Foreign market entry

The strategic decision of foreign market entry by service firms

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Abstract
This report is investigating the subject of foreign market entry for service companies. Service firms differ from manufacturing firms since they have a low degree of tangible assets and resources and therefore service firms have to manage and develop their intangible assets to be competitive. Foreign market entry for service firms are a quite unexplored area, and forces that is connected to the subject has to be explored.

The purpose of this paper is to identify motives for foreign market entry decision, and central issues a service company should consider before entering a foreign market.

The theoretical framework in the research reports is provided in the literature review chapter. The literature review contains different authors’ opinions about the subject. The theoretical framework is divided into four different sub-headings that are connected with foreign market entry.

The authors did a qualitative single case study with an IT-service firm competing on the Swedish market. The empirical data was collected from five respondents at the chosen company. The primary data from the respondents was gained from in-depth interviews and the secondary data was collected from annual reports and internal documents.

One conclusion in the study is that there can be a lot of different motives for an entry on a foreign market. The different motives that is stated in the study has a common denominator which is that they can all lead to increased profit in the long run. Other findings are that a service firm has to consider certain external and internal forces in the foreign market entry decision process. The external and internal forces are also linked to the choice of entry mode. The authors provide a model in the conclusion chapter which explains the foreign market entry process and the connection between the different forces.
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1.0 Introduction
Every entrepreneur has a dream that their idea and their company should grow and turn into a global known company with high earnings per share. Facebook, McDonalds, Apple and many others are very successful and many others tried but failed for different reasons. There are several forces to consider and many roads to walk down before success. Regardless which way that is chosen it all starts with following a clear strategy if the company wants to be successful (Hitt et al. 2001).

“Growth leads to bigger capabilities for any company” - Financial manager of the chosen company in the case study of this paper.

1.1 Strategy
A company’s strategy is the focus and scope of the organization in order to achieve their long-term goals. Every company’s goal should be to satisfy their stakeholders and it is also the stakeholders that determine the expectations and values of a company and this helps a company to know what to aim for. The chosen strategy for a company has to fit with their long term vision for the organization. This means that the board of a company will face many situations where they have to take the right strategic decisions in order to gain advantages towards their competitors (Johnson et al. 2008).

It is very important that the strategic decisions that are taken within a company fit with the resources that a company has to work with. If it do not fit it will be a gap between what the company wants to do and what they can do (Johnson et al. 2008). A company’s resources could be both tangible and intangible. Tangible resources include physical assets that help a company to be beneficial. That includes both financial assets e.g. capital and debtors; physical assets e.g. number of machines or buildings and human resources e.g. employees (Johnson et al. 2008; Grant, 1991; Bradley, 2002).

Intangible resources are non-physical factors which are used by a company in order to achieve sustainable economic benefits (Johnson et al. 2008). The intangible resources within a company can be divided into both assets and skills (Hall, 1992; Amit and Schoemaker, 1993). Example of intangible assets could be a company’s brand or patent (Johnson et al. 2008) and example of skills within a company is special “know how” which is knowledge that could be very hard to imitate for competitors (Galbreath, 2005).
When a company knows which resources it possess and can work with it will have to work with strategic management. Strategic management is about understanding the strategic position of a company, the strategic choices for the future a company will make and to turn the chosen strategy of a company into action (Johnson et al. 2008). If a company analyses itself and makes the conclusion that it is time for the company to grow, the question how, will occur. A tool for company growth is new market entry (Bradley, 2002).

1.2 Market entry

New market entry is a way for a company to expand its business. An entry mode can be defined as “a structural agreement that allows a firm to implement its product market strategy in a host country either by carrying out only the marketing operations (i.e., via export modes), or both production and marketing operations there by itself or in partnership with others (contractual modes, joint ventures, wholly owned operations)” (Sharma and Erramilli, 2004, p. 2).

An expansion could be about both geographical and product expansion. And even if it is about geographical expansion it does not have to mean that the company has to entry a foreign market since the company could also expand domestic. As stated, an expansion could also be about that a firm wants to penetrate a product market that has been unknown previously for that company since they have not been working with that kind of products before (Johnson et al. 2008).

According to Greening et al. (1996) expansion into markets in foreign countries is an excellent way for a company to grow. Yip and Hult (2012) states that there is a lot of evidence that proves that companies that applies a global strategy and want to internationalize themselves can gain competitive and financial benefits from it. This means that a company could choose to work with foreign market entry as a tool in order to both grow and to be more successful, if the company takes the right decisions.

1.3 Problem discussion

It is an important aspect for a company whether they should or not should expand their business into foreign markets. The reasons for expansion into foreign markets could be the economic characteristics of the foreign business environment, the perceived growth in a local foreign market or the financial and competitive benefits a company can gain from a successful foreign market entry (Laird et al. 2003). The economic reasons/motives that are stated have its origin in the thought that companies should bring profit and involves efficiency of resources
(Child and Keiser, 1981). Of course is the thought of huge profits very attractive for any manager who has to take the decisions and managing a foreign entry, which also is connected to expansion motives. Starbuck (1965) argues that it can be a personal drive that is underlying for an expansion. But foreign market entry can go terrible wrong for companies that does not really know what they are doing. This is because it is a big leap for a company to increase their business into a new and unfamiliar area. There are a lot of questions have to be answered before trying to break into a foreign market. A company has to be sure that they can handle and understand the foreign market and also that they offer a product or service that is needed (Johnson et al. 2008; Young et al. 1989; Root, 1994).

According to Gallego et al. (2009); Young et al. (1989); Root, (1994) a company has to count on both present and future potential of the new market before making a decision of which market they want to enter. Of course a company take a future profit analyze very seriously but it could occur a danger for a company if they only stare themselves blind on the potential of the foreign market instead of considering those forces that can complicate the entry and hurt the firm in question.

There can be many external issues that could complicate a market entry for a company. Examples of this is strength of potential competitors, the market potential, growth of the country, cultural differences, political issues, law and financial factors (Johnson et al. 2008; Meyer, 2001). Another important aspect while choosing a market is the timing of the entry. It is important to avoid that other competitors has been established a longer period of time on the market. There is a risk with a crowded market that competitors have developed competitive advantages before the company enters the same market which will make it hard for that company to compete (Pehrsson, 2008). The problem for companies is to consider all external forces but still create the competitive advantage that is needed to be very successful. The need for differentiation towards the new foreign market is crucial in order to make a foreign entry profitable.

It is important to state that it is not only external threats that can generate difficulties for companies. A company can face internal problems as well while they are evaluating the possibilities with the foreign market they want to enter. A company may understand that the resources they possess do not create the capabilities for entry on the chosen market, which means that the firm has to create the right capabilities before entering a foreign market. If a company miscalculates their capabilities before entering a foreign market the results can be
devastating which make it crucial to truly understand what the company has to work with (Johnson et al. 2008).

Companies can have different internal resources and the importance of them differs depending on what type of company is discussed. There are companies that provide goods towards a market and customers (manufacturing companies) and companies that provide services (service companies) (Bradley, 2002; Johnson et al. 2008). Which resources are the most important to a firm’s success? Hafeez et al. (2001) states that it does not matter if a company works with tangible or intangible resources as key assets, because it is a company’s core competence that will give them competitive advantages. But does manufacturing and service firms really compete on the same terms?

The potential problem for the service firm could occur when it do not provide any goods that consumers can see and create a perception of. Perhaps it makes it more complicated for service companies to enter a foreign market since they only has their intangible assets to work with in order to create competitive advantages. The lack of a product could be of issue for any service firm to decide which entry modes to use while enter a foreign market. There are several different entry modes companies can choose between when they are entering a foreign market. All the different modes could be divided into three groups which are; export entry modes, contractual entry modes and investment entry modes (Young et al. 1989; Root, 1994). Since companies have different strategies, resources and assets to work with the choice of entry mode could differ a lot from firm to firm. The complicated part is to choose the right entry mode for the right company considering the company’s resources and assets. Any company should strive to choose the right mode in order to get out maximum of their capabilities and from that make the entry as successful as possible.

There is a lot less research about foreign market entry for service minded companies than manufacturing companies (Blomstermo and Sharma, 2005; Erramilli, 1991). There are many factors that have to be considered for service minded firms before entering a foreign market (Ekeledo and Sivakumar, 2004). It is important for companies to identify how they should manage an entry on a foreign market successfully. Which are the keys for successful business expansion for service companies?
1.4 Purpose
The purpose of this paper is to identify motives for foreign market entry decision, and central issues a service company should consider before entering a foreign market.

1.5 Research questions
- Why would an IT-consultant company want to enter a foreign market?
- Which internal resources and assets are of value to an IT-consultant company when deciding to enter a foreign market?
- How can an IT-consultant company enter a foreign market?
- Which external factors can influence the strategic decision of an entrance in a foreign market?
2.0 Literature review
The literature review provides the theoretical framework that constitutes the pre knowledge of the investigation. The theoretical framework is based out of the concept of grounded theory, which means that the information is sorted into four sub-headings. That makes it easier for the reader to follow the text and to see how different literature and scientific articles discusses the overall topic. The four different sub-headings are as follows; motives for foreign market entry, external forces, internal forces and entry modes. The first one motivates and explains why companies want to enter foreign markets. The second subheading discusses of what external forces there are for a company when they are deciding to expand their business into a foreign market. The third one discusses internal forces and their impact on the company. The fourth and last one discusses the relationship between entry modes and foreign market entry for service firms. After the different sub-headings the authors follows up with a summary in order to let the reader get a short version of the presented topics.

2.1 Motives for foreign market entry
Market entry decisions are driven by the economic characteristics of the foreign business environment and the perceived growth potential of that particular market. Reason for market expansion is driven by economic objectives (Laird et al. 2003; Gallego et al. 2009; Root, 1994; Young et al. 1989). The market potential plays a vital part when a company decides to pursue with their internationalization, a bigger potential will be an important factor (Laird et al. 2003; Gallego et al. 2009). Another objective is if the company cannot attain their strategic goals at their domestic market, then expanding into a foreign market can be an alternative (Root, 1994; Young et al. 1989). If the growth ratios of the company’s current market are small, a diversified expansion would help it to reach its desired growth-level more quickly, and this can be done by expanding into foreign markets (Ayal and Zif, 1979; Young et al. 1989).

Being the first firm to enter a market and to capture first-mover advantages is one reason for why a company wants to internationalize into foreign markets (Spence, 1981; Ghemawat 1984; Gilbert and Newberry, 1982). Lee and Lieberman (2009) argues for the importance for a company to leveraging existing resources as well as filling resource gaps, and that might be a reason for expanding into new foreign markets. Internationalizing services have become more diverse as, for example, the development of new technologies for electronic commerce has made services less dependent on local operations, and therefore having offices on several foreign markets is not a obstacle for the firm (Winstead and Patterson, 1998).
2.2 External forces

When a company has made their strategic decision to expand their business into a foreign market the firm will have to choose a target market. For companies who want to internationalize, the choice of market is one of the most important decisions. This is because the market of choice has to deliver a high potential of benefit (Laird et al. 2003; Gallego et al. 2009). There is two different aspects that the company has to consider; 1, the present and future income of the market and; 2, the distance of the market. If you connect the two variables the most attractive market for a firm is the one with the most market potential and least distance (Gallego et al. 2009; Morschett et al. 2009). Johansson and Vahlne (1977) agree with Gallego et al. (2009) since they also argue that the distance of the target market matters. Johanson and Vahlne (1977) has the opinion that a company should choose a target market with the lowest physical distance at first e.g. neighbor countries. Bell (1995) do not agree with Johanson and Vahlne (1977) and states that there is not any complication for a company to enter a market with high physical distance before entering a market with low physical distance. It is common that companies overseas the threats of low physical distance when the target market offers a high probability of high profit (Malhotra et al. 2008). Success of a new market entry is also depended on the networking a company can build up around the new market (Johanson and Vahlne, 2008).

There has been a change over time, due to the improved technology and communication worldwide in addition with that market becomes more homogenous has the relevancy of physical distance for companies decreased sincerely (Nordstrom, 1990). Morschett et al. (2009) argues that it is not about the physical distance while choosing a market; instead a company should consider the market attractiveness of the targeted market. The market attractiveness is the sum of the current size of a market and the growth of the same market. Simkin and Dibb (1998) adds another variable into the concept of market attractiveness, namely customer satisfaction, which means that if the population in a geographical market despise a company’s product, that market has no attractiveness for the company. A big issue for a company when choosing a market is the potential legal restrictions in the host country and those restrictions will make the targeted market be less attractive in the eyes of the company (Morschett et al. 2009).

There is no doubt that cultural differences could be seen as a big threat for companies, and there for should choose a target market with similar culture as the home country (Omar and Porter, 2011; Bjerke et al. 2005; Morschett et al. 2009; Malhotra et al. 2008). The lower
physical distance to the target market the lower the risk is for cultural differences. Geographical areas can be divided into customer clusters where the customer has similar preferences; Northern Europe is an example of a customer cluster like this. But there can still be cultural differences in such a cluster, though there are examples of areas where the cultural differences are neutralized e.g. between the Nordic countries Denmark, Sweden and Norway (Bjerke et al. 2005).

It is not of the most importance to look at the cultural differences, legal restrictions or market growth on the chosen market but instead look at the competitive climate on the chosen market. It is very important for a company to choose a market where there are not too many actors. A late entry on a market provides much more entry barriers than an early entry on the chosen market (Robinson and McDougall, 2001). A company should try to choose a market where they will be “early entrants” because of the competitive advantages the company can receive from it (Tuppura et al. 2008).

2.3 Internal forces
A company’s competitive advantage towards the market is achieved when they are working with strategies that are effective in leveraging the company’s resources (Hitt et al. 2001; Barney, 1991; Grant, 1991). The resources are laying the ground for a firm’s potential capabilities and if a firm has special competencies that create extraordinary capabilities for that firm (Hafeez et al. 2001; Grant, 1991). Even if a firm has capabilities, they will have to continue to build knowledge within the organization in order to develop their business effectively (Zahra et al. 2000). If a company fails to work with their resources and create capabilities the company will suffer off the inability to do so (Johnson et al. 2008).

Intangible resources are of more value for a company than tangible assets if they wish to achieve competitive advantage (Hall, 1992; Jugdev et al, 2006; Galbreath, 2005; Fitz-enz, 2000).

There are many different types of assets and some is more important than others, an individual’s know how can’t be worth more for a company than the company’s tangible assets. However, organizational know how and a firm’s reputation is considered to be more precious for a firm than any tangible asset. Know-how is a resource that differentiates companies from each other and is the key to business success (Galbreath, 2005; Fitz-enz, 2000). Assets such as “reputation” and “know-how” are especially important. Employee Know-how is one of the most durable resources that a company can possess, and an important
contributor to a company’s success (Hall, 1992). This is supported by Teece (2000) and Grant (1991) who states that superior performance depends on the ability of firms to protect and use their knowledge assets. Reputation-asset on the other hand is very fragile, and can be damaged easily, although it should be managed by the company because it can give the company competitive advantage. In sustaining a competitive advantage, firms should focus on developing and nurturing their competencies that reduces imitability (Lado et al. 1992). They should also invest in skills and competencies that is not easily trade able, e.g. know-how (Lado et al. 1992; Mata et al. 1995).

A company has to develop their intangible assets in order to get rare assets (unique assets) that could lead to competitive advantages (Jugdev et al. 2006). According to Johnson et al. (2008) the competitive advantages for a manufacturing firm are connected with their product. Bradley, (2002) argues that for a service firm it is more likely that the advantages a firm can achieve will be connected to the contact and relationship with the customer and also the focus on the process. Knowledge in general is inappropriate in market transactions, besides from copyrighted knowledge’s e.g. patent and brand, which perhaps could be a problem for some service firms if they only work with knowledge-based assets (Bradley, 2002). Hafeez et al. (2001) argues that it does not matter if the assets are tangible or intangible. It is the company’s core competence that can create sustainable competitive advantage and any company can achieve this by fully exploit their core competences.

When a company is about to enter a new market the competitive advantage can be achieved through the combination of the multiple tangible and intangible assets that a company possess (Malhotra et al. 2008). It is important for a firm to develop and analyze its own capabilities further while expanding since gaps can occur, and it is more likely capability gaps then other factors that will hurt the company while expanding (Madhok, 1998).

In a company who possess IT knowledge it is only the IT managerial skills that could create advantages for the company since it is the only IT connected knowledge that can be unique for each firm since the management skills is likely to be differentiated and developed overtime within the firm and there for is it hard for competitors to imitate these skills and hard to develop them. It is also very hard to use IT in order to gain sustained competitive advantage (Mata et al. 1995).
2.4 Entry modes
When a service minded company has determined which market they want to get into, they
will have to choose between different entries mode in order to achieve their goal. The
different entry modes can be divided into three different entry choices: Export entry modes,
contractual entry modes and investment entry modes. Export entry modes include either direct
exporting or indirect exporting. A company is an indirect exporter when they sell their
products in a foreign market and the whole operation is done by another firm, and the
company itself is not part of the process. Direct exporting on the other hand is the opposite;
the company carries out the exporting and has to build this operation themselves (Young et al.
1989; Root, 1994).
The second mode to expansion is to use contracts; a company can for instance let another
business take control over management decisions such as financial administration, production
management and marketing. An example of a contractual mode is franchising or licensing
(Young et al. 1989; Root, 1994). Zahra et al. (2000) argues that a company has to continue to
build knowledge in the organization to develop the company effectively instead of outsource
departments.
The third and last mode is investment entry modes, containing models as; Joint ventures, new
establishment and solo acquisition. A joint venture is when two companies work together to
enter a foreign market, and share risks and revenue. A new establishment is when a firm start
up a new office or branch in another region, and a solo acquisition is when a firm buys up
another firm (Young et al. 1989; Root, 1994).
It is important to get the staff in order directly after an acquisition or if a joint venture occurs.
A board of director’s in a company does not want any gaps between the company’s and the
employee’s vision (Johnson et al. 2008).
Acquisition can be the right entry mode when the company wants to expand into new (for the
company) markets and receive new knowledge and skills (Lee and Lieberman, 2009). This is
rejected by (Sanchez-Peinado et al. 2006) who suggests that shared control modes are
preferable when firms enter into markets to search complementary assets and new clients.
Indirect entry (where the company hires another one to sell their products or services) is
according to Grönroos (1999) the least risky entry mode for a company that wants to
internationalize their business.
According to Yip (1982) the greater the relatedness of the new market entry is the bigger the
chance is that the company instead uses direct entry rather than acquisition. Yip (1982) also
states in accordance with Lee and Lieberman (2009); Eicher and Woo Kang (2004) that high barriers are more likely to be associated with acquisition entry.

If the new market’s size and growth are increasing then cooperation entry modes are to prefer rather than using wholly owned subsidiary (Morschett et al. 2009). Although according to Eicher and Woo Kang (2004) acquisitions are the right entry mode when the market is of a larger size. Collaborations are easier for firms because they do not have to have the same amount of resources and capabilities in if they were to enter a foreign market alone (Madhok, 1996). Brouthers and Brouthers (2003) states that service firms that perceive high levels of behavioral uncertainty in the target market prefer joint ventures as an entry mode, rather than wholly owned modes of entry. Grönroos (1999) argues for the possibility that a foreign market government and local customers have problems with a Foreign Service company’s entrance on the market, and in those cases what entry mode to choose is unimportant. Carman and Langeard (1980) support this and add that service-companies could have more problems with host-governments than for example product-companies. Blomstermo and Sharma (2005) suggests that the greater the cultural distance between the investing firm and the country of entry, the more likely service firms will choose a high control entry mode over a low control entry mode. Sanchez-Peinado et al. (2006) also states that service firms rather enter in a high-control mode than a low control mode. Although high-control modes are rather adopted by firms who pursues an internationally strategy or are entering a foreign market with motives to search for asset exploitation. Low-control modes are used in order to search for complementary assets.

Different entry modes have different effect on a firm’s performance; Brouthers (2002) proposes that wholly owned entry mode and joint venture together with the potential of the particular market is closely related to the performance of the firm. Woodcock et al. (1994) on the other hand suggests that new venture mode outperforms joint venture mode and joint venture mode outperforms the acquisition mode.

A traditional way for service firms to start going abroad is to follow manufacturers that they are supplying with services in their domestic markets. When their clients internationalize, they get an opportunity to go along and sometimes almost are forced to do so (Weinstein, 1977; Vandermerwe and Chadwick, 1989). Service firms can follow their clients to foreign markets, or seek new markets just in order to serve customers in a foreign country. Follow-the-client strategies are important for companies who have customers that expand their
business into foreign markets (Rose and Hinings, 1999; Root, 1994; Aharoni 1997; Erramilli and Rao, 1990).

Hard-service firms such as consultants and software-companies can unlike from soft-service firms use exporting as an entry mode and of course contractual- and foreign direct investment-modes. The reason for this is to follow foreign customers abroad and the other possibility is to seek new markets abroad (Erramilli and Rao, 1990). Root (1987) in accordance with Carman and Langeard (1980) rejects this and according to them, a service company cannot use export entry modes as an option. Davidson (1982) found licensing and joint ventures to be more strongly associated with firms that were inexperienced in a particular foreign market (that is, firms with little or no experiential market knowledge), compared to more experienced firms. Aspelund et al. (2004) argues that it does not matter wheatear or not a company has experience when entering a new market.

2.5 Summary of theoretical framework
The summary includes the authors overall impression of the theoretical framework and the different research gaps.

Companies driving force for expansion and foreign market entry has its origin in the financial and competitive benefits that companies can receive from expansion. In order to achieve the goal to gain different benefits companies will have to analyze different forces. The presented theoretical framework states that there are many external and internal factors that companies have to consider. The largest issue with external factors has a connection with the drive for expansion and is connected with a company’s targeted foreign market. Will the market provide economic benefit and will it grow further on? Other issues with external forces could be the cultural differences that can occur between the host country and the company, e.g. political factors, laws and country specific risks.

The presented theoretical framework also points out that it is very important with internal assets in order to gain the benefits that are stated above and to possess an ongoing and beneficial business. Much of the theoretical framework discusses and indicates that it is important for companies to administer and develop their intangible assets further to stay competitive on a market. But there are a lot of different intangible assets and resources that a company can possess, and have different value for the company.
The choice of entry mode is also a central aspect of success. Any company who wishes to complete a successful foreign market entry has to choose the right mode of entry from their internal resources and capabilities and also take the external factors into consideration before the entry.
3.0 Methodology
The methodology chapter includes description and justification of the chosen methods that the authors used in order to construct a relevant and rigorous investigation.

3.1 Research approach

3.1.1 Inductive vs. Deductive Research
There are two approaches of how a researcher can enter upon a research, an inductive or a deductive research approach. If one is using an inductive research approach, one starts to collect empirical data and make conclusions from the data which build up theories. In inductive research the theory is the result of the investigation. If a researcher is using an inductive approach, he/she does not have to start off as a blank sheet since it is accepted with pre-knowledge about a subject (Bryman and Bell, 2003).

Deductive approach is when researchers make their conclusions in coordination with their logical reasoning. Fact does not need to be proven 100 per cent true if it is logical. An investigator starts with a theory and constructs hypotheses from it. The next step is to sample data in order to test the hypotheses (Bryman and Bell, 2003). Both perspectives demand that the researcher is creative. The two different approaches demands organized data gathering and also awareness of the relevance of the questions that is asked in order to gain the data and the data that is collected. Researchers do also need to make sure that the different theories or methods that are being used are not out of date in order to make a relevant report (Ghauri and Grönhaug, 2005).

Researchers can make a relevant and rigorous investigation with both inductive and deductive research. Since this research tended to gain new knowledge about the stated problem around foreign market entry earlier in the study, the researchers had to gain empirical data before building up own theories of the subject. The research approach of this study therefore was to use an inductive research. The researchers gained pre knowledge about the subject while they were working with the literature review. After that the researchers conducted the empirical investigation and the theories were built up from the conclusions that were drawn from the empirical investigation.
3.1.2 Quantitative vs. Qualitative research

There are two main alternatives on how one could carry out a research. It is quantitative and qualitative research methods (Bryman and Bell, 2003). Some literature discusses that a quantitative method is better because it is more “scientific” (Ghauri and Grönhaug, 2005). There is some literature that argues about which method that is most suitable for a project and it depends on the research problem and the purpose of the paper (Jankowicz, 1991; Ghauri and Grönhaug, 2005).

Quantitative research methods are highlighting, testing and verification of theories. In quantitative approach the researcher has bigger control over the different variables in a research. This is because for e.g. in a survey there is different statements that the researcher himself comes up with. After that the researcher will state his approval to the statement and therefore it cannot raise any new sidelines to the topic. By other words the researcher will get data about what he wants. In quantitative research the conclusions is drawn by a generalization of the quantity of participants in for example a survey (Bryman and Bell, 2003).

Qualitative research approach is more about understanding different behaviors. In this research approach it is a heavy responsibility on the researcher that he can think critically towards different situations and statements. The researcher should also be able see and avoid biases (Ghauri and Grönhaug, 2005). To avoid biases is very important for a research since one do not want to sample or receive invalid data. Qualitative research is more process orientated than quantitative. If one manages a qualitative research as it should, it can lead to valid and necessary data for the research project (Bryman and Bell, 2003).

Since the investigators came upon a conclusion that an inductive research approach was necessary for this study they had to go for a qualitative research. This is because the researchers were unsure for what to search for in order to answer the research problem of the study, and therefore a quantitative study was excluded. The need and demand for deep knowledge in the chosen subject determined which approach that was applied. And a qualitative research is more likely to be deeper in knowledge.
3.2 Research design

Research design can be explained as a plan for how to collect valid data and how to analyze it. The research design is connected to the research questions of a project. If the research questions are diffuse that will mean that the project will end up with a misguided research design (Bryman and Bell, 2003).

A research project can be of different types and the design of the research will reveal which kind of research that is applied. There are three types that researchers use:

**Exploratory** design is one approach of making a research and is appropriate when there is an unclear problem. An exploratory approach intends to help a researcher to collect data to solve an unclear problem. As the investigation keep going the researcher will find more and more data that can help him to come up with a solution to the problem in question. This demands flexibility from the researcher since the new information can lead to that the research may have to change direction (Ghauri and Grönhaug, 2005). Exploratory research needs and demands very much information about the chosen subject and it is common that researchers use different sources while collecting information (Patel and Davidson, 2003).

**Descriptive** research is the second type of the three different design approaches in research. This research design wants to describe and explain a certain phenomenon. If a researcher uses this research design the research problem is structured and understood by the researcher (Ghauri and Grönhaug, 2005). It is important that the researcher has a great amount of knowledge about the topic while working with descriptive research (Hair et al. 2003). It is crucial for a descriptive research that the measurements in the research is valid and also that the research procedure does not differ from one person to another because of the need for low variation in data collection (Ghauri and Grönhaug, 2005).

There is different ways of conducting a descriptive research. Researchers can use cross-sectional research which means that the researcher make a single observation of one point in time. Cross-sectional research can be divided into single cross-sectional and multiple cross-sectional designs. The difference is that in multiple design you compare different variables e.g. Swedish citizens and foreign citizens (Bryman and Bell, 2003).

The third type of research design is *causal* design. Quantitative researchers do sometimes not want to explain how different things are but instead they want to explain the underlying
reasons of why something is as it is. Causal design studies tend to explain why a specific thing happens at a specific moment. That is measured by exploring one variable’s impact on another variable. The research problem is often well structured and clear in a causal design (Ghauri and Grönhaug, 2005).

Since the research problem and subject is a bit unclear and unexplored for the researchers they chose an exploratory design for this study, with elements of a descriptive design. Causal design was excluded early on in the discussion since it could not help the researchers to provide a broad and deep knowledge of a quite unexplored area. An exploratory design is connected to qualitative study since the purpose of them both is to gain deep knowledge about the subject and from the knowledge and data draw conclusions. This study’s purpose and research problem demanded an exploratory design in order to come up with conclusions that was relevant and rigorous. There are also some descriptive elements in this study since the study aims to describe the phenomenon of foreign market entry.

3.3 Data sources
There are two different kinds of data; primary and secondary data. Both kinds of data may be collected and found either strategically or randomly. In a scientific study sources of data can be randomly or strategically selected. Examples of randomly found sources could be when quantitative researchers choose random participators to a questionnaire. Qualitative researchers may on the other hand choose respondents that they think has the deepest knowledge about the chosen subject (Ghauri and Grönhaug, 2005). In this chapter primary- and secondary data are presented and then a discussion follows of what choices has been made in this study.

The main difference between secondary data and primary data is that secondary data is information collected by others, for a purpose that is different from e.g. the authors’ purpose of this paper. Primary data is collected by the authors in order to answer the research question and research problems (Ghauri and Grönhaug, 2005).

Secondary data is useful when trying to solve the research problem, but it can be equally important for explaining the research problem. The data is usually the base of the literature review in a paper, and the secondary data from other sources help define and explain the research on the chosen topic (Malhotra and Birks, 2003). Examples of secondary data could be: scientific articles, published literature on the topic, government studies and reports,
internet sites and web-pages of companies and organizations (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011).

Secondary data is mostly based on different purposes, has a different scope or perspective and can be bias. This means that the information have to be investigated; can this information be useful for this study even if the information is developed out of another purpose? If secondary data is used off a company website, is that information objective or subjective? The authors have to make a judgment of the secondary data they are about to use (Malhotra and Birks, 2003). This is also the main disadvantage of using secondary data; the information might not fit with the researcher’s problem because of the different purposes and scopes that the secondary data uses. Also when comparing different data the authors have to be aware of that different concept can be classified differently. One source might state that a medium sized company has 500 employees, while another source says that it has 200-499 employees. The researcher has to be alert and not make the mistake of comparing the information of these studies (Bryman and Bell, 2011; Ghauri and Grönhaug, 2005).

The main advantage for the use of secondary data is the amount of time and money saving, the researcher does not have collect the data, but instead find appropriate information from other researchers or from internal and external documents e.g. annual reports. Another advantage is that secondary data can help understanding the primary data, and can work as a comparison instrument between the two (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011). According to Churchill (1999) all research should begin with the use of secondary data, and when the secondary data is fading the researchers should proceed on to primary data. Although it is important to bear in mind that secondary data alone can answer a study’s research problem and question, i.e. primary data does not always have to be applied (Malhotra and Birks, 2003).

Primary data is apart from secondary data collected by the researcher that writes the paper or the study. The data can be collected from data collection methods such as; observations, experiments, interviews, focus groups, surveys and content analysis. Primary data is useful since it is consistent with the research objectives and questions; if the study is connected with business studies then primary data is required to attain the right information (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011). If the research is linked with a company or customers of a company then the need for primary data is crucial (Malhotra and Birks, 2003).
The main disadvantage of collecting primary data is that the process is time and money-consuming. Finding the right person/group/organization for the study is also hard; if the research problem is sensitive it might be hard to find the appropriate target group to answer questions. The researcher should also be careful when using proper tools, procedures (data collection method) and method of analysis since the wrong choice can weaken the reliability and applicability of the study (Ghauri and Grönhaug, 2005).

The authors of this paper have used secondary data together with primary. The data sources have been strategically selected both primary- and secondary data sources. This due to the fact that the researchers believed they would receive more information by strategically selecting the data.

Scientific articles and literature are used in the theoretical chapter. The authors have also received secondary data from the company of choice in form of annual reports and other documents. Later on the researchers also used other secondary data that were collected from the internet e.g. allabolag.se. The secondary data helped defining the research problem and the research questions of the study. Primary data has been collected from the chosen company and has been used to solve the research problem. Annual reports and internal documents together with primary data are the bases of the empirical chapter.
3.4 Research strategy
Research strategy explains which strategy the researchers use to solve their problem. Yin (2009) argues that there are five different research strategies to adopt for scientific researchers. The five different strategies that researchers can use differ from each other in many ways and in this table the different choices are presented:

<table>
<thead>
<tr>
<th>Research Strategy</th>
<th>Form of Research Question/s</th>
<th>Requires control over behavioral events</th>
<th>Focus on contemporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, how many, how much</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>How, why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 1 – "Research strategy".

Experimental studies require that people are participating and that someone is in control of the study. The goal with the procedure is to verify, falsify or establish validity of a hypothesis. Experiments are most often made in a way that one or more variables are manipulated in different ways to see the potential different outcomes of the experiment. Survey strategy on the other hand contains a sampling of individuals in order to make a statistical inference about the sampled population. This strategy tends to answer to who, what, where, how many and how much and it does not require any control during the event (Bryman and Bell, 2003).

Archival analysis is an observational method. The researcher examines different documents of communication in order to see similarities and dissimilarities and draw conclusions from them. Another strategy is History which in the investigator collects, analyzes, and draws conclusions from historical data (Bryman and Bell, 2011).
Case study is the fifth and last research strategy that author can adopt. This strategy is concentrated on analysis of e.g. a person or a company. The data is collected and then analyze in relation to the context and the relevant theories of choice (Bryman and Bell, 2011). A case study is also connected to both exploratory and descriptive research designs (Yin, 2009). An advantage with case study is that one could make research about phenomenon’s that would be hard to research outside the natural setting of e.g. a company and that is a common problem in business research. A case study is a preferable tool if a research problem is hard to quantify. A case study can either be single or multiple, the advantage of conducting a single case study is the depth in received information by the selected company. A multiple case study is a better choice in the aspect of comparing results about different companies. Case study demands data collection through a lot of different sources including both primary and secondary data (Ghauri and Grønhaug, 2005). Case studies are preferred while researchers investigate unexplored areas (Eisenhardt, 1989).

Since this report is about understanding the problem and the questions how and why needed to be answered the authors excluded survey and archival analysis early on. The research was not about to see how a manipulated variable affects the outcome neither so the experiment strategy was also excluded early on in the determination of research strategy. However since the research had a focus on a contemporary event and not on historical events the authors determined to use case study as the research strategy for this research. The researchers did also choose a case study strategy because of the research problem. As stated above the study will have an exploratory design with elements of descriptive, and in order to receive all inside information and data that is needed the researchers determined that a case study would be the best strategy to collect the specific knowledge that were needed. Further on the researchers decided to proceed with a single case-study instead of a multiple case-study due to time constraints and restricted financial resources.

3.5 Data collection method
This study has an inductive approach, an exploratory research design including elements of a descriptive research design and a case-study as a research strategy. Because of these choices there are some methods relevant to the study; focus groups, interviews, content analysis and observations. In the following chapter the researchers present the choices available (advantages and disadvantages), and a discussion of what methods are used in the study.
3.5.1 Focus groups
The first qualitative method is focus groups, in this method the researcher gets together with several respondents at one time where they discuss on a small number of issues or a certain topic. The respondents share their beliefs, opinions and attitudes for example towards a product, concept or an idea (Stewart and Shamdasani, 1990; Bryman and Bell, 2003).

The appropriate number of respondents should be between six to ten respondents. A moderator conducts the discussion, and makes sure that the discussion focuses on the topic. The moderator should also prepare some keywords or topics, and make sure that they are discussed within the timeframe (between half an hour to two hours) (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011).

3.5.2 Interviews
Another qualitative method is interviews; here the researcher interacts with a single respondent and gathers information. The interview can be conducted by e-mail, by phone or in person. There are three types of interview-forms, unstructured, semi structured and structured (Malhotra and Birks, 2003).

In unstructured interviews the interviewer gives lead question or topics that the respondent discusses and answers. The questions and topics are not structured from the beginning by the interviewer; this gives the respondent the chance to discuss more around the topic. A semi-structured interview is flexible and gives the interviewer the chance to ask follow up questions in addition to the prepared questions to the respondent. Topics and questions are prepared from the beginning but as said, it gives the opportunity to dig deeper into the respondent’s beliefs and opinions by asking follow-up questions (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011).

A structured interview is a formal type of interview, and a quantitative method. The format is well-structured from the beginning so that the format can be applied on different respondents. A structured interview has the same questions in the same order; the reason for this is that the results can be easier compared to each other. The interviewer has a bigger responsibility in semi-structured and unstructured interviews, since the questions are more open than in a structured interview. In semi-structured interviews the interviewer has topics from the beginning and also questions as a template. In unstructured interviews the interview is free, and a respondent’s answers are more likely to be honest (Bryman and Bell, 2011).
The advantages for the use of this method are that it is the best method for investigating a person’s opinions, beliefs and values in-depth. The information that the researcher will hopefully ensure is very rich of depth. The disadvantages for this method are that interviews require skilled interviewers, and the interviewer can be bias in his opinion about the respondent or the topic (Bryman and Bell, 2011). The results of an interview can be hard to analyze and interpret; the interviewers’ opinions and beliefs can create a problem of objectivity. The method is also time-consuming and expensive, it can be hard to find the right respondents and meet them personally (Malhotra and Birks, 2003).

3.5.3 Content analysis
The method aims to analyze the content of documents and texts; this is done by seeking for information derived from predetermined categories. The information should be coded into a coding frame, which then is matched with the information from documents and texts. A content analysis can for example be used to find information about a subject on a company’s homepage. The predetermined categories can be concepts and synonyms to those concepts which then are used for classifying the information found in written texts. A content analysis can be used to find information in company’s annual reports, internal magazines, internal documents (newsletters, memos) and mission statements. The researcher has to examine of what purpose the documents analyzed have, what purpose has the document? Is the document distorted? Are the documents analyzed a sample from all documents or is there other relevant information that not has been used? The upside of content analysis is that the method is highly flexible since it can be used on most documents and texts (Bryman and Bell, 2011).

3.5.4 Observations
Observations are a method where the researcher listens and watches people’s behavior in their natural setting. Either the observer can join the organization as an actual coworker, or he can observe from a distance. The main advantage of observing is that the researcher gathers first-hand information in a natural setting, the everyday-life of an organization. Observations digs deeper than for example constructing a survey and receive answers. One big disadvantage is that the ones being observed might act in a different way when they know they are being observed, and then change their behavior once the researcher is gone (Ghauri and Grönhaug, 2005). There are two ways of execute an observation method, either an unstructured or a structured approach (Bryman and Bell, 2011).

The researchers have made the choice to include interviews and content analysis in the research project as methods for data collection. This is because the authors needed to gain a
lot of information about the subject. The content analysis was made to analyze data from different sources, such as the company’s annual reports and internal documents. The interviews were held with respondents at the chosen company and they were recorded in order to receive the correct information. A mix between semi-structured interviews and unstructured interviews was conducted. The two methods were also selected due to the fact that information can differ between information from interviews and from actual documents (Bryman and Bell, 2011). Focus groups were excluded early on in the discussion of data collection method since this research did not aim to measure attitudes or opinions towards e.g. a product which focus groups are perfectly intended to do. The researchers decided not to include observations as a method due to the fact that the study is not intended to examine behavior.

3.6 Data collection instrument
This chapter contains a brief discussion of the different instruments that were used in order to collect data for this study.

3.6.1 Operationalization and measurement of variables
In order to make fuzzy concepts more understandable for the reader the researchers of this study made an operationalization. An operationalization is when someone defines fuzzy concepts and makes the concepts clearly distinguished from each other and also makes the concepts measurable for a research (Bryman and Bell, 2011). The sources of the first concepts and step of the operationalization were generated through the first literature that was read and examined by the investigators. In order to provide the study with relevant theories and scientific framework the authors had to break down concepts so that the authors knew what to search for both for preparation and completion of the theoretical framework in the study. Through the theoretical framework the researchers have recognized concepts that are the bases of the research questions and the research problem, they have been broken down and reduced so they’ve become more understandable, this in order to correctly organize the questionnaire and content analysis.

Operationalization table
The operationalization table is built around the four different subheadings of the study (external forces, internal forces, entry modes and motives for expansion and foreign market entry). The subheadings are then decomposed into smaller parts, in this table under the heading: Concepts. Then the different concepts are decomposed into even more specified parts. Because of that the subheadings are rather broad; the authors have defined and specified
concepts and meanings of those concepts in order to make the study more valid in the aspect of quality criteria.

<table>
<thead>
<tr>
<th>Subheading</th>
<th>Concepts</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. External forces</td>
<td>1.1 Cultural differences</td>
<td>1.1.1 Language</td>
</tr>
<tr>
<td></td>
<td>1.2 Market potential</td>
<td>1.1.2 Symbol interpretation</td>
</tr>
<tr>
<td></td>
<td>1.3 Laws in host country</td>
<td>1.2.1 Physical distance</td>
</tr>
<tr>
<td></td>
<td>1.1.1 Language</td>
<td>1.2.2 Growth of market</td>
</tr>
<tr>
<td></td>
<td>1.1.2 Symbol interpretation</td>
<td>1.2.3 Potential profit</td>
</tr>
<tr>
<td>2. Internal forces</td>
<td>2.1 Intangible assets</td>
<td>1.2.4 Number of actors</td>
</tr>
<tr>
<td></td>
<td>2.2 Company resources</td>
<td>1.2.5 Timing of entry</td>
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<tr>
<td></td>
<td>2.1.1 Know-how</td>
<td>1.3.1 Customs</td>
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<td></td>
<td>2.1.2 Reputation</td>
<td>1.3.2 Certain restrictions</td>
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<td>2.1.3 Tacit knowledge</td>
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<td></td>
<td>2.2.1 Financial possibilities</td>
<td></td>
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<td></td>
<td>2.2.2 Staff</td>
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<tr>
<td>3. Entry modes</td>
<td>3.1 Export entry modes</td>
<td>3.1.1 Customer following</td>
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<td>3.2 Contractual entry modes</td>
<td>3.1.2 Market seeking</td>
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<td></td>
<td>3.3 Investment entry modes</td>
<td>3.2.1 Licensing</td>
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<tr>
<td></td>
<td>3.1.1 Customer following</td>
<td>3.2.2 Franchising</td>
</tr>
<tr>
<td></td>
<td>3.1.2 Market seeking</td>
<td>3.3.1 Joint Venture</td>
</tr>
<tr>
<td></td>
<td>3.2.1 Licensing</td>
<td>3.3.2 Acquisition</td>
</tr>
<tr>
<td></td>
<td>3.2.2 Franchising</td>
<td>3.3.3 Joint Venture</td>
</tr>
<tr>
<td></td>
<td>3.3.2 Acquisition</td>
<td>3.3.4 New establishment</td>
</tr>
<tr>
<td></td>
<td>3.3.3 Joint Venture</td>
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<tr>
<td></td>
<td>3.3.4 New establishment</td>
<td></td>
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<tr>
<td></td>
<td>4. Motives for foreign market entry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.1 Gain knowledge</td>
<td>4.1.1 First mover advantage</td>
</tr>
<tr>
<td></td>
<td>4.2 Foreign customers</td>
<td>4.1.2 Filling resource gaps</td>
</tr>
<tr>
<td></td>
<td>4.3 Growth</td>
<td>4.2.1 Customer following</td>
</tr>
<tr>
<td></td>
<td>4.1.1 First mover advantage</td>
<td>4.2.2 New market seeking (in order to serve foreign customers)</td>
</tr>
<tr>
<td></td>
<td>4.1.2 Filling resource gaps</td>
<td>4.3.1 Short-term profit/growth</td>
</tr>
<tr>
<td></td>
<td>4.2.1 Customer following</td>
<td>4.3.2 Long-term growth/profit</td>
</tr>
</tbody>
</table>
3.6.2 Interview guide/questionnaire design
The researchers provided a mix between semi-structured in depth interviews and open discussions of predetermined topics. The interview guideline was used in order to fulfill the purpose of the interview. The researchers did also leave room between the questions for follow up questions to get a deeper view into the topic. The open discussions topics intended to get information to cover everything about the subject. The questions and topics were held in Swedish since the company’s managerial staff is Swedish and so are the authors. The interview guide is presented in appendix 1. The operationalization table helped the authors to construct relevant interview questions in order to collect rigorous and relevant empirical data. The four different subheadings in the operationalization table are divided into three topics in the interview guide but there are questions made to cover every subheading in the operationalization table. The guide in appendix 1 states which question is connected to what concept in the operationalization table.

3.6.3 Pretesting
The authors of this report pretested their interview questions and discussion topics with help of the supervisor of this research project. That was done in order to see that the questions and subject was understandable for any respondent and also relevant for the research. The respondents of the interview did also get the topics and questions before so that they could be ready for it and prepare for what the interviewers was going to contain.

3.7 Sampling
The researchers have used secondary data from annual reports and other documents from the chosen company. The company has also been a source for findings of primary data in interviews and content analysis. The primary- and secondary data has been the base of the sampling-process. The sample is drawn upon non-probability, which means that the researchers haven’t chosen the sample upon random selection (Bryman and Bell, 2003). The choice of service firms was made and from there the chosen company was selected.

The population of this study is Swedish service firms that are competing on the Swedish market. From the population a sample study has been conducted with one particular service firm on the Swedish market. An IT-consultant company located in Stockholm, and who is called Valtech AB. The company has been chosen because of that they fit with the purpose and research question of the paper. The studied population of the study is respondents at a
service firm with high amount of knowledge in the chosen topic-area. These are chosen because the researchers believe that they will contribute most to the data collection phase. There are two types of surveys, census surveys studies every element of the population, while a sample survey studies a representative proportion of the population. A sample survey saves time, money and resources for the researchers (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011). The researchers have made the choice to conduct a sample survey for the reasons mentioned above. Due to the fact that the sample is non-probability, a sample survey with a service-company was selected because of the suitability with the aim and research problems.

3.7.1 Sampling frame
A sampling frame is a list of elements of the population, for which the actual sample is drawn (Bryman and Bell, 2011). The sampling frame has been derived from Swedish service firms, and a company has been selected to provide the data for the project. The company fits with the research problem and aims of this project, and has therefore been selected. The company is a service firm that competes on the Swedish market in Stockholm, and they are an IT-consultant firm.

3.7.2 Sample selection and data collection procedure
The chosen company is a software-developing service firm locating in Stockholm, Sweden. The company operates on the Swedish market with for example constructing and designing web pages, building intranets for companies, constructing and designing mobile applications. This company is interesting due to the fact that there is less research on service firms, contra manufacturing-firms (Blomstermo and Sharma, 2005; Erramilli, 1991).

In this study the researcher has made the decision to interview employees with high knowledge of the chosen company’s strategy. The interviews are held with employees of the management staff. Five interviews were conducted with a financial manager, two senior consultant managers, a market and sales manager and a business developer.

The interviews aimed to receive information and opinions about the chosen topic of the project. Since the project is based from Swedish service firms and the topic is “foreign market entry”, the researchers decided to include a case study of one single company operating on the Swedish market (Ghauri and Grönhaug, 2005). Out of the theory, four research questions were developed and then the empirical data derived from a service firm was applied to answer the questions. In addition to interviews, a content analysis of the company’s annual reports was made to receive additional relevant information about the company’s capabilities and resources.
The sample size was selected due to the researcher’s timeframe and financial resources, and one company was selected because of the choice of research strategy. The respondents were selected due to the fact that the researchers felt they would receive more information when interviewing more than just one respondent. And the fact that the respondents in the management staff at the company would offer more knowledge and information to the study (Bryman and Bell, 2011).

3.8 Data analysis method

In order to analyze the collected data, for a qualitative research design there are a four methods to use; analytic induction, grounded theory, data reduction and pattern matching. Grounded theory is a method that starts with collection of data (analyzed and systematically gathered) which then is derived into theory. Grounded theory is usually a qualitative method which starts with the data collection rather than a number of hypotheses. The data is then coded into concepts (subheadings) and then into categories that is the bases of the theory (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011). Analytic induction is an approach what consists of a definition of the chosen research question, and the question is then extended to a hypothetical explanation. The researcher then proceeds from the hypotheses with collection of data, and if the data findings are inconsistent with the hypotheses, the researcher reformulates or redefines the hypotheses and proceeds on with more data collection. Each negative case requires that the hypotheses are reformulated or redefined until there are no exceptions (Bryman and Bell, 2011).

Two methods has been used in order to analyze the data derived from the data collection procedure, data reduction and pattern matching, since these two methods are suitable for this study. Both data reduction and pattern matching are qualitative data analysis methods and are well suited for information derived from qualitative methods such as interviews and content analysis. Data reduction is a process of selecting, focusing, simplifying, abstracting and transforming the data from the qualitative data collection. Information derived from an interview is a lot to process, and therefore the researchers have to reduce the information into relevant data. This is done by generate categories and identify themes and patterns of the data collected. When the data is reduced the researchers have to display the data in an organize way (categories, themes and patterns) and through that conclusions should be easy to draw (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011).
There are four steps that needs to be followed when analyzing the data; first transcribe the collected interview information as soon as possible, reducing the data, displaying the data and finally match the data into patterns (Bryman and Bell, 2011). Pattern matching is the last step, and here it is crucial to decide what the data means, and categorizing the data into patterns. Then the data is compared against the theoretical framework and previous research on the subject and through that identifies potential causal movements (gaps) (Ghauri and Grönhaug, 2005). Through the last step conclusions is drawn from the pattern matching of the data. The collected data from interviews with respondents at the chosen service firm have been analyzed through the four steps mentioned by Bryman and Bell (2003); transcription of the data, data reduction, display of data and pattern matching. Grounded theory have been the base that the researchers have used in developing the theoretical chapter, this because the chapter would be more understandable and that the data collected from other authors would be categorized better into the different subheadings.

3.9 Quality criteria
In order for a study to be of high quality, the concepts of validity and reliability are important. The concept of validity is related to what degree the measure instrument measures what is supposed to. Reliability is related to the stability of the measurement instrument. A study should also be rigorous and relevant; a rigorous study is supposed to be valid, reliable, repeatable, consists of the appropriate methodology and are conceptually sound. As for relevant, the study should be managerially and theoretically interesting, have practical implications and is easy to relate to (Bryman and Bell, 2011).

The study has the right methodology in the mind of the authors, and in order to receive relevant information from the respondents and the secondary data the choice of interviews and a single case study was made. The study is managerially interesting in the sense that the study will be of value to the selected company. Since there is less research on service companies than manufacturing companies (Blomstermo and Sharma, 2005; Erramilli, 1991), makes the study interesting in a scientific point of view. The study can be repeatable in the future with the use of the methodology in this paper.

3.9.1 Content validity
Content validity is a concept that defines how well a measurement actually measures what its suppose to measure, and is assessed by letting experts and potential respondents review and judge the measurement before the data collection (Bryman and Bell, 2011). To test face
validity, the researchers have asked other people’s opinions about whether or not the measure used measures what it supposed to. The supervisor of the project has read a draft of the topics in the interview questionnaire. The questions to the respondents are developed through the understanding and gaps of previous research. The respondents at Valtech Sweden have read the interview guide before the interviews was held in order to know what topics was going to be discussed and asked about.

3.9.2 Construct validity
A high degree of construct validity is achieved through the extent to which an operationalization distinctly measures the concept it’s supposed to measure. This is assessed by using multiple sources of evidence, presentation of evidence and allows key informants to review the draft of the case study report (Bryman and Bell, 2011). The researchers have used two methods (content analysis and interviews) in order to achieve a better and more valid result and to achieve a more valid result the researchers have used the concept of triangulation. Triangulation is the process of a combination of methodologies in order to improve the results. The two methods that are used is content analysis and interviews with respondents at the chosen company, and by using two methods the researchers improve the validity of the project. Triangulation is especially important in a case study since annual reports and other documents might say one thing and the respondents have a different view on a certain topic. An operationalization table are also developed and presented in the methodology chapter, this to increase the quality criteria of the study (Ghauri and Grönhaug, 2005; Bryman and Bell, 2011).

3.9.3 External validity
External validity is a concept of validity that refers to whether or not the result of the study can be generalized beyond the specific research context of the executed study (Bryman and Bell, 2011). The use of secondary data and primary data together aimed to increase the external validity since the information in this project can be applicable on other service firms that are interested in a foreign market entry. The external validity of the study is relatively low because of the choice to conduct a single case study.

3.9.4 Reliability
Reliability refers to the consistency of a concept, and this could be done through repetition of the study, using multiple interviews/focus groups and case studies, case study protocols and by keeping a case study database (Bryman and Bell, 2011).
Multiple interviews have been conducted with respondents at the chosen firm to increase the reliability of the project, and together with content analysis help provide a better result of the data and building reliability. A case study protocol have been used in order to receive a higher amount of reliability, this through the four steps of the qualitative data analysis method; transcription of the data, data reduction, display of data and pattern matching (Ghauri and Grönhaug, 2005; Bryman and Bell, 2003).

**3.9.5 Summary of methodological choices**
In this summary the different methodological choices that the authors have made are presented.

<table>
<thead>
<tr>
<th>Approach</th>
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<th>Choice/s</th>
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<td>Qualitative</td>
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<td>Primary and Secondary data sources</td>
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<tr>
<td>Data collection method</td>
<td>Focus groups, interviews, observations and content analysis</td>
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<tr>
<td>Sampling</td>
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<td>Sample survey</td>
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<tr>
<td>Data analysis method</td>
<td>Analytic induction, grounded theory, data reduction and pattern matching</td>
<td>Data reduction, pattern matching and grounded theory</td>
</tr>
</tbody>
</table>

*Table 3 – “Summary of methodological choices”.*
4.0 Empirical
The data in this empirical chapter is the data that the researchers did choose to include in order to fulfill the purpose of the study. The empirical data has been transcribed, reduced, display of the data and finally the data has been matched into patterns. In the following chapter the reduced and relevant data are presented and also a pattern matching table. The data have been derived from five in depth interviews with respondents at Valtech Sweden in Stockholm. The respondents positions at the company is of managerial staff, and more specifically two senior consultant managers, one financial manager, one market and sales manager and one business developer. The interviews were between 40 minutes and one hour long. This chapter is broken down into four different subheadings; motives for expansion and foreign market entry, external forces, internal forces and entry modes.

The chosen company Valtech Sweden is abbreviated as VS.

4.1 Valtech Sweden
Valtech SA was founded in 1993 in France, and the head office is located in Paris. Valtech SA was listed in 1999 on the French technology exchange list Noveau Marché (www.valtech.se). In 2012 the corporation exists in seven other countries around the globe; USA, India, South Korea, United Kingdom, Germany, Denmark and Sweden (www.valtech.de). The company has 1600 employees across all departments, and 150 of these works at the Stockholm-office in Sweden (www.valtech.se).

Valtech is a global IT consultancy-company. Valtech Sweden was established in 2010 with a merger between Baser Communication and Axon IT. The company works in four different areas, Strategy, design and concept, development and management. Valtech Sweden offers services that includes; construction of websites, intranets, web support, e-commerce, mobile applications, online marketing and search engine optimization (www.valtech.se).

Here follows the empirical data derived from the interviews with the respondents at Valtech Sweden.

4.2 Interviews
4.2.1 Motives for expansion and foreign market entry
In general context the drives for expansion is stated by the respondents to be connected to demand of growth by the parent company. It is explained for the moderator that VS has a demand of 10 per cent growth from the parent company in France. The respondents do also
state that expansion can be a good way to meet and fulfill the given demands about growth in the company from a parent company. An expansion in terms of a foreign market entry is also explained by the respondents to have its origin in demands from the corporate group in France. The drive from a parent company could differ according to the respondents. Perhaps the parent company will find that there is a certain knowledge that is needed on a market and therefore choose to enter that particular market. This is something that can go in both directions, according to the senior consultant manager if Valtech Sweden detects a demand in another country they can discuss the possibility with the corporate group but then it is up to them to decide which action to take.

Another way of expansion and growth that all of the respondents talked about are growth in term of new employment for a company. Valtech AB in Stockholm (VS) gets different demands by their parent company that they have to fulfill every year. The interviewees explain that there are certain demands every year from the parent company in France about the amount of new employees. One other motive that is expressed by the senior consultant manager is that expansion could be the result of a couple of year’s successful business. If a company has gained a lot of profit during time they may want to reinvest and an expansion can be a natural step to reinvest the company’s money.

The financial manager of VS discussed other drives for expansion. She explained that a company can be more attractive to potential employees as an employer company but also to the present and potential customers. The respondent does also express another reason connected to why a company should hire more people. She says that the more employees a company has does often lead to increased profitability. Another drive for expansion for a company could be that another market would lead to lower cost for staff on the new market and therefore a company can be more competitive as a result of their cost cut.

A business developer on VS explains that a company has two choices when thinking about expanding the business, either develop what you do on the current market or do what you already do somewhere else. Any company has to grow along with the market, because if it does not, the company will be less competitive in comparison to other companies and competitors to your own company. The respondent thinks that it is a huge need for any company to be on many markets. All companies that are a global player can work with larger projects and earn a bigger customer stock than any company that only exists on a local market.
The market and sales manager of VS explains that an expansion to a foreign market could be a great way of gaining brand awareness. He does also think that the bigger a company gets the more efficient will the company be within the organization. The respondent also explained that market expansion should only be discussed if the market that the company is currently operating on is too small. If that scenario occurs the company has to search for alternatives. The respondent did also speak about the importance to gain more market shares in Stockholm and therefore a local expansion on the Stockholm market could be more prioritized than an expansion to a foreign market.

4.2.2 External forces
The most common external force that the respondents thought of while discussing this topic were connected to cultural forces. It was explained by all respondents that if VS will see a foreign market entry through they will have to consider some external forces.

The financial manager explained that if VS should enter a foreign market it is important that VS understands that market. She explains that even if a Nordic country like Norway and Sweden has bigger similarities than for example Sweden and India, does not mean that there are not any dissimilarity between Sweden and Norway. She refers to her knowledge about the Valtech Denmark and explains that Valtech in Denmark and VS has things in common but they do also have a lot of dissimilarities. She also adds that the cultural differences can be bigger among the Nordic countries than it might appear on the surface. She did not see any problems with the fact that Norway is not a member of the European Union because they are still a member of many financial and economy collaboration between many European countries.

The senior consultant manager at VS has another view. He explains that VS already have done some projects in both Norway and Finland and that that did not lead to any complications at all. He was unable to predict any huge complications that could arise if VS would expand their business in to another Nordic market.

The rest of the respondents were on the same path as the senior consultant manager. No one of the interviewees except for the named financial manager could identify cultural threats between the Nordic countries though some respondents did see possibilities. One respondent explained his curiosity about a Nordic collaboration. He thinks that since there are not any huge differences and that Nordic people thinks much alike it could be an interesting project to establish a business in both Norway and Finland together with Valtech Denmark.
One respondent who works as a business developer explains that an expansion to the Norwegian market would be very interesting. The respondent explains that Nordic countries have come a long way in digitalization which matches VS offer towards their customers. Norway is more preferable than e.g. Finland according to the respondent since it is easier to understand the Norwegian language. Another factor why the Norwegian market should be prioritized before the Finnish market is that the respondent feels that there is a friendlier tie between Sweden and Norway and that Finland is more of an eastern European country. The same respondent could not see that there could be or occur any governmental threats that could stop VS from entry the Norwegian market. The market and sales-manager states that he cannot not see any problems with entering the Norwegian or Finnish market, but he cannot identify any possibilities either since he stated that he do not have that much experience from any of the named markets.

Another external force that is discussed constantly throughout the interviews is Valtech Sweden’s parent company located in Paris, France. The market and sales manager explains the biggest advantages with having a parent company in terms of financial help. He states that VS had probably not survived the IT crash in the beginning of the new millennium if it were not for that that the parent company contributed with monetary capital to VS. The respondent did also explain that financial help from a parent company could lead to huge possibilities but it could also be negative to have a parent company. The respondent stated that the negative factors could be that the parent company wants to take to many strategic decisions on a local level without understanding the market or that the parent company’s demands could be too hard to live up to. The grade of negative or positive influences with a parent company has its origin in how much they interact in the subsidiary’s business. The respondent stated that the most preferable is to have a strong owner who lets local subsidiaries make their own strategic decisions as long as they declare profit.

The financial manager discussed deeper about that VS is pretty strictly managed by the parent company. She declared the given demands from the parent company in numbers. E.g. VS has to grow 10 per cent every year, VS revenue has demands that a certain per cent has to come from newbie’s (new established customers) every year. She explained that there are other objectives that have to be reached to make the corporate group in France satisfied. How the objectives are reached is irrelevant but she said that it is very important to deliver profitability. The parent company in France has detailed objectives for VS of what they are supposed to achieve for the year according to one respondent, and for 2012 those objectives
are: Fifteen mobile businesses (mobile on web, iphone, android and WP7), six e-commerce businesses, three social businesses and three global brands businesses. VS should also have fifteen percent growth of 2012 and thirteen new customers according to the same respondent.

The following external forces that were identified by the respondents during the interviews are less common to be discussed by every respondent.

One external force that was discussed by two of the respondents is competition. The market and sales-manager explained the competition for VS, is to been seen as very hard. It was stated that the competition situation in Stockholm is considered a threat and competition generally should be considered as a threat for any company. The business developer does also name competition as a threat but he did not define exactly why.

Another external factor that only one of the respondents discussed is today’s technology verses the technology of the future. It was one of the senior consultant managers that discussed the importance of always being updated about the technology. He did also explain the threat of trying to forecast to long into the future because you can waste a lot of time and money on a totally wrong prediction. And trying to make forecasts beyond a sixth month time-period is impossible, since nobody can know what the hype will be in technology in for example five years.

One last external factor that was identified as an external force is the business climate or conjuncture. Both of the senior consultant managers expressed more in detail than the rest of the respondents, both the negative and positive outcomes the business climate can lead to. If it is a high conjuncture there are a lot of projects to do and it was also explained to be a lot easier to increase employments during high conjuncture. They did also discuss the experience when the IT bubble burst in the beginning of the 21th century. During that kind of bad business climate, it is very hard for every company on the market to survive and every company in the business will have to cut costs and that essentially means that the company has to get rid of people. One of the respondents explains that the whole industry stands pretty humble to the fact that it can happen again. The other three respondent’s states that the positive outcome of a good business climate could lead to growth, but none of the other three reflected of any negative outcomes a low conjuncture could lead to.

4.2.3 Internal forces
A consultant company does not possess much tangible capital, and respondents at Valtech Sweden said that they have a remarkable low degree of structural capital. Out of answers from
the respondents the main resource or asset that creates value for Valtech Sweden is the staff, because of that technology is always changing the knowledge and know-how of the personnel is an important resource. Although one respondent stated that 20 employees of the organization was seen as a highly valued resource and that they were the ones who stands as examples of what Valtech Sweden wants to stand for.

According to the senior consultant manager, the optimal formula for breaking down the consultant role is into three different parts. The consultant should be knowledgeable in the advisor-role (listening to the customer, understanding a problem and build confidence to the customer), relationship-role (daring to argue, interact with the customer and to build trust between the consultant and the customer) and the third role is linked to performance; time, quality and technology. Valtech Sweden is searching for consultants with knowledge in how these three different parts work according to the respondent. The consultant role is according to the same respondent built into these three different parts with equal value even though the consultant should work as an advisor to twenty percent, a relationship builder to ten percent and the rest (70 percent) is what the consultant actually does in form of work to the customer.

Because of that the technology has an expiration date; the most important role for a consultant is to cooperate with the customer in order to go ahead with a certain project. And according to one respondent Valtech Sweden’s consultants has built up good relationships with their customers and this strengthens the bond between them, and strengthens the organization. A consultant could be an expert if they work within a certain branch with a certain technological tool but according to the senior consultant manager the main objective should be to broaden the knowledge so that the employees has expertise knowledge on more areas. The employees should have the skill in their profession as consultants with the curiosity in the technological development.

The curiosity of the employees is something that the company strives to encourage within the organization, because if they find the appropriate and the best employees the company will strengthen their culture and results. To develop the skill of the employees of the organization, Valtech Sweden organizes internal seminars, client lunches and expertise draws, this is an important aspect to develop the knowledge and curiosity of the employees, according to one interviewee.

The culture of the company is also one asset that the respondents mentioned as one of the most important ones for the organization, more specific the climate of the company, for
example does not the company have high staff turnover which helps building this corporate culture for the better. Also the growth targets for the company is quiet which means that they can recruit people carefully and in a potential recession they do not have to downgrade the manpower and that also strengthens the culture of the organization. According to two respondents Valtech Sweden does not have a hierarchically built organization, and the employees have the opportunity to speak their mind and have power. The organization is flat and according to one respondent that is not that ordinary in firms, and the fact the company uses it, can help building the organizational culture for the better. Valtech Sweden’s customer base is also one resource that is important for this particular consultant firm since they have built up long-term relationships with their customers and that almost all of their new customers come from recommendations from the existing ones, according to two respondents.

The brand is also an important aspect for the company in the sense that it is well known in Stockholm, the area that the company mostly operates. Although in order parts of Sweden and in foreign countries the brand is not well known to potential customers. A problem for Valtech Sweden is that their brand is not well known outside of IT-circles in Stockholm, and that they have to work with that.

Regularly Valtech Sweden conducts customer studies with their existing customers and they are receiving good comments and grades from their current customers according to one respondent. Although the same respondent states that there is less emphasis on the brand, and more on delivery and how the customers perceives Valtech Sweden as a supplier. And that they have a lot of work to do with building a stronger brand, but now that Valtech Sweden is growing the opportunity to build the brand is growing as well.

To have some form of liquidity is as well important according to one respondent, with financial means the company will feel that they can do things and have safety. The respondent believes that after the burst of the IT-bubble in the 1990’s, it is insurance for companies if they have enough liquidity if something similar would happen again in the future.

Others skills that the company is rich on that the company is an total supplier, according to two respondents the fact the Valtech Sweden is both heavy on the technological aspect and the usability of the offer separates them from other competitors. Other firms often rely only on one of these two aspects of the offer, but Valtech Sweden is working hard to bring their customers a complete solution. In the Valtech Group, Valtech Sweden is far ahead according to one respondent in reconciling these two features, and just because they possess this skill it
can be easier to bring in new customers to the company. Another respondent states that the fact that Valtech Sweden is working with Agile (working method), width in the offering, strong knowledge in technology and concepts, separates them from others and that no other consulting firm that is regarded as a competitor can compile those assets as well as Valtech Sweden. Valtech Sweden does not possess patents and are using other companies’ software (e.g. EPiServer, IBM and Microsoft) so they do not have a rare resource in their own developed software tools.

All of the current resources and assets could become valuable if a consultant company would try to enter a foreign market, and at Valtech Sweden some employees would be excited with the opportunity to work with foreign companies. Although it is necessary to take advantage of the existing resources as consultants and other assets when entering a foreign market, it could also be a disadvantage. Because of that almost all new customers comes from existing ones, and that the brand is almost unknown outside from Stockholm it could be hard to succeed on a foreign market, according to one respondent. The existing customer base could be one resource, because if they could be a way in to a foreign market if they already have existing operations there. Although according to the financial manager the existing customers would not be of value if the company decides to enter a foreign market. The knowledge of the consultants and their curiosity would be a prerequisite for entering a foreign market, a consultant company could of course recruit new employees on the chosen foreign market but to start up organically from zero might not be the right way to go according to one respondent. One interviewee believes that the network the consultants have built up with other people can play an important part, and that that connection could be of importance when entering a foreign market.

One of the respondents states that the company’s knowledge in EPiServer (a web development tool) can be of value since the company is golden partners with EPiServer and if they would enter a foreign market, the partnership could be of significance when setting up shop on the new location. The same respondent also states that EPiServer is used within the company for around 30-35 % of the web developing stage, although on a new market this would not be a resource since the Norwegian market for instance already is big on this web development tool.

When discussing the company’s financial capabilities the respondents generally answered that Valtech Sweden has good growth over the last couple of years and that they are doing better
than their competitors in the financial aspect. Although the Swedish branch is growing and that the result is good, to carry through a big project as foreign market entry is, they could have backed the investment alone if they were a free enterprise without a parent company that loans back the monetary capital. Carrying through a big project would have to be in accordance with the parent company and Valtech Sweden cannot do it themselves without help from the corporate group in France (Valtech SA), although if they really want to pursue such a project, they could have from a financially point of view.

One interviewee had the opinion that if the parent company decided that they would enter a new foreign market in Norway for example, the Swedish subsidiary would be one of the top candidates to carry through with that project since they always have had good financial results and growth. The financial manager states that the company surely possesses backup financial means if the Swedish office wants to go through with a big project and that the money is there for their use. In order to minimize the risk financial means, one respondent state that would be better for Valtech Sweden to start with one customer on a foreign market and grow with them, and to minimize a staff turnover the employees could be sales staff only and work from Stockholm to Norway.

From the fiscal year of 2010, Valtech Sweden had a continuous rise in growth from previous years. The total income had a percentage rise from 10 % in 2009, to 26 % in 2010. For the fifth year in a row the employees increased, in 2009 85 employees were at the company and for 2010 this number was 112 (www.allabolag.se). Today in 2012 that number has increased to 155 employees working in Stockholm (www.valtech.se). The number of customers has for 2010 increased and apart from maintaining their key customers, Valtech Sweden obtained new ones. Valtech Sweden has also maintained all their partnerships with software developer, a few of them contains; EPiServer, IBM, Microsoft and Google (www.allabolag.se). Valtech Sweden’s equity was of 36.204.340 Swedish crowns as for the fiscal year of 2010, and of that 36.204.340 approximately half (18.000.000) was distributed to the shareholders and the other half (18.204.340) was transferred back to Valtech Sweden (www.allabolag.se).

In the Valtech SA there is traditionally a small amount of communication and knowledge transfer between Valtech Sweden and the parent company and their sister branches around the globe. One respondent states that there is more knowledge transfer today than for a couple of years ago, even though the communication could be developed. The same respondent also states that Valtech Sweden are in the forefront of the organization, and that the other sister
companies receives encouragement to take after the Swedish branch. The main knowledge transfer that is happening today are if employees of sister companies are free, and then one branch can make a request for them to come and work at short period of time with a project in, for them, another branch. It can also be the other way around that a consultant comes with a wish for working in another country and another branch, according to one respondent.

Apart from that there are few scheduled collaborations across branches, instead one sister company can invite the others for a seminar/meeting on a certain topic, although these types of seminars are nothing that the companies collaborates with afterwards, it is usually just an one-day session. Collaborations between Valtech Sweden and Valtech Denmark has occurred, even though it is unusual, were the two sister companies have worked together on a project for a period and shared competence, experience and references.

It is not worth the energy to develop the knowledge transfer and collaborations between the sister-companies in the Valtech group, only if the outcome and payback comes immediately according to the market and sales manager. Although he believes that a long-term yield is preferable to improve and create more contacts for the different branches.

4.2.4 Entry modes
Valtech Sweden is a subsidiary for the parent company “Valtech” located in France, and according to the respondents the main advantage to be a subsidiary is the economic security that comes from the parent company in Paris. If Valtech Sweden would be making poor financial results, Valtech group could help out and ensure that VS floats and they have done that in the past according to the respondents. In the years 2000 – 2003, Valtech Sweden had bad results and then received contributions from the group, and that is a big advantage according to the respondents, and because of that Valtech Sweden are risk equalizing. Another advantage with a parent company is that there are projects that can be driven on a corporate group level, across branches, and in which you can learn from other countries and hopefully take in that knowledge and improve your own branch, according to one respondent. One interviewee states that he only sees positive aspect of being a subsidiary, and this is mainly because of that the individual employee can have the chance to move around in the Valtech group and across countries, and the fact that the every Valtech branch is more similar to each other.

Three of the respondents state that they aren’t sure if Valtech Sweden would be driven poorly without the parent company in Paris, and the fact that the Swedish office are in the front of
their own line of business and that other sister companies and the group is making more of the collaboration than the Swedish office. The market and sales manager’s opinion on the subject is that Valtech Sweden would be operating their business well, without their parent company. But he also adds that without the parent company the Swedish branch might not have survived without the economical muscles and that could have lead to another company buying the Swedish office.

Also a disadvantage is the lack of opportunity to freely make decisions, and carry out projects according to the respondents. Even though Valtech Sweden sees themselves as independent, bigger questions always needs some form of approval by the parent company, and that can reduce the independence. One of the respondents stated that the most preferable is to have a strong owner who lets local subsidiaries make their own strategic decisions as long as they declare profit. Today Valtech has one majority owner who owns closer to 70 percent of the total stock portfolio.

Strong directives from the parent company are something that one of the senior consultant managers worries about. Her biggest worry is if the corporate group would push through directives that would not fit with VS and on the Swedish market.

According to the respondents the best way would be to have employees at Valtech Sweden move to the chosen country of entering and from there work with customers on that market. Or another way for Valtech Sweden would be to follow a customer into a foreign market. Ideally the right way to enter into a foreign market would be by moving a couple of employees to that new location, but realistically it must be done by acquiring a company on that market or to follow a customer.

Other respondent’s states that acquiring a new company on a foreign market is a good idea, because then you receive their existing customers and knowledge about the market from the acquiring employees. One disadvantage with acquisition according to two respondents is that the culture could be suffering from the fact that the two companies have two different corporate cultures. One interviewee indicates that the future success of an acquisition is if the two companies can be integrated early on and be able to share the same culture. Valtech Sweden has done an acquisition before, and the fact that the acquiring company’s employees worked together with Valtech for almost a year before the actual acquisition helped ease the transition. Another idea of entering a foreign market is according to one respondent to acquire two or three niche companies (with knowledge of different parts) and to pull them together,
although that would be hard to complete since once again the cultural difference could mismatch.

The company culture is an important aspect while deciding to buy a company in order to enter a foreign market according to the respondents, and one of them indicates that if the culture is mismatched then problems with employees could occur. Valtech Sweden today has low staff turnover, and if an acquisition would happen in a foreign market there is a possibility that employees would quit if the cultural differences between the acquired company and the buying company are too big. And there Valtech Sweden has an advantage because they have acquired a company before without being too aggressive in the purchasing process and let the companies work together before the final decision was made.

4.3 Pattern matching
The pattern matching table is organized as follows: subheading (motives for expansion and foreign market entry, external forces, internal forces and entry modes), interviews questions (the question that was asked to the respondents), patterns in answers (the general topics that was discussed by the different respondents) and finally gaps in answers (answers that was irregular). The table is also a summary of what is written in the chapter “Empirical chapter – Interviews” and the pattern and gaps in the table are discussed in the analysis.

<table>
<thead>
<tr>
<th>Subheading</th>
<th>Interview question</th>
<th>Patterns in answers</th>
<th>Gaps in answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives for expansion and foreign market entry</td>
<td>Why is it interesting for a company to expand its business? Which benefits can a company gain from this expansion?</td>
<td>Growth, New employees, Profit, More attractive for employees and potential customers, certain knowledge-seeking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Why is a foreign market entry interesting for a company?</td>
<td>Brand awareness, profit, bigger customer stock, larger projects,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Norwegian market in particular?</td>
<td>No significant cultural differences,</td>
<td>Cultural differences,</td>
</tr>
<tr>
<td>External forces</td>
<td>Identify external threats that could have an impact on a company’s foreign market entry decision?</td>
<td>Cultural forces, Parent company, Competition, Business climate, recession or boom in the market</td>
<td></td>
</tr>
<tr>
<td>Does your parent company demand certain goals or results from you as a subsidiary that may influence strategic decisions?</td>
<td>Growth, Profitability, Monetary capital back to the parent company,</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internal forces</strong></td>
<td>Which resources are most valuable to your organization</td>
<td>Consultants and employees, knowledge, curiosity of consultants, brand (both negative and positive), customer base, company culture, liquidity,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Which are your most valuable resources and assets that can help the company on a foreign market and while entering a new market and why?</td>
<td>Consultants and employees, knowledge, curiosity of consultants, brand (both negative and positive), customer base, company culture, liquidity, network,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Does Valtech transfer knowledge within the global organization and if, how do they do it?</td>
<td>Small amount, seminars, employee-transfer,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Can you identify the company’s financial capabilities?</td>
<td>Good growth, monetary capital,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is there any other special knowledge that can be seen as an extreme asset or resource?</td>
<td>Total supplier, strong knowledge in both technology and concepts,</td>
<td></td>
</tr>
<tr>
<td><strong>Entry modes</strong></td>
<td>Is the choice of entry mode on a foreign market important for the company? Why/why not?</td>
<td>Best for Valtech to transfer employees to a new location ideally, acquisition would be realistic, cultural mismatch could be a problem when choosing entry mode, start working with one customer on a foreign market (customer following).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>You’re a wholly owned subsidiary, what advantages or disadvantages can you see about that?</td>
<td>Economical safety is good, not as independent and cannot pursue big projects without approval,</td>
<td></td>
</tr>
</tbody>
</table>

*Table 4 – "Pattern matching"*
5.0 Analysis
This chapter intends to discuss the collected empirical data and compare it to the stated theories in the literature review in order to answer the stated research questions of the paper. Pattern matching is used as an analytical instrument since it has already identified the central concepts and gaps that are discussed in each question. The structure will follow the previous subheadings in the literature review in order to make it easy for the reader to follow.

5.1 Motives for expansion and foreign market entry
Due to the stated theories that expansion and market entry decisions are driven by the potential of making profit (Laird et al. 2003; Gallego et al. 2009, Root, 1994; Young et al. 1989). The research indicates that companies are driven by economical motives. It is obvious that any company wants to make earnings, otherwise they would not do what they do and they would not be able to do it either. The empirical data also shows that the drives are connected with future earnings e.g. more attractiveness for employees and potential customers, profit and growth. It does not really matter which motive that is given for the foreign entry. The motive that is given depends on which short term goals a company wants to achieve. And the short term goal is constructed in order to gain the long term goal of increased profit.

The financial manager stated that an expansion on a foreign market could lead to internal growth and the more employments a company obtains usually tends to increase the profitability for that company. The previous research in the theoretical framework does not describe internal growth to be a key for future profit. This research indicates that if a firm expand into a foreign market they can obtain more consultants and that can lead to an increase in the company’s profit. This due to that they can work with more and larger projects, become more cost efficient and increased know how within the organization. Internal growth is not discussed in the theoretical framework could have its origin in that there is less research about service firms than manufacturing firm. This is though something that this research does not indicate but the thought cannot be rejected.

A motive for internationalization can have its origin in that a company may not reach their goals on their domestic market and therefore has to expand into a foreign market (Root, 1994; Young et al. 1989). Valtech in Sweden (VS) do have specific demands from their parent company which includes that the revenue has to come from a specific quantity of new established customers (newbie’s). This indicates that the parent company wants future earnings and to grow on the domestic market. But if the subsidiary would not be able to reach
the stated objectives in their current market the firm may seek a foreign market to find the new customers in order to satisfy their parent company and its shareholders.

In the theoretical framework it is stated that companies could find a motive for a foreign market entry if they gain competitive advantage from being first on the market (Spence, 1981; Ghemawat, 1984; Gilbert and Newbery, 1982). The empirical data emphasize that if a company will find that there is a need for their services or knowledge, the company would be interested to construct a market plan in order to see if an entry on that specific market would be of benefit to the company, which means revenue for the company. The empirical evidence does not prove that the company are searching for markets that there is a gap to fill. But if there are circumstances that certain knowledge is wanted or needed it could be interesting for the company to fill the gaps if there is a chance of profit. This indicates that companies are interesting in profit making procedures but that does not imply that a company are looking and exploring for gaps or opportunities on foreign or domestic markets.

The empirical data indicates that a short term goal with foreign market entry is to establish more awareness of the company’s brand and by that also attract and build relationships with new customers. More brand awareness could also lead to better reputation and therefore lead to larger projects and a bigger customer stock for the company. The empirical data points out that a better reputation for a company in their business is also something that could attract employees to work for them. The short term goals to increase brand awareness and reputation of the company indicates to be connected with the drive for long term profit which according to Laird et al. (2003); Gallego et al. (2009), Root (1994); Young et al. (1989) is the main reason why any company should expand their business into a foreign market.

The research indicates that the drives for expansion and foreign market entry could be divided into different motives. It can be that a company wants to grow internally, get more brand awareness, better reputation, satisfy stakeholders, and attract new customers or filling resource gaps. All the names motives are short term goals that have to be achieved in order to achieve the long term motive. The long term drive is to receive the potential monetary profit a company can receive from a foreign market entry.
5.2 External forces

5.2.1 Cultural forces
The major force that could create complications for any company including an IT-consultant firm according to Bjerke et al. (2005); Morschett et al. (2009) is cultural factors. Morschett et al. (2009) explains that governmental forces or different language can cause problems with an establishment on a foreign market. Bjerke et al. (2005) stated that cultural differences are neutralized between the Nordic countries. The empirical data points out that there are geographical clusters where the cultural differences are not significant. Although there is a gap identified between what Bjerke et al. (2005) states and the result in the empirical data. The empirical investigation states that a firm could have a lot of dissimilarities with a sister company in another Scandinavian country. The cultural dissimilarities could cause problems if the two firms are to cooperate. Even if people believe that there are small amounts or none dissimilarities between the Scandinavian countries, there are gaps. This indicates that there can be cultural differences in these clusters than managers have to be aware of. Another gap is that legal restrictions are a huge external threat (Morschett et al. 2009), but that is something that the empirical data do not show. That indicates that there are no potential legal restrictions between Sweden and other Nordic countries that could complicate a foreign market entry in Scandinavia. The research shows that legal restriction is not a concern for a Scandinavian company to enter a foreign market within Scandinavia. Although there are other forces such as cultural dissimilarities that has to be evaluated in a foreign market entry decisions process.

The empirical data differ with Johanson and Vahlne, (1977); Bell, (1995) findings that a company should choose a foreign market with the lowest physical distance. Since the empirical data shows that a Stockholm located company has closer distance to Finland but it would be more preferable to enter a Danish or Norwegian market. It is preferable since Sweden and the two named countries have less cultural differences than Sweden and Finland since the languages are more alike. This indicates that the market with the least physical distance not is the best of all time. This could be since the country where you should enter according to Johanson and Vahlne, (1977); Bell, (1995) are more influenced by another neighbor's culture or language.
5.2.2 Economical forces
Laird et al. (2003); Gallego et al. (2009); Morschett et al. (2009) discusses about the attractiveness and the growth of a foreign market as the biggest external factors that will influence a company’s strategic decision to enter a foreign market. This indicates that potential profit is the content and pure definition of attractiveness in the long term since the earnings is the most important for any company’s survival. But a company has to think which factors that will make the foreign market in question profitable (attractive) in the long term. One force that could influence the attractiveness on a market is the conjuncture of the chosen market. Morschett et al. (2009) states that growth combined with market size determine the attractiveness of a market. The empirical points out that conjuncture can reduce or increase the attractiveness of a market. Conjunctures shifts constantly over time and if there is high conjuncture on a market and there is a gap between supply and demand that could lead to increased market attractiveness since there is a lot of work to be done. A low conjuncture on any market in this branch could accord the empirical data lead to difficulties to survive. An opportunity can arise where a company decides to enter a foreign market as a result of a low conjuncture on the domestic market in order to survive.

Another force that defines the attractiveness on the foreign market is how the competition on the given market is (Robinson and McDougall, 2001). The company does work with any self-developed services that are unique for them. This indicates that the company cannot differentiate from their competitors. If the company should enter a foreign market the lack of unique self-developed competence would compose an external threat. Another external force that could have a huge impact on the decision of an entry of a foreign market is the external demands from a parent company. The empirical data indicates that if a subsidiary wants to enter a foreign market and can persuade their parent company that it will be a profitable investment it would not be a problem to get the financial backup. But there are always a risk that the parent company won’t accept that their subsidiary enter a new foreign market.

5.2.3 Technological forces
One last external force that could be of a threat according to the empirical data for an IT-consultant firm is if they do not manage to follow the global speed of technological development in their business domain. If an IT-consultant company tries to predict the development of technology and that forecast proves to be wrong they probably would not
survive long because they have been practicing and learning something that is not being used on the market.

The empirical data indicates that the most important issue for an IT firm is to focus on what is what in the present time and learn new technologies as they are integrated into the business. Technology is also something that can be more developed on some markets or in specific countries than others. That does not necessarily imply that there is a demand for the same technical solutions everywhere. Although if there is a demand it will open possibilities on a specific market that demands knowledge that the company possesses. Even if such possibilities can arise is it impossible for companies to predict the technology and to do so would only be waste of time and money.

“Any tries to make forecasts beyond a 6 month limit is impossible, since nobody can know what will be the hype in technology in e.g. 5 years” – Senior consultant manager at Valtech Sweden.

5.3 Internal forces
The theory states that a service firm has to be effective while leveraging the company’s resources (Hitt et al. 2001; Barney, 1991; Grant, 1991). A service firm could have different intangible assets and resources which could be of value for them. Examples of certain assets could be patents, licenses or some special know-how that only one company possesses. It is assets like those that differentiate one firm from another and makes one more successful than another (Galbreath, 2005; Fitz-enz, 2000). The empirical data indicates that an IT-consultant firm does not possess any patents or licenses. The research points out that the most precious assets and resources the company possesses are their employees, the company’s reputation, the culture within the own organization and the customer stock.

The employees skills combined with a certain working method could separate one firm from another and give the company competitive advantage. The theory discusses that an IT-firm could develop knowledge that is unique for one firm but it is very hard for a company to use it in order to gain sustainable competitive advantage (Mata et al. 1995). The empirical research indicates that it could be hard to gain sustainable advantages because it all depends on the technological development on the market, the ability of the consultant to adopt that know-how within the organization. If the firm who developed some new knowledge does not have the skill to employ it there is a risk that another competitor can. According to Bradley (2002) a service firm will achieve an advantage by focusing on the contact and the relationship with
the customer. The empirical data highlights that the customer stock is a huge priority for service firms in order to build long term relationship. New customers are mostly obtained through the already existing customers of the firm. The authors of this investigation point out that the result of good care for existing customers combined with a good reputation could lead to an increased customer stock.

According to Lado et al. (1992) is a firm’s reputation fragile for its ongoing business. The empirical framework states that it is important for an IT-consultant firm to work with their brand and make sure that their reputation stays positive since they have limited intangible assets to work with. That is also something that IT-consultant firms do since they tend to put a lot of effort to build up the relationship with their customers in order to increase the brand reputation. The empirical data also shows that relationship building is something that service firms put a lot of effort in to because their customer stock is a very valuable asset for them.

The most important asset an IT-consultant firm can have is the culture and organizational know-how within the firm (Fitz-enz, 2000; Galbreath, 2005). The research indicates that it is important for a firm to build up a strong organizational culture in order to attract employees to work for them. The empirical framework states that some of the consultants who are working for Valtech Sweden, are actually going to another company building every morning. This means that some of VS’s employees are going to another company building and working for another company every day. Since this research indicates that without motivated employees an IT-consultant or similar service firm would have complications with their existence. This indicates that it is very important to construct a company culture which also has affect on not only those employees who comes to the Valtech office everyday but also those who works in other company buildings. A culture which keeps all employees satisfied could also be used in order to attract the best consultants who work for the competitors. To do so could lead to competitive advantage towards the competitors over time.

Lado et al. (1992); Mata et al. (1995) states that it is important to invest in competences that is not easily to trade. But the empirical investigation indicates that in the IT-consultant business those competences are very hard to find. Instead the firm can transfer knowledge within the organization in order to make all consultants more competent. In order to acquire a consultant team from somewhere else the company needs monetary capital. Though there could be complications in form of a cultural and organizational mismatch.
5.4 Entry modes
Since the authors of this study already stated which resources and assets an IT-consultant company possesses it is indicated by the empirical data which kind of entry modes that can be excluded from the discussion.

According to Erramilli and Rao (1990) states that service firms like an IT-consultant company can use any entry mode as they enter a foreign market. This is false according to both the empirical data which indicates a certain mode demands certain conditions and to Root (1987); Carman and Langeard (1980) who states a service company cannot use export entry modes as an option.

An alternative to entry a foreign market for a service firm can be a part of a joint venture (Root, 1994). The empirical investigation indicates that it would be hard for an IT-consultant firm to be part of a joint venture since the firm does not have anything to offer or gain from a joint venture.

The most ideally scenario of entering a foreign market entry would according to the empirical data either be if a consultant firm could transfer e.g. 20 consultants to a foreign market with existing projects to work on. The other alternative would be to put together a sales team which main motive is to establish a presence on a foreign market. The empirical data states that none of these scenarios are possible due to the lack of capabilities.

The research indicates that one of the two appropriate and realistic ways to enter a foreign market would be through an acquisition. Lee and Lieberman (2009) states, that acquisition of local firms on foreign markets are one way to gain new knowledge and skills. The empirical data proves that Lee and Lieberman (2009) are right in their findings but the research also highlights other advantages with acquisitions. If a company acquires another firm, the firm gains the acquired company’s knowledge and skills, their experience in the market and also their customer stock. The empirical investigation does also indicate that a positive outcome of an acquisition is that the parent company can transfer the company culture to the subsidiary. However it is also stated in the empirical chapter that some employees on the subsidiary do not want to adopt the new company culture and that can lead to complications. That is also something that the authors of this research want to highlight and connect back to the internal culture as an important factor.
The empirical investigation also indicates that the other most preferable entry mode is to use a follow-client strategy. The advantage according to the empirical data is that you already have an established relationship with a customer on the foreign market. The strategy is also described to work for service companies by Rose and Hinings (1999); Aharoni (1997).

The research indicates that there are two entry options that is the most preferable for an IT-consultant firm to enter a foreign market. The first one is to acquire a firm on a foreign market which also could lead to new knowledge that can be of value for the parent company. An acquisition could also lead to that the parent company bought up the subsidiary’s customer stock which is great since you don’t have to attract a lot of customers right away. The other way is to follow an already existing customer into a foreign market. The company can start to work with only their existing customer and take their time to build of a network and after that establish and open up an office in the foreign market.
6.0 Conclusions
The conclusion chapter contains six different subchapters; 6.1 Results, 6.2 Theoretical application, 6.3 Managerial implications, 6.4 Limitations, 6.5 Future research and 6.6 Authors reflections. The different subchapters are each an important part of the conclusion chapter.

6.1 Results
This subchapter contains the findings and results towards the purpose of the study. A model called the “FME-model” has been developed by the authors. The model shows how an IT-based service firm should continue and work with the process of a foreign market entry.

Figure 1 - "Foreign Market Entry-Model".

A: The authors of this research have found that there are several different motives for an expansion into a foreign market. Examples of drives are increased brand awareness, growth, increase customer stock etc. The common denominator for all the given drives is that they all
are connected to potential future profit. Whatever motive a service firm gives towards their stakeholders to justify a foreign market entry is the main motive the fact that they want to gain higher profit in the future. In order to be able to make a profitable business happen on a foreign market, a company has to highlight the B and C variables in the model.

B: When a service firm has determined to enter a foreign market there are some external threats that the company has to consider and avoid in order succeeding with an entry on a foreign market. The external threats are divided into cultural, economical and for IT-consultant firm technological external threats. One interesting finding is that it can be easy to look through existing cultural gaps when a firm is looking at neighboring countries. The similarities e.g. similar languages can blind people and make them to think that there are not any cultural differences. The economic factors in terms of market attractiveness can be analyzed and therefore a firm could how attractive a certain market are and also decide from there if the potential market is attractive enough for an entry. The demands from a parent company are beyond the control for a subsidiary. A firm can make forecasts about conjuncture but are not able to control it. Conjuncture shifts constantly over time and that is just how it is. The technological threat is that an IT-firm will not be able to learn the new technologies that the market will work with. The other threat connected to the technology environment is if a firm tries to predict the technological future because it will almost certainly be wrong and the firm will lose market shares due to the lack of competence of the current technology.

C: The other important issue for a service firm is to develop a strong culture within the organization which will help the firm to attract the best employees and also to make the employees feel belonging to the firm. The research also shows that it is important to integrate the relationship building with customers as a part of the company’s culture since the customer constitute such a valuable asset for service firms. The study does also shows that the positive reputation is connected to the relationship building with customers since firms do get new customers via reputation and positive word of mouth.

D: When a firm has control and is able to manage B and C it is important to choose the right entry mode. The authors of this investigation make the conclusion that the most preferable entry mode of choice for an IT-consultant service firm is to acquire a company on the foreign market.
The connection between D and B is that the advantages with acquiring a firm is that the subsidiary does operate on and understand the foreign market which helps to avoid cultural differences. Another positive aspect is also that the acquiring company gains their customer stock and their established customer relationships. As concluded a firm cannot control a phenomenon like conjuncture. And during a low conjuncture the parent company can help the subsidiary and provide them with funds. This could lead to survival for the subsidiary while others do not survive which leads to potential increased market shares for the subsidiary.

The connection between D and C is the advantages of having a subsidiary are that you can transfer culture, knowledge and organization know-how. The parent company should transfer a smaller amount of employees to the subsidiary in order to educate and transfer the company’s culture with the integrated important aspects. An acquisition can also lead to that the parent company can receive new know-how from the subsidiary.

This research concludes that if a service company is able to follow the developed model that will lead to sustainable competitive advantage on the foreign market which will lead to increased profit for the firm in the future.

6.2 Theoretical application
In this study the authors provide a model called the “FME-model” as a tool for successful foreign market entry by service firms. The model can be of value to future research within the subject of foreign market entry and can be applied on service firms. The model can be of value to future research that investigate the subject of foreign market entry since it is a developed model of what different concepts needs to be considered before entering a foreign market. The “FME-model” should also be delimited to companies with monetary capital, which can take advantage of the model when deciding on expanding into a foreign market.

Four subheadings “motives for expansion and foreign market entry”, “external forces”, “internal forces” and “entry modes” have been theoretical substantiated and further explored in the service firm sector. The study have been conducted on one IT service firm, and is an base for future research who can further develop the findings in this paper.

6.3 Managerial implications
In order to achieve a successful foreign market entry for a service firm, they should apply the FME-model. They should also highlight those factors that have been concluded to be of most importance while entering a foreign market.
The most important factor to work with is the company culture for service firms. It is crucial to attract the best employees and with help of them strengthening the culture of the organization even more. To strengthen the culture, service firms should integrate the customer relationship building into the company culture in order to make it a vital and natural part of the working process, since the customers are such an important asset for a service firm.

6.4 Limitations
Delimitations in this paper on future research are the topic of foreign market entry decision, and the concepts that is discussed in this study (motives for expansion and foreign market entry, internal forces, external forces and entry modes). This paper studies foreign market entry which is included in the concept of strategy. So delimitations could be within the subject of marketing strategy, and strategic decision making.

Future research could delimit the investigation on service firm and particularly IT-consultant firms connected to the subject of this paper; “foreign market entry decision”, since more research have to be made on this area.

6.5 Future research
Future research on the subject should in the author’s opinion continue to investigate foreign market entry decision process. More research could be done on the topic and especially on service firms, and moreover IT-consultant service firms. A multiple case study could give more information on the topic and that could be something that future research could apply. A multiple case study will also have the possibility to compare the results between the different case study firms.

This paper studies the relationship between the mentioned two, on a company on the Swedish market, future research could continue to study companies on the Swedish market. Research on key assets and resources in a service company can be investigated in the future, and where more focus is on particular assets and resources and how they affect the foreign market entry decision. Future research could also intend to investigate the relationship between resources and assets and the choice of entry mode when entering a foreign market. Another interesting perspective for future research would be to investigate the relationship between the foreign market and their reaction to a foreign company entering their market. Future research could also investigate foreign market entry decision process with a product company instead of a service firm.
6.6 Authors reflections
The study has been interesting in the sense that the research has been less significant on service firms than on product firms. The findings in this paper will hopefully be of help in similar research in the future. The authors believe that the topic of foreign market entry is still rather unexplored but to be contributing to the subject has been fascinating. To have worked with a non fictional service firm have been valuable as well, and the data derived from the company has been useful. A single case study has helped the paper, but a multiple case study might have given even more relevant data. Although due to the time frame of the study a single case study was satisfactory to meet the purpose and answer the research questions.

The seminars have helped the authors, important and relevant input has been given by the examiner and the opposition groups. The authors are satisfactory with the regularity of the seminars, but more in-depth analysis of the opposition groups would have been pleasing. The personal meetings with the supervisor of the study have been excellent and the supervisor has been of much help when it comes to give input to the authors. The methodology class was of great value and helped organize and understand what methodology was relevant for this study. The choice methodology was according to the authors relevant and correct for this study, and helped answering to the purpose and research questions of the study.

The authors have worked well together and the schedule to write the paper has been well thought out and executed, and the different deadlines have been met. Valtech Sweden has also been a big help, and they have been open-minded and flexible to scheduled meetings and also taken time to be part of the interviews that is the foundation of the empirical chapter. The choice of Valtech Sweden has been interesting and the data derived from them have been of much help in answering the purpose and research questions of the study.
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Literature


**Scientific articles**


Appendix 1

Interview guide

Topic 1 External forces / Externa krafter

- Varför är det intressant för ett företag att expandera sin verksamhet? Vilka fördelar eller nackdelar kan ett företag gå av en sådan expansion?
- Varför är entré på en utländsk marknad intressant för ett företag?
- Speciellt den norska marknaden?
- Kan du identifiera externa hot som skulle kunna ha en påverkan på ett företags entré på en utländsk marknad?
- Vad finns det för motiv till att äutra en utländsk marknad för ett företag?
- Kräver ert moderbolag särskilda mål och resultat från er som är ett dotterbolag som kan influera strategiska beslut och vilka?

Topic 2 Internal forces / Interna krafter

- Vilka resurser och tillgångar är värdefulla för eran organisation? Lista.
- Vilka är era mest värdefulla resurser och tillgångar som kan hjälp företaget när ni ska äutral en ny marknad? Varför just de resurserna och tillgångarna? Lista.
- Finns det kunskapsöverföring mellan er och de olika dotterbolagen och moderbolagen?
- Kan du identifiera företagets finansiella möjligheter?
- Finns det någon annan speciell kunskap som kan anses vara en extrem tillgång?
  (Specifika IT kunskaper?)

Topic 3 Entry modes / Metoder för att entra en marknad

- Är valet av metod till att gå in på en utländsk marknad viktigt för företaget?
  Varför/Varför inte
- Ni är ett dotterbolag, vilka fördelar eller nackdelar kan du se med att vara det?
Topic 1 External forces and motives for foreign expansion and foreign market entry

- Why is it interesting for a company to expand its business? Which benefits can a company gain from this expansion? (Connected to 1.1, 1.2 and 4)
- Why is a foreign market entry interesting for a company? (Connected to 4)
- The Norwegian market in particular? (Connected to 1.2 and 4)
- Identify external threats that could have an impact on a company’s foreign market entry decision? (List them) (Connected to 1.1 and 1.3)
- What is the main motive for you when entering a foreign market? (E.g. growing business? Pressure from parent company about profit or market share in Scandinavia? (e.g. filling resource gaps, growth, profit). (Connected to 4)
- Does your parent company demand certain goals or results from you as a subsidiary that may influence strategic decisions? (Connected to 1)

Topic 2 Internal forces

- Which resources are most valuable to your organization? (List them) (Connected to 2.1 and 2.2)
- Which are your most valuable resources and assets that can help the company on a foreign market and while entering a new market and why? (List them) (Connected to 2.1, 2.2 and 4)
- Does Valtech transfer knowledge within the global organization and if, how do they do it? (Connected to 2.1.1 and 2.1.3)
- Can you identify the company’s financial capabilities? (Connected to 2.2.1 and a possible bridge to 3.)
- Is there any other special knowledge that can be seen as an extreme asset or resource? (Specific IT-knowledge for instance) (connected to 2.1 and 2.2)

Topic 3 Entry modes

- Is the choice of entry mode on a foreign market important for the company? Why/why not? (Connected to 3)
- You’re a wholly owned subsidiary, what advantages or disadvantages can you see about that? (Connected to 3)
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