Strategies for Internationalization:
A Comparative Study of
Thai and Vietnamese Companies in Two Industries

Thesis

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To my husband Khuat Viet Hung,
my children Kit, Bill
and to my parents

Abstract

Entering the international markets, enterprises are gaining opportunities but they also are facing new environmental challenges and particularly new competitive pressures. In order to do business successfully in the international markets, Vietnamese and Thai enterprises need to understand well the target markets and to have effective internationalization strategies based on their internationalization competencies. The firms need to understand the influence of country and industry environment on these strategies.

The study aims to explain the success in entering foreign markets of enterprises in high tech and low-tech industries in Vietnam and Thailand by examining the firms' competencies and internationalization strategies. The E&C industry was chosen as a high tech one and the T&G industry was the example of the low-tech industry. Based on the data from a survey of a total of 168 companies in the E&C and T&G industries in Vietnam and Thailand, four main groups of research questions were addressed. These were i) the state of the art of internationalization; ii) the influence of internationalization competencies and internationalization strategies on internationalization performance; iii) the differences between the two industries and the two countries and iv) the influences of countries and industries on internationalization performance.

Based on the results of the empirical study, several recommendations on internationalization strategies are suggested to companies and governments. Firms should apply a differentiation strategy, improve product quality and design new high value products. They should enter international markets through applying the internationalization model with six steps and using combinations of entry modes. Furthermore, they need to develop global executives. For the governments, there are three recommendations. First, the governments should assist the firms in the acquisition of skilled labor by improving the education quality of universities and vocational schools. Investments in professional laboratories and in cooperation with international universities would be valuable. Secondly, the government should support the firms to get long term loans with lower interest rate from the banks. Thirdly, they should assist the firms to penetrate into and to expand in exports markets through establishing industry associations to provide information and contact and through organizing conferences, workshops and forums.

Acknowledgements

Brief contents

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List of abbreviations

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
ANOVA	Analysis of Variance
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of the South East Asian Nations
ASEM	Asian European Meeting
BOI	Board of Investment
BOT	Bank of Thailand
BTA	Bilateral Trade Agreement
E&C	Electronics and Computer Parts
EU	European Union
FDI	Foreign Direct Investment
GBKC	Global Knowledge Competencies
GCI	Global Competitiveness Index
GDP	Gross Domestic Products
GLOBEX	Globalization of Thai Corporations and Executives
GSO	General Statistics Office
IFC	International Financial Cooperation
IMF	International Money Fund
JV	Joint Ventures
KMO	Kaiser-Meyer-Oklin Statistics
MC	Managerial Competencies
MSA	Measure of Sampling Adequacy
NSO	National Statistics Office
OEM	Original Equipment Manufacturing
OBM	Original Brand Name
SC	Strategic Competencies
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SOEs	State-Owned Enterprises
TBIC	Trade and Business Information Center
T&G	Textiles and Garment
THB	Thai Baht
TL	Thailand
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
US	The United States
USD	US Dollar
VAEE	Vietnam Association of Electronics and Electricity
VCCI	Vietnam Chamber of Commerce and Industry

VINATEX	Vietnam National Textile and Garment Group
VN	Vietnam
VND	Vietnamese Dong
WB	World Bank
WEF	World Economic Forum
WTO	World Trade Organization

1.   Introduction

1.1   Rationale

"Indeed, during the past half century, the pace of economic globalization has been particularly rapid. And, with the exception of human migration, global economic integration today is greater than it ever has been and is likely to deepen going forward" (Mussa, 2000). Participating in the integration with the world economy creates the close economic relations among the country through trade liberalization and adjusting regulations in order to suit to the concepts of the regional and international agreements. These will involve reducing reliance on administrative controls, improving transparency and predictability of trade and investment policies, and commitments to reduce trade taxes.

Globalization creates the opportunities as well as the challenges for its country memberships. At first, these actions create valuable opportunities for enterprises such as accessibility to regional and global markets, attractive foreign direct investment (FDI), advanced technologies and managerial skills. The successful economic integration of India and China in the 90s is a good example for economic achievements brought from globalization. The economic average growth rate of India was 7% from the beginning of 90s, and the growth rate of China was 8-9% during the last 20 years. The average income per capita of pro-globalization-countries increased by 70% while this rate increased by only 10% in the non-globalization countries or slower countries (World Bank, 2000). The risks and challenges are also waiting in the global economy. The East Asia crisis in 1997, the failure of Argentina's economy and the negative growth rate of many African economies are good examples of globalization's challenges.

Located in the South East Asia region, Thailand and Vietnam have different situations of participating in the globalization process. Thailand integrated into the global economic realm through joining international economic organizations such as IFC, IMF, ASEAN (Association of the South East Asian Nations) in 1967, AFTA (ASEAN Free Trade Area) in 1992, World Trade Organization (WTO) in 1995, ASEM (Asian European Meeting) in 1996, APEC (Asia Pacific Economic Cooperation), etc.

With the ambitious goal of becoming an industrialized country by 2020, in the last decade, the Vietnamese government has quickly committed to a number of bilateral, regional and multilateral trade agreements. These activities include:

- Joining the multilateral financial institutions, IMF and WB (World Bank) in 1992;
- Preparing to become a member of the WTO from December 1994;
- Joining the ASEAN on July 25 1995, and the AFTA on 1st January 1996;
- Becoming a founder of the ASEM on March 1996;
- Getting a membership in the APEC on November 1998;
- Signing a Bilateral Trade Agreement (BTA) with the USA on July 13, 2000;
- Officially joining the WTO on January 11, 2007.

Economic integration with the regional countries and over the world brings many benefits as well as many challenges for Vietnam. One of the most challenges for Vietnamese enterprises is that they are operating in a very fierce competitive environment with the reduced taxation, released non-tariff barriers policies and without the subsidiary and protection from the government. Vietnamese companies face a wave of foreign goods and services with very competitive prices and quality. From the beginning of integration, the number of foreign companies operating in Vietnam is booming year by year and was reached nearly 5,000 in 2002 (GSO, 2002). Normally, foreign companies entered Vietnam in the form of joint ventures, 100 percent foreign-owned enterprises, Build-Operate-Transfer, or Business Corporate Contract. They have many competitive advantages over Vietnamese companies such as foreign trade experience advanced technology, capital, and resources. This is a big threat to Vietnamese companies in the domestic market.

Apart from the challenges and threats, economic integration also brings many benefits and valuable opportunities for Vietnamese enterprises. For instance, joining AFTA with the taxation rate of 0-5% created objectively a favorable condition for Vietnamese goods entering the regional market. The export growth rate to ASEAN achieved 2.1 times during past 5 years. This rate is equal to the average growth rate of export of Vietnam. The Vietnamese economic growth rate increased every year at about 7% because of the continuous extension of foreign markets. Only for the US market, Vietnamese export turnover grew up to 5.5 times from USD 1 billion to USD 6 billion in 2005. The number of firms that are directly engaged in international trading has risen sharply from only around 50 in 1986 to more than 2,000 in 1998 and about 12,000 at present. The share of export by the private sector in 2000 (excluding companies with foreign capital) reached 20% of the Vietnam's total export value (Asia Business, 2006). Actually, the opportunities can only be realized and the benefits to the country and enterprises can only be achieved when the enterprises are well prepared and strong enough to survive and develop in a very high competitive environment both in the domestic and global

markets. It is also a good chance for enterprises to improve themselves and strengthen their competitiveness.

Access to the global markets through bilateral and multilateral trade agreements or participating in globalization creates competitive pressures on enterprises in Vietnam and Thailand, especially for the export companies. In order to be successful in highly competitive international markets, it is required that these enterprises have their own competencies and strategies to survive and prosper there.

Thailand and Vietnam have export advantages for agricultural and resource-based products such as rice, fishery, garment, footwear or low tech products. High tech products such as electronics, computer parts, etc. are decreasing. For example, in 2002 the export growth rate of Vietnamese agricultural and fishery products increased by 13.2%, textiles and garment increased by 33.8%. The growth rate of Vietnam's electronics and computer parts was negative of 17.3% in 2002. However, in Thailand, export volume of electronics grew up to 13% in 2002 and about 17.9% in 2004. There was a negative growth in export volume of agricultural and fishery products (-1.1% in 2002). The export of high tech products has also decreased and has experienced a negative growth rate of -7.1% in 2004 (ADB, 2005).

Is globalization the main cause of this problem? Why has the export growth rate of high tech products fallen and why is it negative now? Have the low tech enterprises adopted any strategies to enter the international markets? Being successful in the international market is very difficult. It requires every enterprise to develop a strategy through identifying its competitive advantages, and having clear ideas about the market entry options. The companies need to analyze the business environment, the foreign countries, the customer groups and the potential products or services. In the global market, every enterprise has to follow the common market law and large market is a very good quality screener. How to survive and develop in the global market? How to avoid being merged or going bankrupt? What kind of internationalization strategies should be applied? These questions should be asked by the enterprises themselves.

It is necessary to conduct a survey and to compare the situation of the high tech and low tech enterprises in Thailand and in Vietnam to understand more about the effects of internationalization and enterprises' reactions to internationalization, as well as to study how the enterprises prepare themselves to cope with internationalization.

1.2   Research objectives

The research project aims to reach two objectives:

- To explain the level of success in entering foreign markets of the enterprises in high tech and low tech industries in Vietnam and Thailand with the help of firms' internationalization competencies and internationalization strategy;
- To provide recommendations on the internationalization strategies at the level of the companies and at the level of governments.

1.3   Research process

The research followed a four-step process as shown in **Figure 1.1**.

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┌─────────────────────────────────────────┐
│ Step 1:                                 │
│ Literature review                       │
└─────────────────────────────────────────┘
              ▽
┌─────────────────────────────────────────┐
│ Step 2:                                 │
│ Current situation analysis              │
└─────────────────────────────────────────┘
              ▽
┌─────────────────────────────────────────┐
│ Step 3:                                 │
│ Empirical research                      │
└─────────────────────────────────────────┘
              ▽
┌─────────────────────────────────────────┐
│ Step 4:                                 │
│ Conclusions and recommendations         │
└─────────────────────────────────────────┘
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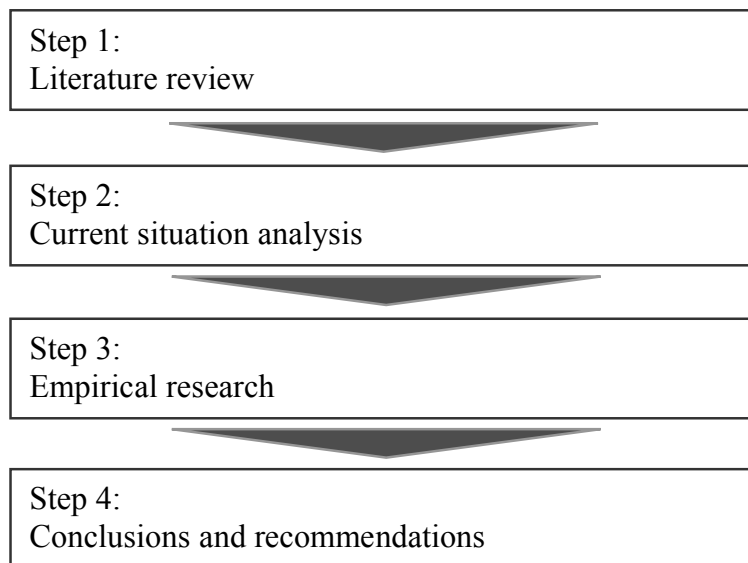
Figure 1.1: Research process

Step 1: Literature review

The main purpose of this step is to develop a conceptual framework for the research.

Step 2: Overview of the situation of the high tech and low tech industries in Thailand and Vietnam

The Electronics and Computer parts (E&C) was chosen as high tech and the Textiles and Garment (T&G) was chosen as low tech industry. The purpose of this step is to provide an assessment of the E&C and T&G industries. The

business environment of Thailand and Vietnam also is described in this step. The main data has been collected from official sources in Vietnam and Thailand, such as National Statistical Yearbooks and from the Governmental bodies, namely the Ministry of Industry and Trade, the General Department of Taxation, and the Ministry of Post and Communication.

Step 3: Empirical research

An empirical study was conducted to provide information about current situation, internationalization performance, internationalization strategies and competencies in E&C and T&G enterprises in Vietnam and Thailand. To collect the data, a questionnaire survey was carried out. The original questionnaire was developed in English and afterwards translated into Vietnamese. The questionnaires have been sent afterwards to the selected companies by mail or by post. The data has been collected from E&C and T&G companies in Vietnam and Thailand.

Step 4: Conclusions and recommendations

The last step in this research is to consider the implications of the analysis and make recommendations for the economy policy makers and for managers in internationalization based on the results from the empirical research.

1.4   Scope and limitations of the study

The selection of Vietnam as the first country in the research is simple to understand because Vietnam is a home country of the author. The selection of Thailand as the second country has several reasons. The most important reason is the similarities between Thailand and Vietnam in terms of geographical, social and cultural conditions. The membership of Association of Southeast Asian Nations provides these two countries the same business environment at the macro level. Another reason is that the difference between levels of economic development between two countries is a base for learning for Vietnamese companies.

According to many studies, the technological factor has been a significant variable in explaining the internationalization of a firm. Technology is an important factor in a firm's product mobility across national boundaries. One way of resolving this dilemma is to look at technology as one of the key resources of a firm (Chiara & Mingizzi, 2002; Dhanaraj & Beamish, 2003). In this

study, another approach was chosen: a high and a low tech industry were compared. As a low tech industry, the Textiles and Garment (T&G) industry was selected and the Electronics and Computer parts sector (E&C) was chosen as a high tech industry for the empirical research of this study. Both selected industries exist with a sufficient number of companies in Thailand and Vietnam.

With this research scope, the mentioned research objectives are to be achieved.

1.5 Structure of the thesis

The dissertation is divided into six chapters as shown in **Figure 1.2**

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Chapter 1:
Introduction
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Chapter 2:
The Electronics and Computer parts and Textiles and
Garment industries in Thailand and Vietnam
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Chapter 3:
Literature review, research model and hypotheses
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Chapter 4:
Empirical research
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Chapter 5:
Summary and recommendations for the Vietnamese
and Thai companies and for the governments
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Chapter 6:
Final remarks
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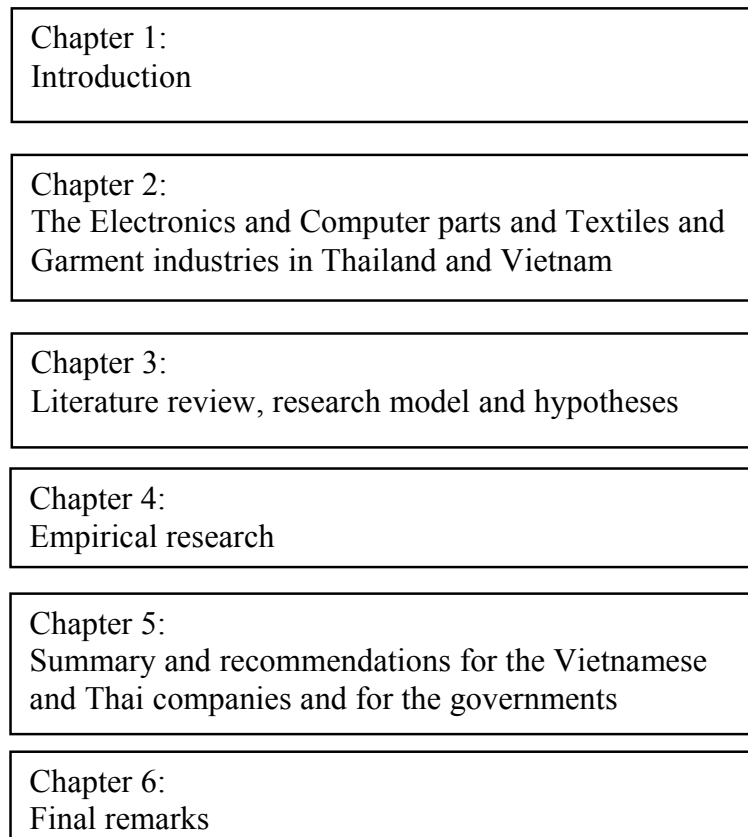
Figure 1.2: Structure of the thesis

The first chapter introduces the rationale, research objectives, scope and limitations of the study and research process.

The second chapter introduces the industries and the business environment in Thailand and Vietnam at the macro level. The main activities, structures and internationalization progress of E&C and T&G in Thailand and Vietnam are also reviewed and discussed.

The third chapter provides the important terms of competencies, strategy, globalization, internationalization, internationalization competencies, internationalization strategy and firm's internationalization performance through reviewing certain number of previous studies. It presents the proposed research model and hypotheses of the relationships between internationalization competencies, internationalization strategies and firm's internationalization performance. The indicator systems for measuring the internationalization competencies, internationalization strategies and firm's internationalization performance are also discussed and proposed in this chapter. Finally, the research methodology of the study is also presented.

The fourth chapter presents findings from the empirical research on the selected firms' internationalization competencies, strategies and performance. The validity and reliability of the collected data as well as its analysis using factor analysis, regression and ANOVA statistical tools are also described and explained. The chapter concludes with indepth discussions and comparisons of the internationalization success of the four samples of high tech and low tech industries in Thailand and Vietnam.

The fifth chapter provides recommendations on the internationalization strategies at the level of companies and at the level of governments.

In the final chapter, some significance and limitations of research study are presented. Suggestions for the further studies are also given in this chapter.

2. The Electronics and Computer parts and the Textiles and Garment industries in Vietnam and Thailand

The main objective of this chapter is to conduct a descriptive analysis to give an overview of the characteristics of the country and industry environments. Chapter 2 is divided into four main parts:

Section 2.1 provides a descriptive analysis of the geopolitical, demographic and economic development conditions that affect the operation of companies in Vietnam and Thailand. A comparison of the country environments of the two countries is also given in this section.

Section 2.2 presents the international economic situation of Vietnam and Thailand and shows the differences between the two countries.

Section 2.3 provides an overview of the E&C industry in Vietnam and Thailand. This section is organized into five subsections: general situation of the industry, product groups and their development, companies and their characteristics, domestic and foreign sales and future developments.

Similarly to the previous section, Section 2.4 gives an overview of the T&G industry in Vietnam and Thailand.

2.1 Situation of Vietnam and Thailand

This section provides a descriptive analysis of the geopolitical, demographic and economic development conditions of Vietnam and Thailand. It consists of five main parts: geopolitical and demographic conditions of Vietnam, geopolitical and demographic conditions of Thailand, socio-economic development conditions of Vietnam, socio-economic development conditions of Thailand and the comparison between these two countries.

2.1.1 Geo-political and demographic conditions of Vietnam

Vietnam is the easternmost country in the Indochina Peninsula. With an area of 329,315 square kilometer, the S-shape-territory country has about 4,639 kilometers border with China in the North and Laos and Cambodia in the West. Through the Eastern Sea, Vietnam opens to the Pacific Ocean by more than 3,500 kilometers long coast. Since 1975, the country has been called the Socialist Republic of Vietnam governed by a single political party regime.

Hanoi is the capital of Vietnam and HoChiMinh city (former Saigon) is the largest and most populous city in Vietnam.

With a population of 83.12 million in 2005, Vietnam is one of the most densely populated nations in Southeast Asia. Kinh or Viet is accounted as the largest community among 54 ethnic groups in Vietnam and its language, Vietnamese, is also the official language of the country. 86.2% of the population speaks Vietnamese (GSO, 2006). During the last four thousand years, the Vietnamese culture has been influenced deeply by Chinese and by Indian cultures via the importation of Buddhism. The newer Western culture values are the legacy of 87-year- French-colonism and of 20-year American occupation in the South. The hallmarks of Soviet-style socialism can also be recognized as a part of the Vietnamese culture. This mix has both pros and cons in terms of integration. First, it strengthens the adaptability of the Vietnamese, when they need to work in an international environment. It is much simpler for a Vietnamese than a Chinese, Japanese or even a Thai to learn foreign languages in living in a foreign community. On the other side, it makes Vietnamese community less cooperative internally than the Chinese, Japanese or Thai due to a lack of a standard cultural value.

Vietnamese Dong has been the official currency throughout the country since 1975, with the current exchange rate of about six-teen thousands Dong for one US Dollar. The inflation rate of Vietnam has remained from 5 to 7 percent per year since 1990.

Since 1975, Vietnam has had a one-party-political regime. As stated in the Constitution 1992, Vietnamese Communist Party is playing the political leadership over the entire government, state and society. Only political organizations affiliated or endorsed by the Communist Party are permitted to contest elections. These include the Vietnamese Fatherland Front and its associates, as for example Labor Union, Youth League, Veteran Union and Vietnamese Women's Union. The President of Vietnam is the titular head of state and the nominal commander in chief of the military of Vietnam, chairing the Council on National Defense and Security. The Prime Minister of Vietnam is the head of government, presiding over a council of ministers composed of 3 to 5 deputy prime ministers and the chiefs of 26 ministries and commissions.

2.1.2   Geo-political and demographic conditions of Thailand

Located in the same Southeast Asia, the Kingdom of Thailand is the second country in this research. The land area of Thailand has four neighbors, Myanma in the North, Laos and Cambodia in the East, and Malaysia in the

South. The Gulf of Thailand is the gate to the Pacific Ocean and the Andaman Sea is a part of the Indian Ocean. Apparently, Thai culture has been deeply influenced by the Buddhist and Hindu religions and values. Since the 15th century, the Chinese migrants brought their culture to Thailand and started to merge it into the Thai society, especially in the big cities like Bangkok or Chiang Mai. Thai language is used officially with modified Sanskritic characters.

Thailand is the world's 49th largest country with the area of 514,000 km2. According to official statistics, the total population of Thailand as of July 2005 was more than 64 million. The local climate is tropical and characterized by monsoons like Vietnam but it has only two seasons: dry and rainy. The official currency is Thai Baht with the current exchange rate of about thirty-three Baht for one US Dollar.

Regarding its political regimes, Thailand has had 17 constitutions and charters. The form of government has ranged from military dictatorship to electoral democracy, but all governments have acknowledged a hereditary monarch as the head of state. The current head of state is King Bhumibol Adulyadej, 80 years old. On 19 September 2006, a military coup-d'etat overthrew the elected government of Thaksin Shinawatra. The new leader of Thailand revised the Foreign Enterprises Law in January 2007. This has had some negative impacts for the foreign enterprises in terms of foreign investments and so on (vietnamnet.vn).

Table 2.1 shows the most important facts and figures on the demographic situation of Vietnam and Thailand.

Table 2.1: General demographic conditions of Thailand and Vietnam

Indicators	Thailand	Vietnam
1. Capital	Bangkok	Hanoi
2. Area (km2)	514,000	329,315
3. Population (2005)	64.2	83.12
4. Growth rate (2005)	0. 8%	1.16%
5. Currency	Baht (THB)	Dong (VND)
6. Official language	Thai	Vietnamese
7. Governmental system	Constitutional monarchy (Hereditary monarch)	One party political regime

(Source: World Development Indicators 2006)

2.1.3   Socio-economic conditions of Vietnam

During the last three decades, Vietnam has had to recover from the ravages of wars, the collapse of the former Soviet-led socialist block, and the consequences of the 30-year-centrally-planned economy from 1955 to 1985. The last ten years of this period was called "Night before Renovation-Doi Moi". It is the hardest period of the recent Vietnam economic history because the economy was stagnant and inflation was about 2,000 percent during the same period[1].

Substantial progress began in 1986, after the Sixth Vietnamese Communist Party Congress. The economy started moving forward with the average growth rate of about 5 percent per year in the first five years (1987-1992). The poverty was significant reduced and the wealthy started becoming a significant social value. The next five years (1993-1997) was recorded as the take-off period of Vietnam's economy with a growth rate of about 9 percent per year[2]. Although the Vietnam's economy was relatively isolated with its neighbors, impacts of the 1997's Asian financial crisis were apparently present with much lower growth rates of about 6 percent per year between 1997 and 2000. The crisis also highlighted the problems of Vietnam's economy and

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[1] The Night before Innovation, A series of articles from 30.11 to 23.12.2005, Tuoi Tre On-line, http://www.tuoitre.com.vn/
[2] GSO Vietnam, Statistical Data of Viet Nam Socio-economy 1975-2000, Ha noi 2000.

temporarily limited the renovation process toward a market-oriented economy.

Fortunately, the economy has recovered quickly from the crisis and Vietnam's GDP growth rate regained 8.44 percent in 2005 and 8.17 percent in 2006 [3]. In the next three years, the annual GDP growth rate is projected to consolidate at around 8 percent.

2.1.4   Socio-economic conditions of Thailand

With a well-developed infrastructure, a free-enterprise economy, and pro-investment policies, Thailand appeared to have fully recovered from the 1997-98's Asian Financial Crisis. The country was one of East Asia's best performers in 2002-2004[4]. Boosted by increased consumption and strong export growth, the Thai economy grew 6.9 percent in 2003 and 6.1 percent in 2004 despite a sluggish global economy. The Thai government has pursued preferential trade agreements with a variety of partners in an effort to boost exports and to maintain high growth. Foreign investment continues to play an important role in the recovery and development of the Thai economy. The FDI flows peaked in 2001 with the implemented amount of US$3,500 billion and decreased sharply in 2002 – 2004. In 2006, investment stagnated as investors, spooked by the Thaksin administration's political problems, stayed on the sidelines. The military coup in September brought in a new economic team, led by the former central bank governor. In December 2006, the Thai Board of Investment reported the value of investment applications from January to November had declined by 27 percent year-on-year. On the positive side, exports have performed at record levels, rising nearly 17 percent in 2006. Export-oriented manufacturing, in particular automobile production and farm outputs, are driving these gains. However, according to the Finance Minister, the political uncertainty following the September 2006 coup has become the biggest threat to the kingdom's economy, which could be headed towards its lowest growth in six years. The central bank of Thailand estimated an average growth rate of between 3.8 to 4.8% in 2007[5].

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[3]   Statistical Year Book of Vietnam 2006
[4]http://www.cbsnews.com/htdocs/world_country_facts/far_east_asia/cr_thailand_economy.html, accessed on 19th July 2007
[5]   http://www.abcmoney.co.uk/news/02200764854.htm

2.1.5 Comparison of geo-political, demographical and socio-economic conditions of Vietnam and Thailand

Through the above descriptive analysis, there are significant differences between Vietnam and Thailand in terms of GDP growth rate, FDI, and socio-economic results. **Figure 2.1** and **Figure 2.2** compare the growth rates and the FDI's of Vietnam and Thailand.
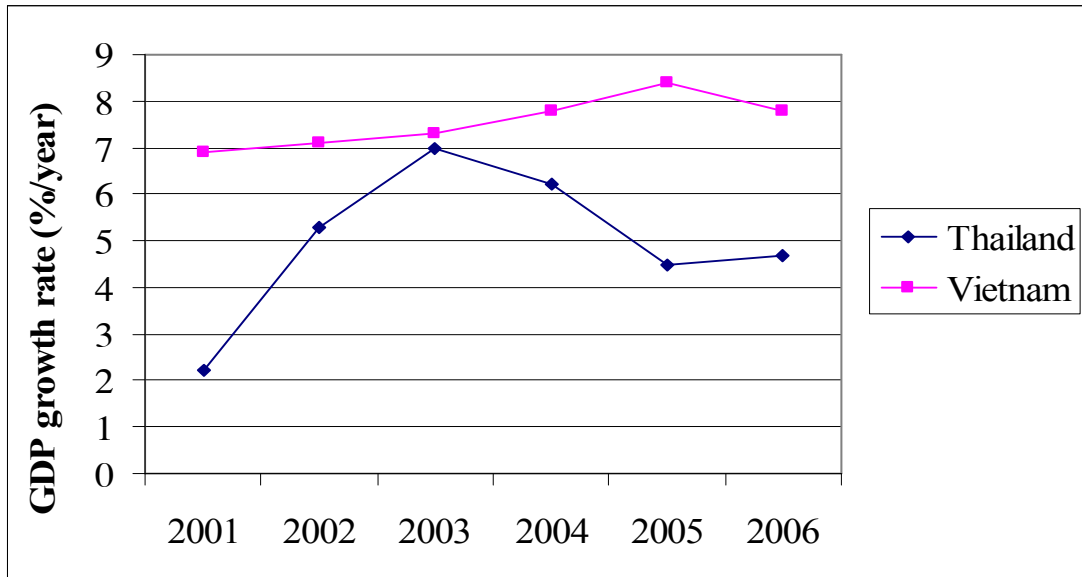
Figure 2.1: GDP growth rate of Vietnam and Thailand from 2001-2006
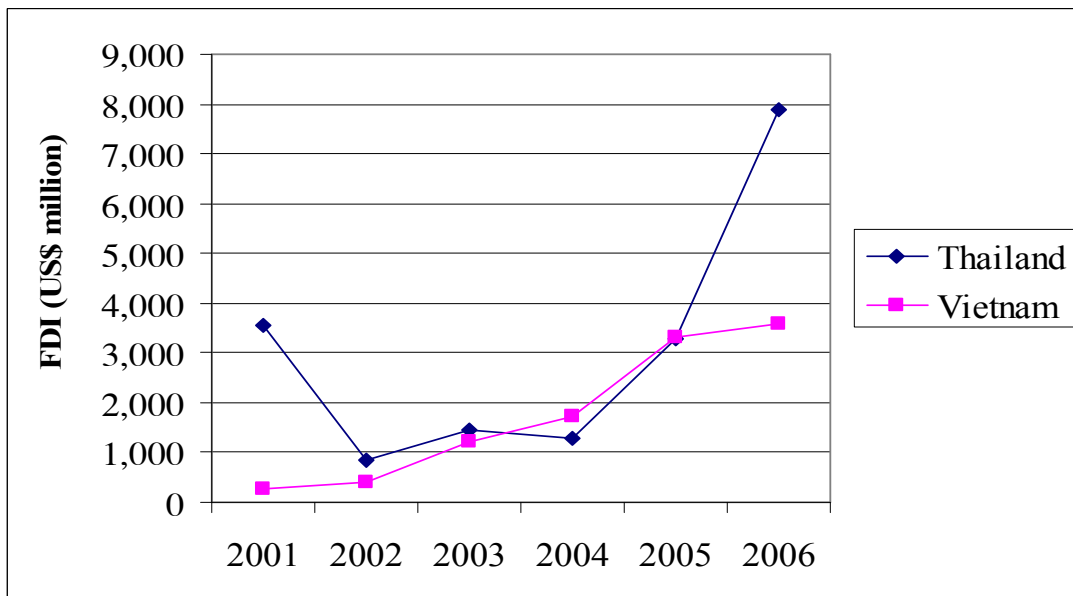
Figure 2.2: FDI of Vietnam and Thailand from 2001-2006

The momentum for domestic demand is likely to be maintained through sustained growth in FDI inflows, private remittance and tourism receipts. Boosted by imminent WTO accession, FDI commitments reached 8.2 billion dollars. Large commitments include one billion dollars for a microchip assembly plants and related activities and over 1.6 billion dollars in two steel plans (WB, 2007). FDI in Vietnam during the last five years has gradually increased and reached nearly US$3.6 billion in 2006.

Table 2.2 summarizes the socio-economic indicators of the two countries.

Table 2.2: Socio-economic indicators of Thailand and Vietnam

Indicators	Thailand	Vietnam
1. FDI (2006) (US$ billion)	7.9	3.6
2. GDP (2006 est.)		
- in total ((US$ billion)	196.6	60.9
- per capita (US$)	3,062	733
- growth rate (%)	4.8	8.17
3. GDP contribution by sector (2006 est.)		
- Agriculture (%)	10	20.4
- Industry (%)	44.9	41.5
- Services (%)	45.2	38.1
4. Labor force (million)	36.41	43.35
5. Un-employment rate (%)	2.1	4.82
6. Inflation rate (%)	6.0	6.6

(Source: Statistical Year Book of Vietnam 2006, UNCTAD 2007)

Vietnam's membership in the ASEAN Free Trade Area (AFTA) and entry into force of the US-Vietnam Bilateral Trade Agreement in December 2001 have led to even more rapid changes in Vietnam's trade and economic regime. Vietnam's exports to the US doubled in 2002 and again in 2003. Vietnam joined the World Trade Organization in January 11, 2007, following over a decade long negotiation process. This is expected to be an important boost to the economy and should help to ensure the continuation of liberalizing reforms. Among other benefits, accession allows Vietnam to take advantage of the phase out of the Agreement on Textiles and Clothing, which eliminated quotas on textiles and clothing for WTO partners on 1 January 2005. Agricul-

ture's share of economic output has continued to shrink, from about 25 percent in 2000 to 20 percent in 2006.

The severe poverty rate of Vietnam has been declined significantly and was smaller than that of China, India, and the Philippines. Vietnam is working to promote job creation to meet the challenge of over one million entrants to the job market every year. Vietnamese authorities have tightened monetary and fiscal policies in order to stem high inflation. The country is targeting an economic growth rate between 8.5 and 9 percent over the next five years.

2.2   International economic situation

Although Thailand and Vietnam are located in the same Southeast Asian region and share many cultural values, the international economic situation is quite different. Thailand was opened to the western economy since the last half of nine-teen century by the King Rama IV (1804-1868), who was called by the westerners as King Mongkut and honored by his people as the "Father of Modern Science and Technology". During that period, Tu Duc emperor (1829-1883) kept Vietnam closed until the country was forced to accept the Western colonial domination by the invasion of the French Empire. While Thailand maintained its independence and unification by very flexible foreign relation policies of the Chakri Dynasty, Vietnam had to fight for its independence and unification for more than a century (1858 to 1975). Regarding the official international integration, Thailand was one of ASEAN's founders in 1967 (former South Vietnam's administration was also a founder) and this country was one of APEC's founders[6] in 1989 and WTO's initiators in 1995. Later, Vietnam rejoined as a full member of ASEAN in 1995[7]. Vietnam also became the member of APEC since 1998 (9 years later than Thailand) and it finally joined the WTO in January 2007 after 12 years of negotiation. The advantage of earlier and continuous integration of Thailand is indicated by its international economic activities and its competitiveness.

As presented in **Table 2.3**, with only two-thirds of the population, Thai international trade volumes are about four times more than Vietnam. The data also shows a higher level of industrialization in the export products of Thailand in comparison with Vietnam.

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[6]   http://www.apec.org/apec/ministerial_statements/annual_ministerial/1989_1st_apec_ministerial.html

[7]   http://www.aseansec.org/10098.htm

Table 2.3: Key indicators of international trade of Thailand and Vietnam

Criteria	Thailand	Vietnam
1. Export volume (US$ billion, 2006 est.)	123.5	39.83
2. Import volume (US$ billion, 2006 est.)	119.3	44.89
3. Balance trade (US$ billion, 2006 est.)	4.2	5.1
3. Major exports (2005)	Textiles and footwear, fisheries, rice, rubber, jewelry, automobiles, computers and electrical appliances	Crude oil, fisheries, textiles & garment, rice, footwear, tea, coffee
4. Major export trading partners (2005)	US 15.4%, Japan 13.6%, China 8.3%, Singapore 6.9%, Hong Kong 5.6%, Malaysia 5.2%	US 18.3%, Japan 13.6%, China 9%, Australia 7.9%, Singapore 5.6%
5. Major imports (2005)	Capital goods, intermediate goods and raw materials, consumer goods, fuels	Machinery and equipment, petroleum products, fertilizer, steel products, raw cotton, grain, cement, motorcycles
6. Major import trading partners (2005)	Japan 22%, China 9.4%, US 7.4%, Malaysia 6.8%, UAE 4.8%, Singapore 4.6%	China 15.6%, Singapore 12.4%, Taiwan 11.7%, Japan 11.1%, South Korea 9.7%, Thailand 6.5%
7. International participation	IMF, WB, ASEAN (1967), WTO (1995), ASEM & APEC (1996)	IMF, WB (1992), ASEA (1995), AFTA, ASEM (1996), APEC (1998), BTA with US (2000), WTO (2007)

(Source: Statistical Year Book of Vietnam 2006)

In 2006, the total merchandise exports of Vietnam reached US$39.8 billion rose by 22.7 percent in value. Export growth rate was reduced as compared with the export growth rate by 31.4 percent in 2004 but it was still impressive and higher than the rise in imports by 22.1 percent in 2006 (GSO, 2007). Tex-

tiles and clothing exports rose at a modest rate of 9.6 percent in 2005, compared with an average annual rate of about 30 percent in 2002-2004. Exports of wood products and electronic goods as well as higher crude oil prices outweighed the decline in the oil export volume (see **Figure 2.3**). The trade balance was about US$5.1 billion in 2006.
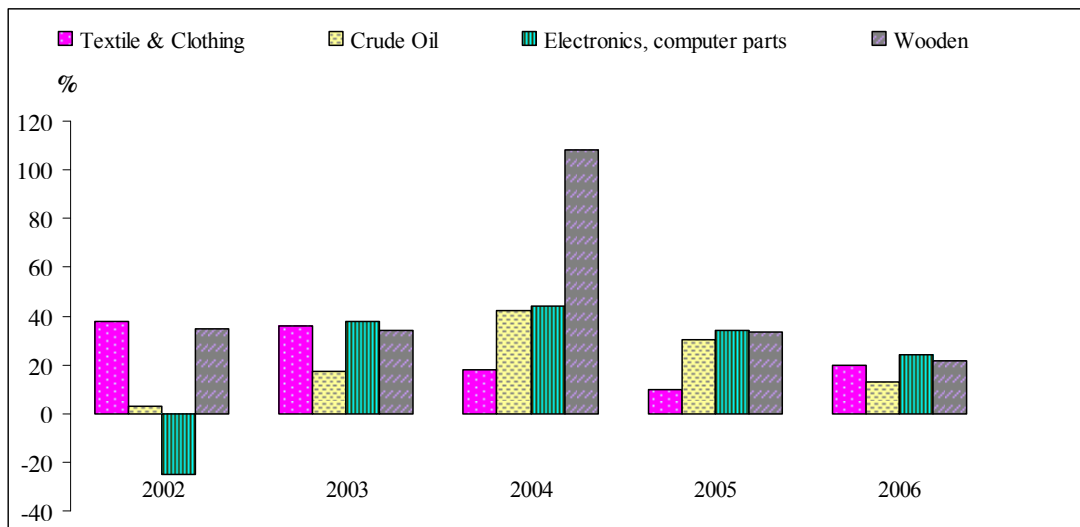
Figure 2.3: Export growth of selected commodities of Vietnam
(Source: ADB outlook 2006, p.230)

The export volume of Thailand was estimated to reach US$123.5 billion equivalent to the growth rate of 13.5 percent in 2006. Electronics, computer parts, automobiles and agricultural products are projected to show significant export gains in 2006 with some leveling-off possibly in 2007. Exports of services will continue to strengthen over the next 2 years. Import growth was projected to slow to 15 percent since in 2005 imports of oil, capital goods and gold for the jewelry industry all surged and this rate of increase was likely moderate in 2006. The trade balance was estimated to be $4.2 billion in 2006.

Thailand is more experienced than Vietnam in participating in international economic activities. This makes the image of Thailand better recognized than Vietnam among international economic communities and foreign investors. This also creates very good opportunities to improve business climate and to enhance its national competitiveness.

Compared to other ASEAN countries, Vietnam has competitive advantages with regard to its stable socio-political security, geographic location, high rate of economic growth and rich natural resources. On the other hand, Vietnam is weaker than most of its counter members in terms of governance capability, transparency, and social-readiness for market economy. This mix is the main

reason for the low position of Vietnam's competitiveness ranking over the past years. Data in **Table 2.4** presents a downward evaluation of World Economic Forum (WEF) about the national competitiveness of Vietnam during 2001-2006. To reach the Thai position in the WEF raking table, there is still a very long and difficult way for Vietnam to go.

Table 2.4: National competitiveness ranking of ASEAN countries by WEF

Country \ Year	GCI 05-60 Score	2006	2005	2003	2002	2001
Singapore	5.63/7.00	5	5	6	4	4
Indonesia	4.26/7.00	50	69	72	67	55
Malaysia	5.11/7.00	26	25	29	27	30
Thailand	4.58/7.00	35	33	32	31	33
Vietnam	3.89/7.00	77	74	60	65	60
Philippines	4.00/7.00	71	73	66	61	48
Total of country	-	125	117	102	80	75
scale from 1 to 7						

(Source: Global Competitiveness Index rankings, WEF 2001-2007)

2.3   The Electronics and Computer parts industries in Thailand and Vietnam

This section aims to provide an overall picture of the Electronics and Computer parts industries in Vietnam and Thailand. This section is organized into two subsections: the existing situation of the Thai Electronics and Computers part industry and the existing situation of the Vietnam's E&C industry. Through these descriptive analyses, significant characteristics of this industry in terms of its development, product groups, its structure and export performance in two countries are pointed out.

2.3.1   The Electronics and Computer parts industry in Thailand

This section describes the current situation of the industry, its product groups, its companies and their characteristics, its sales in domestic and overseas and the future developments of the industry.

a. Overview of the current situation

In Thailand, the Electronics and Computer parts industry has played a crucial role in the growth of manufacturing exports. According to the Department of Trade Negotiations, the E&C industry has contributed about 21 percent of total exports over the past five years. In 2006, Thailand's exports of electronic products reached US$26,950 million. This value represents 13.7 percent of the GDP. The export value of electronics and computer parts products has continued to increase and contributed significantly to enhance trade and GDP growth.

E&C industry is one of the industries that employ a huge number of Thai workers. In 2006, the industry employed about 370,000 workers and accounted for about 9 percent of the total Thai labor force in the manufacturing sector (Thai National Statistics Office, 2007). The average growth rate from 2001-2006 was about 11 percent. The number of employees was predicted to rise from 295,000 in 2001 to about 310,000 in 2005 and to increase substantially in 2006 (see **Figure 2.4**).
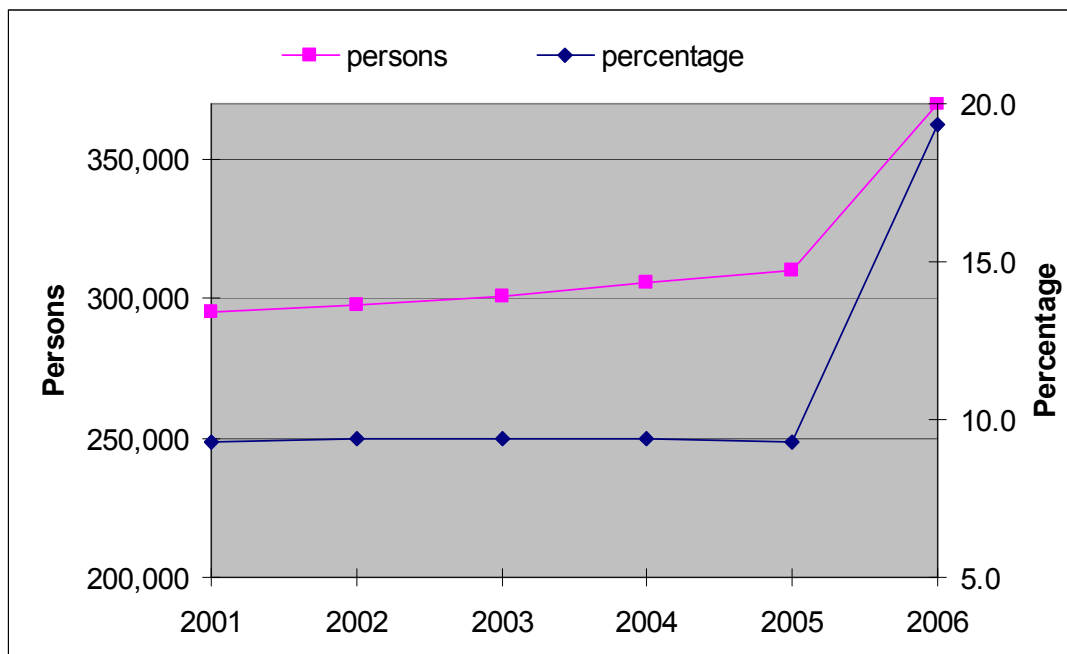
Figure 2.4: Employment of the E&C industry in Thailand during 2001-2006
(Source: UN, 2005; Thai NSO, 2007)

b. Products

Thai E&C industry produces computer parts and assembly, semiconductors and other electronics devices. The structure of Thai Electronics and Computer

parts industry is presented in **Figure 2.5**. Electronic parts products occupied up to 41 percent of the total E&C products, computer parts and assembly occupied 35 percent, the rest included electronic devices and consumer electronics products.
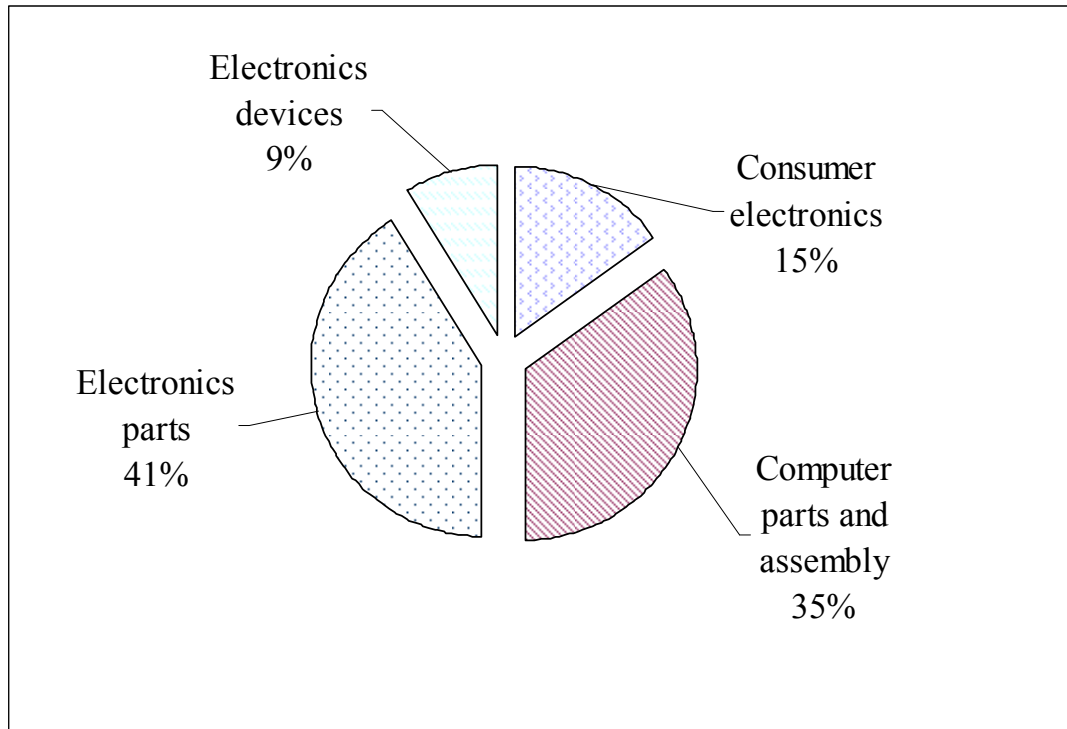
Figure 2.5: Structure of Thai E&C industry
(Source: UN, 2005)

The growth of production of E&C products in Thailand during the period of 2001-2006 is shown in **Table 2.5**.

In 2006, the production of hard disk drives reached the highest growth rate of 28 percent, resulting in about 5.5 times expansions of production as compared with the year 2000. The production of integrated circuit reached a growth rate of 23 percent, resulting in about 2.0 times expansions of production compared with the year 2000. The production of the computer monitor, keyboard and printer, however, reduced significantly.

Table 2.5: Production of electronics products in Thailand during 2001-2006

Items	2001	2002	2003	2004	2005	2006	Changes
1.Integrated Circuit (million pieces)	4,400	5,741	8,223	9,848	11,378	13,954	↑
2. Monitor (1,000 sets)	7,332	5,867	3,979	4,465	2,210	1,380	↓
3. Computer Keyboard (1,000 units)	29,814	33,657	27,371	14,314	7,454	958	↓
4. Hard Disk Drives (1,000 units)	31,421	34,009	54,173	75,685	120,707	153,980	↑
5. Printer (1,000 units)	16,500	16,954	14,979	21,269	19,241	16,577	↓

(Source: Bank of Thailand, www.bot.or.th)

c. Companies

There are 628 manufacturing companies operating in the Electronics and Computer parts industry in Thailand. **Table 2.6** shows that about 62.6 percent of electronics companies have foreign shares, the rest are wholly Thai companies. Most of the foreign companies were Japan, USA, Netherlands and Taiwan owned (Danish Trade Council, 2006).

Table 2.6: Number of companies in Thai E&C industry, classified by types of investor

Types of investment	Registered capital (million Baht)				
	<50	**50-200**	**>200**	**Total**	**%**
Wholly owned Thai Companies	197	28	10	235	37.4
Joint ventures	109	60	47	216	34.4
Wholly owned foreign companies	77	47	53	177	28.2
Total	**383**	**135**	**110**	**628**	**100**

(Source: Board of Investment and Electrical and Electronics Institute)

Thailand has been one of the major FDI recipients in South-East Asia over the past two decades (Mephokee, 2002). Japan was one of biggest investors in electronic products in Thailand with the investment percentage of 45 percent

over total FDI in 2003. **Table 2.7** summarizes the trends in FDI flows to Thailand from 2000 to 2003.

Table 2.7: Net FDI flow in Thailand by country or region of origin

FDI from	2000	2001	2002	2003
Japan	31	36	62	45
USA	22	1	-23	-12
EU	18	5	-43	3
Newly industrialized economies	30	50	135	53
ASEAN (without Malaysia)	1	1	-1	3
Other countries	-2	8	-29	8
Total (in US$ millions)	**2,813**	**3,873**	**1,023**	**1,526**
Unit: %				

(Source: Bank of Thailand, 2000-2003)

d. Export performance

Thailand is among the top five major exporters of computer-related products and a major player in the international market for several products such as hard disk drives, key boards and printed circuit boards (UN, 2005). Especially for the hard disk drives, Thailand was the second largest exporter in the world after Singapore (Danish Trade Council, 2006). In 2006, computers and computer parts and integrated circuits were the first and third major export items and accounted for about 11.5 percent and 5.4 percent of total export value respectively (BOT, 2007). The international competitiveness of the Thai E&C has largely been based on successful acquisition and adaptation of foreign technology.

In 2006, the E&C industry accounted for about 20 percent of total exports. Eighty percent of all the products of the electronics industry were exported. Of the E&C product exports, totaling about US$26.9 billion in 2006, 34 percent were electronic parts and 55 percent were computers and peripherals. The remaining 11 percent were composed of consumer electronics, electrical household appliances, telecommunication and office equipment and others (see **Figure 2.6**).
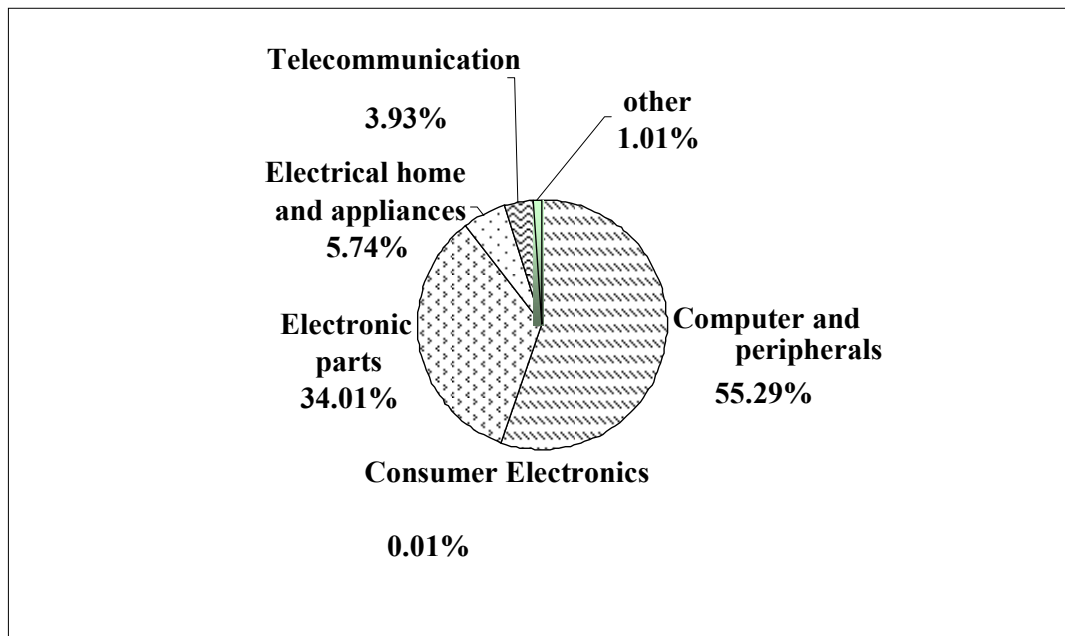
Figure 2.6: Thai E&C industry export structure in 2006
(Source: Bank of Thailand, 2007)

In terms of products, computer parts export continued to expand with a growth rate of 18 percent as compared to 2005. The export value of computers and parts reached about US$ 3.7 billion in 2006. This contributed to ongoing growth rates of export of hard disk drives and integrated circuits and parts of 28 percent and 18 percent respectively.

Table 2.8 shows the export value of electronics and computer parts products during the last 6 years. Export of hard disk drives and parts accounts for around 8.6 percent of the country's total export and more than 5.6 percent of the country's GDP.

The majority of electronics products are catered for the United States, China, Japan and ASEAN markets. The biggest importer of Thai electronic products is the USA, followed by China and Japan (see **Table 2.9**).

Table 2.8: Export values of Thai electronics products in period of 2001 - 2006

Items	2001	2002	2003	2004	2005	2006	Changes
1. Automatic data processing machines & parts	1,992	3,028	4,660	5,644	8,729	11,188	↑
2. Parts of computer	5,956	4,436	3,530	3,541	3,120	3,689	↑
3. Electronic calculating machines	14	7	5	1	3	2	↓
4. Electronic integrated Circuit	3,512	3,453	4,625	4,903	5,951	7,029	↑
5. Printed circuits	692	757	742	1,303	1,279	1,023	↓
6. Ball or roller bearings	190	179	193	208	230	273	↑
7. Electric motors and generators	735	882	683	655	699	699	-
8. Telephone printers and sets	770	831	1,086	1,067	1,039	1,058	↑
9. Transmission apparatus	130	170	159	162	192	105	↓
10. Semiconductor devices, Diodes and transistors	887	1,454	1,350	1,987	825	993	↑
11. Electrical transformers and parts	801	800	779	812	747	847	↑
Total Export values of electronics	**15,677**	**15,997**	**17,810**	**20,286**	**22,815**	**26,905**	↑
Unit: million dollars							

(Source: Thai Department of Trade Negotiations, 2007)

Table 2.9: Top 10 export destinations for Thai electronics products

No.	Country	2000	2001	2002	2003	2004	2005	2006
1	USA	4,231	3,176	3,038	2,077	3,089	3,460	4,323
2	China	678	755	915	1,648	2,044	3,276	3,669
3	Japan	2,459	2,286	2,046	2,227	2,700	3,099	3,204
4	Hong Kong	775	838	1,193	1,512	1,661	2,317	3,048
5	Singapore	3,091	2,611	2,790	2,688	2,592	2,843	2,716
6	Netherlands	1,329	1,136	1,100	1,415	1,395	1,459	1,694
7	Taiwan	1,243	880	906	1,380	1,078	1,049	1,675
8	Malaysia	914	739	621	983	1,343	1,469	1,481
9	S. Korea	463	399	460	463	463	623	721
10	United Kingdom	849	737	603	558	552	503	611
11	Other	2,219	2,121	2,001	2,858	2,468	2,716	3,763
	Total	**18,250**	**15,677**	**15,674**	**17,810**	**19,386**	**22,815**	**26,905**
Unit: millions USD								

(Source: Thai Department of Trade Negotiations, 2007)

e. Future development

According to Danish Trade Council, Thailand hopes to attract foreign direct investment in the sector threefold on the way to becoming the electronics manufacturing center of Asia. In order to achieve this objective, the government plans to establish manufacturing clusters during the coming three years. The strategy will develop integrated manufacturing from electronic parts through value-added products. Thailand will continue to follow the production base strategy for export to foreign companies. Thailand will serve as a good hub for activity in South East Asia with good transportation links to the rest of the region and China (Danish Trade Council, 2006).

2.3.2   The Electronics and Computer parts industry in Vietnam

This section provides an overview of the E&C industry in Vietnam. This section starts firstly with the current situation of the E&C industry, followed by

its product group, characteristics of E&C companies, its sales and finishes with the future intentions.

a. Overview of the current situation

Vietnam's E&C industry plays a vital role in the industrialization and modernization of the country. In last decade, Vietnam's E&C industry has contributed gradually to national economic development. According to the President of the Vietnamese Association of Electronic Enterprises, Mr. Bui Quang Do, this industry has recorded an average annual growth of 25-30 percent since 1996. Vietnam's Electronics and Computer parts industry has basically met the domestic demands. After one year of tax-reduction according to the ASEAN Free Trade Area (AFTA), Vietnam's E&C industry managed to earn a total domestic revenue of US$ 1.6 billion in 2006 (vietnamnet.vn).

b. Products

E&C products are very diversified, including electronic consumers, electronic parts, computer and peripherals, consumer electronics and other electronic components.

Table 2.10 shows the production output of some main E&C products in Vietnam during the period 2000-2006. The E&C production developed continuously with the average growth rate of 21.9 percent during that period. In 2006, the total production output of E&C products increased by more than 29.7 percent while the electronics production rose by 16.3 percent as compared with 2005. The computer parts production grew well but with an uneven pattern.

c. Companies

In 2005, there were more than 238 companies operating in the E&C industry in Vietnam. Among these, 89 percent of companies were operating in the electronics sector (GSO, 2007). The E&C industry provided more than 100,000 jobs in 2006 (vietnamnet.vn).

Table 2.10: Production output of E&C products of Vietnam during 2000-2006

Items	2000	2002	2003	2004	2005	2006*
Gross industrial out-put	198,326	261,092	305,080	355,624	416,563	487,492
Percentage change	100.0%	116.8%	116.8%	116.6%	117.1%	117.0%
Manufacturing output	158,098	183,542	213,697	252,886	353,215	420,145
Percentage change	100.0%	116.1%	116.4%	118.3%	139.7%	118.9%
Gross output of electronics and computer	5,690.5	7,171.5	8,700.6	9,801.7	11,775.1	15,273
Percentage change	100.0%	126.0%	121.3%	112.7%	120.1%	129.7%
Gross output of electronics	4,395.3	6,168.6	7,162.2	7,955.7	9,137	10,628
Percentage change	100.0%	140.3%	116.1%	111.1%	114.8%	116.3%
Gross output of computer parts	1,295.2	1,002.9	1,538.4	1,846	3,206	4,645
Percentage change	100.0%	77.4%	153.4%	120.0%	173.7%	144.9%
Unit: Billions VND at constant 1994 price *: preliminary data						

(Source: Vietnam's Statistical Yearbook 2006, p. 356)

d. Export performance

Although the electronic products of Vietnam have been exported to the world only since 1996, they have been exported up to 35 countries. The export turn-over reached the highest value of more than US$ 1,708 million in 2006 (see **Figure 2.7**).

According to VAEE, only joint ventures and 100% foreign companies have exported their E&C products. The major exported E&C products consist of electronic consumer products, electronic parts and computer parts. The key export destinations for Vietnam's E&C products are the ASEAN, the EU and Asia (excluded the ASEAN) (see **Figure 2.8**)
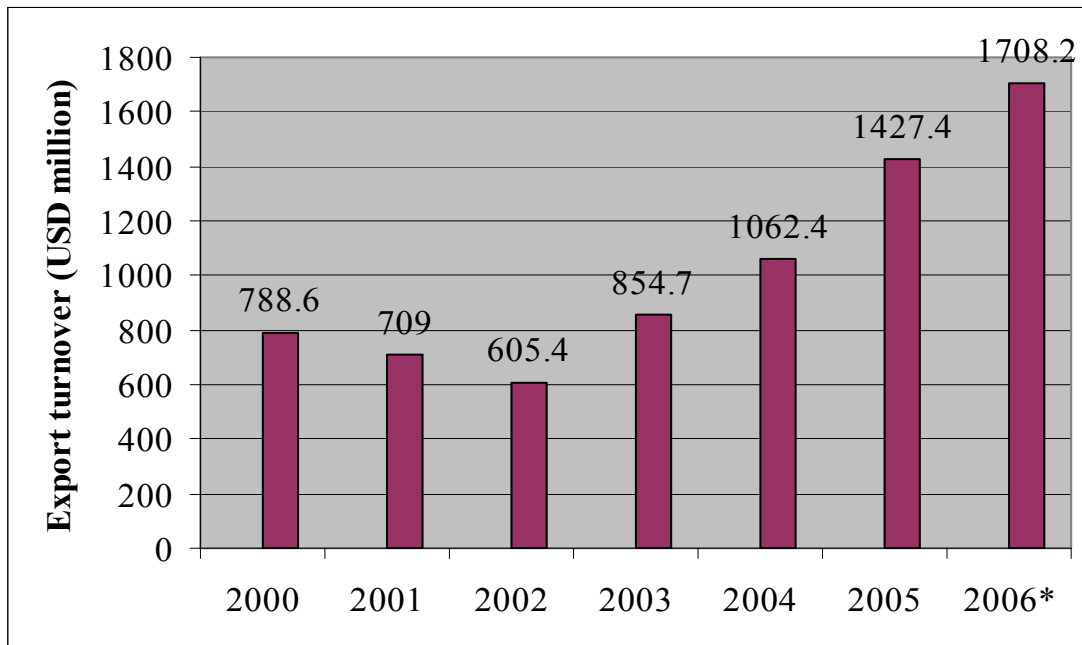
Figure 2.7: Export turnover of E&C products in Vietnam
(Source: GSO, 2007)
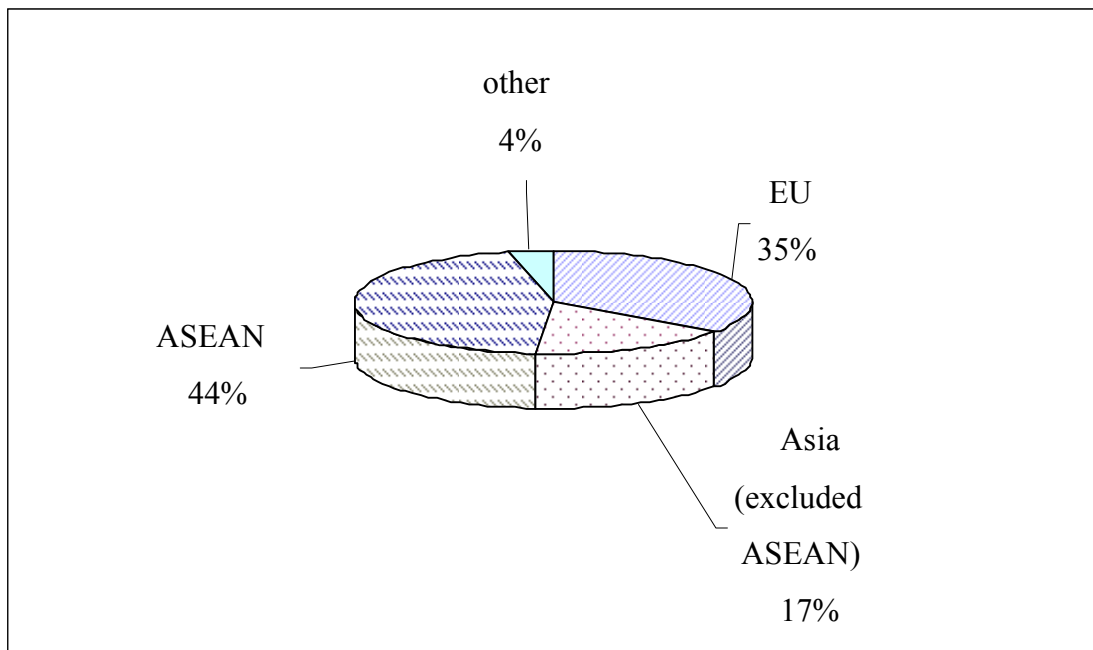
Figure 2.8: Export market of Vietnam E&C products in 2003
(Source: General Department of Customs)

e. Future development

By 2010, Vietnam expects to earn a total revenue of US$6 billion, including a total export turnover of US$5 billion and provides jobs for 250,000 workers. In order to achieve these targets, E&C enterprises should focus on consumer products which have been popular to domestic consumers, and at the same time, increase investment in hi-tech manufacturing. Efforts should also be boosted in attracting foreign investment in manufacturing and assembling special electronic products and information technology. In the future, Vietnam enterprises should target potential markets such as China, Hong Kong, African countries and new EU members including Hungary, Poland, Czech and Slovakia (vietnamnet.biz, 2006)

2.4 The Textiles and Garment industries in Thailand and Vietnam

Section 2.4 describes the overall situation of the T&G industries in Thailand and Vietnam. This section is organized into two subsections: the existing situation of the Thai T&G industry and the existing situation of the Vietnam's T&G industry. Through the descriptive analysis, the significant characteristics of this industry in terms of its development, product groups, its structure and export performance in two countries are pointed out.

2.4.1 The Textiles and Garment industry in Thailand

This section describes the current situation of Thai T&G industry, its product groups, its companies and their characteristics, its sales in domestic and overseas and the future developments of the industry.

a. Overview of the current situation

T&G industry is important for the Thai economy in terms of employment creation and value added generation. The Thai T&G industry contributed about Baht 307,366 million (about US$8,782 million) to the country's GDP in 2005 (Thailand Textile Institute, 2007).

In terms of employment, the Thai T&G industry generated about 1.06 million jobs in 2005 (see **Table 2.11**) which was reduced from 1.08 million in 2002. Thus, T&G work force constituted about 26 percent of the total workers in manufacturing sector. Thai T&G industry is a labor-intensive industry and garment sector employed about 77.5 percent of the industry's employment.

Table 2.11: Number of workers in the T&G industry in Thailand

Number of workers in	2002	2003	2004	2005	2006*
Fiber	15,600	15,500	14,550	14,430	14,430
Spinning	60,580	61,750	61,360	61,100	60,550
Weaving	58,980	57,880	56,760	55,250	56,700
Knitting	59,930	60,280	59,710	60,790	62,150
Dyeing, Printing & Finishing	46,930	47,200	46,560	46,770	46,850
Garment	840,850	841,520	837,680	825,650	828,880
Total	**1,082,870**	**1,084,130**	**1,076,620**	**1,063,990**	**1,069,560**
*: preliminary data					

(Source: Thailand Textile Institute, 2007)

b. Products

Table 2.12 presents the production of T&G products in Thailand during 2001-2006. The synthetic fiber production was decreased by approximately 11 percent in 2006. The garment production was increased by about 3.8 percent. The spinning, knitting and weaving production was rose lightly by around 1 percent.

c. Companies

In 2006, about 4,464 factories operated in the T&G industry. Of these, there were 2,495 garment factories, 731 knitting factories, 659 weaving factories, 415 finishing factories, 147 spinning factories and 17 synthetic fiber producers (see **Table 2.13**)

d. Export performance

Most textiles and garment products are catered to the export market. In 2006, Thailand exported over US$13,684 million worth of T&G products, the value of which represented more than 10.5 percent of country's export.

Table 2.12: Production of T&G products in Thailand during 2001-2006

Production	2001	2002	2003	2004	2005	2006
1. Synthetic Fiber (metric tons)	806,411	868,707	830,701	893,859	809,033	725,356
2. Spinning (metric tons)	677,899	735,530	783,164	845,893	775,200	780,117
3. Weaving (1,000,000 square Yards)	6,138	6,572	6,689	7,106	7,108	7,200
4. Knitting (1,000,000 square Yards)	1,900	2,009	2,032	2,166	2,301	2,373
5. Garment (1,000,000 pieces)	3,620	3,881	4,144	4,399	4,697	4,877

(Source: BOT, 2007)

Table 2.13: Number of establishments of the T&G industry in Thailand

Number of firms in	2002	2003	2004	2005	2006*
Fiber	18	18	17	17	17
Spinning	150	154	152	153	147
Weaving	681	673	661	636	659
Knitting	664	675	658	684	731
Dyeing, printing & finishing	409	414	404	409	415
Garment	2,648	2,658	2,588	2,541	2,495
Total (firms)	**4,570**	**4,592**	**4,480**	**4,440**	**4,464**

(Source: Thailand Textile Institute, 2007, *: Preliminary data)

The most important export T&G products are textiles and clothing, garment, woven fabric, yarn and manmade filament products (see **Table 2.14**). The textiles and clothing were the most important export items with the export value of more than US$6,842 million in 2006. The next was garment products with an export value of more than US$3,200 million. However, after quotas were phased out, growth of Thai T&G exports continuously declined because of fierce competition from China, Vietnam and Bangladesh.

Table 2.14: Thai Textiles and garment products export during 2003-2006

Items	Export (Value: Million US$)				Growth (%)		
	2003	2004	2005	2006	2004	2005	2006
Textile & Clothing	5,465	6,400	6,700	6,842	17.1	4.7	2.1
Garment	2,760	3,093	3,151	3,205	12.0	1.9	1.7
Woven Fabric	874	1,035	1,082	1,103	18.3	4.6	1.9
Yarn and man -made fila- ment	540	680	756	718	25.9	11.3	-5.0
Other textiles	1,291	1,593	1,711	1,816	23.4	7.4	6.16
Total export value of G&T products	**10,930**	**12,800**	**13,399**	**13,684**	**17.1**	**4.7**	**2.1**
Total export value of Thai country	80,040	96,513	110,953	129,744	20.6	15.0	16.9

(Source: Thai Department of Trade Negotiations, 2007)

The main export destinations are the US, EU, ASEAN, Japan and China. These markets can be divided into quota and non-quota markets. Quota markets include the US, the EU and Canada. The US market was the largest export market for Thailand with 30 percent export share for textile and clothing products and 52 percent export share for garment products in 2006. The EU was second with a share of 19 percent and 26 percent export share for textile and garment products respectively in 2006. The non-quota markets are Japan, Hong Kong and ASEAN. **Figure 2.9** and **Figure 2.10** show the export market of Thai textiles, clothing and garment products in 2006.

e. Future development

Facing the intensifying competition, Thai T&G industry needs to enhance its competitiveness and to move to higher value-added activities. The T&G manufacturers need to become original equipment manufacturing (OEM) companies to original brand name manufacturing (OBM) companies. In order to achieve these objectives, the T&G industry needs to have a qualified industrial and fashion designers and textile engineers. The T&G industry will establish the linkages between the private sectors and the public educational and technology development institutions. The industry will follow the market and product diversification strategy to meet the increasing fashion demand. The

industry will have a closer regional cooperation through working along value chain from cotton to clothing (Virat, 2007).
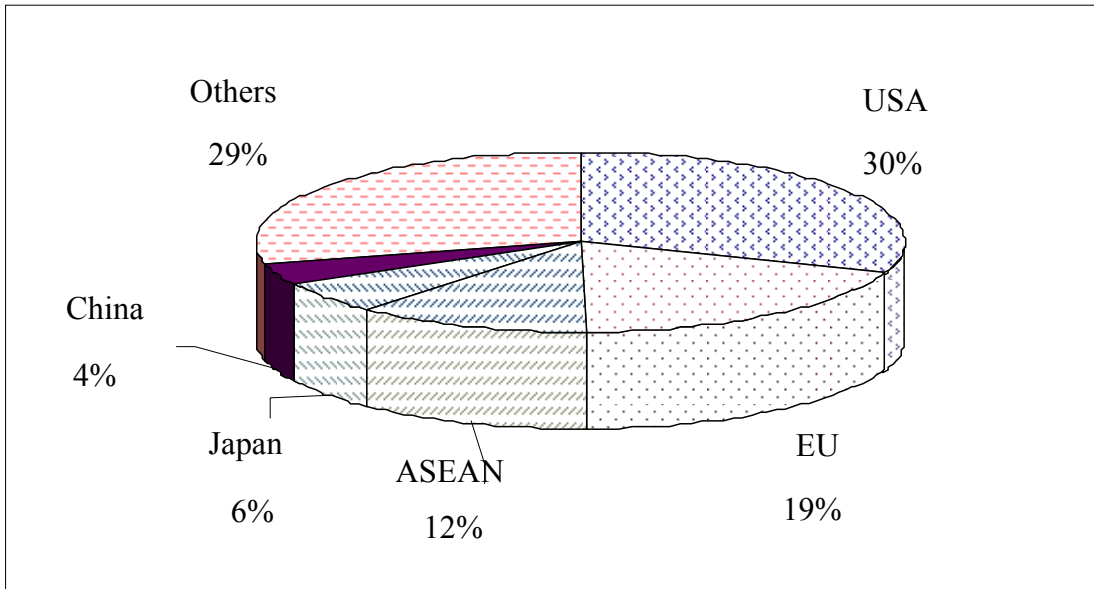
Figure 2.9: Export market of Thai textiles and clothing products
(Source: BOT, 2007)
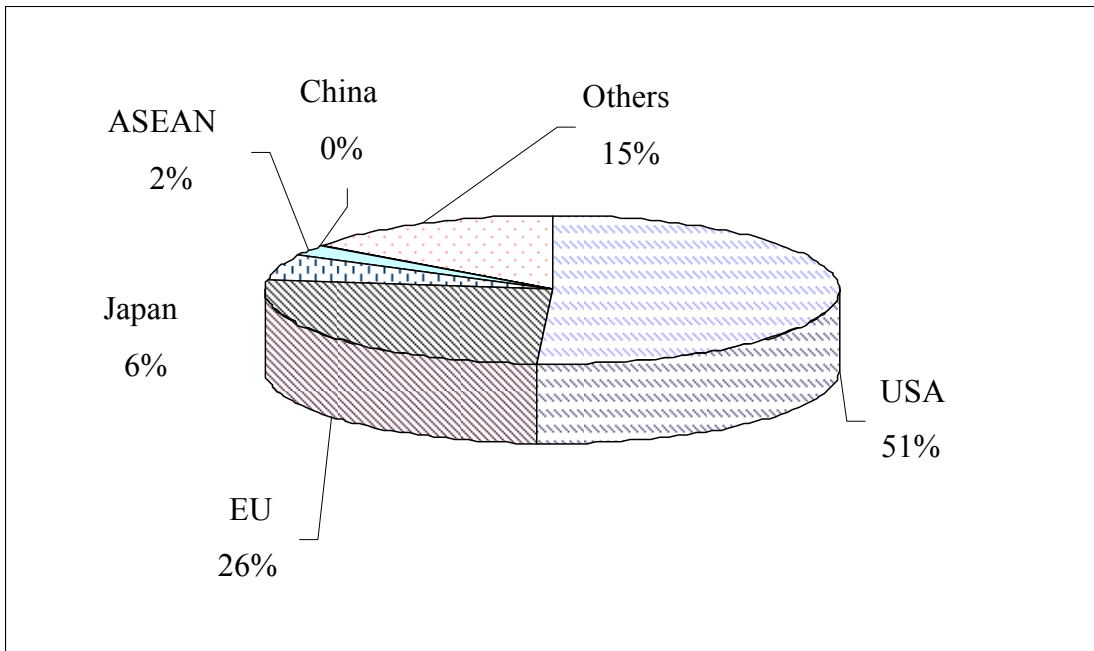
Figure 2.10: Export market of Thai garment products
(Source: BOT, 2007)

2.4.2   The Textiles and Garment industry in Vietnam

This section provides an overview of the T&G industry in Vietnam. This section starts firstly with the current situation of the T&G industry, followed by its product group, characteristics of T&G companies, its sales and finishes with the future intentions.

a. Overview of the current situation

The Textiles and Garment industry is considered as one of the main drivers of Vietnamese industry development in the era of speeding up the national industrialization and modernization. It is a sector that has developed rapidly in recent years and has become a vital sector to the country's economy. The total export value of T&G products dramatically increased from 2000-2006 periods with the average growth rate of 21.6 percent. Garment export recovered strongly in the first ten months of 2006 to growth by 27 percent compared with 7.2 percent in the same period of 2005. The main reason for this is its improved performance in the US market (WB, 2007).

In 2004, Vietnamese T&G industry employed 2.1 million people (about 80 percent of them are women) directly increasing from 1.6 million people in the year 2001 and accounted for more than 22 percent of total manufacturing labor force (GSO, 2006). This value represents 4.7 percent of the country's total employment (Anson, 2007). It confirms that the T&G industry in Vietnam is a labor-intensive one.

b. Products

The data in **Table 2.15** indicates that fiber production is increasing slowly, fabric production is rising unevenly and garment production is growing steadily.

c. Companies

FDI enterprises play a significant role for developing production capacity and for enhancing the competitiveness of the T&G industry in Vietnam (see **Table 2.16**). According to Vietnam Ministry of Planning and Investment, by December 2004, there were 547 FDI projects with the total implemented investment of more than US$1,266 million. About 94 percent of the total investments came from Asia and the ASEAN, such as Taiwan, South Korea, Singapore, Japan, Thailand, Malaysia and Hong Kong. The rest came from

Table 2.15: Vietnam's Textiles and Garment production in 2001-2006

Items	Unit	2001	2002	2003	2004	2005	2006*
Textile fibers	**Ton**	**162,406**	**226,811**	**234,614**	**240,818**	**259,245**	**265,000**
- State	Ton	87,398	90,094	92,757	106,367	101,515	102,245
- Non-State	Ton	2,663	3,352	4,028	34,827	67,653	69,915
- FDI	Ton	72,345	133,365	137,829	99,624	90,078	92,840
Knitting wool	**Ton**	**2,013**	**1,818**	**2,846**	**4,456**	**2,983**	**3,175**
- State	Ton	1,809	1,660	1,821	445	357	410
- Non-state	Ton	204	158	173	2,535	2,186	2,275
- FDI	Ton		0	852	1476	446	490
Fabrics of all kinds	**mio. meter**	**410**	**470**	**496**	**502**	**560**	**575**
- State	mio. meter	166	192	196	179	177	186
- Non-State	mio. meter	103	120	112	129	185	158
- FDI	mio. meter	141	157	188	193	199	231
Ready made clothes	**mio. Pieces**	**376**	**489**	**727**	**923**	**1,011**	**1,212**
- State	mio. pieces	139	183	204	219	219	142
- Non-State	mio. pieces	160	184	319	414	482	573
- FDI	mio. pieces	76	122	204	290	310	497
*: preliminary data							

(Source: Statistical Yearbook of Vietnam 2006, p. 407, 408)

the EU and USA. Most FDI projects invested in the garment sector. In general, the production output of FDI enterprises occupied about 40 percent of industry' production output annually (Nguyen, 2006).

Table 2.16: Vietnam's T&G enterprises type in 2005

Type of T&G enterprises	Textile	Garment	Total
1. G&T enterprises classified by employment size			
< = 49 people	570	821	1,391
50-299 people	398	490	888
>=300 people	130	440	570
Total	**1,046**	**1,745**	**2,791**
2. T&G enterprises classified by ownership			
SOEs	209	349	558
Non-SOEs (private, JSC, Ltd. Co)	407	873	1,280
FDI enterprises	430	523	953
Total	**1,046**	**1,745**	**2,791**

(Source: Statistical Year Book 2006, p.159, 163)

The structure of the Textiles and Garment industry in Vietnam has slightly changed during the period of 2002 to 2006 as illustrated in **Table 2.17**.

Table 2.17: Production output of the T&G industry in Vietnam

No.	Items	2002	2003	2004	2005	2006*
1	Gross industrial output	261,092	305,080	355,624	416,563	487,492
2	Percentage change	115	117	117	117	117
3	Manufacturing output	213,697	252,886	269,294	353,215	420,145
4	Percentage change	116	118	106	131	119
5	Gross output of T&G industry	20,520	24,115	29,418	35,166	40,639
6	Percentage change (%)	117	118	122	120	116
7	Gross output of textile	12,338	14,214	16,626	19,079	22,176
8	Percentage change	116	115	117	115	116
9	Gross output of garment	8,182	10,466	12,792	15,304	18,463
10	Percentage change (%)	119	128	122	120	121
Unit: Billions VND at constant 1994 price						
*: preliminary data						

(Source: Statistical Yearbook of Vietnam 2006, p.347)

The garment sector gradually substituted for the textile production. Even though textile was still dominant but its share has continuously dropped from a high 62.4 percent in 2000 to a low 54.6 percent in 2006, while the garment share gradually increased from 37.6 percent in 2000 to 45.6 percent in 2006.

d. Export performance

Vietnamese T&G industry was ranked as one of the top exports in 2006 in the world and accounted for 14.6% of the country's total export value. The exporting of the T&G industry in Vietnam has grown continuously from US$1,892 million in 2000 to around US$5,834 million in 2006 (more than 3 times compared with the year 2000) (see **Table 2.18**). The contribution of the T&G industry to the country's GDP also increased from 2.16 percent in 2001 to more than 9.6 percent in 2006.

Table 2.18: Some main goods for exports of Vietnam

No	Main export goods	2002	2003	2004	2005	2006*
1	Textile & Garment	2,732	3,609	4,430	4,772	5,834
2	Rice	3,236	3,810	4,063	5,255	4,643
3	Footwear	1,875	2,261	2,691	3,039	3,592
4	Fisheries	2,022	2,200	2,408	2,733	3,358
5	Wood and wooden products	460	609	1,102	1,561	1,933
6	Electronics and computer parts	605	855	1,062	1,427	1,708
7	Coffee	722	749	976	912	981
8	**Total export value**	**16,706**	**20,149**	**26,485**	**32,447**	**39,826**
Unit: million USD *: preliminary data						

(Source: Statistical Yearbook of Vietnam 2006, p. 435, 439, 440)

Vietnamese T&G industry has played a vital role to the country economy. The T&G industry has been considered a key leading sector in Vietnam. With the new policy of diversifying foreign economic relations, Vietnam has established trade relations with 105 countries and has concluded bilateral trade agreements with 67 countries. At present, Vietnam's Textiles and Garment industry has trade ties with over 30 countries throughout the world and its enterprises have relationships with hundreds of overseas companies. The main export markets for T&G products of Vietnam is the USA, EU, Japan and Canada (see **Table 2.19**).

Table 2.19: Some major export destinations of Vietnamese T&G products

Country	2000	2001	2002	2003	2004	2006*
Canada	24	28	39	42	57	75
USA	47.42	48.17	981	2,552	2,748	2,630
Japan	591	535	471	498	566	554
EU	780	681	645	577	813	875
Total export value of Vietnam's T&G products	**1,892**	**1,962**	**2,732**	**3,609**	**4,430**	**5,834**
Unit: Million USD *: preliminary data						

(Source: VINATEX, 2006)

Vietnam's garment export relies heavily on Europe and Japan, which in 2000 absorbed 42 percent and 31 percent respectively of the total T&G export value. For the export markets, the dominance of textile and garment export is the US market. The US is a large segmented market in terms of quality, price and fashion. After the quota was lifted, the export value of Vietnam's T&G products increased considerably from 2.5 percent of the total export value in 2000 of T&G products to more than 45 percent in 2005. The export market structure of T&G products in 2005 is presented in **Figure 2.11**.
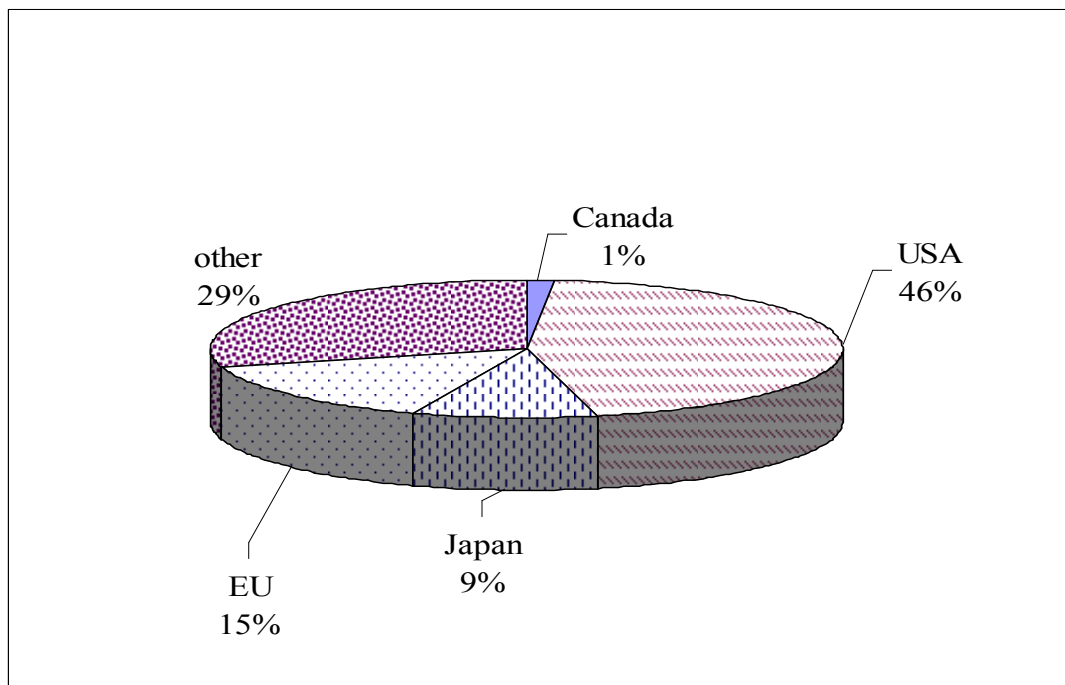
Figure 2.11: Market of Vietnam's Textile and Garment products in 2005

e. Future development

The future of the T&G industry in Vietnam is very positive especially after Vietnam joined the WTO at the beginning of last year. The Vietnamese government strongly supports the T&G industry with the ambitious objective to double export value of this sector by 2010. In the increasingly liberal trade environment of the region, to achieve the given objective, Vietnam will pursue a development strategy more biased to the down – stream sector than what other East Asian countries have done in the past. The garment sector will expand subcontracting activities. It would be wise to encourage rather than discourage these activities, as they will enable Vietnamese workers and enterprises accumulate appropriate experience based on which future developments will take place.

2.5   Discussion

Vietnam and Thailand are both located in the Southeast Asia. The two countries have some comparable geographical and demographic conditions. However, there are tremendous differences between the two countries in terms of regional integration and political conditions. Therefore, the international business attractiveness of Thailand and Vietnam is also different. According to A.T. Kearney (2007), the global services location index of Thailand and Vietnam is 6.02 and 5.54 respectively. In 2007, Thailand ranked number 4th (jumped 2 ranks compared with 2005) and Vietnam ranked number 19th (jumped 7 ranks compared with 2005) in the top 50 locations worldwide that provide the most common remote services, including IT services and support, contact centers and back-office support. Each country's score is comprised of a weighted combination of relative scores on 43 individual metrics, which are grouped into three categories: financial attractiveness (compensation costs, infrastructure costs and tax and regulatory costs), people skills and availability (remote services sector experience and quality ratings) and business environment (country environment, infrastructure, cultural exposure, security of intellectual property).

Figure 2.12 shows the A.T. Kearney global services location index in 2005 and in 2007 of Thailand and Vietnam and some other Asian countries. According to A.T. Kearney evaluation, Vietnam is more advantageous than Thailand in financial structure, but Thailand is better than Vietnam in people skills and availability as well as business environment.

2005

Country	Financial structure	People and skills availabilities	Business Environment
India	3.5	2.1	1.3
China	3.2	1.8	1.2
Malaysia	3	1.1	2
Phillipines	3.6	1.2	1
Singapore	1.6	1.4	2.7
Thailand	3.3	1.2	1
Indonesia	3.5	1.1	0.9
Vietnam	3.5	0.7	0.8

2007

Country	Financial structure	People and skills availabilities	Business Environment
India	3.22	2.34	1.44
China	2.93	2.25	1.38
Malaysia	2.84	1.26	2.02
Phillipines	3.26	1.23	1.26
Singapore	1.65	1.51	2.53
Thailand	3.19	1.21	1.62
Indonesia	3.29	1.47	1.06
Vietnam	3.33	0.99	1.22

Financial structure · People and skills availabilities · Business Environment

Legend: the weight distribution for the three categories is 40:30:30. The financial structure is rated on a scale of 0 to 4, and the categories for people and skills availability and business environment are on a scale of 0 to 3.)

Figure 2.12: Global services location index in 2005 and 2007
(Source: A.T. Kearney, 2007)

Table 2.20 summarizes the main advantages and disadvantages of country's environment in Thailand and Vietnam.

Table 2.20 shows that Vietnam has certain competitive advantages in terms of its stable political and security situation. In terms of economic development, Vietnam also has a high growth rate of GDP with the average rate of more than 7.46 percent over the last 5 years. Vietnam has attracted more and more FDI into the country. Compared with Vietnam, Thailand has stronger competitive advantages in international economic activities, high export turnover, better global competitiveness rank and transparency. In contrast, Vietnam has very low export turnover, less experience in international integration and weak transparency and social readiness for economic integration. The main disadvantage of Thailand is an unstable political situation.

Table 2.20: Competitive advantages and disadvantages of Vietnam and Thailand

	Vietnam	**Thailand**
Advantages	- Stable socio-political condition and security - High GDP growth rate - Increasing FDI - Improving the global services location attractiveness - High rank of financial infrastructure competitive advantage - Huge labor force and low Labor cost	- Rich experience in international integration - High export turnover - High global competitiveness rank - High transparency indicators - Improving the global services location attractiveness - High rank of business environment and people skill and availability
Disadvantages	- Lack of qualified and skillful workforce - Low productivity - Low export turnover - Less experience in international integration - Weak transparency and social-readiness for economic integration - Lower rank of business environment	- Unstable socio-political condition and security - Reducing GDP growth rate - High appreciated currency

Through the analysis of the existing situation of the E&C and T&G industries in Vietnam and Thailand, the strengths and weaknesses of the industry in each country are presented in **Table 2.21** and **Table 2.22**.

In comparison with Vietnam's E&C industry, Thai's E&C industry has a lot of strengths such as large contribution to the country's export value, good export performance on hard disk drives, integrated circuits and printers. Thai's E&C industry has attracted much FDI invested in the E&C manufacturing. This industry has a good production base and experience in exporting E&C products. In contrast, Vietnam's E&C industry is a young industry with a limited export E&C products and uneven export growth rate of computer parts. The main weakness of the E&C industry in Vietnam is a lack of qualified and skillful labor force and insufficient production capacity to meet the high demand of electronic components in the world.

Table 2.21: Strengths and weaknesses of the E&C industries in Vietnam and Thailand

	E&C industry in Vietnam	E&C industry in Thailand
Strengths	- Major support from Government as a priority industry to develop	- Large contribution for total export value (20%) - Good export performance on Hard disk drive, Integrated circuits and printer products - Good FDI investment in E&C manufacturing - High technology application - Good production base - Long experience in the export E&C products - High production capacity
Weaknesses	- Young industry - Unstable export growth rate of computer parts - Limited type of export E&C product - Low export value-add - Limited export markets - Not enough capacity to meet the growing demand for electronic components - Lack of qualified and skillful workforce	- Lack of high qualified and skillful workforce

It is interesting that the T&G industry in Vietnam and Thailand share very similar strengths and weaknesses. They are quite good in export activities and have some famous brand names. However, they are both weak in terms of quality of workers, specifically, they lack qualified fashion designers, textile engineers and skillful employees.

In conclusion, there are clear differences in the E&C industry of the two countries. In the T&G industry, there are minor differences. Therefore, it is expected that the differences in competences in internationalization strategies and in performance are more subtle between Thai and Vietnamese T&G companies than between Thai and Vietnamese E&C companies.

Table 2.22: Strengths and weaknesses of the T&G industries in Vietnam and Thailand

	T&G industry in Vietnam	**T&G industry in Thailand**
Strengths	- Good investment in technology for FDI companies - Good export performance - Ranked as 10th in the export of Garment products in the world - Good brand names of some famous companies - Huge labor force and low labor cost	- Good export performance - Ranked as 12th in the export of Textile products in the world - Good brand names of some famous companies - Huge labor force and low labor cost
Weaknesses	- Lack of high qualified fashion designers, textile engineers and skillful workforce	- Lack of high qualified fashion designers, textile engineers and skillful labors

Based on a comparison of Tables 2.21 and 2.22, it is expected, that the differences in competences in export strategies and in performance is bigger between the Thai E&C and T&G companies than between the Vietnamese E&C and T&G companies.

3.   Literature review, research model and hypotheses

This chapter provides important definitions of firm's resources, capabilities, assets and competencies, internationalization, internationalization strategy, internationalization competencies and firm's internationalization performance. These definitions are related to the research framework and will be operationalized in the measurement section.

The benefits and shortcomings of the related past research on internationalization issues will be discussed and summarized. The differences between the two schools of thought of strategists of the resources-based and process-based strategy will be analyzed.

The conceptual framework of research is presented in this chapter. The research model of relationships between internationalization competencies, internationalization strategies and internationalization performance is also proposed in this chapter.

3.1   Resources, capabilities, assets and competencies

Several definitions of resources, capabilities, assets and competencies are reviewed in this section. Then a classification of a firm's competencies is proposed. Finally, the measurements of these competencies are identified.

3.1.1   Resources

In the resource-based view of strategy, a firm's resources includes physical assets, financial assets, organizational competencies (administrative system, organizational culture), human resources, skills and other intangible assets (brand name, public image, marketing know-how). According to Prahalad and Hamel (1990), these assets were integrated to be a resource portfolio of a firm. In general, resources are hard and soft attributes of a firm which management can control or at least influence (Barney, 1991). Amit and Schoemaker (1993) referred to the resources as a group of factors available to the firm which can be transferred or acquired from outside. Teece et al. (1997) saw the resources as the firm specific assets that are difficult, if not impossible to imitate. According to Kühn and Grünig (2006), a firm's resources were defined as:

▪ tangible and intangible assets, individual and organizational competencies, and specific elements of market positions

- which are under control of the company
- and which form the basis of competitive advantages in the offer.

In this research, the resources consist of the tangible and intangible assets, capabilities to deploy the assets. The objectives are the creation of competitive advantages and high added value.

Generally, the firm's resources can be divided into three main categories, which are capabilities, assets and competencies. **Figure 3.1** shows the interactive relationship between these resources in creating firm's competitive advantages.
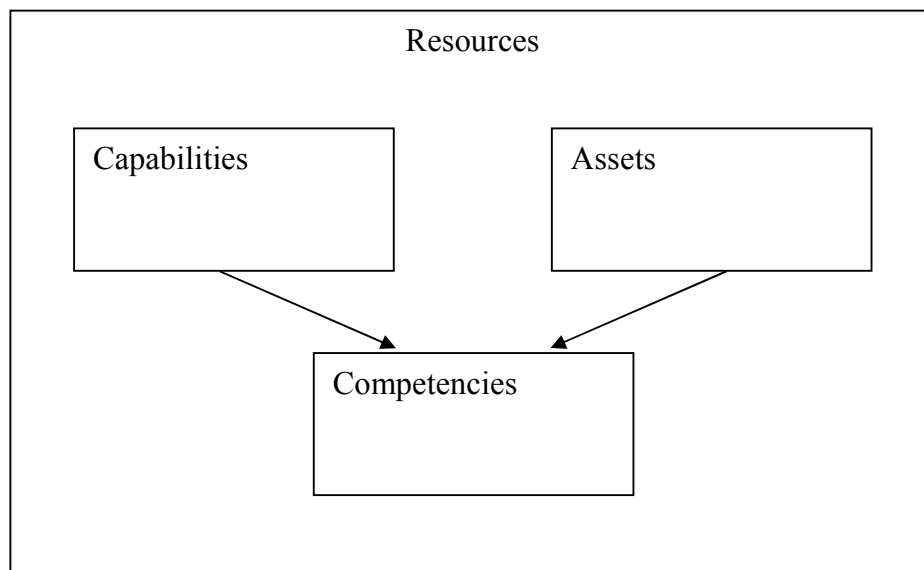
Figure 3.1: The relationship between resources, assets, capabilities and competencies

3.1.2 Capabilities

According to Coulter and Grant (2002), capabilities are the building block for competencies. The term "capability" is understood as a kind of soft resource that creates higher-order competencies. The capability of a firm is also considered as a firm's physical facilities and skills of employees, the abilities and expertise of the top management levels (Madhok, 1997). Capabilities are the firm's capacity to deploy its assets, tangible or intangible, to perform a task or an activity to improve performance, for example, the capability to offer excellent customer service or to develop new products (Lorenzoni & Lipparini, 1999).

In this research, the term "capabilities" adopts the definition of Madhok (1997), which states that capabilities refer to the skills of employees and the abilities and expertise of the top management level.

3.1.3 Assets

A firm's asset has been defined variously. In the investment view, a firm's asset is a resource having economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefits. In the banking view, a firm's asset is defined as anything owned by a person or organization having monetary value, usually its cost or fair market value. An asset may be a specific property, such as title to real estate or other tangible property or enforceable claims against others. In general, a firm's asset is a useful or valuable quality, person or thing, an advantage or resource that the firm owned (valuebasedmanagement.net).

Asset in this research is defined as anything having an economic value that an individual or organization owns to create profits in the future.

3.1.4 Competencies

Competency has been defined in different ways (Barney, 2003). Basically, a competency is any combination of specific, inherent, integrated and applied knowledge, skills and attitudes (Prahalad & Hamel, 1990). However, some researchers indicated that competencies are a function of the firm's strategies and the industry in which an organization competes (Hitt & Ireland, 1985; Collis & Montgomery, 1995). Sometimes, competency is referred to as the integration of a firm's specific assets and capabilities that are difficult or impossible to imitate (Teece et al., 1997).

In conclusion, firm's competencies represent the capacity to manage resources through its organizational processes to obtain the desired results. Furthermore, the firm's competencies can be developed from the assets and capabilities and managed effectively through organizational processes or the firm's expertise to complete an activity or to reach a target (Toni & Tonchina, 2003).

3.1.5   Types of competencies

A firm's competencies can be divided into core competencies and distinctive competencies (Wheelen & Hunger, 2002) (see **Figure 3.2**).

Prahalad and Hamel (1990) defined core competencies as the collective learning in the organization, especially about how to coordinate diverse production skills and integrate multiple streams of technology. These competencies are not only difficult to imitate but also provide a potential access to a wide variety of markets and create a significant contribution to the perceived customer benefits of the final product. A core competence is a knowledge base or set of skills that is general enough to be applied in variety of contexts. Core competencies lead to clearly defined benefits to the consumers and are difficult, if not impossible, for other firms to replicate. Core competencies are built on intangible assets that cannot be easily imitated by competitors. They are the source of the company's ability to deliver unique value to its customers and allow the company to be flexible in terms of markets and products.
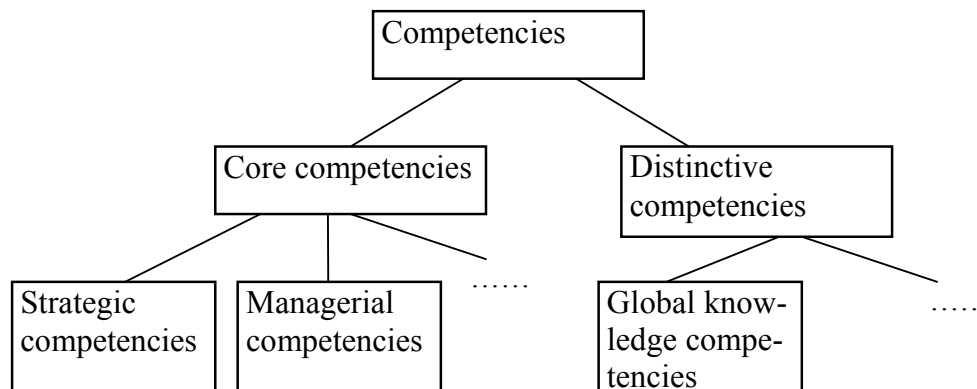
Figure 3.2: Type of competencies

Strategic competencies are considered as a special type of core competencies. Strategic competencies were defined by Croteau and Taymond (2004) in their research on performance outcomes of strategic and information technology competencies. They found strategic competencies such as a shared vision, cooperation, empowerment and innovation. Strategic competencies help the organization to gain competitive advantages.

Another special type of core competencies is managerial competencies. According to Henderson (2005), organizations have always been concerned about the competency of their managers. Henderson identified managerial competencies as the soft skills of managers. These skills allow the organization to transform its various assets into organizational competency and im-

prove performance. In the influential study of Boyatzis of some 12,000 US managers over the last two decades, the term "management competencies" was defined as flexibility; self-confidence; political skills; persistence; communication skills; ability to control other people; efficiency; developing other people; analytical ability; and compliance. For senior managers there are three key factors: i) proactive skills (which relate to the attributes of communication, control of others, efficiency, development of others and compliance); ii) personal effectiveness (flexibility, self-confidence and persistence); and iii) political skills (political skills and analytical ability).

A second type of competencies is distinctive competencies. Leonard-Barton (1992) defined distinctive competencies as sets of differentiated skills and routines that provide the bases for sustainable competitive advantage.

Global knowledge competencies are considered as a special type of distinctive competencies. In recent research on the role of global market knowledge competencies, Yeniyurt et al. (2005) concluded that the internationalization forces engender companies to develop a new set of competencies that would enable of better returns in the global marketplace. Related to this, global knowledge management competencies consist of global customer, competitor and supplier knowledge management, inter-functional coordination and value chain coordination. Because the openness of markets associated with internationalization has increased the speed, frequency and magnitude of access to worldwide markets, a new and more diverse set of competencies is needed (Wolf, 2000). Consequently, having a global orientation is a required competency for economic survival in a large number of industries.

3.1.6 Internationalization competencies and its measurement

As stated by Swierczek (2004) and Yeniyurt et al. (2005), firms need to develop new competencies to help them deal with internationalization. This new set of internationalization competencies includes strategic competencies, managerial competencies and global knowledge competencies. These competencies will influence the degree and success of internationalization of a firm (Fillis, 2001; Swierczek, 2004):

- Specifically, the strategic competencies pertain to the products or services offered by an organization that are superior in the global market place and result in competitive advantage of the firms going international (Croteau et al., 2004).
- One of the crucial requirements to be successful in the internationalization context is that the firm needs to carry out radical changes in its processes

and organizational structures. This is only possible on the basis of strong managerial competencies.

▪ Internationalization also requires the firms to master information of global competitors, customers and suppliers to help them clarify the target markets, products or services and strategies to enter the foreign markets. Therefore, global knowledge competencies are important.

In the research on firms' performance in international markets, Norvell et al. (1988) identified sets of strategic competencies as drivers of competitive advantage. These competencies of a company are measured by a focused approach to doing business, the ability to recognize technological opportunities and to capitalize on them.

In the research of Globex, Swierczek (2004) proposed that the managerial competencies could be measured by the organizational capabilities and manager's capabilities such as the capability on management of change and development of organization and human resources.

In order to measure the global knowledge competencies, Kohli and Jaworski (1990) defined market orientation as encompassing intelligence generation, intelligence dissemination and responsiveness. They analyzed the market orientation at the organizational level. Narver and Slater (1990) measured market orientation at a behavioral level and defined its dimensions as customer orientation, competitor orientation and inter-functional coordination. Yeniyurt et al. (2005) integrated these two distinct approaches in their framework by defining the market knowledge competencies with respect to the focus of the information process on customers, suppliers and competitors. Moreover, according to the organizational learning theory, the knowledge process has three steps: acquiring, interpreting and integrating information or intelligence (Huber, 1991; Sinkula, 1994).

Table 3.1 summarizes the measurements of internationalization competencies from various researchers.

Table 3.1: Measurement of internationalization competencies

Competence	Indicator	Operationalization	Researchers
1. Strategic or entre-preneurial compe-tencies	Focused approach of doing business	Knowledge, know-how, and skills is translated to distinctive capabilities	Norvell et al., 1988; Croteau & Taymond, 2004
2. Manage-ment or manage-rial com-petencies	Organizational ca-pability in terms of manager skills	Organizational structure	Iain S. Hen-derson (2005)
		Changes management	
		Organizational and human resources development	
3. Global knowl-edge compe-tencies	Market orientation (measured at the organizational lev-el)	Intelligence/information generation	Kohli & Ja-worski, 1990
		Intelligence/information dissemination	
		Intelligence/information responsiveness	
	Market orientation (measured at the behavioral level)	Customer orientation	Narver & Sla-ter, 1990
		Competitor orientation	
		Inter-functional coordina-tion	
	Knowledge process	Acquiring information	Huber, 1991; Sinkula, 1994
		Interpreting information	
		Integrating information	
	Information proc-ess on	Customers	Yeniyurt et al., 2005
		Suppliers	
		Competitors	

3.2   Internationalization strategy

This section reviews the definitions of strategy and internationalization strat-egy. The existent foreign entry modes and several internationalization models are also reviewed to find out the advantages and disadvantages of each model. Based on this result, a new internationalization model is proposed. The influ-ence of internationalization competencies on the internationalization strate-gies is also presented.

3.2.1 Term of strategy

Strategy is a unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprises are achieved through proper execution by the organization (Glueck & Janch, 1986). In other words, a strategy can refer as a comprehensive master plan stating how the firm will maximize its competitive advantages and minimize its competitive disadvantages to achieve the firm's missions and objectives.

According to Kühn and Grünig (2006), strategy can refer to both intended strategy and realized strategy. However, in reality, it rarely occurs that an intended strategy is completed as a realized strategy. An intended strategy is a long-term managerial guideline and guarantees the permanent accomplishment of the company' overriding goals and objectives. A realized strategy is the product of many different decisions taken individually without reference to strategic guidelines.

Strategy in this study is adopted the concept of intended strategy from Kühn and Grünig (2006). In the context of Asia, especially in Vietnam as well as in Thailand, most firms have not yet developed an intended strategy.

3.2.2 Term of internationalization strategy

With the current development trend in ASEAN, internationalization has become a significant issue and has attracted many strategic management, international business and entrepreneurship researchers. Historically, the discussion on internationalization has been influenced by authors such as David Ricardo (Sraffa, 1951) and Adam Smith (Sutherland, 1993). Viewing international trade as competitive resource allocation in an international context, Ricardo (Hollander, 1979) sought to explain the process of internationalization.

Internationalization is defined as the firm's process of developing international operations. According to Fillis (2001) internationalization is reasonably well-known but the development of internationalization is fairly immature in most countries. Internationalization is an outward strategic movement of an individual firm or larger corporation in cross-border operations (Johanson & Vahlne, 1977; Piercy, 1981). With the assumption that a firm lacks knowledge about foreign countries and has a propensity to avoid uncertainty, Johanson and Paul (1975) explained that the firm chooses export activities as the first step in internationalization. A firm starts exporting to neighboring coun-

tries or countries that are comparatively similar in business practices. Internationalization is a process in which the market-specific experiential knowledge is central (Eriksson et al., 1997; Johanson & Vahlne, 1990).

Internationalization through networking can be achieved by establishing and building relationships in new markets and by connecting to existing networks in other countries. As a result, internationalization is driven by the formation and exploitation of the firm's network relationships rather than through the existence of particular strategic advantages.

Developing a firm's international operations is considered as a continuous process of incremental adjustment to changing conditions in the firm and the environment (Yip et al., 2000). According to Kühn and Grünig (2006), when firms find their home markets stagnating and foreign competitor's forces increasing, they will need to develop a strategy for internationalization. Internationalization strategy is defined as plan to enter different foreign markets (Levi, 2006).

3.2.3   Foreign market entry modes and its relation with internationalization strategy

Numerous international business researchers (Root, 1987; Yip et al., 2000; Wheelen & Hunger, 2000; Levi, 2006) identified that the major entry modes include export, licensing, franchising, marketing alliances, joint venture, subsidiaries and other forms. **Table 3.2** explains the different entry modes.

The forms differ in the degree of control over foreign operation in the investment amount and risk. Depending on the business environment and a firm's capabilities, the firm must choose the best entry mode to enter a foreign market.

Table 3.2: Major foreign entry modes

Foreign entry mode	Definition
Exporting	refers to shipping products/services produced in the company' home country to other countries for marketing. This is a good way to minimize risk and experiment with a specific product.
Licensing	the licensing firm gives the right to another firm in the host country to produce and/or sell a product under a licensing agreement. This option is a useful strategy for the company that has a very well known trademark or famous brand name, but it does not have sufficient funds to enter foreign market directly.
Franchising	the franchiser gives the right to another company to open a retail store using franchiser's name and operating system under a franchising agreement.
Joint Ventures	companies form the joint ventures to combine the resources and expertise needed to develop new products or technologies. It is the most popular strategy used to enter a new country, especially to enter a country that restricts foreign ownership.
Acquisitions	purchasing another company already operating in a host country. It is a quick way to move in to foreign market.
Green field development	a company builds its own manufacturing plant and distribution system in the host country.
Production sharing	is the process of combining the higher labor skills and technology available in the developed countries with the lower cost labor available in developing countries.
Turnkey Operations	are the contracts for the construction of operating facilities in exchange for a fee. The facilities are transferred to the host country or firm when they are complete.
Build-Operate-Transfer concept	is a variation of Turnkey operation. Before transferring the completed facilities to the host country at a little or no cost, the company operates these facilities for a fixed period of time to earn back its investment, plus a profit.
Management contract	a company can use its personnel to assist a firm in a host country for a specified fee and period of time. The company can earn some income from its investment and keep the operations going until local management is trained.

(Source: Wheelen & Hunger, 2000)

When entering a new market, the entry mode is a central element of the market entry strategy. The relationship between internationalization strategy and mode of entry is exhibited in **Figure 3.3**.

Internationalization strategy
= strategies used to go international

Market entry strategy
= plan to enter a new market or a sub market

Mode of entry
= central element of the market entry strategy
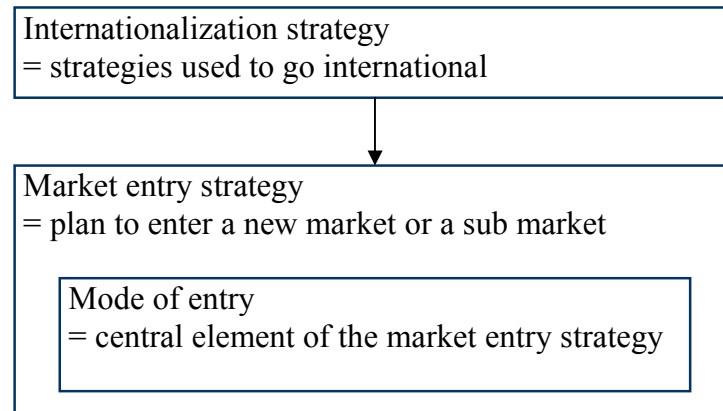
Figure 3.3: Relation between internationalization strategy and mode of entry (adopted from Levi, 2006)

3.2.4   Models of internationalization and entering a new market

There are various models of the internationalization process including Johanson and Vahlne (1977); Root (1987); Miller (1993); Yip, Biscarri & Monti (2000) and Kühn & Grünig (2006). This thesis reviews these five models.

Johanson and Vahlne (1977) considered the internationalization process as a continuous process that occurs when firm enters foreign markets. Usually, the firm develops their international operations in small steps that can be adjusted to changing conditions in the firm and in the environment. In their model, two logical steps that have feedbacks into each other (knowledge → commitment → knowledge) create a base for a firm to increase its international operations. Specifically, when a firm enters a foreign market, the firm must gather relevant knowledge then must make the decisions to commit more resources to this market. These decisions are conducted and the increased commitment enables the firm to continue gathering improved knowledge that drives the next commitment. The internationalization model of Johanson and Vahlne is exhibited in **Figure 3.4**. Their model is considered as a combination of systematic and emergent approaches. However, according to Yip and et al.(2000), this theory provided limited guidance for managers because it is quite general and abstract.

```
            ┌─────────────────┐
            │ Knowledge       │◄─────┐
            └────────┬────────┘      │
                     │               │
                     ▼               │
            ┌─────────────────┐      │
            │ Commitment      │      │
            │ decisions       │      │
            └────────┬────────┘      │
                     │               │
                     ▼               │
            ┌─────────────────┐      │
            │ Actual market   │      │
            │ commitment      │      │
            └────────┬────────┘      │
                     └───────────────┘
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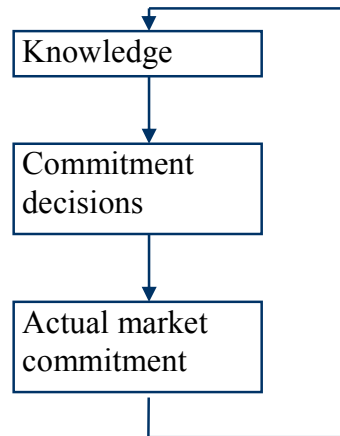
Figure 3.4: Model of internationalization process of Johanson and Vahlne (1977)

By contrast, Root's (1987) model is comprehensive and easy to understand. It proposes concrete steps that a company should follow when entering a foreign market. However, Root's model was developed based on the assumption that the company is ready to enter a foreign market. Therefore, it is more a model for entering one foreign market than model of internationalization (Yip et al., 2000). His model consists of five steps to enter a market as shown in **Figure 3.5**.

```
┌───────────────────────────────────┐     ┌──────────────────────────────────┐
│ Assess products and foreign market│     │                                  ▼
└─────────────────┬─────────────────┘     │  ┌────────────────────────────────┐
                  │                        │  │ Elaborate marketing plan       │
                  ▼                        │  └──────────────┬─────────────────┘
┌───────────────────────────────────┐     │                 │
│ Define goals and objectives       │     │                 ▼
└─────────────────┬─────────────────┘     │  ┌────────────────────────────────┐
                  │                        │  │ Carry out entry operations     │
                  ▼                        │  └────────────────────────────────┘
┌───────────────────────────────────┐     │
│ Define entry mode                 │      │
└─────────────────┬─────────────────┘      │
                  └────────────────────────┘
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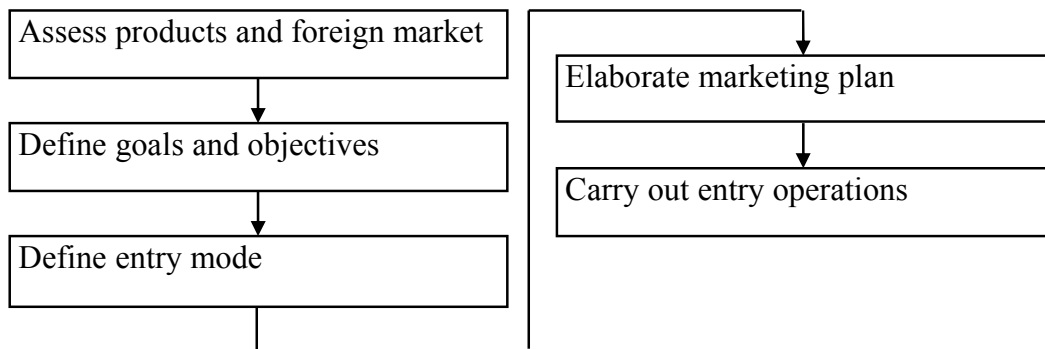
Figure 3.5: Model of internationalization process of Root (1987)

Compared to Root's (1987) model, Miller's (1993) model is even much more concrete and process-oriented. His model specifies ten steps including evaluation of a company's readiness for foreign entry, company analysis, reassessment of domestic business plan, global assessment of markets and competition, development of a foreign market entry plan, identification and selection of foreign partners, compliance with regulation, selection of service support providers in the home and the foreign market and establishment of physical presence in foreign markets (see **Figure 3.6)**. The first three steps are slightly redundant and Miller neglected to specify the key decision of foreign market

selection as a separate step. According to Yip et al. (2000), this decision could be integrated after the global assessment of markets and competition.

```
┌─────────────────────────┐                    ┌─────────────────────────┐
│ Evaluation of company's │                    │ Identification and      │
│ readiness for foreign   │                    │ selection of foreign    │
│ entry                   │                    │ partners                │
└───────────┬─────────────┘                    └───────────┬─────────────┘
            │                                               │
┌───────────▼─────────────┐                    ┌───────────▼─────────────┐
│ Company analysis        │                    │ Compliance with         │
│                         │                    │ regulations             │
└───────────┬─────────────┘                    └───────────┬─────────────┘
            │                                               │
┌───────────▼─────────────┐                    ┌───────────▼─────────────┐
│ Reassessment of domestic│                    │ Selection of service    │
│ business plan           │                    │ support provides in     │
│                         │                    │ both markets            │
└───────────┬─────────────┘                    └───────────┬─────────────┘
            │                                               │
┌───────────▼─────────────┐                    ┌───────────▼─────────────┐
│ Global assessment of    │                    │ Establishment of        │
│ markets and competition │                    │ physical presence in    │
│                         │                    │ foreign market          │
└───────────┬─────────────┘                    └─────────────────────────┘
            │
┌───────────▼─────────────┐
│ Development of foreign  │
│ entry program           │
└─────────────────────────┘
```
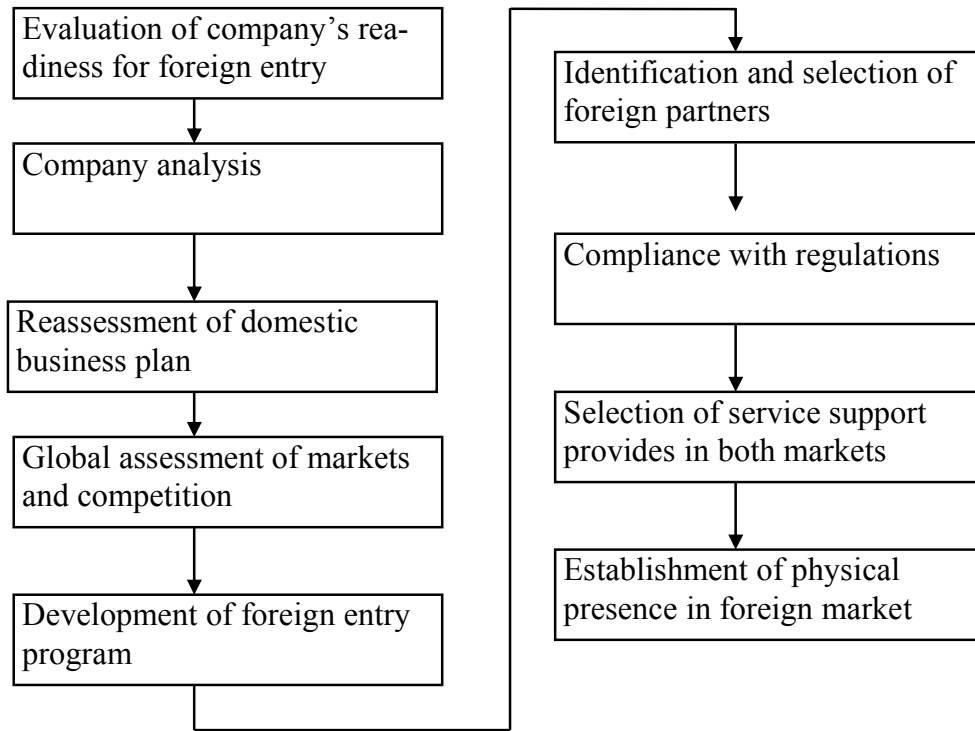
Figure 3.6: Internationalization model of Miller (1993)

The model of Yip, Biscarri and Monti (2000) resembled Miller's (1993) model. They divided the process into six consequential steps including motivation and strategic planning, market research, market selection, selection of entry mode, planning for contingencies & problems and post-entry strategic commitment as shown in **Figure 3.7**.

```
┌─────────────────────┐              ┌─────────────────────┐
│ Motivation and      │              │ Selection of entry  │
│ strategic planning  │              │ mode                │
└──────────┬──────────┘              └──────────┬──────────┘
           │                                    │
┌──────────▼──────────┐              ┌──────────▼──────────┐
│ Market research     │              │ Planning for        │
│                     │              │ contingencies and   │
│                     │              │ problems            │
└──────────┬──────────┘              └──────────┬──────────┘
           │                                    │
┌──────────▼──────────┐              ┌──────────▼──────────┐
│ Market selection    │              │ Post –entry         │
│                     │              │ strategic           │
│                     │              │ commitment          │
└─────────────────────┘              └─────────────────────┘
```
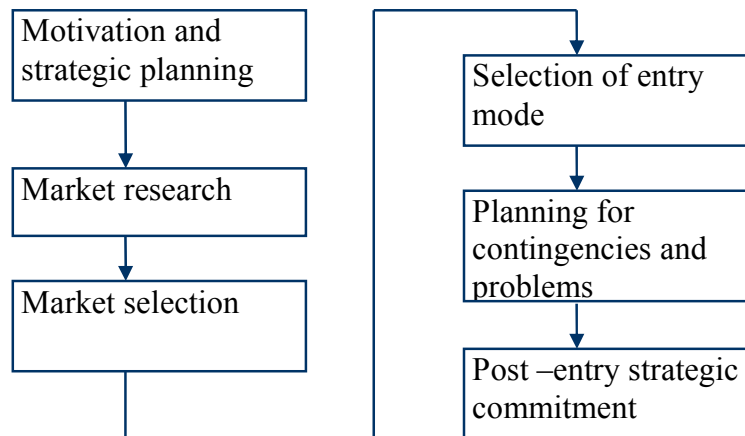
Figure 3.7: Model of internationalization process of Yip et al. (2000)

The internationalization process will be successful, if the first five steps are carried out thoroughly and the company commits strongly to the foreign market.

- Firstly, the company requires a motivation to go international and this initial motivation must influence all subsequent processes.
- When the firm has a motivation for internationalization, it starts conducting market research to find the right destination.
- When the firm has sufficient information of foreign markets, the firm will choose the final destinations.
- Then the firm must know how it should enter the chosen foreign markets and the major entry mode will be determined.
- The next step, planning for contingencies supports the firm to cope with the problems and uncertainties in the foreign markets.
- The last step, resources commitment, is a very crucial for the success of firm's internationalization strategy.

Following Yip et al., Kühn and Grünig (2006) developed a process of strategic planning in the case of internationalization or an internationalization process. The steps which must be followed are basically the same as in the standard process of strategic planning for the home market. However, in the context of internationalization, there are supplementary issues. Therefore, the standard steps have been sub-divided as indicated in **Figure 3.8**.

As a result, three steps which focus specifically on the particular issues are integrated (named I for Internationalization strategy). The outcome of these steps will be an essential base for the firm's international activities. In Step 1.I the countries to be analyzed are chosen. This is necessary because it is very expensive to study in detail a whole range of different country markets. The important thing is to find the most attractive foreign market. In Step 2.I, it is necessary to determine the foreign markets in which positions will be built up during the planning period. After determining the strategies for the foreign countries in Step 3B, the activities in the new countries have to be assessed in Step 5.I. In particular, it will be necessary to review thoroughly the possible risks and the financing of the strategic implementation programs.

Kühn and Grünig's model was developed based on the assumptions that the company is until now only active in its home market and that it has a number of product groups within the same industry. Their model will be simpler in case the company has only one product group and be more complicated if the company has product groups in different industry markets.
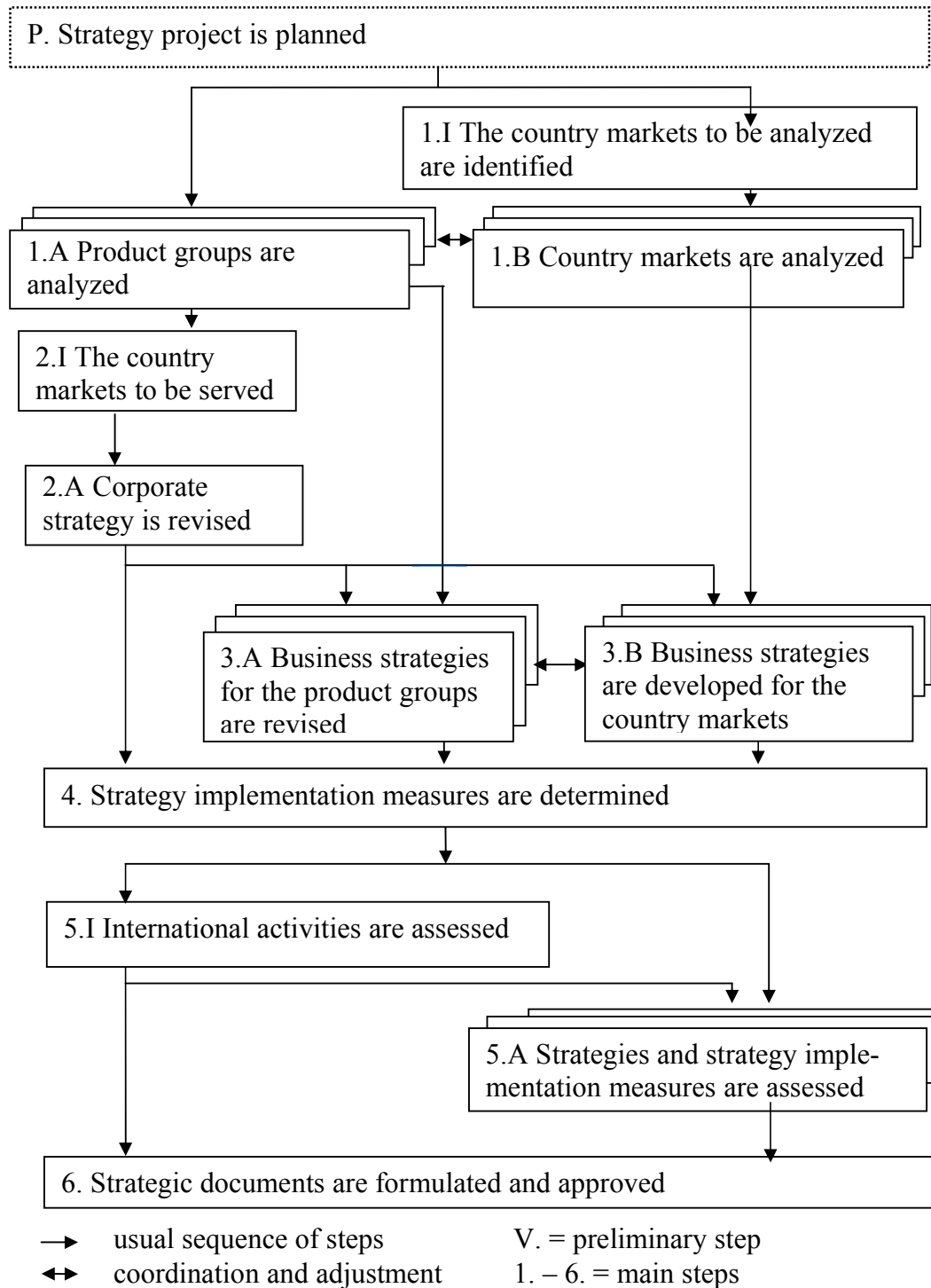
Figure 3.8: Internationalization model of Kühn and Grünig (2006)

Based on the review of previous models, a proposed internationalization process was developed by the researcher and is given in **Figure 3.9**. This proposed model adopted in this research was based on Yip et al.'s model and consists of six steps.
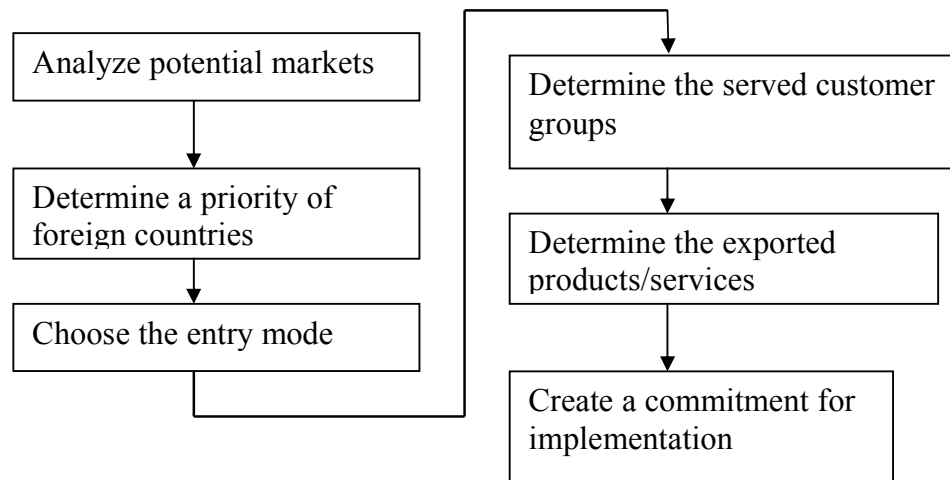
Figure 3.9: A proposed internationalization model

The first step of this process is the analysis of potential markets to identify the best markets to be focused on. The second step is that due to its constraints of resources, capabilities the competitive advantages, the firm needs to prioritize the foreign markets that it will choose. When the foreign countries are prioritized, the firm needs to choose an appropriate entry mode as a center of market entry strategy to enter the new foreign market. After determining the strategies for the foreign countries, the customer groups will be identified to be served. The next activity is the determination of the products or services to be provided. Afterwards, the firm's commitment for the implementation of internationalization activities is necessary to be created to ensure the firm's internationalization success.

3.2.5 Influence of internationalization competencies on internationalization strategy

The success of entering a new foreign market depends on the internationalization competencies possessed by the firm and the firm's internationalization strategy. Hill and Jones (2001) concluded that there was a positive relationship between core competencies and strategies. A firm needs to pursue both the strategies that build on its existing resources and capabilities and the strategies that develop new competencies. Fleury et al. (2003) confirmed that competency building process must be designed to support and improve the competitive strategy of the firm. The primary objective of strategy is to achieve competitive advantages. In the research on strategic direction and performance, Regan et al. (2004) stated that the internationalization competencies influenced the strategy.

Table 3.3 shows the influence of capabilities, resources and internationalization competencies on strategy.

Table 3.3: Studies about the influence of internationalization competencies on strategy

Author(s), Year of publication	Country of origin of the study	Topic	Method	Results
Fleury et Fleury, 2003	Brazil	Competitive strategies and core competencies: perspectives for the internationalization of industry in Brazil	Survey on SMEs, Large enterprises in all industry, n=490	Positive relationship between core competencies and strategies (operational excellence, product innovation, customer driven)
Regan & Ghobadian, 2004	UK	The importance of capabilities for strategic direction and performance	n=194 manufacturing SMEs, Cronbach' anpha, factor analysis	Competencies (generic organizational capabilities) were associated with both strategy and performance

In this research, the influence of internationalization competencies on internationalization strategy is investigated (see **Figure 3.10**).

Figure 3.10: The influence of internationalization competencies on internationalization strategy

3.3   Internationalization performance

The main objective of this section is to provide the concepts of the firm's performance and the firm's internationalization performance. The results of several research studies related to the influence of internationalization competencies and internationalization strategies on the firm's internationalization performance are also pointed out in this section.

3.3.1   Term of performance

Traditionally, the performance of a firm is measured by comparing standards at different times. There are four types of benchmarks to measure the performance such as internal (comparing within a firm), competitive (comparing performance or processes with competitors), functional (comparing similar processes within an industry) and generic (comparing with unrelated industries). According to the market perspective, the performance of a firm can be defined as the firm's achievement of its goals (valuebasedmanagement.net).

In this research, a firm's performance is defined as the accomplishment of the firm's business objectives. The indicators can be revenue, sales, profitability, return on assets, return on equity and return on investment and so on.

3.3.2   Term of internationalization performance

When extending the business operations into global markets, the firm needs to measure its performance or success in these foreign markets. The success of internationalization can be expressed through a ratio of the firm's export to its total sales and the number of country-markets served by the firm (Dhanaraj & Beamish, 2003). According to Hsu and Boggs (2003), the performance of a firm going international was also evaluated through the depth of internationalization (firm's foreign assets to its total assets or total employees in foreign locations to its total assets or employees) and the breadth of internationalization (the geographical dispersion of operations across countries).

In this research, the firm's internationalization success or performance is evaluated by several indicators including the growth rate of international business activities, the foreign sales volume, comparative market share and the accomplishment of company's objectives in the foreign sale in specific time period.

3.3.3 Influence of internationalization competencies on internationalization performance

Empirical research on different resources and capabilities has not yet reached maturity (Nummela, Sundqvist & Puumalainen, 2004). However, there are many studies showing a positive relation between core competencies and performance (Porter, 1991), and between competencies and international growth (Cavusgil & Zou, 1994; Kogut & Zander, 1993).

The influence of competencies on performance was well established and has been confirmed in various perspectives such as the resource-based, organizational learning theories, knowledge-based and the dynamic capabilities views (De Carolis, 2003). According to the Regan's study (2004) on small and medium manufacturing firms in the UK, competencies had a positive influence on overall performance including internationalization performance of their companies. In another study by Croteau et al. (2004), the strategic competencies including shared vision, cooperation, empowerment and innovation also had a positive relationship with firm's performance. The successful development of global knowledge competencies (global customer knowledge management process) had a positive impact on the firm's performance in globalization context (Yeniyurt et al., 2005).

Table 3.4 shows the significant results from major studies on the influence of internationalization competencies on internationalization performance.

3.3.4 The influence of internationalization strategy on internationalization performance

The relationship between internationalization strategy and internationalization performance has been discussed in many studies. In the research of Root (1987), Miller (1993) and Yip, Biscarri & Monti (2000), the internationalization performance was defined as firm's international success that was affected by firm's internationalization strategy. The positive impact of export strategy and overall performance was confirmed by Dhanaraj et al. (2003). However, the exact type of relationship between the internationalization strategies and internationalization performance is still in critical debate. Ruigrok et al. (2003) confirmed that the internationalization process and performance relationship is a standard-U form through applying three statistical techniques of ANOVA, classical multiple regression and pooled time-series and cross-sectional regression. Additionally, Hsu et al. (2003) indicated that therelationship between internationalization and performance have been found to be

mixed, monotonic and curvilinear. In the recent study of the influence of internationalization on time-based competition, the results of multiple regression analysis indicated a strong positive relationship among internationalization strategies and firm's performance (Dibrell et al., 2005).

Table 3.4: Studies about the influence of internationalization competencies on internationalization performance

Author(s), Year of publication	Country of origin of the study	Topic	Method	Results
Cavusgil & Zou, 1994	US	Marketing strategy – performance relationship and the empirical link in export ventures	Exploratory factor analysis, n=202 export venture cases from 79 firms across 16 industries	Positive relationship between global knowledge competencies (expertise) and performance
Regan & Ghobadian, 2004	UK	The importance of capabilities for strategic direction and performance	n=194 manufacturing SMEs, Cronbach' alpha, factor analysis	Competencies (generic organizational capabilities) were associated with both strategy and performance
Croteau & Taymond, 2004	Canada	Performance outcomes of strategic and IT competencies alignment	Structural equation modeling, confirmatory factor analysis, n=104	Significant influence of strategic competencies and business performance
Nummela, Saarnketo & Puumalainen, 2004	Finland	A global mindset – a prerequisite for successful internationalization	n= 123 SMEs in ICT field, regression analysis	Positive relationship between core competencies (global mind set) with performance

The analysis of the relationship between internationalization strategy and internationalization performance of some significant studies are presented in **Table 3.5**.

Table 3.5: Studies about the influence of internationalization strategy on internationalization performance

Author(s), Year of publication	Country	Topic	Method	Results
Yip, Biscarri & Monti, 2000	US	The role of the internationalization process in the performance of newly internationalization firms	n=68 recently internationalization firms, structural equation model	The more systematical approach, the better the performance
Dhanaraj& Beamish, 2003	US and Canada	A resource-based approach to the study of export performance	Empirical data from n= 70 and n =80 Medium sized exporters in US and Canada respectively, LISREL	Positive relationship between internationalization strategy and export performance
Ruigrok& Wagner, 2003	Germany	International and performance: an organizational learning perspective	ANOVA, classical multiple regression and cross-sectional and longitudinal statistical analysis, n=84 German manufacturing from1993-1997	A standard U form of the internationalization and performance relationship was found through statistical techniques applied.
Hsu & Boggs, 2003	US	International and performance: Traditional measures and their decomposition	Ordinary Least Squares multiple regression, n=118 from Hoover's 750 Major Public Company 1996-1998	Mix shaped relationship between internationalization and performance, such as the relationship between internationalization and ROE, ROA, total asset turnover was inverted U shaped, the relationship between internationalization and profit margin was linear

3.4 Country influence on internationalization competencies, internationalization strategy and internationalization performance

The influence of the country's or environmental factors on the business activities of a firm has been studied by many researchers. Stopford (2001) confirmed that the degree and complexity of the current changing environment was driving firms to seek new ways of conducting business. Luo (1999) found support for the moderating effects of environment on the strategy – performance relationship of small businesses in China. However, the application of this contingent performance model to foreign market entry is not well developed (Rasheed, 2005). Hill, Hwang and Kim (1990) also suggested that the choices of foreign entry mode were determined by environmental variables. According to Kuivalainen, Sundqvist and Puumalainen (2004), environmental change was a better control variable of international performance in knowledge intensive firm than in traditional industrial enterprises. Additionally, more and more firms are becoming international, often in an increasingly competitive environment. There is a growing need to identify external factors that influence firm's internationalization competencies, internationalization strategy and internationalization performance.

3.4.1 Foreign countries' influence on domestic competencies

Internationalization creates many challenges for the companies going to international in terms of resources, assets, capabilities and competencies from the home country to the foreign markets. The external factors in a foreign market including market factors, cost sensitivity, governmental influences and competitive considerations force firms to develop a set of competencies that will enable the value creation for the global customers (Yip, 1992). When entering a foreign market, the firm has to develop new competencies to fit with the changing external environment of this new foreign market (Toni et al, 2003). According to Ruigrok et al. (2003), when firms went more international, they faced an increasing imbalance between external environments and its domestic competencies. The pressures of internationalization in terms of cost, competition and country risk caused radical changes in firm's domestic competencies such as knowledge of global customers, competitors, suppliers, international mindset or the management's commitment on sharing resources, capabilities, processes and organizational structures and so on that would help them to get a better returns in the new international market (Yeniyurt et al., 2005). The results of the influence of foreign country on domestic competencies related to internationalization are depicted in **Table 3.6**.

Table 3.6: Study about the influence of foreign countries on a firm's domestic competencies

Author(s), Year of publication	Country of the origin of the study	Topic	Method	Results
Ruigrok & Wagner, 2003	Germany	International and performance: an organizational learning perspective	ANOVA, classical multiple regression and cross-sectional and longitudinal statistical analysis, n=84 German manufacturing from1993-1997	Positive influence of country on the managerial competencies (organizational structure, team management)

3.4.2   Country influence on internationalization strategy

Many studies have focused on the influence of country environment to the international strategy. Lu and Beamish (2001) confirmed that environmental factors in a firm's home market as well as obstacles or opportunities in its overseas markets could affect its international expansion. Most of previous studies about the effects of the environments on a firm's internationalization strategy have focused on exporting. In international market diversification, institutional arrangements with firms of different national origin involve complex factors such as host country risks and host government policies, which complicate the structural, transactional, and resource dynamics of transactional activities. Firms entering new foreign markets choose from a variety of different forms of entry, ranging from licensing and franchising, through exporting (directly or through independent channels) to foreign direct investment (FDI) (joint ventures, acquisitions, mergers and wholly owned new ventures).

Additionally, the degree and complexity of the current environment require firms to seek a new way of conducting business to create wealth (Stopford, 2001). The internationalization process has created significant impacts on the world economy and has become the most strategic concern for firms in the 1990s. A number of international business studies have shown that the country- oriented factors included country environment (culture, value, economic, institution, legal and social system), corporate governance system (structure of finance systems, roles of banks, financial regulation, the ownership and

control of firms) and national comparative advantage influence the behaviors and strategies of all firms.

The differences in the types of strategies pursued by firms from different countries are determined by the differences in national value system regarding to how employees perceive and react to the power, uncertainty, collectivism and gender relation (Hofstede, 1980, 1985; Porter, 1990). The cultural factor has been understood as an important impact on a firm's choice of partners in joint ventures (Barkema & Vemeulen, 1997; Shan & Hamilton, 1991), choice of foreign entry mode and ownership patterns (Erramilli, 1993; Kogut & Singh, 1988). In the research on the factors influencing market and entry mode selection, Koch (2001) found that the characteristics of the country business environment have a positive impact on the market entry mode selection or internationalization strategy. According to international trade theories, the impact of country factors varies from industry to industry, so that the economic structures of countries tend to differ as countries specialize in industries that are best suited to their national contexts (Hawawini et al., 2004). **Table 3.7** identifies some positive relationships between country factors to the internationalization strategies of a firm.

Table 3.7: Study about the influence of country on internationalization strategy

Author(s), Year of publication	Country of the origin of the study	Topic	Method	Results
Lu et Beamish, 2001	Japan	Internationalization and performance of SMEs	Ordinary Least Squares multiple regression, n=164 SMEs in 19 different industries	The environmental factors in a firm's home market and its overseas markets could affect its international expansion.

3.4.3 Country influence on internationalization performance

Most studies have focused on firms within a single country. Therefore, it was not possible to measure the country influence on the internationalization performance. Dhanaraj and Beamish (2003) investigated the country influence on export performance and concluded that there was a difference between the export performance of firms in the US and Canada. Hawawini et al. (2004) found that the home country affected a firm's internationalization perform-

ance relatively less than the firm-specific factors do. Rasheed (2005) concluded when the foreign market entry mode is aligned strategically with domestic and foreign environment factors performance is higher. The results indicate that firms will have a higher rate of international revenue growth using export as foreign market entry mode in growing domestic environments.

The influence of country environment on a firm's performance is shown in **Table 3.8**.

Table 3.8: Studies about the influence of country on internationalization performance

Author(s), Year of publication	Country of the origin of the study	Topic	Sample and Method	Results
Dhanaraj & Beamish, 2003	US and Canada	A resource-based approach to the study of export performance	Empirical data from n= 70 and n =80 Medium sized exporters in US and Canada respectively, LISREL	There was a difference between the export performance of firms in the US and Canada
Hawawini, Subramanian & Verdin, 2004	US, UK Germany, Netherlands, Belgium, Benelux	The home country in the age of globalization: how much does it matter for firm performance	ANOVA, n=1000 (US), n=500 (UK), n=200 (Germany), n = 150 (Benelux)	Home country affected a firm's internationalization performance relatively less than its specific factors did
Rasheed, 2005	US	Foreign entry mode and performance: the moderating effects of environment	Multiple regression analysis, n=123 public held manufacturing SMEs	Domestic and foreign environmental factors positively influenced firm's internationalization performance

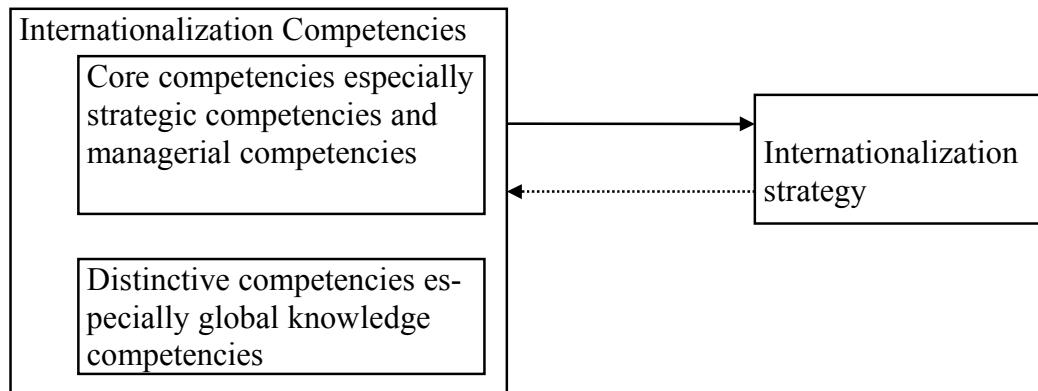## 3.5 Industry influence on internationalization competencies, internationalization strategy and internationalization performance

The industrial organization view based on the structure-conduct-performance paradigm (Bain, 1956) argues that industry structure is the primary determi-

nant of firm performance and firm strategy and resources have to be considered related to the structure forces of industry (Porter, 1980). The industry structure in which the firm operates may have a significant effect on the international operations of a new venture (Walter & Samiee, 1990; Oviatt &Mc. Dougall, 1994). Firms are either becoming international themselves or finding international competition in their home markets.

3.5.1   Industry influence on internationalization competencies

According to King and Zeithaml (2001), the type of industry had an influence on the competencies of a firm. Rapidly changing environment leads to major changes in each industry. As a result, firms within each industry share enough similarities that all participants within the industry could evaluate an identified set of competencies. In the research on the role of global market knowledge competencies, Yeniyurt et al. (2005) indicated that the strength of the globalization drivers of the industry has a positive impact on the development of internationalization competencies (global knowledge competencies). **Table 3.9** shows some significant results on the influence of industry on internationalization competencies.

Table 3.9: Study about the influence of industry on internationalization competencies

Author(s), Year of publication	Country of the origin of the study	Topic	Sample and Method	Results
King & Zeithaml, 2001	US	Competencies and firm performance: examining the causal ambiguity paradox	Interviewing 17 organizations from textiles and hospitals	There were different competencies between textiles (37 different competencies) and hospital (30 different competencies) industry

3.5.2   Industry influence on internationalization strategy

According to the industrial organization view, one of the significant factors relating to the firm strategy is the structure of the industry. Kogut et al. (1998) found that the industry had a significant impact on the selection of interna-

tionalization strategy (mode of entry). In their research on the effect of national culture on the choice of entry modes of 228 entries in the United States markets, there was a clear difference between industries in the entry modes. Joint-ventures were more frequent in the chemicals/pharmaceuticals and electric industries and acquisition was primary in natural sources, financial services and miscellaneous manufacturing industries. Chemical and electrical machinery are significant attractive industries for the green field investments. This shows that the characteristics of an industry affect the selection of firm international strategy. The type of industry is also specified as one of three factors that influence the internationalization strategies (Fillis, 2001). Additionally, the characteristics of an industry are considered as a contextual factor that has a significant impact on the firm's internationalization decision (Ali, 2004). In the research on internationalization of manufacturing SMEs in the USA, Rasheed (2005) indicated that the domestic industry dynamism influenced the selection of foreign entry. Some significant effects of industry to internationalization strategies are identified in **Table 3.10**.

3.5.3   Industry influence on internationalization performance

Several studies have modeled the determinants of firm performance (Rumelt, 1991; McGahan & Porter, 1997; Hawawini et al., 2003). The evidence was primarily based on US data sets and has not been tested across countries. This relates to a debate on the relative importance of industry and firm for performance.

According to the market-based view, the industry structure has an influence on a firm's performance at two levels. The structural analysis of industries explains the competitive intensity and the average rate of return of an industry in comparison to the average rate of return across all industries. The industrial organization economic model considers that a firm's performance is related to the structure of the industry environment (Ryman & Douglas, 2003).

Table 3.10: Studies about the influence of industry on internationalization strategy

Author(s) Year of publication	Country of the origin of the study	Topic	Method	Results
Kogut, Singh, 1998	US	The effect of national culture on the choice of entry mode	Survey, n= 228 entries to US market, T-test statistics	Significant influence of industry on the internationalization strategy
Ali, 2004	Australia	Impact of firm and management related factors on firm export performance	Empirical study, n=67 mid-sized food exporters	The characteristics of an industry were considered as a contextual factor that has a significant impact on the firm's internationalization decision
Rasheed, 2005	US	Foreign entry mode and performance: the moderating effects of environment	Multiple regression analysis, n=123 public held manufacturing SMEs	Domestic Industry dymamic positively influenced the selection of foreign entry

Table 3.11 shows some significant results of the influence of industry on internationalization performance.

Table 3.11: Studies about the influence of industry on internationalization performance

Author(s), Year of publication	Country of the origin of the study	Topic	Sample and Method	Results
Hawawini, Subramanian & Verdin, 2003	US	Is performance driven by industry and firm-specific factor? A new look at the evidence	ANOVA, data set from 1000 listed firms for periods 1987 - 1996	The industry effect turned out to be more important for performance than firm- specific factors.
Ryman & Douglas, 2003	US	Understanding competitive advantage in the general hospital industry: evaluating strategic competencies	Metropolitan Statistical Area, n=32 largest hospital markets	Positive relationship between hospital's strategic competencies and hospital's cash flow (performance)

3.6   Research model

Based on the objectives of the study and the literature analysis summarized in section 3.1 to 3.5 the research framework is developed. It is illustrated in **Figure 3.11**.

As indicated in the framework, the relationship of internationalization competencies on internationalization strategy and internationalization performance as well as the influence of internationalization strategy on internationalization performance is measured directly. The influences of the home country and the industry on the other three variables are measured indirectly by comparing Thailand and Vietnam and by comparing the Textiles and Garment industry with the Electronics and Computer parts industry.

3.7   Hypotheses and Comparisons

Based on the literature review and the proposed research model, the following hypotheses are developed.

Figure 3.11: Research model

3.7.1 Hypotheses about relationships between internationalization competencies, internationalization strategy and internationalization performance

The relationship between core competencies and strategies has attracted many researchers. Hill and Jones (2001) analyzed case studies of major companies in US such as Walt Disney, 3M, Honda, Xerox, etc.. They found the core competencies and strategy had a positive link. The same result was also confirmed by Fleury et al. (2003) in their research on SMEs and large companies in all industry in Brazil. The positive relationship between competencies and strategy of small and medium size firms in the manufacturing sector in the UK was confirmed by Regan and Ghobadian (2004). Because no research on

internationalization competencies and internationalization strategy has been conducted, the following hypothesis will be examined.

> *Hypothesis 1: There is a positive influence of internationalization competencies on internationalization strategy.*

As discussed in Section 3.13, internationalization competencies include the global knowledge competencies, the strategic competencies and the managerial competencies. Therefore, the Hypothesis 1 is stated out in details as follows:

> *Hypothesis 1.1: There is a positive influence of the global knowledge competencies on internationalization strategy.*
>
> *Hypothesis 1.2: There is a positive influence of the strategic competencies on internationalization strategy.*
>
> *Hypothesis 1.3: There is a positive influence of the managerial competencies on internationalization strategy.*

The development of competencies in firms has been shown to have a positive effect on the various facets of performance (Lyles & Salk, 1996). Although empirical research on the difference between resources and capabilities has not yet reached consensus, there were many studies showing a positive relation between core competencies (knowledge and expertise in different functional competencies) and international growth (Cavusgil & Zou, 1994; Kogut & Zander, 1993). Recently, the relationship between internationalization competencies and internationalization strategies in the context of internationalization was tested in the US, UK, Canada and Finland by Cavusgil et al. (1994), Regan et al. (2004), Nummela et al. (2004) and Yeniyurt et al. (2005). The development of competencies on a global customer knowledge management process also had a positive impact on the performance of the company (Kohli & Jaworski, 1990; Narver & Slater, 1990). As a result, the next hypothesis is given:

> *Hypothesis 2: The internationalization competencies have a positive influence on internationalization performance.*

The hypothesis 2 can be specified into three following hypotheses:

> *Hypothesis 2.1: There is a positive influence of the global knowledge competencies on internationalization performance.*

Hypothesis 2.2: There is a positive influence of the strategic competencies on internationalization performance.

Hypothesis 2.3: There is a positive influence of the managerial competencies on internationalization performance.

Most empirical studies focused on the relationships between firm's degree of internationalization and its performance (Barney, 1991; Chandler and Hanks, 1994; Wernerfelt, 1984 and Grant, 1987). While most recent findings indicated that the link between internationalization strategy and performance might exhibit a non-linear form, some researchers disagreed on the exact shape of the empirical curve (Ruigrok & Wagner, 2003). Some others proposed that internationalization and performance have been mixed, both monotonic and curvilinear relationships (Hsu & Boggs, 2003). The influence of internationalization strategy on performance has been investigated in the US, Canada, Germany, Sweden and Switzerland. The following hypothesis is proposed to be tested in the context of Thailand and Vietnam:

Hypothesis 3: The firms' internationalization strategy influences positively internationalization performance.

3.7.2   Comparisons of internationalization competencies, internationalization strategy and internationalization performance between Thai and Vietnamese companies

As discussed in Section 3.4, the country had positive impacts on the internationalization competencies, strategy and performance of a firm (Luo, 1999; Stopford, 2001 and Rasheed, 2005). The differences in internationalization competencies, internationalization strategy and internationalization performance between T&G and E&C enterprises in Vietnam and Thailand are examined in this research. Therefore, the following hypotheses are developed:

Comparison 4: There are significant differences in internationalization competencies, internationalization strategy and internationalization performance between T&G companies in Vietnam and Thailand

Comparison 5: There are significant differences in internationalization competencies, internationalization strategy and internationalization performance between E&C companies in Vietnam and Thailand

The influence of the country on the firm's capabilities or competencies has been studied by many researchers. The resource-based view argued that the environment is a key driver for firm's competitive advantages. Moreover, the

competencies and resources controlled by the parent firm in the home country can influence how firms attempt to enter and compete in foreign markets (Thomas et al., 1999). In the research on international performance of 84 German manufacturing companies, Ruigrok et al. (2003) confirmed the positive influence of country on the managerial competencies. Through using secondary data, Toni et al. (2003) and Yeniyurt et al. (2005) also emphasized the significant influence of county on internationalization competencies. However, there is a major gap in literature on the influence of foreign countries on a firm's domestic competencies in South East Asia. This study assumes that there are differences in environment, internationalization competencies between two countries, Thailand and Vietnam. Based on this, the following comparisons are formulated:

> *Comparison 4.1: There are significant differences in internationalization competencies between Thai textiles and garment and Vietnamese textiles and garment companies.*

> *Comparison 5.1: There are significant differences in internationalization competencies between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.*

According to the internationalization competencies, the Comparison 4.1 and 5.1 are specified as follows:

> *Comparison 4.1.1: There are significant differences in global knowledge competencies between Thai textiles and garment and Vietnamese textiles and garment companies.*

> *Comparison 4.1.2: There are significant differences in strategic competencies between Thai textiles and garment and Vietnamese textiles and garment companies*

> *Comparison 4.1.3: There are significant differences in managerial competencies between Thai textiles and garment and Vietnamese textiles and garment companies*

> *Comparison 5.1.1: There are significant differences in global knowledge competencies between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.*

> *Comparison 5.1.2: There are significant differences in strategic competencies between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.*

Comparison 5.1.3: There are significant differences in managerial competencies between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.

Hill, Hwang and Kim (1990) suggested that the choice of foreign entry mode was based on environmental variables. The important influence of country business environment on internationalization strategy was also confirmed by Koch (2001) and Beamish et al. (2001) in their studies of 164 Japanese SMEs going international. No comparative study on the internationalization strategy of firm going international in Thailand and Vietnam has been carried out. Therefore, the following comparisons are stated:

Comparison 4.2: There are significant differences in internationalization strategy between Thai textiles and garment and Vietnamese textiles and garment companies.

Comparison 5.2: There are significant differences in internationalization strategy between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.

Research on the impact of country factors on the firm performance in the context of internationalization has been conducted (Dhanaja et al., 2003; Hawawini et al., 2004; Kuivalainen et al., 2004 and Rasheed 2005). The results showed the effects of the country on the firm's performance. However, these studies were carried out in the US, Canada and Europe only. There has been no research on this issue in Thailand and Vietnam. Therefore, the next comparisons are considered:

Comparison 4.3: There are significant differences in internationalization performance between Thai textiles and garment and Vietnamese textiles and garment companies.

Comparison 5.3: There are significant differences in internationalization performance between Thai electronics and computer parts and Vietnamese electronics and computer parts companies.

3.7.3 Comparisons of internationalization competencies, internationalization strategy and internationalization performance between T&G and E&C companies

Firms are more successful if they achieve a "fit" or balance between the internal and environment (Volberda, 1996; Ruigrok, 2003 and Wagner, 2003). Textiles and garment companies and electronics and computer parts compa-

nies operate in different industry environments in terms of technology level, labor skills and management styles. These differences can create a variety in competencies, internationalization strategy and internationalization performance. As a result, the following comparisons are depicted:

> *Comparison 6: There are significant differences in internationalization competencies, internationalization strategy and internationalization performance between textiles and garment companies and electronics and computer parts companies in Thailand*

> *Comparison 7: There are significant differences in internationalization competencies, internationalization strategy and internationalization performance between textiles and garment companies and electronics and computer parts companies in Vietnam*

The influence of industry on the firm's competencies was revealed by King et al. (2001) in their research of 17 organizations from textiles and hospitals in the US. The positive impact of industry on competencies is also indicated in the research of Yeniyurt et al. (2005). There is a major gap in the research on the influence of industry on firm's competencies in the context of internationalization in Thailand and Vietnam. As a result, the following comparisons are stated:

> *Comparison 6.1: There are significant differences in internationalization competencies between textiles and garment companies and electronics and computer parts companies in Thailand*

> *Comparison 7.1: There are significant differences in internationalization competencies between textiles and garment companies and electronics and computer parts companies in Vietnam*

The above comparisons can be specified in detail according to the internationalization competencies

> *Comparison 6.1.1: There are significant differences in global knowledge competencies between textiles and garment companies and electronics and computer parts companies in Thailand*

> *Comparison 6.1.2: There are significant differences in strategic competencies between textiles and garment companies and electronics and computer parts companies in Thailand*

Comparison 6.1.3: There are significant differences in managerial competencies between textiles and garment companies and electronics and computer parts companies in Thailand

Comparison 7.1.1: There are significant differences in global knowledge competencies between textiles and garment companies and electronics and computer parts companies in Vietnam

Comparison 7.1.2: There are significant differences in strategic competencies between textiles and garment companies and electronics and computer parts companies in Vietnam

Comparison 7.1.3: There are significant differences in managerial competencies between textiles and garment companies and electronics and computer parts companies in Vietnam

The influence of the firm's industry environment and internationalization strategy has been well researched (Kogut, 1988; Fillis, 2001; Koch, 2001; Ali, 2004 and Rasheed, 2005). Most of the studies was on the US, UK and Australia. There is no research on this issue that has been done in Thailand and Vietnam. Therefore, the following comparisons are proposed to make a comparison between textiles and garment companies and electronics and computer parts companies.

Comparison 6.2: There are significant differences in internationalization strategy between textiles and garment companies and electronics and computer parts companies in Thailand.

Comparison 7.2: There are significant differences in internationalization strategy between textiles and garment companies and electronics and computer parts companies in Vietnam.

Little research on the influence of industry on firm's internationalization performance has been conducted so far. However, similar to the country influence, the author wants to investigate this relation. Therefore, the next comparisons are formulated:

Comparison 6.3: There are significant differences in internationalization performance between textiles and garment companies and electronics and computer parts companies in Thailand.

Comparison 7.3: There are significant differences in internationalization performance between textiles and garment companies and electronics and computer parts companies in Vietnam.

3.7.4 Hypothesis of the influence of industry on the firm's internationalization performance

The influence of industry on the firm's internationalization performance was studied by Rumelt (1991), McGahan & Pocter (1997), Hawawini et al. (2003) and Ryman (2003). However, this research focuses on the influence of high tech and low tech industry on the internationalization performance of the firms in Vietnam and Thailand. Therefore, the following hypothesis is provided.

Hypothesis 8: There are significant influences of industry on the internationalization performance of a firm.

3.7.5 Hypothesis of the influence country on the firm's internationalization performance

As discussed in Section 3.4.3, the influence of country on the firm's internationalization performance has been studied by several researchers such as Dhanaray & Beamish (2003), Hawawini et al. (2004) and Rasheed (2005). The influence of Thailand and Vietnam environment on the firm's internationalization performance has not been studied yet. As a result, the next hypothesis is given:

Hypothesis 9: There are significant influences of country on the internationalization performance of a firm.

3.7.6 Summary of hypotheses and comparisons

Summary of hypotheses of this study is presented in **Table 3.12**, **Table 3.13**, **Table 3.14** and **Table 3.15**.

Table 3.12 provides a summary the hypotheses on the dependencies between internationalization competencies, internationalization strategy and internationalization performance of this research.
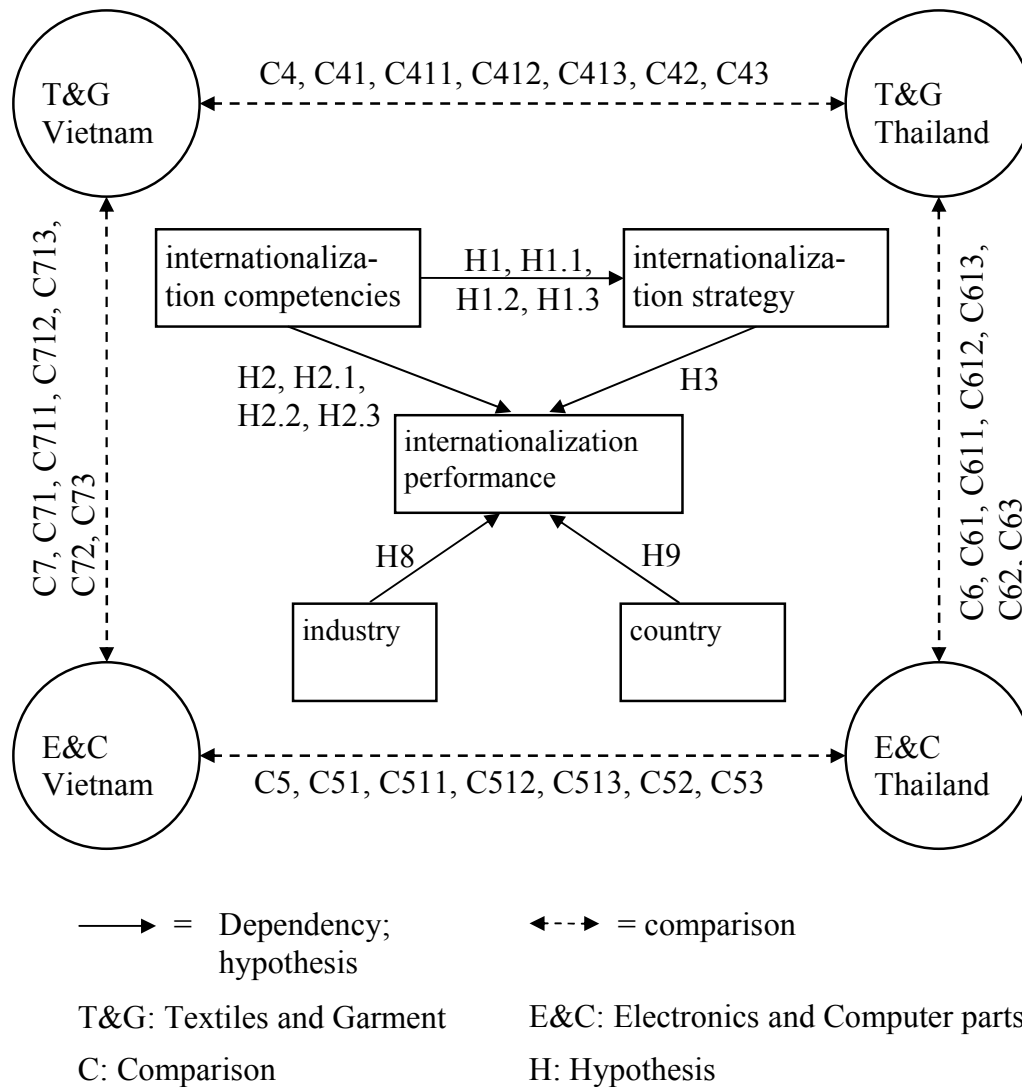
Table 3.12: Summary of hypotheses on the relationships between the internationalization competencies, internationalization strategy and internationalization performance

Relationships	Hypothesis
Between internationalization competencies and internationalization strategy	1: There is a positive influence of internationalization competencies on internationalization strategy
	1.1: There is a positive influence of global knowledge competencies on internationalization strategy
	1.2: There is a positive influence of strategic competencies on internationalization strategy
	1.3: There is a positive influence of managerial competencies on internationalization strategy
Between internationalization competencies and internationalization performance	2: The internationalization competencies have a positive influence on internationalization performance
	2.1: The global knowledge competencies have a positive influence on internationalization performance
	2.2: The strategic competencies have a positive influence on internationalization performance
	2.3: The managerial competencies have a positive influence on internationalization performance
Between internationalization strategy and internationalization performance	3: The internationalization strategy influences significantly and positively on international performance

Comparisons of the differences in the internationalization competencies, internationalization strategy and internationalization performance between Thai and Vietnamese companies are shown in **Table 3.13**.

Table 3.14 gives comparisons of the differences in internationalization competencies, internationalization strategy and internationalization performance between the T&G and E&C industries.

Table 3.13: Summary of comparisons of the differences in internationalization competencies, internationalization strategy and internationalization performance between Thai and Vietnamese companies

Influences	Comparisons
Of country on internationaliza-tion competen-cies, internation-alization strategy and internation-alization per-formance	C4: There are significant differences in internationalization competencies, internationalization strategy and internationali-zation performance between T&G industries in Vietnam and Thailand
	C4.1: There are significant differences in internationalization competencies between T&G industries in Vietnam and Thai-land
	C4.1.1: There are significant differences in GBKC between T&G industries in Vietnam and Thailand
	C4.1.2: There are significant differences in SC between T&G industries in Vietnam and Thailand
	C4.1.3: There are significant differences in MC between T&G industries in Vietnam and Thailand
	C4.2: There are significant differences in internationalization strategy between T&G industries in Vietnam and Thailand
	C4.3: There are significant differences in internationalization performance between T&G industries in Vietnam and Thai-land
	C5: There are significant differences in internationalization competencies, internationalization strategy and internationali-zation performance between E&C industries in Thailand and Vietnam
	C5.1: There are significant differences in internationalization competencies between E&C industries in Thailand and Viet-nam
	C5.1.1: There are significant differences in GBKC between E&C industries in Thailand and Vietnam
	C5.1.2: There are significant differences in SC between E&C industries in Thailand and Vietnam
	C5.1.3: There are significant differences in MC between T&G industries in Thailand and Vietnam
	C5.2: There are significant differences in internationalization strategy between E&C industries in Thailand and Vietnam
	C5.3: There are significant differences in internationalization performance between E&C industries in Thailand and Viet-nam

Table 3.14: Summary of comparisons of the differences in internationalization competencies, internationalization strategy and internationalization performance between the T&G and E&C industries

Influences	Comparisons
Of industry on internationaliza-tion competen-cies, internation-alization strategy and internation-alization per-formance	C6: There are significant differences in internationalization competencies, internationalization strategy and internationali-zation performance between T&G and E&C companies in Thailand
	C6.1: There are significant differences in internationalization competencies between T&G and E&C companies in Thailand
	C6.1.1: There are significant differences in GBKC between T&G and E&C companies in Thailand
	C6.1.2: There are significant differences in SC between T&G and E&C companies in Thailand
	C6.1.3: There are significant differences in MC between T&G and E&C companies in Thailand
	C6.2: There are significant differences in internationalization strategy between T&G and E&C companies in Thailand
	C6.3: There are significant differences in internationalization performance between T&G and E&C companies in Thailand
	C7: There are significant differences in internationalization competencies, internationalization strategy and internationali-zation performance between T&G and E&C companies in Vietnam
	C7.1: There are significant differences in internationalization competency between T&G and E&C companies in Vietnam
	C7.1.1: There are significant differences in GBKC between T&G and E&C companies in Vietnam
	C7.1.2: There are significant differences in SC between T&G and E&C companies in Vietnam
	C7.1.3: There are significant differences in MC between T&G and E&C companies in Vietnam
	C7.2: There are significant differences in internationalization strategy between T&G and E&C companies in Vietnam
	C7.3: There are significant differences in internationalization performance between T&G and E&C companies in Vietnam

Hypotheses on the influence of industry and country on internationalization performance between Thai and Vietnamese companies in the T&G and E&C industries are summarized in **Table 3.15**.

Table 3.15: Hypotheses on the influence of industry and country on internationalization performance between Thai and Vietnamese companies in the T&G and E&C industries

Relationships	Hypothesis
The influence of industry on internationalization performance	Hypothesis 8: There are significant influences of industry on internationalization performance
The influence of country on internationalization performance	Hypothesis 9: There are significant influences of country on internationalization performance

3.8 Measurement of internationalization competencies, internationalization strategy and internationalization performance

The dependent and independent variables are measured through various indicators that are proposed in the following sections.

3.8.1 Proposed indicators for firm's internationalization competencies

This study covers the internationalization competencies described in section 3.13 through a series of indicators according to **Table 3.16**

For this study, these measures are self-reported scores of the firms on a seven-point Likert scale from "very limited" to "outstanding".

3.8.2 Proposed indicators for internationalization strategy

In this research, firm internationalization strategy was assessed by using five measures: clear ideas about market entry options, clear ideas about foreign country priority, clear ideas about customer groups, clear ideas about exported products/services and implementation which is not changed during several years (see **Table 3.17**). The measures are self-reported scores of the firms on a seven-point Likert scale from "not very much" to "extensive".

Table 3.16: Indicators for firm's internationalization competencies

Internationalization Competencies	Indicators
1. Global knowledge competencies	The company has a process for obtaining information about global customers
	The company has a process for obtaining information about global competitors
	The company has a process of sharing global information
	The company has a process of interpreting global information implications
	The company has a shared vision about the future strategy
2. Strategic or entrepreneurial competencies	The company knows its strengths and weaknesses
	The company focuses on its strengths
	Actions are taken to maintain and to improve the strengths
	The company has a strong focus on producing customer value
	The company has the will in responding to the different needs of different customer segments
3. Managerial or management competencies	The company has a career pathing and management development system installed
	The company has a motivation system to encourage its employees
	The company's organizational structure works well
	Changes are made in the organizational design to improve competitiveness
	The company has training programs to improve its employees
	The company has unique elements in the offer compared to competitors

(Source: Swierczek, 2004)

3.8.3   Proposed indicators for firm's internationalization performance

The measurement of performance has been discussed as problematic to strategy researchers throughout three decades. Actually, there are several ways to measure a firm's performance, such as through value-based management and benchmarking approach. Generally, the performance of a firm can be measured by various financial indicators such as return on assets, stock price

Table 3.17: Indicators for internationalization strategy

	Indicators
Internationalization strategy	The company has a clearly stated vision to be international
	The company has an effective process to select the foreign market
	The company understands the information and services requirements of customers on an international basis
	The company focuses on selling certain product/service groups in foreign markets
	The company has a supportive international business IT infrastructure
	Company's management clearly developed action programs associated with the international vision
	Implementation programs of the company are linked clearly with the international strategies

(Source: Swierczek, 2004)

and revenue growth. Another possibility is to assess the performance by using a mix of financial and non-financial measures (Kaplan & Norton, 1997; Wiliford, 1997). Finally, one of most common performance measurements is key performance indicators. The key performance indicators are quantifiable measures that a firm uses to assess its performance in terms of meeting its critical success factors.

Internationalization performance and success have also been studied by many researchers (see **Table 3.18**).

Traditionally, the internationalization performance is measured by the export sales because exporting is the most important first step of firms going international. This criterion indicates the size of export earnings (Madsen, 1989). Another criterion of internationalization performance is export growth developed by Aby and Slater in 1989. This criterion indicates the increase of exports over a certain time period. Additionally, the most widely used economic measure of internationalization performance is the ratio of foreign sales to a firm's total sales (Ramaswary, 1993).

Table 3.18: Indicators of literature for internationalization performance

No.	Researchers	Indicators
1	Madsen (1989)	Export sales = size of export earnings in dollar value for a company
2	Aaby and Slater (1989)	Export growth = increase of exports over a certain time period
3	Ramaswary (1993)	Foreign sales/total sales or Foreign assets/total assets
4	Katsikeas et al. (2000)	Sales
		Profits
		Market shares
		Non-financial indicators: number of countries exported and number of products/other items to export
		Subjective indicators: Perceived export success, Achievement of export objectives, Satisfaction with specific export performance
5	Baldauf, Cravans and Wagner (2000)	Export profitability = an objective financial measure of profitability of the export venture or = a subjective assessments of the profitability of exporting compared to domestic marketing
6	Chiana and Minguzzi (2002)	Export/sales ratio
7	Hsu & Boggs (2003)	Return on Assets (ROA)
		Return on Equity (ROE)
		Return on Sales (ROS)
		Profit margin
		Total assets turnover
8	Ruigrok & Wagner (2003)	Domestic/foreign operations
		Cost efficiency
		Technological capabilities
		Depth of internationalization = foreign assets/ total assets or = Total employees in foreign locations/total employees
		Degree of internationalization measured = foreign/total sales
9	Dhanaraj & Beamish (2003)	A composite measure included profitability
		Export intensity =foreign export/total sales
		Export diversity=number of country-markets served
		Degree of internationalization measured by export intensity and export diversity
10	Ali (2004)	export intensity = export sales/total sales
		Export sales = size of export earnings in dollar value for a company
		export growth = increase of exports over a certain time period
		Export profitability = an objective financial measure of profitability of the export venture or = a subjective assessments of the profitability of exporting compared to domestic marketing

Katsikeas et al. (2000) identified three categories of performance outcomes, namely economic, non-economic and generic subjective indicators. Economic measures include sales, profits and market share indicators. Non –economic measures related to export markets are the number of countries exported to, products and miscellaneous items including projection of export involvement. Subjective measures include perceived export success, achievement of export objectives and satisfaction with specific export performance indicators.

Baldauf et al. (2000) measured the internationalization performance through the export profitability. This indicator is an objective financial measure of profitability of the export venture or a subjective assessment of the profitability of exporting compared to domestic marketing.

Similarly to non-financial indicators of Katsikeas et al. (2000), in their research on success factors in the internationalization process, Chiara and Minguzzi (2002) used the export/sales ratio and the number of export markets to measure the success of a firm's internationalization.

According to Hsu and Boggs (2003), the degree of internationalization influenced the ROE, ROA, profit margin and total asset turnover variables.

The degree of internationalization can be measured variously by the ratios of foreign assets/total assets and foreign sales/total sales. The global performance maximum identified at a degree of internationalization was somewhere between 50-82% (Ruigrok & Wagner, 2003). In order to measure the corporate performance, a firm can use two core dimensions which are financial dimension (cost efficiency, technological capabilities, etc.) and operational (ratios of firm's material costs to sales and employees costs to sales).

In order to evaluate the success of internationalization firms, many researchers have identified 700 determinants of a firm's internationalization performance (Dhanaraj & Beamish, 2003). Among those determinants, the foreign market orientation of decision markers was confirmed as an important one of export performance. This was based on comparative studies of SMEs in Germany, Finland, Japan, South Africa and South Korea conducted by Dichtl et al. in 1990. These studies also highlighted the importance of other variables such as the field of export or the size of a firm (measured by the number of employees and annual sales). However, these studies have been criticized in terms of lacking sound theoretical frameworks, relying largely on empirical relationships, emphasizing on the decision to export rather than on the ongoing export strategy and its relationship to overall firm performance. The per-

formance of export firms can be measured by a composite of profitability, market share and sales growth rather than the export intensity.

Currently, the four most used measures of economic internationalization performance were confirmed by Ali (2004) in his research on firm's size and management characteristics of 60 companies in food sector in Australia. These measures included export intensity, export sales, export growth and export profitability. Export growth is measured by the increase of exports over a certain time period. The export profitability is a subjective assessment of the profitability of exporting compared to domestic marketing.

In this research, firm internationalization performance is evaluated by using four measures: internationalization growth rate, internationalization intensity, comparative market share and generic subjective indicator. From the literature of internationalization, a set of performance measures of internationalization firm is proposed in **Table 3.19**.

Table 3.19: Indicators for internationalization performance

No.	Performance of internationalization	Indicators
1	Internalization growth rate = Growth rate in foreign markets/domestic market	What is the growth rate abroad in the last three years in comparison to the domestic market?
2	Internationalization intensity = foreign sales/sales in domestic market	What is the financial success of the company's sales in foreign markets in comparison with that of the domestic market?
3	Comparative market share = foreign sales of a company /foreign sales of strongest competitors	What is the percentage of the company's foreign sales in comparison with the strongest competitor?
4	Subjective perception = perceived internationalization success of a company's manager	The achievements of your company's objectives in the foreign sales in the last three years?

For this study, these measures are self-reported scores of the firms on a seven-point Likert scale from "very little" to "very much bigger".

4. Empirical Study

Chapter 4 is devoted to the conducted empirical study. This chapter is divided into eight sections.

Section 4.1 covers the research questions and design. Four main groups of research questions are specified. The design of research is also presented in this section.

Section 4.2 describes data collection and processing. This section covers the research populations, data collection and research samples. The description of the research samples is also pointed out in this section. The data processing with SPSS software and other statistical tools for analyzing the acquired data are also depicted.

Section 4.3 provides the state of the art of internationalization as first result of this empirical study. The state of the art of internationalization is described through results on experience in internationalization business activities, customers in the foreign markets, foreign entry modes, export destinations and export turnover.

Section 4.4 examines the reliability and validity of data as a basis to answer the research questions 2 to 4. This includes the reliability and validity of data about internationalization competencies, internationalization strategies and internationalization performance.

Section 4.5 provides the second result of this empirical research. It specifies the dependencies between internationalization competencies, internationalization strategies and internationalization performance.

Section 4.6 points out the differences between the two industries (Textiles & Garment and Electronics & Computer parts industries) and the two countries (Thailand and Vietnam) as the third result of the empirical research. This section includes the comparison between the T&G industries in Vietnam and Thailand, the comparison between the E&C industries in Vietnam and Thailand, the comparison between the T&G and E&C industries in Thailand and the comparison between the T&G and E&C industries in Vietnam.

Section 4.7 describes the fourth result of the empirical research by examining the dependencies between countries, industries and internationalization performance.

Section 4.8 provides the summary of key findings in this chapter.

4.1 Research questions and design

This section discusses two main issues: research questions and research design of the present empirical study.

4.1.1 Research questions

In order to achieve the first objective of the thesis, four groups of research questions are defined.

The first group of research questions aims to give the state of the art of internationalization in the four industries investigated. The descriptive analysis is used to give the overall picture of the four industries investigated.

The second group of research questions contains relational questions. It focuses on identifying the relationships between the internationalization strategies and the internationalization competencies of these enterprises and their success in entering foreign markets. The second group of research questions includes association of internationalization competencies and internationalization strategies, association of internationalization competencies and internationalization performance, and association of internationalization strategies and internationalization performance. The regression analysis among factor outputs that were extracted from the principal factor analysis with varimax of internationalization competencies and internationalization strategy is used to test these relationships.

The third group of research questions examines the differences in internationalization competencies, internationalization strategies and internationalization performance of companies in the E&C and T&G industries in Vietnam and Thailand. The intention of the empirical study is to compare the current situation of the companies in the high tech (E&C) and low tech (T&G) industries in Thailand and Vietnam through answering the following questions:

- What are the differences in the internationalization competencies that are possessed by these companies?
- What are the differences in the strategies used by these companies when going international?
- What is the difference in their performance achieved by going to international?

Independent samples t-tests were used to answer the above research questions.

The fourth group of research questions focuses on the influence of country and industry environment on internationalization performance. Therefore, the following questions are to be addressed:

- What is the influence of industry on the internationalization performance?
- What is the influence of country on the internationalization performance?

All measures of internationalization competencies, internationalization strategy and performance are extracted into groups of factors by using the principal factor analysis with varimax. In order to test the influences of industry and country on internationalization performance, regression analysis is used with dummy variables.

4.1.2   Research design

This research follows the quantitative approach to achieve the research objectives. Besides, to answer the above four groups of research questions, some statistical techniques were applied to test the given hypotheses and to carry out the comparisons (see Section 3.7). These statistical techniques were principle factor analysis, independent sample t-tests and multiple regressions.

Conducting tests of these hypotheses and carrying out comparisons of differences in internationalization competencies, internationalization strategies and internationalization performance by using the statistical techniques required a large amount of data. One of prerequisite conditions to test the relationship between variables is that the sample size is large enough. According to the rule of thumb, the sample size should be equal or larger than 30. The greater sample size is the greater generality of the quantitative result.

In this empirical research, a standardized (self-administered) questionnaire is designed to collect a large amount of quantitative data (see **Appendix A**). As comparison to other data collection techniques such as telephone interview, face-to-face interview, the questionnaire method is considered as the most efficient and effective one to acquire the data needed in terms of time and cost saving. The questionnaire is used in a variety of empirical research situations and contexts (Peskova, 2006).

The mail-survey method is the most common form of self-administered questionnaire. This method is the most cost and time efficient approach to get an-

swers on the questionnaire for this multi-country empirical study. The questionnaire can be sent to a wide geographical area. Mail survey offers anonymity and avoids interview bias.

4.2   Data collection and processing

This section covers the research populations, data collection and research samples, description of the research samples and data processing.

4.2.1   Research populations

Corresponding with the research questions defined in Section 4.1, four research subject populations were selected for this research:

- Population 1: enterprises in E&C industry in Vietnam
- Population 2: enterprises in T&G industry in Vietnam
- Population 3: enterprises in E&C industry in Thailand
- Population 4: enterprises in T&G industry in Thailand

The survey population was defined as all companies (SMEs, SOEs, private, and JV, as well as manufacturing, trading, services and export companies) operating in the selected industries. According to Vietnamese statistics (2005), the total numbers of companies in the E&C and T&G industries in Vietnam is 238 and 2,791 respectively. According to Thai national statistical office (2005), the number of total companies in the E&C and T&G industries in Thailand is 628 and 4,440 respectively.

4.2.2   Data collection and research samples

As discussed in Section 4.2.1, four research samples were required for this study.

In this study, the list of E&C companies in Vietnam was selected randomly from the directory of Vietnamese Informatics Association, Directory of Ministry of Industry and Commerce and VietBig Directory in 2005. These directories are updated annually by the related authorities.

The list of T&G companies in Vietnam was collected from Department of Legislation of VCCI which provides the certificate of country of origin for exported Vietnamese T&G products. The final list of T&G companies in

Vietnam was cross-checked with the list in the Vietnam Textiles and Garment Association Directory in 2005.

In Thailand, the list of sample was collected from Thai Textile and Garment manufacturers association (www.thaigarment.org) and from Thai Board of Investment (www.boi.co.th).

The Thai E&C companies were selected from the database of Thai Boss Company, a leading company in providing training services to Thai executives and managers and from the www.boi.co.th. The target respondents were business, sales, general managers who have a direct responsibility for planning and sales in foreign countries.

As a result, the initial lists of sample consisted of 178 and 376 companies in the E&C and T&G industries respectively in Vietnam and 421 and 729 companies in the E&C and T&G industries respectively in Thailand as shown in **Table 4.1**.

Table 4.1: Sample sizes in this research

Industry	Sample size	Delivery failed	Effectively distributed	Responses	Number of useable respondents	Useable response rate
E&C enterprises in Vietnam	178	15	163	58	48	27%
T&G enterprises in Vietnam	376	27	349	68	52	14%
E&C enterprises in Thailand	421	97	324	67	31	7%
T&G enterprises in Thailand	729	142	587	142	37	5%
Total	**1704**	**281**	**1423**	**335**	**168**	**13%**

421 and 729 mail-surveyed questionnaires in English attached with introduction letter in Thai language were distributed to E&C and T&G companies in Thailand. Some questionnaires were sent out to the respondents by mail and some were given directly at the AIT training courses for executives and man-

agers in Thailand. 31 (7%) and 37 (5%) useable questionnaires in E&C and T&G industries respectively were returned after 4 months from sending (May –August 2006).

English questionnaires were translated into Vietnamese for the survey in Vietnam. A total of 178 and 376 questionnaires were distributed to E&C and T&G companies respectively in Vietnam. The same method of survey in Thailand was applied in Vietnam. Some questionnaires were sent out to the respondents by mail and some were given directly (for return by mail) at the Legislation Department of VCCI when the people came to get the Country of Origin Certificate for export contracts. 48 (27%) and 52 (14%) useable questionnaires in E&C and T&G industries respectively were returned after 3 months from sending questionnaires (March – May 2006).

A total of 168 questionnaires were returned with a average response rate of 13%. This response rate is similar to that of previous studies in Thailand and Vietnam.

4.2.3   Description of the research samples

This section provides the information about the characteristics of these companies in terms of business activities, legal form, size of employment and legal capital.

Table 4.2 shows the characteristics of T&G and E&C companies in Vietnam and Thailand based on the analysis of acquired data of 100 and 68 companies respectively in Vietnam and Thailand.

78.8% of T&G companies in Vietnam and 75.7% of T&G companies in Thailand were doing manufacturing activities. This shows that there is a similarity of the T&G industry in Thailand and Vietnam in terms of business sector. In reverse, more than 75% of E&C companies in Thailand were manufacturing ones while there was about 75% of E&C companies in Vietnam were trading companies. This result is suitable with the discussions on the current characteristics of E&C companies in Thailand as pointed out in Section 2.3 and Section 2.4 in Chapter 2 of this research.

Table 4.2: Characteristics of T&G and E&C companies in Vietnam and Thailand

Characteristics	Vietnam		Thailand	
	T&G (%)	E&C (%)	T&G (%)	E&C (%)
Business sectors				
Manufacturing	78.8	6.3	75.7	51.6
Trading	7.7	75.0	21.6	25.8
Services	3.8	8.3	2.7	22.6
Others	9.6	10.4	0	0
Legal form				
State-owned company	34.6	6.3	8.1	0
Private company	25.0	75.0	73.0	38.7
100% foreign-owned company	11.5	4.2	8.1	41.9
Joint venture company	28.8	14.6	8.1	16.1
Others	0	0	2.7	3.2
Size of firm based on legal capital				
SMEs	26.9	50	43.2	35.5
Large	73.1	50	56.8	64.5
Size of firm based on total employees				
SMEs	28.8	91.7	43.2	51.6
Large	71.2	8.3	56.7	48.4

Acquired data also shows that most of T&G companies in Vietnam are state-owned ones with 34.6%, followed by Joint venture companies and private ones with the percentage of 28.8% and 25% respectively. In contrast, the private companies are dominated in the T&G industry in Thailand. This type of companies occupies more than 73% of the total T&G sample in Thailand. Similarly, with T&G companies in Thailand, private companies in the E&C industry in Vietnam occupy 75% of the total sample. This is followed by Joint venture companies accounted for 14.6%. 41.9% and 38.7% E&C companies in Thailand are 100% foreign companies and private companies respectively.

Another interesting characteristic of T&G and E&C companies is the company size. In this study, the company size was measured by two criteria, namely total legal capital and total number of employees. According to the legal capital criterion, most of the companies in the T&G and E&C industries in Vietnam and Thailand are large ones with the total legal capital of more than 10 million Vietnamese dong for a Vietnamese company and of more than

25 million Baht for a Thai company. Except for E&C companies in Vietnam, there is an equal percentage of 50% for large and SMEs. Based on the criterion of total employees, most of T&G companies in both countries are large ones (72 % and 56.7% in Vietnam and Thailand respectively) while most of E&C companies in both countries are SMEs (91.7% and 51.6% in Vietnam and Thailand respectively).

4.2.4   Data Processing

After collecting data, the returned questionnaires were checked for completeness and consistency. It is necessary to check whether all the answers were completed or not and the returned questionnaires were from the companies that have foreign business activities currently. Then data was coded and entered into an Excel spreadsheet and then transferred to a SPSS spread sheet.

SPSS software was used to analyze data. The main statistical tools including factor analysis, multiple regression and independent samples t-test was used to analyze acquired data. First, factor analysis was used to reduce the number of variables to more manageable sets, to find the underlying factors in the data and to help to evaluate the validity of measures in the real situation. Then, regressions were used to estimate the relationships between the independent variables and the dependent variables. To answer the second research question that is defined in Section 4.1, independent t-test was used to compare the means of internationalization competencies, internationalization strategies and internationalization performance of two industries and two countries.

4.3   State of the art of internationalization as first result

This section provides the state of the art of internationalization in the four investigated industries. The first result of this empirical research covers experience in selling products in the foreign markets, customers in the foreign markets, foreign entry mode, export destinations and achievement in international selling of the companies in four investigated industries.

4.3.1   Experience in international business activities

Figure 4.1 shows the experience in selling products in foreign markets of T&G and E&C companies in Vietnam and Thailand. There is a clear difference in experience in selling products in foreign markets between T&G companies in Vietnam and Thailand. 17.3% of Vietnam's T&G companies have

an experience longer than 15 years in selling products in foreign markets. While 51.4% of T&G companies in Thailand have more than 15 years of similar experience. This indicates that Vietnamese T&G companies are less experienced in selling products in a foreign market than Thai T&G companies.
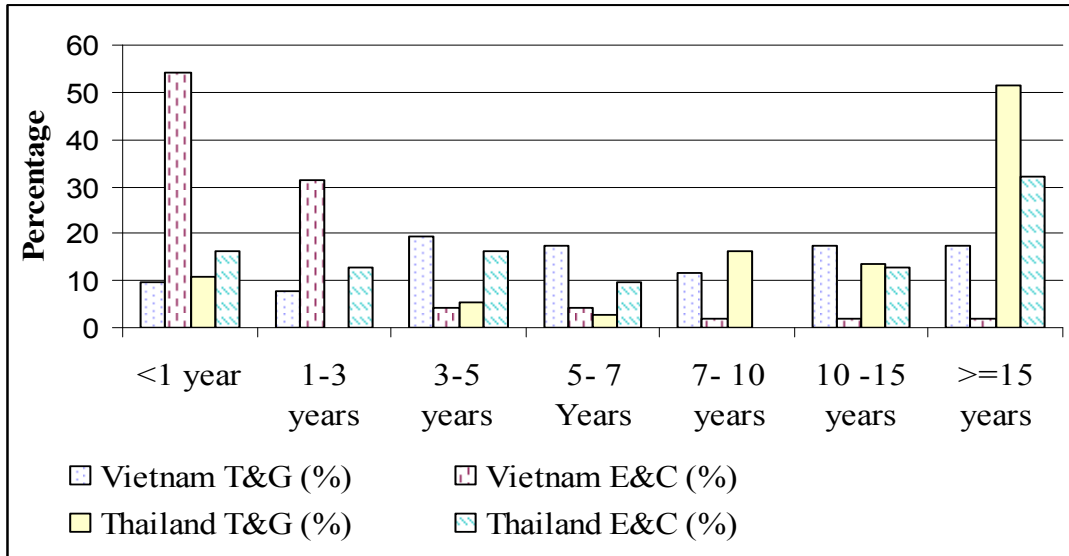
Figure 4.1: Experience of E&C and T&G companies in selling products in the foreign markets

Regarding to the E&C industry, only 10.4% of Vietnamese companies had from 5 to more than 15 years of experience in selling products in the foreign market while more than 55% of E&C company in Thailand had the same level of this experience. This shows that Vietnamese E&C companies were very immature in this activity.

4.3.2   Customers in the foreign markets

Concerning the type of customers in foreign markets, main customers of E&C and T&G companies are wholesalers except T&G companies in Vietnam that focus on general importers (87%) as shown in **Table 4.3**.

One of the important factors to implement internationalization strategies successfully is the comprehensive understanding of target customers in the foreign markets. There is a difference in understanding of target customers in the foreign markets between E&C companies and T&G companies in Vietnam and Thailand (see **Table 4.4**).

Table 4.3 Type of customers in foreign markets of E&C and T&G companies

Customers in foreign markets	Vietnam		Thailand	
	E&C (%)	**T&G (%)**	**E&C (%)**	**T&G (%)**
Retailers/end users	79	25	39	46
Wholesalers	85	63	58	86
General Importers	23	87	19	65

Table 4.4: Customer targets of E&C and T&G companies in Thailand and Vietnam

Scale	E&C in TL (%)	E&C in VN (%)	T&G in TL (%)	T&G in VN (%)
Not at all	12.90	20.83	59.46	61.54
Not very much	6.45	0.00	2.70	1.92
Moderate	0.00	0.00	8.11	5.77
Significant	3.23	2.08	5.41	3.85
Dominant	45.16	33.33	18.92	0.00
Strongly dominant	29.03	41.67	5.41	11.54
Extensive	3.23	2.08	0.00	15.38

Data in Table 4.4 indicates that most of E&C companies in both countries, Vietnam and Thailand, focus strongly on understanding target customers in foreign markets (74.42% and 77.08% respectively). Table 4.4 also shows clearly that T&G companies in both Vietnam and Thailand do not put any focus on the understanding of target customers in the foreign markets (59.46% and 61.54% respectively). This result can be explained that the customers of T&G companies are wholesalers and most of T&G products are tailor made ones (by contracts).

4.3.3   Foreign entry modes

Almost all firms select exporting as an entry mode to enter a foreign market (more than 74% of all respondents) (see **Table 4.5**).

However, there are various forms of combination between these foreign entry modes (see **Table 4.6**). The combination of joint venture and export is the most useable for firms in two industries in Vietnam. Thai firms use more various combinations than Vietnamese firms did.

Table 4.5: Foreign entry modes of E&C and T&G companies in Vietnam and Thailand

Foreign entry mode	Vietnam		Thailand	
	E&C (%)	T&G (%)	E&C (%)	T&G (%)
Exporting	79	98	74	97
Licensing	21	8	58	14
Franchising	2	6	29	8
Joint venture	56	27	26	16
Other	0	0	10	0

Table 4.6: Combinations of foreign entry modes of E&C and T&G companies

Combination of Foreign entry mode	Vietnam		Thailand	
	G&T	E&C	G&T	E&C
Export & Licensing	1	0	4	2
Franchising & Export	1	0	1	0
Franchising & Export & Licensing	1	0	1	5
Joint venture & Export	11	12	4	2
Franchising & Export	0	0	1	0
Joint venture, exporting and Licensing	2	7	0	1
Joint venture & Licensing	2	1	0	0
Joint venture & Franchising	0	5	0	0

4.3.4   Export destinations

According to the data analysis, the main export destinations of Vietnamese T&G products are the USA, EU, Japan, Asia, England, Canada and others (see **Figure 4.2**). Among these export destinations, the USA is ranked the 1st important export market (44.2% ranked the 1st), followed by the EU (38.4% ranked the 1st) and Japan (9.6% ranked the 1st).
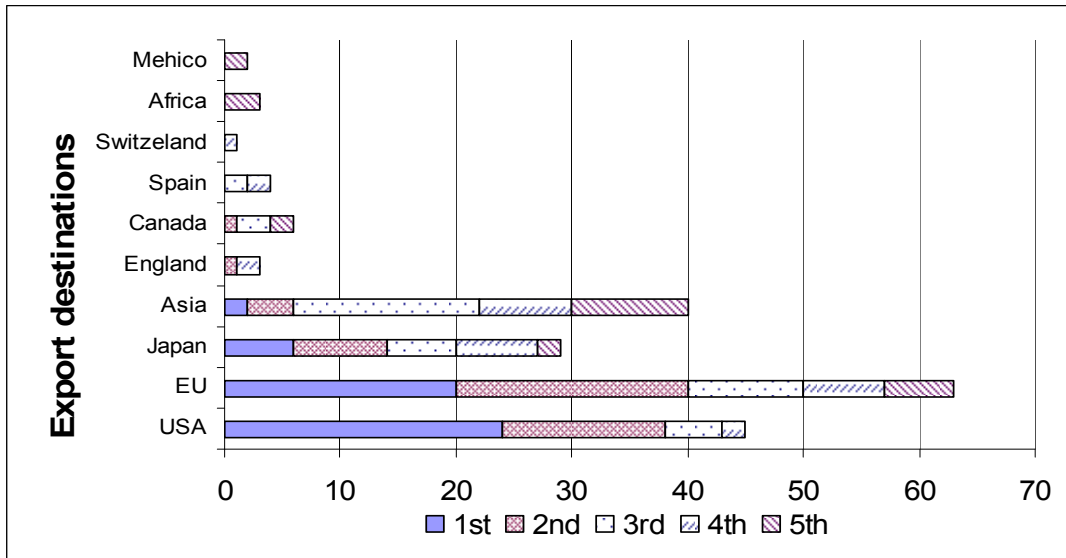
Figure 4.2: Export destinations of T&G companies in Vietnam

Regarding the T&G products in Thailand, collected data indicates that the most important export market was the USA (45.9% ranked the 1st), followed by the EU (21.6% ranked the 1st), Japan (10.8% ranked the 1st) and other Asian countries (8.1% ranked the 1st) (see **Figure 4.3**).
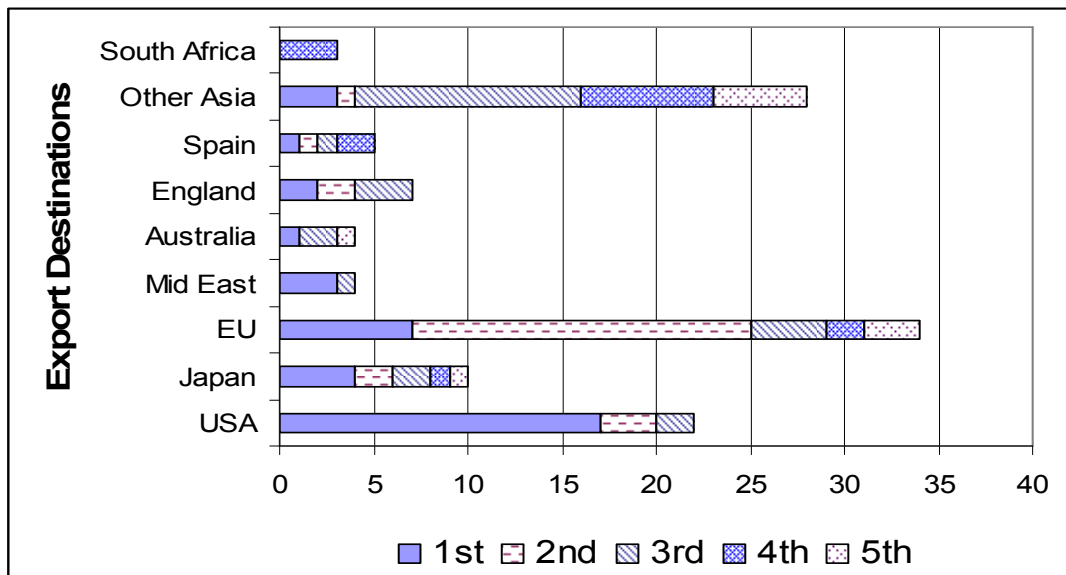
Figure 4.3: Export destinations of T&G companies in Thailand

The main export destinations for Vietnamese E&C products are shown in **Figure 4.4**. Data shows that the first important export market of Vietnamese E&C products was Indochina (including Laos and Cambodia) (37.5% ranked at the 1st), followed by the EU (25% ranked at the 1st), the ASEAN (16.6%

ranked at the 1st), the USA (6.25% ranked at the 1st) and other Asian coun-
tries.
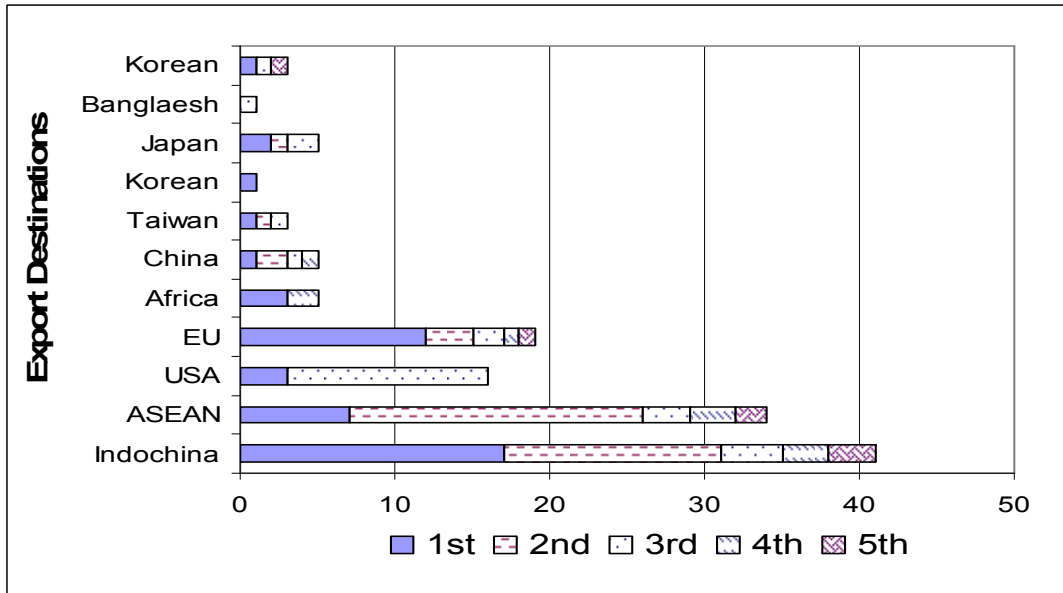
Figure 4.4: Export destinations of E&C companies in Vietnam
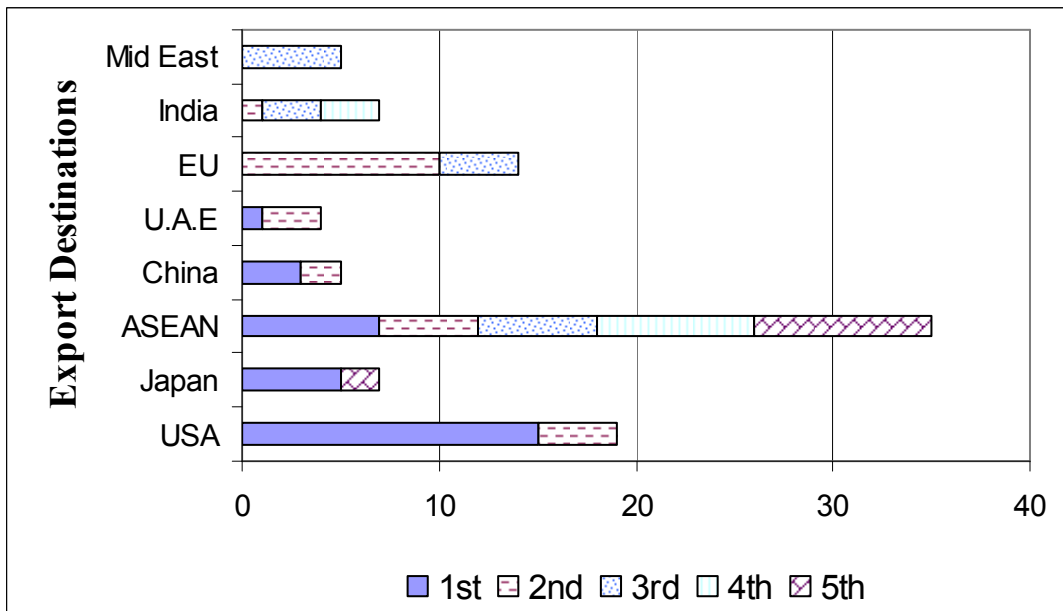
Figure 4.5: Export destinations of E&C companies in Thailand

With regard to Thai E&C products, the 1st important export destinations in-
clude the USA (31.25%), Japan (8.33%), the ASEAN (16.7%), China (8.3%)
and UAE (2%). **Figure 4.5** shows the main export destinations of E&C com-
panies in Thailand.

It is interesting that these results are similar with the results achieved from the secondary data discussed previously in Section 2.4.

4.3.5 Export turnover

The turnovers from by selling products in the foreign markets of T&G and E&C companies in Vietnam and Thailand are shown in Figure 4.6. Export turnover occupies more than 90% of the total revenue of almost all T&G companies (42.3% of Vietnamese T&G companies and 37.8% of Thai T&G companies). 37.6% of Thai T&G companies have export turnover of less than 30% of the total revenue while only 8.6% of Vietnamese T&G have export turnover less than 30% of the total revenue. This shows that selling products in the foreign markets are very important activities for Vietnamese T&G companies.
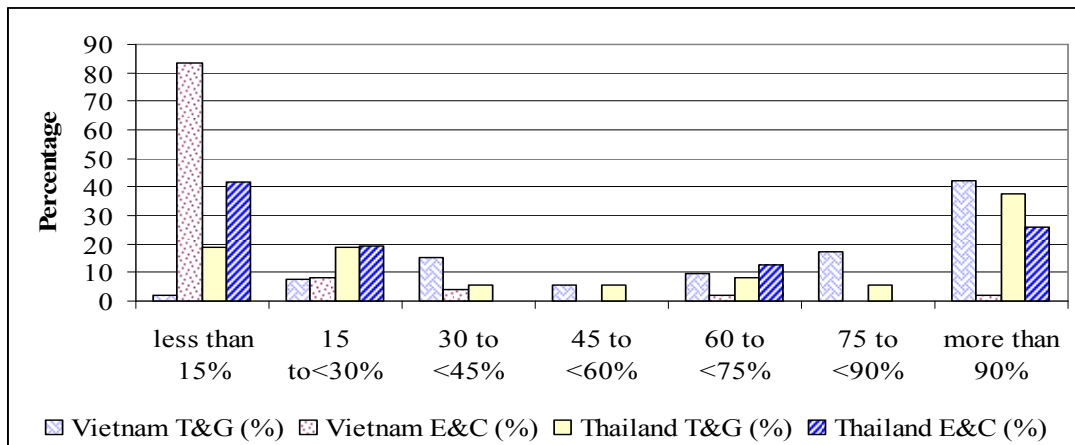
Figure 4.6: Export turnover of E&C and T&G companies in Vietnam and Thailand

Regarding to the E&C industry, almost all E&C companies in Vietnam (83.3%) and most of the E&C companies in Thailand (41.9%) have the export turnover rate of less than 15%. Only 4.2% of E&C companies in Vietnam have a turnover rate of selling products in the foreign markets of more than 60%. This figure in Thailand is 38.7%, which is much higher than the export turnover rate of E&C companies in Vietnam. One of the main reasons for this difference is that E&C companies in Vietnam are very young and have less experience in the international business as discussed in the previous section.

4.4 Reliability and validity of data as basis to address research questions 2 to 4

Before going in-depth to test the relationships between the dependent and independent variables, it is necessary to test the reliability and validity of the data. Doing reliability test is to ensure the internally consistent measurement of a set of variables. Reliability measures the degree to which a set of variables is consistent internally in their measurement. Reliability also refers to the degree of dependability, consistency or stability of a scale. If the items of a scale are internally consistent, they explain the observed variable measures the true value and is error free. As a result, the scale is considered to be reliable. The internal consistency of the scales used is confirmed by a Cronbach's alpha value of more than 0.6 which is acceptable.

Doing content validity test is to ensure that the items in an instrument measure properly the construct. Constructs are identified a priori and representative scales are developed. The scales must be tested for content validity before any further refinement or validation is undertaken. Inadequate content validity indicates that the items in an instrument do not properly measure the construct and that any analysis undertaken is meaningless. If items corresponding to various constructs of an instrument are derived from comprehensive analysis of relevant literature, content validity can be ensured. In this study, content validity was established from the literature review, expert and executive opinions. Construct validity was established by three decision rules used for factor reduction through principal component factor analysis. These are (a) minimum Eigenvalues of 1; (b) minimum factor loading of 0.4 for each indicator; and (c) the simplicity of factor structure. SPSS was used to perform this analysis using principal component procedure with varimax rotation method.

4.4.1 Reliability and validity of data about internationalization competencies

The firm's internationalization competencies are classified into three factors: managerial competencies, strategic competencies and global knowledge competencies as shown in **Table 4.7**.

The results of the running factor analysis show that the KMO>0.8, number of observations/variable =11>5, Bartlett's test with significant level = 0.00, anti-matrix with partial correlation generally <0.7, MSA > 0.05 (see **Appendix B**). These figures show that factor analysis is good to use for analyzing the data.

Table 4.7: Extracted factors, reliability and validity of internationalization competencies

	Mean	S.D.	Extracted factors		
			1	2	3
Managerial competencies					
Changes are made in the organizational design	4.24	1.64	0.82		
Company has training programs to improve its employees	4.18	1.76	0.81		
Company has a career pathing	4.24	1.62	0.79		
Company has a motivation system to encourage employees	4.45	1.50	0.75		
Company has a unique elements in the offer	4.35	1.68	0.55		
The company's organizational structure works well	4.80	1.34	0.54		
Average mean score	4.37				
Strategic competencies					
Company knows its strengths and weaknesses	5.04	1.31		0.83	
Company focuses on its strengths	5.04	1.31		0.83	
Responds in different needs of different customer segments	5.07	1.31		0.73	
Company has a strong focus on producing customer value	5.06	1.54		0.70	
Actions are taken to improve the strengths	5.14	1.30		0.67	
Average mean score	5.07				
Global knowledge competencies					
Process of sharing information	4.07	1.63			0.83
Process of interpreting its implications	4.07	1.63			0.83
Process of obtaining information of competitors	4.20	1.81			0.78
Process of obtaining information of customers	4.54	1.61			0.70
Shared vision about the future strategy	4.56	1.63			0.65
Average mean score	4.29				
Cronbach's Alpha			0.906	0.905	0.914
Eigenvalues			4.2	3.93	3.7
Variance explained			26.25	24.56	23.15
Total variance explained			26.25	50.8	73.96
0: not at all, 1: very limited, 7: outstanding					

Among three factors, strategic competencies have the biggest average mean score of 5.07. Reliabilities of three factors are quite high (Cronbach's alphas>0.8) and Eigenvalues are more than 1. Three factors represent about 74% of total data of the sample.

Based on the results of Table 4.7, internationalization competencies are reduced to three factors by summated scales. After summated, the Cronbach's alpha (=0.88>0.8) shows that data is reliable. The reliability of data after summated scales is measured by the item-to-total correlation >=0.5 and item-to-item correlation >=0.30 (see **Table 4.8** and **Table 4.9.**

Table 4.8: Item-to-item correlation matrix of internationalization competencies

	Global knowledge competencies	**Strategic competencies**	**Managerial competencies**
Global knowledge competencies	1	0.85	0.62
Strategic competencies		1	0.67
Managerial competencies			1

Table 4.9: Item-to-total correlation matrix of internationalization competencies

	Corrected Item-Total Correlation	**Squared Multiple Correlation**	**Cronbach's Alpha if Item Deleted**
Global knowledge competencies	0.82	0.73	0.79
Strategic competencies	0.86	0.76	0.74
Managerial competencies	0.67	0.46	0.92

Validity of the summated data is proven by the Eigenvalues (=2.43 >1). After summating data, these three factors represent about 81 percent of total data of the sample (total variance explained = 81.0). Table 4.10 shows the result of reliability and validity of summated scales of internationalization competencies.

Data in **Table 4.10** shows that there is a uni-dimensional measurement for internationalization competencies variable because only one component is extracted. As a result, these summated scales will be used for further analysis.

Table 4.10: Summated scales of internationalization competencies

	Mean	S.D.	Component 1
Global knowledge competencies	4.54	1.6	0.92
Strategic competencies	4.29	1.4	0.94
Managerial competencies	5.07	1.2	0.84
Average mean score	4.63		
Cronbach's Alpha			0.88
Eigenvalue			2.43
Variance explained			81.08
Total variance explained			81.08
0: not at all, 1: very limited, 7: outstanding			

4.4.2 Reliability and validity of data about internationalization strategy

The results of factor analysis show that the KMO=0.902 is larger than 0.8, Bartlett's test with significant level =0.00, number of observation/variable=24>5, anti-matrix with partial correlation generally <0.7, MSA >0.05 (see Appendix B). These figures confirm that the factor analysis is a good method for analyzing the data. Among six factors, "company understands the information and service requirements of customers on an international basis" factor has the biggest average mean score of 4.26. "Company has a supportive international business IT infrastructure" factor has the smallest of mean score of 3.43. Reliabilities of six factors are very high (Cronbach's alphas>0.94) and Eigenvalues equal 5.202 (more than 1). Six factors represent about 74% of total data of the sample.

Data in **Table 4.11** shows that there is a uni-dimensional measurement for internationalization strategies variable because only one component is extracted. Therefore, the summated scales of six factors are used for further analysis.

Table 4.11: Extracted factor, reliability and validity of internationalization strategy

	Mean	S.D.	Extracted factors 1
Company has a clearly stated vision to international	3.75	2	0.87
Company has an effective process to select the foreign market	3.64	1.9	0.88
Company understands the information and service requirements of customers on an international basis	4.26	1.7	0.83
Company focuses in selling certain products/services group in foreign market	3.91	2	0.77
Company has a supportive international business IT infrastructure	3.43	2	0.89
Management clearly developed action programs associated with international vision	3.67	1.9	0.88
Its implementation programs linked clearly with the strategic initiatives related to the international vision	3.67	1.8	0.91
Average mean score	3.76		
Cronbach's Alpha			0.94
Eigenvalue			5.202
Variance explained			74.31
Total variance explained			74.31
0: not at all, 1: not very much, 7: extensive			

4.4.3 Reliability and validity of data about internationalization performance

The results of factor analysis show that the KMO=0.749, Bartlett's test with significant= 0.00, anti-matrix with partial correlation generally <0.7, MSA >0.05 (see Appendix B). These figures show that the factor analysis is a good method for analyzing the data.

Among four factors, "the financial sales success of the company's sale in foreign markets in comparison with that of the domestic market" factor has the biggest average mean score of 3.952. Reliabilities of four factors are high (Cronbach's alphas>0.83) and Eigenvalues equal 2.65 (more than 1). Four factors represent about 66.25 % of total data of the sample.

Data in **Table 4.12** shows that there is a uni-dimensional measurement for internationalization performance variable because only one component is extracted. Therefore, the summated scales of four factors will be used for further analysis.

Table 4.12: Extracted factor, reliability and validity of internationalization performance

	Mean	S.D.	Extracted factors
			1
Growth rate abroad in the last three years in comparison to the domestic market	3.90	2	0.89
The financial sales success of the company's sale in foreign markets in comparison with that of the domestic market	3.952	2	0.90
The percentage of the company's foreign sales in comparison with the strongest competitor	1.762	1.4	0.58
The achievement of company's objectives in the foreign sale in the last three years	3.732	1.6	0.84
Average mean score	3.336		
Cronbach's alpha			0.83
Eigenvalue			2.65
Variance explained			66.25
Total variance explained			66.25
1: very much less, 7: very much bigger			

4.5 Dependencies between internationalization competencies, internationalization strategy and internationalization performance as second result

This section describes the influence of internationalization competencies on internationalization strategy, the influence of internationalization competencies on internationalization performance and the influence of internationalization strategy on internationalization performance. Table 4.13 summarizes the hypothesis, comparisons and methodology that was applied in this research to test given hypotheses.

Table 4.13: Methodology to test the relationships between internationalization competencies, internationalization strategy and internationalization performance

Hypothesis	Methodology	Sample
H1: There is a positive influence of internationalization competencies on internationalization strategy	- Factor analysis, - Regression analysis with stepwise method	Combination of all four research sample 1, 2, 3, 4
H1.1: There is a positive influence of the firms' global knowledge competencies on internationalization strategy		
H1.2: There is a positive influence of the firms' strategic competencies on internationalization strategy		
H1.3: There is a positive influence of the firms' managerial competencies on internationalization strategy		
H2: The firms' competencies have a positive influence on internationalization performance		
H2.1: The firms' global knowledge competencies have a positive influence on internationalization performance		
H2.2: The firms' strategic competencies have a positive influence on internationalization performance		
H2.3: The firms' managerial competencies have a positive influence on internationalization performance		
H3: The firm's internationalization strategy influences significantly on internationalization performance		

The multiple regression analysis method was used to test the relationship between internationalization competencies, internationalization strategy and internationalization performance. Factor outputs of the three groups of variables exhibited in Table 4.10, Table 4.11 and Table 4.12 were used in testing the hypotheses. The effect of the three independent groups of "internationalization competencies" on the dependent variables "internationalization strategy" and "internationalization performance" and the effect of the independent variable "internationalization strategy" on the depend variable "internationalization performance" were examined through using regression analysis (see **Appendix C**). An explanation of the regression models is stated in **Figure 4.7**.

$$STRA= constant + b_{1.1}qc1+ b_{1.2}qc2 + b_{1.3}qc3 \qquad (1)$$
$$PER= constant + b_{2.1}qc1+b_{2.2}qc2+b_{2.3}qc3 \qquad (2)$$
$$STRA\text{-}PER= constant + b_3qstra \qquad (3)$$

Where:

STRA: the overall degree of perceived internationalization competencies influences on internationalization strategy

PER: the overall degree of perceived internationalization competencies influences on internationalization performance

STRA-PER: the overall degree of perceived internationalization strategy on internationalization performance

Constant: a term of summarizing the impact of variables not included in the model

qc1, qc2, qc3: the overall degree of perceived Global knowledge, Strategic and Managerial competencies respectively.

qstra: the overall degree of perceived internationalization strategy implementation

Figure 4.7: Regression models of relationships in this research

The regression models were run by stepwise method. The overall results from the regressions are reported in **Table 4.14**. The standardized coefficients (the betas value) and t-value for the significant test and the significant value are also reported in Table 4.14. The absolute beta is the most important variable in explaining the variance of the dependent variables. The finding indicates that five of seven detail hypotheses were found statistically significant.

In the relationship with internationalization strategies in the Model 1, there are three constructs of competencies variable: "Global Knowledge competencies", "Strategic competencies" and "Managerial competencies" that are expected to be related to this dimension. The findings indicate that two out of these three internationalization competencies, the "Strategic competencies" and "Managerial competencies" are statistically significant (p value for the ANOVA F statistic is less than 0.001). The two independent variables together explain 59.7% of the variance in the internationalization strategy model (adjusted R2 of 0.597, p=0.000<0.001).

According to the results of stepwise regression analysis, two constructs are found to have a significant impact on the internationalization strategy (strategic competencies: $\beta 1.2=0.433$, p=0.000<0.001, H1.2 and managerial competencies: $\beta 1.3=0.416$, p=0.000<0.001, H1.3). The association of the "global knowledge competencies" and "internationalization strategy" is not confirmed at the 1% significance level in the overall Model 1 ("global knowledge competencies": $\beta_{1.1}=0.222$, p value=0.821>0.05, $H_{1.1}$).

Table 4.14: Results of multiple regressions and hypothesis testing

Relationship paths	Standardized Coefficients	t value	p value	Hypothesis testing
H1: Internationalization competencies → internationalization strategy (adjusted R^2=0.597, F value=124.714, p value=0.000)				
H1.1: Global knowledge competencies→ internationalization strategy	0.022	0.227	0.821	not supported
H1.2: Strategic competencies → internationalization strategy	0.433	6.534	0.000*	strongly supported
H1.3: Managerial competencies→ internationalization strategy	0.416	6.272	0.000*	strongly supported
H2: Internationalization competencies → internationalization performance (adjusted R^2=0.34, F value=85.87, p value=0.000)				
H2.1: Global knowledge competencies→ internationalization performance	0.584	9.267	0.000*	strongly supported
H2.2: Strategic competencies→ internationalization performance	0.067	0.554	0.580	not supported
H2.3: Managerial competencies→ internationalization performance	0.135	1.698	0.09***	Supported
H3: Internationalization strategy → internationalization performance (adjusted R^2=0.298, F value=74.741, p value=0.000)				
H3: Internationalization strategy → internationalization performance	0.549	8.47	0.000*	strongly supported
*: p<0.001, ***: p<0.1				

The perception of strategic competencies increases one point, the perception of the internationalization strategy implementation increases 0.433 points if the perception of managerial competencies are unchanged; the perception of managerial competencies increases one point, the perception of the internationalization strategy implementation increases 0.416 points if the perception of strategic competencies is unchanged (see **Figure 4.8**). In this model, the strategic competencies are the most important factor (with the beta value is more than the beta value of managerial competencies factor) that has the larg-

est influence on the dependent variable "internationalization strategy" at 0.1% significant level.

> The Model 1 shows the positive relationship between internationalization competencies and internationalization strategy as follows:
> STRA= 0.243+ 0.433qc2 + 0.416qc3　　　　(1)
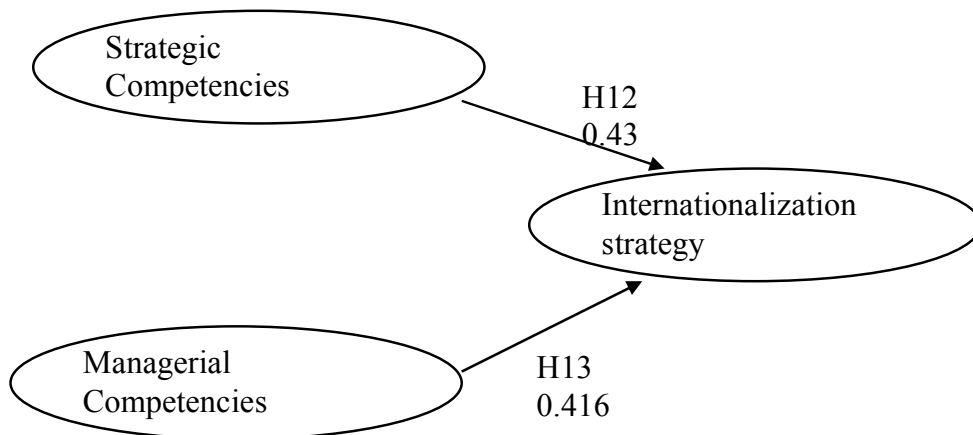
Figure 4.8: Relationships between internationalization competencies and internationalization strategy

The STRA model shows a good model fit through using F test (Adjusted R2of 0.597, p value=0.000). The null hypothesis of no relationship between the dependent variable (internationalization strategy) to the independent variables (internationalization competencies) is rejected, except global knowledge competencies. It can be concluded that to implement the internationalization strateg, the strategic competencies and managerial competencies should be considered as the most important factor. Consequently, Hypothesis 1 is strongly supported.

In the relationship with internationalization performance, there are also three above constructs of competencies variable that are expected to be related to this dimension. According to results of stepwise regression, two constructs are found to have a significant impact on the internationalization performance (global knowledge competencies: $\beta 2.1=0.584$, $p=0.000<0.001$, H2.1; managerial competencies: $\beta 2.3=0.135$, $p=0.09<0.1$) at a significant level of 10%. This independent variable explain 34% of the variance in the internationalization performance model (adjusted R2 of 0.347, $p=0.000<0.001$).

The association of the "strategic competencies" and "internationalization performance" are not confirmed at the 10% significance level in the overall Model 2 (see **Figure 4.9**)

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The positive relationship between internationalization competencies and interna-
tionalization performance is expressed in Model 2 as follows:
PER= 1.075 + 0.584qc1+0.135qc3   (2)
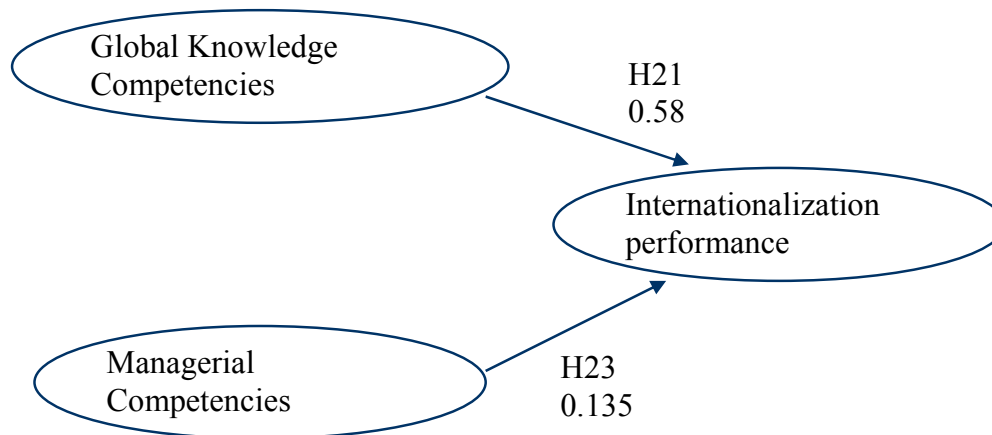
**Figure 4.9: Relationships between internationalization competencies and inter-
nationalization performance**

The perception of global knowledge competencies increases one point, the
perception of the internationalization performance increases 0.584 points if
the perception of managerial competencies is unchanged. The perception of
managerial competencies increases one point, the perception of the interna-
tionalization performance increases 0.135 points if the perception of global
knowledge competencies is unchanged (see Figure 4.9). Thereby, internation-
alization performance is measured on a 7 point scale with 7 representing the
very much bigger of internationalization performance achievement.

The PER model shows a good model fit through the use of F test (adjusted R^2
of 0.347, $p=0.000<0.001$). The null hypothesis of no relationship between the
dependent variable (internationalization performance) to the independent va-
riables (internationalization competencies) is rejected, except strategic compe-
tencies ($\beta 2.2=0.067$, $p=0.58>0.10$, H2.2). It is concluded that Hypothesis 2 is
supported.

In the relationship between internationalization strategy with internationaliza-
tion performance, one variable is expected to be related to this dimension (ad-
justed R^2 of 0.298, $p=0.000<0.001$). This independent variable explain 29.8%
of the variance in the Model 3. The result shows that internationalization
strategy is positively related to the internationalization performance (interna-
tionalization strategies: $\beta 3=0.549$, $p=0.000<0.001$, H3).

The perception of internationalization strategy implementation increases one point, the perception of the internationalization performance increases 0.549 points (see **Figure 4.10**). Thereby, internationalization performance is measured on a 7 point scale with 7 representing the highest internationalization performance achievement.

The positive relationship between internationalization strategy and internationalization performance is expressed in Model 3 as follows:
STRA-PER= 0.774 + 0.549qstra   (3)
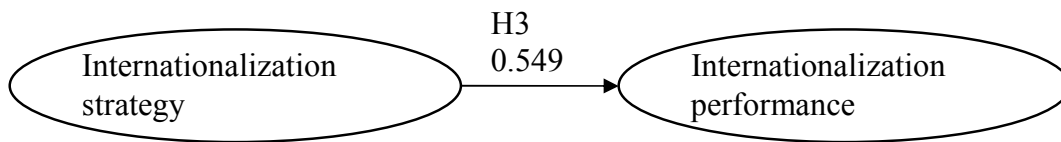
Figure 4.10: Relationships between internationalization strategy and internationalization performance

The STAR-PER model shows a good model fit by using F test (adjusted R^2 of 0.298, p=0.000). The null hypothesis of no relationship between the dependent variable (internationalization performance) to the independent variables (internationalization strategy) is rejected at 0.1% significant level. As a result, Hypothesis 3 is accepted.

4.6 Differences between the two industries and the two countries as the third result

This section depicts the differences in internationalization competencies, internationalization strategy and internationalization performance between the E&C and T&G industries in Thailand and Vietnam. **Table 4.15** summarizes the comparisons and methodology that were applied in this research.

As explained in Section 4.1, the independent sample t-tests were used to test the differences in internationalization competencies, internationalization strategy and international performance between companies in T&G and E&C industries in Vietnam and Thailand.

Table 4.15: Methodology to test the differences in internationalization competencies, internationalization strategy and internationalization performance between Vietnam and Thailand and between E&C and T&G industries

Comparisons	Methodology	Sample
C4: There are significant differences in competencies, internationalization strategy and internationalization performance between T&G companies in Thailand and Vietnam	Independent sample t-test	Compare sample 2 and sample 4
C4.1: There are significant differences in competencies between T&G companies in Thailand and Vietnam		
C4.1.1: There are significant differences in GBKC between T&G companies in Thailand and Vietnam		
C4.1.2: There are significant differences in SC between T&G companies in Thailand and Vietnam		
C4.1.3: There are significant differences in MC between T&G companies in Thailand and Vietnam		
C4.2: There are significant differences in internationalization strategy between T&G companies in TL and VN		
C4.3: There are significant differences in internationalization performance between T&G companies in Thailand and Vietnam		
C5: There are significant differences in competencies, internationalization strategy and internationalization performance between E&C companies in Thailand and Vietnam	Independent sample t-test	Compare sample 1 and sample 3
C5.1: There are significant differences in competencies between E&C companies in Thailand and Vietnam		
C5.1.1: There are significant differences in GBKC between E&C companies in Thailand and Vietnam		
C5.1.2: There are significant differences in SC between E&C companies in Thailand and Vietnam		
C5.1.3: There are significant differences in MC between E&C companies in Thailand and Vietnam		
C5.2: There are significant differences in internationalization strategy between E&C companies in Thailand and Vietnam		
C5.3: There are significant differences in internationalization performance between E&C companies in Thailand and Vietnam		

Table 4.15: Methodology to test the differences in internationalization competencies, internationalization strategy and internationalization performance between Vietnam and Thailand and between E&C and T&G industries (cont.)

C6: There are significant differences in competencies, internationalization strategy and internationalization performance between T&G and E&C companies in Thailand	Independent sample t-test	Compare sample 3 and sample 4
C61: There are significant differences in competencies between T&G and E&C companies in Thailand		
C6.1.1: There are significant differences in GBKC between T&G and E&C companies in Thailand		
C6.1.2: There are significant differences in SC between T&G and E&C companies in Thailand		
C6.1.3: There are significant differences in MC between T&G and E&C companies in Thailand		
C6.2: There are significant differences in internationalization strategy between T&G and E&C companies in Thailand		
C6.3: There are significant differences in internationalization performance between T&G and E&C companies in Thailand		
C7: There are significant differences in competencies, internationalization strategy and internationalization performance between T&G and E&C companies in Vietnam	Independent sample t-test	Compare sample 1 and sample 2
C7.1: There are significant differences in competencies between T&G and E&C companies in Vietnam		
C7.1.1: There are significant differences in GBKC between T&G and E&C companies in Vietnam		
C7.1.2: There are significant differences in SC between T&G and E&C companies in Vietnam		
C7.1.3: There are significant differences in MC between T&G and E&C companies in Vietnam		
C7.2: There are significant differences in internationalization strategy between T&G and E&C companies in Vietnam		
C7.3: There are significant differences in internationalization performance between T&G and E&C companies in Vietnam		

The results of these tests are organized in fours parts. Section 4.6.1 discusses the differences in internationalization competencies, internationalization strategy and internationalization performance between companies in T&G industries in Vietnam and Thailand. Section 4.6.2 discusses these differences be-

tween companies in E&C industries in Vietnam and Thailand. Section 4.6.3 points out these differences between companies in T&G and E&C industries in Thailand. Section 4.6.4 indicates these differences between companies in T&G and E&C industries in Vietnam.

4.6.1 Comparison between the T&G industries in Vietnam and Thailand

Table 4.16 illustrates the descriptive statistics for the two groups (T&G companies in Vietnam and T&G companies in Thailand) separately. The sample of T&G companies in Vietnam and Thailand was 52 and 37 respectively. The average score or means of each variable to be compared and the standard deviations of each variable are reported also in Table 4.16. These data show that there is a difference between T&G companies in Vietnam and Thailand. It may conclude that the Comparison 4 shows the differences.

Table 4.16 Descriptive results of T&G companies in Vietnam and Thailand

Variables	T&G companies in Vietnam (N=52)		T&G companies in Thailand (N=37)	
	Mean	Std. D	Mean	Std. D
Global knowledge competencies	5.065	1.851	3.946	1.649
Strategic competencies	4.239	1.593	3.659	1.457
Managerial competencies	5.245	1.158	4.456	1.196
Internationalization strategy	4.753	1.584	4.005	1.130
Internationalization performance	4.636	1.676	3.753	1.454

The results of differences test between the T&G industries in Vietnam and Thailand by using independent sample t-tests are reported in **Table 4.17**.

For the global knowledge competencies, the results of t-test ($t(87)=1.25$, $p=0.213>0.05$) show that the null hypothesis of no significance of differences in this competency between T&G companies in Vietnam and Thailand is accepted at a 5% significant level. Consequently, Comparison 4.1.1 shows no differences.

The results of t-test on strategic competencies show that t-value=1.29, p value=0.202>0.05. Therefore, the null hypothesis of no differences in strategic competency between T&G companies in Vietnam and Thailand at a level of significance of 5% is accepted. As the results, Comparison 4.1.2 shows no differences.

Table 4.17: Differences in internationalization competencies, internationalization strategy and internationalization performance of T&G companies in Vietnam and Thailand

Variables	t-value	df	sig. (2-tailed)	Mean difference	Comparison Testing
Global knowledge competencies	1.25	87	0.213	0.477	C4.1.1: not significantly different
Strategic competencies	1.29	87	0.202	0.425	C4.1.2: not significantly different
Management competencies	3.22	87	0.002**	0.812	C4.1.3: strongly different
Internationalization strategy	1.3	87	0.197	0.374	C4.2: not significantly different
Internationalization performance	0.12	87	0.911	0.0382	C4.3: not significantly different
**: p<0.05					

For the managerial competencies, the results of t-test show the t(87)=3.22, p value=0.002 <0.05. This t- test is significant, it can be concluded that the average point of managerial competencies of T&G companies in Vietnam is significantly higher than the average point of managerial competencies of T&G companies in Thailand. The difference between the means is 0.812 points on a 7-point evaluation. Consequently, Comparison 4.1.3 shows the differences.

The t-test results of C4.1.1.1, C4.1.1.2, and C4.1.1.3 show that the Comparison 4.1 is supported. The t-test results of internationalization strategy and internationalization performance of t(87) =1.3, p value=0.197 and t(87)=0.12, p value = 0.911 respectively are not significant t-tests. The null hypotheses of no significant differences in internationalization strategy and internationalization performance between T&G companies in Vietnam and Thailand are accepted. Consequently, Comparisons 4.2 and 4.3 show no differences.

4.6.2   Comparison between the E&C industries in Vietnam and Thailand

Table 4.18 displays the descriptive statistics for the two groups (E&C companies in Vietnam and E&C companies in Thailand). The sample of E&C companies in Vietnam and Thailand was 48 and 31 respectively. The average score or means of each variable to be compared and the standard deviations of each variable are also reported in Table 4.18. These results reveal that there is

a difference between E&C companies in Vietnam and Thailand. As a result, it may be concluded that the Comparison 5 shows the differences.

Table 4.18: Descriptive results of E&C companies in Vietnam and Thailand

Variables	E&C companies in Vietnam (N=48)		E&C companies in Thailand (N=31)	
	Mean	Std. D	Mean	Std. D
Global knowledge competencies	4.792	1.429	5.065	1.153
Strategic competencies	5.021	1.213	4.239	0.900
Managerial competencies	5.054	1.147	5.245	0.926
Internationalization strategy	4.420	1.445	4.753	0.457
Internationalization performance	3.161	1.539	4.636	1.554

The results of differences test between the E&C industry in Vietnam and Thailand through the use of independent t-tests are reported in **Table 4.19.**

For the global knowledge competencies, the results of t-test ($t(77)=-0.89$, $p=0.375>0.05$) show that the null hypothesis of no significance of differences in this competency between T&G companies in Vietnam and Thailand is accepted at a 5% significant level. Consequently, Comparison 5.1.1 indicates no differences.

The results of the t-test on strategic competencies indicate that t-value=3.08, p value=0.003<0.05. This t-test is statistically significant. It shows that the average point of strategic competencies of E&C companies in Vietnam is significantly higher than the average point of these competencies of E&C companies in Thailand. The difference between the means is 0.782 at the 7-point evaluation. Therefore, the null hypothesis of no differences in strategic competencies between E&C companies in Vietnam and Thailand is rejected at a level of significance of 5%. Consequently, Comparison 5.1.2 shows the differences.

For the managerial competencies, the results of t-test of $t(77)=-0.78$, p value=0.439>0.05 reveal that the null hypothesis of no significance of differences in this competency between E&C companies in Vietnam and Thailand is accepted at a 5% significant level. As a result, Comparison 5.1.3 shows no differences.

Table 4.19: Differences in internationalization competencies, internationalization strategy and internationalization performance between E&C companies in Vietnam and Thailand

Variables	t-value	Df	sig. (2-tailed)	Mean difference	Comparisons testing
Global knowledge competencies	-0.89	77	0.375	-0.273	C511: not significantly different
Strategic competencies	3.08	77	0.003**	0.782	C512: strongly different
Managerial competencies	-0.78	77	0.439	-0.19	C513: not significantly different
Internationalization strategy	-1.48	60.4	0.144	-0.333	C52: not significantly different
Internationalization performance	-4.15	77	0.000*	-1.475	C53: strongly different
*: p<0.001; **: p<0.05					

The t-test results of internationalization strategy of t(60)=-1.48, p value=0.144>0.05 is not a significant t-test. The null hypotheses of no significant differences in internationalization strategy between E&C companies in Vietnam and in Thailand is accepted at a 5% level of significant level of confidence. Therefore, Comparison 5.2 shows no differences.

The results of t-test on internationalization performance show that t-value=-4.17, p value=0.000<0.05. This t-test is statistically significant. It suggests that the average point of internationalization performance of E&C companies in Vietnam is significantly lower than the average point of this performance of E&C companies in Thailand. The difference between the means is 1.475 at the 7-point evaluation. Therefore, the null hypothesis of no differences in strategic competency between E&C companies in Vietnam and Thailand is rejected at a level of significance of 5%. Consequently, Comparison 5.3 shows the differences.

4.6.3 Comparison between the T&G and E&C industries in Thailand

Table 4.20 presents the descriptive statistics for the two groups (E&C and T&G companies in Thailand). The sample of E&C and T&G companies in Thailand was 31 and 37 respectively. The average score or means of each variable to be compared and the standard deviations of each variable are re-

ported also in Table 4.20. Based on this data, it can be concluded that there is a difference between E&C and T&G companies in Thailand. Therefore, the Comparison 6 shows the differences.

Table 4.20: Descriptive results of E&C and T&G companies in Thailand

Variables	E&C companies in Vietnam (N=48)		T&G companies in Vietnam (N=52)	
	Mean	Std. D	Mean	Std. D
Global knowledge competencies	4.792	1.429	5.065	1.851
Strategic Competencies	5.021	1.213	4.239	1.593
Management competencies	5.054	1.147	5.245	1.158
Internationalization strategy	4.420	1.445	4.753	1.584
Internationalization performance	3.161	1.539	4.636	1.676

The results of differences test between E&C and T&G companies in Thailand by using independent t-tests are reported in **Table 4.21**.

Table 4.21: Differences in internationalization competencies, internationalization strategy and internationalization performance between E&C and T&G companies in Thailand

Variables	t-value	df	sig. (2-tailed)	Mean difference	Comparison testing
Global knowledge competencies	3.18	66	0.002**	1.118	C611: strongly different
Strategic competencies	2.00	61	0.049**	0.579	C612: strongly different
Managerial competencies	2.655	66	0.010**	0.699	C613: strongly different
Internationalization strategy	3.684	49	0.001**	0.748	C62: strongly different
Internationalization performance	2.417	66	0.018**	0.883	C63: strongly different
** p<0.05					

The results show clearly that there are differences in internationalization competencies, internationalization strategy and internationalization performance between E&C and T&G companies in Thailand. Regarding the global knowledge competencies, the results of t-test (t(66)=3.18, p=0.002<0.05) suggest that the null hypothesis of no significance of differences in this competency between E&C and T&G companies in Thailand is rejected at a 5% significant level. This t-test is statistically significant. It indicates that the av-

erage point of global knowledge competencies of E&C companies is significantly higher than the average point of this competency of T&G companies in Thailand. The difference between the means is 1.118 at the 7-point evaluation. Consequently, Comparison 6.1.1 shows the differences.

The results of t-test on strategic competencies show t(61)=2.00, p value=0.049<0.05. This t-test is statistically significant. It reveals that the average point of strategic competencies of E&C companies is significantly higher than the average point of these competencies of T&G companies in Thailand. The difference between the means is 0.579 at the 7-point evaluation. Therefore, the null hypothesis of no differences in strategic competencies between E&C companies and T&G companies in Thailand is rejected at a level of significance of 5%. Consequently, Comparison 6.1.2 shows the differences.

For the managerial competencies, the results of t-test of t(66)=2.655, p value=0.010<0.05 point out that the null hypothesis of no significance of differences in these competencies between E&C and T&G companies in Thailand is rejected at a 5% significant level. This t-test is statistically significant. It indicates that the average point of managerial competencies of E&C companies is significantly higher than the average point of these competencies of T&G companies in Thailand. The difference between the means is 0.699 at the 7-point evaluation. Consequently, Comparison 6.1.3 shows the differences.

The concrete results of testing Comparison 611, 612, and 613 suggested that the Comparison 6.1 is confirmed.

The t-test results of internationalization strategy of t(49)=3.684, p value=0.001<0.01 are significant. The null hypotheses of no significant differences in internationalization strategy between E&C companies and T&G companies in Thailand are rejected at a 1% level of significance. It reveals that the average point of internationalization strategy of E&C companies is significantly higher than the average point of this strategy of T&G companies in Thailand. The difference between the means is 0.748 at the 7-point evaluation. Consequently, Comparison C6.2 is significantly accepted.

The t-test results of internationalization performance show that t-value=2.417, p value=0.018<0.05. This t-test is statistically significant. It shows that the average point of internationalization performance of E&C companies is significantly higher than the average point of this performance of T&G companies in Thailand. The difference between the means is 0.883 at the 7-point evaluation. Therefore, the null hypothesis of no differences in internationalization performance between E&C companies and T&G companies in Thai-

land is rejected at a level of significance of 5%. Consequently, Comparison 6.3 is strongly supported.

4.6.4   Comparison between T&G and E&C industries in Vietnam

Table 4.22 presents the descriptive statistics for the two groups (E&C and T&G companies in Vietnam). The samples of E&C and T&G companies in Vietnam were 48 and 52 respectively. The average score or means of each variable to be compared and the standard deviations of each variable are also reported in Table 4.22. The data indicates a difference between T&G and E&C in Vietnam. Therefore, the Comparison 7 shows the differences.

Table 4.22: Descriptive results of E&C and T&G companies in Vietnam

Variables	E&C companies in Vietnam (N=48)		T&G companies in Vietnam (N=52)	
	Mean	**Std. D**	**Mean**	**Std. D**
Global knowledge management competencies	4.792	1.429	5.065	1.851
Strategic Competencies	5.021	1.213	4.239	1.593
Management competencies	5.054	1.147	5.245	1.158
Internationalization strategy	4.420	1.445	4.753	1.584
Internationalization performance	3.161	1.539	4.636	1.676

The results of differences test between E&C and T&G companies in Vietnam by using independent t-tests are reported in **Table 4.23**. The results clearly show that there is no difference in internationalization strategy. However, the results support that there are differences in strategic competencies and internationalization performance between E&C and T&G companies in Vietnam.

With regard to the global knowledge competencies, the results of t-test ($t(95)=1.120$, $p=0.266>0.05$) shows that the null hypothesis of no significance of differences in this competency between E&C and T&G companies in Vietnam is accepted at a 5% significant level. Consequently, Comparison 7.1.1 shows no differences.

Table 4.23: Difference in internationalization competencies, internationalization strategy and internationalization performance between E&C and T&G companies in Vietnam

Variables	t-value	df	sig. (2-tailed)	Mean difference	Comparison testing
Global knowledge management competencies	1.120	95	0.266	0.369	C711: not significantly different
Strategic Competencies	3.322	95	0.001**	0.936	C712: strongly different
Managerial competencies	-1.316	98	0.191	-0.304	C713: not significantly different
Internationalization strategy	0.138	98	0.891	0.042	C72: not significantly different
Internationalization performance	-1.955	98	0.053***	-0.630	C73: different
*: p<0.05; ***: p<0.1					

The results of t-test on strategic competencies show that t(95)=3.322, p value=0.001<0.05. This t-test is statistically significant. It points out that the average point of Strategic competencies of E&C companies is significantly higher than the average point of these competencies of T&G companies in Vietnam. The difference between the means is 0.936 at the 7-point evaluation. Therefore, the null hypothesis of no differences in strategic competencies between E&C companies and T&G companies in Vietnam is rejected at a level of significance of 5%. Consequently, Comparison 7.1.2 shows the differences.

Regarding the managerial competencies, the results of t-test of t(98)=-1.316, p value=0.191>0.05 show that the null hypothesis of no significant differences in this competency between E&C companies in Vietnam and Thailand is accepted at a 5% significant level. Consequently, Comparison 7.1.3 shows no differences.

The results of testing Comparisons 7.1.1, 7.1.2, 7.1.3 suggest that Comparison 7.1 is supported.

The t-test results of internationalization strategy of t(98)=0.138, p value=0.891>0.10 show that it is not a significant t-test. The null hypotheses of no significant differences in internationalization strategy between E&C com-

panies and T&G companies in Vietnam are accepted at a 10% level of significance. Consequently, Comparison 7.2 shows no differences.

The results of t-test on internationalization performance showed that t(98)=-1.955, p value=0.053<0.10. This t-test is statistically significant. It indicates that the null hypothesis of no differences in internationalization performance between E&C companies and T&G companies in Vietnam is rejected at a level of significance of 10%. Consequently, Comparison 7.3 shows the differences.

4.6.5   Summary of Section 4.6

The comparisons of internationalization competencies, internationalization strategy and internationalization performance between E&C companies and T&G companies in Vietnam and Thailand were conducted by using the independent sample t-test method (see **Appendix D**). Table 4.24 shows that there are obvious differences in internationalization performance and strategic competencies in E&C industry in both countries. E&C companies in Vietnam had a lower internationalization performance than E&C companies in Thailand. However, they had higher strategic competencies than E&C companies in Thailand did. The result can be explained that E&C companies in Thailand had more experience in doing businesses in foreign markets, had better FDI investment, higher technology application, good production base and higher production capacity than E&C companies in Vietnam had. Thai E&C companies applied various modes of entry than Vietnamese E&C companies did.

Results also indicate that the T&G companies in Vietnam had higher managerial competencies than T&G companies in Thailand had. The higher percentage of 100% foreign-owned companies and joint venture companies in Vietnamese T&G industry sample than that in Thai T&G industry sample can be a main reason for the difference in managerial competencies between the two countries. There was a clear difference in internationalization competencies, internationalization strategies and internationalization performance between E&C and T&G companies in Thailand. The result can be explained by a main reason that most of the E&C companies in Thailand were 100% foreign owned companies and had a better FDI investment and higher technology application than T&G companies in Thailand had.

Table 4.24 Comparison of internationalization competencies, internationalization strategy and internationalization performance of Vietnamese and Thai companies in E&C and T&G industries

Descriptive results	E&C industry		T&G industry		Vietnam		Thailand	
	VN	TL	VN	TL	E&C	T&G	E&C	T&G
Global knowledge competencies	No difference		No difference		No difference		Difference	
							High	Low
Strategic Competencies	Difference		No difference		Difference		Difference	
	High	Low			High	Low	High	Low
Managerial competencies	No difference		Difference		No difference		Difference	
			High	Low			High	Low
Internationalization strategy	No difference		No difference		No difference		Difference	
							High	Low
Internationalization performance	Difference		No difference		Difference		Difference	
	Low	High			Low	High	High	Low

Results in Table 4.24 also suggest that there was a clear difference in strategic competencies between E&C and T&G companies in Vietnam. The result can be explained by the following reasons: i) the strategic competencies of E&C companies in Vietnam are higher than that of T&G companies in Vietnam; ii) most E&C companies in Vietnam are trading and private companies while T&G companies in Vietnam are manufacturing, stated-own companies and their products are tailor-made ones. However, the internationalization performance of E&C companies in Vietnam was lower than that of T&G companies in Vietnam. The main reason for that is T&G companies in Vietnam had more experience in internationalization than E&C companies in Vietnam. For Thai companies, it was very clear that the internationalization competencies and internationalization strategy of E&C companies were higher than that of T&G companies. As the results, the internationalization performance of Thai E&C companies was higher than Thai T&G companies did.

4.7   Dependencies of countries and industries on internationalization performance as the fourth result

The influences of country and industry on internationalization performance are investigated in this section. While some previous studies have examined these influences, they were all conducted in the US, EU, Canada, Japan, Switzerland and other developed countries. This study examines these relationships in the context of two developing countries, Thailand and Vietnam. The T&G and E&C industries serve as an example of low tech and high tech in-

dustry to provide the context for this study. **Table 4.25** summarizes the hypotheses and methodology to test the influence of industry and country on the internationalization performance.

Table 4.25: Methodology to test the influence of industry and country on the internationalization performance

Hypothesis	Methodology	Sample
Hypothesis 8: There are significant influences of industry on internationalization performance	Regression analysis with stepwise method with dummy variables	Combination of all four research sample 1, 2, 3, 4
Hypothesis 9: There are significant influences of country on internationalization performance	Regression analysis with stepwise method with dummy variables	Combination of all four research sample 1, 2, 3, 4

The multiple regression analysis method was used to perform an influence test of the effect of six independent variables (global knowledge competencies, strategic competencies, managerial competencies, internationalization strategy, E&C industry and T&G industry) on the dependent variable (internationalization performance), the effect of eight independent variables (global knowledge competencies, strategic competencies, managerial competencies, internationalization strategy, E&C industry, T&G industry, Vietnam and Thailand) on the depend variable (internationalization performance) were examined by using regression analysis (see **Appendix E**). An explanation the regression models is stated in **Figure 4.11**

I IND-PER= constant + $b_{15.1}$qc1+ $b_{15.2}$qc2 + $b_{15.3}$qc3+b_{st}qstra+b_{ec}qec+b_{tg}qtg   (4)
COUN-PER= con-
stant+$b_{16.1}$qc1+$b_{16.2}$qc2+$b_{16.3}$qc3+b_{st}qstra+b_{ec}qec+b_{tg}qtg+b_{tl}qtl+b_{vn}qvn   (5)
Where:
IND-PER: the overall degree of perceived industry influences on internationalization performance
COUN-PER: the overall degree of perceived country influences on internationalization performance
Constant: a term of summarizing the impact of variables not included in the model
qc1, qc2, qc3: the overall degree of perceived Global Knowledge, Strategic and Managerial competencies respectively.
qstra: the overall degree of perceived internationalization strategy
qec, qtg: the dummy variable of E&C and T&G industry has two value of 1 and 0
qvn, qtl: the dummy variable of Vietnam and Thailand has two value of 1 and 0

Figure 4.11: The influence of industry and country on the internationalization performance

Table 4.26 shows the results of stepwise regression analysis of Model 4. Four constructs are found to have a significant impact on the internationalization performance (global knowledge competencies: $\beta 15.1 = 0.424$, $p = 0.000 < 0.05$; internationalization strategy: $\beta st = 0.300$, $p = 0.000 < 0.05$, E&C industry: $\beta ec = -0.137$, $p = 0.026 < 0.05$).

Table 4.26: Hypothesis testing of the influence of industry on internationalization performance

Variables	Standardized Coefficients	t value	p value
H8: Industry → internationalization performance (Adjusted $R^2 = 0.403$, F value=38.65, p value=0.000)			
Global knowledge competencies	0.424	5.447	0.000*
Internationalization strategies	0.300	3.91	0.000*
EC	-0.137	-2.25	0.026**
*: p<0.01; **: p<0.05			

The Model 4 shows the influence of industry on internationalization performance as follows:

$$IND\text{-}PER = 0.388 + 0.424qc1 + 0.3qstra - 0.137qec + 0.137qtg \qquad (4)$$

In E&C industry (when qec=1, qtg=0), there is a negative influence of industry on the internationalization performance of E&C companies. The perception of internationalization performance decreases 0.137 points if the perception of Global knowledge competencies and internationalization strategy are unchanged. If the perception of global knowledge competencies is increased one point, the perception of internationalization performance is increased 0.287 points if perception of internationalization strategy is unchanged. If the perception of internationalization strategy implementation is increased one point, the perception of internationalization performance is increased 0.263 points if perception of global knowledge competencies is unchanged.

In T&G industry (when qec=0, qtg=1), there is a positive influence of industry on the internationalization performance of T&G companies. The perception of internationalization performance increases 0.137 points if the perception of Global knowledge competencies and internationalization strategy are unchanged. If the perception of global knowledge competencies is increased one point, the perception of internationalization performance is increased 0.561 points if perception of internationalization strategy is unchanged. If the perception of internationalization strategy implementation is increased one

point, the perception of internationalization performance is increased 0.437 points if perception of Global knowledge competencies is unchanged.

The IND-PER model shows a good model fit by using F test (adjusted R2 of 0.403, p=0.000<0.001). The null hypothesis of no influence of industry on dependent variable (internationalization performance) is rejected at a 1% significant level. As the results, the Hypothesis 8 is statistically accepted.

Table 4.27 reveals the results of stepwise regression analysis of Model 5. Six constructs were found to have a significant impact on the internationalization performance (global knowledge competencies: $\beta_{16.1}$=0.435, p=0.000<0.05; internationalization strategy: β_{st}=0.297, p=0.000<0.001, Vietnam: β_{vn}=-0.223, p=0.000<0.001, Thailand: β_{tl}=0.223, p=0.000<0.001 and E&C industry: β_{ec}=-0.134, p=0.024<0.05, T&G industry: β_{tg}=+0.134, p=0.024<0.05).

Table 4.27: Hypothesis testing of the influence of country on internationalization performance

Variables	Standardized Coefficients	t value	p value
H9: Country $\rightarrow$ internationalization performance (Adjusted R^2=0.451, F value=35.26, p value=0.000)			
Global knowledge competencies	0.435	5.819	0.000*
Internationalization strategies	0.297	4.039	0.000*
VN	-0.223	-3.887	0.000*
TL	0.223	3.887	0.000*
EC	-0.134	-2.283	0.024**
TG	0.134	2.283	0.024**
*: p<0.001; **: p<0.05			

The Model 5 presents the influence of country on internationalization performance as follows: COUN-PER=0.788 + 0.435qc1+ 0.297qstra -0.223qvn+0.223qtl -0.134qec +0.134qtg   (5)

In Vietnam (when qvn=1, qtl=0), the perception of internationalization performance decreases 0.089 points if the perception of Global knowledge competencies, internationalization strategy are unchanged and the companies are in the T&G industry (qec=0, qtg=1). If the perception of global knowledge

competencies is increased one point, the perception of internationalization performance is increased 0.346 points if perception of internationalization strategy is unchanged and the companies are in the T&G industry. If the perception of internationalization strategy implementation is increased one point, the perception of internationalization performance is increased 0.208 points if perception of Global knowledge competencies is unchanged and the companies are in the T&G industry.

In Vietnam (when qvn=1, qtl=0), the perception of internationalization performance decreases 0.357 points if the perception of global knowledge competencies, internationalization strategy are unchanged and the companies are in the E&C industry (qec=1, qtg=0). If the perception of global knowledge competencies is increased one point, the perception of internationalization performance increases 0.068 points if perception of internationalization strategy is unchanged and the companies are in the E&C industry. If the perception of internationalization strategy implementation is increased one point, the perception of internationalization performance decreases 0.06 points if the perception of Global knowledge competencies is unchanged and the companies are in the E&C industry.

In Thailand (when qvn=0, qtl=1), the perception of internationalization performance increases 0.357 points if the perception of global knowledge competencies, internationalization strategy are unchanged and the companies are in the T&G industry (qec=0, qtg=1). If the perception of global knowledge competencies is increased one point, the perception of internationalization performance increases 0.792 points if the perception of internationalization strategy is unchanged and the companies are in the T&G industry. If the perception of internationalization strategy implementation is increased one point, the perception of internationalization performance increases 0.654 points if perception of global knowledge competencies is unchanged and the companies are in the T&G industry.

In Thailand (when qvn=0, qtl=1), the perception of internationalization performance decreases 0.089 points if the perception of global knowledge competencies, internationalization strategy are unchanged and the companies are in the E&C industry (qec=1, qtg=0). If the perception of global knowledge competencies is increased one point, the perception of internationalization performance increases 0.524 points if perception of internationalization strategy is unchanged and the companies are in the E&C industry. If the perception of internationalization strategy implementation is increased one point, the perception of internationalization performance increases 0.386 points if the perception of global knowledge competencies is unchanged and the companies are in the E&C industry.

The COUN-PER model shows a good model fit through the use of F test (adjusted R2 of 0.451, p=0.000). The null hypothesis of no influence of country on dependent variable (internationalization performance) is rejected at a 5% significant level. As the results, the Hypothesis 9 is statistically accepted.

4.8   Summary

In Section 4.1, four groups of research questions have been thoroughly addressed.

The first group of research questions aimed to explore the state of the art of internationalization. Descriptive analysis was utilized to answer the questions of this group. The data collected indicated that both T&G and E&C in Thailand have more experience in doing businesses in foreign markets than T&G and E&C companies in Vietnam. The popular foreign entry mode of exporting was used by all companies in both industries and in both countries. However, Thai companies used combinations of several entry modes more often than Vietnamese ones.

The data analysis for the second group of research questions revealed that all the three hypotheses of the relationships between internationalization competencies, internationalization strategy and internationalization performance are accepted. In detail, two internationalization competencies including "strategic competencies" and "managerial competencies" had a positive relationship with internationalization strategy. The strategic competencies had a stronger influence on internationalization strategy than the management competencies. The "global knowledge competencies" had a positive relationship with internationalization performance. The results confirmed that there was a linear positive relationship between internationalization strategy and internationalization performance.

The investigation of the third group of research questions purported to make comparisons of competencies, internationalization strategy and internationalization performance between E&C companies and T&G companies in Vietnam and Thailand. The findings indicated that there were three main results: i) Thai E&C companies had a better internationalization performance than Vietnamese E&C companies do; ii) competencies in E&C industries were better than that in T&G industries; iii) competencies in Vietnam were higher than those in Thailand. This is unusual because the internationalization performance of Thai companies was better that that of Vietnamese companies. This result can be explained subjectively by examining the Vietnamese culture and

the survey method. As the data collected was the Vietnamese managers' self-evaluation, it may be an over estimation of their competencies.

The fourth group of research questions was to show the dependencies between countries, industries and internationalization performance. The results of hypotheses testing by using multiple regression analysis and dummy variables confirmed that there are significant influences of industry on internationalization performance as well as significant influences of country on internationalization performance.

Based on these results, the next chapter will propose some recommendations to the E&C and T&G industries in two countries.

5.   Summary and Recommendations

Chapter five is divided into two main parts. Section 5.1 gives a brief summary of the research. Section 5.2 suggests recommendations on the internationalization strategies at the level of firms and at the level of governments.

5.1   Summary

This section provides the key findings of the empirical study including the state of the art of internationalization, results of testing of dependencies between internationalization competencies, internationalization strategies and internationalization performance, the differences between E&C and T&G industries in Vietnam and Thailand and the influences of industry and country on internationalization performance.

5.1.1   State of the art of internationalization

Results from the empirical study suggested some internationalization characteristics of E&C and T&G companies in Vietnam and Thailand.

There were 46.2% of Vietnamese and 51.4% of Thai T&G companies that had more than 15 years of experience in selling products in the foreign markets. In the E&C industry, there were only 10.4% of Vietnamese but 55% of Thai E&C companies with 5 to 15 years experience of selling products in foreign markets.

This study showed that about more than 58% of customers of Thai and Vietnamese E&C and T&G companies are wholesalers. Understanding customers is very important to be successful in doing international business activities. Results of this study pointed out that more than 74% of E&C companies and more than 60% of T&G companies in both countries have focused strongly on understanding target customers in their foreign markets.

More than 74% of the firms selected exporting as a mode to enter a foreign market. Thai companies were very active in using various combinations of the foreign entry modes of export, franchising, licensing and joint venture one. The most popular combination of foreign entry modes for Vietnamese companies with more than 60% of foreign entry modes combination was export and joint venture.

The major export destinations of Vietnamese and Thai T&G products were the USA, the EU, and Japan. Regarding E&C products, the results showed that the first important export market of Vietnamese E&C products were Indochina (including Laos and Cambodia) (37.5%), followed by the EU (25%) and the ASEAN (16.6%). The most important export markets of Thai E&C products were the USA (31.25%), the ASEAN (16.7%) and Japan (8.33%).

The results of descriptive analysis revealed that export turnover occupied more than 90% of the total revenue for T&G companies in Vietnam and Thailand. Only 37.6% of Thai and 8.6% of Vietnamese T&G companies had an export turnover of less than 30% of their total revenue. 42.3% of Vietnamese T&G companies had the rate of export turnover of more than 90% of their total revenue.

The export turnover rate of E&C companies in Thailand was much higher than in Vietnam. Only 4.2% of companies in Vietnam but up to 38.7% of E&C companies in Thailand had a sales turnover of 60% or more in foreign markets.

5.1.2 Dependencies of internationalization competencies, internationalization strategy and internationalization performance

There was a positive influence of internationalization competencies on internationalization strategy. The strategic competencies and the managerial competencies had the biggest influence on a firm's internationalization strategy. There was also a positive influence of internationalization competencies on internationalization performance. Here the global knowledge competencies and the managerial competencies had the biggest impacts on internationalization performance.

Also the internationalization strategy positively influenced the internationalization performance.

5.1.3 Comparison between the T&G and E&C industries in Vietnam and Thailand

The research showed that there was a clear difference in internationalization performance and strategic competencies between the E&C industries of the two countries. E&C companies in Thailand had better internationalization performance than Vietnamese E&C companies. This was because the Thai companies had more experience in doing business overseas, more FDI investment, higher technology application and a higher capacity. Thai E&C companies have applied a better variety of modes of entry than Vietnamese E&C companies. However, the Vietnamese had stronger strategic competencies. This reconfirmed the empirical results that the strategic competences had less impact on internationalization performance than global knowledge competencies and managerial competencies. That is a reason why Thai E&C companies have greater success when going international than Vietnamese E&C companies.

The results also indicated that the T&G companies in Vietnam had higher managerial competencies than T&G companies in Thailand. This can be explained by a larger number of 100% foreign-owned and joint venture companies in the Vietnamese T&G industry sample than in the Thai sample.

The study revealed a clear difference in internationalization competencies, strategy and performance between E&C and T&G companies in Thailand. The main reason for this difference is that most of E&C companies in Thailand were 100% foreign owned companies with FDI investment while T&G companies in Thailand were private ones. Another argument is application of advanced technology of E&C companies. Because of these, the internationalization performance of Thai E&C companies was better than the T&G companies.

In Vietnam there was also a clear difference in strategic competencies between E&C and T&G companies in Vietnam. The reasons for the higher level of competencies in the E&C industry are various. Most E&C companies were private traders while the T&G companies are stated-owned manufacturing companies with tailor made products. However, Vietnamese T&G companies had more experience in internationalization than the E&C companies. As a result, even Vietnamese T&G companies had lower strategic competencies than E&C companies, their internationalization performance was better.

5.1.4 Influences of industry and country on internationalization performance

This empirical study confirmed that there were significant influences of industry and country on internationalization performance.

5.2 Recommendations

This section proposes some recommendations for firms and for the governments.

5.2.1 Recommendations on the internationalization for firms

The internationalization competencies and internationalization strategies influence the internationalization performance of a firm. In order to improve their internationalization performance, companies should enhance their internationalization competencies including global knowledge competencies, strategic competencies and managerial competencies and should have more effective internationalization strategies. There are three approaches that the T&G and E&C firms in Vietnam and Thailand should prioritize to apply.

- Firms should differentiate their offers in improving product quality and design new high value products;
- Firms should use a combination of foreign entry modes;
- Firms should develop global executives.

These priority measures should be applied for both high tech and low tech industries in Vietnam and Thailand because they are in similar contexts of internationalization.

The next sections elaborate the three general recommendations mentioned above.

Differentiation strategy based on quality is a vital strategy for the exporters in Vietnam and Thailand to compete against mass production and low cost strategies from Chinese competitors. To implement successfully this strategy, the firms should:

- Upgrade technology, design and production processes by purchasing advanced and modern equipment and machines, through technology transfer and through cooperation with foreign firms. The firms should communicate with foreign experts, with customers and with suppliers, which are an es-

sential source of information. They should compare carefully suppliers to achieve efficiently and effectively their needed technology. With the new production technology, the companies can improve the products' quality and increase labor productivity. Innovation should be based on customers' demand for products and the tastes of each market. As a result, they can improve theirs competitiveness in competitive markets.

- Apply integrated global quality management systems to meet the quality requirements of the high value markets.
- Develop brands to compete against mass production and to differentiate the products not only by quality but also by image. This requires extensive training courses on brand development for their staff involved.

The second recommendation focuses on how to help the firms to access and expand international markets. Expanding and diversifying international markets will help the company not only to improve its internationalization performance but also to reduce the risk of anti dumping issues or demand shocks. Firms will need to apply an internationalization model when entering a foreign market. Successful entry to a new foreign market or extending its current foreign markets is not simple and depends mainly on a systematic approach. **Figure 5.1** proposes an internationalization model that should be applied for any company when going international. This model includes six following steps:
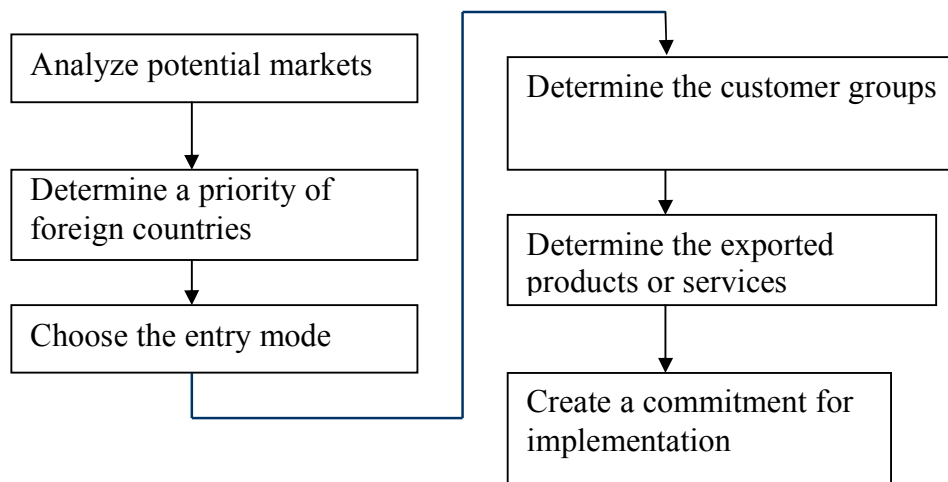
Figure 5.1: An internationalization model (see section 3.2.4)

The third recommendation is to develop global executives. Developing executives, managers and professional staff to reach global standards is one of crucial conditions to implement the differentiation and accessing and extending international markets strategies. Such qualified human resources will help the firm to develop new initiatives, improve productivity and promptly respond to changes in domestic and foreign markets. Therefore, firms should focus on:

- Creating and strengthening links with universities and research institutes to have qualified designers, engineers and technicians who can operate the advanced production process, machines and equipment. The firm should receive the final-year students to practice in internships that can help students have more chances to practice and simulate or apply the theory in the real situation.
- Cooperation with foreign companies is one of the most common and efficient ways for the firm to develop its human capital. Joint venture should be applied because it is the most common and efficient cooperation form for domestic executives to learn global management expertise. The companies should send their managers and staff to visit foreign companies to learn and exchange experience in marketing, technology and other management expertise. Through this co-operation, the firms will also enhance the internationalization competencies of their management staff.
- Organizing or reinforcing professional training for staff by providing on-the-job training or sending them to international standard training centers. In the long term, the companies should establish their own training centers, vocational centers or even universities to have a stable and qualified supply source of highly qualified human capital.

5.2.2 Recommendations on the internationalization for the governments

The industry and country environment has influences on the internationalization performance of Vietnamese and Thai companies. In order to help the firm to implement successfully the differentiation, accessing and expanding international markets and developing global executives, the governments should do three things.

First, the governments should assist firms in the acquisition of skilled labors by improving the education quality of universities and vocational schools such as investing in professional laboratories, practical workshops or in cooperation with international universities. This assistance will provide firms with educated and well-trained workforce, especially with engineers and scientists who can adopt and use the advanced and modern technologies and latest production processes. This can help the firm focus or invest in more complex and higher value products. Managers with in-depth knowledge of marketing and entering foreign markets are also needed.

Second, the governments should support the firm to get long-term loans with lower interest rates from the banks. The governments should improve the financial transparency such as having a consistent collateral requirement, regu-

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lations for securities market and discouraging speculative investments in real estate and financial markets. This will enable the firm to have access to more sources of financing for investment in the complex and high value markets. Banks and securities dealers are the important source of finance for the firm; hence, addressing the urgent need for regulations on domestic capital market should be a top priority for the government.

Third, the governments should assist the firm in penetrating into and expanding in exports markets through establishing industry associations to provide information on world prices and organizing conferences, regional workshops and forums to connect Vietnamese and Thai firms to potential international customers. The governments should help the firm to meet regulations and standards of specific foreign markets. Trade representatives in embassies in the foreign countries are very important to support the exporting companies.

6.   Final remarks

The two sections of chapter 6 discuss the assessment of reaching the objectives and answering research questions and about the limitations and suggestions for further research.

6.1   Assessment of reaching the objectives and answering the research questions

This research has considered two objectives. The first objective is to identify the dependencies of internationalization competencies and internationalization strategy on firms' internationalization performance; and to identify the influence of industry and country on the firms' internationalization performance. The second one is to propose some recommendations at the level of companies and at the level of governments.

The first objective has been achieved by answering of following four groups of research questions:

- The first group of research questions has been answered through providing the state of the art of internationalization in the four industries investigated. The results of descriptive analysis covered experience in selling products in the foreign markets, customers in the foreign markets, foreign entry mode, export destinations and achievement in international selling of the companies of the four industries investigated;
- The second group of research questions has been achieved through identifying the positive relationships between the internationalization strategies and the internationalization competencies of these enterprises and their success in entering foreign markets. The regression analysis among factor outputs that were extracted from the principal factor analysis with varimax of internationalization competencies and internationalization strategies was used to test these relationships;
- The third group of research questions has been examined through determining the differences in internationalization competencies, internationalization strategies and internationalization performance of companies in the E&C and T&G industries in Vietnam and Thailand. Independent samples t-tests were used to answer this group of research questions;
- The fourth group of research questions has been achieved through identifying the positive influence of country and industry environment on internationalization performance. Regression analysis was used with dummy variables to answer this group of research question.

The achievement of second objective contained two groups of recommendations:

▪ Firstly, it recommended the firms in both industries should i) differentiate their offers based on improving quality and producing high value products, ii) used a combination of foreign market entry modes; and iii) develop global executives.
▪ Secondly, it recommended the governments should assist the firms in i) acquisition of high-skilled labors, ii) getting long term loans with relative low interest rate; and iii) establishing platforms to enter foreign markets.

As a part of research results, the review of the relevant literature showed that there have not been many studies that examined the dependencies of firms' internationalization competencies, internationalization strategy on their internationalization performance and the influences of country and industry on their internationalization performance in the developing countries like Vietnam and Thailand. Therefore, this research treats an interesting issue and contributes to the enlargement of knowledge.

6.2   Limitations and suggestions for future research

This research project was implemented via an empirical study of E&C and T&G companies in Thailand and Vietnam with four samples. Finally, 168 questionnaires were returned with an average response rate of 13.3%. This response rate is acceptable, similar to the previous studies (Hawawini, 2004 and Rasheed, 2005). Due to communication issues, the response rate is still modest in Thailand. The study used questionnaires in English language to gather data in Thailand. Questionnaires in Thai language were not possible due to cost and time limitations of the researcher in Thailand.

The selection of the T&G industry as a representative for low tech industry and the E&C industry as a representative for high tech industry are appropriate for Vietnam and Thailand. However, looking deeper in characteristics of different industries, there are definitely differences between the T&G industry and other low tech industries or between the E&C industry and other high tech industries. Other studies in order to compare between other couples of low and high tech industries with the same objectives will also be valuable. Additionally, this study indirectly tested the relation of country and industry on internationalization performance by using dummy variables. As a result, the findings regarding the influence of country and industry on internationalization performance need to be generalized with careful consideration.

Interesting questions are raised by the empirical study concerning the comparison of internationalization competencies, internationalization strategies and internationalization performance between the T&G and E&C industries in Vietnam and Thailand. There is no difference between the E&C and T&C industries in Vietnam, while in Thailand there is a clear difference. Furthermore, Thai E&C companies have better internationalization performance than Vietnamese E&C companies while the competencies of Vietnamese companies are higher than Thai companies. There are some suggestions about the reasons of these results. Further research seems necessary to give a clear answer.

Furthermore, the author recommends the following studies to enlarge the knowledge in the area of the thesis:

- A similar study is recommended for a Thai-based researcher, who could prepare good quality Thai language version of the questionnaire in order to obtain a better quantity and quality of respondents in Thailand, as the complementary of this research results.
- In order to improve the quality of result and to validate the questionnaire survey outcomes, focus group meetings or interviewing managers in the T&G and E&C industries in Vietnam and Thailand should be organized to gather more information of the internationalization competencies, internationalization strategies and internationalization performance.
- A comparative study on internationalization strategies of another pair of high tech and low tech industries in Vietnam and Thailand should be organized in order to have a larger knowledge of the difference on their internationalization competencies, internationalization strategies and internationalization performance. Another pair of Software Industry, as high tech representative, and Furniture Manufacturing industry, as low tech representative should be recommended. In 2005, Thailand earned US$520 million from software exports and Vietnam earned US$70 million in software export turnover in 2005 (vnpt.com.vn). Regarding to the furniture industry, Vietnam is the world's fourth-largest wood products exporter, topping US$2.4 billion in 2007 (TBIC, 2008) and Thailand achieved the total exports of $30.5m to the region in 2007 (ameinfo.com).

Appendices

Appendix A: Questionnaire of the empirical study

This questionnaire survey is a part of the empirical study that will be conducted to fulfill the requirements of the Doctoral Thesis "Strategies for Internationalization: A Comparative Study of Thai and Vietnamese Companies in Textile & Garment and Electronics & Computer parts industries". The results of this questionnaire survey will be used only for scientific purposes of the Doctoral Thesis and the related scientific works. Any information about the interviewee will only be published with the written permission of him or her.

Organization: …………………….....................Contact address:………………………….
Contact person:………………....................Position:
…………………………………………..
Tel:………………………………….email:……………………………………….......................

Part I: General information

Please select *only one answer* that best to describe your company
1. What is your business activities?
   1. Manufacturing ☐   2. Trading   ☐   3. Services   ☐
   4. Other (please specify)………………………
2. What is legal form of your company?
   1. State owned company   ☐   2. Private company   ☐
   3. 100% Foreign-owned Company ☐   4. Joint Venture Company   ☐
   5. Other (please specify)…………………………………….
3. Which industry your company belongs to?
   1. Textile & Garment   ☐   2. Electronics & computer parts   ☐
4. What is the total of current employees in your company?
   1. less than 300 employees   ☐   2. more than 300 employees   ☐
5. What is the total of legal capital of your company?
   For Vietnamese company only:
   1. < VND10 billion   ☐   2. >=VND10 billion ☐
   For Thai Company only:
   1. < Baht 25 million   ☐   2. >=Baht 25 million ☐
6. How many years are company's products ready selling in the foreign market?
   0. Never   ☐   1. <1 year   ☐   2. 1-<3 years   ☐   3. 3-<5 years   ☐
   4. 5-<7 years ☐   5. 7-<10 years ☐   6. 10-<15 years ☐   7. >15 years   ☐
7. Please specify (in order) the 5 most important foreign markets for your company?
   1st _____ 4th _____
   2nd _____ 5th _____
   3rd _____
8. How much of your turnover is made by selling in foreign markets?
   0. Not at all   ☐   1. <15% ☐   2. 15-<30%   ☐   3. 30-<45%   ☐
   4. 45-<60%   ☐   5. 60-<75%   ☐   6. 75-<90% ☐   7. >90%   ☐
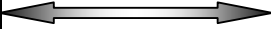
Part II. Firm's internationalization competencies

Please evaluate the company's competencies (the focus is on the organization <u>not on the CEO</u>)

Competencies	Assessment								*(Single Answer)*
	Not at All	Very limited						Out-standing	
9. There are processes for obtaining information about customers	⓪	①	②	③	④	⑤	⑥	⑦	
10. There are processes for obtaining information about competitors	⓪	①	②	③	④	⑤	⑥	⑦	
11. There is a process of sharing information and interpreting its implications	⓪	①	②	③	④	⑤	⑥	⑦	
12. There is a shared vision about the future strategy	⓪	①	②	③	④	⑤	⑥	⑦	
13. There is a strong focus on producing customer value	⓪	①	②	③	④	⑤	⑥	⑦	
14. There is the will in responding to the different needs of different customer segments	⓪	①	②	③	④	⑤	⑥	⑦	
15. The company knows its strengths and weaknesses and consequently focuses on its strengths	⓪	①	②	③	④	⑤	⑥	⑦	
16. There are unique elements in the offer compared to competitors	⓪	①	②	③	④	⑤	⑥	⑦	
17. Actions are taken to maintain and to improve the strengths	⓪	①	②	③	④	⑤	⑥	⑦	
18. The company's organizational structure works well	⓪	①	②	③	④	⑤	⑥	⑦	
19. There is a career pathing and management development system installed in your company	⓪	①	②	③	④	⑤	⑥	⑦	
20. Changes are made in the organizational design to improve competitiveness	⓪	①	②	③	④	⑤	⑥	⑦	
21. There is a motivation system to encourage your employees	⓪	①	②	③	④	⑤	⑥	⑦	
22. There are training programs to improve your employees	⓪	①	②	③	④	⑤	⑥	⑦	

Part III: Firm's internationalization strategy

23. Which kind of internationalization options does your company follow when going abroad? (you can select **<u>more than one option</u>**)

1. Exporting ☐ 2. Licensing ☐ 3. Franchising ☐
4. Joint Ventures ☐ 5. other (please spec-
ify):_____

24. Who are your customers in foreign market? (you can select **more** than **one option**)

1. Retailers/End users ☐ 2. Wholesales ☐ 3. General Importers ☐

Please evaluate your company's internationalization strategy

internationalization strategy	Assessment								(Single Answer)
	Not at All	Not very much → Extensive							
25. If selling your products/services to retailers/end users (option 1, question 24), does your company have a clear idea of target customers?	⓪	①	②	③	④	⑤	⑥	⑦	
26. Does your company has an effective process to select the foreign markets	⓪	①	②	③	④	⑤	⑥	⑦	
27. Does your company focus in selling certain products/services group in foreign market?	⓪	①	②	③	④	⑤	⑥	⑦	
28. Does the company understand the information and service requirements of customers on an international basis?	⓪	①	②	③	④	⑤	⑥	⑦	
29. Does your company have a clearly stated vision to be international?	⓪	①	②	③	④	⑤	⑥	⑦	
30. Does your company have a supportive international business IT infrastructure?	⓪	①	②	③	④	⑤	⑥	⑦	
31. Has management clearly developed action programs associated with the international vision?	⓪	①	②	③	④	⑤	⑥	⑦	
32. Are its implementation programs linked clearly with the strategic initiatives related to the international vision?	⓪	①	②	③	④	⑤	⑥	⑦	

Part IV: Firm's internationalization performance

33. How is the growth rate abroad in last three years in comparison to the domestic market?

1. Very much less ☐ 2. Much less ☐ 3. Less ☐ 4. The same ☐
5. Bigger ☐ 6. Much bigger ☐ 7. Very much bigger ☐

34. How is the financial success of the company's sale in foreign markets in comparison with that of the domestic market?

1. Very much less ☐ 2. Much less ☐ 3. Less ☐ 4. The same ☐
5. Bigger ☐ 6. Much bigger ☐ 7. Very much bigger ☐

35. How is the percentage of the company's foreign sale in comparison with the strongest competitor?

1. Less than 30% ☐ 2. 30-<60% ☐ 3. 60-<90% ☐ 4. 90-<120% ☐
5. 120-<150% ☐ 6. 150-<180% ☐ 7. >180% ☐

36. How could you realize the achievements of your company's objectives in the foreign sale in the last three years?

    1. Very much less ☐   2. Much less   ☐   3. Less ☐   4. The same ☐

    5. Bigger   ☐   6. Much bigger ☐   7. Very much bigger ☐

Thank you very much for your cooperation!

PHIẾU ĐIỀU TRA

Phiếu điều tra này là một hợp phần nghiên cứu của đề tài luận án tiến sĩ "Chiến lược quốc tế hoá: nghiên cứu so sánh giữa các công ty Thái Lan và Việt Nam trong hai ngành công nghiệp Dệt-May và Điện tử-Linh kiện máy tính". Kết quả điều tra sẽ chỉ sử dụng vì mục đích khoa học của luận án tiến sĩ và các công trình nghiên cứu khoa học có liên quan. Bất cứ thông tin nào về người được phỏng vấn sẽ chỉ được công bố khi có sự đồng ý bằng văn bản của người đó.

Công ty: ………………......................**địa chỉ liên hệ:**……………………….…….
Người liên hệ:…………........................**Chức vụ:** …………………………………...
Điện thoại:……………………….**email:**………………………….......................

Phần I: Thông tin chung
Xin chọn **một câu trả lời** phù hợp nhất với công ty của ông/bà:
1. Hoạt động kinh doanh chính của công ty ông/bà là gì?
   1. Sản xuất   □   2. Thương mại□   3. Dịch vụ   □
   4. Khác (xin chỉ rõ)………………………………………………….………
2. Công ty ông/bà thuộc loại hình sở hữu nào?
   1. Nhà nước   □   2. Tư nhân   □
   3. 100% vốn nước ngoài □   4. Liên doanh   □
   5. Khác (xin chỉ rõ)………………………………….
3. Công ty ông/bà thuộc ngành công nghiệp nào dưới đây?
   1. Dệt may   □   2. Điện tử & Linh kiện máy tính □
4. Tổng số nhân viên trong công ty ông/bà là bao nhiêu?
   1. < 300 công nhân   □   2. >=300 công nhân   □
5. Vốn pháp định của công ty ông/bà là bao nhiêu?
   Đối với công ty Việt Nam
   1. < 10 tỷ đồng   □   2. >=10 tỷ đồng   □
   Đối với công ty Thái Lan
   1. < 25 triệu baht   □   2. >=25 triệu baht   □
6. Công ty ông/bà đã bán sản phẩm ra thị trường nước ngoài trong bao nhiêu năm?
   0. chưa bao giờ □   1. <1 năm   □   2. 1-<3 năm   □   3. 3-<5 năm □
   4. 5-<7 năm   □   5. 7-<10 năm □   6. 10-<15 năm □   7. >15 năm   □
7. Xin ông/bà cho biết 5 thị trường nước ngoài quan trọng nhất đối với công ty theo thứ tự sau?
   thứ 1 _____   thứ 4 _____
   thứ 2 _____   thứ 5 _____
   thứ 3 _____
8. Doanh thu bán ra thị trường nước ngoài chiếm bao nhiêu phần trăm tổng doanh thu của công ty ?
   0. Không có   □   1. <15% □   2. 15-<30%   □   3. 30-<45%   □
   4. 45-<60%   □   5. 60-<75%   □   6. 75-<90%   □   7. >90%   □

Phần II: Năng lực quốc tế hoá của công ty

Xin hãy đánh giá năng lực của công ty ông/bà (dựa trên năng lực tổ chức, __không phải năng lực của lãnh đạo__)

Năng lực	Đánh giá *(Chọn một câu trả lời)*							
	Không có	Rất hạn chế ← → Xuất sắc						
9. Có các quy trình tiếp nhận thông tin về khách hàng	⓪	①	②	③	④	⑤	⑥	⑦
10. Có các quy trình tiếp nhận thông tin về đối thủ cạnh tranh	⓪	①	②	③	④	⑤	⑥	⑦
11. Có một quy trình trao đổi thông tin và lý giải các thông tin đó	⓪	①	②	③	④	⑤	⑥	⑦
12. Có một tầm nhìn chung về chiến lược trong tương lai	⓪	①	②	③	④	⑤	⑥	⑦
13. Tập trung vào việc tạo ra các giá trị của sản phẩm cho khách hàng	⓪	①	②	③	④	⑤	⑥	⑦
14. Công ty sẵn sàng đáp ứng các nhu cầu khác nhau của các nhóm khách hàng khác nhau	⓪	①	②	③	④	⑤	⑥	⑦
15. Công ty nhận biết được các điểm mạnh và các điểm yếu của mình và do đó, tập trung vào các điểm mạnh	⓪	①	②	③	④	⑤	⑥	⑦
16. Sản phẩm có những yếu tố riêng biệt so với các đối thủ cạnh tranh	⓪	①	②	③	④	⑤	⑥	⑦
17. Công ty luôn duy trì và nâng cao các điểm mạnh của mình	⓪	①	②	③	④	⑤	⑥	⑦
18. Cơ cấu tổ chức của công ty hoạt động tốt	⓪	①	②	③	④	⑤	⑥	⑦
19. Công ty có định hướng phát triển nghề nghiệp cho nhân viên và hệ thống phát triển quản lý	⓪	①	②	③	④	⑤	⑥	⑦
20. Trong thiết kế tổ chức của công ty có đưa ra những thay đổi nhằm nâng cao tính cạnh tranh của công ty	⓪	①	②	③	④	⑤	⑥	⑦
21. Công ty có hệ thống động viên khuyến khích nhân viên	⓪	①	②	③	④	⑤	⑥	⑦
22. Công ty có các chương trình đào tạo nhằm nâng cao trình độ của nhân viên	⓪	①	②	③	④	⑤	⑥	⑦

Phần III: Chiến lược quốc tế hoá của công ty
23. Chiến lược quốc tế nào dưới đây được công ty ông/bà áp dụng khi phát triển ra thị trường nước ngoài? (ông/bà có thể chọn **nhiều phương án trả lời**)
    1. Xuất khẩu ☐   2. Cấp quyền kinh doanh ☐ 3. Nhượng quyền thương mại ☐
    4. Liên doanh ☐   5. Khác (xin chỉ rõ):_____
24. Khách hàng của công ty ông/bà là ai? (ông/bà có thể **chọn nhiều phương án**)
      1. Người bán lẻ/người sử dụng cuối cùng   ☐
      2. Nhà bán buôn ☐   3. Nhà nhập khẩu   ☐

Phần III: Chiến lược quốc tế hoá của công ty (tiếp theo)

Xin ông/bà hãy đánh giá chiến lược quốc tế hoá của công ty mình

Chiến lược quốc tế hoá	Đánh giá								*(Chọn một câu trả lời)*
	Không có	Không nhiều ← → Rất nhiều							
25. Nếu khách hàng của công ty là **Người bán lẻ/Người sử dụng cuối cùng (phương án 1, câu 24)**, công ty có biết rõ về khách hàng mục tiêu của mình không?	⓪	①	②	③	④	⑤	⑥	⑦
26. Công ty có quy trình nào hiệu quả để lựa chọn thị trường nước ngoài không?	⓪	①	②	③	④	⑤	⑥	⑦
27. Công ty có tập trung bán một nhóm sản phẩm/dịch vụ ra thị trường nước ngoài không?	⓪	①	②	③	④	⑤	⑥	⑦
28. Công ty có hiểu rõ các thông tin và yêu cầu của khách hàng trên thị trường quốc tế không?	⓪	①	②	③	④	⑤	⑥	⑦
29. Công ty có xác định một tầm nhìn để trở thành một công ty quốc tế không?	⓪	①	②	③	④	⑤	⑥	⑦
30. Công ty có hệ thống thông tin hỗ trợ cho việc kinh doanh trên thị trường quốc tế không?	⓪	①	②	③	④	⑤	⑥	⑦
31. Lãnh đạo của công ty có phát triển các chương trình hành động liên quan đến tầm nhìn quốc tế không?	⓪	①	②	③	④	⑤	⑥	⑦
32. Các chương trình hành động của công ty có gắn liền với những sáng kiến chiến lược mang tầm nhìn quốc tế không?	⓪	①	②	③	④	⑤	⑥	⑦

Phần IV: Hoạt động của công ty trong quá trình quốc tế hoá

33. Tốc độ tăng trưởng của công ty trên thị trường nước ngoài là bao nhiêu khi so sánh với thị trường nội địa trong vòng 3 năm qua?

    1. Ít hơn rất nhiều ☐   2. Ít hơn nhiều ☐   3. Ít hơn ☐   4. Bằng nhau ☐
    5. Cao hơn ☐   6. Cao hơn nhiều ☐   7. Cao hơn rất nhiều ☐

34. Doanh thu bán hàng của công tytrên thị trường nước ngoài là bao nhiêu khi so sánh với thị trường nội địa?

    1. Ít hơn rất nhiều ☐   2. Ít hơn nhiều ☐   3. Ít hơn ☐   4. Bằng nhau ☐
    5. Cao hơn ☐   6. Cao hơn nhiều ☐   7. Cao hơn rất nhiều ☐

35. Doanh thu bán hàng của công ty tại thị trường nước ngoài cao hơn bao nhiêu phần trăm khi so sánh với đối thủ cạnh tranh lớn nhất?

    1. Ít hơn 30% ☐   2. 30-<60% ☐   3. 60-<90% ☐   4. 90-<120% ☐
    5. 120-<150% ☐   6. 150-<180% ☐   7. >180% ☐

36. Ông/bà nhận xét thế nào về mức độ hoàn thành mục tiêu của công ty về doanh thu trên thị trường nước ngoài trong 3 năm qua?

    1. Ít hơn rất nhiều ☐   2. Ít hơn nhiều ☐   3. Ít hơn ☐   4. Bằng nhau ☐
    5. Cao hơn ☐   6. Cao hơn nhiều ☐   7. Cao hơn rất nhiều ☐

Rất cảm ơn sự hợp tác của ông/bà!

Appendix B: Descriptive results, reliability and validity of variables

Descriptive results of internationalization competencies

Internationalization Competencies	Min	Max	Mean	Std. Deviation
Infor-customer obtaining	0	7	4.542	1.612
Infor-competitor obtaining	0	7	4.196	1.806
Infor- share	0	7	4.065	1.631
Infor- interpreteur	0	7	4.065	1.631
org structure	0	7	4.804	1.341
changes in org	0	7	4.244	1.640
shared vision	0	7	4.560	1.633
know strengths and weaknesses	0	7	5.042	1.310
focus on strengths	0	7	5.042	1.310
actions improve strengths	0	7	5.143	1.301
focus on customer value	0	7	5.060	1.539
respond in different segments	0	7	5.071	1.307
Uniqueness	0	7	4.345	1.685
Motivation system	0	7	4.446	1.496
career pathing	0	7	4.238	1.617
training program	0	7	4.185	1.757
Valid N (listwise)	168			

Descriptive results of internationalization strategy

Internationalization Strategy	Min	Max	Mean	Std. Deviation
ideas of target cust.	0	7	3.119	2.757
stated international vision	0	7	3.750	2.047
select of FM	0	7	3.637	1.868
understand infor as inter basis	0	7	4.256	1.741
focus on segmentation	0	7	3.911	1.957
Supportive IT infra	0	7	3.429	1.984
actions link inter vision	0	7	3.667	1.891
initiatives + international	0	7	3.661	1.774
Valid N (listwise)	168			

Descriptive results of internationalization performance

Internationalization Performance	Min	Max	Mean	Std. Deviation
G rate abroad / domestic	0	7	3.899	2.040
financial sales success	0	7	3.952	1.999
percent of foreign sales/competitors	0	7	1.762	1.424
achievement of objectives	0	7	3.732	1.580

Reliability and validity results of internationalization competencies

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standard-ized Items	N of Items
.770	.844	6

Item Statistics

	Mean	Std. Devia-tion	N
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168
qstrate	4.3770	1.31401	168
q25	3.1190	2.75726	168
qper	3.7585	1.63077	168

Inter-Item Covariance Matrix

	qc3	qc2	qc1	qstrate	q25	qper
qc3	2.597	1.967	1.148	1.329	1.007	1.535
qc2	1.967	2.047	1.109	1.328	.931	1.205
qc1	1.148	1.109	1.334	1.081	.251	.836
qstrate	1.329	1.328	1.081	1.727	.500	1.177
q25	1.007	.931	.251	.500	7.603	.666
qper	1.535	1.205	.836	1.177	.666	2.659

The covariance matrix is calculated and used in the analysis.

Reliability Statistics of Global Knowledge Competencies

Cronbach's Alpha	Cronbach's Alpha Based on Standard-ized Items	N of Items
.912	.914	5

Summary Item Statistics of Global Knowledge Competencies

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.286	4.065	4.560	.494	1.122	.061	5

The covariance matrix is calculated and used in the analysis.

Reliability Statistics of Strategic Competencies

Cronbach's Alpha	Cronbach's Alpha Based on Standard- ized Items	N of Items
.905	.909	5

Summary Item Statistics of Strategic Competencies

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	5.071	5.042	5.143	.101	1.020	.002	5

The covariance matrix is calculated and used in the analysis.

Reliability Statistics of Managerial Competencies

Cronbach's Alpha	Cronbach's Alpha Based on Standard- ized Items	N of Items
.905	.906	6

Summary Item Statistics of Managerial Competencies

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.377	4.185	4.804	.619	1.148	.052	6

The covariance matrix is calculated and used in the analysis.

Factor Analysis results of internationalization competencies

Rotated Component Matrix(a)

	Raw			Rescaled		
	Component			Component		
	1	2	3	1	2	3
Infor-cust obtaining	.493	.581	1.126	.306	.360	.699
Infor-compe obtaining		.548	1.404		.303	.778
infor. share	.673		1.349	.413		.827
infor.interp	.673		1.349	.413		.827
org structure	.725	.701		.540	.523	
changes in org	1.343			.819		
shared vision		.567	1.055		.347	.646
know strengths and weaknesses	.532	1.090		.406	.832	
focus on strengths	.532	1.090		.406	.832	
actions improve strengths	.608	.873		.467	.671	
focus on customer value		1.071	.554		.696	.360
respond in different segments		.960			.735	
Uniqueness	.932	.682	.536	.553	.405	.318
Motivation system	1.119			.748		
career pathing	1.274		.605	.788		.374
training program	1.416	.538		.806	.306	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 7 iterations.

Total Variance Explained of Internationalization Competencies

Component		Initial Eigenvalues(a)			Rotation Sums of Squared Loadings			
		Total	% of Variance	Cumulative %	Total	Total	% of Variance	Cumulative %
Rescaled	1	22.115	57.728	57.728	9.191	4.200	26.250	26.250
	2	3.353	8.752	66.480	1.252	3.930	24.560	50.810
	3	2.830	7.388	73.868	1.390	3.704	23.151	73.962
	4	1.808	4.721	78.589				
	5	1.533	4.001	82.589				
	6	1.220	3.184	85.774				
	7	1.195	3.119	88.892				
	8	.971	2.535	91.428				
	9	.777	2.028	93.455				
	10	.734	1.917	95.372				
	11	.623	1.626	96.998				
	12	.471	1.229	98.227				
	13	.376	.983	99.210				
	14	.303	.790	100.000				
	15	3.91E-016	1.02E-015	100.000				
	16	-9.87E-017	-2.58E-016	100.000				

Extraction Method: Principal Component Analysis.

a When analyzing a covariance matrix, the initial eigenvalues are the same across the raw and rescaled solution.

Reliability and validity of summated internationalization competencies into 3 factors

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standard-ized Items	N of Items
.878	.882	3

Item Statistics

	Mean	Std. Devia-tion	N
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168

Inter-Item Correlation Matrix

	qc3	qc2	Qc1
qc3	1.000	.853	.617
qc2	.853	1.000	.671
qc1	.617	.671	1.000

The covariance matrix is calculated and used in the analysis.

Inter-Item Covariance Matrix

	qc3	qc2	qc1
qc3	2.597	1.967	1.148
qc2	1.967	2.047	1.109
qc1	1.148	1.109	1.334

The covariance matrix is calculated and used in the analysis.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
qc3	9.3583	5.600	.817	.731	.792
qc2	9.6131	6.227	.862	.762	.737
qc1	8.8286	8.578	.667	.458	.917

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.689
Bartlett's Test of Sphericity	Approx. Chi-Square	315.946
	df	3
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.432	81.079	81.079	2.432	81.079	81.079
2	.425	14.157	95.236			
3	.143	4.764	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix(a)

	Component
	1
qc3	.920
qc2	.940
qc1	.837

Extraction Method: Principal Component Analysis.
a 1 components extracted.

Rotated Component Matrix(a)

a Only one component was extracted. The solution cannot be rotated.

Reliability and validity results of internationalization strategy

Correlation Matrix

	stated interna-tional vi-sion	select of FM	under-stand infor as inter basis	focus on segmen-tation	Suppor-tive IT infra	actions link inter vision	initiatives + international
stated international vi-sion	1.000	.704	.670	.595	.751	.780	.735
select of FM		1.000	.740	.618	.742	.703	.785
understand infor as inter basis			1.000	.668	.646	.597	.695
focus on segmentation				1.000	.627	.568	.595
Supportive IT infra					1.000	.776	.806
actions link inter vision						1.000	.862
initiatives + interna-tional							1.000

Covariance Matrix(a)

a Determinant = 13.07586.620

KMO and Bartlett's Test(a)

Kaiser-Meyer-Olkin Measure of Sampling Ade-quacy.		.902
Bartlett's Test of Sphe-ricity	Approx. Chi-Square	1041.015
	df	21
	Sig.	.000

a Based on correlations

Total Variance Explained

Component		Initial Eigenvalues(a)			Rotation Sums of Squared Loadings		
		Total	% of Vari-ance	Cumulative %	Total	% of Vari-ance	Cumulative %
Rescaled	1	18.716	74.275	74.275	5.202	74.31	74.31
	2	2.087	8.282	82.557			
	3	1.300	5.159	87.716			
	4	1.147	4.550	92.266			
	5	0.865	3.432	95.699			
	6	0.726	2.882	98.581			
	7	0.357	1.419	100.000			

Extraction Method: Principal Component Analysis.
a When analyzing a covariance matrix, the initial eigenvalues are the same across the raw and rescaled solution.

Component Matrix(a)

	Raw	Rescaled
	Compo-nent	Component
	1	1
stated international vision	1.806	.882
select of FM	1.621	.868
understand infor as inter basis	1.416	.814
focus on segmentation	1.487	.760
Supportive IT infra	1.789	.902
actions link inter vision	1.663	.879
initiatives + international	1.596	.900
ideas of target cust.	.204	.074

Extraction Method: Principal Component Analysis.
        a 1 components extracted.

Reliability and validity results internationalization performance

Correlation Matrix

		G rate abroad / domestic	financial sales success	percent of foreign sales/competitors	achievement of objectives
Correlation	G rate abroad / domestic	1.000	.810	.336	.653
	financial sales success	.810	1.000	.375	.642
	percent of foreign sales/competitors	.336	.375	1.000	.389
	achievement of objectives	.653	.642	.389	1.000

Covariance Matrix(a)

a Determinant = 12.745

KMO and Bartlett's Test(a)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.749
Bartlett's Test of Sphericity	Approx. Chi-Square	311.258
	df	6
	Sig.	.000

a Based on correlations

Component Matrix(a)

	Raw	Rescaled
	Component	Component
	1	1
G rate abroad / domestic	1.902	.932
financial sales success	1.861	.931
percent of foreign sales/competitors	.694	.488
achievement of objectives	1.260	.798

Extraction Method: Principal Component Analysis.
a 1 components extracted.

Rotated Component Matrix(a)

a Only one component was extracted. The solution cannot be rotated.

Appendix C: Regression results of testing the relationships between internationalization competencies, internationalization strategy and internationalization performance

Model 1

Descriptive Statistics

	Mean	Std. Deviation	N
qstrate	4.3770	1.31401	168
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168

Correlations

		qstrate	qc3	qc2	qc1
Pearson Correlation	qstrate	1.000	.627	.706	.712
	qc3	.627	1.000	.853	.617
	qc2	.706	.853	1.000	.671
	qc1	.712	.617	.671	1.000
Sig. (1-tailed)	qstrate	.	.000	.000	.000
	qc3	.000	.	.000	.000
	qc2	.000	.000	.	.000
	qc1	.000	.000	.000	.
N	qstrate	168	168	168	168
	qc3	168	168	168	168
	qc2	168	168	168	168
	qc1	168	168	168	168

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712(a)	.507	.504	.92544
2	.776(b)	.602	.597	.83413

a Predictors: (Constant), qc1
b Predictors: (Constant), qc1, qc2

ANOVA(c)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	146.177	1	146.177	170.680	.000(a)
	Residual	142.169	166	.856		
	Total	288.347	167			
2	Regression	173.544	2	86.772	124.714	.000(b)
	Residual	114.802	165	.696		
	Total	288.347	167			

a Predictors: (Constant), qc1
b Predictors: (Constant), qc1, qc2
c Dependent Variable: qstrate

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.269	.322		.835	.405
	qc1	.810	.062	.712	13.064	.000
2	(Constant)	.243	.291		.835	.405
	qc1	.493	.075	.433	6.534	.000
	qc2	.382	.061	.416	6.272	.000

a Dependent Variable: qstrate

Excluded Variables(c)

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	qc3	.304(a)	4.654	.000	.341	.620
	qc2	.416(a)	6.272	.000	.439	.549
2	qc3	.022(b)	.227	.821	.018	.238

a Predictors in the Model: (Constant), qc1
b Predictors in the Model: (Constant), qc1, qc2
c Dependent Variable: qstrate

Model 2

Descriptive Statistics

	Mean	Std. Deviation	N
qper	3.7585	1.63077	168
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168

Correlations

		qper	qc3	qc2	qc1
Pearson Correlation	qper	1.000	.584	.516	.444
	qc3	.584	1.000	.853	.617
	qc2	.516	.853	1.000	.671
	qc1	.444	.617	.671	1.000
Sig. (1-tailed)	qper	.	.000	.000	.000
	qc3	.000	.	.000	.000
	qc2	.000	.000	.	.000
	qc1	.000	.000	.000	.
N	qper	168	168	168	168
	qc3	168	168	168	168
	qc2	168	168	168	168
	qc1	168	168	168	168

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584(a)	.341	.337	1.32789

a Predictors: (Constant), qc3

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	151.415	1	151.415	85.871	.000(a)
	Residual	292.705	166	1.763		
	Total	444.121	167			

a Predictors: (Constant), qc3
b Dependent Variable: qper

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.075	.307		3.500	.001
	qc3	.591	.064	.584	9.267	.000

a Dependent Variable: qpe

Excluded Variables(b)

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	qc2					.272
	qc1	.135(a)	1.698	.091	.131	.620

a Predictors in the Model: (Constant), qc3
b Dependent Variable: qper

Model 3

Descriptive Statistics

	Mean	Std. Deviation	N
qper	3.7585	1.63077	168
qstrate	4.3770	1.31401	168

Correlations

		qper	qstrate
Pearson Correlation	qper	1.000	.549
	qstrate	.549	1.000
Sig. (1-tailed)	qper	.	.000
	qstrate	.000	.
N	qper	168	168
	qstrate	168	168

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.549(a)	.302	.298	1.36678

a Predictors: (Constant), qstrate

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	134.019	1	134.019	71.741	.000(a)
	Residual	310.102	166	1.868		
	Total	444.121	167			

a Predictors: (Constant), qstrate
b Dependent Variable: qper

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.774	.368		2.106	.037
	qstrate	.682	.080	.549	8.470	.000

Appendix D: Comparison results of the differences between the two industries and the two countries

Descriptive Statistics[a]

qindustry	qcountry		N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Mean Std. Error	Std. Statistic
1.00	1.00	qc3	48	1.00	7.00	4.7917	.20619	1.42856
		qc2	48	1.00	7.00	5.0208	.17506	1.21287
		qc1	48	1.80	7.00	5.0542	.16554	1.14687
		qstrate	48	.50	7.00	4.4201	.20901	1.44807
		qper	48	.57	7.00	3.1607	.22207	1.53851
		Valid N (listwise)	48					
	3.00	qc3	31	1.00	6.00	5.0645	.20706	1.15284
		qc2	31	1.60	5.80	4.2387	.16156	.89951
		qc1	31	3.00	6.20	5.2452	.16635	.92622
		qstrate	31	3.83	5.33	4.7527	.08211	.45719
		qper	31	.86	6.00	4.6359	.27910	1.55395
		Valid N (listwise)	31					
2.00	2.00	qc3	52	.00	7.00	4.4231	.25666	1.85077
		qc2	52	.00	7.00	4.0846	.22088	1.59280
		qc1	52	2.00	7.00	5.3577	.16054	1.15764
		qstrate	52	.83	7.00	4.3782	.21965	1.58393
		qper	52	.29	7.00	3.7912	.23241	1.67592
		Valid N (listwise)	52					
	4.00	qc3	37	.00	7.00	3.9459	.27109	1.64901
		qc2	37	.00	6.20	3.6595	.23960	1.45744
		qc1	37	.00	6.60	4.5459	.19662	1.19596
		qstrate	37	.00	6.00	4.0045	.18578	1.13004
		qper	37	.00	6.14	3.7529	.23904	1.45400
		Valid N (listwise)	37					

a. No statistics are computed for one or more split files because there are no valid cases.

Group Statistics

	qcountry	N	Mean	Std. Deviation	Std. Error Mean
qc3	2.00	52	4.4231	1.85077	.25666
	4.00	37	3.9459	1.64901	.27109
qc2	2.00	52	4.0846	1.59280	.22088
	4.00	37	3.6595	1.45744	.23960
qc1	2.00	52	5.3577	1.15764	.16054
	4.00	37	4.5459	1.19596	.19662
qstrate	2.00	52	4.3782	1.58393	.21965
	4.00	37	4.0045	1.13004	.18578
qper	2.00	52	3.7912	1.67592	.23241
	4.00	37	3.7529	1.45400	.23904

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
qc3	Equal variances assumed	1.861	.176	1.253	87	.213	.47713	.38070	-.27955	1.23381
	Equal variances not assumed			1.278	82.609	.205	.47713	.37332	-.26543	1.21969
qc2	Equal variances assumed	.539	.465	1.285	87	.202	.42516	.33084	-.23242	1.08273
	Equal variances not assumed			1.305	81.592	.196	.42516	.32588	-.22317	1.07348
qc1	Equal variances assumed	.492	.485	3.216	87	.002	.81175	.25242	.31003	1.31347
	Equal variances not assumed			3.198	76.120	.002	.81175	.25383	.30621	1.31728
Qstrat	Equal variances assumed	4.848	.030	1.229	87	.222	.37370	.30410	-.23072	.97812
	Equal variances not assumed			1.299	86.996	.197	.37370	.28768	-.19810	.94550
qper	Equal variances assumed	1.089	.300	.112	87	.911	.03831	.34151	-.64047	.71710
	Equal variances not assumed			.115	83.538	.909	.03831	.33339	-.62473	.70136

Group Statistics

qcountry		N	Mean	Std. Deviation	Std. Error Mean
qc3	1.00	48	4.7917	1.42856	.20619
	3.00	31	5.0645	1.15284	.20706
qc2	1.00	48	5.0208	1.21287	.17506
	3.00	31	4.2387	.89951	.16156
qc1	1.00	48	5.0542	1.14687	.16554
	3.00	31	5.2452	.92622	.16635
qstrate	1.00	48	4.4201	1.44807	.20901
	3.00	31	4.7527	.45719	.08211
qper	1.00	48	3.1607	1.53851	.22207
	3.00	31	4.6359	1.55395	.27910

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
qc3	Equal variances assumed	2.049	.156	-.892	77	.375	-.27285	.30598	-.88214	.33644
	Equal variances not assumed			-.934	73.11	.354	-.27285	.29221	-.85521	.30951
qc2	Equal variances assumed	2.383	.127	3.082	77	.003	.78212	.25379	.27677	1.28748
	Equal variances not assumed			3.283	75.43	.002	.78212	.23822	.30762	1.25663
qc1	Equal variances assumed	1.690	.197	-.777	77	.439	-.19099	.24570	-.68025	.29826
	Equal variances not assumed			-.814	73.08	.418	-.19099	.23468	-.65871	.27672
qstrat	Equal variances assumed	29.50	.000	-1.237	77	.220	-.33255	.26884	-.86789	.20279
	Equal variances not assumed			-1.481	60.37	.144	-.33255	.22456	-.78168	.11659
qper	Equal variances assumed	.042	.838	-4.145	77	.000	-1.47523	.35589	-2.18389	-.76657
	Equal variances not assumed			-4.136	63.71	.000	-1.47523	.35666	-2.18781	-.76265

Group Statistics

qcountry		N	Mean	Std. Deviation	Std. Error Mean
qc3	3.00	31	5.0645	1.15284	.20706
	4.00	37	3.9459	1.64901	.27109
qc2	3.00	31	4.2387	.89951	.16156
	4.00	37	3.6595	1.45744	.23960
qc1	3.00	31	5.2452	.92622	.16635
	4.00	37	4.5459	1.19596	.19662
qstrate	3.00	31	4.7527	.45719	.08211
	4.00	37	4.0045	1.13004	.18578
qper	3.00	31	4.6359	1.55395	.27910
	4.00	37	3.7529	1.45400	.23904

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
qc3	Equal variances assumed	2.432	.124	3.180	66	.002	1.11857	.35178	.4163	1.82091
	Equal variances not assumed			3.279	64.083	.002	1.11857	.34112	.4371	1.80002
qc2	Equal variances assumed	6.541	.013	1.926	66	.058	.5792	.30082	-.0216	1.17986
	Equal variances not assumed			2.004	61.036	.049	.5792	.28898	.0014	1.15710
qc1	Equal variances assumed	.306	.582	2.655	66	.010	.6992	.26338	.1735	1.22508
	Equal variances not assumed			2.715	65.631	.008	.6992	.25755	.1845	1.21348
qstrat	Equal variances assumed	10.054	.002	3.454	66	.001	.7488	.21663	.3158	1.18069
	Equal variances not assumed			3.684	49.187	.001	.7488	.20312	.3405	1.15632
qper	Equal variances assumed	.046	.832	2.417	66	.018	.8835	.36529	.1532	1.61237
	Equal variances not assumed			2.403	62.244	.019	.8835	.36747	.1485	1.61755

Group Statistics

qcountry		N	Mean	Std. Deviation	Std. Error Mean
qc3	1.00	48	4.7917	1.42856	.20619
	2.00	52	4.4231	1.85077	.25666
qc2	1.00	48	5.0208	1.21287	.17506
	2.00	52	4.0846	1.59280	.22088
qc1	1.00	48	5.0542	1.14687	.16554
	2.00	52	5.3577	1.15764	.16054
qstrate	1.00	48	4.4201	1.44807	.20901
	2.00	52	4.3782	1.58393	.21965
qper	1.00	48	3.1607	1.53851	.22207
	2.00	52	3.7912	1.67592	.23241

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
qc3	Equal variances assumed	4.404	.038	1.108	98	.270	.36859	.33261	-.29146	1.028
	Equal variances not assumed			1.120	95.094	.266	.36859	.32922	-.28499	1.022
qc2	Equal variances assumed	4.573	.035	3.286	98	.001	.93622	.28489	.37087	1.501
	Equal variances not assumed			3.322	94.664	.001	.93622	.28184	.37666	1.495
qc1	Equal variances assumed	.025	.876	-1.316	98	.191	-.30353	.23068	-.76131	.1542
	Equal variances not assumed			-1.316	97.501	.191	-.30353	.23059	-.76116	.1541
qstrat	Equal variances assumed	.099	.754	.138	98	.891	.04193	.30430	-.56194	.6458
	Equal variances not assumed			.138	97.992	.890	.04193	.30320	-.55977	.6436
qper	Equal variances assumed	.392	.532	-1.955	98	.053	-.63049	.32255	-1.27059	.0096
	Equal variances not assumed			-1.961	97.998	.053	-.63049	.32144	-1.26839	.0074

Appendix E: Empirical results of the dependencies between countries, industries and internationalization performance

Model 4

Descriptive Statistics

	Mean	Std. Deviation	N
qper	3.7585	1.63077	168
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168
qstrate	4.3770	1.31401	168
EC	.4702	.50061	168
TG	.5298	.50061	168

Correlations

		qper	qc3	qc2	qc1	qstrate	EC	TG
Pearson Correlation	qper	1.000	.584	.516	.444	.549	-.011	.011
	qc3	.584	1.000	.853	.617	.627	.209	-.209
	qc2	.516	.853	1.000	.671	.706	.282	-.282
	qc1	.444	.617	.671	1.000	.712	.047	-.047
	qstrate	.549	.627	.706	.712	1.000	.125	-.125
	EC	-.011	.209	.282	.047	.125	1.000	-1.000
	TG	.011	-.209	-.282	-.047	-.125	-1.000	1.000
Sig. (1-tailed)	qper	.	.000	.000	.000	.000	.444	.444
	qc3	.000	.	.000	.000	.000	.003	.003
	qc2	.000	.000	.	.000	.000	.000	.000
	qc1	.000	.000	.000	.	.000	.272	.272
	qstrate	.000	.000	.000	.000	.	.053	.053
	EC	.444	.003	.000	.272	.053	.	.000
	TG	.444	.003	.000	.272	.053	.000	.
N	qper	168	168	168	168	168	168	168
	qc3	168	168	168	168	168	168	168
	qc2	168	168	168	168	168	168	168
	qc1	168	168	168	168	168	168	168
	qstrate	168	168	168	168	168	168	168
	EC	168	168	168	168	168	168	168
	TG	168	168	168	168	168	168	168

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584(a)	.341	.337	1.32789
2	.629(b)	.396	.389	1.27488
3	.644(c)	.414	.403	1.25953

a Predictors: (Constant), qc3
b Predictors: (Constant), qc3, qstrate
c Predictors: (Constant), qc3, qstrate, EC

ANOVA(d)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	151.415	1	151.415	85.871	.000(a)
	Residual	292.705	166	1.763		
	Total	444.121	167			
2	Regression	175.945	2	87.972	54.127	.000(b)
	Residual	268.176	165	1.625		
	Total	444.121	167			
3	Regression	183.947	3	61.316	38.650	.000(c)
	Residual	260.173	164	1.586		
	Total	444.121	167			

a Predictors: (Constant), qc3
b Predictors: (Constant), qc3, qstrate
c Predictors: (Constant), qc3, qstrate, EC
d Dependent Variable: qper

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.075	.307		3.500	.001
	qc3	.591	.064	.584	9.267	.000
2	(Constant)	.306	.355		.861	.391
	qc3	.399	.079	.395	5.079	.000
	qstrate	.375	.096	.302	3.885	.000
3	(Constant)	.388	.353		1.099	.273
	qc3	.429	.079	.424	5.447	.000
	qstrate	.373	.095	.300	3.913	.000
	EC	-.447	.199	-.137	-2.246	.026

a Dependent Variable: qper

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Excluded Variables(d)

Model		Beta In	t	Sig.	Partial Corre-lation	Collinearity Statistics
						Tolerance
1	qc2	.067(a)	.554	.580	.043	.272
	qc1	.135(a)	1.698	.091	.131	.620
	qstrate	.302(a)	3.885	.000	.289	.606
	EC	-.139(a)	-2.186	.030	-.168	.956
	TG	.139(a)	2.186	.030	.168	.956
2	qc2	-.149(b)	-1.167	.245	-.091	.224
	qc1	-.032(b)	-.355	.723	-.028	.445
	EC	-.137(b)	-2.246	.026	-.173	.956
	TG	.137(b)	2.246	.026	.173	.956
3	qc2	-.089(c)	-.686	.494	-.054	.212
	qc1	-.057(c)	-.634	.527	-.050	.439
	TG	.(c)	.	.	.	.000

a Predictors in the Model: (Constant), qc3
b Predictors in the Model: (Constant), qc3, qstrate
c Predictors in the Model: (Constant), qc3, qstrate, EC
d Dependent Variable: qper

Model 5

Descriptive Statistics

	Mean	Std. Deviation	N
qper	3.7585	1.63077	168
qc3	4.5417	1.61154	168
qc2	4.2869	1.43082	168
qc1	5.0714	1.15511	168
qstrate	4.3770	1.31401	168
EC	.4702	.50061	168
TG	.5298	.50061	168
VN	.5952	.49231	168
TL	.4048	.49231	168

Correlations

		qper	qc3	qc2	qc1	qstrate	EC	TG	VN	TL
Pearson Correlation	qper	1.000	.584	.516	.444	.549	-.011	.011	-.201	.201
	qc3	.584	1.000	.853	.617	.627	.209	-.209	.044	-.044
	qc2	.516	.853	1.000	.671	.706	.282	-.282	.210	-.210
	qc1	.444	.617	.671	1.000	.712	.047	-.047	.148	-.148
	qstrate	.549	.627	.706	.712	1.000	.125	-.125	.020	-.020
	EC	-.011	.209	.282	.047	.125	1.000	-1.000	.024	-.024
	TG	.011	-.209	-.282	-.047	-.125	-1.000	1.000	-.024	.024
	VN	-.201	.044	.210	.148	.020	.024	-.024	1.000	-1.000
	TL	.201	-.044	-.210	-.148	-.020	-.024	.024	-1.000	1.000
Sig. (1-tailed)	qper	.	.000	.000	.000	.000	.444	.444	.004	.004
	qc3	.000	.	.000	.000	.000	.003	.003	.285	.285
	qc2	.000	.000	.	.000	.000	.000	.000	.003	.003
	qc1	.000	.000	.000	.	.000	.272	.272	.028	.028
	qstrate	.000	.000	.000	.000	.	.053	.053	.400	.400
	EC	.444	.003	.000	.272	.053	.	.000	.380	.380
	TG	.444	.003	.000	.272	.053	.000	.	.380	.380
	VN	.004	.285	.003	.028	.400	.380	.380	.	.000
	TL	.004	.285	.003	.028	.400	.380	.380	.000	.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584(a)	.341	.337	1.32789
2	.629(b)	.396	.389	1.27488
3	.668(c)	.447	.437	1.22403
4	.681(d)	.464	.451	1.20861

a Predictors: (Constant), qc3
b Predictors: (Constant), qc3, qstrate
c Predictors: (Constant), qc3, qstrate, VN
d Predictors: (Constant), qc3, qstrate, VN, EC

ANOVA(e)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	151.415	1	151.415	85.871	.000(a)
	Residual	292.705	166	1.763		
	Total	444.121	167			
2	Regression	175.945	2	87.972	54.127	.000(b)
	Residual	268.176	165	1.625		
	Total	444.121	167			
3	Regression	198.407	3	66.136	44.142	.000(c)
	Residual	245.713	164	1.498		
	Total	444.121	167			
4	Regression	206.020	4	51.505	35.260	.000(d)
	Residual	238.101	163	1.461		
	Total	444.121	167			

a Predictors: (Constant), qc3
b Predictors: (Constant), qc3, qstrate
c Predictors: (Constant), qc3, qstrate, VN
d Predictors: (Constant), qc3, qstrate, VN, EC
e Dependent Variable: qper

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	1.075	.307		3.500	.001
	qc3	.591	.064	.584	9.267	.000
2	(Constant)	.306	.355		.861	.391
	qc3	.399	.079	.395	5.079	.000
	qstrate	.375	.096	.302	3.885	.000
3	(Constant)	.712	.357		1.994	.048
	qc3	.411	.076	.406	5.443	.000
	qstrate	.371	.093	.299	4.007	.000
	VN	-.746	.193	-.225	-3.872	.000
4	(Constant)	.788	.354		2.227	.027
	qc3	.440	.076	.435	5.819	.000
	qstrate	.369	.091	.297	4.039	.000
	VN	-.739	.190	-.223	-3.887	.000
	EC	-.436	.191	-.134	-2.283	.024

a Dependent Variable: qper

Excluded Variables(d)

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	qc2	.067(a)	.554	.580	.043	.272
	qc1	.135(a)	1.698	.091	.131	.620
	qstrate	.302(a)	3.885	.000	.289	.606
	EC	-.139(a)	-2.186	.030	-.168	.956
	TG	.139(a)	2.186	.030	.168	.956
	VN	-.227(a)	-3.746	.000	-.280	.998
	TL	.227(a)	3.746	.000	.280	.998
2	qc2	-.149(b)	-1.167	.245	-.091	.224
	qc1	-.032(b)	-.355	.723	-.028	.445
	EC	-.137(b)	-2.246	.026	-.173	.956
	TG	.137(b)	2.246	.026	.173	.956
	VN	-.225(b)	-3.872	.000	-.289	.998
	TL	.225(b)	3.872	.000	.289	.998
3	qc2	.031(c)	.233	.816	.018	.193
	qc1	.032(c)	.361	.719	.028	.430
	EC	-.134(c)	-2.283	.024	-.176	.956
	TG	.134(c)	2.283	.024	.176	.956
	TL	.(c)	.	.	.	.000
4	qc2	.108(d)	.804	.423	.063	.182
	qc1	.007(d)	.081	.936	.006	.423
	TG	.(d)	.	.	.	.000
	TL	.(d)	.	.	.	.000

a Predictors in the Model: (Constant), qc3
b Predictors in the Model: (Constant), qc3, qstrate
c Predictors in the Model: (Constant), qc3, qstrate, VN
d Predictors in the Model: (Constant), qc3, qstrate, VN, EC
e Dependent Variable: qper

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