ABSTRACT

An Assessment of the Impact of Transaction-Specific, Location-Specific, Organizational Specific, Bargaining Power and Strategic Factors on the International Entry Mode Choice of Manufacturing Firms in Trinidad.

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The issue of foreign market entry (FME) mode choice is one of the most important aspects of international marketing management. Previous research has found that a failure to select judiciously may give rise to opportunity costs and can also impact upon subsequent endeavours in international markets. Entry mode choice also has implications for the level of resource commitment by the firm and may significantly affect the performance and survival potential of a foreign venture. This is the case since it represents a point of vulnerability for the firm in terms of both market response and opportunity losses. Moreover, the correct decision must be made early, because initial commitments may not be easy to terminate or modify.

The purpose of the study is to elucidate the reasons underlying firms' channel decisions in international markets. Hence, the study examined the antecedents of entry mode choice by adapting an eclectic approach incorporating the
transaction specific, organisational specific, strategic, location specific and bargaining power factors. This integrative approach was used to better capture the diverse objectives and constraints of firms in determining their export channel choice.

It is postulated that factors such as asset specificity, country risk, a firm’s international experience, firm size, integration strategy, the stake of the host country, host government restrictions, the host country’s market potential, the intensity of competition in the foreign market, the availability of foreign intermediaries and the degree of perceived location unfamiliarity all impact on the degree of channel integration a firm is willing to undertake within a foreign market.

The study utilized data obtained from a sample of Trinidadian export manufacturers and the results obtained indicate that the eclectic approach to entry mode selection is indeed warranted. The variables that were found to be significant determinants of entry mode choice were firm size, stake of host country, the availability of intermediaries in the host country and the perception of location unfamiliarity by exporters.

Keywords: Hima Rhea Singh; export entry modes; eclectic approach; manufacturing firms.