The influence of culture on the selection process of international market and entry mode

June 2017

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Student thesis, Master degree (one year), 15 HE
Business Administration
Master Program in Business Administration (MBA): Business Management

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ACKNOWLEDGEMENT

Authors of this study would like to give special thanks to Mr. Hitham El-Maghraby the Chief executive officer of Dawlia21, Ms. Yasmina El-Maghraby the Logistic and Development Manager and Mr. Bassel Al-Taji the Business Planning Official with all other professionals who had participated to full fill the gaps of this study and Without their help it is hard to gather the empirical data.

We are also so grateful to our tutor Ehsanul Huda Chowdhry, Examiner Maria Fregidou-Malama for the relevant guidelines that helped us to maintain a better understanding of the research field and also for our opponent for their feedback in this study work. Their comments and analyses have a significant impact on this study.

Last but not least the authors would like to thank family, friends and work colleagues for their support and understanding throughout this study.

Gävle, June 7th, 2017

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ABSTRACT

Title: The influence of culture on the selection process of international market and entry mode.
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Date: June 2017

Aim: The study aims to investigate the influence of cultural similarities when business entities decide to expand their business and enter a new market and it also focuses on the selecting process of the entry modes in regard to the cultural similarity.

Methodology: Qualitative case study conducting semi-structured interviews as a main source for the primary data and support it with the pervious and current theoretical framework as the secondary data collection.

Findings: Many factors have an influence on the selection process of entry mode, and they are all connected to each other in some way. The main important factors are the level of risk and level of commitment. The cultural differences and similarities have an influence on the selection process of entry mode, which the more similarities, the lower risk, and vice versa.

Contribution: This Study provides better understanding of the effect of culture similarity & entry modes. This study also contributes to the general business environment by which, all companies despite the fact of the size or the product line they have, they all should be aware of many opportunities and threats surrounding them when deciding to enter a new market. The study generates a viewpoint of using the similarity as a motivation for starting a business in a similar market.

Result & Conclusions: We figured out in this research that the culture similarity has no influence on the motive behind expanding and entering new markets since the motive for companies to expand is the growth of market share, sales, and profit. On the other hand, cultural similarities and low physical distance along with an opportunity in the market is a significant motive that pushes companies toward expanding, and it will increase the companies’ experiences and the possibility of success in the culturally different market and a market with a high physical distance.

Limitations: This study approach is qualitative, i.e. a limited number of companies are investigated. On the other hand, the small amount of the secondary data that was available in
regards the topic was rear. Also, regarding the geographical distance between the country that we conducted the study at ‘Sweden’ and ‘Egypt’ where the headquarter of Dawlia21 is, also we only Skype interviews, it would be more reliable if it were face to face interviews.

**Suggestions for future research:** Cultural similarity would be the main topic to consider in the field of investigation as long as there are not too many academic articles about it, so we suggest for more focus on the area of cultural similarities. The second part that would be an interesting to study would be the African market as a general and each country as accurate because we believe as researchers that the time will come, and this market will improve and get better on the economic and business levels

**Key words:** Internationalization, Uppsala model, the process of entry modes, entry modes, cultural similarity, and differences.
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CHAPTER 1 – Introduction
The first chapter consists of six sections. The first section is the background of this study, and it gives the readers an overview and a better understanding of the research subject. The second section covers the motivation of the study. The third section is the problematization of the research subject. The aim of the study and the research questions discussed in the fourth section. The fifth section presents the limitation of the study. The last section presents the structure of the study which gives an overview on every following chapter.

1.1 Background
Starting a business in a new market is a big challenge for any company and there will be many unexpected factors that will drag the expansion. The Middle East and North Africa were observed by foreign entities as some high-risk markets, such as; Libyan, Tunisian, Algerian, Moroccan and Lebanese markets, as a relation to the returns and location, but the Middle East and North Africa are changing and has a massive market of more than 850 million people (Luiz & Charalambous, 2009).

Globalization was characterizing the world economy in the last decades. One of the primary results of globalization is the reduction of barriers to international trade, as a consequence of this companies can move in the international markets. Thus, this case has changed the dynamics of the local markets as for some companies it is necessary to go abroad. (Cornia, 2004)

According to Moore (2010) in the North African region, there are clear challenges, but has talented people, entrepreneurs, possible business relations, and the motivation to increase the internal capacity and the market share of North African countries. Despite opportunities for growth seen in micro, small, medium, as well as large scale levels, there are challenges to enter and doing business in North Africa (Moore, 2010). Also, Karakaya & Stahl (1989) suggest that many firms enter new or familiar markets as an effort to grow, by introducing new or improved products, while companies begin with products that are matching to the ones already in the market. In both cases, the firms face market entry barriers and significant financial risk. Therefore, before the companies enter a new market, it should take under consideration entry barriers in the host country market.

Jansson (2008) indicates that the choice of entry usually depends on the level of the internationalization of the company and its stage of development. The degree of internationalization is the companies’ level of commitment to the newly entered markets and the
level of the gained knowledge of the market and the capability to serve that market. The strategy of internationalization stages means that companies use exporting as a first entry strategy to a new certain market without investing too many assets, then as soon as they get the knowledge about this market they can expand their presence in this market by using other entry modes. (Johnson & Tellis, 2008)

The decision of entry mode has many important strategic implications for a company’s future operations (Helfat & Lieberman, 2002). Also, taking the decision carefully, massive investments in time and money could go into determining which entry decision to make, through choosing one of the known entry modes. Such as, Exporting, Joint Venture, Licensing, and foreign direct investment. Moreover, many key factors are in consequence when a company’s international entry mode decision is studied as they were listed by (Wild & Wild, 2014) in their book, International Business; The -Challenges of Globalization; cultural environment, political and legal environments, market size, production and shipping costs, and international experience (Wild & Wild, 2014).

To support this argument, Jansson (2008) addressed that companies can internationalize into the countries that have the same culture and business practices, and when they get the experience in neighboring countries (e.g. Egypt and Morocco; Egypt and Libya; Egypt and Lebanon) then they can internationalize to the markets which are not similar in characteristics. He also indicated that the opportunities offered by the internationalization process are mainly the possibility to find new customers.

1.2 Motivation
For many years, researchers have been focused on the influence of cultural differences when choosing a new market to enter and its effect on the selection process of entry modes (Tihanyi, Griffith & Russell, 2005). For example, (Winkler, Dibbern & Heinzl, 2008; Watson, Kumar & Michaelsen, 1993) discussed that the companies do not prefer to enter a culturally difference market without having proper experience in it and it plays a key role in which market to choose. However, there is lack of researches studying the influence of cultural similarity on the internationalization process, because they focused on the influence of culture differences instead. Therefore, we find it interesting to study the influence of cultural similarity on the internationalization process, and it worth to mention the two valuable sources that inspired us and gave us enormous information about this field (Hyder & Fregidou-Malama, 2009; Fregidou-
Malama & Hyder, 2011). The motivation of this research is to study the influence of cultural similarity on the selection process of a new market, and if the challenges faced the companies when entering the culturally-similar market are the same when entering a culturally-different market. However, this research studies how a company should develop and survive when entering a culturally-similar market, what are the challenges faced, what is the effect of these challenges on the decision-making process to decide which entry mode to choose.

1.3 Problematization

When a company decides to enter a new market, it faces two major challenges— which market to choose and which entry mode to use when beginning (Zhang, Zhang & Liu, 2007). Entering a new market adds knowledge to the company’s survival techniques and positively affects company’s growth and profitability. Companies, who want to gain those advantages, need to enter the market successfully and to do that, they need to choose wisely (Erramilli, 1991). Emerging markets, such as the Middle East and North African market, provide opportunities for doing business because of the cheap labor, raw materials and it is a market to sell product and services (Bildt, Björling & Carlsson, 2011).

The attractiveness of a new market can be determined through, starting with the market’s size and speed of growth, ending with the level of competition and the service cost, and of course, the most important factors, the economic, social, and political situation in the market’s country (Stobaugh, 1969; Davidson, 1980; Davidson, 1982; Knickerbocker, 1973). According to Davidson (1983), most companies prefer to enter a similar market to their current market to avoid the unexpected factors and to assure the selling of their products and services.

According to Zhan (1999), when a company decides to enter a new market, it is important to assess its strategy to enter the market successfully. It is important for the company to recognize the level of commitment to the new market it wants to come from many aspects, such as time, employees, financial and opportunities to decide the right entry mode. The decision of which strategy to use is crucial and too hard to change without losing money, effort, and time (Root, 1982). It is also vital to realize both the advantages and disadvantages of the entry mode before choosing it.

As mentioned above, the selection process of a new market to expand to and the decision-making process of an entry mode is critical to any company when entering a new market. However, there are different procedures between when a company chooses a culturally-similar market to enter and
when a company chooses a culturally-different market. Therefore, the research gap would be “how cultural similarity affects companies while entering a new international market and choosing the entry mode to enter that particular market.”

1.4 The aim of the study & Research questions
To understand the influence of cultural similarity on the selection process of international market and entry modes, and if companies prefer a similar cultural market whether to enter or not. Therefore, the gap of our study would be the influence of cultural similarities when entering a new market. Therefore, we choose to study the role that the similarities play in deciding which entry mode to choose and which market to approach. So, the aim of this study is to understand the influence of cultural similarity on the companies’ decision of which market to enter and which entry mode to choose when entering a new foreign market. After reviewing the theories and conducting the literature review that argues the factors that influence companies’ decision-process of going into a new international market and the entry modes, this study will relate these forces to a real-life case. Therefore, two research questions presented as follow;

**Research Question 1:** How does cultural similarity influence the selection of a new potential market for international expansion?

**Research Question 2:** How does cultural similarity influence the choice of entry mode to enter a new market?

1.5 Limitation
This research is studying the effect of cultural similarity on the selection criteria of a new potential market and its impact on the selection process of which entry mode to choose. Thus, technical limitations are only about theories dealing with companies expanding internationally and the impact of cultural differences, due to the lack of literature on the influence of cultural similarities, despite the fact that Jansson 2008 had explained the effect of the similarity when entering a new market. To examine the whole culturally-similar markets would make this study too broad. Consequently, this study focuses on an Egyptian aluminum company which expands to culturally-similar markets.

The company investigated is Dawlia21, and it is an Egyptian company specialized in producing colored Aluminum profiles. The firm's’ ability in this field started in 1988. In 1994, it opened its first metal-painting factory, and in 2007 it became the number one aluminum-painting company
in Egypt. It controls around 40% of the Egyptian market and has total investment value exceeding five million US dollars. The company is licensed from the Italian company “VIV” and has the quality certificate. It has business connections with many countries in the world, for example, Morocco, Libya, Tunisia, Lebanon, Nigeria, Uganda, Kenya, Ghana, Senegal, Zambia, and Burkina Faso as buyers and Norway, Netherland, and Italy as suppliers. The firm's' expertise in the field of aluminum painting started in 1988. Then, it expanded by opening the first metal art factory for treating and painting metals in 1994. In 2007, Dawlia21 was founded to become the leading aluminum-painting company in Egypt rapidly. (Dawlia 21, 2017)

1.6 Disposition

This study is organized as follows. Chapter 1 presents the background of the research, the motivation, the aim of the study and research questions. In the next chapter, the theoretical framework of this study, which based on the relevant literature. Chapter 3 presents the methodology used in this study. In chapter 4, the empirical findings. The discussion and comparison between the theories and the empirical findings are in Chapter 5. Chapter 6 is the summary of this research, and it includes the further research recommendation.

![Figure 1, the structure of the study](image)

*Source: Own.*
CHAPTER 2 – Literature Review

In this chapter, we present the theoretical concepts of our study. The described theories and earlier researchers of the internationalization theories are explaining The Uppsala Internationalization model, market entry decision, the different entry modes and how a firm process to choose a specific entry mode, aim at structuring an appropriate framework for analyzing the influence of cultural similarities on the selection process of entry modes when a firm approaches a new market.

2.1 Internationalization process

Nowadays companies are taking the opportunities that were generated by Globalization and become International; globalization created a significant opportunity for manufacturers to start doing their marketing activities abroad. Internationalization is a broad concept, and studies of international business have examined it and its process in which firms’ step by step start increasing their international involvements (Malhotra, Agarwal & Ulgado, 2003). Also, internationalization theories addressed that the internationalization of firms described as a stepwise process by which the firms start to internationalize their market operations from the nearby markets more than in the far distance markets (Johanson & Wiedersheim-Paul, 1975).

*Figure 1. Internationalization process*

As we will describe later, Uppsala internationalization model has four stages, by which the companies start having small operations in the near similar market and it starts moving slowly towards expanding more in that market. Regarding the *Uppsala model*, firms would rather favor the nearby countries which lay in a low psychical distance when they start their abroad operations and only after entering the close distance markets they intend to expand to psychically distant markets. This argument is directly related to the view that business environments in close psychically nearby countries are more reliable and easier to understand and trade market operations easier to implement.
2.1.1 The Uppsala Internationalization Model

In 1970, Swedish researchers at the University of Uppsala reviewed the internationalization process of firms, and their results showed that companies firstly moved to nearby markets and slowly moved to markets further away. They also discovered that businesses first entered markets through export, and then after several years established wholly owned or majority-owned operations. They defined four different stages that companies must go through when they decide to enter a new market, with every step up, higher international involvement and increased risk taking. The model is called The Uppsala Internationalization model, and the four stages are:

- Stage 1. No regular export activities (sporadic export).
- Stage 2. Export via independent representatives (export modes).
- Stage 3. Establishing a foreign sales subsidiary in the new country.
- Stage 4. Foreign production/manufacturing units.

(Hollensen, 2007)

*Figure 2: Internationalization of the firm, Uppsala internationalization model.*

As we see in the above figure, the first stage on the Uppsala internationalization process starts when the company approaches market A, then the higher the company gains market commitment towards that market the geographical diversification will increase and as a result the overall internationalization of the firm and the number of new approached markets will increase. So as in the study of Johanson & Wiedersheim-Paul (1975), they defined psychic distance as ‘factors preventing or disturbing the flow of information between firm and market.’ The factors are connected to the differences in language, culture, political system and industrial developments. As
a result of the countries distance, the more the firms internationalize, the more the country in which to start internationalization collects additional significance (Cuervo-Cazurra, 2011).

Early research considered the international or foreign market operation, as a starting point in analyzing the development process for internationalization process (Welch & Luostarinen, 1988). Previous types of research explained this term as; ‘the process of raising the involvement in international operations in between firms’ (Johanson & Wiedersheim-Paul, 1975). Another definition of Internationalization is “the recognition and exploitation of entrepreneurial opportunity that leads to new international market entry” (Chandra, Styles & Wilkinson, 2012). Other researchers saw the internationalization as a chance development process and stresses the importance of entrepreneurial activities in the internationalization process (Johanson & Vahlne, 2009).

Internationalization is the process of adapting of making exchange transactions to international markets, (Malhotra et al., 2003). An important reason for adopting a wider concept of internationalization is that both sides of the process, have become more closely linked to the dynamics of international trade (Welch & Luostarinen, 1988).

Therefore, the analysis of internationalization has been a significant driving force in the international business research.

2.2 Culture
As was proven by previous researchers and proven by the leader of the cultural research, Hofstede (1980) identifies cultural dimensions given the cultural differences and includes the importance of cultural understanding as the main point to engage in international business. In the next three tables, we will illustrate the difference between Egypt vs. Morocco, Lebanon, and Libya regarding its values that the culture influences it and was discussed by Hofstede (2010) in a cultural dimension’s index for each country with Egypt. The index labels primary dimensions that contribute in differentiating culture, which is: power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence.

According to the cultural dimensions of Hofstede, Egypt, Lebanon, Libya, and Morocco are almost similar in term of culture. The figures above show that those countries have almost the same level of power distance. In term of individualism, according to Hofstede’s dimensions for these countries, Egypt are the least individualism country. Masculinity from the other hand is almost the
same in these countries except for Lebanon which is more masculinity than the others. Uncertainty avoidance is also the same in these countries except for Lebanon.

A brief definition and explanation for that cultural dimension in the next topic below.

*Figure 3, comparison between Egypt with Lebanon, Libya, and Morocco regarding to Hofstede Cultural Dimension*

<table>
<thead>
<tr>
<th>Market</th>
<th>Hofstede Cultural Dimension</th>
<th>Power Distance</th>
<th>Individualism</th>
<th>Masculinity</th>
<th>Uncertainty Avoidance</th>
<th>Long Term Orientation</th>
<th>Indulgence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>70</td>
<td>25</td>
<td>45</td>
<td>80</td>
<td>7</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Lebanon</td>
<td>75</td>
<td>40</td>
<td>65</td>
<td>50</td>
<td>14</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Libya</td>
<td>80</td>
<td>38</td>
<td>52</td>
<td>68</td>
<td>23</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Morocco</td>
<td>70</td>
<td>46</td>
<td>53</td>
<td>68</td>
<td>14</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Own.*

2.3 Cultural differences

One of the major assumptions that address cross-cultural social psychology that culture shapes human behaviors (Bhawuk & Brislin, 2000). Cultural characteristics, on the other hand, explain the factors that cause patterns of life and biodiversity. Kinzig, Warren, Martin, Hope & Katti (2005) argue that cultural and socioeconomic characteristics are shaping the human environment interaction and delay environmental outcomes. According to Gefen & Heart (2006), national culture is a gathering of beliefs and behaviors shared in between a group of people. Hofstede (1980) supports that the collective programming of the mind, that differentiates members of a human group from another one. Clark (1990) states that key factor of interactions is the national culture. In this concern, Hofstede (1980) underlined four national culture elements that categorize and distinguish how people in a society cooperate in their groups. These items are; Individualism versus Collectivism, Power Distance, Uncertainty Avoidance, and Masculinity versus Femininity. He addresses that these elements explain how a nation could choose to cooperate with the difficulty related to the value system and its willingness to rely on strangers. The items explained distinctively with its characteristics and indications of the nations where it applicable.
According to Fukuyama (1995), we can say that a nation has a culture of collectivism or individualism when its people shows the behavior of willingness to trust strangers or willingness not to trust them. Hofstede & Minkov (2010) stressed that individualism applies in societies when individuals only care about themselves and their close families. On the other hand, collectivism applies to societies which people values real strong connection to each other and group integration.

Power distance, according to Hofstede et al. (2010) includes attitude toward inequality in society and how a society deals with inequalities within its people. A country with high-power distance values, involves acceptance for inequality as part of its culture; also involves that subordinates rely on bosses (Hofstede et al., 2010).

Uncertainty avoidance is another national cultural element that differentiates cultural values. Hofstede et al. (2010) explained these elements as the level which a member of a nation feels uncomfortable with uncertainty and doubt. In other words, it describes how a nation will handle the fact that the future is unknown. Nations with higher uncertainty avoidance index keep firm beliefs and behaviors and thus, are intolerant of unaccepted behaviors and ideas.

The last element is masculinity versus femininity, according to Hofstede et al. (2010) masculinity is when a society prefers achievement, heroism, assertiveness and material reward as a success. On the other hand, femininity is a society that favors cooperation, modesty, caring for the weak and quality of life.

2.4 Cultural similarities
In this part of the theory, we collected previous literature reviews about the influence of the cultural similarities and which advantages could it apply to firms when deciding to enter a new market. However, the previous research contained a simple view about these effects and how it could be helpful when going international and emerge with new markets. No theoretical strategies or framework in scientific articles and books are available. Few articles were related to the cultural similarities in the subject of relationships and communication (Johanson & Wiedersheim-Paul, 1975).

On the other hand, this topic was mentioned shortly in the book of Wild & Wild (2014) when they addressed that cultural similarity encourages confidence and thus the probability of investment. Equally, the importance of cultural differences diminishes when managers are knowledgeable about the culture of the target market (Wild & Wild, 2014).
With other previous research, we found the topic of the cultural similarity connected to the reduction of risk when doing business and no clear focus about this subject. It discussed the fact that the strategy of cultural similarities. For instance, Meyer was a researcher who did a study about the cultural similarities between the US and Canada, he showed that managers who decide to go to foreign locations expecting cross-cultural differences could experience situations where cross-cultural cooperation is required (Meyer, 1993). O’Grady & Lane (1996) found that although cultural differences experienced between psychically neighboring countries are less risky, assuming these differences to be insignificant may represent a generalization of the ‘psychic distance’ concept.

2.5 Market entry decision
Before the managers make the decision of going into a new market, crucial factors the managers should put into consideration, including the local business environment and a company’s core competency. When a firm enters a market by which it gets its products, technologies, human skills or other resources into a market. In other words, a company that is based in the home country looking for opportunity to sell for the first time in another global market, could be the continuation of the term internationalization and entry mode selection (decision) is consequently, a vital, if not a critical, strategic decision (Agarwal & Ramaswami, 1992).

Also, companies are seeking to enter new markets for manufacturing and/or for marketing purposes. Also, what mode to choose depends on many factors, including experience in the market, the control of level the manager's desire and the potential size of the market (Wild & Wild, 2014).

One of the good examples for a model that most of the companies follow is The Uppsala internationalization Model of entry, where it suggests ‘stages’ of a successive pattern of entry into a succeeding new foreign market, regarding a long-term commitment to each market. Increasing commitment was important in the thinking of Uppsala researchers (Johanson & Wiedersheim-Paul, 1975). In the international business environment, companies increasingly sell their goods and services to wholesalers, retailers, industrial buyers, and consumers in other nations.

2.5.1 Factors affecting the decision of market entry mode
The decision of entry mode has important strategic implications for a company’s future operations (Helfat & Lieberman, 2002). Also, companies should take it carefully, investments in time and money could go into determining which entry decision to make. Moreover, many key factors are
in consequence when managers take the decision for an international entry mode, as they were listed by (Wild & Wild, 2014). In their book, International Business; The Challenges of Globalization; cultural environment, political and legal environments, market size, production and shipping costs, and international experience (Wild & Wild, 2014).

-**Cultural environment** - values, beliefs, customs, languages, and religions, which can differ from one nation to another. On the other hand, cultural similarity supports the investment. Similarly, the importance of cultural differences diminishes when the manager has experience and knowledge about the culture of the target market.

-**Political and legal environments** - an unstable political situation in a target market increases the risk exposure of investment. Companies always to avoid the markets that have conflicts and uncertain condition and most of the time search for a market that has low legal requirements, specific import regulations, like high tariffs or low quota limits, can inspire investment. Also, governments may come up with laws that do not allow foreign companies to go and invest in their countries as a protection for its original manufacturer. For example, China had banned wholly owned companies by non-Chinese businesses and required that joint ventures go along with local partners.

-**Market Size** – The market size is a potential factor in deciding to enter a new market or not. When a country has rising income in the market, it courage’s investment entry modes because investment gives the firms the green light to start preparing for expanding market demand. Also, to prepare for a better understanding of the target market. The high level of domestic demand in China, for example, is attracting the joint ventures, strategic alliances, and wholly owned subsidiaries. On the other hand, if market researchers find out that the market will stay small, the best way the might include is exporting or contractual entry.

-**Production and Shipping Costs** – to control the total costs, producing with a low cost of production and shipping could give a company a competitive advantage. Hence, establishing up production in a market is required, when the cost of production in that market is lower than in the home market. The low-cost production could be a supporter to contractual entry through licensing or franchising. On the other hand, companies that manufacture goods and services with high shipping costs naturally prefer local manufacturing. Moreover, the contractual entry modes are possible options in this scenario. Otherwise, exporting is practicable when products have relatively
lower shipping costs. Finally, because firms are subject to less price competition, the unique products that do not have many substitutes engage higher shipping and production costs. In this case also, exporting is a viable selection.

**International Experience** – Most companies enter the international marketplace through exporting. At the time that businesses are gaining more experience, they are trying to find out more entry modes to get more involved in that market. As a result, higher risk in return for greater control over operations and strategy. Ultimately, firms may explore the benefits of licensing, franchising and management contracts. After businesses are stable in a specific market, joint ventures, strategic alliances, and wholly owned subsidiaries become practical options.

### 2.5.2 The contingency model of decision making

There are many factors that play a significant role in taking the decision of entry so that (Karakaya, 2002), drew a clear framework ‘The contingency model of decision making’ in their article ‘Barriers to entry in industrial markets’ as a framework which they invented standing on the clear facts that were made by Beach & Mitchell, 1978. In the figure below, they kept in mind what (Beach & Mitchell, 1978) addressed about the decision making which contains a sequence of stages (Beach & Mitchell, 1978). Figure 1 shows the framework employed in the contingency model of the mode of entry decision by (Kumar & Subramanian, 1997).

*Figure 5 – The framework used in contingency model of modes of entry decision*

![Contingency Model Diagram](image)

*Source: Kumar and Subramanian, (1997) p.59*

To summarize and conclude, when companies decide to enter a new market, extensive market research should be conducted, many factors play a significant role in deciding which market to choose and which strategy to follow when entering this new market. Also with a large number of countries welcoming foreign manufacturing investment and the increasing number of firms applying global strategies, the nature of international business is experiencing a new transforming stage. Many factors such as competition, reduced time for innovation with the high cost of
production development directed firms to rethink when entering new markets (Buckley & Casson, 1998).

Yip, Loewe & Yoshino (1992) offered advice for the opening of global markets. By which, when a firm decides to enter a new market and go internationally, it has to choose the distant target market that it wants to operate. When a firm decides to expand internationally it has to choose the foreign market it intends to run. The market selection decision includes choosing the best market to enter relying on the strategic needs and alignments of the firm (Kumar, Stam & Joachimsthaler, 1997; Papadopoulos, 1988). When the firm has decided to enter a foreign market, it has to conclude the nature of its operations in the foreign market. The character of the company’s operations in the country market relays on which entry mode the company would use.

2.6 Types of Entry Modes
Entry modes or the choice of entry to a new market has been defined by Jansson (2008) as “How firms get access to new customers in new geographic markets by marketing their products there.” In other words, it is a strategy used by companies for the long-term when entering a new market to gain competitive advantages through its configuration of competencies and resources (Johnson, Scholes & Whittington, 2008). To satisfy the customers’ needs is a major challenge facing companies around the world. Therefore, companies must stay competitive by having clear strategies and adapt those strategies to meet customers’ needs and demands. After setting clear strategies, companies must implement those strategies by taking strategic decisions, such as entering new markets (Johnson et al., 2008).

The market entry strategy in general consists of two parts, the first part is the entry mode, which is the way to enter a certain market, and the second part is the marketing plan, which is how to survive in the new market after the entry (Johnson et al., 2008). In other words, companies who want to expand internationally need first to make a strategic choice of which market to enter, then they have to make another strategic selection of which entry mode to choose to get into that market. The entry modes differ in resources invested into the new market, and they also vary in the level of commitment in the new market (Johnson et al., 2008; Pan & David, 2000).

According to Johnson, et al. (2008) and Raff, Ryan & Stähler (2009), exporting, licensing and franchising, joint ventures and foreign direct investment are the main entry modes, and the foreign direct investment might be one of two choices, either by Greenfield investments, which means
building up a new business in the new market, or by acquisition of an already working business. Albaum & Duerr (2008), on the other hand, divide entry modes by their levels of involvement, commitment, risk, and control in the new market. Lasserre (2012) divides entry modes into two major parts, first is the type of ownership, whether it is a partnership or sole ownership, second is the kind of investment. He also determines the factors that influence the choice of entry modes, which are the political situation, expected return on investment, government regulations, time, market attractiveness, risk, and the capability of the company.

Zhan (1999) indicates that entry modes differ in term of risk and reward from country to country, and he also compares between the entry modes and divides the entry modes into the direct, indirect, and joint venture. He claims that the risks and rewards depend on several factors. From one side, direct and indirect investments include slow development of the market share, money exchange costs, and payment risks, from the other site, joint ventures allow high control over the new market but include long-term return on investment, management participation and the most important a heavy capital investment, as presented in Table 1. These considerations allow the companies to choose the entry mode wisely and to adjust their strategies according to market conditions.

*Table 1 Comparing strategies: Easy entry or high-risk high-reward commitment*

<table>
<thead>
<tr>
<th></th>
<th>Risk</th>
<th>Market Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Joint Ventures</strong></td>
<td>High</td>
<td>Very Good</td>
</tr>
<tr>
<td><strong>Direct Exporting</strong></td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Indirect Exporting</strong></td>
<td>Low / Medium</td>
<td>Fair</td>
</tr>
</tbody>
</table>

Source: Zhan (1999) p.46

Lasserre (2012) has a different perspective about the comparison of entry modes. He divides the entry modes into distribution, joint ventures, and the foreign direct investing, and to measure the entry modes he used four aspects, such as, political risk exposure, managerial complexity, financial and administrative investment and the control of market and customer knowledge. He indicates that the distribution has a low score in the four aspects, the joint venture has a medium to high
score and the foreign direct investment is the highest, as presented in Table 2. However, the high-risk entry modes, such as foreign direct investment, are not usually used in comparable with the low-risk strategies, such as exporting, which often used by companies when entering a new market (Shama, 2000). Zhang et al. (2007) indicate that the uncertainties facing companies when entering a new market, especially the emerging markets, consists of three aspects, such as political instability, cultural differences, and imperfect industrial structure.

Table 2 - Comparing various entry strategies

<table>
<thead>
<tr>
<th></th>
<th>Political risk exposure</th>
<th>Managerial complexity</th>
<th>Financial and administrative investment</th>
<th>Control of market, customer knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>FDI</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>


2.6.1 Exporting
Exporting is one of the most popular entry modes among international companies. Exporting requires less capital investment than FDI because the company does not manufacture a new business in the new market, but it exports its products which produced in the home manufactory of the business (Kumar & Subramaniam, 1997). However, shipping costs and production costs remain the main challenges facing companies (Zhang et al., 2007). Exporting has two types, direct and indirect (Zhan, 1999). The direct exporting is when a company sells its products directly to customers in the new market by using sale branches, distributors, and warehousing facilities in the new foreign market, whether the indirect exporting is when a third-party company is involved (Albaum & Duerr, 2008; Zhan, 1999). If the company for any reason, such as not enough capital or employees, could not export directly, it can export its product indirectly. Indirect exporting means exporting through a third-party, such as export trading companies. (Czinkota, Ronkainen, & Donath, 2003)
2.6.1.1 Why companies enter new markets by using exporting?
To build a bigger picture for why companies decide to enter a new market through exporting, three main reasons in regard to (Wild & Wild, 2014) are;

-Expand Sales most of the large companies use exporting as a way for expanding their total sales when the local market is structured. So, that, the companies achieve the economies of scale throughout sharing the fixed costs of production over a greater number of manufactured products, thus decreasing the cost of producing each unit of output. So, companies go international as a way to achieve economies of scale.

-Diversify sales. Exporting allows companies to diversify their sales. In other words, they can balance slow sales in one national market could be caused by a rescission, with increased sales in another. Diversified sales can balance the company’s owed cash, making it easier to organize payments to creditors with receipts from customers.

-Gain experience – as mentioned earlier, companies use exporting as a low cost and risk strategy to get started in international business. When the knowledge of how to conduct business in other market is low for managers and owners, they use exporting to gain more valuable international experience.

2.6.1.2 Political and legal factors
Exporting does not give companies the chance to be reliable and locally present. Therefore, it considers as a disadvantage. (Zhan, 1999). Also, it could be the strict government regulation in the home country and the new foreign country. Exporting regulation from the home country, such as export tariffs and importing regulation in the new market, such as customs clearance and high shipping costs can be difficult challenges and cause delays in deliveries. However, in the indirect exporting method, the third-party company can take the responsibility of these procedures in the new market, which leads to fewer challenges for the exporting company. (Zhan, 1999; Johnson et al., 2008)

2.6.1.3 Financial Factors
Exporting is the easiest, simplest, cheapest and the least risk entry mode to use when entering a new foreign market (Albaum & Duerr, 2008). Researchers, such as McCarthy & Puffer (1997) agree and add that exporting is flexible, helps to avoid risk and require less capital investment.
Johnson et al. (2008) from their point of view add that companies do not need to build a new manufactory in the foreign market and that reduces the operation costs. However, indirect investment solves the high-risk issue generated from the commitment to the new market (Hessels & Terjesen, 2010). The third-party companies in indirect exporting play a major role in the exporting cycle. They act as distributors, and they are responsible for all the tasks in the new market which makes the main company responsible just for production of the products and the shipping process. (Zhan, 1999; Czinkota et al., 2003)

The direct exporting can be an unavailable choice due to high risk or limited resources, which leads companies to choose the alternative exporting entry mode, which is indirect exporting, to avoid the risk (Lasserre, 2012). Zhan (1999) conclude that indirect exporting is usually the best entry mode for companies who want profit with a low amount of risk and commitment. The success of direct exporting based on market knowledge. However, companies cannot achieve that knowledge easily due to the lack of contacts in the foreign market. Moreover, companies who use exporting as an entry mode do not get the market advantages. Therefore, Companies with a lack of knowledge of a new market can gain benefits by using a third-party company in their exporting process, because of the knowledge that the third-party company has about the new market. (Zhan, 1999; Li, 2004; Johnson, Scholes & Whittington, 2008; Lasserre, 2012; Czinkota et al., 2003)

2.6.1.4 Social and cultural factors

According to Johnson, Scholes & Whittington (2008), some of the main challenges facing companies when entering a new market are communication issues and cultural barriers, which can lead to difficulties in reaching the customers and fulfill their demands. Chung & Enderwich (2001) found in their interesting study that when a company enters a culturally different market, hiring local employees helps in avoiding cultural differences and the communication issues.

Choosing the right third-party company to deal with is as important as choosing the right market to enter and the right entry mode to use while entering the new market. One of the third-party company responsibilities is marketing and to successfully reach the customers in the new market. However, the main company should sometime control the price policy of the third-party company. (Zhan, 1999)

One of the disadvantages in the indirect exporting is the dependency on the third-party company, which leads to losing control over the new market (Blomstermo, Sharma & Sallis, 2006; Johnson,
Scholes & Whittington, 2008). However, companies using direct export have total control on everything in the market, such as price and marketing strategies, and all the profit share (Zhan, 1999).

2.6.2 Foreign Direct Investment (FDI)
Foreign direct investment is the way companies transfer their knowledge from one market to another (Zhang et al., 2007; Kogut & Zander, 1993). Even that FDI is a high-cost strategy, it becomes one of the most popular entry modes among international companies (Czinkota et al., 2003) and they also indicate that this strategy gives the companies full ownership, which leads to more control over strategic decisions and marketing to gain more profit.

According to Zhang et al. (2007), The FDI is usually the last entry mode companies think about when entering a new market, especially in emerging economies. Zhang et al. (2007) and Chang & Rosenzweig (2001) claim that companies prefer exporting and joint venture as the first step in a new market and FDI comes in the next steps when companies gain experience in internationalizing and build their relations and networks. FDI became one of the most interesting factors for developing countries, because of its contribution to economic growth (Kok & Ersoy, 2009). Political and economic stability are essential requirement to attract foreign direct investment (Czinkota et al., 2003).

The level control associated with the type of ownership a company wants to acquire in their expanding is the main reason behind choosing the FDI as an entry strategy. Businesses can make a choice between full ownership and a part ownership, and this decision affects the control, risk management, and flexibility of the enterprise. Sometimes a part ownership is preferable while sometimes the full ownership is. However, some reasons may affect the profitability of FDI, such as, government restrictions and political instability. (Czinkota et al., 2003)

2.6.3 Licensing
Licensing is one of the attractive entry modes when entering a new market (Mottner & Johnson, 2000). Licensing is a permission given to a company located in the foreign new market to use the main company’s assets, knowledge, trademark, and technology for selling purposes in return for profit (Johnson & Tellis, 2008). Licensing defined by Root (1994) as the transferring process of knowledge and technology from one company to another.
2.6.4 Joint Venture
The joint venture is one of the popular entry modes among the international companies, and it means a partnership of two companies one in the home country and the other in the foreign new market (Johnson & Tellis, 2008). For its importance, it was frequently used in the last decade from both big and small companies when entering a new market (Lu & Beamish, 2006). According to Levi (2006), international companies’ shares vary between 10% to 90%, but it is usually between 25% to 75%. The biggest advantage of the Joint venture is the sharing between the two companies of the ownership and control of the market (Albaum & Duerr, 2008). According to Chen & Messner (2009), a company uses joint venture as an entry mode can be more flexible in the new market and it can reduce its expenses by using its partner’s infrastructure which based in the new market.

2.7 Selection process of entry mode
In the following sub-topics, we present the factors affecting the internationalization process, which divided into internal and external factors as shown in figure 6 p. 29.

2.7.1 Internal Factors

*Company size-* Small businesses have limited resources, which means fewer available entry modes choices (Koch, 2001). The size of a company plays an important role when choosing an entry mode. The big companies have the ability to take the high-risk and the high-cost of entering a new market through foreign direct investment, but the small businesses usually prefer exporting as an entry mode (Porter, 1990). The higher the control level a company wants means, the bigger size the company is (Sánchez Peinado & Pla Barber, 2007). Agarwal & Ramaswami (1992) concluded that since large-size companies have the ability to take the high-risk and the high-cost than the small-size companies, they prefer the high-commitment and high-control modes.

*Level of Control*- The control standards that the business wants, influence the choice of which entry mode to use when entering the new market. Entry modes can be divided into two categories, low-level of control, such as exporting and joint venture, or high-level of control, such as foreign direct investment. Companies who have the ability to take a high-level of risk and commitment and want a high or full level of control over the new market may choose the foreign direct investment mode of entry because it provides the higher-level of control. However, companies that want a low-level
of commitment to the new market can choose to license and export which have a low-level of control. Also, the joint venture has limited control over the new foreign market. (Levi, 2006)

**Company’s experience in a certain market**- The choice of which entry mode to choose is influenced by the company’s experience of a particular entry mode, how many times the company used the entry mode and when (Root, 1994; Paliwoda, Thomas & Farfus, 1998; Koch, 2001). According to Koch (2001), companies who gained experience and knowledge about a certain market prefer to choose joint venture and foreign direct investment over exporting as an entry mode. Companies, who have no or limited knowledge about a certain market, prefer to use a low-commitment entry mode, such as exporting and after they gain enough knowledge and experience they can choose an equity mode, such as the foreign direct investment (Sadaghiani, Dehghan & Zand, 2011). There is a strong relationship between the high-experienced companies and the high-control entry modes (Chen & Mujtaba, 2007). Kennedy (2005) concluded that businesses prefer low-commitment and low-control entry mode when they first enter a new market and then after gaining experience and knowledge they involve with a higher commitment and high-control entry mode.

**Company’s level of market share**- Companies who want to have a significant market share in the new foreign market prefer to use the foreign direct investment or joint venture as an entry mode. On the other hand, companies who want to have a limited market share in the new foreign market prefer exporting or licensing. (Levi, 2006)

**Risk**- According to Koch (2001), the level of risk which vary between an entry mode and another may affect the decision process of which entry mode to use when entering a new foreign market. Exporting has the minimum level of risk among entry modes, and the risk increase in licensing and joint venture respectively, while the foreign direct investment has the maximum level of risk (Miller, 1998). Higher risk means higher control over the market, which means in its turn higher return on investment, while low risk means low power and low return on investment (Gatignon & Anderson, 1988).

### 2.7.2 External Factors

**Cultural Distance**- According to Root (1994), the cultural differences are among the most important aspects that influence the decision-making process of which market to choose because companies prefer to choose and enter a market that has a similar culture. Researchers (e.g. Yiu & Makino, 2002; Kogut & Singh, 1988) argue that if there are cultural differences between the home
market and the new foreign market, companies tend to choose to export and to license over the foreign direct investment as an entry mode to the new market. The more cultural differences, the more uncertainty. Choosing a flexible entry mode and a low level of ownership is the best way to avoid the uncertainty (Williamson, 1975).

**Business environment**- Political instability and economic issues can be associated with the new foreign market, which can be a high-risk and not a business-friendly market. In this case, choosing to export through a local third-party or joint venture is the best way to transfer the high-risk associated with entering the market to the local companies. (Aulakh & Kotabe, 1997).

The high-control and high-commitment entry modes are not preferable in high-competitive and high-risk markets (Sánchez Peinado & Pla Barber, 2007). Foreign direct investment is a high-control and high-cost entry mode; therefore, companies avoid this entry mode when entering a high-risk market or when a market has political instability (Gatignon & Anderson, 1988; Chung & Enderwick, 2001).

**Market size and growth**- The market size and growth highly influence the selection process of which entry mode to use. Companies prefer to use licensing and exporting through a third-party in the small-size markets, while preferring joint venture and direct exporting in the big-size markets (Root, 1994). After gaining the proper knowledge and experience in a certain high-demanding market, companies prefer to establish a foreign direct investment (Koch, 2001).

Figure 6 below presents the factors affecting the selection process of entry mode.

*Figure 6. Factors influence the selection process of entry mode*

Source: own.
2.7.3 Choosing process of entry modes according to the cultural distance

*Table 3: Choosing process of entry modes and theoretical guides.*

<table>
<thead>
<tr>
<th>Factors</th>
<th>Entry mode</th>
<th>Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Level of Control</td>
<td>Foreign Direct Investment</td>
<td>Levi, 2006</td>
</tr>
<tr>
<td>Low Level of Control</td>
<td>Joint Venture and Exporting</td>
<td>Levi, 2006</td>
</tr>
<tr>
<td>High experience in using entry modes</td>
<td>Foreign Direct Investment and Joint Venture</td>
<td>Koch 2001; Chen &amp; Mujtaba 2007</td>
</tr>
<tr>
<td>Low experience in using entry modes</td>
<td>Exporting</td>
<td>Koch 2001; Sadaghiani, et al. 2011</td>
</tr>
<tr>
<td>Desire a Big Market Share</td>
<td>Foreign Direct Investment and Joint Venture</td>
<td>Levi, 2006</td>
</tr>
<tr>
<td>High Risk</td>
<td>Exporting, Licensing, and Joint Venture</td>
<td>Miller 1998; Anderson &amp; Gatignon, 1986; Douglas &amp; Craig, 1995</td>
</tr>
<tr>
<td>Low Risk</td>
<td>Joint Venture and Foreign Direct Investment</td>
<td>Miller 1998; Anderson &amp; Gatignon, 1986; Douglas &amp; Craig, 1995</td>
</tr>
<tr>
<td>High-Level of Cultural Differences</td>
<td>Foreign Direct Investment</td>
<td>Agarwal 1994, Kogut &amp; Singh 1988, Williamson 1975</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Business-Friendly Market</td>
<td>Direct Exporting, and Foreign Direct Investment</td>
<td>Erramilli &amp; Rao, 1993; Aulakh &amp; Kotabe, 1997; Peinado et al., 2007; Kim &amp; Hwang, 1992</td>
</tr>
<tr>
<td>Not a Business-Friendly Market</td>
<td>Indirect Exporting and Joint Venture</td>
<td>Erramilli &amp; Rao, 1993; Aulakh &amp; Kotabe, 1997; Peinado et al., 2007; Kim &amp; Hwang, 1992</td>
</tr>
<tr>
<td>High Market Size and Growth</td>
<td>Direct Exporting and Joint Venture</td>
<td>Root, 1994, Koch 2001</td>
</tr>
<tr>
<td>Low Market Size and Growth</td>
<td>Licensing and Indirect Exporting</td>
<td>Root, 1994, Koch 2001</td>
</tr>
</tbody>
</table>

*Source: Own*

### 2.8 Conceptual framework

The theoretical framework designed based on the key findings from the literature review to give an overview and a better understanding of the connection between the theory and the findings of the research. The resulting construction describes how the culture influences the internationalization process, starting with the motive behind internationalization, the selection process of a new potential market and the selection process of entry mode which ends with successfully entering the chosen market (e.g. Yiu & Makino, 2002; Kogut & Singh, 1988; Peinado & Barber, 2007; Williamson, 1975).

The following figure (Figure 7) shows the proposed conceptual framework of this research. It is based on the findings of the literature review outlined in chapter 2. The conceptual framework begins with the internationalization process starting with the motive behind internationalization and ending with successfully entering the market and the influence of culture on every step of the process.
Link number 1 describes the influence of culture on the motive behind internationalization. Wild & Wild (2014) claim that culture could encourage companies to expand internationally. Link number 2 describes the influence of culture on the selection process of a new potential market. According to Davidson (1983), most companies prefer to enter a culturally similar market to their current market. Link number 3 describes the influence of culture of the selection process of entry mode. Many scholars discuss the influence of cultural distance on the selection process of entry mode when entering a new market (e.g. Zhang et al., 2007; Zhan, 1999; Czinkota et al., 2003; Johnson, Scholes & Whittington, 2008).

*Figure 7. Conceptual framework of the study starting with the effect of culture to entering the new market*

Source: own.
Chapter 3 – Methodology

The methodology chapter aims to give a general idea of our research approaches and to illustrate the study of how to perform a Qualitative research. The choices of the investigation strategies, methods, and research design, will be described and discussed. In short, the methodology will elaborate on the collection of theories, concepts, and ideas, illustrate a comparative study of different approaches. Also, this chapter elaborates the applied research methodology which encompasses research design, data collection, operationalization, validity, reliability ethical considerations, limitation, and data analysis method.

3.1 Research Technique
Quantitative and qualitative are the methods used in the research field (Ghauri & Gronhaug, 2005). Quantitative research method depends on numerical data and values, while information presented through theories and words called qualitatively, and the things that cannot be measured in values are the reason behind the collection of the qualitative data (Merriam, 1998; Zikmund, Babin, Carr & Griffin, 2010). Researchers argued about the importance of using the quantitative and the qualitative research methods. Therefore, the main important thing is to choose the right research method regarding the research itself (Zikmund et al., 2010). In this research, the qualitative research has been used, because studying the phenomena relies on small samples, theories and other written or visual materials. According to Kinnear and Taylor (1991), Data collected from two sources, primary and secondary. In our thesis, we have used both the primary and the secondary sources to gather as much information as we can to make the thesis more reliable.

3.2 Research Approach
3.2.1 Case Study
According to Cooper & Schindler (2008), the case study focuses on interviews, observation and data analysis, which makes it one of the most powerful research approaches. In this research, the data have been collected from scientific articles, theories, the company’s website, brochures, direct observation, and interviews. The case study cannot be done without help from the party who is being studied (Zikmund et al., 2010). Therefore, semi-structured interviews have been conducted with some of the top and middle managers in the company. According to Cooper & Schindler (2008), the people who participate in the interviews need to explain their personal experience within the research perspective. There are many reasons to conduct a case study, such as to account
for a phenomenon, to create a new theory or to simply just test the validity of a theory (Kidder, 1982; Gersick, 1988). In our research, we choose the case study to test the validity of the influence of cultural similarities on the internationalization’s decision-making process. According to Eisenhardt (1989), the validity of a theory can be tested when the theory is applied in a real-life case. This research focuses on the influence of cultural similarities on the selection process of entry modes when entering a new market: the case of Dawlia 21. The case stands on the factors affecting market entry in North Africa and Middle East; by selecting similar cultural countries: e.g. Egypt, Libya, Lebanon and Morocco as a case study which is a perfect design for this thesis work.

3.3 Data Collection
According to Yin (2014), there are six sources of data for conducting a case study research, and they are divided into primary and secondary sources, such as interviews, archival records, documentations, articles, direct and participant observation. Yin (2014) suggests using a diversity of sources to gain the best data quality. Therefore, we used semi-structured telephone interviews as primary data and the internet, articles, reports, theories and books as secondary data.

Figure 8, The source of data used

![Diagram of data sources]

Source: own.

3.3.1 Primary Data
According to Malhotra & Birks (2003), the primary data is the data collected by the researchers to answer the research questions. There are many ways to collect the primary data, such as questionnaire, interview, observation and experiments (Ghauri & Grønhaug, 2005). In this case study, semi-structured telephone interviews have been used. Semi-structured telephone interviews conducted by the researchers to cover specific questions and can vary between an interview and another. That means the researcher may ask a different question in various interviews according to the flow of the interview. (Saunders, Lewis, & Thornhill, 2009)
The participants have been informed before the interviews, and they had enough information about the authors, the topic and the purpose of the data collection. The authors were entirely independent during the interviews and didn’t suggest any answer to the participants. The participants were freely providing the information which they thought it was suitable for the questions. Sometimes the participants gave very short or not clear answers. Therefore, they were asked to explain further. However, few questions have been ignored by the participants.

The interviews conducted in Arabic and the average length of each interview was 45 minutes. Due to the company’s private laws, it was not allowed for the authors to record any conversation. Therefore, the interviews have been recorded in written documents. All the information collected from the participants were rechecked immediately after the interview to assure its accuracy.

### 3.3.2 Secondary Data

According to (Aaker, Kumar, Day & Leone, 2010), secondary data are the data collected and conducted by researchers to solve problems, and they consider the main source of data for researchers. This type of data is precious when researching cultural aspects in certain markets and when researching the selection process of market entry modes. There are numerous sources of information, but the main source used in this research for collecting documents, articles, and archival records is the internet. The authors used the internet to gather information about the host country, the cultural similarities between the host market and the new foreign markets, the case company and the industry. The case company’s information has been collected from the enterprise’s website, and the other information regarding cultures, entry modes, the industry, the new foreign markets, the articles, reports, and theories have been collected from different sources on the internet.

### 3.4 Sampling

According to Miles, Huberman & Saldana (1994), choosing the sample has an important effect on the analysis. Choosing the sample in a qualitative research has two parts, defining the clear case problem and conduct a framework to successfully choose the samples (Miles et al., 1994). The sample must be valid in term of accuracy and precision to be considered as a good sample (Cooper & Schindler, 2008).
The authors intended to conduct 15 interviews, but only 12 interviewees participated. The response rate is 80%. Among the respondents are the CEO, Marketing Manager, Human Resource Manager, Production Manager, Purchasing Manager and some of middle-level managers and employees.

Table 4 - list of interviewees from Dawlia21

<table>
<thead>
<tr>
<th>Code</th>
<th>Position</th>
<th>Experience years in the company</th>
<th>Nationality</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
<td>23</td>
<td>Syrian</td>
<td>Male</td>
</tr>
<tr>
<td>DM</td>
<td>Development Manager</td>
<td>4</td>
<td>Egyptian</td>
<td>Female</td>
</tr>
<tr>
<td>HP</td>
<td>Head of Purchasing</td>
<td>8</td>
<td>Egyptian</td>
<td>Female</td>
</tr>
<tr>
<td>MM</td>
<td>Marketing Manager</td>
<td>12</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>HRM</td>
<td>HR Manager</td>
<td>8</td>
<td>Egyptian</td>
<td>Female</td>
</tr>
<tr>
<td>PM</td>
<td>Production Manager</td>
<td>10</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>ITM</td>
<td>IT Manager</td>
<td>7</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>AM</td>
<td>Accounting Manager</td>
<td>5</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>FM</td>
<td>Financial Manager</td>
<td>17</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>TM</td>
<td>Taxation Manager</td>
<td>9</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>HR-A</td>
<td>HR Assistant</td>
<td>4</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
<tr>
<td>F-A</td>
<td>Financial Assistant</td>
<td>1.5</td>
<td>Egyptian</td>
<td>Male</td>
</tr>
</tbody>
</table>

Source: Own.

3.5 Operationalization

To gain as much information as possible, we have prepared interview questions for the participant of Dawlia21. Since the interviews are Simi-structured, some of the questions differ between an interview and another. All the questions are related to the literature review, the research questions, and the research problem.

In the following table is the summary of the main question asked during the interviews with the main purpose of the questions and the theories behind it.
**Table 5– Operationalization of interviews questions**

<table>
<thead>
<tr>
<th>Question</th>
<th>Purpose &amp; Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1  What is your name?</td>
<td>These questions will give us an idea about the interviewees and will help us assure the reliability of the data.</td>
</tr>
<tr>
<td>Q2  What is your position?</td>
<td></td>
</tr>
<tr>
<td>Q3  How many years have you worked in the company?</td>
<td></td>
</tr>
<tr>
<td>Q4  How many employees working in the enterprise?</td>
<td>It will help us to figure out the company size. Porter (1990), influences the selection process of entry modes.</td>
</tr>
<tr>
<td>Q5  When did the company establish?</td>
<td>These questions will give us a peek on the company’s experiences.</td>
</tr>
<tr>
<td>Q6  How many branches does the company has in Egypt?</td>
<td>Root (1994), Paliwoda, Thomas &amp; Farfus (1998) and Koch (2001), also has an impact on the selection process of entry modes.</td>
</tr>
<tr>
<td>Q7  How many languages do you speak?</td>
<td>This question asked to give us an overview of the communication abilities of the company.</td>
</tr>
<tr>
<td>Q8  How entering a new market affects your department as a manager or you as an employee?</td>
<td>These questions will help us to understand the internationalizing willingness of the company and to investigate the theory.</td>
</tr>
<tr>
<td>Q9  Which markets did the company first entered? Moreover, why?</td>
<td></td>
</tr>
<tr>
<td>Q10 Why does the company choose the Libyan, Moroccan and Lebanese markets to enter?</td>
<td>Johanson &amp; Wiedersheim-Paul, 1975; Bilkey &amp; Tesar, 1977; Wild &amp; Wild, 2014 and stated that the firms start to internationalize their market operations from the nearby markets more than in the far distance markets.</td>
</tr>
<tr>
<td>Q11 Did the company had experience in those markets before choosing them as potential markets to enter</td>
<td></td>
</tr>
<tr>
<td>Q12 Does the company consider entering other markets? Moreover, why?</td>
<td></td>
</tr>
<tr>
<td>Q13 What are the barriers that the company faces when entering a new market?</td>
<td>These questions asked to give us information about the obstacles and the way to overcome.</td>
</tr>
<tr>
<td>Q14 What does the company do to overcome those barriers?</td>
<td></td>
</tr>
<tr>
<td>Q15 What are the factors the company puts into consideration when choosing a new potential market to enter?</td>
<td>This will help us compare the answers with the challenges of globalization theory conducted by Wild &amp; Wild (2014).</td>
</tr>
<tr>
<td>Q16 Does the company prefer to enter a culturally similar market or culturally different market? Moreover, why?</td>
<td>This question will help us understand the cultural distance theory argued by (e.g. Yiu &amp;</td>
</tr>
<tr>
<td>Q17</td>
<td>Which market entry mode did the company used when entering the Libyan, Moroccan and Lebanese markets? Moreover, why?</td>
</tr>
<tr>
<td>Q19</td>
<td>Does the company had any experience in using the entry mode, employed in the Libyan, Lebanese and Moroccan markets, before?</td>
</tr>
<tr>
<td>Q21</td>
<td>When does the company consider a certain market risk? How the company describes the level of risk in the Libyan, Lebanese and Moroccan Markets?</td>
</tr>
<tr>
<td>Q22</td>
<td>How does the political instability affect the company’s choice of entry mode?</td>
</tr>
<tr>
<td>Q23</td>
<td>Does the foreign market size and growth rate influence the selection process of entry mode?</td>
</tr>
<tr>
<td>Q24</td>
<td>Is there any information about the selection process of potential markets and entry modes you would like to add?</td>
</tr>
</tbody>
</table>

*Source: Own.*

### 3.6 Data Analysis Method

The data analysis process defined as a process to form the results gathered based on the theoretical framework of research to contribute to the case study. The quantitative analysis method based on numerical data but the qualitative analysis process based on the meaning of words. (Saunders et al., 2009)

In this research, the qualitative strategy has been used. Therefore, the following part discusses the qualitative analysis process. Since the qualitative data analysis process is complicated due to the enormous amount of verbal data, Saunders et al. (2009) conducted a process to analyze the
qualitative data. As it is shown in figure 9, the first step is to categorize the data according to the theoretical framework of the study. The second phase is collecting the data and to keep the relevant data and to get rid of the irrelevant data. The third step is to draw connections between the data in each category. The last step is to draw the conclusion by explaining the findings.

*Figure 9. Qualitative data analysis process*

![Categorization, Collecting the Data, Drawing Connections Between Categories, Drawing Conclusion]

Source: Own.

We will use this process in our research because the interviews will construct our empirical data we will do. We will just follow the process to find the relevant data to the research area then to categorize the data based on our theoretical framework and then to draw the conclusion.

### 3.7 Validity

The validity of research is the level of accuracy of the information and the outcome data (Zikmund et al., 2010). Miles et al. (1994) defined the validity of research as it is not the correspondence between the real world and the research finding, but it is a way to check and question the quality of data. There are four ways to measure the validity of research, face, content, criterion, and construct validity (Zikmund et al., 2010).

In this study, the theoretical based Simi-structured interviews represent many variables to the participants. The interview questions and purpose have been explained to the participants before conducting the interviews to assure that the participants understand the questions and answers with useful information. When the authors got information that the participants are ready for the interviews, Simi-structured telephone interviews have been performed. Therefore, this process of measurement has reflected the concept which the authors wanted to investigate.
3.8 Reliability
The reliability of research is the repeatability of the research steps used in a study (Yin, 2014). It is a signal for the inherent repeatability of the process of measurement (Zikmund et al., 2010). The main purpose of the reliability is to eliminate the errors and biases in research (Yin, 2014).

Since the interviewers and the participants came from the Middle East and North Africa and some of the participants have difficulties with explaining clearly in the English language, the interviews were conducted in the Arabic language. After that, the collected data were translated to English to fit in the study. It is believed that if the same procedure has been followed, the same questions have been asked and the same translation has been done; the result will be the same.

3.9 Ethical Consideration
Ethics is critical when conducting research, and many aspects should be considered (e.g. Saunders et al., 2009). Since our research is about the cultural similarities and its influence on the internationalization process and the selection process of entry modes, we have based our research on a company that has been involved in an internationalization process to culturally similar markets. It was important to inform the participants about the main purpose and to explain the nature of questions. However, we did not account for the purpose of deep details due to the risk of influencing the results of the study.

The company wants us to be as honest as possible in our research, and they had a request, due to their secret laws, about neither recording any audio information nor using any sensitive and- or financial data in our research. This application is necessary, and we need to respect it. Therefore, we decided to record the interviews as written documents, and we did not use and sensitive or financial data.
Chapter 4 – Empirical Findings

In this chapter, we will present all the findings, results and information we gathered from our interview participants. To arrange this part, we will introduce the case company background then the findings from all the interviews under the main subtopics, starting with the selection process of a new potential market, which includes internationalization and entered markets and the entry order. Followed by the selection process of entry modes, which include the internal and external factors affecting the selection process of entry modes and then the influence of culture. After that, we will present the challenges facing the company when entering a new market. In the end, we will present a table with the summary of the findings to make it easier for the readers to follow.

4.1 The Case Company Background

This section provides an overview of the company with a brief history and the vision and mission of the enterprise. Then, a short summary of the company’s main products and services will be presented. All the information in this chapter has been obtained from the enterprise’s website.

Dawlia21 is an Egyptian company specialized in producing colored Aluminum profiles. Their expertise in this field started in 1988. In 1994, they opened their first metal-painting factory, and in 2007 it became the number one aluminum-painting company in Egypt, and they control around 40% of the Egyptian market and with total Investment value exceeding the 100 million Egyptian pounds. The company is licensed from the Italian company “VIV” and has the quality certificate. They have business connections with many countries in the world, for example, Morocco, Libya, Tunisia, Lebanon, Nigeria, Uganda, Kenya, Ghana, Senegal, Zambia, and Burkina Faso as buyers and as suppliers, for example, Norway, Netherland, and Italy. (Dawlia 21, 2017)

4.1.1 Strategy and Objectives

Dawlia21’s strategy is to develop, manufacture and sell high quality printed aluminum with an ongoing focus on product development and improvement. The concept holds their manufacturing distinguished in a way that is marketed to selected professional end-users ‘markets’ who value the unique quality, excellent service and the opportunity to create long-term relationships with the company.

The company’s objective is to continue enhancing quality to maintain the superior level of customers’ satisfaction - inside and outside Egypt- in their production processes, applying and relating this to their principal “more than customer’s satisfaction.” Regarding Dawlia21’s policy
“More than customer’s satisfaction,” they offer a guarantee to their end-users from 10 to 30 years depending on the kind of the producing powder they use. Customers are their top priority, and their main concern is offering a good after sale services to fulfill all their customer needs and requirements.

4.1.2 Assumptions, Resources and Capabilities
Dawlia21’s assumes it could expand its market share in its selected target markets by focusing on different similar markets around that has end-users are interested in a high standardized quality product that has long term guarantee and relationship with the manufacturer as long as the African market is slightly moving towards market expansion.

With the excellent product quality reputation and relationships that Dawlia21 already established internationally, it has the ability more to understand the end-users and their needs, and quickly and efficiently provide high-quality products to its customer. Dawlia21 has active recourses and capabilities on some of the proposed markets, but it wants to interpret and understand the most suitable way to enter them.

4.2 The selection process of a new potential market
This part presents the findings of the factors that have an influence on the selection process of a new potential market. Starting with the motive behind expanding followed by the entered markets and the order of entry finished by the influence of culture on the selection process of a new potential market.

4.2.1 Internationalization
All the participants agreed that the main reason behind internationalization is to grow their company. The CEO stated “Entering a new market is a huge step in the business’s lifecycle. Entering new markets is an expanding for the company’s markets and customers”, which means that the enterprise decides to internationalize to expand and gain more market share, customers, sales, and profit. Therefore, they search about an opportunity in a new market, then they study that market from many aspects and do a feasibility study to penetrate the market.

The company puts into consideration many aspects while choosing the new potential market, according to the MM, “The ability to survive and to gain profits. Moreover, of course, what are the cost of entering this market? The cost is not always money, but it could be resources, such as Human Resources, working hours, the relationship networks, the laws in the new market regarding
marketing and the way to present the products differ between a market and another.” While the DM answered, “The logistics, availability of opportunity, the customs, taxes, and transportation costs.” We can summarize that the company puts into consideration the available opportunities, the level of competition, the cost of entering, the revenue, the ability to survive and maintain the high-quality products and services, the language and communication issues, the cultural differences and the political situation, laws, economic conditions.

After finding a potential market to enter, the company starts to gather information about the new market from many sources. As the PM said, “we did a feasibility study, and studied these markets before entering them.” Feasibility study and the familiarity with the new market laws, regulation and culture, makes the process of gathering information much easier. A visit to the potential market also helps in the process of gathering information about the market.

After deciding the potential new market, they measure aspects to know the level of risk, the level of commitment, the level of competition, the level of financial investment needed and the level of return on investment. Also, the participants stated that it is crucial to survive in the new market and be able to deliver their high-quality products and services on time and to maintain the good reputation and relations with their customers in the new market.

4.2.2 Entered Markets and the Entry Order
Dawlia21 exports to many markets both in Africa and the Middle East, such as Morocco, Libya, Tunisia, Lebanon, Nigeria, Uganda, Kenya, Ghana, Senegal, Zambia, and Burkina Faso. They stated that the company started to penetrate markets close to the home market (Egypt), in term of the physical distance, such as Libya, Lebanon, Morocco and Saudi Arabia, and then moved to more distant markets, as the CEO said “The company entered at the beginning the Libyan market then the Saudi Arabian and Lebanese market. We entered those markets first due to the similarity of these markets with our home market and due to the low physical distance, which will make the shipping easier and with low cost.” The participants stated that the first market they have entered was the Libyan market, due to the low physical distance and the similarity of the culture and the market regulation. The next step was to enter the Lebanese and the Moroccan markets for the same reasons.

Now they have more than 20 markets they operate in, but still, the biggest markets are the markets with a cultural similarity and with a low physical distance. The Libyan market was one of the
greatest markets, but now they stopped the operation with the market due to political and economic situations in Libya.

The company stated that they are always looking for potential markets to expand and grow their business. Moreover, once they found a potential market, they study it and enter even if it was not physically near or culturally similar.

**4.3 The Selection Process of Entry Modes**

This part presents the findings of the selection process of entry modes and the influence of the internal and external factors on the selection process including the effect of culture.

According to the participants, the company has 253 employees, which means it is a small-to-medium size business. Therefore, it uses the exporting as an entry mode. The company prefers a low-to-medium level of control in the beginning stage of entry mode, and after gaining enough experience, they can raise the degree of supervision in the new market. The company has experience of using the exporting as an entry mode, and that is why they use it to enter the new markets. The participants’ responses varied between preferring low-to-medium market share to high market share in the new markets, however, all participants stated that a large market share is preferable after gaining experience in a certain market. All the participants indicated that a low-level of risk is preferable in the early stages of penetration.

About the external factors, the participants said that culture differences are important, and a culturally similar market is preferable more to enter. The business-friendly environment is essential and preferable, and the market growth is a positive signal that encourages the company to take a further action and to raise the level of commitment and market share in a certain market after gaining enough experience about the market.

The participants stated that in the first beginning of entry they prefer a low-to-medium level of risk and commitment, and that is the reason behind choosing to export as an entry mode. According to the CEO, exporting provides a low-risk, low-commitment and it is cheap to use. They stated that after gaining enough experience in the new market, they could consider changing the entry mode to a higher commitment entry mode, such as a foreign direct investment or joint venture.

To conclude this part, the participants stated that they use exporting as the one and only entry mode in the present time due to many factors, such as the company size, the level of risk the company
can handle, the degree of commitment and market share, the company experience in the new market and the entry mode.

4.4 Influence of Culture
According to the HP “To enter a culturally similar market is easier and don’t need many resources and adaptation. Therefore, if there is an opportunity in a culturally similar market, it is simpler to take a decision and to enter and survive the new market.” According to the DM “It strongly depends on which market, some markets are different from our home market regarding culture, language, laws and operationalization process. Some of the common barriers are the physical distance and the high cost of exporting.” Which means that the company deals with culture similarities and differences during internationalization process both on the country level and on the business level. The participants relate the culture to the challenges the company faces when entering new markets during the interviews. When we asked about the influence of culture on the internationalization process, they stated that language and government regulation are two of the differences between the cultures. It was clear to us to see that the company considers the government regulation of a new market as a difference between cultures. They also explained that the language is also one of the culture differences between the markets, and how the company faces difficulties sometimes to communicate with a culturally different market and customers. The participants explained further that the cultural differences are not the only reasons to make the internationalization process harder since the company sometimes faces difficulties when dealing with culturally similar markets.

According to the participants, the cultural differences affect the employees more than the internationalization process, since the employees need to adapt to be able to operationalize in a culture different market. However, to expand to a similar culture market is much easier and cheaper to the company and the employees since they do not need further adaptation when entering the new culturally similar market.

However, it is important to mention that the participants stated that culture differences and entry challenges do not stop the company from entering new potential markets with opportunities. Instead, they accept the challenges and differences to enter and survive in the new market successfully. Therefore, the company decides to enter a certain market when there is an opportunity
detected. The respondents stated that gaining experience in a certain market will decrease the cultural differences over the time.

4.5 Challenges Faced the Company
The challenges facing the company is limited. However, the physical distant is one of the issues since the company uses exporting as the first entry mode to enter a new market, which means the more physical distance, the more cost to enter the new market. Another challenge is the differences of culture and language. Language is one of the most important ways to communicate, but the company overcomes this issues by using the English language to communicate. Also, the company overcomes the cultural differences by studying the new culture and educate themselves about it to be able to adapt and fit in the new market easily. Another Challenge is the taxation and government regulation. The company stated that it was hard to understand the regulation of the governments, but the company overcomes this issue by using experts in that field or with the indirect exporting, and they gained experience in dealing with such challenge.

4.6 Findings
Table 6 summarizes the findings gathered from the interviews. The findings show that all the participants agreed that the main reason behind internationalization is to grow the company’s market share, customers, sales and profit. However, the company puts into consideration some factors when it comes to enter a new market, such as, the available opportunities, the level of competition in the new market, the cost of entering, the estimated revenue, the ability to survive and maintain the high-quality products and services, the language and communication issues, the culture and the political situation, laws, economic condition in the host market. When the company find a suitable market, they start with gathering information about the culture, laws and market conditions and they do a general feasibility study. The findings show also the studied company’s condition in term of size, market share, the preferable level of control and cost while entering a new market and show how culture influenced the company’s internationalization process. The company deals with culture on the country and company levels. The participants consider the language and government regulations as differences in culture. The culture differences are not the only reason that makes expanding harder since the company faces difficulties sometimes with culturally similar markets. The cultural differences affect the employees more than the internationalization process since the employees need to adapt to be able to operationalize in a culture different market. To expand to a similar culture market is much easier and cheaper to the
company and the employees since they do not need further adaptation when entering the new culturally similar market. Culture differences and entry challenges do not stop the company from entering new potential markets with opportunities. The participants stated that gaining experience in a certain market will help them to go through the cultural differences so easy. In other words, the more they work longer together the more the two markets will understand the differences in between them and easily avoid having miss understanding or risks.

*Table 6- Findings*

<table>
<thead>
<tr>
<th>Findings from The Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>The motive behind Expanding</td>
</tr>
<tr>
<td>Factors to put into consideration while choosing a new potential market</td>
</tr>
<tr>
<td>Gathering information process</td>
</tr>
<tr>
<td>Entry Order</td>
</tr>
<tr>
<td>Internal Factors influence the selection process of entry modes</td>
</tr>
<tr>
<td>External Factors influence the selection process of entry modes</td>
</tr>
</tbody>
</table>
### The influence of Culture

- The company deals with culture on the country and company levels.
- The participants consider the language and government regulations as differences in culture.
- The culture differences are not the only reason that makes expanding harder since the company faces difficulties sometimes with culturally similar markets.
- The cultural differences affect the employees more than the internationalization process since the employees need to adapt to be able to operationalize in a culture different market.
- To expand to a similar culture market is much easier and cheaper to the company and the employees since they do not need further adaptation when entering the new culturally similar market.
- Culture differences and entry challenges do not stop the company from entering new potential markets with opportunities.
- The respondents stated that gaining experience in a certain market will help them to go through the cultural differences so easy. In other words, the more they work longer together the more the two markets will understand the differences in between them and easily avoid having misunderstandings or risks.

### Issues Faced by the Company

The issues facing the company is limited. The physical distant is one of the issues since the company uses exporting as the first entry mode to enter a new market. The differences of culture and language are some of the issues. Also, the taxation laws and government regulations.

*Source: own.*
Chapter 5 – Analysis

In This Chapter, the previous Findings will be discussed and compared with the literature and theories. The aim of this study is to investigate to gain knowledge and understanding about the influence of cultural similarities on the selection process of a new potential market and an entry mode for which the findings from an Egyptian company are used. Therefore, we structured this chapter as following, first an overview of the case company analysis, followed by the selection process of a new potential market, which includes the internationalization process, the motive behind internationalization and the order of internationalization. The next subtopic is the selection process of entry modes, followed by the culture, which includes the influence of cultural similarities, the influence of physical distance and cultural perceptions. In the end, we will relate our findings to the Uppsala, internationalization model.

5.1 Case Company Analysis

Dawlia 21 started to expand and enter new markets quite fast since it began to export a couple of years after its foundation. The company began to expand to the low physically distant and culturally similar markets, in the beginning; then it began to expand into the more physically distant and culturally different markets. The company is now operating in around 20 markets internationally. Libya, Lebanon and Saudi Arabia where the first entered market, then the company expand more to Africa and the Middle East, such as Morocco, Tunisia, Nigeria, Uganda, Kenya, Ghana, Senegal, Zambia, and Burkina Faso.

The company entered these markets using exporting as an entry mode since the company prefers a low level of commitment and a low degree of risk. The company stated clearly that after gaining enough experience and knowledge in a certain market and if the market growth is indicating a positive signal they consider expanding deeply and to raise the level of commitment in a certain market.

Concerning the culture, the company prefers a culturally similar market since it does not need many resources in term of adaptation and educating the staff about the culture differences. However, it is important to mention that the company enters a new market when there is an opportunity in the market regardless if the culture is similar or different.
5.2 Selection process of a new potential market
In this part, we will analyze and discuss the motive behind entering new markets and the order of entry with connecting the empirical findings with the literature.

5.2.1 The motive behind entering new markets
The empirical findings show that the motive behind going into a new market is to grow the company in term of market share, customers, and profit. An opportunity in a certain market is the clear reason that triggers the penetration process. All the participants stated that the company took a step toward expanding because it was an opportunity for the company to grow which is supported by Johanson & Vahlne (2009) who described the internationalization as an opportunity to develop and grow the business. We considered this attitude as a positive sign since the company’s goal is to increase its market share outside the home market (Egyptian) because it is already controlled over 40% of the Egyptian market and it keeps growing. Malhotra, Agarwal & Ulgado (2003) supports these findings in their research which stated that the internationalization is a process in which firms start increasing their international involvements step by step.

The findings show that the company began to expand into the markets with a similar culture first then after gaining experience the company began to expand to markets with different cultures and this was supported by Jansson (2008) who stated that corporations tend to internationalize into the countries that have the same culture and business practices and when they get the experience in neighboring countries, then they can internationalize to the markets which are not similar in characteristics. However, the empirical findings show clearly that the culture differences and similarities are not the main consideration when entering a new market because the step of expanding is only growth, sales, and profit motives.

In general, we can say that the findings show us that the decision of entering a new market will not stand only for the cultural similarities or differences. Or in other words, the culture has a main roll in expanding to new markets but at the end it does not have an influence on the motive behind expanding and entering new markets since the company stated that the motive behind expanding is the growth of market share, sales, and profit. Therefore, we can acknowledge that the culture has no influence on entering new potential markets when the reason behind expanding is the company growth. However, we suggest further research concerning the influence of the cultural background of the employees on the attitude toward expanding and entering new markets.
5.2.2 The order of internationalization

The empirical findings show that the company puts many aspects into consideration while choosing a new market to enter, such as available opportunities, the level of competition, the cost of entering, the revenue, the ability to survive and maintain the high-quality products and services, the language and communication issues, the cultural differences and the political situation, laws, economic conditions which has been supported by many researchers (e.g. Root, 1982; Stobaugh, 1969; Davidson, 1980; Davidson, 1982; Knickerbocker, 1973) who stated that the attractiveness of a new market can be determined through many points, starting with the market’s size and speed of growth, ending with the level of competition and the service cost, and of course, the most important factors, the economic, social, and political situation in the market’s country.

The findings show that after choosing a certain market, the company gathers information about the market through conducting a feasibility study. The familiarity with the new market laws, regulations and culture make the process of gathering information easier. Zhan (1999) and Root (1982) support the importance of gathering information about the new market and to realize both the advantages and disadvantages.

According to the findings, the company first entered the Libyan and Lebanese market because of cultural similarities and low physical distance since the entry mode is exporting and the more physical distance means, the more expensive the entry is. Davidson (1983) support that most companies prefer to enter a similar market to their current market to avoid the unexpected factors and to assure the selling of their products and services. After gaining experience in expanding and entering new markets, the empirical findings show that the company started to enter more physically distant and culturally different markets, such as Uganda, Nigeria, and Morocco. The Uppsala Model of Internationalization supported these findings and stated that the companies are starting to internationalize through the physically adjacent markets through exporting, then after gaining enough experience they tend to expand to more physically distant markets with much culture differences.

In general, our findings show that when markets are similar or are related in the cultural manners with the low distance between the two markets which have an opportunity in the market is a significant motive that pushes companies toward expanding and it will increase the companies’ experiences and the possibility of success in the culturally different market and a market with a high physical distance.
5.3 Selection process of entry modes
First, the empirical findings explained some of the main important information about the company, such as the company size, level of experience, the superior level of commitment and the superior level of market share. The company is a small-to-medium sized business; therefore, the company prefer a low degree of engagement at the beginning of the internationalization process which has been supported by Johnson et al. (2008) who stated that the level of internationalization is the companies’ level of commitment to the newly entered markets and the level of the gained knowledge of the market and the capability to serve that market. Therefore, the empirical findings show that the company prefer to use the exporting as an entry mode in the beginning and after gaining enough experience then they may consider using a more commitment entry mode, which also has been supported by Johnson et al. (2008) who stated that the strategy of internationalization stages means that companies use exporting as a first entry strategy to a new certain market without investing too many assets, then as soon as they get the useful amount of knowledge about this market they can expand their presence in this market by using other entry modes.

The company size factor also is discussed by Koch (2001) in term of resources to spend when entering the new market. Porter (1990) supported our findings of small companies and stated that small-to-medium companies usually prefer exporting as an entry mode since they do not have the ability to take high-risk and the high-cost of entering a new market.

Our findings show that the company prefer low-to-medium level of control at the beginning of entry and they consider raising the level of control after gaining experience which has been supported by Levi (2006) who stated that exporting is a low-level of control mode and it is suitable for companies who don’t have the ability to take a high-level of risk and commitment.

The company used exporting as entry mode in all the markets they entered. Their experience in the new market is considered profound experience since the only information they have from gathering information and conducting a feasibility study. Therefore, using exporting in such a situation is suitable for the company since it is the cheapest and the lowest-risk and commitment entry mode to use before gaining experience, which supported by many researchers, such as Koch (2001) and Sadaghiani, Dehghan & Zand (2011) who stated Companies, who have no or limited knowledge about a certain market, prefer to use a low-commitment entry mode, such as exporting and after they gain enough knowledge and experience they can choose an equity mode, such as the foreign direct investment, which the company consider using in the future in certain markets.
The empirical findings vary between preferring low-to-medium market share to high market share. However, all the participants stated that a high level of market share is preferable in the late stages after gaining experience in a certain market, which has been supported by Levi (2006) who stated that companies who want to have a limited market share in the new foreign market prefer exporting or licensing. The empirical findings also show that the business prefer the lowest level of risk in the early stages of penetration and they consider the exporting as a low-risk entry mode which supported by many researchers, such as Koch (2001), Miller (1998) and Gatignon & Anderson (1988) who argued that the exporting has the minimum level of risk among the entry modes.

Our findings show that culture differences and similarities are a factor that has an impact on the decision or entry process or to be more specified, culture should be included in every planning stage that the company have so they have a better understanding of the customers language and needs but on the other hand, it would not be a barrier that would stand between choosing a market and expanding to it, Also, it would not prevent the company from entering a certain market with significant opportunities. However, it affects the choice of entry mode. The participants stated that the more culturally different the market is, the riskier the market is. Therefore, using a low-risk entry mode, such as exporting is preferable. This has been supported by many researchers, such as (e.g. Yiu & Makino, 2002; Kogut & Singh, 1988) who argued that if there are many cultural differences between the home market and the new foreign market, companies tend to choose to export and to license over the foreign direct investment as an entry mode to the new market.

Our findings showed that the business-friendly environment is preferable in a less friendly environment, but it doesn’t influence the selection process of entry mode, and the market growth is a positive signal that encourages the company to take a further action and to raise the level of commitment and market share in a certain market after gaining enough experience about the market. Root (1994) research does not support our findings since the research states that companies prefer to use licensing and exporting through a third-party in the small-size markets, while prefer joint venture and direct exporting in the big-size markets and our findings showed that the company uses exporting whether the market size is big or small in the earlier stages. However, the company stated that the market growth is a positive sign to consider more expanding and commitment after gaining experience.

We can acknowledge, our findings showed that many factors have an influence on the selection process of entry mode and they are all connected to each other in some way. The main important
factors are the level of risk and level of commitment. The cultural differences and similarities have an influence on the selection process of entry mode, which the more similarities, the lower risk, and vice versa.

5.4 Culture
In this section, we discuss the influence of cultural similarities and the influence of the physical distance on both the selection process of a new potential market and the selection process of entry mode.

5.4.1 The influence of cultural similarities
After reviewing the empirical findings, we can state that the company would rather to choose a new potential market regarding to its new opportunities that would the company gain from expanding. So that the cultural similarities have no impact on the selecting process of new potential markets since the company decides to enter a certain market based on an opportunity in that particular market. However, all the participants stated that a culturally similar market is much more preferable than a culturally different market because it will be easier to enter and survive. However, the empirical findings showed that the company had entered first the culturally similar markets like Libya and Lebanon before expanding to the culturally different markets which have been supported by Jansson (2008) who stated that companies tend to expand to the culturally similar markets to gain experience then considering expanding to the culturally different markets.

Our empirical findings showed that the cultural similarities have an influence on the selection process of market entry modes and this has been supported by Root (1994) who stated that the cultural differences and similarities are among the most important aspects that influence the selection process of market entry modes. Sánchez Peinado & Pla Barber (2007) argued that the more cultural differences, the more uncertainty, which means the more risk. According to our findings the company prefers the lowest risk, which means if the culture is different, the risk will be higher, and when the risk is high, they use the lowest risk entry mode, which is exporting.

To conclude, we can acknowledge that the culture has no influence on the selection process of a new potential market since the selection process is based on finding an opportunity in a certain market, but the culture has an influence on the selection process of entry modes. To enter a risky market but with a significant opportunity is acceptable, but the risk factor will push the company to choose the lowest risk entry mode.
5.4.2 The influence of the physical distance and Uppsala Model

Our findings showed that the physical distance has an impact on the selection process of new potential markets in the early stage of internationalization. The physical distance was one of the main reasons when the company decided to enter the Libyan market, and this has been supported by Johanson & Wiedersheim-Paul (1975) who said that the internationalization of firms could be described as a stepwise process by which the firms start to internationalize their market operations from the nearby markets more than in the far distance markets. These findings have also been supported by Uppsala model of internationalization, which stated that firms would rather favor the nearby countries which lay in a low psychical distance when they start their abroad operations and only after entering the close distance markets they intend to expand to psychically distant markets.

Our findings also showed that the physical distance has an influence on the selection process of entry modes. Since the company uses exporting as an entry mode, the lower the physical distance means the cheaper the shipping will be and the higher the assurance of delivery the products on time and with the highest quality, and the higher the physical distance means, the more expensive shipping and the increased risk of not deliver on time and with the highest quality. However, the other factors such as risk, commitment and culture have a bigger influence on the selection process of entry modes than the physical distance. The influence of physical distance on the selection process of entry modes has been supported by the Uppsala model of internationalization which stated that companies first entered markets through export, and then after several years established wholly owned or majority-owned operations.

5.5 The modified conceptual framework

The modified conceptual framework (Figure 10) shows the adaptions and the new insights that have been done on the conceptual framework (Figure 7).

Link number 1: Since we found that the culture has no influence on the motive behind internationalization and the main motive behind expanding to new markets is to grow the companies’ market share, profits, and sales. Therefore, the link number one has changed to “No influence”.

Link number 2: We found that culture is not the main consideration since the companies search for an opportunity in the foreign markets whether the markets are culturally similar or different,
and the cultural aspect is just a preferable aspect. Therefore, the link number 2 has changed to “No influence”.

Link number 3: We found that the culture is one of the main aspects that influence the selection process of entry mode. Therefore, the link number 3 has not changed.

The study shows that the physical distance has an influence on the selection process of a new potential market and on the selection process of entry mode, but since the focus area of the study is the culture, the physical distance did not include in the modified framework.

*Figure 10, the modified conceptual framework*

*Source: own.*
### 5.6 Overview of analysis and findings

In this table, we will present the findings and the related theories that support our findings.

**Table 7- Overview of the research analysis**

<table>
<thead>
<tr>
<th>Field</th>
<th>Findings</th>
<th>Theory</th>
<th>Analysis &amp; confirmation with the theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internationalization</td>
<td>- The culture has no influence on the motive behind expanding and entering new markets since the company stated that the motive behind expanding is the growth of market share, sales, and profit.&lt;br&gt;- Cultural similarities and low physical distance along with an opportunity in the market is a significant motive that pushes companies toward expanding, and it will increase the companies’ experiences and the possibility of success in the culturally different market and a market with a high physical distance.</td>
<td>Johanson &amp; Vahlne (2009) Malhotra, Agarwal &amp; Ulgado (2003) Jansson (2008) Root (1982) Stobaugh (1969) Davidson (1980) Davidson (1982) Kickerbocker (1973) Zhan (1999)</td>
<td>- The findings do not confirm the theory “influence of culture on the motive behind internationalization.”&lt;br&gt;- The findings confirm with the theory “Motive behind internationalization is to grow.”&lt;br&gt;- The findings confirm that the cultural similarities and the low physical distance are considered as an encouragement to expand to those markets.&lt;br&gt;- The findings confirm that the companies can expand first to the near markets to gain experience then they expand to culturally distant markets.</td>
</tr>
</tbody>
</table>
### Selection process of entry modes

- Factors influence the selection process of entry mode are all connected to each other in some way.
- The main important factors are the level of risk and level of commitment.
- The cultural differences and similarities have an influence on the selection process of entry mode, which the more similarities, the lower risk and vice versa. So that Dawlia21 started first with the closest markets to its market for the reason that the risk will be lower, and the similarities will be more.

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>Johnson et al. (2008)</td>
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<tr>
<td>Koch (2001)</td>
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<tr>
<td>Porter (1990)</td>
</tr>
<tr>
<td>Levi (2006)</td>
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<tr>
<td>Sadaghi, Dehghan &amp; Zand (2011)</td>
</tr>
<tr>
<td>Miller (1998)</td>
</tr>
<tr>
<td>Gatignon &amp; Anderson (1988)</td>
</tr>
<tr>
<td>Yiu &amp; Makino (2002)</td>
</tr>
<tr>
<td>Kogut &amp; Singh (1988)</td>
</tr>
<tr>
<td>Root (1994)</td>
</tr>
</tbody>
</table>

### Cultural Similarities

- We can acknowledge that the selection process of a new market would not be directly affected or influenced by the culture since the selection process is based on finding an opportunity in a certain market, but the culture has an influence on the selection process of entry modes. To enter a risky market but with a significant opportunity is acceptable, but the risk factor will push the company to choose the lowest risk entry mode.

<table>
<thead>
<tr>
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<tr>
<td>Jansson (2008)</td>
</tr>
<tr>
<td>Root (1994)</td>
</tr>
<tr>
<td>Peinado &amp; Barber (2007)</td>
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### Physical Distance

- The physical distance has an impact on the selection process

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>Johanson &amp; Wiedersheim-Paul</td>
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</table>

- The findings confirm that there are many factors influence the selection process of entry modes, such as the risk, level of commitment, the level of experience, the level of control, cultural distance, business environment, market size and growth and, market share and company size.
- The findings confirm the theory that the most important factors for a small-to-medium size business when internationalize are the level of risk and commitment.
- The findings confirm the theory that the cultural distance has an effect on the selection process of entry mode.
- The more similar the culture is, the less risk and vice versa.
of entry modes. Since the company uses exporting as an entry mode, the lower the physical distance means the cheaper the shipping will be and the higher the assurance of delivery the products on time and with the highest quality, and the higher the physical distance means, the more expensive shipping and the increased risk of not deliver on time and with the highest quality. However, the other factors such as risk, commitment and culture have a bigger influence on the selection process of entry modes than the physical distance.

<table>
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<th>Source: Own.</th>
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(1975) has an influence on the selection process of entry modes.
Chapter 6 – Discussion and Conclusion

In this chapter, we present an overview of the research questions and analysis, discussion of the research questions, contribution, and a suggestion for future studies, implication, and reflection.

6.1 Answering the research questions

In contradiction of the background of two research questions formulated, this study provides new insights and views about market similarity and internationalization process of firms with a focus on one company that performs in Egypt but looking forward to expanding as much as possible regarding the market opportunities and possibilities. Based on the literature review and empirical findings, the two research questions were answered and discussed. Furthermore, the conceptual framework shows the structure and the outcome of the study.

The aim of this study was to investigate and understand what the influence of cultural similarity could do when it comes to the entry modes and the process of them when exploring and entering new markets. Through qualitative and case study research we built a bigger understanding for what would the direct and indirect influences would be. Our research was a case study about one of the leading Aluminum industries in Egypt, as a small – medium size firm, where it was successful to approach more than 11 markets in the way of applying internationalization and Uppsala model in their business path aim. 12 interviews were conducted in the way of collecting all the available information to fulfill the gap.

**Research Question 1:** How does cultural similarity influences the selection of new potential market for international expansion?

The first step of this study was to understand how cultural similarity could play a prominent role when the companies decide to expand and go international. We noticed from all the previous research field that the overall focus was almost in the field of differences and the scholars who took this path were rear, so we started the research with investigating and collecting the most important aspects that could a cultural similarity be related to. The argument of this investigation was supported by our case study that focused on the aspects that the cultural similarity and the close physical distance play when it comes to expanding, as we see that Dawlia21 follow the internationalization and apply Uppsala model in its every expansion decision. By which the company first tries to build connections with the closest countries to it that could have a cultural similarity that could help in entering the market. As a result, we noticed that despite the fact that
cultural similarity has an influence but when it comes to the managerial decision these similarities could be not only the main reason why the company approached that market but what it matters at the end in expanding the growth and the share of the enterprise.

**Research Question 2:** How does cultural similarity influence the choice of entry mode to enter a new market?

The second step of the research and the second question aimed to analyze what difference could the cultural similarity add when choosing this specific entry mode to enter this specific market? The results showed that the cultural similarity could be the main reason for reducing the risk for the company when deciding to enter a new market. Risk reduction as it was clearly noticed in most of the company’s departments as a main issue, so that when the company approaches a new market that is similar to the original one, the company try to choose the entry mode that goes well with this market, after studying the market, and choose the entry mode that has lowest expected risk. As it is seen in the table and the analyses part, many important factors are in charge of deciding which entry mode to choose and which market to enter regarding the cultural similarity. In our case the company have chosen to enter new markets throw exporting ‘Direct/Indirect’.

**6.2 Contribution**

The literature research had shown that factors could affect the process of internationalization and the entry ways that the companies could choose to internationalize. Also, it showed that businesses around the world are facing high competition levels when going international. So that, companies increasingly follow internationalization strategies and look to expand their operations into new markets. When deciding to expand abroad, firms try to obtain access to new markets, providing this market with competitive products, ideas, and technologies. On the other hand, these possible opportunities that the companies use to expand, more often are surrounded by various risks and challenges. As a result, this research contributes to the general knowledge and understanding that many previous researches had taken the topic of culture as a barrier but if we double look at this point from a different angel, we will notice that despite the fact that cultures are different, some are varied different also. They can at the end be understandable and be a way to expand to a new unique culture that has better opportunities.
6.3 Implications

6.3.1 Theoretical Implications
In the field of culture, the scholars drew all the attention towards the cultural differences, quite a few number of them studied the subject of cultural similarity. Less attention was given to the cultural similarities, our study adds more attention towards studying and investigating more the field of cultural similarity and physical close countries for the fact that it has many hidden fields that were not covered in this topic yet. This study started by what Jansson (2008) addressed that companies can internationalize into the countries that have the same culture and business practices and when they get the experience in neighboring countries, companies could expand and take higher risk in expanding more internationally. Furthermore, this study stood on the previous research step and agrees with the leader scholars like; Hofstede’s cultural dimension in the subject of making the comparison between the countries used in the research but would be an interesting field to study the influence of cultural similarity as long as the research covered enough the differences part. As a result, this study adds to the literature an interesting topic, which is the influence of cultural similarities on the internationalization process. This topic should be studied and highlighted more to give the researchers a clear picture on the influence of both the cultural similarities and the cultural differences.

6.3.2 Managerial & Societal Implications
From a practical point of view, the study mainly addresses the influence of cultural similarity on the companies that are trying to expand and go international through using different strategies and entry modes. As the previous researchers addressed that, the decision of entry mode has many important strategic implications for a company’s future operations (Helfat & Lieberman, 2002). This study with the scope of Egypt, Morocco, Libya and Lebanon are close and similar to each other in many aspects. So far, a huge number of research and investigation are focusing on the big emerging markets and avoiding these huge markets with a real potential. This study provides the managers a clear view that the decision of expanding and going out of the origin country border are just some steps to follow, starting from the nearby neighbors and grow more and more. It also adds attention towards these attractive markets which have obtained low attention in the academic research. Therefore, the findings of this study in regard to other researchers could be to a limited business cases. Firms all sizes, international, national or multinational corporations that are operating in the country or businesses which are considering expanding in Egypt or any other environment that suits the environment of this research can use this study as a guide with valuable
information about the entry modes and similarity influence. Moreover, it was shown that the companies are aiming to internationalize more and approach new more markets where they can gain more market share and profits so that this research could be helpful for all managers and could add more to the knowledge of the managerial decision process. Also, it would be a motivation for the small and medium size current or future business to have a wide general view of what are they supposed to know when deciding to approach a close distance market.

6.4 Reflection of the study
The thousand mile step starts with the first, through the process of getting this study done, we have learnt many new ways how to think out of the box, in the planning stage of this work, our topic was mainly focusing on the cultural differences as we noticed the vast amount of the secondary data that could be collected from literature about it, but we decided to be unique and think out of the box where we decided to shift the angle towards the similarities as long as the amount of the available secondary data about this field is not wide enough. Then we noticed that the current world market is shifting and changing rapidly towards new strategies and new borders for the markets, so we noticed that the African market should be addressed for its size and population, so we chose our case company Dawlia21 because it is located in a location that connects it with Africa and the Middle East.

Another interesting issue was conducting interviews with managers in different positions who are already in the field, where the issues that we were having conversations about are passing in their daily life. However, time and resource limitation of the thesis, mainly based on an industrial company, which produce and sells final high-quality aluminum in Egypt. So as to, this study approach is qualitative, i.e. a limited number of businesses were investigated ‘one company’. Also, we used semi-structured telephone interviews. This type of interviews provides a medium range of control over the participant's answers.

Our limitation was that we could not conduct a face to face interviews due to the huge distance between the participants and us. Another limitation was the tight schedule of the participants and the lack of time to conduct the interviews. Usually, in the qualitative strategies, it is hard to connect between the findings and the theoretical framework, but in our research, we managed to categorize the findings and connect them to our conceptual framework. The size of the company is medium
size business and still trying to collect more information and experiences about how to be international and expand more.

Also, regarding the geographical distance between the country that we conducted the study at ‘Sweden’ and ‘Egypt’ where the headquarter of Dawlia21 is located only skype interviews were conducted, it would be more reliable if it was face to face interviews. The lack of getting confidential information or own reports from the case company and is well accepted from authors and the case company. It would have been more reliable and valid if we were able to conduct face to face interviews but as long as we conducted this research in Sweden and the study was in Egypt, so it was not possible. To sum up, we are glad and lucky that we had the possibility to study and conduct this study.

6.5 Suggestions for future research
The study has been carried out based on a firm which operates in a manufacturing industry, and the study stood for only one company. As long as the research took only one company’s perspectives, more focus suggested for future research to be based on the cultural similarity including many companies’ perspective and more countries. It would add to the literature research field so much if the subject of cultural similarity could be studied more, as long as the world became smaller, the distances are shorter and approaching paths are more approachable than ever, so it is time to start shifting toward the unity. Markets are searching for a way to expand and grow which they are trying to apply throw inventing a similar selling purchasing goods and services that could fit for all the universe with real quality and competition levels and satisfying the customers. Moreover, further research is needed to study the opportunities and resources of the African – Middle Eastern area, and to study the culture of this region to encourage more companies to expand into the African and Middle Eastern markets.
References


Appendix I: Interviews question table

Table 8- The interview questions

<table>
<thead>
<tr>
<th>Q1</th>
<th>What is your name?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>What is your position?</td>
</tr>
<tr>
<td>Q3</td>
<td>How many years have you worked in the company?</td>
</tr>
<tr>
<td>Q4</td>
<td>How many employees working in the company?</td>
</tr>
<tr>
<td>Q5</td>
<td>When did the company established?</td>
</tr>
<tr>
<td>Q6</td>
<td>How many branches does the company has in Egypt?</td>
</tr>
<tr>
<td>Q7</td>
<td>How many languages do you speak?</td>
</tr>
<tr>
<td>Q8</td>
<td>How entering a new market affects your department as a manager or you as an employee?</td>
</tr>
<tr>
<td>Q9</td>
<td>Which markets did the company first entered? And why?</td>
</tr>
<tr>
<td>Q10</td>
<td>Why does the company choose the Libyan, Moroccan and Lebanese markets to enter?</td>
</tr>
<tr>
<td>Q11</td>
<td>Did the company had any experience in those markets before choosing them as potential markets to enter?</td>
</tr>
<tr>
<td>Q12</td>
<td>Does the company consider entering other markets? And why?</td>
</tr>
<tr>
<td>Q13</td>
<td>What are the barriers that the company face when entering a new market?</td>
</tr>
<tr>
<td>Q14</td>
<td>What does the company do to overcome those barriers?</td>
</tr>
<tr>
<td>Q15</td>
<td>What are the factors the company puts into consideration when choosing a new potential market to enter?</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Q16</td>
<td>Does the company prefer to enter a culturally similar market or culturally different market? And why?</td>
</tr>
<tr>
<td>Q17</td>
<td>Which market entry mode did the company used when entering the Libyan, Moroccan and Lebanese markets? And why?</td>
</tr>
<tr>
<td>Q18</td>
<td>How much control does the company prefer in the foreign market?</td>
</tr>
<tr>
<td>Q19</td>
<td>Does the company had any experience in using the entry mode, used in the Libyan, Lebanese and Moroccan markets, before?</td>
</tr>
<tr>
<td>Q20</td>
<td>How much market share does the company prefer?</td>
</tr>
<tr>
<td>Q21</td>
<td>When does the company consider a certain market risky? How the company describe the level of risk in the Libyan, Lebanese and Moroccan Markets?</td>
</tr>
<tr>
<td>Q22</td>
<td>How does the political instability affect the company’s choice of entry mode?</td>
</tr>
<tr>
<td>Q23</td>
<td>Does the foreign market size and growth rate influence the selection process of entry mode?</td>
</tr>
<tr>
<td>Q24</td>
<td>Is there any information about the selection process of potential markets and entry modes you would like to add?</td>
</tr>
</tbody>
</table>

*Source: Own.*