Problem-Solving Dissension and International Entry Mode Performance

Abstract

Purpose

This paper examines international decision-making, information processing and related performance implications. We explore the relationship between international decision-making and problem-solving dissensions related to entry mode decisions. In addition, we investigate the effects of dissension on entry mode performance, and the moderating effect of the foreign direct investment (FDI) vs. non-FDI decision as it relates to dissension-mode performance. Despite their significance from an information processing perspective, these issues have not been sufficiently explored in international entry mode research.

Design/methodology/approach

This research presents data collected from 233 privately owned internationalized Chinese firms. The analysis in this investigation includes hierarchical ordinary least squares (OLS) regression.

Findings

The findings suggest an inverse U-shaped relationship between dissension and entry mode performance, as opposed to a linear one, and a moderating effect of FDI vs.

non-FDI decisions on this curvilinear dissension–performance association. These findings support and refine the rationale of the information processing perspective.

Originality/value

These findings add realistic elements to the alleged "rational" international decision-making doctrine assumed in previous entry mode literature. Our findings show the importance of the heterogeneity of information processing in entry mode strategic decision-making processes (SDMPs), and its effects on specific decision types. We believe that this is the first empirical study to use an information processing perspective to examine the effects of SDMPs on entry mode performance.

Keywords: Problem-solving dissension, international entry mode performance, information processing perspective, strategic decision-making process, Chinese private firms

Paper type: Research paper

Introduction

Compared to the great deal of attention paid to the determinants of entry mode choice in international marketing research (Efrat and Shoham, 2013; Ekeledo and Sivakumar, 2004; Forlani et al., 2008; Pinho, 2007), relatively little attention has been paid to entry mode *performance*. Generally, studies on entry mode performance rely

on research that deals with strategy content and emphasizes the alignment of this critical form of governance choice with institutional and transaction cost conditions to attain superior mode performance in foreign markets (Brouthers and Hennart, 2007; Hennart and Slangen, 2015). This solution, however, ignores the performance implications of the *process* by which an entry mode decision is made. Indeed, process research (like content research) has played an important role in explaining decision outcomes in the strategic decision-making literature (Elbanna, 2006). Consequently, the need to shed light on the entry mode decision-making process and its organizational consequences has become more urgent (Brouthers and Hennart, 2007; Canabal and White, 2008; Hennart and Slangen, 2015).

Most of the strategic decision-making process (SDMP) literature focuses on the way in which managers interact to process and act upon information related to decisions (Clark and Maggitti, 2012; Parayitam and Dooley, 2009). Information processing refers to the collection, interpretation and synthesis of information with regard to organizational decisions (Galbraith, 1974; Tushman and Nadler, 1978). Based on the information processed, strategic decision-makers "formulate the organization's interpretation" (Daft and Weick, 1984, p. 285; see also Wood and Williams, 2014). According to the information processing perspective (Galbraith, 1974), the more complex the decision, the greater the need for decision-makers to process information to achieve a given level of performance (Parayitam and Dooley, 2009). As the main framework in SDMP research, this theoretical perspective has hitherto been used to explain the consequences of strategic decision-making

(Atuahene-Gima and Li, 2004; Citroen, 2011; Dooley and Fryxell, 1999; Souitaris and Maestro, 2010), but it has yet to explain the consequences of decision-making in an international context.

The international market entry mode decision concerns the nature of activities in foreign markets, and is one of the most critical strategic decisions in the cross-border context. As firms face more uncertainties when making an international decision compared to their domestic one (Brouthers, 1995), they have a substantially greater need for high-level information processing in international decision-making (Herrmann and Datta, 2002; Kumar and Subramaniam, 1997). The information processing perspective is useful in understanding *how* managers utilize information to achieve effective mode decision-making, which complements the research on *what* decision-makers should consider in mode decision-making.

Our review of the literature has identified only two empirical studies (Ji and Dimitratos, 2013; McNaughton, 2001) that examine the effect of SDMP characteristics on mode performance. Although the elements of information processing have been substantially addressed, these studies do not employ the information processing perspective, relying instead on behavior theory (Simon, 1955). These studies examine only SDMP characteristics that follow the analytical convention in strategic decision-making, such as decision rationality, hierarchical centralization and formalization.

Drawing on the information processing perspective, the present study seeks to further advance the SDMP approach in order to understand mode performance. We

focus on a major SDMP characteristic, namely problem-solving dissension (henceforth referred to as "dissension"), which refers to the degree of differences on objectives, methods and solutions to problems between decision-makers in a given SDMP (Clark and Maggitti, 2012; Papadakis et al., 1998). We select this construct for its theoretical and practical significance. First, the notion of dissension is critical to understanding managerial information processing behavior under uncertainty, in which the objectives, means and effects of mode decision are not given. Dissension departs from the decision-making logic that underpins hierarchical and procedure-based SDMPs, which are more applicable in a stable context (Sarasvathy, 2001).

Unlike procedural rationality and hierarchical centralization, which emphasize analytical comprehensiveness and power distribution, respectively (Ji and Dimitratos, 2013), dissension represents a conceptually distinct SDMP dimension (see Clark and Maggitti, 2012; Papadakis et al., 1998) that draws from a different view of strategic decision-making in terms of "muddling through" (Lindblom, 1959). In contrast with the analytical convention, executives often have to muddle through when they are provided with unclear goals, have unambiguous means, and lack complete information in strategic decision-making (Elbanna, 2006); although this applies to entry mode decision-making as well (Kumar and Subramaniam, 1997), past mode studies do not assess the performance implications of dissension.

Among international entry modes, the foreign direct investment (FDI) vs. non-FDI classification follows Coase's (1937) distinction between hierarchy and

market, which plays a critical role in mode decision-making and has considerable implications for information processing (Pan and Tse, 2000; Herrmann and Datta, 2002). FDI modes refer to wholly owned foreign subsidiaries and joint ventures, while non-FDI modes include exporting, licensing, and franchising. According to Pan and Tse (2000), choosing between FDI vs. non-FDI is the main task for decision-makers in the initial stages of entry mode decision-making, and affects the choice of mode in subsequent stages. Compared to the non-FDI choice, FDI is a more complex form involving more uncertainties (Pan and Tse, 2000), and requiring higher-level information processing in order to be effective (Herrmann and Datta, 2002).

Based on the information processing perspective and SDMP literature, this study explores two research questions: (1) how does dissension affect mode performance, and (2) what is the role of FDI vs. non-FDI decision-making in the dissension-mode performance association. Based on a sample of 233 internationalized Chinese firms, the findings suggest a curvilinear relationship between dissension and mode performance, and a moderation of the FDI vs. non-FDI decision in this association.

This study makes important contributions to the research on mode performance. First, it moves beyond the process approach to explore mode performance (Ji and Dimitratos, 2013; McNaughton, 2001). We believe that it is the first study to employ the information processing perspective to assess the impact of a mode decision-making process on mode performance, excluding process studies on mode performance that have used behavior theory (Ji and Dimitratos, 2013). The

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significance of the relationship between foreign market information and international entry has long been recognized (Johanson and Vahlne, 1990), but little is known about how decision-makers interact to process such information, or the associated performance implications on mode decision-making; this study advances our understanding in this area, and accentuates the connection between mode decision types and the ways in which information is processed.

Second, extant studies (Ji and Dimitratos, 2013; McNaughton, 2001) have examined SDMP characteristics in terms of decision rationality, hierarchical centralization, and formalization derived from the traditional analytical paradigm (Papadakis et al., 1998), while the current study highlights the role of cognitive dissent based on the view of "muddling through" when the objective, means, and solutions are not clear (Lindblom, 1959). Higher-order relations and interactions confirm the complexity of the influences of SDMPs (Rajagopalan et al., 1993), and provide a more complete picture of the association between SDMPs and mode performance (Ji and Dimitratos, 2013; McNaughton, 2001).

Third, this study suggests means by which to achieve superior mode performance through an appropriate arrangement of cognitive dissension in international decision-making. Along with what decision-makers should consider when making mode decisions (Brouthers, 2002; Brouthers et al., 2003; Brouthers et al., 2008; Papyrina, 2007), our findings suggest that effective information processing in international market entry may also provide a competitive advantage for firms (Child and Hsieh, 2014).

This paper is structured as follows. In the second section, the paper reviews the literature on entry mode performance and information processing research, and advances its two hypotheses. Following this, the methodological aspects are discussed. In the penultimate section, the results of the statistical analysis and discussion of findings are presented. The final section analyzes the implications, explores the limitations, and offers suggestions for further research.

Theoretical background and research hypotheses

Strategic decision-making research is often classified in terms of content research and process research (Elbanna, 2006). Content research deals with strategy content, such as international expansion, mergers and acquisitions, and diversification. In contrast, process research concerns the process by which strategic decisions are made and implemented (Elbanna, 2006; Rajagopalan et al., 1993).

International entry mode performance

Entry mode performance captures the return aspects of mode decision-making (Brouthers and Hennart, 2007). Emphasizing economic efficiency, prior studies have primarily used financial and market measures as a proxy of entry mode performance (e.g., Brouthers et al., 2003; Brouthers and Nakos, 2004). This investigation essentially disregards the endogeneity of mode choice, meaning that managers are the entry mode decision-making agents (Shaver, 1998). Given the heterogeneity of goals and objectives in relation to mode decisions between firms, a strategic

decision-making perspective on mode performance can focus on the extent to which managers are satisfied with the progress toward pre-set goals and objectives linked to entry modes in foreign markets (Dean and Sharfman, 1996), which incorporate broader considerations in mode decision outcomes.

Extant content research on mode performance relies on transaction cost analysis (TCA) and its combination with other perspectives such as the institutional or real options perspectives (Brouthers, 2013). Early studies on mode performance concentrate on whether a particular mode type produces an outcome that is superior to other mode types. The evidence (e.g., Anand and Delios, 1997; Pan et al., 1999; Woodcock et al., 1994) provides mixed results, suggesting that the mode type itself, independent of the decision context, cannot explain mode performance sufficiently. The vast majority of later studies (with the exception of Kim and Gray (2008)) support the view that modes that follow a TCA solution perform better than modes that do not (Brouthers, 2002; Brouthers et al., 2003; Brouthers et al., 2008; Papyrina, 2007). Brouthers (2013) indicates that an evaluation of mode performance should include refined and relevant institutional and resource factors in the transaction cost framework. While the logic regarding the minimization of transaction costs still prevails, some researchers (Dikova and Sahib, 2013; Herrmann and Datta, 2002; Kumar and Subramaniam, 1997) posit that mode decision-making and associated organizational outcomes are constrained by decision-makers' experiences and cognitive limitations.

Content research provides valuable insights regarding which elements should be

included in effective mode decision-making; however, it ignores the effects of SDMPs on information processing, and thus sheds little light on whether or why some processes lead to better entry mode decisions than others (Brouthers and Hennart, 2007; Hennart and Slangen, 2015). Only two empirical studies (Ji and Dimitratos, 2013; McNaughton, 2001) address this issue; both studies state that entry mode decision-making processes are not necessarily fully rational. Ji and Dimitratos (2013) find that a process characterized by analytical comprehensiveness and centralization influences mode performance, while McNaughton (2001) observes that formalization in the market channel decision process does not improve channel performance (among small Canadian software firms). As this area of research is still in its infancy, Hennart and his colleagues (Brouthers and Hennart, 2007; Hennart and Slangen, 2015) ask that additional studies from various theoretical perspectives should be undertaken.

Information processing perspective

Managers must engage in information processing activities, and deal with decision-related uncertainty, in order to achieve organizational goals (Clark and Maggitti, 2012; Turner and Makhija, 2012). Uncertainty limits managers' ability to plan decision-making activities prior to executing them (Luo et al., 2012). Decisions with high degrees of uncertainty usually involve a large number of decision components, as well as a high level of coordinative intricacy and dynamism (Crawford and Lepine, 2013; Weigelt and Miller, 2013).

According to the information processing perspective, the need for increased

information processing grows in order to achieve a given level of performance. This occurs since uncertainty escalates the need for an increased level and quality of information (Luo et al., 2012; Tushman and Nadler, 1978). Alternatively, managers could simplify the decision task and create more self-control components for the decision, thus reducing the amount of information processing needed (Galbraith, 1974; Tushman and Nadler, 1978). This "subtraction" logic shares some commonalities with the effectuation literature (Gabrielsson and Gabrielsson, 2013; Sarasvathy, 2001), which contends that, due to high uncertainty, decision-makers may abandon their intention to maximize potential returns and instead emphasize control, flexibility and the investigation of future contingencies.

The information processing perspective represents a major theoretical framework in the area of SDMP research, which views SDMP as the way in which one exchanges, processes and interprets decision information (Dooley and Fryxell, 1999). Dissension, as a unique SDMP dimension, emphasizes managerial interpretative dynamism over decision information in the decision-making process. In SDMPs, dissent arises when decision-makers express different opinions about facts and information, the proper course to follow, or the solution to a problem (Dooley and Fryxell, 1999; Parayitam and Dooley, 2009). As top executives make choices based on the information processed, diverse interpretations of the decision situation in SDMPs can have significant and complex implications on the decision outcome.

Dissension in information processing research

On the one hand, dissension in strategic decision-making could promote heterogeneous interpretations, critical evaluation, and effective learning (Clark and Maggitti, 2012; Dooley and Fryxell, 1999). On the other hand, it could introduce difficulties regarding the integration of diverse opinions and lead to affective confrontation (Ensley and Pearce, 2001; Olson et al., 2007). It may be that dissension produces both effects simultaneously (Papadakis, 1998; Wong and Tjosvold, 2010). Eisenhardt and Zbaracki (1992, p. 34) argue that "one step to enhance the realism of conflict (dissension) is to explore the benefits and costs of conflict".

Positive effects of dissension may occur in the entry mode decision-making process for three reasons. First, dissension is a result of the diverse perceptual filters present in the decision-making process; because these filters are subjective, they allow for a variety of interpretations over decision information (Kellermanns et al., 2008). Decision-makers could consider multiple perspectives, specialized knowledge, and values when evaluating risk, commitment, control and returns (Dooley and Fryxell, 1999).

Second, when dissension arises from entry mode SDMPs, it invites decision-makers to scrutinize the feasibility of a proposed decision and alternatives in solving entry problems (Miller et al., 1998; Olson et al., 2007). Decision-makers would be likely to seek and analyze additional information, which would aid the decision-making process (Minichilli et al., 2009).

Third, the exchange of information between the decision-makers responsible for the different functions of a firm will intensify when disagreements occur. Dissension

provides a strong incentive to collect and share information related to different viewpoints (Buyl et al., 2011; Xie et al., 1998). To conclude, the positive effects of dissension may facilitate the way in which managers process diverse information to arrive at an appropriate entry mode that improves mode performance.

Negative effects of dissension in entry mode decision-making are also likely to occur for three reasons. First, successful entry mode decision-making should be based on the trade-offs between risks and returns (Brouthers, 2002). Strong dissension happens frequently when decision-makers stick to local rather than global interpretive schemes or beliefs (Miller et al., 1998; Xie et al., 1998). This makes it difficult and costly to integrate divergent views.

Second, cognitive differences regarding decision objectives, methods and solutions are task-related; however, dissension regarding tasks can easily transform into personal affective conflicts (Ensley and Pearce, 2001). This is because "members whose ideas are disputed may feel that others in the group do not respect their judgment" (Pelled et al., 1999, p. 7). Such negative feelings could hinder effective communication (Miller et al., 1998; Olson et al., 2007) and divert the attention of decision-makers from subsequent interpretation of the situation (Kellermanns et al., 2008).

Third, the decisions associated with internationalization are likely to pertain to the personal or departmental stakes of each decision-maker. Strong dissension may partially reflect competing interests (Gnizy and Shoham, 2014). In such a situation, some decision-makers are likely to withhold or distort information to reach their final

entry mode choice. To sum up, the detrimental effects of dissension will probably hinder managers' ability to process information effectively, which may increase their chances of selecting an inferior mode, and result in poor entry mode performance.

As dissension has been shown to have both positive and negative impacts on strategic decision-making outcomes, we suggest that a curvilinear relationship might exist between the level of dissension and entry mode performance. Under the condition of too little dissension, multi-faceted external, internal, and transaction cost conditions associated with entry mode may be overlooked, foregoing an opportunity to develop a deeper understanding of the foreign market entry situation and its relationship to entry objectives (Parayitam and Dooley, 2009). Invalid assumptions could be accepted without challenges in mode decision-making. In addition, Janis (1972) observes that group-thinking usually arises in the decision-making process. This pure pursuit of consensus or conformity in entry mode decision-making may distract managers from an objective evaluation of alternative viewpoints, and oppress their appreciation for innovative ideas (Barkema and Shvyrkov, 2007). Further evidence shows that conflict avoidance undermines decision quality as, frequently, only positive spin is presented by managers in organizational decision-making (Emmons, 2007). In sum, too little dissension fails to provide a critical evaluation, which increases the chance of selecting an inappropriate mode, and leads to inferior mode performance.

Under the condition of too much dissension, entry mode decision-makers may be unable to move into the next stage of effective information processing if they are still

involved in disagreements and continuing discussions (Wong and Tjosvold, 2010). Integrating highly divergent views, and thereby formulating an overall interpretation of the entry decision, is difficult. Substantial evidence in SDMP research suggests that strong dissension is usually associated with communication failure (Miller et al., 1998; Olson et al., 2007) and a low level of commitment (Wong and Tjosvold, 2010). In sum, too much dissension makes it difficult to integrate diverse views in mode SDMPs, which, in turn, is likely to decrease information processing speed, deter information exchange and cause decision quality to deteriorate.

Under the condition of moderate dissension, both the diversity and unity needed for the collective understanding of an entry situation can be satisfied. Organizational learning studies (Fiol, 1994; Gnizy et al., 2014) have supported the view that successful decision-making requires decision-makers to develop a collective understanding and incorporate the novel and different aspects relating to a balanced SDMP (Fiol, 1994). This requirement is difficult to meet when too much or too little dissension is present. By comparison, moderate-level dissent in entry mode decision-making incorporates sufficient cognitive heterogeneity, and allows for the integration of different views, which could address both the quality and pace of information processing in mode decision-making, and may contribute to superior mode performance. According to the arguments above, we posit that:

Hypothesis 1. *In entry mode decision-making, there will be a curvilinear effect of dissension on entry mode performance, such that moderate levels of dissension will be associated with high levels of mode performance, while both low and high levels of*

dissension will be associated with low levels of mode performance.

Moderating hypothesis

The information processing perspective suggests that, to be effective, complex decision-making requires a larger and more diverse amount of information processing than simple decision-making does (Galbraith, 1974). This contingency stance embraces the balance between the nature of the task and the information processing it requires (Luo et al., 2012).

Mode type is a key strategic decision for international marketers, and the choice between FDI vs. non-FDI modes is fundamental to mode decision (Pan and Tse, 2000). FDI modes represent complex engagement forms and involve great uncertainties (Dimitratos et al., 2014; Johanson and Vahlne, 1990). FDI decisions require managerial consideration of not only strategic issues, including foreign market size and potential, knowledge transfer, size of investment, potential lock-in effects and management expatriation, but also local operational arrangements, since firms will partially or fully engage in foreign value-added activities (Pan and Tse, 2000). In addition, when employing FDI modes, decision-makers must consider coordination activities and processes, as well as control mechanisms, which define the role of the relevant subsidiary in the overall supply chain of the firm (Birkinshaw and Morrison, 1995; Filatotchev et al., 2007).

FDI requires diverse processing and large chunks of information (Luo et al., 2012; Parayitam and Dooley, 2009) to attain high levels of performance. As discussed

above, when the level of dissension is very high or very low, it may not lead to effective interpretation in a decision situation. If the entry information linked to FDI modes cannot be synthesized by efficacious information processing between decision-makers, the entry mode decision will not be well understood (Amason and Schweiger, 1994). This is likely to result in an inappropriate entry choice and inferior mode performance. In the same vein, moderate-level dissension may correspond with superior FDI mode performance because of the link between decision complexity and effective information processing.

Non-FDI modes are primarily transaction-based entries with predictable results that are relatively easy to manage (Johanson and Vahlne, 1990). Since non-FDI modes require lower levels of information processing, an increase in dissension from low to moderate may not promote mode performance, as it surpasses the desired level (Luo et al., 2012). Furthermore, discord arising from non-FDI mode decision-making is likely to be interruptive, counterproductive and time-consuming, because it hinders efficient processing and causes delays (Xie et al., 1998). In terms of understanding and efficiency, simpler decisions tend to suffer from many heterogeneous opinions. A number of unintended consequences regarding frictions between decision-makers, and an increase in opportunity costs, are likely to occur, leading to deterioration in mode performance.

Therefore, the dissension-mode performance relationship varies between FDI and non-FDI decisions because, in order to be effective, these two mode types require different magnitudes of information processing. For FDI decisions, moderate levels of

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dissension that correspond to the effective interpretation of decision situations satisfy the associated high demand for information processing, and generate superior mode performance. For non-FDI decisions, which are simpler, low-level dissension may meet the information processing requirements, and lead to high-level mode performance. By comparison, high levels of dissension are likely to exceed the desired level for information processing, and moderate levels of dissension may sacrifice efficiency; in both cases, mode performance can be reduced. Therefore, we hypothesize that:

Hypothesis 2. *An FDI (vs. non-FDI) mode choice will moderate the curvilinear relationship between dissension and entry mode performance: For FDI mode decisions, the entry mode performance will be highest when the levels of dissension are moderate; for non-FDI mode decisions, the entry mode performance will be highest at low levels of dissension.*

Data and method

Unit of analysis

As the unit of analysis, we focus on the most important international entry mode decision for privately owned internationalized Chinese manufacturing firms. Informants were asked to determine their most important international entries through an overall assessment, including: the importance of this entry to firm development, the magnitude of the consequences of the entry on firm operations, and the seriousness of delaying the entry in terms of firm growth (Elbanna and Child, 2007).

The most important entry was sought in order to attach strategic weight to this international mode decision (cf. Hambrick and Mason, 1984). Privately owned Chinese firms were chosen because their decision-making and behaviors associated with internationalization have been examined rather infrequently, and could be different from their state-owned counterparts, since the Chinese government frequently intervenes in the international decision-making of state-owned firms (Liu et al., 2008).

Sample and data collection

A questionnaire was mailed to members of the China Council for Promotion of International Trade (CCPIT), located in the Yangtze Delta (Shanghai and Zhejiang province) and the capital of China (Beijing). CCPIT, a non-governmental organization, represents 70,000 internationalized Chinese firms. The selected regions are among the most active areas for Chinese international business activities, which account for nearly 25% of total provincial outward FDI stock, 30% of outward investors (MOFCOM, 2013a) and 23% of the value of exports from China (MOFCOM, 2013b). The questions in this survey were derived from previously developed scales, which were refined and finalized based on the suggestions of four academics and 11 Chinese managers. Following prior studies conducted in China (e.g., Davies and Walters, 2004; Luo, 2001), an independent contractor who had a close connection with CCPIT was employed to facilitate the accessibility to respondents, and improve response rates in emerging markets. After screening out state-owned firms and trade and service

companies, a final pool of 2,513 privately owned manufacturing firms was generated.

The questionnaire was sent to 550 firms that were randomly selected from the sample frame. This number was chosen for its statistical significance, as well as cost considerations. A second mailing was dispatched to those firms that did not reply four weeks after the first mailing. Between the two mailings, reminder phone calls were also placed. We employed a key informant method to target the firm owner, CEO or top-level manager responsible for international operations. Ultimately, we received 267 questionnaires (response rate of 49%), out of which 233 replies were identified to be useable. This high response rate was attributed to the careful preparation and execution of the survey, and the strong social capital of the contractor.

We first assessed the representativeness of our sample through a t-test of key firm characteristics, including number of employees and years of operation ($p = 0.84$; $p = 0.91$, respectively) between the final sample used and the pool of the sample frame. There were no significant differences in these characteristics between the two groups of firms. In addition, the potential geographic effect and non-response bias were assessed through a t-test of firm revenues, years of international operations between the Yangtze Delta and Beijing ($p = 0.75$; $p = 0.64$, respectively), and early and late responses ($p = 0.79$; $p = 0.30$, respectively) corresponding to the first and second mailings (Armstrong and Overton, 1977). The results suggest that the location effect and non-response bias are negligible.

Over 80% of foreign market entries occurred following China's World Trade Organization (WTO) entry, which is considered to highlight a new stage for the

internationalization of private Chinese firms (Voss et al., 2008). This concentration reduces the potential effect of decision-making time on decision outcomes. The retrospective bias regarding time difference between decision-making and reporting can be a potential threat to the validity of a cross-sectional SDMP study (Huber and Power, 1985; Miller et al., 1997); in this study, the time difference for the majority of our sample (58%) is between one and two years. This is sufficient time for the effect of the entry mode decision to emerge, and does not create any serious retrospective difficulty (cf. Dean and Sharfman, 1996). In addition, we incorporated a control variable to capture the potential time-lag effect between mode decision-making and reporting of mode performance (Miller et al., 1997).

Operationalization of variables

Dependent variable. We used a five-item seven-point Likert scale (Cronbach's alpha = 0.79; composite reliability = 0.83) to measure entry mode performance. Respondents were asked to assess the degree of satisfaction (1 = very dissatisfied, 7 = very satisfied) regarding the international entry mode used in relation to: the overall objectives of the entry mode decision; the linkages achieved with local partners; the enhancement of the firm's competitive position; the success in learning critical skills or capabilities; and the overall decision-making effectiveness. The measures capture the decision-making level mode performance, with levels based on Kale et al. (2002) and Walter et al. (2008).

We used subjective rather than objective measures for entry mode performance

for three reasons. First, there are no well-documented measures regarding valid objective measurements for decision-level performance (Dean and Sharfman, 1996). Second, subjective performance measures work well in both SDMP and international entry mode studies (Brouthers et al., 2003; Priem et al., 1995). Third, private Chinese firms are unlikely to report financial indicators during interviews in a pilot study before the actual survey.

Independent variable. Problem-solving dissension was measured using a three-item seven-point Likert scale (Cronbach's alpha = 0.76; composite reliability = 0.76) drawn from Papadakis et al. (1998) and Pelled et al. (1999). Respondents were asked to assess the extent of dissension (1 = not at all, 7 = very much) on: the objectives sought by the entry mode decision; the proper methodology to follow; and the proper solution to the problem.

Moderator. We measured the moderator (FDI vs. non-FDI decisions) using a dichotomous scale. Based on the replies of informants regarding the entry mode that they used, we coded joint ventures and wholly owned subsidiaries into FDI as "1", and exporting, licensing and franchising contracts into non-FDI as "0".

Controls. We employed 19 control variables. First, we used two variables, firm size and firm turnover in the last year before the entry, that capture the potential impact of resource sufficiency on performance (Walter et al., 2008). Firm size was measured by the natural logarithm of the number of employees. With regard to firm turnover in the last year before entry, respondents were asked to choose a turnover range within the revenue classification provided. According to the Chinese

government's classification of revenue between micro-, small-, medium-, and large-sized manufacturing businesses, firm turnover was coded "1" when it was under RMB￥5 million, "2" when it was between RMB￥5 million and RMB￥30 million, "3" when it was between RMB￥30 million and RMB￥300 million, and "4" when it was RMB￥300 million and over.

Second, based on replies to the question on the "primary industry in which the firm operates", we were able to categorize firms into four groups: electronics, chemicals, textiles, and others; the first three accounted for over 92% of the firms investigated. Three dummy variables were then employed to control for the potential impact of industry differences on mode decision-making (Brouthers and Brouthers, 2003).

Third, we provided five choices of motives for this international entry, including market-seekers, strategic asset-seekers, natural resource-seekers, competitor/customer-followers, and other motives; the first four constitute the main motives for Chinese firms to enter foreign markets (Lu et al., 2010) and play an important role in the mode choice of Chinese firms (Shi et al., 2001). Four dummy variables were then used to measure these four motives.

Fourth, we included two demographic variables for decision-makers, age and international experience, as they partially reflect the information processing capacity of decision-makers for mode decision-making (Herrmann and Datta, 2002). Following Ralston et al. (1999), the age of the decision-maker was measured through a categorical variable coded "1" when managers were 40 or younger, "2" when they

were between 41 and 51, and "3" when they were 52 or older. The international experience of the decision-maker was measured by the total number of years spent on assignments abroad, study abroad and work in a foreign unit.

Fifth, environmental aspects in the host country, in terms of stability and munificence, are important location advantages in Dunning's framework (Dunning, 1988), and are likely to be critical for mode choice and performance (Brouthers et al., 1999). In this study, environmental uncertainty (Cronbach's alpha = 0.83; composite reliability = 0.83) was measured through three seven-point Likert items drawn from Brouthers et al. (2003); it addressed the extent (1 = not at all, 7 = very much) of the general uncertainty of the political, social, and economic conditions of the host country, risk of converting and repatriating the income of the firm, and risk due to possible host government actions such as expropriation. Environmental munificence (Cronbach's alpha = 0.71; composite reliability = 0.73) was developed by Khandwalla (1977) and measured by a scale of three seven-point Likert items addressing the ease of survival (1 = not at all, 7 = very much) in the foreign market, richness of opportunities in the environment, and dominance by the firm in the foreign environment.

Sixth, psychic distance refers to perceived social, economic and legal differences between the home and the foreign country entered, and is an important predictor of entry performance (Evans and Mavondo, 2002). Drawn from Klein and Roth (1990), psychic distance was measured by five seven-point Likert items (Cronbach's alpha = 0.75; composite reliability = 0.75). Respondents were asked to assess the extent (1 =

not at all, 7 = very much) of dissimilarities between the two countries in terms of: language; established business practices; economic environment; communication infrastructure; and the legal system at the time of international entry.

Seventh, local experience and linkages in the host country provide entrants with firm-specific advantages and important information channels (Shi et al., 2001; Chen et al., 2004). Local experience in the host country was measured by a two-item seven-point scale (Cronbach's alpha = 0.70; composite reliability = 0.70) developed by Shi et al. (2001) to measure the extent (1 = not at all, 7 = very much) of the firm's familiarity with the foreign country, and its operational know-how in that country before international entry. Drawn from Chen et al. (2004) and Zhao and Hsu (2007), local linkages were measured by a four-item seven-point Likert scale (Cronbach's alpha = 0.72; composite reliability = 0.75) that assessed the significance relative to decision-making (1 = not significant, 7 = very significant) of four of the international entrants' connection types, including firms from previous business relationships, the overseas ethnic (Chinese) community, local government, and pioneering ethnic (Chinese) firms from the same industry.

Eighth, we found SDMP characteristics to be important to mode performance (Ji and Dimitratos, 2013), controlling for the effects of two key SDMP variables: decision rationality and hierarchical centralization. Decision rationality was measured by a five-item seven-point Likert scale (Cronbach's alpha = 0.77; composite reliability = 0.81) drawn from Dean and Sharfman (1996). Respondents were asked to assess the extent (1 = not at all, 7 = very much) of relevant information gathering,

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analysis of relevant information, use of analytic techniques, focus of attention on crucial information, and overall evaluation of analytic intensiveness regarding the entry mode decision-making process. Hierarchical centralization was measured by a five-item seven-point Likert scale (Cronbach's alpha = 0.74; composite reliability = 0.75) drawn from Wally and Baum (1994). Informants were asked to assess the extent (1 = not at all, 7 = very much) of delegation in this decision, necessity of consensus-seeking among group members, necessity of justification for decentralized decision-making, inability to control the decision-making progress, and hierarchical levels in mode decision-making.

Ninth, to control for the time-lag effect on entry performance (Miller et al., 1997), we employed a variable from the time of the entry decision, which was measured by the number of years elapsed between the decision-making and the reporting of mode performance.

Test–retest reliability (stability). To examine whether the replies ran steadily over time, we compared our data with the answers from follow-up phone calls to 210 (90% of) respondent firms concerning their entry mode choices, number of employees, and years of business operations. There was high consistency between early questionnaire and late phone call answers (*phi* = 0.98 for entry modes, Pearson r = 0.89 for number of employees, and Pearson r = 0.93 for years of operations).

Internal consistency. A satisfactory degree of internal consistency was met, as all values of the Cronbach's alpha and composite reliability were higher than 0.7 (Fornell and Larcker, 1981).

Construct validity. Convergent and discriminant validities were examined through a confirmatory factor analysis of all multi-item constructs (Anderson and Gerbing, 1988). The results show that the overall measurement model fit the data fairly well (χ^2/df = 1.67; goodness of fit index = 0.90; comparative fit index = 0.94; root mean square error of approximation = 0.05; normed fit index = 0.90; non-normed fit index = 0.92). The loadings of all items were significant in their associated latent constructs, with the lowest t-value being 7.55, which confirmed the satisfactory convergent validity of the constructs in the model. Discriminant validity was also deemed to be present because none of the confidence intervals (± two standard errors) around the correlation estimate (*phi* value) between the pairwise constructs included 1 (Anderson and Gerbing, 1988).

Common method bias. We took several measures to detect and control for the potential threat of common method variance. First, following Podsakoff et al. (2003), we deliberately controlled for this undesired effect in the instrument design and data collection stages through a separation of the independent and dependent variables into different sections and pages of the questionnaire, a reversal of some item anchors, and an assurance of anonymity and confidentiality to informants.

Second, a correlational marker technique was utilized to examine this possible bias (Lindell and Whitney, 2001). We introduced a marker variable entitled "manufacturing advantages", which shared the same Likert scale, and was theoretically unrelated to the constructs of interest. The pairwise correlations of the constructs studied were compared, with their counterparts in the partial correlation

matrix, partialling out the marker. We found that there was no significant difference between the respective correlation matrices, and the significance level of coefficients was unchanged (cf. Gabrielsson et al., 2012).

Third, we employed a confirmatory factor analysis approach, suggested by Podsakoff et al. (2003, p. 894), by controlling for the effects of a single unmeasured latent method factor. A method factor with all of the measures of multi-item constructs as indicators was added to the measurement model-oblique, and was then compared with the measurement model. The model fit (χ^2/df = 1.56; comparative fit index = 0.95; normed fit index = 0.90; non-normed fit index = 0.94) showed that the method factor improved the measurement model fit, but the difference between the two models was not substantial (increase in *rho* = 0.01) (Walter et al., 2008). Collectively, our evidence suggests that common method variance did not affect the findings of the study.

Analysis, findings and discussion

Characteristics of informants and responding firms

In this research, 40.4% of key informants were CEOs or managing directors, and the remainder were mainly sales or production directors/managers. Most of them (67.4%) were under 41 years of age and, on average, had been working with the current firm for 5.2 years. These firms were relatively small, with an average of 328 employees. In line with the findings of Ramasamy et al. (2012), over 50% of responding Chinese firms indicated that their international expansions were motivated

by opportunities in foreign markets. The focal entry mode decisions included 63 FDI and 170 non-FDI choices, suggesting that most of the firms were still at an early stage of internationalization.

Statistical analysis

This study employed hierarchical ordinary least squares OLS regression to carry out the analyses and test the hypotheses. In order to control for the collinearity between variables and their interactions in the equation (Aiken and West, 1991), all variables except the categorical variables were standardized prior to the analyses.

Findings and discussion

Findings. Descriptive statistics and the correlation matrix for the variables of interest are presented in Table 1. In the matrix, no correlation coefficient is higher than 0.49, and the indicator of variance inflation factors is close to 1. It appears that the collinearity effect of the regression variables is not substantial (cf. Neter et al., 1996).

Insert Table 1 here

In Table 2, we display the results of the hierarchical OLS regressions. To test the hypothesized curvilinear effect of dissension and the moderating effect of FDI vs. non-FDI decisions on this curvilinear association, we followed the procedures suggested by Janssen (2001). In total, six regression models between Model A and Model F were run. In base Model A, the effects of all the control variables on mode

performance were examined. The addition of the variable of dissension and the squared dissension term into the base model constituted Model B and Model C, respectively. The moderator, namely FDI vs. non-FDI decision, and its linear interaction with dissension, were subsequently entered into the equation to form Model D and Model E, respectively. In the final model, Model F, the interaction term between the squared dissension and the moderator was included to test the hypothesis that the curvilinear association between dissension and mode performance is moderated by FDI rather than non-FDI decision.

The F-statistics that reflect the overall model fit are highly significant for all six regression models, confirming the overall robustness of all models. Compared with the base Model A, the overall model fit of Model B did not significantly improve after the inclusion of the dissension variable. By comparison, the addition of the squared dissension term led to a significant increase of R^2 for Model C ($p< 0.05$). In addition, the inclusion of the moderator, namely FDI vs. non-FDI in Model D, did not generate a significant change of R^2. Compared with Model E, an inclusion of the higher-order interaction contributed to an increase of R^2 for Model F ($p< 0.05$).

Insert Table 2 here

With regard to the main effects of the independent variable, the regression results in Models B and C show that dissension itself has no direct or significant impact on mode performance, while its quadratic form is significantly and negatively ($b = -0.10$; $p < 0.05$) related to mode performance. These results support Hypothesis 1 and suggest an inverse U-shaped relationship between dissension and entry mode

performance. To facilitate interpretation, we converted the solution with the coefficients presented in Table 2, based on standardized data, into the original scales and computed the derivative of mode performance with respect to dissension. The optimal level of dissension is about 4.35, indicating that when the level of dissension is lower than optimal, an increase in the level of dissension is positively associated with a higher level of entry mode performance. As the level of dissension increases beyond the optimal level, however, an increase in the level of dissension reduces entry mode performance. Figure 1 illustrates this relationship.

Insert Figure 1 here

In relation to the interaction between the squared dissension variable and FDI/ non-FDI decision, the interaction in Model F is negatively and significantly ($p < 0.05$) associated with entry mode performance, which confirms the moderating effect of FDI vs. non-FDI decision proposed by Hypothesis 2. In order to further interpret this significant interaction, the interaction was plotted (cf. Aiken and West, 1991). As shown in Figure 2, for FDI decisions, mode performance is highest when dissension is at moderate levels, while for non-FDI decisions, mode performance is highest when dissension is at the lowest levels. This evidence lends support to Hypothesis 2.

Insert Figure 2 here

With respect to the control variables, we found that only local linkages ($p < 0.01$) and decision rationality ($p < 0.01$) had significant and positive impacts on mode performance in a consistent pattern in the regression models, while hierarchical centralization was negative and significant, or was of marginal significance related to

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mode performance across models.

Discussion. Our findings suggest that dissension, which reflects a diverse interpretation of the entry situation, exerts a complex influence on entry mode performance. The dissension–performance association is apparently quite idiosyncratic, which is a finding that generally lends support to the information processing perspective (cf. Atuahene-Gima and Li, 2004).

As to the main effect, the results attest to the significance and complexity of the managerial interpretative dynamism in international entry mode decision-making. The identified inverse U-shaped dissension–performance association suggests that dissension improves or hinders information processing in entry mode SDMPs depending on its intensity. This finding sheds light on the association between SDMP and mode performance, and reconciles extant contradictory results found in domestic contexts (Amason, 1996; Olson et al., 2007; Papadakis, 1998; West and Schwenk, 1996). It appears that the overall positive, insignificant and negative effects are all possible and conditional on the level of dissension, particularly in international decision-making contexts. The curvilinear effect of dissension on the current research is seemingly identified in the entry mode decision-making process for the first time, in contrast to the linear relations observed in prior mode SDMP studies (Ji and Dimitratos, 2013). Apparently, this is also the first time this effect has been established in international decision-making studies, thereby substantially extending prior literature (Aharoni et al., 2011; Papyrina, 2007).

Concerning the interaction effect, the evidence largely confirms that the

dissension effects are different when the decision task varies, which is the key tenet of

the information processing view. For non-FDI modes, in which the decision situation

is relatively easy to understand, increased dissension exaggerates the negative effects

of dissension and leads to a decrease in mode performance. By comparison, FDI

decisions that involve considerably higher uncertainty and complexity demand a

larger amount, and heterogeneity, of information processing (Luo et al., 2012;

Parayitam and Dooley, 2009). Without achieving this information balance, the FDI

decision situation will not be effectively understood. To effectively deal with FDI

decisions, dissension at moderate levels facilitates collective understanding and

diversity in decision-making (Fiol, 1994), which is conducive to superior mode

performance.

Conclusions

Implications for theory

With regard to theoretical implications, this study contributes to the entry mode

research in international marketing, since the current research substantially enriches

and extends the entry mode performance research agenda (Brouthers, 2013). It is, to

the best of our knowledge, the first empirical study to use an information processing

perspective to examine the effect of SDMP on mode performance, which substantially

complements the content research on mode performance. Previously, entry mode

performance has been studied primarily through research that stresses the effects of

strategy content in terms of transaction cost determinants, as well as institutional and

internal resource factors on mode performance (Brouthers and Hennart, 2007; Papyrina, 2007). In this literature, managerial dissension related to the diverse interpretation of the decision situation in SDMPs is disregarded because uniform and rational criteria replace human agency in decision-making.

In line with organizational behavioral considerations (Simon, 1955), this study advances the SDMP view of mode performance (Ji and Dimitratos, 2013; McNaughton, 2001). Our investigation of mode performance supports the contingency perspective from an information processing view. We found that the overall effect of managerial dissension on mode performance was based on its intensity. When decision type varies, the effects of dissension on mode performance can be better understood through different higher-order relationships, which confirms the complexity of the effects of SDMPs on mode performance (Rajagopalan et al., 1993). Overall, our evidence supports the contingency perspective regarding the effective implementation of organizational processes in international decision-making (cf. Child and Hsieh, 2014).

The construct of focus in the present study suggests that the objectives, methodology and solutions in international decision-making are not predetermined. This stance resonates with the notion of effectuation (Gabrielsson and Gabrielsson, 2013; Read et al., 2009); international entrepreneurial decision-makers use a set of available means to pursue and choose between future contingencies when uncertainty is high. This alternative logic extends previous extant SDMP literature on mode performance (Ji and Dimitratos, 2013; McNaughton, 2001) that relies on the

traditional causation logic that underpins hierarchical and procedure-based SDMPs (Sarasvathy, 2001).

Further, the findings confirm the importance of information processing and organizational processes to entry mode decision performance, and are compatible with the view that managerial decision-making, in the context of internationalization, can be a competitive advantage for firms (Aharoni et al., 2011). Therefore, the findings contribute significantly to the entry mode performance literature on how to achieve effective international mode decision-making through appropriate employment of managerial dissension.

Managerial relevance

The findings of this study suggest that, in the context of international decision-making in management, mode performance can be improved through cognitive diversity and dynamism. Managers pay attention to both the constructive and the precarious implications of dissension in decision-making. This is of particular importance to Chinese managers. Traditionally, the Chinese decision-making style emphasizes consensus or conformity (Olson et al., 2007), which may exclude the beneficial effects of dissension from the process of making difficult decisions. Chinese managers ought to be cautious, as pure relationship- or authority-seeking decision-making could constrain effective information processing in an international context.

Similarly, managers are generally advised to introduce cognitive heterogeneity at

moderate levels, and to avoid too little or too much dissension in order to achieve enhanced entry mode performance in an international setting. Furthermore, it has been suggested that decision-makers should welcome engage cognitive heterogeneity in accordance with the degree of decision uncertainty. When international decision-making requires intricate coordination and dynamism, it is prudent for managers to engage a certain number of experts with diverse experience to facilitate a more accurate interpretation of a decision situation. In simpler international decision-making, an emphasis on rapid information processing tends to be more effective.

Limitations and future research directions

The current study is subject to limitations that may provide valuable directions for further research. First, this study investigated one critical type of strategy process related to managerially interpretative dynamism and its effect on entry mode performance. Hence, it depicts an incomplete picture of information processing effects on performance. In order to further understand information processing, information sources, processing modes and structures of top management groups could be examined as well (Citroen, 2011). Given the decision-level emphasis of this study, the adoption of a subjective rather than objective measurement of decision effectiveness would have been justified. Nevertheless, objective measures may have certain advantages over subjective ones regarding long-term performance. A more comprehensive approach for future research on mode performance would be to

employ both types of measures.

Although the survey method used is the prevalent design in SDMP studies (e.g., Elbanna and Child, 2007; Papadakis et al., 1998), it may suffer a recall bias and potential time-lag effect between the making of the decision and the reporting of satisfaction (Huber and Power, 1985; Miller et al., 1997). Future research could incorporate an alternative research design, such as experimental, simulation or longitudinal, to enhance the validity of the findings. Moreover, this study is missing a few important controls, such as firm performance at the time of reporting mode performance, the number of people involved in the decision, and their past experience with mode decisions; all these aspects may have an impact on mode performance, which should be included in future research. In addition, this study employs categorical variables to capture firm turnover before the entry and age of decision-maker due to difficulty in data collection, which could be replaced by continuous variables in future research.

Addressing the request from mode researchers, the current study employs a process approach to investigate mode performance (Brouthers and Hennart, 2007; Canabal and White, 2008). Nevertheless, the study may have overlooked the relationship between content and process factors. A promising direction for future research would be to understand the association between content and process factors, and their effects on mode choice and performance. Apart from this, an FDI vs. non-FDI decision was selected to represent the different necessity levels of information processing in mode decision-making. Future research on information

processing could consider other classifications of mode choice, such as solo venture vs. joint venture.

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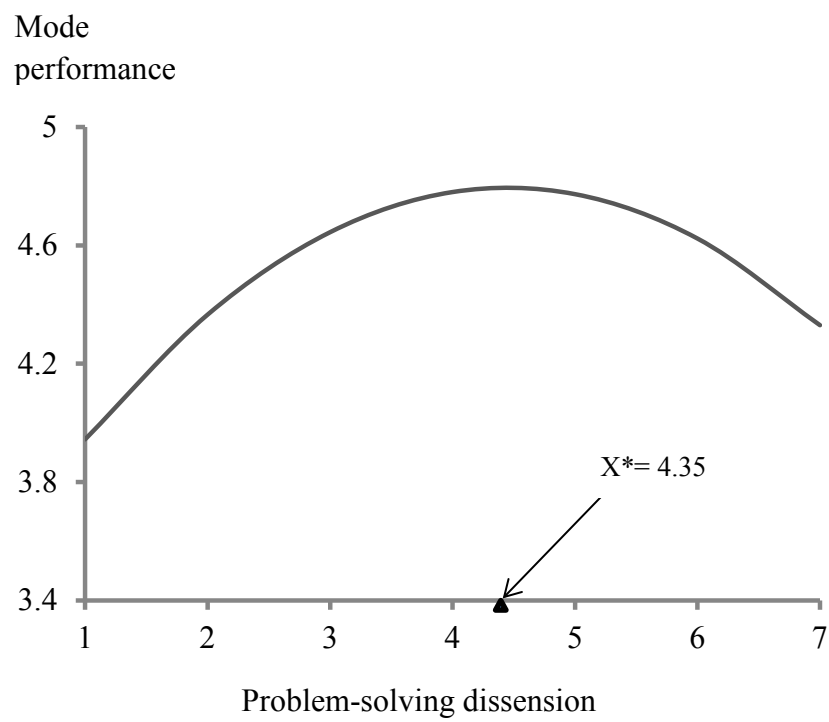
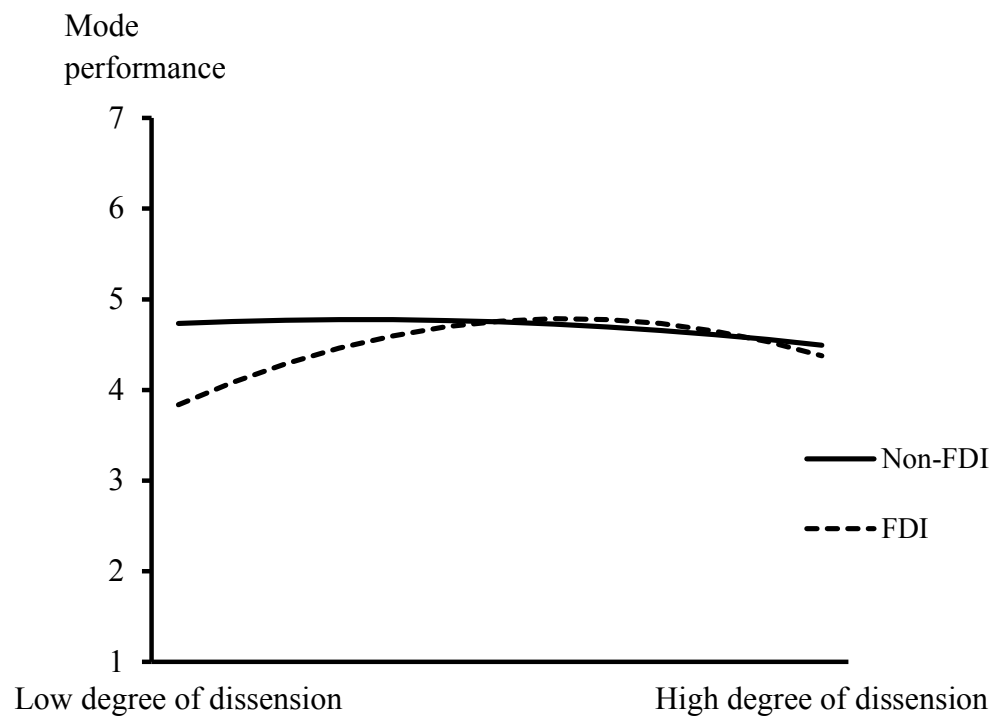**Figure 1**. Effect of Dissension on Entry Mode Performance

Figure 2. Moderating Effect of FDI vs. Non-FDI decision

Table 1. Descriptive statistics, correlations and collinearity statistics

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	Collinearity Statistics	
Mean	4.79	3.60	3.98	4.67	2.42	4.60	4.66	2.63	2.13	4.95	4.45	4.28	0.27	0.34	0.16	0.15	0.55	0.21	0.22	0.77	3.27	4.60		
Standard Deviation	0.94	1.06	1.33	1.35	0.92	1.18	0.98	0.57	3.04	0.99	1.10	1.01	0.45	0.48	0.37	0.35	0.50	0.41	0.15	0.27	1.57	0.90	Tolerance	VIF[a]
1. Entry mode performance																								
2. Environmental munificence	-0.13*																						0.73	1.38
3. Environmental uncertainty	0.04	-0.31**																					0.79	1.27
4. Firm size (ln)	0.12	0.11	-0.06																				0.61	1.63
5. Firm turnover before entry	0.12	-0.06	0.15*	0.46**																			0.63	1.60
6. Local experience	0.22**	-0.32**	0.10	0.09	0.14*																		0.64	1.55
7. Local linkages	0.37**	-0.29**	0.05	-0.04	-0.02	0.49**																	0.66	1.51
8. Age of decision-maker	-0.16*	0.08	-0.07	-0.06	-0.11	-0.22**	-0.16*																0.77	1.29
9. Intel. experience of decision-maker	0.05	-0.05	0.00	0.13*	0.15*	0.05	0.05	-0.38**															0.76	1.31
10. Decision rationality	0.44**	-0.15*	-0.06	0.14*	0.08	0.28**	0.29**	-0.10	0.02														0.70	1.43
11. Problem-solving dissension	0.14*	-0.24**	0.19**	0.03	0.14*	0.31**	0.28**	-0.20**	0.11	0.43**													0.66	1.52
12. Hierarchical centralization	0.06	-0.22**	0.15*	0.11	0.12	0.18**	0.21**	-0.05	0.06	0.28**	0.29**												0.80	1.24
13. FDI/non-FDI decision	0.02	0.04	0.05	0.44**	0.48**	0.10	0.03	-0.08	0.21**	0.06	0.11	0.02											0.64	1.56
14. Electronics	-0.07	0.03	0.13*	-0.04	0.02	-0.04	-0.11	0.06	0.06	-0.02	0.02	-0.09	0.11										0.70	1.44
15. Chemicals	0.01	0.00	-0.04	0.04	0.11	-0.08	-0.05	-0.05	-0.01	0.04	-0.12	0.02	0.05	-0.31**									0.77	1.30
16. Textiles	0.02	-0.01	-0.08	-0.07	-0.09	0.03	0.07	0.04	0.02	-0.04	0.02	0.02	-0.14*	-0.30**	-0.18**								0.80	1.24
17. Market-seeking motive	0.13*	-0.10	-0.04	-0.01	-0.06	0.00	0.09	0.01	-0.01	0.05	0.06	0.12	-0.14*	-0.16*	0.00	0.11							0.43	2.31
18. Strategic asset-seeking motive	-0.08	0.01	0.04	0.16*	0.22**	0.07	-0.04	-0.06	0.02	-0.03	-0.03	-0.01	0.19**	0.08	0.04	-0.09	-0.46**						0.50	1.99
19. Natural resource-seeking motive	-0.08	0.15*	0.08	0.01	0.00	-0.14	-0.14*	0.05	-0.09	-0.12	-0.06	-0.06	0.11	0.08	-0.06	0.02	-0.16*	-0.08					0.84	1.20
20. Following competitors/ customers	-0.01	-0.05	-0.09	-0.18**	-0.20**	0.04	0.08	-0.09	0.12	0.00	-0.07	-0.12	-0.14*	-0.11	0.01	0.06	-0.32**	-0.15*	-0.04				0.61	1.64
21. Years from the entry decision	0.04	0.16*	-0.03	0.23**	0.00	-0.04	-0.05	0.05	0.05	-0.07	-0.12	-0.03	0.02	-0.03	-0.04	0.04	-0.02	0.04	-0.04	-0.05			0.88	1.13
22. Psychic distance	0.15*	-0.24**	0.22**	0.08	0.00	0.23**	0.30**	-0.22**	0.05	0.20**	0.24**	0.11	0.02	-0.05	-0.01	0.03	0.02	0.06	-0.06	0.03	-0.07		0.70	1.44

n= 233; [a]: variance inflation factor; * $p < .05$ (two-tailed), ** $p < .01$ (two-tailed).

Table 2. Hierarchical OLS regression results for entry mode performance

Variables:	Main effect			Interaction effect		
	Model A	Model B	Model C	Model D	Model E	Model F
Environmental munificence	-2.00E-03	-2.00E-03	0.01	0.02	0.03	0.02
	(-0.02)	(-0.04)	(0.17)	(0.23)	(0.51)	(0.23)
Environmental uncertainty	0.08	0.07	0.05	0.05	0.06	0.05
	(1.14)	(1.12)	(0.69)	(0.68)	(0.95)	(0.80)
Psychic distance	0.12	0.11	0.12	0.12	0.13	0.11
	(1.03)	(0.97)	(1.03)	(1.04)	(1.25)	(0.98)
Firm size (ln)	0.03	0.03	0.02	0.05	0.05	0.05
	(0.46)	(0.46)	(0.29)	(0.63)	(0.67)	(0.66)
Firm turnover before entry	0.12	0.11	0.14[+]	0.17*	0.18*	0.17*
	(1.55)	(1.54)	(1.90)	(2.17)	(2.37)	(2.24)
Local experience	-0.04	-0.04	-0.05	-0.04	-0.06	-0.06
	(-0.58)	(-0.59)	(-0.64)	(-0.62)	(-0.79)	(-0.80)
Local linkages	0.29**	0.29**	0.29**	0.30**	0.30**	0.28**
	(4.13)	(4.11)	(4.22)	(4.32)	(4.37)	(4.08)
Age of decision-maker	-0.14	-0.13	-0.14	-0.13	-0.12	-0.13
	(-1.18)	(-1.17)	(-1.25)	(-1.18)	(-1.05)	(-1.20)
Intel. experience of decision-maker	-0.01	-0.01	-0.01	2.00E-03	0.03	0.04
	(-0.10)	(-0.11)	(-0.18)	(0.03)	(0.42)	(0.60)
Years from the entry decision	0.08	0.08	0.08	0.07	0.08	0.08
	(1.35)	(1.35)	(1.31)	(1.24)	(1.37)	(1.43)
Industry						
- *Electronics*	-0.05	-0.05	-0.03	-0.01	-0.02	-2.00E-03
	(-0.34)	(-0.34)	(-0.18)	(-0.09)	(-0.14)	(-0.01)
- *Chemicals*	-0.01	-0.01	-0.03	-0.02	-0.01	0.03
	(-0.06)	(-0.04)	(-0.17)	(-0.11)	(-0.05)	(0.17)
- *Textiles*	-0.03	-0.03	-4.00E-03	-0.02	-0.01	-0.03
	(-0.17)	(-0.16)	(-0.02)	(-0.11)	(-0.05)	(-0.15)
Entry motive						
-*Market seeking*	0.21	0.22	0.22	0.20	0.23	0.25
	(1.24)	(1.23)	(1.26)	(1.15)	(1.36)	(1.44)
-*Strategic asset seeking*	-0.09	-0.09	-0.09	-0.09	-0.09	-0.08
	(-0.45)	(-0.45)	(-0.46)	(-0.43)	(-0.44)	(-0.43)
-*Natural resource seeking*	0.14	0.15	0.21	0.27	0.45	0.43
	(0.34)	(0.34)	(0.49)	(0.64)	(1.06)	(1.02)
-*Compet/ cust following*	0.04	0.04	0.08	0.06	0.09	0.08
	(0.15)	(0.16)	(0.30)	(0.22)	(0.35)	(0.30)
Decision rationality	0.39**	0.39**	0.39**	0.39**	0.40**	0.37**
	(6.15)	(5.71)	(5.79)	(5.75)	(5.96)	(5.44)
Hierarchical centralization	-0.15*	-0.15*	-0.11[+]	-0.12[+]	-0.14*	-0.13*
	(-2.34)	(-2.34)	(1.72)	(-1.80)	(-2.15)	(-1.99)
Dissension		0.01	-0.02	-0.01	-0.10	-0.07
		(0.10)	(-0.29)	(-0.07)	(-1.27)	(-0.94)
$(Dissension)^2$			-0.10*	-0.10*	-0.11*	-0.05
			(-2.06)	(-2.01)	(-2.18)	(-0.93)
FDI decision				-0.20	-0.24	-0.03
				(-1.23)	(-1.55)	(-0.14)
Dissension $\times$ FDI decision					0.31*	0.31*
					(2.48)	(2.44)
$(Dissension)^2 \times$ FDI decision						-0.20*
						(2.01)
R^2	0.32	0.32	0.33	0.33	0.35	0.37
Adjusted R^2	0.25	0.25	0.26	0.26	0.28	0.29
ΔR^2		4.00E-03	0.01*	5.00E-03	0.02*	0.02*
F-statistic	5.13**	4.85**	4.89**	4.75**	4.97**	5.00**

Dependent variable: entry mode performance, n= 233, ** $p< .01$; * $p< .05$; + $p< .10$ (two-tailed)

Notes: All regression models are based on standardized z-scores of all variables (apart from the dichotomous or categorical variables); the entries are unstandardized βs with t-values in brackets.