School of Sustainable Development of Society and Technology

International Business & Entrepreneurship

Master Thesis (EFO705)

“Hole in One: Starting up an International Golf Tour Business – Elements of Sustainability”

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Abstract

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Title: Hole in one: Starting up an International Golf Tour Business – Elements of Sustainability

Problems: What are the key elements for entrepreneur to consider in starting up a sustainable international golf tour business?

Purpose: The purpose of this study is to give a contribution to the research concerning international business and start-ups by showing which key elements are essential in establishing a new business and make it sustainable, in our case a golf business.

Method: Qualitative and Deductive research

Primary Data: Interview with entrepreneurs or business owners and managerial position operating international golf tour business sustainably and company website

Secondary Data: Golf magazines and golf websites

Conclusion: A model of starting up and international golf tour business – elements of sustainability are introduced with the stress on network structure and unique knowledge as the key to achieve a sustainable international golf tour business. Herewith, proactiveness and customer relationship management (CRM) are potential additional complements.

Recommendation: Being based on three cases, a quantitative approach is needed to approve validity of the model. In addition, the role of proactiveness and CRM in soft service area are interesting to be studied.
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Chapter 1: Introduction

At a glance, this research is conducted in the area of international business which focuses on entrepreneurship and international start-up regarding service business, specifically, international golf tour business. The theory of opportunity is deployed to indicate our motivation of this research, and by describing how to start-up a sustainable international golf tour business, theory of International New Ventures (INVs) is used as a main theme to illustrate the important elements to consider this international investment. In order to supplement the main theme regarding golf tour business, many international business theories are stated; service industry, market entry mode choices, knowledge and innovation.

1.1 Background

To start with “Structuration theory” of Sarason et al. (2006), this theory illustrates a broader lens on the relationship between entrepreneurship and opportunity. There are three main steps to accomplish entrepreneurship which are (1) opportunity discovery, (2) opportunity evaluation, and (3) opportunity exploitation. To start with the first step, opportunity discovery, it refers to how entrepreneurs interpret the situations toward opportunity. Also, it means that entrepreneurs need to match the demand and supply and envision the future of the further step. The second step is opportunity evaluation which requires normative evaluations as a criteria set over a period of time. In this step, entrepreneurs need to consider important factors or elements affecting to discovered opportunity. Consequently, it leads to the last step, opportunity exploitation, which is associated with entrepreneur’s ability in utilizing resources to achieve a business goal. These three main steps are the milestones of a start-up process till the firm established, afterward, each milestone is broken down into details supporting by knowledge in the area of entrepreneurship and international business. In particular, our focus is on the tourism industry focusing on golf tour companies investing in international markets and targeting to bring Swedish golfers to play in Thailand.

As students in international business and entrepreneurship study, we are keen to exercise acquired knowledge in this field and start up a new international business in practice with determination to make the business sustainable as the ultimate goal. Therefore, acting as new entrepreneurs, the processes of discovering, evaluating and exploiting opportunity by Sarason (2006) are necessary to take in our consideration. Moreover, the key elements of International New Ventures (INVs) are considered important also. Our paper can be an illustration for new entrepreneurs to go through the opportunity processes and INVs key elements focusing on golf tour business in order to establish a sustainable firm.

Regarding the first process of opportunity discovery, we have discovered an opportunity for an international new venture to start up a destination-Thailand golf tour business in Sweden.
In general, golf tour business provides not only tour to specific destination but also offer golf activities and golf training from golf professionals specifically to golfers. This golf tour service comes together with air ticket, accommodation, meals, transportation, on-site optional package; for example, spa and massage, local guided tour and attending some special local festivals.

We have studied the Swedish golf market and found that there are almost 600,000 people out of 9 million of Swedish population registered as golfers (SwedishGolfOnline, 2010). Also, there is some information acquired to ensure that Swedish people are interested in playing golf from the statistics in figure 5 and 6 in Appendix section. They show that Sweden is ranked at number three in the amount of golfers and golf courses in Europe with details of male, female and junior golf players. Moreover, from the fact that Swedish golf season is relatively short because of the limitation of long period of cold weather. As a result, 250,000 of Swedish golfers decide to play golf abroad as golf playing alternative destinations. This group of golfers goes to play golf in other countries approximately 1.5 times and generates the huge amount of money around EUR 325 million per year per year (GolfResan, 2010).

Moreover, we found that Swedish people like to travel to Thailand. According to Swedish Grand Travel Award, Thailand won the first ranking with the score 5.42 out of 6 as the World’s best tourist country for 4 consecutive years. It can be implied that Thailand is one of Swedes favorite destinations for travelling (TATNews, 2009). Also, from Golfasian website, it confirmed our evidence by stating that Thailand was awarded as the 'Best up and coming destination' for golf vacations by World Golf Travel Agents Association (GolfAsian, 2010). Furthermore, Thailand is a perfect place to play golf due to some reasons, such as great value of money, nice climate with sunshine, many high quality golf courses developed by leading golf professionals, destination diversity from mountain, countryside to seaside, good infrastructure supported by Tourism Authority of Thailand (TAT), caddies as a value-added service, various types of accommodation to meet budget, a chance to experience Thai food and culture, hospitality and friendliness of Thai people, and additional activities besides playing golf (GolfAsian, 2010).

The above-mentioned evidences show that there was an opportunity to match the demand of Swedish golfers and supply in Thailand in starting up an international business emphasizing on golf tour business. This fits completely to the process of opportunity discovery by Sarason (2006).

The next step is opportunity evaluation proposed by Sarason (2006) which is the main focus of our study since we are going to see the critical elements for entrepreneur in starting new business abroad focusing on golf tour industry. International New Ventures (INVs) theory and its elements are used as the main theme to instruct the literature argument and analysis of this study with related theories to support.
At the last stage, opportunity exploitation, some recommendations regarding international business set up will possibly be raised through the process of gathering empirical data and finding gap of literatures respectively.

1.2 Problem Statement

As international business and entrepreneurship students, we are determined to apply knowledge from previous international business and entrepreneurship courses and the research from this study in order to start up an international business and make it sustainable in practice. However, there are some essential factors for entrepreneurs to consider before making a decision to invest in international market. This considering process can be referred to the second stage of Sarason (2006) as evaluating process. It is important for an entrepreneur to take into consideration since entrepreneurs need to evaluate the circumstance and important factors before exploiting the opportunity. The lack of opportunity evaluation may risk a business start-up in general, and in international golf tour in particular, failing or hindering the sustainable development of that international business. Moreover, from our interest in golf tour business and the possibility in matching demand and supply of Swedish golfers and Thai golf courses, it gives a focus on what kind of business to be studied. This raises our curiosity in the aspect of entrepreneurship and international business and leads to our research question as stated below;

“What are the key elements for entrepreneur to consider in starting up a sustainable international golf tour business?

1.3 Purpose of Study

The purpose of this study is to give a contribution to the research concerning international business and start-ups by showing which key elements are essential in establishing a new business and make it sustainable, in our case a golf business. We use Structuration theory for describing opportunities and the theory of International New Ventures (INVs) to illustrate the important key elements for considering an international investment.

1.4 Target Audiences

From researching this study, target audiences who will be beneficial from this study are International Business and Entrepreneurship students or new entrepreneurs who are interested to establish a sustainable golf tour companies abroad since the key elements for entrepreneurs to consider before making an international investment are presented.
1.5 Limitation

Even though “Structuration Theory” of Sarason (2006) with three processes of opportunity is used to construct our thesis, we mainly focus on one step of the processes which is opportunity evaluation. This is considered as a limitation to our study since we do not study and analyze the whole opportunity processes, but we are more specific for only one process instead. However, the process of discovering and exploiting opportunity are inevitable to mention in order to give a clear understanding from an entrepreneur’s perspective in establishing a sustainable international golf tour business.

Interestingly, one of the relevant obstacles for conducting this thesis is that interviewing entrepreneurs or the management of Swedish golf tour firms in Sweden is difficult because they may consider us as a new competitor. To clarify, those firms may give us limited or incorrect information, or may not give any permission to interview.
Chapter 2: Methodology

In this chapter, the method process of this study is presented according to Fisher (2004). The process of this thesis starts from choosing a topic and planning for the thesis, writing a critical literature review, developing concept and conceptual framework, designing research method and data collection from primary and secondary sources, analyzing the collected research data and drawing a conclusion of research outcomes. Our figure 1 below illustrates the whole process from the beginning till the end of this study and each step of the process will be explained in detail respectively.

![Figure 1: Thesis process](Source: Authors’ model)

2.1 Choice of Topic

Our topic regarding key elements for entrepreneurs in starting up a sustainable golf tour business overseas was chosen due to our interest in international business combined with entrepreneurship which we have studied from previous courses. Attained knowledge has broadened our perspectives and extended our ambition to perform as if new entrepreneurs for an international business. As a result, understanding the key elements or factors of making international investment were taken in a consideration since it was considered as a preventive plan in reducing possible risk in the starting a business.
Besides, we found a matching of a demand from Swedish golfers to play in other countries and a supply from high-quality golf courses with full range of services and facilities in Thailand to foreigners. This conformity amplified our interest and it helped to funnel down a topic into golf tour business. Moreover, our group family background is in a tour business; therefore, familiarity of this kind of business and accessibility to some information also led us to choose this topic as a result.

### 2.2 Critical Literature Review

According to our interest in international business and entrepreneurship, selected literatures were mainly focused based on our interest. Our group used alternative sources to search for suitable literatures which are related to our topic and in response to our research question. Database from Mälardalen Högskola is one of useful sources to search for international business and entrepreneurship journals and samples of thesis. DiVA, ELIN@Mälardalen, Emerald, Science Direct and ABI/Inform are listed as some of databases which have been accessed during the search for the literatures.


To specify the chosen critical literatures, “opportunity and entrepreneurship” of Sarason (2006) is used to initiate this study in order to show how entrepreneurs discover, evaluate and exploit opportunity. Importantly, “International New Ventures Theory (INVs)” is used as the main theme of the study since it talks about 4 key elements for new ventures to consider before entering to an international market. After that, we provided critical literature review and argument to support each element of INVs. For the first element, “Internationalization of some transactions”, innovation is used to support this element. Next element, “Alternative governance structure”, argument regarding market entry mode of service firms focusing on network and strategic alliance and collaboration and equity and non-equity entry mode choice are raised to this section. The third element, “Location specific advantages”, is mainly criticized by Eclectic Paradigm focusing on Location specific advantage of Dunning (1980). The forth element, “Unique resources”, knowledge and psychic distance are identified to emphasize this last element. Consequently, all the selected critical literature reviews help to construct the academic aspect and argument of this study in order to respond to the research question as a result.
2.3 Conceptual Framework Development

After creating a critical literature review, concept of the study is developed and generated. Also, the framework of this concept is illustrated into three main clusters starting from entrepreneur evaluate an opportunity to establish an international golf tour business, then entrepreneur consider 4 key factors of International New Ventures (INVs) which are 1) internalization some transactions, 2) alternative governance structure, 3) location specific advantage and 4) unique resources in order to reach the business goal as a sustainable golf tour business at the end. Moreover, this conceptual framework demonstrates the relation between entrepreneurs toward opportunity focusing on evaluating process.

2.4 Research Method and Data Collection

According to Fisher (2004) regarding research design, we decided to conduct “Qualitative research” which is a non-statistic measurement research focusing on interpretation of circumstances mainly from interview, documentary research and observation in order to collect both primary and secondary data also to response to our research question respectively. The reason of choosing this method due to the nature of our focus on keys elements for entrepreneurs in starting up a new sustainable international golf tour business. Our focus requires solid understanding and interpretation from entrepreneurs’ perspectives and opinions towards the importance of each key element affecting decision making for international investment. In contrast, “Quantitative research” is not a proper research to be chosen for this study since statistic measurement from questionnaire, survey and etc. will used. Unfortunately, quantitative research is unable to lead to understand our question which requires an interpretation as in qualitative research.

Furthermore, referring from Fisher (2004), a “Deductive approach” is used to construct this study due to drawing conclusion process gathered from particular empirical finding is based on logic or theoretical perspective not from observation of phenomenon or experience. Meanwhile, the conclusion from specific empirical finding of “Inductive approach” is based on experience and observation. In this study, our conceptual model which is assembled by different aspects from selected literature review is formed. After that, it will be proved from gathered information whether this general concept fit to other circumstances.

In this study, we aim to collect data from primary and secondary sources in order to provide completed information.

2.4.1 Primary data collection

Our group has gathered primary information from two main ways. First, companies’ websites were accessed in order to get information of targeting companies including company profile, background and offered services and products. This information is considered as primary data
because it is accessed from direct source and have not been used or interpreted from other person.

The second way to collect primary data was conducting interviews with entrepreneurs, business owners or managerial position of golf tour companies investing businesses abroad. Due to the difficulty in finding the suitable companies and interviewees which match with our focus for the interviews, we separated interviewees into two tiers. For the first tier group, we targeted to interview foreign entrepreneurs of golf tour companies operating sustainably in Sweden and bringing Swedish golfers to play overseas as our first priority. However, there were limited numbers of first tier companies and accessibility to get the information within the timeline. Also, the topic of our study made the companies concern about their businesses confidentiality and fear that we would be a competitor in the future. As a result, we were unable to get in touch with any company from the first tier group. The second tier group was selected accordingly. For the second tiers, range of interviewees was extended to entrepreneurs, business owners and managerial positions that establish international golf tour companies sustainably. This gave more alternatives for the study based on the fact that the business model and key elements in starting up the sustainable international businesses were similar. We have contacted three companies for the second tier group which details are shown as following;

1.) Thailand Golf Tour in Australia: Mr. Mark Penfold (Business Owner)
2.) Thai LA Golf Tour in USA: Mr. Sookjaroen Sookjaroen (Business Owner)
3.) Golf Plairsir Travel AB in Norway: Mr. Mattias Wistrand (CEO)

Referring to Fisher (2004), there are three types of interview to be conducted which are Open interview, Semi-structured interview and Pre-coded interview. However, “Semi-structured interview” was a more proper method to be applied for this study since the interviewees were persuaded by interviewers in order to response to prepared questions which elaborated the topic or situation in detail. Moreover, semi-structured interview does not require too informal conversation as “Open interview” and does not have full control by interviewers as “Pre-coded interview”. In our study, guideline of the questions has been sent out to interviewees in advance before conducting a telephone interview to each interviewee individually. Due to the limited accessibility and availability to meet face to face with interviewees, interview and communication through e-mail, mobile phone and communication program such as Skype were used to facilitate the process. Also, note taking and recording were parts of collecting all the information from the interviewees. Answers from interviewees were in response to our research question. Each interview session took approximately from one to one a half hour in order to cover all the interview questions.
2.4.2 Secondary data collection

Secondary data is a kind of data which is already gathered and processed. Although, it is ready to be used, the users still need to recognize that it is gathered toward an indirect objective, and can be biased by the source of the data. Therefore, it is crucial to select the source of data carefully in order to conduct a reliable research.

Regarding the focus of our research on the key elements which entrepreneurs need to take into account before establishing a sustainable international golf tour business, secondary data was not the main source for this thesis. In order to reflect entrepreneurs’ perspectives, we relied more on primary data from interview with entrepreneurs or managerial positions. However, some information such as Swedish golfers’ fact, trend and demand of the Swedish golfers have been collected from secondary data source through the internet websites and Swedish golf and tourism magazines.

2.5 Analysis of Research Material

After gathering information from both primary and second data, these empirical findings will be analyzed based on our developed theoretical framework. A developed theoretical framework is represented as a prediction of expecting empirical data. As a result, if the empirical findings can fit with theoretical framework, it means that this theoretical framework is applicable to explicit the collected research material. However, if some gathered information does not fit to theoretical framework, this gap of theoretical framework and empirical finding can generate more additional theoretical points to be concerned.

2.6 Conclusion of Research Outcomes

After analyzing empirical finding based on constructed conceptual or theoretical framework, the research outcome will be generated as a conclusion or interpretation of empirical data as stated by Fisher (2004). The “Research conclusion” or the summary of our understanding toward the study which is in response to research question is expected to be drawn in this later process of our study. For our case, practical key elements for entrepreneurs in starting up a sustainable international business will be presented at the end of the study. Also, some additional elements or gap which is found from literature and empirical finding will consequently be concluded in this part.

2.7 Reliability

Reliability is a possibility to repeat the same result. For this study, reliability is taken into our consideration since we expect the result of this study to be the same if similar study with same circumstances is conducted. However, reliability is quite difficult especially in qualitative research. Due to the reason that a process is researched in only specific situations where the world is described and explained from individuals' interpretations at specific moment. However, both individuals and the context are changing over time, which make the
interpretations and even the result can be changed. A reliable measuring is difficult in a qualitative study since there are no objective points of comparison in the world that continuously change. To strengthen our reliability for our study, we put emphasis on our investigations design and our sources to collect both primary and secondary reliable data. Moreover, we believe that to strengthen the validity is to strengthen the reliability since these two concepts are interchangeable with each other.

2.8 Validity

Validity is another important issue to be considered since it deals with the interpretation of empirical data toward reality. Also, validity is related to how the collected primary data is mediated. The question that comes after collecting data is whether our collected data is valid or not. However, we are aware that our interpretation on empirical data sometimes can be manipulated which causes the decrement of validity level. This could be from the reason that we are lack of experience in conducting research with high level of validity. Nevertheless, our group has tried to avoid any biases or prejudices in interpreting gathered information in order to get the result which is most similar to reality.

Due to our challenge in collecting data from primary source through interview process, we notice that there are limited numbers of direct targets or tentatively none for foreign entrepreneur who establish a sustainable golf tour business in Sweden and bring Swedish golfers to play in Thailand. This affected directly to validity of the study since it cannot reflect the most of reality in this circumstances. However, we try to solve this problem by extent to range of target group but still having similar business.

Moreover, we are accepted that English is not our mother-tongue language. Therefore, ability in understanding and interpreting gathered information can sometimes be seen as an obstacle, especially, in process of conducting the interview. Nevertheless, we have tried to overcome this language barrier by using the most of our competence and cross checking interpreted information within a group in order to maintain the level of validity of this study.

Internal Validity

Internal validity is related with the validity of reflection from research problem on the empirical finding from collecting data (Fisher, 2007, p. 296). To strengthen internal validity of this research, we have conducted two ways to collect data. Semi-structured interviews with entrepreneurs in international golf tour businesses were used in order to lead to answers in different perspectives which were in response to our research question. Moreover, collected data from secondary source was used to support to given information from the interviewees.
External Validity

External validity refers to transferability or generalization of the constructed study to apply to diverse context (Fisher, 2007, p. 297). Since our research conducted only three semi-structured interviews with entrepreneurs; therefore, they were not able to reflect the whole industry of international golf tour business. However, we attempted to conduct and propose various international golf tour companies operating in different countries not specific only Thai golf tour company in Sweden. Moreover, we tried to provide related information in response to research problem so that the readers can consider and determine about generalization and transferability by themselves consequently.
Chapter 3: Literature Review

In this chapter, we present related critical theories to be used due to our study mainly focuses on a sustainable international service start-up, specifically a Thai golf tour start-up in Sweden. Starting with describing the unique characteristics of services comparing to manufacturing nature, afterward describing types of service firms, an understanding of an international service start-up is stated. Furthermore, by adopting the International New Ventures Theory (INVs) as the main theme of our study, many theories are employed and mapped on the INVs theory boundary.

3.1 Service and Manufacturing toward Internationalization

Regarding the significant growth of service firms, the internationalization of service firms is noticed in both developed and developing countries (Freeman and Sandwaell, 2007). As a complement, Thakor and Kumar (2000) posits, based on their 20-year collective data, that legal and medical professional service firms (including physiotherapy) was ranked at the highest growth position among US and Canadian firms (Freeman and Sandwell, 2000, p. 201). Therefore, Javalgi et al. (2004) contends that services possess special attributes and need to be particularly studied. It is critical to understand its unique attributes in order to take it into account regarding factors for consideration as a business owner would like to operate an overseas service start-up internationally (Freeman and Sandwell, 2000, p. 199).

By definition in 1990, service are defined as: “an activity or series of activities of a more or less intangible nature that normally, but not necessarily, take place in interactions between the customers and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems (Grönroos, 2007, p.52)”.

To start with, there’s a relevant difference between manufactured goods and services, Buckley et al. (1992) indicates features of services which consist of intangibility, inseparability, of production and consumption, heterogeneity (Freeman and Sandwell, 2000, p. 201). Furthermore, to emphasize the unique characteristics of services regarding customers’ perception, Grönroos (2007) also postulates “Service Quality Determinants”. They consist of (1) tangibles: all physical facilities / equipment / material used by the service firms including the presence of service staffs, (2) reliability: accurate services provided without any mistakes, (3) responsiveness: staffs are willing to help customers and react to the requests as well as inform exact time for service delivery including providing prompt services, assurance: staffs’ behavior give customers confidence and make them feel safe, and (4) empathy: pay attention to each individual customer by understanding their problems and acting toward their best interests together with convenient operation ambience (Grönroos, 2007, p.84).
Notably, the special characteristics of services are unique and constrained service firms to export their services. Derby and Karni (1973) mentioned that based on the fact that services mainly are related to individual’s experience-based perception in time and space, traditional quality control method cannot be applied to them; hence, physical display of the service is quite impossible (Blomstermo et al., 2005, p.213). Additionally, Nayyar (1993) stated that service cannot be stored and planned for buffering demand, and in the service operation, customer is not only served, but they are also a part of the production process as well, thus, it is difficult to plan for a perfect result (Blomstermo et al., 2005, p. 213). For instance, concerning the perish ability characteristic, a restaurant hires a staff in order to provide services for its customer, but, if there is no customer on that day, the services which is supposed to be served cannot be recovered to sell again, thus, staff expense and all header cost are considered waste (Freeman and Sandwell, 2007, p. 213). To illustrate, by comparing to manufacturing firms, “there’s little or nothing to ship, no services stacked on palettes, no forklifts to move them around the dock, and no ships. Instead, Javalgi et al., (2004) mentioned that potentially large service exporters have traditionally found that they must establish their own service networks to distribute their services effectively, which, of course, could require substantial resources to accomplish” (Freeman and Sandwell, 2007, p.199).

In greater details, services can be classified into two types; hard and soft services (Freeman and Sandwell, 2000, p. 212). The separation of production and consumption process is a key indicator to classify the type of services. Erramilli and Rao, (1990) mentioned that hard service firm can separate the production and consumption process; i.e. architecture firms, engineering designers, software firms, and legal consultants. Whereas, soft service firms cannot separate both processes because it happens slightly at the same point of time (Freeman and Sandwell, 2007, p.219).

Accordingly, golf tour firms had better be considered as a soft service firm because when a tour firm sells a tour package, a customer get nothing but a promise, and afterward, the service is provided regarding the promise, simultaneously, the customer perceives it.

In conclusion, service has different characteristics comparing to manufacturing industry. Intangibility, inseparability, of production and consumption, heterogeneity, and perish ability are under a spotlight, thus, they bring big questions to the service firms how to internationalize correctly due to the theoretical difference. In details, services firms can be classified into hard and soft types, and a golf tour firm is considered a soft service firm. The essence of internationalization of a soft service firm is that they need to internationalize and provide complete or 100% of their services from the start which cannot be just serve the customers with only a part of process’; e.g. when an entrepreneur would like to promote a restaurant, he cannot just only walk to ten or hundred persons and let them taste the promoting dishes, instead, he should invite those people to taste the dishes in his restaurant because the ambience and condition are different, and that leads to different customer’s perception of quality.
3.2 International New Ventures Theory (INVs)

As intending to be international from inception of an international start-up, our focus is based on the Theory of International New Ventures (INVs). INVs theory is suitable to our study because it converge many areas of knowledge which provides appropriate foundation of an international start-up firm. Oviatt and McDougall (2004) postulate that the theory consists of knowledge in area of international business, entrepreneurship, and strategic management together with a unique characteristic of the phenomenon which cannot be described by traditional Multinational Enterprises (MNEs) Theory. In contrast with MNEs’ characteristics, INVs are more risk-taking, less reluctant, and not incremental (Oviatt and McDougall, 2004, p.32).

According to Oviatt and McDougal (2004), an INV is defined as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt and McDougal, 2004, p.31). In this research, we specifically imply that an INV means a new start-up which is internationally settled in order to be sustainably profitable and to obtain competitive advantages from running business in other countries via the exploitation of firms’ resources and services.

Crucially, INVs Theory has four essential elements to deal with in order to establish a sustainable international start-up; organizational formation through 1) internalization of some transaction, strong reliance on 2) alternative governance structures to access resources, 3) foreign location advantages, and control over 4) unique resources (Oviatt and McDougal, 2004, p.34).

In a way, the INVs theory, in our perspective, is compatible with a service start-up which intends to internationalize promptly. Herewith, service cannot be stored and planned, then distributed to other places as manufactured goods can, and customers are an inseparable part of the service production. Therefore, a service firm can grow rapidly through operation scope selection, low-cost governance structure, fast knowledge gaining and transferring, and an efficient protection of knowledge.

Next, all Oviatt and McDougal (2004)’s four elements of how to setup a sustainable international service business with a focus on an international golf tour business will be described.

3.2.1 Element 1: Internalization of Some Transactions

Buckley and Casson (1976) and Dunning (1981 and 1988) stated that Internalization of some transactions normally occurs when the transaction cost of managing the performance of contracting parties is more than the cost of managing by organizations themselves (Oviatt and McDougal, 2004, p. 34). Although, Cassons (1982) explained that “the internalization element of Multi-national Company (MNE) Theory is often used to explain foreign direct
investment which is ownership of assets located in foreign countries” (Oviatt and McDougal, 2004, p.35). Casson (1982) also indicated that ownership of foreign assets is not the crucial issues neither for an MNC nor an INV (Oviatt and McDougal, 2004, p. 35).

In our point of view, for the new international business set up, internalization means that a start-up must know what its core business activities are and solidify them to be what people can recognize. Due to the fact that there are no business transactions of a new start-up with other contracting parties previously, a new start-up needs to focus initially on deciding preliminary business objective to achieve. In addition, Oviatt and McDougall (2004) mentioned that ownership is not a characteristic of an INV because the focus of INVs is the value-adding, not the assets owning. In other word, INVs mainly pay attention on profit and performance.

In a service industry including tourism business, possessing innovation, as innovation is a kind of asset, by entrepreneurs is very important to a decision in investing in a new international business. As stated by Schumpeter (1934), entrepreneurs with innovation or so called new ideas, products, services and business practices can shift the equilibrium of the market and become “Creative destructors” from creating the new preference of customers (Brouwer, 2002, p. 90). This is considered a critical factor for entrepreneurs in tourism business since it leads to competitive advantages gaining of firm over competitors (Hjalager, 2010, p. 4). Moreover, Kanter cited from Hall & Williams (2008) that Innovation is defined as the procedure of introducing new ideas to be implemented practically. These ideas of re-arranging, cost-cutting, new budgetary system implementing and developing communication are considered as innovation (Hjalager, 2010, p. 2). From different definition of innovation, our group view that innovation is an essential tool to create the uniqueness for product and services in order to satisfy customers and create competitive advantage over competitors which can help to sustain a business in a long run.

Also, Hjalager (2010) categorized innovation in tourism industry into 5 types which are “Product or service innovations, Process innovation, Managerial innovations, Management innovations and Institutional innovations”. “Product and service innovation” is viewed as new or never-seen-before from customers’ perspective regarding specific firms or destinations which affects to purchasing decision. In traditional packing tourism products, if entrepreneurs is able to bundle a new package tour wisely and propose in new market segment or target group, this can also be referred to the definition of “Product and service innovations”. The second type of innovation is “Process innovation” which occurs widely in tourism and usually target to increase effectiveness, productivity and flow of the business processes. Next, “Managerial innovation” is related with new methods of managing internal collaboration and authorizing employees. It stated that a major challenge for tourism companies is how to retain employees and control cost. Also, Gupta and Vjic (2000) extend the definition of Managerial innovation to “managed customer”. The next type of innovation to be raised is “Management innovation”. It is often referred to new marketing concepts in tourism sector which introduce loyalty plan. This can change a one-time purchasing process to long-term relationship between service providers and customers. The last type of
innovation is “*Institution innovation*”. It means the organizational or legal structures that affect to specific field of tourism and cause extensive change to businesses and customers. In tourism, concept of Networks and alliance is considered in institution innovation as well (Hjalager, 2010, p. 2-4).

Therefore, entrepreneurs who possess innovation can use it as a significant tool in creating competitiveness and leads to new business activities or internalizes some transactions

### 3.2.2 Element 2: Alternative Governance Structures

Secondly, *alternative governance structures* also are about to be considered. Oviatt and McDougall (2004) contend that new ventures are unable to utilize and control many assets as they would like to because lacks of ownership, thus, they need to use alternative organization structures instead. Williamson (1991) offer a hybrid structure, such as licensing and franchising, to cope with the problem while the firms can still enjoy low to moderate disturbance frequency and asset specificity. Indeed, the concept of hybrid partners is to share their assets for their mutual advantages. Additionally, network structure is another option which “depends on the social control through trust and moral obligation, not formal contracts” (Oviatt and McDougall, 2004, p. 35). The network structure is more sustainable because the persons involved in it need to concern more about their reputation in a long run of the firm.

To illustrate the alternative governance structure of an INV, market entry mode choices regarding service firms would be discussed below. Referring to Root (1994), “a foreign market entry mode is an institutional arrangement that facilitates the entry of company’s products, technology, human skills, management, and other resources into a foreign country” (Pinho, 2007, p.716). By definition, The European Union (EU) defines that companies which hire staff fewer than 250 persons and are able to have an annual turnover not exceeding €50 million or total amount in balance sheet not exceeding €43 million (Pinho, 2007, p. 716). Saliently, SMEs need to be very careful in term of internationalization according to their lack of experience, skills, and know-how (Pinho, 2007, p. 716).

According to service’s unique characteristics defined by Anand and Delios (1997), Carman and Langeard (1980), Vandermerwe and Chadwick (1989), there has been many possible barriers occurred which service firms need to overcome as mentioned above. In extreme, “Service with a high-degree of intangibility and buyer-seller interaction frequency, and simultaneous production and consumption, are location-bound and must be available in-full from the day of foreign market entry” (Blomstermo et al., 2005, p. 213).

Basing on Palmer and Cole (1995), they indicate that “suppliers of soft services are an integral part of their product, requiring higher control over the production process. For example, hotels, management consultancies, and hospitals require local proximity of service providers and service buyers” (Blomstermo et al., 2005, p.213-214). For instance, wholly-owned subsidiary and majority owned subsidiary are high control entry modes, and licensing,
different types of contractual relationships are low control entry modes (Blomstermo et al., 2005, p214).

Due to the fact that, as mentioned above, a golf tour firm is considered a soft service firm, it needs to provide full-range of its service from its first day of operation. As a matter of fact, a golf tour firm requires quite a high control entry mode, and in association with its service unique characteristics, an alternative governance structure or market entry mode choice needs to be selected;

<table>
<thead>
<tr>
<th>Entry mode</th>
<th>Form</th>
<th>Control</th>
<th>Relational friction</th>
<th>Commitment</th>
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<tr>
<td>Wholly owned subsidiary</td>
<td>Subsidiary</td>
<td>High</td>
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<td>High</td>
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<tr>
<td>Partly owned subsidiary</td>
<td>Minority/majority ownership, affiliates, etc.</td>
<td>High/moderate</td>
<td>Low/moderate</td>
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<tr>
<td>Contract, alliances</td>
<td>Relationship</td>
<td>Moderate</td>
<td>High/moderate</td>
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<tr>
<td>Market</td>
<td>Exports</td>
<td>Low</td>
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(Sources: Anderson and Gatignon (1986); Erramilli and Rao (1990, 1993)

Figure 2: Characteristics of Firms Entering Foreign Markets

From figure 2, four options of market entry mode choices are described with their different characteristics; 1) wholly owned subsidiary, 2) partly owned subsidiary, 3) contract and alliance, and 4) market. Blomstermo et al. (2005) states that soft service firms are more willing to internationalize in a high control entry mode comparing to hard service firms. This is because soft service firms are more about to customize their services regarding customers’ needs which require an in-depth understanding in each country’s market and customers. Also, the greater cultural distance between the country of origin of the firm and the destination country, the more propensity that a soft service firm choosing a high control entry mode (Blomstermo et al., 2005, p. 214).

In addition, Williams (1997) contends that “Increasingly, there has been a blurring of the boundaries between competition and cooperation in many sectors of the global economy. This trend has not escaped the tourism industry” (Williams, 1997, p.20). Thus, a fit market entry mode to a golf tour firm can be specified, with a stress on relationship/ cooperation/ collaboration, contract and alliances which can be considered a network.
Network Structures in Tourism Business

Tourism in developed countries employs network as a sustainable structure in order to develop tourism industry (Morrison et al., 2004, p.197). Interestingly, Morrison et al. (2004) state that success of tourism development hugely depends on a specific structure which is about cooperation / collaboration constituting networks / partnerships / alliances. Ring (1999) pin points that the cooperation among business firms, governmental bodies, persons, and other entities are the key elements of success (Morrison et al., 2004, p.197-198). In details, learning and exchange within the network will leverage existing resources and knowledge, thus the network will enjoy more profits.

According to Conway (1998) and Shaw and Conway (2000), network is known as a complex structure. There are many types of network; network membership; nature of linkages between members; types of exchange or attraction; network function or role; and the geographical distribution of network. Those can be classified as an informal, semi-formal, or formal type of network (Morrison et al., 2004, p.197). Essentially, Nilsson (2003) stated that imperfect imitability is another key characteristic of a network because of its nature; qualitative. Even it is possible to quantify, values of it would not be well-articulated (Morrison et al., 2004, p.198).

Especially for tourism networks, there are many significant factors identified; 1) objectives and purpose need to be clear, 2) organizational structure and leadership is fit for purpose, recognizing the interdependent learning network, and is supported by the critical role of leaders, 3) resourcing consists of sufficient, human, and physical resources, 4) member engagement requires mutual understanding, and a monitor of members’ motivations regarding economic, social, and psychological issues, and 5) benefits and inter-organizational learning need to be supported by a supportive infrastructure in both formal and informal ways providing learning and exchanging which constitutes qualitative and/or quantitative benefits (Morrison et al., 2004, p.197).

In practice, if a firm joins a network, it will gain many benefits from the network’s functions that a firm is able to; gain knowledge shared among the peers, learn from peers, use pooled resources, and leverage resources to enhance innovation and market development (Morrison et al., 2004, p.199). Herewith, to support the importance of network structure, strategic alliance and collaboration will be illustrated.

Strategic Alliances and Collaboration

Todeva and Knoke (2005) defined strategic alliances strategy as an instrument which enables an organization achieving goals more effectively by making and strengthening collaboration. In general, strategic alliances are selected when an access to useful resources, which an organization is unable to do it alone, is needed. Todeva and Knoke (2005) also stated that being a strategic partner with less similar and more complimentary organizations provides
more benefits than with more similar ones. Crucially, complementarities and synergies are serious issues which are undergone in the process of partner selection.

By definition of Yoshino and Rangan (1995), “strategic alliances consist of at least two partner firms that remain legally independent after the alliance is formed; share benefits and managerial control over the performance of assigned tasks; and make continuing contributions in one or more strategic areas, such as technology or products” (Todeva and Knoke, 2005, p. 125). In addition, Anderson and Gatignon (1986) and Hennart (1991) explained that strategic alliance is a hybrid formation which is formed not only for short-term project-based, but also long-term equity-based cooperation between firms with varying degree of vertical integration and interdependence (Todeva and Knoke, 2005, p. 127).

Naturally, strategic alliances has a causal link to network theory, as Ghoshal and Bartlett (1990) states, contemporary firms’ network comprises a variety of organizations, such as, suppliers, buyers, competitors, regulatory authorities, and financial and credit institutions which altogether can be considered an economic organization of production (Todeva and Knoke, 2005, p. 127). DiMaggio and Powell (1993) also contend that a network composes of key suppliers, resource and product consumers, regulatory agencies, and other organization which provide similar products or services (Todeva and Knoke, 2005, p. 126). Crucially, trust and reciprocity are agents which amalgamate all partners toward the mutual goals and against opportunism, and they need a period of time to be solidified.

For many reasons, Webster, (1999) mentioned that strategic alliances entry mode is indeed interesting, it is employed in order to reduce uncertainties, enhance productive capacities, to gain future business opportunities, and to acquire competitive advantages that enable them to increase profits (Todeva and Knoke, 2005, p.128). The interdependence between economic units brings new merits to the peers in the term of intangible assets and influences them to contribute to the mutual advantages. Remarkably, trust and reciprocity are agents which amalgamate all partners toward the mutual goals and against opportunism, and they need a period of time to be solidified through operational, strategic, and social mechanism (Todeva and Knoke, 2005, p. 133).

Williams (1997) supports that strategic alliance or partnership is a popular strategy in the area of tourism business. For instance, the airline industry has been very proactive on the issue. They have built a network with hotels, car rental firms, and communication organization in order to provide their customers with a full-range service experience. Simultaneously, they have also constructed a partnership between their potential competitors; i.e. The Star Alliance consists of many world-class airlines; Air Canada, United Airline, Lufthansa, Thai Airways, and others, in order to achieve economies of scale and share market knowledge (Williams, 1997).

As a complement concept to the network and strategic alliances structures in tourism business, a financial perspective is another important issue to be considered before selecting a market entry mode. Hence, an equity or non-equity market entry mode are presented which an equity requires more investment in the destination countries.
**Equity vs. Non-equity Entry Mode Choice**

By focusing on specific market segment, Nakos and Brouthers (2002) stated that SMEs are more straightforward to reach the market with more investment-intensive foreign modes of entry (i.e. joint venture and wholly owned subsidiary) while they are simultaneously able to reduce investment risks and resources (Pinho, 2007, p. 716). Pinho (2007) argues that the firm’s international experience, its ability to innovate, the market potential for growth and market specific knowledge plays salient role as a key influencer to a decision making regarding propensity to select equity entry mode choices.

In details, SMEs’ managers who have owned international experiences in dealing with foreign markets have high tendency to select equity entry mode choices. Likewise, ability to innovate makes SMEs favor equity mode of entry choices in order to safeguard tacit knowledge and informal routines. Additionally, market sales and growth potential are good predictors explaining why firms choose equity entry mode choices. Lastly, Pinho (2007) explained that SMEs managers who has owned market specific knowledge which is derived through direct operational experience in a foreign market and the internationalization process of the firms tends to prefer equity entry mode choices because a shortage of market specific knowledge creates uncertainties and risks to the perception of SMEs managers.

There is a big clash, non-equity based firms (i.e. exporting) focus mainly on pricing strategy, meanwhile, equity based firms (i.e. joint venture and wholly owned subsidiary) focus mainly on quality, building their brand image and products or services together with design (Pinho, 2007, p. 727).

The second element gives us an understanding in the area of alternative governance structures; network, partnership, strategic alliance and collaboration. After this, the third element will be described about competitive advantages and knowledge which can be derived from the overseas location.

**3.2.3 Element 3: Location Specific Advantages**

*Foreign location advantage* transcends the international ventures from domestic ventures. Firms can enjoy combing new mobile and immobile resources; i.e. knowledge, products, and raw material, can be transferred to other places, and then bridge them to the focus market in other countries (Oviatt and McDougall, 2004, p. 35).

According to Pinho (2007), market specific knowledge prevents uncertainties and risks to the perception of SMEs managers, so they can be confident to run an internationalization process. In addition, referring to the Eclectic Paradigm Theory proposed by Dunning (1980), being in a certain place allows a firm to enjoy exploiting some non-transferable properties in the area which is known as “*Location specific advantages*” (Dunning, 1980, p. 174).
In the author’s perspective, an international service start-up can enjoy exploiting the local knowledge belonging to its original country; meanwhile it can also gain a fast knowledge gaining in the destination country’s market. When a firm operates in two or more countries at the same time can enjoy gaining knowledge from all countries in a swapping manner.

Moreover, to some extent, knowledge, which will be described in the next chapter, from experience in each location can be transferred to other branches. Dunning (2001) adds that each country has its own business environment, which can be implied that a certain market has certain knowledge and competition, which finally makes domestic firms and foreign firms in the same market more competitive. Those firms in the market would more be well-equipped before entering to other new countries. In Dunning (2001)’s work, the purpose of his study was to provide an understanding of a characteristic of particular types of foreign value-adding activities. Thus, the location specific advantages are compatible to both service and manufacturing firms. Hence, the To-Thai land golf tour firm, which brings Swedish golfers to Thailand and is Thai nationality, but establishes in Sweden, is possible to enjoy its competitive advantages in Thailand due to its local tacit knowledge, meanwhile, it can gain more knowledge about Swedish golf tour market directly.

As mentioned, the third element shows us the advantages of being in a certain place. An INV can derive and exploit knowledge in swapping manner. The next important thing is to protect the knowledge obtained, so the fourth element will be described below.

**3.2.4 Element 4: Unique Resources**

Lastly, unique resources are the last element in order to sustain all previous three elements as the firm’s competitive advantages. The INVs may exist just for a short period unless it recognizes the necessity of unique resources.

They are the last element in order to sustain all previous three elements as the firm’s competitive advantages which altogether constitute a sustainable international start-up which they can enjoy being profitable in the long run.

Unique resources of INVs can be referred to as knowledge. It is considered as an imperative unique resource toward sustainability for new entrepreneur to possess and retain for the investing in international new business. As stated by Petersen et al. (2003), role and importance of knowledge have been emphasized since it plays a complicated role in emerging a new occurrence in internationalization (Brennan & Garvey, 2009, p. 120). In tourism business, it is very important for entrepreneur to concern the issue of “Psychic distance” which is defined as a barrier due to the difference in language, culture, economic and political system, law and regulation, business practice and level of education system impeding the flow of knowledge and information of a firm from and to the market (Johanson & Vahlne, 1990, p. 13). Due to the fact that, tourism business is categorized in service industry, the “Perceive service quality” by customers plays an importance role in perception of customer regarding service quality (Grönroos, 2007, p.76). Therefore, in order to provide
good service quality to customers in tourism business, entrepreneurs are not to take the issue of psychic distance for granted.

From the supposition of Johanson and Vahlne (1977), lacking knowledge in international market can be a critical hindrance to operate new international business. Eriksson (2000) stated that there are three kinds of international knowledge that entrepreneurs should acquire before starting a sustainable international business as following

- **“Internationalization knowledge (IK)”** – refers to capability of firms and existing resources to be utilized in international operation.

- **Business knowledge (BK)** – refers to competition or business situations in specific markets and customers.

- **Institutional knowledge (NK)** – refers to information and standard of governance and social structures in specific countries and markets regarding laws, regulations, social value and norm” (Brennan and Garvey, 2009, p.124).

Moreover, different kinds of knowledge can be acquired and divided into two categories.

- **“Objective knowledge”** - knowledge which can be taught or be learned from basic method such as textbook or in classroom and it is easy to transfer or imitate by other firms

- **Experiential knowledge or Tacit Knowledge** - knowledge which cannot be taught or transferred to other firms. This unique knowledge can be gained only through the experience of individuals” (Brennan and Garvey, 2009, p.124).

To invest in international market, Johanson and Vahlne (1977) mentioned that experiential knowledge is “the critical kind of knowledge” (Brennan and Garvey, 2009, p.121). However, for the new business start-up, it is obvious that experiential or tacit knowledge do not exist at the beginning period since it can be gained through the process of operating the business. However, there are some arguments against experiential or tacit knowledge that there are optional ways for firms to gain knowledge. Young (1987) mentioned that knowledge about high technology can be acquired through the experience of other firms (Brennan and Garvey, 2009, p.122). Petersen et al. (2003) suggests that hiring personnel with international business experience can be an alternative way for entrepreneurs to acquire the crucial knowledge respectively without going through experience by themselves (Brennan and Garvey, 2009, p.124). Therefore, it can be seen that attaining knowledge of the market is very important factor for entrepreneur to consider and evaluate before starting up a sustainable international business since it will not only help reduce risk or calculable cost defined by Knight (1961) and related costs but also generate more opportunities in international market (Brouwer, 2000, p. 92). Moreover, without knowledge, it will be very difficult for entrepreneur to proceed further in establishing the new business practically in a sustainable way.
In order to sustain unique resources, there generally are four options (Oviatt and McDougall, 2004) which consist of 1) network governance structure, 2) imperfect imitability, 3) protection rights of its resources, and 4) licensing. Also, alternative governance structure, can be considered beneficial to the golf tour industry regarding unique resources; 1) network governance structure which was discussed in the alternative governance structure, second INV’s element, may prevent or restrict knowledge appropriation among members in the network. This is consistent with a statement regarding Larsson (1992); in contrast to the opportunism nature of a business owner, the existence of network provides different relationships which make each business owner shares opinion toward the mutual benefits (Oviatt and McDougall, 2004, p. 36), and 2) imperfect imitability is derived through subtle attributes of the firm; a unique organizational history, social complex knowledge, and ambiguous casual relationships between knowledge and competitive advantage it provides.

To sum up, the four key elements based on International New Ventures Theory (INVs) are considered essential for entrepreneurs to take into consideration. Also, they are expected to sustain to international business especially in golf tour business respectively.
Chapter 4: Conceptual Framework

By mainly adopting International New Ventures Theory of Oviatt and McDougall (2004) as the main theoretical theme, our study of elements for consideration which need to be taken into account before internationalizing a sustainable international golf tour business regarding service industry, specifically a destination-Thailand golf tour start-up in Sweden. It can be specified through the four elements of INVs theory; 1) internalization of some transactions, 2) alternative governance structure, 3) location specific advantages, and 4) unique resources.

Firstly, element 1: internalization of some transaction, for an international service start-up or INVs, it means that an INV is about to select what it will operate in the market. To consider, the innovation perspective is mentioned; when an INV possess an innovation and / or is able to innovate continually, it knows what kind of activities it can internalize in the destination market.

Secondly, element 2: alternative governance structure, for an international service start-up or INV; a golf tour start-up, alternative governance structure means that a firm had better consider an alternative market entry mode rather than using the formation that needs a huge investment and commitment which also takes time. Later on, market entry formations are presented with each one’s pros and cons regarding the unique characteristics of a tour firm. Herewith, the cooperation/ collaboration are stressed through the network, partnership, and alliances structure which are recommended in the area of an international service INV. In addition, financial aspect regarding the entry mode choices is also mentioned.
Thirdly, element 3: location specific advantages, for an international service start-up or INV; a golf tour start-up, Dunning (1980)’s location specific advantage, which is a part of the Eclectic Paradigm, is stated. An international service start-up can enjoy exploiting the local knowledge belonging to its original country; meanwhile it can also gain a fast knowledge gaining in the destination country’s market. When a firm operates in two or more countries at the same time can enjoy gaining knowledge from all countries in a swapping manner.

Fourthly, element 4: unique resources, for an international service start-up or INV; a golf tour start-up, the objective and experiential knowledge are argued regarding it. To enter international market, an international service start-up needs to prepare itself for both kinds of knowledge. In particular, experiential knowledge cannot be derived unless it presents itself in the market for a significant period of time or hires an experienced manager to utilize his /her experiential knowledge. Moreover, to retain the uniqueness of knowledge, imitability of organization structure and the network structure are appropriate tools.
Chapter 5: Empirical Findings.

To provide empirical findings in response to our focus and research question, we have conducted three interviews, one each with Thailand Golf Tours, Thai LA Golf Tour and Golf Plairsir to understand entrepreneurs’ perspective regarding operating international golf tour business sustainably.

5.1 Interview 1: Mr. Mark Penfold, Business Owner of Thailand Golf Tours

Thailand Golf Tours (TGTs) is owned and operated by Mr. Mark Penfold, MP Golf Pty Ltd. TGTs was established in 1996 by two Australians. They took their friends to Thailand to play golf, and they received good feedback. Afterward, number of their customers has increased over time. Now a group size is around 30-40 persons on average of each trip. TGTs’ customers are from many countries: UK, Dubai, Singapore, Alaska, and New Zealand (thailandgolftours, 2008). Additionally, TGTs doesn’t have any other branches.

Mr. Penfold has been in the golfing industry for 18 years. Additionally, Penfold is an “A” grade player with many golf expertises in golf sales, golf club design, and golf club fitting. He also hosts domestic golf tours each year in Australia. In order to involve in customers’ activities, he is available to play golf with all customers with low single figure handicap (thailandgolftours, 2008).

Furthermore, Mr. Penfold married his Thai wife in Australia and they were married in a traditional ceremony in Thailand. Afterward, his relationship to Thai community both in Australia and Thailand has been strengthened (thailandgolftours, 2008).

TGTs’ golf tour packages are very diverse. It provides not only core golf packages, but also other supplement services as a combination, such as, golf and culture, golf and beach, golf and excursions, and golf and shopping. TGTs provides many popular destinations in its golf package: 1) Thailand 2) Australia 3) China 4) Vietnam. All packages are available all year round, and can be tailored to suit customers’ requirement. Notably, TGTs can serve a wide range of customers from beginners to professionals (thailandgolftours, 2008).

Hosted golf tours to Thailand are available in every March, July, and October. For hosted golf tours, TGTs provides an easily understandable itinerary on the website which consists of rich detail; e.g. date of hosted tours, name of fabulous golf courses, accommodation, transportation, welcome and presentation meals, price, number of rounds of golf with or without caddies and carts, etc. Moreover, interesting information which are useful for customers are also provided; what to see and do, Frequently Asked Questions (FAQs), and Dos and Don’ts (thailandgolftours, 2008).

Interestingly, a special theme is used for each hosted tour: e.g. Chiang Mai Tournament, Phuket Amateur Golf Week, Shoot-out Golf Event, and Shoot-out Championship. Complementarily, result of each tour / competition and photo gallery on the website, from
2004 to 2010, are also available on the website. DVDs of each tour / competition are sent to all customers after a trip ends (thailandgolftours, 2008).

Mr. Penfold added that Thailand is an amazing golf destination for Australians because of its 1) affordable price 2) nice weather 3) unique culture 4) short distance compared to European countries. Hosted golf tours of TGTs can be classified into three seasons: March and October are high seasons and July is a low season. The approximate number of customers is around 300 persons, and 200 persons are hosted by Penfold himself. Additionally, TGTs’ customers are 75% going with their golfer friends, and 25% going with their families. Average age of its customers is 45-55 years old, and it ranges from 25-70 years old.

Since 1996 Mr. Penfold let us knew that he has improved his relationship to all customers, suppliers, golf professionals, and partner firms in Australia and Thailand. To keep in touch with his customers, he obligates his staffs to send a three-month-time news letter about TGTs’ services to all customers, and to monitor overall performance of the firm, he arrange weekly staff meeting whose agendas are mainly about upcoming promotion and problem of tour cancellation. Specifically, Mr. Penfold focuses on customers’ overall perception; sending after-report to all customers asking for customers’ feedback in many aspects, such as, ease of website visiting, and pricing awareness.

Mr. Penfold stated that his ultimate goal to mainly run business in Thailand rather than in Australia is that he and his wife would like to live in Thailand in the future, and continue bringing more golfers to Thailand. To invest in international market, Mr. Penfold chose to start-up a golf tour business because it requires low capital: “I pay for services as I use them, and have no holding cost for stock, goods and etc”. The advantage which made him selected to operate his business in Australia and Thailand was his close relation to golf professionals network and tour agencies.

Known as TGTs’ uniqueness of services which transcends its competitors, Mr. Penfold argued that personal approach to each tour is crucial as he stated “I firmly believe that the success of my company in a competitive business arena is the personal approach to the tours, that you are not just going with Thailand Golf Tour but you are going with Mark Penfold”. Even though, TGTs has a website which can attract a lot of enquiries for its golf packages and hosted tours. Every single customer has never purchased anything without talking to one of TGTs’ staffs because personal interaction with customers is more convincing to them.

In an initial stage, Mr. Penfold pinpointed that Thai language and culture are the most critical barriers to overcome. In addition, large changes in currency exchange rate posed problem of price setting. To overcome these barriers, he singled out his network relationship to all his suppliers by ensuring that they know what types of service TGTs needs.

Toward sustainability, Mr. Penfold indicated that to sustain his business in a long run, he is hands on in each tour he arranges by having someone all-time available to prevent and deal with any problems. As a result, customers feel comfortable through the entire trip, and this requires proactiveness. Moreover, his firm needs to fulfill all customers needs by 1) offering
a personalized approach that treats all customers with their different requirements, 2) offering different packages for the needs of different customers, and 3) constantly looking for different types of clients through different networks; e.g. “We currently are offering end of year tours for sporting groups that typically take holidays in November. These groups are not dedicated golfers but would take a holiday to Thailand to play golf as well as other sporting activities”.

Also, Mr. Penfold agreed on the importance of our four elements for starting up a sustainable international golf tour firm, and he ranked them by priority; 1) possessing knowledge, 2) using strategic network alliance, 3) internalizing by using innovation, and 4) selecting the right location to gain and exploit knowledge. He declared that TGTs has obtained a large support from Tourism Association of Thailand (TAT) which selected TGTs as the preferred agent in TAT’s golf tour field marketing. He also still keeps in touch with Tourism Association of Thailand (TAT) about the number of Australians travelling to Thailand and activities they participate in. This demographic statistics data help TGTs to access the right target group. In Australia, TGTs has built its reputation for 15 years as the largest Thailand golf tour operator. Mr. Penfold refused our assumption that he has gained knowledge from partners before starting the business.

5.2 Interview 2: Mr. Sookjaroen Sookjaroen, Business Owner of Thai LA Golf Tours

Thai LA Golf Tour (TLA) was established in 1995. It was started when a group of friends, colleges and golf buddies went to play golf in Thailand together (thailagolftour, 2009). TLA operated in USA, and its home office is located in Los Angeles, California, USA. TLA has only one office; there is no other branch.

Mr. Sookjaroen Sookjaroen is the owner of the firm. He is a 72 year-old Thai entrepreneur who is the sole person working in the firm since the establishment up till now. Golf is his hobby, and it is one of reasons why he chose to start up a golf tour business. His ultimate goal of running a golf tour business is to enjoy it as a hobby for his happiness in golf (thailagolftour, 2009). In addition, he is well-known for Thai and American golfers in California, USA since he held Thai Golf King’s Cup in association with Tourism Authority of Thailand (TAT) in 1994 and 1995.

Furthermore, Mr. Sookjaroen has been living in USA for 38 years since 1973, so he knows the USA market quite well. Also, USA market is very open for new entrepreneurs. He also disclosed that he had been running business for his entire life: e.g. tools sale, owning an American-Mexican restaurant, cheque cashing business. In USA, factors which is needed to be considered for starting up a business are; 1) business and golf experience, 2) law and regulations; citizen ship, social security number, and work permit in USA, 3) English language skill, and 4) capital for investment.

Golf destinations offered by TLA are mainly in Thailand in three regions: central, eastern and north region. TLA selected the golf courses only Thailand’s top ten golf courses for its
customers. The company provides premium golf tour package and service to Americans, Thais, Japanese, and the Filipino golfers to play in Thailand. In the beginning, most of the customers of the company were Thai golfers in USA. Later, most of the customers are Americans. Main target group is retired people whose age ranges from 50 years old and up since they have plenty of time and money to play golf abroad.

TLA mainly offers hosted tour package which includes many luxurious detail according to Mr. Sookjaroen's intention to position TLA as a V.I.P. golf tour firm. For instance, a package includes round-trip flight in business class, deluxe air-conditioned coach, four-to-five-star hotels, number of rounds of golf, all green and caddy fees, scheduled shows, sightseeing trips, special dinner, round-trip airport transfers, included meals, supplemented Thai massage, and a professional English-speaking guide (thailagolfour, 2009). The regular hosted tours of TLA are arranged in January and November because it is appropriate time for American people to play golf in Thailand: after-Christmas vacation, and proper weather in Thailand.

Posited by Mr. Sookjaroen, reasons which made Thailand an attractive golf destination of American golfers are 1) great hospitality of Thais through a motto “the land of smile”, 2) low cost of living, 3) service-minded caddies, 4) high golf courses quality, such as, Thai Country Club which held Johnnie Walker Golf Championship.

About the organization management issue, TLA has only one owner since the beginning until now, and Mr. Sookjaroen handles everything by himself from contacting and coordinating with customers, making itinerary, and even playing golf with customers because cost of hiring staffs is very costly in USA.

A database of American customers with over 300 people is kept in the company. Communication between the firm and customers is very important. According to Mr. Sookjaroen, e-mails and Happy Birthday cards are sent to customers occasionally in order to maintain good relationship. Mr. Sookjaroen said “If you don’t forget customers, they don’t forget you”.

The uniqueness of TLA is that Mr. Sookjaroen has direct experience in golf. Also, TLA provides high quality service including four-to-five stars accommodation with meals ever day during the trip, top ten golf courses, sightseeing tours, dinner shows, air conditioned motor coach, spa & massage after playing golf and airport transfers. Fun, safety and comfort are the company’s main concern. Mr. Sookjaroen is always hands on in taking care of customers. All his tours are served with his personal approach to all customers. He always plays with his customers in each single tour. Another important advantage is being a Thai person because he knows better about culture and details for golf courses, accommodation and tourist visiting places in Thailand.

According to our four sustainable INV's elements (see page 17) for a sustainable international golf tour firm, Mr. Sookjaroen gave a strong support to all the four elements. Additionally, he ranked alternative governance structure in the first place as his strong relationship to Tourism Association of Thailand (TAT) and tour agencies in Thailand has
played an important role in the business, and respectively followed by unique resources; his
golfing skills and community, location specific advantage; his knowledge about Thailand and
its potential as a golf destination, and internalization of some transactions. Interestingly, he
has singled out good relationship to customers as the most important factor. Moreover, he
added that entrepreneur’s skill and experience in running any business is another important
factor. In the initial stage, Mr. Sookjaroen told us that he did not feel that there was any
obstacle at that point of time. After starting-up session, Mr. Sookjaroen indicated that a close
contact with Thai Airways (TG) and Tourism Association of Thailand (TAT) is an important
channel to gain market knowledge.

5.3 Interview 3: Mr. Mattias Wistrand, CEO of Golf Plairsir Travel AB

Golf Plairsir Travel AB was founded in 1992 by Anders Kullenberg from a small business.
Presently, the business has grown and become the largest specialist golf tour company in
Scandinavia. The continuous growth of the company exists due to the company mission to
keep providing new alternatives for golf destinations to customer. Also, Golf Plairsir Travel
AB has a sister company within a group named “Out of Bounds” which is more focus in
offering customized golf experiences (golfplaisir, 2009).

Mr. Mattias Wistrand is currently assuming the position CEO of Golf Plairsir and responsible
for strategic decision making of the company. Mr. Wistrand explained that Golf Plairsir is
originally a Swedish company which operating the golf tour business in Sweden. However,
since summer of 2008, Golf Plairsir Travel AB was acquired by Kouni Travel Group, a Swiss
golf tour company. Consequently, Apollo as a company within Kouni Travel Group which
operating a golf tour business in Norway was included with Golf Plairsir Travel AB onward.
In 2009, Golf Plairsir decided to expand its golf tour business internationally in Norway.

Moreover, Mr. Wistrand stated that Golf Plairsir Travel AB, Norway has been operating and
launching marketing activities in Norwegian market for 1 year through the website
golfplaisir, 2009 for online booking. However, Golf Plairsir Travel AB wants to grow
business further by setting up an office with people working closer to the Norwegian market
in May 2010.

Mr. Wistrand mentioned the reasons of Golf Plairsir Travel AB to establish an international
golf tour business in Norway due to 1) similarity of market and language between Sweden
and Norway made it possible for company to offer the same products in Swedish market to
Norwegian market without making a major adjustment. Also, 2) strong network with Apollo
in Norway is considered a good support in term of gaining knowledge of Norwegian market
rapidly. Last reason was 3) similarity of golf playing season but shorter comparing to
Sweden.

Based on business plane, Mr. Wistrand affirmed some factors to evaluate before making an
investment in Norway which are 1) market potential, 2) market competition, 3) sales channel
or distribution of products, 4) compatibility between products in Norway and Sweden, 5)
organization and system, 6) good cooperation with airlines, 7) need of staff and office presence in Norway and 8) capital or money for investment.

In order to reach the ultimate goal of Golf Plairsir Travel AB, Mr. Wistrand pronounced that “every business runs on the assumption that it will survive”. He also mentioned that “for Golf Plairsir, we want to be the best golf tour operator in the world since we have the understanding of local market and we have something quite unique and we know how to enter the new market with a little adjustment to what we do now with”.

The uniqueness of Golf Plairsir stated by Mr. Wistrand is the strong production. He said that “40% of competitors’ productions are in the south of Spain, however; Golf Plairsir always find new places to play golf where others in Scandinavia have not been there yet”. Golf Plairsir Travel AB offers seven new stunning destinations in Egypt, Greece, Italy, Spain, Portugal, Tunisia and Turkey (golfplaisir, 2009). Besides the unique destinations, Mr. Wistrand mentioned about local staffs that “Golf Plairsir always offers local staffs in each destination all the time but the competitors may have only during three or four weeks during high season in special places. The tour leader and golf professional are working for the company. There are around 40-50 people working abroad during the high season. They are working in Spain, Portugal, Egypt, Tunisia and Canary Island for between 3 and 7 months. No one offers it same as us so this makes us unique in the golf niche”.

After 1 year of establishment the new business in Norway, Mr. Wistrand plans to sustain this new business by keeping a close contact with clients to understand their requirement and delivering as clients need. “If we start offering something not sellable, then it is not sustainable” stated by Mrs. Wistrand.

At the beginning period of starting up a new golf tour business in Norway, Mr. Wistrand informed that “we are very fortunate we have a brother and sister company in Norway which is Apollo”. From network with Apollo, it helped the company to overcome the obstacle or limitation smoothly even Norwegian market is more fragmented and difficult to reach the customers. Norwegian market knowledge of can be gained easily through the network with Apollo who is more expertise with longer experience in Norwegian market. Nevertheless, Mr. Wistrand mentioned that there is now external barrier or limitation to be concerned but it is more internal barrier regarding resources allocations from Sweden to Norway in short and long term. Also, another big challenge is weather what Golf Plairsir is doing now in Sweden which is good will be practical to implement in Norway or not. On the other hands, it means that how the company will utilize and apply the existing acquired knowledge from Swedish market to Norwegian market effectively in order to gain competitive advantages over other golf tour operators.

To start up a sustainable golf tour business, Mr. Wistrand agreed on the importance of our four elements which are internalizing some transactions by using innovation, using strategic network alliance, selecting the right location and possessing unique resources or knowledge.
Interestingly, he ranked using strategic network alliance and possessing unique resources of knowledge the same as the first priority. Mr. Wistrand gave the reason that the current business in Norway can be a good example of a combination of network in Norway from Apollo and knowledge that Golf Plairsir Travel AB has in Sweden. For internalizing some transactions by using innovation and selecting the right location were ranked as the third and forth priority accordingly.

Regarding using strategic network alliance, Mr. Wistrand expressed his opinion that products in the market is quite the same but the difference is how the company reach the clients or how product is sold or distributed; therefore, the need of network in required. Golf Plairsir Travel AB has been very beneficial from cooperation and network with Apollo, Norway. Golf Plairsir Travel AB is able to gain the local market knowledge also to consult the possibility to implement any business activities in Norway through the existing network of Apollo.

For possessing unique resources of knowledge, it is very essential in Mr. Wistrand’s perspective. Business knowledge is described as knowing what to invest and how much to spend. Operating golf tour business, knowledge in playing golf is also included in business knowledge. Moreover, knowledge in law, regulations and culture is required for sustainable international investment. Golf Plairsir Travel AB, Norway gained this kind of knowledge through its network, Apollo and this represent absolutely network knowledge. Moreover, another way to gain knowledge is through hiring employees with experience and market knowledge. However, Mr. Wistrand raised an interesting point that hiring the right people with right mindset is also important in sustaining the business since some knowledge such as market knowledge can be learnt and taught.

According to internalization some transactions by using innovation, Mr. Wistrand defined innovation as a tool to make company unique or different from other competitors. This definition can be applied to a business of Golf Plairsir Travel AB in Sweden. Due to the long establishment over 15 years required the company to keep developing and differentiating itself from others by using innovation. However, for a new establishing business of Golf Plairsir Travel AB in Norway, it is different since the company did not use any innovation but applied the same business practice and activities as in Sweden to the company in Norway. Mr. Wistrand said “We just put everything and adapt into the new environment in Norway but in Sweden we need innovation”. Nonetheless, Mr. Wistrand informed that “Innovation will not be used in establishing process in Norway but in a long term in Norwegian market, innovation will be a part of our business. Innovation is something we need to evolve and to make the business sustainable”.

Selecting the right location is ranked as the least important comparing to other elements in sustaining international golf tour business for the reason that location does not play an important role in running the business currently because presently currently business is running on the internet based. As the statement from Mr. Wistrand, “In Norway, we sell 90% on the Internet and in Sweden we sell 50% on the internet. The rest we sell over the phone so location is not very important for our business”. Nevertheless, he mentioned that “Golf
Plairsir in Norway needs a better presence locally since the market is a bit different structure but not about location. That is why the company wants an office and people working in Norway.”

Additionally, Mr. Wistrand shared that keeping close contact or relationship with clients is also essential for sustaining the international golf tour business. A presence of local staffs and weekly clients visit around Europe are required to maintain good relationship between company and clients. Golf Plairsir Travel AB provides tour leaders and golf professionals to clients since the arrival at the airport and stays with them all the time during the trip. In order to keep communication with clients, newsletter can be one source but Mr. Wistrand shared his experience that it is not the most effective way to keep close contact with clients. From his opinion, he believes that more effective way is to make a personal contact with clients by the staffs.
Chapter 6: Analysis

6.1 Service Characteristics of Golf Tour Business

Through the analysis part, Thailand Golf Tours (TGTs), Thai LA Golf Tour (TLA), and Golf Plairsir Travel AB (GPT) have been selected as three case studies to illustrate how to start-up a sustainable international golf tour firm.

Referring to Freeman and Sandwell (2007), significant growth in service industry has recently been playing critical role. Javalgi et al. (2004) contends that services possess special attributes and needs to be particularly studied. It is critical to understand its unique attributes in order to take it into account as a business owner would like to operate an overseas service start-up internationally (Freeman and Sandwell, 2000, p. 199).

By definition in 1990, service is defined as: “an activity or series of activities of a more or less intangible nature that normally, but not necessarily, take place in interactions between the customers and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems” (Grönroos, 2007, p.52).

An international golf tour business is definitely a kind of business in the service area which mainly offers promises to do things according to proposed itinerary rather than give customers any physical goods. Customers know that after they purchase a tour it means that they will be treated according to the promises in a specific period of time. For instance, when two golfers purchased a hosted tour package, they expect the firm to arrange flights to Thailand for them, then they will be transferred to a four-star hotel, and have a special dinner, afterward, playing golf at one of a top ten golf course. Thus, the main responsibility of the golf tour firm is to deal with those promises it has already been committed.

According to Buckley et al. (1992) and the case of TGTs and TLA, it reflects the features of services in many ways. To illustrate, 1) intangibility; e.g. TGT, TLA, and GPT offer tour itinerary and provide further information to customers convincing them to purchase their services without getting any physical goods unless the itinerary and receipt are considered a kind of physical goods, 2) inseparability: e.g. customers go together with tour leaders who organize everything, and standby to deal with any upcoming problem, such as, Mr. Penfold and Mr. Sookjaroen usually go with the tour as a tour leader and play golf together with their customers, 3) heterogeneity; e.g. Mr. Mr. Penfold, Mr. Sookjaroen, and GPT staffs always check customers’ feedback to improve overall performance, and 4) perishability; e.g. they always pay for caddies and food available for customers, but after a period of time, all of available services perishes and they cannot be restored.
Grönroos (2007)’s “Service Quality Determinants” describes how a customer perceives the quality of service is important which the determinants of service quality are 1) tangibles: all physical facilities / equipment / material used by the service firms including the presence of service staffs, 2) reliability: accurate services provided without any mistakes, 3) responsiveness: staffs are willing to help customers and react to the requests as well as inform exact time for service delivery including providing prompt services, 4) assurance: staffs’ behavior give customers confidence and make them feel safe, and 5) empathy: pay attention to each individual customer by understanding their problems and acting toward their best interests together with convenient operation ambience (Grönroos, 2007, p.84).

From our interviews, we found this regarding these determinants. 1) tangible: TGT and TLA provide minor presence to new customers via companies’ website, instead, both companies has grown through word-of-mouths marketing as their customers act as firms’ spokespersons, in contrast, GPT has promoted itself more via media: e.g. golf magazines, 2) reliability: they ensure that there will be no mistake in every detail by their intimacy with all suppliers and providing a tour leader to stand by all the time to prevent and deal with problem, 3) responsiveness: Mr. Sookjaroen works alone for his company, and he is willing to help his customers at all time, while Mr. Penfold and TGT’s staffs also keep close relationship with customers in every detail as it can be seen through its contacting process that every prospective customer discusses with its staff before purchasing in order to gain better understanding on both sides, 4) assurance: provided tour leaders, golf tour professionals, and well-coordination with all suppliers can make TGT, TLA, and GPT customers feel safe and secured, and 5) empathy: e.g. Mr. Sookjaroen of TLA is so close to all his customers, he calls or sends birthday cards to each individual customer.

Specifically, golf tour business is considered a soft service business. Erramilli and Rao (1990) contend that soft service firms cannot be separated because it happens slightly at the same point of time. This is complemented by an idea that soft service firms face big barriers to internationalize. Referring to Derby and Karni (1973), complete physical appearance of its core product / service are quite impossible. TGT, TLA, and GPT sell their tour packages while customers only get itinerary papers and receipts, then they expects to experience complete services when they are served. Moreover, in accordance to Nayyar (1993), TGT, TLA, and GPT have faced same problem in the issue of inability to store services for definite number of customers, and one reason is that service is a process of experience-based perception. Thus a tour package can be perceived as a product when customers experience it when they are as a part of the process.

Javalgi et al., (2004) argue that “potentially large service exporters have traditionally found that they must establish their own service networks to distribute their services effectively, which, of courses, could require substantial resources to accomplish” (Freeman and Sandwell, 2007, p.199). Our interview with TGT, TLA, and GPT show that both of them utilize their network alliances as an important jigsaw to provide services; e.g. firms have continually cooperated with specific hotels and golf courses.
6.2 A Golf Tour Firm as an International New Venture (INV)

By employing Oviatt and McDougall (2004)’s INVs theory, the aim of a golf INV is to be sustainably profitable and to obtain competitive advantages from running business in other countries via the exploitation of firms’ resources and services.

All our three case studies are fit to this definition. An INV is defined as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt and McDougal, 2004, p.31).

Thailand Golf Tours (TGT) has an office in Sydney, Australia, but most of its service operations are provided in Thailand. As an owner, Mr. Penfold has been involving in Australia-to-Thailand golf tour business since 1996. He increased his commitment to Thailand when he married his Thai wife. He gained significant knowledge from Thai people regarding culture, language and Thai market then he decided to internationalize his business in Thailand. Therefore, TGT can be considered a golf tour INV.

Thai LA Golf Tour (TLA) is operated in a home office which is located in Los Angeles, California. TLA has only one office; there is no other branch. Mr. Sookjaroen has been living in USA since 1973, and he is now an American citizen. TLA offers many golf destinations in Thailand in three regions: central, eastern and north region. Also, the golf courses which are selected by TLA are only Thailand’s top ten golf courses for their customers. The company provides premium golf tour packages and services to Americans, Thais, Japanese, and the Filipino golfers to play in Thailand. Main target group is retired people whose age ranges from 50 years old and up since they have plenty of time and money to play golf abroad. As a matter of fact, TLA has been international golf tour INV since its inception.

Golf Plaisir Travel AB (GPT) was founded in 1992 by Mr. Anders Kullenberg from a small business. Presently, the business has grown and become the largest specialist golf tour company in Scandinavia. The continuous growth of the company exists due to the company mission to keep providing new alternatives for golf destinations to customers; e.g. new courses in Egypt, Turkey, and Portugal. In addition, Mr. Wistrand explained that Golf is originally a Swedish company which operates the golf tour business in Sweden. However, since summer of 2008, Golf Plaisir Travel AB was acquired by Kouni Travel Group, a Swiss golf tour company. In our point of view, even though GPT is acquired by Kouni Travel Group, it can be considered an INV since its intention to internationalize from the start.

According to Oviatt and McDougal (2004)’s INVs’ four elements, 1) internalization of some transactions, strong reliance on 2) alternative governance structures to access resources, 3) foreign location advantages, and control over 4) unique resources are keys to make a firm to be sustainable from the start, and it is compatible with a service start-up which intends to internationalize promptly.
Element 1: internalization of some transactions

For the first element, 1) internalization of some transaction, in our point of view, for the new international business set up, internalization means that a start-up must know what its core business activities are and solidify them to be what people can recognize. Due to the fact that there are no business transactions of a new start-up with other contracting parties previously, a new start-up needs to focus initially on deciding preliminary business objective to achieve.

According to TGT case, the firm’s activities consists of 1) arranging a hosted golf tour within Australia and to Thailand, and neighboring countries; China and Vietnam which includes an easily understandable itinerary on the website which consists of rich detail; e.g. date of hosted tours, name of fabulous golf courses, accommodation, transportation, welcome and presentation meals, price, number of rounds of golf with or without caddies and carts, etc, 2) offering golf tour packages which are available all year round, and can be tailored to suit customers’ requirement, and 3) providing supplement services: e.g. culture, beach, and excursion tours. Notably, TGT can serve all types of customers ranging from beginners to professionals.

Regarding TLA case, only hosted tours are the only available service of TLA. TLA mainly offers hosted tour package which includes many luxurious detail according to Mr. Sookjaroen’s intention to position TLA as a V.I.P. golf tour firm. For instance, a package includes round-trip flight in business class, deluxe air-conditioned coach, four-to-five-star hotels, number of rounds of golf, all green and caddy fees, scheduled shows, sightseeing trips, special dinner, round-trip airport transfers, included meals, supplemented Thai massage, and a professional English-speaking guide.

Golf Plairsir Travel AB offers a wide range of golf tour packages with available tour leaders and golf professionals joining the trip. GPT offers seven new stunning destinations in Egypt, Greece, Italy, Spain, Portugal, Tunisia, and Turkey. Besides, the unique destinations, Mr. Wistrand mentioned about local staffs that “Golf Plairsir always offers local staffs in each destination all the time but the competitors may have only during three or four weeks during high season in special places. The tour leader and golf professional are working for the company. There are around 40-50 people working abroad during the high season. They are working in Spain, Portugal, Egypt, Tunisia and Canary Island for between 3 and 7 months. “No one offers it same as us so this makes us unique in the golf niche” said Mr. Wistrand.

Understandably, the first element, “Internalization of some transactions”, is presented through all many activities that each company decided to operate. Each firm has defined itself in its own way, then, it internalizes transactions which it believes it can perform well or differentiate from competitors or have to operate.

In a service industry including tourism business, possessing innovation, as innovation is a kind of asset, by entrepreneurs is very important to a decision in investing in a new international business. As stated by Schumpeter (1934), entrepreneurs with innovation or so called new ideas, products, services and business practices can shift the equilibrium of the
market and become “Creative destructors” from creating the new preference of customers. This is considered a critical factor for entrepreneurs in tourism business since it leads to competitive advantages gaining of firm over competitors (Brouwer, 2002, p. 90).

Referring to Hjalager (2010), innovation in tourism industry comprises five types which are 1) product or service innovation, 2) process innovation, 3) managerial innovation, 4) management innovation, and 5) institutional innovation.

Firstly, 1) product or service innovations, is viewed as new or never-seen-before from customers’ perspective regarding specific firms or destinations which affects to purchasing decision. In traditional packing tourism products, if entrepreneurs is able to bundle a new package tour wisely and propose in new market segment or target group, this can also be referred to the definition of “Product and service innovations”

TGT operates many activities which transcend its competitors. The first interesting point is that Mr. Penfold is an “A” grade golf player with many kind of golf expertise, and he is keen on playing with his customers with a greatly low handicap. Additionally, TGT not only sells a sole golf tour package, but also offers a multitude of supplemented activities as interesting combination; such as, golf and culture, golf and beach, golf and excursions, and golf and shopping. As the uniqueness of TGT, Mr. Penfold argued that personal approach to each tour is crucial as he stated "I firmly believe that the success of my company in a competitive business arena is the personal approach to the tours, that you are not just going on a golf tour, but you are going with Mark Penfold”.

Responding to the globalization era, TGT has an attractive website which contains interesting information as mentioned above; e.g. an easily understandable itinerary, name of fabulous golf courses, and caddies and carts. Interestingly, a special theme is used for each hosted tour: e.g. Chiang Mai Tournament, Phuket Amateur Golf Week, Shoot-out Golf Event, and Shoot-out Championship.

Yet, TGT has constantly been looking for different types of clients through different networks; e.g. “we currently are offering end of year tours for sporting groups that typically take holidays in November. These groups are not dedicated golfers but would take a holiday to Thailand to play golf and well as other sporting activities”. Searching for new customers through different networks also enhances the firm’s productivity.

As Mr. Sookjaroen positions TLA as a V.I.P. golf firm which is mentioned in element 1, best Thai golf courses, premium golf packages, etc. are offered to customers. Moreover, the regular hosted tours of TLA are arranged in January and November because he thinks that it is appropriate time for American people to play golf in Thailand: after-Christmas vacation, and proper weather in Thailand. In the initial stage, main customers were Thai people in USA; afterward most of customers are Americans who mostly are retired people. Also, TLA’s website provides customers with adequate information which consists of information about TLA, accommodations’ names and details, useful information about travelling to and in Thailand, past-tour photos, contact information, hosted tour price and schedule, terms and conditions, and online reservation opportunity. These indicate “service innovation” of TLA.
GPT’s CEO, Mr. Wistrand, said that “40% of competitors’ productions are in the south of Spain, however; Golf Plairsir always find new places to play golf where others in Scandinavia have not been there yet. Additionally, GPT always offers local staffs, tour leaders, and golf professionals in each destination at all time, but competitors may have only during three or four weeks during high season in special places. Regarding using strategic network alliance, Mr. Wistrand expressed his opinion that products in the market is quite the same but the difference is how the company reach the clients or how product is sold or distributed; therefore, the need of network in required. Golf Plairsir Travel AB has been very beneficial from cooperation and network with Apollo, Norway. This can be implied that it GPT may access knowledge and database of Apollo to reach Norwegian golfers.

All TGT’s activities mentioned above are considered “service innovations” which TGT, TLA, and GPT have exploited in its business to offer something new and different to customers.

The second type of innovation is 2) Process innovation which occurs widely in tourism and usually target to increase effectiveness, productivity and flow of the business processes.

By having someone all-time available to prevent and deal with any problem, TGT’s customers do feel comfortable through the entire trip, and this requires proactiveness. Also, TLA’s Mr. Sookjaroen is always hands on in taking care of customers. All his tours are served with his personal approach to all customers. Likewise, GPT provides local staffs, tour leaders, and golf professionals to take care of their customers through the entire trip, and staffs, who will be working in Norway, has been being trained for a year now.

Therefore, these are considered “process innovations”. The personal approach of tour leaders enhances the service effectiveness to customers. The training program for new staffs are also about to increase effectiveness, productivity, and flow of the business processes.

Next, 3) Managerial innovation is related with new methods of managing internal collaboration and authorizing employees. It stated that a major challenge for tourism companies is how to retain employees and control cost.

Mr. Penfold arranges weekly staff meeting whose agendas are mainly about upcoming promotion and problems of tour cancellation to monitor overall performance of the firm. For a new establishing business of GPT in Norway, it did not use any innovation but applied the same business practice and activities as in Sweden to the company in Norway, so good collaboration is needed. Furthermore, hiring right person with right mindset is the most important point to Mr. Wistrand because, in order to manage and authorize employees, employees’ mindset is the harder to teach comparing to knowledge.

This “managerial innovation” may not be so new or innovative for other firms, but this collaboration process is good and suitable to TGT.

The next type of innovation to be raised is 4) Management innovation. It is often referred to new marketing concepts in tourism sector which introduce loyalty plan. This can change a
one-time purchasing process to long-term relationship between service providers and customers.

To keep in touch with his customers, Mr. Penfold obligates his staffs to send a three-month-time news letter about TGT’s services to all customers. Specifically, Mr. Penfold focuses on customers’ overall perception; sending after-trip report to all customers asking for customers’ feedback in many aspects, such as, ease of website visiting, and pricing awareness. Even though, TGT has a website which can attract a lot of enquiries for its golf packages and hosted tours, every single customer has never purchased anything without talking to one of TGT’s staffs because personal interaction with customers are more convincing to them. Complementarily, result of each tour / competition and photo gallery on the website, from 2004 to 2010, are also available on the website. DVDs of each tour / competition are sent to all customers after a trip ends.

Database of American customers over 300 people is kept in company. Also, communication between the firm and customers is very important. E-mails and Happy Birthday cards are sent to customers occasionally in order to maintain good relationship. Mr. Sookjaroen said “If you don’t forget customers, they don’t forget you”

Additionally, Mr. Wistrand shared that keeping close contact or relationship with clients is also essential for sustaining the international golf tour business. A presence of local staffs and weekly clients visit around Europe are required to maintain good relationship between company and clients. In addition, newsletters were rarely used because Mr. Wistrand shared his experience that it was not the most effective way to keep close contact with clients. From his opinion, he believes that more effective way is to make a personal contact with clients by the staffs.

As a matter of fact, periodic newsletters and e-mails, happy birthday cards, customers’ feedback check, personal contact, photo gallery on the website, and an after-trip DVD are implied as “management innovations”. All of them enhance relationship of the firm to its customers.

The last type of innovation is 5) Institution innovation which means the organizational or legal structures that affect to specific field of tourism and cause extensive change to businesses and customers. In tourism, concept of Networks and alliance is considered in institution innovation as well (Hjalager, 2010, p. 2-4).

Since 1996 Mr. Penfold has improved his relationship to all customers, suppliers, golf professionals, and partner firms in Australia and Thailand. Whereas, Mr. Sookjaroen indicated that a close contact with Thai Airways (TG) and Tourism Association of Thailand (TAT) is an important channel to gain market knowledge. These are proofs which indicate that Mr. Penfold has used networks and alliances in his business since its inception.

Golf Plairsir Travel AB has been very beneficial from cooperation and network with Apollo, Norway. Golf Plairsir Travel AB is able to gain the local market knowledge also to consult the possibility to implement any business activities in Norway through the existing network
of Apollo, and it helped the company to overcome the obstacle or limitation smoothly even Norwegian market is more fragmented and difficult to reach the customers. Moreover, good relationship to suppliers is crucial; e.g. airlines. Vividly, GPT has derived many benefits from institutional innovation.

Consequently, they are considered “institution innovations”. In the other way, “institution innovation” can be considered as network and strategic alliances which is further described in the following element 2.

**Element 2: Alternative Governance Structures**

Oviatt and McDougall (2004) contend that new ventures are unable to utilize and control many assets as they would like to because lacks of ownership, thus, they need to use alternative organization structures instead. Indeed, the concept of hybrid partners is to share their assets for their mutual advantages.

Since 1996 Mr. Penfold has improved his relationship to all customers, suppliers, golf professionals, and partner firms in Australia and Thailand. To invest in international market, Mr. Penfold, TGT’s owner, chose to start-up a golf tour business because it requires low capital: “I pay for services as I use them, and have no holding cost for stock and goods etc”.

In addition, Mr. Sookjaroen is well-known for Thai and American golfers in LA, California, USA since he held Thai Golf King’s Cup in association with Tourism Authority of Thailand (TAT) in 1994 and 1995 which later helps him in a way. After the establishment in 1995, Mr. Sookjaroen has had a strong relation with Tourism Association of Thailand (TAT) and all suppliers in both USA and Thailand ranging from golf courses, hotels, to restaurants.

Mr. Wistrand stated that Golf Plaisir Travel AB, Norway has been operating and launching marketing activities in Norwegian market for 1 year through the website golfplaisir, 2009 for online booking. However, Golf Plaisir Travel AB wants to grow business further by setting up an office with people working closer to the Norwegian market in May 2010 with assistance of Apollo, Norway, a sister company.

Due to the fact that, as mentioned above, a golf tour firm is considered a soft service firm, it needs to provide full-range of its service from its first day of operation.

They took their friends to Thailand to play golf, and they received good feedback. Afterward, number of their customers has increased over time. TGTs not only provides an easily understandable itinerary on the website which consists of rich detail; e.g. date of hosted tours, name of fabulous golf courses, accommodation, transportation, but also offers alternative package theme for customers; e.g. golf and excursions, and golf and shopping.

TLA was started when a group of friends, colleges and golf buddies went to play golf in Thailand together. From the beginning, it has offered customers only complete hosted tours which comprise of all V.I.P. golfing-related activities; e.g. a round-trip flight in business
class, deluxe air-conditioned coach, four-to-five-star hotels, number of rounds of golf, all green and caddy fees, and supplemented Thai massage.

GPT has sold its tour packages in Norway since May 2009 through its website; 90% of customers have purchased online, and all of them have provided full-range of services.

Hence, these depict how golf tour firms, as a type of soft services, has provided full-range of services since its first day of operation.

To illustrate the alternative governance structure of an INV, market entry mode choices regarding service firms (refer to figure 2) would be discussed. There are four options of market entry mode choices are described with their different characteristics: 1) wholly owned subsidiary, 2) partly owned subsidiary, 3) contract and alliance, and 4) market.

The advantage which made Mr. Penfold selected to operate his business in Australia and Thailand was his close relation to golf professionals network and tour agencies. Thus, TGT entered the market in a form of 3) alliances / network / relationship.

TLA has only one from since the beginning until now, and Mr. Sookjaroen does everything by himself ranging from contacting suppliers, coordinating with customers, making itinerary, and even playing golf with customers. Hence, TLA employed the form of 3) alliances / network / relationship for its internationalization.

GPT has entered Norway in two major forms; it started with 3) alliances / network / relationship with Apollo first and then settle down an office in Norway a year later which constitutes the form of 1) wholly owned subsidiary. Still, the assistance via the 3) alliances / network / relationship to Apollo has been beneficial to GPT.

Eventually, 3) alliances / network / relationship are salient entry mode choice in the international golf tourism industry.

As a matter of fact, a golf tour firm requires quite a high control entry mode, and in association with its service unique characteristics. Referring to Blomstermo et al. (2005) states that soft service firms more willing to internationalize in a high control entry mode comparing to hard service firms because soft service firms are more about to customize their services regarding customers’ needs which require an in-depth understanding in each country’s market and customers.

All TGT’s packages are available all year round, and can be tailored to suit customers’ requirement. In addition, TGT always provides a tour leader for each hosted tour to handle every possible problem and justify customers’ on-site needs.

About TLA, Mr. Sookjaroen always act as a tour leader of each hosted tour, thus, he is always around to prevent any error that may arise. Also, GPT’s tour leaders are always there with customers. In addition, GPT has learned from Apollo to get more understanding about Norwegian golfers, meanwhile, it has gained knowledge from all local staffs who standby at all its golf destination.
High-control manner is required in order to provide customizable service which is a special characteristic of soft service firms.

Specifically, tourism in developed countries employs network as a sustainable structure in order to develop tourism industry (Morrison et al., 2004, p.197). Interestingly, Morrison et al. (2004) state that success of tourism development hugely depends on a specific structure which is about cooperation / collaboration constituting networks / partnerships / alliances. Ring (1999) pin points that the cooperation among business firms, governmental bodies, persons, and other entities is the key element of successes (Morrison et al., 2004, p.197-198). In details, learning and exchange within the network will leverage existing resources and knowledge, thus the network will enjoy more profits.

Mr. Penfold stated that his ultimate goal to mainly run business in Thailand rather than in Australia is that he and his wife would like to live in Thailand in the future, and continue bringing more golfers to Thailand. Moreover, Mr. Penfold declared that TGTs has obtained a large support from Tourism Association of Thailand (TAT) which selected TGTs as the preferred agent in TAT’s golf tour field marketing.

Mr. Sookjaroen indicated that a close contact with Thai Airways (TG) and Tourism Association of Thailand (TAT) is an important channel to gain market knowledge. Additionally, the regular hosted tours of TLA are arranged in January and November because it is appropriate time for American people to play golf in Thailand: after-Christmas vacation, and proper weather in Thailand.

According to the statement of GPT’s CEO, GPT provides local staffs at its every golf destination, thus, it can be implied that its coordination with suppliers in local region is very strong. Moreover, as being in the same network with Apollo, GPT can gain much knowledge than entering Norway market by itself. Additionally, innovation is something GPT needs to evolve and to make the business sustainable”

This information indicates that these golf firms have constructed a strong network toward sustainability to successfully run TGT as an international golf firm. In GPT’s point of view, ability to innovate is another tool to achieve sustainability.

Naturally, Webster (1999) mentioned that strategic alliances have a causal link to network theory. For many reasons, strategic alliances entry mode is indeed interesting, it is employed in order to reduce uncertainties, enhance productive capacities, to gain future business opportunities, and to acquire competitive advantages that enable them to increase (Todeva and Knoke, 2005, p.128). The interdependence between economic units brings new merits to the peers in the term of intangible assets and influences them to contribute to the mutual advantages. Remarkably, trust and reciprocity are agents which amalgamate all partners toward the mutual goals and against opportunism, and they need a period of time to be solidified through operational, strategic, and social mechanism (Todeva and Knoke, 2005, p. 133). To specify, in the area of SMEs tourism firms, Williams (1997) supports that strategic
alliance or partnership is a popular strategy to provide their customers with a full-range service experience.

Mr. Penfold singled out his network relationship since 1996 to all his suppliers are crucial, and he has retained it by ensuring that they know what types of service TGTs needs. Hosted golf tours to Thailand are available in every March, July, and October. In addition, TGTs’ golf tour packages are very diverse. It provides not only core golf packages, but also other supplement services, and also uses them as a combination, such as, golf and culture, golf and beach, golf and excursions, and golf and shopping.

For TLA, its regular hosted tours are arranged in every January and November. Its V.I.P. package provides all luxurious activities; four-star hotels, top ten golf courses, and best gastronomy, which all are presented in the TLA’s official website.

With assistance from Apollo, GPL has enjoyed growing continuously by deriving in-depth understandings of the market, so sustainability issue is not at all a thing to be worried about.

In conclusion, all parties in the network can prepare themselves enjoying their mutual profit, and this require trust, reciprocity, and a period of time to be solidify through operational, strategic, and social mechanism.

As a supplement of the alternative governance structure, financial aspect are about to be discussed. Pinho (2007) argues that the firm’s international experience, its ability to innovate, the market potential for growth and market specific knowledge play salient roles as key influencers to a decision making regarding propensity to select equity entry mode choices, rather than non-equity one.

TGT, TLA, and GPT did not have any international experience, and they selected to choose equity way to enter international markets; Australia, USA, and Norway. Complementally, they have ability to innovate, recognition of market potential for growth, and market specific knowledge, so chose an equity-based investment. Furthermore, they do not focus on pricing strategy, instead, they has developed a network through a long-time collaboration. Clearly, all of them have pronounced the importance of network structure; relationship to suppliers, other tour agencies, etc.

Element 3: Location Specific Advantages

Thirdly, foreign location advantage transcends the international ventures from domestic ventures. Firms can enjoy new mobile and immobile resources; i.e. knowledge, product, and raw material, for instance, can be transferred to other places, and then bridge them to the focus market in other countries (Oviatt and McDougall, 2004, p. 35). Furthermore, strategic decision making on which country is an appropriate destination to internationalize is a direct action to initiate location specific advantages. Dunning (1980) postulates that being in a certain place allows a firm to enjoy exploiting some non-transferable properties in the area which is known as “Location specific advantages” (Dunning, 1980, p. 174).
In the author’s perspective, an international service start-up can enjoy exploiting the local knowledge belonging to its original country; meanwhile it can also gain a fast knowledge gaining in the destination country’s market. When a firm operates in two or more countries at the same time can enjoy gaining knowledge from all countries in a swapping manner.

TGT and TLA were established in Australia and USA respectively. Both of them are golf players, and possess knowledge of Thailand. Mr. Mark Penfold of TGT married with his Thai wife and has developed a strong commitment with Thai community in Australia and Thailand, and Mr. Sookjaroen is a Thai who moved to USA in 1973. Thus, both of them can be considered to possess knowledge of Thailand and overseas market before starting their business. Thailand’s golf courses, hotels, and restaurants are examples of non-transferable / immobile resources, whereas, knowledge of Thailand’s weather, golf culture, and golf fee are examples of transferable / mobile resources.

Also, another big challenge is weather what GPT is doing now in Sweden which is good will be practical to implement in Norway or not. On the other hands, it means that how the company will utilize and apply the existing acquired knowledge from Swedish market to Norwegian market effectively in order to gain competitive advantages over other golf tour operators. The location specific knowledge is that Swedish and Norwegian culture is very similar; GPT can enjoy exploiting their knowledge and gain knowledge from Norwegian market also.

As mentioned, the third element shows us the advantages of being in a certain place. As a matter of fact, all three cases illustrate how international golf tour firms can derive and exploit knowledge in swapping manner. Next, element four shows how to protect the firms’ knowledge, and retain its uniqueness.

**Element 4: Unique Resources**

Lastly, *unique resources* are the last element in order to sustain all previous three elements as the firm’s competitive advantages. The INVs may exist just for a short period unless it recognizes the necessity of unique resources. Unique resources of INVs can be referred to knowledge. It is considered as an imperative unique resource toward sustainability for new entrepreneur to possess and retain for the investing in international new business.

In tourism business, it is very important for entrepreneur to concern the issue of “Psychic distance” which is defined as a barrier due to the difference in language, culture, economic and politic system, law and regulation, business practice and level of education system impeding the flow of knowledge and information of a firm from and to the market (Johanson & Vahlne, 1990, p. 13).

TGT’s Mr. Penfold married his Thai wife in Australia, and they were married in a traditional ceremony in Thailand. Afterward, his relationship to Thai community both in Australia and
Thailand has been strengthened. Together with his background as a golf player, he has significant knowledge in the language, culture, etc.

About TLA, Mr. Sookjaroen has been living in USA for 38 years since 1973, so he knows the USA market quite well. On the other hand, since he stayed in Thailand before 1973, he possesses significant knowledge about Thailand; language, culture, economic and politic system, etc.

GPT has entered Norwegian market for a year via the formation of network with assistances from Apollo, it has learnt very fast from this shortcut.

Erikson (2000) stated that there are 3 kinds of international knowledge that entrepreneurs should acquire before starting a sustainable international business as following; 1) *Internationalization knowledge (IK)* – refers to capability of firms and existing resources to be utilized in international operation. 2) *Business knowledge (BK)* – refers to a competition or business situations in specific markets and customers. 3) *Institutional knowledge (NK)* – refers to information and standard of governance and social structures in specific countries and markets regarding laws, regulations, social value and norm (Brennan and Garvey, 2009, p.124).

TGT has a website which can attract a lot of enquiries for its golf packages and hosted tours. This can be considered as internationalization knowledge (IK) of TGT. Indeed, Mr. Mark Penfold has been in the golfing industry for 18 years. Additionally, Mr. Penfold is an “A” grade player with golf expertise in golf sales, golf club design, and golf club fitting. Thus, he must possess in-depth knowledge in Thai and Australia golf market which constitutes business knowledge (BK) of TGT. Moreover, Mr. Penfold indicated that the advantage which made him selected to operate his business in Australia and Thailand was his close relation to golf professionals network and tour agencies which gave him institutional knowledge (NK) before starting up TGT.

Also, TLA uses its website as a tool to internationalize; internationalization knowledge (IK). Mr. Sookjaroen has involved in the golf for a long time as a player. He is well-known to both Americans and Thais in Thai-LA golf community, thus, he must possess a great insight in this the business; business knowledge (BK). Furthermore, he has run many types of business, such as, running a restaurant, and selling tools, hence, he has a sufficient knowledge about how to start-up a golf tour business in USA; Institutional knowledge (NK).

Evidently, GPT is able to knowledge from Apollo and Kouni in order to internationalize, moreover, its local staffs’ presence in many destinations is a valid proof which constitutes internationalization knowledge (IK). Moreover, its long-time existence in golf tour operation can be considered business knowledge (BK). And learning about regulation, value, and norms from Apollo delivered Institutional knowledge (NK).

Moreover, in another point of view, there are two kind of knowledge; 1) objective knowledge, and 2) experiential knowledge.
TGT provides interesting information which is useful for customers are also provided; what to see and do, Frequently Asked Questions (FAQs), and Dos and Don’ts in its website, this kind of information is a good example of objective knowledge which reflect that the firm has learned and collected. In addition, experiential knowledge is exemplified; Mr. Penfold contends that Thailand is an amazing golf destination for Australians because of its 1) affordable price 2) nice weather 3) unique culture 4) short distance compared to European countries. Hosted golf tours of TGTs can be classified into three seasons: March and October are high seasons and July is a low season. The approximate number of customers is around 300 persons, and 200 persons are hosted by Mr. Penfold himself. Additionally, TGTs’ customers are 75% going with their golfer friends, and 25% going with their families. Average age of its customers is 45-55 years old, and it ranges from 25-70 years old.

About TLA, its website provides customers with adequate information which consists of information about TLA, accommodations’ names and details, useful information about traveling to and in Thailand, and so on. This is an example of TLA’s objective knowledge. Moreover, TLA has learned more about the market itself. Therefore, Mr. Sookjaroen posited that TLA’s Main target group was retired people whose age ranges from 50 years old and up since they have plenty of time and money to play golf abroad. And the regular hosted tours of TLA are arranged in January and November because it is appropriate time for American people to play golf in Thailand: after-Christmas vacation, and proper weather in Thailand. These are examples of TLA’s experiential knowledge.

GPT’s objective knowledge is contained in the presence package tour which is also available in Norway, and also in the training course that the firm trains employees; whereas, the firm is about to gain experiential knowledge after starting an operation in Norway. In addition, Mr. Wistrand also expressed his experiential knowledge in the interview; e.g. In order to keep communication with clients, newsletters were rarely used because Mr. Wistrand shared his experience that it was not the most effective way to keep close contact with clients. From his opinion, he believes that more effective way is to make a personal contact with clients by the staffs.

Therefore, it can be seen that attaining knowledge of the market is very important factor for entrepreneur to consider and evaluate before starting up a sustainable international business since it will not only help reduce risk or calculable cost defined by Knight (1961) and related costs but also generate more opportunities in international market (Brouwer, 2000, p. 92). Moreover, without knowledge, it will be very difficult for entrepreneur to proceed further in establishing the new business practically in a sustainable way.

To monitor overall TGT’s performance, Mr. Penfold arranges weekly staff meeting which the agendas are about upcoming promotion and problem of tour cancellation. Specifically, he focuses on customers’ overall perception; sending after-trip report to all customers asking for customers’ feedback in many aspects, such as, ease of website visiting, and pricing awareness. This is evidence which shows TGT’s efforts to attain market knowledge.
TLA has a database of American customers over 300 people. Also, communication between the firm and customers is very important. E-mails and Happy Birthday cards are sent to customers occasionally in order to maintain good relationship. This also shows TLA’s efforts to gain market knowledge.

GPL’s CEO, Mr. Wistrand stressed the presence of local staffs and weekly clients visit around Europe were about to maintain good relationship between company and clients. In order to keep communication with clients, newsletters were rarely used because Mr. Wistrand shared his experience that it was not the most effective way to keep close contact with clients. From his opinion, he believed that the more effective way was to make a personal contact with clients via the staffs.

In order to sustain unique resources, there generally are four options (Oviatt and McDougall, 2004) which two of them, as also mentioned in Element 2: alternative governance structure, can be considered beneficial to the golf tour industry; 1) imperfect imitability is derived through subtle attributes of the firm; a unique organizational history, social complex knowledge, and ambiguous casual relationships between knowledge and competitive advantage it provides, and 2) network governance structure which was discussed in the alternative governance structure, second INV’s element, may prevent or restrict knowledge appropriation among members in the network. This is consistent with a statement regarding Larsson (1992); in contrast to the opportunism nature of a business owner, the existence of network provides different relationships which make each business owner shares opinion toward the mutual benefits (Oviatt and McDougall, 2004, p. 36).

TGT still keeps in touch with TAT about the number of Australians traveling to Thailand and also activities they participate in. This demographic statistics data helps TGT to access the right target group. In Australia, TGTs has built its reputation for 15 years as the largest Thailand golf tour operator. Moreover, TGT’s in-depth knowledge in golf and Thailand, relationship to golf players’ community, and his long-time experience and commitment in the business constitute 1) imperfect imitability for TGT. Being supported by network structure as mentioned in element 2, TGT uses 2) network governance structure which is a way to protect its unique resources.

After the establishment of TLA in 1995, Mr. Sookjaroen has had a strong relation with Tourism Association of Thailand (TAT) and all suppliers in both USA and Thailand ranging from golf courses, hotels, to restaurants. Additionally, Mr. Sookjaroen indicated that a close contact with Thai Airways (TG) and Tourism Association of Thailand (TAT) is an important channel to gain market knowledge. These statements consist of both 1) imperfect imitability and 2) network governance structure.

Since 1992, GPT has solidified its knowledge and ability to innovate. GPT has utilized a strong network which has made it well-equipped and sustainable after the acquiring of Kouni. Moreover, its strong relationships to Kouni’s network and its all suppliers are keys to sustainability because they have brought 2) network governance structure.
Clearly, 1) imperfect imiability and 2) network governance structure are widely used in the golf tour business in order to sustain firms’ unique resources.

According to the interview, we asked all interviewees whether they agreed with us on the importance of all INV’s four elements, and if they agree, then ranked them by each one’s priority.

As a result, all interviewees agreed on the importance of the four elements, but each interviewee has his own point of view regarding each element’s importance and priority.

TGT’s Mr. Penfold ranked them by priority; 1) possessing knowledge, 2) using strategic network alliance, 3) internalization of some transactions, and 4) selecting the right location to gain and exploit knowledge.

In addition, TLA’s Mr. Sookjaroen ranked them; 1) using strategic network alliance, 2) possessing knowledge, 3) selecting the right location to gain and exploit knowledge, and 4) internalization of some transactions.

Last but not least, GPT’s Mr. Wistrand ranked them; 1) using strategic network alliance and possessing knowledge, 3) internalization of some transactions, and 4) selecting the right location to gain and exploit knowledge.
Chapter 7: Conclusion

Preliminarily, a crucial point to understand first is that the golf tour business is a soft service business, as Erramilli and Rao (1990) contend that soft service firms cannot separate both processes because it happens slightly at the same point of time. Therefore, 1) proactiveness can be a complement in the golf tour industry, as customers expect the perfection along the process they experience. In addition, strong relationship with customers is playing a crucial role in order to retain old customers and reach new customers. Hence, 2) customer relationship management (CRM) can also be the second complement in starting-up a sustainable international golf tour firm.

According to the conceptual framework together with empirical finding and analysis, all three interviewees agreed that the Oviatt and McDougall (2004)’s International New Venture’s (INVs) four elements; 1) internalization of some transactions, 2) alternative governance structure, 3) location specific advantages, and 4) unique resources, are essential things to consider as an entrepreneur is evaluating opportunity to start-up an international golf tour business in order to be sustainable, but some of them added more interesting points should be added in the theoretical framework.

Figure 4: Modified Conceptual Framework
(Source: Authors’ created model)
Firstly, element 1: internalization of some transaction, for an international service start-up or INVs, it means that an INV is about to select what it will operate in the market. To consider, the innovation perspective is mentioned; when an INV possess an innovation and / or is able to innovate continually, it knows what kind of activities it can internalize in the destination market. In detail, some examples of innovations are stated; e.g. holding a competition as a theme for each hosted tour, approaching customers via partner firm in the network, etc. The addition point in this process is from GPT’s CEO, Mr. Wistrand, which stresses that the ability to innovate is the key toward sustainability.

Secondly, element 2: alternative governance structure, for an international service start-up or INV; a golf tour start-up, alternative governance structure means that a firm had better consider an alternative market entry mode rather than using the formation that needs a huge investment and commitment which also takes time. Therefore, the collaboration among many firms; e.g. hotels, golf courses, and other tour agencies, is playing instrumental role in golf tour business, and enhances sustainability. High degree of collaboration is required because of the characteristics of soft service which customers are a part of production, and they simultaneously consume services.

Interestingly, all three cases in this research selected network as their mode of entry choice, hence, we believe that network formation is the most appropriate alternative governance structure of the international golf tour business. Additionally, instead of choosing equity-based investment to internationalize, network structure / strategic alliances is an alternative to choose non-equity-based investment. Notably, trust and reciprocity is in the foundation of mutual benefit and sustainability.

Thirdly, element 3: location specific advantages, for an international service start-up or INV; a golf tour start-up, Dunning (1980)’s location specific advantage, which is a part of the Eclectic Paradigm, is stated. An international service start-up can enjoy exploiting the local knowledge belonging to its original country; meanwhile it can also gain a fast knowledge gaining in the destination country’s market. All three cases are consistent with this element in a way that a firm which operates in two or more countries at the same time can enjoy gaining knowledge from all countries. Accordingly, the firm can gain competitive advantages and be more sustainable comparing to domestic firms.

Fourthly, element 4: unique resources, for an international service start-up or INV; a golf tour start-up, the objective and experiential knowledge are argued regarding it. Moreover, 1) Internationalization knowledge (IK), 2) Business Knowledge (BK), and institutional knowledge (NK) can be fast leveraged through the collaboration among network; e.g. GPT has gained much knowledge from Apollo. Continuous effort to attain market knowledge is about to get more unique resources, and be more sustainable.

From the interview, all three interviewees ranked the element 2; alternative governance structure, which is network, and element 4; unique resources as the most important elements, whereas, element 1 and 3 are less important.
To sum up, we are now arriving at the model for “Starting-up an International Golf Tour Business – Elements of Sustainability” where network structure works as an alternative governance structure is the main focus of internationalization process of an international golf tour INV. Still, other three elements cannot be ignored in order to be a sustainable firm. In addition, proactiveness is a proper foundation to a soft service firm; an international golf tour INV.
Chapter 8: Recommendation

As our final conceptual framework offers a set of elements to consider in order to start-up a sustainable international golf INV, the framework is only based on three case studies, which may not have enough validity in order to use in a real practice. Therefore, we recommend the readers who are interested in the topic to develop further study whether in a more specific; e.g. golf tour business, or general way; e.g. tour business. By using quantitative approach, the result tends to be more reliable.

In addition, another interesting point is the role of proactiveness in soft service businesses, which can be generalized to a wider focus, and many entrepreneurs who is interested in starting-up firms other in soft service areas, such as, restaurants, hotel, and spa, will get more advantages from the study.
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Appendix

Interview Questions

Opportunity

1. What are the reasons that you/your company decide to establish a company abroad instead of starting up in your country? (Opportunity discovery)
2. What are the important factors for you/your company to consider before making an international investment? (Opportunity evaluation)
3. Can you explain your golf tour business and offered products and services? How do you operate your current golf tour company? (Opportunity exploitation)

Sustainable Business

4. What are the advantages in selecting (country) to start up a golf tour business? (to see location specific advantages)
5. What is the ultimate goal in running a golf tour business overseas?
6. How long have your company been operating in (country)?
7. How do you sustain your international golf tour business during past…years?
8. What is the uniqueness or difference of your company including products and services comparing to competitors that make your business sustainable up until now?
9. What are the challenges/obstacles in starting up an international golf tour business and make it sustainable? (to check barriers to sustainable business)
10. How do you overcome the challenges/obstacles in a starting-up process and make the business sustainable?

11. From our opinions, we believe that internalizing by using innovation, using strategic network alliance, selecting the right location and possessing knowledge are the key elements which lead to a sustainable golf tour business. Do you agree with our opinions? (to confirm our assumption)
   If yes, why do think they are important for a start-up to sustain a business? And which one is the most important? Please sort them by order regarding its degree of importance from high to low.
   If not, what are other factors that affect to sustaining a golf tour business and why? And which one is the most important? (to see additional factors)

Specific questions for each element

Internalization of some transaction

1. What do think about innovation in service business?
2. Do you / your company use innovation? If yes, how do you / your company use it?

Market Entry Mode Choices

3. From the beginning, which formation was your company started / founded? One or many owners?
4. Do you / your company have your own office? If yes, why do you decide to set up an office as an asset in overseas?
5. How do you / your company obtain and retain market knowledge before and starting-up?
6. Do you / your company have any friends or partners who help you learn about the market before starting-up?
7. How closely do you control / monitor your service operation regarding service quality?

Location Specific Advantages

8. Does your company have any other branches in other countries? Is there any difference of services in the initial stage?
9. Does your home country’s knowledge give you or your company any advantage over your overseas competitors? (the importance of location specific advantage)

Unique Resources

10. Have you ever invested and managed business in foreign country?
11. How do you / your company obtain and retain market knowledge after starting-up?
12. Do you / your company have any friends or partners who help you learn about the market after starting-up? If yes, how does it work?
13. Have you ever hired employees who have experience in golf tour business? What is the difference of hiring experienced from no-experience persons?
Figure 5: European statistic of top 10 European golfers 2010  
(Source: European Golf Association 2010)

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<td>24 558</td>
<td>11 004</td>
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</table>

Figure 6: Statistic of Swedish golfers from 2000-2001  
(Source: European Golf Association 2010)

<table>
<thead>
<tr>
<th>Years</th>
<th>Courses</th>
<th>Players</th>
<th>Male</th>
<th>Female</th>
<th>Juniors</th>
</tr>
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<tr>
<td>2010</td>
<td>456</td>
<td>512 407</td>
<td>311 355</td>
<td>139 582</td>
<td>61 470</td>
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<tr>
<td>2009</td>
<td>456</td>
<td>521 980</td>
<td>313 168</td>
<td>142 526</td>
<td>66 256</td>
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<td>462</td>
<td>532 944</td>
<td>314 718</td>
<td>145 278</td>
<td>72 948</td>
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<tr>
<td>2007</td>
<td>442</td>
<td>539 637</td>
<td>313 537</td>
<td>146 573</td>
<td>79 527</td>
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<tr>
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<td>442</td>
<td>544 817</td>
<td>312 317</td>
<td>146 803</td>
<td>85 697</td>
</tr>
<tr>
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<td>430</td>
<td>554 293</td>
<td>315 506</td>
<td>146 606</td>
<td>92 181</td>
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<td>593 873</td>
<td>336 952</td>
<td>163 008</td>
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<td>327 930</td>
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<td>92 131</td>
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<td>418</td>
<td>503 683</td>
<td>283 938</td>
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<td>87 098</td>
</tr>
<tr>
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<td>126 291</td>
<td>81 403</td>
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<tr>
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