“An Analysis of the Entry Modes of 
Hong Kong Firms into China”

By

Ng Tin Mou, Harold  MBA, MEC, BBA

Doctor of Business Administration  
Dissertation

Date: 29th April, 2007
I hereby certify that the work embodied in this dissertation is the result of original research and has not been submitted for a university degree or other similar qualification to any other University or Institution.

Signed: ____________________________
Synopsis

China’s WTO accession brings forth both great opportunities and challenges to Hong Kong’s economic development and improving the economic interface between Hong Kong and the Mainland. These came into being with a free trade agreement with China, for the Closer Economic Partnership Arrangement (CEPA). Given these changes and with the removal of investment restrictions and Government incentive program (CEPA), Hong Kong firms are increasing the scope of their investment in China. Therefore, the importance of selecting the right mode of entry is becoming a vital topic for many Hong Kong firms. As such, the objective of this research was to provide new and important insights on Hong Kong firms entry into China. This was achieved by focusing on the choice of entry mode via equity and non-equity modes, and exploring the interrelationship and focus on the internal firm factors (firm and product characteristics) and external factors (industry and host market characteristics) that may impact Hong Kong firm’s market entry decisions and performance related to entering China.

The data for the study were collected from a self-administered mail survey of 1,200 senior executives yielding 208 usable responses from wide cross section of industries. From the application of the Partial least squares (PLS) analysis it was found that the internal and external characteristics have strong effects on Hong Kong firm’s decisions of entry mode strategy. Findings from this study also highlighted the significant relationship (such as firm characteristics and product characteristics), and non-significant relationship (such as industry characteristics, host market characteristics and the effect of entry mode strategy) with overall marketing performance. Finally, this study
advances the literature on marketing management and the understanding of the situation for China's developing economy that explore the exogenous and endogenous factors that influence on entry mode theory and performance of Hong Kong firms.
# Table of Content

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synopsis</td>
<td>iii</td>
</tr>
<tr>
<td>Table of Content</td>
<td>v</td>
</tr>
<tr>
<td>List of Tables</td>
<td>x</td>
</tr>
<tr>
<td>List of Figures</td>
<td>xi</td>
</tr>
<tr>
<td>Appendices</td>
<td>xi</td>
</tr>
<tr>
<td>Acknowledgment</td>
<td>xii</td>
</tr>
</tbody>
</table>

## Chapter One : The Research Study

1.1 Introduction........................................................................... 1
1.2 Research Objectives.......................................................... 2
1.3 Research Method...................................................................... 4
1.4 Justification and Importance of the study................................ 5
1.5 Organization of the Study.................................................. 7
1.6 Conclusion............................................................................. 7

## Chapter Two : Literature Review

2.1 Introduction........................................................................... 9
2.2 Firm Motives for Internationalization.................................... 9
  2.2.1 Firm Environment Fit..................................................... 11
  2.2.2 Challenge and Opportunity of Internationalization........... 13
  2.2.3 Choice of Market Entry Modes....................................... 15
  2.2.4 Equity Entry Modes versus Non-equity Entry Modes............ 23
2.3 Entry Mode Strategy and Marketing Performance...... 26

2.3.1 Factors Influence to Entry Mode Strategy and Overall Marketing Performance..................... 29

2.3.2 Internal Factors Influence to Entry Mode Strategy and Overall Marketing Performance.................. 31

2.3.2.1 Firm characteristics as Internal Factor Influence to Entry Mode Strategy and Overall Marketing Performance........... 32

2.3.2.2 Product Characteristics as Internal Factor Influence to Entry Mode Strategy and Overall Marketing Performance.......... 33

2.3.3 External Factors Influence to Entry Mode Strategy and Overall Marketing Performance...................... 34

2.3.3.1 Industry Characteristics as External Factor Influence to Entry Mode Strategy and Overall Marketing Performance........ 35

2.3.3.2 Host Market Characteristics as External Factor Influence to Entry Mode Strategy and Overall Marketing Performance........... 37

2.4 Conceptual Framework.................................................. 40

2.5 Research Questions Development........................................ 41

2.5.1 Internal Factors (Firm Characteristics and Product Characteristics) Influence to Entry Mode Strategy.... 42
2.5.2 External Factors (Industry Characteristics and Host Market Characteristics) Influence to Entry Mode Strategy

2.5.3 Entry Mode Strategy Influence to Overall Marketing Performance

2.5.4 Internal Factors (Firm Characteristics and Product Characteristics) Influence to Overall Marketing Performance

2.5.5 External Factors (Industry Characteristics and Host Market Characteristics) Influence to Overall Marketing Performance

2.6 Conclusion

Chapter Three: Research Design

3.1 Introduction

3.2 Research Approaches

3.3 Research Design

3.4 Data Collection Methods

3.5 Measurement and Scale Poles

3.5.1 Measurement of Internal Characteristics (Firm Characteristics and Product Characteristics)

3.5.2 Measurement of External Characteristics (Industry Characteristics and Host Market Characteristics)

3.5.3 Measurement of Impact for Entry Modes Strategy on Overall Marketing Performance
Chapter Four : Data Analysis

4.1. Introduction........................................................................ 69

4.2. Profiles of the Sample.......................................................... 69

4.3. Preliminary Analysis and Outer Model Results for Focal Constructs......................................................................... 73

4.3.1 Preliminary Analysis of Firm Characteristics...................... 74

4.3.2 Preliminary Analysis of Product Characteristics.............. 75

4.3.3 Preliminary Analysis of Industry Characteristics............. 76

4.3.4 Preliminary Analysis of Host Market Characteristics........ 77

4.3.5 Preliminary Analysis of Overall Marketing Performance............................................................................. 77

4.4 Preliminary Analysis of Outer Models via Partial Least Squares..................................................................................... 78

4.5 Convergent Validity.................................................................. 83

4.6 Discriminant Validity............................................................... 84

4.7 Main Data Analysis Addressing Research Questions.............. 85
Chapter Five: Discussion of Findings and Conclusion

5.1 Introduction ..................................................................................................................................... 92

5.2 Discussion of Findings .................................................................................................................. 93

5.2.1 Discussion of Research Question 1 -
Determination of Firm Characteristics Influence to Entry Mode Strategy ........................................ 94

5.2.2 Discussion of Research Question 2 -
Determination of Product Characteristics Influence to Entry Mode Strategy .................................. 96

5.2.3 Discussion of Research Question 3 -
Determination of Industry Characteristics Influence to Entry Mode Strategy .................................. 98

5.2.4 Discussion of Research Question 4 -
Determination of Host Market Characteristics Influence to Entry Mode Strategy .......................... 100

5.2.5 Discussion of Research Question 5 -
Determination of Entry Mode Strategy Influence to Overall Marketing Performance ..................... 102

5.2.6 Discussion of Research Question 6 -
Determination of Firm Characteristics Influence to Overall Marketing Performance ..................... 103
5.2.7 Discussion of Research Question 7 -
Determination of Product Characteristics Influence
to Overall Marketing Performance………………… 105

5.2.8 Discussion of Research Question 8 -
Determination of Industry Characteristics Influence
to Overall Marketing Performance………………… 106

5.2.9 Discussion of Research Question 9 -
Determination of Host Market Characteristics
Influence to Overall Marketing Performance……… 108

5.2.10 Summary of Result Finding for RQ1 to RQ9……… 110

5.3 Theoretical Implications…………………………………… 112

5.4 Managerial Implications…………………………………… 115

5.5 Limitations……………………………………………… 118

5.6 Future Research…………………………………………… 119

5.7 Conclusion………………………………………………… 123

References……………………………………………………… 128

List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.2</td>
<td>Comparative Advantage of Surveys Administration Approaches</td>
<td>59</td>
</tr>
<tr>
<td>Table 3.3</td>
<td>Group One - Hong Kong Industrial and Commercial Associations</td>
<td>64</td>
</tr>
<tr>
<td>Table 3.4</td>
<td>Group Two - Hong Kong Government Department</td>
<td>65</td>
</tr>
<tr>
<td>Table 4.1</td>
<td>Profiles of the Sample</td>
<td>71</td>
</tr>
</tbody>
</table>
Table 4.2 Preliminary Results of Firm Characteristics…………… 75
Table 4.3 Preliminary Results of Product Characteristics…………… 76
Table 4.4 Preliminary Results of Industry Characteristics…………… 76
Table 4.5 Preliminary Results of Host Market Characteristics……… 77
Table 4.6 Preliminary Results of Overall Marketing Performance… 78
Table 4.7 Partial Least Squares Generated Outer Model Results.. 81
Table 4.8 Evidence of Discriminant Validity for Constructs……….. 84
Table 4.9 Partial Least Squares Results for Theoretical Model…….. 88
Table 5.1 Summaries of Variables Omitted and Limitation for 123
Future Research

List of Figures

Figure 2.1 Choice of Market Entry Modes............................... 22
Figure 2.2 Conceptual Framework for Hong Kong Firm Entry
into China.............................................................................. 40
Figure 4.1 Summaries of Results RQ1 to RQ9 for Theoretical
Model...................................................................................... 90
Figure 5.1 Findings in Relation to the Theoretical Model for
RQ1 to RQ9................................................................................. 94

Appendices

1 Invitation Letter and Consent Script
2 Questionnaire
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