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Abstract

The aim of the paper is to study how cultural and psychic differences influence interest in exporting to certain countries. The Uppsala model of internationalization was taken as a theoretical framework. The model puts managers in the main position in knowledge development process and gave ground for building six hypotheses about psychic distance. Remaining two hypotheses about cultural distance have been constructed on Hofstede's article about cultural dimensions. The hypotheses covered the following differences: language, geographic proximity, industrial development, government system, education, religion, power distance index and masculinity index.

It was a quantitative study of Norwegian fish industry. Hypotheses were tested with the use of a questionnaire. 47 responses (16%) were analyzed descriptively and on SPSS, using correlation and regression analysis.

The hypothesis which stated that differences in government systems between countries will negatively influence managers' interest was approved. Hypotheses about the influence of industrial development level, differences in power distance and masculinity index were partly approved. Hypotheses about the influence of language, geographic proximity, education level and religion were not approved.

In addition, strong correlations among several independent variables were found. A strong correlation was between industrial development and geographic distance, education level, and religion. Also, significant correlation was between government system and power distance and masculinity indexes.

Key terms: psychic distance, cultural distance, Norwegian fish industry

Table of contents

1. Introduction	1
1.1. Internationalization through exporting	1
1.2. Trade barriers	2
1.3. Study context	3
1.4. Problem statement.....	4
2. Literature review	6
2.1. Internationalization theories.....	6
2.2. Export barriers	7
2.3. Psychic vs. cultural distance	11
2.3.1. Psychic distance perception.....	12
2.3.2. Cultural differences	16
3. Research Methodology.....	20
3.1. Choice of research design	20
3.2. Sample design and data collection method.....	20
3.3. Pre-test	22
3.4. Measurement of the variables	22
3.4.1. Measuring market attractiveness	23
3.4.2. Measuring psychic distance	23
3.4.3. Measuring cultural distance	26
3.5. The research credibility.....	27
3.5.1. Reliability.....	27
3.5.2. Validity.....	27
3.6. Analysis of the data.....	28
3.7. Sample.....	29
4. Analysis and discussion	31
4.1. Survey findings	31
4.1.1. Market attractiveness.....	32

4.1.2. Independent variables findings: psychic distance	33
4.1.3. Independent variables findings: cultural distance	36
4.2. Correlation analysis	39
4.3. Regression analysis	41
5. Conclusions, implications and further research suggestions.....	45
5.1. Conclusions.....	45
5.2. Implications.....	46
5.3. Limitations and further research	48
6. References	49
Appendix 1: questionnaire	54
Appendix 2: survey results.....	59
Appendix 3: correlation and regression analysis.....	70

List of figures, tables, and pictures

Figures

Figure 1. Measures of psychic distance sensitivity.....	10
Figure 2. Factors contributing to psychic distance.....	13
Figure 3. Proposed research model.....	19
Figure 4. Modified research model.....	44

Pictures

Picture 1. Distribution of responses to the question “For how long have you been working on international markets”.....	31
Picture 2. Distribution of responses to the question “Do you take into consideration any of the indexes presented below during the new markets' assessment process”.....	32
Picture 3. Distribution of the responses to the question “To what extent is it important for you, that a targeted country has the following points” (safe banking system answer).....	36
Picture 4. Distribution of responses to the question “To what extent the following aspects may influence your interest in exporting to this country” (ineffective production and additional waste variables).....	38

Tables

Table 1: Correlation matrix.....	39
Table 2. Model summary (all the variables included).....	41
Table 3. Coefficients (all the variables included).....	42
Table 4. Model summary (two correlated variables included).....	43
Table 5. Coefficients (two correlated variables included).....	43

1. Introduction

1.1. Internationalization through exporting

Internationalization is any business activity with another country, which creates value for a company (Welch & Luostarinen, 1988).

Small and medium-sized enterprises (SME) are becoming more and more involved in international trade as a result of the intensifying globalization of world markets (Leonidou, 2004). Countries, driven by globalization, are now developing a policy focus on the internationalization of national firms (Zimmermann & Kattuman, 2007). Foreign trade is critical for the economic performance of each country. Moreover, both, the country itself and the companies involved, benefit from internationalization. For countries, it gives additional financial inputs. For small businesses, internationalization forces them to be more competitive, can provide gains of scale, access to new technologies, develops international experience and gives more market opportunities, like access to wider customer groups. SMEs have been reported to contribute between 25 and 35 percent of world exports in manufacturing activities (Andersson & Florén, 2008). Considering the above, it is vital for countries to facilitate and stimulate national companies to start foreign trade process.

Internationalization manifests itself in different ways. Stage model (Uppsala model) gives claims that at first firms prefer to export and to develop knowledge about the market. After the company has certain knowledge, other ways of internationalization may be applied. It includes the following forms: exporting, franchising, licensing, working through an agent, establishment of own production in host countries, etc. Export is the most common foreign market entry mode for SMEs (OECD, 2009). Exporting involve minimum risk, requires low financial and human resources and at the same time, offers quite high flexibility of movements. Thus, such modes have become more attractive for SMEs' survival, growth and long-term viability (Matlay et al., 2006; Pinho & Martins, 2010).

Even though export is often characterized as the simplest form of foreign trade, exporting is very complicated in terms of costs, attitudes and different barriers from the both exporter's and importer's sides. Exporting involves much higher risk compared with trading in the domestic market since foreign markets may differ in terms of customers' attitudes, legal

and political environment and overall economic development. Foreign customers may perceive a product in a different way, it may affect the demand level, and the export strategy may become unprofitable. If exporting strategy fails, it may cause significant losses and even bankruptcy of a small company. That is why it is important to know barriers, which SMEs may face when trading. Knowing and understanding barriers to exporting may help the adoption of various government policies to stimulate domestic firms to export by eliminating or minimizing the major obstacles to their foreign expansion (Rocha et al., 2008). According to Pinho and Martins (2010) and Leonidou (2004), the effective way of motivating local SMEs to start foreign trade is to identify the main barriers that are faced by SMEs in going and operating effectively in overseas markets. Export barriers have been proposed as factors that influence the behavior of exporters at different stages of internationalization, and exporters should consider export barriers' effects prior to, and after entry into new markets (Shoham & Albaum, 1995).

1.2. Trade barriers

The term export barriers is a dimension of a more broad term: trade barriers. Basically, trade barriers are all the obstacles which inhibit domestic and international trade.

Export barriers are “all those attitudinal, structural, operational, and other constraints that hinder the firm’s ability to initiate, develop or sustain international operation” (Leonidou, 1995: 31). The most common export barriers are those, based on different tariffs or quotas and non-tariff barriers, which may appear for example in the form of protectionism. The main characteristic of barriers is limiting import from foreign countries; consequently, it will lead to increased revenues and domestic production and also reduce competition.

In the present research I want to focus on several export barriers, mainly cultural and psychic distance and how it influence firms’ market selection process. These two dimensions of export barriers will be discussed in greater detail in the next chapter. Later in this chapter I want to present a short summary of research, which have been already done in the field of export barriers, what was covered by these research and what was not.

In his research of export barriers Leonidou (1995) highlights two main streams of export barriers discussion: macro level of barriers, ex. taxes and law trade limitations, and micro level, mainly expectations or personal experience of companies.

There are a lot of different export barriers classifications. More broadly it can be classified as internal and external (Leonidou, 1995). Internal barriers relate to organization, its capabilities, available resources and marketing strategy. When the term “organization’s capabilities” is used it reflects not only money, buildings and technology a firm owns. It also includes human resources: certain experienced or qualified managers for example. Psychic barriers relate to managers’ side of the company. External barriers refer to the home and host environment, within the company operates. Some can assign cultural differences to external barriers. Differences in the culture of making business, in product’s attitudes, in habits related to the product consumption can play a significant role in product’s distribution. It seems wise to go to a nearby market in terms of both cultural and geographic distance. But high competition or tariff barriers may force firms to look for customers even in different continents.

1.3. Study context

Considering Norway as the context of the study, the fish industry was chosen to be the major player. Mainly, because 95% of the companies in Norwegian fish industry have less than 50 employees, what automatically attribute them to SMEs and also because Norway exports about 90% of its production (FAO, 2011).

Originally, the Norwegian economy was based on small local farming communities, focused on the fishery, hunting, and agriculture, alongside with other types of industries, like wood, timber, minerals and, of course, oil after its discovery in the 1960s (Grytten, 2008). Foreign trade was always a crucial economic factor for Norwegian companies due to high internal competition and small domestic market. According to The Global Economy, Norway’s export consisted almost 40% in 2013, as a percent of GDP (www.theglobaleconomy.com). Seafood is the 3d largest export item in Norway after oil and minerals. In 2015, Norway exported 67% of its seafood to EU. The main markets for Norwegian fish in 2015 France, Denmark, Poland, Japan, Holland, UK, USA, Spain, Portugal and Sweden (<http://en.seafood.no/>).

SMEs in the fishing industry play a vital role in regional development, particularly in the High North and coastal areas, and help to reduce unemployment rates. According to Food and Agriculture Organization of the United Nations, in 2008 Norway had more than 44000 people employed in fisheries, aquaculture and supporting industries exporting seafood to the amount of 45 billion NOK (FAO, 2011). But, there are a lot of obstacles for Norwegian small firms which chose exporting as international strategy, mainly because of the lack of financial resources and strong competition. Among other, trade barriers have the leading place.

1.4. Problem statement

There has been a lot of research on development processes of a firm (internationalization process) and export barriers. Some researchers tried to find relationships between export barriers and export or marketing performance; some of them presented below.

Al-Hyari et al. (2012) studied internationalization process of SMEs in Jordanian context. They were trying to identify major barriers, which may hinder SMEs from exporting and find out the relationships between export barriers and export performance. Four factors were considered to be the main obstacles to export: political instability in foreign markets; poor economic situation in the region; financial and informational barriers and non-competitive price.

Hakan et al. (2007) studied the effects of export barriers on perceived export performance. They have done a research of Turkish SMEs. Findings proposed that procedural barriers and competition in foreign markets have the most effective impact on export performance.

There is one interesting research about the impact of export barriers on export marketing performance made by Julian and Ahmed (2005). Their findings showed that managerial characteristics and adapting to foreign market needs as obstacles to export were the significant predictors of export marketing performance.

Other researchers studied the relation between perceived external export barriers and cultural distance. Korneliussen and Blasius (2008) in their article were discussing whether cultural distance, a free trade agreement with a trade bloc, and protectionism have an impact

on perceived external export barriers. They found out that protectionism is the main reason for higher perceived export barriers.

Some researchers were more focused on cultural and psychic distance. For example, Suárez-Ortega and Alamo-Vera (2005) were studying Spanish SMEs' export development process. They examined how managerial attitude and characteristics and firm's resources and capabilities influence export intention, propensity, and intensity. The main conclusion, related to the work, is that managerial determinants play a considerable role in firm's intention and propensity to export.

As we see from above mentioned articles, attempts have been made to link export barriers with export or marketing performance, or with internationalization process in general. Also, a lot of research highlighted that cultural and psychic distance play the role of one of the main barriers to internationalization. However, none of them described the relationship between perceived export barriers and market selection process. Although it is arguable, that perceived export barriers may give a competitive advantage to a firm when entering a certain market and which may bury the decision to export at all.

Nowadays situation became tough for Norwegian exporters after the ban for all trading with Russia, which was the main customer in recent years for the fish industry. In such situation, Norwegian SMEs will have to look for new markets alongside with building up export to already existing markets. Since Norwegian companies have experience in exporting, they may be more likely to have experience in resolving and overcoming some export barriers they already have been faced with. So will it be easier for them to find new markets? To what extent companies use existing experience when choosing new markets? What valuable experience adds already perceived export barriers? Will experience from already perceived barriers help businesses to be more efficient and competitive? All these questions helped me to construct the main research question of my work:

To what extent do perceived export barriers influence market selection processes?

The work is organized as follows. In the next chapter (Chapter 2 – Literature review) I will discuss different internationalization theories and what influence market selection process, alongside with cultural and psychic barriers. From the discussed literature I will deliver several hypotheses which will reflect questions I want to test in the study.

2. Literature review

2.1. Internationalization theories

There are several theories explaining internationalization behavior of firms: the Uppsala model of internalization, the transaction cost analysis (TCA); the industrial network approach; and business strategy approach (Whitelock, 2002). The key elements of each model present a detailed picture of market entry decision.

TCA proposes that international market entry decisions are based on analyzing of the transaction cost: searching costs, bargaining costs, enforcement costs. It is useful when a firm needs to evaluate consequences of vertical integration moves. For example, when a firm is thinking about establishing its production subsidiary in a foreign market, it is wise to rationalize all the possible transaction costs.

The network approach sees the industrial system as a network of firms engaged in the production of the goods, its distribution and use of these goods and services (Whitelock, 2002).

Business strategy approach is based on the idea of pragmatism (Welford & Prescott, 1994). Here the evaluation of a possible market and trade-offs between different variables are the key determinants of entry.

All the models are useful in certain contexts and reflect various keys to assessing markets: through competitors, costs or general attractiveness. However, only the Uppsala model puts knowledge development in the first place in the market selection process. The authors of the model say that experiential knowledge is the critical type of knowledge, and its development is fundamental for a firm's internationalization. This development is based on the concept of psychic distance, when firms firstly try to enter to psychically close markets and later, when the "knowledge" is developed, into more distant ones (Johanson & Vahlne, 1977). In Norwegian SMEs, where the number of employees, mostly, is less than 50 people (FAO, 2011), the role of sales managers is crucial for an internationalization behavior of the firm. They decide whether to start a foreign trade or not and which markets to enter. Managers' decisions are based on different aspects: experience (international and domestic),

attitude to risk, general attitudes and perceptions, etc. In 1970th Bilkey and Tesar (1977) proposed that if a decision maker is a risk-averse person and expresses domestic-oriented behavior, the company he/she works in will more likely perceive difficulties with export and in a more intense manner, compared with firms with risk-taking and foreign-oriented managers. The psychic distance concept describes all these aspects which influence managers' attitude.

The focus of the work is on the market selection process. Thus, one theory, the most appropriate to the research, should be chosen as the theoretical basis. I find Uppsala internationalization theory as the most suitable since it puts managers in the main position in knowledge development process and eliminates psychic distance concept.

In the next clause overview of existing export barriers literature is presented, mainly cultural and psychic distance, what was done and what conclusions authors made. Chosen theories will be used to construct hypotheses of my research.

2.2. Export barriers

There are a lot of obstacles which may hinder internationalization, especially for SMEs, because these firms do not have a lot of free resources. When a large firm internationalizes and if for some reasons they incur losses, the owners may stop this strategy and return to the previous business path. But for SMEs, a wrong strategy may be disastrous.

In literature, there are a lot of different classifications of export barriers. Leonidou (1995) made one of the first large export barriers research which became a platform for a lot of other studies. Classification, mostly applicable to the present research is that the barriers can be external and internal, where external are those, stem from the environment within the firm operates, and internal are associated with firm's available resources or approach to export marketing. A little bit different classification, but similar in general: macro and micro level barriers. Macro level reflects conditions of trade between countries and micro level relates to perceived export barriers – expectations exporters have when they trade with certain countries (Leonidou, 1995).

Export barriers are an important topic to investigate, and a lot of researchers chose it as their focus. A lot has been already done to understand internationalization process of firms

and perception of export barriers. The process of export barriers studying is complicated because each country has its own context and sometimes even various country parts behave differently.

Rocha et al. (2008) made a research of Brazilian exporters. They investigated whether the perception of export obstacles vary over time. The same sample of firms was visited in three different moments over a period of 27 years. They studied external and internal barriers (if we apply Leonidas' classification), but they did not study micro level barriers (personal experiences and expectations) as well as cultural barriers. The main barriers they studied were: barriers to access markets; lack of planning and control; low price competitiveness; production and location problems; lack of resources and production capacity. The main conclusion Rocha made in the work was that there were several export barriers, which remained stable over the whole period of research. These obstacles are low product and price competitiveness, and lack of knowledge and resources.

Hakan et al. (2007) studied the effects of export barriers on perceived export performance in the Turkish context. The main aim was to examine export performance indicators, such as perceived export intensity; satisfaction with export performance; export market penetration and achieving export success. The barriers studied were: differences between local and international markets; procedural; internal inefficiency and competition. Findings proposed that procedural barriers and competition in foreign markets have the most effective impact on export performance.

Al-Hyari et al. (2012) studied internationalization process of SMEs in Jordanian context. They were trying to identify major barriers, which may hinder SMEs from exporting. They also, as Hakan et al. (2007) were aimed to find out the relationships between exporting barriers and export performance. Authors studied internal (such as financial, marketing, informational, etc.) and external barriers (procedural, governmental and environment). They included cultural differences in the research, but tests did not approve it. Four factors were found to be the main barriers to export: political instability in foreign markets; the poor economic situation in the region; financial and informational barriers and non-competitive price.

Cultural distance as the export barrier was included into research of Korneliussen and Blasius (2008). The authors were discussing whether cultural distance, a free trade agreement

with a trade bloc, and protectionism have an impact on perceived external export barriers. They find out that protectionism is the main reason for higher perceived export barriers. The research was done in Norway, in different industrial sectors, including fishing sector. The authors applied the scale of country ranking from Nordstrom and Vahlne (1994) to measure cultural distance. The scale was done for Sweden, but assuming that the cultural difference between Norway and Sweden is slight, the authors adopted and modified it in the research. After testing hypothesis, the following conclusions were done. Only for fishery sector protectionism was confirmed to be the main reason for higher perceived export barriers. Hypothesis about the positive relationship between cultural distance and the level of perceived export barriers was partly supported.

Psychic distance aspects have been discussed in lots of research too. For example, Suárez-Ortega and Alamo-Vera (2005) were studying Spanish SMEs' export development process. They examined how managerial (managerial attitude and characteristics) and firm (resources and capabilities) determinants influence export intention, propensity and intensity. The authors found out that, firstly: the export intention was positively related to a firm's competitive position and the managerial perception that export is profitable for the company; secondly: export propensity was positively influenced by a company's international experience and manager's foreign language knowledge. Thus, managerial determinants, which partly explained by psychic distance theory, play a considerable role in firm's intention and propensity to export.

Håkanson and Ambos (2010) focused their research particularly on psychic distance theory and investigated the antecedents of psychic distance. They used different aspects of psychic distance in the analysis: geographic and cultural distance, linguistic differences, political rivalry, and the difference in economic development and governance systems between countries. They found out that the perception of psychic distance was influenced by cultural, geographical, political and economic factors, where geographic distance had the largest share of variance.

The subsequent research which was concentrated mainly on psychic distance theory focused on developing potential psychic distance stimuli. Dow and Karunaratna (2006) were studied stimuli which influenced the managerial perception of psychic distance, such as differences in culture, language, religion, education and political systems. The authors claimed that a manager's perception of psychic distance depends on the psychic distance

stimuli the manager exposed to, but also can be modified with the decision maker's sensitivity to those stimuli (Dow and Karunaratna, 2006, p. 580). And the perception of psychic distance will influence manager's decisions, for example, decision which market to export to. The authors propose to measure the sensitivity through several factors, including manager's age and education level and previous international experience (Figure 1).

After running the analysis, authors made several conclusions, presented below. They found out strong support for the relation of differences in education, the degree of democracy, religion with psychic distance stimuli. Differences in language, industrial development and degree of socialism showed less strong relation.

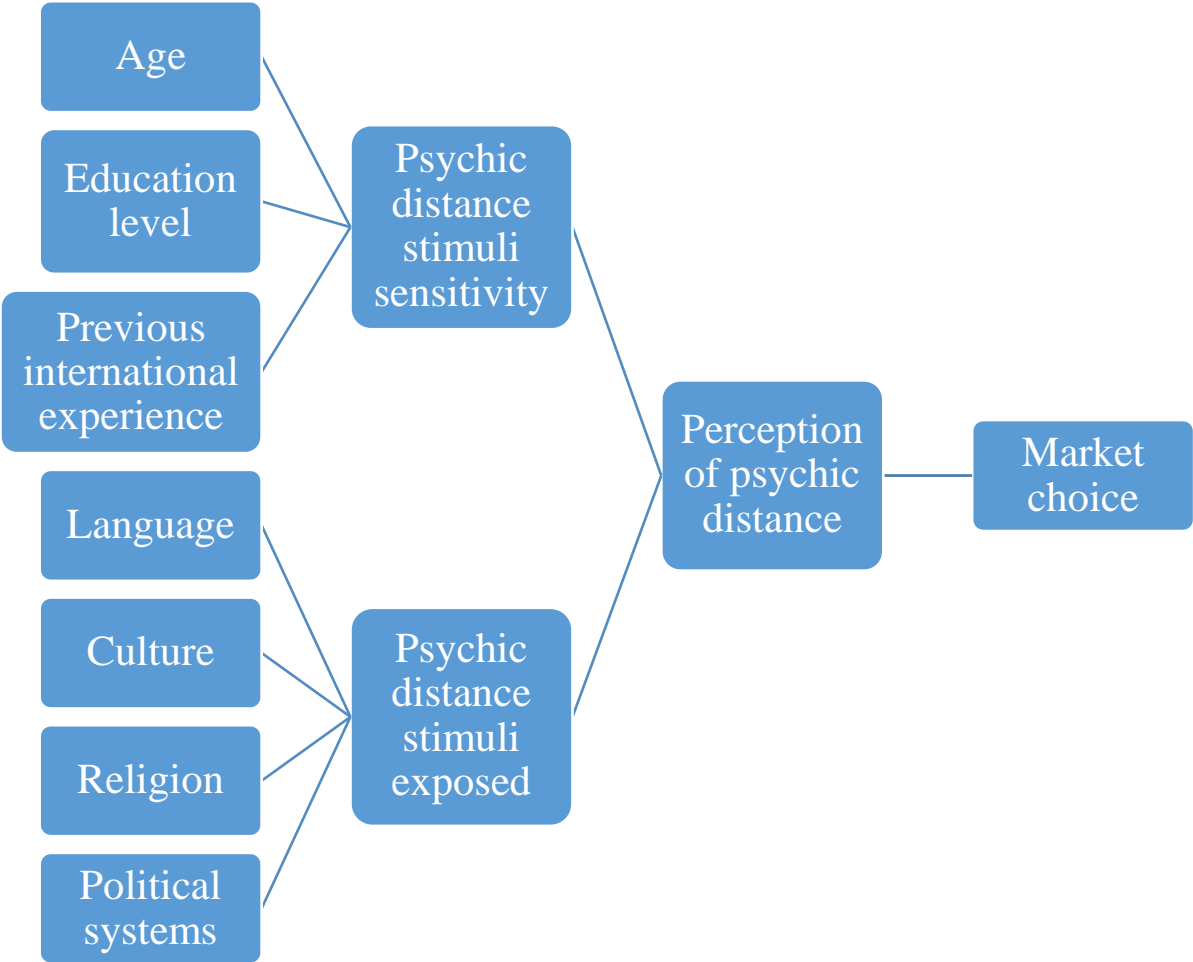


Figure 1. Measures of psychic distance sensitivity

The work of Dow and Karunaratna (2006) as well as the work of Håkanson and Ambos (2010) is very applicable to the present research in terms of characteristics of psychic and cultural differences.

Based on the literature overview, in order to study export barriers which influence managerial side of a firm, cultural and psychic distance concepts are appropriate to use. Mostly, because it is the main issue which influence managers' perception. Since, the present study is aimed to study Norwegian SMEs, where managers usually have the key role in internationalization process, the focus of the work should be on the barriers which influence managers. Thus, here I want to clarify my research question and narrow down the term "export barriers" which was used above:

To what extent do perceived export barriers, mainly cultural and psychic distance, influence market selection processes?

We came closer to the concepts of psychic and cultural distances. In the next clause more comprehensive description of psychic and cultural distance concepts is presented. The differences between two, at first sight almost the same, concepts, existing research and its conclusions are discussed. With the help of existing literature research hypotheses will be developed.

2.3. Psychic vs. cultural distance

Psychic distance is a matter of perception – it is a distance in the minds of individuals, and the perceived distance depends on the way the individuals sees the world. Although the term "psychic distance" includes aspects other than culture (e.g., language barriers, political systems, educational levels, and industrial development) it is based on perceptions that are culturally influenced (Fletcher & Bohn, 1998). A lot of research were done in this field and added some factors, related to psychic distance. For example Evans et al. (2000) recommended the following list of criteria: language, business practices, political and legal systems, education, economic development, marketing infrastructure and industry structure. Also, the study of Dow and Karunaratna (2006) emphasizes the importance of manager's education, international experience, and age.

Differentiating between managers with high and low psychic distance could result in a more efficient allocation and tailoring of export promotion programs since managers with lower psychic distance ratings are more likely to initiate export ventures than managers with high psychic distance ratings (Stöttinger & Schlegelmilch, 1998).

Psychic distance concept is very close to cultural distance, but still, these concepts differ in some layers. The ground difference is that psychic distance relates to the “internal” side of a firm – managerial perception when the cultural distance is more “external” because it measures differences between home and host country environment. The cultural distance concept is defined as the extent to which cultural norms and values of one country are different from norms and values in another country (Sousa & Bradley, 2006). Thus, the cultural distance is applied at the country level, not individual.

Shifting Leonidou’s thought in this research’s context I may assume, that external barriers for Norwegian SMEs are those, associated with cultural differences between Norway and foreign market and applied to country level; internal ones are those, which covered by psychic distance theory and applied to managerial perception level.

2.3.1. Psychic distance perception

The term “psychic distance” was first used by Beckerman (1956) in his research of distance and the pattern of intra-European trade. He proposed a thought that countries tend to concentrate their trade on nearby countries. By the word “nearby” he meant not only the geographical distance between countries but also language differences. Later the concept was developing by more and more research. In the Uppsala model the term “psychic distance” is also used and describes managerial attitude to a country.

Different researchers proposed various factors contributing to psychic distance: differences in language, education level, political systems, religion, a form of government and even levels of emigration. In Figure 2, the factors, which will be used in the present research, are summarized.

The factors are derived from different studies, mainly from Dow and Karunaratna (2006) and also from Håkanson and Ambos (2010). There were some other factors, which I decided not to include in the present research, for example, “colonial links”. This factor is

applicable for the countries, which have vast colonial past, for instance, England, France or Spain, but for Norway the factor is to lesser extent.

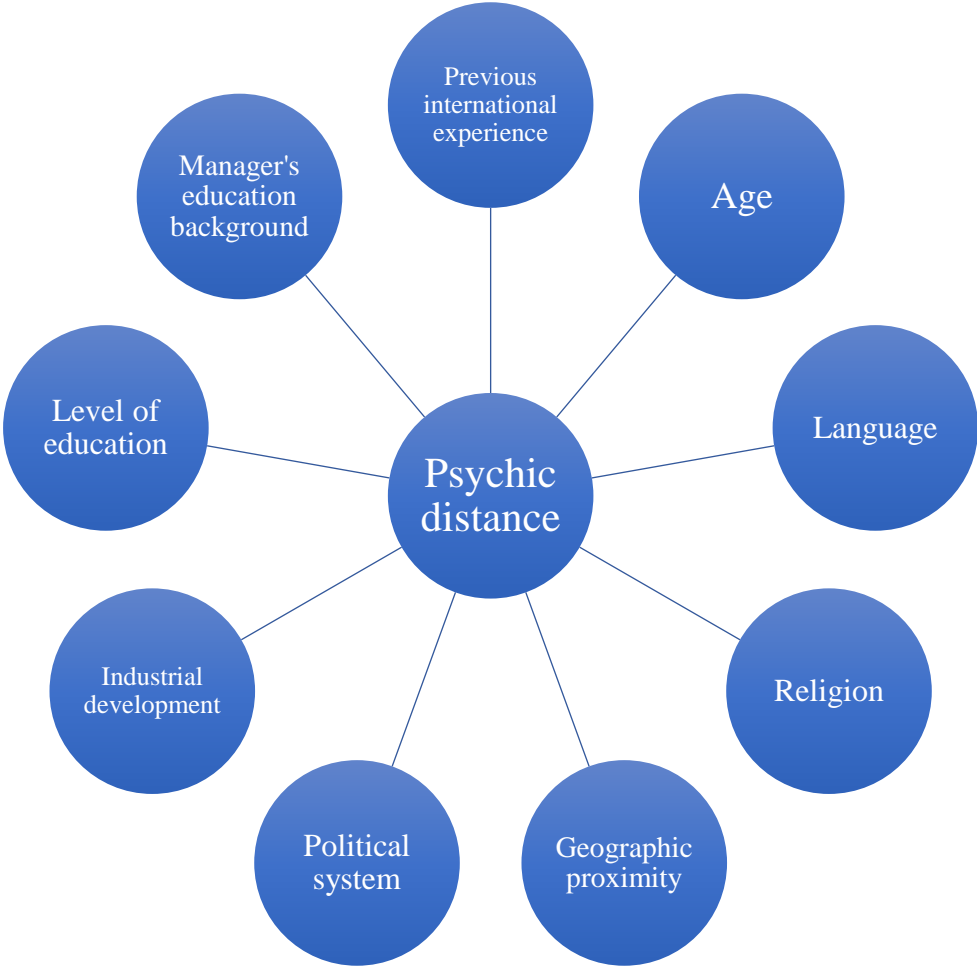


Figure 2. Factors contributing to psychic distance

Each factor influences psychic distance perception in a certain way. Dow and Karunaratna (2006) included age, education level and previous international experience to factors, which moderate manager’s sensitivity to the perception of psychic distance. Indeed, it is expected, that if a manager has experience of operating in foreign markets, if he/she already faced with certain export barriers and knows how to deal with it, the level of perception will be lower. Uppsala model says the same: international experience generates certain “knowledge”, and the more experience a manager has, the larger “knowledge” he/she possess. Entering more distant markets becomes easier since the perception of barriers is getting lower. It is anticipated that the older a manager is, the more experience he/she has. It is not always true, but in general, it works. Also, if a manager has an appropriate education, he/she more or

less aware of different strategies, obstacles and other things that may be faced during international trade. Sure enough, all these factors influence the level of psychic distance perception.

All the other factors included in picture 2 influence psychic distance perception directly.

Language differences

Almost each research about psychic distance referred to language differences as to the crucial and one of the most important factors. Similar structures of language and the same language base increase efficiency in communication (Tushman, 1978). The same language not only gets a manager access to information about the required country, but it also makes business meetings and general communication easier and lowers transaction costs. Usually, countries with the same language, or similar, have common culture and traditions which also makes communication easier. There are terms low and high-context cultures which are highly related to language differences. The term refers to the low or high degree of complexity in communicating and understanding a partner. If a partner is from a low-context culture, they will rely on spoken and written language; they tend to write everything in contracts and discuss the rest in meetings. High-context cultures have a higher degree of complexity since they use more hidden elements during the communication. If partners are from the same type of culture, the communication will be easier, and transaction costs and risks will be lower. As a result, language is a critical element of psychic distance; it may influence the decision to internationalize to a certain market and, consequently, market selection.

H1: Sharing of common or similar language will positively influence the market selection process.

Industrial development

The differences in the level of industrial development between countries may affect the perception about the country in the “cost” level. There is a certain perception about a country with low level of development; the perception of higher risk, higher transaction costs, and higher logistics costs due to less developed infrastructure may hinder the willingness to enter this country. In contrast, a highly developed country with good infrastructure creates the perception of security, lower risk and uncertainty and more easy communication. At the individual level, economic development of the country a manager operates in, influence

his/her daily business norms and activities. Business communications are also likely to be affected by the degree of difference between countries.

H2: Similar level of industrial development between countries will be positively associated with the market selection.

Education levels among countries

Differences in education levels between countries influence perception of psychic distance, perhaps, to a lesser extent than language or industrial development, but this factor have often been cited alongside with other factors (Johanson & Vahlne, 1977). As Dow and Karunaratna (2006) pointed out in their research that large differences in education levels between countries may be the reason of enlarged risk and uncertainty and managers' perception of misunderstanding.

H3: Differences in education levels between countries will be negatively associated with market preferences and market selection.

Political systems

The political side of a country includes a lot of dimensions, for example, current and historical political rivalry, military history, current governance system and institutional conditions. Nowadays politics influence the choice of business connections and building of trade blocks. Regarding governance system, the relationship between the willingness to export to certain market is easier to observe. Imagine a situation, where a manager from a country with an efficient regulatory and legal environment considering to trade with a country with weak governance system. The perception about lesser transparency, higher risk, and uncertainty, corruption and inefficiency are likely to arise. Usually, in such countries, there are more informal rules and hinder agreements. So, the willingness to export to such a country should be lower. But, looking from the other side of the chain, for the manager from the weaker institutional conditions country it will be easier to understand and to trade with a country with strong governance and legal system.

H4: The weaker the governance systems in a country, the less the willingness to export to this country.

Geographic proximity

Geographical proximity may influence market choice from different points of view, but mostly from cost's side. If a country is geographically close or even shares a border, the transportation and communication costs and also customs expenses will be lower, personal interaction and information exchange are easier. Of course with the rapid technological growth communication became easier independently from a distance. But still, as was demonstrated by "gravity models", absolute geographical distances create barriers to trade.

H5: Geographical distance is negatively associated with the market selection.

Religion

The difference in religions is not widely used in research, but it may be a potential psychic distance factor. A person's culture, norms, and attitudes are closely associated with religion (Shenkar, 2001). From the history, we know that religion was a cause of a lot of conflicts and even wars between different culture groups. Religion is highly correlated with the way people speak, communicate and interact, so misunderstandings among the various religion groups may arise and hinder the decision about the choice of a market.

H6: Differences in religions between countries will be negatively associated with the market selection process.

2.3.2. Cultural differences

To this part of the study psychic distance concept was defined and discussed. The hypotheses were built on the basic statement, that psychic distance theory refers to the "internal" part of a firm – to its managers and their perception of differences between countries and obstacles which these differences may cause. The Cultural distance was related to the "external" side of a firm – overall environment which surrounds a company. A country's culture gives people basic practices of operating in the country. People get used to it and assume it as given and most usual way of making business. That is why different culture may be the cause of shifting from a "comfort zone" to a "stretch zone", where people do not know how to run business, how to react to certain obstacles, how to deal with inconveniences. All of these enhance the perception of additional time spending and transaction costs, difficulties in communication, interpretation and understanding of the other party. The knowledge about other culture's characteristics may increase managers' intention to look for

more distant, in terms of culture, but more profitable markets. It may protect from certain obstacles and reduce trading costs.

The ground and the most comprehensive research, which was used as the basis for a lot of studies, is Hofstede theory. The theory was revised and upgraded several times. Also, other researchers built their own theories based on Hofstede. As Sousa and Bradley (2006) were pointing out that Hofstede's framework has been one of the most authoritative and widely used ones in international business studies. In addition, in their study Sousa and Bradley (2006) argued that cultural distance may influence psychic distance perception and used it as an important determinant of psychic distance.

Hofstede used four dimensions describing national cultures and ranked countries among them. Norway has strong positions in two of them: power distance and masculinity. In the present research, I want to check only these two dimensions because I believe it will give me stronger results than dimensions where Norway has a relatively medium position. The dimensions in relation to Norway are discussed below.

1. Power distance. Fundamentally power distance index (PDI) relates to the question "How society deals with the fact that people are unequal." In business organizations, Power Distance is linked to the degree of centralization of authority and the degree of autocratic leadership (Hofstede, 1983). High PDI means that the company usually has strong hierarchy and employees tend to be afraid to disagree with the boss and do not like to decide by themselves. Norway got a very low PDI in Hofstede's research: it ranked as the 6th between 50 countries and 3 regions. It means that people in Norway's business environment assume hierarchy as equality of roles which was established only for convenience; equality of all the employees including superiors; there are larger trust and cooperation between subordinates in different power levels; sympathy for decentralized and flexible structures. Countries with high PDI have more formal rules, strong hierarchy, privileges for powerful people and stronger autocracy. To a manager from a country with low PDI, it may be complicated to deal with more bureaucratic companies from a country with high PDI. The perception about unusual communication rules, higher transaction costs, and corruption due to highlighted privileges to powerful people may arise. Thus, from this clause I derive the next hypothesis:

H7: The higher the perceived differences in power distance between countries, the lesser the intention to enter the market.

2. Masculinity (MAS). The dimension “masculinity vs. femininity” indicates to what extent people in the society value different job aspects, like earnings, career, recognition, etc. Norway has a low MAS index, according to Hofstede’s research. The basic meaning of low MAS index is as follows: people and society orientation; relative importance of quality of life and environment; sex roles in society are changeable. Tension on this level may arise, when Norwegian managers deal with managers from high MAS country because they will see that another party does not support and appreciate values, which are important for Norwegians. It can be related to environmental issues (like waste or ineffective production), with consumer social responsibility (CSR) issues (unfair job conditions) and other. At this point the last hypothesis is derived:

H8: The higher the perceived differences in masculinity index between countries, the lesser the intention to enter the market.

2.4. Proposed research model

My aim in this work was to determine the influence of perceived export barriers on the market selection process. The studied export barriers include psychic and cultural distance. To examine this question I developed a research model, presented in Figure 3.

The dependent variable (market selection process) can be viewed as market attractiveness to managers. The more attractive the market for a manager, the more likely the manager will choose this market for exporting. Market attractiveness can be evaluated through several indexes, like GDP of a targeted market; purchasing power in a targeted country; market growth and market potential, etc.

While these indexes help to evaluate “statistical” attractiveness, proposed independent variables will contribute to assess managers’ perception and attitude, which may influence market selection process to a vast extent.

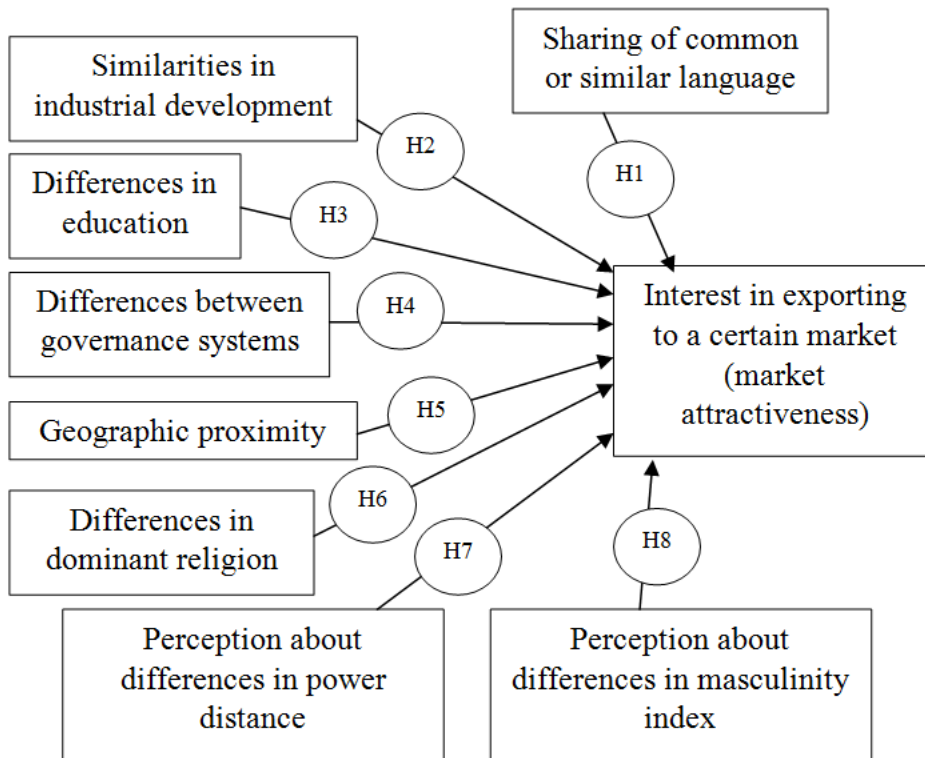


Figure 3. Proposed research model

To sum up, the hypotheses, derived from the observed literature, will be checked in the following chapters applying quantitative analysis. Thus, by formulating these hypotheses (based on my theoretical considerations), my intention is to contribute in current researches about export barriers, fulfilling the gap of relations between export barriers and market selection.

3. Research Methodology

In this chapter methodological approaches that were used in the work are described. It includes research and sampling design choice, pre-test, measurement of questionnaire concepts, the credibility of the study, methods that were used for analyzing and the sample.

3.1. Choice of research design

The design of a study is one of the most important parts of a thesis: it explains and justifies what data is to be gathered, how and where from; it also needs to explain how the data will be analyzed and how this will provide answers to the central questions of the research (Easterby-Smith et al., 2012: 38). The goal of my eight hypotheses is to investigate how export barriers (psychic and cultural distance – independent variables) may influence managers' market selection process (dependent variable). It means that the work, mainly, should be built on people's opinions and different viewpoints of respondents. So, relativism ontology with constructionism epistemology was adopted for the research. Relativism states that facts depend on the perspectives from which people observe them (Easterby-Smith et al., 2012). Social constructionism claims that the "reality" is determined by individuals (observers) and socially constructed, so it is essential to appreciate the way people make sense of their experience (Easterby-Smith et al., 2012).

Since there is a very narrow and specific context, I used primary data to test the hypotheses. Also, because primary data are more valuable for a research: it gives greater confidence in the outcomes of the study (Easterby-Smith et al., 2012: 12).

3.2. Sample design and data collection method

If a researcher wants to make conclusions about a population, quantitative research should be used. A sample should be drawn from that population, to give a researcher an ability to make statements about the population (Easterby-Smith et al., 2012). The study's population is sales managers, who work in Norwegian small and medium fish companies.

If the probability of each entity being part of the sample is known, it is probability sampling design. Also, if every sample entity has an equal chance of being part of the sample, it called simple random sampling (Easterby-Smith et al., 2012: 226). Since there are open databases on the Internet where all the companies which engaged in exporting can be found (for example <http://en.seafood.no/>), my research can be attributed to probability sampling. The use of probability sampling is better than non-probability sampling, because only with probability sampling a researcher can be precise about the relationship between sample and population, thus the researcher's judgments have stronger credibility (Easterby-Smith et al., 2012: 227).

I constructed a self-administered questionnaire in www.questback.com (see Appendix 1). I guaranteed anonymity for all respondents and assured them that their response will not be used anywhere else except in the present research. The questionnaire was distributed with the help of www.questback.com. I did not use snowball sampling since I could have reached every company and each manager by myself and also because snowball sampling in my case might be the cause of biases and not homogeneous sample.

The questionnaire was constructed in English because Norwegian is not my mother language and it is challenging for me to express it fully and correctly in Norwegian. Also, I suppose that missing in translation may arise, and the questions may be understood in a wrong way. Anyway, it is tough to control how people understand a question when it is non-personal: you cannot rephrase a question and ask for a deeper explanation of an answer. I tried to make the questionnaire as simple as possible, but the topic is not so simple itself. One more challenge is to make people answer your questionnaire.

In the first time, the questionnaire was sent right after Easter holidays, and a lot of people were still on vacations. There were two reminders: the first one after a week and the second one after one more week. The response rate was good enough right after sending the questionnaire and after sending the reminders also. I have got several feedbacks by e-mail that the questionnaire was interesting, and some people were interested in the thesis itself and asked to send them the results.

In total, data collection took place from March 31 until April 26, 2016. Through the Questback platform, 287 invitations were sent, and it has got 47 responses, which gives 16% response rate. Around 20 invitations were hard bounced and could not have been delivered.

3.3. Pre-test

To check the questionnaire before sending it to an important part of respondents, I constructed a pre-test. It consisted of fewer questions, and it was aimed to understand if the questions were complicated or not. I sent it to 2 companies, which located in Bodø. Before sending, I called the managers, explained the aims of the research and asked if I can send them a small questionnaire. Also, after completing, I sent e-mails to them and asked to give me a little feedback about the questionnaire: whether some questions were complicated or not. Complicated questions were reconstructed and revised. A final questionnaire was also designed in www.questback.com and distributed to the respondents.

3.4. Measurement of the variables

The main goal of the questionnaire was to examine managers' interest in exporting to certain countries: countries with different government system; education and industrial development level; dealing with people who speak a different language; who profess another religion and making business with countries far away from the managers' home country. And also internal issues of other nations: different power distance and masculinity level. To what extent these factors may hinder the decision to export, or conversely, to make it stronger.

I added one question about manager's experience of working in international markets: "Do you have experience of working in international markets?" and if a responded answered "Yes" the system asked "For how long". I used this variable as the control variable, since a lot of studies concluded that managerial experience and knowledge was a crucial point, influencing manager's behavior. One of the most referenced study is the research of Johanson and Vahlne (1977), where they enclosed that "experience builds a firm's knowledge of a market, and that body of knowledge influences decisions about the level of commitment" and also that "learning by experience results in a gradually more differentiated view of foreign markets".

Each question was designed in a way that I believe was most applicable to answers that have been proposed. In some issues, respondents had a possibility to choose several answers or write an "open answer".

3.4.1. Measuring market attractiveness

Market attractiveness may be measured in different ways. For example as Dow (2000) used frequency with which a country is one of the first five export markets for a company, in his research of psychological distance and export market selection. It also may be measured through different statistical indexes which can easily be found on the Internet. For example country's GDP, market potential (size and growth), consumption patterns, purchasing power, etc. These indexes are widely used in both academic and market types of research to measure market attractiveness (Koch, 2001; Agarwal and Ramaswami, 1992; Sakarya et al., 2007). I decided to apply it in this research to measure interest towards a market during the market selection process.

The respondents were asked: "Do you take into consideration any of the indexes presented below during the new markets' assessment process?" They were proposed to choose from a list of indexes. The list included: GDP (Gross Domestic Product) of a country; purchasing power in a country; market's growth rate; market potential and another variant as an open answer. They were able to make a multiple choice.

The scale showed relatively low Cronbach's Alpha coefficient (0,617). It can be explained that the scale is short (under ten items as recommended). While the sensitivity of the index to the number of items is quite high, thus short scales often have low Cronbach alpha values (Pallant, 2002). For short scales, it is normal to have the coefficient above 0,5.

3.4.2. Measuring psychic distance

To measure psychic distance, I applied Dow and Karunaratna (2006) framework and chose the following indexes:

Language

As I wrote in the literature review part, language is crucial, and one of the most important elements of psychic distance; the same or similar language may influence the decision to internationalize to a certain market and, consequently, market selection.

To find out how differences in language may affect managers' interest in exporting to certain markets, I constructed the following question: "Will your interest in exporting to a

particular country be higher if your countries share common or similar language”. It was a single selection answer, and answers included the following statements: “Yes, it will certainly affect my interest”, “It is not the crucial point, but it is preferable”, “Not at all”.

Geographic distance

Geographic distance also associated as one of the most important factors, influencing market attractiveness. As “gravity model” states: the closer the countries, the more likely they will trade with each other. Håkanson and Ambos (2010) in their work made a conclusion that geographic distance had the largest influence on the perception of psychic distance.

To measure managers’ attitude towards geographic distance, I asked respondents to vote on how much they agree with the statement: “The larger the geographic distance between my country and a targeted country, the weaker is my interest in exporting to this country”. Five answer alternatives were proposed from “Completely agree” to “Completely disagree”.

Level of industrial development

The term industrial development of a country reflects the level of infrastructure development: both industrial (roads, seaports, airports, etc.) and telecommunication (mobile network, internet accessibility). The less developed infrastructure of a country might create a perception of higher risk, higher transaction costs, and higher logistics costs. Support of a statement that level of industrial development influence psychic distance was found by Dow and Karunaratna (2006).

To measure managers’ interest in exporting to countries with different level of industrial development, I asked respondents to vote on how much they agree with the statement: “The more similar the level of a targeted country's industrial development with my country's level, the stronger is my intention to choose this market as a new export market”. Five answer alternatives were proposed from “Completely agree” to “Completely disagree”.

Education level

The level of education in a certain country was found to be not so strong, but still an important factor, which may influence managers’ interest to export. Dow and Karunaratna (2006) in their research made clear statement about relationship between differences in education levels and perception of higher risk and uncertainty.

To measure the education level's importance, I asked respondents to choose to what extent is it important, that people in a targeted country have the same (or close) education level as in your country? Five answer alternatives were proposed from "Very important" to "Not important at all".

Political (governance) system

The political regime may be viewed from different sides: stability of the ruling government party and the head of a country; legal transparency (from general business procedures to customs procedures) and even some economic indexes several researchers applied to the political side of a country (Hakan et al., 2007). Dow and Karunaratna (2006) mentioned the degree of socialism and democracy as one of the factors, which influence psychic distance. For the research, I chose sides, which were found relevant in recent studies: procedural transparency (Hakan et al., 2007), the level of corruption and stable banking system (Al-Hyari et al., 2012), (Håkanson & Ambos, 2010).

The respondents were proposed to rank four different aspects of political stability with five "importance level" alternatives: from "Very important" to "Not important at all". The question was: "To what extent is it important for you, that a targeted country has the following points", and the four aspects were: transparent legal environment; safe banking system; low corruption level; and transparent customs procedures.

For this question, it was needed to check the Cronbach's Alpha coefficient, which equals 0,724. Thus, the scale is reliable.

Ruling religion

Religion was mentioned in several recent research as a factor, which influences psychic distance stimuli (Dow & Karunaratna, 2006). In the light of nowadays immigration waves I wanted to check if the attitude towards different religion may influence Norwegian managers' interest in exporting to certain countries.

The respondents were asked to answer the question: "If the ruling religion in a targeted country differs from your country's religion, will it influence your interest in exporting to this country". Three different answer alternatives were proposed: "Yes, it will certainly affect my interest", "It is not the crucial point, but it is preferable that the countries share common religion" and "Not at all".

3.4.3. Measuring cultural distance

To measure the cultural distance I used the framework, proposed by Hofstede (1983). Two indexes, the strongest dimensions for Norway, were chosen out of five: power distance (PDI) and masculinity index (MI).

Originally, PDI and MI are quite complicated for understanding for a person who has not faced with it before. To make questions easier for understanding, I did not use the terms “power distance” and “masculinity” in the questions. I looked what different studies included in these terms and focused the questions on these several indexes.

To measure how power distance influence managers’ interests, I created the following question: “Imagine a targeted country with a strong hierarchy and subordination. To what extent the following aspects may influence your interest in exporting to this country”. The strongest aspects, reflecting the core of PDI were “Unusual communication rules (strict hierarchy rules)”, “Higher transaction costs (due to longer bargaining time)”, “Corruption (privileges to powerful people)”. Five answer alternatives were proposed from “Will certainly influence” to “Will not influence”.

To measure the reliability of the scale Cronbach’s Alpha coefficient was found (0,484). Since the coefficient is low, more detailed analysis was done. The variable “unusual communication rules” was removed and correlation and regression analyses were conducted without the variable. Without the variable, the coefficient was better (0,581).

The same method of question construction was applied to measure MI. The following question was created: “Imagine a targeted country where people value earnings, recognition, and career to the highest extent. To what extent the following aspects may influence your interest in exporting to this country?” To generate the aspects, I took the general aspects of MI (which were mentioned above in 2.3.2 clause) and chose those, which I suppose were the most important for Norwegian managers’ and which may influence their interest to the greatest extent. The following aspects were proposed to evaluate: “Ineffective production”, “Additional waste”, “Unfair job conditions”, “Lack of consumer social responsibility”. Five answer alternatives were proposed from “Will certainly influence” to “Will not influence”.

Cronbach’s Alpha coefficient for the scale was 0,706, which is reliable.

Mass media influence

The question about mass media was added to check if managers' think that they may get valuable additional knowledge about a certain market, not from their own experience, but from mass media (newspapers, Internet, TV). The question was as follows: "Do you think that additional mass media information (from newspapers, Internet, TV) can increase your knowledge about a country/market". Proposed answer alternatives: "Yes, it can be in any case", "Yes it can, but to a small extent", "No, it can not be in any case".

3.5. The research credibility

The credibility of the investigation may be strengthened through validity and reliability issues. To make a research credible, the researcher should always keep in mind these issues: from designing a survey, till the data interpretation. Определение кредитности

3.5.1. Reliability

Reliability answers the question: "If the same test is conducted on other occasions, will it give the same results?" (Easterby-Smith et al., 2012). It refers to the process and techniques for collection of the data, and the main goal is to make correct assumptions and reduce sources of biases. To implement it a researcher can use measurements from previous studies related to the research. In the present research, I applied this technique and used measures which were used by other researchers (Al-Hyari et al., 2012; Dow & Karunaratna, 2006; Hakan et al., 2007; Håkanson & Ambos, 2010; Hofstede, 1983).

There is a statistical measure which shows the degree of reliability of research: Cronbach's Alpha. It is an index of the internal consistency of a composite variable (Easterby-Smith et al., 2012). It lies in the frames from 0 to 1, and a number greater than 0,7 indicates an acceptable level.

3.5.2. Validity

According to Easterby-Smith et al., (2012) validity is the extent to which measures and the findings of research give an accurate representation of what they suppose to describe.

Validity answers the question “Have a sufficient number of perspectives been included into the research”. There are several types of validity: external and internal, and convergent and discriminant. In the present work, each concept had one measurement, which is why there is no need to evaluate convergent and discriminant validity. External and internal validity issues are addressed below.

A high level of external validity says that the research results can be generalized to other contexts. The use of probability sampling increases the level of external validity and in this research probability sampling was used. Also, the way respondents answer a questionnaire influence external validity. If a respondent is able to respond a survey without a rush, in a quiet place and anytime he/she wants, the validity will be high. The questionnaire was distributed through personal e-mails and respondents were able to perform it whenever they had a minute and anywhere they wanted.

Internal validity may be strengthened through a continuous process of eliminating sources of potential biases. If some previous research were used for building the theoretical base and the model, validity of the research should be high. Also, the population of the research should be chosen very accurate. My research is focused on managers of Norwegian seafood exporters, which frames the population very strictly. The pre-test was made to be sure that questions will be understood properly. I tried to make the questionnaire short and understandable; complicated concepts were divided into several and expressed in an easier way. For example, power distance index is a complex concept, and I suppose a small number of people knows exactly what it means. So it was divided into several concepts, which PDI index includes in Norwegian context: unusual communication rules (strict hierarchy rules), higher transaction costs (due to longer bargaining time) and corruption (privileges to powerful people).

3.6. Analysis of the data

For the data analyzing SPSS (Statistical Package for Social Sciences) was used. The program was used to make a correlation analysis and a linear regression analysis and also to calculate Cronbach’s Alfa coefficient.

Findings from the survey were presented in a descriptive way.

Correlation analysis is used when the strength and direction of the relationship between variables need to be found. Commonly used coefficient is Pearson correlation coefficient (r). It lies in the range from -1 and +1. When r is smaller than 0,3 – correlation is low; between 0,3 and 0,5 is medium correlation; more than 0,5 – large correlation; 0 – no correlation (Pallant, 2002).

Multiple regression is a tool for hypotheses testing – it explores the predictive ability of the model. Several relevant indexes which help to interpret findings are R Square (R^2), Beta and Significance. R^2 shows how much of the variance in the dependent variable is explained by the model (Pallant, 2002). Beta of a variable indicates the level of contribution which this variable makes to explain the dependent variable. Significance (Sig.) coefficient shows if a variable is making a statistically significant unique contribution to the prediction of the dependent variable (Pallant, 2002).

3.7. Sample

The survey was sent out to 287 companies, which were randomly chosen from the database of Norwegian Seafood Council (<http://en.seafood.no/>). A total of 47 (16%) respondents answered the survey. Around 20 invitations were hard bounced and could not have been delivered. Not so high response rate may be caused by the fact that the questionnaire was made in English, and I suppose it could scare respondents off because it would require an additional expenditure of time and efforts.

100% of companies were engaged in international trade. 87% of respondents were male. It could be explained, perhaps, that Norwegian managers in the seafood sector are mostly male. But the research was not aimed to be conducted through a certain gender group, so all the respondents were included in the survey.

Almost 98% of the respondents answered that they have experience of working in international markets, 2% (one person) responded that he or she does not have experience. It may be explained by the fact that this person was recently hired and just started working.

On the question “For how long do you work in international markets” the majority of respondents (59%) answered “more than 10 years”, which is very good because it is the control variable, and it will help to check the Uppsala theory statement: “international

experience generates certain “knowledge”, and the more experience a manager has, the larger “knowledge” he/she possess”. 22% picked 5-10 years, 6% 3-5 years and 13% 0-3 years.

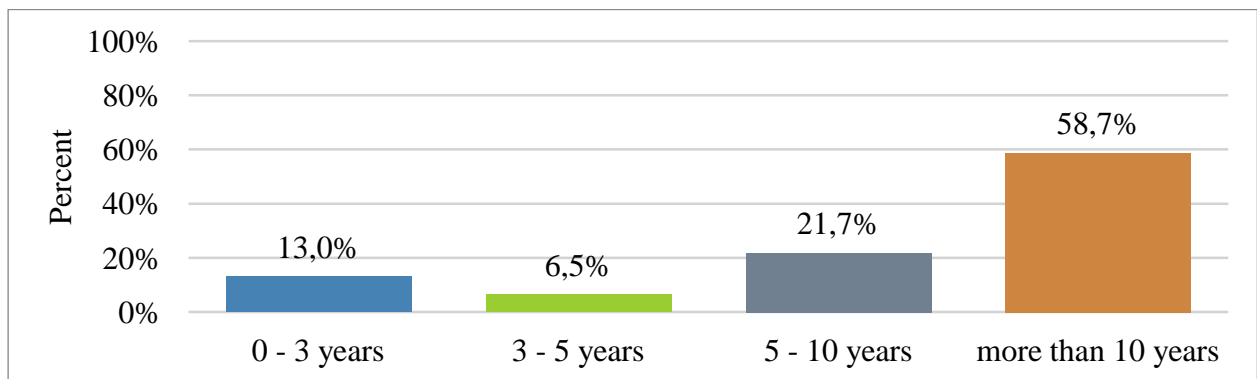
4. Analysis and discussion

In this chapter, the empirical results are presented and discussed. The chapter is divided into three parts: in the first part the results of the survey are presented in a narrative form; in the second part the correlation analysis is presented and hypotheses testing with regression analysis in the third part.

4.1. Survey findings

The survey had in total 47 respondents (16% response rate). 87% of the respondents were male and 13% female, with one person who refused to answer the question. All the respondents replied that the company they work in were engaged in international trade. These numbers show that international trade is a crucial part of business for Norwegian companies. So the companies from the very beginning need to establish stable and long-term international relationships, and it may be one of the most important keys to success. Making the right, deliberated choice of the market to enter – is the beginning of a successful export strategy.

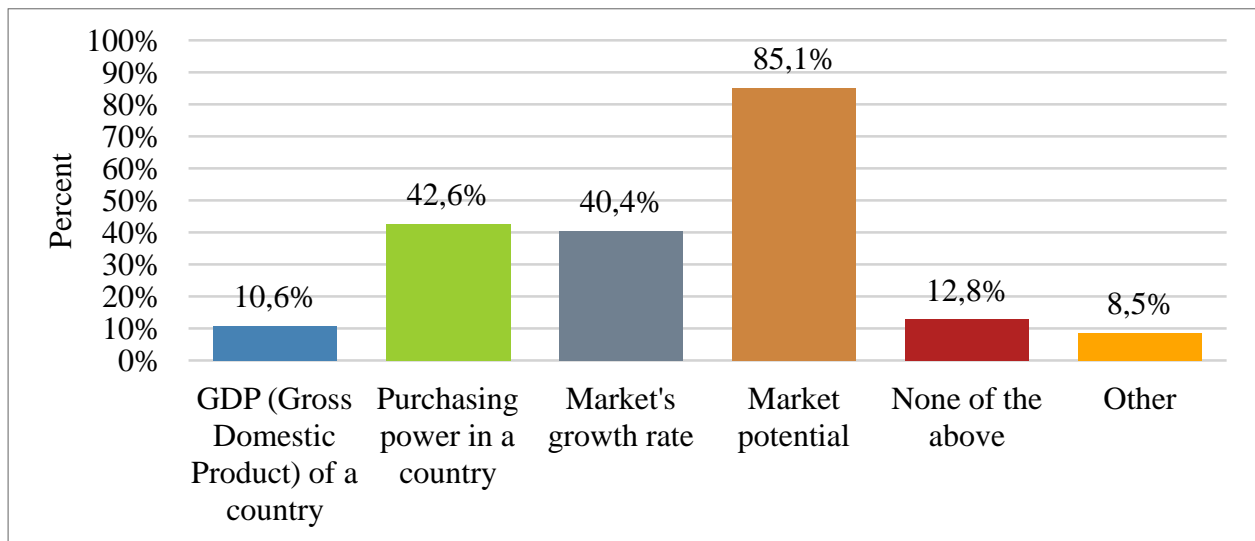
Responding the question about the longitude of international experience, almost 60% of the managers answered “more than 10 years of experience”, which is a very impressive number. Mainly, because it shows that managers of Norwegian seafood industry have a very long international experience and more likely possess comprehensive knowledge about different markets, export barriers, entering strategies, complicated situations, etc. All the results are summarized on the picture below (picture 1).



Picture 1. Distribution of responses to the question “For how long have you been working on international markets”.

4.1.1. Market attractiveness

For evaluating market attractiveness, the respondents were proposed to choose indexes from a list, thereby saying which ones they take into account and which ones not. The list included the following indexes: GDP; purchasing power in a country; market's growth rate; market potential; none of the above and another variant. The results are presented in picture 2.



Picture 2. Distribution of responses to the question “Do you take into consideration any of the indexes presented below during the new markets' assessment process”.

It is visible, that the major part of the respondents (85%) takes into account market potential while evaluating new markets. Also, more than 40% of the interviewees consider purchasing power in a country and market’s growth rate to be relevant indexes. Almost 13% of the managers answered that they do not take into consideration any of the indexes presented above. It may be explained, at first, that some part of these respondents examine different indexes, which they mentioned in the “other” answer: consumption tendencies, payment method, available networks. Secondly, some part of managers may conduct their market assessment process without reviewing any of absolute indexes, but through internal market research, for example.

4.1.2. Independent variables findings: psychic distance

Language

The first independent variable to examine was language. The hypothesis was constructed as follows: sharing of common or similar language will positively influence the market selection process. The question, to test the hypothesis, was asked in the form “Will your interest in exporting to a certain country be higher if your countries share common or similar language”.

Language aspects are often included in researches about cultural and psychic distance. In spite of this index does not show very strong influence on the perception of psychic distance (Dow & Karunaratna, 2006) it is still an important index in terms of more efficient communication.

The survey showed a very surprising result. Despite the fact, that sharing of one or common language would make communication much easier, more than 55% of the respondents answered, that it is not important for them at all to share one language with a targeted country. Only 10% of the respondents replied that it will certainly affect their interests, and 34% said that it is not the crucial point, but it is preferable for them to speak one language. To conclude: for 44,7% of the respondents, sharing of one language base will or may affect their interest in exporting to a certain market; for 55,3% it is not important at all; the hypothesis was not approved.

Why such distribution of responses could have happened? Firstly, I assume that for such a small nation as Norwegians, it is very complicated to find international partners with the same or similar language. Indeed, it can be only Sweden, Denmark or Iceland, with the total population around 21 million people (<http://countrymeters.info/>). Secondly, it might be explained by the fact, that Norwegians speak English very well, and it is not a problem for them to use it in business communications.

Geographic proximity

The importance of geographical distance was proved by a lot of research, for example, Håkanson and Ambos (2010), and also by the gravity theory, which states that firms tend to enter geographically adjacent markets. The hypothesis was constructed as follows:

geographical distance is negatively associated with market selection; while the question was asked as: “Vote on how much you agree with the following statement: The larger the geographic distance between my country and a targeted country, the weaker is my interest in exporting to this country”.

The findings of the survey disproved the hypothesis. 53% of the respondents answered that they completely disagreed with the statement. In total 66% did not agree with the statement to a certain degree. Remaining 34% consist of 17% who chose “Indifferent” answer and 17% who answered, “Agree to some extent”. Nobody responded that they completely agree with the statement. To conclude: the majority of respondents (66%) do not agree with the statement that geographical proximity will influence their interest in exporting to certain countries; only 17% agree to some extent, and nobody completely agreed.

These findings may be interpreted in the following way. In the modern world resources and facilities for delivering products from one place to another are improving rapidly. Since the gravity theory of trade was firstly announced in 1962, the ways of transferring goods became more diverse, and the cost dropped dramatically. Therefore, nowadays geographical proximity is not a decisive factor anymore, and it will not crucially influence managers’ interests; the hypothesis was not approved.

Level of industrial development

Several researchers added industrial development variable into their research and proved different degrees of dependence between the factor and perception of psychic distance (Al-Hyari et al. 2012; Dow & Karunaratna, 2006). The hypothesis stated that: similar level of industrial development between countries will be positively associated with the market selection. The defining question: Vote on how much you agree with the following statement: The more similar the level of a targeted country's industrial development with my country's level, the stronger is my intention to choose this market as a new export market. The respondents were given a little explanation of the term industrial development: it is infrastructure level of a targeted country (roads, sea ports, airports, mobile network, internet accessibility, etc.).

Opinions divided into several parts: 34% of the respondents agreed to some extent; more than 40% disagree to some extent, and 23,4% answered that it is indifferent to them. It was almost nobody (2,1%) who completely agreed with the statement, but the relatively

significant percentage of people who completely disagreed (27,7%). Thus, it may be said, that the hypothesis was not fully approved.

Level of education

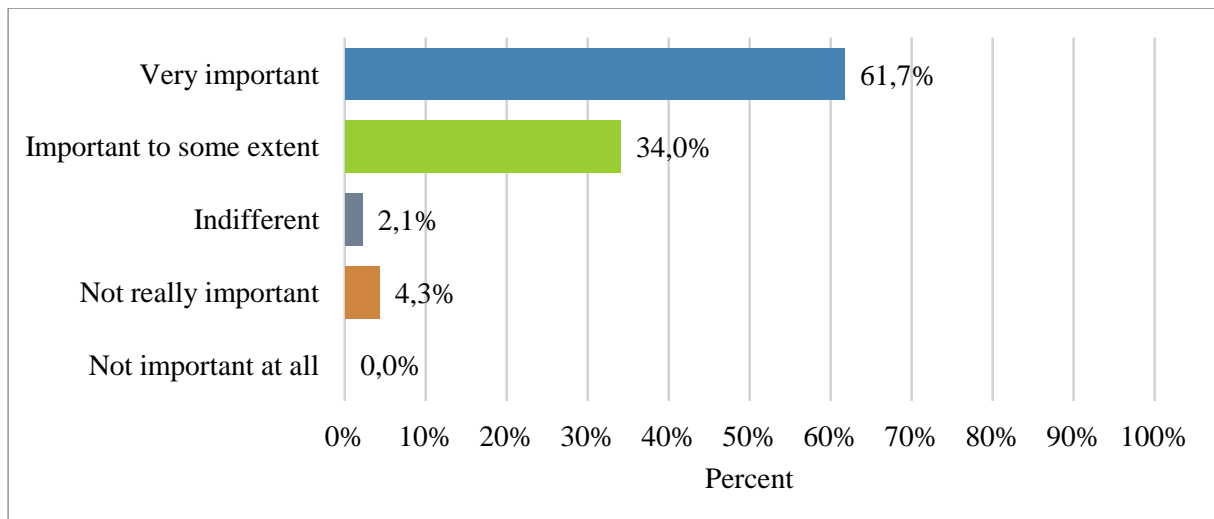
Education level was often included in studies but was not a strong index. Still, the difference in education levels may cause uncertainty and additional risks. The hypothesis was constructed as follows: differences in education levels between countries will be negatively associated with market preferences and market selection. Defining question was asked as: to what extent is it important for you, that people in a targeted country have the same (or close) education level as in your country?

Opinions on the matter were also divided, but more on the negative side. Only 10,6% agreed to some extent with the statement (nobody completely agreed); while the major part of respondents (almost 64%) did not agree completely and to a certain degree. 25,5% said it is indifferent to them. Thus, the hypothesis about the influence of education level on interest in exporting was not approved, and it can be said that differences in education level will not influence managers' interest in the exporting issue.

Political (governance) system

Governance stability of a country always was an important variable; indeed, doing business with unstable countries is very risky. Almost every research includes the political variable and often a strong relationship is found (Al-Hyari et al., 2012; Dow & Karunaratna, 2006; Hakan et al., 2007; Håkanson & Ambos, 2010). Since it is a very broad term, the question was concentrated on several issues. The hypothesis stated: the weaker the governance systems in a country, the less the willingness to export to this country. The answers showed that these issues were critical for the respondents. The highest level of importance was given to safe banking system (95,7%) as showed in picture 3.

The transparent legal environment is necessary for 76,6% of the respondents; low corruption level is important for 61,7% and transparent customs procedures for almost 79%. Thereby the hypothesis about the influence of political and governance aspects was approved, and it may be assumed that countries with weak governance system will attract Norwegian managers to the lesser extent when countries with a strong and stable system are in the first place.



Picture 3. Distribution of the responses to the question “To what extent is it important for you, that a targeted country has the following points” (safe banking system answer).

Ruling religion

Perception about people’s religion may change in the light of the latest world events. Differences in religion started to appear as an index, which may influence psychic distance, relatively recently. In the Dow and Karunaratna (2006) study the hypothesis about the effect of differences in religion on psychic distance was strongly approved. In the present research, the defining hypothesis stated: differences in religions between countries will be negatively associated with market selection process; and the question was asked as if the ruling religion in a targeted country differs from your country's religion, will it influence your interest in exporting to this country.

The respondents answered surprisingly identically: almost 96% said that it will not influence at all; nobody completely agreed and only 4% replied that it is not the crucial point, but it is preferable that the countries share a common religion. Thus, it can be said that differences in religion will not influence Norwegian managers’ interest in exporting to certain countries.

4.1.3. Independent variables findings: cultural distance

Power distance index

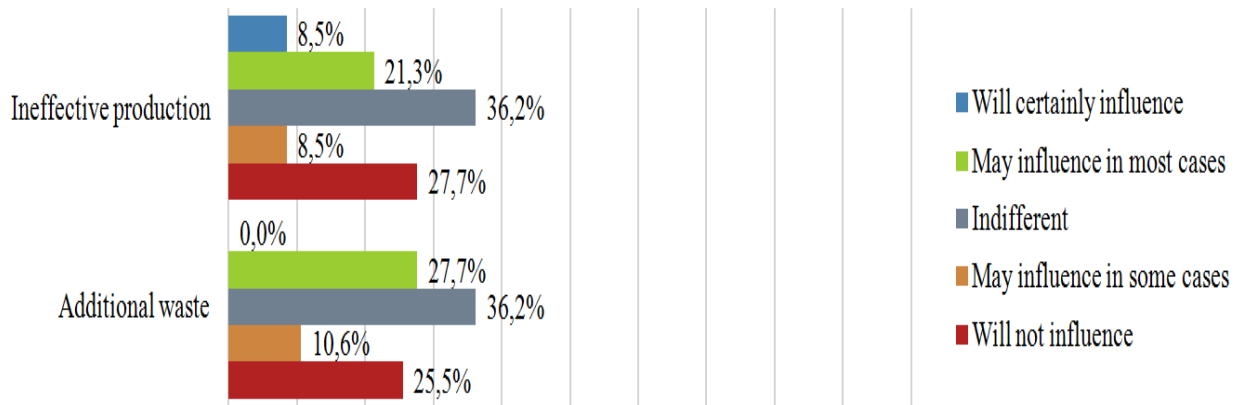
The hypothesis stated: the higher the perceived differences in power distance between countries, the lesser the intention to enter the market. The defining question was asked as: “imagine a targeted country with a strong hierarchy and subordination. To what extent the following aspects may influence your interest in exporting to this country”.

Opinions divided dramatically. Unusual communication rules (strict hierarchy rules) variable showed almost equally divided opinions: 32% of the respondents agreed that it may influence their interest in exporting to a particular country while 38% disagreed with the statement that it may affect their interests. Two other variables showed more diverse opinions allocation. The probability of bearing higher transaction costs may influence the view of almost 50% of the respondents and is not important for 34%. The presence of corruption privileges during business relationships will hinder the interest of 60% of the managers while it is not the reason for not exporting to a certain country for 20%. Thereby, it may be said that the hypothesis was partly approved.

Masculinity index

Opinions regarding the question about masculinity index got an even more different allocation. The hypothesis stated: the higher the perceived differences in masculinity index between countries, the lesser the intention to enter the market; the defining question was asked in the following form: “imagine a targeted country where people value earnings, recognition, and career to the greatest extent. To what extent the following aspects may influence your interest in exporting to this country”.

Relatively similar to each other questions got similar results. Variables about ineffective production and additional waste showed almost even distribution of answers: respectively 30% and 28% of the respondents agreed with the statement (picture 4). It may be interpreted in the following way: the fact, that for a certain country it is in the order of things to have an ineffective production and additional waste, will influence interests of 29% of the respondents on average. As well as it will not influence the interests of 36% of the interviewees.



Picture 4. Distribution of responses to the question “To what extent the following aspects may influence your interest in exporting to this country” (ineffective production and additional waste variables).

Mass media influence

An additional question about mass media influence was asked to check managers’ opinion about the issue of the impact of mass media information on perception about certain countries and give increase knowledge about a country. The question was not aimed to check a hypothesis, but to see the opinion of the respondents. Interestingly than only 2% answered that mass media can’t increase their knowledge about a country. Almost 47% replied that it can in some cases, and 51% of the respondents completely agreed that it can give additional knowledge and awareness about a country.

The survey findings contradicted with the theory in some issues: Håkanson and Ambos (2010) strongly proved geographical proximity hypotheses, but in the present research it is clear that distance will not have a strong effect on Norwegian managers’ interest. The reason may be that the major Norwegian export markets are geographically close to Norway. That is why the managers do not perceive it as a significant barrier. The strong influence of education, religion, and language to the lesser extent was inferred from the study of Dow and Karunaratna (2006) while it is not a case with Norwegian managers. Again, the level of education in Norway is similar with its’ main customers level (France, Denmark, Sweden, Poland, etc.), as well as the ruling religion. Cultural differences (PDI and MAS indexes), as well as industrial development differences hypotheses, were partly approved, as it was also approved by (Dow & Karunaratna, 2006; Håkanson & Ambos, 2010). Government system had the largest influence on interest according to the survey, and also, it was proved in Al-Hyari et al. (2012) research.

4.2. Correlation analysis

From correlation analysis, the degree of strength and the character of the relationship between dependent and independent variables can be found. Pearson coefficient (r) determines the correlation between different variables, the results presented in the table below (table 1).

Table 1: Correlation matrix

		Correlations								
		Market att-s	Language	Geogr. distance	Industrial development	Education	Gov. system	Religion	PDI	MAS
Market	r	1	,040	,130	-,113	-,051	,226	-,223	,154	,151
attractiveness	Sig. (2-tailed)		,789	,386	,448	,731	,127	,132	,302	,311
Language	r	,040	1	,148	,223	,179	,011	,139	-,100	-,263
	Sig. (2-tailed)	,789		,320	,131	,227	,941	,352	,502	,074
Geographic distance	r	,130	,148	1	,374**	,282	-,099	,004	-,114	,013
	Sig. (2-tailed)	,386	,320		,010	,055	,510	,980	,444	,929
Industrial development	r	-,113	,223	,374**	1	,487**	-,080	,312*	-,237	-,247
	Sig. (2-tailed)	,448	,131	,010		,001	,592	,033	,109	,094
Education level	r	-,051	,179	,282	,487**	1	-,207	-,145	-,340*	-,258
	Sig. (2-tailed)	,731	,227	,055	,001		,162	,331	,019	,079
Government system	r	,226	,011	-,099	-,080	-,207	1	-,061	,371*	,351*
	Sig. (2-tailed)	,127	,941	,510	,592	,162		,683	,010	,016
Religion	r	-,223	,139	,004	,312*	-,145	-,061	1	,145	-,281
	Sig. (2-tailed)	,132	,352	,980	,033	,331	,683		,330	,056
PDI	r	,154	-,100	-,114	-,237	-,340*	,371*	,145	1	,328*
	Sig. (2-tailed)	,302	,502	,444	,109	,019	,010	,330		,024
MAS	r	,151	-,263	,013	-,247	-,258	,351*	-,281	,328*	1
	Sig. (2-tailed)	,311	,074	,929	,094	,079	,016	,056	,024	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Correlation matrix did not show any strong relationship between dependent and independent variables.

The biggest value of Pearson Correlation showed “government system” (0,226) and “religion” (-0,223) variables. The values of r above 0,2 indicate weak correlation. Thus, the correlation between market attractiveness and government system is small positive; the correlation between market attractiveness and religion is low negative. While it is big comparing with other values presented in the table, it is small in terms of general interpretation.

Significance (Sig) supports values of r . The correlation is significant when significance is less than 0,05. But The significance of Pearson Correlation is strongly influenced by the size of the sample and in small samples (large sample is where $N=100+$) correlations may not reach the needed level (Pallant, 2002). Since in the present research $N=47$ (relatively small), it is expectable that “normal” levels of correlation will be higher than 0,05. Again, “government system” and “religion” variables have the closest to 0,05 values of correlations (0,127 and 0,132 respectively). Thus, the value of r for these variables is relatively supported.

No strong correlation between dependent and independent variables says that the chosen independent variables can't fully predict the behavior of chosen dependent variable.

While the correlation between dependent and independent variables is not so strong, it can be seen from the table, that some of the independent variables have strong correlation between each other:

- Strong positive relationship is found between industrial development and the following variables: geographic distance ($r = 0,374$), education ($r = 0,487$) and religion ($r = 0,312$). Significance supports the relationships (lower than 0,05). These findings may be interpreted in the following way: the more a country is similar to Norway in terms of industrial development, the more important for the managers that the country is geographically close has similar education level and similar religion. Also, it shows that geographically distant markets are interesting for Norwegian managers, but only if they have a similar level of education and industrial development. It could be such countries as USA, Canada, Australia, New Zealand, Singapore, South Korea, Japan, maybe developed African countries such as SAR (developed in comparison with other African countries). It also means that if a country is geographically distant from Norway and the level of education and industrial development is lower, interest in exporting to the country will not be strong.

- Education variable also has strong, but negative correlation with PDI index (with r equals $-0,340$ and $Sig = 0,019$). Meaning that the more similar levels of education countries have, the less attractive it is for managers that the targeted country has close PDI level with Norway.

- One more strong positive relationship is found between government system and PDI and MAS indexes (Pearson correlation is $0,371$ and $0,351$ with $Sig = 0,010$ and $0,016$ respectively). The interpretation of these numbers is as follows: the more a manager values government stability in a country, the more important for him that the country has the same (or close) level of PDI and MAS. Countries close to Norway in terms of MAS index can be found in the Hofstede’s article “National cultures in four dimensions”. For example three closest to Norway countries are Sweden, Netherlands, and Denmark. Sweden, Ireland, Finland, Switzerland and New Zealand have the nearest PDI level with Norway.

4.3. Regression analysis

The regression analysis was done at first considering all the variables, and after only for the variables which showed correlation.

Regression analysis for all the variables did not show any strong relations as was expected since correlation analysis also did not show it. The summary table of the model (table 2) and coefficients table (table 3) are presented below.

As can be seen from table 2 the model explains 14,5% (amount of R^2) of the variance in the dependent variable (market attractiveness).

Table 2. Model summary (all the variables included)

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,381 ^a	,145	-,035	1,17966

a. Predictors: (Constant), MAS, Geographic distance, Religion, Language, Government system, Education level, PDI, Industrial development

b. Dependent Variable: Market attractiveness

Beta coefficients are pretty small. The largest, but negative value of Beta coefficient is for religion ($-0,237$). It means that religion influences market attractiveness in the strongest

way, comparing to other variables, but the relationship is negative. The significance is close enough to the acceptable level, in consideration of the small sample size. The closest value of Beta to the religion variable has government system variable (0,177). The variable made less contribution than religion. But due to the uncertain acceptable level of Sig. which needs to be reached in a small sample size research, it cannot be said with certainty that regression analysis approved any of the hypotheses. Because as was said above in a small sample research the acceptable Sig. level may be higher than 0,05 (Pallant, 2002).

Table 3. Coefficients (all the variables included)

		Coefficients^a		
		Standardized		
		Coefficients		
Model		Beta	t	Sig.
1	(Constant)		1,445	,157
	Language	,071	,440	,663
	Geographic distance	,191	1,145	,259
	Industrial development	-,067	-,326	,746
	Education level	-,047	-,242	,810
	Government system	,177	1,033	,308
	Religion	-,237	-1,279	,209
	PDI	,130	,728	,471
	MAS	-,033	-,179	,859

a. Dependent Variable: Market attractiveness

But if to include only variables that correlated with market attractiveness into the regression analysis, slightly different picture will be seen (tables 4 and 5). These two variables (government system and religion) constitute 9,5% from the total resulting 14,5%. R^2 is quite close to Adjusted R^2 ; which tells us that the model is strong. Beta coefficients are small, but with quite a strong Sig.

Table 4. Model summary (two correlated variables included)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,308 ^a	,095	,054	1,12825

a. Predictors: (Constant), Religion, Government system

b. Dependent Variable: Market attractiveness

Table 5. Coefficients (two correlated variables included)

Coefficients^a

Model		Standardized Coefficients Beta	t	Sig.
1	(Constant)		2,063	,045
	Government system	,213	1,481	,146
	Religion	-,210	-1,460	,151

a. Dependent Variable: Market attractiveness

One of the conclusions after running the descriptive analysis of the findings was no connection between dependent variable and religion. It was clear that religion will not influence managers' interest in exporting. At the same time, regression analysis shows that religion influences the dependent variable to some extent, in spite the fact that the relationship is negative. Such conclusion of the regression analysis may be explained by the fact, that almost 97% of the respondents answered "No" to the question about religion. This could cause an inaccurate interpretation of the data by the program. Because, for the highest degree of reliability, the input data should differ, while it is not the case for religion's question answers.

Geographical proximity also showed some relationship with the dependent variable. It happened because some people answered that it may influence their interest. While the majority answered "No".

Figure 4 shows modified research model containing the findings of the analysis.

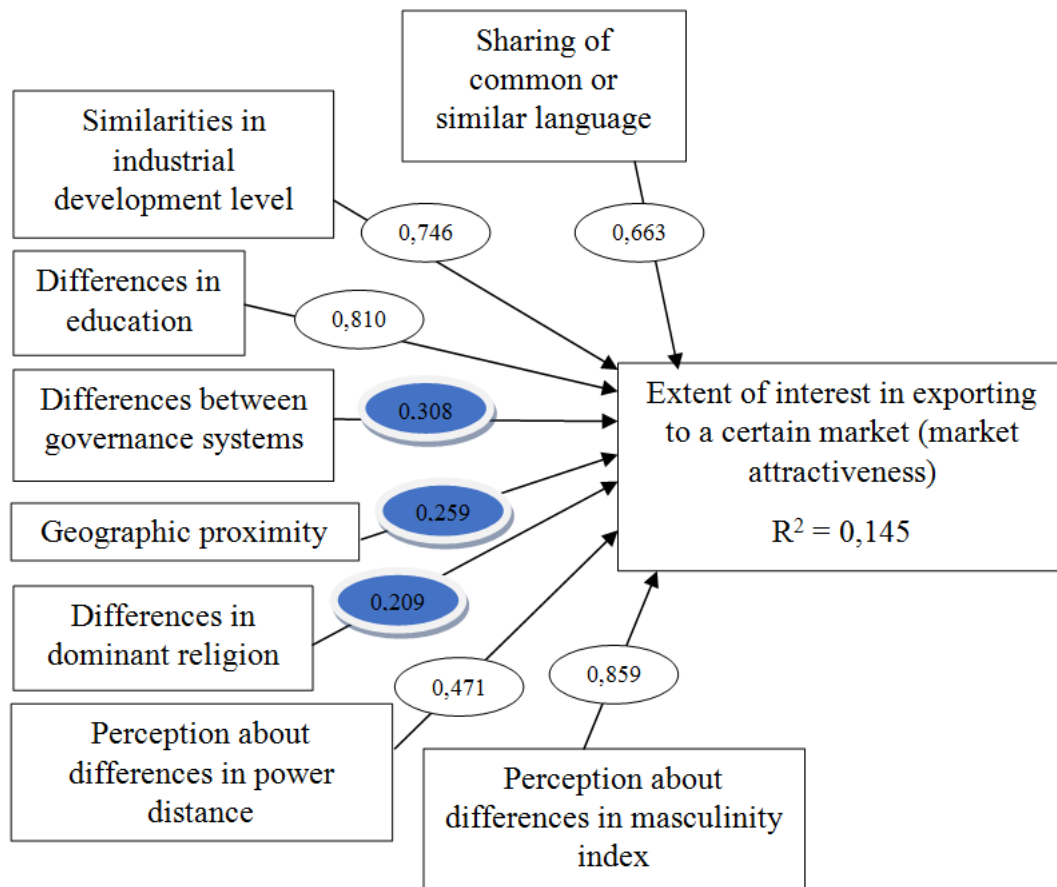


Figure 4. Modified research model

The main outcome of the chapter is the confirmation of the hypothesis about government systems: countries with strong and transparent government systems are more attractive for Norwegian managers; the more different state system a country has, the less attractive it is for exporting. This conclusion matches with the observed literature. Partial confirmation of the industrial development hypothesis: differences in industrial development influence managerial interest to some extent. Several conclusions contradicted with the literature: to the highest extent language, geographical proximity, and religion.

5. Conclusions, implications and further research suggestions

In this chapter findings of the research are presented, limitations of the research and also further research suggestions.

5.1. Conclusions

The purpose of the study was to find out if cultural and psychic export barriers may influence the market selection process. The defining research question is: “To what extent do perceived export barriers, mainly cultural and psychic distance, influence market selection process?” A comprehensive literature review helped to propose eight hypotheses to check the research question. The hypotheses included the following export barriers’ types: power distance index and masculinity index (cultural barriers) and language, the level of industrial development, education, governance systems, geographic proximity and religion (psychic barriers). The research model suggested that there is a relationship between dependent variable (market attractiveness) and independent variables.

The main conclusions of the study are as follows:

- Hypotheses about language, geographical distance, education, and religion were not approved by the answers and by the analysis. It contradicted with the study of Dow and Karunaratna (2006), who found strong relationship between education, religion and language and psychic distance stimuli; and also with the study of Håkanson and Ambos (2010), who strongly proved geographical proximity hypothesis;
- Partly approved hypotheses were: industrial development, power distance, and masculinity indexes. It was also approved by (Dow & Karunaratna, 2006; Håkanson & Ambos, 2010);
- The hypothesis about government systems showed the strongest relationship with the market selection process, as well as in Al-Hyari et al. (2012) research;
- The highest amounts of Pearson correlation coefficient were with government system (0,226) variable and religion variable (-0,223), it was supported by the relatively acceptable level of Sig. (0,127 and 0,132 respectively). Regression analysis approved the

findings with correlations: 0,146 and 0,151 respectively. Other variables did not show significant correlations with the model;

- There were several significant correlations between some of the independent variables, which helped to make valuable conclusions. Industrial development showed a strong relationship with education level, geographic proximity, and religion.

All these conclusions helped to fulfill gaps in existing studies and were interpreted in the following way:

- The more similar government system a country has (comparing with Norway), the higher will be the interest of managers to export to the country;

- The closer level of industrial development countries have, the more important for the managers that the country as well has close education level, religion and geographically not distant;

- The closer the level of education between countries, the less it is interesting for managers that the targeted country as well has close PDI level with Norway;

- The more a manager values government stability in a country, the more important for him/her that the country has the same (or close) levels of PDI and MAS.

5.2. Implications

5.2.1. Implications for the industry

The present research may be interesting for Norwegian seafood-exporting companies. It may help to understand the process of making choices by the managers of the companies. Why managers make their own choosing in favor of certain countries, without considering other possibilities.

According to the research, government stability influences managers' interest to the greatest extent. The most important issue is safe banking system, also a transparent legal environment and customs procedures, and low corruption level. A targeted country should have the same, or close to Norway level of these variables. If a country is of interest but does not have strong government system, a manager should seek possibilities of increasing safety level through different ways. For example, a manager can use the services of a trade agent in a targeted country. Such services will lower risk and uncertainty level; at the same time, it will

expand export possibilities. Also, specific agreements between exporting and importing companies (or even between trading countries) may be concluded. These agreements will help to reduce uncertainty level for example during customs procedures or issuance of documents.

A similar level of industrial development is also interesting for managers, but to the lesser extent. If a manager does not consider a country to be a new export market because of the weak level of industrial development, the manager may think about trading with the country through more industrialized neighbors, if any.

Some cultural differences, which were reflected in the hypotheses about PDI and MAS indexes, happened to be relevant to managers to some extent. To overcome the differences and reduce risk and uncertainty level, managers may use the help of an internal trade agent as was mentioned above. Also, they may have a consultation with a lawyer before entering a market to understand which obstacles may arise and how to surmount it.

An unimportance of language differences shows across-the-boards using of international languages. For Norway, it is the English language, in which Norway has a very high level of using and proficiency (www.ef.no). But it causes inconveniences and trade limitations for the countries, where the English language is not broadly used, for example for some African countries, where the majority of the population use French.

In addition, the survey findings showed that it is critical for Norwegian managers to do business with stable countries (strong economy, stable government, and legal systems). Thus, it can be said that Norwegian appreciate predictability and transparency to the greatest extent and that they are risk-averse people. The government may help to overcome risk-aversion by supporting such companies with some additional funding, information, legal advice, etc.

5.2.2. Implications for the society

Fish industry is vital for Norway, especially for the northern part and for small fishery towns. The increase of export will certainly influence the society in many ways. An increase in export will affect transport industry within Norway, which in turn affects people's jobs and welfare. Since fishing industry accounts quite a large share of income for the country, the growth of the industry is good for Norway.

The results of the work may be applicable not only to the fish industry but also for other sectors, for example, agriculture. Since the people came from the one society with the same moral norms, habits, and traditions, they may have the same judgments about different cultural and psychic barriers.

5.3. Limitations and further research

The main limitations of the work are as follows:

- The survey was constructed in English, and it may influence firstly the response rate and secondly the way of how the respondents understood the questions. If some respondents did not understand questions properly, the answers might differ from what they actually thought. In addition, some people may have a perception about reading and performing tests in English: that it will take more time and efforts to perform;
- The sample size was quite low for analyzing in SPSS program and for making valid conclusions about the population. For accurate analysis in SPSS, it is recommended to have more than 100 respondents (Pallant, 2002). If research has less number of those surveyed, proper levels of coefficients may differ from normal ones: significance level may be higher than standard 0,05. With uncertain interpretation of numbers it is not recommended to make any conclusions about the population, only conclusions about the respondents;
- Time frames for fulfilling the research did not allow collecting more data;
- There was a tendency among the respondents to answer identically in the question about religion (97% answered identically). It may have created biases during analyzing in SPSS, because for the most reliable output, the input data should be different, ideally equally distributed.

The research explained only small part of the variance. Thus there is a need for further studies. One more study may be conducted to gather more about other factors which influence managers' interest. Also, a qualitative study may shed more light on cultural barriers and help to gather in-depth data. Because as we have seen in questions about cultural distance (PDI and MAS) opinions were divided and there was no strong answer which collected the majority of responses. It is also interesting to collect more data about the question how managers are performing primary research, which statistical indexes they pay attention to besides the indexes which were proposed in the questionnaire. Or maybe some managers do not use statistical indexes but make more in-depth market research. It is also the question for further research.

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Appendix 1: questionnaire

Export barriers vs. Market selection process

Good day, my name is Alena! The aim of this test is to understand whether or not perceived export barriers influence market selection process. It will take only several minutes of your time. All the results are anonymous and will not be used anywhere else.

Thank you very much for your time!

1) What is your gender?

- Male
- Female
- Do not want to answer

2) * Does the company you work in engaged in exporting its products to other countries?

- Yes
- No

3) * Do you have experience of working in international markets?

- Yes
- No

4) For how long?

- 0 - 3 years
- 3 - 5 years
- 5 - 10 years
- more than 10 years

5) * Do you take into consideration any of the indexes presented below during the new markets' assessment process?

- GDP (Gross Domestic Product) of a country
- Purchasing power in a country
- Market's growth rate
- Market potential
- None of the above
- Other

Language

6) * Will your interest in exporting to a certain country be higher if your countries share common or similar language?

- Yes, it will certainly affect my interest
- It is not the crucial point, but it is preferable
- Not at all

Geographic distance

7) * Vote on how much you agree with the following statement: The larger the geographic distance between my country and a targeted country, the weaker is my interest in exporting to this country.

- Completely agree
- Agree to some extent
- Indifferent
- Disagree to some extent
- Completely disagree

Level of industrial development: **infrastructure level** of a targeted country (roads, sea ports, airports, mobile network, internet accessibility, etc.).

8) * Vote on how much you agree with the following statement: The more similar the level of a targeted country's industrial development with my country's level, the stronger is my intention to choose this market as a new export market.

- Completely agree
- Agree to some extent
- Indifferent
- Disagree to some extent
- Completely disagree

Education level

9) * To what extent is it important for you, that people in a targeted country have the same (or close) education level as in your country?

- Very important
- Important to some extent
- Indifferent
- Not really important
- Not important at all

Political/governance system.

10) * To what extent is it important for you, that a targeted country has the following points:

	Very important	Important to some extent	Indifferent	Not really important	Not important at all
Transparent legal environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safe banking system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low corruption level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transparent customs procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dominant religion

11) * If the ruling religion in a targeted country differs from your country's religion, will it influence your interest in exporting to this country?

- Yes, it will certainly affect my interest
- It is not the crucial point, but it is preferable that the countries share common religion
- Not at all

12) * Imagine a targeted country with a strong hierarchy and subordination. To what extent the following aspects may influence your interest in exporting to this country?

	Will certainly influence	May influence in most cases	Indifferent	May influence in some cases	Will not influence
Unusual communication rules (strict hierarchy rules)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Higher transaction costs (due to longer bargaining time)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corruption (privileges to powerful people)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13) * Imagine a targeted country where people value earnings, recognition and career to the highest extent. To what extent the following aspects may influence your interest in exporting to this country?

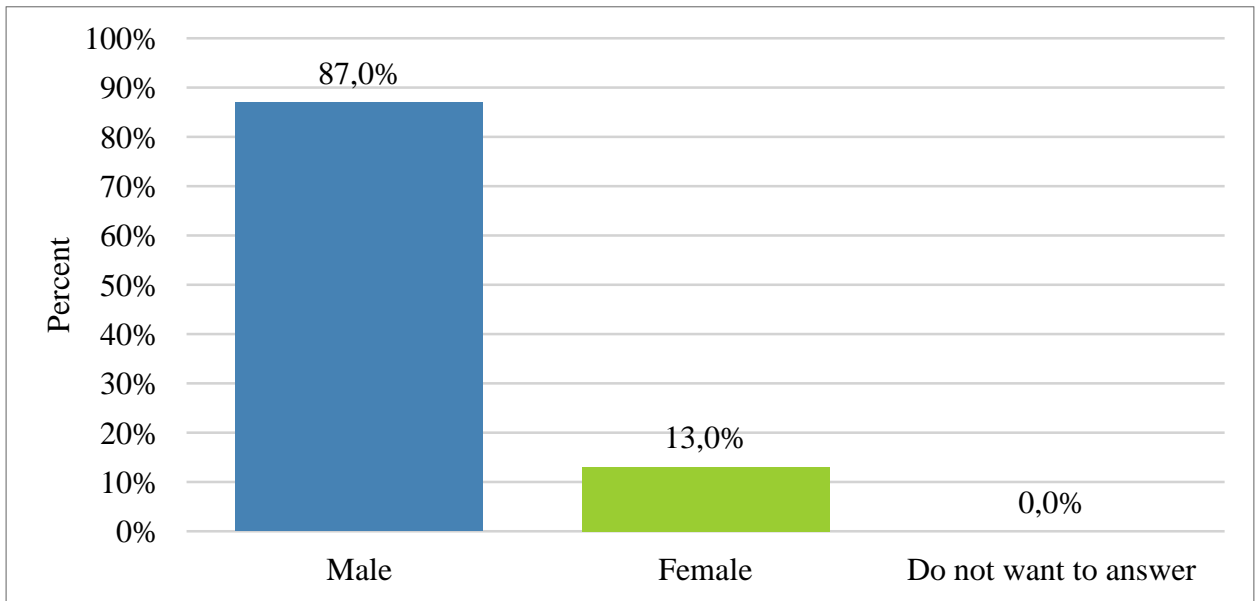
	Will certainly influence	May influence in most cases	Indifferent	May influence in some cases	Will not influence
Ineffective production	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unfair job conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of consumer social responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14) * Do you think that additional mass media information (from newspapers, Internet, TV) can increase your knowledge about a country/market?

- Yes, it can in any case
- Yes it can, but to a small extent
- No, it can not in any case

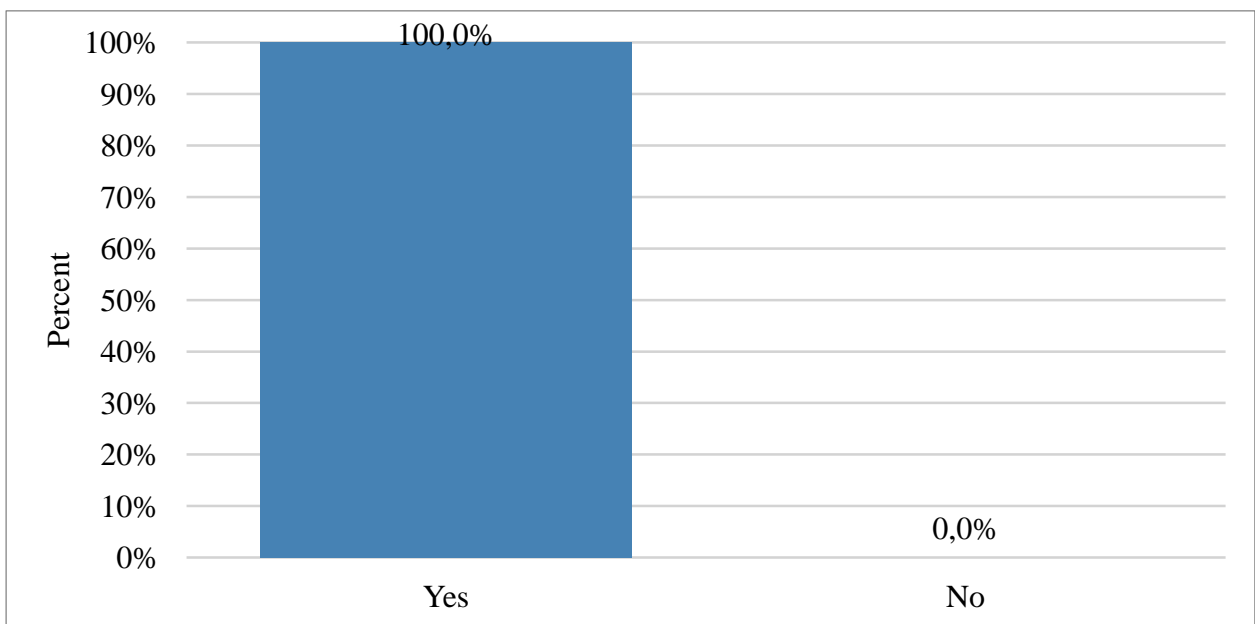
Appendix 2: survey results

1. What is your gender?



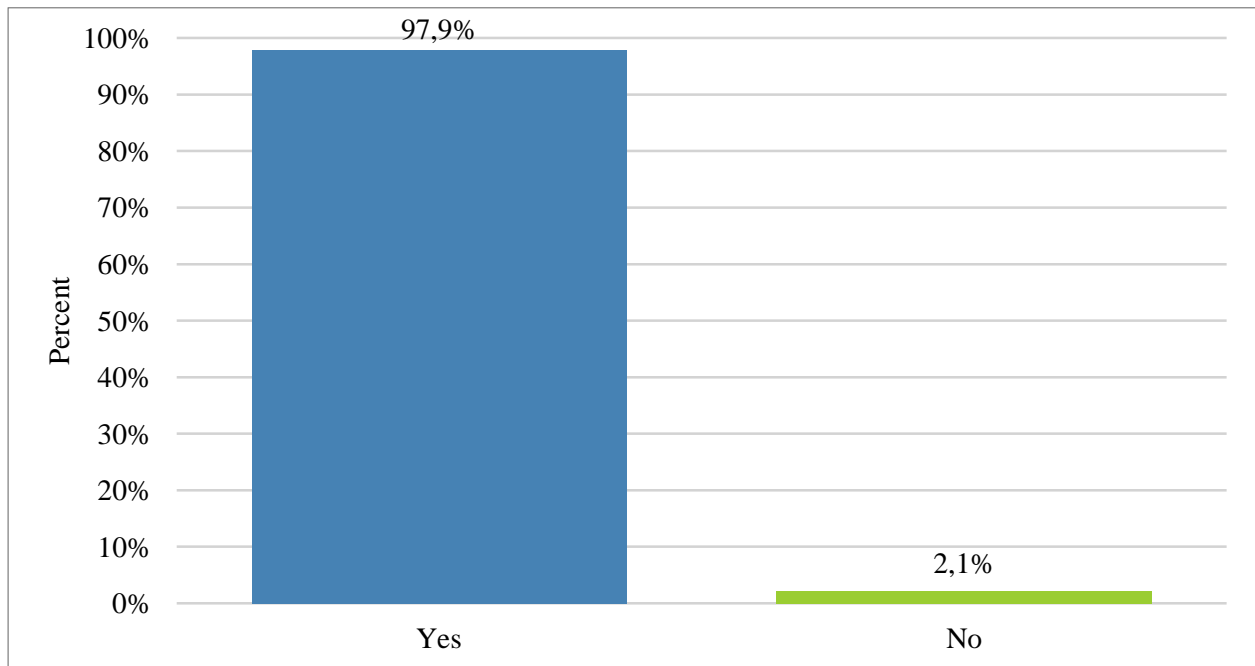
Male	87,0%
Female	13,0%
Do not want to answer	0,0%
N	46

2. Does the company you work in engaged in exporting its products to other countries?



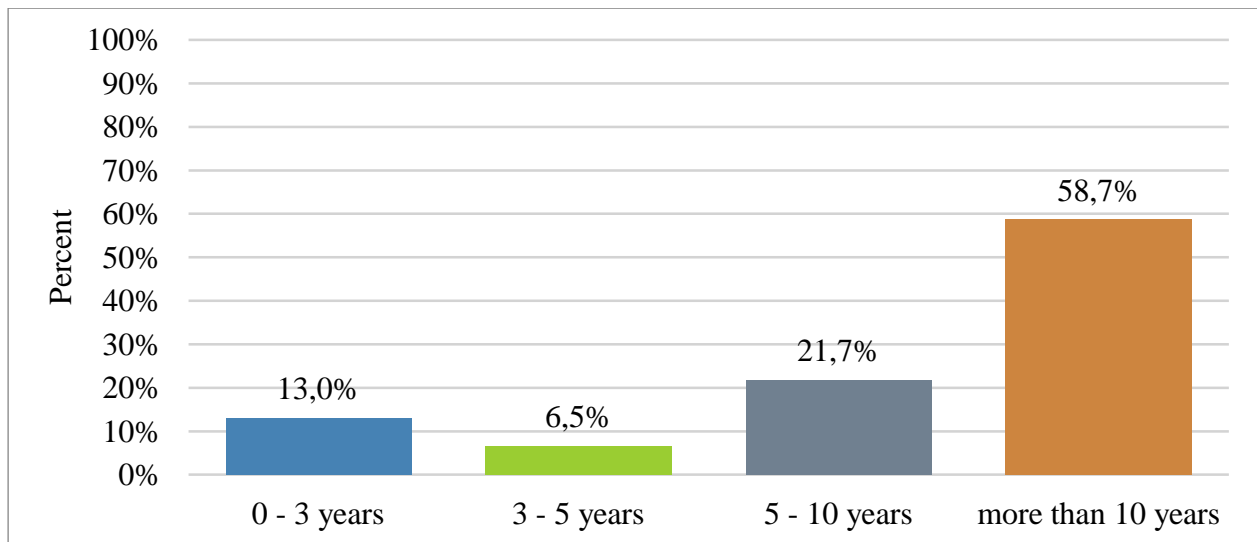
Yes	100,0%
No	0,0%
N	47

3. Do you have experience of working in international markets?



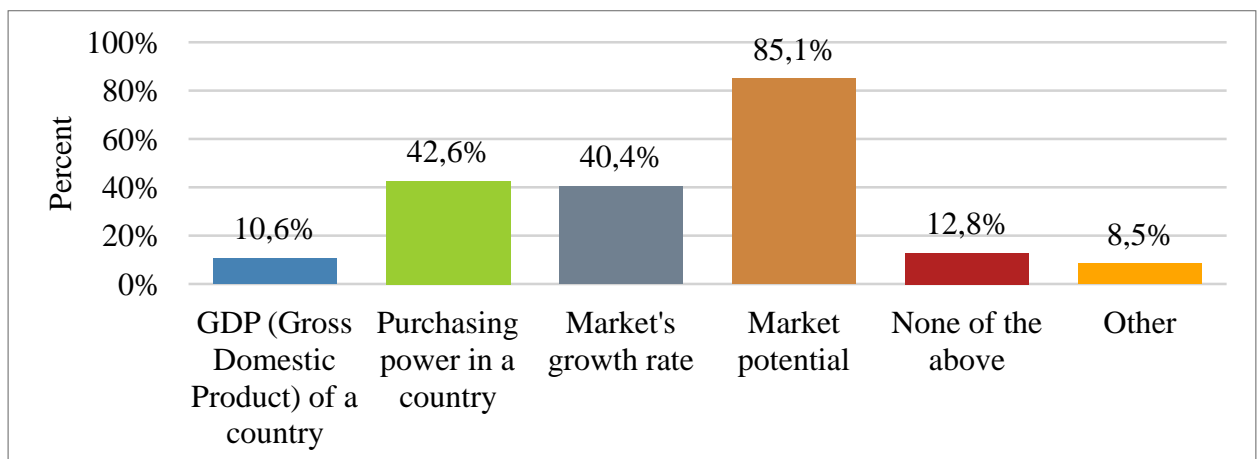
Yes	97,9%
No	2,1%
N	47

4. For how long?



0 - 3 years	13,0%
3 - 5 years	6,5%
5 - 10 years	21,7%
more than 10 years	58,7%
N	46

5. Do you take into consideration any of the indexes presented below during the new markets' assessment process?

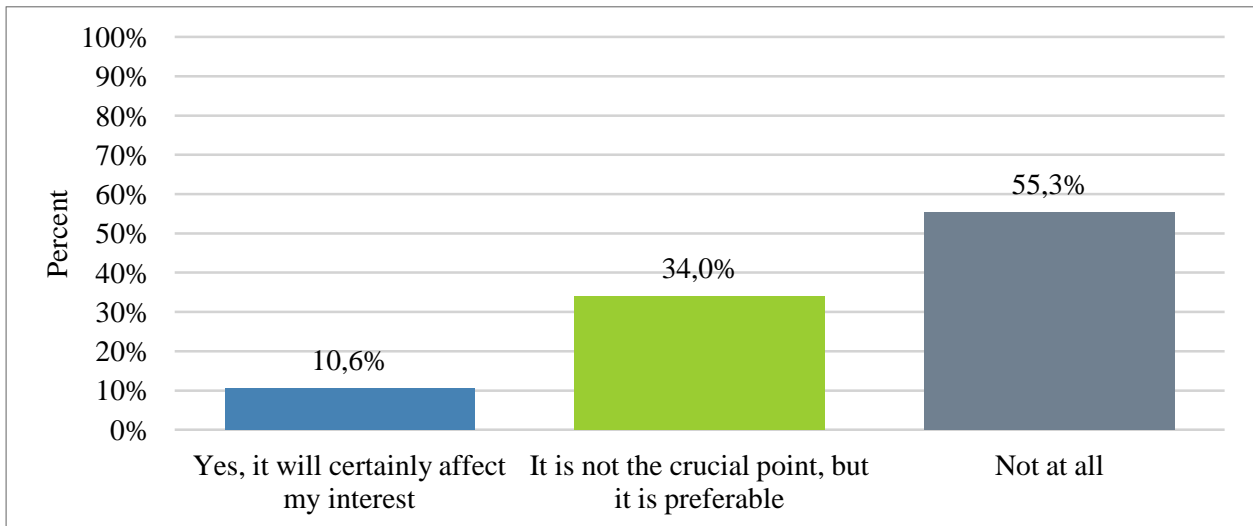


GDP (Gross Domestic Product) of a country	10,6%
Purchasing power in a country	42,6%
Market's growth rate	40,4%
Market potential	85,1%
None of the above	12,8%

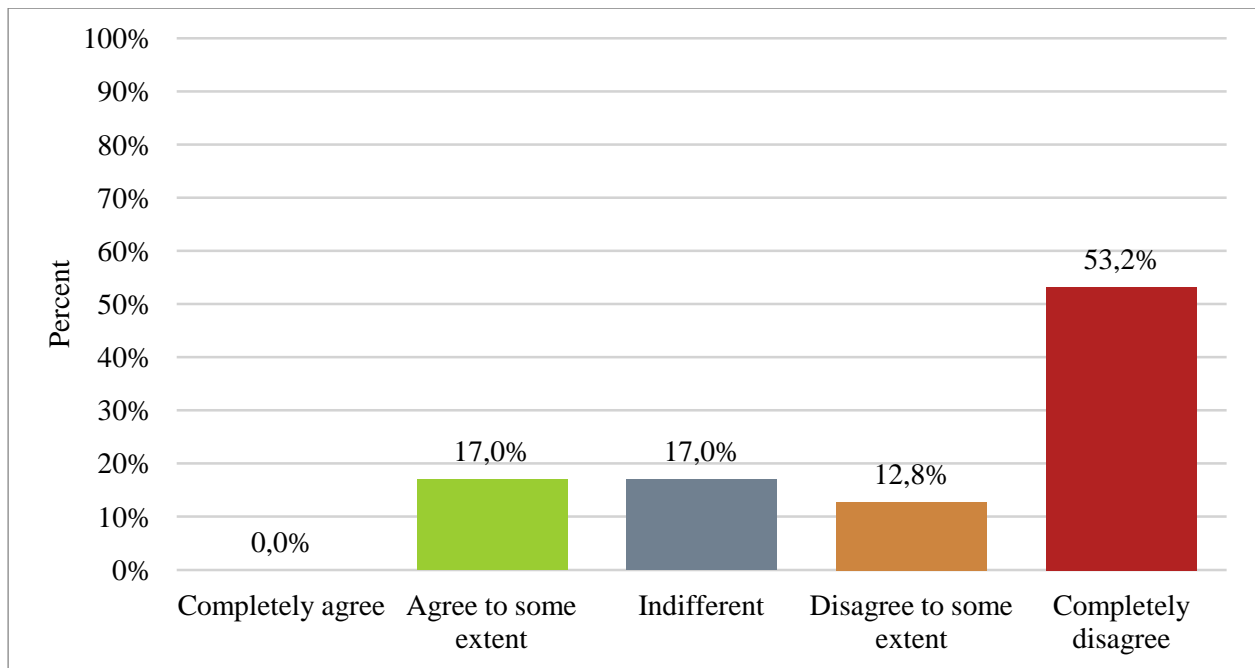
Other	8,5%
N	47

6. Will your interest in exporting to a certain country be higher if your countries share common or similar language?

Yes, it will certainly affect my interest	10,6%
It is not the crucial point, but it is preferable	34,0%
Not at all	55,3%
N	47



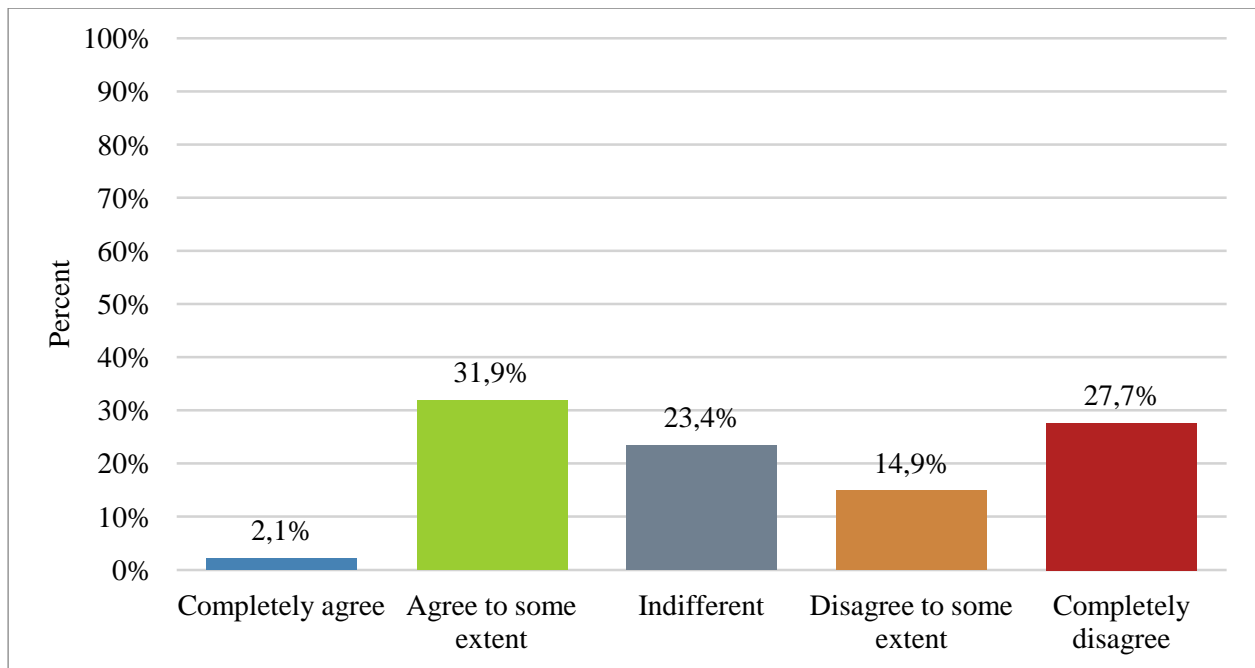
7. Vote on how much you agree with the following statement: The larger the geographic distance between my country and a targeted country, the weaker is my interest in exporting to this country.



Completely agree	0,0%
Agree to some extent	17,0%
Indifferent	17,0%
Disagree to some extent	12,8%
Completely disagree	53,2%
N	47

8. Vote on how much you agree with the following statement: The more similar the level of a targeted country's industrial development with my country's level, the stronger is my intention to choose this market as a new export market.

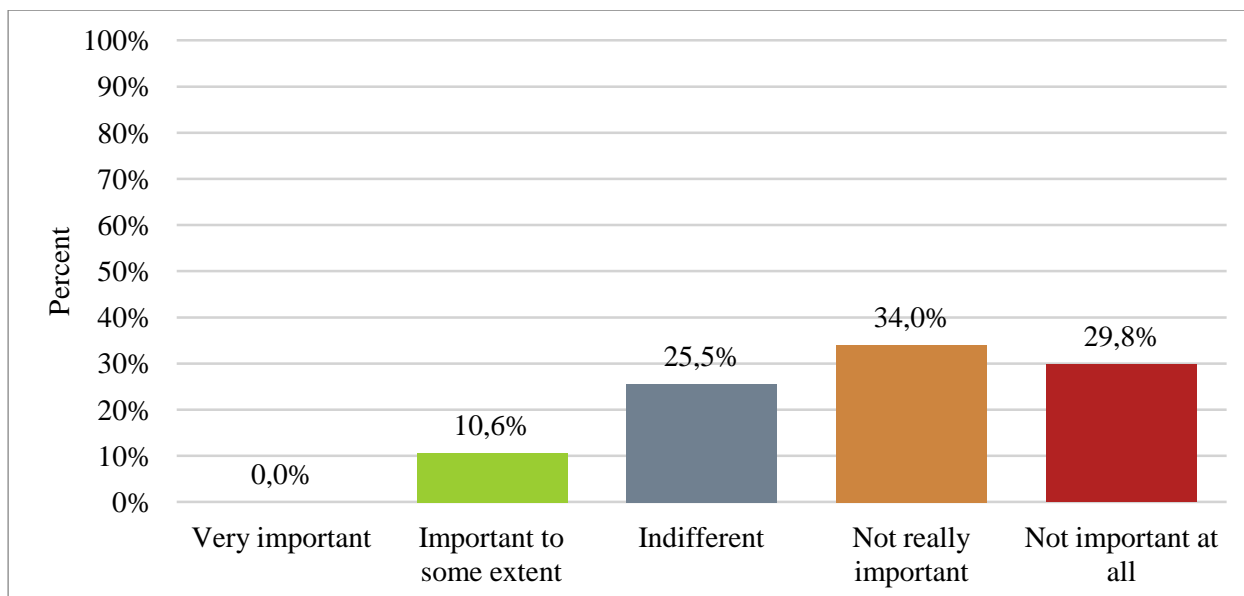
Level of industrial development: infrastructure level of a targeted country (roads, sea ports, airports, mobile network, internet accessibility, etc.).



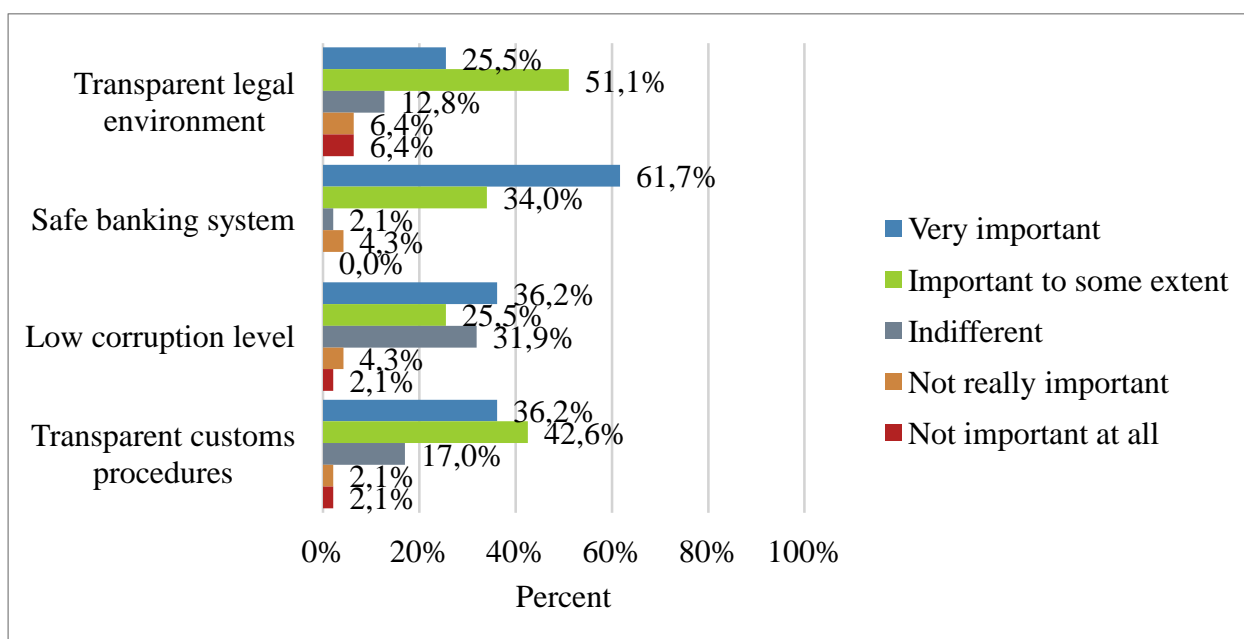
Completely agree	2,1%
Agree to some extent	31,9%
Indifferent	23,4%
Disagree to some extent	14,9%
Completely disagree	27,7%
N	47

9. To what extent is it important for you, that people in a targeted country have the same (or close) education level as in your country?

Very important	0,0%
Important to some extent	10,6%
Indifferent	25,5%
Not really important	34,0%
Not important at all	29,8%
N	47



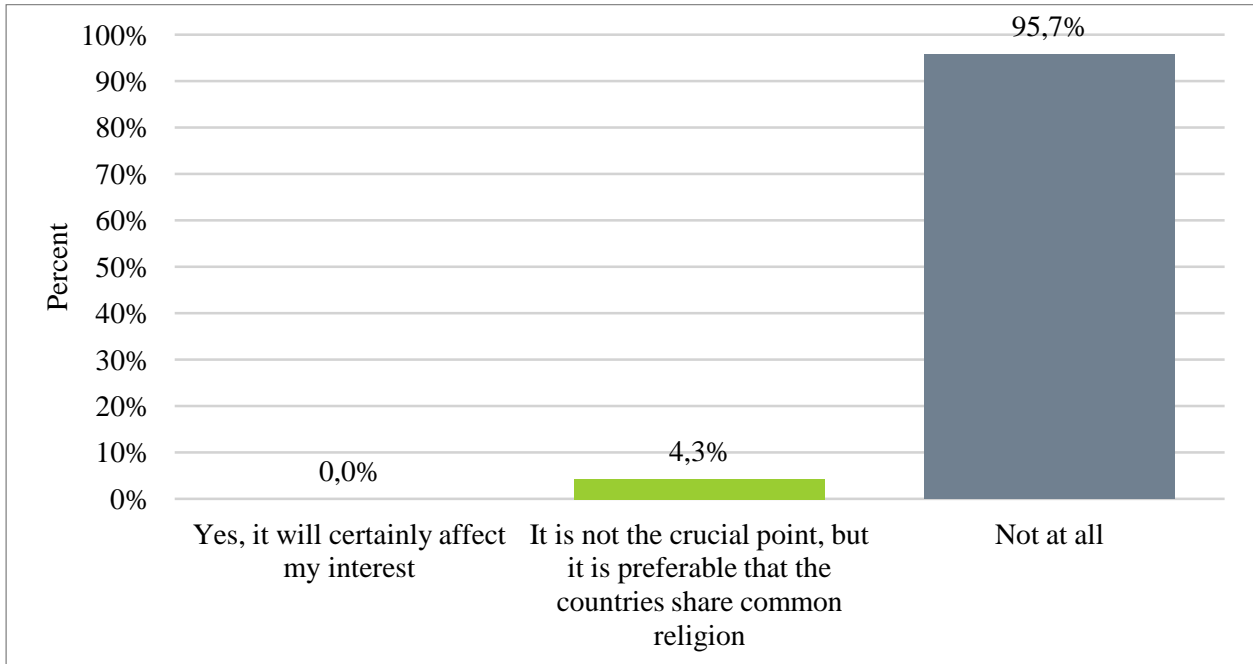
10. To what extent is it important for you, that a targeted country has the following points:



	Very important	Important to some extent	Indifferent	Not really important	Not important at all	
Transparent legal environment	25,5%	51,1%	12,8%	6,4%	6,4%	47
Safe banking system	61,7%	34,0%	2,1%	4,3%	0,0%	47
Low corruption level	36,2%	25,5%	31,9%	4,3%	2,1%	47
Transparent customs	36,2%	42,6%	17,0%	2,1%	2,1%	47

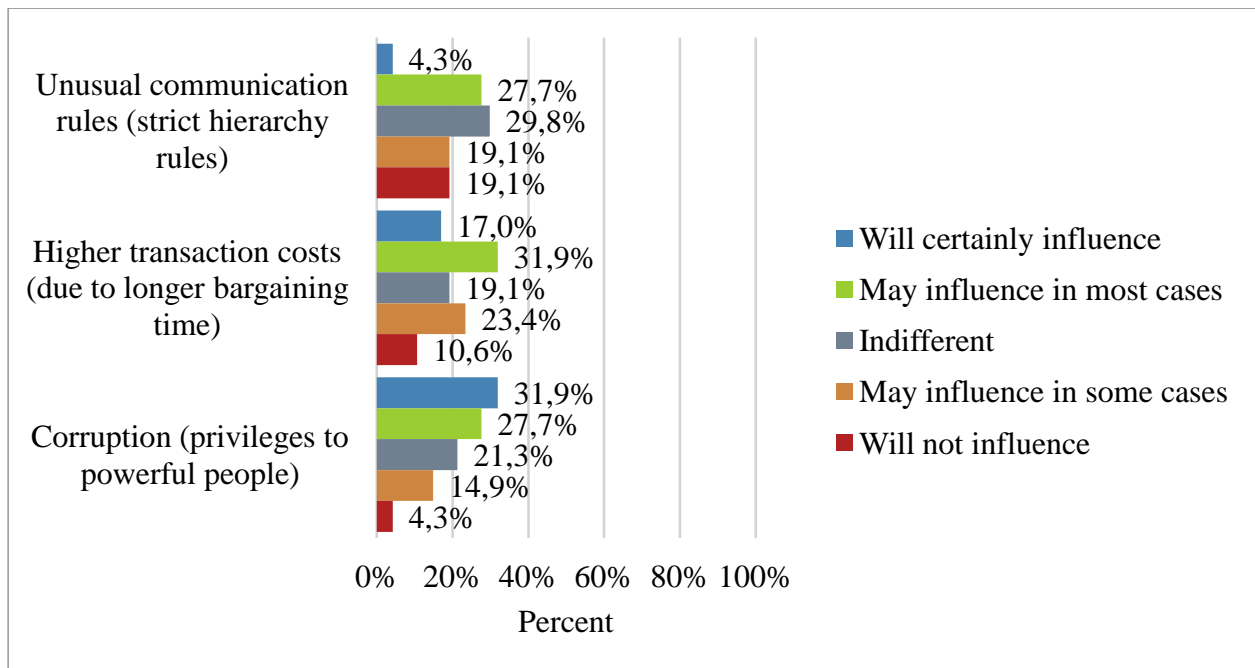
procedures

11. If the ruling religion in a targeted country differs from your country's religion, will it influence your interest in exporting to this country?



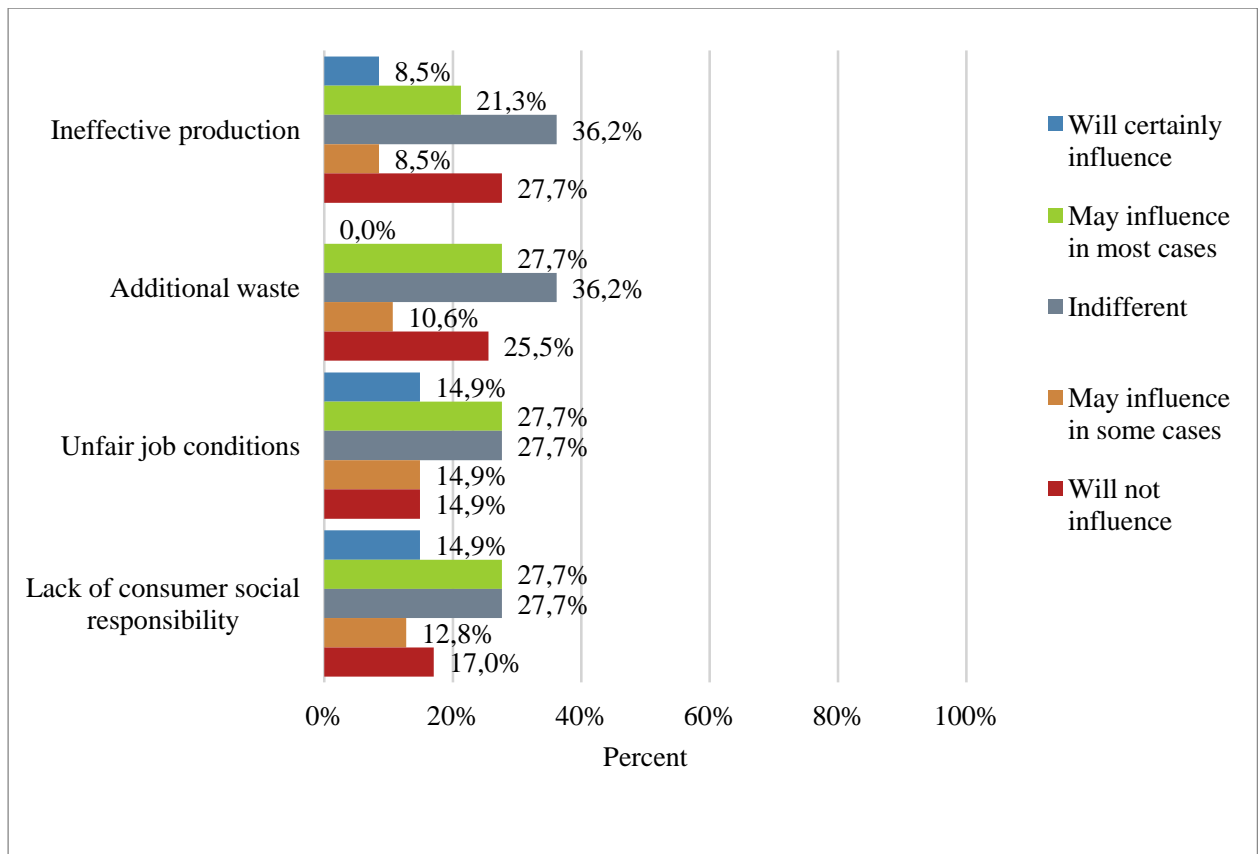
Yes, it will certainly affect my interest	0,0%
It is not the crucial point, but it is preferable that the countries share common religion	4,3%
Not at all	95,7%
N	47

12. Imagine a targeted country with a strong hierarchy and subordination. To what extent the following aspects may influence your interest in exporting to this country?



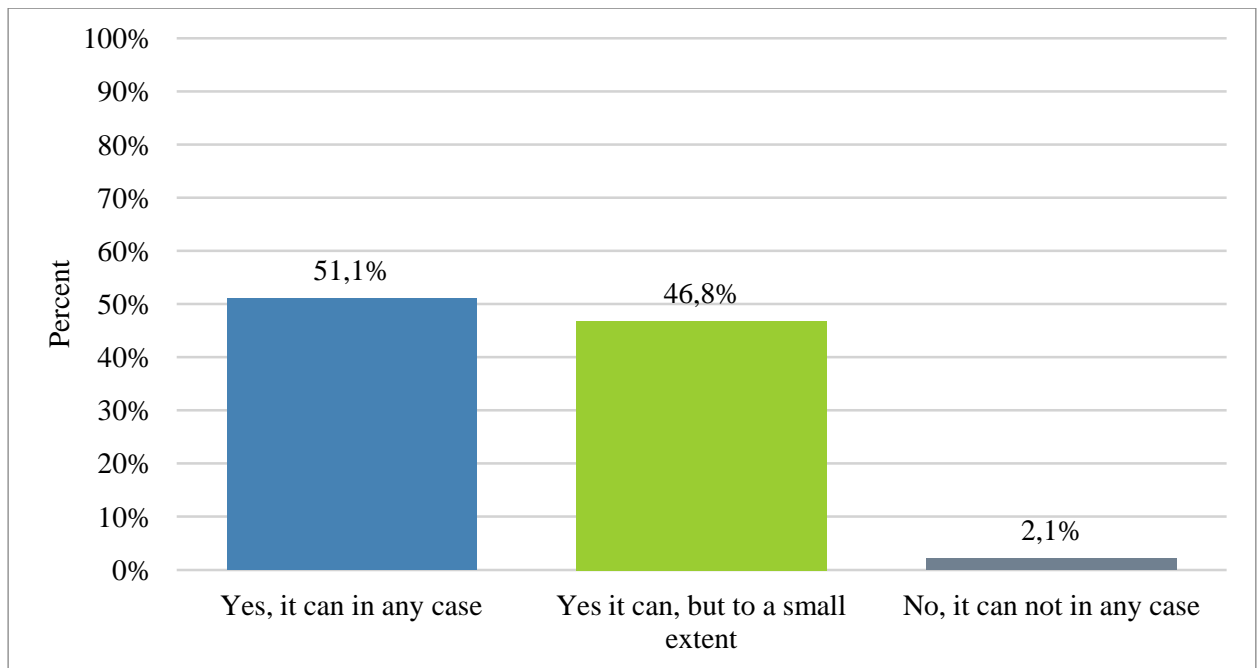
	Will certainly influence	May influence in most cases	Indifferent	May influence in some cases	Will not influence	
Unusual communication rules (strict hierarchy rules)	4,3%	27,7%	29,8%	19,1%	19,1%	47
Higher transaction costs (due to longer bargaining time)	17,0%	31,9%	19,1%	23,4%	10,6%	47
Corruption (privileges to powerful people)	31,9%	27,7%	21,3%	14,9%	4,3%	47

13. Imagine a targeted country where people value earnings, recognition, and career to the highest extent. To what extent the following aspects may influence your interest in exporting to this country?



	Will certainly influence	May influence in most cases	Indifferent	May influence in some cases	Will not influence	
Ineffective production	8,5%	21,3%	36,2%	8,5%	27,7%	47
Additional waste	0,0%	27,7%	36,2%	10,6%	25,5%	47
Unfair job conditions	14,9%	27,7%	27,7%	14,9%	14,9%	47
Lack of consumer social responsibility	14,9%	27,7%	27,7%	12,8%	17,0%	47

14. Do you think that additional mass media information (from newspapers, Internet, TV) can increase your knowledge about a country/market?



Yes, it can be in any case	51,1%
Yes it can, but to a small extent	46,8%
No, it can not be in any case	2,1%
N	47

Appendix 3: correlation and regression analysis

Correlation matrix

		Correlations								
		Market att-s	Language	Geogr. distance	Industrial development	Education	Gov. system	Religion	PDI	MAS
Market attractiveness	r	1	,040	,130	-,113	-,051	,226	-,223	,154	,151
	Sig. (2-tailed)		,789	,386	,448	,731	,127	,132	,302	,311
Language	r	,040	1	,148	,223	,179	,011	,139	-,100	-,263
	Sig. (2-tailed)	,789		,320	,131	,227	,941	,352	,502	,074
Geographic distance	r	,130	,148	1	,374**	,282	-,099	,004	-,114	,013
	Sig. (2-tailed)	,386	,320		,010	,055	,510	,980	,444	,929
Industrial development	r	-,113	,223	,374**	1	,487**	-,080	,312*	-,237	-,247
	Sig. (2-tailed)	,448	,131	,010		,001	,592	,033	,109	,094
Education level	r	-,051	,179	,282	,487**	1	-,207	-,145	-,340*	-,258
	Sig. (2-tailed)	,731	,227	,055	,001		,162	,331	,019	,079
Government system	r	,226	,011	-,099	-,080	-,207	1	-,061	,371*	,351*
	Sig. (2-tailed)	,127	,941	,510	,592	,162		,683	,010	,016
Religion	r	-,223	,139	,004	,312*	-,145	-,061	1	,145	-,281
	Sig. (2-tailed)	,132	,352	,980	,033	,331	,683		,330	,056
PDI	r	,154	-,100	-,114	-,237	-,340*	,371*	,145	1	,328*
	Sig. (2-tailed)	,302	,502	,444	,109	,019	,010	,330		,024
MAS	r	,151	-,263	,013	-,247	-,258	,351*	-,281	,328*	1
	Sig. (2-tailed)	,311	,074	,929	,094	,079	,016	,056	,024	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Regression analysis

Model summary (with all the variables)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,381 ^a	,145	-,035	1,17966

a. Predictors: (Constant), MAS, Geographic distance, Religion, Language, Government system, Education level, PDI, Industrial development

b. Dependent Variable: Market attractiveness

Coefficients (with all the variables)

Coefficients^a

Model		Standardized Coefficients Beta	t	Sig.
1	(Constant)		1,445	,157
	Language	,071	,440	,663
	Geographic distance	,191	1,145	,259
	Industrial development	-,067	-,326	,746
	Education level	-,047	-,242	,810
	Government system	,177	1,033	,308
	Religion	-,237	-1,279	,209
	PDI	,130	,728	,471
	MAS	-,033	-,179	,859

a. Dependent Variable: Market attractiveness

Model summary (government system and religion variables)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,308 ^a	,095	,054	1,12825

a. Predictors: (Constant), Religion, Government system

b. Dependent Variable: Market attractiveness

Coefficients (government system and religion variables)

Coefficients^a

Model		Standardized Coefficients Beta	t	Sig.
1	(Constant)		2,063	,045
	Government system	,213	1,481	,146
	Religion	-,210	-1,460	,151

a. Dependent Variable: Market attractiveness