

**‘ADVANTAGE OF PROXIMITY TO FOREIGN MARKETS’,
‘LIABILITY OF PERIPHERALITY’ AND INTERNATIONALIZATION:
EVIDENCE FROM GREECE**

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Abstract. Are location of the firm in the home country and international behaviour of the firm associated? This article investigates this largely unexplored theme by drawing upon evidence from a study of Greek firms located in two different regions: firms in Athens (‘central firms’), which is the capital of the country and the centre of economic activity, and firms in Thessaloniki (‘border firms’), which are close to the border and away from the centre of the country. Border firms face a liability of peripherality but also enjoy an advantage of proximity to foreign markets.

The findings provide preliminary evidence that the advantage of proximity to foreign markets may have greater importance than that of the liability of peripherality within the base country. Compared with central firms, border firms adopt a conservative style in their activities; their products are characterized by a high degree of tacit nature of know-how; they emphasize operations in established markets; rely on collaborative and differentiation strategies; perceive low uncertainty in the international marketplace; and, may achieve higher international performance.

Key words: Internationalization; Home Country Location; Greece.

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Does location of the firm within its home country affect its international behaviour? In spite of the increasing number of studies dealing with enterprise internationalization, the research evidence on this locational theme is scant. It may be that firms that are close to the centre of economic activity of the home country benefit from easier access to governmental or non-governmental organizations providing information-, finance- and human development-related resources. They may also enjoy advantages such as lower transportation costs and better communication systems due to more modern and developed infrastructure in this central location. In addition, intense competition in this region can encourage benchmarking by firms, thus improving their business practices and operations at home and abroad.

On the other hand, firms that are away from the centre of economic activity may face a ‘liability of peripherality’, since they do not enjoy these advantages linked to centrality of their location. Because conditions in the domestic environment are likely to affect internationalization (Hu, 1992; Porter, 1990), these firms are likely to show different patterns of behaviour in their international activities. Specifically, they can be less competitive and less motivated to engage in increased international operations, with possible detrimental effects on their international performance also.

Nevertheless, there may exist a category of firms which, although they encounter such a liability of peripherality, can offset the disadvantages of being away from the centre of economic activity due to their geographic closeness with foreign markets. In other words, the ‘advantage of proximity to foreign markets’ may turn out to be a big ‘plus’ for the firms

concerned. However, all the above statements remain to a large degree untested propositions inasmuch as few empirical examinations have attempted to provide evidence on this issue.

The present study seeks to provide some answers on this locational theme. Specifically, this study investigates whether there are any different patterns of international behaviour between 'central firms' located in the centre of economic activity of the country but away from its frontier and 'border firms' located on the periphery of the country but close to foreign markets. Also, is there any difference in terms of international performance for the two categories of firms?

This research brings evidence on these issues from a small EU country in South-East Europe. Isolated from its EU partners from the Balkan peninsula, Greece enjoys a strategically key position at the crossroads of Europe, Asia and Africa. With a recently increasing degree of international activities, Greek firms have shifted their emphasis of international efforts from established markets of EU and USA to emerging markets of Balkans and Eastern Europe (National Statistical Service of Greece, 2001). The study investigates international activities of firms based in Greece's two largest cities, notably Athens and Thessaloniki.

Greater Athens that includes Piraeus, Greece's largest port, is located in Central Greece and has a population of almost four million inhabitants. Greece's second largest city, Thessaloniki, in Northern Greece, has one million inhabitants. Thessaloniki has gained importance in recent years, especially owing to the increasing Greek international operations with South-East European countries. Thanks to its major port, Thessaloniki also provides these countries access to the Mediterranean Sea. Nevertheless, the industrial concentration and economic preponderance in the Athenian area is intense. In this study, Athenian firms have characteristics of 'central firms' and Thessalonikian firms characteristics of 'border firms'.

RESEARCH BACKGROUND

Surprisingly, the research interest concerning location of the firm within the home country and internationalization appears to be rather limited. Olson and Wiedersheim-Paul (1978) argue that firms located close to the border are likely to initiate export activities due to significant exposure to export stimuli. In accordance with this, findings of other studies (ENSR, 1995; Tesar and Tarleton, 1982) suggest that firms in different regions achieve dissimilar levels of international performance.

These findings can be strengthened by assertions found in the literature on regional clusters. Although firms located near the border of a country may not share all characteristics of such a cluster, the regional cluster literature can be of relevance to the issue concerning the association of the location of the firm and internationalization. An emerging research stream in international business deals with the likely influence that the membership of a firm in a cluster of the home country has on international behaviour. It is argued that embeddedness within a regional cluster of economic activity encourages increased internationalization for all participating firms (Brown and Bell, 2001; Oviatt and McDougall, 1997; Porter, 1990). This is because a critical mass of firms within the region can be formed, something which may attract a substantial number of foreign clients, suppliers and competitors (Porter, 1998; Sopas, 2001).

Nevertheless, evidence from other studies disputes these findings. No significant relationship is established between export propensity and performance, on the one hand, and business location, on the other (Cavusgil and Nevin, 1981; Hansen *et al.*, 1994; McConnell, 1979). These findings can be connected with the argument that “group-thinking” may take place within a regional cluster (Porter, 1998), something which is likely to make participating businesses ignore new information on market trends outside the cluster (Saxenian, 1994).

Such negative externalities can take place within regional clusters and fade away the positive effects that business co-location can bring for internationalisation (Brown and Bell, 2001).

To sum up, the research evidence on the theme of location in the home country and internationalization is scant. A few studies, particularly in the regional clusters area, appear to examine the association between the two variables, yet the evidence is rather conflicting. Therefore, no conclusive proposition can be extracted on whether the advantage of proximity to foreign markets can offset the liability of peripherality or not. Also, the evidence regarding variables exerting influence on the international behaviour of the firm in the different regions appears currently non-existing. The present research seeks to fill these voids in the empirical literature.

METHODOLOGY

Sample and data collection

The study draws upon a survey of Greek firms in five sectors that have exhibited strong outward international activities. Each of the two investigated regions constituted a subset of the population. Thus, the population was split into two mutually exclusive subsets and a random sample was drawn following a stratified sampling procedure. The five sectors also served as another layer of five mutually exclusive subsets. In particular, the firms selected:

- are located in the greater areas of Athens and Thessaloniki
- belong to the food, beverages, garments, footwear or software sectors of the Greek industry
- exhibit outward international activities for at least three years
- are independent Greek firms
- employ at least 10 employees.

With regard to the data-collection procedure of the research, a structured questionnaire was used and answers were solicited through personal interviews with business managers. A pre-testing of the questionnaire by academics and six business managers in order to check its comprehensibility and clarity had taken place before the launch of the survey. Prior to conducting the personal interview in each firm, the most knowledgeable manager in charge of its international activities was sought. Overall, 462 firms were qualified to be part of the sample while 152 cooperated in the survey by providing all required answers, yielding a response rate of 33%.

Measures

Measures of organizational context (entrepreneurial style, tacit nature of know-how, resources and capabilities for internationalization), international strategy (focus on emerging markets, collaborative strategy, differentiation strategy and price penetration abroad), environmental context (hostility and uncertainty of the domestic and the international marketplace), international performance (international sales ratio, three-year international sales change, perceived relative performance and perceived satisfaction abroad) and control variables (size, experience abroad) are employed in this study. Each of these measures were previously validated and used by researchers.

Organizational variables. Entrepreneurial style, tacit nature of know-how, and resources and capabilities for internationalization are the organizational variables of interest to this study. A composite variable of nine 7-point Likert type scales is used for *entrepreneurial style*. This is an average of three dimensions: the willingness to take business related risks (drawn from Khandwalla, 1977, Miller and Friesen, 1982, and Naman and Slevin, 1993); be proactive

when competing with other firms (drawn from Covin and Covin, 1990); innovate (drawn from Miller and Friesen, 1982). The entrepreneurial style scale has a Cronbach α of 0.82.

The pre-testing of the questionnaire showed that managers of the investigated firms could not differentiate entrepreneurial style between domestic and international markets. Thus, it appears that one 'uniform' entrepreneurial style exists for the firms in the present research, irrespective of the location of the activities of the firm (see also Dimitratos and Lioukas, 2003).

The entrepreneurial style scales are (1= very untrue vs. 7= very true): the firm favours high- vs. low-risk projects, wide-ranging vs. incremental behavior, bold vs. cautious decisions (risk-attitude); the firm initiates vs. follows the moves of the competitors, introduces often vs. seldom new products, follows an 'undo-the-competitors' vs. a 'live-and-let-live' posture (proactiveness); the firm favours R&D and innovations vs. marketing of tried products, very many vs. very few product introductions, major vs. minor changes in its new products (innovativeness).

A composite variable of five 7-point Likert type scales is used for *tacit nature of know-how*. This is an average of five variables whose scales measure the difficulty (1= not at all vs. 7= very much) for the products or processes of the firm: to assess the proper price; to understand the manufacturing know-how; to transfer the manufacturing know-how; to understand the marketing know-how; to transfer the marketing know-how (drawn from Kim and Hwang, 1992). The tacit nature of know-how scale has a Cronbach α of 0.66.

A composite variable of ten 7-point Likert type scales is used for *resources and capabilities for internationalization*. This is an average of ten variables whose scales measure the extent to which the manager perceives the firm to be superior or inferior (1= significantly inferior vs. 7= significantly superior) compared with its direct competitors in the foreign market with respect to: top management inclined towards internationalization; ability to

recruit staff with expertise in internationalization; stock of knowledge and competencies of staff; sufficient financial resources for internationalization; sufficient production resources for internationalization; information and knowledge of foreign markets; positive image to the collaborative organizations and clients abroad; competencies in collaborating with organizations abroad; proper planning of international activities; proper control of international activities (drawn from Bloodgood *et al.*, 1996, Miesenbock, 1988, Welch and Luostarinen, 1988). The tacit nature of know-how scale has a Cronbach α of 0.89.

International strategy variables. Focus on emerging markets, collaborative strategy, differentiation strategy and price penetration abroad are the international strategy variables of interest to this study. A dummy variable is used capturing *whether the firm focuses its international activities on established or emerging markets* (0= established markets, 1= emerging markets). Two parameters are used to derive this dummy variable: (i) the ratio of the number of established markets over the number of all foreign markets for the firm; (ii) the extent to which the manager perceives the firm to emphasize operations in established vs. emerging markets (1= established markets vs. 7= emerging markets). Both these parameters provided consistent results for all examined firms. The grouping of Hoskisson *et al.* (2000) was employed to classify markets into the two groups. In the established markets category, the countries of the Triad market and Oceania were included.

A composite variable of twelve 7-point Likert type scales is used for *collaborative strategy*. This is an average of twelve variables whose scales measure the degree (1= not at all vs. 7= very much) to which the firm in the international marketplace participates in cooperative activities: joint production; joint R&D; joint distribution; joint advertising and promotion [these activities are measured for both competitors and non-competitors]; pricing from industry-wide lists; producing industry-wide standard items; member of the

confederation of producers of the same sector; networking with universities and other research institutions (drawn from Dollinger, 1990, and Dollinger and Golden, 1992). The collaborative strategy scale has a Cronbach α of 0.83.

A composite variable of five 7-point Likert type scales is used for *differentiation strategy*. This is an average of five variables whose scales measure the degree (1= not at all vs. 7= very much) to which the firm in the international marketplace differentiates its products from competing ones based on: products' quality; products' design; products' technological superiority; products' pre- and after-sales service; advertising and promotional techniques (drawn from Mintzberg, 1988, and Porter, 1980). The differentiation strategy scale has a Cronbach α of 0.74.

A composite variable of two 7-point Likert type scales is used for *price penetration*. This is an average of two variables whose scales measure the degree (1= not at all vs. 7= very much) to which the firm in the international marketplace prices its products: at the lowest possible level; and, at a level lower than that of the domestic market (drawn from Leontiades, 1985, and Mintzberg, 1988). The price penetration scale has a Cronbach α of 0.65.

Environmental variables. Hostility and uncertainty of the domestic and international market are used in this study as they are typically employed to capture perceptions concerning environmental variables (Keats and Hitt, 1988; Lawless and Finch, 1989).

A composite variable of three 7-point Likert type scales are used for *hostility of the domestic and international marketplaces*. The hostility scales are (1= very untrue vs. 7= very true): the environment of the market is very risky vs. very safe; very stressful vs. rich in opportunities; dominating vs. controllable by the firm (drawn from Khandwalla, 1977). The hostility construct of domestic market has a Cronbach α of 0.65 while that of international marketplace 0.67.

A composite variable of nine 7-point Likert type scales is used for *uncertainty of the domestic country*. The uncertainty scales are (1= very easy vs. 7= very difficult): the difficulty to forecast the expected sales of the firm in the country due to this country's: inflation rate; exchange rate with the main foreign currency; tax policy; ability of the party in power to maintain control of the government; national laws affecting international business; legal regulations affecting businesses; threat of social unrest (drawn from Miller, 1993, and Miller and Dröge, 1986); competitive market strategies; and, customer preferences (drawn from Achrol and Stern, 1988). The uncertainty construct of domestic country has a Cronbach α of 0.85.

A composite variable of six 7-point Likert type scales is used for *uncertainty of the international marketplace*. This is an average of six variables whose scales measure the degree (1= not at all vs. 7= very much) to which the firm perceives changes in the international market to be frequent in relation to (1= not at all vs. 7= very much): characteristics of the products; distribution channels; competitive strategies; cost of production; customer preferences; technological progress linked to the products (drawn from Achrol and Stern, 1988). The uncertainty construct of domestic country has a Cronbach α of 0.79.

International performance. International sales ratio, three-year international sales change, perceived relative performance and perceived satisfaction abroad are employed. The first two variables are objective measures while the last two capture subjective perceptions. The *international sales ratio* measures the ratio of sales abroad over total enterprise sales for a fiscal year. It has frequently been used in previous studies (e.g. Moon and Lee, 1990; Sullivan, 1994). The *three-year international sales change* measures the change achieved in

the international sales of the firm over a three-year period. It has also been used in past studies (e.g. Reid, 1981; Walters and Samiee, 1990).

A variable of one 7-point Likert type scale is used for *perceived relative performance*. This scale captures the degree to which the manager perceives the firm to achieve better or worse (1= significantly worse vs. 7= significantly better) compared with its direct competitors with respect to overall international performance. *Perceived satisfaction* captures the degree to which there is overall satisfaction with the performance of the firm abroad (1= not at all vs. 7= very much). Such perceptive measures have frequently been used in previous studies (e.g. Bilkey, 1978; Madsen, 1989).

Control variables. Size of the firm and its experience abroad are employed as control variables in this study. First, *size* can influence the international growth and performance of the firm (Dunning, 1988; Pan *et al.*, 1999). It is measured through the number of employees of the firm. Second, *experience* of the firm abroad is likely to influence its international development and performance (Bilkey and Tesar, 1977; Johanson and Vahlne, 1977). It is measured through the number of years the firm has international activities.

STATISTICAL ANALYSIS AND DISCUSSION

Descriptive statistics and examination of differences

Table 1 presents the mean and standard deviation of the variables of the study for each of the two regions. With regard to focus on emerging markets, 55 (out of 104) central firms emphasize established markets compared with 34 (out of 48) border firms. Border firms base their strategy to a comparatively larger degree on established markets. Table 1 also shows the results of the t-test undertaken to reveal any statistically significant differences between the two regions for the firms concerned. Four variables appear to present statistically significant

differences, namely differentiation strategy, international hostility, size and international sales ratio.

Insert Table 1 about here

The last difference is worth discussing: although the other international performance measures do not present statistically significant differences, international sales ratio is higher in border firms. Even though evidence is not conclusive, geographic location close to the border of the country appears to be associated with superior international performance of the internationalized firm. This is compatible with the finding by Olson and Wiedersheim-Paul (1978) investigating exporting enterprises. It may be that border firms possess a key location, in which firms are exposed to numerous stimuli supportive of internationalisation likely to render their international activities more successful. However, since this statistically significant difference is obtained only for one of the four performance measures, generalizations regarding performance should be made with caution.

Variables differentiating firms between regions of the home country

A logistic regression was undertaken in order to identify which variables related to internationalization can predict the location of the firm in the two regions of the base country. The dependent variable is a dummy variable capturing whether the firm is central or border (0= central, 1= border). The organizational, international strategy, environmental and control variables constitute the independent variables in this analysis.

Table 2 presents the correlation patterns between the variables of the regression. There are modest correlation patterns between these variables, with the highest being 0.48 between entrepreneurial style and resources and capabilities for internationalization. Table 3 presents the results of the logistic regression analysis. A test of the full model with all regressors, against a constant only model, is statistically reliable (χ^2 (13, $n= 152$)= 66.620, $p< .001$). The

Nagelkerke R^2 value of 0.498 is very satisfactory. The prediction success is also considerable, with 89.4% of central firms and 68.8% of border firms correctly predicted, for a total success rate of 82.9%.

Insert Tables 2 & 3 about here

Organizational variables. Table 3 shows that two organizational variables predict membership in the two regions: entrepreneurial style and tacit nature of know-how. First, entrepreneurial style appears to be more venturesome in central firms. It may be that the higher competitive intensity encountered in the major city of the country is more conducive to an entrepreneurial rather than a conservative entrepreneurial style. This is because rivalry can lead to a hostile environmental context (Grant, 1995; Porter, 1980), in which entrepreneurship is a means of exploiting business opportunities (Covin and Slevin, 1989, 1991).

Second, border firms seem to produce and market goods with a more tacit nature of know-how. It may be that because they are away from the centre, border firms have been compelled to produce more 'idiosyncratic' goods that are more likely to yield rents in the international marketplace. Proponents of the transaction-cost theory posit that such 'idiosyncratic' assets may be associated with higher rents for the firms concerned (Buckley and Casson, 1976; Dunning, 1981, 1988; Hennart, 1982).

On the other hand, the results of Table 3 reveal that resources and capabilities for internationalization do not differentiate firms in the two regions. Contrary to common beliefs, central firms do not possess a higher degree of resources and capabilities associated with internationalization. It is interesting to note that this finding is established despite the statistically significant smaller size of border firms (Table 1). Hence, compared with the smaller border firms, the larger central firms do not possess a higher degree of resources and

capabilities associated with internationalization: their key location does not seem to endow them with a greater extent of competencies conducive to increased internationalization.

International strategy variables. As Table 3 shows, three internationalization strategies predict membership of the firm in a region: focus on emerging markets, collaborative and differentiation strategy abroad. First, the evidence suggests that border firms emphasize activities in established markets. This contradicts the belief that central firms would likely target developed countries, which have been long-established trading partners of the country in the present study. This is reinforced by the location of border firms in this research: Thessalonikian firms are very close to the northern border of Greece and adjacent to emerging markets, such as Bulgaria, FYROM and Albania. Nevertheless, it appears that the geographic location close to the border may highlight the key geographic position of this region and induce internationalization in developed countries that may be further away from this location. Another possible reason has to do with increased networking activities of border firms, a consideration explored below.

Second, collaborative strategy in foreign markets also differentiates location of the firm in its home country. As the results of Table 3 show, border firms base their international strategy on interorganizational arrangements to a higher degree than central firms. It may be that because border firms are in a more peripheral location and have fewer contacts in their domestic market, they are 'forced' to engage in networking forms for their international activities in order to achieve superior performance abroad. Another reason that can be specific to the examined data-set has to do with the consideration that in the past many inhabitants of Thessaloniki and the greater Northern Greece region migrated to developed countries, such as Germany, USA and Australia (Hellenic Resources Network, 2002). This would further explain the emphasis on established markets given by border firms discussed in

the previous paragraph. Also, is likely that such ethnic tie connections have assisted networking and international activities of managers of firms located in the Thessalonikian region. This would be in accord with propositions of the research stream related to ethnic ties and internationalization (e.g. Ghymn, 1980; Kumar and McLeod, 1981).

Third, differentiation strategy implemented in foreign markets forms another predictor of location for the internationalized firm. Border firms implement this strategy to a larger extent than central ones. This can be linked to the more tacit nature of know-how that products of border firms have. This implies that these firms may wish to exploit the idiosyncratic assets that they possess by emphasizing quality, technological superiority, service and marketing tools in order to differentiate their products. This would be in accord with the prediction of transaction-cost theorists (Buckley and Casson, 1976; Dunning, 1981, 1988; Hennart, 1982). Additionally, it is noteworthy that price penetration is a significant predictor of region at the 10% level. Central firms seem to be comparatively 'stuck in the middle' in relation to international strategy as they do not base their strategy on either pricing or differentiation techniques.

Environmental variables. Table 3 presents evidence suggesting that only one environmental variable, namely international hostility stands as significant predictor of location of the firm in the home country. Central firms perceive higher levels of uncertainty in the international marketplace. One explanation for this may be that they assign priority on the domestic market, and hence, the foreign market appears comparatively more unfamiliar and uncertain.

Interestingly, the findings show that environmental variables of the domestic country do not differentiate between central and border firms: firms in both regions perceive the domestic environment in a similar way. This may be related to the fact that the Greek law treats both types of firms in a comparable way. Additionally, it may be linked to the finding

that the resources and capabilities related to internationalization for the firms in the two regions do not differ. In other words, since the managers of the firms believe that the domestic environment provides similar opportunities and threats in both regions, the capabilities and resources for internationalization that the firm can derive from its environment appear to be at equivalent levels.

CONCLUSION

This article dealt with the issue of the location of the firm in a country and internationalization. The main emphasis was to identify which variables may predict location of the internationalized firm within its base country. Greek firms located in two different regions were examined: firms in Athens ('central firms'), which is the capital of the country and the centre of economic activity, and firms in Thessaloniki ('border firms'), which are close to the border and away from the centre of the country. Border firms face a liability of peripherality because they are relatively away from ministries, governmental decision-making organizations, information and financial databases.

Notwithstanding their key location close to the border which may render them an advantage of proximity to foreign markets, border firms are situated within the home country in a peripheral area of secondary importance compared with that of central firms. The objective in this article was to examine to what degree the advantage of proximity to foreign markets and the liability of peripherality can influence international behaviour and related internationalization variables.

The findings provide preliminary evidence that border firms may overcome their liability of peripherality as far as internationalization is concerned. In other words, the advantage of proximity to foreign markets can have a stronger effect than that of inferior location within the base country. Compared with central firms, border firms adopt a conservative style in

their activities; their products are characterized by a high degree of tacit nature of know-how; they emphasize operations in established markets; rely on collaborative and differentiation strategies; perceive low uncertainty in the international marketplace. It appears that border firms have idiosyncratic products and clear internationalization strategies that may render them with superior performance abroad, thus overcoming their liability of peripherality. This is an interesting conclusion, and this study is one of the first establishing such relationships between regional characteristics and internationalization-related variables.

The exploratory evidence provided from this study would be of particular interest especially to other countries with similar geographical characteristics than Greece. Portugal and France whose capital cities are away from the border and capture a great degree of the economic activity are two examples of such countries. Other countries in Eastern Europe or South America may also share similar characteristics. Further evidence on the investigated theme is welcome and would illuminate whether the liability of peripherality can indeed be counterbalanced from the advantage of proximity to foreign markets as far as the international behaviour of the firm is concerned.

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Table 1. Descriptive statistics of the study's variables

Variable	Mean (standard deviation)	
	Central firms (<i>n</i> = 104)	Border firms (<i>n</i> = 48)
Entrepreneurial style (1-7 scale)	3.66 (1.00)	2.91 (1.00)
Tacit nature of know-how (1-7 scale)	3.38 (0.95)	3.72 (1.02)
Resources and capabilities for internationalization (1-7 scale)	4.24 (1.07)	3.79 (1.13)
Collaborative strategy (1-7 scale)	1.68 (0.63)	1.85 (0.48)
Differentiation strategy (1-7 scale)	3.63 (1.32) ⁱ	3.89 (1.04) ⁱ
Price penetration (1-7 scale)	2.88 (1.82)	2.98 (1.91)
Domestic hostility (1-7 scale)	3.86 (1.06)	3.85 (1.27)
International hostility (1-7 scale)	4.31 (0.77) ⁱ	3.87 (1.21) ⁱ
Domestic uncertainty (1-7 scale)	3.13 (1.65)	3.25 (1.87)
International uncertainty (1-7 scale)	3.49 (1.03)	3.17 (1.04)
Size (employees)	144.02 (291.88) ⁱⁱ	82.58 (114.74) ⁱⁱ
International experience (years)	16.07 (18.64)	15.06 (12.47)
International sales ratio	26.78 (30.85) ⁱⁱ	45.40 (36.96) ⁱⁱ
Three-year international sales change	18.00 (28.80)	13.38 (19.52)
Perceived relative performance (1-7 scale)	4.45 (1.56)	4.29 (1.49)
Perceived satisfaction (1-7 scale)	4.28 (1.48)	4.42 (1.67)

ⁱ The sample means differ significantly ($p < 0.01$)

ⁱⁱ The sample means differ significantly ($p < 0.05$)

Table 2. Correlation matrix of variables (n= 152)

Variable	Pearson correlation coefficient												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Entrepreneurial style	1.00												
2. Tacit nature of know-how	0.31 ⁱ	1.00											
3. Resources and capabilities for intern.	0.48 ⁱ	0.11	1.00										
4. Focus on emerging markets	-0.01	0.05	-0.06	1.00									
5. Collaborative strategy	0.04	0.04	0.19 ⁱⁱ	-0.13	1.00								
6. Differentiation strategy	0.33 ⁱ	0.30 ⁱ	0.28 ⁱ	-0.08	0.17 ⁱⁱ	1.00							
7. Price penetration	-0.03	-0.18 ⁱⁱ	-0.05	-0.01	0.01	-0.03	1.00						
8. Domestic hostility	-0.27 ⁱ	0.13	-0.34 ⁱ	-0.10	0.08	-0.14	0.11	1.00					
9. International hostility	0.26 ⁱ	0.02	0.29 ⁱ	-0.02	0.19 ⁱⁱ	0.14	-0.04	-0.06	1.00				
10. Domestic uncertainty	-0.08	-0.06	-0.22 ⁱ	-0.10	0.11	-0.05	-0.03	0.16 ⁱⁱ	0.11	1.00			
11. International uncertainty	0.01	0.08	-0.10	0.01	0.23 ⁱ	0.21 ⁱⁱ	-0.03	0.28 ⁱ	0.12	0.21 ⁱ	1.00		
12. Log of size	0.46 ⁱ	0.05	0.47 ⁱ	-0.06	0.04	-0.27 ⁱ	-0.15	-0.35 ⁱ	0.12	-0.19 ⁱⁱ	-0.10	1.00	
13. Log of international experience	-0.11	-0.10	0.08	-0.22 ⁱ	0.02	0.03	-0.07	-0.09	-0.06	-0.02	-0.02	0.06	1.00

ⁱ $p < 0.01$.

ⁱⁱ $p < 0.05$.

Table 3. Logistic regression with location of the firm as the dependent variable (n= 152)

Variable	Beta	Wald	Exp(B)
Entrepreneurial style	-1.531 ⁱ	19.731	0.216
Tacit nature of know-how	1.148 ⁱ	13.644	3.152
Resources and capabilities for intern.	-0.430	2.445	0.650
Focus on emerging markets	-1.248 ⁱⁱ	5.588	0.287
Collaborative strategy	1.121 ⁱ	6.714	3.067
Differentiation strategy	0.496 ⁱⁱ	4.638	1.642
Price penetration	0.223 ⁱⁱⁱ	2.741	1.250
Domestic hostility	0.442 ⁱⁱⁱ	3.422	0.643
International hostility	-0.352	1.960	0.703
Domestic uncertainty	0.178	1.447	1.195
International uncertainty	-0.750 ⁱ	7.099	0.472
Log of size	0.264	1.139	1.302
Log of international experience	-0.261	0.763	0.771
Nagelkerle R square	0.498		
Chi-square (13, 152)	66.620 ⁱ		

ⁱ $p < 0.01$.

ⁱⁱ $p < 0.05$.

ⁱⁱⁱ $p < 0.10$.