

Transaction Costs in Institutional Environment and Entry Mode Choice

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Abstract : In the study presented institutional context is discussed in terms of companies' entry mode choice. In contrary to many previous analyses, instead of using one or two aggregated variables, a set of eleven determinants is used to establish equity and non-equity internationalization friendly conditions. Based on secondary data, 140 countries are analysed and grouped into clusters revealing similar framework. The range of the economies explored is wide as it covers all regions distinguished by The World Bank. The results can prove a useful alternative for operationalization of institutional variables in further research concerning entry modes or strategic management in international markets.

Keywords : clustering, entry mode choice, institutional environment, transaction costs

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