

Dealing With The Distance Dimensions Through Strategic Objectives At The Moment Of Foreign Market Selection

NARAYANA DE OLIVEIRA

UNIVERSIDADE DO VALE DO ITAJAÍ (UNIVALI)

WOUTER NIELS DE VRIES

DINORÁ FLORIANI

UNIVERSIDADE DO VALE DO ITAJAÍ (UNIVALI)

SVANTE ANDERSSON

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Introdução

Even tough innovational factors tend to increasingly provide a better global communication and result in countries approximation, the distance between countries still exists and affect business performances (Ellis, 2007). Researches concerning the influences of distance in the foreign market selection have been performed and controversial findings have been presented (Ambos; Håkanson, 2014). These results are based on the multicultural challenges faced by organizations that involve the differences mainly on language, consumer behavior and culture (Tanure; Barcellos; Fleury, 2009).

Problema de Pesquisa e Objetivo

Magnani et al. (2018) proposed that the combination of distances and strategic objectives influence the selection of a foreign market for internationalization, contributing for distance asymmetry and relativity. In response to their call for contributions, this study is characterized as a deductive descriptive research, adopting a qualitative approach with a cross-country in-depth single case study strategy. Therefore, this research aims to analyze the strategic objectives of a firm balancing the uncertainties caused by the distance perceived at the moment of foreign market selection.

Fundamentação Teórica

Selecting the right foreign market for internationalization may lead the organization to achieve a better performance on the international market (Cui, Walsh; Zou, 2014) and in order to make the right choice, organizations should set clear strategic objectives (Magnani et al., 2018). Zahreer et al. (2012, p. 19) explained that “international management is management of distance” and in this context, to deal with companies within the international area means to automatically deal with the distances between them.

Metodologia

This study is a deductive descriptive research, adopting a qualitative approach using an in-depth single case study as a research strategy. The first criterion used to select the case was the company profile. Besides being characterized as a SME per the number of employees, the company should present a high international outreach with at least commercial subsidiaries in more than one country. The other criterion was the informant’s availability. It was important to have contact with informants that were responsible for the internationalization decision, especially the foreign market selection.

Análise dos Resultados

Our study reveals that despite the effects and uncertainties caused by the different dimensions of distance while entering an international market (Ghemawat, 2001), the foreign market attractiveness and potential of growth may affect a foreign market selection decision (Malhotra; Sivakumar; Zhu, 2009) and therefore, the strategic objectives have an important role in this process. Besides, it also reveals that the distance dimensions contribute to distance being asymmetric, but the results can be different when the objective distances are similar.

Conclusão

This research presented the foreign market selection through the lens of the effects of the different dimensions of distance (Ghemawat, 2001) as well as the strategic objectives (Magnani et al., 2018). Given the exposed, our main conclusion is that the (lower) level of both objective and subjective (cultural, administrative, geographic, economic, psychic) distances contribute for distance being symmetric.

Referências Bibliográficas

Ghemawat, 2001; Ellis, 2007; Tanure; Barcellos; Fleury, 2009; Malhotra; Sivakumar; Zhu, 2009; Zahreer et al., 2012; Cui; Walsh; Zou, 2014; Magnani et al., 2018