



The Influence of Perceived Cultural and Business Distance on International Marketing Strategy Decisions; A Case Study of Telkom Indonesia International

Carla Hapsari^{1*}, Jol Stoffers^{2,3}, Agus Gunawan^{4,5}

¹Maastricht School of Management, Netherlands, ²Zuyd University of Applied Sciences, Research Centre for Employability, Netherlands, ³Adjunct Faculty Maastricht School of Management, Netherlands, ⁴Parahyangan Catholic University, CoE SMEs Development, Indonesia, ⁵Adjunct Faculty Maastricht School of Management, Netherlands. *Email: hapsari.adit1997@gmail.com

ABSTRACT

World globalisation drives companies to undertake international expansion with the aim of retaining or growing their businesses. When companies globalize, managers encounter new challenges in making international marketing strategy (IMS) decisions, which are influenced by perceived cultural and business distance between their home- and foreign country. Telkom Indonesia International (Telin) was formed by Telkom Indonesia (i.e. the state-owned company in the telecommunication industry in Indonesia) to engage in international business within a global market. The central question in this study is to what extent do managers' perceived cultural and business distance between home- and foreign country influence their IMS decisions? A mixed research strategy will be employed by applying qualitative and quantitative methods concurrently. The data collection will involve interviews with CEOs and managers, alongside a web survey to 55 managers of Telkom's. Results suggest important consequences for IMS decisions and emphasizes the need for dialogue on perceptions of cultural and business characteristics of countries.

Keywords: Perceived Cultural and Business Distance, International Marketing Strategy, Strategy Decisions

JEL Classifications: L1, M31

1. INTRODUCTION

Globalization and the rapid development of information technology have transformed the world into a global market. To be able to succeed in international markets, global companies have to decide on a suitable international marketing strategy (IMS). The IMS can be altered through either standardization or adaptation. The choice of which one to adopt depends on several factors, among which are economies of scale and efficiency.

When companies globalize, managers are faced with the new challenges of making international marketing decisions. The way these decisions are made are influenced by perceived cultural and business distance between their home- and foreign country.

Telkom Indonesia, is a state-owned company of The Republic of Indonesia in the telecommunication industry. Telkom Indonesia has been expanding its business internationally since 2007,

when it established its subsidiary: Telin (Telkom International Indonesia). Since then, Telin has set up other subsidiaries in ten different countries. The purpose of these subsidiaries is to gain profitability from international business. As a headquarters, Telin decides the main portfolio product and key performance indicators (KPIs) for these subsidiaries. Then, each subsidiary determines their programs that align with the KPIs. However, in some of the subsidiaries, these targets have not yet been achieved.

After investigating targets in a number of subsidiaries, it became clear that the perception of managers is an influential factor regarding the success or failure of the marketing strategy. This finding emerges as a challenging question, which needs to be solved. For instance, the geographical distance from Indonesia to Timor-Leste, which is near Indonesia may not be as comparable to Hong Kong, which is farther. Thus, this raises a question regarding the influence of psychic distance (PD) on IMS.

As Telkom Indonesia has an awareness of the differences between countries, the company undertook a Global Talent Program (GTP) to add an international experience to its repertoire. The subsequent question is: What has to be done in order to increase the benefit of this program? Thus, the company's skills become available in foreign environments.

Internationalization is a means to grow and develop competitive advantage and new markets (Hitt et al., 2000; Sapienza et al., 2006). Therefore, internationalization is one of the methods used by companies to achieve company growth in the competitive market.

The process of companies' globalization in developed countries is extensively reported within the literature, while the information from developing countries is limited (Jain et al., 2013). Moreover, the foundation of decision-making in IMS within developing countries is underdeveloped. The decision-making process is an important issue for TELKOM because it is a state-owned and public company with a responsibility to provide benefits to its stakeholders. The failure in taking a decision amongst the international market can lead the company into great loss, due to the investment and resources involved.

The seminal role of decision makers in organizations has been recognized in the literature (George and Jones, 2012). Based on the theory of organisational behaviour, decision-making becomes an essential part of behaviour in organisations (George and Jones, 2012). There are both advantageous and mitigating decisions which affect the sustainability of companies. In order for corporations to achieve their goals and perform well, they need to make informed decisions. Moreover, competent judgements are likely to be a result of a coherent decision-making process. At every level in an organisation, there are people who have the responsibility to make decisions and these are usually in managerial positions.

Previous literature (Dow and Karunaratna, 2006; Håkanson and Ambos, 2010) suggests that choices in international markets are influenced by managers' perceptions.

As managers' perceptions can have an impact on global marketing decisions, it becomes pivotal to understand the influence of perceived cultural and business distance between their home- and foreign market country.

The major research question of this study is:
To what extent do managers' perceived cultural and business distance between home- and foreign country influence their IMS decisions?

In the following section, an overview of the theoretical literature on the concepts and operationalization of the variables will be highlighted. After, an explanation of the research methodology will be given. We also present the results of our qualitative and quantitative approach. Finally, we discuss our findings and explore several perspectives, which could possibly be used for future research.

2. LITERATURE REVIEW

2.1. IMS

Corporations choose between the standardization of and adaptation of marketing strategies related to their marketing mix (product, price, place, promotion).

The IMS literature attempts to provide recommendations as to how firms can utilise IMS standardisation (Cavusgil and Zou, 1994; Cavusgil et al., 1993) or adaptation (Cui et al., 2014; Katsikeas et al., 2006) to gain a higher efficiency. The use of standardization and adaptation as marketing strategies has been debated among researchers for decades to support strategies, by improving the outcomes.

Supporters of a standardization strategy argue for its cost efficiency. Accordingly, a company that uses a standardisation strategy in international marketing applies similar marketing programs in homogeneous foreign countries thereby decreasing costs through economies of scale (Cavusgil et al., 1993). In other words, profitability can be increased through raising the effectiveness within comparable foreign countries. For instance, Levitt (1983) observes that the standardization of marketing strategy becomes apparent due to improvements in technology and communication and changes with consumer taste and preference which causes marketing to become homogeneous.

On the other hand, others researchers (Cui et al., 2014; Katsikeas et al., 2006) have indicated that the foreign market has variable customer needs and wants, cultures, stages of economic and market development, but also political and legal systems. Thus, they believe that adaptation to the market is more profitable.

Another perspective from Slangen and Dikova (2014) argues that marketing standardization/adaptation decisions are not twofold choices but rather decisions along a continuum. In other words, it is not about the selection but the degree of adaptation or standardization that is applied.

2.2. IMS in the Telecommunication Industry

Telecommunication is one of the industries that generate globalization. The advancement of telecommunication technology allows people to connect with others from distant places (Daniels et al., 2009), which can facilitate the bond between managers and the business. Business to business relationships can be connected easily through technology of telecommunication. As can be seen in the news, many developed countries dominate the telecommunication industry outside their borders. For instance, Vodafone from the UK, T-mobile from the US and KPN from the Netherlands have enormous market outside their domestic markets.

According to Katsikeas et al. (2006), the marketing strategy is a crucial component of corporations that adapt their external market condition, and it is highly relevant to the performance assessment. Performance is considered a complicated issue which comprises both inputs and outputs of an organization that are viewed and appraised in multiple ways (Katsikeas et al., 2006; Ryans et al., 2003).

2.3. Strategic Decision-making

Decision-making is defined as a process that deals with choosing a specific course of action among various possible alternatives to respond to both opportunities and problems (George and Jones, 2012). According to George and Jones (2012, p. 471), "Decision making in response to opportunities occurs when members of an organization make choices or act in ways that result in benefits or gain." Strategic decision-making processes require reconfiguration and arrangement of resources or competencies of the firm (Dimitratos et al., 2011). Therefore, strategic decisions are long-term in their impact and also affect and shape the direction of the entire business.

Based on the behavioural theory of the company, strategic decision-making research focuses on how choices are conditioned by the bounded rationality of individuals (Nielsen and Nielsen, 2011).

PD can be defined as an individual's perception of the cultural and business differences between their home country and the foreign country (Evans et al., 2008; Griffith and Dimitrova, 2014). PD measurements of cultural distance and business distance from an individual point of view are used to counter criticism on the use of national culture utilized in Hofstede's measurement scale (Evans et al., 2008; Griffith and Dimitrova, 2014). Culture is still one of the most critical factors for marketers to consider whilst introducing a new product or service into foreign markets. This is because culture can slow down a company's global integration, and coordination of IMS (Moon and Park, 2011). Cultural differences are an important determinant for companies' international expansion because they can influence the behavior of customers within the target countries (Evans and Mavondo, 2002; Soares et al., 2007). Consequently, where firms perceive a high level of cultural distance, they are likely to conduct more extensive market research (Drogendijk and Slangen, 2006).

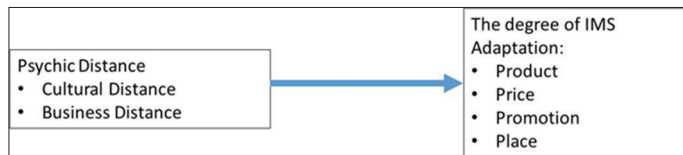
Business environments such as economics, politics, legal systems, competitive intensity, technological developments, market characteristics, and language are observed as factors, which affect decision-making in IMS (Evans et al., 2008; Griffith and Dimitrova, 2014). Understanding the threats and opportunities of the competitive environment, can be used as a companies' source of competitive advantage (Barney and Hesterly, 2012).

3. CONCEPTUAL MODEL

The conceptual model is presented in Figure 1.

The relationship between PD and IMS strategy has been researched by several authors (Evans et al., 2008; Katsikeas et al., 2006; Sousa and Lengler, 2009; Sousa and Lages, 2011). Their results show that PD increases the degree of adaptation of the IMS in foreign markets. These studies observe that the difference in culture is generally related to the IMS decision in a negative manner. It is expected that cultural similarities are more easily managed, thereby making a business more likely to succeed in similar markets (Sousa and Lages, 2011). Accordingly, Griffith and Dimitrova (2014) observe that managing is one of the most common strategies a firm

Figure 1: The relationship between managers' perceived cultural and business distance and degree of international marketing strategy adaptation



can use to build and maintain a sustained competitive advantage during global operations.

Based on the research of Katsikeas et al. (2006), Schmid and Kotulla (2011) and Tan and Sousa (2013), the influence of IMS adaptation or standardization on a subsidiary's performance has been proven. However, no conclusive agreement has been reached in over four decades, as to which IMS strategy has the greatest success in an international environment (Slangen and Dikova, 2014). According to fit theory, superior performance can only be achieved when the chosen strategy (either standardization or adaptation) matches the environment (Katsikeas et al., 2006). Slangen and Dikova (2014) observe that there are numerous levels of adaptation within IMS standardization or adaptation. The similar perspective of adaptation levels has been found as the basis for many studies, particularly in determining the level of marketing adaptation that companies pursue in foreign countries (Ryans et al., 2003; Schmid and Kotulla, 2011; Theodosiou and Leonidou, 2003).

Accordingly, the relationship between PD and the degree of IMS adaptation should also be examined (Evans and Mavondo, 2002; Evans et al., 2008; Griffith and Dimitrova, 2014; Sousa and Lengler, 2009). The perception of differences between the home country and foreign country in managers' minds may influence the degree of the marketing mix elements (Sousa and Lengler, 2009). This is particularly important, in order to allow an insight into how PD may influence the degree of IMS adaptation in a differing contexts (Evans et al., 2008; Katsikeas et al., 2006). This phenomenon is in line with our case, within Telin, regarding the international expansion of a Telecommunication company.

The marketing mix adaptation describes the degree of similarities between product, promotion, price, and distribution strategy across countries (Evans et al., 2008; Sousa and Lengler, 2009). Adaptation within marketing strategies should be applied when the characteristics of the market environments in the home country and foreign country show differences.

This leads us to the following hypotheses:

Hypothesis 1: The greater the PD perceived by managers, the higher the degree of IMS adaptation.

The design of the product and its features need to be matched to its user. Therefore products tend to be adapted according to their target market. Thus, in international marketing, product adaptation will be applied to accommodate the preferences of customers in the foreign country (Sousa and Lengler, 2009).

Hypothesis 2: The greater the PD perceived by managers, the higher the degree of product adaptation.

According to Sousa and Lengler (2009), the difference in economic development between the home market and the foreign market is able to have an impact on adaptations to pricing, because of its implications for the customers' intention to pay for certain products.

Hypothesis 3: The greater the PD perceived by managers, the higher the degree of price adaptation.

Sousa and Lengler (2009) observe that the characteristics and availability of media, which are dependent on economic development, affect the degree of promotion adaptation. This is because media is influenced by the preferences, wants, values, and attitudes of customers in the foreign market.

Hypothesis 4: The greater the PD perceived by managers, the higher the degree of promotion adaptation.

Furthermore, Sousa and Lengler (2009) observe that the level of distribution adaptation is also dependent on the characteristics of the foreign market, particularly on the level of economic development or the culture-specific buying habits. The economic environment and the buying habits may influence the kind of distribution channels used to buy the product; such as, top-up mobile vouchers, which can be found more easily on the internet in well developed countries than in less developed country.

Hypothesis 5: The greater the PD perceived by managers, the higher the degree of place adaptation.

4. METHODOLOGY

This study will use both inductive and deductive approaches. However, the deductive approach will be the dominant attitude because (1) the theory of decision-making and IMS are widely known in previous literature and (2) the evidence of research on IMS decision making from an emerging country, such as Indonesia, is still limited. Therefore, a deductive approach will be applied to test theory based on the collected data, whilst incorporating inductive insights to develop a richer theoretical perspective of the study context.

This study will employ a concurrent triangulation method (also referred to as the concurrent mixed strategy). The concurrent triangulation design has been chosen because it "allows both sets of results (i.e., from quantitative and qualitative methods within a single phase of data collection and analysis) to be interpreted together to provide a richer and more comprehensive response to the research question ... " (Saunders et al., 2012. p. 167). Accordingly, the qualitative part of this research will be executed using a casestudy for exploratory purposes (aspects of managers' perceived cultural and business distance that may influence the decision-making of IMS will be explored in order to validate the items that will be used in the survey).

Managers' perceived cultural and business distance in international marketing which are the main focus of this study is a relatively a broad concept. Furthermore, even less is known about its practices in an Indonesian context. Thus, the case study strategy will enable us to explore this phenomenon and to establish the effects of managers' perceptions of cultural and business distance on their IMS decision-making.

4.1. Respondent Profile

The interviewees (for the qualitative part of this research) were the executives from the Telin subsidiaries. They held job positions ranging from Deputy of Country Manager to CEO (Chief of Executive Officer). They had held their current position from 2 to 4 years. Their ages ranged between 43 and 46 years old, highlighting that they were in the middle of their careers.

The quantitative part will be executed using a survey. The survey method will consist of a questionnaire to collect the necessary information. For this study we used a convenient sampling strategy.

This study will target employees of Telkom Indonesia who currently hold various managerial positions and are potential CEO candidates in Telin's subsidiaries in foreign countries.

4.2. Measurement

The measurement of PD has been employed by Evans et al. (2008) which, utilized this concept in order to understand the relationship between PD and international retailer's decision making. Later, Griffith and Dimitrova (2014) reused the measurement for U.S. managers working in firms which exported within the manufacturing sector. PD is measured through five dimensions of cultural distance (uncertainty avoidance, individualism/collectivism, power distance, masculinity/femininity, and long-term orientation) with also five dimensions of business distance (economics, political-legal, market structure, business practices and language).

The measurement of IMS was employed to investigate the correlation between market fit strategy and IMS standardization decisions within the UK business enterprise. IMS is measured through four dimensions of marketing mix; product, price, place, and promotion.

IMS in this study, will be measured using insights from Katsikeas et al. (2006), which is applied on a five-point Likert scale.

5. RESULTS

5.1. The Reliability and Validity of the PD Measurement

To investigate the business distance a 26-item scale was utilized, in which 7 items focused on legal and political environment distance, 5 items reported market structure distance, 5 items measured economic distance, 7 items captured business practice distance, and 2 items showed language distance (Evans et al., 2008; Griffith and Dimitrova, 2014). The cultural distance was explored by incorporating a 25-item scale, in which 6 items investigated power distance, 5 items explored individualism/

collectivism, 4 items emphasized on masculinity/femininity, 5 items showed uncertainty avoidance, and 5 items captured long-term orientation (Griffith and Dimitrova, 2014; Sousa and Bradley, 2008).

The Cronbach’s Alpha reliability of PD is 0.811, which was calculated using two indicators. The validity of indicators measurements are Cultural Distance at 0.684 and Business Distance at 0.684. These results of this quantitative analysis indicated that the PD measurement accurately captures the latent construct.

5.2. The Reliability and Validity of the IMS Measurement

IMS was captured by four marketing mix indicators: Product, price, promotion, and place. We adopted the measurement scale from a previous study Katsikeas et al. (2006) and adapted it to the context of the telecommunication industry. IMS employed an 18 item-scale in which 4 items captured product adaptation, 4 items showcased price adaptation, 5 items explored promotion adaptation, and 5 items captured place adaptation.

The Cronbach’s Alpha reliability is 0.894, which was shown by four indicators with the validity of indicators measurement as: Product = 0.801, price = 0.631, promotion = 0.821, and place = 0.816. These results indicated that the IMS scale accurately captures the construct.

5.3. Correlation of PD and IMS

The correlation between PD and IMS is as follows: PD and IMS is 0.668 (P < 0.0001), PD and product adaptation is 0.617 (P < 0.0001), PD and price adaptation at 0.552 (P < 0.0001), PD and promotion adaptation is 0.583 (P < 0.0001), and PD and place adaptation is 0.572 (P < 0.0001). These results indicate that there are relationships between PD and product, price, promotion, and place (Table 1).

For model 1, 44.6% of variability in DV (IMS) was accounted for PD. PD can significantly predict changes in IMS ($\beta = 0.920$, t-value = 6.527, P < 0.001) (Table 2).

Table 1: Correlation

Variable	PD
PD	N.A
IMS	0.668**
Product	0.617**
Price	0.552**
Promotion	0.583**
Place	0.572**
N=55	

N.A not applicable. **P<0.001; PD: Psychic distance

Table 2: Regression

Hypothesis	b	SE	t-value	R	R-square
H ₁ : PD→IMS	0.920**	0.141	6.527	0.668	0.446
H ₂ : PD→product adaptation	1.014**	0.178	5.713	0.617	0.381
H ₃ : PD→price adaptation	0.875**	0.182	4.817	0.552	0.304
H ₄ : PD→promotion adaptation	0.916**	0.175	5.227	0.583	0.340
H ₅ : PD→place (distribution adaptation)	0.876**	0.173	5.074	0.572	0.327

**P<0.001

For model 2, 38.1% variance in product adaptation was explained by PD. PD was a predictor for product adaptation ($\beta = 1.014$, t-value = 5.713, P < 0.001).

For model 3, 30.4% variance in price adaptation was explained by PD. PD was a predictor for price adaptation ($\beta = 0.875$, t-value = 4.817, P < 0.001).

For model 4, 34.0% variance in promotion adaptation was explained by PD. PD was a predictor for promotion adaptation ($\beta = 0.916$, t-value = 5.227, P < 0.001).

For model 5, 32.7% variance in place adaptation was explained by PD. PD was a predictor for place adaptation ($\beta = 0.876$, t-value = 5.074, P < 0.001).

6. DISCUSSION

Based on the statistical analysis, the relationship between PD and IMS adaptation shows to be statistically significant. The regression analysis indicates that hypotheses 1-5 are supported. The higher the PD, the greater the IMS adaptation in Telin subsidiaries, which also applies to product, price, promotion, and place adaptation. Indicating that hypothesis 1 is supported.

Furthermore, the qualitative analysis from interviews increases the validity of this study. In order to confirm that the concept of PD was understood, an interviewee explained his feelings towards his new international assignment. When he obtained his international assignment, he initially felt less self-confident in negotiating with his prospective business partner from Hong Kong. The interviewee said this was because he felt he came from a developing country. This is in line with the definition of PD as ‘a perception of differences between home and a foreign country, which is, in this case, the perceived inequality of his country of origin to the host country (Griffith and Dimitrova, 2014). However, the interviewee can shorten this PD by broadening his network and gaining experiences during his first-year assignment.

Another interviewee also agreed that the PD is not necessarily a geographic distance between two countries, but the differences in culture and business administration. He explained that the geographic distance from Jakarta (capital of the Republic Indonesia) to Timor-Leste is less than the distance between Jakarta and Papua (the most eastern island in Indonesia’s archipelago). However, the culture, law, and regulation that has developed in Timor-Leste is similar to the Portuguese, who colonized Timor-Leste for 500 years. Additionally, they have different types of

food and traditional dances compared with Atambua, a city 12 km from Timor-Leste.

The perception of differences can lead managers into research, which will provide detailed information about the foreign country. An interviewee emphasized that knowledge of the host country is very beneficial to make a decision, particularly when developing marketing strategies. The less initial knowledge they had, the more detailed their research became, which led to the right decision. It indicated that the concept of a PD paradox exists, which observed that the higher levels of PD, the higher the performance exists (Magnusson et al., 2014). In contrast, an interviewee viewed Myanmar as having a similar culture and business administration to Indonesia: He felt like he was still in his home country. However, he found many differences that caused a slower pace of Telin's business in Myanmar. By learning about Myanmar's history, he understood why these differences occurred.

The evidence that supports hypothesis 2 was explained by the interviewee from Timor-Leste. In Timor-Leste, the most popular mobile phone company provides long-life SIM cards. These SIM cards can be used anytime, even when they are inactive for more than 1 year. This product feature is different from how SIM cards were marketed in Indonesia or in other countries, for instance in the Netherlands. Usually, the grace period (the passive period after the end of credit validity) is 3 months. Adapting the product to local custom became quite difficult for the interviewee, because he had to adjust the internal system of card activation and in counting the number of subscribers. Eventually, his company could extend the SIM card grace period to 1 year in order to accommodate the competitor's mobile service regulation.

More evidence from Timor-Leste supported hypothesis 3 about the price adaptation. Point to point Internet access is one of the products that is marketed by Telkomcell for the business sector. Because of the local infrastructure in Timor-Leste, the Internet was still in the development stage. This means that Telin could not provide a high standard of Internet connection. However, he and his team could solve the problem by utilizing the equipment that they had to provide a secure connection, which can be sold at a high price compared to the similar service in Indonesia.

Evidence to support hypothesis 4 came from the interviewee who described the differences in the target market in Hong Kong. The Indonesian workers became their target market, which affected the communication and promotion message that they applied. They enforced below the line communication to approach the specific target, by distributing their brochures to the Indonesian community. Besides that, they arranged a regular Indonesian music (i.e., dangdut) event once a year to update the community with information about their services.

In Timor-Leste, the messages inside the promotion material required adaptation. Timor-Leste people request detailed information regarding the terms and conditions. Therefore, the

terms and conditions of a service have to be written down in detail, in brochures, flyers and outdoor media for example.

The relationship between PD and IMS place or distribution strategy was explained clearly by subsidiaries that have a responsibility in retail mobile services. This supports hypothesis 5. The interviewee from Timor-Leste explained that in Timor-Leste there is not much faith in the banking system. People prefer to receive their salary in cash rather than via automated teller machine. It also affects how they obtain the credit top-up for their mobile phone; they tend to buy a physical card which contains an amount of credit, rather than buying it through electronic voucher from a dealer or the internet. This habit is distinct from Indonesia. Accordingly, the distribution channel was adapted by approaching the building material seller to sell the physical voucher. The problem of the physical vouchers arises when the company runs out of stocks. To solve this issue, the interviewee sends his team on proactive visits to rural areas to maintain the stocks.

A similar case comes from Hong Kong. At first, the interviewee thought that people in Hong Kong use more advanced technology than in Indonesia. Then, he became aware that people in Hong Kong are more likely to buy the physical voucher than acquiring it through internet. Their trust in electronic vouchers and the internet top up system is low. Similar to the Timor-Leste subsidiary, the Hong Kong subsidiary has since approached small electronics sellers to sell the physical vouchers.

7. MANAGERIAL IMPLICATION AND FURTHER RESEARCH

7.1. Theoretical Implication

This study aimed to advance the literature, particularly within IMS. By testing the relationship between PD and IMS, there is new evidence that the PD positively influences IMS adaptation, especially for the telecommunication industry. This is important to understand, notably as in previous literature researchers disagreed on the usefulness of this concept (Evans et al., 2008; Sousa and Bradley, 2008).

7.2. Managerial Implication

The concept of PD helped us to understand the reasoning behind the decision making in IMS adaptation. Our investigation of the relationship between PD and IMS adaptation identified the role played by managers, which is also an area that requires further exploration.

Thorough knowledge of a target country becomes valuable information to the decision makers, particularly for people who have been assigned to open a new subsidiary. Based on the interviews, the average time to learn about the differences in a foreign country is approximately 1 year. This period is quite longer when it comes to the amount of investment available to the subsidiary. To make the learning process of people who are assigned to the foreign country faster, frequent visits to the target country may be beneficial for the decision makers (Sousa and

Lengler, 2009). In 2013, the GTP was delivered to improve the mentors' international experience through internship programs in the target countries. In this program, the mentors' were assigned either to foreign companies or to develop Telin's subsidiaries. However, the number of mentors sent to foreign partners was limited due to budget restrictions.

Considering the budget and the effectiveness program, many options can be used to explore the differences between home country and a foreign country. Attending related conferences or exhibitions is a way to learn the distinctions between countries, especially regarding business regulation in the foreign country.

A novel way that can be employed to transfer knowledge to the decision makers in a new subsidiary is called gamification. Gamification has been proven as a tool to increase employee engagement in a company's program, as can be seen in a previous study by Kumar and Raghavendran (2015). In this study, they explain the employee engagement program of Deloitte US India office, observing the result of the gamification where they can reach the "sweet spot" of their employees. The sweet spot is an intersection of the activities that employees like to do, the activities that employees do best, and the maximum value that can be added to the organization by employees. Thus, the organization may maximize the engagement and motivation of its employees, which in this case can overcome the challenge of entering a foreign country.

As a starting point, the managers will be assessed on their degree of PD to a target foreign country. Then, gamification training is utilized as a tool to teach the characteristics of the foreign country.

REFERENCES

- Barney, J.B., Hesterly, W.S. (2012), *Strategic Management and Competitive Advantage-Concepts*. 4th ed. Upper Saddle River, NJ: Pearson Education.
- Cavusgil, S.T., Zou, S. (1994), Marketing strategy-performance relationship: An investigation of the empirical link in export market ventures. *Journal of Marketing*, 58, 1-21.
- Cavusgil, S.T., Zou, S., Naidu, G.M. (1993), Product and promotion adaptation in export ventures: An empirical investigation. *Journal of International Business Studies*, 24(3), 479-506.
- Cui, A.P., Walsh, M.F., Zou, S. (2014), The importance of strategic fit between host-home country similarity and exploration exploitation strategies on small and medium-sized enterprises' performance: A contingency perspective. *Journal of International Marketing*, 22(4), 67-85.
- Daniels, J.D., Radebaugh, L.H., Sullivan, D.P. (2009), *International Business Environment and Operations*. 12th ed. Upper Saddle River, NJ: Prentice Hall.
- Dimitratos, P., Petrou, A., Plakoyiannaki, E., Johnson, J.E. (2011), Strategic decision-making processes in internationalization: Does national culture of the focal firm matter? *Journal of World Business*, 46(2), 194-204.
- Dow, D., Karunaratna, A. (2006), Developing a multidimensional instrument to measure psychic distance stimuli. *Journal of International Business Studies*, 37(5), 578-602.
- Drogendijk, R., Slangen, A. (2006), Hofstede, Schwartz, or managerial perception? The effect of different cultural distance measures on establishment mode choices by multinational enterprises. *International Business Review*, 15, 361-380.
- Evans, J., Mavondo, F.T. (2002), Psychic distance and organizational performance: An empirical examination of international retailing operations. *Journal of International Business Studies*, 33(3), 515-532.
- Evans, J., Mavondo, F.T., Bridson, K. (2008), Psychic distance: Antecedents, retail strategy implications, and performance outcomes. *Journal of International Marketing*, 16(2), 32-63.
- George, J.M., Jones, G.R. (2012), *Understanding and Managing Organizational Behavior*. 6th ed. Essex, UK: Pearson Education Limited.
- Griffith, D.A., Dimitrova, B.V. (2014), Business and cultural aspects of psychic distance and complementarity of capabilities in export relationships. *Journal of International Marketing*, 22(3), 50-67.
- Håkanson, L., Ambos, B. (2010), The antecedents of psychic distance. *Journal of International Management*, 16(3), 1-35.
- Hitt, M.A., Ireland, R.D., Zahra, S.A. (2000), International expansion by new venture firms: International diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*, 43(5), 925-950.
- Jain, N.K., Hausknecht, D.R., Mukherjee, D. (2013), Location determinants for emerging market firms. *Management Decision*, 51(2), 396-418.
- Katsikeas, C.S., Samiee, S., Theodosio, M. (2006), Strategy fit and performance consequences of international marketing standardization. *Strategic Management Journal*, 27(9), 867-890.
- Kumar, H., Raghavendran, S. (2015), Gamification, the finer art: Fostering creativity and employee engagement. *Journal of Business Strategy*, 36(6), 3-12.
- Levitt, T. (1983), The globalization of market. *Harvard Business Review*, 61(3), 92-102.
- Magnusson, P., Schuster, A., Taras, V. (2014), A process-based explanation of the psychic distance paradox: Evidence from global virtual teams. *Management International Review*, 54(3), 283-306.
- Moon, T.W., Park, S.I. (2011), The effect of cultural distance on international marketing strategy: A comparison of cultural distance and managerial perception measures. *Journal of Global Marketing*, 24(1), 18-40.
- Nielsen, B.B., Nielsen, S. (2011), The role of top management team international orientation in international strategic decision-making: The choice of entry mode. *Journal of World Business*, 46(2), 185-193.
- Ryans, J.K.Jr., Griffith, D.A., White, D.S. (2003), Standardization/adaptation of international marketing strategy: Necessary conditions for the advancement of knowledge. *International Marketing Review*, 20(6), 588-603.
- Sapienza, H.J., Autio, E., George, G., Zahra, S.A. (2006), A capabilities perspective on the effects of early internationalization on firm survival and growth. *The Academy of Management Review*, 31(4), 914-933.
- Saunders, M., Lewis, P., Thornhill, A. (2012), *Research Methods for Business Students*. 6th ed. Essex, UK: Pearson Education Limited.
- Schmid, S., Kotulla, T. (2011), 50 years of research on international standardization and adaptation-from a systematic literature analysis to a theoretical framework. *International Business Review*, 20(5), 491-507.
- Slangen, A.H.L., Dikova, D. (2014), Planned marketing adaptation and multinationals' choices between acquisitions and greenfields. *Journal of International Marketing*, 22(2), 68-88.
- Soares, A.M., Farhangmehr, M., Shoham, A. (2007), Hofstede's dimension of culture in international marketing studies. *Journal of Business Research*, 60(3), 277-284.
- Sousa, C.M.P., Bradley, F. (2008), Cultural distance and psychic distance:

- Refinements in conceptualisation and measurement. *Journal of Marketing Management*, 24(5-6), 467-488.
- Sousa, C.M.P., Lages, L.F. (2011), The PD scale: A measure of psychic distance and its impact on international marketing strategy. *International Marketing Review*, 28(2), 201-222.
- Sousa, C.M.P., Lengler, J. (2009), Psychic distance, marketing strategy and performance in export ventures of Brazilian firms. *Journal of Marketing Management*, 25(5-6), 591-610.
- Tan, Q., Sousa, C.M.P. (2013), International marketing standardization: A meta-analytic estimation of its antecedents and consequences. *Management International Review*, 53(5), 711-739.
- Theodosiou, M., Leonidou, L. (2003), Standardization versus adaptation of international marketing strategy: An integrative assessment of the empirical research. *International Business Review*, 12(2), 141-171.