The born-global way: A distinctive approach to the distribution adaptation decision in the New Zealand English language market

Christopher Allen Stachowski

A thesis submitted in partial fulfilment of the requirements of the University of Otago for the Degree of Doctor of Philosophy
**Abstract**
There is a widely held view in the international marketing literature that how an international business approaches the strategy standardisation-adaptation decision is linked to its success, and thus is an important international marketing issue.

Proponents of this argument maintain that an international business’ characteristics and the nature of the strategic element can influence the way a firm approaches this decision. Over the past twenty years, an international business with some distinctive characteristics has emerged, conceptualised as the born-global enterprise. International marketing research has yet to address how the born-global enterprise approaches the strategy standardisation-adaptation decision, particularly in terms of the distribution element. This is a gap in our knowledge.

Commentary in the existing literature indicated that there may be an adaptation dimension found with respect to the way that born-global enterprises manage individual network relationships, and that this dimension may have distinctive features.

To broaden the literature’s contextual scope concerning the strategy standardisation-adaptation decision, this dissertation investigated the way that international businesses with born-global characteristics approach the distribution adaptation decision. The intention was to explore whether there were any behavioural features distinctive to the born-global enterprise approach.

A qualitative, multi-site case study was employed in the novel service context of New Zealand’s English language teaching market. Interviews were held with eight participants representing traditional internationalising enterprises, and with thirteen participants representing born-global enterprises.

The study found for the first time evidence suggesting that the born-global enterprise type of international business has a distinctive approach to distribution adaptation. This approach seems to involve using adaptation as a relationship management tool to mitigate the financially risky behaviours of the network partner (i.e., business neglect, demand inflation and customer miscommunication), and to a lesser extent the financially risky behaviours of the customer (i.e., underpurchase). Based on these results, an original theory is put forward proposing an explanation for this distinctly born-global enterprise behaviour, including several propositions for future testing.
The theoretical contribution this work makes is significant because it enables the literature to better explain how different types of international businesses approach the important strategy standardisation-adaptation decision as regards distribution.
Dedication
This study is dedicated to the late Brian Taylor, Managing Director of King’s Education Limited, and to English language students who died in the Canterbury Television building in the February 2011 Canterbury earthquake, and to their families.

Acknowledgements
To my supportive partner Serge, and my supervisors Rob and Maree for their tireless guidance through this journey.
## Contents

The born-global way: A distinctive approach to the distribution adaptation decision in the New Zealand English language market ................................................................. 1

Abstract ........................................................................................................................................................................ 2

Dedication ....................................................................................................................................................................... 4

Acknowledgements ............................................................................................................................................................ 4

Chapter One: Introduction .............................................................................................................................................. 7

The strategy standardisation-adaptation decision ............................................................................................................. 9

The born-global enterprise firm context ....................................................................................................................... 11

BGEs in New Zealand’s English language market ......................................................................................................... 15

Chapter Two: How BGEs approach the distribution adaptation decision ................................................................. 17

The distribution adaptation decision in the BGE context ............................................................................................... 18

Chapter Three: Methodology and methods of the study ............................................................................................... 22

Methodology ................................................................................................................................................................... 22

An inductive approach ...................................................................................................................................................... 22

A qualitative design ......................................................................................................................................................... 23

A multi-case study approach ......................................................................................................................................... 23

A novel single service market focus .......................................................................................................................... 23

Methods ........................................................................................................................................................................... 24

Sampling ........................................................................................................................................................................ 24

The interviews ............................................................................................................................................................... 27

Data management and analysis .................................................................................................................................. 27

Ethical considerations .................................................................................................................................................... 28

Chapter Four: Results ....................................................................................................................................................... 29

Descriptive results ......................................................................................................................................................... 29

The export education agent relationship ..................................................................................................................... 29

Matchmaker of matchmakers – Education New Zealand and English New Zealand ............................................. 34

Network relationship management and adaptation behaviour: Cross case analysis of results ................................ 37

Chapter Five: Discussion ............................................................................................................................................... 47
Chapter One: Introduction

This dissertation deals with how an international business approaches the strategy standardisation-adaptation decision, a well established and popular topic of debate in the international marketing literature for decades (Buzzell, 1968). The reason for its popularity can be illustrated by the following quote: “More than ever before, international businesses face the challenge of finding the optimal balance between standardising and adapting their marketing, particularly their marketing strategies across national borders, in order to be successful” (Schmid & Kotulla, 2011, p. 491). This statement indicates a view in the international marketing literature that there is a link between how the strategy standardisation-adaptation decision is approached and how successful a firm’s marketing strategy is in an international market.

The extent to which people agree with this proposed link varies, and the evidence demonstrating the potential nature of the link is still limited. Nevertheless, how an international business approaches the strategy standardisation-adaptation decision has been generally accepted by the wider international marketing literature as an important issue. This acceptance is illustrated by the large body of literature that now exists concerned with the topic. However, there are two problems with this literature.

First, there is a widely accepted argument that firm context (e.g., firm type and industry setting) is likely to influence the extent and nature of the firm’s approach to the strategy standardisation-adaptation decision (Schmid & Kotulla, 2011); yet, the empirically based strategy standardisation-adaptation literature represents a limited range of firm contexts, mostly large multinational enterprises.

Second, there is a widely accepted argument that the nature of the strategic element (i.e., the four ‘Ps’) is likely to influence the extent and nature of a firm’s approach to the strategy standardisation-adaptation decision (Zou and Cavusgil, 2002), with the distribution element most likely to be the subject of adaptation (Powers, 2010); yet, much of the empirically based strategy standardisation-adaptation literature has neglected to study firm behaviour with respect to the distribution element (Waheeduzzaman & Dube, 2004; Powers, 2007; Tantong et al., 2010).

If one accepts that:
• a link probably exists between how an international business approaches the strategy standardisation-adaptation decision and its success in an international market;
• the firm’s context and the nature of the element being subjected to adaptation can explain the extent and nature of the firm’s approach; and
• the large multinational enterprise context, and the product element, are over-represented in the extant research;

then:

• one could argue that the extant international marketing literature relating to the important strategy standardisation-adaptation decision does not yet adequately reflect the contextual diversity that we know exists in the modern international business landscape.

The study reported in this dissertation addresses this problem by contributing for the first time a study concerning the distribution adaptation behaviours distinctive to a type of international business that has emerged in the international marketing literature of the past two decades, commonly referred to as the born-global enterprise (BGE). This type of international business is defined as a small business\(^1\) that “from or near its founding, seeks to derive a substantial proportion of its revenue from the sale of its products in international markets” (Knight, 1996, p. 1). Although still under debate, ‘near founding’ tends to be viewed as being within five years of the company’s founding, and ‘substantial proportion’ tends to be viewed as at least 50% of total revenue.

This type of international business is important because it is said to be “emerging in very substantial numbers throughout the world; altering the traditional landscape of international business” (Knight and Cavusil, 2005, p. 32) and employing a distinctive approach to international marketing (Knight, 1996). Moreover, it is an alternative international business context in which strategy standardisation-adaptation research is emerging and in which there are opportunities for new discoveries, especially as regards novel industrial contexts.

---

The New Zealand English language market was chosen as the novel industry context because the author believed that BGEs were active in this context, a belief based on an unexpected observation made whilst carrying out a separate case study of an English language school business, as reported in Stachowski (2008). No work was found to have studied BGEs in the export education context previously. To ensure that export education was a valid industrial context in which to study strategy standardisation-adaptation behaviour, a separate body of educational marketing literature was reviewed. This exercise assured the author that the notions underpinning the marketing concepts being studied were congruous with the context of an organisation operating in the context of education (Stachowski, 2011).

With a view to making a discovery concerning how the BGE type of international business approaches the distribution standardisation-adaptation decision, this work has two aims:

- to describe the BGE approach to the distribution standardisation-adaptation decision in the New Zealand English language market context; and
- to investigate whether there are any adaptation features distinctive to the BGE type of international business.

In the sections that follow, the broader literature underpinning this work is presented.

**The strategy standardisation-adaptation decision**

The international marketing literature has long had an interest in how international businesses approach the international marketing strategy standardisation-adaptation decision. Emerging in the 1960s, the topic was raised by contributors identifying the largely socio-cultural challenges posed by operating across country markets (Ewing & Yoshino, 1966), particularly with respect to product design (Keegan, 1969) and promotional efforts (Elinder, 1961; Miracle, 1968; Ryans & Donnelly, 1969). The concern at the time was that if a company tried to sell the same product using the same messaging across multiple country markets, there could be a risk of market rejection as a result of socio-cultural differences between the domestic and export markets. However, if a company adapted its products and promotional efforts to suit each market, the resource requirements might have serious financial implications. This early literature challenged business researchers to address how much strategy adaptation was absolutely necessary to ensure success in an export market.

In the literature of the following two decades, contributors responded to the challenge by:
• debating the extent to which full standardisation might even be possible (Sands, 1979; Levitt, 1983; Douglas & Wind, 1987; Verhage et al., 1989);
• exploring how it might link to performance (Samiee & Roth, 1992);
• proposing ways to approach the decision; and
• putting forward research propositions to test (Wind et al., 1973; Britt 1974; Green et al., 1975; Walters, 1986; Kreutzer, 1988; Jain, 1989).

Thorelli and Becker’s (1980) compilation of research showed that a wide range of behaviours was possible even within a single company’s mix. These works commonly relied on the work of Hofstede (1984), whose dimensions of culture were used to establish just how much or how little adaptation is necessary to avoid market rejection. While interesting, these debates were largely theoretical in nature, with few studies that genuinely presented evidence of observed firm behaviour.

In the literature of the last two decades, the literature appears to have come to terms with the notion that an international business’ marketing strategy is most likely to be largely standardised with some adaptations, and that this is likely to be element specific (Zou & Cavusgil, 2002). This view has been reflected in the way the literature increasingly, and logically, frames the phenomenon as being concerned with the degree of product adaptation, rather than the degree of product standardisation, as it was most commonly conceptualised in the early literature (Powers, 2010). Moreover, the literature seems to have agreed that an international business’ strategic behaviours are not likely to happen in a vacuum – a number of internal and external contextual factors are likely to influence its behaviours (Cavusgil et al., 1993; Agrawal, 1995; Szymanski et al., 1993; Zou et al., 1997; Baalbaki & Malhotra, 1993; Theodosiou & Leonidou, 2003; Ogunmokun & Wong, 2004). Recent theory explicitly recognises that a firm’s context can explain how a firm approaches the product adaptation decision (Schmid & Kotulla, 2011).

Despite the age of this debate, and the progress of globalisation, the current literature still sees the strategy standardisation-adaptation decision as important, particularly as regards adaptation. At present, there appears to be widespread support for the notion that how a firm (i.e., extent and manner) adapts its strategy can be explained by both the characteristics of a firm’s organisational context, and the particular element being subjected to adaptation. If this is accepted, then one would expect to find in the literature evidence of a broad range of behaviours taking place across a range of organisational types across each element. At present,
this is not the case with the multinational enterprise (MNE) context and the product element dominating the literature. Therefore, the literature is limited in its ability to explain how other types of international businesses behaviours in a range of firm contexts, and in terms of elements other than product.

**The born-global enterprise firm context**

The literature has long known that small businesses also operate in the international marketplace and face the strategy standardisation-adaptation decision (Karns & Khera, 1987; Brasch, 1981; Boter & Holmquist, 1996; Leonidou, 2004; Ruzzier et al., 2006; Winch & Bianchi, 2006; Kalafsky, 2009). One particular type of small international business has emerged in the strategy standardisation literature called the born-global enterprise (BGE) (Matthyssens et al., 2008). This is a small business that aims to generate a significant amount of its revenue in international markets at or near founding (Knight, 1996). While the BGE type of international business has been observed in differently-sized economies, across a range of industries and geographic regions (Simoes et al., 2012), and selling both products and services (Laanti et al. 2007; Gabrielsson et al., 2008), it has particular organisational characteristics that differ from the traditional MNE. For example, it tends to:

- employ fewer than 50 staff, and have an omnipresent owner/manager;
- generate a significant amount (e.g., more than 50%) of revenue in an international market within three years of founding;
- exist in small and open economies (SMOPECs), including Finland, Norway, Denmark, Sweden, Ireland, New Zealand, Israel and Australia (Gabrielsson & Kirpalani, 2012);
- operate in highly internationalised industries (Bell, 1995; Preece et al., 1999);
- operate in global niche markets with (Luostarinen & Gabrielsson, 2006; Laanti et al., 2007; Sullivan Mort et al., 2012); and
- employ “strategies that are often very adaptive” (Hills et al., 2008, p. 109).

Of all of these characteristics, the one that has been singled out by the literature as being especially important is the speed of internationalisation. For instance, while the BGE rapidly internationalises (i.e., within 3 years of founding), MNEs tend to gradually internationalise by following a traditional stages process (Rialp et al., 2005). While it has been argued that there

---

2 Occasionally this type of firm gets called an international new venture or early internationalising firm. For consistency, the term born-global enterprise will be used.
are other defining characteristics that may be used (e.g., sales proportions, nature of product/service, etc.), speed of internationalisation behaviour has been used most consistently to distinguish a BGE from an MNE in the existing literature. From the internationalisation perspective, an MNE is understood to be equivalent to a traditionally internationalising enterprise (TIE) (Chang-xing & Hai-yan, 2009).

It is commonly argued that the BGE type of international business has come to exist as a result of the global economic environment becoming increasingly complex, bringing with it new opportunities (Madsen et al., 1997). This argument maintains that BGEs are realising these opportunities because of “a highly developed ability to identify and mobilise resources from external sources, enrich and extend existing internal resources and to recombine these in novel, elaborated ways with a strategic purpose conceptualised as ‘resource-enhancing’” (Sullivan Mort et al., 2012, p. 552). The literature indicates that the BGE is a small yet resourceful type of international businesses, one that is leveraging technology to take advantage of the niche opportunities emerging from an increasingly complex global marketplace. As such, some argue this type of international business offers “a success recipe for small firms in the increasingly global macro environment” (Falay et al., 2007, p. 878).

There exists an overarching framework concerned with explaining the BGE. The authors claim that it is “one of the most promising theoretical frameworks from which to explain and interpret the [BGE’s] emergence [and] its further development” (Rialp et al., 2005, p. 162). This is shown in Figure One below.
Figure One: An exploratory resource-based model of BGEs (Rialp et al., 2005)

This exploratory framework is based on 38 significant studies published across the wider business literature between 1993 and 2003, synthesising the first decade of BGE research. The model is founded on a resource-based view (i.e., a focus on the development of competitive advantage as a result of the way a firm manages its intangible resources) and the author’s analysis of the extant literature. It proposes hypothetical links between a firm’s:

- intangible resource pool and its internationalisation capabilities;
- internationalisation capabilities;
- distinctive strategic behaviours that lead to the establishment of sustainable competitive advantage;
- external conditions in which it operates; and
- distinctive strategic behaviours that lead to the establishment of sustainable competitive advantage.
Notably, the framework does not yet include anything concerning the strategy standardisation-adaptation decision in the BGE context.

Recent literature has shown that BGEs do face and respond to the strategy standardisation-adaptation decision (Julian, 2003; Matthyssens et al., 2008; Fuerst, 2010). In terms of the product element, studies have shown that BGEs:

- sell “products where many modifications [are] made for different country markets” (Spiller & Campbell, 1994, p. 15);
- are “customising products…while benefiting from mass production” with designs that are “modular to allow for country-specific variations” in a global market context (Matthyssens et al., 2008, p. 791); and
- are “allowing minor levels of customisation in their service, know-how and system products offered to specific customers” (Laanti et al, 2007, p. 1111), or “per se product customisations” (Fuerst, 2010, p. 280).

This literature indicates that BGEs can also be found engaging in distribution adaptation behaviour, and alludes that this behaviour may be distinctive in nature.

To uncover evidence of distinctiveness, a comparison between BGE and TIE adaptation behaviour is required. For the comparison to be robust, it makes sense that it should take place in the same industrial setting. While it has been argued that BGEs can be found in many possible settings, the author made two unexpected observations whilst carrying out a case study of marketing in an English language school business (see Stachowski, 2008). This included that:

- BGEs appear to exist in New Zealand’s English language industry in the form of English language school businesses; and
- the owner/manager of the BGE in question commonly referred to the cross cultural challenges they were facing as regards the distribution aspect of the business, particularly in terms of network-based channels.

These observations elicited an academic interest in how BGE owner/managers operating in this particular industry address culture in their distribution work, and if there was anything distinctive about their approach. This industrial context has yet to be studied from the strategy standardisation-adaptation perspective, and also from a BGE perspective. To ensure that this
industrial context was compatible with the concepts being investigated, a review of the research concerned with marketing in an educational context was carried out and published as a separate but related work (Stachowski, 2011). This exercise confirmed that it is valid to study the BGE approach to the distribution adaptation decision in the English language market context.

**BGEs in New Zealand’s English language market**

In the late 1980s, New Zealand joined the United Kingdom (Flude & Hammer, 1990) and the United States (Berry & Allen, 1977; Whitty & Power, 2000) in introducing market forces to the realm of education (Kirp, 2003). New Zealand initiated this by implementing the Education Reform Act 1988, which implemented the following structural changes to the New Zealand education system:

- deregulation, allowing private tertiary providers to enter the export educational marketplace;
- increased organisational autonomy to pursue international student markets;
- the ability to develop and sell programmes to visiting internationals;
- open enrolment; and
- an austere public funding model (Bennett, 1998).

These changes encouraged the export of educational programmes to full fee-paying international visitors by private businesses and by public institutions (Dill, 1997; Bourke, 2000; Kwong, 2000; Whitty & Power, 2000; Oplatka, 2002), particularly those visiting from the growing middle classes of the economically advancing Asia-Pacific region countries (Williams, 1995; Ritchie, 2003; Bodger et al., 2006; Gibson, 1998; Naidoo, 2009). Although the marketisation of education still attracts impassioned debate (Robinson & Long, 1987; Michael, 1990; Barrett, 1996; Newman & Khosro, 2009), in New Zealand, the signs indicate that the business of export education is likely to endure for the foreseeable future.

According to the grey literature the shift towards market values has not been particularly smooth, particularly with respect to the English language (Butcher, 2002; Mengsheng et al., 2002; Shepheard, 2002; Butcher, 2003; Mengsheng, 2003; Murdoch, 2003; O'Sullivan, 2003; Walker, 2003; Dye, 2004; Mengsheng, 2004; Quirke, 2004; Ibbertson, 2005; Collins, 2006;
Daniels, 2006; Selvarajah, 2006). Despite these events, according to the government data\(^3\), the English language market remains a top export earner in its own right.

The English language business has been recognised in both the grey literature (Wylie, 2006) and the academic literature (Eaton, 2009) as a valid global business. Businesses tend to take the form of a language school, commonly defined as a privately-owned and operated business in which a foreign language is taught (Ritchie, 2003; Bodger et al., 2006; Stachowski, 2008). Although a specific definition could not be found for an ‘English language school’, this is logically a school where the English language is taught as an additional language. In the early days, New Zealand was estimated to have captured 1.5% of the total putative global English language market (Batchelor, 2000), with the potential for more (Bennett, 1998).

Data from 2010 shows that the English language market had 146 government-registered organisations, serving 41,798 visiting internationals, and earning around NZ$140 million in revenue. According to this data, the average business serves 300 visiting internationals a year, earning an average of NZ$1 million per organisation in revenue.

Figure Two shows the number of visiting internationals purchasing English language programmes over a ten-year period. According to the same data, 120 of these government-registered organisations are privately-owned and operated English language school businesses. These figures support the argument that there are English language school businesses that fit the definition of an BGE.

Chapter Two: How BGEs approach the distribution adaptation decision

To uncover literature concerning the BGE approach to distribution adaptation as regards an export market’s socio-cultural characteristics, a systematic search of the common business databases and Google Scholar was carried out. A range of keywords were identified and used in the search engines\(^4\) based on the following definition of distribution adaptation: “the adjustment of distribution (distribution channels, physical distribution, type and role of middlemen) to suit an export market” (Matthyssen et al., 2008, pp. 589-590). This was followed by citation analysis of the identified studies.

This approach uncovered a large body of BGE literature, primarily housed in the core international marketing, international business and international entrepreneurship journals. Within this broader BGE literature, a refined search was carried out using the following criteria:

- available in English;
- the main research aim concerns BGE marketing behaviours; and

\(^4\) Keywords included born-global, international new venture, rapid internationalisation, global start up, early internationalising firm and international entrepreneurship
• the study includes some commentary regarding adaptation behaviour as regards distribution.

Seven publications published over a 13-year period were identified that include relevant commentary, findings, implications and/or arguments concerned with BGE distribution adaptation behaviour. The content of each of the seven works was analysed, including the main purpose of the study, methodological approach, findings, discussion and implications.

No study or theoretical work was found that explicitly addresses the BGE approach to the distribution adaptation decision. However, some commentary was found that provides guidance as to what form a BGE approach to the distribution adaptation decision might take.

The distribution adaptation decision in the BGE context

In terms of distribution methods, BGEs are known for “creating networks, entering partnerships and building up alliances [to] strengthen resources by using the resources of chain members, partners and allies” (Gabrielsson & Gabrielsson, 2011, p. 96) to distribute to their target international markets (Coviello et al., 2006; Luostarinen & Gabrielsson, 2006; Laanti et al., 2007; Toften, 2009; Toften 2009). There appear to be several reasons for the BGE preference for a network-based distribution approach, as follows.

First, “indirect middlemen [can] be unwilling to invest enough into marketing the new and often unknown products of a born-global” and so network relationships can be used to help to bring their products to the global marketplace (Luostarinen & Gabrielsson, 2006, p 786).

Second, BGEs tend to rely on the sale of a single product, placing the BGE in a vulnerable situation. Working with a distribution partner reduces the risk of having limited product lines.

Third, working collaboratively means access to resources and opportunity identification (Mort & Weerawardena, 2007; Morgan-Thomas & Jones, 2009).

Some have even argued that “the ‘genes’ of born-global companies are grounded in the networks and firms where their founders and managers have generated their experience” (Laanti et al., 2007, p. 1106).

Of the many possible network relationships that a BGE might seek to establish, Gabrielsson (2005) found that a BGE tends to look for a partner whose company already had some established brand presence in the desired target export market, one on which the BGE could ‘piggyback’. Initially, a BGE may leverage these relationships to access customers in a simple
export agent-type arrangement. However, as the relationship develops, and some trust forms, there may be some exchange of market intelligence or strategic plans. It may eventually evolve into a situation where the network partner is feeding into product design decisions and/or providing access to other network relationships (Coviello & Munro, 1995).

It has been observed that BGE network relationships “often take time and effort to establish and develop, especially in long term relationships; mutual trust and knowledge implies a high degree of commitment and interconnectedness by different types of bonds” (Madsen and Servais, 1997, p. 571). BGEs also require networking capability (Styles et al., 2006). Unsurprisingly, network relationships have been observed as difficult to manage, particularly “because of the difficulty of enforcing contracts across borders, information symmetry, geographical distance, and the difficulty in ascertaining the capabilities of a foreign distributor” (Laanti et al., 2007, p. 37), and also because of communication across language and cultural frames of reference (Gabrielsson, 2005).

Weerawardena et al. (2006) found that BGE owner/managers tend to use networks in a deliberate and calculated manner. According to Coviello and Munro (1997, p. 376), this can involve deliberately employing “a complex set of network relationships” to gain access to customers, intelligence and other strategic important relationships. Moreover, Madsen and Servais (1997) found that an individual network relationship may be a newly developed relationship by someone in the BGE, or it may be a relationship that is brought to the BGE by an employee or the owner/manager from past business experience (Gabrielsson, 2005). These works indicate that the BGE approach to managing its international network relationships may have an adaptation dimension. Indeed, a stream of commentary was found in the literature concerning this possibility. This literature that houses this stream is presented in Table One.
<table>
<thead>
<tr>
<th>Author/Title</th>
<th>Source</th>
<th>Methodology</th>
<th>Research Aim</th>
<th>Limitations/Related Findings</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aharoni and Ackermann (1998)</td>
<td>International Business Review</td>
<td>Multi-case study in software industry</td>
<td>To explore the influence of the internationalisation process on network relationships</td>
<td>The rapid nature of BEG internationalisation process can lead to a number of challenges which can take a number of forms. BEG may be more willing to adapt to suit the market's requirements than is common. BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
<td>BEG may adopt the features of a network relationship that on a number of fronts over time to overcome an 'overconstrained' situation. The behaviour was linked to the internationalisation process.</td>
</tr>
<tr>
<td>Coviello and Munro (1997)</td>
<td>International Business Review</td>
<td>Single-case study in Sweden</td>
<td>To contribute to theoretical development concerning the role of internationalisation process in network relationships</td>
<td>BEG may need to possess particular internationalisation capabilities (international networking and technological BEG). BEG may need to possess certain capabilities (international networking and technological BEG).</td>
<td>BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
</tr>
<tr>
<td>Sharma and Bierman (2003)</td>
<td>Advances in Management of Foreign Enterprises and Growth</td>
<td>Case study across key aspects of BEG process</td>
<td>To explain how the role of networking and internationalisation processes contribute to BEG growth</td>
<td>BEG may need to possess particular internationalisation capabilities (international networking and technological BEG). BEG may need to possess certain capabilities (international networking and technological BEG).</td>
<td>BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
</tr>
<tr>
<td>Mort and Wensweerd (2006)</td>
<td>International Marketing Review</td>
<td>Case study in the UK</td>
<td>To study the role of outsourcing in the adoption of BEG and the internationalisation process</td>
<td>BEG may need to possess particular internationalisation capabilities (international networking and technological BEG). BEG may need to possess certain capabilities (international networking and technological BEG).</td>
<td>BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
</tr>
<tr>
<td>Freeman et al. (2006)</td>
<td>Journal of International Entrepreneurship</td>
<td>Survey in US and China</td>
<td>To examine the impact of BEG on network relationships</td>
<td>BEG may need to possess particular internationalisation capabilities (international networking and technological BEG). BEG may need to possess certain capabilities (international networking and technological BEG).</td>
<td>BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
</tr>
<tr>
<td>Hurst et al. (2013)</td>
<td>Journal of International Entrepreneurship</td>
<td>Survey in the UK</td>
<td>To examine the impact of BEG on network relationships</td>
<td>BEG may need to possess particular internationalisation capabilities (international networking and technological BEG). BEG may need to possess certain capabilities (international networking and technological BEG).</td>
<td>BEG may deliberately seek network relationships with partners who are more active in operating BEG.</td>
</tr>
</tbody>
</table>

**Table One: Literature suggesting an adaptation dimension in the BGE approach to network relationship management**

In this small body of literature published over a period of 13 years, contributors have argued that “network relationships require adaptation in several areas” (Freeman et al., 2006, p. 46), each of which may be linked to intended outcomes relating to “issues related to managing relationships with partners operating in different cultures” (Coviello & Munro, 1997, p. 384),
and also to the strength of the relationship itself (e.g., how dependant the BGE is on an individual network relationship). Indeed, one contributor argues that the extent to, or the manner in which, a BGE adapts some feature of strategy to suit an export market characteristic has been linked to the strength of the relationship itself, often referred to as ‘network tie strength’ (Sharma & Bloomsterno, 2003). This suggests that the stronger the connection to the export market, the more likely the BGE is to adapt as regards the socio-cultural characteristics of the export market. However, the reason why a BGE would adapt is not entirely clear.

The commentary indicates that any dimension of adaptation observed in the way a BGE approaches network relationship management, whatever form it takes, is likely to be linked to the firm’s capability to adapt as well as its capability to network. Some argue that, as a result of this probable link, “new ventures desiring growth in international markets [should consider] building up their initial stock of resource and be focused on developing and maintaining both strategic adaptation and networking capabilities at the earliest time possible” (Fernhaber & McDougall, 2005, p. 130). Weerawardena et al. (2006, p. 568) found that networking capability is “instrumental in developing innovative products, in locating markets across national borders and in international market performance”, and that these network relationships can involve deliberate adaptation attempts as part of managing the relationship. These works indicate that at the very least, a BGE’s capability to adapt is likely to play some role in any dimension of adaptation that can be found.

These works present no evidence concerning a BGE approach to the distribution adaptation decision, whether distinctive or not. However, they include commentary indicating that such behaviours exist, and are likely to be found in relation to the way international network relationships are managed. Further, while little has been said about the potential for distinctive features, the existing commentary suggests that if such features can be found, they are likely to relate to the manner of the behaviour, rather than solely its extent. Based on the literature covered to this point, with a view to making a discovery concerning the BGE approach to distribution adaptation, a two-part question was formed to guide the study:

- How do BGEs address the adaptation decision as part of managing individual network relationships?
- How does this compare with how traditional internationalising enterprises (TIEs) address this decision?

In the next chapter, the methodology underpinning the study is presented.
Chapter Three: Methodology and methods of the study
In this chapter, the study’s methodology and methods are outlined and justified. In the first section, the dimensions comprising the methodology of the study are identified and justified. In the second section, the methods used for collecting and analysing data are identified and justified. In the third section, the ethical issues are identified and addressed. Included in the appendices of the chapter are a profile of the novel industrial context from which the cases were drawn, sampling tables (including details of the case participant’s firms), and the forms provided to participants.

Methodology

An inductive approach
The study was based on an inductive methodology, underpinned by a critical realist philosophy (Rescher, 2000; Scott, 2005). This philosophy takes the position that something can be known about, but not known; surface meaning is potentially misleading; and observations are open open to interpretation (Benton & Craib, 2001). It was guided by the two-part research question identified in the literature review, observations were made relating to each case, patterns of behaviour were identified across the cases, and a number of propositions were developed that together form an original theory that proposes to identify and explain distinctive and innovative features of BGE network adaptation behaviour. This approach and philosophy were chosen for two reasons. First, they were seen as compatible with the study’s aim to make a new discovery and to develop new theory in an area of inquiry with limited theoretical development (Maxwell, 2005). Second, they were chosen because of the social dimension of the topic of study.

A social study is interested in human behaviour, which can be unpredictable and based on emotions relating to their perceived reality rather objective rationality (Scott, 2005; Yeung, 1997). In the case of firm strategy standardisation/adaptation behaviour, someone is required to make, and then act on, a decision about the extent to which, or the manner in which, a strategic element is adapted to meet some specific socio-cultural characteristics of an export market. It is not logical to presume that this behaviour will always be rationally informed and implemented, particularly given the intuitive style of decision-making that has been shown to be common in the context of an SME. The inductive approach and critical realist philosophy are known to be compatible with research aiming to generate theory concerning a social topic that comprises an element of irrationality or unpredictability.
A qualitative design
The study’s design was qualitative in nature and used semi-structured interviews to collect data (Creswell, 2003; Yin, 2003). It used an integrated and evolving research process, one that was iterative in nature with multiple stages of research happening simultaneously. For instance, as interview data was collected, the literature and research questions were re-visited and re-considered. This allowed the process to be refined as it progressed, enabling patterns of behaviour to be explored as they emerged. This design was chosen because it is known to be effective at providing a deep understanding of factors that are contextual in nature (Craig & Douglas, 2001) the kind which can facilitate theory development rather than theory testing in emerging research contexts where little is known (Hastings & Perry, 2000; Sandelowski, 2000; Creswell, 2003; Maxwell, 2005). Moreover, it has been consistently successful at developing the emerging BGE strategic behaviour literature.

A multi-case study approach
The study took a multi-case study method approach, which was comparative in nature. A comparative approach was chosen because it had been effective in previous studies at identifying features distinctive to the BGE type of international business, and also for understanding SME marketing behaviours more broadly (McCutcheon & Meredith, 1993; Elliott & Crossley, 1994; Chetty, 1996; McLarty, 1998; Merilees & Tiessen, 1999; Yin, 2003; Battisti & Perry, 2008). In this literature, the approach is said to be especially robust when data from at least three cases from each side are collected and analysed, advice which was adhered to in this study in that it captured data from eleven BGE sites and six TIE sites. This approach enabled patterns to be identified in BGEs as well as in TIEs to be compared to identify any distinctively BGE behavioural features.

A novel single service market focus
The study focussed on the English language market in New Zealand. A single market focus was chosen to be a control variable because of the study’s interest in patterns of behaviour that may be unique to BGEs, requiring comparison, and also because the literature has shown that BGE behaviours tend to be industry-specific. A service market context was chosen because the extant literature has shown that standardisation-adaptation behaviours are product/service specific, and so far services have been neglected (Laanti et al., 2007; Falay et al., 2007; Gabrielsson & Gabrielsson, 2011). The New Zealand context was chosen because it has been identified by the literature as a SMOPEC in which BGEs are active, yet it has been neglected by the literature (Chetty & Campbell-Hunt, 2004). As noted in the introduction, the English
language market was chosen because the author believed that BGEs were active in the form of English language school businesses, and because it was an industry that was not represented in the strategy standardisation-adaptation literature.

In summary, the methodological approach of the study is best described as inductive in nature, underpinned by a critical realist philosophy and taking the form of a qualitative, multi-case study that captures and compares the behaviours of both BGEs and TIEs in the novel service context of the English language market in New Zealand. A profile of this industry is included in the appendix of this chapter.

**Methods**

**Sampling**

To identify English language school businesses that fit the definition of a BGE, a web search was carried out. This uncovered a number of web directories listing businesses in New Zealand self-identifying online as an English language school. The most complete list belonged to the membership-based, industry body website of English New Zealand. Links were followed to various member websites in which the content was analysed. This process uncovered dozens of English language schools with little-to-no references to domestic marketing operations, and text indicating that they had been this way since inception. This finding was consistent with the commentary found in the grey literature (Bennett, 1998; Batchelor, 2000; Wylie, 2006).

English language school businesses were contacted via the details provided on their websites. The exploratory email broadly introduced the purpose of the research, and asked if they would be interested in a conversation. In the conversations, the scope, process and intentions of the research were explained. This process uncovered a number of English language school businesses that had been serving visiting internationals, and earning nearly all of their revenue from international marketing activity, within three years of inception, thus fitting the definition of a BGE. Thirteen people from eleven BGEs were willing to participate in the study, self-identifying as marketing managers or country marketers. A table including the basic details of this sample can be found in Appendix A.

The BGE participant population was diverse in nature. It included men and women, born New Zealanders and new New Zealanders (e.g., their families had migrated to New Zealand in their

---

5 [www.englishnewzealand.co.nz](http://www.englishnewzealand.co.nz)
lifetime), as well as native English speakers and speakers of other languages. Commonly, the owner/manager had bought the business after returning from some time living abroad, or when immigrating to New Zealand. The former seemed to take a tourism-like perspective of the English language business, commonly referencing the working holiday language traveller as their target market, while the latter seemed to take a more academic approach, commonly referencing the performance of their schools in testing courses and their links to tertiary institutions.

The businesses ranged in age and were founded in both urban and regional areas. The oldest BGE was founded in the mid 1980s and the newest in 2008. Four of the businesses were based in regional areas, and the remaining seven were based in an urban area, either in Auckland or Wellington. During the course of the research project, one regional business and one urban business ceased trading. The only commonality they shared was their newness, having both been founded since 2000. The average age of the remaining businesses in the sample was 22 years in operation, with the youngest business 12-years-old at the time of writing. The BGE sample can probably be described as mature.

The majority of organisations that fit the TIE definition in this context were long-established, publicly-owned and operated tertiary educational institutions, namely universities and polytechnics. Some content analysis of promotional text on the webpages of these educational institutions revealed that universities and polytechnics have long been active in the domestic English language market space. It also revealed that they targeted visiting internationals, and that this strategic move may have developed gradually. Between universities and polytechnics, however, the English language centre based at a polytechnic stood out as the best example of a TIE in this context because of the way that polytechnics promoted their offerings to visiting internationals, indicating direct competition with English language schools by promoting a similar offering. For example, they promoted that visiting internationals could enrol at any time for various lengths of times instead of a semester-based approach, they promoted a similar weekly price, and they presented add-on experiences and used imagery that indicated a touristic flavour.

The TIE sample was not entirely dominated by English language centres, however. One privately-owned and operated SME was also identified as fitting the TIE definition, whose owner/manager was willing to participate. This English language school business had started by serving the local recently-arrived migrant population more than 20 years ago and had
gradually expanded into the international market over a number of years. What is interesting about this one case is that it happened to be in a partnership with one of the polytechnics. This partnership involved the polytechnic promoting English language offerings, but then ‘outsourcing’ its delivery to the SME. This was the one example in the study of two TIEs jointly serving the English language market, an approach made more interesting by the fact that one is privately-owned, and the other is not. A table including the details of the TIE sample can be found in Appendix B.

Each of the organisations put forward a person or two in their organisation who they felt was closest to the marketing activity of their business, and who they felt could provide good insight into the way the organisation responds to the variable of culture. This resulted in a sample of 13 participants representing 11 diverse BGEs sites across the country, and eight participants representing seven diverse non-BGE sites across the country. Once the participant was provided with an information sheet and had signed a consent form, interviews were arranged to be held on-site. The forms provided to participants are included in Appendix D.

Eight participants represented seven organisations that fit the definition of being a TIE, with all organisations having started primarily serving newly arrived migrants to New Zealand, and then gradually expanding to serve international visitors. Six of these organisations were business units of a larger entity, one that is publicly owned and operated. One of these organisations fitted the definition of an SME. Despite being TIEs, the scale of their operations appeared similar to the English language businesses, serving between fifty and a few hundred visitors per year. If they were not part of a larger organisation, they would probably fit the definition of an SME on the basis of revenue generation and the number of employees.

The participants self-identified as marketing managers, or some variation thereof, and in the case of the SME, the owner/manager also participated, who was a former primary school teacher. All the participants except one were born New Zealanders who had had some international experience, for example teaching English abroad. In the case of the SME, the marketing manager was a recent migrant and a former customer of the business. All participants emphasised the academic orientation of their English language centre, but they also expressed an interest in being more flexible than is common in an academic setting in terms of how the offering is structured. For example, offering small class sizes, allowing visitors to enrol weekly rather than by semester, offering ‘outings’ to local areas of interest and other social events.
This responsive market orientation was observed to be shared across TIEs and BGEs to varying degrees.

Three TIE sites were based in an urban area, and four were based in regional areas, including the sole SME case. Two of the four TIE sites were operating in a joint partnership. This partnership involved the SME offering the English language centre’s offerings, and the larger TIE promoting them.

**The interviews**

Following successful case study examples in the literature, interviews were about an hour in length. Each interview only asked questions relating to the situation of the interviewee and their experience of marketing in their particular organisation as per the advice of Yin (2003), and Creswell (2003). In line with the first research question, they were asked about what their organisation offered, how it was sold, and how they addressed any cultural differences in their international marketing work. A series of probing questions were used to assist where needed. The nature of the probing questions evolved as the series of interviews progressed and more knowledge of the context was gained. The interview protocol can be found in Appendix C.

Each interview was recorded using a digital voice recorder, as agreed with each participant. After each interview, the researcher recorded initial impressions to refer to during the analysis, and then transferred the MP3 sound recordings to a secure file storage area online and on the researcher’s main and backup hard drives. Within a fortnight of conducting the interview, the researcher listened to the interview using a note-taking technique to capture relevant quotes and data. It was decided that transcription was not needed because the researcher would not be carrying out any syntax analysis or word counting content analysis techniques. The idea was to capture ideas and concepts, working at the conceptual level rather than at the detailed word level.

**Data management and analysis**

A ‘member-checking’ technique was used, as advised for qualitative data of this nature (Briggs & Coleman, 2007). This technique is used to provide an opportunity for the participant to review the comments captured by the researcher. It involves organising the interview text by themes and then placing it in a table. The table was sent to all participants to allow them an opportunity to make changes, clarify or remove any data. This process was carried out shortly after the interviews to make sure that the passing of time did not erode the quality of analysis, that the probing questions were informed by what had been learnt in previous interviews, and
that themes and notions emerging in the data could be tested and developed further. This approach is recommended for a study of this nature (Maxwell, 2005).

In terms of analysis, a research journal was kept to record thoughts and ideas, to test relationships between concepts and to note emerging themes. In this journal, ‘memos to self’ were written to synthesise the notions and patterns emerging in the data with respect to the wider literature. The memos relied on the thematic content analysis technique, which involved reviewing the interview text and making sense of it from the perspective of distinctive, innovative BGE network adaptation behaviours. This technique was helpful for navigating the large amount of data and uncovering rich information from the interview narratives (Morris, 1994). This approach was chosen because it is compatible with the nature of the data collected, having been supported as a valid research approach for some time (Krippendorff, 1980).

**Ethical considerations**

There was the potential for this study to expose commercially sensitive information. To manage this ethical sensitivity, the researcher agreed not to ask questions relating to matters like specific sales figures, or other information that might compromise the organisation’s position in the marketplace. Moreover, the study did not use any real names of organisations and individuals, nor did it capture the specific location of the entity beyond noting whether it was regional or urban. In this case, urban refers to either Wellington or Auckland and regional is anywhere else in the North Island of New Zealand. In situations where something deemed to be commercially sensitive was captured by mistake, the member checking forms provided an opportunity for participants to reframe or remove these comments.
Chapter Four: Results
The data drawn from both samples identified that network relationships are the primary distribution method employed in the English language market with the agent relationship dominating the interview data in both TIE and BGE samples. While the agent distribution method was observed across both samples, it was observed to be the primary, and sometimes the only, distribution method in the BGE cases. While much of this data concerned the issues participants saw themselves facing when trying to meet the right partner agent, some data concerned how the businesses managed individual agent relationships. In this data, some patterns of behaviour were observed as distinctive to BGEs. Some of these behaviours were interesting, but did not relate to adaptation and so were beyond the scope of this study. These results are not included in this work, but were reported in a separate publication (Stachowski, 2010). In this chapter, only the data concerning behaviours that were related to distribution adaptation are reported. On the basis of these results, the research question is answered.

Descriptive results

The export education agent relationship
There was near universal agreement across the TIE and BGE samples that, in the English language market, the main distribution method involves developing and maintaining a network of relationships with export education agents based offshore. In terms of the role that relationships with export agents play in a TIE distribution approach, participants said:

*If you don’t engage with agents, you might as well be under the carpet. [Agents] want to be recognised and as they should be because without agents we would not have students. About half of our students come through agents.*

*With international marketing, relationships are key, particularly with agents. It is about building relationships which are long term and sustainable. It is about keeping your business activity going.*

*There is a connection between these relationships and our strategy. I think of [agents] as our customers too. The importance of the personal relationship is absolutely critical – we all understand that.*

Despite ostensibly operating in a business-to-customer type setting, the comments made by TIEs indicated that their main marketing efforts were directed towards agents. As one participant said:
Our promotional material is mostly for the agent, recognising their importance in the decision making and referral to their clients. Promotional material includes training [about our products], costs, pastoral care, New Zealand and so on. This material is increasingly being produced in other languages.

The export agent relationship appeared even more important to BGEs, whose participants said:

You would not be able to run the business without [agents] because so much business is generated through them.

Agents [are] critical. They are your best sales people.

Ultimately, the business comes down to having long term relationships with offshore partners and agents. There is no substitute for having a long term, trusting relationship with an agent offshore.

The relationship with the agents is the key. We have [to] build a strong relationship with them.

Over the years, language schools worldwide have tried different models. It is tempting to say we have a fantastic website [and that] we will cut agents out and not pay them any commission, but I don’t know any school that does that.

However, this relationship was not observed to be strictly between two parties, as one participant explained:

We have to manage a relationship with the student and with the agents. Then the agent has to manage their relationship with the student. It is a little complicated and the relationship can fall apart in a number of ways.

When asked about the value of the agent in this market, responses indicated that the export agent presented the most effective and efficient way to reach their desired target market. For example, BGE participants said:

We are here and the market is there. [They] do the job on behalf of us. [If we did not] have an agent, then we [would] put a lot of money into online advertising and answering questions from students directly. [Agents] are like a shop front, [and] by exchanging information, we get feedback from them on the customer’s expectations [and] needs.
The personal connection made with the agent is important because once you have established a mutually trusting working relationship, the flow of students will be steady and likely to grow.

External agents and internal marketers educate one another about what is on offer, and what could be an opportunity. Marketers float ideas with agents and get feedback from them on whether these are possibilities. Important to make sure the agents have the right information so students are not surprised when they arrive – this supports school credibility.

Participants from TIEs tended to agree that export agents offer a great deal of value to businesses operating in the English language market, saying for example:

*They have a better chance at getting a student visa if they go through an agent because the agent knows how to put the application together with a positive profile to get the visa approved. Whether or not they need to use an agent largely depends on their language abilities. It is quite hard on email to understand what they might be asking you. It is the role of the agent to make sure the students understand their options and what the commitment to study means.*

*Agents are responsible for communicating with the student pre enrolment and then following up once enrolled with some student support. Culturally, you need a Chinese person to be working in China. They have knowledge of the market, and the education system here in New Zealand. We would love to have direct enrolments, but then you have got to have a great site, active on Facebook and Twitter, and then you have got to be slick with your replies. [Plus], most institutions do not have the back-up systems to get the most out of direct enrolments.*

These results indicate that the value of export agents is in their ability ‘play matchmaker’ between potential customers and businesses, bringing the right customers and right businesses together and seeing them through to a successful commercial transaction, whether TIE or BGE. This is important because the English language offering itself is not a straightforward consumer product purchase. It requires travel to New Zealand for an extended period of time, and the course offering itself has many features about which customers have particular expectations. The nature of this offering indicates a need for extensive communication between the seller and purchaser. This data suggests that agents can bridge the communication and cultural gaps between the customers and the business to effectively and efficiently address these various expectations and navigate the visa processes.
However, not every target market is accessible by an export agent relationship. It appears to be restricted to countries with complex immigration policies. For example, one TIE participant said:

*Being an ‘agent market’ means that students from these places usually prefer to go through an agent to apply to study in New Zealand rather than apply by themselves. How an international education market works very much depends on immigration rules, and what the perceived risk is around that country.*

The prominence of the agent relationship in the data suggests that English language school businesses in New Zealand tend to target countries/regions with complicated visa arrangements. Why these businesses do not focus on regions with looser immigration policies was not clear in the data. It may be the case that regions with looser immigration policies tend to also have higher English language abilities, and therefore are unlikely to want to purchase English language courses. Whatever the reason, the data indicates that it would be too hard for a business to reach these markets without the skills of agents for TIEs and BGEs.

From the English language customer’s perspective, it seems that in addition to communication and immigration barriers, there is a preference that someone in their home market should be somewhat responsible for the whole event going well. For example, participants said:

*Students prefer to apply through an agent because...if there is a problem during the experience, they can complain to the agent.*

*The agent achieves this by being able to navigate the differing systems.*

*[Students] have got a better chance at getting a student visa if they go through an agent because the agent knows how to put the application together with a positive profile to get the visa approved.*

*[Students] think they have got some kind of insurance policy if they go through an agent. They think that that person will lead them in the right direction.*

*Agents are a security blanket. Something goes wrong, there is somebody to blame.*

*One of the reasons students use agents is because they need assistance with the visa process, and because they hold a wealth of information about educational institutions. These agents can*
act as a single point of contact in the home country. They are like a bridge between New Zealand and the home country. If the students are happy, the agents are happy.

Whether destined for a BGE or TIE, the agent appears to:

- guide would-be customers through the visa processes associated with going to New Zealand for an extended period of time;
- match the customer’s expectations and budget to a particular business’s offering;
- take some responsibility if the client’s expectations are not met; and
- do all of the above in the language of the would-be visitor.

It seems that neither the TIE nor the BGE would have the capability or the capacity to reach and successfully serve their target markets without their network of agent relationships.

The role that export agents play in this industry context is reflected in the amount of commentary made about how a business goes about finding, establishing, developing and maintaining the network of relationships with these agents. A common theme across both samples was that this is a difficult task because the global pool of potential partners is vast, the profit margins are slim and the global competition is intense. In the case of BGEs, there appeared to be an additional difficulty relating to their narrow offerings. For example, BGE participants said:

_We have around 700 agents on the books, and most students come through a few. For example, we have a strong agent in Japan who facilitates a constant flow of students._

_I don’t know how many agents we have got on our books, could be three or four hundred. [We] have a core group, but we would be really happy if we could get one or two students from a quarter of the agents on our books in a year._

_When it comes to selecting agents, you throw yourself open to everyone, but there is a core group of agents you work with._

_We work with more than 100 agents, of whom around 30 are core active ones. Most of our students come through agents if they enrol from abroad. Some come in off the street._

_Most of our students come through our agent relationships. This is a very hard part of my job. Things have changed in recent years. In the early days, agents were looking for schools. Now, it is the other way around. For private and language-only schools, this is a hard environment_
to market in because of our narrow range of courses and because students, and their agents, are well informed about what is on offer at competitor schools.

TIEs commented on the importance of being attractive to agents, with one participant saying:

Agents get approached by institutes all the time, so you really need a point of difference, or an introduction to really get a foot in and make it work.

**Matchmaker of matchmakers – Education New Zealand and English New Zealand**

Education New Zealand is an export promotion agency that appears to help education exporters to meet agents based in their desired target markets with whom to develop a relationship. Participants explained that this agency arranges events for organisations to meet potential distribution partners offshore, acting as the ‘matchmaker of matchmakers’, as it were. While its mandate covers the English language market, and some BGEs were supportive of its work, others questioned its value to smaller businesses like BGEs. For example, participants said:

**Education New Zealand marketing and branding is quite good. Some of the stuff they’ve got online is good. However, they are not as commercially or marketing savvy as they could be. They are quite anonymous at times; they are not well known.**

**There are agents that I work with which are Education New Zealand specialist agents. To be fair, just like we do, a lot of agents like to put certificates on their walls. People do that to make [themselves look good]. They like to have things on their walls that validate them as being somebody who is [recognised by the New Zealand Government as an ‘approved’ agent]. It is probably one of the better ideas.**

To get good quality agents, we work mostly with Education New Zealand specialist agents who will not send students to low quality providers. We have a core group of agents, which bring us the majority of our international students, about 15 to 20.

**I think Education New Zealand had no idea what they were doing. Any industry body needs to be effective and accountable to the people they represent.**

**We do not participate in Education New Zealand events because they are too expensive and I cannot justify the investment. Very little of their work trickles down to someone like me. And, feedback from agents abroad is that English New Zealand arranges better fairs than Education New Zealand anyway.**
Education New Zealand is a mechanism for industry to comment on government policy around export education. They need to have a better idea of what the people on the ground are actually doing. I think they have done well with branding, and bringing institutions together, despite the disparity within the industry.

There is an expectation that [the] New Zealand specialist agent [scheme] will mean something, but in practice it does not actually [deliver].

We sometimes travel on Education New Zealand trips abroad where we get to meet new agents in a ‘speed dating’ fashion. That initial perception of someone is so important.

If you rely on Education New Zealand entirely, you go nowhere. So we pretty much just do it ourselves.

I feel like polytechnics are marginalised at the Education New Zealand table. The focus seems to be on helping universities increase their numbers. I think it needs to consider all the different types of educational institution in export education.

English New Zealand is a membership based body that appears to fulfil the same ‘matchmaker of matchmakers’ function as Education New Zealand, but is restricted to, and funded by, a group of English language school businesses, including TIEs and BGEs. Participants said of this organisation:

English New Zealand is an industry grouping which is trying to represent high quality providers, a group of schools that have the students’ best interests at heart.

With one or two exceptions, all the top schools are in English New Zealand, and with one or two exceptions, all schools in English New Zealand are top schools, so it is not difficult to get the top agents to come to [its] workshops. [It] works quite well.

English New Zealand appeared to target English language market-specific agents with a two-part value proposition: assurance that a good experience was likely for their clients, and offering economies of scale, with agents being able to access a group of BGEs rather forming relationships with one business at a time. Results indicated that it was having some impact.

English New Zealand members have 50% of the business. The generic advantage of working together outweighs [any] competitive disadvantages. English New Zealand works with agents. It is about using the power of the brand of English New Zealand to get top performing agents
to come and meet with you. English New Zealand has got a strong brand, so all the quality agents know about [it].

The brand value seems to come from the collective reputations of the member businesses, which comprises the most established BGs in the industry.

*English New Zealand is a way to add value to your school and to show that you are a good quality school. English New Zealand has other uses as well: as a marketing group, and a lobby group [to] provide a better trading environment.*

When asked about the dangers of partnering with competitors, members said that the marketing advantages to them as SMEs in a SMOPEC outweighed any disadvantages.

*Working with other language schools is mostly positive because I think everyone is aware of unspoken limits. [It is fine] to say, ‘Columbia is going really well for me’, but you wouldn’t say, or expect to be asked which agents in Columbia are sending [students]. It would be wrong for me to ask that question [and] to answer that question. [Some schools] are more direct competitors than others. [For example], we can be a lot more [open] with schools from other regions.*

New Zealand is a bit too small to not work together [and] I think of all the sectors; we are the most cooperative.

*New Zealand is a bit too small to not work together [and] I think of all the sectors; we are the most cooperative.*

*Being a small country, it’s better to collaborate and collectively market than try to do it on an individual school basis.*

*We are competitors, but also we are collegial. [We] do offshore events together. We are both from New Zealand, but we are selling something that is completely different.*

*When [the English New Zealand members] are together, we don’t see ourselves as competitors; we see Australia, Canada and England as competitors.*

According to these findings, it seems that the members of this group combine their reputations as a group of BGEs with successful customer satisfaction records to attract good agent relationships, which are then developed and maintained at the individual BGE level.

Comments suggest that the structure has had an impact on non-members. For example, two members said:
In the beginning, it was difficult because the peak body that preceded English New Zealand had captured the market and no agent wanted to work with a non-member. Eventually, a former student acted as an agent and helped us to recruit some students. Now, we are a member and we like working with English New Zealand, because the agents come to us.

One non-member said:

Not being a member creates a barrier to accessing agents. We will apply to become a member once we have more experience. The bottom line is that we are not a member of English New Zealand. Agents will work with us when we are bona fide, as soon we have got that little symbol on the website. Wouldn’t it be wonderful to have [English New Zealand] helping you from the outset?

However, some comments indicated that the value proposition to English New Zealand members was limited in that it does little more than introduce BGEs to agents known to be effective in the English language market. For example, one participant said:

I thought English New Zealand would pass on helpful marketing knowledge. But it seems the only way marketing takes place through them is by meeting agents who then take over the majority of marketing work.

Network relationship management and adaptation behaviour: Cross case analysis of results
The results showed that finding potential network partners may be challenging, but so is managing the relationship once initiated. While there seemed be plenty of mechanisms for assisting with the former challenge, there were none found by the study that could assist with the latter. While both TIEs and BGEs noted a number of relationship management challenges, the results indicate that BGEs face challenges of a different nature to the ones faced by TIEs. One challenge that emerged as distinctive to the BGE sample related to undesirable behaviours of individual network partners, the kind which could put the financial health of the business at risk. This undesirable behaviour appeared to have several elements to it, including business neglect, demand inflation and customer miscommunication.

In terms of business neglect, participants reported that agents tended to be more focussed on producing results for their larger, more lucrative relationships in the bigger Anglophone countries. Moreover, within the context of New Zealand relationships, agents were reported as tending to focus on relationships forged with large TIEs. This finding is not surprising given
that New Zealand English language school businesses are small global businesses operating in a SMOPEC context alongside some large competitors. Even when the business has seemingly established a good relationship with an agent, participants reported the likelihood of the agent neglecting the business at some point in time in the relationship. Owner/managers said the following about this:

*You are relying on other people; it’s not like direct marketing. You can be flavour of the month with a particular agent and, then for no reason, there might be a staff change, [or] something happens and you never have contact with that agent again.*

*It’s really, really hard [to develop a relationship with a good agent]. So, if you are lucky enough to get a good relationship with somebody, [it is] a fluke. You might meet somebody, and then just hit it off. It’s a personal thing, it’s a personal relationship, more than anything. [But], if you have not been to see them in a while, it is like, out of sight out of mind.*

*Sometimes, I email agents that I would like to work with, but they do not reply because they are too busy.*

While all participants explained the importance of keeping a regular dialogue going with their partners to remind the agent of their existence and value proposition, BGEs appeared to struggle with how to do this effectively and efficiently. The capabilities of the Internet appeared to help, but it was commonly agreed that the agent is likely to experience a lot of Internet ‘noise’, which means sometimes long delays between exchanges. To overcome this, email *and* visits to the export market appeared to be common. However, the results show that this is especially a challenge for BGEs because of resource limitations. Things BGE participants said to this effect include the following:

*Once the relationship is established, I must keep in touch and visit at least once a year to maintain the relationship. A good agent-marketer relationship takes time.*

*I go once a year [to] visit these agents, and I show them how we work, what we are doing [and] they will promote us, represent us and send students to us. It is not easy work. [I think] we have some outstanding [points of difference], so I just need to let them know what we do differently and why they should listen to us.*
We visit our country markets around three times a year to do branding, and build relationships with agents. This helps to build a trusting relationship, but also we feel we must visit this often or other schools will build relationships instead and we will lose competitiveness.

Overseas travel is expensive and email exchanges can be a time consuming activity for an owner/manager, particularly if they are trying to fulfil a number of roles in the business. In some cases, BGEs have to set limits to this activity. For example, one participant said:

If you don’t visit, [agents] tend to forget you. In an ideal world, marketing trips would happen twice a year, but this is not possible, so they have to live with once a year. These face to face meetings are seen as important because this is when personal bonds are created and this makes it easier to communicate with agents by email.

Network partner neglect could have serious financial consequences, particularly for those businesses relying on a small number of agents to produce enough sales to keep the business viable. This behaviour appeared to be a risk to BGE viability.

In terms of demand inflation, participants reported that once a BGE has established a relationship with a network partner, it is likely that the partner’s demand for compensation can creep upwards. For example, owner/managers reported that commonly partners ask for higher commissions or other ‘in kind’ rewards, or different pricing structures in exchange for their services. On this point, BGE participants said:

Some schools compete on price, offering more than 20% of fees to be attractive to agents, and even offering money back to students as a promotion. Some, for example in Korea, drive for more than 30% commission and even free weeks.

It is very difficult to compete with someone who is offering 40% commission. We prefer to keep it around 25%. But we offer better commissions to those who perform well.

An agent in China said to me, ‘for every five students, I want one free’. And, you also had to pay commission on top of that. If you could not operate on low margins and huge numbers, [agents did not] even want to know you.

All we are trying to do is provide a decent service to students, give them a nice, positive experience and value for money and all this bull about agents splitting commissions etc.; it just seems to taint [the experience] and leaves me feeling cold. It’s not what the industry should be about.
Agents sell the activities as part of the experience. The problem with this is that agents want commission from that.

Good agents want to match the right school depending on their clients’ needs. On the other end of the scale, you have an agent who has strong financial reasons to work with one school, connected to commission, or some bonus for reaching a target. [These agents] will railroad the student into going to that school. [In my view], you’ve broken down a bit there because you have got the potential for a client to come and not have their expectations met.

Network partners demanding increasing compensation could have serious financial consequences, particularly for those businesses operating on very slim margins. This behaviour appeared to be a risk to BGE viability. Furthermore, the last quote indicates an overlap with the third network partner behavioural challenge, communication.

In terms of customer miscommunication, participants reported that the triangular and cross cultural nature of the business-agent-customer relationship was a structure prone to miscommunication. They reported that in the English language market, even trusted partner agents can misinform potential customers either deliberately or unintentionally. Some participants reported that these situations can be difficult to manage. On this point, BGE participants said:

*We have no way of knowing what the agent is telling the student, particularly so because the agent comes from the same cultural background as the student.*

*I would not feel able to attract students without [agents] even though what agents tell students is sometimes incorrect.*

*Our worst fear is that the agent is misrepresenting what we offer, overselling, claiming things that are just not true, and then on a first day, a student who has realistic expectations has been promised what doesn’t exist.*

Network partner miscommunication can put the business at risk by setting the customer up to be unhappy, which may lead to the customer cutting their stay with the business short, or even requesting a refund, resulting in a loss to the business.

BGE participants seemed to believe that these undesirable network partner behaviours (i.e., business neglect, demand inflation, and customer miscommunication), posed a risk to the
financial health of their businesses and needed to be actively managed. The TIE participants did not identify these particular behaviours as being an issue for them.

While both TIEs and BGEs were observed engaging in adaptation behaviour as regards the agent relationship, the results suggest that BGE owner/managers may be using adaptation as a tool to help the business to influence partners to behave in a way that does not put the financial health of the business at risk. This behaviour appeared to involve the BGE owner/manager deliberately hiring someone from the local labour market with natively developed socio-cultural skills relating to a critically important export market. Their role appeared to be to manage individual agent relationships in the language and socio-cultural frames of reference of the export market. This pattern of behaviour was observed across all urban BGEs, and at no TIEs. This pattern was surmised by two BGE participants who said “we have one staff member looking after each market [who is] from that region themselves”, or “we try, as much as we can afford, to have someone who is familiar with the language and culture of their international market”.

The results indicate that TIEs, on the other hand, took a lighter approach to adaptation by hiring locally-based people who had some broad international international experience related to an export market, or a cluster of markets in a region. One participant explained this behaviour by saying that “one of our marketers [is] a Kiwi but [used] to live in India for many [years]”. In a similar example, one TIE said that they had “just hired someone who is bicultural Chinese-New Zealander to work with the Chinese market. We think it is a huge benefit the fact that she is Chinese and knows how to interact and understand Chinese people. This marketer is also responsible for north East Asia more generally, including Taiwan and Korea.” In the TIE sample, adaptation seemed to be used as a tool to achieve an effective and efficient transaction by avoiding cultural mishaps.

In terms of the results relating to the BGE behaviour, the rationale seemed to be linked to the owner/manager believing that the business could somehow influence network partner actions as regards these undesirable behaviours. The thinking seemed to be that these behaviours were best managed by someone with socio-cultural capabilities that were natively developed, rather than learnt by someone from an Anglo-Saxon background. For example, owner/managers commonly indicated that they believed international people “respond better to the familiar face of their own culture, [than to] the more exotic Kiwi face” and, as a result, “strong bonds [can be created] in terms of a business relationship because they are native speakers and can
understand the language and the culture”, and “will be trusted, know where to go and how to approach people…[and] you cannot convince people as you can when you are a local person”.

In terms of the TIE approach, the rationale for using non-natively developed socio-cultural capabilities seemed to be linked to the market power position of TIE in the industry. One participant articulately explained that “in international education marketing, there will not be cultural barriers, there will be commercial barriers. There is no language barrier, we all speak English and there are no other cultural barriers, for example religious, history, etc. It comes down to power, who has got the power in the market and who doesn’t”. These views were reflected in the comments of other TIE participants, as well. Given that TIEs tended to be part of a larger, well-known entity, or in an alliance with one, the power dynamics between the TIE and the agent were probably different. As such, they were unlikely to face the same undesirable behaviours noted by BGEs. With the power dynamics seemingly leaning in the TIE’s favour, the participants appeared comfortable operating in English language and New Zealand cultural frames of reference, and expecting their partners to do the same. The key concern for TIEs was simply avoiding any mishaps that might inhibit the commercial transaction.

An unexpected finding was that the the BGE network partner behaviour adaptation approach observed had an additional dimension, one relating to customers. BGE participants identified this additional dimension when they said they tended to hire “international people who are both counsellors and who are active marketers” who tend to be “foreigners [who] work in the office [doing] admin, counselling and marketing work”, or words to that effect. About this additional dimension, BGE owner/managers said:

> Almost everybody who is a marketer, speaks the language of their market, they are there to be available to the student, and to speak to the student. We have got French, German, Chinese, Japanese, Korean and then Spanish speaking. They all speak the language, they know the country, and they all come from that background so they have got an understanding of the situation that the student is in when they arrive. So, the French lady at the office, she does France, and the French part of Switzerland.

> I am in charge of the Latin American market, and I am also the counsellor, which means students can speak in their own language if they need to. I have been a student here, so I can understand what the students are experiencing, and I tell students this.
We try to have it that every student has a staff member that speaks their language, and they meet that person on their first day. We struggle with some, like Hungarian. For all the languages we get, there is either a full time staff member, or a part time staff member [who they can talk to in their own language].

Eighty percent of a marketer’s job is [managing] the relationship with [offshore] agents [and] 20% is student advice for that market.

The results suggest that New Zealand English language school businesses face undesirable customer behaviours, the kind that can put the financial health of the organisation at risk. For example, BGEs in this market appear to target customers who have a habit of initially purchasing short stays with the business, usually a few weeks. Sometimes, this can be as short as two weeks, which would generate less than NZ$1,000 in sales for the business, even less once the agent has been paid a commission. If the customers are happy, they extend their stay, so owner/managers appeared keen to encourage customers to stay beyond the time initially purchased. Owner/managers said the following about this behaviour:

A lot of students just pay for one or two weeks, and extend and extend. There is a lot of choice, so why should they go to a school and pay for twelve weeks and maybe think [they have made a mistake] when they go to school for two weeks and just continue.

[The] duration of the study is really short. Some come for two weeks [to study and work]. So their goal is really specific, just like European students [who] graduate high school in June [and go on a] holiday [to] New Zealand to have a look, so for them it is a big OE [like] a buffering period.

High school students spend four weeks with us and then go off to a high school around New Zealand for a year, but we are still the contact for their parents back home.

You might have a student here for four weeks, studying full time, but they are really here to have a holiday [and] to study English.

They are [at our language school] for four weeks to study English, and then after that they go into the volunteer projects that I set up for them.

The average stay of a student at this school is about eight weeks, and most are studying general ESOL, some are doing testing courses for further study.
The FCE, the CAE courses are basically designed for European students, the main market for that is Switzerland, Western Europe. You have 12 weeks together, beginning to end.

It is more profitable for me to invest in those students who are going to stay for a longer period of time.

Staying only for the initial timeframe is undesirable because of that the amount of investment that the BGE put into getting these customers. If they leave too soon, the business may earn less than what the business invested in them. The risk of customer ‘under purchase’ was not noted as an issue at TIEs in that they tended to operate in a semester system whereby each customer buys a large chunk of time at once, providing financial certainty for the business about the yield that each customer is going to provide before the customer arrives.

To manage this, the BGE owner/managers appeared to be giving the same people managing network relationships the additional task of managing customer behaviours. They did this by forming relationships with current customers, collecting feedback and responding to it in a timely manner in the hope that a well-managed stay would result in extensions. Owner/managers said the following about this behaviour:

The marketing people keep in regular contact with the students throughout their time at the school. Marketers often ask the students if they are happy with the school, the environment and the teaching methods. This is the job of marketing.

The marketer makes sure [the] student is happy and gives good feedback to the agent and it just keeps going around.

The owner/managers seemed to believe that this feedback-response work is a culturally sensitive behaviour, and requires a close relationship to be established and maintained between two people from the same cultural background for best results. Owner/managers said the following about this behaviour:

Feedback [relates to] cultural attitude. That is one of the [reasons] for the native speaker. The native speaker knows when the students are not happy. Our [motto is]: we have students, we make friends with the students, we have fun with the students. For [a student] to come forward

6 Underpurchase refers to a situation in which the amount that the business invests into securing the purchase is greater than the amount of the purchase itself.
and [say they] don’t like something confidently and comfortably, you have to make friends. To do this, we make an open environment for the staff to be easily accessed.

Language schools by nature are pretty small. You are not a faceless student here as you would be at a university. Everyone knows you. When something is not right, it will get followed up at most language schools because they care about the student.

This is really a family atmosphere; we are small, so everybody knows your name. We want students to [achieve] their academic goals. To do that, we need to have a low student teacher ratio—it is critical. [We] keep following up every two or three months, just to identify where they are [and to] provide individual counselling.

I would define the character of the school as being, warm, open, friendly, enthusiastic, caring. The owners [sit in public], so a student can come and see and talk to the owner of the institution if they want to.

It’s the family thing. We spend time with them, we talk to them, we get to know them. I know everybody, they know us and they love the teachers. It’s just a really nice learning environment because we care about them, and they know that; [it’s] a quality experience.

Helpfully, being a business that is small in scale appeared to enable relationships with customers to be developed. For example, BGE owner/managers said:

At this school, we have a maximum class size of fifteen students. When students trial classes, I have observed that the fuller the classes, the less likely they are to sign up.

We have learnt through experience to keep class sizes to about 12 per teacher. If these are not managed, it can impact student satisfaction.

What differentiates my school is its small size, with a maximum of about fifty students – small school, small class size, small town.

The student-teacher relationship is an important aspect of the experience here. We manage this through small class sizes, a social programme, activities and an informal classroom culture.

Given that these natively developed socio-cultural capabilities already exist in the business, and given the small scale of the business, adding a customer dimension to the adaptation
approach seemed an efficient use of resources. However, owner managers did note the financial
pressures this approach can place on the business. One said:

*The first person [students] come into contact with will be someone from their own culture. We
have a one-stop-shop here. One disadvantage is that is it heavy on the wage bill, [especially]
through those [seasonal] peaks and troughs.*

The cost of this approach is concerning given the comments owner/managers generally made
about their financial positions. For example, BGE owner/managers said:

*In New Zealand, the small language school is common, and as small enterprises we struggle
with the cost structures.*

*I think of this school as my hobby because I love it but the profit margins are very slim.*

*You only [stay in this business] because [you] love it, that’s all it is. It’s like a daily hobby for
all of us. It’s not because we want to make money. If we had wanted money, we would have
gone in some other direction, done something different.*

*If we had been looking to make money, we probably would not have bought this school. That
is not really what it is about. It is about a ‘feel good’ for us and if that is the underlying reason
for doing this, it will probably work out. If we only break even, we do not care too much.*

These comments indicate that, despite the concerns about cost, BGEs appear to be investing
into acquiring natively developed socio-cultural capabilities to enable adaptation to be used as
a tool primarily to help mitigate the risks associated with undesirable agent behaviours, but
also the risks associated with undesirable customer behaviours. These behaviours include, for
example, partners moving on from their respective firms leaving the relationship with the BGE
unattended, a systematic increase in agent commission demands, unhappy customers spreading
bad word of mouth and/or a series of loss-generating transactions. If all of these things were to
occur at once with respect to a critically important export market, surely the financial health
implications would be catastrophic for the BGE. The results indicate that the owner/managers
believe the scale of investment cost is justified, at least in terms of the critically important target
markets, given the scale of the potential financial consequences associated with these
undesirable behaviours. It is this pattern of behaviour that stood out as distinctive from the
adaptation behaviours of TIEs.
Chapter Five: Discussion
The results suggest that an adaptation dimension may indeed be found in the way that BGEs manage their network relationships, one that appears to be distinctive to the BGE type of international business and to the distribution element. This finding shows support for the emerging commentary presented in chapter two. Two dimensions to this behaviour were observed, one relating to the financially risky behaviours of the network partner, and to a lesser extent to the financially risky behaviours of the customer. Several elements were observed concerning network partner behaviour, including business neglect, demand inflation and customer miscommunication. Only one dimension was identified concerning customer behaviour by the study, under purchase, but other dimensions may exist.

Based on these results, this work argues that the nature and evolution of these two dimensions and their respective elements can be directly explained by the scope of a BGE’s natively developed socio-cultural adaptation capabilities relating to the critically important export market, the nature and development of which can be understood through:

- local labour market diversity;
- the firm’s financial position; and
- the owner/manager’s willingness to adapt, in that order.

A framework below visually presents this, and the remaining narrative discusses this framework in greater detail.
The BGE literature has recognised that risk management is probably a key benefit of using networks to distribute (Sharma & Blomsterno, 2003; Freeman, 2006; Sepulveda & Gabrielsson, 2013), and has argued that there are probably network adaptation behaviours distinctive to BGEs (Merriless & Tiessen, 1999; Paliwoda et al., 2009; Dib et al., 2010; Simoes, 2012; Freeman, 2012). However, the literature did not expect that any adaptation behaviours found to be distinctive to the BGE firm context would relate to managing financially risky behaviours of network partners themselves, nor did it expect a customer dimension to BGE distribution adaptation behaviour. Perhaps this is because the strategy standardisation-adaptation literature has not fully explored how adaptation might be used as a tool for achieving a business outcome other than achieving competitive advantage with respect to product design.
The evidence suggests that the scope of natively developed socio-cultural capability relating to a critically important target market the business possesses dictates the extent to which the BGE uses adaptation as a tool for helping to manage financially risky network partner and customer behaviour. Commonly, the BGE owner/manager would hire one person to cover a critically important export market, working with network partners and customers. However, if the business did not have the relevant capabilities to cover other critically important export markets, someone deemed to be culturally similar might be tasked with covering the key market, plus a number of other important target markets. In this case, the extent to which the approach was applied could be lessened, as the capabilities are spread thinly across the export markets. In the cases where one person was covering a number of export markets, the extent to which it is being applied might be reduced to only network partner activities.

The explanatory nature of firm capabilities has been noted in the literature, particularly with respect to the influence of organisational, technical, entrepreneurial, networking and adaptation capabilities on BGE behaviours (Knight & Cavusgil, 2004; Fernhaber & McDougall, 2005; Styles et al., 2006; Weerawardena et al., 2007; Hills et al., 2008; Zhang, Tansuhaj, and McCullough, 2009). More specifically, ‘international capabilities’ has been referenced in Rialp et al., (2005), as being an influencer of distinctive behaviour. However, this framework and the literature published since, have done little to provide detail relating to these various capabilities, for instance adaptation capabilities that are specifically socio-cultural in nature, and how they link to distinctive mix adaptation behaviours. This literature has also neglected to consider the relationship that strategic behaviour can have with capabilities associated with BGE employees.

This study’s findings support the broad argument that a BGE’s international capabilities can explain distinctively BGE behaviours, and also supports the more specific argument that a BGE’s adaptation capability can probably explain its adaptation behaviours more generally. To these arguments, this work would add that the scope of a BGE’s natively developed socio-cultural adaptation capability relating to critically important export markets determines the extent to which a BGE applies adaptation to help to manage the financially risky behaviours of network partners and customers Therefore, the following is proposed:

**P1:** The greater the scope of natively developed socio-cultural capabilities relating to critically important export markets a BGE possesses, the more likely the firm is to be using adaptation as a tool to help to manage financially risky behaviours of the network partner (i.e., business
Evidence indicates that there are three variables that can explain the development of a BGE’s scope of capabilities. First, the capabilities must exist in the local labour market. Second, the BGE must have the financial resources to acquire them in-house. Third, the owner/manager needs to be willing to engage in adaptation behaviour. The observed strength of the relationship between the variables is reflected in the proximity of the explanatory variables to the capabilities variable. Each relationship is explored in order of strongest to weakest.

The evidence suggests that the demographics of the BGE’s local community influence the scope of natively developed socio-cultural capabilities relating to critically important export markets the firm is likely to possess. While participants did not articulate this expressly, the study found that BGEs based in urban areas tended to have more staff from target export markets than those based in regional areas. On the more extreme end, an urban BGE had nine export markets covered by people from those countries, with some covering other culturally similar markets as well. On the other end, two regionally based BGEs said that they occasionally hire the services of people in the local migrant community, but that the pool tended to be small and not always related to the target markets of the BGE. This suggests that first and foremost, the socio-cultural capabilities need to exist in the local community for this distinctive approach to adaptation behaviour to exist.

The literature has argued that external factors are likely to have an influence over BGE behaviours, particularly in the context of networking (Slotte-Kock & Coviello, 2009; Sepulveda & Gabrielsson, 2013). Rialp et al.’s (2005) framework argues more specifically that industry characteristics, geographic context and available networks can impact strategic behaviours. Recently, Hallback and Gabrielsson (2013) argued that global diversity of a particular industry should be added to these as an explanatory variable of BGE strategy adaptation. The findings of this study support the notion that external variables, including those that are geographic in nature, can influence the distinctive nature of BGE behaviour. They also support the argument that diversity can influence adaptation behaviours. However, this work would add that ‘local diversity’ should be added as an element of geographic context. Moreover, this work argues that ‘local diversity’ has an indirect relationship with adaptation behaviour via capabilities, rather than a direct one as the existing literature argues. Therefore, the following is proposed:
P2: The more culturally diverse the BGE’s local geographic context, the greater the scope of natively developed socio-cultural capabilities relating to critically important export markets the firm is likely to possess.

The evidence indicates a BGE’s financial position influences the scope of natively developed socio-cultural capabilities relating to critically important export markets the firm is likely to possess. Comments made by BGE participants indicate that even if the relevant capabilities could be found in the local labour market, if the business did not have the financial wherewithal to hire an additional person, it was unlikely to happen, or it was likely to happen to the extent that finances allowed (e.g., part time, volunteer, etc.). Commonly, participants made references to the thin profit margins associated with being an SME in the English language market.

Given these thin margins, the cost of hiring a full time person was no doubt given plenty of serious consideration in terms of how it could benefit the business. Sometimes, participants would choose only to hire someone to manage the customer and agent relationships of one or two important target markets, and then these individuals would cover culturally similar nearby markets. While the literature argues that over time the BGE is likely to have increased access to financial resources, which in turn is likely to be reflected in the staff population (Coviello et al., 1997), this study found that location was probably a better predictor than age, in that some well-established BGEs in the regions noted their inability to afford to hire people for adaptation purposes even though they wanted to do so.

The literature has long argued that organisational characteristics can influence a BGE’s behaviours, particularly with respect to access to resources (Knight, 1996; Bell & Young, 2001; Gabrielsson & Kirpalani, 2004; Freeman et al., 2006). There is even a stream of research dedicated to the study of SMEs from the perspective of how they manage to achieve their outcomes given their resource limitations. This literature tends to be referred to as the ‘resource-based view’ of marketing (Freeman & Cavusgil, 2007; Knight et al., 2004). Commonly, this stream of literature focuses on how BGE leverage other capabilities, knowledge and networks to overcome financial limitations (Knight & Cavusgil, 2004; Freeman et al., 2005). Rialp et al.’s (2005) framework is in fact based on the resource-based view of BGEs, and financial resources appear to be captured as ‘organisational capital’. The findings of this study support the proposed relationship between organisational capital and capabilities, and would argue that there is a relationship between a BGE’s financial position and the scope
of its natively developed socio-cultural capability set relevant to critically important export markets. Therefore, the following is proposed:

**P3:** The more financially robust a BGE’s position is, the greater the scope of natively developed socio-cultural capabilities relevant to critically important export markets the firm is likely to possess.

Finally, the evidence suggests that BGE owner/manager willingness to adapt can influence the scope of natively developed socio-cultural capabilities relevant to critically important export markets. Views expressed by owner/managers were commonly positive towards adapting to suit the export market’s socio-cultural requirements. The most commonly expressed business rationale for this view was that these customer and agent relationships involve some form of complex communication relating to particular behaviours, and that this is likely to be challenging to carry out cross culturally. Further, comments indicated that the BGE is inherently on the disadvantaged side as an SME in a SMOPEC that is offering a limited product range. The belief seemed to be that by hiring a migrant, any additional disadvantages that may arise from cross-cultural communication could be managed, helping to keep the business from sinking into an even more disadvantaged position.

The explanatory power of the different types of founders and owner/managers on a BGE’s distinctive strategic behaviours has been a research theme in the BGE literature for some time (Madsen & Servais, 1997; Harveston, Kedia, & Davis, 2000; Matlay, Anderson, & Evangelista, 2006; Elliott & Boshoff, 2007; Freeman & Cavusgil, 2007; Dib et al., 2010; Persinger et al., 2011). The relationship between owner/manager features has been captured in Rialp et al.'s (2005) framework as ‘human capital’ (including people’s characteristics, ties and roles), which the author argues is likely to influence the development of a BGE’s complex international capability set. In the case of adaptation behaviour, some have argued that BGE owner/managers can be expected to express greater willingness to adapt than managers at TIEs would (Sharma & Blomsterno, 2003), an argument that the findings of this study support. Indeed, the findings of this study support the proposed relationship between human capital and BGE behaviour, and in the case of adaptation would add ‘owner/manager willingness to adapt’, which may or may not be informed by the owners/managers’ own international experiences. Therefore, the following is proposed:
**P4:** The more that a BGE owner/manager is willing to adapt, the greater the scope of natively developed socio-cultural capabilities relevant to critically important export markets the firm is likely to possess.

The comparative study reported in this work found both TIEs and BGEs engaging in distribution adaptation behaviour as regards the management of individual network relationships. The evidence suggests that BGEs use adaptation in a different way, and for a different reason, when compared with TIEs, and that this distinctive behaviour can be explained by a combination of particular internal and external factors. The existing adaptation literature has suspected that there may be some differences in the extent to which a BGE and TIE adapts, and has argued that this is likely to relate to the BGE developing competitive advantage. It has also argued that there might be something distinctive in the way that BGEs adapt the network-based distribution element of strategy with respect to an export market’s socio-cultural characteristics. While it suspected that BGEs could be using adaptation in the context of managing network relationships, it did not expect that this behaviour may be seen as a tool to help with managing the risks associated with undesirable network partner behaviours.

This is not to say that adaptation behaviour and risk have never been linked. The notion of adapting strategy to mitigate the risk of outright market rejection was a theme in the early literature. The worst situation that was thought possible, if a product was not adapted, was complete market rejection. It is interesting that the literature chose to neglect the risk dimension and approach the study of this behaviour with the presumption that international businesses are likely to approach adaptation not only manage risk, but additionally to achieve competitive advantage. The focus of the debate since has been dominated by competitive advantage, but these findings suggest that perhaps it is time to revisit the link between adaptation behaviour and risk management, particularly with respect to the BGE firm context and the distribution element of strategy.

This work contributes by presenting for the first time evidence of an approach to distribution adaptation, one seemingly distinctive to the BGE type of international business operating in the New Zealand English language market context. Based on this evidence, it further contributes a proposed theory to explain this behaviour, including several propositions to be tested by future researchers. This original theory argues that the dimension of adaptation observed in the BGE relationship management behaviour is linked directly to the scope of a firm’s natively developed socio-cultural adaptation capability relating to critically important
export markets, a variable which itself was linked to local diversity, firm financial position and BGE owner/manager willingness to adapt.

This contribution is not only original, but it is also significant because it demonstrates support for the fundamental argument that a firm’s context can explain how it approaches the strategy standardisation-adaptation decision (Schmidt & Kotulla, 2011; Hallback & Gabrielsson, 2013), and adds that in the case of a BGE type of firm:

- international capabilities may not just relate to the owner/manager;
- owner/manager willingness to act may be a specific explanatory internal variable; and
- local labour market diversity may be a specific explanatory external variable.

Further, it supports the fundamental argument that strategic behaviour is element-specific (Zou & Cavusgil, 2002; Hallback & Gabrielsson, 2013), and adds that the way a BGE approaches the distribution adaptation decision may involve an element of risk management.

The contribution this work makes therefore broadens the literature’s ability to explain a range of international business contexts, by adding evidence drawn from the BGE context. Further, it extends the literature’s ability to explain behaviours with respect to strategic elements other than the product, by adding evidence about distribution. Moreover, the contribution challenges the literature’s perception about how strategy standardisation-adaptation behaviour and firm success may be linked. It does this by showing that the definition of success may not be limited to competitive advantage and/or efficiency terms, but may also be defined in terms of risk.
Chapter Six: Conclusion

The debate relating to the phenomenon concerning international business strategy standardisation-adaptation behaviour is as old as the international marketing literature itself. Since the 1960s, contributors have debated whether the same marketing strategy may be used world over, or whether there is value in adapting the strategy to suit a particular country market’s unique socio-cultural characteristics (i.e., language and cultural frames of reference) (Buzzell, 1968; Schmid & Kotulla, 2011). In the early days, the debate was quite simply framed with one school arguing the benefits of strategy adaptation, namely competitive advantage, and the other arguing for those linked with strategy standardisation, namely efficiencies, with both arguments ultimately leading to the impact on the financial performance of the firm.

The study reported in this work was motivated by a desire to make an original contribution to the international marketing literature concerned with how an international business approaches the strategy standardisation-adaptation decision. Two shortcomings were identified in this area of the international marketing literature. The first shortcoming is that much of the empirically-based strategy standardisation-adaptation literature is dominated by a particular type of organisation, the TIE. The second is that it is also dominated by a particular strategic element focus, the product.

These are significant shortcomings because they concern two arguments that are fundamentally important to the extant theory in the strategy standardisation-adaptation literature:

- that firm context explains how an international business approaches the strategy standardisation-adaptation; and
- that the strategic element explains how an international business approaches the strategy standardisation-adaptation (Zou & Cavusgil, 2002; Schmidt & Kotulla, 2011).

Until these shortcomings are addressed, the current literature will be limited in its ability to explain how different types of international businesses approach this important decision, particularly in terms of distribution (Powers, 2010).

The BGE type of international business has emerged in the international marketing literature as a rapidly internationalising type of international business, one with well-developed adaptation capabilities and distinctive ways of approaching international marketing (Knight, 1997; Matthyssens et al., 2008). This firm context has been neglected by the strategy
standardisation-adaptation research, and seemed a good context in which to study distribution adaptation behaviour, especially with respect to discovering distinctive features.

The theoretical work done in this area has tended to focus on BGE adaptation behaviour, commonly in terms of adapting a product to achieve some competitive advantage over competition (mainly by generating increased economic rent by selling products at the higher end of the market) (Matthyssens et al., 2008). The wider adaptation research argues, however, that distribution is more likely to be the strategic element subject to adaptation, and quite probably not to achieve competitive advantage (Powers, 2010). According to an overarching BGE framework contributed by Rialp et al. (2005), network-based distribution channels are likely to dominate the BGE distribution approach. Further, the framework argues that there may be something distinctive about the way that BGEs develop their networks.

A small body of commentary can be found in the emerging BGE-oriented strategy standardisation-adaptation research. While no research was found that studied this topic directly, the commentary suggested that:

- some form of adaptation was likely to happen in terms of the way that the relationship with an individual network partner is managed by a BGE;
- this adaptation behaviour is likely to have distinctive features; and
- these distinctive features may link to the firm’s adaptation capabilities.

The study reported in this work therefore sought to extend the literature by contributing for the first time an investigation concerning the BGE approach to the distribution adaptation decision, and in particular whether there is anything distinctive about it.

A qualitative, multi-case study was carried out in a novel service context, the New Zealand English language market. This industrial context was chosen because the author believed that BGEs were active in this context, a belief based on an unexpected observation made whilst carrying out a separate case study of an English language school business, as reported in Stachowski (2008). To ensure that export education was a valid industrial context in which to study strategy standardisation-adaptation behaviour, a separate body of educational marketing literature was reviewed. This exercise assured the author that the notions underpinning the marketing concepts being studied were congruous with the context of an organisation operating in the context of education (Stachowski, 2011).
English language school businesses fitting the definition of a BGE were contacted and invited to participate. Thirteen people from eleven businesses were willing to participate in the study. Because of the unusual nature of the market context, it was difficult to find TIEs with which to compare. Some content analysis of promotional text on the webpages of the long-established, publicly-owned and operated tertiary educational institutions uncovered that polytechnics have long been active in the international English language market space, and are probably the best example to be found in this market context. These organisations were contacted, resulting in eight participants representing seven TIE sites across the country.

These individuals were interviewed at their place of work. Interviews were about an hour in length and each one was recorded using a digital voice recorder, as agreed with all the participants. A ‘member-checking’ technique was used, which involves the interview text being organised by themes, placing it in a table and sending it participants to allow them an opportunity to make changes, clarify or remove any data (Briggs & Coleman, 2007). In terms of analysis, a research journal was kept to record thoughts and ideas, to test relationships between concepts and to note emerging themes. In this journal, ‘memos to self’ were written to synthesis the notions and patterns emerging in the data with respect to the wider literature.

The study produced a large amount of data concerning distribution behaviours. Some of this data indicated that both TIEs and BGEs were engaging in adaptation behaviours with respect to the way they managed relationships with individual network partners. However, when the nature of each firm’s approach was deconstructed and compared, the BGE approach appeared to have distinctive features. These features appeared to relate to the undesirable behaviours of network partners, and the financial risks that they posed to the business. These behaviours included:

• the partner focussing on generating business for the larger scale businesses, and as a result neglecting the BGE business relationship; and/or
• the partner making demands for compensation beyond what is affordable for the BGE; and/or
• the partner miscommunicating the BGE’s offerings to the client.

These all appeared to pose risks to the business, and to mitigate these risks, BGE owner/managers were found to be hiring people with natively developed socio-cultural capabilities related to the critically important export markets. These people were charged with
managing individual network relationships in the language and cultural frames of reference of the export market.

The rationale underpinning this action appeared to be that a strong relationship could be formed, more so than would be the case between culturally different people. And, that a strong relationship would better enable the BGE to manage the behaviours of partners in some way to mitigate the risk of neglect, inflated demands and miscommunication. An interesting finding was the crossover that this behaviour had with undesirable customer behaviours, namely purchasing a stay with the business that was worth less than the investment the BGE put into securing the sale. The findings suggested that this was not the primary driver of the behaviour, and that the rationale for this behaviour was about getting the most value from the investment as possible.

Neither these network and customer behaviours, nor these risks, were mentioned by TIEs, indicating that this distinctively BGE adaptation behaviour may be seen as a solution to a uniquely BGE problem in the English language market. However, it might the case that BGEs in other industries are also faced with the problem of mitigating the risks posed by their network partner behaviours, and that these BGEs may have other, possibly distinctive, ways of managing the situation, ones which may or may not involve adaptation. The study presented in this work therefore found for the first time distribution adaptation behaviour with features distinctive to the BGE type of international business as regards relationship management, a behaviour seemingly being used in an attempt to manage the risks associated with undesirable partner behaviours.

When the BGE behaviour that was discovered is examined against the existing literature, an argument can be made that the network partner and customer dimensions, and their respective elements, can be explained by the scope of a BGE’s natively developed socio-cultural adaptation capabilities relating to critically important export market the nature and development of which can be understood by:

- local labour market diversity;
- the firm’s financial position; and
- the owner/manager’s willingness to adapt, in that order.
Based on this argument, an original theoretical framework and several related propositions were put forward to be tested by future researchers. This theory conceptualises and explains the distinctly BGE behaviour observed in this study.

This contribution is significant to the strategy standardisation-adaptation literature because it broadens the scope of the literature to include for the first time evidence showing a non-TIE type of international business engaging in distribution adaptation behaviour in a distinctive manner. Further, it is significant because the contribution not only demonstrates support for the fundamental argument that firm context explains practice, it also illustrates support for the argument that strategic element also explains practice. In terms of the theoretical contribution, it is significant because the literature is now better able to explain how international businesses other than TIEs approach the strategy standardisation-adaptation decision as regards the distribution element.

The contribution that this work makes indicates that the strategy standardisation-adaptation phenomenon is probably a richer and more multidimensional phenomenon than the existing literature has recognised (i.e., for purposes other than competitive advantage or efficiency). To see these additional dimensions, it is recommended that future researchers widen their view of the phenomenon to include different kinds of international businesses. It is also recommended that future researchers not only investigate the extent to which a strategic element is standardised or adapted, but also how this happens and to what end. With greater contextual diversity, and a broadened frame of reference, perhaps the strategy standardisation-adaptation literature will better reflect the modern international business landscape.
Chapter Seven: Implications, future research and limitations

Implications for existing theory

This contribution has implications for existing theory, namely for the framework proposed by Rialp et al. (2005). For instance, the following revisions and additions might be made:

In terms of the distinctive strategic features construct of the framework, the contribution implies that under scope of international strategy, relationship management adaptation as a risk management tool could be added. Given the behaviour appeared to have a customer dimension, one that was secondary to the distribution dimension, and given that this dimension appeared related to the BGE’s point of differentiation (i.e., being able to buy small stays and extend), the addition might have a dotted line drawn to differentiation.

In terms of the wider framework, the findings imply support for the link between firm international capabilities and distinctive strategic features. However, they suggest that a separate construct just for firm international capabilities could be added, under which scope of natively developed socio-cultural capabilities relating to critically important export markets might be placed. The findings suggest that this construct might directly link to the strategic features construct.

In terms of the intangible firm resources construct, the findings imply that human capital could be separated out into a distinct human factors construct, one that includes owner/manager (whether founder or not) and employee population features. Under owner/manager features, attitudes, behaviours, ties and roles can be added. Under attitudes, willingness to adapt could be added. In time, this might be extended to included willingness to engage in a range of behaviours (e.g., risk taking). Based on the findings of the study, the human factors construct may link directly to the capabilities construct.

In terms of the environmental factors construct, under the geographic context heading, the findings imply that local diversity could be added. The study found no reason to argue against the notion that environmental factors may directly influence distinctive strategic features of BGEs, but the findings imply that an additional link could be drawn between it and the capability construct.

If these revisions and additions were made, the framework might look as follows:
Figure Four: A revised and extended version of Rialp et al.’s (2005) framework

The contribution also has implications for a very recently published international entrepreneurial marketing strategy framework for international new ventures (a.k.a. INVs) (Gabrielsson & Hallback, 2013), presented in Figure Five.
Figure Five: Conceptual model of the development of international entrepreneurial marketing strategies in INVs.

Based on the same revisions made to Rialp et al. (2005), the findings of this study imply that the framework may be revised to look as presented in Figure Six.
Figure Six: A revised version of the model proposed by Hallback and Gabrielsson (2013)

The revisions include the following:

- manner of adaptation added to the central construct to capture not only degree, but also the way it is approached (it is logical to make the same change to the innovation dimension);
- local diversity added to the external environmental conditions construct;
- structural, human and capability factors added to the other firm characteristics;
- a link added between external environmental conditions construct and the firm characteristics construct; and
- a link added between the innovation and adaptation dimensions.

Implications for policymakers
The English language market in New Zealand appears to have plenty of BGEs in operation, some of which have been trading for nearly three decades. The study showed that network-based distribution channels are critical to their existence, yet they appear to require intensive
management, which has implications for the financial health of these BGEs. The findings indicate that BGEs operating in the English language market have plenty of opportunities to meet potential network partners. Meeting agents does not automatically come with financial results, but it does always come with a cost. When the efforts of Education New Zealand, English New Zealand and individual business are taken into account, the system appears inefficient and unbalanced with too much investment and too many players focussed on meeting potential partners, and not enough investment into developing relationships to their full potential.

In terms of relationship management, the findings of the study indicate a trend of hiring migrants to develop productive relationships with agents and current customers in familiar language and cultural frames of reference. While distinctive and interesting, this is a resource intensive approach for an SME. Moreover, how effective this relationship management adaptation behaviour is at influencing behaviour to achieve productive business relationships remains a question. It is entirely possible that this behaviour requires more investment than it produces in results. This behaviour indicates that what these businesses lack is assistance in managing these relationships once they are established, including the various risks.

It is therefore a recommendation that policy makers, and the various matchmaking organisations, explore better ways to manage network relationships than by adaptation. This would no doubt be most welcome by the smaller and regionally based businesses.

**Implications for owner/managers**

There may be many reasons why an owner/manager believes that adaptation activity can benefit the business. As Matthyssens et al. (2008) argue, it is important to know why a mix element is being adapted and how it is likely to get the best results. The study found the approach primarily being applied in the distribution sense, but also in the customer sense. The pricing promoted on websites did not indicate that such a feature is attracting premium pricing, and so the business probably looks to cover costs via customer extensions. The finding that customers can buy less than profitable stays with the business, and that additional investment is then being made by the internal marketers to leverage their socio-cultural capabilities to manage the customer’s experience and to encourage extensions, raises a question of why the business would do this. Why not set the minimum stay at a break-even point and provide more cost-effective feedback mechanisms? There may be fewer customers overall, but their increased yield could make it worthwhile. Moreover, this could allow the internal marketers to
focus more intensely on developing productive relationships with network partners, possibly where the real financial gains can be made.

**Future research**
For those interested in the studying distinctive BGE approaches to adaptation, researchers may want to study not only the extent but also the manner in which a BGE approaches adaptation to provide a fuller, richer portrayal of BGE adaptation behaviours that may be distinct (Matthyssens et al., 2008). For future standardisation-adaptation researchers, it might be fruitful to investigate strategy standardisation-adaptation in terms that differ from competitive advantage or efficiency. There is an opportunity to develop adaptation theory that captures and explains how these dimensions link to the phenomenon. For those interested in understanding how adaptation is linked to other bodies of literature, researchers may want to investigate the apparent interface between adaptation theory and network theory in terms of the BGE setting, and also its apparent link to innovation (e.g., Sepulveda & Gabrielsson, 2013).

**Limitations of the study**
As with any case study, there are limitations. First, single market case studies tend to be good for making new discoveries based on comparative analysis, and for generating theory in areas of inquiry where little research has been done, such as distinctively BGE distribution adaptation behaviours. But, this type of research is less good for predicting theory across a bigger population. As a result, one should avoid generalising the results to predict behaviours of a wider population of BGEs, particularly in other industry settings.

Second, these types of studies are time consuming and difficult to replicate. Because this study was carried out over a number of years, it is possible some views may have changed. For example, perhaps BGE owner/managers have found different ways of managing the undesirable behaviours of network partners that do not require adaptation. Perhaps network partners themselves have changed their behaviours and owner/managers no longer feel the need to behave in a way that was observed by this study. The results of this study should therefore be seen as a snapshot in time rather than evidence of a stable, predictable firm behaviour.

Third, the study took place in New Zealand, a country that is a SMOPEC. This might be seen as a limitation because the findings cannot necessarily be applied in a larger, more complex economy. The study is likely to include points of relevance to other SMOPECs. Therefore, readers should be careful before generalizing these results.
Appendix A: BGE cases drawn from the English language market in New Zealand

<table>
<thead>
<tr>
<th>BGE Case</th>
<th>Established</th>
<th>Location</th>
<th>Participant’s position</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1988</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>B</td>
<td>1988</td>
<td>Regional</td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>C</td>
<td>1989</td>
<td>Urban</td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>D</td>
<td>1989</td>
<td>Urban</td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>E</td>
<td>Mid-1980s</td>
<td>Regional</td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>F</td>
<td>1991</td>
<td>Regional</td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>G</td>
<td>2002</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>H</td>
<td>2001</td>
<td>Urban</td>
<td>Marketing manager and country marketer</td>
</tr>
<tr>
<td>I</td>
<td>2003</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>J</td>
<td>2000</td>
<td>Urban</td>
<td>Owner/Manager and country marketer</td>
</tr>
<tr>
<td>K</td>
<td>2008</td>
<td>Regional</td>
<td>Owner/Manager</td>
</tr>
</tbody>
</table>
## Appendix B: TIE cases drawn from the English language market in New Zealand

<table>
<thead>
<tr>
<th>TIE Case</th>
<th>Established</th>
<th>Location</th>
<th>Participant’s position</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>1993</td>
<td>Regional</td>
<td>Owner/Manager and marketing manager</td>
</tr>
<tr>
<td>M</td>
<td>1994</td>
<td>Regional</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>N</td>
<td>Early 20th century</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>O</td>
<td>Early 20th century</td>
<td>Regional</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>P</td>
<td>Early 20th century</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>Q</td>
<td>Early 20th century</td>
<td>Urban</td>
<td>Marketing manager</td>
</tr>
<tr>
<td>R</td>
<td>Early 20th century</td>
<td>Regional</td>
<td>Marketing manager</td>
</tr>
</tbody>
</table>
Appendix C: Ethical Approval Documentation

Reporting Sheet for use ONLY for proposals considered at departmental level

---

ETHICAL APPROVAL AT DEPARTMENTAL LEVEL OF A PROPOSAL INVOLVING HUMAN PARTICIPANTS (CATEGORY B)

PLEASE read the important notes appended to this form before completing the sections below

NAME OF DEPARTMENT: Marketing

TITLE OF PROJECT: Niche versus national approaches to export markets – does culture matter?

PROJECTED START DATE OF PROJECT: 23 August 2010

STAFF MEMBER RESPONSIBLE FOR PROJECT: Rob Hamlin, Maree Thyne

NAMES OF OTHER INVESTIGATORS OR INSTRUCTORS: (Please specify whether staff or student. If student, please give the name of the qualification for which the student is enrolled)

Christopher Stachowski - Student - PhD Programme

BRIEF DESCRIPTION OF THE AIMS: Please give a brief summary (approx. 200 words) of the nature of the proposal:-

Research Rationale:

I intend to collect data from people working in New Zealand’s export education industry. In particular, I want to interview marketing managers at English Language Schools and the people supporting the export education industry at the Ministry of Education International Division and the peak body EducationNZ.

I am interested in this context because:
New Zealand’s export education industry is a top five export earner, but it has suffered from instability and dramatic fluctuations caused by organisational failures which have been blamed on poor marketing management practices.

Despite this instability, some firms have flourished and in recent years few collapses have happened. I am interested in knowing more about the strategic marketing practices, including those promoted by government and peak bodies, have been used to keep English Language Schools afloat throughout this turbulent decade.

**Research Aims**

I intend to answer the broad question - does culture matter- by:

1. Comparing niche and national marketing approaches employed by smaller, successfully exporting service firms, exploring what role national culture plays in each approach in practice; and

2. Identifying the strategic and financial performance implications of niche and national approaches to see if one approach is linked to stronger performance than the other.

I hypothesise two things:

- that successful practitioners which take an international niche marketing strategy (niche) approach do not place a high value on the national cultural variable as part of their strategic practice; and that

- successful practitioners which take a niche approach consistently report stronger financial and strategic performance results than those which take a national approach.

**BRIEF DESCRIPTION OF THE METHOD:** Please include a description of who the participants are, how the participants will be recruited, and what they will be asked to do:-

I propose a sectoral case study approach to collect data from:

- people working in the Ministry of Education International Division and Education New Zealand in positions which are in place to develop and provide guidance to support good international marketing practice to the export education sector (first tranche of data); and
people working as international marketing practitioners in the export education industry at Language Schools (second tranche of data).

I intend to filter Language Schools by age, which websites provide. The parameters to guide who is included specifically include:

- being a wholly privately owned school whose primary purpose is the delivery of Language programmes for export;
- being a firm at which a majority of customers are considered international;
- being a firm which has survived the boom-bust cycle which occurred in 2003-2004;
- Owner/managers, and all of those who are identified as doing marketing in their jobs.

Recruitment practice will be carried out as follows:

- some will be contacted directly through professional connections using emails to outline the project and to invite them to participate.
- others will have to be 'cold called', by posting an open invite in the New Zealand Association of Private Education Providers and Teaching English as a Second Language Aotearoa New Zealand newsletter inviting practitioners to participate.

Methods will include:

- One-on-one, semi structured, interviews, supported by strategic/financial documents. With:
  - School participants, they will not be asked to do anything other than discuss their approach to international marketing, how this practice is informed and what the performance results have been.
  - Government/Peak body participants, they will be prompted to discuss their role in supporting marketing practice. If any policy papers are needed to give wider context around the data which results from these discussions, policy papers can be requested under the Official Information Act.

DETAILS OF ETHICAL ISSUES INVOLVED: Please give details of any ethical issues which were identified during the consideration of the proposal and the way in which these issues were dealt with or resolved:-

There are two ethical concerns in this project:

1. The anonymity of the participants; and
2. The handling of strategic and financial documents that could expose a firm’s sensitive details which may compromise the commercial interests of the firms.

To manage this I propose the following:

1. For the first concern, the best way to keep people’s identity confidential is to ensure that no personal data is captured on any recordings or transcriptions and that each respondent is assigned an alias.
2. For the second concern, I will black out any details which will identify a person or a firm and label it Sample A, B etc. Further, I will not include in the publicly available writing which comes from the research details specifically exposing any specific organisation or its financial data which could be commercially sensitive. To ensure my approach is an effective one, in a ‘member checking’ fashion, I will provide a copy of the research to participants to provide feedback before anything is submitted to the university as part of the degree, or to journals for publication.

Signed (Supervisor):.............................................

Signed (Student): ..........................................

ACTION TAKEN

☐ Approved by Head of Department  ☐ Approved by Departmental Committee

☐ Referred to University of Otago Human Ethics Committee  ☐ Referred to another Ethics Committee

Please specify:

DATE OF CONSIDERATION: ..................................

Signed (Head of Department): .................................

Please attach copies of any Information Sheet and/or Consent Form
August 2010

Information Sheet for Export Education Marketing Professionals

Niche versus national approaches to export markets – does culture matter?

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

What is the Aim of the Project?

This project is a case study being undertaken as part of the requirements for the Doctor of Philosophy in Marketing.

I am interested in learning about the practices being employed in New Zealand’s export education industry to understand what role national culture plays in successful international marketing practice. I intend to do this by:

1. Examining the marketing approaches used by professionals at successful English Language Schools, within the wider context of the Export Education Levy programme, to see how much emphasis is placed on national culture plays in each approach; and

2. Identifying if one approach is linked to stronger financial and strategic performance than the other.

Participants being Sought

For this project, I am looking to include two groups of people.

First, I am interested in people working in the both the Ministry of Education International Division and Education New Zealand in positions responsible for developing and providing guidance to support good practice to the export education sector as part of the Export Education Levy policy. I am interested in those who are working closely with this policy, either in shaping its nature or in working with export education providers. If you work in this capacity, I would like to include you in my research.

Second, I am interested in people working as marketers English as a Second Language (ESOL) Schools. The business itself should be a dedicated ESOL school that receives a majority of its income through the selling of ESOL programmes. People do not have to be only responsible for marketing in that it could be part of a wider position at the organisation. If this describes your position, I would like to include you in my research.

A one on one interview, lasting about an hour will take place in August. This can happen at your place of work or at some other place which is suitable for carrying out interviews. You will be asked to answer questions related to your role in the export education industry. All interviews will be recorded with a digital recorder to be transcribed afterwards. You will receive a copy of this
transcript as well as a copy of the final research if you wish to. The purpose of this is to ensure I have accurately captured what took place in the interview.

This project involves an open-questioning technique where the precise nature of the questions which will be asked have not been determined in advance, but will depend on the way in which the interview develops. Consequently, although the University of Otago Human Ethics Committee is aware of the general areas to be explored in the interview, the Committee has not been able to review the precise questions to be used.

In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable you are reminded of your right to decline to answer any particular question(s) and also that you may withdraw from the project at any stage without any disadvantage to yourself of any kind.

Rest assured that care will be taken to ensure the data is collected confidentially. All data will be stored in a computer file which will be protected by a password in a secure office until the project has been completed and all publications relating to it have been accepted for publication.

Your real name and details will not be used in any publications or presentations resulting from this project. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed. The only people, other than me, with access to this data will be my supervisors and a research assistant. Reasonable precautions will be taken to protect and destroy data gathered by email. However, the security of electronically transmitted information cannot be guaranteed. Caution is advised in the electronic transmission of sensitive material.

Your participation in this project is voluntary and should you wish to decline to answer any questions or withdraw at any time, you are free to do so. If you wish to retract information or data collected in the interviews, you may do so at any time until the final drafting stage. Please be aware that at any stage you may decide not to take part in the project without any disadvantage to yourself of any kind.

All information provided by these interviews will be used in my doctoral dissertation and some related publications and presentations. You are most welcome to request a copy of the results of the project should you wish. The results of the project will be available in the University of Otago Library (Dunedin, New Zealand).

If you have any questions about our project, either now or in the future, please feel free to contact either:-

<table>
<thead>
<tr>
<th>Christopher Stachowski</th>
<th>Rob Hamlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD Student - Department of Marketing</td>
<td>Senior Lecturer</td>
</tr>
<tr>
<td>021 292 7112</td>
<td>Department of Marketing</td>
</tr>
<tr>
<td><a href="mailto:stach890@student.otago.ac.nz">stach890@student.otago.ac.nz</a></td>
<td>64 3 479 8161</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:rob.hamlin@otago.ac.nz">rob.hamlin@otago.ac.nz</a></td>
</tr>
</tbody>
</table>
Niche versus national approaches to export markets – does culture matter?
Consent Form for Participants

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:-

1. my participation in the project is entirely voluntary;
2. I am free to withdraw from the project at any time without any disadvantage;
3. no personal data will be captured on the digital recordings and resulting transcripts. Nor will these consent forms be connected to any data provided through the interviews. Any raw data will be retained in secure storage for five years, after which it will be destroyed;
4. an open questioning technique will be used; and
5. the results of the project may be published and available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve my anonymity.

I agree to take part in this project.

.................................................................................................................................................. ........................................
(Signature of participant) (Date)
Interview Protocol

Business ____________________
Name _______________________
Title ________________________
Date __________

Once the participant has read through the information sheet and signed the consent form, initiate the interview with the following ‘warm up’ question.

1. Tell me the story of this school.

Once the participant is comfortable sharing, pick up on topics relating to distribution activities as regards culture.

For example ask:

2. What does a marketer do in a language school/centre?
3. Is it important for you to understand culture to be successful as a Language School?
4. How do you reach your target customers?
5. Can you talk me through the process you use from when you decide you want to offer a course, through to bringing it to market?
6. Is there one approach which is more effective than others at reaching your target learners? (probe to find out about agents, website and actual visits abroad).

Immediately following the interview, document initial impressions in the research journal.

Within one week:

- take notes from the recording
- draft an analytic memo reflecting on:
  o what was observed,
  o how it relates to the data captured from other interviews, and
  o how it relates to the literature.
- prepare new probing questions for the next interview based on emerging findings.
References


Marketing (January), 58-62.
Merrilees, B., & Tiessen, J. H. (1999). Building generalizable SME international marketing models


