

THE REPUBLIC OF TURKEY
BAHCESEHIR UNIVERSITY



INTERNATIONALIZATION: ENTRY MODE CHOICES BY MNE
OF THE NETHERLANDS
A STUDY OF SIGNIFY N.V.

Master's Thesis

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ISTANBUL, 2020

**THE REPUBLIC OF TURKEY
BAHCESEHIR UNIVERSITY**

**GRADUATE SCHOOL
MBA**

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Supervisor: Prof. Dr. Ozgur Çengel

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DECLARATION

I hereby declare that all the information in this thesis has been collected as per rule and code of conduct of Bahcesehir University. To the best of my knowledge it contains no previous materials.

Aaruni Kumar



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DEDICATION

I would like to dedicate my research to my Guru Mr. Mario Diel who is a father to me and who always inspire me and help me to learn the right things which I can never able to learn in my life, he is the light in my life who always shows me the right path. I would like to dedicate this thesis to my family and parents who had supported me to complete my studies without any financial pressure. I would also dedicate this research to my fiancée who always stand by me in all the situations. I would like to thank to my professor Dr. Ozgur Çengel for his kind support. Lastly, I would mention some notable people who are very dear to me Wolf Hisserich, Howard Beasey, Lawrence Du Pre, Sani Tiryaki, Steve Remy and many more.

Aaruni Kumar

ABSTRACT

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In the internationalization process the crucial step in front of a company is to choose an entry mode in order to enter in a foreign country. The choice doesn't come easy and choosing a wrong entry mode lead to serious business consequences such as failure. The large-scale multinational enterprises work sincerely even deploying a dedicated team to come up with the decision and where the executive board also plays an important role in having a preferable choice. The study is focus on the Netherlands MNE and particularly on a 125-year-old large scale public MNE known as Signify N.V., earlier it was known as Phillips Lighting, this company has track record of success and has operations in more than seventy countries already. In this thesis we get an insight on how the process for entry mode choice has been carried out along with the preference opted by the MNE the data collection was done through one on one interview with the executive manager and by questionnaires share with the employees of the Signify N.V. The Main source of data is primary and secondary data which include reports, statements provided by Signify N.V. The results shown in this research help to understand better about the entry mode choice made by the MNE of the Netherlands and to conclude it can help to an extent other MNE as well.

Keywords: Multinational enterprise, Entry mode choices, Internationalization.

ÖZET

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Bu tezde, giriş stratejisini belirlemek üzere yapılan çalışmaların nasıl yürütüldüğünü , seçilen çok uluslu bir şirket ile fikir edinmekteyiz.

Veri toplama, üst düzey yönetici ile bire bir görüşme ve Signify N.V'nin çalışanları ile yapılan anketler aracılığıyla yapılmıştır.Ana veri kaynağı, Signify N.V. tarafından sağlanan, raporları ve ifadeleri içeren birincil ve ikincil verilerdir.

Bu araştırmada gösterilen sonuçlar, Hollanda çok uluslu şirketi tarafından yapılan giriş stratejisi seçimini daha iyi anlamaya yardımcı olmakta ve bunun diğer çok uluslu şirketlere de bir ölçüde yardımcı olabileceği sonucuna varır.

Anahtar Kelimeler: Multinasyonel İşletmeler, Giriş modu seçenekleri, Uluslararasılaşma.

TABLE OF CONTENTS

Tables	x
Figures.....	xi
1. INTRODUCTION	1
1.1 KEY CONCEPTS AND DEFINITIONS	4
1.1.1 Multinational Enterprises	4
1.1.2 Internationalization	4
1.1.3 Internationalization Strategy	5
1.1.4 Entry process for Market.....	5
1.1.5 Entry Modes	6
1.2 PROBLEM STATEMENT	6
1.3 BASE OF THE RESEARCH	6
1.4 RELEVANCE OF THE STUDY	7
1.5 LIMITATION OF THE STUDY	7
2. LITERATURE REVIEW	8
2.1 INTERNATIONALIZATION STRATEGIES OF MULTINATIONAL ENTERPRISES	8
2.2 THE CONCEPT OF INTERNATIONALIZATION	9
2.3 THEORIES FOCUSING ON INTERNATIONALIZATION OF MNE..	10
2.3.1 Entry Mode as a chain of Establishment	10
2.3.2 Entry mode and the Transaction Cost Approach.....	12
2.3.3 Entry mode and Eclectic Framework	13
2.3.4 Entry mode and the Organizational Capability Perspective	14
2.4 GLOBALIZATIONS DRIVERS	16
2.5 INTERNATIONALIZATION STIMULI	18
2.6 THE STRATEGY PLANNING PROCESSES FOR INTERNATIONALIZATION.....	20
2.6.1 Understanding and Underlining the Main Strategy	21
2.6.2 Market and Competition and Analysis.....	22
2.6.3 Internal Analysis	23
2.7 FACTORS AFFECTING THE MARKET ENTRY FOR MNE	23
2.7.1 Choice of competitive strategy	23
2.7.2 Selecting Country market.....	25
2.7.3 Analyzing of core business	27
2.7.4 Choice of Market	27
2.7.5 Analysis of the target Market	28
2.7.6 Extent of the market	28
2.7.7 Market Assessments	28
2.7.8 Market Profitability	29
2.7.9 Crime and Corruption	30

2.7.10 Theoretical framework organigram	31
3. INTERNATIONALIZATION AND ENTRY MODE CHOICE OF SIGNIFY NV	32
3.1 BACKGROUND	32
3.2 INTERNATIONAL PRESENCE	33
3.3 PRODUCTS	33
3.4 FINANCIALS	34
3.4.1 Summary of the financials	35
3.5 ENTRY MODE CHOICES	36
4. METHODOLOGY	37
4.1 METHOD	37
4.2 RESEARCH DESIGN	37
4.3 RESEARCH OBJECTIVE	37
4.4 RESEARCH QUESTIONS	37
4.5 RESEARCH TOOLS.....	38
4.6 RESEARCH APPROACH.....	38
4.7 RESEARCH INSTRUMENTS	38
4.8 SAMPLING	38
4.9 DATA	39
4.9.1 Primary Data	39
4.9.2 Secondary Data	39
4.10 DATA COLLECTION	39
4.11 STEPS IN COLLECTION OF DATA	40
4.12 ANALYSIS TOOLS.....	40
5. ANALYSIS	41
5.1 QUESTIONNAIRE.....	41
5.2 INTERVIEW	66
6. CONCLUSION	68
6.1 RESEARCH QUESTION 1.....	69
6.1.1 Findings.....	69
6.1.1.1 For the market.....	69
6.1.1.2 For the country	69
6.1.1.3 Reporting	69
6.1.2 Benefit.....	70
6.2 RESEARCH QUESTION 2.....	70
6.2.1 Preferable Entry Modes.....	70
6.3 RESEARCH QUESTION 3.....	71
6.4 RECOMMENDATION	72
6.5 FURTHER DISCUSSION	73
6.5.1 Limitation of the research	73
6.5.2 Suggestion for the future research.....	73
References	75
Appendices.....	80

TABLES

Table 5.1: Sufficient Capital to Enter.....	41
Table 5.2: Experience to Enter	42
Table 5.3: Background Research.....	43
Table 5.4: Competitive Advantage.....	44
Table 5.5: Competitors Differentiation	45
Table 5.6: Research Department	46
Table 5.7: Joint Venture entry mode.....	47
Table 5.8: Acquisitions entry mode.....	48
Table 5.9: Exporting entry mode.....	49
Table 5.10: Ease to enter	50
Table 5.11: Legal Restrictions.....	51
Table 5.12: Political Uncertainty.....	52
Table 5.13: Culture	53
Table 5.14: Market Drive and Saturation.....	54
Table 5.15: Cost effect on domestic	55
Table 5.16: Services Difference	56
Table 5.17: Local Partners.....	57
Table 5.18: Choosing of the partner	58
Table 5.19: Problems in Acquisitions	59
Table 5.20: Training own Employees	60
Table 5.21: Training foreign Employees.....	61
Table 5.22: Rise in Business	62
Table 5.23: Success Prediction.....	63
Table 5.24: Contingency Capital.....	64
Table 5.25: Monitoring.....	65

FIGURES

Figure 2.1: Porter Generics	25
Figure 2.2: Factors affecting the choices	26
Figure 2.3: Porter five forces	29
Figure 2.4: Transparency Index	30
Figure 2.5: Theoretical framework Organigram	31
Figure 3.1: Financial data of Signify N. V.....	34

1 INTRODUCTION

The term Internationalization is not an old term but it has existed in a different form, looking back to our history we can see the trade was an important part of the Global economy, then Industrialization took place in the countries such as US and central Europe.

In 19th century the firms were more focused on the domestic market and reached to saturation over a time period. Following with the recession in 19th century which had affected a lot of economies in Europe and US, make them think of new provisions to be successful. The major developments that have been made in the Global Economy are now directly related to the Internationalization.

Due to the heavy competition and saturation in their own domestic market the firms decided to expand their businesses across their borders, this attempt was made first by the US and then by the central European countries such as Germany, France and Netherlands.

The firm's necessity is to gain the competitive advantage with no matters whether it is domestic market or international, but the recent trends shows that the firms are more and more showing interest towards internationalization especially in the global market, they want to achieve competitive advantages in the foreign market by adopting different strategies and time to time innovating.

The main reasons which support this drift towards globalization are growth, cost competition, change in market dynamics, increase in global customer base and rising demands in every part of the world. The firms spend a lot of their resources to have proper market knowledge and this knowledge plays a major role for their success in the foreign market. As the Global economy is now driven by the Internationalization

whose fundamental is to achieve growth, accounted in the form of financial power. The internationalization process is majorly run by internationalization strategies, these strategies not only enhance company involvements but also helps them to grow and function effectively in foreign countries. To develop an internationalization strategy some basics are to be kept in mind, i.e. Which, When and How. Which country the company wants to enter, when it wants to enter and how it can enter. The answer to how is to have a proper entry mode choice. While developing the strategy for the entry mode choice via which MNE will enter the foreign country, the MNE should also consider various factors such as the socio, economic, political, environmental, cultural, legal factors keeping in mind the target country (where they need to expand their business), because these factors affect the businesses directly. A strategy which results after proper working on the above factors helps MNE to position itself in the new market, develop good relationships, and overall made its internationalization process successful.

From the last decades it has been observed on a large scale that firms transit from their domestic market to the foreign market in order to expand this process is known as internationalization. The companies involved in this process and get benefited as it enhances their risk-taking capabilities, management skills, a better usage of available resource, gaining new experiences. A firm also get benefited while competing with foreign market domestic companies as well as foreign companies which are already active in the host country. The experiences gained from the new market can not only create new opportunities to expand but also helps in reducing risks such as risk of failure and avoid uncertainties.

The most important decision in front of a firm is to choose an entry mode because it will lay out its future strategy in terms of control and exercising business for a long term. While choosing, if something gets wrong and an inappropriate entry mode has been chosen the firm can incur huge capital losses (Lu & Beamish, 2001). Each entry mode has its own advantages and disadvantages and are broadly categorized on basis

of the company vision and its approach, the company can be internationalized even by opening just a liaison office in the foreign country while conducting all business from its home country, or if it decides to be involved in the equity partnership with the host country's companies. The choice is also affected by the product and cost. The entry mode choices available in front of a company are export, contracts, joint venture, merger and acquisition and green field investment, each entry mode also define the level of control a firm want to have in host country. MNE has certain advantages when compared to the domestic companies to opt for an entry mode it is because they have huge capital, resources, more risk-taking capabilities which make the internationalization process much easier.

The Netherlands is not one of the biggest countries in the European Union when we look from the perspective of the geography but in spite of its small size, the country has developed itself into a developed country. Today the country hosts the headquarters of some famous institution for example the International court of Justice and some famous companies like the giant airplane manufacturer Airbus. The country's economy is the seventeenth largest economy in the world and is mainly driven by two sectors the first is agriculture, where main exporter is to Europe and the second is the multinational companies. If we look at the data of country top MNE we will find some familiar names such as ING Group, Phillips, Royal Dutch Shell, Heineken etc. These companies have marked their presence worldwide and had contributed to the economy on a large scale.

The company that has been chosen for this thesis as a case study is Signify NV, this company is not a new company earlier it has been widely known by the billion-dollar company name, Philips and still Signify NV uses the brand name of Philips for its products. The research is conducted to get an insight on the internationalization strategy for the entry mode choices made by them to enter new potential market.

1.1 KEY CONCEPTS AND DEFINITIONS

1.1.1 Multinational Enterprises

Multinational enterprises (MNE) are those companies which are not limited to certain boundaries that is they perform their business activities beyond their domestic country. In other words, an MNE is a firm whose main focus is on the international market and business activities associated with it, to an extent that it offers the same product and services which it has in its home country, to the world. The degree of involvement of an MNE in the foreign countries depends upon the ownership and location advantage which they acquired in comparison to domestic companies of the host countries (Dunning, 1995).

1.1.2 Internationalization

There are many definitions associated with the concept of internationalization. In order to have clear understanding of the concept, theoretical definition plays an important role. Here are some definitions on internationalization.

- a) It is defined as the companies that moves outside their domestic market to grow their profitability and become competent in the international market.
- b) It can also be defined as the process of adaptation of new strategies, resources and structure in accordance with the international environment.
- c) Internationalization is a process in which new relationships are being built, developed, maintained over a large time and later dissolved after achievement of the objective.
- d) From purely relationship perspective it is defined as the relationship of a company to the international environment, which is set up in order to develop and carry out various inward and outward activities.

- e) It is a process of accumulating resources, assembling them together and from these resources develop a way that leads to have advantage in the international market.

Internationalization term is used to refer those companies or group of companies which involve in international operations. In a broader sense it is a process in which the involvement of a company increases in terms of outward and inward international trade. (Welch and Luostarinen, 1988).

1.1.3 Internationalization strategy

The core feature of the Internationalization process are Internationalization strategies. Basically, internationalization strategies refer to as techniques which are developed in the home country to expand their business in the host country moreover it also helps in the establishment of the efficient communication between the home country and the host country, or in other words between the head quarter (where all important decision is made and verified) and the subsidiaries. An internationalization strategy is the interdependence of a subsidiary to the main headquarter (Bartlett and Ghoshal,1989)

1.1.4 Entry process for market

Entry process for a market, are the ways through which an MNE select a country to expand its international operations. There are a sub series of processes such as selection process, filter process and final decision process which are later compiled together to make a market entry process, all of these sub processes have a common purpose to look which market has the best possible opportunities to grow and expand. To have a successful process, a company need to spend (or use) considerable amount of resources on the analysis of the market, selection on basis of analyzation and selection of method for entering.

1.1.5 Entry modes

The terminology to explain entry modes adopted by MNE is same all over the world. Various entry modes are contracts (have certain limitation), joint venture, licensing, exporting, green field investments, and wholly owned operation (Root, 1987). Foreign institutional investors are not included in the entry mode whereas foreign direct investment and greenfield investments are considered as the popular. Joint venture is another mode which result in setting up of a new entity together with the host country company. The wholly owned subsidiary is also another form of the entry mode in this, full control is in the hand of home country headquarter. Other modes are merger and acquisition are where the MNE acquire a domestic company or merge it as new subsidiary, but there are certain rules that need to be followed, and these rules are imposed by the host country government.

1.2 PROBLEM STATEMENT

In order to internationalize there exists many entry mode choices for a large MNE to enter in a foreign market. But it is little vague and not explored how do they arrive to a decision and what are the major factor responsible in the decision-making process.

1.3 BASE OF THE RESEARCH

The topic of this research is widely based on the MNE's and in the past several studies and researches had been carried out for the entry mode choices of the MNE. The base of my research is to enhance the view of some previous researches that were made for in relation to my topic which also inspire me to carry out my own research effectively.

Some examples of the researches which are done in the past and is related to the current topic are as follows: Internationalization strategies and entry mode choices of

agrorod SME of the European union in 2017, Entry mode choices of the German MNE and SME in 2015, International orientation of German middlestand companies in 2012, and for the Netherlands – social aspects of multinationals of the Netherlands in 2020, Globalization and small economy the case of the Netherlands MNE in 1999 and Internationalization through a network of relationships: Local perspectives from Dutch MNE subsidiaries in Indonesia in 2020, Heineken in Africa: a multinational unleashed in 2019, these all researches backgrounds are widely discussed in the literature review section.

1.4 RELEVANCE OF THE STUDY

Entry mode choice marks the first entry of an MNE in the foreign market and every company wants to expand their businesses overseas but companies of US and Europe have an edge over others that is they had emerged more successful. The reason is that European companies spends a lot of resources to study the fundamental for entry modes before arriving to a decision and this background research helps to choose a best suitable entry mode.

1.5 LIMITATION OF THE STUDY

There are certain limitations been faced whole carrying out the research

- a) The first limitation of this study is Netherlands MNE has a huge capital which cannot be the case of less developed or developing country's companies.
- b) The lack of time due to the pandemic the study was limited for 30 days and it is hard to collect the data.
- c) The sampling method that has been used here is nonrandom and the sample were limited to Netherlands MNE.
- d) The sample size when compared to the all the subsidiary is small.
- e) Another limitation this research didn't consider the language and cultural segments.

2 LITERATURE REVIEW

2.1 INTERNATIONALIZATION STRATEGIES OF MULTINATIONAL ENTERPRISES (MNES)

Compared to the domestic companies that have a fix boundary of operation whereas Multinational firms operates in various countries and boundaries because of this many variable came to the picture that affects their operations. Main variables are Political, economic, social, technological, environmental and legal. If the number of product offerings in the areas served, are more which turned the complexity of the variables higher (David,F.,& David,F.,2015). Apart from these threats MNC have more opportunities when they compete in the other geographical areas.

In MNC for evaluating and identifying the external trends and events required more time and efforts as compare to the domestic companies. There are many differences occurred that create a communication gap between the main head quarter and the overseas company's branches, these differences are National, cultural, different work ethics values, norms. Due to these differences the implementation of a strategy become a hard task.

Many diversified risks are also involved when an MNC operates in other countries. These risks can be due to social or political disturbances, tariff, trade restrictions, feasibility of contracts and agreements, loss of capital due to the fluctuation in the currency etc.to overcome these kinds of risks an MNC can do some prework before entering to the market, this pre-work includes the MNC should gain enough knowledge of the products or services they want to launch, this relevant information can be accessed through journals, patents report, participating in international events, taking advice from academic and other research organizations. (David, F., & David, F.,2015).

Many research organizations are now active and conducting new researches on the market entry modes and internationalization strategies. Researchers attraction to these specific areas are due to various reasons First aspect is internationalization activities are directly influenced by which entry approach have been chosen. Second aspect is to choose an appropriate market entry approach, is the most important discussion to be made by an MNC(Wind,1977), and the third aspect is many advanced theoretical frameworks has been developed that influence internationalization activities of the MNC (Anderson, 1997).

Most of the literatures, journals do not accord on how theoretical frameworks explains the external market approach (Anderson,1997), however more frameworks in regards with entry market approaches are being developed. These relationships between frameworks and market entry approaches need to be scrutinize in order to a unified approach (Hill et al, 1990).

From the MNC stand point to have better understanding of the concepts different market entry approaches, internationalization activities, and theoretical frameworks will be discussed which will as a result provide a broader view of internationalization strategies for MNC.

2.2 THE CONCEPT OF INTERNATIONALIZATION

Internationalization is defined by many of the researchers as the upward boom in a business operation on international levels. But the description of internationalization is different from people to people. For example (Wind et al, 1973), define it as an activity which is engaged with step by step stages for the beginning of International functioning. The concept of Internationalization further continues as the process of usual process of growing international engagement and the relation to change the business Internal domestics forms to (Biklky.1997, Johanson/ Vahlne, 1977). A brief explanation by Welch and Lusotarinen (1988), described that Internationalization of

business is the procedure of the increasing the activity in international operations. The method of doing operations for long term goal. Beamish et al (1997), explain internationalization as “the process of increasing awareness of the influence of International doing on their future and building up and doing transactions with companies from other countries.

The Internationalization process in many of the firms is taken into the consideration as one of the main goals for the future of the firms (Melin, 1992). There is some basic difference between the growth and internationalization process. These areas include: The firm participation in sending their finish goods or services to the other countries. These points prove that the firm has a choice that in which country she should lunch their product or services. The Second point is that the firm has to choose the right foreign market which should be related to foreign market strategy because these areas the entry to international foreign market is the key to target the market (Bradley, 1995). According to Anderson (1997), Internationalization is the method of doing exchange of transaction with international market between one nation countries to another country.

2.3 THEORIES FOCUSING ON INTERNATIONALIZATION OF MNE

There are many kinds of approaches of internationalization and the evaluation, selection of the theoretical concept varies from different author. In this theoretical framework the following four perspectives will be discussed. Entry mode as a chain of Establishment, the transaction cost approach, the eclectic framework and the organizational capability.

2.3.1 Entry Mode as a chain of Establishment

The making of internationalization as chain is mostly interlinked with the Uppsala model (Anderson, 1993). The Uppsala model for Internationalization is based on

behavioral theory of the outcome growth of the company. It states that internationalization take place in firm gradually and it operates in market it acquires more knowledge about foreign operations and markets. Therefore, the firms are gradually expected to increase their operations the foreign market (Johanson & Wiedersheim- Paul, 1975). The progressive stage model of internationalization recognizes internationalization as appearing in stages and progressive after the local domestic opportunities are drained. The activity of internationalization is slow process. Companies incrementally build their international market entry information and start their resources for the other country market operation (Johanson & Vahlne, 1977).

As per the old classic school theories, internationalization of the company or firm take place through different stages of development. No consistent export, export by independent broker or representative, sales and production or plants (Johanson & Vahlne, 1977). It states that the whenever the market knowledge increases, the approach towards the new era and market also increases and while the knowledge towards new market decrease the commitment towards new market also decreases.

The bazaar facts can be classified as an objective knowledge which can be taken or related to experiential facts which interlinks to the personal experience about the bazaar or market which will eventually became unique to the firm. The important assumption of Vahlne and Johnson (1990, 1977), depends on the performing operation which results on company internal assets such as skills and knowledge and this point are also explain by Porter (1991).

The formation chain detains define that the bazaar or market entry mode decision is mostly depend on the right time. The detain is criticized as deterministic because of information that the foreign market needs may be reject as company or firms give less attention to the stage which follows (Red, 1983).

2.3.2 Entry mode and the Transaction Cost Approach (TCA)

The dealing cost agreement is one of the internationalization modes of MNC by putting force on the dealing as the primary unit of the analysis and contain that understanding of the business cost economizing is the main factor of the firm or organization. The letter of this method for Multinational firms or companies mostly depends on the sloping downwards of the transaction cost and other different means of doing business agreement need to be completed. This method can be applied both on the determinants of efficient boundaries for instance on company and markets, to the company internal agreement along with the employment relations (Williamson, 1981). The Transaction cost approach can be taken under consideration for effective way to define vertical integration decision of the firm, and it can be used for the forecast of the market entry mode for both service and productions firms (Erramilli & Roa, 1993).

The undertaking cost application depends on the main dimension of the concept on specific assets, the range of economic transactions and uncertainty around the truncation of resources between the exporter and importer. These constitutions are the core line for the cost effect internationalization modes given duties to the given transaction (Williammson, 1979). The most number of the researchers in foreign market entry modes however makes some ratification on the agreement cost theory (Erramilli & Roa, 1993). These highlights are made based on the transaction cost which develop from increase control need that to be included in the approach. These factor as co-ordination of the strategies in MNCs to the extend market power and to gain a large number of shares in foreign enterprise profit (Anderson, 1997).

The connection of the transaction cost theory build knowledge on company entry mode such mode gives us the idea of the transaction cost minimization. On other hand it give us the decision criteria that how internationalize the firm other than transaction cost minimization could bring to other result depending the choice of entry mode that would recommend by the transaction cost theory (Anderson, 1997).

The agreement or transaction cost theory is much related to the internationalization theory. In this theory, a firm always looks for minimization of their cost at each point of internationalization and their decision-making activity. This is main reason that firms take in consideration to either entering to other country market with their total capital or joint venturing with their external partners and foreign market completely failure is mostly depending on the decisions made by the firms (Williamson 1979).

2.3.3 Entry mode and Eclectic Framework

The eclectic framework also known as OIL Paradigm, is based on the theory of internationalization which emphasize on explaining the different selection methods for the production and country for FDI (Ruzzier, Hisrich and Antoncic, 2006). This method of internationalization is the leading framework for the foreign direct investment analysis of multinational companies (Dunning, 2002).

The min three factors of the eclectic paradigm are Ownership (O), internationalization advantage (I) and the Location advantage (L) (Dunning, 1993). These three factors are also refereed as the main advantages in the international market because they help in determining the level and structure of the firm.

Taking into three helps a MNE to achieve success in the international market, these are First, The Ownership specific (O) advantage compared to the other companies that is if the MNE has more sustainable amount of ownership specific (O) advantage over the other. The type 1 ownership advantages for a company are the assets and skills advantage such as innovative production, efficient management, organizational and marketing management. The second type of ownership advantages are the governance advantages such as economies synergies in production, economies, finance, production, purchasing etc. Both types are referred as Ownership advantages (O) (Dunning, 1993). Both advantages help a company to select the approach for the market Andersen, 1997).

The Second consideration is the Location (L) advantages, which is linked to the cultural likeness, market infrastructures, and low production costs (Dunning, 1993). Furthermore, Location of a country can be categorized in terms of market potential and investment risk (Root,1987).

The third consideration is the Internationalization (I) which includes the costs of production in the international market (Dunning, 1993) and also these costs are related to transaction costs (Williamson, 1981).

The eclectic framework presents three basic theoretical approach, these are International trade, resource based and Transactions cost theory, it helps the researchers to predict clearly market entry approaches (Andersen, 1997).

2.3.4 Entry mode and the Organizational Capability Perspective

The most recent developed approach of internationalization is the organizational capability (Anderson, 1997). The principle developed by Johanson and Vahlne (1977) is basically originated from resource based to internationalization and also share empirical knowledge.

The resource based to internationalization put emphasis on viable, unique and hard to replicate qualities of the company which laid down the basis of competitive advantage and allows internationalization. For a company to maintain profitable market positions is related to the ability of the company to protect beneficial positions which are valuable to the company (Ruzzier et al., 2006).

The Resource based model to internalization give an important competitive perspective for the company in the international market (Ruzzier et al., 2006).

Capabilities of the organization in the international environment identifies the company as a package of resources that can be moveable later to the capabilities via first, dynamic and interactive processes, and second, by integrating the Capabilities of the whole organization, skills of the manpower and technologies (Anderson, 1997)

There are some difficulties faced due to the heterogenous nature of the company and also due to the environment in which they are operating it makes the internationalization process far more complex. For the long-term competitive advantage perspective, resources of the company are valuable rare, hard to copy, cannot be substituted easily yet from the other perspective the resources can be transfer, replicated, transparent. (Ruzzier et al.,2006). As there are variety of resources of a company they are generally referred to as stocks of both the tangible and intangible elements which are owned and controlled by the company, and using other techniques these resources can be easily converted to the products or services (Ruzzier et al.,2006).

The key factor is the resources of the company which drove the company to international and global, the capability driven background of an MNE inculcate its attempt to build and protect unique resources. (Tallman & Fladmoe – Lindquist, 2003). According to Tallman & Fladmoe Lindquist (2003), company main focus should not to enter the market with breaking or dividing it and sharing the profits rather it should be in how the profitability can be increased in the long term.

In the competitive advantage environment, availability of unique resources and capability of the company to apply these resources to gain more profits in the market is collectively defined the capability-based strategy of internationalization. This strategy helps the MNE to gain international advantage in the international markets (Tallman & Fladmoe - Lindquist, 2003). In addition to the above MNE will maintain the competitive advantage if it develops new capabilities over the time period that can resist competition in enhance their businesses. There are two types of capabilities found in the MNE that shapes their internationalization strategies. The first is the business

level components capabilities and the second is the corporate level architectural capabilities. by Tallman & Fladmoe - Lindquist (2003).

The business level capability is the. Competitive advantage of a company in their businesses which has three main mechanisms, how excellent is the quality of a product, how effectively it has been marketed, how fast is these products can be produced. Availability of these mechanisms is referred to as component knowledge (Tallman & Fladmoe - Lindquist, 2003). This component knowledge contains structure and actions which are significant in shaping the internationalization and competitive strategies (Tallman & Fladmoe - Lindquist, 2003).

The second type of the capability is the architecture capability, which focuses on the integration of the components of the organization in order to be more productive (Tallman & Fladmoe - Lindquist, 2003). These activities are the main source of the organizational collaborations. From the point of view of an MNE, these capabilities connect to integrate, classify, reproduce and also manage efficiently the hard assets, business level components. These capabilities can be only seen during the process of operation of a company in other words these properties are company specific and connected to the administrative record Tallman & Fladmoe - Lindquist, 2003).

2.4 GLOBALIZATIONS DRIVERS

In today era Global market and internationalization gives benefits in a many different ways. However, small portion of the firms are truly having global operation which is tallied across main regional market (Cateora, Gilly & Graham, 2013). If the large amounts of international market segment are identified, economics of scale in production and marketing can be important factor for the MNCs competitiveness in the international global market.

The shifting of knowledge and skills and know how across countries through proper channel integration and co-ordination of marketing activities can also be taken as the advantage of global transactions. The new global diversity in international marketing skills and talent leads us to new ways and approaches across diversified markets. This diversity mostly brings financial benefits along with stability of revenue and transactions with most global firms (Cateora, Gilly & Graham, 2013).

The impact of globalization effected a business orientation based on the thought and belief that the whole world is similar and difference between national markets are not only fading but some of the commodities will disappear forever. Because the firms and companies want to internationalize their long-term strategy by maintaining its across markets to take benefits of underlying global effect. The inside as well as outside factors will create a conducive environment for the development of resource allocation in international level. These things can be point in one word as market, cost atmosphere and competitive factors (Czinkota & Ronkainen, 2006).

The surrounding factors are the other aspects of firm's internationalization drivers. The hurdles in country rule of law have shown a dramatic progress in most of the globe and it eventually leads to further facilitate the international market. The new technology supports the new economy which are emerging to pick with faster rate.

The main reason for the firm global engagement is the market. The purchasing power and behavior changes depends on the trends and it became easy to reach the global customer. Because of the fact that firms want to fill the gap by involving in the International or Global market and reproduce goods which can stratifies the similar trends in the globe. In the same way channel, the distribution will become more international and global, which can create more and more retailers and will bring greater flexibility in their goals to enter new international market. Few firms or companies are involved in most of the countries and other gaining huge growth. In

addition, this approach is good and its very fact the presence of international and regional supports the efforts of marketing (Czinkota & Ronkainen, 2006).

The main reason here to take in consideration is cost factor for the firm internationalization engagement is the other important driver. Keeping away the cost duplication and inefficiencies of are two main aspects that emphasis the firm global involvement. Involving a single target country may not be sufficient enough for the local or domestic businesses to generate all economics benefit. In many of the cases, market expansions involvements can drive fasten the accumulation of gaining and experience (Czinkita & Ronkainen, 2006).

The main factor is the last aspect for company global involvements. Many of the industries are run by international competitors which usually focus on how to take advantage of the market, cost and surrounding factors which are found around the globe. To keep the race, open the marketer always need to be involved actively with the competition or pre-empt competitor moves. Furthermore, market is necessary to apply global strategies in take advantage in unchallenged market (Czinkita & Ronkainen, 2006).

2.5 INTERNATIONALIZATION STIMULI

The entry in Internationalization of a firm is stimulated by the following reasons. The wants for Internationalization, what reason force the process, involving the firm from less involvement to no involvement, and what are the reasons that make company to widespread MN process of a firm (Welch & Lusotrainen, 1998).

The ability of a company to take on international growth very much depends on the resources reachable to carry out its undertaking. The accessibility of needed wants to take on international expansion makes huge difference in the revenue. Nevertheless, the question related to the resource is just a tangible resource or financial funds to be

considered. The extremely important concept that makes the difference in International growth depends on the proper knowledge. The facts factors involve the foreign market, new skills and techniques of foreign actions, new ways of doing business, key personal in purchasing organization and other important factors. However, this kind of facts and information and understanding may not be easily available and get them with not be free. The main factor of learning these activities is by doing it. (Welch & Luostarinen, 1998).

The conveying network for international growth plays an important role. Private contacts and community and group interactions also plays important success in international bazaar development actions. The grouping among exporter and importer is a base line for effectual transmission should be maintained regularly. It should be taken in to account that networking or grouping is time overwhelming and commanding in the scene that way among the exporter and importer is big because of the fact the basic knowledge about the exporter is less and the availability of gap in tangible as well as culture makes it hard to start the process. As times goes by the relationship among them became strong and long lasting and the business activities specially the international business activities between them become more and more effective. (Welch & Lusotarinen, 1998).

The International involvements of a firm want a strong control. By having less market facts and experience, at the beginning stage of internationalization, firm highlight for outsider intermediaries to assist their internationalizations penetrations. Because with development and experience foreign market facts and knowing of strong buyers. The handling task is reflected with efforts to the straight actions of the intermediary very narrowly. This communication means that becoming supportive towards market is booming and the controlling factors engaging with risk perceptions and facts development will have power factor over time and will move away to the firm to start foreign operations. This result to have market control and big cost and risk. (Welch & Luostarinen 1998).

2.6 THE STRATEGY PLANNING PROCESSES FOR INTERNATIONALIZATION

Drafting is a scientific way of relating to the upcoming future. It can be taken into consideration as an attempt to contain the effects of external, non-controllable factors on the firm's strong and weakness, goals to attain the high level of growth. Therefore, it can also be grantee of assets to a foreign market for achievements of firm's long-term goals. Design allows firms for quick international function development, market difference, increasing competition, and putting hurdles in challenges in different business markets. (Cateora, Gilly & Graham, 2013).

Drafting is related to the formation of goals and technique of achieving them, so it taken in consideration as both process and philosophy. The main advantage for MNCs which take part in planning is the regulations impose by process. Continuing the planning procedure have a theoretical framework for solving problems of foreign market and new opportunities and can be a base line for facts co-ordination from different foreign markets. The Planning structure can be given importance because the design itself, as it pushes the decision making and elevation of all the options that can affect the marketing process success and those who can be engaged in the applying process can be easily highlighted. (Cateora, Gilly & Graham, 2013).

It requires having the knowledge of the firm objectives and the available options. Clarifying objectives and goals orientation specify internal and external divisions, allowing consistent policies. By not defining the objectives it will lead firm to rush in to foreign markets only to take look for actions that take place there which don't do much with firm goals. The chances in other country market does not always resembles with business objectives and assets, it may need the adjustment for the goals, difference in the international plan, or abandon them. Sudden profit from specific market with uncertain long run outlook may be seen; where as other big market may offer opposite. It only happens which firm goals are clear. (Cateora, Gilly & Graham, 2011).

The International agreement of the firm plays an important role for the development of the organization in international market. The design approach of international company effects the internationalization to which manger are confident enough. The agreement also affects the future of the company as well as the special international strategies. Once the company goals are highlighted, the determination of the managers is to make required agreement for the international start in terms of the capital require, the managers of international organization, and the commitment to stay in the foreign market to realize the capital returns is an important step that should be considered. (Cateora, Gilly & Graham, 2011). If the firm is not sure about its prospects then it will enter market timidly, with not proper channels, methods, of company forms, which will eventually result in failure of firm that may have succeed with the assistance an agreement of main firms. The foreign market planning which is for long term period needed to support by senior managers or top management and a real time frame for output growth need to be made to collaborations. Most times usual market entry need long term agreement. (Cateora, Gilly & Graham, 2013).

The key to success of International Involvement is mostly depend on the designing weather the firm is marketing in foreign countries or is entering a foreign market for first time. If the firm is taking part for the first time in International market, what finished goods to develop, in which foreign market, and with what kind of assets among foreign countries and products, taking decision on new market segment to develop or old ones to withdraw from, and undermining which finished goods to make or leave. (Cateora, Gilly & Graham, 2013).

2.6.1 Understanding and Underlining the Main Strategy

The Strategic design steps should be start with lucid explanation business for which a strategy is to be made. The SBU (Strategic Business Unit) is the baseline for taking the decision. SUB presents communications based on output of market simultaneously by

taking consideration of need to be made, customer to be targeted, and the finish goods or service used to meet the wants of special customers. (Czinkota & Ronkainen, 2006).

In this stage of strategy, the planning and design process the participation of management from different departments, for instance marketing, output, finance, and other is required. The regional and foreign representation need to involved main markets or aboard as well as from small but uprising markets. By having professional and appropriate people committees help us to focus on outcome product and markets involving the competitors who will be faced in different area and in different markets. The decision taking of such efforts must be taken by top manager with professional level of experience in the foreign market or in global markets. (Czinkota & Ronkainen 2006).

2.6.2 Market and Competition and Analysis

The other important steps in the design or planning procedure mainly focus on the market and competition and its analysis. Organizing a plan on a country by country can give result with different performance of worldwide market. The important step for understanding the global market is highlight the forces that differ the business success are same to distinguish countries that the form competes. The process in planning which mainly focus on global market in different markets that support help balance risk, required resources, complete economics of scale, and gaining long term place in market. From the view of demand, it is important to understand the behavior of customer requirements and choice factors are also required. The analysis is mainly focus on understanding the structure of global business and to know the driving forces that determine profit ability and completion. (Czinkota & Ronkainen, 2006).

2.6.3 Internal Analysis

The long-term strategies choice is made by firm to take in consideration the company resources to see the reality to estimate the capacity of the firm for the establishment of sustainable competitive advantage in the global market atmosphere. It must be easy for big companies to rebuild their presence in new country market. However, for small enterprise such activities and action may not easy to make the requirement. The available HR to take a global strategies effect is one of the factors that should be evaluated from the firm internal analysis. In this stage the firm strategy steps, the assesses its readiness for important move towards internationalization by elevating the organization agreement for expanding which include assessing the readiness of the outcome product to face the competitive global environment. It needs a decision to focus on main product or industries or leave others which are not competitive for market. (Czinkota & Ronkainen 2006).

2.7 FACTORS AFFECTING THE MARKET ENTRY FOR MNE

2.7.1 Choice of competitive strategy

In order to achieve success in the international market the company need to adopt various approaches which define how can a company attain a competitive advantage and establish a stronghold against its competitors, this can be more easily understood after shortlisting the competitive areas that leads to competitive edge over others. According to the study conducted by Michael Porter to compete in the global environment the companies have three major choices that act as a source for competitive advantage (Porter, 1998). The first strategy is the cost leadership strategy, which is based on economies of scale that is reducing the price of the product (Czinkota & Ronkainen, 2006).

The second strategy is the differentiation strategy the price is not the competing factor it focuses more on developing a unique product and selling it at a premium. The product is of superior design, durability, and from the design perspective is far more advanced than its competitors (Czinkota & Ronkainen, 2006).

The third strategy is the focus strategy it's a mix of above two strategies and mainly focus is on the small single market segment which are driven either by differentiation or low cost (Czinkota & Ronkainen, 2006).

A company can be successful by implementing this strategy depending upon the narrow market a unique product can be applied or with more numbers of competitors a cost strategy can be applied. (David, F., & David, F., 2015).

Most of the companies mixes the differentiation strategy and cost strategy for expansion in the global market. Use of high quality manufacturing systems and latest technology helps in the reduction of defects and wastage of the product that helps in producing at higher rate but at low cost, and capital is mostly implemented on the marketing (Czinkota & Ronkainen, 2006). But according to Porter the use of two strategies could be negative the company that follows on one strategy can be more competitive as compare to the other, using or mixing two strategies can lead to split in the resources and as a result they are far behind their competitors (Porter, 2008).

Figure 2.1

<i>Target/Market Scope</i>	<i>Advantage</i>	
	<i>Low Cost</i>	<i>Product/Service Uniqueness</i>
<i>Broad (Industry Wide)</i>	Cost Leadership Strategy	Differentiation Strategy
<i>Narrow (Market Segment)</i>	Focus Strategy (low cost)	Focus Strategy (differentiation)

Source: Porter's Generic Strategies (2008)

2.7.2 Selecting Country market

By designing a global strategy does not necessarily mean that the firm should provide its services in the entire globe. The options which firm have to allocate all its resources in different countries and in different segment. (Czinkon & Ronkainen 2006). The first step towards choosing a country market is to first select the region and then divide by country. Many strategists use different level of regional groups. The reasons are mainly to apply their model and to focus on their internal and external attractiveness. (Czinkon & Ronkainen, 2006).

To understand the factors of selecting country market we should focus on small enterprise and small markets and their diversification strategy. It is mainly defined by output in large unit of market in real sense. The growing strategy of the firm can be

underline by marketing mix of the firm related to factors which responded to bazaar and market variables. (Czinkota & Ronkinen, 2006).

Major things affect the choice among Concentration and Diversification Strategies In MNCs Market.

Figure 2.2

Factors Affecting the choice between Concentration and Diversification Strategies		
Factor	Diversification	Concentration
MARKET		
Market growth rate	Low	High
Sales Stability	Low	High
Sales response function	Decreasing	Increasing
Extent of constraints	Low	High
MARKETING		
Competitive lead time	Short	Long
Spillover effects	High	Low
Need for product adaptation	Low	High
Need for communication adaptation	Low	High
Economic control requirements	Low	High
Program control requirements	Low	High

Source: Igal Ayal and Jehiel Zif 1979.

2.7.3 Analyzing of core business

MNE try to examine their own businesses before entering to the foreign, market because without proper work it could be risky. As a lot of amount of capital is involved, if the internationalization strategy fails there will a be huge losses and companies cannot recover from them easily. An MNE should assess what its core strength and weaknesses in terms of market position which they hold, financial strength etc. Moreover companies should also analyze the threats that can occur due to their competitors and opportunities which are available or created in the foreign market . in a nutshell for the expansion in the foreign market the company should have a SWOT analysis (Kotler, Keller, Brady, Good- man & Hansen, 2009). In order to have a good effective SWOT a thorough comparison to be made among the competitor. The strength and the weaknesses are related to the operations and internal factors of the company, with the help of secondary data companies can analyze their performances for example the fiscal year report provide the data in more organized form. Moreover, keeping a healthy relationship with the customers and suppliers helps the company in long run because the feedback provided by them can be used for improvements (Pilcher, 2004).

Opportunities and threats are external environment factors such as studying the market in terms of the availability of similar products, a general feedback of the consumers is also beneficial in analyzing new opportunities. Once SWOT analysis is fulfilled the problems can be solved quite easily.

2.7.4 Choice of Market

This is most important part of the internationalization processes, before choosing a market the company should focus on the competitive advantage they can have and also analyze several markets with new means of technology. This can be possible when companies are able to collect large amount of data and also able to extract the correct

amount of information. The information can be categorized in terms of cultural, political, legal, environmental, technological, economic, after having this information the rate of success rises significantly (Hollensen, 2008).

2.7.5 Analysis of the target Market

Having successfully analyzed many markets, the task is to scrutinize the correct one which is suitable and can bring more success to the current product offering by the company in the international market. All the factors are to be taken in to account in the analyzing process (Hollensen, 2008).

2.7.6 Extent of the market

The extent of the market gives a clear picture of its size and it also helps in the prediction of the inventory and the product output required to fulfill the demand across various stages. In order to determine the right size, a comparative analysis is to be made with similar products that are present in the market. the source to collect this data can be varied according to the capital expenditure of a company in market research. There are very reliable sources that can be relatively expensive for example McKinsey, GLG etc. but there are other sources that can be cheap, these sources are majorly government websites. After the data analysis for the market size as a result if there exists a gap between the supply and demand then the internationalization process can be implemented successfully (Russow & Okoroafo, 1996).

2.7.7 Market Assessments

MNCs which want to enter to specific market usually use the tool of economic (Porter) for better understanding the transaction opportunity using special evaluation criteria. By analyzing Porter economic tools, we MNC can understand the demand factors with complete loop wholes about the market condition that whether it will suit the firm goals

or not. The collection of the info mainly depends on three things, Product- special market size and output factors of production cost and availability of the level of economic development (Russow & Okoroafo, 1996).

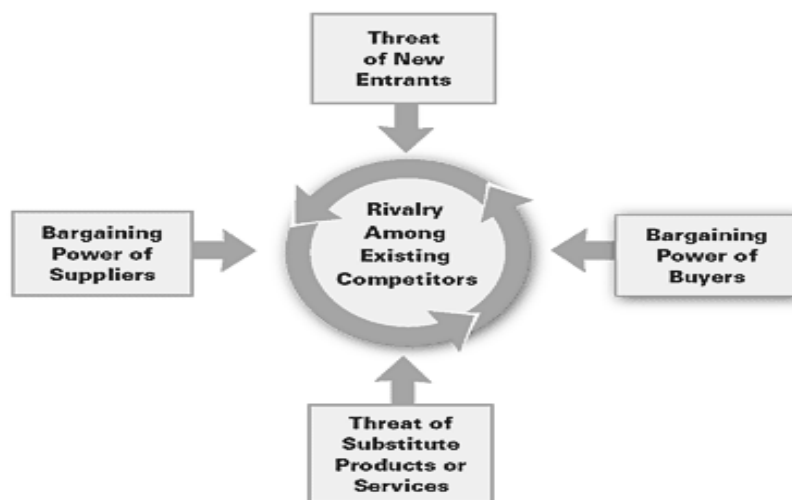
The bazaar is design by overall stages of economic development. The countries with large GDP might be wealth; to better understand the richness of country it is better to calculate GNP per capita to understand the wealth. (Albaum & Duerr, 2011).

2.7.8 Market Profitability

It gives the company compete picture that how much sale is done in each country or territory. The porter 5 factors model is taken to see how much market is brining earning and what things are the hurdles for the entry, suppler, buyer power, competition between firms in the core industry. The above factors give solution to underline how much earning a choose market can bring. (Porter (E), 2008).

Figure 2.3

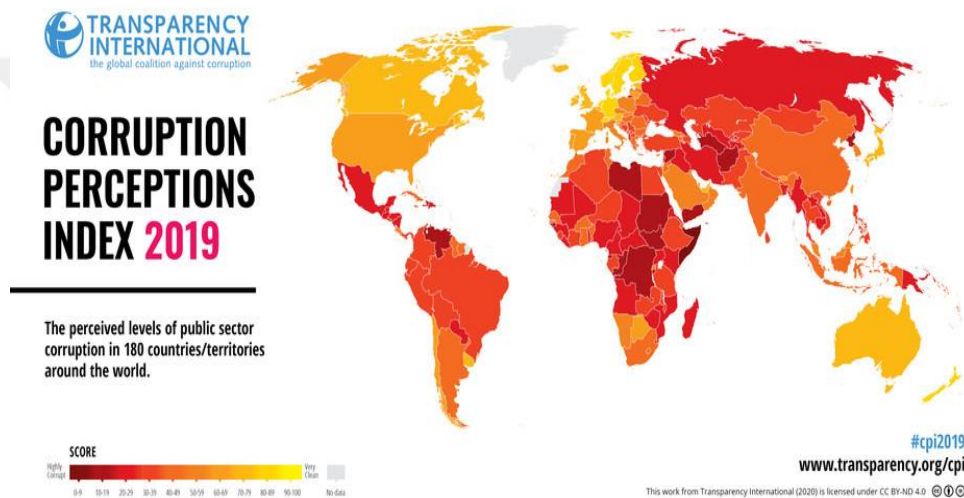
The Five Forces That Shape Industry Competition



Source: Porter Five Forces (2008)

2.7.9 Crime and Corruption

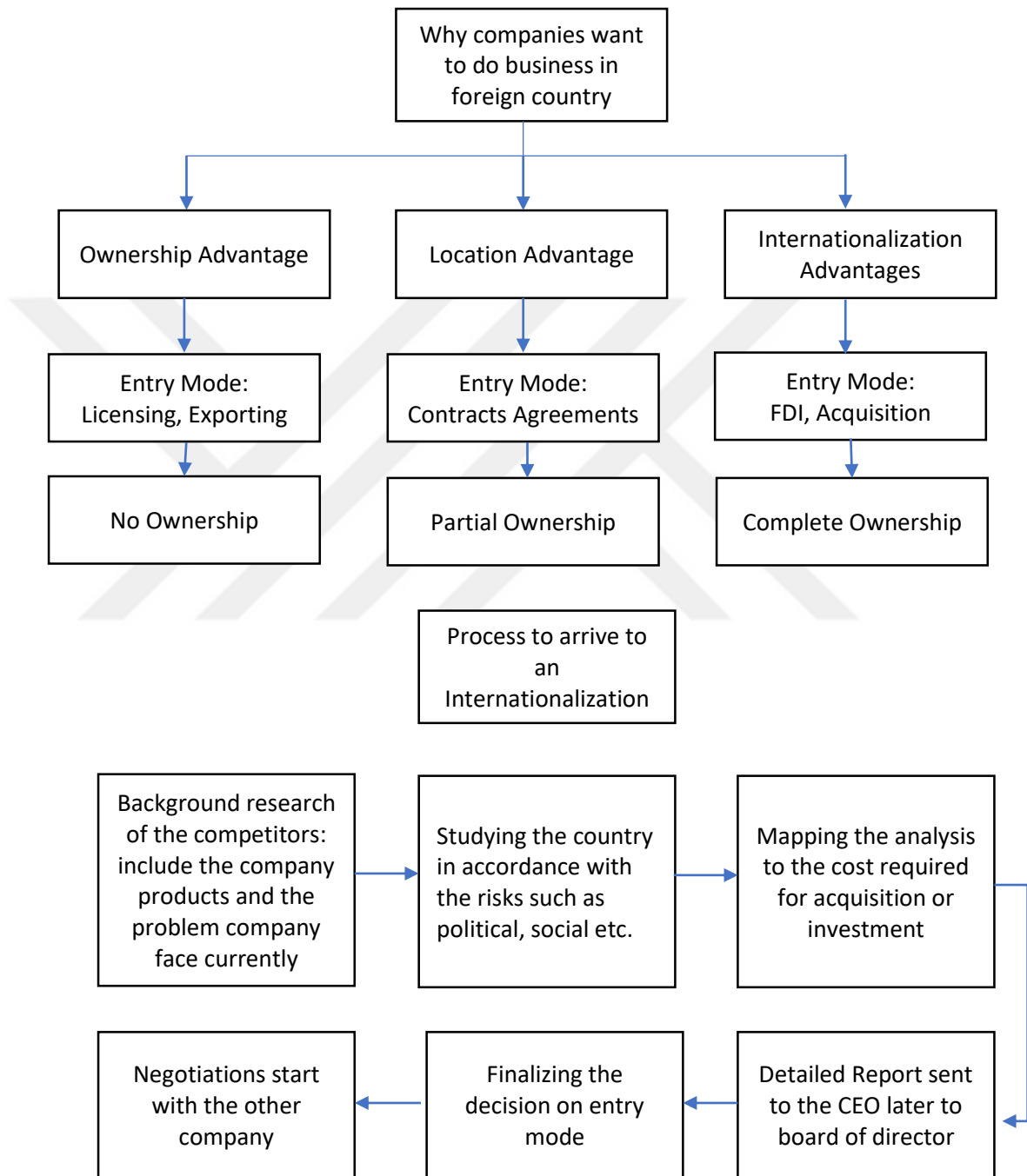
The corruption and crime rate in a country for internationalization of the firm plays very important role. There might be several legal things in the selected country to understand the way of doing business in that environment. By having more information about the selected region or country it will help the firm to less the risk.



Source: Transparency International 2019, (www.transparency.org)

The western region has a common and better understanding towards illegal and unlawful business activities, therefore in other region and countries specially in Asia and Africa, the corruption and crime is very high which can create many problems for the firm who wants to start their service in that region. (Albaum & Duerr, 2011).

2.7.10 Theoretical framework organigram



Source: Author

3 INTERNATIONALIZATION AND ENTRY MODE CHOICE OF SIGNIFY NV

3.1 BACKGROUND

Signify NV is not a new company it 125 years old, we are more familiar with its earlier name which was Philips Lighting. In the year 2018, Phillips decided to change the name of Philips lighting to Signify.

The company was founded in the year 1891 in Eindhoven Netherland by Gerard and Anton Phillips, under the name of Phillips. As a holding company Phillips include various divisions such as lighting, home appliances, medical instruments etc.

Some of the well-known products which became like a milestone in the company's success are Shavers, Electronic appliances such as radio, television, tooth brush, compact discs, sound appliances such as speakers, medical equipment's. The company is currently very much active in the healthcare sector and is producing vast variety of products, some prominent mentions are the MRI and Ultrasound devices which are known for their precisions.

Philips consumer products are also in demand such as coffee machines, shavers and if we look at commercial products so we can find LED wall screen can be used for advertisements, billboards etc.

Phillips holding is a listed company in three trading exchanges which ae Euro next the exchange of Europe, New York stock exchange and Netherlands Stock exchange.

Signify current CEO is Mr. Eric Randolat.

Company went to IPO in the year 2016 and since then it is listed in the Europe stock exchange under the name “Signify NV”.

3.2 INTERNATIONAL PRESENCE

- a) 16 countries of ASIA including China and India
- b) 7 Countries of Latin America
- c) 11 Countries of Middle east and Africa
- d) North America
- e) 30 Countries of Europe

Making it a total around 70 with direct and indirect entry mode

3.3 PRODUCTS

Signify is include 5 topmost brands of Phillips

- a. Philips Lighting: products includes LED lamps and smart lighting
- b. Interact: IoT Platform applications connecting the products
- c. Phillips Hue: Efficient lights can be controlled by a mobile application
- d. Color Kinetics: The products are used for large spaces such as a Bridge or a football stadium.
- e. Wiz: the products works with the voice control also compatible with Alexa.

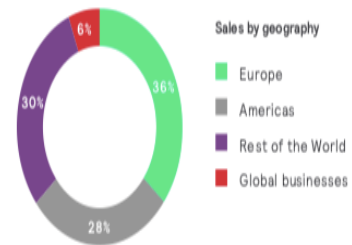
Signify is one of the best companies when it comes to innovation for which it invests billions of dollars in research and development and it had paid well and if we look at some. Combining the brands mentioned above and continuous innovation makes the company the leader in lighting around the world.

3.4 FINANCIALS

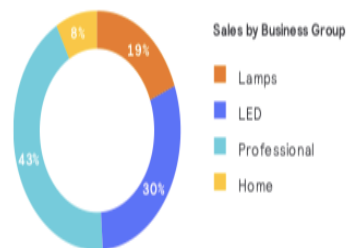
Figure 3.1

	Note	2018	2019
Sales	3	6,358	6,247
Cost of sales		(3,976)	(3,940)
Gross margin		2,382	2,307
Selling, general and administrative expenses		(1,675)	(1,637)
Research and development expenses		(312)	(283)
Impairment of goodwill	15	-	-
Other business income	7	32	22
Other business expenses	7	(17)	(8)
Income from operations	4	410	401
Financial income	8	20	17
Financial expenses	8	(61)	(60)
Results from investments in associates		(2)	1
Income before taxes		367	360
Income tax expense	9	(106)	(93)
Net income		261	267
Attribution of net income for the period:			
Net income attributable to shareholders of Signify N.V.		263	262
Net income attributable to non-controlling interests		(2)	5
Earnings per common share attributable to shareholders			
Weighted average number of ordinary shares outstanding used for calculation (in thousands):			
• Basic		134,306	126,028
• Diluted		134,672	127,626
Net income attributable to shareholders per ordinary share in EUR:			
• Basic		1.95	2.08
• Diluted		1.95	2.06

	2018	2019
Comparable sales growth	(4.4)%	(4.6)%
LED-based sales	71%	78%
Adjusted EBITA margin	10.1%	10.4%
Net income	261	267
Free cash flow	306	529



Business Groups	LED	Professional	Home	Lamps
Sales	1,891	2,649	521	1,159
Nominal sales growth	4.4%	0.5%	11.6%	(18.8)%
Comparable sales growth	(1.1)%	(1.7)%	11.3%	(20.5)%
EBITA margin	11.5%	8.4%	1.0%	14.5%
Adjusted EBITA margin	12.7%	10.0%	3.8%	19.2%



Source: Signify N.V. (www.signify.com)

3.4.1 Summary of the financials

Signify shows a good trajectory in their financial statement and is growing at a good rate the company pays good amount to their shareholders

Some important shareholders: Goldman Sachs, Baillie and Gifford, Blackrock etc.

Signify pay a lot of attention when it selects its employees and pays a very good amount of salary.

- 1) Till date, all over the world the company had 32,000 employees
- 2) The company financials are impressive last year it had made a sale 6.2 billion euro
- 3) The net income is also impressive 267 million Euros

3.5 ENTRY MODE CHOICES

Since the last year Signify has acquired a total of six companies. The entry mode uses in the company are either merger or acquisitions the entry mode was Acquisition These companies are:

- 1) Cooper Lighting Solution: United States
- 2) Once Inc.: United States
- 3) Ilox: Germany
- 4) Lite Magic Technologies: China
- 5) Klite Lighting: China
- 6) Wiz: Hong Kong

4 METHODOLOGY

4.1 METHOD

The research is based on the entry mode choices made by the MNE, the company which has been chosen is. Large MNE and involved in business in more than seventy countries and by the time of incorporation it has already enter in 6 companies of different countries the most recently entry mode was in May 2020, to get a deeper insight on this topic a qualitative method is more effective than the quantitative research the data has been collocated from the executive manager and employees with the help of interview and questionnaire.

4.2 RESEARCH DESIGN

The research is design in two parts. The first part is the one to one interview with top level manager and the second part is questionnaire based on the Likert Scale shared with the company employees. The questionnaire questions were shared beforehand to the respective employees. In the pandemic the interviews were conducted online (via zoom) for a time period of 40 minutes.

4.3 RESEARCH OBJECTIVE

The research objective is to obtain the insights and knowledge in regards with the entry mode choices made by Netherlands MNE - Signify N.V. when entering a new country and studying the process by taking in account various elements that lead to the final choice.

4.4 RESEARCH QUESTIONS

- a) What is the role having a background research while choosing the entry mode for a target country?
- b) What are the preferable entry modes the MNE look to enter in a foreign market?
- c) What is the role of the executive board in decision making process for the entry mode?

4.5 RESEARCH TOOLS

The two types of statistical tools were used in order to collect the research data.

Open ended

Close ended

4.6 RESEARCH APPROACH

The questionnaire is designed on basis of Likert scale with a complete focus on the literature review as well as the open-ended interview questions are also designed with the same focus. Both approaches cover the relevant part of the entry mode choices.

4.7 RESEARCH INSTRUMENTS

The instruments include both open ended and close ended questions the questions were derived from theories of internationalization of MNE and from other previous research which were done in similar filed.

4.8 SAMPLING

The respondents of this thesis are the employees of the Signify NV, Germany. Out of total 256 employees 150 employee took part in the research. The frame of sampling dated from 4th of October. Employee data was received at the end of October 2020. The main reason or choosing the employee from Germany because they were engaged

in the Internationalization process and they had the best knowledge are working very closely on the project of capturing the new overseas market.

4.9 DATA

The source of data used in the research is both primary and secondary data

4.9.1 Primary Data

The thesis data is collected from primary data which is usually applied in social science field. It is mainly collected from the employee of Signify NV. The Collection of primary data was done through two channels. Firstly, from one to one interview, secondly from questionnaire. The research was conducted with consulting both top manager and employees for the collection of primary data.

4.9.2 Secondary Data

The secondary data is collected by observing the current situation of the company. The company is a public company and listed in the stock exchange of Europe. The data is gathered from various sources includes such as financial statement, sales reports, salaries of the managers, employee deployment, products and payment to the shareholders etc.

4.10 DATA COLLECTION

The interview data for the open-ended questions were well noted down with the permission of the interviewer and informally validated by the interviewer in terms of the statements made by the interviewer.

The questionnaire was designed in a word document and considering the situation of work from home questions were emailed to the corresponding employees and later on the responses were collected in a excel spreadsheet.

4.11 STEPS IN COLLECTION OF DATA

There are basically four steps, one for one Interview and 3 for questionnaire.

- A. One on One Interviews
- B. Questionnaire
- C. Collecting back the data from interviews and questionnaire.
- D. Analysis of interviews answer and data gathering from questionnaire.

4.12 ANALYSIS TOOLS

After receiving the responses, they were compiled and later on the responses for each question were mapped in the spreadsheet. For the calculation, count of the responses were put in the table and the corresponding percentage was calculated. The final percentage response was converted to a histogram to have a better view of the responses.

5 ANALYSIS

5.1 QUESTIONNAIRES

1. Does Signify N.V. have sufficient capital to enter the new market?

Table 5.1

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	47	31%
Agree	71	47%
Neutral	18	12%
Disagree	8	5%
Strongly Disagree	6	7%

The bar chart displays the percentage of responses for each option. The 'Agree' category has the highest percentage at 47%, followed by 'Strongly Agree' at 31%. 'Neutral' is at 12%, 'Disagree' at 5%, and 'Strongly Disagree' at 4%.

Scale	Percentage
Strongly Agree	31%
Agree	47%
Neutral	12%
Disagree	5%
Strongly Disagree	4%

Data Analysis

In the data it is shown, 47% employees strongly agree and 31% agree that the company has enough capital to enter in the new market whereas 12% are neutral and the rest disagree.

Interpretation

From the above it can be interpreted that company has the enough capital to enter in the new market.

2. Does Signify N.V. have enough experience to enter in a new country?

Table 5.2

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	36	24%
Agree	88	59%
Neutral	15	10%
Disagree	7	5%
Strongly Disagree	4	3%

The bar chart displays the percentage of responses for each option. The 'AGREE' option has the highest percentage at 59%, followed by 'STRONGLY AGREE' at 24%. 'NEUTRAL' is at 10%, 'DISAGREE' at 5%, and 'STRONGLY DISAGREE' at 3%.

Data Analysis

In the data it is shown, 59% employees agree and 24% strongly whereas 10% are neutral and the rest disagree.

Interpretation

From the analysis it can be interpreted that the company have enough experience to enter in a new country.

3. Does Signify N.V. do background research on entry modes for the target country?

Table 5.3

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	71	47%
Agree	53	35%
Neutral	16	11%
Disagree	8	5%
Strongly Disagree	2	1%

The bar chart displays the percentage of responses for each option on a five-point scale. The 'Strongly Agree' category has the highest percentage at 47%, followed by 'Agree' at 35%. 'Neutral' accounts for 11%, 'Disagree' for 5%, and 'Strongly Disagree' for 1%.

Data Analysis

In the data it is shown, that 47% of the employees strongly agree and 35% agree whereas 11% are neutral, 5% disagree and 1% strongly disagree.

Interpretation

It can be interpreted that the company do background research on entry modes for the target country

4. Does the entry mode choice lead to competitive advantage?

Table 5.4

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	51	34%
Agree	63	42%
Neutral	9	6%
Disagree	19	15%
Strongly Disagree	8	5%

The bar chart displays the percentage of responses for each category. The categories and their percentages are: Strongly Agree (34%), Agree (42%), Neutral (6%), Disagree (13%), and Strongly Disagree (5%).

Data Analysis

In the data large number of employees agree (34% strongly agree and 42% agree) whereas only 6% are neutral, 15% disagree and 5% strongly disagree

Interpretation

From the above it can be interpreted that choice of entry modes lead to competitive advantages.

5. Does Signify N.V. enlist its competitors and try to differentiate before entry mode?

Table 5.5

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	66	44%
Agree	42	28%
Neutral	12	8%
Disagree	19	13%
Strongly Disagree	11	7%

The bar chart displays the percentage of responses for each option on a five-point scale. The 'Strongly Agree' category has the highest percentage at 44%, followed by 'Agree' at 28%. 'Disagree' is at 13%, 'Neutral' is at 8%, and 'Strongly Disagree' is at 7%.

Data Analysis

In the data it is shown, that 44% of the employees strongly agree and 28% agree whereas 8% are neutral, 13% disagree and 7% strongly disagree.

Interpretation

From the analysis it can be interpreted the company enlists its competitors before entering to a new country.

6. Do Signify N.V. have a department which perform research for entry mode?

Table 5.6

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	41	27%
Agree	59	39%
Neutral	24	16%
Disagree	19	13%
Strongly Disagree	7	5%

The bar chart displays the percentage of responses for each option. The 'Agree' option has the highest percentage at 39%, followed by 'Strongly Agree' at 27%. 'Neutral' is at 16%, 'Disagree' at 13%, and 'Strongly Disagree' at 5%.

Data Analysis

In the data it is shown, that 39% of the employees agree and 27% strongly agree whereas 16% are neutral, 13% disagree and 5% strongly disagree.

Interpretation

After Taking into the account the analysis it can be interpreted that the company has research department which perform research only on entry modes

7. Does Signify N.V. prefer Joint Venture entry mode?

Table 5.7

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	11	7%
Agree	18	12%
Neutral	12	8%
Disagree	77	51%
Strongly Disagree	32	21%

SCALE	PERCENTAGE
STRONGLY AGREE	7%
AGREE	12%
NEUTRAL	8%
DISAGREE	51%
STRONGLY DISAGREE	21%

Data Analysis

In the data it is shown, that 51% of the employees disagree and 21% strongly disagree whereas 8% are neutral, 7% strongly agree and 12% disagree.

Interpretation

After analysis it is prove that the company do not favor the joint venture entry mode.

8. Does Signify N.V. prefer Acquisitions entry mode?

Table 5.8

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	39	26%
Agree	58	39%
Neutral	32	21%
Disagree	11	7%
Strongly Disagree	10	7%

The bar chart displays the percentage of responses for each option. The 'Agree' category has the highest percentage at 39%, followed by 'Strongly Agree' at 26%. 'Neutral' responses account for 21%, while 'Disagree' and 'Strongly Disagree' each represent 7% of the total responses.

Data Analysis

In the data it is shown, that 39% of the employees agree and 26% strongly agree whereas 21% are neutral and the rest disagree.

Interpretation

It can be interpreted from the analysis that the company preferable entry mode is Merger and Acquisitions.

9. Does Signify N.V. prefer exporting as a market entry mode?

Table 5.9

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	26	17%
Agree	11	7%
Neutral	79	53%
Disagree	30	20%
Strongly Disagree	4	3%

The bar chart displays the percentage of responses for each option. The 'Neutral' category has the highest percentage at 53%, followed by 'Disagree' at 20%, 'Strongly Agree' at 17%, 'Agree' at 7%, and 'Strongly Disagree' at 3%.

Data Analysis

The data shows, that 53% of the employees are neutral whereas 17% strongly agree, 7% agree, 20% disagree and 3% strongly disagree.

Interpretation

It is interpreted from the above data company is neither against nor in favor of exporting.

10. Is it easy to enter in the foreign market?

Table 5.10

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	27	18%
Agree	34	23%
Neutral	7	5%
Disagree	50	33%
Strongly Disagree	32	21%

SCALE	PERCENTAGE
STRONGLY AGREE	18%
AGREE	23%
NEUTRAL	5%
DISAGREE	33%
STRONGLY DISAGREE	21%

Data Analysis

The data shows, 33 % of the employees disagree and 21% of them strongly disagree whereas 5% neutral,18 % strongly agree and 23% agree.

Interpretation

It is clearly interpreted that for the company it is easy to enter in the foreign market.

11. Do the legal restrictions in the foreign country affect the choice of entry mode?

Table 5.11

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	22	15%
Agree	81	54%
Neutral	20	13%
Disagree	21	14%
Strongly Disagree	6	4%

The bar chart displays the percentage of responses for each option. The 'Agree' category has the highest percentage at 54%, followed by 'Strongly Agree' at 15%, 'Disagree' at 14%, 'Neutral' at 13%, and 'Strongly Disagree' at 4%.

Data Analysis

In the data it is shown, that 54% of the employees agree and 15% strongly agree whereas 13% are neutral, 14% disagree and 4% strongly disagree.

Interpretation

From the above answers it is interpreted that legal restrictions has a strong effect on the entry mode choice.

12. Does the political uncertainty in the foreign country effect the choice of entry mode?

Table 5.12

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	55	37%
Agree	66	44%
Neutral	5	3%
Disagree	14	9%
Strongly Disagree	10	7%

The bar chart displays the percentage of responses for each option in question 12. The categories and their respective percentages are: Strongly Agree (37%), Agree (44%), Neutral (3%), Disagree (9%), and Strongly Disagree (7%).

Data Analysis

In the data it is shown, that 44% of the employees agree and 37% strongly agree whereas 3% are neutral, 9% disagree and 7% strongly disagree.

Interpretation

From the data analysis it is interpreted that political uncertainty has a strong effect in the choice of entry mode.

13. Does Signify N.V. work on understanding the culture of the foreign country?

Table 5.13

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	22	14%
Agree	63	42%
Neutral	30	20%
Disagree	21	14%
Strongly Disagree	14	9%

The bar chart displays the percentage of responses for each option. The Y-axis represents the percentage, and the X-axis represents the scale options. The data is as follows:

Scale	Percentage
STRONGLY AGREE	15%
AGREE	42%
NEUTRAL	20%
DISAGREE	14%
STRONGLY DISAGREE	9%

Data Analysis

The data states that, 42% of the employees agree and 15% strongly agree whereas 20% are neutral, 14% disagree and 9% strongly disagree.

Interpretation

It is interpreted that the company works a lot in understanding the culture of foreign country.

14. Does the limitation and saturation in the domestic market drive Signify N.V. to enter new country?

Table 5.14

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	46	31%
Agree	52	35%
Neutral	12	8%
Disagree	37	25%
Strongly Disagree	3	2%

The bar chart displays the percentage of responses for each option. The 'Agree' category has the highest percentage at 35%, followed by 'Strongly Agree' at 31%. 'Disagree' accounts for 25%, 'Neutral' for 8%, and 'Strongly Disagree' for the lowest percentage at 2%.

Data Analysis

The data states that 35% of the employees agree and 31% strongly agree whereas 8% remains neutral, 25% disagree and 2% strongly disagree.

Interpretation

After analyzing the above data it is interpreted that saturation in domestic market drive the company to international market.

15. Do the costs occur due to new entry mode effect the domestic business?

Table 5.15

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	15	10%
Agree	19	13%
Neutral	84	56%
Disagree	24	16%
Strongly Disagree	8	5%

The bar chart displays the percentage of responses for each option. The 'Neutral' option has the highest percentage at 56%, followed by 'Disagree' at 16%, 'Agree' at 13%, 'Strongly Agree' at 10%, and 'Strongly Disagree' at 5%.

Data Analysis

In the data it is shown, that 56% of the employees are neutral whereas the agree and strongly agree together is 23% and the remaining disagree and strongly disagree makes 21%

Interpretation

Above analysis shows it cannot be interpreted whether costs of entry mode effects the domestic business positively or negatively.

16. Does Signify N.V. offer more services to foreign market as compare to the domestic market?

Table 5.16

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	30	20%
Agree	18	12%
Neutral	58	39%
Disagree	14	9%
Strongly Disagree	30	20%

The bar chart displays the percentage of responses for each option. The 'Neutral' option has the highest percentage at 39%, followed by 'Strongly Agree' and 'Strongly Disagree' at 20% each. 'Disagree' has the lowest percentage at 9%.

Data Analysis

It can be clearly seen that 39% of the employees are neutral whereas the agree and strongly agree together is 32% and the remaining disagree and strongly disagree makes 29%

Interpretation

With the results it cannot be interpreted that the company offer different products to different country in relate to the entry mode

17. Does Signify N.V. prefer to make local partners in the foreign country for production?

Table 5.17

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	8	5%
Agree	9	6%
Neutral	24	16%
Disagree	67	45%
Strongly Disagree	42	28%

The bar chart displays the percentage of responses for each option. The 'Disagree' category has the highest percentage at 45%, followed by 'Strongly Disagree' at 28%. 'Neutral' is at 16%, 'Agree' at 6%, and 'Strongly Agree' at 5%.

Data Analysis

The data states that 45% of the employees disagree and 28% strongly disagree whereas 16% remains neutral, 5% agree and 6% strongly agree.

Interpretation

From the above results it is clear that the company do not prefer to make local partners.

18. Does Signify N.V. partner with foreign company on behalf of their track record in their respective sectors?

Table 5.18

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	74	49%
Agree	49	33%
Neutral	7	5%
Disagree	18	12%
Strongly Disagree	2	1%

The bar chart displays the percentage of responses for each option. The 'STRONGLY AGREE' bar is the tallest at 49%, followed by 'AGREE' at 33%. 'DISAGREE' is at 12%, 'NEUTRAL' is at 5%, and 'STRONGLY DISAGREE' is the shortest at 1%.

Data Analysis

The data states that 45% of the employees strongly agree and 33% agree whereas 5% remains neutral, 12% disagree and only 1% strongly disagree.

Interpretation

From the analysis it is interpreted that the company before partnership check the previous record of the other foreign company.

19. Does Signify N.V. face problems after acquisition's?

Table 5.19

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	38	25%
Agree	42	28%
Neutral	29	19%
Disagree	22	15%
Strongly Disagree	19	13%

The bar chart displays the percentage of responses for each option. The Y-axis represents the percentage, and the X-axis represents the scale options. The data is as follows:

Scale	Percentage
STRONGLY AGREE	25%
AGREE	28%
NEUTRAL	19%
DISAGREE	15%
STRONGLY DISAGREE	13%

Data Analysis

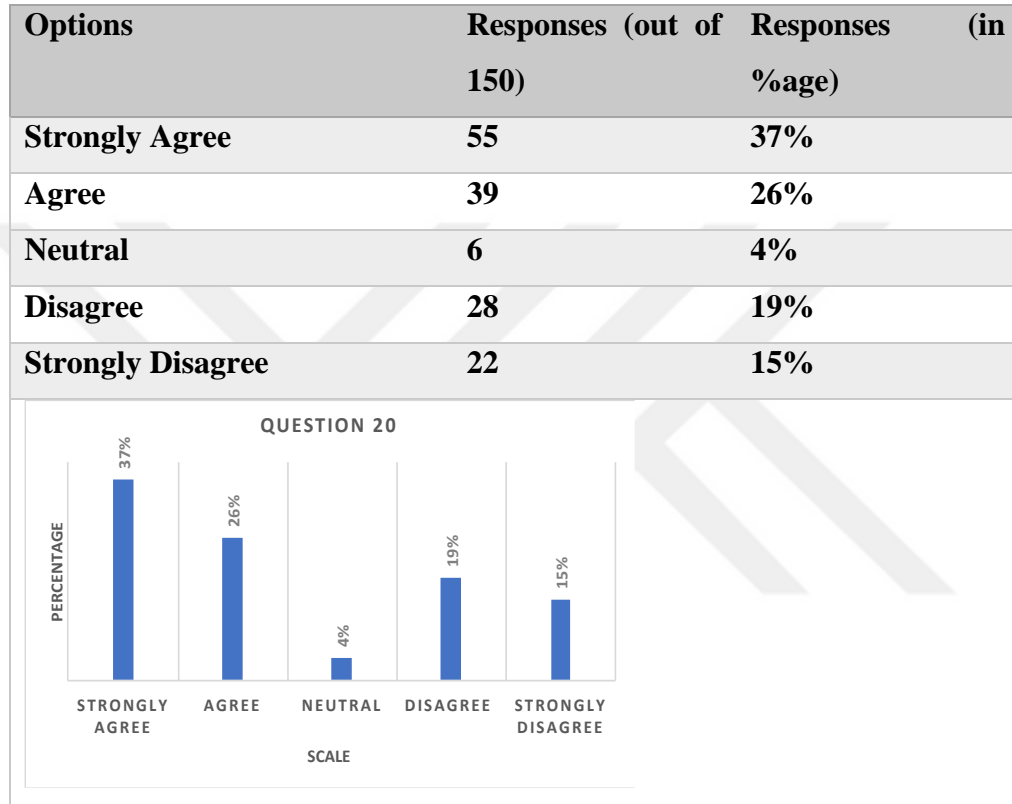
In the data it is shown that 25% of the employees agree and 28% strongly agree whereas 19% remains neutral, 15% disagree and 13% strongly disagree.

Interpretation

After analyzing the above data, it can be interpreted that the company has faced problem after acquisitions.

20. Does Signify N.V. give training to the existing employees, before entering to the new country?

Table 5.20



Data Analysis

The data shows that 37% of the employees strongly agree and 26% agree whereas only 4% remains neutral, 19% disagree and 15% strongly disagree.

Interpretation

It is clear that the company provide training to their own employees before entering to a new country.

21. Does Signify N.V. provide training to foreign employees?

Table 5.21

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	46	31%
Agree	41	27%
Neutral	36	24%
Disagree	25	17%
Strongly Disagree	2	1%

The bar chart displays the percentage of responses for each option. The categories and their percentages are: Strongly Agree (31%), Agree (27%), Neutral (24%), Disagree (17%), and Strongly Disagree (1%).

Data Analysis

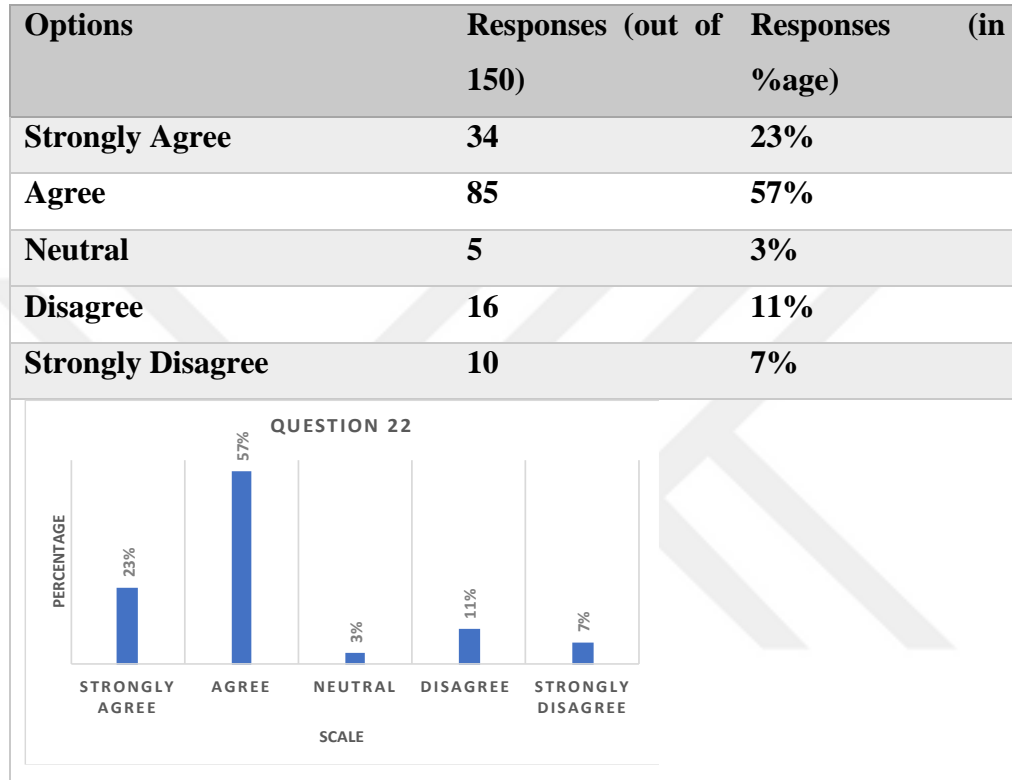
The data shows 31 % of employees strongly agree and 27% agree, whereas 24% remains neutral and 17% employee opinion is disagree with only 1% of them strongly disagree

Interpretation

It is clear that the company provide training to foreign employees

22. Does Signify N.V. business rise after entering the foreign country?

Table 5.22



Data Analysis

In the data 57% of employee opinion is agree, 23% strongly agree, 11% disagree, 7% strongly disagree and only 3% remains neutral

Interpretation

From the analysis it is clearly visible company business has risen after entering foreign country.

23. Is it easy to predict the success of the company as per the chosen entry mode?

Table 5.23

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	21	14%
Agree	29	19%
Neutral	52	35%
Disagree	32	21%
Strongly Disagree	16	11%

The bar chart displays the percentage of responses for each option. The 'Neutral' category has the highest percentage at 35%, followed by 'Disagree' at 21%, 'Agree' at 19%, 'Strongly Disagree' at 11%, and 'Strongly Agree' at 14%.

Data Analysis

It can be clearly seen that 35% of the employees are neutral whereas the agree and strongly agree together is 33% and the remaining disagree and strongly disagree makes 32%.

Interpretation

From the data analyzation it cannot be stated either yes or no that success can be predicted as per the entry mode.

24. Does Signify N.V. keep the contingency capital to bear the losses?

Table 5.24

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	29	19%
Agree	100	67%
Neutral	4	3%
Disagree	8	5%
Strongly Disagree	9	6%

The bar chart displays the percentage of responses for each option. The 'AGREE' category has the highest percentage at 67%, followed by 'STRONGLY AGREE' at 19%. 'STRONGLY DISAGREE' is at 6%, 'DISAGREE' is at 5%, and 'NEUTRAL' is at 3%.

Data Analysis

In the data 67% of employee opinion is strongly agree, 19 % strongly agree, 11% opinion is disagree, 7% strongly disagree and only 3% remains neutral.

Interpretation

From the above finding It is interpreted that the company keeps the capital aside to bear the losses if it occurs.

25. Is it easy to monitor the activities in the foreign countries?

Table 5.25

Options	Responses (out of 150)	Responses (in %age)
Strongly Agree	27	18%
Agree	94	63%
Neutral	11	7%
Disagree	11	7%
Strongly Disagree	7	5%

The bar chart displays the percentage of responses for each option. The 'Agree' option has the highest percentage at 63%, followed by 'Strongly Agree' at 18%. 'Neutral', 'Disagree', and 'Strongly Disagree' have percentages of 7%, 7%, and 5% respectively.

Scale	Percentage
STRONGLY AGREE	18%
AGREE	63%
NEUTRAL	7%
DISAGREE	7%
STRONGLY DISAGREE	5%

Data Analysis

The data states that 63% of the employees agree and 18% strongly agree whereas 7% remains neutral, 7% disagree and 5% strongly disagree.

Interpretation

From the analysis it is interpreted that the company has no problem to monitor activities in the foreign country.

5.2 INTERVIEW QUESTION WITH THE MANAGER

1. What is the role doing the background research plays while choosing the entry mode for a target country?

Response: Explained in three steps in the conclusion section: for the companies, for the country and reporting

2. What is the preparation of Signify NV while choosing the entry mode?

Response: The company has a separate department which take care and look for the opportunity in the foreign country. In this department a lot of analyst works, they keep continuous watch via the existing network and perform background research on the foreign company and products. The research includes what is the current state of the company in terms of debt or legal issue similarly after finalizing the company the department research for the country and its barriers. After all a strategic team find the solution and choose the best mode to enter and pass the proposal to the CEO.

3. What are the preferable entry modes the Signify NV look to enter in a foreign market?

Response: Signify wants to be a majority shareholder in the new company, as the company has lot of capital and resources and when it comes to enter in a foreign country prefer acquisitions, where innovative companies are acquired which are doing well in the same sector.

4. What is the role of the executive board of Signify NV in decision making process for the entry mode? Who takes the decision?

Response: After getting the report the executive team discuss it in terms of potential risks and later they send this proposal to the board of director, who has the final authority to give a green light to move forward.

5. In how many different countries (foreign markets) is your company currently active overall?

Response: Around 70 countries the company is active.

6. Which country (foreign market) was last opened up by your company (direct or non-direct investment)? What form of market entry was chosen for this last market entry?

Response: China, in May 2020. The chosen mode was acquisition, which also the preferable mode of the company, since the incorporation of Signify in the year 2018 a total of six companies have been directly acquired

7. When is the new entry is planned for the foreign country?

Response: This is a confidential information and it cannot be disclosed; the info will be public un the last month of first quarter of 2021.

8. What is the role of the executive board in decision making process for the entry mode?

Response: Discussed in detail in the conclusion section, in nutshell he / she possess as full authority in order to deny or accept but certain factors have to be kept in the mind.

6 CONCLUSION

This research has been conducted to understand the entry mode choice of an MNE of the Netherlands. Being a small country, it is one of the successful countries in terms of GDP, the MNE's of the country have given very less focus. The main reason to conduct this research is to explore the various entry mode choices made by the MNE and to get an insight how they arrive to this decision, who is the decision-making authority and what modes they prefer when they want to enter foreign market.

For the research the company that has been chosen is a large scale MNE and in the market for more than 100 years already and has a track record of availability in more than seventy countries directly, analyzing the results provide as per the research objectives provides a clear picture of the operation, psychology of the company and its board of directors.

To have these findings, the employees had shared valuable information by taking part in the questionnaires and also the executive manager had given answers to the interview questions very well.

To have a better understanding of the analysis and findings from the interview and questionnaire as per the research questions asked.

6.1 RESEARCH QUESTION 1

What is the role having a background research while choosing the entry mode for a target country?

6.1.1 Findings

The background research is divided in three parts

6.1.1.1 For the market

The findings show strongly that back ground research plays a very important role in the entry mode choice. But before this research it little bit vague what is this back-ground research is about or it is just a word. According to the response before entering a country the company try to find an opportunity in a foreign country. A list has been prepared on the similar companies offering same products and services. The list also has some parameters that is, what is the current performance of the company in the market or it is involve in a trouble with its shareholders, any legal cases are pending on the company, or it has some pending liabilities on itself. It gives a full understanding of the current market and the health of the similar companies.

6.1.1.2 For the country

The second part for the research is for the country where a lot of channels are involved. The country being studied on the basis of PESTEL analysis and this gives a clear picture of the whole environment of the country in sip le words whether it is feasible to do business in the country or not. For example, African countries where there is political instability the company do not want to enter there.

6.1.1.3 Reporting

Combining the upper two sections a consolidated repot is prepared which has the opportunity section and the risks sections. Taking a all parameter together the entry mode choice is determined.

6.1.2 Benefit

In Signify NV, all back-ground research is conducted by a department which is solely meant for this work, a lot of analyst are targeted to carry out this research. A lot of resources are spent on carrying out the above, the company spent these in order to protect itself from the hidden dangers. If a wrong entry mode is selected the company face with repercussion that can lead to severe loss of capital in long run, poor research can also lead to enter in the wrong market or choosing a wrong company to partner with. So, to conclude the background research plays a very important role while selecting an entry mode. It acts as a basic step that need to be followed.

6.2 RESEARCH QUESTION 2

What are the preferable entry modes the MNE look to enter in a foreign market?

6.2.1 Preferable Entry Modes

According to the findings and the responses of the employees and the executive manager it has been clearly shown that the company has enough capital to enter in a new country and it also possess enough experience and, moreover it has all the resources in abundance to make an entry.

When asked they don't prefer exporting because it give them limiting ownership and nor they are in favor or against I entry modes such as joint ventures. But the result show that the company preferable entry mode is acquisitions. This statement can be defended if we look a t the secondary data which state that after its incorporation in the year 2018, since then it has acquired a total of six companies, in countries like China, Hong Kong, USA and Germany, and if we look at the last entry mode it was also of acquisition of a Chinese company. No doubt the company looks at the synergies in the market coupled with new innovation but what drive them to this preferable mode is the

huge capital reserve and a strong balance sheet. Since its incorporation its profit are on rise which also shows that the entry mode choices they have made have been successful. This entry mode of comes at a huge price but it has its own benefit. The first benefit the company get full ownership, the second is there is no need to set up a new customer base because the acquired company has it already, the third is it increase the valuation of the company with adding a new stream of profit and not of expenditure.

6.3 RESEARCH QUESTION 3

What is the role of the executive board in decision making process for the entry mode?

The role of the executive board plays a very important role in the decision-making process. First of all, the board of director is very conscious when appointing executive board members. They are very limited in numbers in case of Signify NV there are three members. The board of director who appoints these members choose very consciously about here background and experience. The CV of this board is remarkable. And the remuneration or the salaries are in millions of dollars for example the salary of the CEO itself is more than two million.

The executive board has a yearly task to increase the international presence, new innovation and looking for new opportunity to enter in the new market. Apart from these they continuously work on increasing the new income, this is a hard task on keep growing and doing acquisition of other companies.

Company executive board have a quarterly meeting with the background research department to look for the opportunity and discuss the strategies for the interested one. At last they are the only one who take the decision to choose the companies which are to be acquired and to be more transparent their selection criteria is quite narrow. They choose one company out of one hundred potential it proves how deeply they look at the company before acquisition. After finalizing they send this report in front of the

board of directors who also discuss the opportunity with executive board and finally release the capital required for the acquisition. The executive board still has most important responsibility which is to make the business rise after this acquisition

6.4 RECOMMENDATION

Every company wants to grow their businesses and for this they are every time searching for new opportunities. In the research we get an insight into Signify NV which is more than 100-year-old company and is the most prestigious company of the Netherlands.

After completing the research on the company, I can recommend that in order it come up with the idea to enter the foreign market, and before choosing an entry mode, a methodology of background research should be followed in a way that the opportunity such as the product, company and services should be researched deeply. The merits and demerits of the opportunity and also factors of the country that include the political, environmental, social, economic, environmental and legal should also be analyzed. For this analyzation new technology can be used or some credible firms' services can be used such a GLG, Meryl Lynch, Deloitte.

To come up with an entry mode capital should be spent in the background research.

The preferable entry mode depends on the choice of the company and its product, but it also depends on the ownership a company wants to have in foreign country. If a company have a good backup of capital behind them so the best possible option in front of them is acquisition. In this entry mode a full or major control a company can have in the foreign country which helps in deploying its home country strategies to the host. The benefit of this entry mode is that market is already build up and it increase the profitability.

The last recommendation is little costly but yet effective, hiring the executive board people who has a successful background and a strong CV, to an extent helps in scrutinizing the best available opportunities and also making them successful.

6.5 FURTHER DISCUSSION

6.5.1 Limitation of the research

The major limitation of the research that it cannot be generalize for all the Netherlands MNE because of the following reasons; the research is based on one company and this company is unique and is in operation since more than hundred years and is also categorized as a large MNE which has its business presence in over seventy countries which is not the case of all Netherlands MNE's. Moreover the company manufacture products and solutions whereas if we compare this company with another big Netherland MNE such as Royal Dutch Shell the scenario is totally different, so this research cannot be generalize to a full extent for all the Netherlands MNE's.

Signify NV has enough experience for the entry mode choices and also has a huge capital and a strong balance sheet so the company is able to spend a large portion of its resources and capital in background researches, hiring high salaries individual, whereas other MNE or pursuing MNE could find it difficult.

The other limitation the research is based in the MNE's only so the findings cannot be related to SME which have a small presence in the one or two countries.

The last limitation is entry mode came up for the particular MNE is acquisition, whereas for other MNE it could be different.

6.5.2 Suggestion for the future research

While doing the research some possibilities for further research arises which can lead further new researches.

- 1) A research can be performed including more MNE's in the Netherlands which will increase the data size and analyzation can be done individually.
- 2) A second research can be performed with a comparative analysis between a large scale MNE and a SME pursuing to choose an entry mode it will generate new ideas and suggestions for SME.
- 3) A comparative research could also. Be possible between a large scale MNE of the Netherlands and a similar large scale MNE in Germany, France etc.
- 4) Other large scale MNE can be chosen who prefer to have a limited ownership but yet successful and the findings will help to know the other entry modes in a broader sense.

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APPENDICES

