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Прочитайте статью[1] **и сделайте её критический анализ на русском языке.**

1. Introduction

Different studies examine how environmental institutional factors affect the strategic decisions of firms. These studies indicate that institutional factors, along with firms' resource endowments and capacities and the level of competition in the sector, determine corporate strategies such as internationalization *(Gao et al., 2010; Peng et al., 2008)*.

Some of the literature analyzing the impact of institutions on firms' decisions examines the differences between origin and destination countries via institutional distance *(Kostova, 1999)*. In line with this idea, this paper focuses on the regulative dimension, as it has been observed to have a strong impact on internationalization decisions such as the choice of entry mode *(Chao & Kumar, 2010; Yiu & Makino, 2002)*. Regulatory institutions include laws, regulations, and political and social configurations *(Dikova & Van Witteloostuijn, 2007)* that determine the governance framework for economic, legal and social relations *(Globerman & Shapiro, 2003)*. On the one hand, these institutions define in a coercive manner what is and what is not allowed; firms, then, do not have the option of freely deciding to follow these regulations or not, they are obliged to do so *(Eden & Miller, 2004)*. As *Slangen and Beugelsdijk (2010)* suggest, this situation may imply that governance imperfections are exogenous hazards that have to be taken as a given by firms. And on the other hand, since any modification to this situation depends on the regulators, a change in the regulations is more rapid and can quickly affect business decisions, in contrast to informal institutions whose change is slower *(Estrin et al., 2009; North, 1990)*. Lastly, regulatory institutions in distinct countries can be classified via degree of development. Specifically, different authors include with regulative distance the fact that the regulatory development of destination countries may be more or less weak than that of the origin country *(Hakanson & Ambos, 2010; Wu, 2013)*. For this reason, then, we need to consider the two directions of distance: negative distance (when a firm enters countries with less developed regulatory conditions than the origin country); and positive distance (when a firm enters countries with more developed regulatory conditions than the origin country).

The inclusion of asymmetry in the study of institutional distance is a recent phenomenon. The literature on institutional distance – and specifically regulative distance – has traditionally conducted its analysis in absolute terms, solely considering the magnitude of the distance. This focus has resulted in no distinction being made between firms entering countries with higher or lower levels of regulatory development than the origin country (positive and negative regulative distance). This limitation could explain why studies based on transaction cost economics (considering efficiency criteria) and institutional theory (considering legitimacy criteria) – the two theoretical approaches used to examine the impact of regulative distance on entry mode choice – find contradictory results. Some papers argue that greater regulative distance leads firms to prefer entry forms requiring lower resource commitments *(Dow & Larimo, 2009; Xu et al., 2004; Xu & Shenkar, 2002)*; other research,

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however, suggests the opposite relation *(Estrin et al., 2009; Gaur & Lu, 2007)*. We believe that the analysis of the asymmetric effect of regulative distance requires the inclusion of both criteria in order to reveal how firms tackle the choice of entry mode as they seek efficiency under institutional constraints *(Kim & Gray, 2008; Roberts & Greenwood, 1997)*.

The paper looks to contribute to the literature in different ways. First, the focus on the regulative dimension advances our understanding of the asymmetrical effect of this particular dimension on firms' decisions. Although the regulative dimension is central to internationalization decisions, few studies analyze the asymmetric effect of distance. Second, our examination of the direction of the distance by integrating economic and institutional perspectives makes it possible to consider how firms respond to the dual need for legitimacy and efficiency. This enables us to shed light on the contradictory findings of previous studies that limit their focus to the magnitude of institutional distance. Third, and in line with the recommendation by *Bruton, Ahlstrom, and Li (2010)*, this paper also goes beyond most other studies, which are restricted to a single origin or destination country. The richness of the available data (with a sample of European SMEs from more than 30 countries operating in over 100 destination countries around the world and from different manufacturing and service sectors) allows us to perform a multilevel analysis considering factors at the decision, firm, and firm's home country levels.

The paper is organized as follows. The next section addresses the relevant theoretical aspects and research hypotheses, before going on to discuss the methodology. The final sections present an analysis of the results and their implications, concluding with some comments on limitations and future lines of research.

2. Literature review and hypotheses

The impact of institutions – and of institutional distance – on the choice of entry mode has typically been viewed from the perspectives of transaction cost theory and institutional theory *(Demirbag et al., 2007; Gelbuda et al., 2008; Kim & Gray, 2008)*. The former focuses on efficiency criteria, while the latter examines legitimacy criteria. The studies based on transaction cost economics suggest that firms prefer entry forms requiring lower resource commitments in order to minimize the effect of uncertainty when the regulative distance is great *(Dow & Larimo, 2009)*.

Of the studies that analyze institutional differences from the institutional theory perspective, some suggest that firms prefer entry modes that require lower resource commitments when distance grows because they allow them greater flexibility and minimize the conflicts between external legitimacy and internal consistency *(Xu et al., 2004; Xu & Shenkar, 2002)*. Other papers, however, argue that entry forms that offer higher levels of control make it possible to manage regulatory differences more easily *(Estrin et al., 2009)* – an approach that gives priority to internal consistency over the acquisition of external legitimacy *(Davis et al., 2000)*. The empirical evidence from this approach, though, suggests that it is external legitimacy that is vital for the survival of MNEs *(Xu et al., 2004)*. Moreover, this external legitimacy may be especially important for SMEs, as these firms are more influenced by external forces than are large firms *(Cheng & Yu, 2008)*.

Given that institutions provide the structure for transactions to take place and affect the firm's choice of entry mode, both perspectives seem to be required *(Delios & Beamish, 1999)*. Specifically, we follow the line of those authors who believe that they are complementary, as firms are obliged to manage the needs of legitimacy and efficiency in their decisions *(Kim & Gray, 2008; Roberts & Greenwood, 1997)*. And yet, although these papers make an effort to integrate both approaches, they only analyze the magnitude of the distance. We feel that by including the impact of direction we are able to clarify the relation between regulative distance and entry mode choice. This is the case because the needs of legitimacy and efficiency may exert different effects on firms' decisions depending on the direction of the distance.

Some studies explore asymmetry in the relation between cultural distance and firms' decisions, such as the assignation of expatriates in subsidiaries or the degree of influence of the headquarters over subsidiaries *(Brock et al., 2008; Drogendijk & Holm, 2012)*. Other research extends the reach of asymmetric effects to other institutional dimensions *(Cuervo-Cazurra & Genc, 2011; Phillips et al., 2009)*.

Taking this idea of asymmetry as a starting point, our reasoning is based on the argument that the direction component makes it possible to consider institutions as constraints for firms' decisions only in some circumstances.

All in all, considering both factors (magnitude and direction of the distance) makes it seem reasonable to assume that distance will have a different effect on firms' decisions (specifically on the resource commitment of the entry mode) depending on the favorability or unfavorability of the regulatory infrastructures compared to those of the origin country. We should, then, bear in mind not only the differences among institutions, but also the impact of the varying degrees of institutionalization in the origin and destination countries *(Phillips et al., 2009; Wu, 2013)*. Put more simply, we need to note *how* regulatory institutions differ in addition to by *how much (Zaheer et al., 2012)*. This leads us to consider two different scenarios: situations in which the regulatory development in the destination country is lower than in the origin country; and situations in which the regulatory development in the destination country is higher than in the origin country.

2.1. Regulatory development in the destination country is lower than in the origin country: negative regulative distance

The most common example of internationalization decisions in countries with lower levels of regulatory development occurs when firms from developed countries move into developing countries. Developing countries commonly offer advantages related to lower labor costs and the availability of natural resources, among others *(Dunning, 1998)*. In this situation, however, the mismatch between the two systems produces greater risk and uncertainty, essentially stemming from a lack of knowledge about how to handle such levels of risk *(Berry, 2006)*.

Countries with high levels of regulatory unpredictability typically display frequent and unexpected changes in government policies, government intervention in business, and inadequate means to enforce laws and contracts *(Slangen & Van Tulder, 2009)*. The existence of high levels of corruption has also been shown to have a negative impact on investment *(Javorcik & Wei, 2009)*, while ambiguous and complex local regulations are likely to generate hazards in technology transfers *(Coeurderoy & Murray, 2008)* or to hinder the success of product innovations *(Wu, 2013)*.

The previously mentioned factors imply a regulatory uncertainty in the destination country, an uncertainty that significantly affects the ability to conform to local legitimating requirements *(Chan & Makino, 2007)*. Destination countries with weak institutions characterized by restrictions and limitations pose great problems of adaptation for firms, specifically because they lack correctly functioning formal institutions *(Schwens et al., 2011)*. These arguments suggest that a poorer understanding of less developed institutions increases the perception of the difficulties to manage regulative distance *(Hakanson & Ambos, 2010)*.

Firms then, need to give priority to the possibility of obtaining legitimacy in the host environment, as they have to seek efficiency by considering the institutional constraints. Thus, in situations with small distance gaps (e.g., when firms from countries with low levels of regulatory development enter even more poorly regulated countries), the difficulty to adapt to the regulatory institutions of the destination country is lower. In these cases, the institutions are similar to those of their origin country *(Cuervo-Cazurra & Genc, 2008)*. In contrast, the difficulty is greater for firms from countries with more developed regulatory frameworks. These firms will find it harder to achieve legitimacy in destination countries where the regulative institutional distance is high *(Xu &*

Shenkar, 2002), especially in destination countries where they are not familiar with the regulatory 'rules of the game' and where the rules may not even be clearly established. As distance increases in a negative direction, then, firms will face greater deficits of institutional knowledge and more adaptation problems caused by the growing gap between regulations of the origin and destination countries. Since firms need to choose entry modes that first satisfy their needs for external legitimacy, they may prefer low commitment entry modes that could alleviate these adaptation problems *(Xu et al., 2004)*. These considerations lead us to put forward the following hypothesis:

Hypothesis 1: As negative regulative distance increases, firms will be more likely to prefer entry modes requiring a lower level of resource commitment.

2.2. Regulatory development in the destination country is higher than in the origin country: positive regulative distance

The literature on firms going in the opposite direction (i.e., from countries with lower levels of regulatory development to destinations with higher levels) typically analyzes the entry decisions of firms from developing countries that plan to begin operating in developed ones. These studies highlight different reasons for this type of internationalization, such as looking to overcome the limitations of their countries of origin; gaining access to new technologies or a more developed customer base; or aiming to improve their reputation or brand image *(Luo & Tung, 2007; Wright et al., 2005)*. In any case, the analysis should not be limited to the differences between developed and emerging countries. Indeed, many regulatory differences exist among the so-called developed countries, and the level of regulatory development is also important in the internationalization decisions of firms in these countries.

Globerman and Shapiro (2003) observe that firms have a better chance of performing FDI operations in countries with relatively good governance (i.e., with a transparent, impartial and effective legal system that protects property and individual rights; with stable, credible and honest public institutions; and with government policies that promote open and free markets). Infrastructures of this kind make for strong institutions that are able to establish predictable rules that support the efficiency of transactions *(Gelbuda et al., 2008)*. Additionally, *Kostova and Zaheer (1999)* point out that regulatory issues are easier to observe, interpret and understand when they are formalized, and that firms can obtain external legitimacy by conforming to the regulatory domain of the destination country. Firms, therefore, should be able to operate with greater ease in scenarios in which the 'rules of the game' are more clearly established *(Cuervo-Cazurra & Genc, 2011)* and act in accordance with the coercive mechanisms of regulations *(Phillips et al., 2009)*.

These efficiency criteria cause firms to consider the potential risks and costs of greater distance. Thus, greater distance implies higher costs and risks, which results in firms choosing entry modes with a lower resource commitment *(Brock et al., 2008; Tihanyi et al., 2005)*. But firms considering the magnitude of the distance in conjunction with positive direction may perceive less environmental uncertainty; in these cases, greater distance does not bring with it higher costs and risks for their operations. Indeed, firms that enter better regulated countries will perceive that they can benefit from the institutional advantages in those markets *(Chan et al., 2008)*. These considerations lead us to put forward the following hypothesis:

Hypothesis 2: As positive regulative distance increases, firms will be more likely to prefer entry modes requiring a higher level of resource commitment.

3. Empirical analysis

3.1. Sample

The study uses the *Internationalisation of European SMEs, European Commission, DG Enterprise and Industry*, 2010 survey to perform the empirical analysis. As its name suggests, this survey contains data on the international deployment of European SMEs; the survey was generated from a study commissioned by the European Commission (Directorate General Enterprise and Industry) and implemented by EIM Business and Policy Research. It was conducted in the spring of 2009 and contains a cross-section of data from 2008. Studies such as *Hessels and Parker (2013)* use previous editions of this survey to perform their analyses (in this specific case, the *ENSR Enterprise Survey, 2003*).

The database has entries on 9480 SMEs with between 1 and 249 employees. The sample considers three types of SMEs according to size: micro (1–9 employees); small (10–49 employees); and medium (50–249 employees). These firms are also classified by business sector. The data correspond to 33 European countries; specifically, the EU-27 plus Croatia, Iceland, Liechtenstein, FYR Macedonia, Norway and Turkey. The large number of firms and countries included in this survey makes its results widely generalizable to different countries and contexts. Of the total number of firms, 4422 (46.6%) declare having performed one of the following activities to enter foreign markets: exporting; collaboration (understood as technology transfer); and foreign direct investment. Given that our study seeks information on strategic international entry mode decisions (depending on institutional distance) and that the responding firms may have used more than one entry mode, we adapted the database to account for observations in terms of decisions rather than firms. This adaptation provides us with a total of 18,066 observations on entry mode decisions. As, however, the study examines the relation between regulative distance and entry forms, we only consider internationalization decisions in which the origin and destination countries are known. This reduces the total to 10,560 observations on entry mode decisions. These decisions correspond to 3703 firms from 32 countries.

3.2. Measures
3.2.1. Dependent variable

Entry mode indicates the entry form chosen, classified via the degree of resource commitment required. Because we are looking at institutional regulative differences of home and host environments, the resource commitment construct is appropriate for the analysis. Specifically, we analyze the firm's level of resource commitment in its entry modes in gradual terms *(Hill et al., 1990; Shrader et al., 2000)*. In this way, we constructed an ordinal categorical variable in which exports take value 1; collaboration agreements (such as technology transfers and licenses) take value 2; and foreign direct investment takes value 3.

3.2.2. Independent variables

Regulative distance is a continuous variable that measures the difference between regulatory development in the destination and origin countries.

Distance direction is a dummy variable that takes value 1 when the regulative distance is positive (i.e., regulatory development of the destination country is greater than that of the origin country); it takes 0 when the opposite is the case and the distance is negative (i.e., the regulatory development of the destination country is lower than that of the origin country). This variable allows us to identify the observations via the relative position of the origin country compared to the destination country in terms of regulative distance.

The study constructs a third independent variable – *Regulative distance × Distance direction* – by means of the interaction of these variables. The interpretation of the coefficients of the independent variables will be explained in detail in Section 3.3.

3.2.3. Control variables

As pointed out in the literature, variables at different levels are needed to control for important effects on internationalization decisions *(Coeurderoy & Murray, 2008)*. In this study we have taken account of these levels of analysis and based our selection of control variables on the theoretical and empirical literature on entry mode choices. Specifically, as this paper analyzes entry mode decisions in different markets by firms from different countries, we need to control for the variation in the data from the different levels of analysis under consideration: at the decision level (level 1); the firm level (level 2); and the home country level (level 3).

Control variables are included at the decision level (level 1) by taking into account factors linked to conditions in the destination country that are theoretically distinct from institutional variables *(Coeurderoy & Murray, 2008)*. First, we consider different dimensions of distance that have an impact on entry decisions *(Berry et al., 2010; Dow & Larimo, 2009)*. *Geographical distance* is measured by the logarithm of distance (in kilometers) between the capital cities of the origin and destination countries *(Coeurderoy & Murray, 2008; Slangen & Beugelsdijk, 2010)*. And *Economic distance* is measured by the logarithm of the absolute distance of GDP per capita of the origin and destination countries *(Tsang & Yip, 2007)*. Second, in line with other studies of entry modes in different countries, we include variables to control for the market potential of the destination country Specifically, we control for the market size of the destination country – *GDP of destination*, measured via the logarithm of GDP – and its degree of economic development – *GDP per capita of destination*, measured via the logarithm of GDP per capita *(Alvarez & Marın, 2010; Chan & Makino, 2007; Javorcik & Wei, 2009; Meyer et al., 2009; Talay & Cavusgil, 2009)*.

Next, variables are included at the firm level (level 2) because the entry mode decision is also influenced by factors related to the resources and capabilities of the firm *(Arregle et al., 2006)*. We include the variable *Experience in internationalization* (measured via the number of years since the firm's initial involvement with any of the international operations described). Likewise, the variable *Age (Hessels & Parker, 2013)* captures the life span of the firm, measured by the number of years the firm has been in existence. We also consider the possible effect of size *(Cui & Jiang, 2009; Schwens et al., 2011)*, as this has been shown to influence entry mode selection *(Agarwal & Ramaswami, 1992)*. The study measures size with three dummy variables that distinguish among *Micro, Small* and *Medium-sized firms* (firms are classified in these categories based on their number of employees). To avoid problems of perfect multicollinearity, the models incorporate two of the three categories; the study uses *Medium* as a baseline category. In this paper, we include a variable to control for the legal form of the firm with a dummy variable (*Legal form*). This variable takes value 1 if the enterprise is a cooperative or has sole proprietors and 0 if the firm is a public limited or a private limited enterprise *(Wiklund & Shepherd, 2008)*. The paper captures the effect of these sectoral characteristics via dummy variables. The observations correspond to firms from nine sectors in manufacturing and services. Within the manufacturing sectors, we distinguish among *High, Medium* and *Low Technology Manufacturers (Tseng & Johnsen, 2011)*, as these firms display different internationalization strategies depending on the added value and scientific knowledge of their products and processes *(Bell et al., 2004)*. Within the service sectors, we identify *Construction*; *Wholesale*; *Retail; Transport*; *Business services*; and *Personal services*. In the models, however, we only include eight sectors to avoid problems of perfect multicollinearity, with Personal services representing the baseline category.

Lastly, we include controls at the home country level (level 3). Because we are analyzing firms from different countries, it is especially relevant to control for home country differences. We capture market size with the variable *GDP of origin* and the level of economic development of the home market with the variable *GDP per capita of origin*, measured via the logarithm of GDP and GDP per capita of the home country, respectively.

3.3. Model estimation

Different studies agree multidimensional models are required to analyze market entry modes because this decision can be explained according to different levels (e.g., the decision or firm level) *(Brouthers & Nakos, 2004; Demirbag et al., 2007; Yiu & Makino, 2002)*. And yet, although these studies present multilevel conceptual models with variables measured at different levels, they ignore the multilevel dimension in their methods *(Arregle et al., 2006)*. Since our model seeks to explain the decision behind international entry modes (classified by resource commitment) of different firms from different countries, we need to consider this hierarchical structure of the data. Specifically, we treat each decision as an observation. One firm may enter different countries in the same period, thus giving us multiple decisions for a single firm. As each of these decisions represents a different observation, the observations corresponding to each firm are not independent. This lack of independence in the observations requires the use of a multilevel analysis in order to avoid biased statistical results *(Arregle et al., 2009; Arregle et al., 2006; Chan et al., 2006; Nielsen & Nielsen, 2011)*. Multilevel models address statistical problems of intra-class correlation, misestimated precision and aggregation bias *(Bliese & Hanges, 2004; Raudenbusch & Bryk, 2002)*.

Table 1 summarizes the descriptive statistics included in the models (with the exception of the sectoral dummies), and Table 2 displays the matrix of correlations. To identify potential problems of multicollinearity, we performed an analysis of the variance inflation factor (VIF). Individual VIF values greater than 10, combined with average VIF values greater than 6, indicate a problem of multicollinearity *(Neter et al., 1989)*. In our case, the values obtained were within the acceptable limits.

Table 1
Descriptive statistics.

Level	Variable	Obs.	Mean	s.d.	Min	Max
Decision	Regulative distance	10,560	0.707	0.607	0.001	3.69
	Distance direction	10,560	0.4685	0.499	0	1
	Geographical distance	10,560	6.91	1.072	4.09	9.86
	Economic distance	10,560	9.39	1.259	4.35	11.62
	GDP pc destination	10,560	10.17	0.952	5.23	11.63
	GDP destination	10,560	27.204	1.846	20.09	30.29
Firm	Experience	3703	15.66	16.36	1	209
	Age	3703	28.14	29.13	1	325
	Micro	3703	0.25	0.43	0	1
	Small	3703	0.36	0.48	0	1
	Medium	3703	0.40	0.49	0	1
	Legal form	3703	0.23	0.42	0	1
	High Tech Manufact.	3703	0.05	0.22	0	1
	Medium tech manufact.	3703	0.12	0.33	0	1
	Low tech manufact.	3703	0.17	0.38	0	1
	Construction	3703	0.05	0.22	0	1
	Wholesale	3703	0.09	0.29	0	1
	Retail	3703	0.12	0.33	0	1
	Transport	3703	0.06	0.23	0	1
	Business services	3703	0.21	0.41	0	1
	Personal services	3703	0.09	0.28	0	1
Origin	GDP pc origin	32	10.23	0.75	8.47	11.63
	GDP origin	32	25.85	1.87	21.28	28.92

Decision (level 1); firm (level 2); origin (level 3).

As Table 1 shows, we include variables for level 1 (decision), level 2 (firm) and level 3 (home country). We need to consider this distinction for each observation, given that the variables for levels 2 and 3 do not change within the same firm. Thus, each decision is treated as an independent observation, with the variables for levels 2 and 3 repeated for each level-1 observation. Given the ordinal nature of the dependent variable, we use a multilevel model for ordinal categorical variables with random intercepts *(Rabe-Hesketh & Skrondal, 2005)*. Ordinal logistic regressions are well-suited to capture the ordinal properties of the dependent variables *(Chu & Anderson, 1992; Li & Meyer, 2009)*. The three-level data structure can be described in this way: $i = 1, ..., n_{jk}$ level-1 units are nested within $j = 1, ..., n_k$ level-2 units, which are in turn nested within $k = 1, ..., n$ level-3 units. More formally, the empirical model has the following econometric specification:

$$
\begin{aligned}
\text{Logit} &\{Pr(y_{ijk} > s | x_{ijk}, \zeta_{jk}, \zeta_k)\} \\
&= \beta_1 (\text{Regulative distance})_{ijk} + \beta_2 (\text{Distance direction})_{ijk} \\
&\quad + \beta_3 (\text{Regulative distance} \times \text{Distance direction})_{ijk} \\
&\quad + \beta_4 (\text{Geographical distance})_{ijk} \\
&\quad + \beta_5 (\text{Economic distance})_{ijk} + \beta_6 (\text{GDP dest})_{ijk} \\
&\quad + \beta_7 (\text{GDP pc dest})_{ijk} + \beta_8 (\text{Experience})_{jk} + \beta_9 (\text{Age})_{jk} \\
&\quad + \beta_{10} (\text{Micro})_{jk} + \beta_{11} (\text{Small})_{jk} + \beta_{12} (\text{Legal form})_{jk} \\
&\quad + \beta_{13} (\text{High manufact})_{jk} + \beta_{14} (\text{Medium manufact})_{jk} \\
&\quad + \beta_{15} (\text{Low manufact})_{jk} + \beta_{16} (\text{Wholesale})_{jk} \\
&\quad + \beta_{17} (\text{Retail})_{jk} + \beta_{18} (\text{Transport})_{jk} \\
&\quad + \beta_{19} (\text{Business service})_{jk} + \beta_{20} (\text{GDP origin})_k \\
&\quad + \beta_{21} (\text{GDP pc origin})_k + \zeta_{jk}^{(2)} + \zeta_k^{(3)} - \kappa_s
\end{aligned}
$$

where $s = 1 ..., S$ ordered categories. $\zeta_{Jk}^{(2)}$ is a random intercept varying over firms (level 2), and $\zeta_{Jk}^{(3)}$ is a random intercept varying over home countries (level 3). It should be noted that in those observations in which the destination country displays a lower level of regulatory development than the origin country (*Distance direction* equals 0), the model is determined by the following equation:

$$
\begin{aligned}
\text{Logit} \{Pr(y_{ijk} > s | x_{ijk}, \zeta_{jk}, \zeta_k)\} &= \beta_1 (\text{Regulative distance})_{ijk} + (\dots) \\
&\quad + \zeta_{jk}^{(2)} + \zeta_k^{(3)} - \kappa_s
\end{aligned}
$$

And in the opposite case, for those observations in which the destination country displays a higher level of regulatory development than the origin country (*Distance direction* equals 1), the model is determined by:

$$
\begin{aligned}
\text{Logit} \{Pr(y_{ijk} > s | x_{ijk}, \zeta_{jk}, \zeta_k)\} &= \beta_2 + (\beta_1 \\
&\quad + \beta_3)(\text{Regulative distance})_{ijk} \\
&\quad + (\dots) + \zeta_{jk}^{(2)} + \zeta_k^{(3)} - \kappa_s
\end{aligned}
$$

In terms of interpreting the results, then, the coefficient of *Regulative distance* (β_1) is used to test hypothesis 1 and the coefficients of *Regulative distance* and *Distance direction × Regula-Regulative direction* are used to test hypothesis 2 (requiring us to add β_1 and β_3 together).

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The coefficient of *Distance direction* '(β_2) represents the difference in the constant term of the observations of *Distance direction* with values equal to 0 and 1.

For their part, β_4 to β_7 represent the slopes of the rest of the covariates at level 1; β_8 to β_{19} represent the slopes of the covariates at level 2; and β_{20} and β_{21} represent the slope of the covariates at level 3. κ_s are category-specific parameters called thresholds.

Table 2
Correlation matrix.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Regulative distance	1													
2	Distance direction	−0.09**	1												
3	Geographical distance	0.33**	−0.055**	1											
4	Economic distance	0.45**	0.08**	0.19**	1										
5	GDP pc destination	−0.46**	0.47**	−0.164**	0.011	1									
6	GDP destination	−0.05**	0.13**	0.33**	0.063**	0.45**	1								
7	Experience	0.01	−0.12**	0.11**	0.041**	0.0165	0.112**	1							
8	Age	−0.0024	−0.12**	0.076**	0.012	0.021*	0.091**	0.63**	1						
9	Micro	−0.023	−0.026**	0.0032	0.012	0.0205*	−0.003	−0.1**	−0.154**	1					
10	Small	−0.024*	−0.003	−0.002	−0.012	0.0078	−0.008	−0.056**	−0.047**	−0.375**	1				
11	Medium	0.042**	0.025*	−0.0007	0.002	−0.024*	0.01	0.137**	0.171**	−0.467**	−0.645**	1			
12	Legal form	0.066**	0.143**	0.011	−0.003	−0.042**	−0.034**	−0.062**	−0.08**	0.0247*	0.03*	−0.049**	1		
13	GDP pc origin	−0.17**	−0.324**	0.076**	0.07**	0.165**	0.205**	0.275**	0.297**	0.061**	−0.0057	−0.045**	−0.32**	1	
14	GDP origin	−0.0012	−0.0112	0.17**	−0.07**	0.065**	0.192**	0.197**	0.237**	0.027*	−0.026**	0.0019	−0.017	0.4**	1

Sectoral dummies not included.

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

4. Results

Table 3 presents the results for models 1 and 2. Model 1 is estimated exclusively with the control variables and model 2 is estimated including the independent variables. We performed a Log Likelihood test to compare both models. This test shows a better fit when the independent variables are included.

Table 3 Results

Level	(1)	(2)
Level 1: Decision		
Regulative distance		-0.279*** (0.081)
Distance direction		0.222* (0.096)
Regulative distance × Distance direction		0.555*** (0.154)
Geographical distance	0.145*** (0.033)	0.153*** (0.033)
Economic distance	0.174*** (0.024)	0.179*** (0.029)
GDP pc destination	-0.136*** (0.035)	-0.296)*** (0.059)
GDP destination	0.0825*** (0.019)	0.0811*** (0.019)
Level 2: Firm		
Experience	-0.0127*** (0.003)	-0.0127*** (0.003)
Age	0.0016 (0.002)	0.0016 (0.002)
Micro	-0.839*** (0.101)	-0.844)*** (0.101)
Small	-0.571*** (0.085)	-0.575*** (0.085)
Legal form	0.00499 (0.102)	-0.00250 (0.103)
High tech manufact.	-0.764*** (0.190)	-0.772*** (0.191)
Medium tech manufact.	-0.857*** (0.148)	-0.867*** (0.148)
Low tech manufact.	-1.131*** (0.141)	-1.138*** (0.141)
Construction	0.283 (0.182)	0.283 (0.183)

Wholesale	-0.525** (0.161)	-0.527** (0.162)
Retail	-0.636*** (0.152)	-0.636*** (0.153)
Transport	0.162 (0.180)	0.164 (0.180)
Business services	0.425*** (0.126)	0.416** (0.127)
Level 3: Origin		
GDP pc origin	0.286** (0.104)	0.417*** (0.119)
GDP origin	-0.157*** (0.04)	-0.157*** (0.042)
N level 1	10.560	10.560
N level 2	3703	3703
N level 3	32	32
Log likelihood	-8462.5	-8454.8
Log likelihood test		15.21**

Note: Intercept cut points are excluded from the output. Regulative distance is mean centered. Standard errors in parentheses.

* $p < 0.05$

** $p < 0.01$

*** $p < 0.001$

N indicates the number of observations for each level.

Specifically, in model 2 we include *Regulative distance*, *Distance direction* and the interaction between both (i.e., *Regulative distance*Distance direction*). As can be observed in model 2, the coefficient for *Regulative distance* is negative and significant. This finding provides support for Hypothesis 1 by showing that when the distance is negative, regulative distance has a negative and significant impact on entry modes requiring a higher resource commitment ($\beta_1 = -0.279$).

In contrast, the coefficient for *Regulative Distance × Distance direction* is positive and significant ($\beta_3 = 0.555$). As previously mentioned, the effect of regulative distance for those observations in which the destination country displays greater levels of regulatory development than the origin country is equivalent to adding the coefficient of *Regulative distance* to the coefficient of *Regulative distance × Distance direction*. Thus, when the regulatory development of the destination country is greater than that of the origin, the resulting coefficient is positive ($\beta_1 + \beta_3 = 0.276$). This finding, then, provides support for Hypothesis 2 by indicating that when the distance is positive, regulative distance has a positive impact on entry modes requiring a higher resource commitment.

5. Discussion

The aim of this research is to analyze the impact of regulative institutional distance on the international entry mode decision. Specifically, we study the different impacts that this distance may have on the choice of international entry mode, with reference to both the magnitude and direction of the distance.

This study advances our knowledge of the impact of the direction of regulative distance and stimulates debate on the asymmetric effect of institutional distance on internationalization decisions. Distance direction may be behind the lack of consensus in the results of previous studies (from the perspectives of both transaction costs and institutional theories). In these cases the firm, despite the large differences between regulatory environments, perceives that the new environment is easier to understand (thereby reducing the difficulty of obtaining external legitimacy) and gives priority to evaluating the costs and risks of the entry form.

The paper also helps improve our understanding of the role regulatory institutions play in entry mode decisions. Our focus on the level of regulatory development makes it possible to investigate the different regulatory components of the international entry mode decision and to go beyond the consideration of country risk seen in most other works *(Slangen & Van Tulder, 2009)*. These regulatory frameworks define in a coercive manner what is and what is not permitted, leaving firms with no option other than following them *(Eden & Miller, 2004)*.

6. Conclusions

Our study confirms that institutional differences between origin and destination countries have an impact on entry mode decisions. Firms need to bear in mind questions of legitimacy and efficiency when dealing with these differences, which is why we consider the transaction costs and institutional approaches in this paper. Moreover, our research goes a step further by postulating that it is not only important to determine *how much* two countries differ, but also *how* they differ (requiring an examination of the direction of the distance). As expected, our empirical results show that firms are more likely to opt for entry modes requiring a lower level of resource commitment when the regulative distance is negative; our findings also indicate that this tendency increases as the regulative distance grows. And vice versa, firms that move in the opposite direction (when the distance is positive) are more likely to opt for entry forms requiring a higher level of resource commitment as the regulative distance increases. Researchers, then, should consider extending the analysis of institutional factors to include the potential asymmetric effect of institutional differences caused by the relative positions of the origin and destination countries.

Our study has uncovered many issues that merit attention and suggest lines for future research. This paper focuses solely on the level of regulatory development; it does not consider other institutional factors. Although we believe that our study contributes to an improved understanding of the internationalization strategies of firms, future research could extend our work by analyzing international entry mode choices with regard to the direction of regulative distance and its effects on firm performance.

Вопросы для размышления

1. В чём заключаются проблема, цель и методология исследования статьи?
2. На какие проекты можно экстраполировать полученные результаты?
3. Как с точки зрения объёма выборки данного исследования обосновывается её качество, а также надёжность полученных результатов? Прокомментируйте представленные полученные значения статических показателей.
4. Какие факторы определяют стратегию интернационализации компании?
5. Насколько актуальна представленная проблема для России и российских компаний?

Национальный исследовательский университет «Высшая школа экономики»

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