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Organisational and Strategic Considerations in International Market Selection

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Abstract

Selecting the right market(s) to enter is critical for business success and longevity. Various researchers have prescribed several decision models for international market selection. The proposed models generally confirm the importance of using market size and the level of economic development for identifying potential opportunities. However, most of the current international market selection models do not reflect the importance of firm's organisational and strategic factors in the market selection decisions. This paper reports on the organisational and strategic factors and their measurement scales used by successful Australian international businesses in their international market selection process. In this research both qualitative and quantitative research techniques have been used. Qualitative research has been conducted to help develop the constructs, and quantitative methods to test the constructs. The research findings indicate that internationally successful Australian international businesses use two sets of organisational and strategic constructs in their international market selection decision-making process. They may be classified as firm's international capabilities and firm's business policy guidelines.

Key Words: International market selection, international market selection decision framework, organisational factors, structural equation modelling

Introduction

Assessment of market opportunities is an important aspect of international marketing. Selecting the right market(s) to enter is critical for business success and longevity. The importance and need for systematically evaluating and selecting potential foreign markets have been stressed by many researchers (Kumar et al, 1993; Douglas and Craig, 1989 and 1992), and several models for selecting international markets have been prescribed (Walvoord, 1980; Cavusgil, 1985; Root, 1987; Walsh, 1993; Kumar et al 1993; Hoffman, 1997; Daniels and Radebaugh, 1998). However, empirical research demonstrates considerable gaps between these models and practice (Andersen and Strandskov, 1998; O'Farrell et al 1998, Rahman 2001). Further, there has been limited research carried out in Australia on this issue. Also, it has been argued that current international market selection decision frameworks do not reflect the importance of firm's organisational and strategic factors in the market selection decisions (Kumar et al, 1993; Rahman 2001). In the literature, the evaluation of country markets is primarily considered in terms of risks and opportunities (Young et al., 1989; Doole and Lowe, 2000). However, any strategic planning should take into consideration strengths and weaknesses of the firm itself as well and international market selection should not be any different in this regard.

In view of the above, the following research question was addressed as a part of the overall pursuit of modelling the international market selection process followed by successful Australian international businesses:

What, if any, organisational and strategic variables are considered by successful Australian international businesses in selecting their international markets?

This paper reports on the findings of this research.

Current Literature

Existing literature is fairly consistent in describing the process of evaluating potential foreign markets. Kumar, Stan and Joachimthaler (1993) summarised the whole process as involving three stages: a) screening stage, b) identification stage, and c) selection stage. This presents the process as gradual and necessarily sequential. Macro level indicators, such as economic statistics, political environment, socio-cultural factors, and geographic features are identified as important in the screening stage. The identification stage specifies the use of industry specific information on market factors, and competition to cull and name potential countries for market entry. Assessment of information on market size, market growth rate, level of competition (such as types and number of competitive products, their prices), and entry barriers (such as tariffs, taxes, import duties, and quotas) are factors considered in this culling and ranking process. In the final selection stage, firm-specific information, such as profitability, and product adaptation to the firm's existing portfolio form the basis of the decision.

The international market selection literature confirms the importance of using market size and the level of economic development for identifying potential opportunities (Cavusgil, 1985; Connolly, 1987; Young et al., 1989; Ball and McCulloch, 1993; Papadopoulos and Jansen, 1994; Daniels and Radebaugh, 1998; Rahman 2001). Kramer (1964) and Deschampsneufs (1967) suggest multiple stages of assessment using general and product specific market size indicators, as well as measures of a nation’s level of economic development. Root (1994) also supports the use of both market size and economic development factors. He separates market size into two components: product-specific (direct market size); and a general, macro-economic measure (indirect market size). However, a study conducted by the Bavarian Metal and Electro Association, suggests that the relative importance of market size and firm’s internal cost related attractiveness dimensions also depends on the size of the firm (Backhaus et al., 2005).

Although existing IMSP models used in the literature were mostly developed in the 80s, there have not been many attempts to test them empirically. As Russow and Okoroafo (1996) states, “ While descriptions of screening techniques exist, there is a good deal of disagreement about which criteria to use. The models proposed are largely normative in the sense that the lists of suggested criteria are based on each author’s perceptions of what criteria might be most useful for screening countries” (pp.47-64).

According to Naert and Leeflang (1978), "a model is a representation of the most important elements of a perceived real world system" (p. 9). In other words, models are condensed representation, simplified pictures of reality. Current IMSP models do not pass the test of reality. There is general agreement in the literature that: a screening process is desirable; and market size and growth and structural attractiveness should be considered in the decision process. However, it has been argued that current IMSP models do not reflect the importance of firms' strategic factors in the market selection decisions.

The selection of country markets indicates not only process-related problem formulations, but is also influenced substantially by the internationalisation strategy itself of the firm. An internationalisation strategy refers to the basic orientation of management towards cross-border activity (Onkvisit and Shaw, 1993). Literature generally identifies three such basic orientations: ethnocentric, polycentric and geocentric. Within the IMSP literature, the theory often cited is that of internationalisation based on psychic distance (Dow, 2000). Psychic distance proposes the idea that firms tend to internationalise through country markets that are more easily understood by its managers. However, some researchers have criticised it as too simplistic arguing that different firms handle the psychic distance issue differently (Langhoff, 1996; Brewer, 2000; Rahman, 2001).

Methodology

Method is context specific. In a study of the internationalisation process of Swedish companies, Nordstrom (1991) called for a return to exploratory research as a way of building new descriptions and understanding of the process. As has been identified in the previous section, not enough is known about the marketing problem on hand to proceed directly to the design of a structured study yielding representative and quantifiable results. Accordingly, in this research both qualitative and quantitative research techniques have been used. Qualitative research has been conducted to help develop the constructs, and quantitative methods to test the constructs.

As recommended by Churchill (1979), a widely used process for developing measurement scales in marketing involve the following steps:

1. Defining a theoretical construct;
2. Generating a list of items from literature and/or qualitative research that relate to this construct; and
3. Purifying these measures using exploratory factor analysis and coefficient alpha.

In this research all the above three steps have been followed. Further, the third step has been supplemented with confirmatory factor analysis using structural equation modelling (SEM) technique. Theoretical constructs have been defined and lists of items that relate to the constructs have been identified through qualitative research in the absence of any items available in the literature. In the qualitative research phase 12 Australian international businesses from diverse industries and of diverse sizes have been studied in-depth to help identify the constructs and the measurement items of the constructs. For the qualitative part of the research a maximum variety sampling method (Patton, 1990) has been used with the view to finding out shared patterns of commonalities on which a generalised constructs may be developed.

In the quantitative research phase both exploratory and confirmatory factor analysis techniques have been used. Exploratory factor analysis has been used to test dimensionality of data with the aim to produce a set of items that reflect a single underlying factor or construct, and confirmatory factor analysis using structural equation modelling (SEM) program EQS to achieve a more rigorous estimation of reliability, and formally test the unidimensionality of the scales.

The use of multi-item scales to measure a construct is considered superior to single item scales as it increases reliability and decreases measurement error (Churchill, 1979). These sets of items are generally reflective in that they all measure the same theoretical construct. Coefficient alpha is used to measure the reliability of the scale. Exploratory factor analysis is considered a test of dimensionality, with the aim to produce a set of items that reflect a single underlying factor or construct (Norusis, 1992). This method is particularly suitable where no prior knowledge on measurement is reported. This traditional approach has since been expanded with the use of confirmatory factor analysis.

Sample

As the research objective was to determine the organisational and strategic factors considered by successful Australian international businesses, the target population was defined as Australian product/service marketing firms, who are active and successful in international markets. International business success has been measured in various ways by researchers, including international sales level (Madsen, 1989), international sales growth (Cooper and Kleinschmidt, 1985), international sales to total sales ratio (Axinn, 1988), and the increase in importance of international business to the total business (Cavusgil and Kirpalani, 1993). These varieties of measures indicate that, there is no uniform definition of success in international marketing research (Cavusgil and Zou, 1994). In this case, the critical issue of success was ascertained through the end result. Accordingly, two sample frames were selected. The first one represented the 145 Australian firms who were finalists and winners of the annual Australian Export Award during 1990s. The judging criteria for this award includes: international sales level, international sales growth, quality of firm's international marketing strategy and level of internal support to international activity. The second frame comprised of the 500 Australian firms that were listed in the BRW Top 500 Australian exporters 1999 list. The judging criterion for this is level of international sales. As there were some firms whose names were in both the lists, the total number of firms to whom questionnaires were sent was 546. Each questionnaire was sent with personally addressed letter to the individual responsible for the international operations of the firm. A total of 195 completed questionnaires were returned.

One critical issue for this research was sample size. Even though individual observations are not needed as with all other multivariate methods, the sample size plays an important role in the estimation and interpretation of (SEM) results. 200 has been proposed as the critical sample size for SEM analysis (Boomsma, 1983; Hair et al, 1992). In a study of empirical research reports in international marketing, Aulakh and Kotabe (1992) found the mean sample size as 197.6 and response rate as 40.5 per cent. In this survey, out of the 546 companies 195 responded, giving a response rate of 35.7 per cent, which is close to the standard and expectations.

Data Collection

Deciding who will receive the questionnaire is done in conjunction with setting objectives for its results. In line with the research objectives in this study, the questionnaires were required to be completed by the managing director, international marketing manager, export manager or anybody selected by them as suitable to represent them and who is involved in the decision making process of international target market selection. Accordingly, a personalised letter giving background information on the research, along with a copy of the questionnaire and self-addressed prepaid return envelope were sent to each selected firm. A great deal of importance was given and care taken on the construction of the questionnaire and the transmittal letter that accompanied it, as in mail surveys no personal interaction is available to advise respondents or encourage their participation.

After thorough editing of the 195 questionnaires returned, all of them were found satisfactory. Only four questionnaires had missing values (demographic data only). Demographic was included in the questionnaire for classification purposes only. As a result, all responses were acceptable for final analysis

Initially all data collected was codified and entered into a SPSS for WINDOWS release 6.0 spread sheet which was previously constructed and tested. Strict controls were enforced to ensure the integrity of the data. Measures taken included the examination of the value of each data cell independently by two research assistants who proof read the original data against a computer printout (Tabachnick and Fidell, 1996). Exploratory factor analysis was conducted on this data set. Based on the results obtained several variables were eliminated. The remaining data set was screened and entered into EQS (SEM software used) for final analysis.

Methods of Analysis

Confirmatory factor analysis using EQS, LISREL or other structural equation modelling (SEM) programs, gives a truer estimation of reliability and formally tests the unidimensionality of a scale (Hoyle, 1995). It is therefore considered a more rigorous scale development procedure. For the data analysis in this research EQS has been used as the preferred software, largely because of its user-friendly features.

The data set (N=195) with a univariate kurtosis value >0.512 was not normal. Several variables yielded values greater than this, indicating some non-normality of the data. Therefore, the ML robust estimation method was used to re-estimate the model, as the robust estimation is more suitable when data is suspected of being non-normal (Bentler, 1995).

Items Generated Through Qualitative Research

The qualitative research findings indicate that Australian international businesses use two sets of organisational and strategic constructs in their international market selection decision-making process. They may be classified as firm’s international capabilities and firm’s business policy guidelines. In selecting international markets Australian international businesses do try to establish the level of fit between these organisational and strategic constructs and the target market related factors.

Table 1 shows the two organisational and strategic constructs and the variables explaining them, generated through qualitative research.

Table1 Variables Explaining Constructs Generated through Qualitative Study

Factor	Own International Business Capabilities	Own Policy Guidelines
Variables	Synergy with existing markets Synergy with existing marketing skills International marketing capabilities Firm's international orientation Firm's competitive advantages Firm's competitive position in Australia Managements overall feel Ability to achieve market share objectives	Fit with firm's return on investment objectives Fit with firm's payback period targets Fit with firm's growth strategies Fit with firm's risk strategies Fit with parent firm's guidelines Fit with product/service sourcing strategies Special product specific rules/regulations More rigorous assessment for direct investment

The Role of Firm's International Business Capabilities in the IMSP

Just because a country market is attractive on size and growth grounds does not mean it is a suitable target for a particular firm. Before the suitability of a market can be decided, one has to know more about the capabilities of the firm. Only when there is a good match of the skills and resources a firm possesses or can acquire, with the requirements of the market, should the market be chosen as a target (Firms A, C, D, F). The reward for finding a good fit is a competitive advantage. "The company must consider whether investing in the market makes sense given the company's objectives and resources. It should enter only markets in which it can offer superior value" (firm D). "Our company's competencies play a major role in the selection of our international markets and formulation of our global strategies" (firm C). Though generally overlooked by the current IMSP models, there is widespread support for these findings about achieving various synergic benefits through strategic management and marketing decisions like IMSP in strategic management/marketing literature (Prahalad and Hamel, 1990; Vadarajan and Clark, 1994).

One interesting factor that the firms take into consideration at this stage in evaluating the attractiveness of foreign markets is "management feel". "At the end of the day much of the decision depends on the management's feel about the market. There will always be some uncertainties in the market, particularly when you are deciding about the future and international markets are no exceptions in this regard. So, we managers will have to make the decision within the limited information available to us and "gut feel" plays a big role in that. Aren't we paid for that?" (firm A). Firm D agrees. This finding about the importance of "management feel" in the IMSP is in line with the previous research findings by decision theorists (Seale, 1997; Yaniv, 1997).

Role of Firm's Business Operation Policies (Policy Guidelines)

Just as evaluation of firm's own international business capabilities has been identified as vital in assessment of market size potential of foreign markets, evaluation of any foreign market's structural attractiveness has been found to be dependent on firm's own policy guidelines, objectives and strategies. "Defining clear objectives and finding a fit with the target market permits us to have consistent policies. The lack of well defined objectives in the past has found us in rushing into promising foreign markets only to find activities that conflict with or detract from companies primary objectives" (firm C). "Guidelines and systematic procedures are necessary for evaluating international opportunities and risks and for developing strategic plans to take advantage of such opportunities" (firm D).

A firm's commitment to international business and its objectives and strategies for going international are important in the evaluation of foreign markets. The objectives and strategies on the basis of which foreign markets needs to be evaluated has been identified as: return on investment objectives; length of payback period; growth strategies; risk strategies; product/service sourcing strategies. "Our company works in collaboration with the parent company based in the USA and has got a globalised sourcing system, i.e. to source the product from the most cost effective source. As a result Australian subsidiary mainly feeds South-East Asia, Pacific Islands and New Zealand" (firm F). "Our company markets products manufactured by mostly European companies, who restricts our operations to the Asian region only" (firm H). Not only the product sourcing strategies needs to be evaluated in the IMSP but also often the firms who have overseas principals have to follow the principals guidelines in the selection process. "Our parent company bought into the Australian subsidiary seeing its potential to get into Asian markets. Since the takeover, we had to come out of some other markets that we were operating in before to remain within our principal's guidelines" (firm F). It appears that, for some firms, the evaluation process is also influenced by the mode of entry decisions. "Direct investment, as opposed to say exporting, will need more vigorous evaluation and scrutiny of foreign markets for selection" (firm C).

Refining the Measures

Results of Exploratory Factor Analysis

Factor analysis was applied using principal-axis factoring method, with eigenvalues set to 2. In most instances eigenvalues of 1.0 or greater represents the maximum number of factors that can be considered as stable (ie. replicable) (Diekhoff, 1992). However, when a large number of variables are being factor analysed, many unimportant factors will be associated with eigenvalues as large as 1.0, making it especially important to consider other indicators of the "correct" solution. Determining the correct number of factors is a matter of balancing comprehensiveness against parsimony. In practice, one is usually happy with a factor solution that explains 50-75% of the variance in the original variables (Diekhoff, 1992). In this case, the cut off point of eigenvalues of 2.0 gave factor solution that explained more than 60% of the variance. Another consideration in determining the cut off point was interpretability of factors. Factors are interpreted by examining their correlations, called loading, to the *p* original variables. This interpretation is often facilitated by factor rotation, the second stage of factor analysis, in which original factors are redefined. In this research, a varimax rotation of factor matrix was used. Table 2 shows the factors extracted with the variables that explain each of the factors.

Table 2 Factors, Variables and Factor Loadings

Variables	Factor 1	Factor 2	Coefficient Alpha
Synergy with Existing Markets	.9247		
Synergy with Existing Marketing Skills	.9258		
International Marketing Capabilities	.9214		
Firm's International Orientation	.9258		.99
Management's Overall Feel	.9167		
Firm's Competitive Advantages	.9140		
Fit with Firm's Ret. on Investment Objectives		.4155	
Fit with Firm's Growth Strategy		.7524	.86
Fit with Firm's Risk Strategy		.7546	
Fit with Parent Firm Guidelines		.7474	

Some variables from the original list of variables (see Table 1) whose factor loading fell below 0.3 were dropped from further analysis at this stage, as this level of loading has been considered insignificant and also because of their significant cross loadings indicating lack of general agreement between respondents about the use of these variables. These variables include: firm's competitive position in Australia, ability to achieve market share objectives, fit with firm's payback period targets, fit with product/service sourcing strategies, more rigorous assessment for direct investment, and special production specific rules/regulations.

SEM Results

The resulting factors and the observed variables that explain those factors have been subjected to further analysis through application of the measurement model of SEM. The following sections will report the results of these parts of analyses.

Firm's Own International Business Capabilities

One of the organisational and strategic factors considered by successful Australian international businesses, identified by qualitative study and refined through exploratory factor analysis is the unmeasured factor, "firm's own business capabilities". This factor is estimated by 6 measured variables with highly significant t-ratios as shown in Table 3. The distribution of standardised residuals for this measurement model was symmetric and centred around zero suggesting good specification of the model. The model also converged quickly in four iterations. χ^2 (14, N = 195) = 76.693, $p < .001$, the Comparative Fit Index (CFI) 0.977, Robust Comparative Fit Index (RCFI) 0.979, Bentler-Bonett Normed Fit Index (BBNFI) 0.972, and Bentler-Bonnett Nonnormed Fit Index (BBNNFI) 0.965, indicated a good fit for the model. Wald test did not indicate the need to drop any of the parameters. Thus, all variables were retained at this stage.

Table 3 Firm's Own International Business Capabilities - Factor Loadings and t-ratios

F4	Company's Own International Business Capabilities	Factor Loading	t-ratio (Robust)
V18	Synergy with existing markets	1.351	17.212
V19	Synergy with existing marketing skills	1.378	17.709
V20	International marketing capabilities	1.394	17.316
V21	Company's international orientation	1.355	17.060
V22	Management's overall feel	1.316	16.210
V23	Company's competitive advantages	1.367	16.418

Firm's Own Policy Guidelines

The second organisational and strategic factor used by the successful Australian international businesses is "Firms own policy guidelines". This factor was initially estimated by four measured variables as shown Table 2. The distribution of standardised residuals for this measurement model was almost symmetrical and centred around zero, suggesting good specification of the model. The model also converged quickly in four iterations. χ^2 (20, N = 195) = 41.115, $p < .0036$, the Comparative Fit Index (CFI) 0.987, Robust Comparative Fit Index (RCFI) 0.980, Bentler-Bonett Normed Fit Index (BBNFI) 0.974, and Bentler-Bonnett Nonnormed Fit Index (BBNNFI) 0.981, indicated a good fit for the model. Moreover, all the t-ratios were highly significant. Wald test, however, supported dropping V26 "fit with company's return on investment objectives". Thus, that variable was dropped from further analysis, and all others retained. Table 4 shows the factor loadings and t-ratios for this factor. It can be argued that firms go overseas for various strategic reasons that fit with their overall growth strategies. Strict adherence to pre-set return on investment objectives as a variable for international market selection may often be contradictory to a firm’s growth strategies. Also for some firms, return on investment objectives may be a part of their overall growth strategy or parent company’s guidelines, both of which are measurement variables for the factor “firm’s own policy guideline”.

Table 4 Firm's Own Policy Guidelines - Factor Loadings and t-ratios

F8	Company's Own Policy Guidelines	Factor Loading	t-ratio (Robust)
V26	Fit with co's return on investment objectives	0.537	4.579
V46	Fit with co's growth strategies	1.254	16.986
V47	Fit with co's risk strategies	1.259	17.238
V50	Fit with parent co's guidelines	1.222	16.585

Discussion

The variables that contribute to the definition of a firm's international business capabilities are; synergy with existing markets (t-ratio 17.212), synergy with existing marketing skills (t-ratio 17.709), international marketing capabilities (t-ratio 17.316), firm's international marketing orientations ie, on the basis of psychic and geographic distance or on a global basis (t-ratio 17.060), firm's competitive advantages (t-ratio 16.418), and management's over all feel about the target market (t-ratio 16.210).

The choice of new international markets is influenced by the existence of complementary markets and marketing skills that can increase the total market return on investment. This influence normally occurs where the firm has some skills or expertise that will allow quick access to the market or where the target market is compatible with existing markets of the firm. To compete successfully in today's international market place, firms and their managers must master certain skills and competencies. Such competencies include, strategic competence, ie, to be able to focus on strategic or long-term requirements of their firms, functional competence, or marketing and managerial competence, ie, the ability to design and implement market strategies and organise effectively. Firms vary widely in these areas of competencies and different markets of the world require different levels of competencies for the firms to be successful. As a result, a match between the target market requirements and the firm's abilities is vital in assessing the suitability of an international market for selection. Another question is whether the pursuit of a particular market is compatible with firm's competitive advantages.

When a firm succeeds in creating greater value for customers than do its competitors, that firm is said to enjoy competitive advantage in an industry. Thus competitive advantage is measured relative to rivals in a given industry. Value, competitive advantage, and the focus required to achieve them are universal in their relevance. They should guide marketing efforts in any part of the world.

The findings of this research establish the importance of all the variables discussed above that are used to assess the firm's own international business capabilities in the selection decision of successful Australian international businesses. In making their market selection decisions these businesses seek synergy between the target market and their own strengths, objectives, and strategies.

As with international business capabilities, successful Australian international businesses also consider firm's policy guidelines in the international market selection decisions. Such policy guidelines include, guidelines for a firm's growth strategy (t-ratio 16.986), a firm's risk strategy (t-ratio 17.238), and guidelines from its parent firm (t-ratio 16.585), if any. For selection purposes, the international market's business practices must fit with these guidelines. Guidelines and systematic procedures are necessary for evaluating international opportunities and risks and for developing strategic plans to take advantage of such opportunities.

Managerial Implications

International market selection is a major step in the overall process of moving into international markets. Many international marketers play a leading role in the selection process; others take expert help from agencies, such as AUSTRADE, in Australia. Accordingly, the findings of this research will be of interest to international marketers in Australia and overseas. The findings will encourage practitioners to reconsider how they structure this specific decision. In applying the findings, managers will be able to add specific insights, qualified judgements, and intuitions, factors particularly important to international marketers. Inclusion of "management's overall feel" as a culling criterion will make the international market selection decision process flexible.

In selecting international markets managers must evaluate market potential not only on the basis of market related factors that most current international market selection decision frameworks propose, but those factors in conjunction with the organisational factors that have been identified through this research, needs to be evaluated.

Theoretical Implications

Marketing practitioners are increasingly emphasising the need for an integrated approach to marketing. As part of this integrated approach, this research establishes the importance of firm related and managerial factors in the international market selection process, factors often overlooked by previous researchers. It is surprising that previous models did not take any consideration of such factors, though firm and managerial variables have been extensively researched as part of internationalisation process theories. Not only does this research establish the importance of such factors; it also identifies the specific firm and management variables that measure the factors.

One major criticism of previous international market selection decision models is that they lack strategic considerations in the international market selection process. This research takes into consideration the strategic issues and identifies the strategic variables that are important for the selection process.

This research has identified and tested specific constructs, and has developed multi-item measurement scales for those constructs. These constructs, and their measurement scales, can now form the basis for further research in the area both in Australia and overseas. Compared to internationalisation process theories, international market selection is not a well-researched area. There has been no reported study in Australia and such research has not been widely reported overseas. This research is study on an important, but overlooked, area of business importance.

Another major contribution of this research is the successful integration of qualitative as well as quantitative methodologies of research. Use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question.

Limitations and Future Research Directions

This research has been conducted in Australia only. Australia with less than 2% share of the world GDP and less than 1% share of the annual international trade is relatively a small player internationally. Accordingly, the findings of this research may not be treated as an international phenomenon and needs to be tested with firms in other countries.

This research identifies organisational constructs or factors that are the part of the international market selection process and the measurement scales of each of those constructs. This research didn't endeavour to identify the relative importance of those constructs and measurement scales or the weight that may be assigned by individual firms to each of those constructs and measurement scales. While it was not an objective of this research to find out such relative importance, if any, future research may be conducted to establish whether individual firms will need to assign a firm-specific numerical weight to each factor and variable to indicate their relative importance in the international market selection process.

One major finding of the research is the importance of parent firm's guidelines in the international market selection process. With increasing number of Australian businesses being taken over by foreign firms, this issue will have major implications in defining the international activities of such businesses. Research needs to be conducted to assess such implications.

The aim of this research was to establish whether successful Australian international businesses do consider their organisational and strategic factors in their international market selection decisions and if they do, what those factors are and what are their measurement scales. Now that the firm specific factors and their measurement scales have been established, further research needs to be carried out to establish the overall model of international market selection process and how firm specific organisational and strategic factors identified through this research interact with the market related factors in the overall decision process.

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