Kurdish Studies
Feb 2024
Volume: 12, No: 2, pp. 134-146
ISSN: 2051-4883 (Print) | ISSN 2051-4891 (Online)
www.KurdishStudies.net

Received: December 2023 Accepted: January 2024
DOI: https://doi.org/10.58262/ks.v12i2.011

Entrepreneurship Education In Market Entry Mode Strategies: Case Study of Thai Sports Apparel Company Entering Indonesia's Market

Apithai Bumrunpanictarworn[1], Oam To-aj[2]*, Navaporn Chanbanchong[3], Chanchai Suksuwan[4]

Abstract

The study of market entry strategy is one of the crucial elements in entrepreneurship education since the correct entry mode strategy may lead to the successful business operation. Therefore, this article aims to understand market entry strategies in the sports apparel industry and investigate the factors that influence market entry strategies in sports apparel companies. A qualitative research design and a multiple case study methodology was used in this study. Theories of internationalization were employed to determine the factors that affect the market entry strategies of sports apparel companies. The formulation of propositions was the connection between the traditional theories and the analysis of a sports apparel company. This research's empirical foundation consists of three Thai sports apparel companies. Our findings showed that environmental uncertainty and legal environment influenced sports apparel companies to select low control market entry strategies. Financial capability was found to affect market entry strategies while country-specific experience influenced the companies to select high control market entry strategies. Other factors were found to have no effect on market entry strategy. Furthermore, it is suggested that conceptual framework and propositions need additional empirical investigation since this research only focuses on the sports apparel business.

Keywords: *Entrepreneurship Education, Market Entry Strategy, Sports Apparel Business, Qualitative.*

Introduction

One of the major strategies for business to achieve the long-term success is the expansion into the international markets (Reiner et al., 2008). Choosing an optimal market entrance option is to increase a lengthy, and challenging process that necessitates to a major commitment of the business resources due to the significant consequences on the company performance and the survival (Ekeledo & Sivakumar, 2004; Sapienza et al., 2006). Choosing an ineffective market entry option frequently leads in the significant financial and the reputational damage.

Academic researchers and practitioners have conducted extensive studies on the entrance mode for entrepreneurship in many industries. In addition, international market entrance modes differ based on the context, such as the types of industries and sectors, the company's home and the host nations, and the desired overseas markets (Javalgi et al., 2011; Schellenberg et al., 2018; Shen et al., 2017). Therefore, most of the studies of entrance methods concentrated on industrial or service sectors in developed nations, such as the United States and Western Europe (Shen et al., 2017) and more concentrated on specific industries such as technology, financial and education.

This was an interesting for the researcher because there was a big gap for the study in entry mode

[1]Faculty of Social Sciences and Humanities, Mahidol University
[2]Correspondence concerning this article should, Faculty of Social Sciences and Humanities, Mahidol University, 999 Phuttamonthon 4 Road, Salaya, Nakhon Pathom 73170. Email: oam.deto@gmail.com
[3]Faculty of Social Sciences and Humanities, Mahidol University
[4]Sport Institution, Rangsit University

research. Therefore, various studies have been done in an unexplored industry to fulfill this gap. However, there are plenty of specific industry that entry mode study still not reachable and one of them is a sport apparel business. Sport apparel business is a big part of sport industry and this industry's worth in 2018 was 168 billion USD, making it one of the most valuable industries between 2019 and 2025, the value is predicted to expand at a compound annual growth rate of 10.4 % (Jaworek et al., 2021).

In addition, recent changes in the consumer behavior had benefited a sports apparel business (Ahmed, 2013). More people are interested in health and well-being which resulted in an increase in world exercise participation (Jaworek et al., 2021). Sporting attire both fashionable and comfortable was a must for those who lead a more hectic lifestyle (Jaworek & Karaszewski, 2020). Due to the changing of the consumer trends, the character of the sportswear, the traditional manufacturing, and the service sector, the theoretical frameworks may not be appropriate to the sports apparel industry in the present since the different industries may apply the different frameworks when using the evaluating entrance methods.

For the purpose of the study, the researcher sought to discover on how sports apparel companies enter overseas markets, and what factors influence their choice. Interviews with the chosen participants from a sports apparel company were being conducted to gain an understanding of today's market entry strategy. Another focus of this research was the factors that influenced a company's decision to enter a foreign market, as well as the commitment level of entrance mode.

Literature Review

Choice of Market Entry Strategy

Companies choose their entry method by weighing the pros and cons of a variety of factors, including the degree to which they can take risks, the ease with which they can implement controls (Erramilli, 1992). As shown in Figure 1, exporting, licensing, franchising, alliance, joint ventures, and wholly-owned subsidiaries are market entry strategies. Exporting offers less investment, less risk, as well as less control; as a result, the enterprises may earn less profit than alternative options. When a company seems to have no market knowledge, it advantages the most from exporting (Erramilli, 1992; Javalgi et al., 2011). Licensing or franchising is a contracting method in which the licensor or franchisor gives the licensee or franchisees operational and strategic control over the market in return for a lump sum fee in a certain amount of time (Erramilli & Rao, 1993). Licensors give the licensee's right to use their intellectual property for a certain amount of time. Franchisors, on the other hand, give the licensee's right to use the whole business system (Park & Lippoldt, 2005).

Licensors or franchisors train the employees, and pay attention to how licensees act, but they never have any authority to make decisions on how licensees run their businesses (Erramilli, 1992; Hill et al., 1990). When something costs a lot to learn in a foreign market, or there are a lot of problems in that market, licensing and franchising are better choices (Maignan & Lukas, 1997; Sharma & Erramilli, 2004). In joint venture, two or more companies work together to build a new company that is jointly owned by both of their parent companies (Cavusgil et al., 2008). When parent companies want to take advantage of the complementary labor, money, technology, and raw materials available in a foreign market, they often form joint venture to do so (Sestu & Majocchi, 2020). A company can expand into international markets by acquiring a 100% stake in a local company. It's a high-risk option, but the payoff might be substantial. When a company needs complete control of its resources in a foreign market, it will often establish a wholly-owned subsidiary (White III et al., 2014).

Figure 1: Arrangement of Entry Mode Strategies.

Factors Influencing Market Entry Strategies

In this section, the three most important market entry strategy theories were used to be aware of the seven factors which could influence the market entry strategy. The external and internal factors determine the appropriate form of entry, and the nation in which to invest. According to Erramilli (1992), the capability and attributes of a company are linked to its competitive position in a market, while the ecology of international markets is tied to external factors. Companies have complete control over their own internal factors while having limited or no influence over external factors (Erramilli, 1992).

Internal Factors

Asset Specificity

Using the transaction cost theory, asset specificity may be defined as the degree to which it offers a company a competitive advantage while also adding significant value (Hill et al., 1990). According to the resource-based approach, asset specificity boosts a company's competitive advantage in a foreign market and enables it to select a more controlled strategy for entering that market (Sharma & Erramilli, 2004). Several high-tech, highly valued, and market-competitive companies want to enter the market via wholly-owned subsidiaries or other forms of higher control (Hessels & Terjesen, 2010). Consequently, this research suggests that:

P1: *A sports apparel company with high asset specificity is more inclined to choose higher control market entry strategies in order to succeed in foreign markets.*

Brand Equity

Jacobs and Karpova (2022) say that brand equity is the difference between overall brand preference and multi-attribute brand preference based on objectively determined attribute levels, overall quality, and the intention to buy. Companies with strong brands have an edge in the market because they can extend their reach successfully, stick up to promotional pressure from rivals, and create barriers to entry (Lassar et al., 1995). In accordance with the transaction cost theory, a company's with high brand image is placed at risk when commercial partners are motivated solely by their own self-interest (Ghoshal & Moran, 1996). For example, the local partners may opt the profit in the short term which is a different goal from the head company and it may harm the brand image (Lu et al., 2011). In terms of the resource-based theory, brand equity's competitive advantages allow businesses to be more aggressive in their approach to and investment in their market entry strategy, making them more competitive on a global scale (Gulbrandsen et al., 2009). Thus, a strong brand image can be produced through a variety of tactics, and its consistency can be maintained through the use of a high-control market entry strategy (Park & Sternquist, 2008). Consequently, this research suggests that:

P2: *A sports apparel company with a high level of brand equity is more inclined to employ higher control market entry strategies in order to succeed in foreign markets.*

International Experience

International experience is the experience gained by firms through international operations, which is a key concept in explaining firm internationalization (Park & Sternquist, 2008). In accordance with transaction cost theory, a business with minimal knowledge in an international market increases the uncertainty and the possibility of opportunist activities from local partners, such as evading the responsibility, being dishonest, and twisting facts (Ghoshal & Moran, 1996). A resource-based perspective emphasizes the importance of foreign experience, as it offers businesses with a learning experience that might impact their choice of higher control entry approaches, an experience-based perspective emphasizes the significance of international exposure (Brouthers & Hennart, 2007). According to Johanson and Vahlne (2006), businesses gradually increase their commitment to the worldwide markets in order to develop the knowledge, and expand their operations to more distant locations. For instance, a company with greater overseas operations expertise is more likely to adopt a highly committed mode when entering a new foreign market (Reiner et al., 2008). Consequently, this research offers the following:

P3: *A sports apparel company with the extensive worldwide experience is more inclined to employ higher control market entry strategies in order to succeed in foreign markets.*

External Factors

Cultural Differences

The contrast in cultures and norms between a company's home country and the country where it is attempting to establish operations is referred to as "cultural differences" (Erramilli, 1992). According to the transaction cost theory, the cultural differences increase the behavioral ambiguities as it is more challenging to predict the market behavior of people from other cultures, and when the cultural gaps grow, a company's control tends to reduce (Reiner et al., 2008). While the resource based approach states that when a business encounters a cultural difference, a company should adapt to the unfamiliar surroundings by building the relationships with the locals, and relying on their expertise (Brouthers & Hennart, 2007). Consequently, this research suggests:

P4: *A sports apparel company is more inclined to choose lower control market entry strategies when entering a foreign market with high cultural differences.*

Market Attractiveness

The attractiveness of a market is determined by its size, and the growth potential, as well as its potential for profit growth (Brouthers et al., 2008). Investing long-term resources in the market is affected by the market's development potential, and profit growth (Brouthers et al., 2000). Lu et al. (2011) also agreed with this point of view that a company's worldwide development is driven by profit growth, and a high commitment mode may be used by a corporation if they feel there is a substantial likelihood of profit growth. Furthermore, the businesses are expected to approach the appealing markets through higher commitment modes in order to build long-term profit (Brouthers, 2002, 2013; Njegomir & Stojić, 2012; Randøy & Dibrell, 2002). As a result, the following recommendation is made in this study:

P5: *A sports apparel company is more inclined to choose higher control market entry strategies when entering a foreign market with high market attractiveness.*

Environmental Uncertainty

The danger of performing the commercial activities under the unexpected circumstances, as well as the risk of overseas corporate operations, are usually related to environmental uncertainty (Buchko, 1994). The transaction cost theory says that when a foreign market has a lot of environmental uncertainty, the companies may choose to enter with less control and use fewer of their resources (Hill et al., 1990). Studies of multinational companies have also shown that when there is a lot of uncertainty in the environment, the ownership levels and the resource commitments go down. Reiner et al. (2008) state that it's hard to predict future instability in a foreign market when things are uncertain. To keep the market flexible, the way a company works with a local partner needs to be changed and adapted (Reiner et al., 2008). As a result, this study suggests the following:

P6: *A sports apparel company is more inclined to choose lower control market entry strategies when entering a foreign market with high environmental uncertainty.*

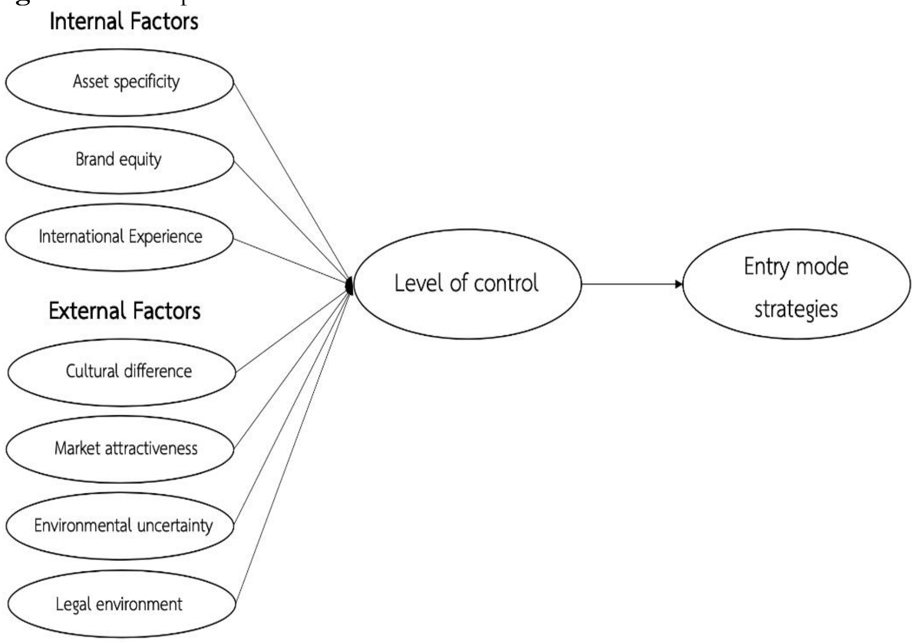
Legal Environment

The local governments typically establish a range of policies to limit the market expansion of foreign companies, and to protect the domestic competitors (Luo, 2002). Therefore, the host government's regulations may affect directly the market entry strategies of foreign companies, especially foreign direct investment (FDI) (Lu et al., 2011). Institutional theory suggests that the international investors must contend with rising compression in the face of aggressive isomorphism in the markets (Lounsbury & Crumley, 2007). Aggressive isomorphism has proven to be a formidable obstacle (Lounsbury & Crumley, 2007). Thus, the companies entering new markets would mimic both local companies and their rivals in that market, so legitimizing their market presence and activities (Kostova et al., 2008; Lounsbury & Crumley, 2007). Consequently, this study offers the following:

P7: *A sports apparel company is more inclined to choose lower control market entry strategies when entering a foreign market with many regulatory limitations.*

Based on the explanation of the propositions discussed, the following is the framework for the research model used, as shown in Figure 2.

Figure 2: Conceptual Framework.



Methodology

Study Design

A qualitative approach and a multiple case study was used in this study with an in-depth interview with the selected participants from the sport apparel company were the major tool of data collection. In addition, qualitative research provides in-depth insight into previously unknown phenomena (Azungah, 2018). While in business studies, case studies are normally used to provide insight into a business issue, a management decision, or a new theory (Ghauri, 2004). Case study research involves the study of an issue explored through one or multiple cases within a bounded setting or context (Yin, 2009). Rule and John (2013) suggest that a case study allows researchers to develop and to present an in-depth view of a particular situation especially when the available knowledge base is inadequate Moreover, the propositions was created in this study to be the connection between the traditional theories and the analysis of a sports apparel company.

Case Selection (Population and Sample)

The case selection was selected among the large Thai sports apparel companies that entered foreign market. One of the key expectations was to study the factors that affected the market entry strategies in the large company size. According to the report from Thailand's Department of Business Development (2021), there were 1,230 sports apparel companies in operation in Thailand market. Given the degree of the internationalization of the Thai sports apparel sector, the large company with the highest value of exportation will be identified with the criteria as followed:

- The company was founded in Thailand, with the head office also located in Thailand.
- The company exports Thai sports apparel products to the overseas market and sports apparel products provide the majority of the company's revenue.
- The company had been in the operation for at least three years.
- The company has its own trademark.
- The potential participant and company consented to participate in the study.

Three companies had met the criteria and all of them were agreed to be part of this study. However, due to confidentiality concerns, no participant organization will be recognized by name throughout the paper.

Participants

CEOs with an experience in internationalization from sports apparel companies that met the criteria was selected in this study. Three CEOs of sports apparel companies were interviewed and all of them are male (n=3). The interviews lasted approximately 60–90 minutes with a semi-structured interview and the interview guide was used but not considered necessary to be followed; it just supported the participants in providing extra information regarding the effects of the factors. Table 1 provided the information of the participants and the company's details.

Table 1: Participants and Company's Details.

Participant	Company	Position	Years of international experience	Employee	Registered capital (Million in USD)
1	A	CEO	25	1498	5.43
2	B	CEO	35	396	5.15
3	C	CEO	20	404	2.86

Procedure

In order to interview the selected participants, the researcher contacted the participant's company directly to set up an interview. The interview took approximately 60 minutes. There were two interview options: one-on-one interviews and video conferences. However, all participants had selected a one-on-one interview at the company headquarters. The researcher had facilitated the participants by scheduling the interviews based on their available time. A semi-structured interview was used in this study but was not considered necessary to be followed; it just supported the participants in providing extra information regarding the influence of the factors. All interviews were conducted in Thai language then transcribed and translated to English language by the researcher.

Ethics

The researcher had obtained informed consent from all participants included in the study. All identifying information from the transcripts had been removed to ensure the confidentiality and anonymity of the participants. The study was conducted in accordance with the Declaration of Helsinki, The Belmont Report, CIOMS Guidelines and approved by the Committee for Research Ethics (Social Science) of Mahidol

University (MUSSIRB No.2022/034 (B2) on February 21, 2022) for studies involving humans.

Data Analysis

As with the majority of qualitative case studies, the data gathering resulted in a sizable volume of unsorted written material, including transcripts of the interviews, notes from direct observations, power point presentations, and documentary data. In order to guide the examination of the evidence in case studies, which lack a set formula, Yin (2009) urges the use of an analytical strategy. The initial technique adopted was dependence on theoretical hypotheses, whereby the hypotheses established would serve as guidance in the data sorting.

Data triangulation was used in the start of data analysis to strengthen the study by compared the evidence from other source (documents from website and direct observation notes) with the data from the interviews. The information was then coded into labels with related arguments, which were then compared and organized into categories with related labels. The research findings are examined while taking into account of the conceptual background and in the light of the propositions.

Results and Discussion

The Case Study of Thai Sports Apparel Companied that Entered the Indonesia Market

One of Southeast Asia's fastest-growing and biggest apparel markets was the Indonesia market with total revenues of $15.8 billion in 2020 (MarketLine, 2021). Indonesia's apparel industry was one of the main sources of the country's economic growth, creating a high demand for all types of products and employment related to the apparel industry (James et al., 2003). Therefore, the case study is based on the experiences of CEOs who are currently working in the sports apparel business and have entered the Indonesian market.

An Overview of the Companies

Company A is the oldest and biggest sports apparel company in Thailand which offers sports apparel in the low to mid-price range. The company has been exporting to Indonesia and Southeast Asian countries since 2005. Company B is the second-oldest sports apparel company in Thailand. It sells middle-priced sports apparel and some general sports equipment. The company exported its products to Southeast Asian countries and entered the Indonesian market in 2002. Company C, on the other hand, is a new company in the market. Company C sells middle to high priced sports outfits and sports accessories, and has been operating in Indonesia since 2015, and entered by joint venture in 2020. Table 1 provided the information of the key participants and the company's details.

Internal Factors

Asset Specificity

All of the companies had the new technology behind the production line, and also new textile development for sports. However, all companies did not pay much attention about the technology protection in their own product or production process. All companies mentioned that sports apparel was not a technology product, and it was only a common product, so there's no need for protection in overseas markets. As the CEO of Company B commented:

"...Sports apparel was a common item and there was no technology inside the product, so we did not need the protection in the Indonesian market..." (CEO, Company B)

Regarding the previous research, various studies have shown that high asset specificity may lead to a high level of control in market entry strategies (Brouthers & Nakos, 2004). For example, SMEs tended to use the high-level control market entry strategies to safeguard their property rights when asset specificity was high (Brouthers & Nakos, 2004). However, the findings did not show any correlation between the asset specificity and the market entry strategy. As a result, the evidence did not support P1.

Brand Equity

A high control market entry strategy provides the company more leeway to defend its brands against opportunistic activities, for instance, counterfeiting products or irresponsible damage from local partners (Hessels & Terjesen, 2010). From the findings, all the companies had the benefit from the high brand equity since all the brands were well accepted in Southeast Asian countries, especially in Indonesia. Moreover, all the companies mentioned that brand equity was one of their competitive advantages, and brands must be protected from opportunistic activities. As CEO of company C commented:

"...Our brand was very well known in Southeast Asian markets. However, there were many problems with the partner in Indonesia since they did not have the good intellectual property knowledge. Therefore, the brand guidelines were created in order to protect the brand image in Indonesia..." (CEO, company C)

However, the findings did not support P2 since all the companies relied on the local partners in Indonesia which resulted in exporting as the initial mode of entry and many of them have been successful with it Consequently, exporting may be the most cost-effective and low-risk way to get started. Even though each company had strong brand equity, they all chose a low-control market entry strategy over a high-control market entry strategy. This revealed that the findings did not support P2.

International Experience

For operating in the foreign markets, a company with more experience will opt for a higher control market entry strategy (Reiner et al., 2008). According to the findings, all of the companies were starting with exports as their initial market entry strategy into Indonesia, even though all of the CEOs had high international experience. Moreover, there was only company C that changed the market entry strategy in Indonesia to joint venture in 2020 since they had enough country-specific experience. As the CEO of Company C comments:

"...I had accumulated the country-specific experience in Indonesia since 2015, the year of the company's international growth. In 2020, the company changed its market entry strategy to a joint venture with the Indonesian company to increase the revenue in this market.." (CEO, company C)

The finding from company C showed a similar result to the study by Dow and Larimo (2009) that only previous experience in a country with a similar culture had an influence on the mode of entry into the market, whereas the prior experience in a different culture may had no influence at all. As a result, country-specific experience appeared to influence the market entry strategy, while high international experience did not show any connection with high control market entry strategy. Thus, P3 was not supported by the evidence.

External Factors

Cultural Differences

The various international companies use Hofstede's Cultural Dimensions Theory to comprehend cultural distinctions across nations, and to identify how business is conducted in different cultures (Hofstede, 2022). From Hofstede's framework, there is a slight difference in the cultural index between Thailand and Indonesia since both countries are developing countries in Southeast Asia (Hofstede, 2022). From P4, a sports apparel company was more inclined to choose lower control market entry strategies when entering a foreign market with high cultural differences. According to the findings, all the companies mentioned that sport apparel products were almost the same as daily apparel uniforms, but some add up with modern trends and fashion. Consequently, these sports apparel companies were not affected by the cultural gap. As stated by the CEO of company A:

"...Most of our customers were in Southeast Asian countries, so there was a slight difference in culture. However, sport apparel products were almost the same as daily uniform so there was no effect from cultural differences. " (CEO, company A)

As a result, the findings from all the case companies did not show any link between culture differences and market entry strategy. Thus, P4 was not supported by the evidence.

Market Attractiveness

According to the findings, all the companies accepted that market attractiveness was the most influential factor for market entry strategy. Market size and growth were the main considerations for entering a new foreign market. However, all the companies entered Indonesia with low control market entry strategies even though Indonesia is the biggest apparel market in Southeast Asian countries. Interestingly, only company C had changed their market entry strategy to joint venture in 2020 while other companies still exported with an agent. Company C mentioned that the sports apparel market in Indonesia was one of the biggest markets in Asia, therefore, the high control market entry strategy was selected in order to gain more market share, and more control of the business in Indonesia. As CEO of company C commented:

"From FIFA statistics, Indonesia had more than 112 million people interested in sports, which was more than half of the country's population, so the company really wanted to expand the business to this country. The company started with exports before changing to joint venture in 2020..." (CEO, Company C)

As a result, there was only evidence from company C that supported P5: High-control entrance methods were more likely to be used by a sports apparel company when the market was appealing. However, high control market entry strategy was not the first choice for company C as well as other companies. Thus, P5 was not supported.

Environmental uncertainty

Due to the Indonesia's political instability, the foreign companies should proceed cautiously when conducting the business over there. From the findings, all the companies proceeded with caution while doing business in Indonesia. Exporting was selected by all the cases to enter Indonesia. However, the company C later changed its market entry strategy to joint venture and accepted all the risks from environmental uncertainty while other companies did not change their market entry strategy. As CEO of company C comments:

"… The company was impacted by Indonesia's unstable political climate. However, market size convinced the company to devote more resources to this sector…" (CEO, Company C)

P6 suggested that when there was lot of uncertainties in the market, a sports apparel company was more likely to use low-control approaches to get into the market. The findings supported the traditional theories since all the companies avoided the risk by entering Indonesia with a low control market entry strategy. Only company C committed more resources to the market for more market share and profitability. However, company c's first entry was not a high-control market entry strategy, thus the finding supported P6.

Legal environment

Indonesia is one of the countries with many regulations for foreign business operations and because of the host country's strict regulations, it is understandable that all foreign businesses are coping with the pressure. Accordingly, all the companies had to deal with rules and regulations from the Indonesian government. However, the legal pressure in Indonesia was very low since all the companies used exporting as their first market entry strategy and sports outfits are easy to export to neighboring countries. The CEO of company B confirmed this perspective by saying that:

"…Sports apparel was not a harmful product, so it was easy to export especially in Southeast Asian Countries…." (CEO, Company B)

P7 suggested that a sports apparel company was more likely to adopt low-control entrance methods when entering a foreign market with a lot of regulatory limitations. The findings had shown connectivity between the market entry strategy and the legal environment since all the case companies accepted that there were many rules and regulations to enter Indonesia so a lower control market entry strategy was selected for the first entry. Thus, P7 was supported; however, the degree of impact of the legal environment was less than market attractiveness since a higher control market entry strategy was later selected by company C to gain more market share in Indonesia.

Conclusions and Directions for Future Research

Many perspectives on international business strategies put a spotlight on the internal and external factors that affect the mode of entry. According to the findings, many factors were not considered by sports apparel companies like those found in previous studies. Asset specificity was one of the factors which was to be ignored by sports apparel companies. A good explanation might come from the type of industry itself, since this industry only had the technology for production and this technology was almost the same all over the world, so asset specificity might be at a low level and it did not affect the decision for market entry strategy. Moreover, Thai sports apparel companies were at risk-averse and resource-limited, so a high-control market entry strategy may be a costly option for them. This means that financial capability might be another factor that affected the market entry strategy of Thai sports apparel companies.

Country-specific experience was the factor that influenced the company to select a high control market entry strategy while high international experience of the CEOs did not influence the market entry strategy decision. This indicated that experience in a comparable country was the only experience that influences market entry strategy choice, whereas experience in a different country had no bearing on market entry strategy.

Market attractiveness was found to motivate companies to enter new foreign markets but not with high control market entry strategies. Only company C increased resource commitment and changed market entry strategy to high control after 5 years of penetration. This pointed out that the market entry strategy can be changed after the first entry if the company had more country-specific experience and the market was highly attractive.

Cultural differences seemed not to affect market entry strategies in sports apparel companies because the sports apparel products were almost the same around the globe, and there was no cultural distinction in the sports world. While environmental uncertainty and legal environment in Indonesia appeared to affect sports apparel companies' selection of a low control market entry strategy in order to protect the company from the risks in a foreign market. In summary, the environmental uncertainty and the legal environment were the ones that support the proposition while other factors did not support the proposition.

The purpose of this study was to investigate the preferences of market entry strategies in the sports apparel business. Many market entry strategy studies have been based on the service and manufacturing industries, but it was unclear how well the theories from these industries apply to the field of the sports apparel business. In an interpretive research paradigm, the ability to conduct qualitative research has led to an understanding of a previously unexplored area. A case study of Thai sports apparel companies demonstrated the importance of the factors that influenced market entry strategy. The sports apparel companies that want to expand their products into foreign markets could gain knowledge from this study.

The factors that influence the market entry strategy should be examined in the future research together with the international market development and operation research. The future research could consider at each of these factors within the boundaries of a particular business sector or country, or it could be extended to other textile industries. Such research would be a useful tool for gaining access to the foreign markets.

Author Note

We have no conflicts of interest to disclose. Thank you to Somchanok Passakonjaras and Chaipat Lawsirirat for comments on a draft of this article.

References

Ahmed, R. (2013). An analysis of the change and volatility in the apparel industry of Bangladesh after MFA era. *Journal of Textile and Apparel, Technology and Management*, *8*(1), 1-11.

Azungah, T. (2018). Qualitative research: deductive and inductive approaches to data analysis. *Qualitative research journal*, *18*(4), 383-400. doi: 10.1108/QRJ-D-18-00035

Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International business studies*, *33*(2), 203-221.

Brouthers, K. D. (2013). A retrospective on: Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International business studies*, *44*(1), 14-22. doi: 10.1057/jibs.2012.23

Brouthers, K. D., & Hennart, J.-F. (2007). Boundaries of the firm: Insights from international entry mode research. *Journal of management*, *33*(3), 395-425. doi: 10.1177/0149206307300817

Brouthers, K. D., & Nakos, G. (2004). SME entry mode choice and performance: A transaction cost perspective. *Entrepreneurship theory and practice*, *28*(3), 229-247. doi: 10.1111/j.1540-6520.2004.00041.x

Brouthers, L. E., Brouthers, K. D., & Werner, S. (2000). Perceived environmental uncertainty, entry mode choice and satisfaction with EC-MNC performance. *British Journal of Management*, *11*(3), 183-195. doi: 10.1111/1467-8551.00160

Brouthers, L. E., Gao, Y., & McNicol, J. P. (2008). Corruption and market attractiveness influences on different types of FDI. *Strategic management journal*, *29*(6), 673-680. doi: 10.1002/smj.669

Buchko, A. A. (1994). Conceptualization and measurement of environmental uncertainty: An assessment of the Miles and Snow perceived environmental uncertainty scale. *Academy of Management journal*, *37*(2), 410-425. doi: 10.5465/256836

Cavusgil, S. T., Knight, G., & Riesenberger, J. R. (2008). *International business: Strategy, management, and the new realities*. Pearson Education.

Dow, D., & Larimo, J. (2009). Challenging the conceptualization and measurement of distance and international experience in entry mode choice research. *Journal of International Marketing*, *17*(2), 74-98. doi: 10.1509/jimk.17.2.74

Ekeledo, I., & Sivakumar, K. (2004). International market entry mode strategies of manufacturing firms and service firms. *International Marketing Review*, *21*(1), 68-101. doi: 10.1108/02651330410522943

Erramilli, M. K. (1992). Influence of some external and internal environmental factors on foreign market entry mode choice in service firms. *Journal of Business Research*, *25*(4), 263-276. doi: https://doi.org/10.1016/0148-2963(92)90024-6

Erramilli, M. K., & Rao, C. P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *Journal of marketing*, *57*(3), 19-38. doi: 10.1177/002224299305700303

Ghauri, P. (2004). Designing and conducting case studies in international business research. *Handbook of qualitative research methods for international business*, *1*(1), 109-124. doi: 10.4337/9781781954331.00019

Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. *Academy of management Review*, *21*(1), 13-47. doi: 10.2307/258627

Gulbrandsen, B., Sandvik, K., & Haugland, S. A. (2009). Antecedents of vertical integration: Transaction cost economics and resource-based explanations. *Journal of Purchasing and Supply Management*, *15*(2), 89-102. doi: 10.1016/j.pursup.2008.12.003

Hessels, J., & Terjesen, S. (2010). Resource dependency and institutional theory perspectives on direct and indirect export choices. *Small business economics*, *34*(2), 203-220. doi: 10.1007/s11187-008-9156-4

Hill, C. W., Hwang, P., & Kim, W. C. (1990). An eclectic theory of the choice of international entry mode. *Strategic management journal*, *11*(2), 117-128. doi: 10.1002/smj.4250110204

Hofstede, G. (2022). *Hofstede's Cultural Dimensions Theory*. Retrieved 3 April 2022 from https://www.hofstede-insights.com/country-comparison/indonesia,thailand/

Jacobs, B., & Karpova, E. (2022). Skills and knowledge for merchandising professionals: The case of the South African apparel retail industry. *Clothing and Textiles Research Journal*, *40*(1), 55-72. doi: 10.1177/0887302X20935516

James, W. E., Ray, D. J., & Minor, P. J. (2003). Indonesia's textiles and apparel: the challenges ahead. *Bulletin of Indonesian Economic Studies*, *39*(1), 93-103. doi: 10.1080/00074910302005

Javalgi, R. R. G., Deligonul, S., Dixit, A., & Cavusgil, S. T. (2011). International market reentry: A review and research framework. *International business review*, *20*(4), 377-393. doi: 10.1016/j.ibusrev.2010.08.001

Jaworek, M., & Karaszewski, W. (2020). The largest athletic apparel, accessories and footwear multinational companies: economic characteristics, internationalization. *Journal of Physical Education and Sport*, *20*(Suppl. 5), 3053-3062. doi: 10.7752/jpes.2020.s5415

Jaworek, M., Karaszewski, W., & Kuczmarska, M. (2021). Source of success of the most valuable sportswear brands in the world. *Journal of Physical Education and Sport*, *21*(2), 1050-1056. doi: 10.7752/jpes.2021.s2131

Johanson, J., & Vahlne, J.-E. (2006). Commitment and opportunity development in the internationalization process: A note on the Uppsala internationalization process model. *Management International Review*, *46*(2), 165-178. doi: 10.1007/s11575-006-0043-4

Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management review*, *33*(4), 994-1006. doi: 10.5465/AMR.2008.34422026

Lassar, W., Mittal, B., & Sharma, A. (1995). Measuring customer-based brand equity. *Journal of consumer marketing*, *12*(4), 11-19. doi: 10.1108/07363769510095270

Lounsbury, M., & Crumley, E. T. (2007). New practice creation: An institutional perspective on innovation. *Organization studies*, *28*(7), 993-1012. doi: 10.1177/0170840607078111

Lu, Y., Karpova, E. E., & Fiore, A. M. (2011). Factors influencing international fashion retailers' entry mode choice. *Journal of Fashion Marketing and Management: An International Journal*, *15*(1), 58-75. doi: 10.1108/13612021111112340

Luo, Y. (2002). *Multinational enterprises in emerging markets*. Copenhagen Business School Press.

Maignan, I., & Lukas, B. A. (1997). Entry mode decisions: the role of managers' mental models. *Journal of Global Marketing*, *10*(4), 7-22. doi: 10.1300/J042v10n04_02

MarketLine. (2021). *Apparel Retail in Indonesia*. M. I. Profile. available at: https://www.marketline.com/ (accessed 30 June 2022)

Njegomir, V., & Stojić, B. (2012). Determinants of nonlife insurance market attractiveness for foreign investments: Eastern European evidence. *Economic research-Ekonomska istraživanja*, *25*(2), 297-310. doi: 10.1080/1331677X.2012.11517509

Park, W. G., & Lippoldt, D. C. (2005). International licensing and the strengthening of intellectual property rights in developing countries during the 1990s. *OECD Economic Studies*, *1*(1), 7-48. doi: 10.1787/eco_studies-v2005-art2-en

Park, Y., & Sternquist, B. (2008). The global retailer's strategic proposition and choice of entry mode. *International Journal of Retail & Distribution Management*, *36*(4), 281-299. doi: 10.1108/09590550810862688

Randøy, T., & Dibrell, C. C. (2002). How and why Norwegian MNCs commit resources abroad: Beyond choice of entry mode. *MIR: Management International Review*, *42*(2), 119-140.

Reiner, G., Demeter, K., Poiger, M., & Jenei, I. (2008). The internationalization process in companies located at the borders of emerging and developed countries. *International Journal of Operations & Production Management*, *28*(10), 918-940. doi: 10.1108/01443570810903096

Rule, P., & John, V. (2013). Your guide to case study research. *EDUCATIONAL RESEARCH FOR SOCIAL CHANGE*, *2*(1), 133-135.

Sapienza, H. J., Autio, E., George, G., & Zahra, S. A. (2006). A capabilities perspective on the effects of early internationalization on firm survival and growth. *Academy of Management review*, *31*(4), 914-933. doi: 10.5465/AMR.2006.22527465

Schellenberg, M., Harker, M. J., & Jafari, A. (2018). International market entry mode–a systematic literature review. *Journal of Strategic Marketing*, *26*(7), 601-627. doi: 10.1080/0965254X.2017.1339114

Sestu, M. C., & Majocchi, A. (2020). Family firms and the choice between wholly owned subsidiaries and joint ventures: A transaction costs perspective. *Entrepreneurship theory and practice*, *44*(2), 211-232. doi: 10.1177/1042258718797925

Sharma, V. M., & Erramilli, M. K. (2004). Resource-based explanation of entry mode choice. *Journal of Marketing theory and Practice*, *12*(1), 1-18. doi: 10.1080/10696679.2004.11658509

Shen, Z., Puig, F., & Paul, J. (2017). Foreign market entry mode research: A review and research agenda. *The International Trade Journal*, *31*(5), 429-456. doi: 10.1080/08853908.2017.1361368

White III, G. O., Hemphill, T. A., Joplin, J. R., & Marsh, L. A. (2014). Wholly owned foreign subsidiary relation-based strategies in volatile environments. *International business review*, *23*(1), 303-312. doi: 10.1016/j.ibusrev.2013.05.006

Yin, R. K. (2009). *Case study research: Design and methods* (4 ed.). SAGE Inc.