*Geographic distance* is not only the actual distance in kilometers to the host country, but also a matter of e.g. access to waterways, physical size of the country, and communication and transportation infrastructure. The infrastructure of a country can alter its ranking in an evaluation since it affects the cost and speed of transportation of products. Even information infrastructure (e.g. multinational banks and telephone traffic) can influence the distance between two countries. (Ghemawat 2001)

*Economic distance* implies that companies relying on economies of scale, experience, and standardization should aim their efforts on markets with a similar economic profile. The reason for this is that, in order for the company to exploit their competitive advantage, they need to imitate their existing business model and this can be hard to achieve if the cost and quality of resources, and consumer incomes are very different. On the contrary, there are companies who base their advantage on these differentials (arbitrage) i.e. exploit cost and price differentials between markets. (Ghemawat 2001)
It is these four distances that Ghemawat suggests need to be considered to avoid the mistake of only focusing on potential revenue instead of looking at the whole picture, which also includes cost and risk. He argues that taking the factors of these distances into account can noticeably change the outcome of an evaluation of markets. Furthermore, he states that the two most overlooked distances are cultural and administrative. (Ghemawat 2001)

As previously mentioned, we want to determine if the evaluation behavior of Swedish MNCs, in regards to EMs, takes these four distances, suggested by the CAGE-framework for the CPA-model, into account. Are there any other factors that MNCs consider in this evaluation process? Furthermore, we aim to investigate which factors they consider when evaluating emerging markets for entry.
4. Method

This section starts with a description of the quantitative approach of analysis that we have chosen. Thereafter, we describe our questionnaire, sample, and respondents.

4.1 Quantitative Approach of Analysis

The most appropriate approach for answering the research question in this thesis is a quantitative one. With this method it is possible to, from a larger sample, find out how Swedish MNCs evaluate potential in emerging markets, or more specifically, if the companies’ evaluation takes into account the different distances suggested by the CAGE-framework or if their evaluation criteria differ. (Denscombe 2000)

A case study or a qualitative survey of a few companies would not provide a sufficient amount of data to be able to draw any conclusions about how Swedish MNCs evaluate emerging markets in general (Johannessen & Tufte 2003). A reason to why a quantitative approach of analysis suits the purpose of this thesis best is the fact that the aim of the study is to look at how important different distances are for Swedish MNCs, and from this data be able to derive a mean of these factors’ importance. (Holme & Solvang 1996) Surveys are a suitable method for gathering quantitative data, and by using this approach there is a better base for making generalizations from the data than from a qualitative way of research.

4.2 The Questionnaire

This quantitative approach of analysis was carried out through a web-based questionnaire, in which the respondents were asked to evaluate how important different distances, based on the CAGE-framework, are on a scale of 1 to 5. In the questionnaire 1 implied that the factor was “irrelevant”, 2 referred to “not so important”, 3 meant that the factor had “some importance”, while 4 indicated an “important” factor, and 5 corresponded to “very important”. Included in the questionnaire were also questions regarding the respondents’ level of education, what position they hold, and their personal experience from EMs. Furthermore, the respondents were asked to state which industry their company is established in. One advantage of using a
A web-based questionnaire is that it is less time consuming and less costly to send out than a paper-based one sent by regular mail. It is also easier for the respondents to answer. (Denscombe 2000)

We argue that a questionnaire was the most appropriate tool of use for this research question, since the information we were looking for could be explained in short terms and was of uncontroversial nature. Furthermore, we needed standardized data, which we gathered by using identical questions that did not require face-to-face communication. In fact, a standardized questionnaire was preferable in order to avoid contamination of the data by variations in the way the questions were asked, as opposed to investigations conducted by a qualitative approach, e.g. interviews. We also had enough time to accept certain delays in retrieving the answers from respondents. (Denscombe 2000)

One problem with questionnaires is that some respondents can become frustrated when they can only choose one or more fixed alternatives and not express their own opinions (Denscombe 2000). Furthermore, using a questionnaire implies less flexibility than e.g. interviews since you lack the interaction you have when conducting an interview and you cannot make any further explanations of the questions if any misunderstandings or confusion would occur when the respondents answer the questionnaire (Johannessen & Tufte 2003). To mitigate these problems we included an open-ended question at the end of the questionnaire, where the respondents, with their own words, could add any factors that they felt were important for their company when evaluating emerging markets, which were not included in the previous questions. This also made it possible to find modifications that were necessary to the evaluation process.

To minimize the risk of misunderstandings, the questions in the questionnaire of this study were simply and clearly formulated. First of all, there were a few open-ended questions regarding which company the respondents worked for, in which industry the company is active, the respondents’ education, position within the company, and their experience from EMs. The questionnaire was constructed so that the respondents could choose not to answer one or a few of these questions and still be able to complete the questionnaire. (Denscombe 2000) This was a conscious choice from our part to minimize the risk of respondents being unwilling to answer the questionnaire just because they felt uncomfortable of revealing their
identity, which, although they did not have to state their names in the questionnaire, could be interpreted from the open-ended questions mentioned above.

The open-ended questions were followed by a series of fixed questions, where every question represented one factor from the four distances of the CAGE-framework. The respondents could choose one of five alternatives according to what relevance they felt different factors had for their company’s evaluation of which EM to enter. By using a five point Likert type scale, the results could easily be quantified and analyzed (Denscombe 2000). As mentioned above, the last question in the questionnaire was also an open-ended question where the respondents could add information if they considered other variables which were not included in the questionnaire.

4.3 Sample and Respondents

The sample of EMs was based upon the list Alon (2006) used to evaluate emerging markets (see appendix 1). The list consists of 20 emerging economies and includes all the major EMs such as Brazil, Russia, India, and China. Thereafter, the Swedish Trade Council’s webpage in these 20 different countries respectively was considered, in order to gather information about which Swedish companies were established in these countries. Subsequently, companies with less than 1000 employees were eliminated from the sample since the interest of this study is to focus upon large Swedish MNCs. Furthermore, companies with less than 50 percent Swedish ownership were eliminated. Firstly, it would be hard to motivate that they were actually Swedish, and secondly, the headquarters are likely to have less influence on and knowledge about the evaluation if they are not majority owners. Finally, companies who only had representation offices in EMs were left out since these have less of a commitment to the market. The 40 companies in the sample, corresponding to these demands, come from a wide range of industries, from medical equipment and chemicals to cosmetics, and construction machinery (see appendix 3).

Some emerging markets were not listed by Alon (2006) but even though the list excludes some EMs, the scope of this thesis is wider since the companies taking part in the survey are established not only in one EM, but usually in several.
The final list consisted of 60 respondents from 40 Swedish MNCs (see appendix 3). The fact that there are more respondents than companies is due to, in some organizations there were more than one employee who was appropriate for answering the questionnaire. This occurred in companies with a structure based on global regions. One example is Assa Abloy, which has both an executive vice president of “the Americas” and one of Asia Pacific. Since both of these regions contain EMs, it was possible to ask two executives in companies with this structure. We determined the list of potential respondents by visiting the companies’ websites, or, where this information was not available, by contacting the information department at the respective company, looking for members of the executive board and executive management. When we had found the headquarter managers, an e-mail was sent out to these respondents, asking them to fill out a web-based questionnaire (see appendix 2). That all respondents are headquarter managers, with positions ranging from president and vice president to head of corporate strategy and regional director, is important since choosing which market to enter is a top management issue.

4.4 Modifications to the CAGE-framework

All fixed questions were based on the factors from Ghemawat’s (2001) CAGE-distances (see figure 2). We made small modifications to the CAGE-framework in our questionnaire in order to fit the purpose of Swedish MNCs. The factor “absence of colonial ties” was left out since this is not relevant for Swedish firms because Sweden has not had any colonial ties with any of the EMs in question in the past. Sweden has only had colonial ties with islands and small parts of countries, usually forts. The question of “absence of shared monetary or political association” was also changed to “absence of political association”, since Sweden is not part of the European Monetary Union or has the same currency as any other country. The last factor that was excluded in the survey is “lack of a common border” since Sweden does not share borders with any country that is defined as an emerging market. We kept the factor “different languages”, which might seem odd since none EM has Swedish as an official language, and therefore, it will always be a different official language when considering distances to emerging markets. However, the distance can still be interesting since the majority of Swedes speak English, which they also do in some EMs, e.g. South Africa and India. Since speaking the same language can affect the evaluation it is a relevant variable to study.
4.5 The Responses and their Implications

When the web-based questionnaire was closed, 12 responses from 12 different companies had been retrieved out of a sample of 60 respondents, which gives a response rate of 20 percent. 12 responses might seem like a low number, but considering the fact that there are only 206 Swedish companies with over 1000 employees (Fredriksson 2006), and even fewer who are actually established in EMs, brings a higher significance to the results. After we had obtained the results it became apparent that our question “differences in consumer incomes” was not expressed as clearly as it should have been. It should have been asked as “differences in consumer incomes between home country and emerging market”. As it was formulated in the questionnaire, it could have been interpreted as differences in consumer incomes in the emerging market. Therefore, we will not attach too much significance to this question. Furthermore, since we allowed respondents not to answer one or more questions, we have one missing value for five of the fixed questions.
5. Results and Analysis

First of all, the results from the various factors in the CAGE-framework are presented and analyzed. Thereafter, the overall importance of the four distances of the CAGE-framework is analyzed and a possible way of performing an analysis of potential markets is suggested.

After the questionnaire was closed we had, as earlier mentioned, retrieved twelve responses from a variety of industries. The participating companies, as well as the industry they are active in, are presented below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB</td>
<td>Electrical Engineering</td>
</tr>
<tr>
<td>Akzo Nobel</td>
<td>Building Materials/Coatings and Adhesives</td>
</tr>
<tr>
<td>Dynapac International</td>
<td>Sales of Construction Machinery</td>
</tr>
<tr>
<td>Elekta</td>
<td>Medical Technology</td>
</tr>
<tr>
<td>Getinge</td>
<td>Medical Equipment</td>
</tr>
<tr>
<td>Gunnebo</td>
<td>Security</td>
</tr>
<tr>
<td>Munters</td>
<td>Air Handling</td>
</tr>
<tr>
<td>Oriflame</td>
<td>Cosmetics</td>
</tr>
<tr>
<td>Perstorp Specialty Chemicals</td>
<td>Chemicals</td>
</tr>
<tr>
<td>SAAB Rosemount</td>
<td>Level Instruments and Tankers</td>
</tr>
<tr>
<td>Sandvik</td>
<td>General Engineering Industry</td>
</tr>
<tr>
<td>WM Data</td>
<td>Information Technology</td>
</tr>
</tbody>
</table>

In the fixed question part of the questionnaire the respondents, as previously mentioned, were asked to consider how important different factors were for the company in a potential target market. This was accomplished through a 1 to 5 Likert type scale, where 1 corresponded to irrelevant and 5 to very important.
5.1 Cultural Distance

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different languages</td>
<td>2.5</td>
</tr>
<tr>
<td>Different ethnicities</td>
<td>2.5</td>
</tr>
<tr>
<td>Different religions</td>
<td>2.5</td>
</tr>
<tr>
<td>Different social norms</td>
<td>2.4</td>
</tr>
</tbody>
</table>

The factor “different languages” showed a mean of 2.5, indicating a result right in between “not so important” and “some importance”. We had expected a higher relevance on this distance. If people in an emerging market do not speak English and the people in the Swedish MNC do not speak the local language, it can result in miscommunication. Therefore, failing to realize the importance of speaking the same language can be costly since communication will take more time and can result in misunderstandings. With communication problems it will also be harder to get the subsidiary in the EM to work towards the same goal as headquarters.

The factors “different ethnicities” and “different religions” both resulted in a mean of 2.5 indicating that they are not one of the more important factors that Swedish MNCs consider when evaluating a potential market. Giving these factors such little focus can be detrimental since they can influence what features local people look for in products and also influence which products are bought. Finally, Swedish MNCs gave “different social norms” a mean of 2.4.

5.2 Administrative Distance

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence of shared political association</td>
<td>2.7</td>
</tr>
<tr>
<td>Political hostility</td>
<td>3.4</td>
</tr>
<tr>
<td>Government policies</td>
<td>3.3</td>
</tr>
<tr>
<td>Institutional weakness</td>
<td>2.8</td>
</tr>
</tbody>
</table>
The question regarding “absence of shared political association” resulted in a mean of 2.7, which signifies that this question does not quite reach the “some importance” level. The reason for this might be that since the companies in this study all have invested in EMs through FDI, they are less sensitive to trade barriers than a company which exports to another country.

The results show that most of the companies in our study found “political hostility” to be quite important, since this question showed a mean of 3.4. Six respondents found this to be “important” or “very important”. This indicates that Swedish MNCs find the factor of “political hostility” to be influential on the perception of an EM as interesting or not. One variable creating political hostility is risk of expropriation from the government’s side, which will make a target market less attractive. A possible reason to why Swedish MNCs find the expropriation factor to be quite important could be that this is a serious matter, which would dramatically affect the company. Closely linked to this question is the question about “government policies” (mean 3.3). The results from this question showed that governmental regulations or actions have an impact on Swedish MNCs in their evaluation of a certain emerging market’s attractiveness. The question about “institutional weakness” was not as important as the other two mentioned in this paragraph, with a mean of 2.8. However, five respondents answered that they found this factor to have “some importance” to their company when evaluating an EM to enter, while three respondents thought this was “important”. This means that Swedish MNCs, to a certain degree, think that business support from governmental institutions and enforcement of law and order is important. This sounds reasonable since Sweden has a well functioning legal system, and Swedish companies might find this to be quite important since they are used to these circumstances.
### 5.3 Geographic Distance

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical remoteness</td>
<td>2.9</td>
</tr>
<tr>
<td>Lack of sea or river access</td>
<td>1.7</td>
</tr>
<tr>
<td>Size of country</td>
<td>3.6</td>
</tr>
<tr>
<td>Weak transportation or communication links</td>
<td>2.8</td>
</tr>
<tr>
<td>Differences in climates</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Concerning the geographic distance, the factor “physical remoteness” showed a mean of 2.9, indicating that how geographically distant an emerging market is has “some importance”. However, the most interesting observation is that five respondents answered “important” or “very important” while five answered “not so important” or “irrelevant”. We believe that this wide spread of answers is due to the broad range of industries our respondent companies are active in. For example, Dynapac sells construction machinery on a worldwide basis, and transporting bulk products like these costs more the further away the country in question is situated. On the other hand, companies such as WM-data, who offer easy to transport products and services i.e. IT-consultancy and smaller products, are not as dependent on the physical remoteness factor.

The factor “lack of sea or river access” had the lowest score of the geographic distance as well as overall in the questionnaire, with a mean of 1.7. Seven of the respondents answered “irrelevant”, implying that they do not consider this distance at all when conducting an evaluation. We could hypothesize that sea or river access is only important for companies who transport their products on cargo ships, which could be the explanation for the low importance of this distance in our questionnaire.

One factor which seemed to be of importance was “size of country”, with a mean of 3.6. The reason for this result could be that the companies in our study think that by entering a geographically large country, it would involve higher costs for transportation within the country and that it would be more difficult to arrange meetings between managers in the country. It is possible that the respondents have interpreted this factor as a proxy for size of
the consumer market. However, since this question is clearly located under the heading “geographic distance” we argue that it is not that probable.

With a mean of 2.8, “weak transportation or communication links” almost reaches the “some importance” level. This indicates that communication and transportation links to the country is a factor of some weight on the evaluation but it is not a decisive one. An interesting observation can be made from comparing the results of this distance with the mean of “infrastructure”, which was significantly higher with a mean of 3.8. Since infrastructure is a wider concept and includes the communication and transportation links within the EM, in contrast to these links from the home country to the emerging market, it shows the importance of roads and railroads as well as how developed IT and the banking system is in the country.

“Differences in climates” showed a mean of 2.1, indicating that the factor is “not so important”. Six out of twelve respondents stated that it is irrelevant, while two answered that it was important. That the majority found it to be “irrelevant” or “not so important”, while two respondents considered it to be “important” is probably due to differences in industries. Munters, for example, are active in humidity control, air-cooling, and water restoration and therefore the climate of a possible target market is important, while for companies offering IT solutions, like WM-data, the climate has little relevance.
5.4 Economic Distance

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences in consumer incomes</td>
<td>2.3</td>
</tr>
<tr>
<td>Differences in cost and quality of:</td>
<td></td>
</tr>
<tr>
<td>Natural resources</td>
<td>2.4</td>
</tr>
<tr>
<td>Financial resources</td>
<td>2.8</td>
</tr>
<tr>
<td>Human resources</td>
<td>3.6</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>3.8</td>
</tr>
<tr>
<td>Intermediate inputs</td>
<td>2.9</td>
</tr>
<tr>
<td>Information or knowledge</td>
<td>3.4</td>
</tr>
</tbody>
</table>

The question regarding “differences in consumer incomes” showed a mean of 2.3, but as mentioned before there is a risk that the question was misinterpreted and therefore we will not analyze on it any further.

From the fixed questions regarding cost and quality of different resources, our results show that infrastructure (3.8), human resources (3.6), and information or knowledge (3.4) are the most important resources. In fact, the cost and quality of infrastructure was the most important factor in the whole questionnaire. This could indicate the importance of access to roads and railroads to transport input and output within countries. Additionally, it could also show the importance of access to Internet and telephone networks in countries. Six of the respondents answered that human resources was an “important” factor for their company to consider when evaluating an EM to enter. The high score for this resource may stem from that companies find it important that their employees meet the educational demands and have the right personal characteristics to be a part of their organization. Another reason could be that companies consider labor costs an important issue in potential target markets. Finally, the factor “information or knowledge” had a mean of 3.4 and 6 of the 12 respondents deemed it to be “important”. This shows the importance of knowledge in an emerging market. Another possible reason could be that companies sometimes enter a market in order to get access to specific information or knowledge which is inherent in the particular market.
The remaining resources natural resources (2.4), financial resources (2.8), and intermediate inputs (2.9), were not as important as the other ones mentioned above. The low importance of cost and quality of natural resources could imply that organizations do not enter emerging markets to get easy access to natural resources such as oil or timber. The mean of 2.8 for financial resources shows that it almost has “some importance”. The interesting observation becomes clear first when you look at the distribution of the answers, where 5 respondents deemed financial resources to be “important”. The fact that many respondents thought it were “important” could indicate differences in the companies’ financial positions. For instance, a company the size of ABB has enough financial resources to not be in need of borrowing capital from local investors or institutions for an establishment, while this can be necessary for smaller MNCs. The last resource, “intermediate inputs”, seems to be of “some importance” since eight of eleven (one omitted his answer) respondents answered this way. We believe that this factor can have an effect on companies’ decisions, but it is probably not a determining factor.

5.5 General Analysis

It has become evident from the final open-ended question that there are other factors, not included in the CAGE-framework or the CPA-model, which need to be considered. These are not distances that create cost and risk but rather other aspects of the potential in a market that the Swedish MNCs consider. First of all, as taken into consideration by several respondents, is the growth of the market, both previous years as well as prospect for the years to come. This gives companies an indication of not only, the potential in a market today, but also the future potential. In addition to growth potential of the whole market, they consider future market potential for the specific product or service. Of course it is interesting to know the future potential for a company’s product, but it can also be interesting to know the potential of a market as a whole if the company would like to expand its product line in the future. Finally, they consider the competitive situation in the potential market i.e. how their competitors are performing. This means that some companies might have second thoughts about entering an EM if they find out that the competition is already tough, whereas they might be more willing to enter an EM where there is untapped potential. Consideration of the competitive situation is not included in the CPA-model or the CAGE-framework but it was suggested by Miller.
Hence, we argue that this factor should be considered in an evaluation of a potential market.

Cultural distance (with an aggregate mean of 2.48) is the most overlooked distance by Swedish MNCs. In this category none of the sub-factors had a mean over 2.5, indicating that this is the distance that Swedish MNCs consider the least when performing an evaluation of emerging markets. This is in accordance with Ghemawat’s assertions, since he states that cultural and administrative distance are the two most overlooked by companies. Hence, in line with Ghemawat’s observation, the Swedish participating companies in our study fail to realize how important cultural distance can be. As previously mentioned, this can lead to problems in the form of miscommunication, misunderstandings, lack of goal congruence between headquarters and subsidiary, and failing to realize what features local people look for in a product.

Geographic distance (with an aggregate mean of 2.62) is the second most overlooked distance. It seems that several of the factors included in this distance are industry dependent, e.g. even in factors with low means there were one or two outliers who deemed a factor to be important. Hence, we argue that if one was to do this study on companies from a specific industry, geographic distance might have been much more important.

As shown in the two previous paragraphs, the two most overlooked distances for Swedish MNCs were cultural and geographic. As previously mentioned, Ghemawat states that cultural and administrative distance are the two most overlooked distances. Hence, there is a discrepancy between our results and the theory presented by the author. Whether this is because we have chosen Swedish MNCs, or if it is due to the choice of emerging markets in general, can only be speculated around. If we assume that Swedish MNCs’ evaluation behavior is congruent with MNCs all over the world, the discrepancy can be due to the fact that MNCs’ evaluation of emerging markets is different than their evaluation of markets in general. On the other hand, if we assume that evaluation of emerging markets corresponds to an evaluation of markets in general, it is the Swedish MNCs’ evaluation behavior that is different than MNCs in general. Or, could it be that we have seen a change in what are the most important evaluation variables since 2001, when Ghemawat wrote his article?
The results showed that the administrative distance, with an aggregate mean of 3.05, and economic distance, with an aggregate mean of 3.15, (in this aggregate mean we excluded the factor “differences in consumer incomes” since this question may have been misinterpreted) were the most important distances. The reason for the high score for the factors of the administrative distance might be that these factors are more important to consider in emerging markets than in developed markets. This is due to, as argued before, that administrative issues such as lack of enforcement of law and order, corruption, and lack of supporting institutions for businesses are more salient features of emerging markets, and hence, more important to consider. Economic distance was one of the two more considered distances in our study, which is in accordance with Ghemawat’s theory. Since his theory regards potential target markets in general, whether they are developed, emerging, or underdeveloped, it seems that this distance is important regardless of what kind of market you are entering.

It is not possible to generalize to how Swedish companies evaluate potential target markets in general since we have only studied their evaluation behavior in reference to emerging markets. However, we argue that it is possible to generalize our results to Swedish MNCs’ evaluation behavior in relation to EMs, first of all because we have obtained a high response rate of 20 percent, and second of all, because our respondent companies come from a wide array of industries and therefore are more likely to correctly represent Swedish MNCs in general.
6. Conclusions

Our analysis has led us to the conclusions which are presented below. Thereafter, suggestions for future research are made.

From our results, it has become evident that Swedish MNCs consider the distances in the CAGE-framework when evaluating the potential in an emerging market. Nevertheless, different factors have remarkably more importance or less importance than others. The factors that the companies deemed to be of higher importance were “infrastructure” (3.8), “size of country” (3.6), and “human resources” (3.6). The least important factors to consider when evaluating an EM were “lack of sea or river access” (1.7), and “differences in climates” (2.1). If we instead of looking at each factor individually take a look at the aggregate score of the factors i.e. the distances we found that the economic distance, closely followed by the administrative distance, were most considered in an evaluation. Thus, cultural and geographic distance was the two most overlooked. This was in partial discordance with the theory by Ghemawat which stated that cultural and administrative distance was most overlooked by companies when evaluating potential target markets.

We could also see that adjustments should be made to the evaluation process, when considering Swedish MNCs entry into emerging markets. Based on the results of our study we argue that the evaluation of an emerging market, first of all, consider the CPA-model. But this is not sufficient. To get a full picture of the potential in a market they also need to take into account: (1) the growth of the market, both in previous years as well as estimates of future growth, (2) predicted growth for the product or service in the specific market, and (3) the competitive situation in the emerging market. This gives the company a complete picture of the profit potential in a market. Thereafter, this potential should be adjusted for the distances in the CAGE-framework.

6.1 Future Research

One issue that would be interesting to look at is if there actually are differences between industries. In our study we did not have the possibility of doing this due to limitations in the way the questionnaire that we used was constructed. Although, judging by the spread of the
answers, as noted in the results and analysis section, it seemed that the importance of the different factors were industry dependent. For future research, a more advanced questionnaire has to be constructed to study this phenomenon.

For future studies, it would be interesting to do a survey of MNCs from other developed countries than Sweden, most preferably a survey including a number of different countries, to see if the results from such a survey would correspond to the results presented in this thesis. Furthermore, it would be interesting to see if our results are specific for emerging markets or if a study of markets in general would entail the same results.
7. References

7.1 Published Sources


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  2006-11-30

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  [http://di.se/Nyheter/?page=%2fAvdelningar%2fArtikel.aspx%3fO%3dIndex%26Artic leId%3d2003%5c09%5c03%5c85858%26src%3ddi](http://di.se/Nyheter/?page=%2fAvdelningar%2fArtikel.aspx%3fO%3dIndex%26Artic leId%3d2003%5c09%5c03%5c85858%26src%3ddi)  
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  2006-11-30

  2006-11-29

### 7.3 Verbal Sources

8. Appendices

1 – *Emerging Markets*

<table>
<thead>
<tr>
<th>Country name</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1,253,595,000</td>
</tr>
<tr>
<td>India</td>
<td>956,515,200</td>
</tr>
<tr>
<td>Indonesia</td>
<td>207,021,616</td>
</tr>
<tr>
<td>Brazil</td>
<td>167,965,672</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>146,200,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>96,585,836</td>
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<tr>
<td>Philippines</td>
<td>74,258,872</td>
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<tr>
<td>Turkey</td>
<td>64,385,000</td>
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<td>Egypt, Arab Rep.</td>
<td>62,654,940</td>
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<td>Thailand</td>
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<td>South Africa</td>
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<td>Colombia</td>
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<td>Venezuela, RB</td>
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<td>Malaysia</td>
<td>22,710,000</td>
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<td>Chile</td>
<td>15,017,000</td>
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<td>Czech Republic</td>
<td>10,278,180</td>
</tr>
<tr>
<td>Singapore</td>
<td>3,952,000</td>
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</tbody>
</table>

Source: Alon 2006
2 – Questionnaire

Question no 1 1. Which company do you work for?

Question no 2 2. In which industry is your company active?

Question no 3 3. What is your level of education?

Question no 4 4. What is your position within the company?

Question no 5 5. Have you any personal experience from emerging markets?

6. Consider the following definition of emerging markets; “low-income, rapid-growth countries using economic liberalization as their primary engine of growth”. When evaluating an emerging market to enter, does your company consider the following factors (please estimate the importance of each factor on a scale between 1 and 5, where 1 is considered irrelevant and 5 is considered very important):

1 (irrelevant) 2 (not so important) 3 (some importance) 4 (important) 5 (very important)

7. Economic factors:

Question no 6 7.1 Per capita income

Question no 7 7.2 Per capita consumption of products in your industry

Question no 8 7.3 Differences in consumer incomes
7.4 Differences in costs and quality of the following resources in the emerging market:

**Question no 9** 7.4.1 Natural resources
- [ ] 1 2 3 4 5

**Question no 10** 7.4.2 Financial resources
- [ ] 1 2 3 4 5

**Question no 11** 7.4.3 Human resources
- [ ] 1 2 3 4 5

**Question no 12** 7.4.4 Infrastructure
- [ ] 1 2 3 4 5

**Question no 13** 7.4.5 Intermediate inputs
- [ ] 1 2 3 4 5

**Question no 14** 7.4.6 Information or knowledge
- [ ] 1 2 3 4 5

8. Administrative factors:

**Question no 15** 8.1 Absence of shared political association
- [ ] 1 2 3 4 5

**Question no 16** 8.2 political hostility
- [ ] 1 2 3 4 5

**Question no 17** 8.3 government policies
- [ ] 1 2 3 4 5

**Question no 18** 8.4 institutional weakness
- [ ] 1 2 3 4 5

9. Geographic factors:

**Question no 19** 9.1 Physical remoteness
- [ ] 1 2 3 4 5

**Question no 20** 9.2 Lack of sea or river access
- [ ] 1 2 3 4 5

**Question no 21** 9.3 Size of country
- [ ] 1 2 3 4 5

**Question no 22** 9.4 Weak transportation or communication links
- [ ] 1 2 3 4 5

**Question no 23** 9.5 Differences in climates
- [ ] 1 2 3 4 5

10. Cultural factors:

**Question no 24** 10.1 Different languages
- [ ] 1 2 3 4 5

**Question no 25** 10.2 Different ethnicities
- [ ] 1 2 3 4 5

**Question no 26** 10.3 Different religions
- [ ] 1 2 3 4 5

**Question no 27** 10.4 Different social norms
- [ ] 1 2 3 4 5

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40
**Question no 28** 11. Are there any other factors, not mentioned in the previous questions, that you consider when you evaluate a potential emerging market to enter?
3 – Companies in the Sample

- ABB
- Akzo Nobel
- Alfa Laval
- Assa Abloy
- Assab
- Astra Zeneca
- Atlas Copco
- Autoliv
- Beckers Färg
- Camfil
- Cardo
- Cybercomgroup
- DeLaval
- Dynapac
- Electrolux
- Elekta
- Ericsson
- Gambro
- Getinge
- Gunnebo
- H&M
- Haldex
- Höganäs
- IKEA
- Kalmar Industries
- MTG Group
- Munters
- Oriflame
- Perstorp
- SAAB Rosemount
- Sandvik
- Scania
- Seco Tools
- Skanska
- SKF
- SonyEricsson
- Tetra Pak
- Trelleborg
- Volvo
- WM-Data