Graduate School of Management
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IDENTIFYING DRIVERS OF LIABILITIES OF FOREIGNNESS FOR NORWEGIAN COMPANIES IN RUSSIA

MASTER THESIS

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ABSTRACT

Norwegian companies have had a significant drop in exports to the Russian market in the last eight years compared to the volume of Norwegian imports from Russia. Consequently, this paper analyses why so few Norwegian companies are exporting and operating in the Russian market. The theory applied to analyze the additional burdens Norwegian companies face to explain the absence in the market is Liabilities of Foreignness (LOF). The paper focuses on the research question of how the environment, the firm, and the Country of Origin (COO) impact LOF for Norwegian companies in Russia. Each perspective is divided into factors that are refined into components that are presumed to have a significant effect on LOF based on the existing literature.

A quantitative approach is used to explain the research question with a combination of Likert scale (ordinal) and categorical variables. The data collection method was an online questionnaire conducted by managers representing Norwegian companies exporting or operating in the Russian market. Overall, 24 managers participated in the research from 21 different companies. The analysis method chosen for the data was parametric tests such as t-tests, ANOVA, and MANVOA.

The research results show that the firm-specific resources, pre-existing knowledge about the market, and previous international experience are the most substantial drivers of LOF for Norwegian companies in Russia. From the perspective of the environment, it was found that the regulations of the host country and the normative distance of the home country are the leading drivers of LOF. However, the COO effect was found to mitigate LOF as the Norwegian firms experienced a positive perception of their products. Moreover, ethnocentrism was not found to be a risk factor for LOF.

Keywords: Norwegian companies, Russia, Liabilities of Foreignness, LOF, Country of Origin, COO, international business, institutions, industry, firm-specific resources, motive for market entry, entry mode, business group, state ownership, stereotyping, ethnocentrism

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1 INTRODUCTION

My motivation for this paper is that I find the concept of liabilities of foreignness a fascinating topic, and I want to contribute to the international business strategy community by writing this thesis. After learning about the concept, my mind started racing toward using the LOF concept to analyze the widespread liabilities of Norwegian companies operating in Russia. As a Norwegian student in Russia, with a desire to learn more about the business interactions between the two countries. However, I simply find the currently available information lacking. The main problem is the limited literature volume, and the little materials available seem outdated. Thus, I desired to write a thesis about this subject to primarily increase my knowledge and leave the essential findings available for others to utilize and develop further.

I find it motivating to cover an unmapped subject matter and hope to be pioneering a new field of interest for both researchers and students. Additionally, I believe this thesis would be highly relevant for my future career plans as I wish to strengthen the commercial relationship between Russia and Norway in my professional career. It is imperative now as the political tensions are reaching levels not seen since the cold war. Yet, I see economic and business ties as facilitators to improving the relationship. With many companies leaving pr suspending operations in the Russian market, there is room for opportunity for Norwegian companies to either invest or expand current businesses in the Russian market.

1.1 THE RELEVANCE OF THE RESEARCH

Russia has a long-standing trade relationship with all the Scandinavian countries. Because of the geographic proximity combined with the historical and cultural ties between Russians and Scandinavians, there is no surprise that there is active trade between the countries. With Russia currently being the 15th largest trading partner for Sweden, there is no denying the importance of the two countries' economic ties (SCB, 2021). Additionally, 50 Danish companies last year participated in the Saint Petersburg Economic forum interested in developing business entities in Russia (2021).

Norway and Russia have had a well-functioning political relationship since the foundation of Norway in 1905. More specifically, Russia was the first country to recognize Norway as an independent state (The Norwegian Ministry of Foreign Affairs, 1905). Furthermore, military forces from the Soviet Union liberated the northern parts of Norway from Nazi Germany’s

control without claiming any territorial concessions (Suprun, 2020). This was highly uncommon in the aftermath of world war two and a clear distinction from Soviet behavior patterns in Eastern Europe. Still, Norway was a founding member of NATO and in opposition to the Soviet Union during the cold ward. Thus, Norway and Russia have a long and intricate but welcoming political relationship.

Analyzing the Russian and Norwegian relationship from an economic perspective, it is a consistent increase in the absolute value of Norwegian imports from Russia for most years, with a record-high percentage of total Norwegian imports coming from Russian exports. Yet, there is a decrease in Norwegian exports, which have been cut in half from 2011 to 2021. The reason is primarily because of the Russian ban on Norwegian seafood after the events of 2014 (Haugan, 2022). However, despite the restrictions imposed in 2014, the country has seen increased trade volumes with Russia in the maritime sector in knowledge, service, and expertise (Trellvik, 2020). It is important to note that Norway has a negative trade balance with Russia which means that Russia exports far more products and services to Norway than Norway does to Russia.

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Imports	Total	508 630	507 601	527 722	562 455	615 485	629 042	684 335	710 330	757 867	764 787	846 839
	Russia	10 556	10 310	9 085	9 923	11 261	9 755	12 659	16 751	17 565	13 731	21 812
	% of total	2,08 %	2,03 %	1,72 %	1,76 %	1,83 %	1,55 %	1,85 %	2,36 %	2,32 %	1,80 %	2,58 %
Exports	Total	898 593	935 292	916 532	909 036	835 267	751 583	863 624	1 000 272	915 496	778 304	1 377 795
	Russia	7 671	8 482	8 556	5 259	2 399	2 268	2 087	2 535	3 086	3 141	3 740
	% of total	0,85 %	0,91 %	0,93 %	0,58 %	0,29 %	0,30 %	0,24 %	0,25 %	0,34 %	0,40 %	0,27 %
Trade balance	Exp. - Imp.	-2 885	-1 828	-529	-4 664	-8 862	-7 487	-10 572	-14 216	-14 479	-10 590	-18 072

Table 1: Showing Norwegian export to and import from Russia gathered from Statistics Norway. All numbers are in millions of Norwegian kroner.

Consequently, it is surprising that there is little academic research done about how Norwegian or even Scandinavian firms operate in the Russian market - especially considering that many Scandinavian companies are experiencing success in the Russian market. Examples are companies such as IKEA, Equinor, Jotun, Carlsberg, Arla, and many more. Thus, I consider the research relevant for multiple reasons. The first reason for relevancy is that the topic is unexplored. After conducting numerous searches in various sources for academic journals, there is no evidence of any similar papers written about Scandinavian and Russian companies in an international business strategy setting emphasizing LOF. Therefore, the topic can be considered highly uncharted, and this paper might contribute to enlightening the research gap.

Second, I also hope the thesis might trigger an interest in the topic, leading to more conducted research in this area.

The third reason I consider this topic relevant is that the paper can be used as a source of information for Norwegian (and Scandinavian) companies considering expanding their operations into Russia. This article might provide information about the LOF incurred at the entry and operational phases that new companies could avoid in the future. With the still-growing trade between the Norwegian countries and Russia, I believe this paper might contribute to bridging the current information gap and facilitating further development in economic ties.

Lastly, there has been done much research on Multinational Enterprises (MNEs) from Developed Markets (DM) firms entering Emerging Markets (EMs). In later years, there has been a focus on EM MNEs and the additional hardships such companies face in DMs. However, Norway is distinctively different from most of the available literature because the firms are smaller and less recognized than the larger companies originating from the traditional DMs such as the US, UK, France, Germany, and Japan. Additionally, the Russian market has unique characteristics as a newly established free market and the following turbulence due to the dissolution of business relationships, weakened relationships between market participants, and barter trade after the fall of the Soviet Union (Johanson & Johanson, 2006). Hence, the following research paper might uncover new particularities in liabilities of foreignness literature.

2 LITERATURE REVIEW

2.1 COST OF DOING BUSINESS ABROAD

Doing business abroad has led to multinational corporations reaping success in foreign markets. However, investing and establishing a business unit in a foreign market exposes the firm to disadvantages compared to the local firms. This downside was identified in Hymer's research (1976) as the Costs of Doing Business Abroad (CBDA). In the paper, it is stated that foreign firms, in comparison with local companies, have three disadvantages. The first is that the local firms have better access to relevant market information than the MNEs, such as the competitive landscape and the consumers. Next, the local firms are also more entrenched in the national environment, often leading to more favorable treatment from the local government. Moreover, domestic firms have a long business relationship with both buyers and suppliers. The third disadvantage for foreign firms is that they face foreign exchange risks.

Later, Buckley and Casson (1976) expanded on Hymer's CBDA by identifying additional cost sources for foreign firms. These were costs from communication, resource, host government discrimination, and governance costs. Next, researchers uncovered a notion that identified the costs of doing business abroad recognized by Hymer. Pioneering the term, Zaheer (1995) defined Liabilities of Foreignness (LOF) as the costs that firms were facing outside their home countries experience above those incurred by local firms. More intuitively, we can think of the term as the costs foreign companies experience due to their unfamiliarity with the new business environment, while local companies do not.

In the initial paper, Zaheer (1995) used the concepts of CBDA and LOF interchangeably. Differentiating the two terms CBDA and LOF might seem complicated because of the apparent similarities. In a paper by Miller & Eden (2004), the authors argue that CBDA is an economic concept consisting primarily of market-driven costs related to geographic distance, such as production, marketing, and distribution. However, LOF is a sociological concept mainly composed of structural and legitimacy costs. They differentiate the two concepts by economic and social costs, with LOF incorporating both. Overall, the researchers see LOF as a critical component of CBDA.

2.2 LIABILITY OF FOREIGNNESS

Zaheer (1995) listed four sources of LOF. The first source of LOF was associated with the spatial distance between parent and subsidiaries. The spatial distance refers to the costs obtained from the geographic distances between the home country and the subsidiaries, such as travel and transportation. The second driver of LOF was specific costs incurred by foreign subsidiaries due to unfamiliarity with host-country environments. For example, it can be a lack of knowledge of the business environment, practices, and customs. Thirdly, costs result from economic nationalism and a lack of legitimacy in the host country. Examples are companies met with negative (or positive) stigma because of stereotypes. Lastly, costs originate from restrictions imposed by the home country. The exporting constraints can be a consequence of sanctions or other political measures imposed by the home country's government.

To counter the disadvantages and overcome LOF, Zaheer (1995) proposes that companies must utilize the ownership-specific advantages or become more similar to domestic firms. Ownership-specific advantages are intangible assets or property rights such as patents, trademarks, technology, or general organizational abilities. If there are no ownership-specific advantages, the firms must assimilate with the local firms, minimizing the difference between local and foreign firms. Studying bank exit patterns from foreign markets, Zaheer and Mosakowski (1997) found that banks more banks exited the market in the first two years of operations and that the exit rate gradually decreased. Thus, as a firm gradually, over time, gets more entrenched in a foreign market, the adverse effects of LOF decrease. It also supports Zaheer's (1995) findings that the firms must become more isomorphic to firms in the host environment to overcome LOF. Additionally, it supports Hymer's findings, which stated that CBDA would decrease over time (1976). Consequently, LOF has a dynamic aspect that will be considered and accounted for in this research paper.

In a commentary clarifying the differences between CBDA and LOF, Zaheer (2002) structures LOF as the relational and institutional costs of doing business abroad. Relational costs are derived from the foreign firms' network position in the host country and the relationship with important actors. This aspect is expected to be poorly developed for foreign firms compared to local firms, leading to a lack of information and resource availability. The institutional costs are the cultural distances between the host and home country in terms of politics, ideology, law, culture, and other such societal institutions. Therefore, LOF occurs for

both economic and social reasons, and reducing these liabilities requires both economic and social initiatives.

According to Eden & Miller (2004), LOF emphasizes the social costs originating from unfamiliarity, relational, and discriminatory hazard. The unfamiliarity hazards are caused by lack of experience and foreignness to local business. Relation hazards are produced by the lack of trust between the foreign firm and the actors in the host market. Discrimination hazards are caused by nationalistic leanings and the host government, suppliers, or consumers' perception that foreign firms lack legitimacy.

Eden & Miller (2001) state that the key drivers of LOF are the institutional distances between the home and the host country in terms of three pillars: cognitive, normative, and regulatory distance. The normative aspect is to legitimate means sanctioned by society to follow goals (North, 1990), meaning what methods are acceptable for a person or an organization to utilize to reach goals. The cognitive dimension consists of the values and beliefs held by the people in society (DiMaggio & Powell, 1983). The regulatory aspect is the formal rules and laws sanctioned and enforced by the state (North, 1990). The cognitive and normative dimensions are informal, while the regulatory distance is a formal notion. Last, LOF is determined by the institutional distance in terms of the regulatory, normative, and cognitive dimensions.

The concept of LOF has two characteristics: a dyadic and relative perspective. The dyadic perspective looks at both the country of origin and the destination of the investment (Zaheer, 1995). The relative perspective encompasses the liabilities of the foreign firm relative to the local firms (Eden and Miller, 2004). This research paper will focus on the dyadic perspective as the intention is to analyze how the home environment and host environment influence LOF.

2.3 A DYADIC FRAMEWORK FOR LOF

An approach and framework to structure the LOF are to divide the liabilities into environmentally and firm derived (Gaur, Kumar, & Sarathy, 2011). In this framework, we divide each derived cost based on the origins, either from the home or host country. The definition for LOF used in the framework follows Eden and Miller's (2004) that describes LOF as social and economic costs. The environmentally derived LOF originates from the home and host country's institutions and the nature and structure of the industry. The firm-based LOF stems from attributes of the firm such as ownership structure, firm-specific

resources, learning, and network-based linkages such as affiliation to business groups and partnerships. The method uses the dyadic perspective on LOF since both the home and host countries are considered.

2.3.1 Environmental factors of LOF

The LOF derived from the environment can originate from home and host countries. However, the environmental factors can be separated into institutional and industry factors influencing LOF. First, the institutional factors will be discussed. There is often a difference between countries' institutional development of different countries (La Porta, Lopez De Silanes, & Shleifer, 1998). With institutions, it is referred to as the same term used by Eden & Miller (2004), which describes the cognitive, normative, and regulatory distance. This institutional aspect can be caused by information asymmetry, which helps explain the existence of cultural barriers between domestic and foreign firms (Calhoun, 2002). Additionally, it can be linked to network theories, as the foreign firm lacks relationships with regulators, suppliers, and consumers.

Luo & Mezias (2002) express that the firm can network on both inter-organizational and individual levels. At the inter-organizational level, it is networking with the local business community via cooperative alliances and joint ventures that reduce LOF in four ways: more access to critical local resources, learning from local partners about how to do business in the host market, improving business-government relations, and sharing a partner firm’s local experience, networks, and image. At the individual level, personal networking with government representatives and business leaders might reduce transaction costs, secure institutional grace, and minimize perceived foreignness.

The industry traits also influence LOF, both in the home and host country. Factors that affect the LOF can be the degree of competition, the intensity of knowledge compared to labor, and if the scope is global or local (Gaur, Kumar & Sarathy, 2011). We will go through each category in the respective order. In competitive industries, profits are typically low (because of thin margins), and firms are pressured to innovate to differentiate their products from the competitors (Porter, 1980). New foreign firms that enter competitive markets will have higher costs because of information and discrimination hazards and unfamiliarity with the industry's competitive dynamics, as Luo & Mezias (2002) described. Consequently, if the firm operates in a competitive host environment, the firm will experience a larger LOF.

There is also a separation in industries based on if the MNE is in a knowledge-intense or labor-intense industry. Knowledge-intensive industries use explicit knowledge such as patents, trademarks, and trade secrets (Zaheer, Hernandez, and Banerjee, 2010). It can also include intangible knowledge obtained by individual employees or rooted in organizational routines and processes. In contrast, labor-intensive industries utilize skilled and unskilled labor as the primary input factor and compete by undercutting competitors. Firms expanding into foreign markets in labor-intensive industries often can start competing with domestic players rapidly, as the products need little to no development. However, in knowledge-intensive industries, the competitive advantages derived from knowledge-based assets take longer to acquire and are costly to develop (Guar, Kumar & Sarathy, 2011). Therefore, the LOF is higher in knowledge-intensive industries.

The last industry-specific factor to consider for LOF is the scope of the industry. The scope refers to the difference between global and local industries that are separated based on the extent to which the products are standardized and how defined the processes are (Bartlett and Ghoshal, 1989). The findings assert that industries are considered global when products and processes are more standardized. In contrast, local industries have less homogenous products, and the consumers expect locally adapted products. Therefore, firms face less exposure to LOF in global industries than in local industries. The reason is that local industries require more product adaptation, which is both time-consuming and costly.

2.3.2 Firm-specific factors for LOF

Firm-specific factors cover the endogenous aspect of LOF derived from how the firm interacts with the surrounding environment. The firm is influenced by its home and host environment, which forms the resources and capabilities the firm develops (Barnard, 2010). The firm-specific resources are closely related to contingency theory, which states that there is no single type of organizational structure and resources that are optimal for every company, but a unique combination that fits the environment, technology, size, and other features of the organization (Islam & Hu, 2012). The resources and capabilities make up the firm's competitive advantages and determine the strategic choices pursued by the firm.

Based on Zaheer (1995), she argues that firms must utilize ownership-specific advantages to overcome LOF. The advantages might be derived from financial and managerial resources, size, and intangible assets (Nachum, 2003). If the resource/capabilities gap is solidified in assets that are harder to acquire, the LOF will be greater. Examples of such intangible assets

are lack of technologies or organizational resources, which the process of obtaining is time-consuming and costly.

Using Calhoun's (2002) perspective of information asymmetry as the generator of barriers between home and host country, companies can obtain specific resources to limit this distance and bridge the information gap. For example, a firm can outsource using consultants with expertise in foreign markets or hire employees that possess the same knowledge. In addition, Petersen, Pedersen & Sharma (2001) suggest organizational learning as an alternative to bridge the knowledge gap. It is also reasonable to assume that firm's rate to bridge the knowledge gap increases with more international experience, as it has experience facing the information asymmetry in other foreign markets.

Another aspect that is important for the firm in the context of LOF is the strategic choice the firm makes. The literature supports two-aspect aspects that are critical strategic decisions for companies venturing abroad. First, it regards the motive for the firm to enter a foreign market. Dunning (2000) presents four motives for firms going abroad: resource seeking, market seeking, efficiency-seeking, and strategic resource seeking. First, resource-seeking firms invest in the foreign market to obtain resources such as input factors in products in terms of materials or labor. The market-seeking firms are entering foreign markets to meet demand and expand their global market share. Moreover, efficiency-seeking firms aim for benefits such as economies of scale and scope and diversification. Last, the strategic resource-seeking firms invest abroad to obtain intangible resources such as core competencies and technology.

Entry mode into a foreign is also a strategic decision of the firm that influences the firm. Sternquist & Huang (2007) presents four different entry modes into a foreign market based on control level and resource commitment. The first mode is exporting, which requires the lowest amount of research but gives the company the least control in the foreign market. Exporting is followed by the entry modes franchising and joint venture. Last, we have the Wholly Owned Subsidiary (WOS), which has the most extensive resource commitment but gives the company the largest control in the foreign market.

The term governance structure of a firm includes the ownership structure and organizational form it adopts (Guar, Kumar & Sarathy, 2011). There are significant differences in the governance structures observed in various parts of the world (La Porta, Lopez De Silanes, & Shleifer, 1998). Some firms have a distributed ownership structure, meaning that several

small stockholders own the companies. Others have large block holders, referring to individuals or organizations that own substantial portions of the firm's equity.

Next, it is needed to address business groups that have a prominent position in EMs. Regarding the structure of business groups, Khanna and Rivkin (2001) define business groups as «*a set of firms which, though legally independent, are bound together by a constellation of formal and informal ties and are accustomed to taking coordinated action*». The authors find business group associations beneficial in EMs as it profoundly impacts profitability because it reduces transaction costs due to the network benefits the groups provide.

Liability of foreignness overview		
Author, year	**Definition**	**Costs from**
Zaheer, 1995	"*The **costs** that firms operating outside their home countries experience above those incurred by local firms.*"	(i) Spatial distance (ii) Unfamiliarity with the business environment (iii) Economic nationalism and lack of legitimacy (iv) Sales restrictions imposed by home country
Zaheer, 2002	*"The **social** costs that firms operating outside their home countries experience above those incurred by local firms.*"	(i) Structural/relational costs (ii) Institutional costs
Eden & Miller, 2004	*"The **socioeconomic** costs that firms operating outside their home countries experience above those incurred by local firms*"	(i) unfamiliarity hazards (ii) relational hazards (iii) discriminatory hazards
Guar, Kumar & Sarathy, 2011		(i) Environment derived (ii) Firm derived

Table 2: Overview of the development of LOF

2.4 COUNTRY OF ORIGINS EFFECT

Schooler (1965) was the first to introduce the idea that the origin country of a product influenced consumers' attitudes towards the product. The research studied how Guatemalan students rated products from El Salvador, Costa Rica, Mexico, and Guatemala. The study found that the sample had negative biases towards products from El Salvador and Costa Rica, giving them lower scores than domestic and Mexican products. Thus, the idea that the origin country was a factor influencing the consumers was created.

The following year, Reierson (1967) found that American consumers also had stereotypes regarding the origin country of the products, where they rated domestic products the highest.

Thus, his findings supported Schooler (1965) that consumers often favor domestic products. Later, Wang & Lamb (1983) expanded on the research and defined the Country of Origins (COO) effect as intangible barriers to entering new markets in the form of negative consumer bias toward imported products. Finally, to specify further the meaning of country of origins, Ozsomer and Cavusgil (1991) define it as the country where the company's corporate headquarters marketing the product or brand is located.

Another closely related topic is the product-country image (PCI). The PCI can be defined as the image of a country, focusing on its economic, technological, social, and political variables that influence consumers' perceptions (Verlegh & Steenkamp, 1999). More trivial, we can say that PCI is the bias connected to different countries and their products. The differences between PCI and COO are minimal and often used interchangeably (Al-Sulati & Baker, 1998). Consequently, the terminology COO and PCI will be used in this research paper, but the terms are considered comparable.

Reierson (1967) found that the effects of the adverse impacts of COO could be minimized using communication and promotions. Thus, the effect of stereotyping is not a decisive factor but a contributing element in consumer behavior. However, the COO effect varies across product categories, meaning that countries can view one product positively, whilst others can be seen undesirably. Roth & Romeo (1992) finds that perceptions have considerable variation based on the country's assumed production and marketing strengths to a specific product category. In the research, consumers favored products that matched the perception of the country's image based on innovativeness, design, prestige, and quality. Consequently, we might expect the COO to differ between firms based on the product and services.

An aspect of COO is stereotyping. The concept of stereotyping has a wide array of definitions. Some definitions describe stereotyping as a negative notion, whilst others point to generalization and that a stereotype can be both positive and negative (Kanahara, 2006). For this research, a definition that focuses on generalization should be applied since stereotyping might positively affect some countries while harmful to others. For example, German car producers benefit from the COO since most consumers associate Germany with quality. However, Chinese manufacturers experience the opposite effect, where they are viewed as cheap and unreliable. Therefore, Vinacke's (1949) definition is applied, which defines stereotyping as "*the tendency to attribute generalized and simplified characteristics to groups of people in the form of verbal labels, and act towards the members of those groups in terms of those labels*"

Another aspect that is relevant in the discussion of COO is consumer ethnocentrism. The concept of consumer ethnocentrism is a byproduct of stigmatization. It occurs when social designations imply a division between "us" and "them" (Devine, Plant, & Harrison, 1999). A driver for this aspect of COO is group membership, which is a large part of a human's identity that helps individuals find their place in the world (Brown, 1988). The term "ethnocentrism" is defined by Le Vine & Campbell (1972) as the «*interaction between members of the in-group, who are mutually similar, and members of the out-group, who are dissimilar to the in-group*». The in-group individuals find that their way of behavior is superior to the people in the out-group. Additionally, the in-group has a desire and tendency to separate themselves from the out-group by further exacerbating patterns of behavior that separate them from the out-group creating a further distance between them.

In the context of consumer ethnocentrism, the in-group are products originating from the homeland of the consumers, whilst products from other parts of the world are the out-group (Shimp & Sharma, 1987). Thus, ethnocentric consumers are more inclined to purchase domestic products as buying foreign goods is considered unpatriotic as it is hurting the domestic economy and labor market. In the research, Shimp & Sharma (1987) found a strong correlation between ethnocentrism and negative attitudes toward foreign products. Moreover, ethnocentric consumers were prone to exaggerate the positive attributes of domestic products and underrate beneficial elements in foreign products.

Consumer ethnocentrism does not emerge in a vacuum; instead, it is part of a complex of social-psychological and demographic factors (Loebnitz, 2010). Examples of socio-psychological factors are openness to other cultures, patriotism, collectivism-individualism, and conservatism, whereas demographic factors include age, gender, educational level, and income. Additionally, consumer ethnocentrism is influenced by the product categories. For instance, the more critical a product category is for a country, the more distinct consumers' ethnocentric tendencies and conduct (Sharma, Shimp, & Shin, 1995). Thus, it is expected that ethnocentrism might have a different effect on various industries.

2.5 RESEARCH GAP AND QUESTION

Luo & Mezias (2002) emphasizes that EMs will provide DM MNEs with considerable challenges because of the «*complexity and uncertainty of regulatory and legal environments, but also by the specificity and criticality of social and cultural environments*». Consequently, there is a need to outline this part of LOF further to improve academic understanding and

managerial decision-making. Therefore, it is relevant to further explore Russia as a country with both complexity and uncertainty in the regulatory, cultural, and social environments. It is also necessary to analyze the firm perspective concerning resources, strategic choice, and governance structure in this context. Additionally, there has been an absence of research conducted how Scandinavian firms in the context of LOF and COO. Therefore, the objective of this paper will be to identify the main drivers of LOF for Norwegian firms in Russia.

Moeller, Harvey, Griffith, and Richey (2013) express the need to conduct further research on how COO impacts organizations. Furthermore, the available literature mainly focuses on stereotyping as damaging and hazardous to the company. Consequently, it appears to be a research gap regarding analyzing COO as a benefit for the firm, not an obstacle. Therefore, it is applicable to analyze LOF as a possible mitigating factor as Norwegian products are disposed to be considered favorably. Consequently, a part of the research will examine the stereotypes linked to Norwegian products and services and how it influences LOF. Additionally, Russian firm and consumer ethnocentrism will be investigated considering the recent political events and if that is a potential risk and driver of LOF for Norwegian companies. Thus, the research question of the paper will be:

How do the environment, the firm, and the COO impact LOF for Norwegian firms in Russia?

3 THEORETICAL FRAMEWORK

In the theoretical framework, the predicted findings in the research will be presented based on the chosen aspects of the research question: the environment, firm, and COO. The environment and firm perspectives will be separated into multiple factors. For the environment, the paper will analyze how the home and host country influence the institutional and industry factors that impact the LOF. For the firm aspect, the factors influencing LOF will be firm-specific resources, strategic choice, and governance structure. Concerning COO, the factors analyzed will be if Norwegian firms experience stereotyping and consumers ethnocentrism.

To further narrow the scope of the research, each of the factors will be refined into components based on available literature. The components that are chosen if they are deemed to have a significant impact on LOF. The components will be filtered either as a limiting feature or an element that increases LOF. Thus, the research paper will focus on drivers of LOF that either increase or decrease the socioeconomic costs of LOF.

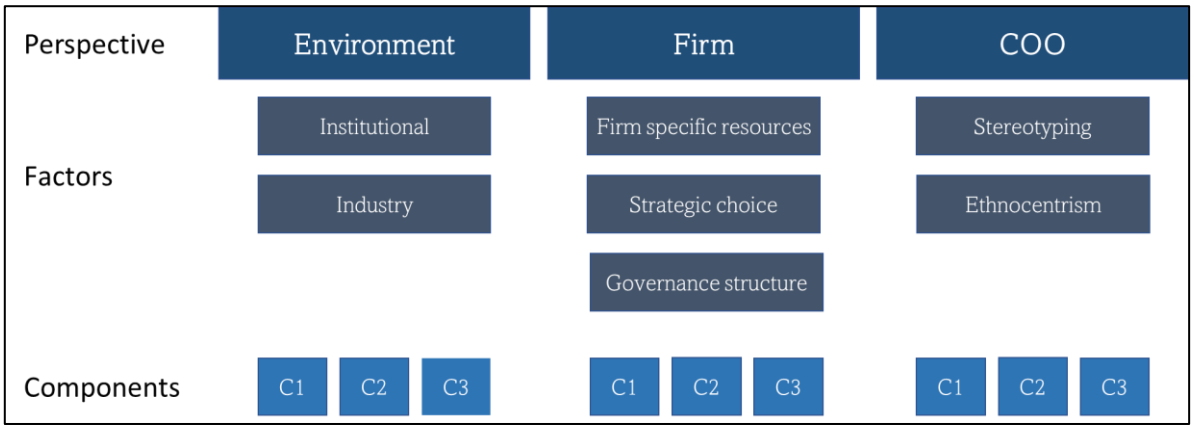

Figure 1 - Perspective and factors

3.1 ENVIRONMENTALLY DERIVED LIABILITIES

3.1.1 Institutions

This section will discuss and conclude which aspects of the institutional distance in terms of the cognitive, normative, and regulatory dimensions influence LOF. The distance between the home (Norway) and host (Russia) country determines how large the LOF. EM economies

often have regulatory institutions lacking in efficiency and market-based transactions compared to DMs (Khanna and Palepu, 2000). Hence, we can expect a significant difference between the home and host as it is hard for DM firms to enter EMs because of the institutional regulatory void compared to the home environment.

The business environment in Russia has a reputation for being more challenging than in most other countries. Regardless of the standing, recent studies have argued that there is an improvement in the investment climate for foreigners in Russia (Ershova, 2017). From 2007 to 2017, Russia has made the staggering move from 120th to 35th place in the Doing Business rating due to successive reforms and new legislation mitigating previous negative aspects of the environment (Musienko & Tulepbekova, 2019). Yet, Yukhanaev, Perényi, Fallon, and Roberts (2015) find that the country needs "*substantial shifts in the design and functioning of its national institutions*". Thus, the institutional distance might be challenging for Norwegian compared to the home environment with more mature institutions if seen from a business perspective.

Still, there are vast differences in western and Russian business cultures in terms of openness, honesty, and transparency, which can be connected to a cognitive and regulatory distance (Simonova & Rudenko, 2017). Thus, even with the improved business conditions to do business, the Norwegian companies will probably face challenges with regard to the transparency demanded by home regulatory authorities and the cognitive institutional environment. This is derived from the attitudes of the stakeholders in the home country that might not align with Russian firms' business practices.

One element that usually is found challenging for DM firms is the state's emphasized role in the Russian market. The state's prominent role is evident, with regional businesses apprehensive about administrative transitions and favoring administrative continuity (Sharafutdinova & Steinbuks, 2017). Administrative change might be unpopular because some Russian firms have informal and financial ties to regional authorities, which implies there is a normative institutional distance from the environment in Norway. Thus, the renegotiation of business deals and establishing new relations with regional authorities might be unappealing for the businesses (Barsukova & Denisova-Schmidt, 2021). In another study (Mannila & Eremicheva, 2018), it is shown that there is a high risk connected to doing business in Russia linked to the high level of informality in the economy. Thus, there are significant differences in business standards in Russia and Norway, with Russia having

informal ties more present in business relationships solidifying a considerable normative institutional distance.

The increased need for governmental support in business was also evident in other Eastern-European countries. While comparing two Scandinavian firms' expansion into Eastern Europe, the researchers found that support from significant home and host country actors made the expansion less time- and resource-consuming (Gebrekidan, Osarenkhoe, Awuah, & Gabriel, 2006). If the companies had no significant support in the home or host country, it led to a more volatile market position and a costly process. Thus, to mitigate the effects of LOF, governmental support might be an influential factor. As a result, the importance of external actors can be connected to the regulatory and normative dimensions of doing business in Russia. Based on the findings, companies without political and governmental support might experience larger challenges in the Russian market.

Overall, there is a significant institutional distance between Norway and Russia because of the institutional differences between the two countries. Even with improved placings in the Doing Business Index, there are substantial differences between Norway and Russia's regulatory and normative environments. This is especially evident regarding the legal requirements for openness and transparency, which are most relevant to the regulatory dimension and cognitive institutional distance. Additionally, the state has a more profound role in the business environment that is different from Norway. The difference is that governing bodies have formal and informal ties with the business sphere, and governmental support is needed for stability and success in the market. This implies there is a normative distance between the countries. Thus, Norwegian firms might find it challenging to establish informal relationships with the necessary authorities. Therefore, doing business in Russia requires Norwegian firms to adapt to the environment in terms of the normative and regulatory institutional distance. Ergo, it is reasonable to assume that the normative and regulatory distance are the dominant drivers of LOF.

3.1.2 Industry

In this section, the elements influencing industry will be discussed, namely competitiveness, labor-knowledge intensity, and the scope of the industries. Each component will be addressed both in the context of EM and Russia specifically. Generally, DMs have more competitive markets and industries than EMs (Gaur, Kumar, & Sarathy, 2011). Consequently, there are

lower LOF derived from industry-specific factors for DM firms entering an EM because as the competitiveness increases, so does LOF.

According to The Analytical Center for the Government of the Russian Federation, the competitive environment in Russia with a score of 51 percent, rating it as high or very high (2019). The study found that the most heightened competition was in culture, sports, and entertainment and the lowest competition was in the natural resources industry. The driver of the increased competition was the emergence of new companies in the market. Thus, the competitive environment in Russia is diverging from other EMs with a higher degree of competition in the market. However, the level of competition has significant variations across industries. Yet, it is suggested that the competitive environment will be a substantial driver of LOF.

The next component of the analysis is if the industries are predominant labor or knowledge-intensive. Currently, there are more labor-intensive industries in EMs, while there are more knowledge-intensive industries in DM (Gaur, Kumar & Sarathy, 2011). Most DM firms expanding into new markets are often knowledge-intensive and often experience higher LOF because of the characteristics of the industry, as the competitive advantage based on knowledge-based assets is laborious and expensive to develop. However, some effects are mitigated when a DM firm expands into an EM, as the local industry is often based on labor-intensive industries. As a result, there is a less competitive environment in the knowledge-intensive industries.

The European Bank for Reconstruction and Development (ERBD) publishes the Knowledge Economy Index (KEI) with a few years interval for 46 economies, mostly in eastern Europe, including Russia (2019). The index is based on four pillars: institutions for innovation, skills for innovation, innovation system, and information and communications technology (ICT) infrastructure, which is ranked between 1-10. The KEI represents the average of the score given to each pillar. In the last report, Russia is ranked 17 with a KEI rating of 4.93. The pillars that increase the KEI are the skills for innovation and ICT infrastructure, whilst the lowest pillar is the innovation system. This suggests that Russia has a population both high in general and specialized skills with ICT availability and sophistication. Therefore, the Russian market seems to have a mixture of knowledge and labor-intensive industries. Consequently, the industry characteristics of labor versus knowledge intensity have a modest effect on LOF.

In DMs, products are often more global, as the market is more established and leading actors in the given industry are often present, setting a standard and defining processes (di Norcia, Barlett & Ghoshal, 1991). In EMs, the market is less established and might have unique institutional and cultural characteristics. Following the argument, firms will have higher LOF in EMs. However, some Norwegian firms in Russia are not market-seeking, exchanging consumer goods, but resource-seeking. Thus, it is expected that most of the products and business practices need limited adaptations if the firm has a resource-seeking motive for market entry.

Regarding market-seeking firms, Thelen, Ford, and Honeycutt (2006) find that as the quality of local [Russian goods] increases, imported goods need to adopt domestic characteristics to remain competitive. This is evident in the case concerning Yandex Go and Uber. Since Yandex Go offered a similar service as Uber with few distinctions in service and software provided, except that Yandex was tailored to the Russian market, Russian consumers favored the local product (Bhuiyan, 2017). Thus, it is expected that consumer goods require local adaptations, and it will be a significant driver of LOF.

This part showed that the Russian market does not share the common traits as other EMs, with the market being knowledge-intensive to a certain degree. However, the market is considered competitive, and it requires local adaptations for products to be competitive with domestic producers. Evaluating the three factors of the Russian industry, it is apparent that the competitiveness and scope of the industry will be the components with a significant effect on LOF

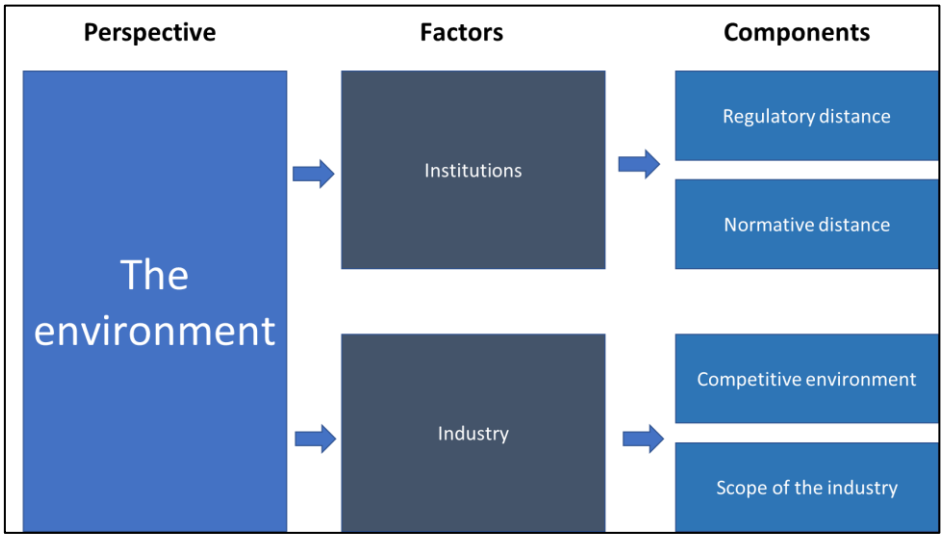

Figure 2: Illustration of factors and components from the environment perspective

3.2 FIRM DERIVED LIABILITIES

In this section, each factor that determines the firm-derived liabilities will be discussed respectively. The first part will provide a general overview of relevant literature on DM-firm to EM. The second part of the discussion will include relevant literature for Norwegian or Scandinavian firms in Russia or other EMs. Moreover, it will be projected firm-specific resources and capabilities that are essential drivers or mitigators of LOF. Next, the factor of strategic choice will be analyzed concerning the motive for market entry and entry mode. Last, the governance structure will be discussed, emphasizing state ownership and business group affiliation.

3.2.1 Resources and capabilities

Financial and managerial resources, size, and other intangible assets are often more present in DM firms than in EM firms, which mitigates the adverse effects of LOF (Guar, Kumar & Sarathy, 2011). The larger the resource gap in the disfavor of the foreign expanding firm, the higher the LOF. As for Russian and Norwegian firms, the resource gap might be less evident than in most other EMs. As discussed in the section about knowledge-labor-intensity, Russia has a well-developed ICT infrastructure. Additionally, the country possesses tech giants such as Yandex, Mail.ru Group, and Avito. There is a similar picture in oil and gas, with Rosneft, Gazprom, and Lukoil as the industry leaders. Consequently, it is difficult to argue that Norwegian firms will have superior resources and capabilities compared to Russian firms. Therefore, analyzing Norwegian firms in Russia from the general image as a DM firm entering an EM is not applicable.

Another advantage is that DM firms often have stronger (international) brands and more visibility in the EM. This effect mitigates DM firms' uncertainty and risk in EMs (Hoskisson, Eden, Lau and Wright, 2000). Some prominent examples of this phenomenon are McDonald's, Microsoft, Apple, and Coca Cola which have strong and globally recognized brands that are less exposed to the negative effects of LOF. However, none of the Norwegian firms operating in the Russian market carry the same high brand equity, which annuls the mitigating effect.

A study of Danish and Austrian SMEs in Russia showed that one of the key elements to survive in the Russian market was country and region-specific knowledge and previous experience with international business (Meyer & Skak, 2002). They also found that firms in Russia often experienced serendipity in their operations, discovering something unexpected

that greatly alters a firm's growth path. In the research, serendipity was related to the discovery of competitive advantages and opportunities provided by a more extensive business network that benefited the firm.

As previously stated, limited research has been conducted on Scandinavian firms entering Russia concerning the topic of international business. Fortunately, there is reliable research on Scandinavian firms in other EMs. I consider China to be a comparable market to Russia with regards to both countries having historical ties to communism and opening their markets for international trade relatively late, compared to most other countries.

In another article, researchers found several critical success factors for Scandinavian firms which undertook an international expansion into China (Fang, Tung, Berg, & Nematshahi, 2017). One of the factors of importance the Scandinavian firms learned to tackle the Chinese market was partnering with third parties such as domestic or foreign entities if the company lacked the in-house knowledge and expertise about China. Also, the researchers found that fully committing to the market was a key success factor for the firms. Thus, the cultural differences should not intimidate the firms to leave their expansion plans since they can be mitigated by cultural learning and balancing in the long term. Thus, a firm's ability to be resilient is a crucial capability as it provides the time to minimize the adverse effects of LOF over time.

In another article studying Scandinavian firms in China, it became evident that experience with similar markets was a decisive factor in the different firm's success in China (Carlsson, Nordegren, & Sjöholm, 2005). Thus, experience in Hong Kong, Taiwan, and Singapore increased the velocity for the firm to acquire market-specific knowledge. This can be relatable to Russia since there are many similar markets in the post-soviet countries. Based on the research, one might hypothesize that companies with previous experience in post-soviet or other international experience give firms an advantage in Russia.

Overall, analyzing the research from a DM to an EM firm is not applicable for Norway and Russia regarding resource advantages. However, some essential resources and capabilities were identified that are significant for Norwegian firms with regard to LOF. The first component identified in academic literature was region-specific knowledge, mentioned in multiple sources. Additionally, previous experience with international business was a key factor as well. The last resource identified in other EMs that was essential was a firm's resilience and commitment to the market.

3.2.2 Strategic choice

The usual motives for DM firms going abroad are overcoming threats to the firm's existing markets, exploiting possessed experience lacking in the host market with high-technology production, or exporting back to developed home markets (Gaur & Kumar, 2010). Consequently, the conventional motive for DM firms in Dunnings's (2000) framework is market, resource, and efficiency-seeking. In the context of Russia, companies are very likely to enter the market to obtain resources. This is because Russia possesses one of the largest reserves of natural resources, such as mineral fuels, industrial minerals, and metals. Thus, it is reasonable to emphasize resource seeking as a motive for Norwegian (or any other) firms to enter the Russian market.

However, it is more uncertain if Norwegian firms will enter the Russian market with the motivation of strategic asset-seeking investment. Meyer & Skak (2002) found that companies experienced serendipity in the Russian market. Thus, this might imply that some firms experience strategic benefits from the operations in Russia. However, it also suggests that the motive for expanding the Russian market was not strategic. Thus, the motive will not be included in the analysis to increase the focus of the research paper. Consequently, the research will concentrate on how market, efficiency, and resource-seeking motives impact LOF.

Panibratov, Ribberink & Nefedov (2018) find that the choice between equity and non-equity mode significantly influences LOF. In the research, the Russian firms choosing to export as an entry mode into the German market had less pressure from LOF than firms that conducted an FDI. However, it was analyzed from the perspective of an EM-firm entering a DM which is not directly applicable to this research. Yet, it is evident that entry mode significantly impacts LOF. In Huang & Sternquist (2007), an equity mode of entry would be a joint venture or WOS, while non-equity modes are franchising and exporting.

To summarize, the factors that will be analyzed with regards to strategic choice will be the motive for market entry and the entry mode. There is no explicit literature focusing on how the motive for market entry directly influences LOF, but it is a component that will be analyzed in this research. Furthermore, the paper will include the component of entry mode, which has been found to impact LOF for EM firms entering DMs significantly.

3.2.3 Governance structure

In DM firms, the ownership structure of firms is usually more distributed than in EMs, as there are traditionally more shareholders owning a single company (La Porta, Lopez De Silanes, & Shleifer, 1998). However, in Norway, the state often has a more prominent role as an owner in the market, holding significant shares in publicly traded companies. More importantly, many of these firms are present in Russia today, such as Yara, Telenor, and Equinor (Regjeringen, 2022). The reason for the relevance is that state ownership influences LOF. Cui & Jiang (2012) finds that state ownership increases the political affiliation with the home country in the host country, which increases the home and host's regulatory and host's normative pressure on the firm. Thus, it is reasonable to assume that the same effect impacts Norwegian firms in Russia.

When expanding into an EM, we can look at Khanna and Rivkin's (2001) paper that emphasizes the importance of business groups and their profound impact on prosperity. Therefore, affiliation to business a business group might benefit expanding DM firm into EM by limiting LOF. As in most EMs, Russia has many business groups operating in the country. Guriev (2010) describes the Russian economy as "*dominated by a score of business groups*" and attributes the development to underdeveloped financial markets, imperfect contract enforcement, and high political risk. With the presence of a large concentration of ownership in the Russian market by the business groups, it is reasonable to assume that affiliation with one might have considerable influence on LOF.

Thus, it is evident that state ownership might be an influential factor in LOF for Norwegian firms in Russia, as the state often has an equity share in the large public companies in Norway. Next, with business groups in Russia overshadowing the economy, relationships with the groups are expected to limit LOF. Thus, the components derived from the available literature are if state ownership and affiliation to business groups influence LOF.

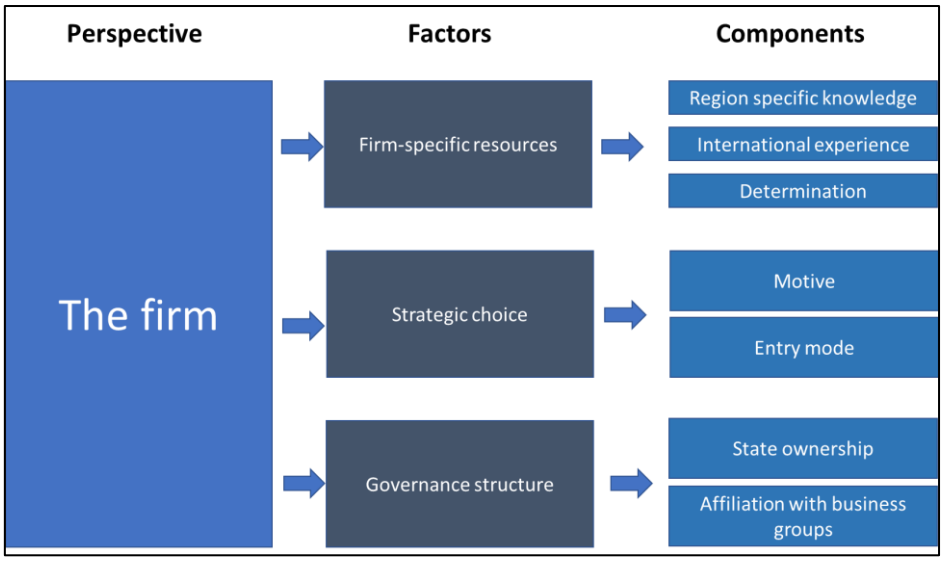

Figure 3: Illustration of the firm perspective's factors and components

3.3 COO

This section of the theoretical framework will discuss the impact of the COO effect and how it influences LOF. In the first part of the section, stereotypes for Norwegian products and companies in Russia will be considered. Next, the concept of ethnocentrism for Russian consumers and firms will be discussed concerning the risk factor it presents to Norwegian firms in terms of LOF.

3.3.1 Stereotyping

To identify Russian stereotypes towards Norwegian products and firms, it would be ideal to find some research that reveals the Russian perception of Norway or Scandinavia and the associated goods. However, there is no such literature available. Thus, an alternative approach is needed. First, the general global perception of Norwegian and Scandinavian goods will be considered. Next, the discussion will analyze how Norwegian or Scandinavian goods are perceived in other similar EMs. Based on this information, a suggestion will be presented on how stereotyping influences LOF for Norwegian firms in Russia.

Since there is limited research on how Russian consumers perceive Scandinavian products, we are forced to rely on studies conducted in other countries. Using the FutureBrand Country Index from 2020, we find that Norway places third (2021). Additionally, in France, Scandinavian products are perceived as quality products, with some idea of design and reliability (Persson, 2008). However, Kleppe (2001) finds that Norway's country-product image is weak in Asian markets, even for well-known products such as seafood. Yet, Korzyuk

(2006) finds that the majority of Ukrainians have a positive general image of the Norwegian seafood industry. Thus, because of the large size of Russia, the heartlands might be more likely to share the perception of Ukrainians. In contrast, the eastern parts of Russia might have a weaker country product image for Norway, similar to the findings in Asia.

Thus, the result of the available literature is ambiguous because it leaves us with limited information to make conclusive predictions about Russian stereotypes toward Norwegian products. Scandinavian products are affiliated with simplicity and quality, implying that stereotyping limits LOF. Also, the Norwegian PCI is believed to have a positive perception in the Russian heartlands based on research in similar markets, whilst the eastern parts of Norway might have a weaker PCI. Since the literature points toward stereotypes working in favor of Norwegian companies, it will be included as a component. Furthermore, the research will investigate if the PCI is stable across the vast territory of Russia.

3.3.2 Ethnocentrism

Strutton, True & Rody (1995) discovers that Russian consumers find domestic goods inferior to goods from large industrial nations like Germany, the US, and Japan. Since the paper is a classic dating back to the aftermath of the fall of the Soviet Union, it might be caused to the decline in national pride and feelings of inferiority associated with the 1990s in Russia (Karatnycky, 1993). However, in contemporary times, the sense of national pride is seemingly resurrected and thus positively influences the perception of domestic Russian products. Additionally, the researcher finds that Russian consumers believe domestic handcrafted products are superior to foreign imported products. Yet, the findings by Wang and Chen (2004) suggest that consumers in developed countries value domestic items more than imported products, while consumers in developing countries value foreign products more than domestic ones.

Tongberg (1972) proposed that cultural similarities between nations could impact the effect of consumer ethnocentrism on attitudes toward foreign products. Countries with higher cultural similarity suffer less from consumer ethnocentrism since they are considered closer to the in-group. Thus, it begs the question of the cultural similarities between Norway and Russia. To analyze the differences, we can use Hofstede's cultural dimensions. The framework has six dimensions that describe a country's cultural characteristics: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, long-term vs. short-term orientation, and indulgence vs. restraint (Hofstede, 2011).

In figure 4, there is a graphical illustration of the differences. Russia has a much more unequal power distribution than Norway in terms of power distance. This is expected, given that the Scandinavian countries are known for being some of the most egalitarian countries globally, with a horizontal societal structure. The same effect is also evident in the next dimension, where Russia is more individualistic than the Scandinavian countries. However, Russia and Norway are both feministic as they score low in masculinity. Yet, Norway has a considerably lower score than Russia.

The first large discrepancy between the two countries is in uncertainty avoidance. Norway has a much lower score than Russia, which is one of the most uncertainty-avoiding countries in the world. The reason is the large bureaucracy and formal communication when interacting with strangers. In the ensuing dimension, Russia has the highest score with a more long-term orientation than Norway. Norwegians are often more concerned with time-honored traditions, while the Russians have a more pragmatic mindset. The last dimension shows that Norway has a more indulgent culture than the Russian one. This is probably because of Russia's historical inheritance, with the country experiencing many hardships in the last centuries. Therefore, the Russians do not focus on personal satisfaction since the nation is still in the development phase with the new way of life and market structure.

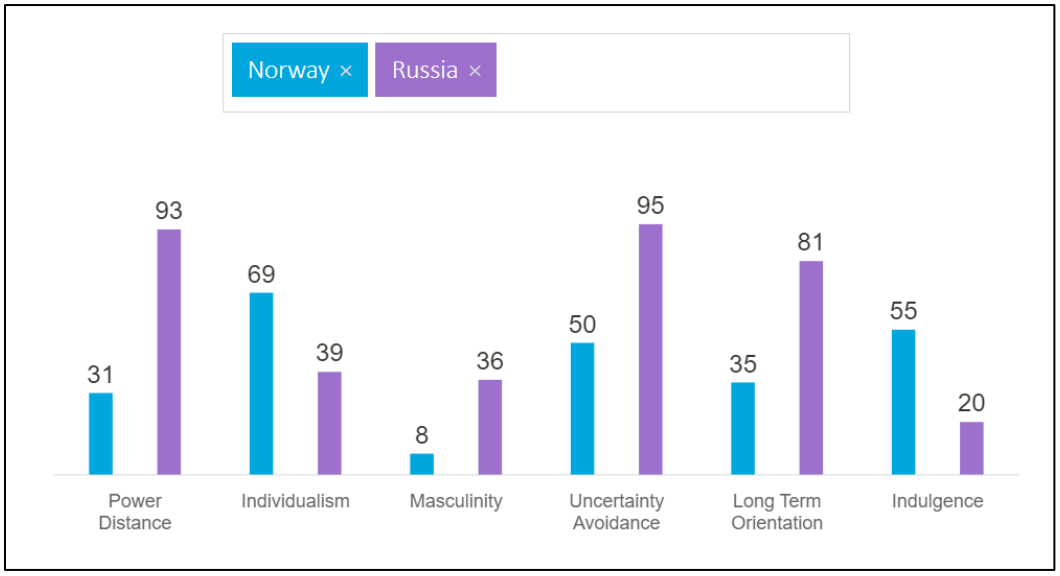

Figure 4 - Hofstede's cultural dimension from https://www.hofstede-insights.com/product/compare-countries/

The last factor to discuss is patriotism that might affect consumer ethnocentrism is the increased tensions between East and West. This further enhances the stigmatization and the feeling of "us" versus "them" that might leave Russian consumers with negative biases

towards goods originating from western countries. With Norway being an EFTA and NATO member, it has a solidified position in the western part of the world, making it vulnerable to being part of the out-group in Russian ethnocentrism. Still, Norway is a small country hardly considered a threat or a global competitor for Russia that might alleviate the effects.

To summarize, after the fall of the Soviet Union, Russian consumers were optimistic about foreign goods originating from western industrialized countries, which are typical for EM economies to this day. However, there are large cultural differences between Norway and Russia, making Norwegian products more exposed to ethnocentric consumers and firms. Additionally, there is increased geopolitical friction between Russia and the West that might increase the ethnocentric pressure because of the socio-psychological factor of patriotism.

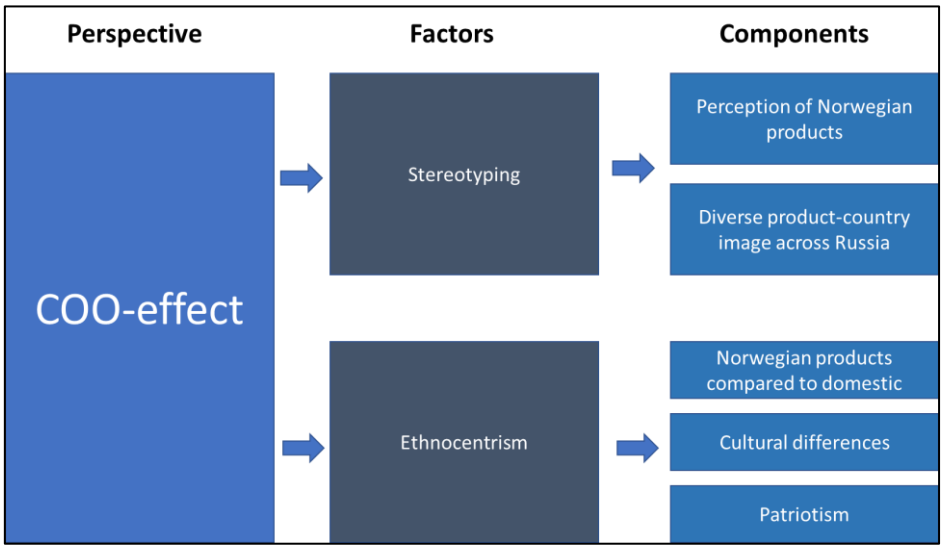

Figure 5: Illustration of the perspective of the COO with the subsequent factors and components

4 METHODOLOGY

4.1 RESEARCH DESIGN

The research approach for this paper will be exploratory research. Given the characteristics of LOF, it is impractical to quantify exact numbers. This is because the definition applied in the study will cover socioeconomic costs. The socioeconomic costs include uncertainties and hazards that Norwegian firms are exposed to in the Russian market, which are unquantifiable. The research is not only concerned with the actual socioeconomic costs incurred, but it also emphasizes the costs avoided. Ergo, trying to gather and quantify the costs for the Norwegian companies in the respective categories the paper explores is unfeasible.

Consequently, the research design needs to depend on Norwegian companies' experiences and impressions of how the environment, the firm, and the COO on LOF. Since the paper identifies the drivers of LOF, quantitative data would be suitable to determine which perspectives have the most extensive influence on LOF using a numerical measure. To determine and rank the effects of each of the perspectives, there will be a used scale variable. Subsequently, a quantitative approach will be applied to the research.

However, there is also non-numerical information required in the research, such as the industry, motive for entry, governance structure, and the impressions of the COO effect. Therefore, we cannot solely rely on numerical data in the research; a level of qualitative data is also needed to collect data using categorical variables. Using a mixture of Likert-scale variables and categorical variables is supported by Molina-Azorin & Cameron (2015) as it enriches the understanding of business problems and questions. The benefit of using this method is presented by Greene, Caracelli, and Graham (1989) which is that the method can harmonize, improve development, and expand the research. Therefore, both these variables will be applied in the study.

There was a discussion of relevant literature for Norwegian firms operating in Russia in the theoretical framework. The rationale for this is to receive an overview and possible significant factors that can be explored in the research. However, the available information and data are sparse and not directly applicable to the study and the aspects of LOF for Norwegian firms the paper seeks to explore. Thus, it is necessary to gather primary data for the research paper to increase the reliability of the research.

4.2 SAMPLE SIZE AND SELECTION

To gather information and provide an overview of the Norwegian companies in Russia, Innovation Norway was contacted. Innovation Norway state-owned company and development bank that is an essential instrument for innovation and development for Norwegian enterprises and industry domestically and abroad. The company has offices in Moscow and facilitates most Norwegian companies entering the market. The Moscow office of innovation Norway provided an exhaustive list of the Norwegian companies operating in Russia, which numbered eighty-four different companies. However, considering the recent events and sanctions, the number of eligible firms was heavily reduced.

Since it is relyed on categorical qualitative and quantitative data, a large sample size is required to verify the quantitative data using statistical analysis. Using primary data is more time-consuming but will allow the research to gather the desired depth needed to make accurate conclusions about LOF. The study aims to have a sufficient sample size that falls within a 10 percent margin of error at a 95 percent confidence interval. Furthermore, the respondents need to have a comprehensive overview of the effects of LOF generated from the environment, the firm, and the COO of the firm. To obtain this complete summary of the perspective, the respondents need to be managers or executives responsible for the Norwegian firm's businesses in Russia. Therefore, the researcher ensured the expertise of the respondents and verified each respondent to obtain quality data.

4.3 ONLINE QUESTIONNAIRE

The first justification for utilizing an online questionnaire is that several Norwegian companies operate in the Russian market, which requires the study to include many firms in the research's sample size to cover the population of firms. This is simpler by using an online questionnaire. Additionally, it will allow the study to collect qualitative and quantitative data efficiently that later will be used in statistical analysis. Furthermore, applying the statistical models to the data will enable the research to confirm the components, factors, and environment that has the dominating effect on LOF.

The online questionnaire design was centered around research subjects derived from the theoretical framework. A brief description of the survey can be found in this section, yet the complete survey can be found in Appendix I. The survey used a sequential design. In the first part of the survey, general questions were mapping the respondent's company, years of experience in the given company, and what industry the firm operated in. The first part will be

used for a descriptive section of the analysis of the respondents. Moreover, it will be applied to check the validity of the sample obtained.

The second part of the questionnaire includes statements that have been answered using the Likert scale, which is found to be the most common and suitable approach to measure attitude and judgment (Preston & Colman, 2000). It was decided to utilize the seven-point Likert scale for the research as Colman, Norris, and Preston (1997) found that it is superior to the five-point Likert scale to gather a respondent's impression. The seven-point Likert scale is evidently more suitable for electronic purposes, such as online questionnaires (Finstad, 2010). Moreover, Lewis (1993) finds that the seven-point Likert scale is better when applying parametric tests to measure effects which is a method that will be utilized in the research. Thus, there were compelling arguments in the literature supporting using the seven-point Likert scale for this research.

In the Likert-scale section of the survey, there will be four questions investigating the institutional environment, both the regulatory and normative distance. There will also be questions regarding industry analyzing the components competitiveness and adaptations. Next, there will be three questions to explore the firm-specific resources and the impact on LOF. The final four questions will cover the COO effect with the following components stereotype and ethnocentrism.

The third part of the questionnaire gathers qualitative categorical about the firm perspective and the COO-effect. The two first is regarding the strategic choice of the firm, with emphasis on the motive for market entry and entry mode. In the subsequent two questions, governance structure concerning the state ownership and business group affiliation is gathered. The final part of the third section will include questions about the COO's effect on LOF concerning stereotyping and ethnocentrism.

4.4 METHOD OF ANALYSIS

Several methods were used to analyze the data obtained in the online questionnaire. This part of the analysis aims to provide the researcher and readers with an overview of the results obtained. In the initial section of the research, descriptive statistics were used to present the data obtained in the survey using STATA. The first section of the analysis covered the number of companies participating in the research as well as the respondents in terms of experience working for the current company in Russia and the industry the firm operates. This

was done by using tables and graphics. Next, the Likert variables were presented in a table format to present the means, medians, standard deviation, and the range of the variables. Last, the categorical variables were presented using histograms and pie charts.

Next, an analysis of Pearson's correlation coefficient was conducted. The results are presented in a correlation matrix that will be used to analyze the correlation between the Likert variables. The correlation coefficients will provide a numerical value representing the linear interdependence between the variables. The analysis was performed to see if there was any association between the variables to unlock any patterns in the data.

There is a major difference in the academic community using parametric versus non-parametric tests for ordinal variables such as Likert-scale variables (Lindeløv, 2018). This debate between the ordinalists, the researchers that favor non-parametric tests, and the intervalists, that advocate for parametric tests. Carifio & Perla (2008) uses fundamental statistical principles as arguments that parametric tests are more applicable for Likert scale variables. Furthermore, Harpe (2015) compares the two analysis methods and finds that parametric tests are most suitable for comparing means when using Likert scale variables. Likewise, Norman (2010) makes extensive arguments favoring the use of parametric tests for Likert variables after conducting simulations testing the accuracy of parametric tests vs. non-parametric tests. Consequently, after studying the views of both the ordinalists and intervalists, the arguments of the intervalists favoring parametric tests seem to be more evidence-based and more robust than the ordinalists. Therefore, parametric tests were applied in the research.

In the following part of the data analysis, the parametric tests test differences in means for the Likert quantitative variables and differences within groups for the categorical variables. However, the assumption for the parametric tests will still be assessed to ensure the validity of the analysis. When testing for the differences in means, unpaired t-tests for the various Likert variables will be conducted to analyze if there are significant differences in means. The software to analyze used for the unpaired t-test is STATA.

An Analysis of Variance (ANOVA) will be conducted for each quantitative Likert variable and categorical variable using STATA to examine the group differences in the categorical variables. This will uncover any significant effects between the groups in the categorical variables on how it influences LOF. Moreover, a Multivariate Analysis of Variance (MANOVA) analysis will be conducted with several Likert variables as dependent variables.

This is done to assess if factors (several components combined) significantly affect the groups in the categorical variables. The MANOVA analysis accounts for the relationship between the dependent variables and controls for type I errors. The software used to conduct the MANVOA analysis was SPSS. The reason for applying SPSS for MANOVA is that the software allows for qualitative variables to be defined as groups, and it provides a more helpful output for analysis.

4.5 EVALUATION OF CHOICE OF METHODOLOGY

The decision to apply not to utilize qualitative data methods of analysis (which is most common when researching LOF) was because the quantitative data allowed the research to rank and quantify the respondents' opinions. Instead of interpreting data from interviews, the quantitative data allows for a more accurate measurement of the attitudes. Furthermore, the quantitative data allowed the researcher to utilize statistical models to ensure the significance of the effects. The quantitative approach also permitted using an online questionnaire as a data collection method to provide a larger sample size than collecting the data in person.

In the previous section, the debate between ordinalists and intervalists was emphasized. Hence, from ordinalists' perspective, there is most likely some criticism towards using parametric tests such as the t-test, ANOVA, and MANOVA to analyze the collected data. However, based on the literature provided by the intervalists, the method of analysis is entirely appropriate. Furthermore, the data collected had few violations of the assumptions for applying parametric tests. Overall, the statistical analysis method might be considered applicable even to the most vocal supporters of the ordinalists' view.

5 RESULTS

5.1 THE RESPONDENTS AND COMPANIES

Based on the list provided by innovation Norway, all 84 organizations were approached. However, many of the firms had ceased operations in Russia because of the recent political developments whilst others had many ended years ago. Still, they had not notified Innovation Norway about the market exit. Additionally, some of the firms had been acquired by the other companies on the list and were therefore integrated into the other firms. Lastly, a few firms had simply ended operations because of the owners retiring or the firm going bankrupt. Furthermore, some companies were non-profit organizations that were not connected to the Russian commercial business market.

Company numerical	Freq.	Percent	Cum.
Company 17	2	8.33	8.33
Company 20	2	8.33	16.67
Company 6	2	8.33	25.00
Company 1	1	4.17	29.17
Company 10	1	4.17	33.33
Company 11	1	4.17	37.50
Company 12	1	4.17	41.67
Company 13	1	4.17	45.83
Company 14	1	4.17	50.00
Company 15	1	4.17	54.17
Company 16	1	4.17	58.33
Company 18	1	4.17	62.50
Company 19	1	4.17	66.67
Company 2	1	4.17	70.83
Company 21	1	4.17	75.00
Company 3	1	4.17	79.17
Company 4	1	4.17	83.33
Company 5	1	4.17	87.50
Company 7	1	4.17	91.67
Company 8	1	4.17	95.83
Company 9	1	4.17	100.00
Total	24	100.00	

Table 3: Frequency of companies participating in the research

Consequently, there were 43 companies eligible to partake in the research. All the qualified firms were contacted, and 24 managers responded to the survey, shown in table 3. The total number of companies participating in the research was 21, as two companies (company 17, 20, and 6) had several branches in Russia. Consequently, each branch manager answered the survey, which explains the increased frequency for the three companies. There was only one respondent in the senior management for all the other companies that answered the survey. The reason for only having one respondent from most firms is because the company's branches involved in the Russian market were often small, with a team of usually 1 – 10 people. In most cases, only one person in each company was qualified to answer the survey because of the required insight into the institutional environment, industry specifics in the Russian market, and the organizational resources.

The companies in the research were operating in 12 different industries. The largest industries are maritime, consulting, and chemicals, respectively. However, there seems to be a disproportionate positive amount of consulting firms compared to the total number of applicable firms in the dataset. However, this deviation in terms of the industry is acceptable as a sample representing the rest of the industries provided in the dataset by Innovation Norway.

What industry does your company operate in?	Freq.	Percent	Cum.
Chemicals	2	8.33	8.33
Consulting	4	16.67	25.00
Electrotechnical & mechanical	1	4.17	29.17
Fish processing equipment	1	4.17	33.33
Food, milk packaging	1	4.17	37.50
Hospitality	1	4.17	41.67
Humanaitarian work.	1	4.17	45.83
Maritime	9	37.50	83.33
Oilfield services provider	1	4.17	87.50
Printing plant	1	4.17	91.67
R&D in environment and aquaculture	1	4.17	95.83
Sporting goods Wholesale	1	4.17	100.00
Total	24	100.00	

Table 4: List of industries participating in the research

Last, the online questionnaire included an inquiry about how long the respondent had been working for the Norwegian company they were representing to gather information about their experience in the Russian market. In figure 6, it is evident that most of the managers had been working in the company for less than ten years. However, a few respondents exceeded ten years of experience, and the largest observation was 25 years. The average duration in the company working in Russia for respondents was 9.63 years, which was considered high. However, it is reasonable as all the respondents are managers in their respective firms, which often requires years of work climbing the corporate ladder. Yet, the standard deviation is also high, implying a significant deviation from the mean, as seen in the distribution presented below.

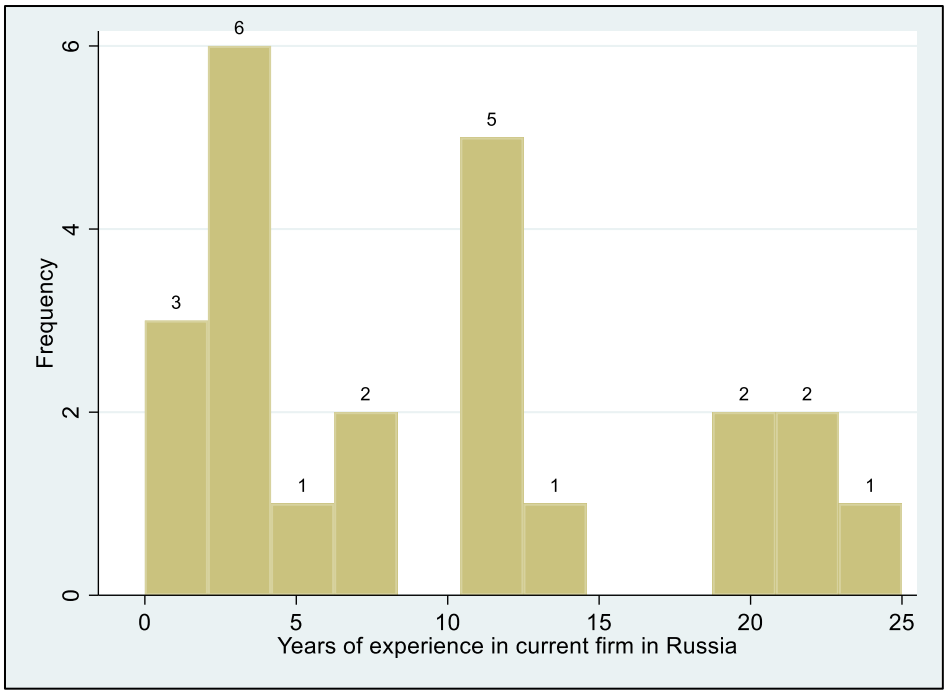

Figure 6: Histogram showing the years of experience of the respondents in the survey working for their current company in Russia

5.2 THE LIKERT-SCALE VARIABLES

The variables containing quantitative data using the seven-point Likert scale, the summary of the results is presented in Table 5. However, you can find an explanation of each variable used in the research in appendix II. The largest mean was the variable "pre_knowledge" which was the question of how the respondent perceived the importance of knowledge about the Russian market and business practices. The variable "stereotype" was created by reverse ordering "perception_norway" to fit the ordering of the other variables where a high score represents a more prominent driver of LOF while a lower score indicates an insignificant effect on LOF. Thus, the ordering of the variable is coherent with the rest of the variables. The second-largest mean is the variable"experience_internationally", which is the question that emphasizes how vital previous international experiences were for Norwegian companies operating in Russia. However, the range is more extensive than pre_knowledge, but it still has a smaller standard deviation implying the respondent's opinion cohesion. Regarding the variables with the lowest mean, cultural differences and patriotism are considerably lower than the rest. The range and standard deviation are also relatively small compared to the other variables, implying that the respondents shared similar attitudes towards the two statements.

Initial Likert Variables	count	mean	median	sd	min	max
russian_legal	24	4.208333	4	1.250362	2	6
norwegian_legal	24	3.625	4	1.438976	1	6
informal_norms	24	4.375	4	1.555146	2	7
competitive	23	3.826087	4	1.466355	1	6
adaptations	23	2.956522	2	1.460954	1	5
pre_knowledge	23	5.913043	6	1.378835	1	7
experience_internationally	23	4.391304	4	1.698639	2	7
resilient	24	4.25	4.5	1.293798	2	6
cultural_diff	24	1.625	1	.8242256	1	4
patriotism	24	1.75	1	1.113162	1	4
stereotype	24	2	2	.9780193	1	4
N	24					

Table 5: Overview of the seven-point Likert-scale variables generated by the respondents

In the output from STATA below, Pearson's correlation coefficients are presented in table 6 from the initial Likert variables. In the first part of the correlation matrix, the correlation between all variables is shown. However, in the lowest part of the figure, we see the variables that have a correlation larger or smaller than the interval [-0.25; 0.25], which represents a weak correlation. It is evident that cultural differences have a weak positive correlation to resilience as the correlation coefficient is 0.27. Furthermore, cultural differences have a strong positive correlation with patriotism, indicating a robust linear relationship. However, stereotyping seems weak-moderate linear relationship to both cultural differences and patriotism.

	russia~l	norweg~l	inform~s	compet~e	adapta~s	pre_kn~e	experi~y
russian_le~l	1.0000						
norwegian_~l	0.2821	1.0000					
informal_n~s	0.1593	0.2893	1.0000				
competitive	-0.0153	-0.1346	-0.0507	1.0000			
adaptations	-0.0299	-0.1237	-0.3071	0.4147	1.0000		
pre_knowle~e	0.1090	-0.3250	0.3723	0.2187	0.1456	1.0000	
experience~y	-0.0193	0.0189	0.4763	0.2933	-0.1400	0.2922	1.0000
resilient	0.1480	0.0525	0.3591	0.2276	-0.1985	0.5640	0.2868
cultural_d~f	0.2991	0.3796	-0.0440	0.0365	0.3888	0.3220	-0.2045
patriotism	0.4225	0.3979	-0.0222	0.0955	0.5158	0.2406	-0.1361
stereotype	-0.0784	0.0327	-0.1940	-0.0343	0.3669	0.2864	-0.2016

	resili~t	cultur~f	patrio~m	stereo~e
resilient	1.0000			
cultural_d~f	0.2703	1.0000		
patriotism	0.0049	0.7954	1.0000	
stereotype	0.0401	0.4349	0.4240	1.0000

Table 6: Correlation matrix of the initial Likert-scale variables generated from the online questionnaire

Furthermore, new Likert-scale ordinal variables were generated established on the data gathered by the respondents. The first variable generated is regulatory distance, representing the arithmetic mean of “norwegian_legal” and “russian_legal”. Next, the normative distance is the arithmetic mean of the home and host impact on the normative distance, namely “informal_norms” and “cultural_diff”. The same procedure creates the next variable institution using “regulatory_distance” and “normative_distance”. Subsequently, “industry_env” is a representative of the arithmetic mean of competitive and adaptations, while firm_resources is derived from “pre_knowledge”, “experience_internationally”, and “resilient”. Next, firm_perspecrtive is created from an arithmetic mean of firm_resources, which proves to be identical. Next, the environment_perspective is an arithmetic mean of regulatory and normative distance. Last, the COO_perspective utilizes the same approach as the previous variable using ethnocentrism and stereotype.

Generated variables						
	count	mean	p50	sd	min	max
regulatory_distance	24	3.916667	4	1.059806	2	6
normative_distance	24	3	3.25	.8340577	1.5	4
institution	24	3.458333	3.5	.809813	2	5
industry_env	22	3.454545	3.5	1.214095	1.5	5.5
firm_resources	23	4.869565	4.666667	1.023655	3	6.666667
ethnocentrism	24	1.6875	1.25	.9066482	1	4
stereotype	24	2	2	.9780193	1	4
firm_perspective	23	4.869565	4.666667	1.023655	3	6.666667
environment_perspective	22	3.4375	3.375	.6940971	2.25	5
COO_perspective	24	1.84375	1.75	.8136489	1	4
N	24					

Table 7: Summary of the generated variables from the arithmetic means from the components and factors

Next, we can examine the correlation coefficient for the generated variables presented in table 8. The overall perspectives (the environment, firm, and COO) generated in the research are correlated. The strongest correlation is between the COO variable and the environmental perspective, with a correlation coefficient of 0.4574. The second-largest correlation is with the environment and firm perspective, barely surpassing the critical value of 0.25.

	ln_rus~l	regula~e	normat~e	instit~n	indust~v	firm_r~s	ethnoc~m
ln_russian~l	1.0000						
regulatory~e	0.7625	1.0000					
normative_~e	0.3092	0.4601	1.0000				
institution	0.6610	0.8943	0.8087	1.0000			
industry_env	-0.0651	-0.1195	-0.0738	-0.1164	1.0000		
firm_resou~s	0.0629	0.0047	0.5324	0.2714	0.1214	1.0000	
ethnocentr~m	0.3946	0.5017	0.4055	0.5367	0.3389	0.0339	1.0000
firm_persp~e	0.0629	0.0047	0.5324	0.2714	0.1214	1.0000	0.0339
COO_perspe~e	0.1787	0.2722	0.2485	0.3055	0.3144	0.0090	0.8420
environmen~e	0.3376	0.4294	0.4182	0.4952	0.8053	0.2682	0.6169

	firm_p~e	COO_pe~e	enviro~e
firm_persp~e	1.0000		
COO_perspe~e	0.0090	1.0000	
environmen~e	0.2682	0.4574	1.0000

Table 8: Pearson's correlation coefficients presented for the generated variables

5.3 THE CATEGORICAL VARIABLES

The qualitative data from the first two categorical variables in the survey is presented in figure 7. The figure shows the frequency on the vertical axis and the categories on the horizontal axis. In the first categorical variable, it is evident that the primary motive for the sample was a market-seeking motive for the Norwegian firms to enter the Russian market. However, six respondents classified the entry motive as other, implying either an alternative purpose for entering the Russian market or that the manager might have been uncertain about the firm's intention. Lastly, two firms were resource seeking whilst none classified the firms' motive as efficiency-seeking.

Concerning the entry mode, Wholly Owned Subsidiary (WOS) was the choice of most firms. However, the second-largest category is “others,” which represents an alternative entry mode not presented in the literature or the respondent’s lack of knowledge regarding the entry mode. Furthermore, exporting was the third-largest category while only one firm entered the market using a joint venture. However, none of the firms used franchising as an entry mode to the Russian market.

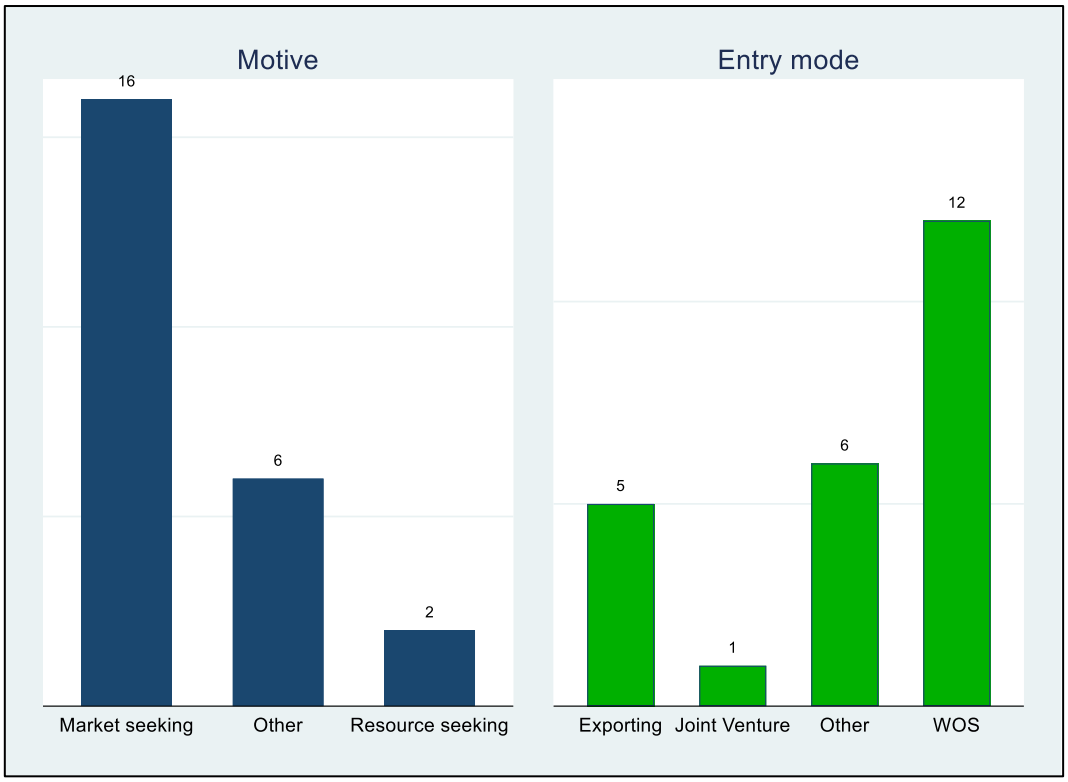

Figure 7: Histograms showing motive for market entry and the entry mode chosen by the firms participating in the research

Next, we need to view the results of the categorical variable containing information if the Norwegian state had an ownership stake in the firm. In figure 8, there is a pie chart to the left where it is evident that half of the firms did not have state ownership, whilst eight did. This is not a surprise, given that the Norwegian state is a significant shareholder in the Norwegian market. Furthermore, looking at the firm's affiliation with Russian business groups, 14 companies were unaffiliated, accounting for more than half of the total firms in the research. Yet, there are six companies affiliated with a business group. Based on Guriev's (2010) research, it was expected that more firms would be affiliated with some of the Russian business groups. However, it is possible that some of the firms were affiliated with a business group but lacked the knowledge about Russian business groups to give a decisive answer based on the four respondents that did not know.

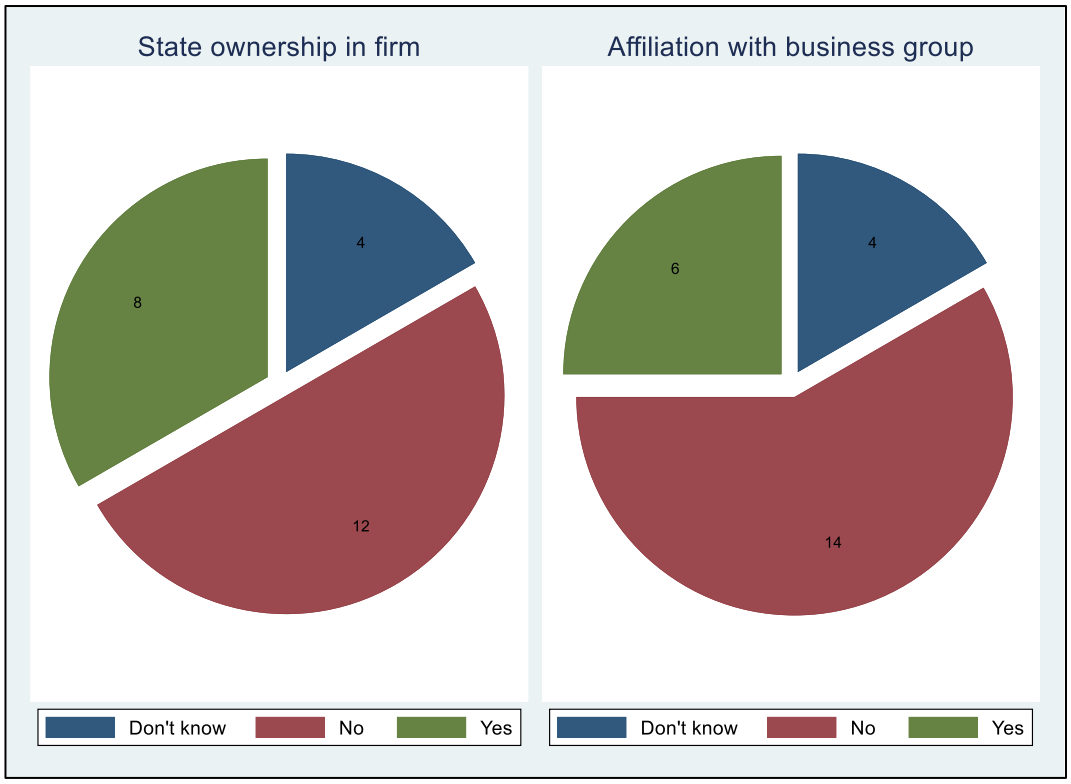

Figure 8: Pie charts showing if the state is a shareholder in the company and if the firm is affiliated with a business group

Last, it is necessary to view the results of the categorical variables containing data about the COO effect. The first variable was concerning stereotyping and PCI. The respondent was asked if they believed consumers in the urban centers had the same product perception as the ones in the far east. A slight majority of 11 respondents stated that they thought the perception was the same. However, eight people believed it was different, whilst five were uncertain.

The final categorical variable contained data about whether the respondent believed that Russian consumers and firms preferred Norwegian products over domestic ones. In the pie chart, it is evident that a slight majority thought this was the case. However, as many as nine respondents indicated that this might be the case, emphasizing supporting evidence that Russian consumers might prefer Norwegian products, whilst only two considered it false.

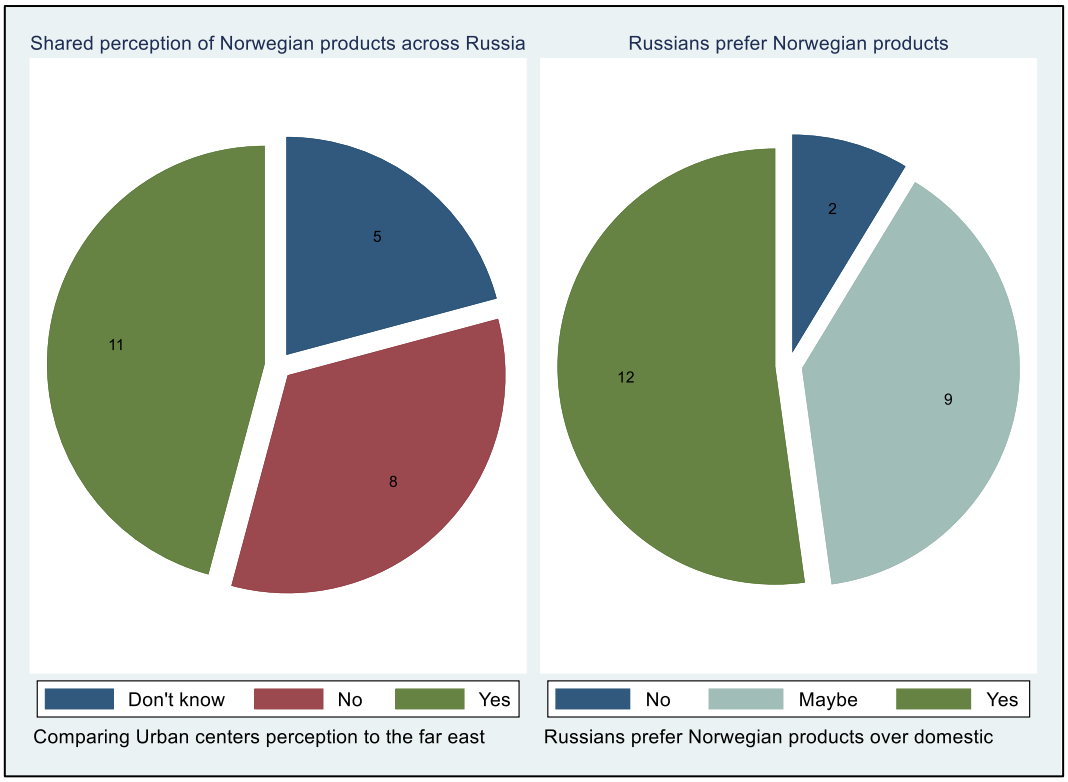

Figure 9: Pie charts illustrating if the respondents consider there to be a shared Norwegian product country image across Russia and if they think Russian consumers (and firms) prefer Norwegian products over domestic

5.4 ASSUMPTION TESTING FOR PARAMETRIC TESTS

The Likert variables were tested for differences in means in the research to identify if the components were significantly different. Consequently, an unpaired t-test for the Likert-scale variables and an ANOVA analysis will be conducted to determine the effects within the groups of the categorical variables. The assumptions for a parametric t-test are that the data should be collected using random sampling, normal distribution of variables, and homogeneity of variance (Maverick, Boyle, & Clarine, 2021). First, the data sample is representative of the total population of Norwegian firms in Russia as there are various industries, executives of diverse ethnicity, and experience in the Russian market.

However, some variables are not normally distributed, which is often the case for quantitative ordinal Likert scale variables. However, according to Norman (2010), Likert data with a small sample size, unequal variance, and non-normal distribution can be used for parametric tests with accurate results. This is supported by Carifio and Perla (2008), who states that utilizing Likert scale data using means and standard deviation for parametric analysis such as the t-test and ANOVA is appropriate. Still, there is homogeneity in the variance for most of the

variables in the dataset. Moreover, only a minority of the variables lack normal distribution. Consequently, since the deviation from the assumptions is only the case for a few of the variables, the results can be interpreted causally.

5.5 DIFFERENCES IN THE LIKERT-VARIABLES

In this section, the original and generated Likert scale variables will be compared by testing if there is a significant difference in means. The methodological approach chosen is unpaired t-tests, as the literature supports the usage of parametric tests for Likert scale variables.

5.5.1 Analysis of the components

Conducting an unpaired t-test for the differences in the Norwegian and Russian legal environment, we find no significant difference between the two components that represent the regulatory distance. However, there is a significant difference between the challenge for the normative component of the environment in relation to how large the challenge cultural differences are for Norwegian companies and how large the challenge is perceived by Russian companies, as shown in figure 10.

```
Two-sample t test with equal variances

------------------------------------------------------------------------------
Variable |     Obs        Mean    Std. err.   Std. dev.   [95% conf. interval]
---------+--------------------------------------------------------------------
inform~s |      24       4.375    .3174428    1.555146     3.71832     5.03168
cultur~f |      24       1.625    .1682443    .8242256     1.27696     1.97304
---------+--------------------------------------------------------------------
Combined |      48           3    .2679711    1.856558    2.460912    3.539088
---------+--------------------------------------------------------------------
    diff |                2.75    .3592716                2.026824    3.473176
------------------------------------------------------------------------------
    diff = mean(informal_norms) - mean(cultural_diff)             t =   7.6544
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
```

Figure 10: Unpaired t-test showing significant differences in the means between informal_norms and cultural_diff

To analyze if there is a significant difference in the regulatory and normative distance in the institutional environment, there will be conducted an unpaired t-test. In figure 11, the null hypothesis is rejected, and there is a significant difference in the means. Based on the t-statistics, the regulatory environment is a significantly larger driver of LOF.

```
Two-sample t test with equal variances
------------------------------------------------------------------------------
Variable |     Obs        Mean    Std. err.   Std. dev.   [95% conf. interval]
---------+--------------------------------------------------------------------
regula~e |      24    3.916667     .216332    1.059806     3.46915    4.364183
normat~e |      24           3    .1702513    .8340577    2.647808    3.352192
---------+--------------------------------------------------------------------
Combined |      48    3.458333    .1516994    1.051004    3.153154    3.763513
---------+--------------------------------------------------------------------
    diff |            .9166667    .2752908                .362535    1.470798
------------------------------------------------------------------------------
    diff = mean(regulatory_dis~e) - mean(normative_dist~e)        t =   3.3298
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9991         Pr(|T| > |t|) = 0.0017          Pr(T > t) = 0.0009
```

Figure 11: Unpaired t-test showing significant differences in means for regulatory_distance and normative_distance

For industry, it is necessary to conduct an unpaired t-test as there are only two means to compare. In the output below, there is a p-value of 0.0501 between adaptations and the industry's competitiveness. Consequently, the significance is just above the 5 percent significance level threshold, leaving it significant within 10 percent if we are using a two-sided test. However, if a one-sided test is applied, competition has a significantly higher mean than adaptations.

```
Two-sample t test with equal variances
------------------------------------------------------------------------------
Variable |     Obs        Mean    Std. err.   Std. dev.   [95% conf. interval]
---------+--------------------------------------------------------------------
compet~e |      23    3.826087    .3057562    1.466355    3.191987    4.460187
adapta~s |      23    2.956522      .30463    1.460954    2.324758    3.588286
---------+--------------------------------------------------------------------
Combined |      46    3.391304    .2230189    1.512588    2.942121    3.840488
---------+--------------------------------------------------------------------
    diff |            .8695652     .431609               -.0002855    1.739416
------------------------------------------------------------------------------
    diff = mean(competitive) - mean(adaptations)                  t =   2.0147
H0: diff = 0                                     Degrees of freedom =       44

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9750         Pr(|T| > |t|) = 0.0501          Pr(T > t) = 0.0250
```

Figure 12: Unpaired t-test showing significant differences in the competitive environment and product adaptations for the Russian market

For factor firm-specific resources, the three means of the Likert-scale variables resilient, pre_knowledge, and experience_internationally is tested using multiple unpaired t-tests. The output is presented in appendix III. Here, it is evident that pre-existing knowledge about the Russian market is significantly different from the two other firm-specific resources. The descriptive table in 6.2, table 5 shows that the mean of pre-existing knowledge about the

Russian market is substantially more impactful on LOF than the other two firm-specific resources. However, there is no significant difference between the impact of international experience and a firm's resilience when analyzing the means.

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
patrio~m	24	1.75	.2272233	1.113162	1.279953	2.220047
cultur~f	24	1.625	.1682443	.8242256	1.27696	1.97304
Combined	48	1.6875	.1401502	.9709887	1.405554	1.969446
diff		.125	.2827306		-.4441072	.6941072

diff = mean(patriotism) - mean(cultural_diff) t = 0.4421
H0: diff = 0 Degrees of freedom = 46

Ha: diff < 0 Ha: diff != 0 Ha: diff > 0
Pr(T < t) = 0.6698 Pr(|T| > |t|) = 0.6605 Pr(T > t) = 0.3302

Figure 13: Figure 13: Unpaired t-test showing significant differences between patriotism and cultural differences.

Last, it is needed to analyze the differences in the COO-related variable ethnocentrism. The variables included are cultural_diff and patriotism. Given the two means to compare, we conduct a t-test. Here, we find no significant difference between the two variables, which implies that patriotism and cultural differences have a similar effect on LOF.

5.5.2 Analysis of the factors

The generated variables derived from the components' arithmetic mean will be applied for significant differences to analyze the factors. First, the environment will be explored to see if there are any significant differences between the institutional environment and industry in terms of means. The output of the test can be found in appendix III. The results show no significant difference between the challenges of the industry and the institutional environment for Norwegian companies.

Regarding the effects from the firm, only the firm-specific resources have been quantified by the respondents using the Likert scale. Consequently, it is impossible to compare the impact of the firm perspective using means. However, the effects of the strategic choices and entry mode will be analyzed using both ANOVA and a MANOVA analysis in the subsequent sections.

Last, we can dissect the effects of the COO-effect in terms of differences in means. Here, the purpose is to analyze if there is a statistically significant difference in means regarding stereotyping and ethnocentrism. To test for the differences, we are applying an unpaired t-test. The output found in appendix III shows no significant difference in means between the two variables. Therefore, there is no significant difference in the effect of ethnocentrism and stereotyping's impact on LOF.

5.5.3 Analysis of the perspectives

To analyze the differences in the three perspectives in the research, the environment, the firm, and the COO. The unpaired t-test of the differences is shown in figure 14, which indicates a highly significant difference in means for all the three perspectives. The p-value for all the consequent tests is smaller than 0.000. Consequently, it can be interpreted that the firm perspective is significantly larger than the environment and COO perspective. Furthermore, it shows that the environment has a substantially larger impact than the COO perspective for Norwegian companies in Russia.

```
   diff = mean(firm_perspective) - mean(COO_perspective)         t =  11.2431
H0: diff = 0                                     Degrees of freedom =       45

   Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
------------------------------------------------------------------------------
   diff = mean(firm_perspective) - mean(environment_pe~e)        t =   5.4675
H0: diff = 0                                     Degrees of freedom =       43

   Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
------------------------------------------------------------------------------
   diff = mean(COO_perspective) - mean(environment_pe~e)         t =  -7.1146
H0: diff = 0                                     Degrees of freedom =       44

   Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 1.0000
```

Figure 14: Unpaired t-test for all the perspectives that shows significant differences in all the tests.

5.6 EFFECTS OF THE CATEGORICAL VARIABLES

The following section will analyze the categorical variables for differences between the groups. The purpose of the analysis is to show the effects of the categorical variables through the ordinal Likert scale variables. The statistical models chosen for the study are ANOVA and MANOVA.

5.6.1 ANOVA for differences in groups

All the Likert variables were tested for differences among groups in the categorical variables in the ANOVA analysis. In the output below, only the Likert-scale quantitative variables that have significant differences within the categorical variables were included with a descriptive table to interpret the results. However, all output of the ANOVA analysis can be found in

appendix IV. Also, Barlett's test for equal variance will be presented to ensure the validity of the test.

The first significant difference in the quantitative variables between groups is in the question regarding how large a challenge the Russian legal environment is for the firm. In the output below in figure 15, the p-value of the f-statistics is below 5%, which can be considered significant. Furthermore, Barlett's test for equal variances is insignificant at 0.128, which fulfills the assumption of variance equality. The respondents representing firms with state ownership have a significantly higher mean than the firms that do not have state ownership, indicating that the Russian legal environment is a greater challenge for state-owned enterprises. The respondents who did not know if the state was a share had the lowest mean of them all, implying that the Russian legal environment is less of a challenge.

Does the Norwegian state have an ownership share in your company? | Summary of The Russian legal environment is a large driver of costs and uncertainty for you

	Mean	Std. dev.	Freq.
Don't know	3.25	1.5	4
No	4	.73854895	12
Yes	5	1.4142136	8
Total	4.2083333	1.2503623	24

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	9.20833333	2	4.60416667	3.61	0.0448
Within groups	26.75	21	1.27380952		
Total	35.9583333	23	1.5634058		

Bartlett's equal-variances test: chi2(2) = 4.1092 Prob>chi2 = 0.128

Figure 15: ANOVA analysis of the variable Russian legal environment and state ownership

The next significant difference is product adaptations and the categories in motive for entry into the Russian market. The p-value of the difference is just below the threshold for a 5 percent significant level. However, Barlett's test for equal variance is significant but is considered unproblematic when using an ordinal Likert scale variable as the dependent variable. In this question, companies conducting the most extensive product adaptations are the companies that have an unspecified motive to enter the Russian market. However, market-seeking companies make more extensive adaptations to their products than resource-seeking firms.

How would you describe your company's primary motive to enter the Russian market	Summary of Your company makes large adaptations to products and business practices specific		
	Mean	Std. dev.	Freq.
Market seeking	2.75	1.4832397	16
Other	4.2	.4472136	5
Resource seek..	1.5	.70710678	2
Total	2.9565217	1.4609543	23

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	12.6565217	2	6.32826087	3.69	0.0432
Within groups	34.3	20	1.715		
Total	46.9565217	22	2.13438735		

Bartlett's equal-variances test: chi2(2) = 5.0303 Prob>chi2 = 0.081

Figure 16: ANOVA analysis of product adaptation for the Russian market and motive for market entry

The subsequent significant difference is for the variable stereotype and the groups in the firm's entry mode into the Russian market, shown in figure 17. The p-value is just above 5%, indicating that the difference is at a 10% level, slightly weaker than the previous models. However, Barlett's test for equal variance is insignificant, suggesting that the equal variance assumption is fulfilled. The WOS believe that Russian consumer generally views Norwegian products higher than the other categories. Next, Joint-Venture and the uncategorized responses (others) have lower means for the perception of Norwegian products in Russia. Furthermore, the exporting companies seem to experience the most inadequate positive perception of Norwegian products. However, all categories share a positive view as the mean is considerably lower than 4.

How would you characterize your firm's entry mode into the Russian market?	Summary of stereotype		
	Mean	Std. dev.	Freq.
Exporting	2.8	.83666003	5
Joint Venture	2	0	1
Other	2.3333333	1.0327956	6
WOS	1.5	.79772404	12
Total	2	.97801929	24

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	6.86666667	3	2.28888889	3.02	0.0536
Within groups	15.1333333	20	.756666667		
Total	22	23	.956521739		

Bartlett's equal-variances test: chi2(2) = 0.4614 Prob>chi2 = 0.794

Figure 17: ANOVA model of stereotype and entry-mode into the Russian market

The final significant variable with a categorical variable is perception and business group affiliation. In the ANOVA output in figure 18, the p-value is 0.0364 leaving the differences in the categorical variable as significant at a 5 percent level. Additionally, Barlett's test is insignificant. It is evident that the respondents that are unaware of any affiliation to a business group experience that Russian consumers and firms are more positive towards Norwegian products. However, it is also evident that the companies affiliated with business groups have a lower mean than those that are not. This indicates that the companies affiliated with business groups experience more positivity from Russian consumers and firms towards Norwegian products.

Is your company affiliated (formally or informally) with any business groups?

	Summary of stereotype		
	Mean	Std. dev.	Freq.
Don't know	1	0	4
No	2.3571429	1.0082081	14
Yes	1.8333333	.75277265	6
Total	2	.97801929	24

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	5.95238095	2	2.97619048	3.89	0.0364
Within groups	16.047619	21	.764172336		
Total	22	23	.956521739		

Bartlett's equal-variances test: chi2(1) = 0.5222 Prob>chi2 = 0.470

Figure 18: ANOVA model of stereotype and business group affiliation

5.6.2 MANOVA for multiple dependent variables

In this section, there will be used a MANOVA analysis to test if several of the quantitative Likert variables have significant differences within the groups of the categorical variables. However, since it has already been conducted an ANVOA analysis where we found limited significance in the differences using only one dependent variable, it is expected that the combination of two dependent variables will be less substantial. This is because the MANOVA-method utilizes the same analysis of variance as ANOVA and needs a high explanatory power from each of the variables to be significant. However, if there is a significant result, the results are highly dependable. All output from the analysis is found in appendix V.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,822	41,653[b]	2,000	18,000	<,001	,822
	Wilks' Lambda	,178	41,653[b]	2,000	18,000	<,001	,822
	Hotelling's Trace	4,628	41,653[b]	2,000	18,000	<,001	,822
	Roy's Largest Root	4,628	41,653[b]	2,000	18,000	<,001	,822
Howwouldyoudescribeyourcompanysprimarymotivetoentertheussianmar	Pillai's Trace	,376	2,199	4,000	38,000	,088	,188
	Wilks' Lambda	,625	2,382[b]	4,000	36,000	,070	,209
	Hotelling's Trace	,598	2,541	4,000	34,000	,058	,230
	Roy's Largest Root	,595	5,652[c]	2,000	19,000	,012	,373

Table 9: Multivariate analysis of variance (MANOVA) for the components in the factor industry and the categorical variable motive for market entry

It was conducted a MANOVA analysis for all the factors with their respective components. Still, only one factor showed any significance at a 10 percent level. The factor that had a significant effect was industry with the components adaptations and competitiveness of the industry. The impact was significant using Roy's Largest Root at five percent level, but at ten percent level for Pillai's Trace, Wilks' Lambda, and Hotelling's Trace, shown in table 9. Based on the descriptive statistics in table 10, it is evident that market-seeking motives have significantly larger scores on the Likert scale than resource-seeking firms if we disregard the uncategorized observations (other).

Descriptive Statistics

	How would you describe your company's primary motive to enter the Russian market?	Mean	Std. Deviation	N
The competitiveness of your industry is a major challenge for your company in Russia.	Market seeking	4,00	1,512	15
	Other	3,60	1,517	5
	Resource seeking	4,00	1,414	2
	Total	3,91	1,444	22
Your company makes large adaptations to products and business practices specifically for the Russian market.	Market seeking	2,80	1,521	15
	Other	4,20	,447	5
	Resource seeking	1,50	,707	2
	Total	3,00	1,480	22

Table 10: Descriptive statistics from the MANVOA analysis of the industry components and motive for market entry

6 DISCUSSION

6.1 THE ENVIRONMENT'S IMPACT ON LOF

The data analysis presented in the results shows that the Russian regulatory requirements were not a significantly larger driver than the home regulatory environment. Thus, there was no significant difference between the challenge posed by the two legal systems. This was surprising as the literature suggested a large disparity between the Norwegian and Russian regulatory environments (Khanna and Palepu, 2000; Yukhanaev, Perényi, Fallon, and Roberts, 2015). However, in the study, it is apparent that the regulatory distance non-significant. Consequently, the research supports the findings of Ershova (2017) and Musienko & Tulepbekova (2019), as Russia has an improved investment climate because of the reforms and legislative changes to attract foreign capital.

The reason for the limited distance might be that both countries have a regulatory system based on civil law (Advokatforeningen, 2021; ICJ, 2016). Furthermore, both countries have a history with socialism and are currently welfare states with high state regulation of the market and actively participate in the market as owners. In terms of the normative distance between the home and host country, it is evident that there is a significantly larger challenge for Norwegian firms adopting to the Russian business environment than it is for Russian firms to manage the cultural differences presented by Norwegian firms. Accordingly, the home environment is found to be a significantly larger driver of LOF than the host environment.

Comparing the arithmetic means of the variables representing regulatory and normative distance, it is evident that the regulatory environment is a significantly higher driver of LOF. Consequently, Norwegian firms should be more concerned with challenges originating from the regulatory distance than the normative distance, which contradicts the findings of Barsukova & Denisova-Schmidt (2021) and Mannila & Eremicheva (2018). However, none of the two factors can be considered a substantial stand-alone risk, as both have means under the midpoint of the Likert scale.

The next branch of the perspective environment was industry, which is composed of the two components of product adaptation and the industry's competitive environment. Comparing the two components, the competitive environment has a slightly significantly higher effect (at a 10-percent significance level) on LOF than the required product adaptations for the Russian market. Consequently, the Norwegian companies need to make slight changes to product and

business practices designed for the Russian market, limiting the effect of LOF. Thus, the findings of this study do not support Thelen, Ford, and Honeycutt's (2006) findings that foreign goods need extensive adaptations to remain competitive in the Russian market. However, the competitiveness of the industry is a greater obstacle indicating a competitive market across the industries in the analysis. However, no specific industry has a significantly more challenging competitive landscape. Yet, both components are well below the midpoint of the Likert scale, indicating a low-risk factor for LOF.

Comparing the two factors that represent the environment in LOF, there are no significant differences in the effect of industry and the institutions that impact LOF. The two factors are beneath the center of the Likert scale, indicating a low threat for Norwegian firms in Russia. Since there is no significant difference between the two factors, it is more appropriate to utilize the individual components for managerial purposes as a foundation for decision-making. More specifically, the regulatory distance of the host country and the normative distance from the home environment is the most important aspects of managing to limit LOF, which are the two variables above the midpoint of the Likert scale. Overall, the environment is ranked the second largest driver of LOF for Norwegian companies in Russia after the firm-specific resources. Therefore, it is a critical perspective to heed for Norwegian companies entering Russia.

6.2 THE FIRM'S IMPACT ON LOF

From the firm perspective, three factors were identified in the theoretical framework, firm-specific resources, strategic choices, and governance structure. However, only firm-specific resources' impact on LOF could be identified using the Likert-scale data in the survey. Still, the strategic choice and governance structure were included as categorical variables. First, the firm-specific resources will be discussed.

In the firm-specific resources, it was evident that pre-existing regional knowledge was the most significant factor of importance for LOF and had a substantially higher mean than the rest of the components included in the factor and all other components in the study. This indicates that the Russian market requires more know-how about the country, culture, and business environment to be successful and alleviate the effects of LOF. However, there is no significant difference between the importance of previous international experience to be successful in the Russian market and a firm’s ability to be resilient to overcome obstacles over time as the effects of LOF naturally evaporates. The mean of all the firm-specific components

was above the median of the Likert scale, indicating that they have a significant positive effect on LOF. Furthermore, the firm perspective derived from the firm-specific resources had the significantly largest impact on LOF for Norwegian firms in Russia. Therefore, it is essential to stress the strategic implications of acquiring the resources for Norwegian firms before entering the Russian market.

The most crucial component is region-specific knowledge about Russia, which supports the findings of Meyer & Skak (2002). For managerial decision-making, Fang, Tung, Berg, & Nematshahi (2017) suggest acquiring the resources in-house by hiring professionals with experience in the foreign market or by partnering with a domestic firm. Based on the results of the research, gaining knowledge about the Russian market will have the most substantial effect on limiting LOF for a Norwegian company in Russia.

However, the research found evidence in support of Carlsson, Nordegren, & Sjöholm (2005) research, where the previous international experience was designated as a principal factor for Scandinavian firms' survival in China. However, it was not established as the most critical firm-specific resource in this study. Therefore, it is suggested that the characteristics of the Chinese and Russian markets are similar but not identical. Subsequently, it is clear that there is no "one size fits all" in international business strategy in EMs. The reason for the importance of the international experience might be that it increases the velocity of organization learning to bridge the knowledge asymmetry gap between foreign and domestic firms, as found by Calhoun (2002) and Petersen, Pedersen & Sharma (2001).

The research also shows that a firm's resilience is essential, supporting Zaheer's (1995) findings that LOF is naturally mitigated over time. Moreover, the findings also support Fang, Tung, Berg, & Nematshahi (2017) that resilience is crucial for DM firms in EMs. Therefore, managers need to make a long-term commitment and perspective to succeed in the Russian market. This will allow the firm to bridge the information asymmetry between the foreign and domestic firms over time, limiting the effects of LOF.

The next factor in the firm's perspective was strategic choice which includes the components motive for market entry and the chosen entry mode. The ANOVA analysis showed that entry mode significantly impacted the adaptations to products and business practices in the Russian market at a 10 percent significance level. Surprisingly, the firms that could not categorize motives for entry into the Russian market had significantly more adaptations to their products and business practices. As expected, the firms with a market-seeking motive had to make

more alterations to the products and business practices compared to those with a resource-seeking motive. Additionally, when conducting the MANOVA analysis, it was evident that entry mode had a significant joint impact on the factor industry's two components. Based on the results, a market-seeking motive presented larger challenges than resource-seeking motives.

Consequently, it validates the research conducted by the Analytical Center for the Government of the Russian Federation (2019) that there is the least competition in the natural resource industry and more competition for market shares in Russia. This is sensible as Russia is one of the most resource-rich nations in the world. Therefore, the findings of the research suggest that Norwegian firms with a resource-seeking motive to enter the market will have a simpler process entering the market and will be less exposed to LOF.

Entry mode also significantly impacted the perceived stereotype toward Norwegian products in the Russian market. WOS experienced the most positive perception of Norwegian products, followed by joint venture, uncategorized, and last exporting. Therefore, the research supports Panibratov, Ribberink, and Nefedov's (2018) findings that equity vs. non-equity entry mode significantly affects LOF. However, in this research, it was identified that equity mode entry mitigates LOF.

A possible explanation for WOS firms experiencing the highest acceptance in the market might be the benefits of brand awareness, as Russian consumers might feel more familiarized with the product when the company has a presence in the Russian market. This can be related to the effects described by Hoskisson, Eden, Lau & Wright (2000). Using the same reasoning, it makes sense that the exporting has exporting firms experience less favorableness by the Russian consumers and firms as the brand awareness is weaker than for WOS and joint venture.

Last, the factor governance structure and its' subsequent components will be discussed. From the ANOVA analysis, it was evident that state ownership significantly influenced how the Norwegian how much of a challenge the Russian legal environment posed for the firm. The companies that had the state as a shareholder had a significantly higher mean on the Likert scale than the firms that did not have state ownership. The findigs fully corresponds to Cui & Jiang's (2012) findings that the host's regulatory pressure increases if the state is a shareholder.

The final component of governance structure was affiliation to a business group. The ANOVA analysis found that business group affiliation had a significant impact on the perceived stereotype Norwegian firms experienced in Russia. The companies affiliated with business groups expressed that they identified Norwegian products as more positively perceived by Russian consumers and firms compared to the companies unaffiliated with business groups. Therefore, business group affiliation seems to alleviate the adverse effects of LOF, which validates the findings in Khanna and Rivkin's (2001) research.

6.3 COO-IMPACT ON LOF

The effects of the COO effect were divided into two factors, each containing two components. The first factor was related to stereotyping towards Norway in a business context, identifying how Norwegian products were perceived and their contrast to domestic Russian products. It was evident that Norwegian firms experienced that their products were viewed positively by Russian consumers and firms based on the respondents' experiences. Thus, the findings in the study support Persson's (2008) and Korzyk's (2006) findings on the positive perception of Norwegian products abroad. Hence, stereotyping is a mitigating factor for LOF for Norwegian companies in Russia.

The next analyzed component was if the Norwegian PCI remained similar in the urban centers compared to the more remote areas of Russia, further from Europe. Surprisingly, the research showed that most of the respondents believed the perception of Norwegian products to be similar across Russia, contradicting Kleppe's (2001) findings that Norwegian products have weaker PCI in Asia. Consequently, it is inferred that there is a shared Norwegian product country image across the vast territory of the Russian Federation based on the findings of the research.

The next factor that was investigated was ethnocentrism, represented by the components measuring Norwegian products in relation to Russian products, cultural differences, and patriotism. The research showed that the majority of the respondents believed that Russians favored Norwegian products over the ones domestically produced, which shows that ethnocentrism appears to be a limited challenge for Norwegian companies in Russia. Accordingly, Strutton, True & Rody's (1995) study still seems to be valid in representing Russian consumer behavior today. Additionally, the findings also support Wang and Chen's

(2004) statement that consumers in EMs favor imported products over products domestically produced. However, it is important to account for the strong Norwegian PCI, so the findings might not apply to other DM firms entering the Russian market.

The following two components, cultural differences and patriotism, were ranked as the lowest challenges for the respondents and therefore implied a limited influence on LOF. Furthermore, there was no significant difference between the components measured using the Likert scale. Thus, even though it was established using Hofstede's cultural dimension that there was a significant cultural difference between Norway and Russia, it does not seem to impact Norwegian companies negatively. Thus, the findings in the research do not support Tongberg's (1972) findings that cultural differences increase the enmity toward foreign products.

The component patriotism had the second-lowest mean after cultural differences. Therefore, patriotism does not seem to be a risk factor for Norwegian companies entering the Russian market. The data collection was finalized after the recent political turmoil and sanctions against Russia, so the research reflects the Norwegian company's current view of the Russian market. The findings suggest that ethnocentrism is a low threat for Norwegian companies in Russia and has a limited effect on LOF. Therefore, Norwegian firms should not be discouraged from entering the Russian market.

Last, there was no significant difference between stereotyping and ethnocentrism in the limited impact the factors had on LOF. Overall, the COO perspective was the lowest-ranked perspective included in the research. In contrast, it appears stereotyping has a favorable implication for Norwegian firms in Russia. Therefore, it is recommended that Norwegian companies utilize the PCI to enhance performance in the Russian market. Subsequently, the research findings deviate from Wang & Lamb's (1983) definition of COO-effect as it appears not to be any intangible barriers derived from the Norwegian origin of the firm.

6.4 LIMITATIONS OF THE STUDY

The recent events of February 2022 caused several limitations for the study. In the outreach to the potential firms that were found suitable for the research, many had put their operations in Russia on hold or were planning to leave the market. Therefore, the overall population of firms decreased. Furthermore, it was experienced that many firms that decided to stay in the market did not want to participate in the research as they wanted to limit the reaction of their

decision to remain in Russia. I specified several times that the research would be completely anonymous and that neither the firm nor respondent would be publicized in the study. Yet, many companies still rejected my offer to answer the survey questions. Their reasoning behind their decision to avoid entering the research is still ambiguous.

The limited number of participants decreased the sample size in the research, which reduced the statistical power of the analysis. Moreover, it increased the margin of error in the statistical analysis, expanding the likelihood of type I and type II errors. Therefore, some of the statistically significant results in the research might be biased, while other true effects were left undiscovered. It also led to some of the assumptions of the parametric tests being unfulfilled in a small minority of the cases. However, based on the literature provided, the negative effects of the violations were limited.

Another further limitation of the study was the region-specific focus of the study. Most of the firms participating in the research were based in Saint Petersburg or Moscow. This was of no surprise, as the majority of western companies are located in these two cities. However, the component that investigated the PCI across Russia might be biased as none of the respondents worked from any of the distant regions of the Russian Federation.

Last, a large concentration of business-to-business firms participated in the research compared to companies dealing directly with consumer goods. Consequently, the study gained limited insight into the Russian consumer patterns and attitudes towards Norwegian products as most firms solely had experience dealing directly with Russian companies. Hence, Russian firms might have another perspective on Norwegian products and services than regular Russian consumers. Furthermore, many of the firms participating in the research originated from the maritime industry; a Norwegian sector distinguished internationally. Thus, the stereotyping variable might be biased as the firms in the maritime industry might experience a more positive perception of their products and services than it would be for other industries.

6.5 SUGGESTIONS FOR FURTHER RESEARCH

The first suggestion for further research is to uncover why the regulatory institutional distance between Norway and Russia was found to be so low. As revealed in the literature conveyed in the theoretical framework, it was expected that the institutional distances would be a significant driver of LOF, with the effects from the regulatory and normative distance to be dominant. However, it was found the regulatory pressure of the home and host environment

was the same. As an explanation for the limited regulatory distance between Norway and Russia, this paper suggested the reason that both countries were based on the civil law system. Consequently, a suggestion for further research is to analyze if the basis of the regulatory environment (common and civil law) has a significant impact on LOF when entering a foreign market with a differing legal foundation.

Furthermore, it was evident that the COO effect had a mitigating effect on LOF, which should be an incentivizing factor for Norwegian firms entering the Russian market. However, it is unclear if this effect applies to other Scandinavian or European firms entering the Russian market or if Norwegian firms have a uniquely robust PCI. Thus, a proposal for additional research is to investigate if the other countries have a PCI that mitigates LOF in Russia.

Last, the study was limited to three intangible firm-specific resources. Yet, there are various other aspects to investigate regarding firm-specific intangible resources, such as technology, managerial proficiency of the firm, brand, and more. In addition, the paper suggested that Russian firms had comparable intangible resources to DM firms. Thus, the competitive advantages DM firms experience in EMs would not be applicable in the Russian market. Therefore, an additional research suggestion is to analyze the importance of these intangible resources as competitive advantages in the Russian market and if it has a significant limiting effect on LOF.

7 CONCLUSION

The research theme was to identify the drivers of LOF for Norwegian companies in Russia. In the subsequent literature review, the following research question was derived: "*How does the environment, the firm, and COO impact LOF for Norwegian firms in Russia?"* Eden & Miller's (2004) definition of LOF was applied to the research question, which uses socioeconomic costs to describe the concept. Furthermore, Gaur, Kumar, & Sarathy's (2011) framework was used to categorize LOF with a few modifications to include the COO effect on LOF.

The theoretical framework designed to approach the research question separated the environment, the firm, and the COO into three perspectives. The perspectives were divided into factors and the factors to individual components. The components were identified based on present literature that was expected to significantly affect LOF, either limiting or expanding the effects of LOF. The methodology used to approach the research question was a quantitative approach using Likert-scale and categorical data. The data collection method was an online questionnaire completed by managers and executives in Norwegian firms operating in the Russian market. The online questionnaire received 24 respondents from 21 different Norwegian companies in Russia in various industries with a large concentration in the maritime industry.

The environment perspective on LOF was the second-largest driver after the firm perspective and before the COO effect. There were found no significant differences between the impact of the home and host regulatory environment. However, the Norwegian firms experienced a significantly larger challenge adapting to the Russian normative environment, whilst Russian firms seemed to have little to no challenge adjusting the normative distance to the Norwegian firms. However, overall, the regulatory environment was a significantly larger driver of LOF than the normative environment.

Regarding the second factor, industry, there was no significant difference between the components that both were below the median of the Likert scale. Moreover, the institutional distance and industry influence on LOF showed no significant driver between the two variables. Consequently, for managerial decision making, the most vital component to mitigate the effects of LOF concerning the environment is to make strategic decisions to reduce the pressure of the host regulatory environment and normative distance experienced by Norwegian firms. Moreover, Norwegian firms should not be daunted by the seeming

regulatory distance between the two countries as the host environment provides limited additional challenges.

In the parametric tests applied in the data analysis, it was evident that the firm perspective had a significantly larger impact on LOF, with pre-existing knowledge about the Russian market as the most critical component for LOF in the research. The components followed were the importance of previous international experience for the firm and the firm's ability to be resilient by fully committing to the market. Based on the literature, it was suggested to acquire knowledge about the Russian market by hiring in-house or partnering with a firm in the host market. However, the previous international experience of the firm might lessen the need for pre-existing knowledge about the Russian market, as organizational learning facilitates bridging the knowledge gap between foreign and domestic firms.

The second factor in the firm perspective was strategic choice showed that a resource-seeking motive for entering the Russian market required fewer product adaptations compared to a market-seeking motive. Unexpectedly, choosing WOS as an entry mode compared to exporting or joint venture proved to mitigate LOF as the firms experienced higher recognition for their products and services. An explanation for the phenomenon is the increased brand awareness the equity mode of entry provides. Furthermore, with regards to the factor governance structure, Norwegian state ownership in a company increased the regulatory pressures in the host country, consistent with the existing literature. Last, business group affiliation also had a limiting impact on LOF, as the firms associated experienced higher acceptance in the market.

For managerial application, there might be a more considerable regulatory burden in the host country if the company has the Norwegian state as a shareholder. Therefore, state-owned firms should take precautions before entering the Russian market, perhaps utilizing a partnership with a domestic firm to limit the pressure from the host environment. Furthermore, an equity mode of entry is suggested (WOS or joint venture) as it has a mitigating effect on LOF. Thus, Norwegian firms should fully commit to the market as it provides superior outcomes.

If the firm is expanding internationally with a resource-seeking motive, Russia should be a prioritized choice as there is lower competition for resources, and the impact of LOF is substantially lower. Moreover, the following recommendation is that Norwegian companies should affiliate with business groups to assist operations in the Russian market. This can be

done by connecting with individuals connected to the groups informally or through formal business arrangements.

The overall effects of the COO-perspective on LOF were limited as the Norwegian firms experienced Russian firms and consumers to have a positive perception of Norwegian products. Thus, the first component in the factor stereotyping was that the Norwegian PCI mitigated the adverse effects of LOF. Furthermore, the PCI was found to be stable across Russia, implying that the PCI might work as a facilitator for Norwegian firms across the vast landmass of Russia. Thus, the firms should not be deterred from entering more distant markets (from a European perspective) outside the business hubs of Saint Petersburg and Moscow. The subsequent suggestion for Norwegian firms is to expose and utilize the Norwegian PCI as it positively impacts the perception of Russian firms and consumers and limits LOF.

Furthermore, the factor ethnocentrism was not found to be a threat, even with the recent political turmoil, having the lowest score on the Likert scale. This was because the cultural differences between the two countries did not discourage Russian firms from collaborating with Norwegian companies nor buying Norwegian products. Furthermore, the respondents experienced that Russian firms and consumers prefer Norwegian products over domestic ones. Additionally, patriotism was not a significant driver of LOF as it had the second-lowest score on the Likert scale used in the research. Therefore, with the restricted risk of ethnocentrism, there is currently a good opportunity for Norwegian companies to enter the Russian market or expand existing activities.

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APPENDICES

APPENDIX I: SURVEY

Survey for representatives of Norwegian companies in Russia

First of all, I would like to thank you for participating in my research.

You are eligible to take this survey if you are working for a Norwegian company or organization that is exporting, operates a fully owned subsidiary, or invests in the Russian market.

My name is Håvard Kaarstad Pettersen, and I am a master's student at the Norwegian School of Economics (NHH) and Management at the Graduate School of Management (GSOM) at Saint Petersburg State University. I am especially grateful that you are taking the time to answer these questions since I know most of you are facing substantial challenges in these trying times. Therefore, your contribution to my research is deeply appreciated.

However, we should stay focused on enhancing the future of Norwegian companies in Russia. To do that, we need more research that has both academic and practical significance for managers and firms to operate in the Russian market. The topic of the research is Liabilities of Foreignness (LOF) and the Country of Origins (COO) effect. LOF describes the additional socioeconomic costs that multinational enterprises face in comparison to indigenous firms. COO-effect is peoples' perceptions of countries and how it influences their behaviors and decisions.

Consequently, all questions in the survey should be answered based on your impression and experiences – meaning there are no right or wrong answers.

The name of your firm and email will not be published in the research or shared with any third parties, so the results of the survey are completely anonymous. The reason why I am asking for the information is simply to validate the data and the number of firms that participated in the survey.

Last, I would ask you to share this survey with other representatives of Norwegian companies that operate in Russia if you can. The representative can be of any nationality, he/she only needs to work for a Norwegian company, preferably in a managerial position. Again, thank you so much for your help and for making my master thesis a reality.

If you have any further questions or want me to send you a copy of the research when it is completed, do not hesitate to reach out. You can contact me using the following channels:

Email: havardkp@gmail.com
Phone: +7 918 203-46-11 / +47 473 94 201
LinkedIn: https://www.linkedin.com/in/haavard-k-pettersen/

* Required

1. Email *

About your company

The name of your company will not be published in the research and will not be given to any third parties, it is only for the researcher to validate the number of firms that participated in the research.

2. What is the name of the company you represent? *

3. How many years have you worked for this company in Russia?

4. What industry does your company operate in?

Consider the statements

Below, there are listed several statements which you will rate based on the extent to which you agree with them.

For example, in the first statement, it is written: The Russian legal environment is a large driver of costs and uncertainty for your company.

If you agree that the Russian legal environment is a large driver of costs and uncertainty for your company, you should rate it between 5-7 based on the extent you agree with the statement. However, disagree with the statement, you should rate it between 1-3. If neither agree or disagree (indecisive), you should rate it as 4.

5. The Russian legal environment is a large driver of costs and uncertainty for your company.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

6. Norwegian regulation and transparency needs are a large obstacle for Norwegian companies in Russia.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

7. Informal Russian business norms and culture are a serious challenge for Norwegian companies.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

8. The competitiveness of your industry is a major challenge for your company in Russia.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

9. Your company makes large adaptations to products and business practices specifically for the Russian market.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

10. Pre-existing knowledge about the Russian market and business practices are crucial for a company's success in Russia.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

11. A firm's previous international experience in foreign markets is vital to succeeding in Russia.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

12. A firm needs to be extraordinarily resilient to be successful in Russia.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

13. Russian firms avoid working with Norwegian firms because of cultural differences

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

14. Russian firms avoid working with Norwegian firms because of patriotism

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

15. Russian companies and consumers generally view Norwegian products and services as exceptionally good.

Mark only one oval.

	1	2	3	4	5	6	7	
Strongly disagree	◯	◯	◯	◯	◯	◯	◯	Strongly agree

Answer the questions

16. How would you describe your company's primary motive to enter the Russian market?

Mark only one oval.

- ◯ Market seeking
- ◯ Efficiency seeking
- ◯ Resource seeking
- ◯ Other

17. How would you characterize your firm's entry mode into the Russian market?

Mark only one oval.

- ◯ Exporting
- ◯ Franchising
- ◯ Joint Venture
- ◯ Wholly Owned Subsidiary
- ◯ Other

18. Does the Norwegian state have an ownership share in your company?

Mark only one oval.

- ◯ Yes
- ◯ No
- ◯ Don't know

19. Is your company affiliated (formally or informally) with any business groups?

A business group or group of companies is a collection of parent and subsidiary corporations that function as a single economic entity through a common source of control. Examples of Russian business groups are Alfa, Basic Element, Renova, Sistema, etc.

Formally: have done or currently doing business with the business group

Informally: closely associated through a professional network

Mark only one oval.

- ◯ Yes
- ◯ No
- ◯ Don't know

20. Do you think people in the Russian Far East have the same perception of Norwegian companies and products as in Moscow and Saint Petersburg?

Mark only one oval.

- Yes
- No
- Don't know

21. Do you think Russian companies and consumers prefer Norwegian products and services over Russian?

Mark only one oval.

- Yes
- No
- Maybe

APPENDIX II: EXPLAINATION OF VARIABLES

Table of variables with name and type

Question	Variable name	Type
How many years have you worked for this company in Russia?	years	Qualitative, string
What industry does your company operate in?	industry	Qualitative, string
The Russian legal environment is a large driver of costs and uncertainty for your company.	russian_legal	Quantitative, likert
Norwegian regulation and transparency needs are a large obstacle for Norwegian companies in Russia.	norwegian_legal	Quantitative, likert
Informal Russian business norms and culture are a serious challenge for Norwegian companies.	informal_norms	Quantitative, likert
The competitiveness of your industry is a major challenge for your company in Russia.	competitive	Quantitative, likert
Your company makes large adaptations to products and business practices specifically for the Russian market.	adaptations	Quantitative, likert
Pre-existing knowledge about the Russian market and business practices are crucial for a company's success in Russia.	pre_knowledge	Quantitative, likert
A firm's previous international experience in foreign markets is vital to succeeding in Russia.	experience_internationally	Quantitative, likert
A firm needs to be extraordinarily resilient to be successful in Russia.	resilient	Quantitative, likert
Russian firms avoid working with Norwegian firms because of cultural differences	cultural_diff	Quantitative, likert
Russian firms avoid working with Norwegian firms because of patriotism.	patriotism	Quantitative, likert
Russian companies and consumers generally view Norwegian products and services as exceptionally good.	perception_norway reordered to stereotype	Quantitative, likert
How would you describe your company's primary motive to enter the Russian market?	motive	Qualitative, categorical
How would you characterize your firm's entry mode into the Russian market?	entry_mode	Qualitative, categorical
Does the Norwegian state have an ownership share in your company	state_ownership	Qualitative, categorical
Is your company affiliated (formally or informally) with any business groups?	business_group	Qualitative, categorical
Do you think people in the Russian Far East have the same perception of Norwegian companies and products as in Moscow and Saint Petersburg?	stable_percep	Qualitative, categorical
Do you think Russian companies and consumers prefer Norwegian products and services over Russian?	norway_over_russia	Qualitative, categorical

Figure showing the perspective of the environment with the related variables

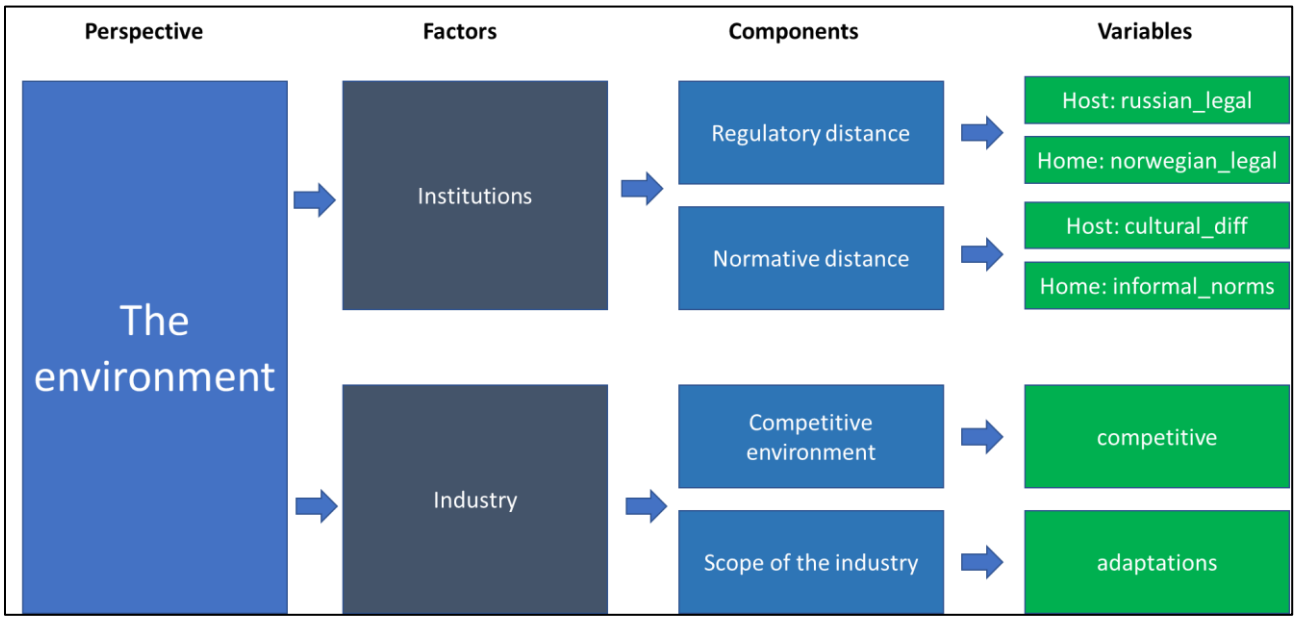


Figure showing the firm perspective with the related variables

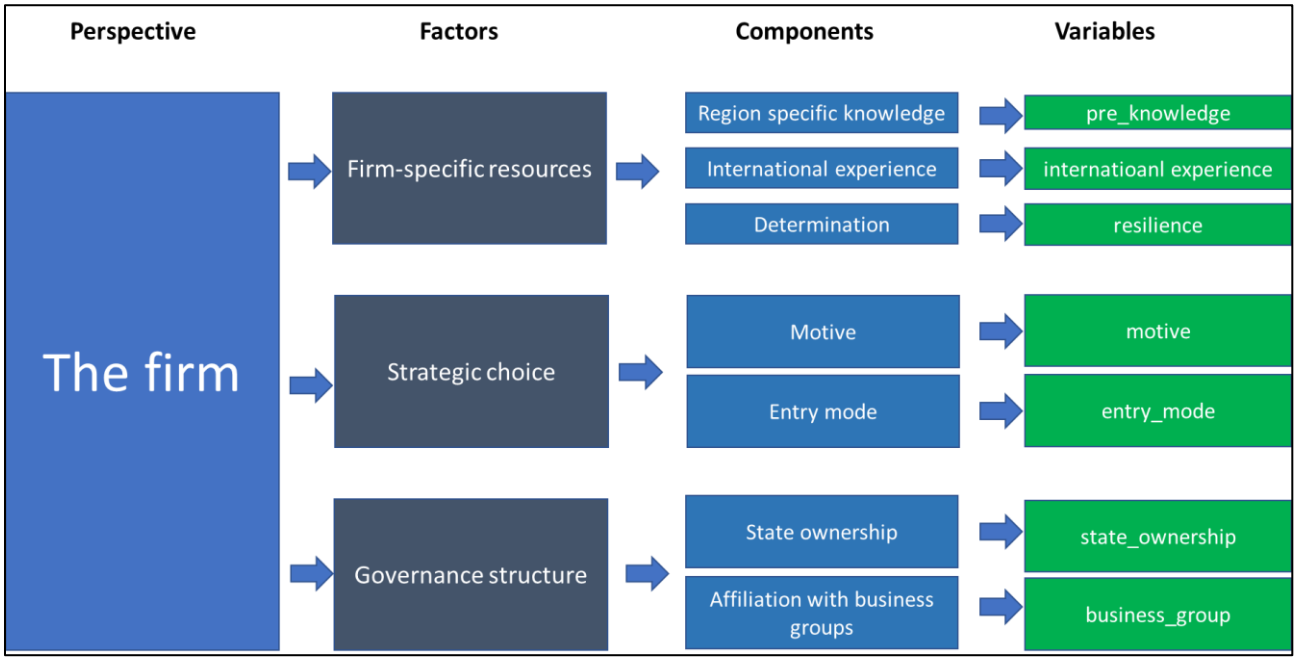
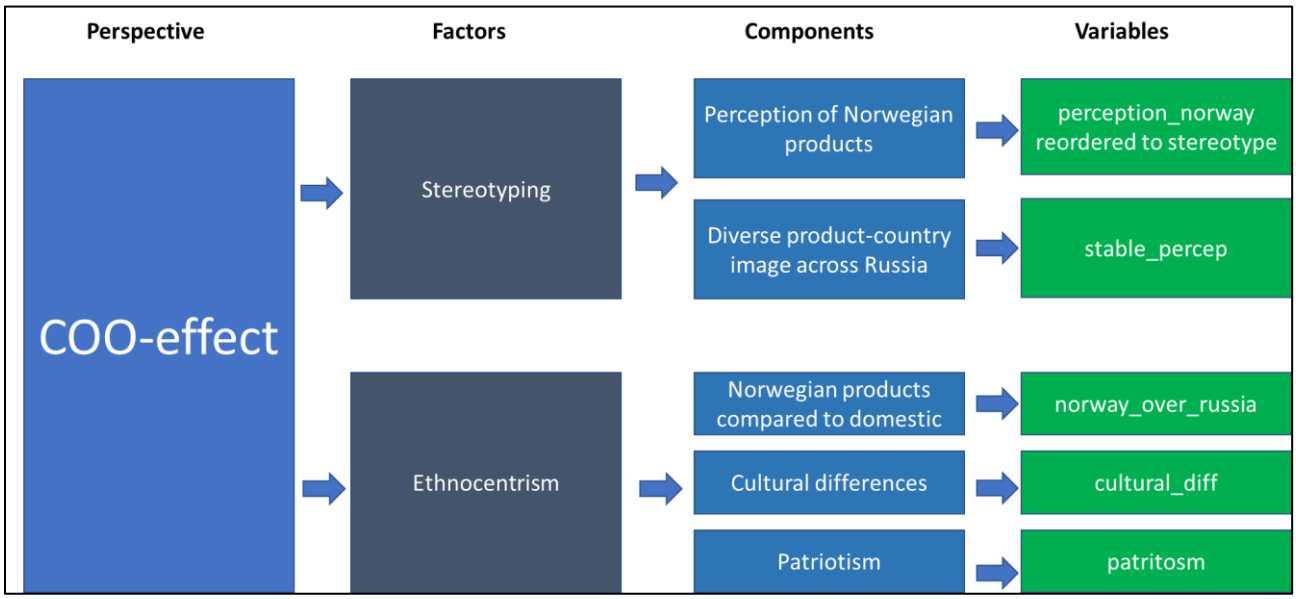


Figure showing the perspective of COO with the related variables



APPENDIX III: UNPARIED T-TESTS

T-tests for components

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
russia~l	24	4.208333	.2552291	1.250362	3.680352	4.736315
norweg~l	24	3.625	.2937298	1.438976	3.017374	4.232626
Combined	48	3.916667	.1971277	1.365741	3.520097	4.313236
diff		.5833333	.389126		-.1999368	1.366603

```
    diff = mean(russian_legal) - mean(norwegian_legal)            t =   1.4991
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9297         Pr(|T| > |t|) = 0.1407          Pr(T > t) = 0.0703
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
inform~s	24	4.375	.3174428	1.555146	3.71832	5.03168
cultur~f	24	1.625	.1682443	.8242256	1.27696	1.97304
Combined	48	3	.2679711	1.856558	2.460912	3.539088
diff		2.75	.3592716		2.026824	3.473176

```
    diff = mean(informal_norms) - mean(cultural_diff)             t =   7.6544
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
pre_kn~e	23	5.913043	.287507	1.378835	5.316791	6.509296
experi~y	23	4.391304	.3541908	1.698639	3.656758	5.125851
Combined	46	5.152174	.2524611	1.712275	4.643691	5.660657
diff		1.521739	.4561922		.6023441	2.441134

```
    diff = mean(pre_knowledge) - mean(experience_int~y)           t =   3.3357
H0: diff = 0                                     Degrees of freedom =       44

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9991         Pr(|T| > |t|) = 0.0017          Pr(T > t) = 0.0009
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
pre_kn~e	23	5.913043	.287507	1.378835	5.316791	6.509296
resili~t	24	4.25	.2640954	1.293798	3.703677	4.796323
Combined	47	5.06383	.2284247	1.566001	4.604035	5.523625
diff		1.663043	.3898535		.8778382	2.448249

```
    diff = mean(pre_knowledge) - mean(resilient)                  t =   4.2658
H0: diff = 0                                     Degrees of freedom =       45

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9999         Pr(|T| > |t|) = 0.0001          Pr(T > t) = 0.0001
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
experi~y	23	4.391304	.3541908	1.698639	3.656758	5.125851
resili~t	24	4.25	.2640954	1.293798	3.703677	4.796323
Combined	47	4.319149	.2174326	1.490643	3.88148	4.756818
diff		.1413043	.4392653		-.7434215	1.02603

```
    diff = mean(experience_int~y) - mean(resilient)               t =   0.3217
H0: diff = 0                                     Degrees of freedom =       45

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.6254         Pr(|T| > |t|) = 0.7492          Pr(T > t) = 0.3746
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
compet~e	23	3.826087	.3057562	1.466355	3.191987	4.460187
adapta~s	23	2.956522	.30463	1.460954	2.324758	3.588286
Combined	46	3.391304	.2230189	1.512588	2.942121	3.840488
diff		.8695652	.431609		-.0002855	1.739416

```
    diff = mean(competitive) - mean(adaptations)                  t =   2.0147
H0: diff = 0                                     Degrees of freedom =       44

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.9750         Pr(|T| > |t|) = 0.0501          Pr(T > t) = 0.0250
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
patrio~m	24	1.75	.2272233	1.113162	1.279953	2.220047
cultur~f	24	1.625	.1682443	.8242256	1.27696	1.97304
Combined	48	1.6875	.1401502	.9709887	1.405554	1.969446
diff		.125	.2827306		-.4441072	.6941072

```
    diff = mean(patriotism) - mean(cultural_diff)                 t =   0.4421
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.6698         Pr(|T| > |t|) = 0.6605          Pr(T > t) = 0.3302
```

T-tests for factors

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
instit~n	24	3.458333	.1653024	.809813	3.116379	3.800287
indust~v	22	3.454545	.2588459	1.214095	2.916246	3.992845
Combined	46	3.456522	.1491328	1.011468	3.156153	3.756891
diff		.0037879	.301921		-.6046938	.6122696

```
    diff = mean(instituion) - mean(industry_env)                  t =   0.0125
H0: diff = 0                                     Degrees of freedom =       44

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.5050         Pr(|T| > |t|) = 0.9900          Pr(T > t) = 0.4950
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
stereo~e	24	2	.1996374	.9780193	1.587019	2.412981
ethnoc~m	24	1.6875	.1850688	.9066482	1.304656	2.070344
Combined	48	1.84375	.136571	.946192	1.569004	2.118496
diff		.3125	.2722233		-.2354571	.8604571

```
    diff = mean(stereotype) - mean(ethnocentrism)                 t =   1.1480
H0: diff = 0                                     Degrees of freedom =       46

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.8715         Pr(|T| > |t|) = 0.2569          Pr(T > t) = 0.1285
```

T-tests for perspectives

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
firm_p~e	23	4.869565	.2134469	1.023655	4.426904	5.312227
COO_pe~e	24	1.84375	.1660854	.8136489	1.500176	2.187324
Combined	47	3.324468	.2596953	1.780381	2.801729	3.847208
diff		3.025815	.2691271		2.483765	3.567865

```
    diff = mean(firm_perspective) - mean(COO_perspective)         t =  11.2431
H0: diff = 0                                     Degrees of freedom =       45

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
firm_p~e	23	4.869565	.2134469	1.023655	4.426904	5.312227
enviro~e	22	3.4375	.147982	.6940971	3.129755	3.745245
Combined	45	4.169444	.1685208	1.130472	3.829813	4.509076
diff		1.432065	.2619218		.9038496	1.960281

```
    diff = mean(firm_perspective) - mean(environment_pe~e)        t =   5.4675
H0: diff = 0                                     Degrees of freedom =       43

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 1.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 0.0000
```

Two-sample t test with equal variances

Variable	Obs	Mean	Std. err.	Std. dev.	[95% conf.	interval]
COO_pe~e	24	1.84375	.1660854	.8136489	1.500176	2.187324
enviro~e	22	3.4375	.147982	.6940971	3.129755	3.745245
Combined	46	2.605978	.1622591	1.100495	2.279172	2.932785
diff		-1.59375	.2240119		-2.045216	-1.142284

```
    diff = mean(COO_perspective) - mean(environment_pe~e)         t =  -7.1146
H0: diff = 0                                     Degrees of freedom =       44

    Ha: diff < 0                 Ha: diff != 0                 Ha: diff > 0
 Pr(T < t) = 0.0000         Pr(|T| > |t|) = 0.0000          Pr(T > t) = 1.0000
```

APPENDIX IV: ANOVA OUTPUT

Variable: russian_legal

```
. oneway russian_legal motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups           3.6875      2      1.84375      1.20     0.3211
 Within groups      32.2708333     21   1.53670635
------------------------------------------------------------------------
    Total           35.9583333     23    1.5634058

Bartlett's equal-variances test: chi2(2) =   2.0415    Prob>chi2 = 0.360

. oneway russian_legal entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .458333333      3   .152777778      0.09     0.9669
 Within groups            35.5     20        1.775
------------------------------------------------------------------------
    Total           35.9583333     23    1.5634058

Bartlett's equal-variances test: chi2(2) =   2.2459    Prob>chi2 = 0.325

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway russian_legal state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      9.20833333      2   4.60416667      3.61     0.0448
 Within groups           26.75     21   1.27380952
------------------------------------------------------------------------
    Total           35.9583333     23    1.5634058

Bartlett's equal-variances test: chi2(2) =   4.1092    Prob>chi2 = 0.128

. oneway russian_legal business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .017857143      2   .008928571      0.01     0.9948
 Within groups      35.9404762     21   1.71145125
------------------------------------------------------------------------
    Total           35.9583333     23    1.5634058

Bartlett's equal-variances test: chi2(2) =   0.6779    Prob>chi2 = 0.713
```

Variable: Norwgian_legal

```
. oneway norwegian_legal motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.85416667      2   .927083333      0.43     0.6590
 Within groups      45.7708333     21   2.17956349
------------------------------------------------------------------------
    Total               47.625     23   2.07065217

Bartlett's equal-variances test: chi2(2) =   0.6892    Prob>chi2 = 0.709

. oneway norwegian_legal entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups          10.325      3   3.44166667      1.85     0.1715
 Within groups            37.3     20        1.865
------------------------------------------------------------------------
    Total               47.625     23   2.07065217

Bartlett's equal-variances test: chi2(2) =   0.0790    Prob>chi2 = 0.961

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway norwegian_legal state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      6.20833333      2   3.10416667      1.57     0.2307
 Within groups      41.4166667     21   1.97222222
------------------------------------------------------------------------
    Total               47.625     23   2.07065217

Bartlett's equal-variances test: chi2(2) =   1.0374    Prob>chi2 = 0.595

. oneway norwegian_legal business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      4.01785714      2   2.00892857      0.97     0.3964
 Within groups      43.6071429     21   2.07653061
------------------------------------------------------------------------
    Total               47.625     23   2.07065217

Bartlett's equal-variances test: chi2(2) =   3.4449    Prob>chi2 = 0.179
```

Variable: informal_norms

```
. oneway informal_norms motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups           3.1875      2      1.59375      0.64     0.5382
 Within groups         52.4375     21   2.49702381
------------------------------------------------------------------------
    Total                55.625     23   2.41847826

Bartlett's equal-variances test: chi2(1) =   0.1388    Prob>chi2 = 0.709

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used

. oneway informal_norms entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups            6.675      3        2.225      0.91     0.4542
 Within groups            48.95     20       2.4475
------------------------------------------------------------------------
    Total                55.625     23   2.41847826

Bartlett's equal-variances test: chi2(2) =   0.0700    Prob>chi2 = 0.966

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway informal_norms state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      4.20833333      2   2.10416667      0.86     0.4378
 Within groups      51.4166667     21    2.4484127
------------------------------------------------------------------------
    Total                55.625     23   2.41847826

Bartlett's equal-variances test: chi2(2) =   3.3399    Prob>chi2 = 0.188

. oneway informal_norms business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2.11309524      2   1.05654762      0.41     0.6659
 Within groups      53.5119048     21   2.54818594
------------------------------------------------------------------------
    Total                55.625     23   2.41847826

Bartlett's equal-variances test: chi2(2) =   4.0902    Prob>chi2 = 0.129
```

Variable: competitive

```
. oneway competitive motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.97101449      2   .985507246      0.43     0.6534
 Within groups      45.3333333     20   2.26666667
------------------------------------------------------------------------
    Total           47.3043478     22   2.15019763

Bartlett's equal-variances test: chi2(2) =   0.0067    Prob>chi2 = 0.997

. oneway competitive entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      7.55434783      3   2.51811594      1.20     0.3353
 Within groups           39.75     19   2.09210526
------------------------------------------------------------------------
    Total           47.3043478     22   2.15019763

Bartlett's equal-variances test: chi2(2) =   0.3428    Prob>chi2 = 0.842

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway competitive state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .872529644      2   .436264822      0.19     0.8301
 Within groups      46.4318182     20   2.32159091
------------------------------------------------------------------------
    Total           47.3043478     22   2.15019763

Bartlett's equal-variances test: chi2(2) =   0.2548    Prob>chi2 = 0.880

. oneway competitive business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      8.03511706      2   4.01755853      2.05     0.1554
 Within groups      39.2692308     20   1.96346154
------------------------------------------------------------------------
    Total           47.3043478     22   2.15019763

Bartlett's equal-variances test: chi2(2) =   0.0512    Prob>chi2 = 0.975
```

Variable: adaptations

```
. oneway adaptations motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      12.6565217      2   6.32826087      3.69     0.0432
 Within groups            34.3     20        1.715
------------------------------------------------------------------------
    Total           46.9565217     22   2.13438735

Bartlett's equal-variances test: chi2(2) =   5.0303    Prob>chi2 = 0.081

. oneway adaptations entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      12.1959157      3   4.06530523      2.22     0.1188
 Within groups      34.7606061     19   1.82950558
------------------------------------------------------------------------
    Total           46.9565217     22   2.13438735

Bartlett's equal-variances test: chi2(2) =   0.9475    Prob>chi2 = 0.623

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway adaptations state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2.24223602      2   1.12111801      0.50     0.6131
 Within groups      44.7142857     20   2.23571429
------------------------------------------------------------------------
    Total           46.9565217     22   2.13438735

Bartlett's equal-variances test: chi2(2) =   0.0703    Prob>chi2 = 0.965

. oneway adaptations business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.12318841      2   .561594203      0.25     0.7850
 Within groups      45.8333333     20   2.29166667
------------------------------------------------------------------------
    Total           46.9565217     22   2.13438735

Bartlett's equal-variances test: chi2(2) =   0.2528    Prob>chi2 = 0.881
```

Variable: pre_knowledge

```
. oneway pre_knowledge motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.05942029      2   .529710145      0.26     0.7737
 Within groups      40.7666667     20   2.03833333
------------------------------------------------------------------------
    Total            41.826087     22   1.90118577

Bartlett's equal-variances test: chi2(2) =   7.9353    Prob>chi2 = 0.019

. oneway pre_knowledge entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      4.65942029      3    1.5531401      0.79     0.5123
 Within groups      37.1666667     19   1.95614035
------------------------------------------------------------------------
    Total            41.826087     22   1.90118577

Bartlett's equal-variances test: chi2(2) =   3.1275    Prob>chi2 = 0.209

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway pre_knowledge state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .666996047      2   .333498024      0.16     0.8515
 Within groups      41.1590909     20   2.05795455
------------------------------------------------------------------------
    Total            41.826087     22   1.90118577

Bartlett's equal-variances test: chi2(2) =   5.3149    Prob>chi2 = 0.070

. oneway pre_knowledge business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.72352285      2   .861761427      0.43     0.6565
 Within groups      40.1025641     20   2.00512821
------------------------------------------------------------------------
    Total            41.826087     22   1.90118577

Bartlett's equal-variances test: chi2(2) =   4.0130    Prob>chi2 = 0.134
```

Variable: experience_internationally

```
. oneway experience_internationally motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      3.07826087      2   1.53913043      0.51     0.6083
 Within groups            60.4     20         3.02
------------------------------------------------------------------------
    Total           63.4782609     22   2.88537549

Bartlett's equal-variances test: chi2(2) =   0.1755    Prob>chi2 = 0.916

. oneway experience_internationally entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      5.72826087      3   1.90942029      0.63     0.6057
 Within groups           57.75     19   3.03947368
------------------------------------------------------------------------
    Total           63.4782609     22   2.88537549

Bartlett's equal-variances test: chi2(2) =   0.1654    Prob>chi2 = 0.921

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway experience_internationally state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      6.94416996      2   3.47208498      1.23     0.3139
 Within groups      56.5340909     20   2.82670455
------------------------------------------------------------------------
    Total           63.4782609     22   2.88537549

Bartlett's equal-variances test: chi2(2) =   0.7388    Prob>chi2 = 0.691

. oneway experience_internationally business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      4.97185061      2   2.48592531      0.85     0.4424
 Within groups      58.5064103     20   2.92532051
------------------------------------------------------------------------
    Total           63.4782609     22   2.88537549

Bartlett's equal-variances test: chi2(2) =   1.3206    Prob>chi2 = 0.517
```

Variable: resilient

```
. oneway resilient motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups             1.5      2          .75      0.43     0.6588
 Within groups              37     21   1.76190476
------------------------------------------------------------------------
    Total                38.5     23   1.67391304

Bartlett's equal-variances test: chi2(1) =   0.0198    Prob>chi2 = 0.888

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used

. oneway resilient entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups             1.5      3           .5      0.27     0.8461
 Within groups              37     20         1.85
------------------------------------------------------------------------
    Total                38.5     23   1.67391304

Bartlett's equal-variances test: chi2(2) =   1.6965    Prob>chi2 = 0.428

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway resilient state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups             1.5      2          .75      0.43     0.6588
 Within groups              37     21   1.76190476
------------------------------------------------------------------------
    Total                38.5     23   1.67391304

Bartlett's equal-variances test: chi2(2) =   0.2920    Prob>chi2 = 0.864

. oneway resilient business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2.91666667      2   1.45833333      0.86     0.4373
 Within groups      35.5833333     21   1.69444444
------------------------------------------------------------------------
    Total                38.5     23   1.67391304

Bartlett's equal-variances test: chi2(2) =   0.2200    Prob>chi2 = 0.896
```

Variable: cultural_diff

```
. oneway cultural_diff motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .041666667      2   .020833333      0.03     0.9724
 Within groups      15.5833333     21   .742063492
------------------------------------------------------------------------
    Total               15.625     23   .679347826

Bartlett's equal-variances test: chi2(2) =   1.9468    Prob>chi2 = 0.378

. oneway cultural_diff entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups           1.425      3         .475      0.67     0.5809
 Within groups            14.2     20          .71
------------------------------------------------------------------------
    Total               15.625     23   .679347826

Bartlett's equal-variances test: chi2(2) =   1.6677    Prob>chi2 = 0.434

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway cultural_diff state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups           1.875      2        .9375      1.43     0.2613
 Within groups           13.75     21   .654761905
------------------------------------------------------------------------
    Total               15.625     23   .679347826

Bartlett's equal-variances test: chi2(1) =   0.7370    Prob>chi2 = 0.391

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used

. oneway cultural_diff business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.01785714      2   .508928571      0.73     0.4930
 Within groups      14.6071429     21   .695578231
------------------------------------------------------------------------
    Total               15.625     23   .679347826

Bartlett's equal-variances test: chi2(2) =   1.1644    Prob>chi2 = 0.559
```

Variable: patriotism

```
. oneway patriotism motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      .166666667      2   .083333333      0.06     0.9403
 Within groups      28.3333333     21   1.34920635
------------------------------------------------------------------------
    Total               28.5     23   1.23913043

Bartlett's equal-variances test: chi2(2) =   0.3109    Prob>chi2 = 0.856

. oneway patriotism entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2.66666667      3   .888888889      0.69     0.5698
 Within groups      25.8333333     20   1.29166667
------------------------------------------------------------------------
    Total               28.5     23   1.23913043

Bartlett's equal-variances test: chi2(2) =   1.6992    Prob>chi2 = 0.428

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway patriotism state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups       3.375      2       1.6875      1.41     0.2662
 Within groups       25.125     21   1.19642857
------------------------------------------------------------------------
    Total               28.5     23   1.23913043

Bartlett's equal-variances test: chi2(1) =   0.0675    Prob>chi2 = 0.795

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used

. oneway patriotism business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      1.48809524      2   .744047619      0.58     0.5695
 Within groups      27.0119048     21   1.28628118
------------------------------------------------------------------------
    Total               28.5     23   1.23913043

Bartlett's equal-variances test: chi2(2) =   2.4195    Prob>chi2 = 0.298
```

Variable: stereotype

```
. oneway stereotype motive

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      2.22916667      2   1.11458333      1.18     0.3257
 Within groups      19.7708333     21   .941468254
------------------------------------------------------------------------
    Total                  22     23   .956521739

Bartlett's equal-variances test: chi2(1) =   0.7342    Prob>chi2 = 0.392

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used

. oneway stereotype entry_mode

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      6.86666667      3   2.28888889      3.02     0.0536
 Within groups      15.1333333     20   .756666667
------------------------------------------------------------------------
    Total                  22     23   .956521739

Bartlett's equal-variances test: chi2(2) =   0.4614    Prob>chi2 = 0.794

note: Bartlett's test performed on cells with positive variance:
      1 single-observation cells not used

. oneway stereotype state_ownership

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      4.20833333      2   2.10416667      2.48     0.1076
 Within groups      17.7916667     21   .847222222
------------------------------------------------------------------------
    Total                  22     23   .956521739

Bartlett's equal-variances test: chi2(2) =   0.6825    Prob>chi2 = 0.711

. oneway stereotype business_group

                        Analysis of variance
    Source              SS         df      MS            F     Prob > F
------------------------------------------------------------------------
Between groups      5.95238095      2   2.97619048      3.89     0.0364
 Within groups       16.047619     21   .764172336
------------------------------------------------------------------------
    Total                  22     23   .956521739

Bartlett's equal-variances test: chi2(1) =   0.5222    Prob>chi2 = 0.470

note: Bartlett's test performed on cells with positive variance:
      1 multiple-observation cells not used
```

Differences in competition across industries

What industry does your company operate in?	Summary of The competitiveness of your industry is a major challenge for your company in Ru		
	Mean	Std. dev.	Freq.
Chemicals	3	0	2
Consulting	3	.81649658	4
Fish processing equipment	1	0	1
Food, milk packaging	4	0	1
Hospitality	3	0	1
Humanaitarian work.	6	0	1
Maritime	4.3333333	1.4142136	9
Oilfield services provider	4	0	1
Printing plant	2	0	1
R&D in environment and aquacult..	6	0	1
Sporting goods Wholesale	5	0	1
Total	3.826087	1.4663552	23

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	29.3043478	10	2.93043478	1.95	0.1355
Within groups	18	12	1.5		
Total	47.3043478	22	2.15019763		

Bartlett's equal-variances test: chi2(1) = 0.9697 Prob>chi2 = 0.325

Cultural differences and the stereotype towards Norwegian products

```
. oneway stereotype norway_over_russia
```

Analysis of variance

Source	SS	df	MS	F	Prob > F
Between groups	2.83333333	2	1.41666667	1.48	0.2519
Within groups	19.1666667	20	.958333333		
Total	22	22	1		

Bartlett's equal-variances test: chi2(2) = 1.7640 Prob>chi2 = 0.414

APPENDIX V: MANOVA OUTPUT

Institutional variables

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,913	66,568[b]	3,000	19,000	<,001	,913
	Wilks' Lambda	,087	66,568[b]	3,000	19,000	<,001	,913
	Hotelling's Trace	10,511	66,568[b]	3,000	19,000	<,001	,913
	Roy's Largest Root	10,511	66,568[b]	3,000	19,000	<,001	,913
HowwouldyoudescribeyourcompanysprimarymotivetoentertheRussianmar	Pillai's Trace	,251	,958	6,000	40,000	,466	,126
	Wilks' Lambda	,764	,910[b]	6,000	38,000	,498	,126
	Hotelling's Trace	,288	,863	6,000	36,000	,531	,126
	Roy's Largest Root	,154	1,027[c]	3,000	20,000	,402	,134

a. Design: Intercept + HowwouldyoudescribeyourcompanysprimarymotivetoentertheRussianmar

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,889	48,195[b]	3,000	18,000	<,001	,889
	Wilks' Lambda	,111	48,195[b]	3,000	18,000	<,001	,889
	Hotelling's Trace	8,033	48,195[b]	3,000	18,000	<,001	,889
	Roy's Largest Root	8,033	48,195[b]	3,000	18,000	<,001	,889
HowwouldyoucharacterizeyourfirmsentrymodeintotheRussianmarket	Pillai's Trace	,310	,768	9,000	60,000	,646	,103
	Wilks' Lambda	,696	,784	9,000	43,958	,632	,114
	Hotelling's Trace	,429	,794	9,000	50,000	,623	,125
	Roy's Largest Root	,409	2,727[c]	3,000	20,000	,071	,290

a. Design: Intercept + HowwouldyoucharacterizeyourfirmsentrymodeintotheRussianmarket

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,950	119,652[b]	3,000	19,000	<,001	,950
	Wilks' Lambda	,050	119,652[b]	3,000	19,000	<,001	,950
	Hotelling's Trace	18,892	119,652[b]	3,000	19,000	<,001	,950
	Roy's Largest Root	18,892	119,652[b]	3,000	19,000	<,001	,950
DoestheNorwegianstatehaveanownershipshareinyourcompany	Pillai's Trace	,373	1,527	6,000	40,000	,194	,186
	Wilks' Lambda	,653	1,507[b]	6,000	38,000	,202	,192
	Hotelling's Trace	,493	1,480	6,000	36,000	,213	,198
	Roy's Largest Root	,395	2,633[c]	3,000	20,000	,078	,283

a. Design: Intercept + DoestheNorwegianstatehaveanownershipshareinyourcompany

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,933	87,947[b]	3,000	19,000	<,001	,933
	Wilks' Lambda	,067	87,947[b]	3,000	19,000	<,001	,933
	Hotelling's Trace	13,886	87,947[b]	3,000	19,000	<,001	,933
	Roy's Largest Root	13,886	87,947[b]	3,000	19,000	<,001	,933
Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups	Pillai's Trace	,119	,423	6,000	40,000	,859	,060
	Wilks' Lambda	,882	,410[b]	6,000	38,000	,868	,061
	Hotelling's Trace	,132	,396	6,000	36,000	,876	,062
	Roy's Largest Root	,119	,794[c]	3,000	20,000	,512	,106

a. Design: Intercept + Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Indsutry variables

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,822	41,653[b]	2,000	18,000	<,001	,822
	Wilks' Lambda	,178	41,653[b]	2,000	18,000	<,001	,822
	Hotelling's Trace	4,628	41,653[b]	2,000	18,000	<,001	,822
	Roy's Largest Root	4,628	41,653[b]	2,000	18,000	<,001	,822
Howwouldyoudescribeyourcompanysprimarymotivetoentertherussianmar	Pillai's Trace	,376	2,199	4,000	38,000	,088	,188
	Wilks' Lambda	,625	2,382[b]	4,000	36,000	,070	,209
	Hotelling's Trace	,598	2,541	4,000	34,000	,058	,230
	Roy's Largest Root	,595	5,652[c]	2,000	19,000	,012	,373

a. Design: Intercept + HowwouldyoudescribeyourcompanysprimarymotivetoentertheRussianmar

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	The competitiveness of your industry is a major challenge for your company in Russia.	,618[a]	2	,309	,136	,874	,014
	Your company makes large adaptations to products and business practices specifically for the Russian market.	12,300[b]	2	6,150	3,467	,052	,267
Intercept	The competitiveness of your industry is a major challenge for your company in Russia.	175,513	1	175,513	77,193	<,001	,802
	Your company makes large adaptations to products and business practices specifically for the Russian market.	94,239	1	94,239	53,132	<,001	,737
Howwouldyoudescribeyourcompanysprimarymotivetoentertherussianmar	The competitiveness of your industry is a major challenge for your company in Russia.	,618	2	,309	,136	,874	,014
	Your company makes large adaptations to products and business practices specifically for the Russian market.	12,300	2	6,150	3,467	,052	,267
Error	The competitiveness of your industry is a major challenge for your company in Russia.	43,200	19	2,274			
	Your company makes large adaptations to products and business practices specifically for the Russian market.	33,700	19	1,774			
Total	The competitiveness of your industry is a major challenge for your company in Russia.	380,000	22				
	Your company makes large adaptations to products and business practices specifically for the Russian market.	244,000	22				
Corrected Total	The competitiveness of your industry is a major challenge for your company in Russia.	43,818	21				
	Your company makes large adaptations to products and business practices specifically for the Russian market.	46,000	21				

a. R Squared = ,014 (Adjusted R Squared = -,090)

b. R Squared = ,267 (Adjusted R Squared = ,190)

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,880	62,069[b]	2,000	17,000	<,001	,880
	Wilks' Lambda	,120	62,069[b]	2,000	17,000	<,001	,880
	Hotelling's Trace	7,302	62,069[b]	2,000	17,000	<,001	,880
	Roy's Largest Root	7,302	62,069[b]	2,000	17,000	<,001	,880
Howwouldyoucharacterizeyourfirmsentrymodeintotherussianmarket	Pillai's Trace	,317	1,130	6,000	36,000	,365	,159
	Wilks' Lambda	,695	1,130[b]	6,000	34,000	,366	,166
	Hotelling's Trace	,421	1,123	6,000	32,000	,371	,174
	Roy's Largest Root	,374	2,244[c]	3,000	18,000	,118	,272

a. Design: Intercept + HowwouldyoucharacterizeyourfirmsentrymodeintotheRussianmarket

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,888	71,469[b]	2,000	18,000	<,001	,888
	Wilks' Lambda	,112	71,469[b]	2,000	18,000	<,001	,888
	Hotelling's Trace	7,941	71,469[b]	2,000	18,000	<,001	,888
	Roy's Largest Root	7,941	71,469[b]	2,000	18,000	<,001	,888
DoestheNorwegianstatehaveanownershipshareinyourcompany	Pillai's Trace	,066	,324	4,000	38,000	,860	,033
	Wilks' Lambda	,935	,308[b]	4,000	36,000	,871	,033
	Hotelling's Trace	,069	,292	4,000	34,000	,881	,033
	Roy's Largest Root	,048	,456[c]	2,000	19,000	,640	,046

a. Design: Intercept + DoestheNorwegianstatehaveanownershipshareinyourcompany

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,896	77,946[b]	2,000	18,000	<,001	,896
	Wilks' Lambda	,104	77,946[b]	2,000	18,000	<,001	,896
	Hotelling's Trace	8,661	77,946[b]	2,000	18,000	<,001	,896
	Roy's Largest Root	8,661	77,946[b]	2,000	18,000	<,001	,896
Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups	Pillai's Trace	,224	1,196	4,000	38,000	,328	,112
	Wilks' Lambda	,780	1,188[b]	4,000	36,000	,333	,117
	Hotelling's Trace	,276	1,175	4,000	34,000	,339	,121
	Roy's Largest Root	,257	2,438[c]	2,000	19,000	,114	,204

a. Design: Intercept + Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Firm-spesific resources

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,941	95,804[b]	3,000	18,000	<,001	,941
	Wilks' Lambda	,059	95,804[b]	3,000	18,000	<,001	,941
	Hotelling's Trace	15,967	95,804[b]	3,000	18,000	<,001	,941
	Roy's Largest Root	15,967	95,804[b]	3,000	18,000	<,001	,941
Howwouldyoudescribeyourcompanysprimarymotivetoentertheirsianmar	Pillai's Trace	,088	,290	6,000	38,000	,938	,044
	Wilks' Lambda	,914	,277[b]	6,000	36,000	,944	,044
	Hotelling's Trace	,093	,263	6,000	34,000	,950	,044
	Roy's Largest Root	,070	,440[c]	3,000	19,000	,727	,065

a. Design: Intercept + HowwouldyoudescribeyourcompanysprimarymotivetoentertheRussianmar

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,929	74,655[b]	3,000	17,000	<,001	,929
	Wilks' Lambda	,071	74,655[b]	3,000	17,000	<,001	,929
	Hotelling's Trace	13,174	74,655[b]	3,000	17,000	<,001	,929
	Roy's Largest Root	13,174	74,655[b]	3,000	17,000	<,001	,929
Howwouldyoucharacterizeyourfirmsentrymodeintotherussianmarket	Pillai's Trace	,231	,529	9,000	57,000	,848	,077
	Wilks' Lambda	,776	,507	9,000	41,524	,861	,081
	Hotelling's Trace	,279	,486	9,000	47,000	,876	,085
	Roy's Largest Root	,243	1,539[c]	3,000	19,000	,237	,195

a. Design: Intercept + HowwouldyoucharacterizeyourfirmsentrymodeintotheRussianmarket

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,957	133,470[b]	3,000	18,000	<,001	,957
	Wilks' Lambda	,043	133,470[b]	3,000	18,000	<,001	,957
	Hotelling's Trace	22,245	133,470[b]	3,000	18,000	<,001	,957
	Roy's Largest Root	22,245	133,470[b]	3,000	18,000	<,001	,957
DoestheNorwegianstatehaveanownershipshareinyourcompany	Pillai's Trace	,176	,610	6,000	38,000	,720	,088
	Wilks' Lambda	,830	,587[b]	6,000	36,000	,739	,089
	Hotelling's Trace	,198	,562	6,000	34,000	,757	,090
	Roy's Largest Root	,155	,979[c]	3,000	19,000	,423	,134

a. Design: Intercept + DoestheNorwegianstatehaveanownershipshareinyourcompany

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	,960	145,511[b]	3,000	18,000	<,001	,960
	Wilks' Lambda	,040	145,511[b]	3,000	18,000	<,001	,960
	Hotelling's Trace	24,252	145,511[b]	3,000	18,000	<,001	,960
	Roy's Largest Root	24,252	145,511[b]	3,000	18,000	<,001	,960
Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups	Pillai's Trace	,132	,449	6,000	38,000	,841	,066
	Wilks' Lambda	,868	,440[b]	6,000	36,000	,847	,068
	Hotelling's Trace	,151	,429	6,000	34,000	,854	,070
	Roy's Largest Root	,148	,937[c]	3,000	19,000	,442	,129

a. Design: Intercept + Isyourcompanyaffiliatedformallyorinformallywithanybusinessgroups

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Ethnocentrism

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	,670	20,283[b]	2,000	20,000	<,001
	Wilks' Lambda	,330	20,283[b]	2,000	20,000	<,001
	Hotelling's Trace	2,028	20,283[b]	2,000	20,000	<,001
	Roy's Largest Root	2,028	20,283[b]	2,000	20,000	<,001
motive	Pillai's Trace	,006	,031	4,000	42,000	,998
	Wilks' Lambda	,994	,030[b]	4,000	40,000	,998
	Hotelling's Trace	,006	,028	4,000	38,000	,998
	Roy's Largest Root	,006	,062[c]	2,000	21,000	,940

a. Design: Intercept + motive

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	,647	17,400[b]	2,000	19,000	<,001
	Wilks' Lambda	,353	17,400[b]	2,000	19,000	<,001
	Hotelling's Trace	1,832	17,400[b]	2,000	19,000	<,001
	Roy's Largest Root	1,832	17,400[b]	2,000	19,000	<,001
entry_mode	Pillai's Trace	,138	,493	6,000	40,000	,810
	Wilks' Lambda	,866	,472[b]	6,000	38,000	,825
	Hotelling's Trace	,150	,451	6,000	36,000	,839
	Roy's Largest Root	,112	,744[c]	3,000	20,000	,538

a. Design: Intercept + entry_mode

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	,765	32,516[b]	2,000	20,000	<,001
	Wilks' Lambda	,235	32,516[b]	2,000	20,000	<,001
	Hotelling's Trace	3,252	32,516[b]	2,000	20,000	<,001
	Roy's Largest Root	3,252	32,516[b]	2,000	20,000	<,001
state_ownership	Pillai's Trace	,179	1,032	4,000	42,000	,402
	Wilks' Lambda	,827	,993[b]	4,000	40,000	,422
	Hotelling's Trace	,201	,954	4,000	38,000	,444
	Roy's Largest Root	,149	1,560[c]	2,000	21,000	,234

a. Design: Intercept + state_ownership

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	,744	29,035[b]	2,000	20,000	<,001
	Wilks' Lambda	,256	29,035[b]	2,000	20,000	<,001
	Hotelling's Trace	2,903	29,035[b]	2,000	20,000	<,001
	Roy's Largest Root	2,903	29,035[b]	2,000	20,000	<,001
business_group	Pillai's Trace	,071	,387	4,000	42,000	,817
	Wilks' Lambda	,929	,374[b]	4,000	40,000	,826
	Hotelling's Trace	,076	,361	4,000	38,000	,835
	Roy's Largest Root	,073	,767[c]	2,000	21,000	,477

a. Design: Intercept + business_group

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.