

The Hassle Factor

(rank ordered)

Andreas Schotter (Ph.D.) & Paul W. Beamish (Ph.D.)

About the Hassle Factor Research

The predominant assumption in business research and practice is that Multinational Corporations choose their foreign locations based on objective factors. Mostly economic and political considerations, these factors include market size, the presence of international customers, suppliers and competitors, the availability of cheap labor and natural resources, currency risks, political stability, geographic distance, etc. In addition, cultural similarities or dissimilarities play a role for foreign location choice. Rarely however are personal managerial preferences and the influencing effects of key individuals on foreign location decisions considered.

We conducted many interviews with executives about factors that influence their firms' foreign location selection processes. We found that these location decisions are not detached from managerial preferences. Often location short lists and final location choices are based on how troublesome it is for certain influential managers to travel to or live in certain places. Not surprisingly, firms frequently end up with a location mix that is suboptimal for their future growth in certain regions.

Utilizing a multi-method research design, data from a large number of independent sources and in depth interviews and surveys that included more than 200 executives and foreign investment experts, we investigated the effect that managerial preferences have on the multinational investment intensity and sales activities across 131 foreign investment locations. The result is an 11-item measure composed of travel inconveniences that have a significant negative moderating effect on the relationship between foreign direct investment potential and investment intensity and multinational sales. We call this phenomenon the “**Hassle Factor.**”

This document provides a visualization of the **Hassle Factor** in the form of a world map and cobweb graphics for the individual countries in our study. The key advantages of these sorts of graphics for parent company leaders and potential subsidiary managers include the ability to (a) quickly obtain a comprehensive overview of a country's non-economic location factors, (b) a breakdown of the various **Hassle Factor** dimensions by country, since some dimensions may affect certain firms/industries to varying degrees, and (c) the ability to easily compare the short list of candidate countries being considered for potential entry.

In addition, the **Hassle Factor** can be utilized to help calculate fair and effective expatriate compensation that complements the less personal cost-of-living differential.

About the Researchers

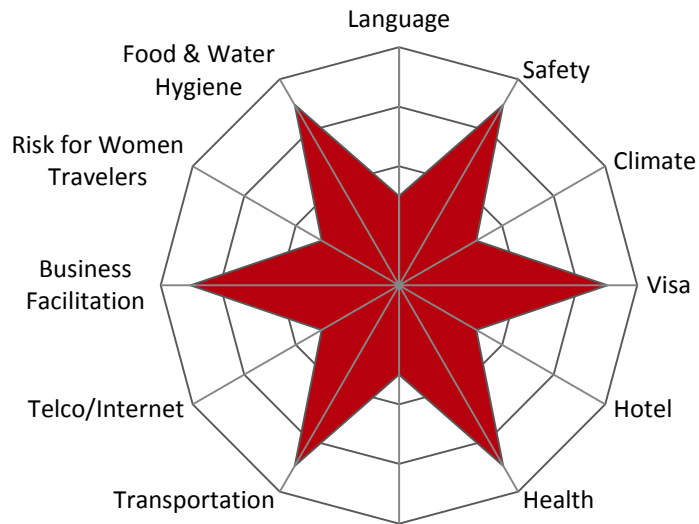


Andreas Schotter (Ph.D.), is Assistant Professor of International Business at the Ivey Business School at Western University. A dual German and Canadian citizen, he is a two-time “Wall Street Journal Distinguished Professor of the Year.” Dr. Schotter’s primary research interests are multinational corporate development and subsidiary evolution, corporate strategic change, global innovation and technology management, emerging markets, and the role of boundary spanners in global firms. Before embarking on an academic career, Dr. Schotter was a senior executive with several multinational corporations in the automotive, industrial equipment, and consumer goods industries. He has lived and worked in Europe, Asia, Australia, and North America.



Paul W. Beamish (Ph.D.) holds the Canada Research Chair in International Management at the Ivey Business School at Western University. He is the author or co-author of over 50 books and 100 refereed research articles. His books are in the areas of International Business, Strategy, and Joint Ventures. Dr. Beamish has served as Editor-in-Chief of the Journal of International Business Studies and is on numerous editorial boards. He is a Fellow of the Royal Society of Canada, Academy of International Business, and the Asia Pacific Foundation of Canada. Dr. Beamish’s consulting, management training, and joint venture facilitation activities have been in both the public and private sector. Prior to his academic career he worked for Procter and Gamble.

Hassle Factor Country Cobweb

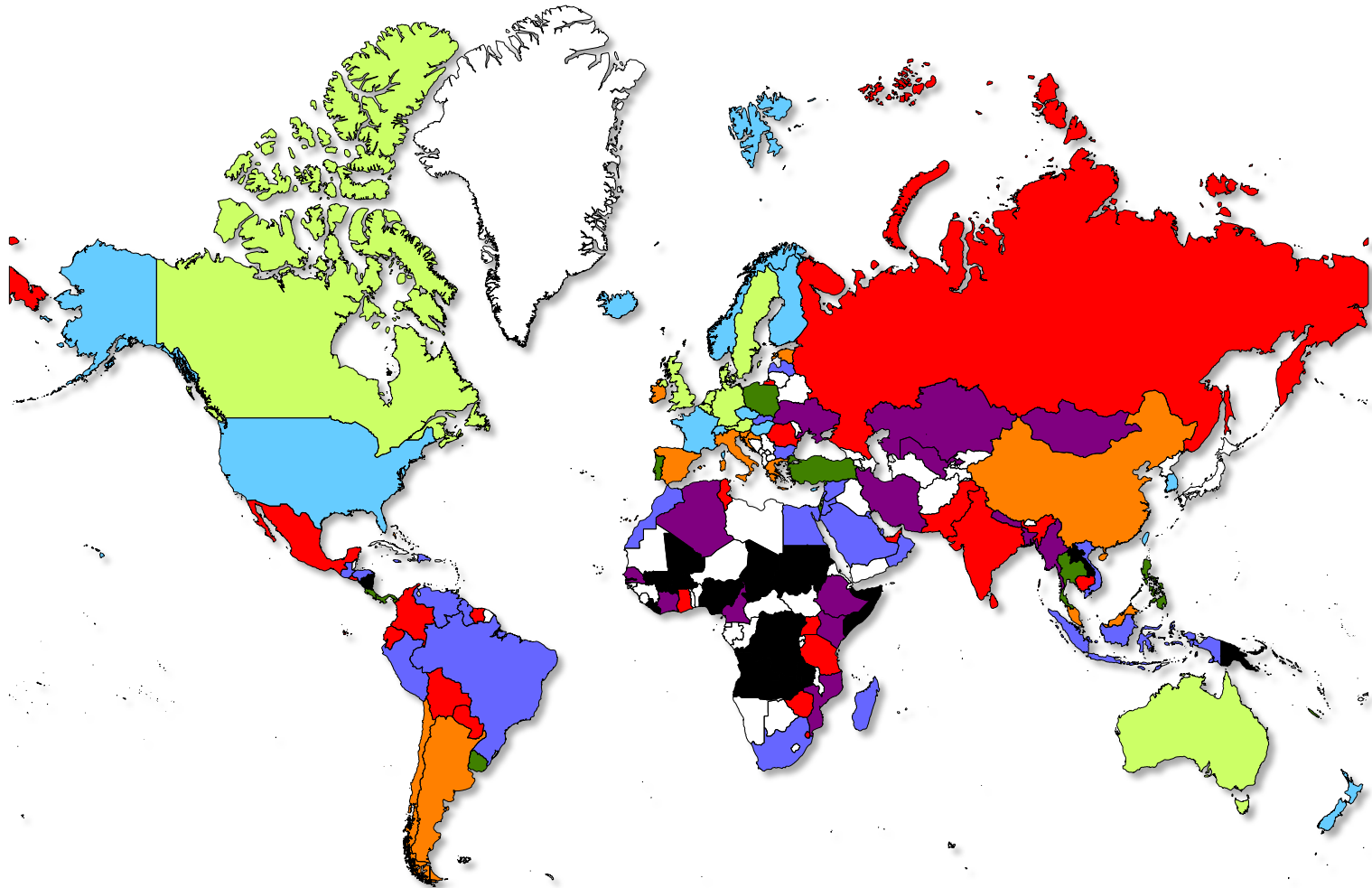


The Hassle Factor Cobwebs provide a detailed visual representation of the individual hassle indicators per country. While the size of the red area indicates somewhat the size of the overall Hassle Factor, not all items have equal impact on the overall score. Using a combination of statistical factor analysis and regression tools, we were able to rank order the importance of the individual hassles. For example, health concerns and the standards of local transportation have a more severe impact on the overall Hassle Factor score as compared to safety and visa issues. At the individual managerial level these preferences may vary. What the scores show is the real impact of the aggregated Hassle Factor on the investment activities of multinational corporations in the individual countries.*

- 1.) **Transportation:** Availability and standards of local transportation.
- 2.) **Health:** Exposure to disease and availability of health care facilities/doctors.
- 3.) **Business Facilitation:** Difficulty in setting up meetings with decision makers.
- 4.) **Food & Water Hygiene:** Quality of food and water.
- 5.) **Climate:** Perceived inconvenience based on climate.
- 6.) **Risk for Women Travelers:** Harassment and freedom to travel alone.
- 7.) **Telco & Internet:** Availability and quality of mobile phone/internet coverage.
- 8.) **Hotel:** Number of 3, 4 and 5 star hotels.
- 9.) **Visa:** Difficulty and time required for obtaining entry visas.
- 10.) **Safety:** Personal safety, including the risk of getting robbed or kidnapped.
- 11.) **Language:** Difficulty communicating in English or finding interpreters.

The indicator scores are based on multiple data sources including the World Bank, World Health Organization, United Nations, Central Intelligence Agency, Organization for Economic Co-operation and Development, OAG Worldwide Limited, Merchant International Group, United States Department of State, Japan Ministry of foreign Affairs, Safe Water for International Travelers, Global Road Warrior 4th ed.

Hassle Factor World Map



Scoring Legend (1 low and 4 high hassle factor levels)

	< 1.000		1.000 < 1.500		1.500 < 2.000		2.000 < 2.500
	2.500 < 3.000		3.000 < 3.500		3.500 < 4.000		> 4.000

Denmark



Canada



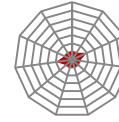
Belgium



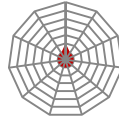
Austria



UK



Germany



Netherlands



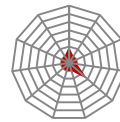
Australia



Norway



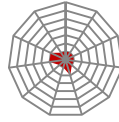
Luxembourg



Hong Kong



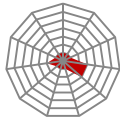
USA



Sweden



New Zealand



Switzerland



Finland



Iceland



Singapore



France



Bermuda



Taiwan



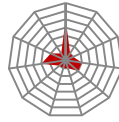
Macao



Cyprus



South Korea



Czech Republic



Hungary



Greece



Italy



Ireland



Chile



Bahamas



Maldives



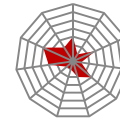
Malaysia



Spain



Brunei



Estonia



Slovenia



Croatia



Argentina



Malta



Barbados



Palau Islands



China



Mauritius



Israel



Poland



Portugal



Bahrain



New Caledonia



Thailand



Turkey



Panama



Madagascar



Trinidad & Tobago



Philippines



Fiji



Costa Rica



Uruguay



Bulgaria



Saudi Arabia



Vanuatu



Dominican Republic



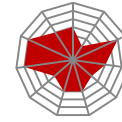
South Africa



Slovakia



Guyana



Qatar



Guatemala



Oman



Jamaica



Samoa



Lebanon



Venezuela



Solomon Islands



Syria



Kuwait



Latvia



Morocco



Brazil



Vietnam



Jordan



Egypt



Indonesia



Peru



Honduras



India



Swaziland



Uganda



Mexico



Ecuador



Russia



UAE



Tanzania



Ghana



Paraguay



Tunisia



Colombia



Suriname



Sri Lanka



Romania



El Salvador



Cambodia



Pakistan



Zimbabwe



Bolivia



Cameroon



Tonga



Iran



Kenya



Mongolia



Mozambique



Algeria



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Uzbekistan



Bangladesh



Ivory Coast



Kazakhstan



Ukraine



Ethiopia



Myanmar



Nepal



Zambia



Liberia



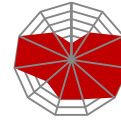
D.R. Congo



Mali



New Guinea



Laos



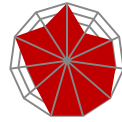
Nigeria



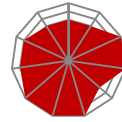
Burkina Faso



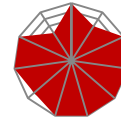
Nicaragua



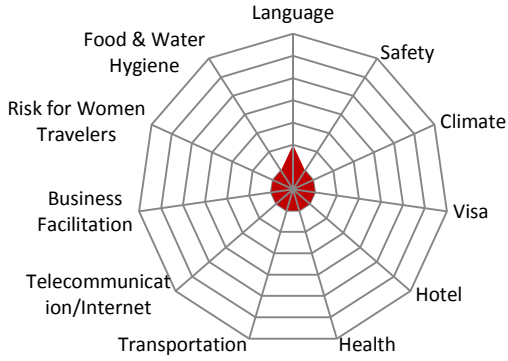
Angola



Sudan



Denmark



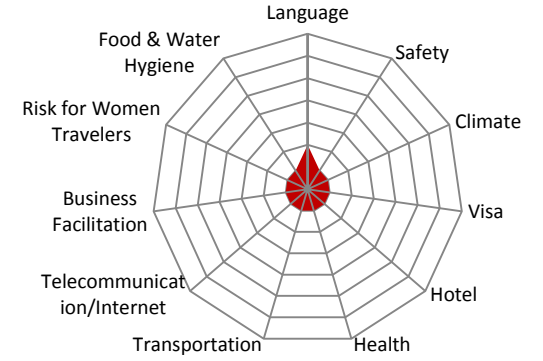
Hassle Factor
0.805

Canada



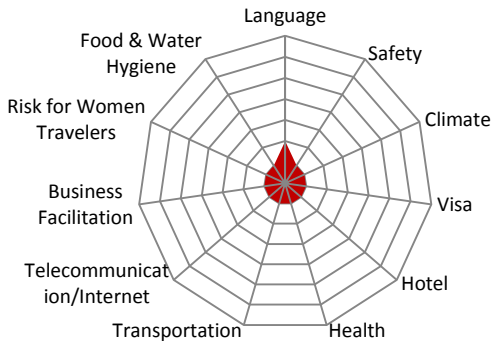
Hassle Factor
0.844

Belgium



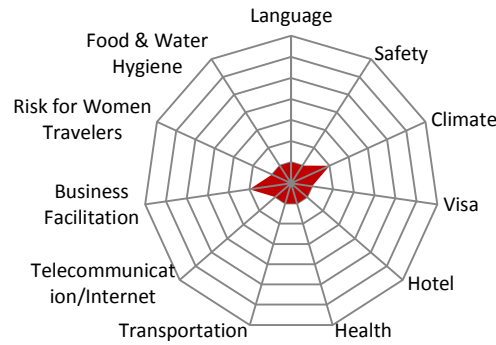
Hassle Factor
0.864

Austria



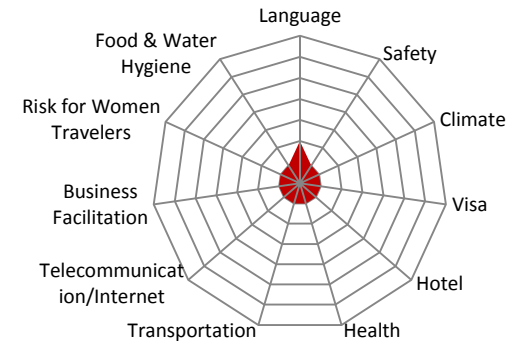
Hassle Factor
0.868

UK



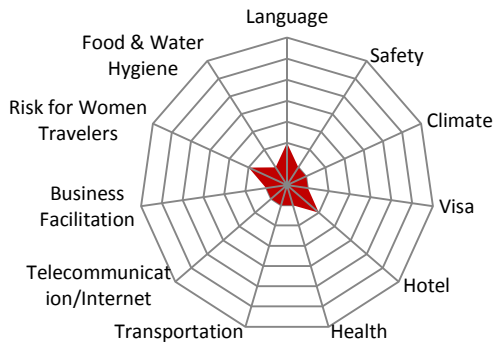
Hassle Factor
0.869

Germany



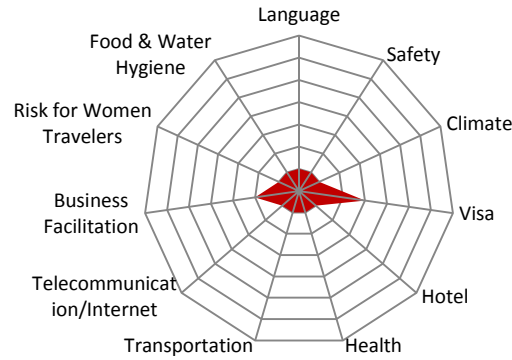
Hassle Factor
0.879

Netherlands



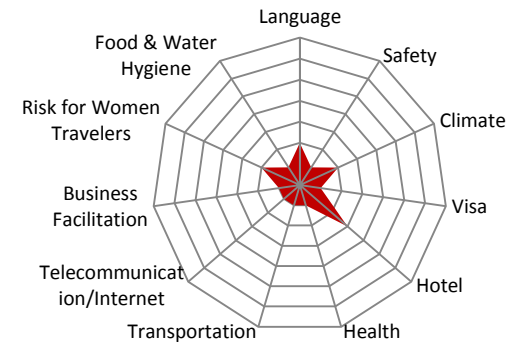
Hassle Factor
0.916

Australia



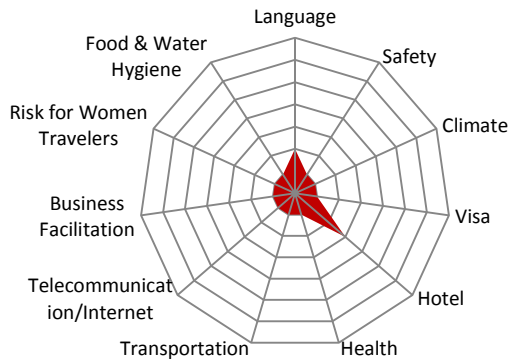
Hassle Factor
0.981

Norway



Hassle Factor
0.982

Luxembourg



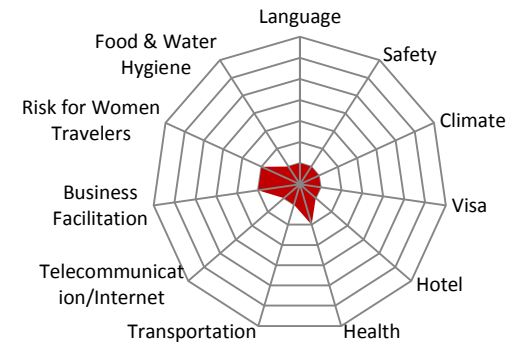
Hassle Factor
0.982

Hong Kong



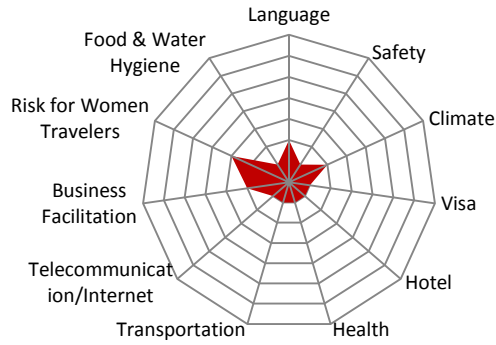
Hassle Factor
0.991

USA



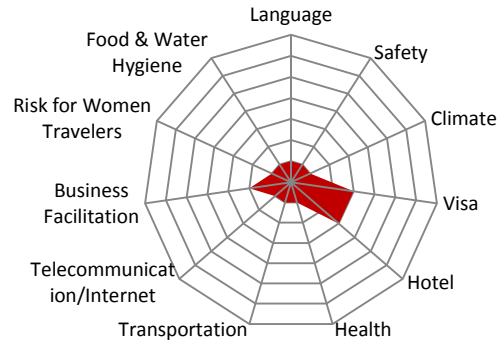
Hassle Factor
1.029

Sweden



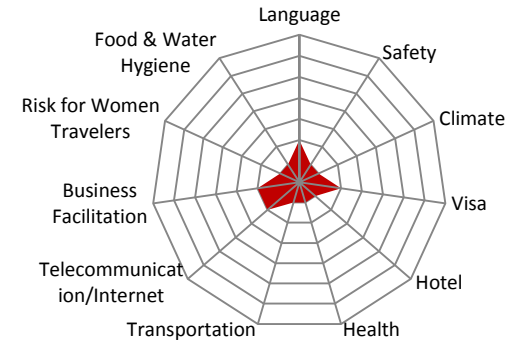
Hassle Factor
1.071

New Zealand



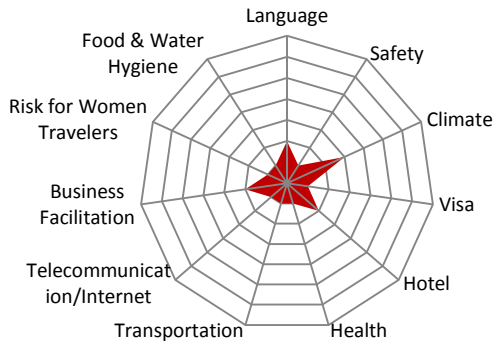
Hassle Factor
1.080

Switzerland



Hassle Factor
1.101

Finland



Hassle Factor
1.122

Iceland



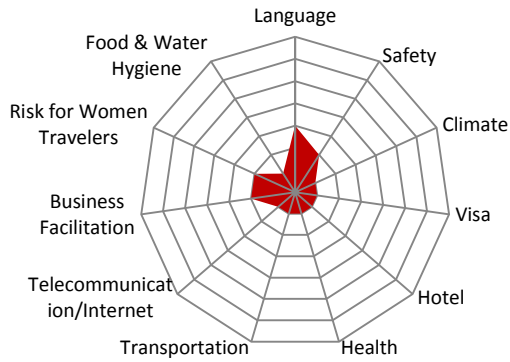
Hassle Factor
1.127

Singapore



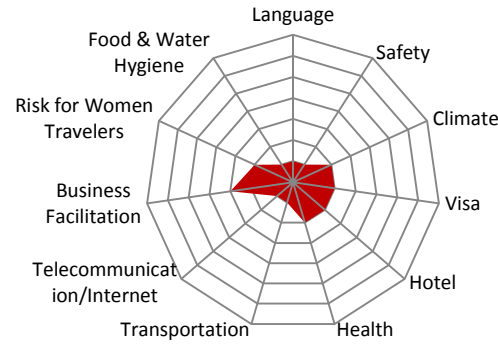
Hassle Factor
1.137

France



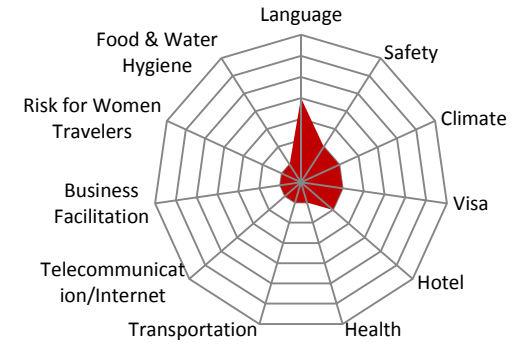
Hassle Factor
1.165

Bermuda



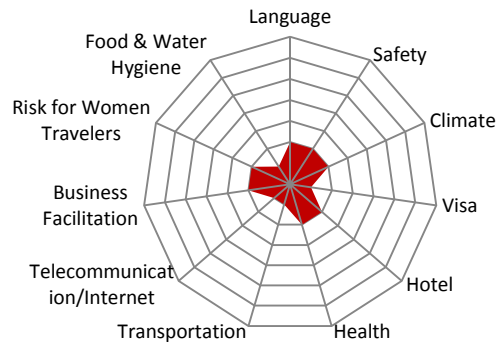
Hassle Factor
1.232

Taiwan



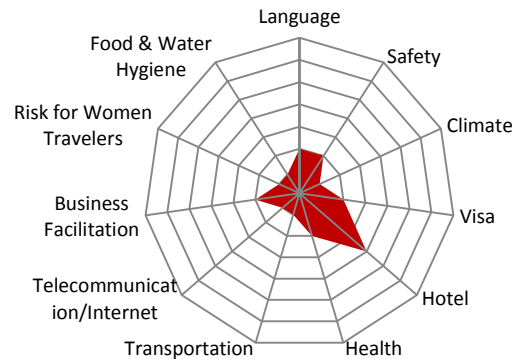
Hassle Factor
1.257

Macao



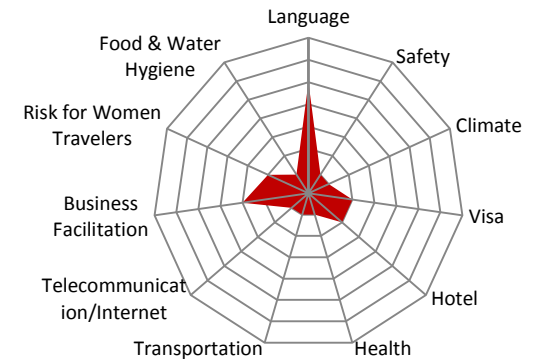
Hassle Factor
1.286

Cyprus



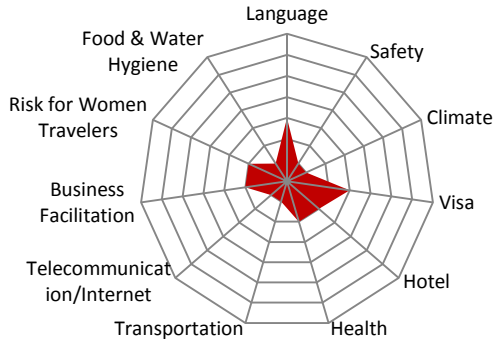
Hassle Factor
1.341

South Korea



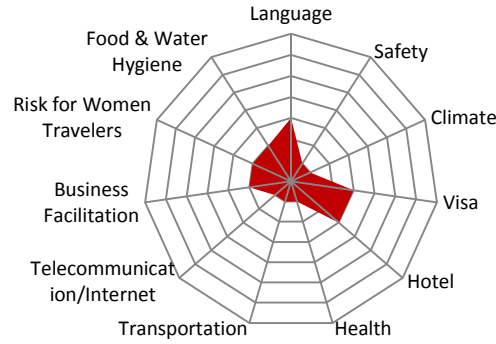
Hassle Factor
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Czech Republic



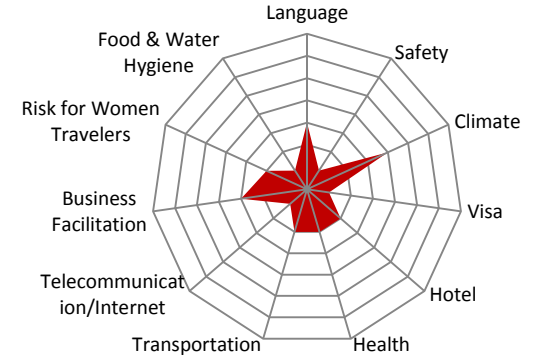
Hassle Factor
1.351

Hungary



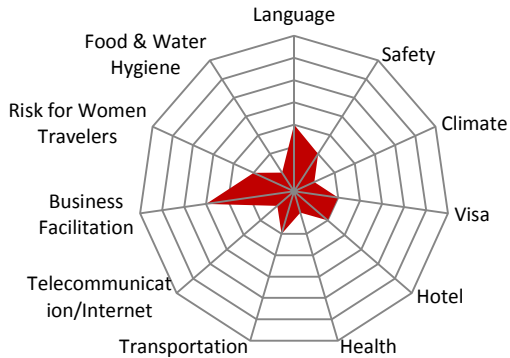
Hassle Factor
1.440

Greece



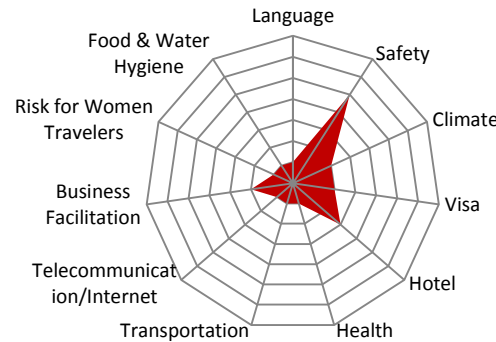
Hassle Factor
1.507

Italy



Hassle Factor
1.536

Ireland



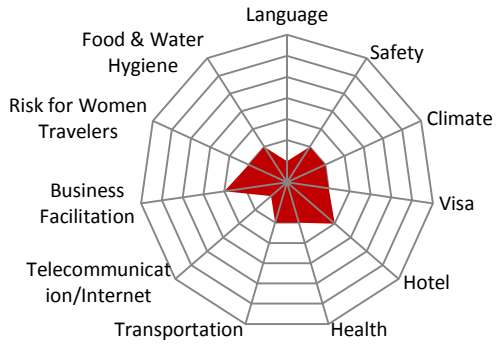
Hassle Factor
1.537

Chile



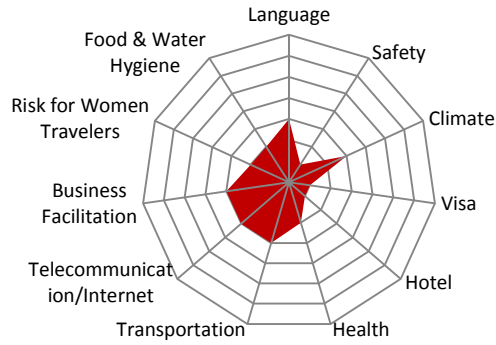
Hassle Factor
1.539

Bahamas



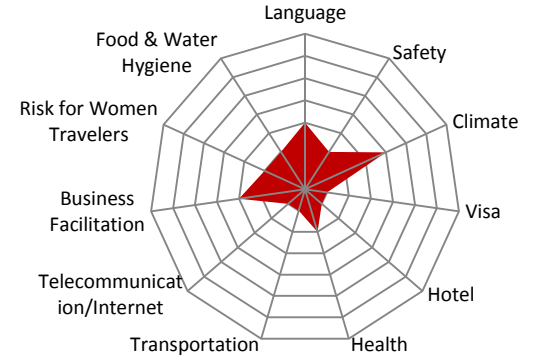
Hassle Factor
1.552

Maldives



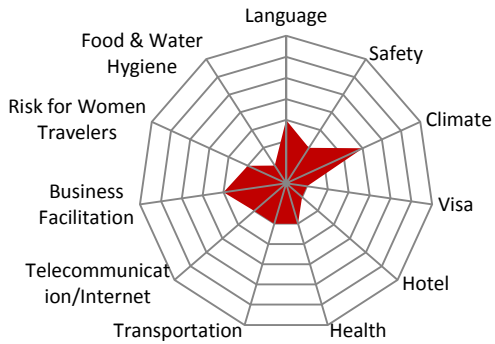
Hassle Factor
1.591

Malaysia



Hassle Factor
1.606

Spain



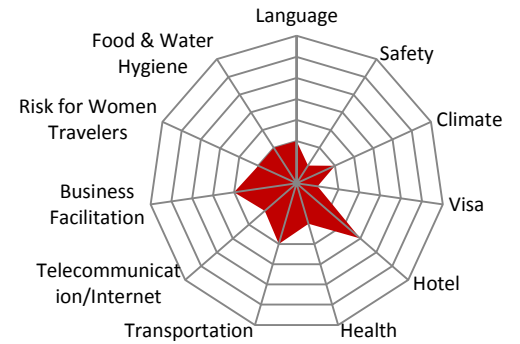
Hassle Factor
1.644

Brunei



Hassle Factor
1.656

Estonia



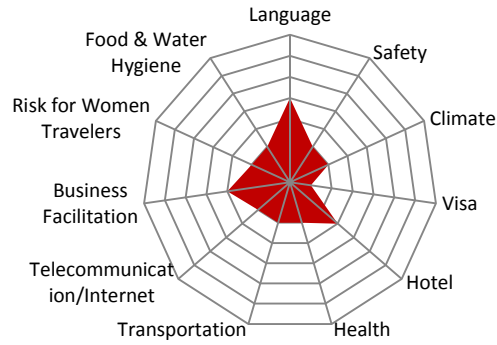
Hassle Factor
1.710

Slovenia



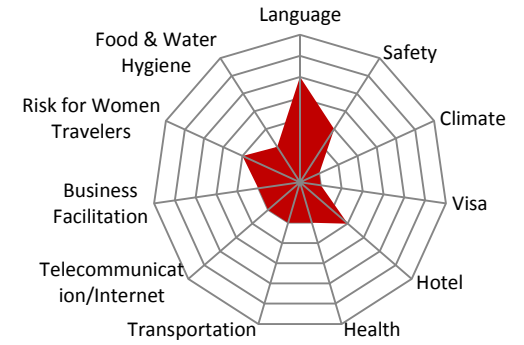
Hassle Factor
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Croatia



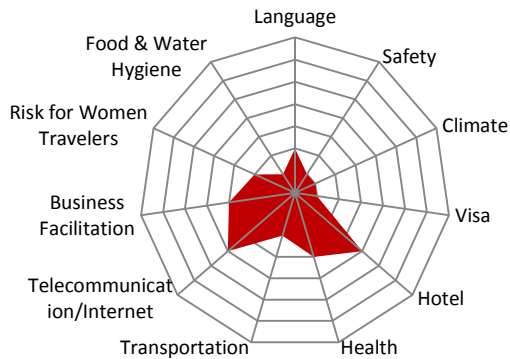
Hassle Factor
1.769

Argentina



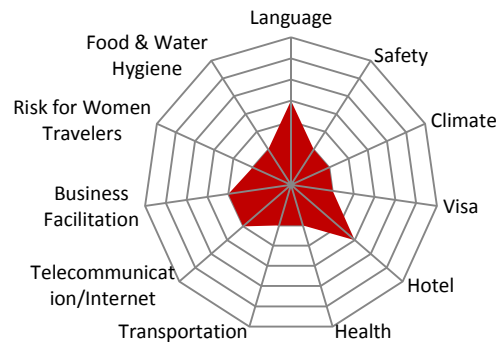
Hassle Factor
1.791

Malta



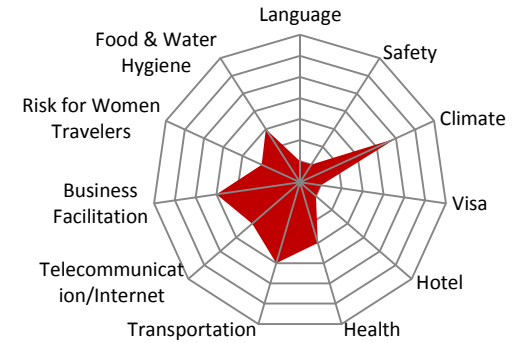
Hassle Factor
1.908

Barbados



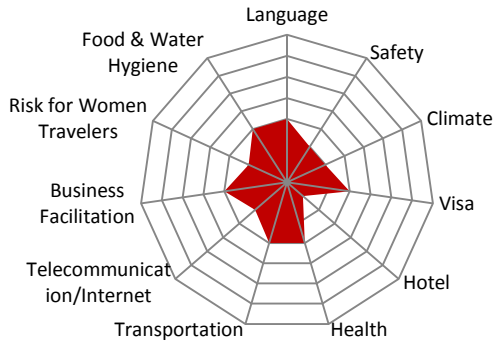
Hassle Factor
1.971

Palau Islands



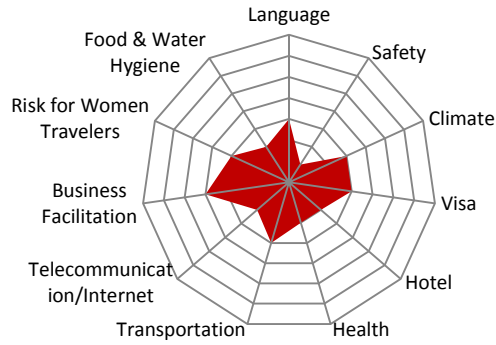
Hassle Factor
1.971

China



Hassle Factor
1.988

Mauritius



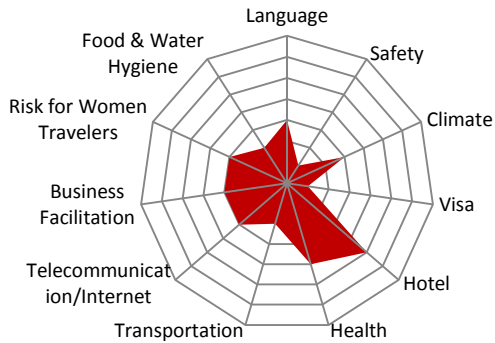
Hassle Factor
2.019

Israel



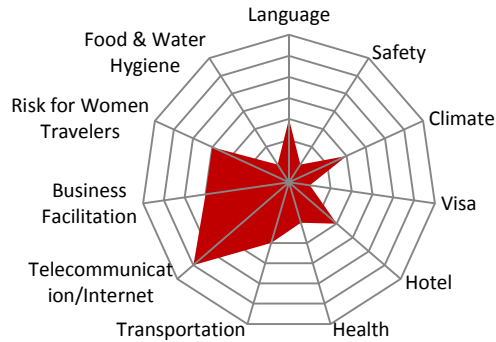
Hassle Factor
2.029

Poland



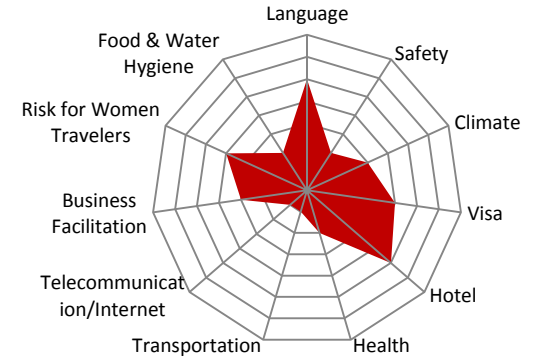
Hassle Factor
2.078

Portugal



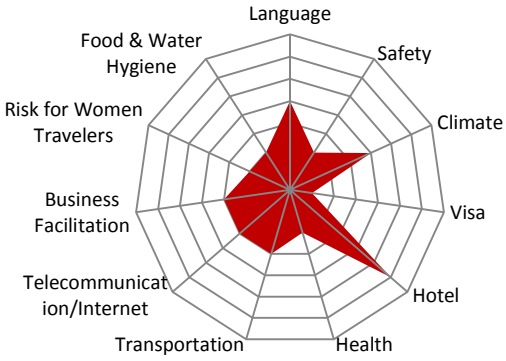
Hassle Factor
2.139

Bahrain



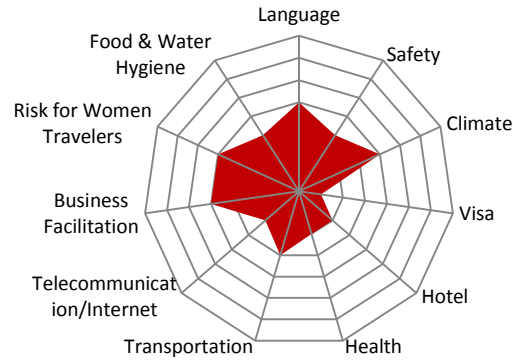
Hassle Factor
2.162

New Caledonia



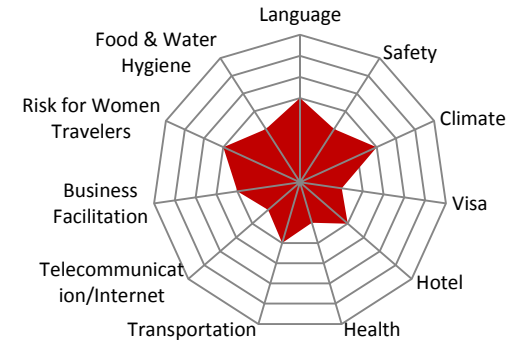
Hassle Factor
2.205

Thailand



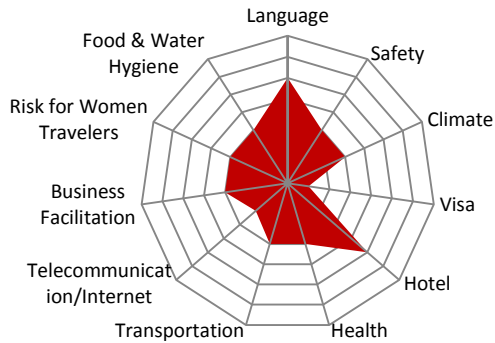
Hassle Factor
2.318

Turkey



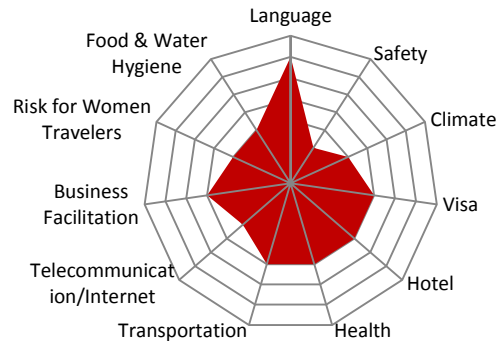
Hassle Factor
2.339

Panama



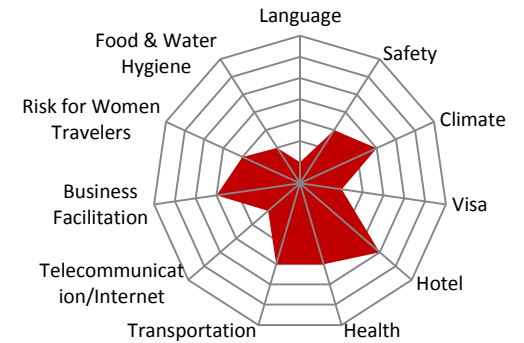
Hassle Factor
2.351

Madagascar



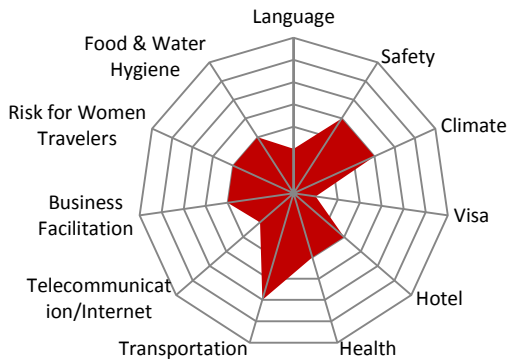
Hassle Factor
2.353

Trinidad & Tobago



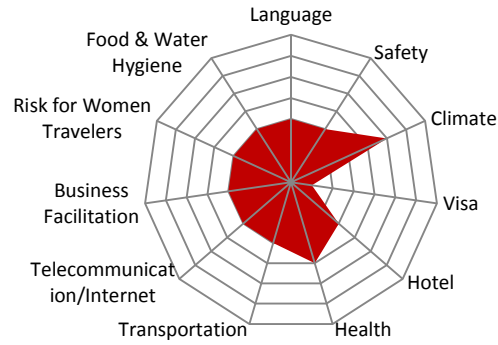
Hassle Factor
2.369

Philippines



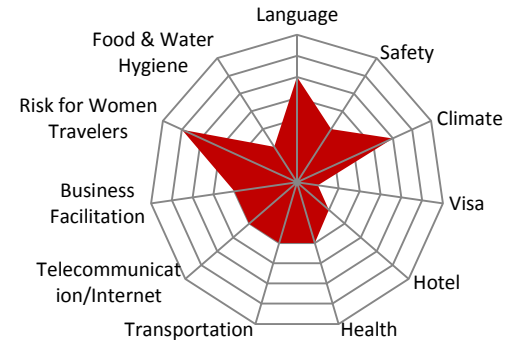
Hassle Factor
2.381

Fiji



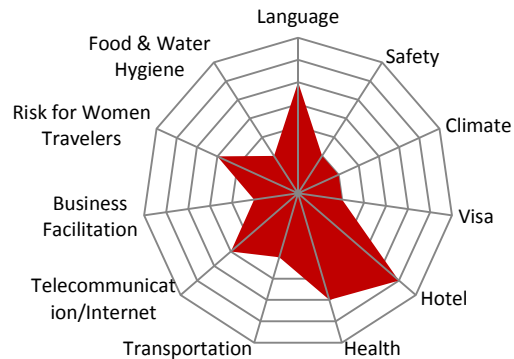
Hassle Factor
2.441

Costa Rica



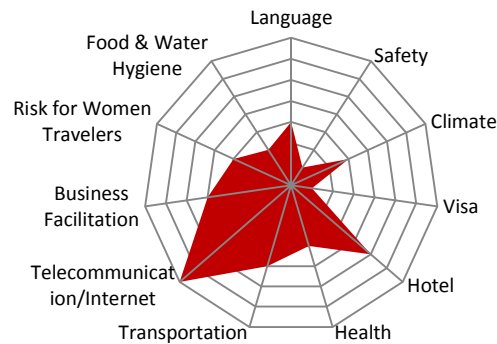
Hassle Factor
2.457

Uruguay



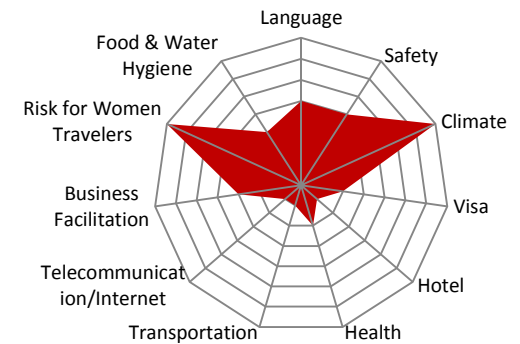
Hassle Factor
2.465

Bulgaria



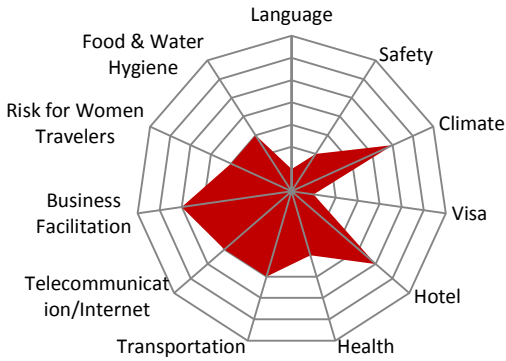
Hassle Factor
2.501

Saudi Arabia



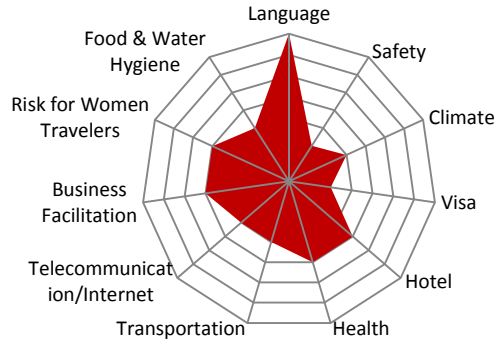
Hassle Factor
2.506

Vanuatu



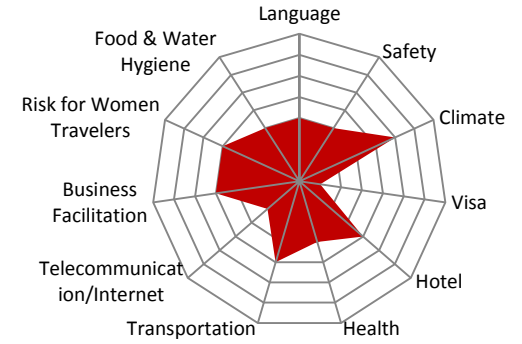
Hassle Factor
2.521

Dominican Republic



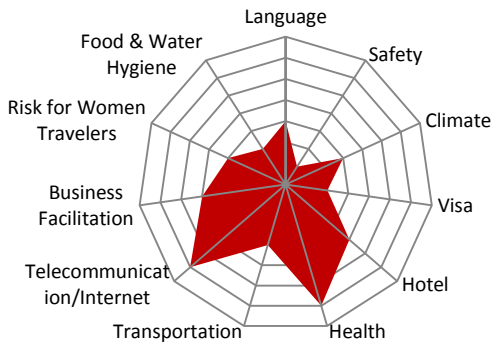
Hassle Factor
2.560

South Africa



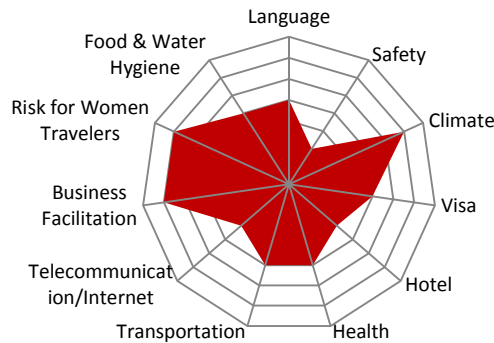
Hassle Factor
2.563

Slovakia



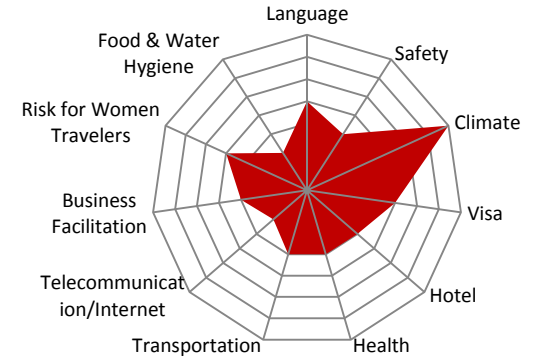
Hassle Factor
2.563

Guyana



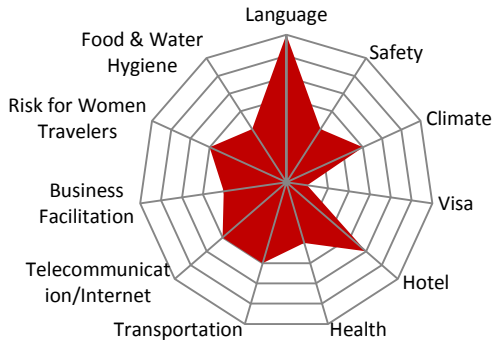
Hassle Factor
2.620

Qatar



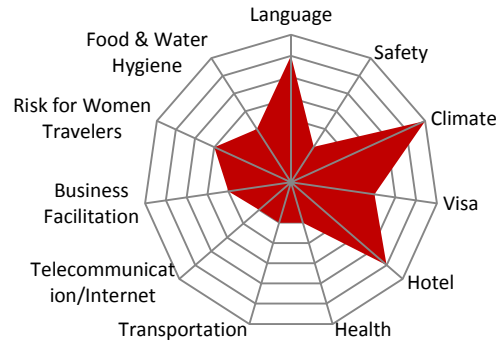
Hassle Factor
2.643

Guatemala



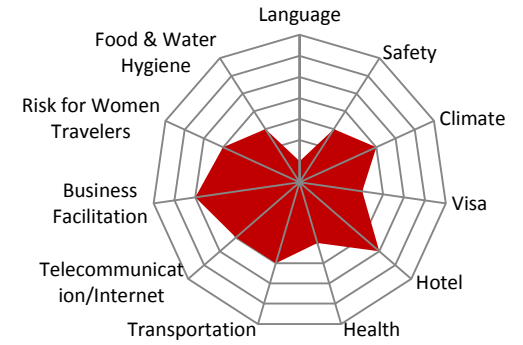
Hassle Factor
2.679

Oman



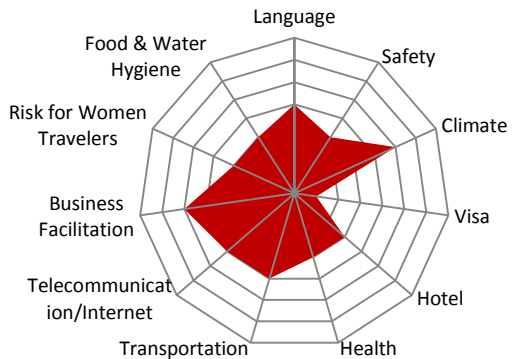
Hassle Factor
2.698

Jamaica



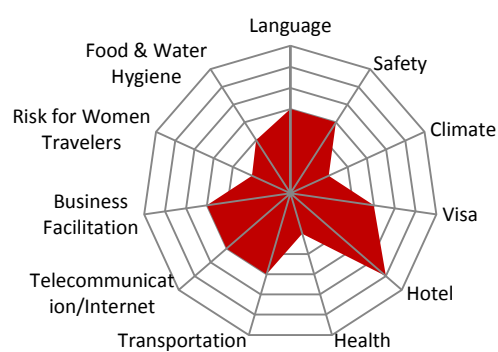
Hassle Factor
2.708

Samoa



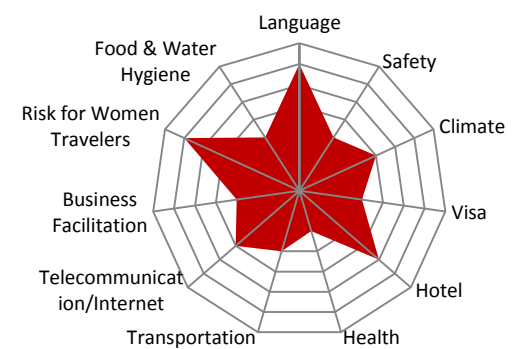
Hassle Factor
2.710

Lebanon



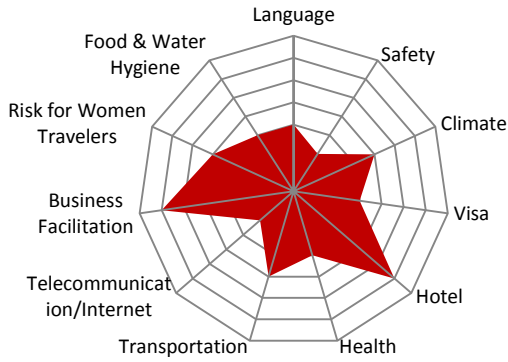
Hassle Factor
2.783

Venezuela



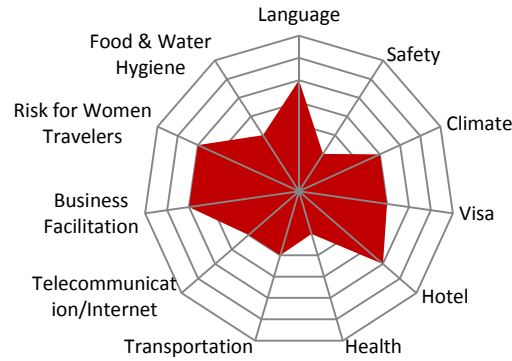
Hassle Factor
2.801

Solomon Islands



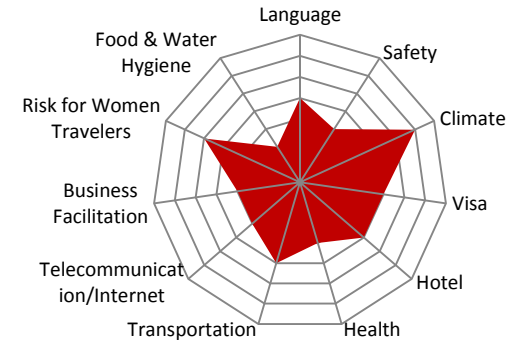
Hassle Factor
2.809

Syria



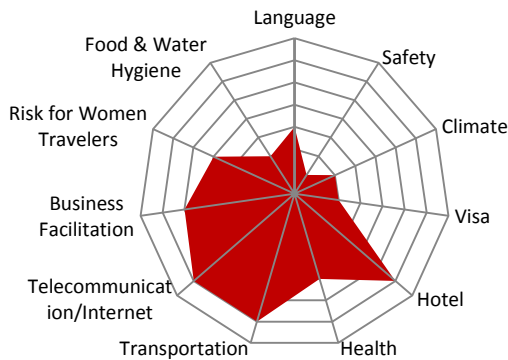
Hassle Factor
2.821

Kuwait



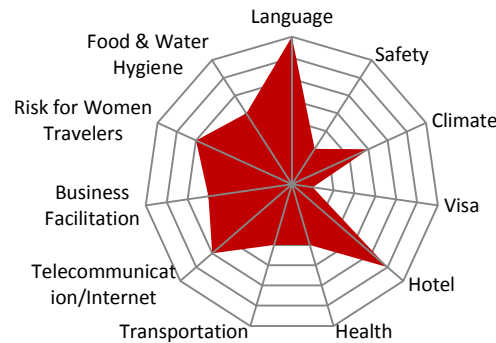
Hassle Factor
2.827

Latvia



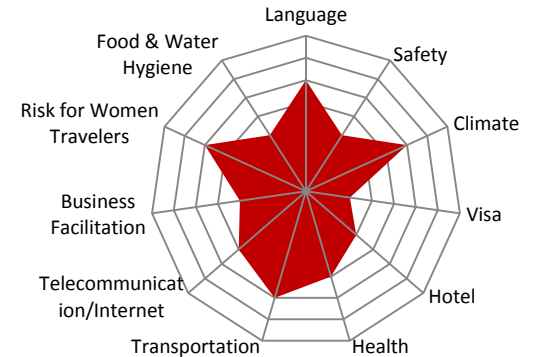
Hassle Factor
2.845

Morocco



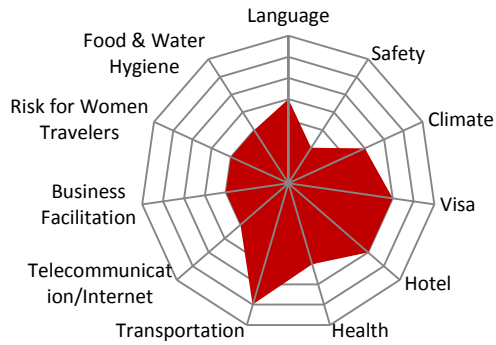
Hassle Factor
2.885

Brazil



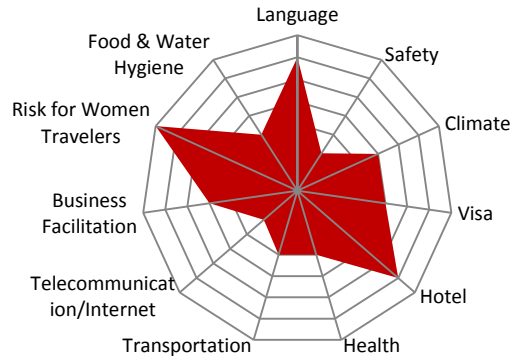
Hassle Factor
2.888

Vietnam



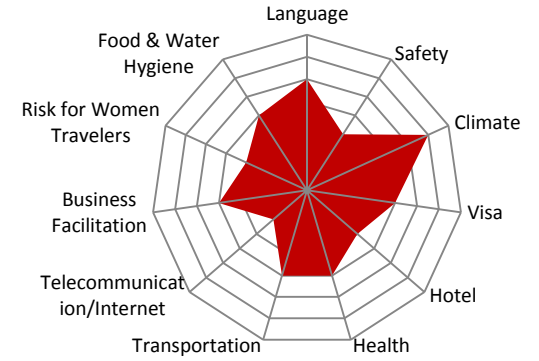
Hassle Factor
2.927

Jordan



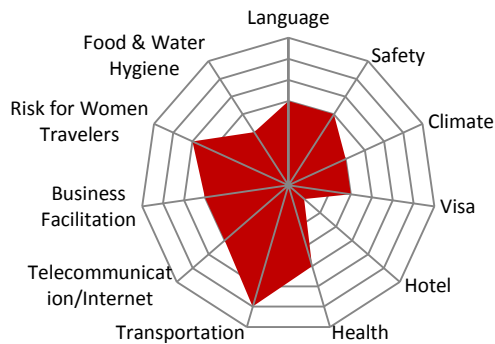
Hassle Factor
2.927

Egypt



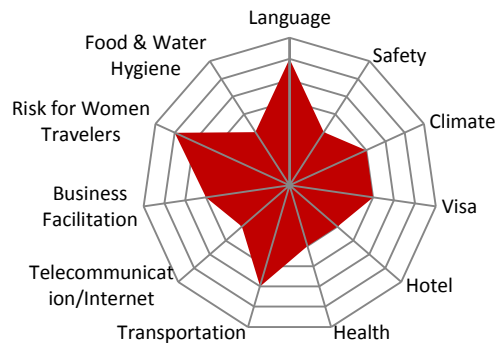
Hassle Factor
2.943

Indonesia



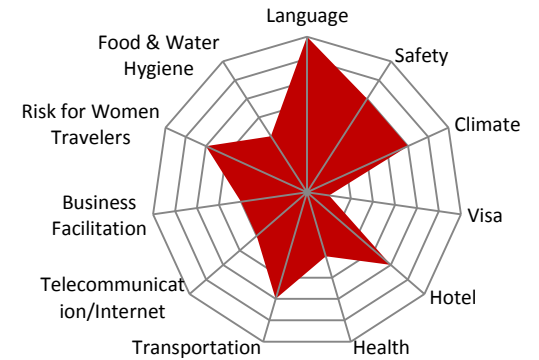
Hassle Factor
2.953

Peru



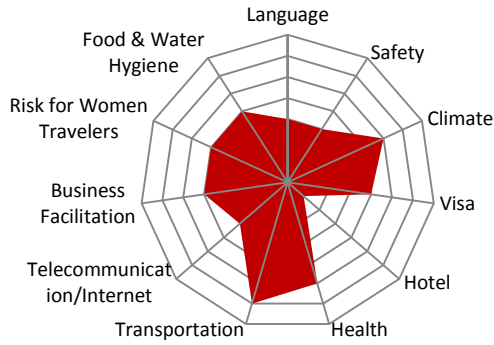
Hassle Factor
2.985

Honduras



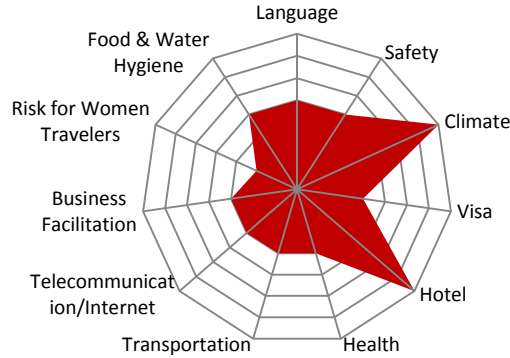
Hassle Factor
2.990

India



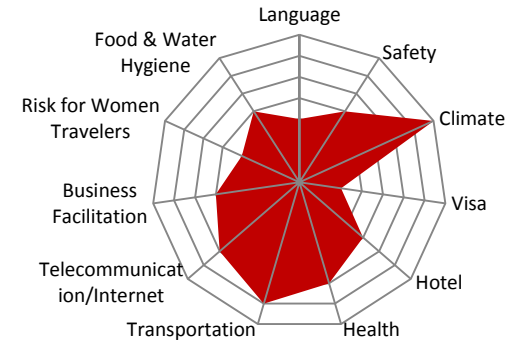
Hassle Factor
3.021

Swaziland



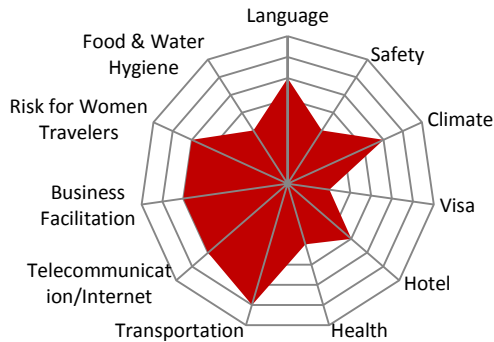
Hassle Factor
3.026

Uganda



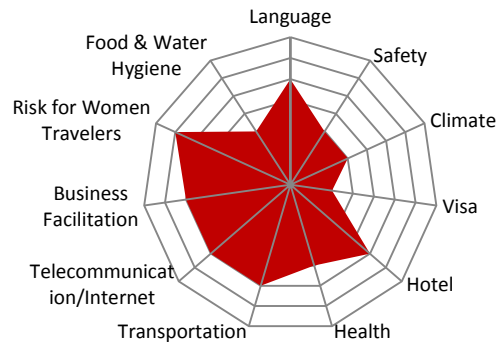
Hassle Factor
3.124

Mexico



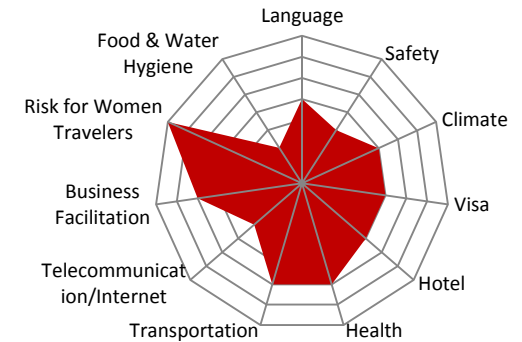
Hassle Factor
3.176

Ecuador



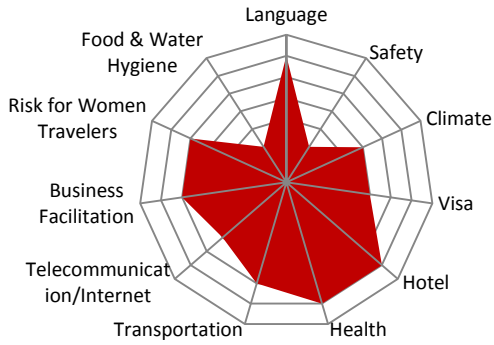
Hassle Factor
3.179

Russia



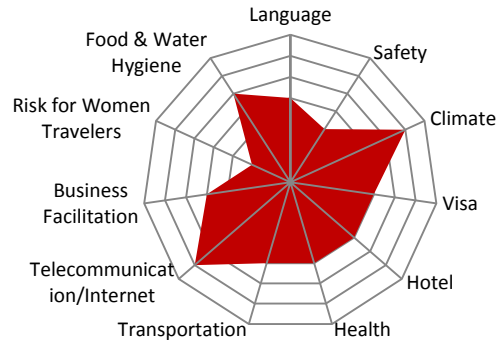
Hassle Factor
3.219

UAE



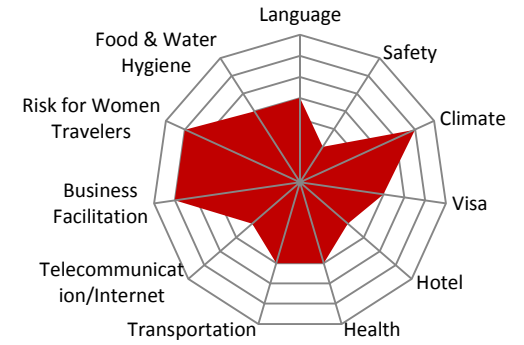
Hassle Factor
3.257

Tanzania



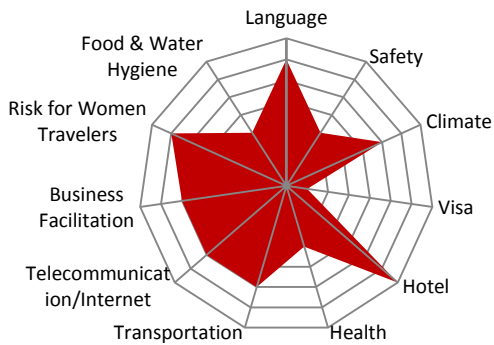
Hassle Factor
3.265

Ghana



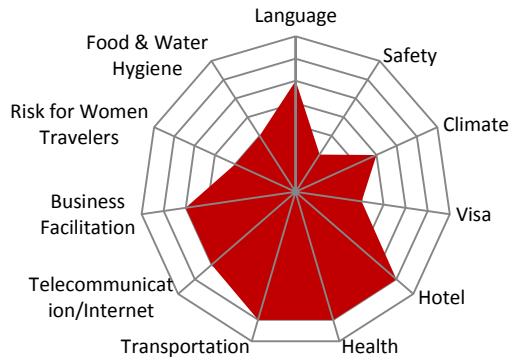
Hassle Factor
3.269

Paraguay



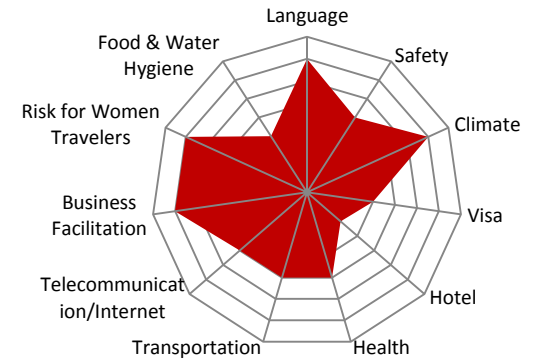
Hassle Factor
3.284

Tunisia



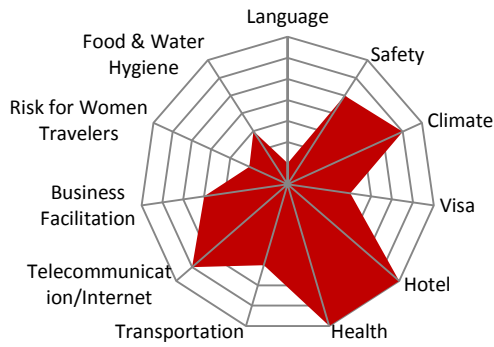
Hassle Factor
3.289

Colombia



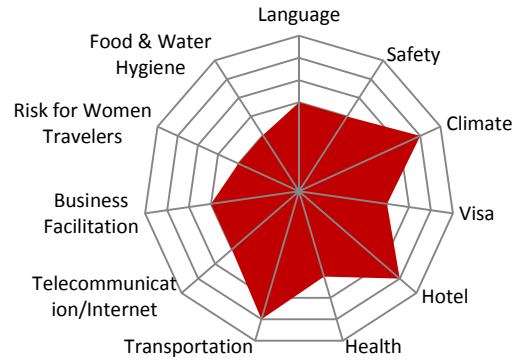
Hassle Factor
3.302

Suriname



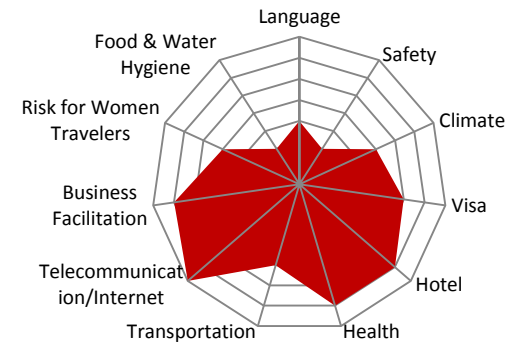
Hassle Factor
3.333

Sri Lanka



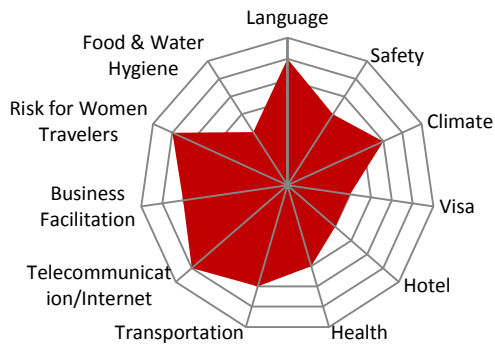
Hassle Factor
3.355

Romania



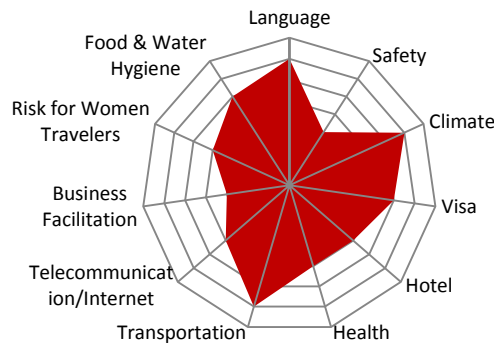
Hassle Factor
3.402

El Salvador



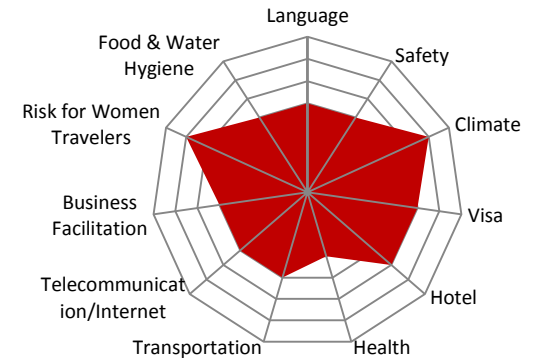
Hassle Factor
3.409

Cambodia



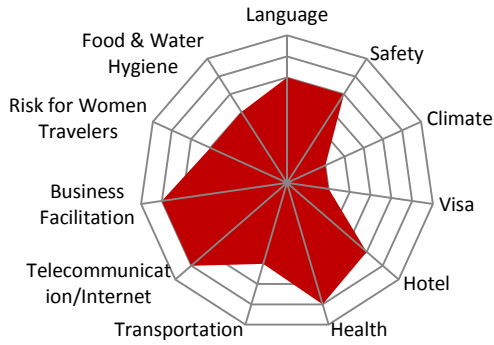
Hassle Factor
3.413

Pakistan



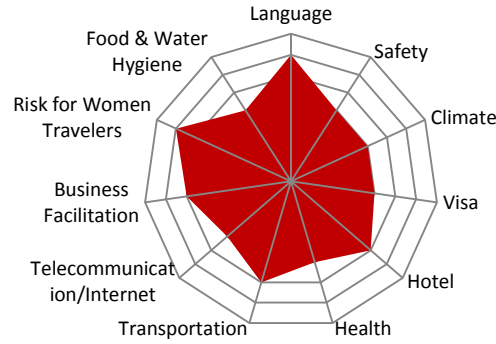
Hassle Factor
3.443

Zimbabwe



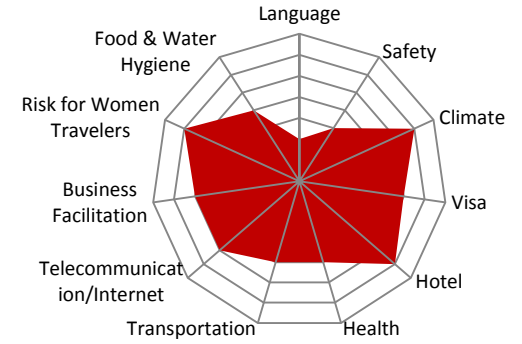
Hassle Factor
3.478

Bolivia



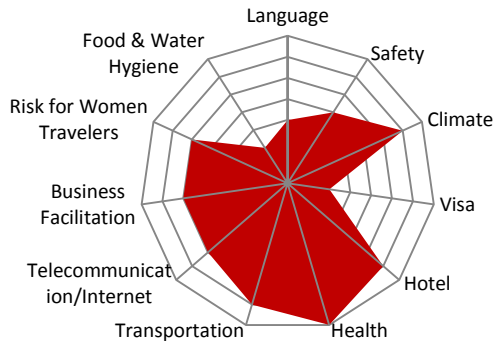
Hassle Factor
3.499

Cameroon



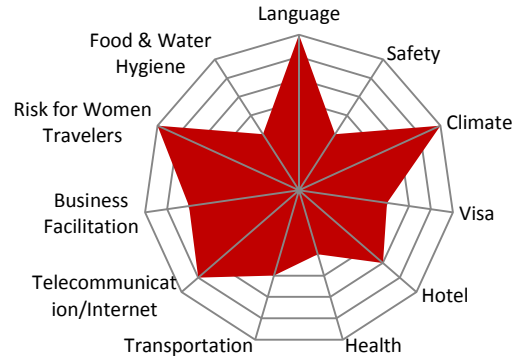
Hassle Factor
3.525

Tonga



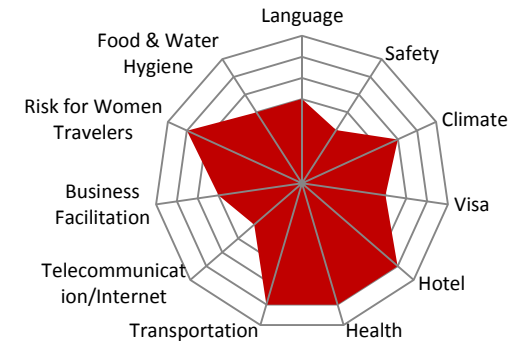
Hassle Factor
3.546

Iran



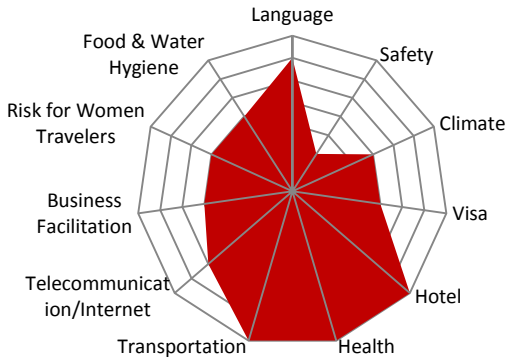
Hassle Factor
3.554

Kenya



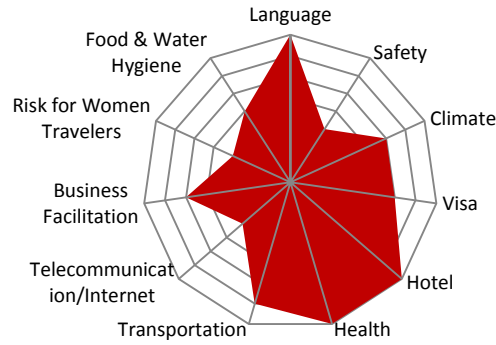
Hassle Factor
3.567

Mongolia



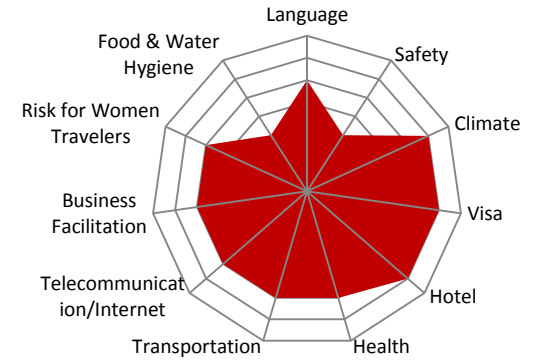
Hassle Factor
3.628

Mozambique



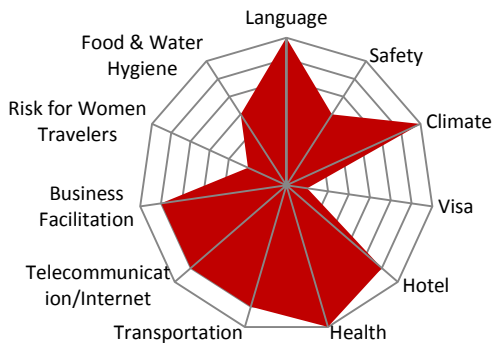
Hassle Factor
3.672

Algeria



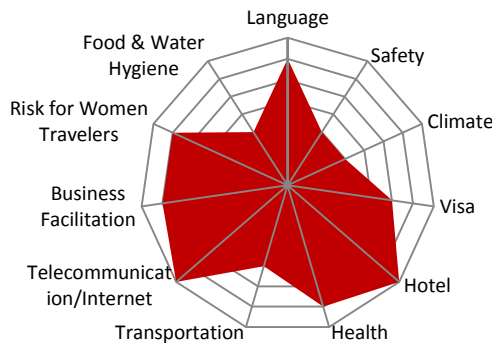
Hassle Factor
3.693

Senegal



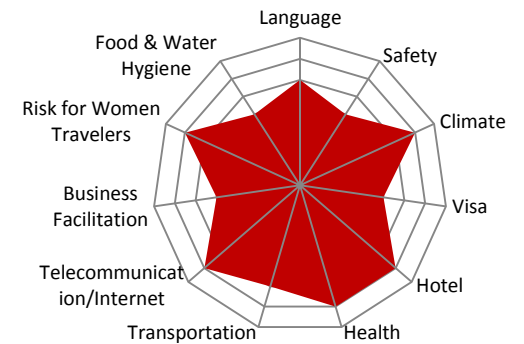
Hassle Factor
3.770

Uzbekistan



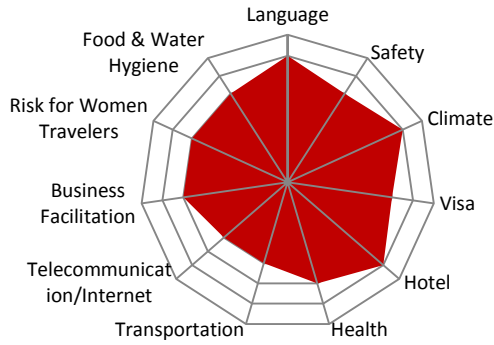
Hassle Factor
3.777

Bangladesh



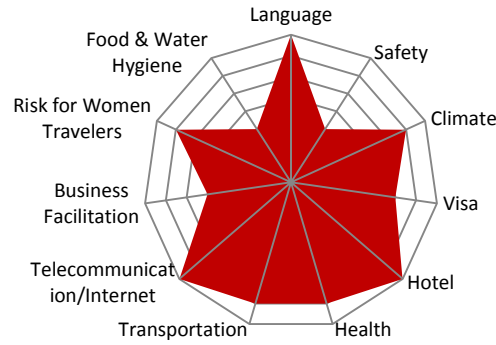
Hassle Factor
3.855

Ivory Coast



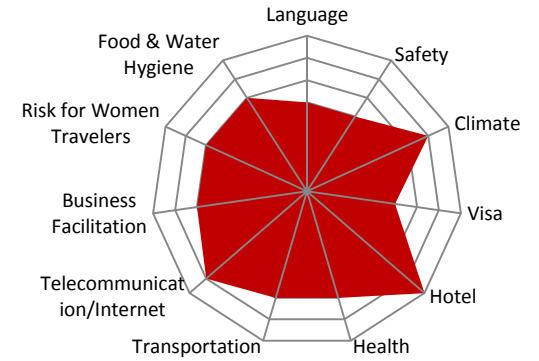
Hassle Factor
3.870

Kazakhstan



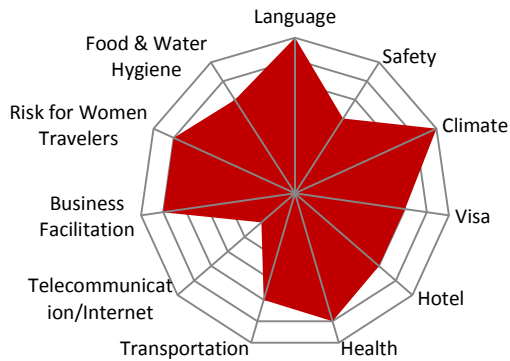
Hassle Factor
3.931

Ukraine



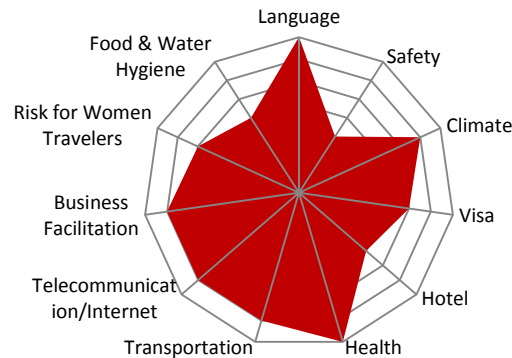
Hassle Factor
3.945

Ethiopia



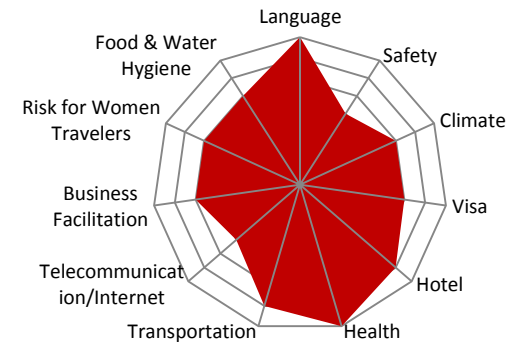
Hassle Factor
3.946

Myanmar



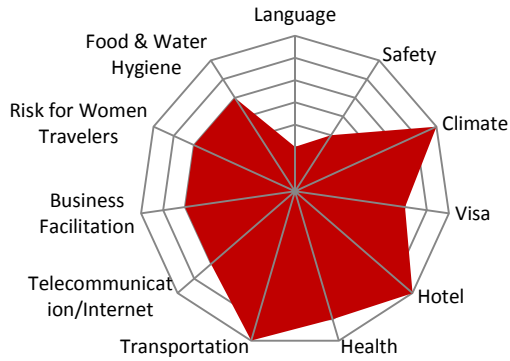
Hassle Factor
3.967

Nepal



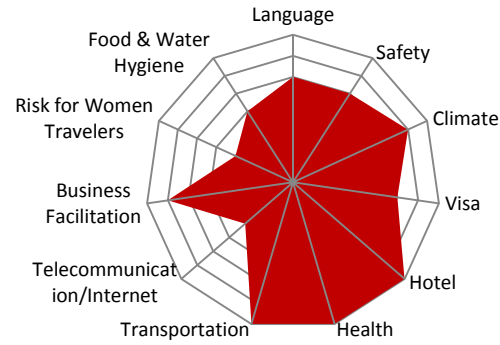
Hassle Factor
3.994

Zambia



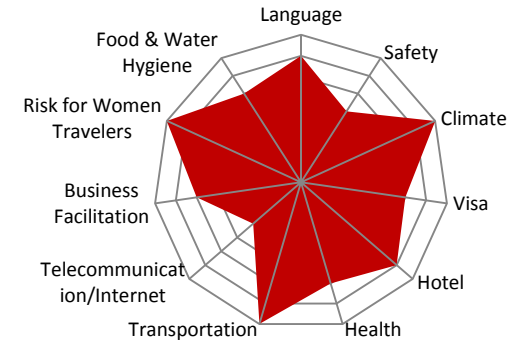
Hassle Factor
4.019

Liberia



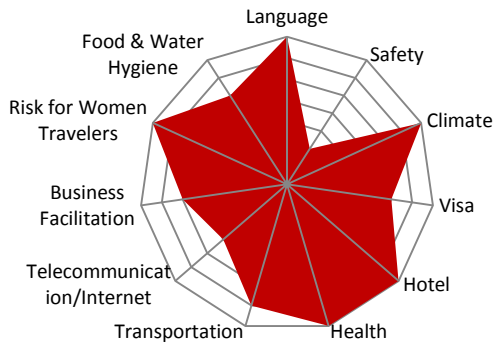
Hassle Factor
4.064

D.R. Congo



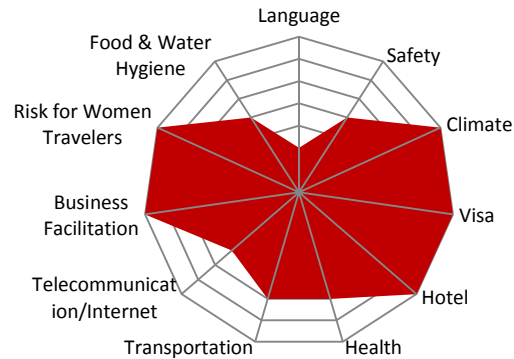
Hassle Factor
4.114

Mali



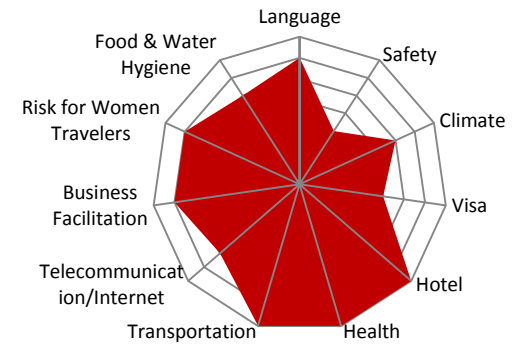
Hassle Factor
4.122

New Guinea



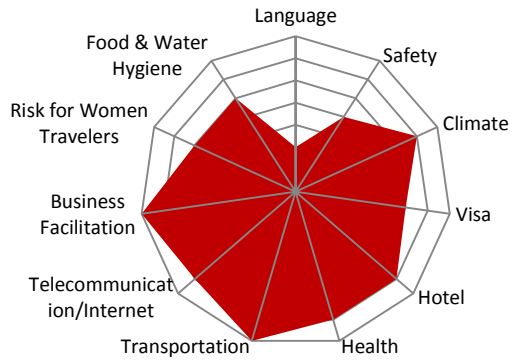
Hassle Factor
4.158

Laos



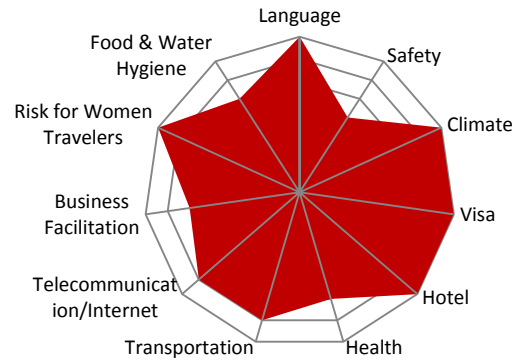
Hassle Factor
4.174

Nigeria



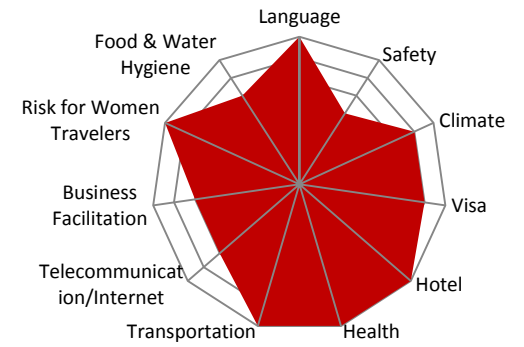
Hassle Factor
4.189

Burkina Faso



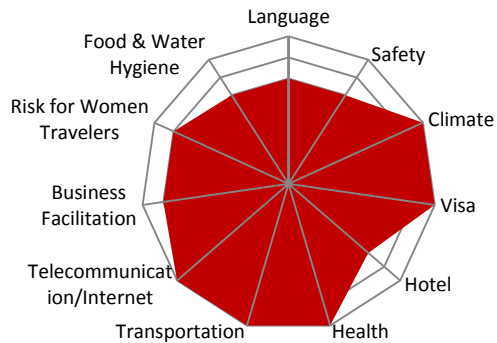
Hassle Factor
4.427

Nicaragua



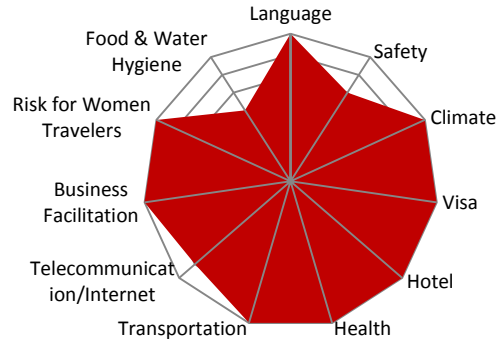
Hassle Factor
4.440

Angola



Hassle Factor
4.687

Sudan



Hassle Factor
4.795