

# **FOREIGN MARKET ENTRY AND EXIT PROCESS: THE CASE OF BP LUBRICANTS IN EUROPE AND AFRICA**

**MARIOS GEORGIU**

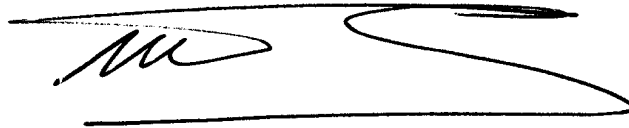
A thesis submitted to  
The University of Gloucestershire  
in accordance with the requirements of the degree of  
Doctor of Business Administration  
in the Faculty of Business School

**January 2014**

## **DECLARATION**

**I confirm that the thesis is my own work; and that all published or other sources of material consulted have been acknowledged in notes to the text or the bibliography.**

**I confirm that the thesis has not been submitted for a comparable academic award.**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the bottom.

**Signed:**

**Date: 16<sup>th</sup> of January 2014**

# **CONFIDENTIALITY AND RESTRICTED ACCESS**

**The present work contains some sensitive material to the organization and its general access should be restricted for at least two years from the submission date.**

## **ACKNOWLEDGEMENTS**

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## **ABSTRACT**

Foreign market entry strategies are considered critical for organisations looking to expand their operations to other countries abroad, as these require significant commitments, financial and other, which are more often than not, irreversible in the short and medium term. It is not surprising, therefore, that the area of foreign market entry is receiving considerable and growing academic attention over the last twenty years. In fact, the subject of international market entry is the third most researched area in international management, following the related fields of foreign market investments and internationalization.

The overall aim of this thesis is to explore, analyse, and understand the foreign market entry and exit process that the business unit of BP Lubricants in Europe and Africa is following and identify strengths and weaknesses.

A systematic literature review showed that there is a plethora of empirical evidence on foreign market research that provide useful insights into this important strategic process, however, the findings are often conflicting which makes it difficult to draw conclusions that can be generalized. The review identified the main theories and constructs for foreign market entry and highlighted certain gaps in the theory that the research evidence from this study has aimed to bridge.

Using case study methodology and exploring in depth two contrasting cases (the Libyan entry and the Cyprus exit), the foreign market entry and exit processes within BP Lubricants in Europe and Africa have been established. Collection of evidence was achieved through three different methods, questionnaire, focused interviews, and documentation review.

The detailed analysis of the foreign market entry process that BP Lubricants in Europe and Africa follows, has led to the development of a model that describes the process. This model depicts the complex nature of the process and recognises that a number of variables play an important role in the decision making process.

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# ABBREVIATIONS

ALS – Action Learning Set

BP - Multinational energy organization, formerly known as British Petroleum

BRIC – Brazil, Russia, India, and China

BU – Business Unit

CEO – Chief Executive Officer

DCF – Discounted Cash Flow

DBA – Doctorate in Business Administration

E&A – Europe and Africa

GMU – Global Marketing Unit

HD – Heavy Duty

JV – Joint Venture

LT – Leadership Team

LOA – Lines of Analysis

MCO – Motorcycle Oils

MBA – Master of Business Administration

MNE – Multi National Enterprises

NOC – National Oil Companies

NPV – Net Present Value

PCO – Passenger Car Oils

PhD - Doctor of Philosophy

RBV – Resource Based View

RLT – Regional Leadership Team

ROACE – Return on Average Capital Employed

ROS – Return on Sales

ROW – Rest of the World

RTA – Reciprocal Translational Analysis

RTM – Route to Market (R2M)

SPU – Strategic Performance Unit

ST – Strategy Team

TFE – Total, Fina and Elf

UMIST – University of Manchester Institute of Science and Technology

WOS – Wholly Owned Subsidiary

# **1. INTRODUCTION**

## **1.1 Introductory Comments**

The purpose of this chapter is to provide an introduction to the research topic and to present the thesis structure. Initially, the research idea is introduced, explaining how the interest in this research area was born. The aim and objectives of the research are then discussed, followed by an account of the potential contributions to knowledge and practice. The potential limitations to this work are then presented, which may provide the basis for further research.

The structure of the thesis is presented, providing an overview of the chapters and the main sub-sections that are included.

## **1.2 Research Idea and Aim**

During the past few decades, the business environment is continuously and rapidly changing with internationalization as one of the main driving forces. As the barriers of international trading are significantly reduced, organisations are seeking new opportunities to expand their activities outside their domestic markets and firms are required to decide on the number of strategic alternatives, such as the geographical location, how to enter the new markets and with which products or services. Levitt (1983) has argued that organisations that compete only in domestic markets are more vulnerable to those that have global activities, based on the assumption that customer preferences are becoming more homogeneous which help firms to take advantage of economies of scale and operate more efficiently in the international markets. International expansion is pursued by many firms irrespective of their size as it provides opportunities for relatively fast growth and

profitability. Johnson and Scholes (1999, page 321) emphasised that if the organizational aspirations are greater than the opportunities in the existing (domestic) markets, then it is only natural to look into other (international) markets.

At the same time however, international expansion imposes higher risks and increased resource requirements and the firms must be in a position to assess the strategic alternatives available to them. Some organisations decide to pursue different strategies abroad to those they follow in domestic markets, due to limited resources, their assessment of risk, and the requirements in capabilities. Evidently, companies select different routes to foreign markets such as exporting, licensing, joint ventures, mergers, acquisitions and other forms of direct investment, depending on how the firm assesses the international opportunity (Grant, 1998). A quick review of the business pages on the internet is sufficient to show the wider interest in international expansion:

- ***“Wal Mart drops ambitious expansion plan for India”*** – New York Times, 9/10/2013.
- ***“Volkswagen in high gear with South China expansion”*** – Reuters, 29/9/2013.
- ***“Emirates plans to more than double US destinations”*** – Reuters, 28/8/2013.
- ***“Shell expands Brazil project after blocking Sinochem bid”*** – Bloomberg, 2/10/2013.

Drake and Heath (2011) argue that practitioner research (research undertaken by individuals within their professional environment and outside academia), often



originates from issues in the workplace, exploring and understanding processes or attempting to improve organisational matters. They further emphasise that practitioner research may provide contributions to both organisational learning and to academic knowledge, with the intention of bridging the gap between theory and practice. My interest in the area of foreign market entry was stimulated during my employment as regional sales manager for the geographical area of Eastern Mediterranean and North Africa, working for the lubricants business in the multinational company of BP (formerly known as British Petroleum). The BP lubricants business is present in many countries across the globe but is constantly reviewing market opportunities for international expansion. The strategy team of the company is primarily responsible to assess these opportunities and to decide on which new countries to enter, the route to market (how to enter the new market), or sometimes the need to exit a specific market. The sales team is usually at the receiving end of these strategic choices, as they are asked to implement the decisions, once these are made and often without any justification. Sometimes these decisions appear to be inconsistent or even irrational and the lack of any accompanying explanations, constitute the decision process for foreign market entry as a “mystery” for colleagues outside the strategy team. This has initiated my interest and generated the research idea of investigating in detail and understanding the decision making process for foreign market entry and exit within the BP lubricants organisation and comparing it with the academic literature. The proposed research may also identify weaknesses in the process followed by BP, and comparison with the literature may generate ideas on how to improve the process which can help the organisation. Moreover, the research into the process of foreign market entry and exit followed by one multinational company should provide very useful insights which, when compared with the academic literature, can contribute to the theoretical development of the subject area. Finally, any

identified gaps in the academic literature can also guide the research direction to provide a contribution to knowledge and practice.

The research aim, which is the overall purpose of the study, briefly indicating the intent and direction (Gray, 2009, page 52), can therefore be stated as:

*“To explore, analyse, and understand the foreign market entry and exit process that the lubricants business unit in Europe and Africa of BP is following and identify strengths and weaknesses”.*

### **1.3 Research Questions and Objectives**

Following from the research aim, a number of key research questions are developed that the study addresses and these drive the entire research process (Bryman & Bell, 2011, page 79):

- *What is the foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?*
- *What criteria are used to assess foreign market entry and routes to market?*
- *How does this process compare with the research work found in the literature?*
- *How can this decision making process be improved, linking theory and practice?*

The research objectives, which are clear and specific statements that identify what the researcher plans to accomplish in embarking a specific research (Saunders, Lewis, & Thornhill, 2009, page 34), can therefore be expressed as follows:

- *To identify, explore, analyse and understand the foreign market entry and exit decision making process within the BP Lubricants Business Unit of Europe and Africa.*
- *To establish the criteria used in assessing foreign market entry and exit in this business unit.*
- *To compare this process with the ones found in the academic literature.*
- *To suggest areas of improvements so that the process is effectively implemented for the benefit of the organisation, linking theory and practice.*

#### **1.4 Contribution to Knowledge and Practice**

When embarking in research, it is expected that its outcome will contribute to knowledge by adding to the development of existing theories, whilst practitioner research must in addition provide a contribution to practice. It is argued by Drake and Heath (2011) that knowledge development for practitioner research is derived at all stages of the study, from conceptualisation, evidence collection, through to thesis writing by integrating understandings from professional practice, bridging theoretical gaps and the researcher's own reflexive progress. This statement implies that new knowledge is necessarily unique and arises from the combination of the research questions, the findings, the methodology, the changed organisational perceptions, and the development of the researcher.

The systematic literature review (chapter 3) demonstrates that there is a considerable and growing academic interest on foreign market entry research and a number of theories have been proposed to explain the decisions taken by organisations on the mode of entry. Of these, the theories of transaction cost (for

example, Brouthers & Hennart, 2007; Madhok, 1998), institutional (for example, Brouthers, 2013a; Brouthers, 2002;), cultural (for example, Samiee, 2013; Tihanyi, Griffith, & Russell, 2005), and resource based view (for example, Sharma & Erramilli, 2004; Ekeledo & Sivakumar, 2001) are the ones that have been mostly researched and empirically tested. The transaction cost theory proposes that foreign market entry mode is selected to minimize the total transaction and operational costs and therefore maximise the efficiency of the organisational set up. The proponents of the institutional theory argue that firms entering a new foreign market tend to imitate the actions of local competitors so as to adapt to the host country regulatory structure (legal, tax, finance, and other governmental regulations and policies). A number of scholars suggest that the cultural difference between the home and host countries is determining the foreign market entry mode and some include risk and uncertainty as an additional input to the process. The theory of resource based view on foreign market entry claims that the organisation chooses a mode of entry to capitalise on the unique resources and capabilities of the firm.

The foreign market entry process, however, is highly complex and is influenced by a number of different factors acting simultaneously and no single theory, as proposed by the researchers in this area, can adequately explain such a process. This has been identified as a gap in the literature and as Morschett, Schramm-Klein and Swoboda (2010) have suggested, new research in this area should employ a combination of theories and determinants to enlighten it. Moreover, despite its importance, foreign market researchers ignored past strategic decision making research that indicated that managerial decisions are not always rational but are influenced by other factors. The managerial background and experience were shown to influence the decision making process (for example, Carpenter,

Geletkanycz, & Sanders, 2004; K.D. Brouthers, L.E. Brouthers, & Werner, 2000) but also organisational culture and intuitive judgement may shape the decisions (Simon & Lane, 2004). Furthermore, power and politics within an organisation may interact with management processes and direct the decisions (Fincham, 1992).

This thesis contributes to knowledge by exploring, analysing and understanding the foreign market process that a multinational organisation such as BP Lubricants in Europe and Africa are using and showing that this complex process is utilising a number of different theories, helping to bridge some identified gaps in the literature. The process of foreign market entry is shown to be dependent on a number of different variables acting simultaneously and at different levels which cannot be explained by a single theory, as found in the literature. Moreover, evidence collected in this research, indicated the possibility that BP's decision making process on foreign market entry may be influenced by intuitive judgements and power and politics within the organisation, considerations that are ignored by the existing theories on foreign in this area.

The case study methodology employed in this research has enabled an in-depth analysis of the foreign market entry process of a multinational organisation and has led to the development of two models; a process flow model and a descriptive, multi-theory model, depicting the complex nature of the process and its influence on a multiplicity of variables, acting simultaneously and at different levels. Internal politics and power are also shown to influence the process, highlighting the roles of managers as influencers, deciders, or recipients of the output.

The overall research aim and objectives have been outlined in the previous sections and the contribution to knowledge and practice includes the following:

- Understanding the process that BP Lubricants in Europe and Africa uses for entering or exiting a foreign market and the assessment criteria employed in the process, producing a model to describe it and identifying any weaknesses that need improvement. The exploration, analysis, and in depth understanding of the foreign market entry process that a multinational organisation follows is believed to provide a useful contribution to the theoretical development in this area of research.
- Understanding existing theoretical developments in the area of foreign market entry and identifying any gaps in the literature that need to be bridged. There is considerable academic literature on foreign market entry which is fragmented over several disciplines and the systematic review of this thesis identifies, analyses, and synthesises research findings, providing a useful summary of the prevailing theories and constructs. Moreover, this systematic review identifies the main gaps in the literature, some of which are addressed in the thesis, contributing to knowledge.
- A comparison between theory and practice and the development of a modified and improved model for foreign market entry that can be used by BP Lubricants in Europe and Africa. The suggested improvements to the process of foreign market followed by Lubricants in Europe and Africa, are useful contributions to the business unit that may be extended to other parts of the organisation.
- Recommendations for further research in the area of foreign market entry to extend understanding in this area.

## 1.5 Research Limitations

As with every research project, the scope of this study is limited by its boundaries that have been set to simplify the work and enable the research to be completed within the required time frame and available resources. Moreover, methodological choices introduce some additional limitations to this research.

This research is limited to the business unit of BP Lubricants in Europe and Africa, arising from the defined boundaries of the study and the possible transferability of the findings to other BP business units or externally to other organisations can only be deduced by replicating the research.

The design of this research is based on a cross sectional study using two contrasting cases to answer the stated research questions and the findings are limited to the specific time horizon and interrelated aspects on the longitudinal time axis are beyond the scope of the present work.

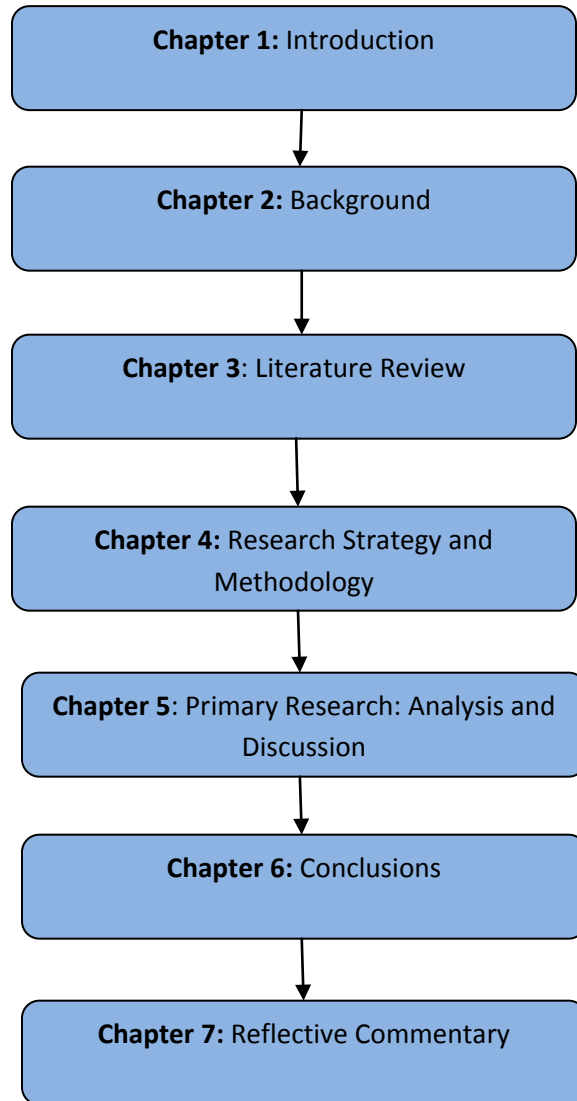
The research limitations are discussed in more detail in chapter 6, with recommendations for further work.

## 1.6 Thesis Structure

- The structure of the thesis is shown on figure 1.0 and consists of seven chapters:
- **Chapter 1: Introduction** – the current chapter introducing the research idea and providing the overall aim and research objectives. This chapter also presents the structure of the thesis.

- **Chapter 2: Background** – this chapter provides some background information on the BP organisation and on the research area of foreign market entry.
- **Chapter 3: Literature Review** – the literature review process that is followed is fully discussed in this chapter. It identifies the relevant theoretical developments in the area of foreign market entry and the findings are synthesized into main themes, consisting of constructs and theories. The main gaps in the literature are also identified, providing useful directions for linking theory and practice, producing the conceptual framework for this study.
- **Chapter 4: Research Strategy and Methodology** – this chapter describes the research strategy and explains the methodology employed, justifying the various choices. It also discusses the research philosophy, underpins the methodological choices, and finally provides details of the research design.
- **Chapter 5 : Primary Research: Analysis and Discussion-** This chapter presents the primary research that was undertaken, using the various methods for collecting evidence. The chapter presents the analysis of collected data, and discusses the main findings of the study. The contribution to knowledge and practice is detailed, acknowledging the main limitations of this study.
- **Chapter 6: Conclusions** – the conclusions drawn from the thesis are presented in the sixth chapter, together with recommendations for further research.





**Figure 1.0** Thesis Structure

- **Chapter 7: Reflective Commentary** – the thesis concludes with a reflective commentary on the experience and learning gained during the study

In addition to the main chapters, the thesis is completed with a list of references and a number of supporting documents and data that are included in the various appendices.

## **1.7 Chapter Summary**

This chapter has provided an introduction to the research subject and presented the research aim and objectives of the study. The overall research objective is to explore, analyse, and understand the foreign market and entry and exit decision making process that is followed by the lubricants unit of BP in Europe and Africa and to identify any improvements that could be applied, by comparing with theoretical developments found in the literature.

Moreover, the chapter outlined the expected contributions to knowledge and practice and discussed the potential research limitations.

Finally, the thesis structure was presented, outlining the main chapters.

## **2. BACKGROUND**

### **2.1 Introductory Comments**

This chapter provides some background information on the organisation, the industry, the research topic, and on author's background and experience to help the reader to build the necessary knowledge before embarking to the main research. Initially, the BP organisation is introduced, giving particular emphasis on the lubricants business. The oil industry is then discussed, providing some background to the global lubricants market and the main trends. Moreover, the main strategic options for business growth are briefly presented, focusing on the foreign market entry which is the main theme of this research. Finally, the chapter provides a brief account of the author's background and experience to complete the scene, before presenting the main parts of the thesis.

### **2.2 The BP Organisation and the Lubricants Business Unit**

Historically, BP was a British company (British Petroleum) and its original form dates back to 1901 but in the last twenty years or so it grew in size, becoming a multi-national energy company by acquiring several other companies, such as Arco, Amoco, Aral, and Castrol.

The BP organisation is one of the world's largest energy companies, on the basis of market capitalisation, proven reserves and oil production (BP, 2013), providing fuels, petrochemical products, and renewable energy across six continents. The company's activities cover the complete spectrum, from identification and exploration of oil reserves, to refining, production, and marketing of energy

products to customers and consumers. The main organisational dimensions are shown in table 1.0.

**Table 1.0** BP at a Glance: Facts and Figures (as stated in the company’s accounts at 31<sup>st</sup> of December 2012). Retrieved from: (BP, 2013): <http://www.bp.com/>

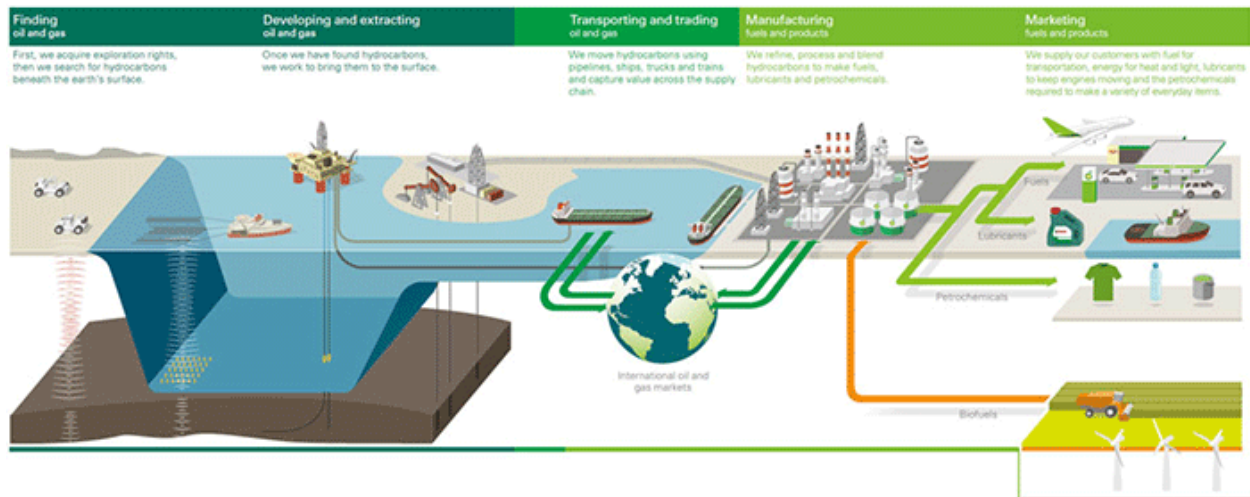
Facts	Figures
Countries of operation	Over 80
Number of employees	85900
Sales and other operating revenues	\$375,765 million
Cash Flow	\$20.5 billion
Replacement Cost Profit	\$11.4 billion
Proven Reserves	17,000 million barrels of oil equivalent
Retail Sites	20,700
Refineries (wholly or partly owned)	15
Refining throughput	2,354 thousand barrels per day

BP is operating using an integrated business model (figure 2.0) by which it seeks to add value at each stage of its activities, from exploration to product marketing. The main operations of the organisation are briefly outlined below:

- **Finding oil and gas** – acquiring the rights to explore for oil and gas reserves in various regions across the global and carrying out testing activities to identify new resources.
- **Developing and extracting oil and gas** – following the successful discovery of oil and gas reserves, the company will either decide to extract and produce hydrocarbon products or may take the option of selling the reserves, if these do not fall into BP’s strategic objectives.

- **Transporting and trading crude oil and gas** – the extracted crude oil and gas is then transported through pipelines, ships, and trucks to refineries for own processing or traded in the world’s oil markets.
- **Refining, manufacturing and marketing fuels and oil products** – crude oil is then refined to produce fuels or processed to manufacture petrochemical products, both of which are then marketed globally to businesses and consumers.

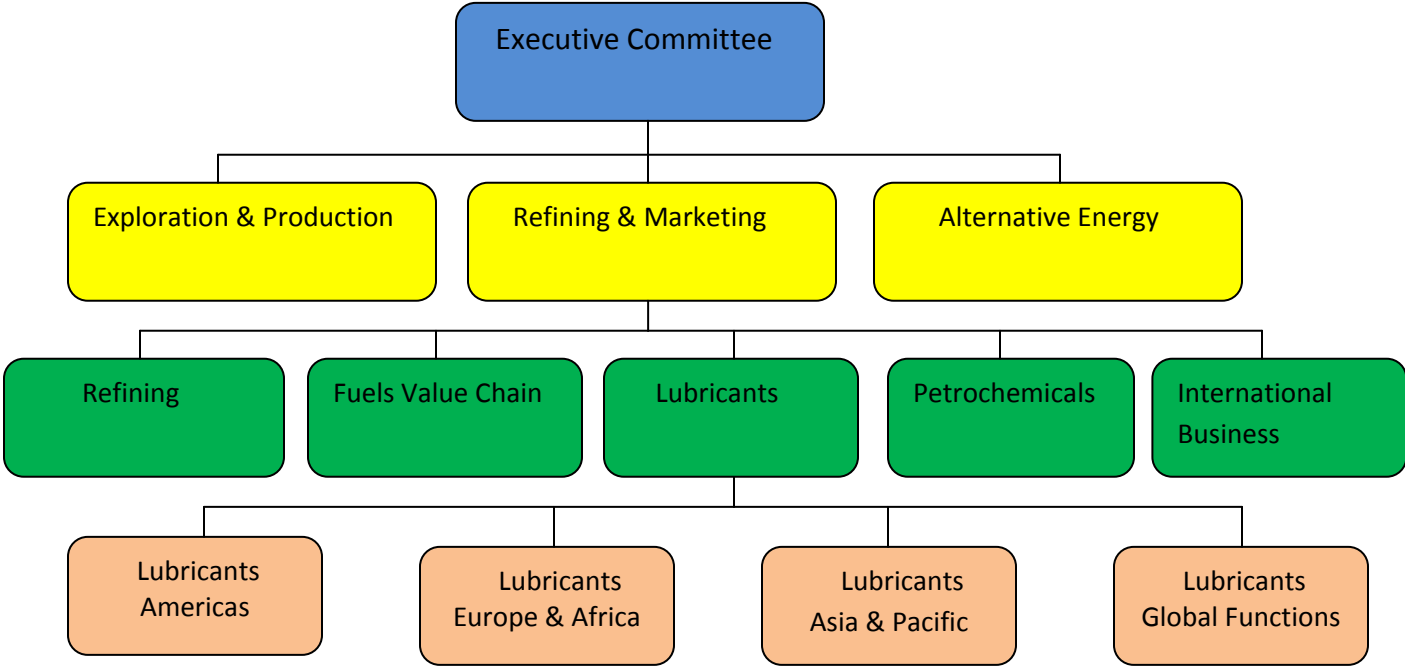
**Figure 2.0** BP’s Integrated Business Model. Retrieved from: (BP, 2013): <http://www.bp.com/>



BP is organized into three main business segments, namely, exploration and production (upstream), refining and marketing (downstream), and the newly formed segment of alternative energy (figure 3.0). The segment of exploration and production is mainly responsible for the exploration activities to discover oil and gas reserves and for the production and trading of crude oil and natural gas. The segment of refining and marketing focuses in the processing of crude oil to convert

it into usable fuels and chemicals. This segment is also responsible to market these products to businesses and consumers across the globe, using the retail network and the sales organisation. Finally the alternative energy segments are looking into renewable energy sources, such as solar and wind, as well as other forms of energy, for example, bio-fuels.

The refining and marketing segment is further divided into strategic performance units (SPU's), and consist of, refining, fuel value chain, lubricants, petrochemicals, and international businesses (figure 3.0). Each SPU is managed independently and has its own dedicated organizational structure and corporate governance and alignment is achieved by the presence of the segment leader in BP's Executive Committee.



**Figure 3.0** BP's Main Organisational Structure, focusing in the lubricants SPU.

The research interest of this study is focused around BP's lubricants operations, which are further segmented into geographical areas, as shown in figure 3.0. There are basically three business units within the lubricants SPU, Americas, Europe & Africa, and Asia & Pacific and a supporting functional unit which consists of global marketing, technology, supply chain, and finance. The Lubricants' SPU is one of the fastest growing businesses in the organization and is the highest profit contributor in the segment.

The lubricants SPU is producing and marketing three main brands of lubricants, Castrol, BP, and Aral. The Castrol brand is positioned in the premium end of the market and is actively competing globally in all segments. BP lubricants are market leaders in a number of countries, especially in the business to business sector. Aral lubricants, on the other hand are more focused in the German market where it has a strong brand heritage. The main segments of the lubricant's market are:

- Passenger Car Oils (PCO) – this segment of the market covers all passenger cars, petrol and diesel and generates the highest profits in the industry.
- Heavy Duty Oils (HD) – this includes all heavy duty automotive engines and comprises of trucks, buses and off road machinery (cranes, excavators, scrapers, tractors, agricultural, and all other machinery which are not operated on commercial roads and highways). This segment provides the highest volume in the automotive lubricants.
- Motorcycle Oils (MCO) – this is a growing market segment and includes all motorcycles and other two wheels transporters.

The leadership team of the lubricants' SPU is responsible to formulate the long and medium term strategies, which must be aligned with the overall corporate strategic

direction and each of the regional business units are then required to implement these in their respective areas. The regional lubricants' teams have some flexibility in their strategic implementation which may arise from the specifics in each area however the global marketing unit has the responsibility to ensure that there is a continuous alignment between the SPU and the regional business units.

The lubricants SPU is constantly reviewing its portfolio of operations and is looking into ways of growing the business in line with the corporate directions. The vision of the lubricants SPU is to be “the best branded marketer in the industry, by anticipating the needs of demanding consumers and customers and providing them with innovative products and services”. This will deliver consistent profit growth and sustainable high returns. The lubricants SPU is focusing on the following strategic choices to enable them to achieve the above mentioned vision:

- Simplified organisation structure, efficiently operated and performance driven.
- Implementing differentiating strategies using the brand strength, product superior technology, and intimate customer relationship.
- Growth and participation strategies that prioritise resource allocation and presence in different geographies.

### **2.3 BP's Europe and Africa Lubricants**

This study is focused around BP's business unit of Europe and Africa Lubricants, as the author is part of this organisation and has extensive knowledge. This business unit consists of 2500 employees and is structured around its main



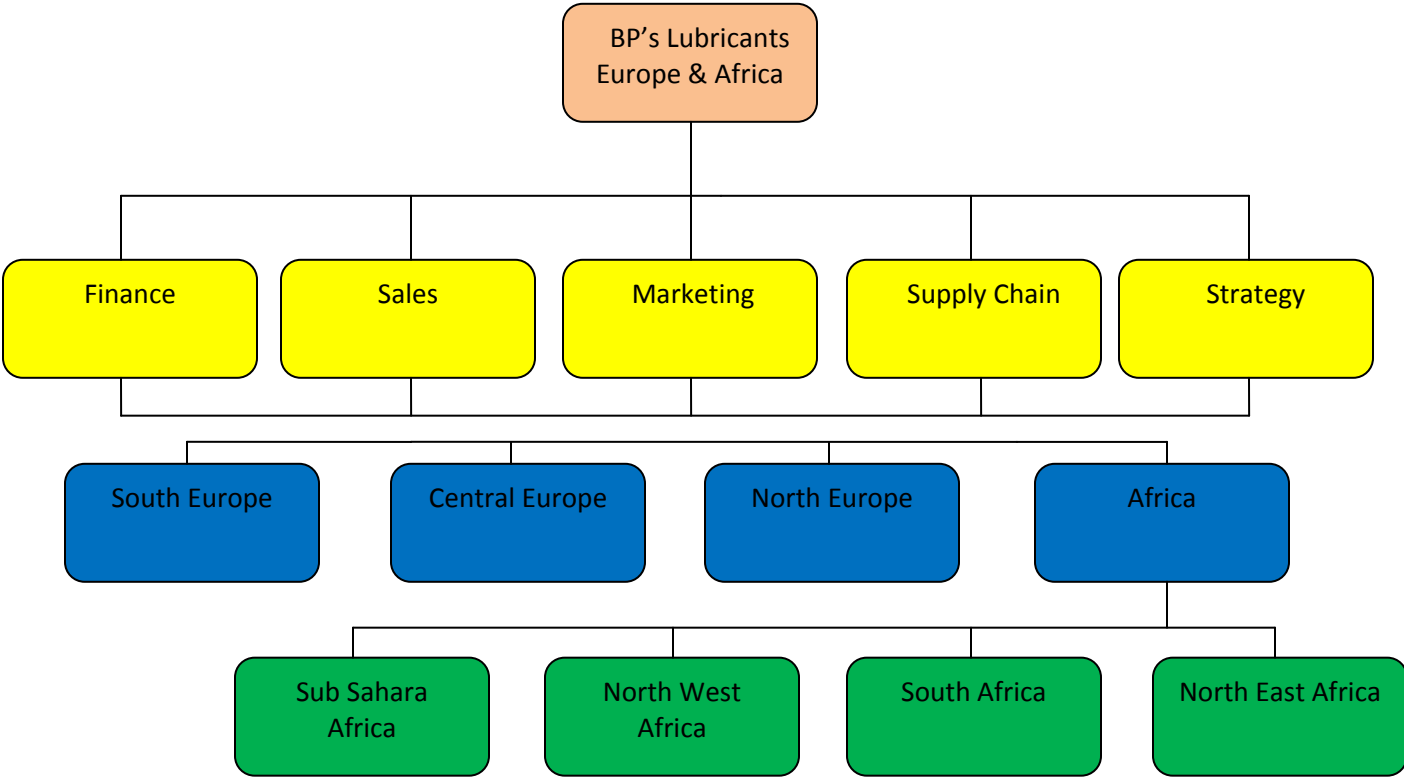
functions as shown in figure 4.0. The other regional business units of lubricants have similar structures but are smaller in size.

BP's Europe and Africa unit consists of two significantly large markets that are very dissimilar. On the one hand, the European market is highly fragmented, developed, and mature whereas most of the African markets are still developing but with significant growth prospects. This necessitates different approaches and strategies for the two continents and the organisational structure is designed to cater for this. The European part of the organisation is divided into the Southern, Central and Northern regions with sales directors in each region reporting to the vice president of the business unit (figure 4.0). BP Lubricants are present in most European countries where there is strong competition from the other main lubricant suppliers (for example, Exxon-Mobil, Shell, Total, and Fuchs).

The African part of BP's lubricants organisation is led by a single director, based in South Africa but further divided into four regions, North East Africa, North West Africa (mostly French speaking countries), sub-Saharan, and South Africa (figure 4.0).

Historically, the African markets were mostly neglected by the major lubricant companies, including BP, which focused their efforts mainly in South Africa. Any lubricants sales into the other African countries were mainly through spot sales from either South Africa or Europe. Shell is probably the only exception from the oil majors, as they were very active in many of the African countries, especially in the northern part of the continent. Over the last ten years however, there is a noticeable change in strategy and lubricant companies are increasingly looking into the African continent for growth, as the European markets are reaching maturity levels. BP also intensified its efforts in the last few years and is looking into Africa

for new growth opportunities and they have successfully entered a number of countries, such as Egypt, Tunisia, Algeria, Morocco, and Ethiopia and are reviewing a number of other African countries. With the exception of Egypt, the route to market for all other countries in the North of Africa is indirect, through the appointment of distributors. At the same time, however, BP has sold one of its few established fuel and lubricants business in sub-Sahara countries to a national oil



**Figure 4.0** BP's Europe & Africa Lubricants Business Unit, with emphasis on Africa.

company but retained the supply of lubricants to the buyer. This in essence means that BP Lubricants has switched route to market from a direct sales mode to an indirect mode through an appointed distributor.

The political changes in the Eastern bloc countries in the late 1980's and early 1990's, with the formation of new borders, necessitated the review of BP's foreign market entry strategies for a number of countries. Moreover, the recent focus in the growth opportunities in Africa has led to new market entries in a few countries in this continent and in some others the routes to market were changed.

**Table 2.0** BP Europe and Africa: Main route to market changes in the last twenty years (internal information).

Country	New Market Entry Mode	Route to Market Change	Market Exit
Russia	Direct		
Ukraine	Direct		
Croatia	Direct		
Czech Republic	Direct		
Slovakia	Direct		
Slovenia	Direct		
Albania	Indirect (distributor)		
Algeria	Indirect (distributor)		
Estonia	Indirect (distributor)		
Ethiopia	Indirect (distributor)		
Georgia	Indirect (distributor)		
Israel	Indirect (distributor)		
Palestine	Indirect (distributor)		
Latvia	Indirect (distributor)		
Lithuania	Indirect (distributor)		
Libya	Indirect (distributor)		
Ghana	Indirect (distributor)		
Morocco	Indirect (distributor)		
Kenya	Indirect (distributor)		
Tunisia	Indirect (distributor)		
Botswana		From direct to distributor	
Bulgaria		From direct to distributor	
Serbia		From direct to distributor	
Mozambique		From direct to distributor	
Tanzania		From direct to distributor	
Zambia		From direct to distributor	
Egypt		From distributor to direct	
Sudan			Exited completely

The main route to market changes in BP Lubricants Europe and Africa over the past twenty years are summarised in table 2.0. It is evident from table 2.0 that BP Lubricants have entered a number of new countries in Europe and Africa in the last twenty years, some with direct sales and some through distributors. It is also apparent that the route to market has changed for a number of other countries in the two continents, the majority switching from a direct mode to an indirect. Egypt is the main exception, where the route to market has changed to the direct mode, having operated for a number of years through a distributor. Sudan is the only case in the region where BP was forced to exit the market completely, as the United Nations imposed trade restrictions with this country.

The main competitors in most of the African countries are the domestic national oil companies, the strongest of which have expanded into neighbouring countries (for example Oil Libya is now found in several countries in Africa). As previously mentioned, Shell is active in a number of countries in Africa but recently announced that they will be exiting some of the smaller markets. Total is focusing its activities in the North West region of Africa where the countries have associations with France (Tunisia, Algeria, and Morocco). Agip lubricants are competing in a few countries in the Eastern part of Africa, for example in Ethiopia and Kenya.

The strategic moves of the main lubricant suppliers in Africa are evidently confusing, as they appear to be entering and exiting markets, inconsistently and without providing any external justifications. In Europe, the strategic moves from the oil majors are relatively fewer and more predictable. Table 3.0 provides a brief overview of the strategies of the main lubricant competitors in Europe and Africa, regarding their presence in these continents.

**Table 3.0** Lubricants competitive strategies in Europe and Africa (market intelligence, internal information).

<b>Competitor</b>	<b>Main European Strategy</b>	<b>Main African Strategy</b>
<b>ExxonMobil</b>	Direct and indirect presence. Recent trends show they prefer indirect sales.	Divested all interests and there is hardly no presence in all Africa
<b>Shell</b>	Direct and indirect presence in most European countries. Selective partnerships with local national oil companies in some smaller countries.	Dominant presence in almost all Africa for many years, with direct, indirect and partnership modes. Recently, they exited a number of countries.
<b>Total</b>	Selective presence in Europe, mainly indirect.	Strong presence in North West Africa but recently expanding fast to all Africa, in direct, indirect and partnership modes.
<b>Agip</b>	Strong in Italy, limited presence in other countries.	Some presence in a few northern African countries, with direct and indirect modes.
<b>Valvoline</b>	Some direct presence in northern Europe and some indirect sales in southern countries.	Very limited presence in Africa and this with indirect sales.
<b>Lukoil</b>	Dominant position in Russia and Ukraine and expanding into Europe with direct presence.	Not found.
<b>Fuchs</b>	Central Europe presence mostly with indirect route to market.	Limited presence.
<b>Repsol</b>	Strong presence in Iberia and indirect sales in some other countries.	Limited presence.
<b>Oil Libya</b>	Not present, attempted in the past to enter Italy through acquisition.	Dominant presence in Libya with some recent acquisitions in other African countries.

## 2.4 The Lubricants Industry and the Global Market

Lubricants are materials that are used to separate moving surfaces, mainly for the purpose of reducing friction and minimizing wear. The majority of lubricants are fluids or semi-fluids (for example greases) but occasionally they may be found as

solids (for example teflon in cooking pans) or gases (for example, the air cushion separating the hovercraft and the sea). Lubricants have other secondary but nevertheless important functions such as cooling, sealing, transporting contaminants, cleaning, and protecting the moving surfaces. The main applications of lubricants are for the protection of engines in the automotive, marine, aircraft and power generation industries. In addition, there are many other types of lubricants for specific applications, such as hydraulic oils, gear oils, compressor oils, metal cutting fluids, and heat transfer oils. It is highly unlikely that an industrial site will not require some kind of lubricants and greases, for its operations.

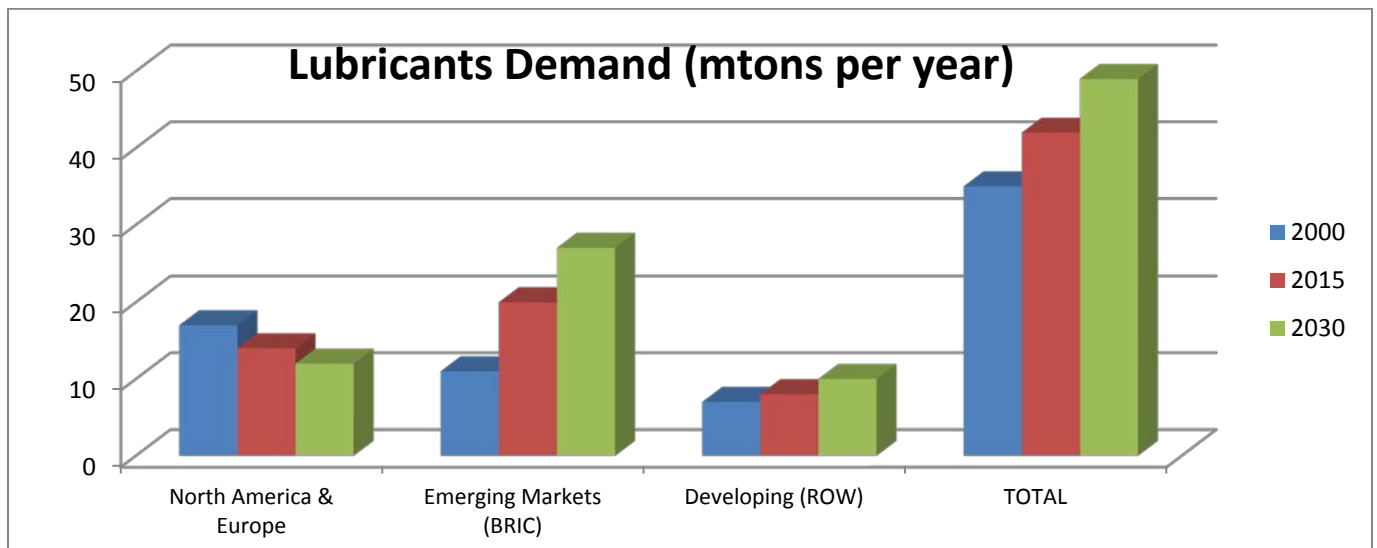
It is interesting to note that research has shown that 0.4% of the gross domestic product can be saved in Western countries if the principles of lubrication are correctly applied to all industrial and automotive applications (Mang & Dresel, 2007).

Lubricants are typically produced from base oils and chemical additives which are formulated to provide certain physical and chemical characteristics to the end product and to meet various industrial specifications. Base oils are broadly categorised into mineral and synthetic: the former are produced from the refining of crude oil and are relatively cheap and in abundance, whereas the latter from chemical synthesis and are much more expensive but are of improved quality. Modern car engine designs require the use of more sophisticated synthetic lubricants, with oil change intervals 5-6 times longer than those of traditional mineral oils. This has a significant impact on the demand of lubricants in the western markets, where there is a noticeable volume decline despite the increase of car population. This is compensated for by the increase in the demand of lubricants

in the emerging and developing markets where the number of cars on the roads is rapidly growing and requiring both mineral and synthetic oils (figure 5.0).

It is estimated that the annual global demand for lubricants is about 40 billion tons and the majority of this volume is for the automotive industry. The emerging markets and particular the BRIC countries (Brazil, Russia, India and China) are expected to require more than twice the demand for North America and Europe by the year 2030. The lubricant requirements for the rest of the world (ROW) are anticipated to increase by 3% between the years 2010 and 2030.

The lubricants market is highly competitive and fragmented and there are approximately 1400 manufacturers, of which 180 are large multinational or national oil companies (Mang & Dresel, 2007). These organisations are mostly vertically integrated petroleum companies whose lubricant business is only a



**Figure 5.0** Global lubricants demand 2000-2030 (adapted from Leavens, 2011: Global trends and market development of base oils and lubricants. 4<sup>th</sup> Annual Meeting in Russia.)

small part of their entire business portfolio. The remaining manufacturers are smaller and independent companies whose core business is manufacturing and marketing of lubricants and greases. It is worth noting that the three multi-national companies of Exxon-Mobil, Shell, and BP are estimated to supply 32% of the global demand, with approximately equal volumes between the three manufacturers. A large number of other companies have market shares between 1-5%. According to Mang and Dresel (2007), more than 60% of the total global demand of lubricants is supplied by the top fourteen manufacturers and the remaining 1366 companies account for 40% of the global volume.

**Table 4.0** World's Largest Lubricant Manufacturers (adapted from Mang & Dresel, 2007. Lubricants and Lubrication).

<b>Lubricant Manufacturer</b>	<b>Head Office</b>
<b>Shell</b>	Netherlands
<b>Exxon Mobil</b>	USA
<b>BP</b>	UK
<b>Petrochina/Sinopec</b>	China
<b>Chevron</b>	USA
<b>Lukoil</b>	Russia
<b>Fuchs</b>	Germany
<b>Nippon Oil</b>	Japan
<b>Valvoline</b>	USA
<b>Idemitsu</b>	Japan
<b>Conoco Phillips</b>	USA
<b>CPC</b>	Taiwan
<b>PDVSA</b>	Venezuela
<b>Repsol</b>	Spain
<b>Indian Oil</b>	India
<b>Agip</b>	Italy

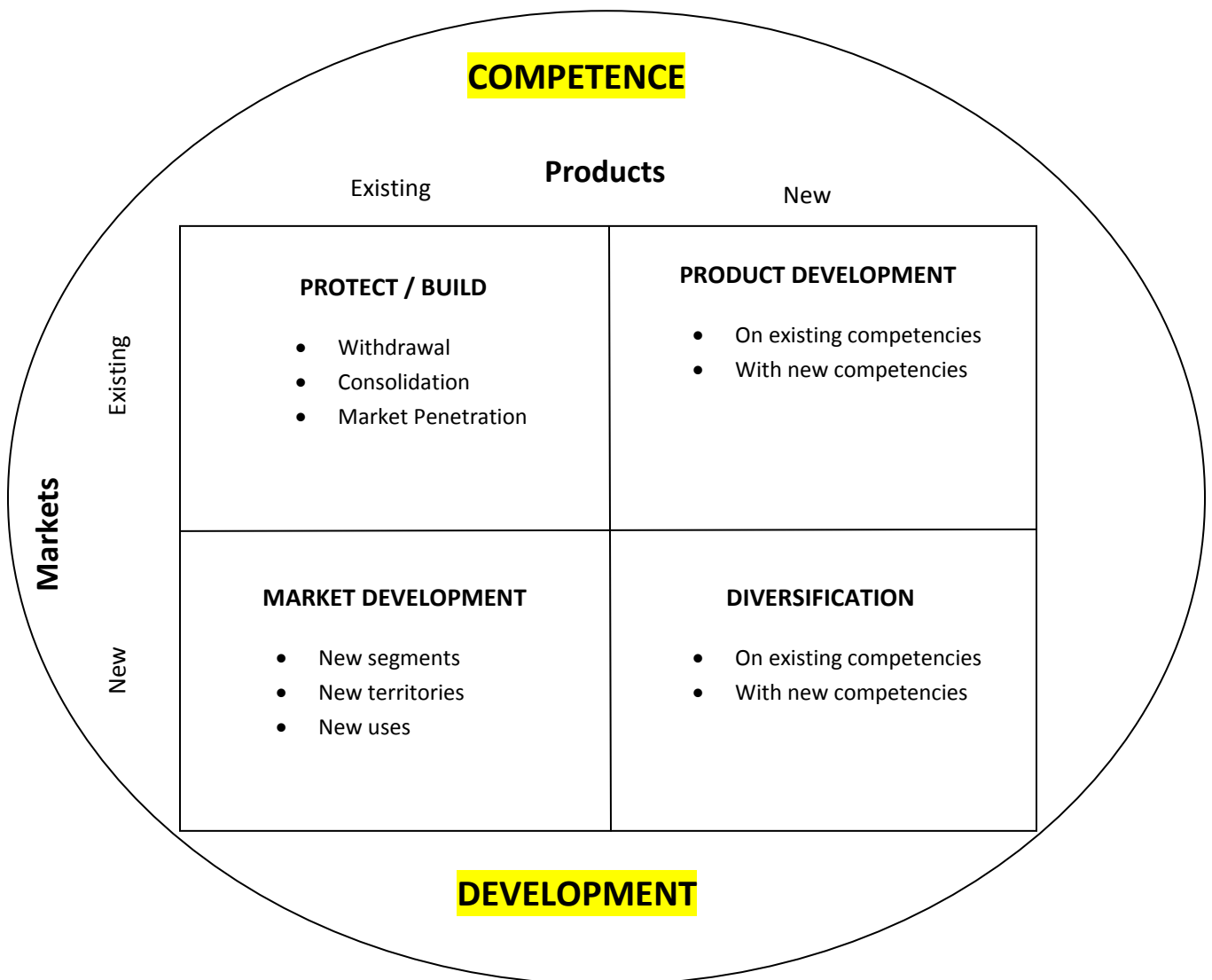


The multinational and national lubricant manufacturers typically source the base oil requirements from their own refineries, whereas the smaller and independent suppliers purchase their base oils from the industry. The world's largest lubricant manufacturers are listed in table 4.0. In the last twenty years, the oil industry was affected by a series of mergers, through which organisations expanded inorganically, mainly to achieve economies of scale and reduce their operating costs. The main examples of this wave of mergers are: Exxon and Mobil; BP, Castrol, Aral, Amoco, and Argo; Total, Fina and Elf.

## **2.5 Growth strategies**

Organisations have a number of strategic directions through which they can achieve their goals in a fast changing business environment. Johnson and Scholes (1999) have produced a matrix to present the strategic directions mostly used by organisations, based on Ansoff's traditional product / market matrix (figure 6.0). It provides the broad strategic alternatives in terms of market coverage, products (or services), and organisational competences. The first strategic direction is built around the existing markets, products and competencies and represents the option of protecting and building on the current position. Within this direction, there are various options that the organisation could follow, such as a complete or partial withdrawal from current activities, a consolidation of the business activities and thus strengthening its competitive position, or a further market penetration in the existing market, using the existing products. The second strategic direction is the development of new products for the existing market, using the existing organisational competencies or with new (acquired or built) competencies to support the new products. The third direction is the market development using the

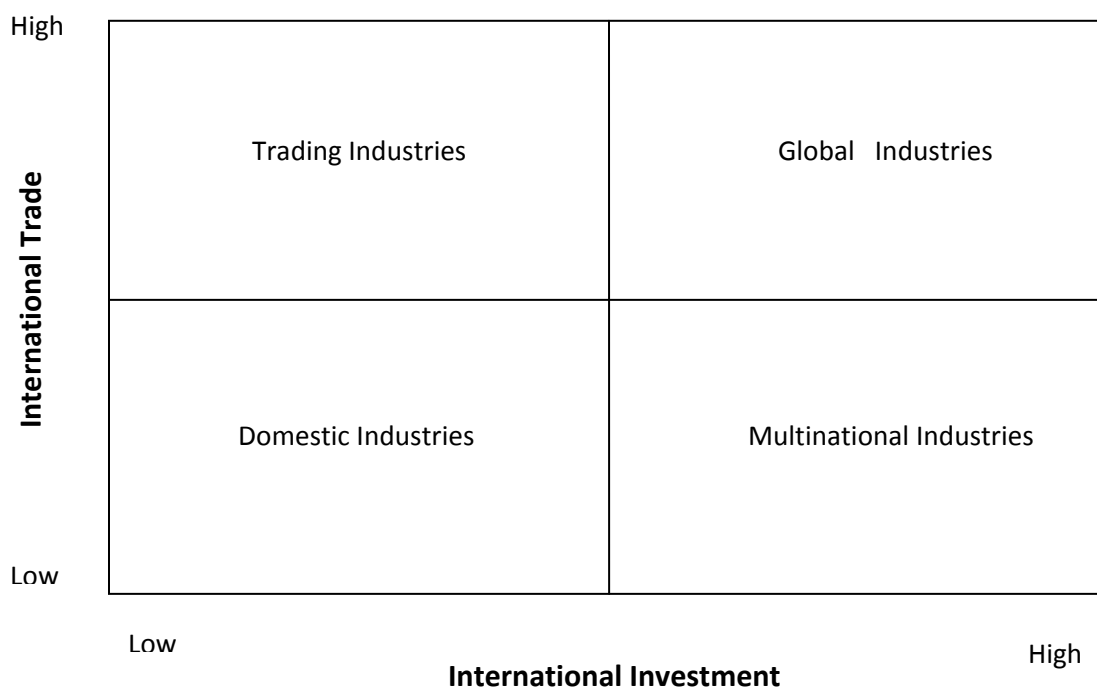
existing products and competencies, through the exploitation of new segments, new geographic territories, or even new uses for the existing products. The fourth and final strategic direction available to organisations is the diversification which involves the expansion of the business activities beyond the present markets and products.



**Figure 6.0** Directions for Strategic Development (adapted from Johnson and Scholes (1999). Exploring Corporate Strategy. Prentice Hall, 5th ed.)

The strategic option which is related to this study is that of expansion into new international geographies, widely known as internationalisation, through which organisations achieve their growth aspirations.

Over the past five decades, internationalisation has been one of the most influential factors in a very dynamic business environment, which provides new growth opportunities for many companies. The reduction of many barriers to international trade has significantly increased business across the domestic boundaries and firms are increasingly looking into foreign markets for their strategic growth.



**Figure 7.0** Internationalisation of industries (adapted from Grant (1998). Contemporary Strategy Analysis. Blackwell, 3<sup>rd</sup> ed.)

According to Grant (1998), internationalisation takes place either through increased exports or through foreign investments and the main driver for this is the

exploitation of new market and production opportunities in foreign countries. Four distinct types of industries can be identified, according to the extent and mechanism of internationalisation, as shown by in figure 7.0.

Grant (1998), further explains that the mechanism of internationalisation will very much depend on the type and characteristics of the industry and will progress over time from the domestic and sheltered category to trading, if the product or service is tradable, not nationally differentiated and subject to significant economies of scale. Examples of trading industries are the defence hardware, aerospace, shipbuilding, and textiles. Some industries will remain in the domestic category, such as small scale manufacturing, non tradable products, and fragmented services (for example, hairdressing, dry-cleaning, and car repairs). If on the other hand trading is restricted by high transportation costs or barriers to trade, economies of scale are not that important and the products are nationally differentiated then the route to internationalisation is likely to be through direct investments. Such multinational industries are banking, management consultancy, fast food restaurants, and packaged groceries. Finally, global industries such as the automotive, electronics, and petroleum tend to pursue internationalisation through both increasing exporting and direct foreign investment.

Organisations enter new foreign markets to exploit new opportunities by attempting to establish competitive advantage against other competitors. The firm can enter foreign markets through direct investments or through transactional agreements (Grant, 1998). Direct investments can be achieved by establishing wholly owned subsidiaries or through joint ventures. The transactional options for foreign market entry include exporting (spot trading, or long term exporting arrangements), licensing, and franchising.

Multinational organisations and more recently national companies in the oil industry, are increasingly expanding into foreign markets in their pursuit of achieving their growth aspirations. Shell, the Dutch multinational oil company has recently announced its entry into the Chinese gas market, whereas they withdrew their lubricants businesses from some African countries. In 2012, BP has sold its fuel and lubricants business in some countries in the sub Sahara region to a national company but they re-entered Libya with their exploration activities. Oil Libya has acquired TOTAL's fuel stations in Ethiopia and at the same time is trying to sell part of its assets in the domestic market. Gulf Oil is divesting its activities in Bangladesh and entering into East Africa countries. A quick web based search into the business activities of the oil companies shows that these are continuously reviewing their activities and strategically assessing new opportunities and in doing so they find themselves frequently entering and exiting new markets and geographies. It is also apparent that different businesses within the same organisation may follow diverse strategic directions with regards to a specific foreign market. For example, BP has divested its fuel business in Greece in 2010 but retained its lubricants and aviation presence in the country.

## **2.6 Author's Background**

This section provides a brief description of the author's background, experience, and present job responsibilities as such information may be helpful for the reader and perhaps provide some of the justifications for the research philosophy and methodological options employed in this thesis.

My undergraduate studies were in chemical engineering and were undertaken at the University of Manchester Institute of Science and Technology (UMIST).

Following the award of part time teaching assistantship from the same university, I have embarked in post-graduate scientific research for the development of mathematical models to describe the mass and heat transfer phenomena in distillation processes, leading to Master and Doctoral degrees.

My initial work experience was in various engineering positions either in chemical plants or in the process design. In 1991, I was employed by BP Cyprus to manage and operate a newly built lubricants blending plant, a position retained for almost ten years.

Towards the end of the 1990's, I felt the need for new challenges and decided to change career direction and move to business management. To achieve this goal, I have embarked on an MBA (Master in Business Administration) degree, offered by Warwick University through distance learning. The research study undertaken for the MBA dissertation was on strategic options for business development within BP Cyprus and more specifically on acquisitions. The MBA experience provided the necessary knowledge and competencies for achieving the targeted career shift from purely engineering positions to business roles.

Following this, I have undertaken various positions in business within BP Cyprus, such as business development, sales and marketing, and strategy. Since 2010, I have taken the regional lubricants sales and marketing role for Eastern Mediterranean and North East Africa regions. The countries in my cluster are Libya, Israel, Palestine, Sudan, Ethiopia, Djibouti, Eritrea, Somalia, Kenya, and Chad with main responsibilities in implementing the growth strategies of the business through sales and marketing activities. The strategy team has decided that all these countries would be operated through a distributor and have selected an appropriate one for each country. I am responsible to work closely with the

selected distributor in each of these countries to grow the business, and accomplish the medium and long term business aspirations in each of the markets. This is achieved by continuous training of the distributor teams to improve their skills and competencies in sales techniques and in technical knowledge of lubricants, assist them in analysing the market and producing realistic business plans, monitor and audit their operations, and perform joint visits to their customers.

My growing interest in understanding business growth strategies and my thirst for new challenges, has led me to pursue the DBA (Doctorate in Business Administration) course offered by Gloucestershire University. The strategic choices in growing the business that I was asked to implement were not always consistent nor justified in my mind and this has initiated my research interest in growth strategies and specifically in foreign market entry.

## **2.7 Chapter Summary**

The background information necessary for this study has been presented in this chapter. The BP organisation has been described in detail, focusing specifically on the lubricants business, for which the present research is related. An introduction to the oil industry was then presented, giving particular attention to the lubricants global market and the main trends in this segment. In addition, this chapter briefly discussed the main growth strategic options that organisations face, one of which is internationalisation, the expansion of business activities into new foreign markets. This specific option for business growth is considered as one of the most important and influential force for businesses in the last few years and rightly receives significant interest and attention. The area of foreign market entry and exit is the

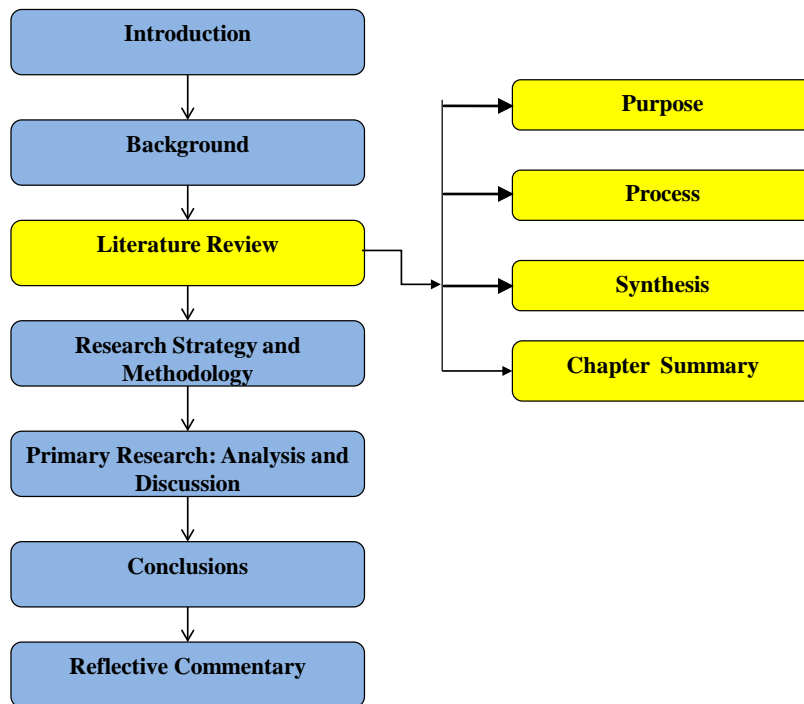
main theme of this research work. Finally, the chapter provided the author's background and experience.



# 3. LITERATURE REVIEW

## 3.1 Introductory Comments

This main purpose of this chapter is to review the academic literature on new foreign market entry, and the findings of which, to provide a theoretical framework for comparing the practice within the BP business unit of lubricants in Europe and Africa and the theory found in the literature. Figure 8.0 below shows the progress of the thesis and chapter outline.



**Figure 8.0** Chapter Three Outline and Thesis Progress

### 3.2 Purpose of Literature Review

The main purpose of any literature review is to develop a holistic and comprehensive understanding of the work that has been done previously and enable current research to build on the findings of previous studies.

Aveyard (2007, page 1) defines literature review as:

*‘a comprehensive study and interpretation of literature that relates to a particular topic.’*

It is further argued that in a literature review, all of the available evidence in the topic of interest is retrieved and reviewed so that an overall understanding of the area is achieved. Moreover, the above author suggested that the method for undertaking the review has become an important research methodology in its own right.

A more comprehensive definition of the literature review is provided by Machi and McEvoy (2009, page 4) as:

*‘ a literature review is a written document that presents a logically argued case founded on a comprehensive understanding of the current state of knowledge about a topic of study. This case establishes a convincing thesis to answer the study’s question.’*

Tranfield, Denyer, and Smart (2003) argue that the literature review process in management research is a key tool that manages the amount of relevant work, around the research of interest. They suggest that the purpose of doing the literature review is to enable the researcher to map and assess the intellectual territory and facilitate the development and progress of the topic of interest.

Gray (2009) claims that reviewing the literature before embarking in any research work is essential, and has a number of objectives, including:

- It provides the latest developments, understandings and significance of the subject in question.
- It brings to light the main themes and arguments around the area of interest and identifies any gaps in knowledge that may initiate new research work.
- It gathers information on the work done by others, on the methodologies followed, and of any issues faced, which may guide new research works on the subject.

Similarly, M.D. Gall, J.P.Gall, and Borg (2006) point out that the literature review has a number of other purposes, namely:

- To enable the researcher to refine the research question and objectives, indicating the need for an iterative approach.
- To identify other research possibilities that have not been covered by others.
- To find explicit recommendations for further research and therefore provide a justification for the new undertaken work.
- To avoid repeating work that has already been done.
- To highlight the latest opinions in the professional and trade journals, regarding the specific research.
- To identify the various research techniques and strategies that have been used and therefore assist in deciding on the most appropriate approach to be employed.

According to Pope, Mays, and Popay (2007), literature reviews are categorised into first generation reviews, or second generation. First generation reviews use the traditional approach, in which the researcher brings together individual studies in

the area of interest and attempts to understand and summarize the evidence. Such an approach tends to collect evidence, selectively, to provide justification for the researcher's own arguments and positions. Pope, Mays, and Popay (2007) argue that the traditional approach may be highly subjective and biased and has been criticized for lack of transparency in the adopted methods. Bryman and Bell (2011) refer to the traditional review method as narrative review and argue that this flexible approach, despite its weaknesses may be suitable in certain research studies, such as those with an interpretive epistemology.

The second generation literature reviews are more systematic and follow a transparent and explicit approach in identifying and selecting evidence (Pope, Mays, & Popay, 2007). It is usually referred to as a systematic literature review and defined by Fink (2010, page 3) as:

***'an explicit and reproducible method for identifying , evaluating and synthesising the existing body of completed and recorded work produced by researchers, scholars, and practitioners.'***

Tranfield, Denyer, and Smart (2003, page 209) describe the systematic review process as:

***'a replicable, scientific and transparent process, in other words, a detailed technology, that aims to minimise bias through exhaustive literature searches of published and unpublished studies by providing an audit trail of the reviewers decisions, procedures and conclusions.'***

According to Pope, Mays, and Popay (2007), a systematic literature review is adopted to summarise and synthesize high quality evidence and has the following features:

- A review protocol to guide the review process.
- A comprehensive literature search, using a pre defined search strategy.
- Critical appraisal of the evidence.
- Explicit inclusion and exclusion criteria.
- Explicit data extraction.
- Explicit analysis.

Tranfield, Denyer, and Smart (2003) stressed that the systematic review process is more reliable as it is based on a more comprehensive understanding of the research area and the process followed is transparent. Similarly, Mulrow (1994) argued that a systematic literature review provides the most efficient and high quality method for identifying and evaluating extensive literatures. The authors further explained that systematic literature review is a comprehensive and unbiased method and this is the main difference with the traditional narrative review.

It should be emphasized at this point that the rapid growth of undertaking literature reviews has inevitably produced a large number of different terminologies that describe the approaches used, often confusing and contradictory to the reader (Arksey and O'Malley, 2005). These authors, rightly argued that there is very little consistency in such definitions and researchers employ these labels very loosely. One example of this, is the wider use of the term "Systematic Literature Review" which may not always reflect the transparent methodology for protecting against bias.

The main task of this chapter is to carry out a systematic review of the literature and to identify the main themes around foreign market entrance, which will provide the theoretical background to this research work. The review of the

literature will produce an initial conceptual map of the existing intellectual territory as suggested by Tranfield, Denyer, and Smart (2003).

### **3.3 Systematic Literature Review Process**

The literature review process is a continuous iterative process and should only be finalized when the research is fully completed.

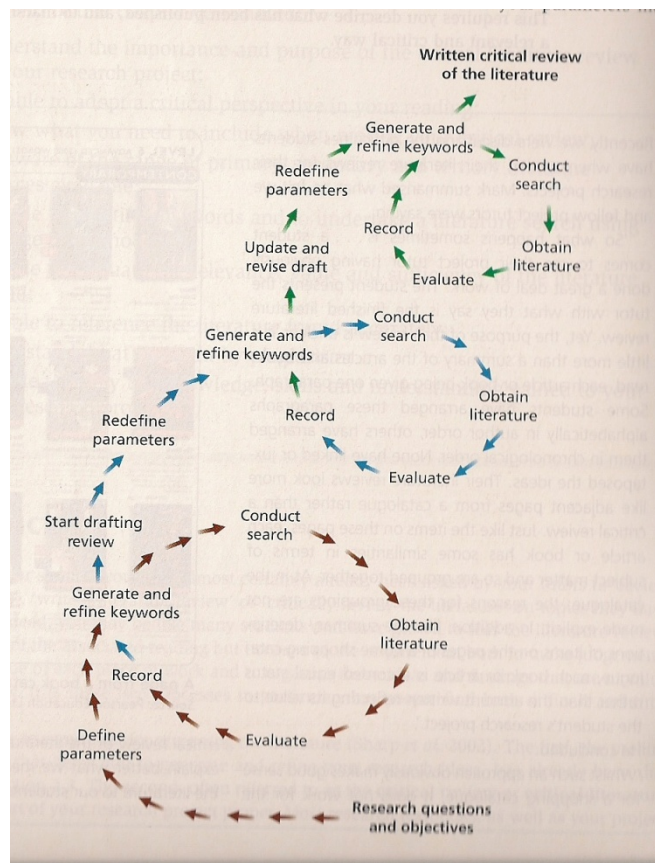
Saunders, Lewis, and Thornhill (2009) describe the literature review process as an upward spiral process, with the following main tasks (Figure 9.0):

- State research questions and objectives
- Define Parameters
- Generate and Refine Key words
- Conduct Research
- Obtain Literature
- Evaluate
- Record
- Write draft review

The research question is initially formulated based on the research interest and the objectives of the proposed study. It is preferable in this context, to employ the terms (literature) review questions and objectives to distinguish between the research questions and objectives used in other parts of the thesis that relate to the entire research work of this study. Certainly, the review question and objectives are

derived from the research questions of the study, however, these are often more specific to facilitate the systematic review of the available literature.

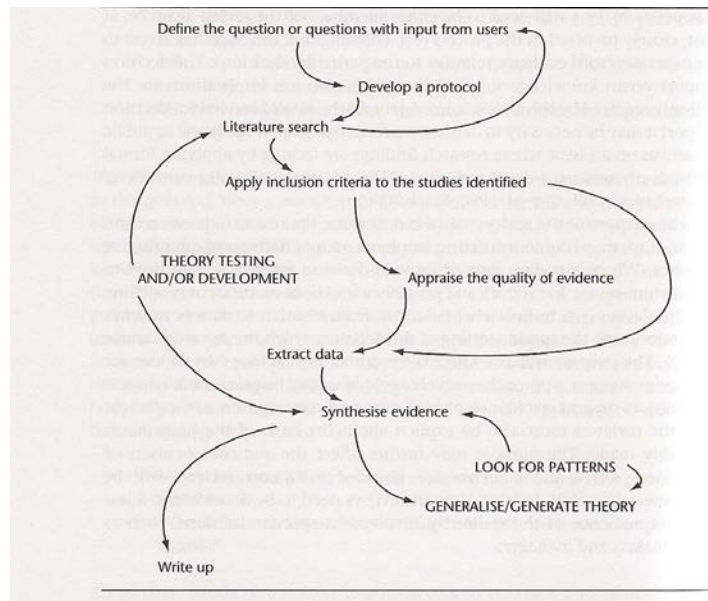
It is inevitable that the review question and objectives will be redefined or refined once the initial literature review is completed and the intellectual work around the area of interest is mapped (Pope, Mays, & Popay, 2007). The initial mapping of the relevant literature found from the first iterations provides the basis for redefining the review question and objectives.



**Figure 9.0** The Literature Review Process.

Adapted from Saunders, Lewis, and Thornhill (2009):  
Research Methods for Business Students. 5<sup>th</sup> ed. Pearson.

At the initial stage of the review of the literature it is worth formulating the review question as broadly as possible to enable the identification of the relevant work. Once, this initial mapping of the relevant research areas is drawn, then the required parameters should be further refined to narrow down the scope of work. This is particularly important as business and management literature reviews can generate large numbers of studies from various disciplines such as economics, sociology and psychology with possible relevance to the research question and only with the use of appropriately selected parameters, can these be reduced to manageable numbers for further analysis. According to Saunders, Lewis, and Thornhill (2009), the literature review process, as described above, is repeated throughout the research work to maintain an up to date record of all relevant studies.



**Figure 10.0** The Iterative Literature Review Process.

Adapted from Pope, Mays, and Popay (2007): *Synthesizing Qualitative and Quantitative Health Evidence*. Open University Press

During the upward spiral process, the review questions and objectives may be re-defined and refined as the ideas around the research topic are further developed and crystallised. A similar iterative process for systematic literature review is



suggested by Pope, Mays, and Popay (2007), in which the starting point is the definition of the review questions, and ending with the synthesis of collected evidence to generalise or generate theory (Figure 10.0).

### 3.3.1 Review Question and Objectives

According to Denyer and Tranfield (2009), the review question and objectives should be clear and answerable and should cover four elements:

- Context – what is being studied (individuals, relationships, institutional settings, and systems).
- Intervention – what effects, actions, or activities are being studied.
- Mechanisms – the mechanisms that explain the relationship between the interventions and the outcomes.
- Outcome – the effects of the intervention.

The research questions and objectives set at the beginning of the thesis are restated below and are used to define the literature review question and objective:

- What is the foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?
- What criteria are used to assess foreign market entry and routes to market?
- How does this process compare with the research work found in the literature?
- How can this decision making process be improved, linking theory and practice?

Moreover, the research objectives of this study as discussed earlier are:

- To identify the foreign market entry and exit decision making process within the BP Lubricants Business Unit of Europe and Africa and to establish the criteria used in assessing foreign market entry and exit in this business unit. Furthermore, to compare this process with the ones found in the academic literature and to suggest areas of improvements so that the process is effectively implemented for the benefit of the organisation.

Based on the above, the literature review question is formulated as:

***“What are the contemporary theoretical developments around foreign market entry and empirical evidence on this subject, specifically for multinational organisations found in the academic literature?”***

The objective of the literature review is therefore to identify and critically review all relevant academic literature around foreign market entry. The review should be critical by highlighting the strengths and weaknesses of the previous research, the relationship with the proposed objectives and research questions with justifications. The review should include reasoned judgments about the value and relevance of the previous work.

### 3.3.2 Define Parameters

Literature reviews may yield a very high number of relevant articles, if no restrictions are used in the search and in such cases reading through all of them will be wasteful and inefficient. According to Fink (2010), efficient literature reviews use two types of filters to screen the studies; the first one is primarily practical and it separates the potentially usable articles that cover the subject of interest, appear in a respected publication, in a specified time frame and in a

language that can be read; the second filter is used to screen out the low quality articles and those that follow a non- relevant or poorly designed methodology. Studies to be included should provide sufficient information about the methodology and methods followed so that the reviewer can assess the relevance and quality of work.

This section focuses on the first filter, the selection of parameters to set the practical boundaries of the search and in a subsequent section (3.3.4) the inclusion and exclusion criteria for quality/methodological relevance are discussed.

Fink (2010) suggests the following list of possible parameters that can be used for filtering on practical issues:

- Language of publication
- Subject area and business sector
- Geographical area
- Time frame
- Date of data collection
- Duration of data collection
- Literature type.

Pope, Mays, and Popay (2007) point out that the search approach can either be broad or narrow, the former is referred to as ‘lumping’ and the latter as ‘splitting’. The broad approach is often employed when the objective is to identify generalised trends across different settings, where small differences are not considered as significant. In contrast, the narrow approach is followed when there is a need to explore the differences in studies of similar design and methodology. It is further

emphasized by the authors that both approaches are valid, however all the choices need to be clearly documented.

The literature sources available are frequently categorized as primary, secondary and tertiary (Saunders, Lewis, & Thornhill 2009), based on the flow of information. The first occurrence of a study is in primary sources, such as theses, reports, proceedings, reports, government publications and any other unpublished manuscripts. Secondary sources of literature are journals, books and newspapers, whereas tertiary, are indexes, abstracts, catalogues, encyclopaedias, dictionaries, and bibliographies. The level of detail is often greater in primary sources and decreases gradually when moving from secondary to tertiary sources. The degree of accessibility is also decreasing with primary sources being the most difficult to trace. The progress of technology and specifically of the internet and of electronic databases has significantly increased the accessibility of many literature sources.

Subsequent to the above discussion, the following key parameters were selected to facilitate the systematic literature review around foreign market entry in order to effectively answer the review question set in section 3.3.1:

- Language of publication: ***English.***
  - The selection of the English language is primarily based on practical issues, moreover, it is widely used in academic journals in Europe and United States of America.
  
- Subject area and business sector: ***Foreign market entry and the search was carried out in the business, marketing and management sectors.***
  - This is a logical selection based on the review question.

- Geographical area: *Unrestricted*.
  - No restriction was placed for the geographical area of the study in this first screen. Geographical preferences are set in the secondary screening, of the inclusion and exclusion criteria, discussed in section 3.3.4.
- Time frame: *Twenty Years, from 1993 to 2013*.
  - The main literature review process was carried in 2012 but automated search alerts were set to monitor any relevant further developments on the subject of foreign market entry, which are reported separately.
- Date and duration of data collection: *Unrestricted*.
- Literature type: *Secondary sources of literature, specifically academic journals and books*.

### 3.3.3 Generating and Refining Key Words

The review process was mostly undertaken by utilizing the available electronic databases. This required the careful selection of key words that were used to perform the electronic search to enable the identification of the most relevant studies. As previously discussed, the selection of key words follows an iterative process in which new key words or phrases are added or refined when relevant important works in the field are identified and their abstracts are reviewed.

For the purpose of this search the iteration process was initialised by using the key phrase “foreign market entry”, arising from the review question and searching through the electronic database Business Source Complete.

After several iterations, the following key phrases were found to cover the subject, based on the preliminary searches and the number of relevant studies that have been identified.

*“Foreign market entry”*

*“International market entry”*

*“International growth”*

*“Market entry mode”*

*“Entry mode choice(s)”*

*“Entry mode strategies”*

### 3.3.4 Conducting the Research

Tranfield, Denyer, and Smart (2003) as well as Arksey and O’Malley (2005) argued that in management and business literature search, it is useful and often necessary to carry out “scoping studies” to obtain a quick and preliminary understanding of the subject area, before embarking on the full search. To this effect, a preliminary, scoping search was carried out using the Business Source Complete electronic database, with the key phrases of “foreign market entry” and “international market entry” with no other restrictions in the search.

The scoping study produced 127 journals from the former key phrase and 73 from the latter. It became apparent from a quick review that the selected subject of foreign market entry has several themes around which recent research was focused, and some of which are product, service or market specific. Finally, the scoping study revealed that the key words selected in the previous section are sufficient and

cover adequately the subject of interest. This is based on the evidence that most of the relevant journals from the scoping search included these key words in their abstracts.

The search strategy adopted in this study followed the suggestions by Tranfield, Denyer, and Smart (2003), for an electronic search conducted in the databases for published journals, unpublished studies, conference proceedings and internet. The systematic literature review was conducted using the following internet data bases for academic literature, using the off-campus facilities of the University of Gloucestershire:

- Business Source Complete (EBSCO) – this database contains more than 4000 full text titles, of which more than 1600 are peer reviewed. Some of the subjects included in the database are management, business, marketing, health and education.
- Emerald Full Text – More than 800 full text journals. The subscription of this database was suspended at the end of 2012 by the university and this disabled the automated updates from this database since.
- ISI (Web of Knowledge) – It provides an index of references for bibliographic abstracts, dissertations and theses for a number of disciplines including social sciences.

The search of the databases was conducted using the key phrases selected in paragraph 3.3.3 as Boolean operators in the title (that is, a journal meets the criteria if the key phrase appears in its title) and as argued by Clarke and Oxman (2001) the initial stages of a systematic literature review follow an iterative process of definition, clarification and refinement. The following table provides the summary of the findings from the final iteration of such an electronic search that was

completed in September 2012 and updated with new additions obtained through email alerts from the various databases. The table shows the number of papers that were identified to match the key phrase in their titles.

**Table 5.0** Summary table showing the number of hits per key phrase and per database

<b>Key Phrase</b>	<b>EBSCO</b>	<b>Emerald</b>	<b>ISI</b>	<b>Total</b>
“Foreign market entry”	77	12	56	145
“International market entry”	30	9	20	59
“International growth”	162	17	111	290
“Market entry mode”	36	1	36	73
“Entry mode choice(s)”	69	0	57	126
“Entry mode strategies”	17	0	9	26
Total number of papers	391	39	289	719

It is evident that the electronic database of Business Source Complete provided more results as it covers a wider time span than the others (from 1922). Moreover, it was also apparent that there were a number of journals that were appearing in more than one database. Finally, another observation is that the key phrase “international growth” produced the highest numbers of hits, as this was a more generic phrase but the term “foreign market entry” even though it produced less hits than the phrase “international growth”, generated more relevant studies, from a preliminary analysis of the contents.



The search was also extended to unpublished studies, conference proceedings and internet, as indicated by Tranfield, Denyer, and Smart (2003), to cover a spectrum of evidence. To this effect, a search was carried out using Zetoc (a database with journals, conference proceedings and reports) and Google Scholar, by applying the above key phrases. The table below summarizes the findings:

**Table 6.0** Summary table showing the number of hits per key phrase and per search engine

<b>Key Phrase</b>	<b>Zetoc</b>	<b>Google Scholar</b>	<b>Total</b>
“Foreign market entry”	109	214	323
“International market entry”	34	95	129
“International growth”	137	238	375
“Market entry mode”	45	132	177
“Entry mode choice(s)”	89	197	286
“Entry mode strategies”	18	43	61
Total number of journals	432	919	1351

Evidently, similar observations to the preceding section can be made here, with regards to the number of hits per key phrase, for both databases.

According to the methodology of the systematic literature review process (Tranfield, Denyer, & Smart 2003), only studies that meet the inclusion criteria should be considered whereas all others should be excluded. The authors argued that the strict criteria for inclusion and exclusion are linked to the desire of the reviewer to use the most relevant and best quality evidence. It is also noted,

however, that the decisions for the inclusion and exclusion criteria remain of course relatively subjective and they suggest that this stage may be conducted by more than one person or a panel, to minimize subjectivity.

Using similar argumentation, Pope, Mays, and Popay (2007) suggested that the inclusion and exclusion criteria should be based on relevance and on the study type that would answer the review question and meet the search objectives in the best possible way. It was further emphasized that these criteria should be documented so the reader can follow the review process.

As previously discussed in section 3.3.2, Fink (2010) stressed that the inclusion and exclusion criteria should be based on qualitative aspects of the studies, following the first screening which was based on practical issues. It was pointed out that the inclusion and exclusion criteria should be selected considering the methodological quality of the studies, which is how well the research is designed and implemented to achieve its objectives. As Fink pointed out, employing such an approach would ensure that the studies to be reviewed would be limited to relevant, high quality and methodologically sound studies.

Taking into consideration the preceding discussion, the following inclusion and exclusion criteria were selected, as shown in Table 7.0:

The following analysis provides the justification for the inclusion and exclusion criteria.

It is believed that studies that focus on specific products or services cannot adequately provide evidence that can be extended for general use. Often such studies focus on the specifics of the industry and will have limited applicability or value for other industries. For example, the study of Japanese cars (Rose and Ito (2008) and the investments patterns in international markets is indeed very product

specific and the outcome of this study is unlikely to be easily generalized to other industries. Therefore, it was decided to include studies that are either non product or service specific or they are specific to the industry of interest, which is oil and lubricants.

**Table 7.0** Inclusion and Exclusion Criteria

Parameter	Inclusion	Exclusion
Study focus	Non product/service specific studies, or studies specific on lubricants/oil related	Product or service specific with limited applicability for other products/services
Study focus	Non country specific or developing countries	Country specific with limited applicability elsewhere
Study focus	Multinational companies	Small firms
Study focus	Studies comparing different entry modes or theory development studies	Studies describing a single entry mode
Study output	Prescriptive models for decision making or any other output that facilitates the decision making process	Studies, which do not report any mechanisms, models or process for decision-making.
Study type	Studies with clear and sound methodologies and evidenced claims.	Studies with unclear methodologies and non evidenced claims. Working papers.

Similarly, studies that focus on market entry in a single and specific country have limited use for other countries and therefore, have been excluded. For example, the study of operational modes of Finnish investors in Germany (Bjorkman & Eklund, 1996) is believed to have limited value for other countries and markets. Hence, studies that are either non country specific or are related to developing countries in Europe and Africa, which are the focus of this study, have been included, whereas research literature which is specific for one country outside the countries of interest have been excluded.

Studies that concentrate on the growth strategies of small and medium size firms have been excluded because such strategies can rarely be replicated for multi-national organizations. For example, the study that focuses on when, how and where do small and medium size enterprises start global business (Jong, Wook, Soon-Gwon, & Sungwoo 2008), is unlikely to provide useful evidence for a multi-national corporations.

Moreover, descriptive studies that focus on a single mode of entry cannot provide evidence to assist the decision making process for different modes of market entry. Therefore, any studies that describe a single option of market entry (that is non-comparative studies) are excluded. For example, the study of Sikimic, Frattini, and Chiesa (2013) that describes technology licensing as a mode of foreign market entry in Italian pharmaceutical companies can provide limited usefulness to answering the review questions set in this work.

Similarly, studies that do not provide any model, mechanism or process to aid decision making with regards to foreign market entry criteria, are excluded from the review. This is because the objective of the present work is to identify any models or mechanisms that have been developed and can help the organization to

decide on the mode of entry into international markets (that is prescriptive models are included). For example, the research work of Lee, Abosag, and Kwak (2012) on the role of networking and commitment in foreign market entry in the Chinese automobile industry, focuses on a very interesting aspect, however, is of limited use in this work.

Finally, any studies that have unclear methodologies, non-evidence based, or poorly documented claims, are excluded. This criterion follows the suggestion by Fink (2010) for the inclusion of methodological quality aspects in the selection process.

The screening of the identified studies using the inclusion and exclusion criteria was performed in two stages:

- The initial screening was performed by reviewing the titles and abstracts of the identified studies and using the inclusion and exclusion criteria, the journals were either passed to the second stage or rejected (Table 8.0).
- The second screening stage was performed by reviewing in full the studies that have passed the first filtering process and were selected using the inclusion and exclusion criteria (Table 9.0).

It should be noted that the studies that appeared in more than one database, have only been included once and are shown under the first database that the journal was found. It is evident from the above table that the phrases “entry mode choices” and “foreign market entry” produced most of the relevant studies that met the inclusion criteria, with EBSCO providing the majority of the journals.

**Table 8.0** Summary table showing the number of studies that have passed the inclusion criteria, following the title and abstract review

<b>Key Phrase</b>	<b>EBSCO</b>	<b>Emerald</b>	<b>ISI</b>	<b>Zetoc</b>	<b>Google</b>	<b>Total</b>
“Foreign market entry”	28	1	6	8	10	53
“International market entry”	6	1	2	4	7	20
“International growth”	4	0	1	1	4	10
“Market entry mode”	3	0	3	1	16	23
“Entry mode choices”	32	0	4	10	12	58
“Entry mode strategies”	3	0	1	1	2	7
<b>Total</b>	<b>76</b>	<b>2</b>	<b>17</b>	<b>25</b>	<b>51</b>	<b>171</b>

All the above studies were then reviewed more closely, as a second screening, using again the inclusion/exclusion criteria to produce the final list of studies for the review process (Table 9.0).

### 3.3.5 Synthesis of the Selected Literature

The analysis and evaluation of the selected literature is one of the most difficult, but important stages of the literature review process. The researcher must be able to systematically and critically review the available literature and based on a methodology to be able to thoroughly analyse and evaluate the work that has been done by others in the specific field. So far, the relevant literature has been

identified through a systematic approach, as described in the preceding sections and this diverse evidence needs now to be analyzed and evaluated. The process of integrating the relevant literature is called evidence synthesis which Mulrow

**Table 9.0** Summary table showing the number of studies that have passed the inclusion criteria, following full text review

<b>Key Phrase</b>	<b>EBSCO</b>	<b>Emerald</b>	<b>ISI</b>	<b>Zetoc</b>	<b>Google</b>	<b>Total</b>
“Foreign market entry”	21	0	3	7	1	32
“International market entry”	6	0	0	3	1	10
“International growth”	1	0	0	0	0	1
“Market entry mode”	1	0	2	1	2	6
“Entry mode choices”	30	0	2	4	2	38
“Entry mode strategies”	1	1	1	0	0	3
Total	60	1	8	15	6	90

(1994) described as a collective term for a family of methods for summarizing, integrating and accumulating the findings of different studies.

The literature review synthesis is a relatively new approach and is going through a developing phase in which new methods appear in the literature, for both quantitative and qualitative evidence, some of which, however, are essentially the

same methods but given different labels for different practical applications (Pope, Mays, & Popay, 2007).

Dixon-Woods, Agarwal, Jones, Young, and Sutton (2005) make a distinction between integrative and interpretive synthesis, in the former the focus is on summarizing evidence, whereas in the latter, the key concept is the development of concepts. They argue that there is considerable overlapping and both broad types of synthesis have elements of integration and interpretation and the review question will guide the choice of synthesis to be used. Furthermore, the authors emphasized that the current methods of evidence synthesis are very much based around quantitative forms of research, rather than qualitative, and often omit the latter. They continued by suggesting that new ways for incorporating qualitative evidence into literature reviews are urgently required, in order to enable researchers to have an optimal use of all forms of evidence.

The authors Tranfield, Denyer, and Smart (2003), Dixon-Woods et al (2005) and Pope, Mays, and Popay (2007) provide detailed descriptions and critique of the various available methods for synthesising evidence, for both qualitative and quantitative studies and the appropriateness of each for the different types of evidence. The main methods are listed below and briefly discussed in the following sections:

- Narrative summary
- Meta analysis
- Realist synthesis
- Content analysis
- Thematic analysis
- Meta ethnography



- Meta synthesis

The narrative summary technique for synthesizing evidence is a descriptive account and may be used to integrate qualitative and quantitative evidence in an interpretive approach (Dixon-Woods et al, 2005). As the authors explain, this technique may take the form of description of evidence, through to more complex and interpretive accounts of the findings. The main strength of the narrative summary is the fact that this technique can accommodate a wide range of review questions as well as a variety of evidence types (Pope, Mays, & Popay, 2007). This technique has, however, been criticized for the lack of transparency in its methodology (Dixon –Woods et al, 2005) and therefore of potential bias which may arise due to over interpreting the data (“data dredging”) (Pope, Mays, & Popay, 2007). Some techniques have been proposed and methodological guidance to improve narrative summary’s transparency and therefore minimize bias (Pope, Mays, & Popay 2007).

Meta-analysis is an approach that enables the pulling together of research data from various studies to allow for an increase use of statistical methods (Tranfield, Denyer, & Smart, 2003). The authors argued that within management studies, it is unlikely that the same research question is addressed by different researchers and therefore conclude that meta-analysis is more likely to be applicable in natural sciences research and not in business or management work. Dixon –Woods et al (2005) explain that meta-analysis allows the integration of qualitative and quantitative evidence by identifying variables to be included and providing evidence of effect sizes. They claim, however, that meta-analysis is not always easy to implement and may not appeal to some qualitative researchers.

Realist synthesis is an approach that focuses on testing the theory that underlies a specific programme and was developed to bridge the gap between narrative analysis and meta-analysis (Tranfield, Denyer, & Smart, 2003). This technique uses many forms of evidence both qualitative and quantitative and integrates them by employing them as forms of support of findings (Dixon-Woods et al, 2005). The main strength of realist synthesis is the wide range of evidence that it can employ, including qualitative and quantitative findings and in various forms, for example, media reports, unpublished reports, routine statistics and any other diverse sources (Dixon –Woods et al, 2005 and Pope, Mays, & Popay, 2007). The main limitations of realist synthesis, however, are the tendency of the technique to treat all forms of evidence in the same way (and weight), the lack of guidance on how to deal with contradictory evidence (Dixon-Woods et al, 2005) and the relatively limited testing of this approach. (Pope, Mays, & Popay, 2007).

Content analysis is a well developed and widely used synthesis approach with a fairly transparent procedure (Dixon-Woods et al, 2005). The analysis converts qualitative data into a quantitative form and hence easier to use. The method categorizes the data and determines the frequency of each category, with sufficiently precise specifications. The method has a number of weaknesses as argued by Dixon-Woods et al, (2005). The process of frequency counting could fail to capture the importance of the underlying themes. Moreover, it is suggested that the process may oversimplify and even omit important issues.

Thematic analysis is a frequently used method for the synthesis of research evidence (Pope, Mays, & Popay, 2007), and overlaps with narrative and content analysis. It involves the identification of the main, recurrent or most important themes in the evidence and summarizing the findings, under the identified thematic headings. The authors argue that thematic analysis tends to work with the ideas and

conclusions across a body of evidence and does not produce new explanations for the findings. Thematic analysis can be used for integrating both qualitative and quantitative evidence, which can be achieved by “qualitising” the data (Pope, Mays, & Popay, 2007). It is therefore recognized that the main strength of thematic analysis is that it provides a means of organizing and summarizing the findings from a large and diverse group of evidence (Dixon-Woods et al, 2005; Pope, Mays, & Popay, 2007, for example). As it can handle both qualitative and quantitative evidence it is a technique which can be employed in almost all circumstances (Pope, Mays, & Popay, 2007). A number of limitations have, however, been put forward by Dixon-Woods et al (2005). This type of analysis can be either data driven or theory driven which could lead to a lack of transparency. This view is also supported by Pope, Mays, and Popay (2007) who argued that the review may look differently if the approach used is either data or theory driven. Dixon-Woods et al (2005) pointed out that a lack of clarity on the procedures used in thematic analysis is another major weakness. For example, it is not clear whether the analysis should reflect the frequency with which the themes are reported or whether the process should be based around the themes that have a high level of explanatory value.

Meta-ethnography is another technique for synthesising qualitative data and involves conceptual translation (Pope, Mays, & Popay, 2007). It is an interpretive method and seeks to develop a theory to explain the findings from a set of different studies. The process of meta-ethnography was firstly developed by Noblit and Hare (1998) and it involves three main strategies, as described by Dixon-Woods et al (2005):

- Reciprocal translational analysis (RTA). The key themes or concepts from each study are identified and then translated into each other.

- Refutational synthesis . Key themes or concepts in each study are identified and any contradictions between them are noted.
- Lines of argument synthesis (LOA). Building a general interpretation of the findings of the separate studies.

Meta-ethnography uses a systematic approach and has the potential for preserving the interpretive form of the primary data (Dixon-Woods, et al, 2005). It has the potential to synthesise quantitative data as well as other diverse forms of evidence (Pope, Mays, & Popay, 2007), but there are no empirical examples of this. Dixon-Woods, et al (2005) point out the main limitations of this technique, (one of which is the demanding and laborious nature of the method), and they suggest the need for developing suitable software. It was further pointed out that meta-ethnography requires a high level of expertise in qualitative methods to enable effective judgement.

Meta-synthesis is another interpretative approach for the synthesis of evidence which integrates and compares qualitative studies with an aim to identify theories, generalizations or interpretive translations (Tranfield, Denyer, & Smart, 2003). The approach of meta synthesis can accommodate different types of studies and it provides interpretations by considering the important similarities and differences in the collected evidence (Tranfield, Denyer, & Smart, 2003).

Dixon-Woods et al (2005) suggest a further classification of meta-synthesis into meta-data synthesis, meta-method synthesis and meta-theory synthesis. They explain that meta-data synthesis is the synthesis of data presented in reports and they suggest that the reviewer could choose any analytical method, including grounded theory, thematic analysis and meta-ethnography to process the data. Meta-method analysis is primarily concerned in identifying how the methods of

study produce the inferences, whereas meta-theory is the process which involves a critical exploration of the theoretical frameworks that have provided a direction to research (Dixon-Woods et al 2005). Meta-study methods have the limitations of being very laborious and time consuming but also these methods seem to be unable to process quantitative evidence (Dixon-Woods et al, 2005).

It is proposed that thematic analysis is employed for this work as it provides a flexible framework and a means of integrating qualitative and quantitative evidence, as argued by Dixon-Woods et al (2005). It became evident from the scoping analysis as well as the subsequent search and review of the available literature that the studies around the selected subject of interest are both qualitative and quantitative and thematic analysis is, therefore, considered as most appropriate. Furthermore, the inexperience of the author with interpretive synthesis makes the use of such methods more difficult. Thematic analysis is employed to identify the prominent themes or theories around the foreign market entry research area by reviewing the included studies in more detail. The emerging themes may be refined and classified into sub groupings, if this is deemed necessary (Pope, Mays, & Popay, 2007). The main strengths of thematic analysis are that it can organise and summarise evidence from a large and diverse group of studies and can handle both qualitative and quantitative studies.

### 3.3.6 Analysis and Synthesis of Literature on Foreign Market Entry

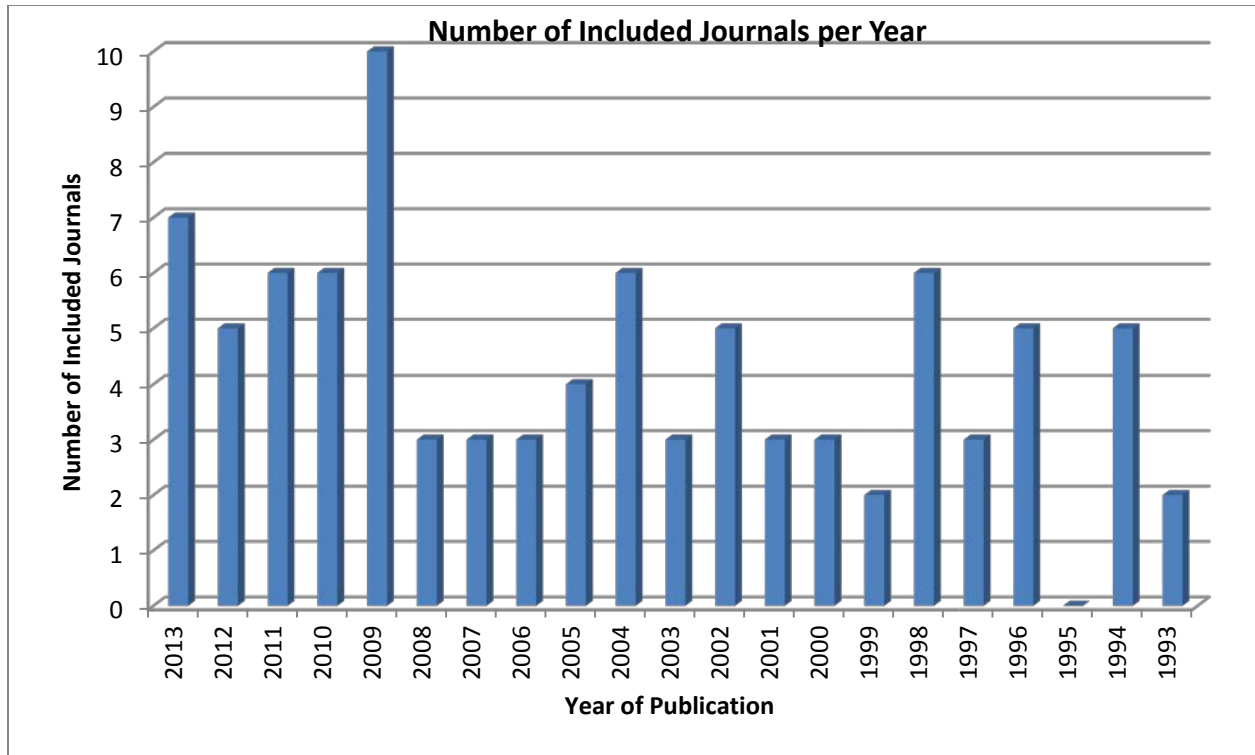
#### 3.3.6.1 *Initial considerations*

It is evident from the number of studies found around foreign market entry (tables 5.0 & 6.0) that this area has received considerable and growing academic attention

over the last twenty years (for example, Brouthers (2013a); Brouthers(2013b); Martin (2013); Cieslik & Ryan (2012); Dikova (2012); Ahsan & Musteen (2011a); Ahsan & Musteen (2011b); Omar & Porter (2011); Couturier & Sola (2010); Lopez & Vidal (2010); Datta, Liang, & Musteen (2009); Martinez & Lopez (2009); K.D. Brouthers, L.E. Brouthers & Werner (2008); Brouthers & Hennart (2007)). According to Werner (2002), the subject of international market entry is the third most researched area in international management, following the related fields of foreign market investments and internationalisation. Foreign market entry strategies are considered critical for the organisation as such decisions often involve long term resource commitments for the firm which could be difficult to reverse and have significant implications for its performance (Brouthers, 2002; Brouthers, & Hennart, 2007).

The journals that have passed the inclusion criteria (Table 9.0) are grouped according to their year of publication and as shown in figure 11.0, these are well spread over the twenty years period, with an increasing population in the period between 2013 and 2009.

Interestingly, the 90 studies that have passed the inclusion criteria were published in 61 different journals, periodicals and conferences, across a number of disciplines, such as marketing, business, management, economics, and planning (table 10.0). The Journal of International Business Studies has published ten of the selected studies and the Journal of International Marketing four. The titles of the journals and conference proceedings with more than one selected study are shown in table 10.0.



**Figure 11.0** Number of Included Journals per year

Further analysis of the studies that have passed the inclusion criteria, shows that ten authors have significant contributions to this area of research, with Brothurs, K.D, as the key author with nine different publications. The main authors of the studies that have passed the inclusion criteria are shown in table 11.0, together with the works that they have published, either as the sole authors or as co –authors.

The term foreign market entry refers to the process by which organisations enter international markets for the purpose of undertaking value-creating activities (Jones & Young, 2009). Sharma and Erramilli (2004, page 2) defined entry mode as:

*“a structural agreement that allows a firm to implement its product market strategy in a host country, either by carrying out only the marketing operations (i.e via export modes), or both the production and*

*marketing operations there by itself or in a partnership with others (contractual modes, joint ventures, wholly owned operations.”*

**Table 10.0** Titles of Journals with more than one selected study

<b>Journal Title</b>	<b>No. of Studies</b>
Journal of International Business Studies	10
Journal of International Marketing	4
International Business Review	3
International Marketing Review	3
Academy of International Business Conference	3
Journal of International Management	3
Journal of Management Studies	3
Journal of Management Studies	3
International Business Studies	3
Management of International Review	2
Strategic Management Journal	2
World Business Congress Conference	2
Journal of Global Marketing	2



A different definition of foreign market entry mode has been given by Root (1987, page 5) as:

*“an institutional arrangement that makes possible the entry of a company’s products, technology, human skills, management or other resources into a foreign country.”*

**Table 11.0** Authors with more than one study in the included list

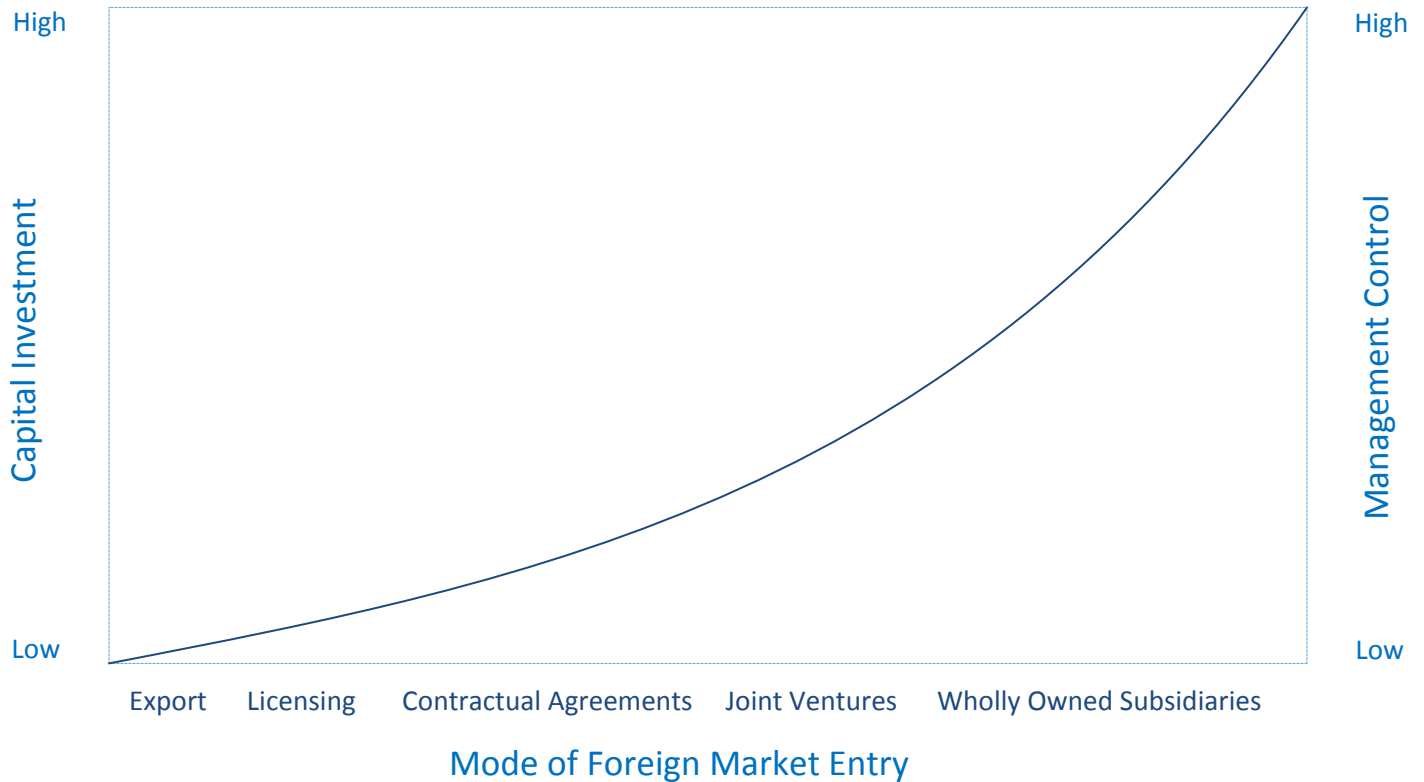
<b>Authors</b>	<b>Studies (refer to appendix A)</b>
Brouthers, K.D.	51, 52, 62, 70, 71, 79, 80, 82, 85
Brouthers, L.E.	62, 71, 79, 80, 82, 85
Datta, D.K.	6, 7, 11, 28, 87, 88
Madhok, A.	16, 18, 19, 31, 32
Musteen, M.	6, 7, 56, 88, 89
Herrmann, P.	7, 11, 28, 87
Werner, S.	62, 71, 79
Ahsan, M.	56, 89
Gannon, M.	14, 20
Cavusgil, S.T.	39, 46
Elango, B.	66, 68

The organisation has several options available through which they can enter foreign markets and these include (Datta, Herrmann, & Rasheed, 2002):

- Foreign direct investments (greenfield or acquisitions).
- Collaborative strategies (joint ventures).
- Contractual entries (licensing, franchising, agencies, distributorship)
- Exporting.

Pan and Tse (2000) argued that entry modes can be divided into equity (foreign direct investments and joint ventures) and non- equity options (exporting, licensing, agencies). These two broad categories are very different with regards to the level of investment and consequently, to the required level of control. The equity modes require higher involvement and control as the level of investment is higher. In contrast, non-equity modes require minimum owner involvement as the investment is limited (Figure 12.0).

In general, exporting is considered as the foreign market entry mode with the lowest capital investment and one which requires, relatively the lowest management control. According to Young, Hamill, Wheeler, and Davies (1989), exporting can be affected either directly or indirectly. In the indirect mode, the firm exports its products through an exporting agency, or a trading company, which are often based in the home country. Most often, however, indirect exporting is carried out by a foreign company buying the products at the home country of the producer (Tihanyi, Griffith, & Russell, 2005). All the operations associated with the export process are likely to be carried out by outsiders, without the involvement and knowledge of the company. Moreover, the firm has no involvement and perhaps no knowledge of the sales and marketing activities in the foreign market.



**Figure 12.0** Modes of Foreign Market Entry (adapted from Young et al, 1989)

In contrast, in the direct exporting mode, the firm undertakes all the exporting activities and therefore the level of its involvement is relatively higher than with the indirect exporting. The products or services are exported to the host country through agents or specific outlets but often the home company has limited or no involvement in the sales and marketing activities in the host market (Young et al, 1989).

Licensing is another form of foreign market entry in which the home company provides the host firm with a local license or access to a specific technology, knowledge, product or service, for a specified period and under certain conditions

and obligations from both parties (Young et al, 1989). The involvement of the home company (licensor) is higher and usually it has some knowledge of the sales and marketing activities in the host country, as the local firm (licensee) is obliged to provide such information.

Contractual agreements are very similar to the licensing agreements but these extend to cover a wider spectrum of activities in the host country. For example, under this mode of market entry, one may find franchising, distributorship agreements and sales and marketing alliances. The obligations of each of the two parties are written in the agreement and often the home company has increased involvement in the sales and marketing activities in the host country, by providing guidance and training to the local firm and sometimes even sharing some of the local advertising and promotional expenses. In this mode, the two parties share skills and resources and the term of agreement is usually medium to longer duration (5 -10 years) and renewed if both parties are satisfied.

The equity modes of foreign market entry include joint ventures and wholly owned subsidiaries. In the mode of equity joint venture, the home and host partners share risk, profits and capital investments and the two parties participate actively in the management of the joint venture. The share holding is usually governed by the relative contribution of each party in the technology, know-how, market access, capital investment, management and other resources (Agarwal, 1994). The agreement is often based on longer term (for example 10 years) which may be renewed. The home and host firms are involved in all the operations and exert joint control. Wholly owned subsidiaries are another form of equity market entry in which the home organisation acquires an existing foreign firm or sets up a new company the foreign market (greenfield). In such a mode, the home firm

undertakes the entire risk and capital investment but fully retains all the management and control (Young et al, 1989).

The preceding discussion provided the basic modes of foreign market entry found in the literature but these are by no means exhaustive (for example, Erramilli and Rao (1990) identified nine variations of entry modes whereas Brouthers and Hennart (2007) reported sixteen different entry modes found in the literature). Moreover, the boundaries of these entry modes are not always clear and different researchers or organisations may use their own terminology as well as employ characteristics from different modes for their own market entry mode definition (for example the terms agents and distributors are used differently by various researchers and organisations).

### *3.3.6.2 Main themes around foreign market entry literature*

According to the method of thematic analysis as described by Dixon-Woods et al (2005), the selected studies have been reviewed once again with the aim to identify the prominent themes or recurrent theories underlying the body of evidence. The first observation from reviewing the selected literature is that researchers in the area of foreign market entry have shown interest in a variety of issues associated with this and the findings and progress in this field are considered fragmented across several disciplines (Cumberland, 2006; Sarkar & Cavusgil, 1996). This was also reported in the previous section where the 90 studies that have passed the inclusion criteria were published in 61 different journals and publications from various disciplines (table 10.0).

There are some studies in the literature that provide reviews of the research around foreign market entry, such as Sarkar and Cavusgil (1996); Datta, Hermmrman, and Rasheed (2002); Brouthers and Hennart (2007); Canabal and White (2008); Morschett, Schramm-Klein, and Swoboda (2010). These provide useful insights of what has been reported around foreign market entry at different times during the last twenty years.

Most of the research studies in this field offer various theoretical propositions on the factors influencing the choice of foreign market entry and some provide empirical evidence to support their theories. The main themes that have been researched and suggested to influence the choice of foreign market entry are outlined below:

- **Transaction cost** – this is the most frequently researched determinant in foreign market entry (Canabal & White, 2008; Brouthers & Hennart, 2007) and proponents of this theory claim that organisations will select the entry mode that will minimize the total transaction and operational costs and therefore maximise the overall efficiency of the organisation set up. In essence, foreign market entry is considered as a specific transaction and the benefits and costs of each option are estimated and the mode selected is the one which provides the lowest overall cost (for example, Brouthers, 2013a; Madhok, 1997). One of the factors that have been suggested to influence transaction cost economics is asset specificity, which is the degree of specialization and uniqueness of the firm's assets that are employed in the foreign market entry set up (Maekelburger, Schwens, & Kabst, 2012). The concept of asset specificity, however, has not been measured consistently by researchers (physical assets, technology, research and development expenditure, human assets are some of the measures employed), and as a

consequence the reported evidence is often contradictory (Brouthers & Hennart, 2007). The prevailing view is that high asset specificity favours higher control entry modes such as wholly owned subsidiaries (for example, K.D. Brouthers & L.E. Brouthers, 2003; K.D. Brouthers, L.E. Brouthers & Werner, 2003).

- **Cultural distance** – this is based on Hofstede’s cultural dimensions theory which proposes five dimensions for analysing cross-cultural communication and behaviour (Hofstede, 1984). Cultural distance refers to the difference in culture between the home and host countries and its influence in the choice foreign market entry mode (for example, Samiee, 2013; Tihanyi, Griffith, & Russell, 2005). Research evidence mostly suggests that although the cultural distance is an important determinant in foreign market entry decisions, the influence, however, is more likely to be indirect and therefore manifest itself in the investment risk (Brouthers & Hennart, 2007). Furthermore, the cultures of the home and host countries separately, have been suggested to influence the entry market mode through the control of the new venture. For example, cultures characterized by uncertainty avoidance, are more likely to pursue options with higher control and ownership (Stevens & Dykes, 2013; Datta, Herrmann, & Rasheed, 2002).
- **Internationalisation** – the firm’s experience in international markets affects the foreign market decision (for example, Dow & Larimo, 2009; Martinez & Lopez, 2009). It has been argued that cumulative international experience and familiarity with diverse international environments enable the firms to undertake higher levels of resource commitments and risks and therefore choose a foreign market mode with higher ownership and control (Castaner & Genc, 2011; Datta, Herrmann, & Rasheed, 2002; Sarkar & Cavusgil, 1996). Related to this theme, are the studies around the personal experiences of the executive directors and management teams and the

influences on the decisions for the foreign entry mode (Dikova, 2012; Herrmann & Datta, 2006).

- **Risk and uncertainty** – political and other risks and uncertainties in the host countries influence foreign market decisions (for example, Lopez-Duarte & Vidal-Suarez, 2010; K. D. Brouthers, L.E. Brouthers, & Werner, 2000). A number of different ways have been adopted to measure risk (for example perceived political and economic stability, perceived market potential, and market volatility) and such inconsistencies have produced conflicting conclusions (Brouthers, 2002; K.D. Brouthers & L.E.Brouthers, 2003; Diego, Enrique, & Laura, 2007). Internal uncertainty, is another type of uncertainty and is related to the firm's experience in international business (Zhao, Luo, & Suh, 2004) and similarly to the external uncertainty, it has been measured by variety of methods (for example, the number of years in international businesses, the number of total investments or the ratio to foreign to the total investments). Contradictory evidence is again reported but according to Zhao, Luo, and Suh (2004), organisations with high experience and thus less uncertainty will select entry modes with higher resource commitment and higher ownership.
- **Resource based view** – the firm's resources and capabilities are the main driver's for the internationalization strategies (for example, Sharma & Erramilli, 2004; Ekeledo & Sivakumar, 2001; Madhok, 1998). The proponents of this theory argue that an organisation will choose a foreign entry mode that will best exploit the unique resources and capabilities of the firm. The organisational resources and capabilities can only provide competitive advantage if they are valuable, unique and difficult to replicate.



Accordingly, such organisations will select an entry mode that will retain these unique resources and competencies internally to the firm and will avoid entry modes that will necessitate the sharing of these resources (Brouthers & Hennart, 2007; Datta, Herrmann, & Rasheed, 2002). Amongst the organisational resources that have been studied are the international experience, proprietary technology, skilled work force, know-how, and research and development intensity.

- **Internalisation** – this theory is based on the efficiency rationale and can be considered as a variant of the transaction cost approach. Firms will select a foreign entry mode in an effort to internalise all activities that can be done at a lower cost (for example, Buckley & Casson, 1998; Madhok, 1997). If, however, external firms can perform activities which are less costly than the home organisation, then the entry modes chosen are likely to be joint ventures or some form of contractual agreement (Datta, Herrmann, & Rasheed, 2002).
- **Institutional approach** – the institutional structure in the host country affects the decision on the mode of market entry (for example, Brouthers, 2013a; Brouthers, 2002;). One aspect of the institutional theory is that it suggests that a new firm entering a host country will attempt to copy some of the actions of local companies or competitors in an effort to establish itself in the market, otherwise it will be forced out. This effect is known by the term isomorphic pressure tendency (Canabal & White, 2008; Brouthers & Hennart, 2007). Risk and uncertainty are two parameters that have been extensively studied under the institutional theory, but these have already been discussed previously. Other dimensions of the host country's

institutional environment that have been studied are the regulatory, cultural, marketing characteristics, and corruption and the main findings are that these factors do influence the entry mode choice (Brouthers, 2002; Meyer, 2001).

- **Ownership, location and internalisation** – this is known as the eclectic framework and has the premise that all these three factors influence the foreign market entry decisions by varying degree (for example, K.D. Brouther, L.E. Brouther & Werner, 1999). It may be considered as an approach that brings together three of the main theories that were discussed earlier, namely, the resource based view (ownership), institutional (location) and internalisation (Brouthers & Hennart, 2007).
- **Industry structure and bargaining power**– the way the specific industry is structured influences the mode of entry (for example, Markusen & Stahler, 2011). Moreover, the bargaining power suggests that the sizes of the home and host markets influence the outcome of the negotiations and therefore the entry mode choice. For example, a multinational organisation with a large home market has greater bargaining power than a smaller host market firm, and can therefore dictate the outcome (Datta, Herrmann, & Rasheed, 2002).

A number of other studies focus on specific issues and how these affect foreign market entry decisions, for example, the work of Rivera and Oh (2013) on the environmental regulations and foreign market investments; the study of Angeles and Ramos (2009) on how the timing of entry influences the mode of foreign market entry; the research by Davies, H. Egger, and P. Egger (2010) on how the profit taxation influences the mode of foreign market entry; the study by Herrmann and Datta (2002) on the CEO successor characteristics on the choice of foreign

market entry mode. These studies do not directly use any of the above mentioned foreign market entry theories and constructs but they can be placed in the group with which there is some association. For example, the environmental regulations are one form of institutional procedures and can be categorised under the institutional theory, whereas the taxation issue is one form of cost and therefore can be grouped with the transaction cost theory.

The studies that have been included in the review were categorised according to the above mentioned main themes and are shown in table 12.0. It should be noted a study may have addressed more than one theme and therefore may appear in more than one category. A number of researchers have also studied the effect of the entry mode on the performance of the firm and a corresponding category has been added in the table.

It is evident from the preceding literature review that there is a considerable academic interest in the field of foreign market entry and a number of theoretical frameworks have been proposed and empirically tested. The transaction cost and institutional theories are the most frequently employed frameworks in foreign market entry research, followed by the resource based view, the cultural distance and the risk and uncertainty (table 12.0). The research work in this field remains fragmented over a number of disciplines (for example, economics, business, and management) but there is also a lack of consensus in the reported evidence. The latter, may be partly attributed to the methodological differences, (studies focused on a single theory that were empirically tested in a specific industry and specific set of home and host countries), but also to the inconsistent definitions of some key variables (for example, the terms country risk, uncertainty, and international experience are defined differently by a number scholars in their studies).

**Table 12.0** Thematic analysis of the included studies

<b>Predominant Theme</b>	<b>Studies (refer to appendix A)</b>
Transactional Cost	8,16,18,25,26,27,31,45,47,51,52,59,61,67,70,72,73,74,79,80,82,86,88
Cultural distance	1,12,34,38,51,52,53,55,63,64,70,82,85
Internationalisation	8,19,24,54,56,60,78,81,84,87
Risk and uncertainty	3,22,38,50,56,57,63,71,80,89
Resource based view	6,11,13,14,16,18,19,40,44,69,77,83,88
Internalisation	15,16,42
Institutional	2,5,9,10,17,19,20,21,29,35,37,41,43,47,51,52,59,65,70,82
Ownership, location and internalisation	7,20,44,59,65,66,90
Industry structure and bargaining power	4,24, 68,72
Entry mode and performance	17,33,51,53,62,75,77,79,82,90
Reviews	28,32,36,39,58

Evidently, the foreign market entry process is highly complex and the choice of entry mode is influenced by a number of different factors, acting simultaneously and at different levels. Firstly, there is the organisation that is pursuing international expansion with its characteristics (for example, culture, experience,

strategy and financial), then there is the potential partner and its own characteristics, the home and host countries (for example, economy, risks, political, legal, and regulations), the people involved (for example, the directors, the managers, decision makers and other stakeholders), the industry and the market. It is logical to assume therefore, that a single theory cannot adequately explain the complex and multilevel process of foreign market entry and exit. As Morschett, Schramm-Klein, and Swoboda (2010) have suggested, new research in this area should employ a combination of theories and determinants to enlighten it.

Moreover, most of the research around foreign market entry ignored the findings of past strategic decision making studies which indicate that managerial decisions are not completely rational but they are influenced by other factors as managerial background and experience (Carpenter, Geletkanycz, & Sanders, 2004; K.D. Brouthers, L.E. Brouthers, & Werner, 2000), organisational power, intuitive judgement and internal politics (Fincham, 1992), and organisational culture (Simon & Lane, 2004). The inclusion of strategic decision making aspects into the foreign market entry research will surely aid the understanding of the process and will provide useful insights.

Strategically, an organisation may pursue international expansion for different reasons and this is likely to have a significant effect on the decision for the mode of entry. For example, an organisation that is entering a foreign market to exploit its resources may use different decision criteria than the firm which is seeking to acquire new knowledge. The mode of entry in the two cases is likely to be different. Related to this, the strategic objective in expanding may not be the usually assumed profit maximisation but gaining market share in a specific country or competing against a local player in its own domestic market may be the drivers for expansion, and this certainly will play an important role in the mode of entry

choice. Firms may also choose a specific entry mode on the basis of ease of reversibility, if they are uncertain of the longer term prospects which will enable them to exit the market with the lowest possible damages. Such aspects of corporate strategy are not evident in the existing research and this may have partly contributed to the inconsistent findings (Brouhers & Hennart, 2007). It is essential therefore to consider the motives of international expansion when investigating the decision making process for foreign market entry modes in order to gain a deeper understanding of this strategic procedure.

Large organisations often pursue their international growth agendas by portfolio analysis and their decisions on the entry mode into one country are likely to be influenced by their decisions for the other markets in the portfolio (Datta, Herrmann, & Rasheed, 2002). Such interdependencies are not captured in the existing research and their inclusion will certainly provide additional insights to the process.

Finally, most of the existing research on foreign market entry and firm performance assume that the mode of entry is the sole contributor to the organisational success. However, there are a multiplicity of other factors that simultaneously influence the firm's performance, such as the host country and market characteristics (for example, economy, politics, competitive activity, and pricing), organisational capabilities and competencies and home country influences (Datta, Herrmann, & Rasheed, 2002). Failure to account for these effects when assessing the firm's performance and assuming that the mode of entry is the only factor in the relationship, certainly weakens the findings. Moreover, foreign market researchers measure performance in different ways (for example, profitability, shareholders' wealth, or ownership changes) and this does not allow for

comparisons and perhaps partly contribute to the reported inconsistencies on the issue.

### 3.3.6.3 *Conceptual framework*

The conceptual framework (sometimes called pre-understanding) provides graphically or descriptively the main constructs, factors, variables and assumptions to be studied and the relationship between them and it can be elaborative or elementary (Miles & Huberman, 1994). Maxwell (2012) broadly described the conceptual framework as the model of the study, depicting the variables and processes that influence this. It is an initial framework which guides the researcher to design the study and mainly draws from the literature review, as well as from the researcher's own experience. The conceptual framework may change during the course of study, as more information and insights to the area of research become known.

Using the preceding literature review, it is proposed to group all factors influencing the choice of foreign market entry mode into four basic considerations:

- **Efficiency** – this includes the transaction cost elements as well as institutional cost aspects and value creation factors.
- **Organisational resources** – this includes the resources, experiences, strategic considerations, and organisational politics and culture, of both the home and host firms.
- **Host country** – this includes all aspects related to the host country such as location, economic, political, risk, uncertainty, culture, legal, and all other environmental aspects in the host country.
- **Marketing elements** – this includes all marketing aspects such as market size, growth potential, competitive arena, pricing, barriers to entry or exit.

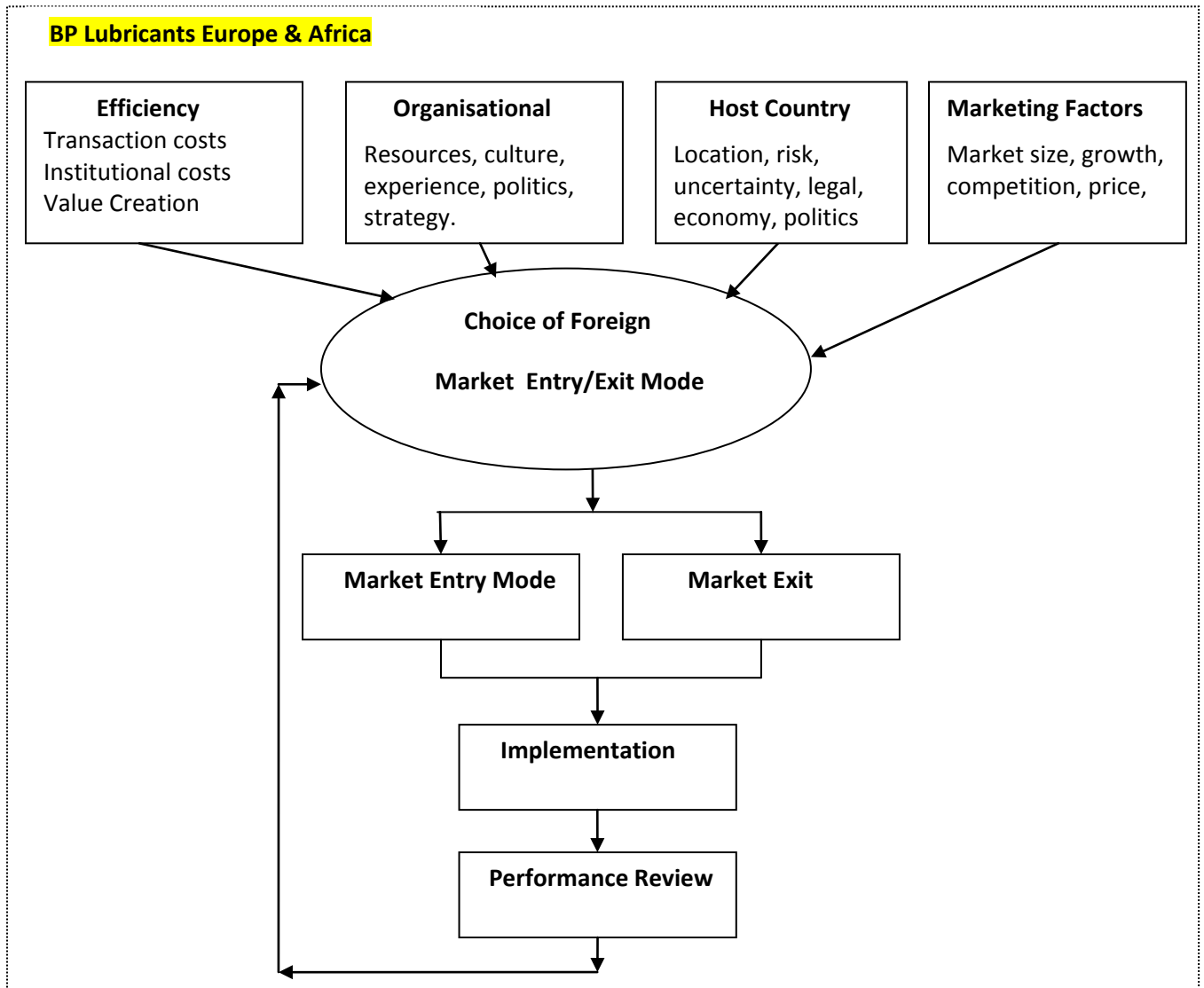
Using this proposition, the conceptual framework is drawn, as shown on figure 13.0. The inputs to the decision making process for the selection of the foreign entry market mode are the four buckets, efficiency, organisational, host country, and marketing factors, as previously discussed. The outputs are the mode of entry or market exit (the latter may considered as a special case of the former). These decisions are then implemented and followed by regular performance reviews, the outputs of which are fed back to the decision making cycle, where the entry mode may or may not change.

### **3.4 Chapter Summary**

The objective of this chapter was to identify the main theoretical developments around the area of foreign market entry and this was achieved using a systematic literature review, the details of which were presented in the preceding sections. The literature review revealed the considerable and growing academic interest for the area of foreign market entry, providing 2070 studies that were initially found in the electronic search of the various databases, meeting the selected key phrases. These studies were narrowed down to a more manageable number of 90 studies, by applying inclusion and exclusion criteria, as discussed in section 3.3.4. The preliminary analysis of the included studies highlighted the fragmented nature of this research area, as these works were published in 61 different academic journals and conference proceedings from different disciplines, such as business, management, economics and planning. The Journal of International Business Studies published the highest number of articles from the selected studies. Moreover, the analysis confirmed the growing academic interest in foreign market research as in the period of 2013-2009 the annual number of published studies was



showing an increasing trend. A number of different scholars from various countries were involved in producing these studies, however, Brouters, K.D., Brouters, L.E., Datta, D.K., Madhok, A., and Musteen, M., were the authors with the highest contributions.



**Figure 13.0** Conceptual Framework

Using thematic analysis, the findings were synthesised and the main theories and constructs around foreign market entry were identified and summarised. Valuable insights into the field of foreign market entry were gained and it was shown that the theories of transaction cost, institutional, cultural and resource based view were the ones mostly studied and empirically tested. Despite the significance of foreign market entry research and the considerable advancements that were made over the last twenty years, the review highlighted several weaknesses in this area of research. Firstly, some of the findings were inconsistent, and there was a lack of consensus amongst the researchers, suggesting perhaps the need for much further work in this area. These inconsistencies may be partly explained by the differences in definitions of some of the key variables, such as country risk and uncertainty but also on the methodological approaches, for example studies were empirically tested in specific home and host countries, and industries. Secondly, most of the research in the area of foreign market entry has examined a single theory with an associated set of variables and ignored others, but it is unlikely that such a complex and multilevel process can be explained by a single theory. Thirdly, the bulk of these studies have not taken into consideration that such strategic decisions are taken by managers who are not always acting completely rationally but often base their actions on previous experiences, background, and power interactions within the firm, according to the findings of previous research in strategic decision making. Finally, foreign market entry research ignores the fact that many organisations pursue international expansion for a variety of reasons and this is likely have a significant influence on the choice of entry mode.

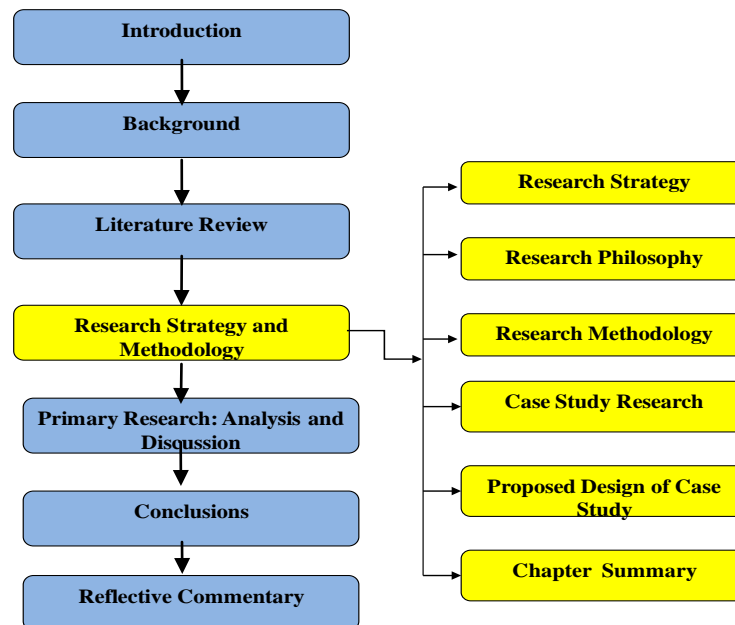
It was proposed to group all foreign market entry determinants into four distinct categories, namely, efficiency, organisational resources, host country

characteristics and marketing elements, incorporating most of the factors found in the literature into a single approach, to facilitate the foreign market entry research within BP lubricants in Europe and Africa that was undertaken and discussed in the proceeding chapters. Accordingly, a conceptual framework was presented in the last section of this chapter.

## 4. RESEARCH STRATEGY AND METHODOLOGY

### 4.1 Introductory Comments

This chapter discusses the research strategy and methodology that was followed and the theoretical justifications underpinning their selection. Initially, the research strategy is described, providing the necessary background information and defining the main terminology. The philosophical issues around the research are then discussed, following with a detailed account of the available methodologies. The selected research methodology is further described and finally the design aspects are elaborated in the final section. Figure 14.0 below shows the progress of the thesis and chapter outline.



**Figure 14.0** Chapter Four Outline and Thesis Progress

## 4.2 Research Strategy: Initial Considerations

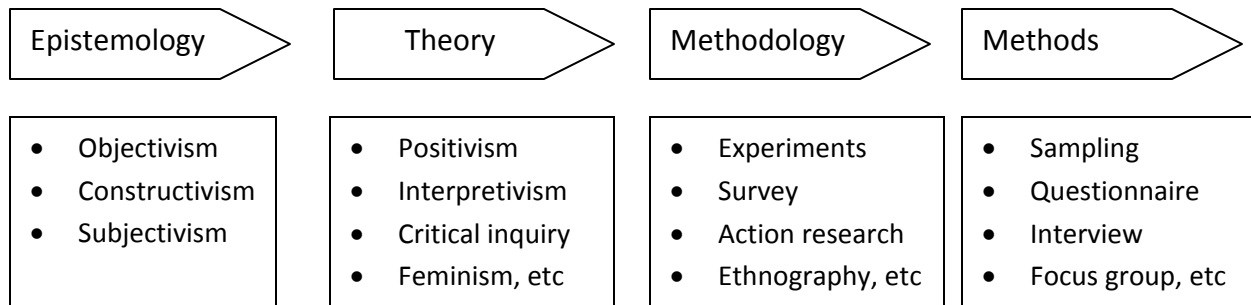
According to Bryman and Bell (2011), a number of key factors influence the overall direction of business research and these are briefly outlined:

- Ontology, the researcher's view of the nature of reality.
- Epistemology, the researcher's view of what constitutes acceptable knowledge.
- Theory, whether the researcher adopts a deductive approach (theory guides research) or an inductive approach (theory is an outcome of research).
- Personal values, the researcher's beliefs, feelings and experience.
- Practical considerations, such as the type of research questions, nature of the topic or the people being investigated, access to the organisation and data, time constraints and political issues.

Buchanan and Bryman (2007), on the other hand, suggest six different factors that influence the selection of research methods and the overall research strategy:

- Organizational factors, such as the size, accessibility, culture, and changes within the organization.
- Historical factors, any previous research studies on selected area.
- Political factors, such as gaining support from stakeholders, negotiating research objectives, obtain permissions and managing conflicts.
- Ethical factors, related to the conduct of research.
- Evidential factors, which are related to the increasing tensions between the academic and organizational audiences of the research output.
- Personal factors, such as the researcher's preferences, characteristics and experience.

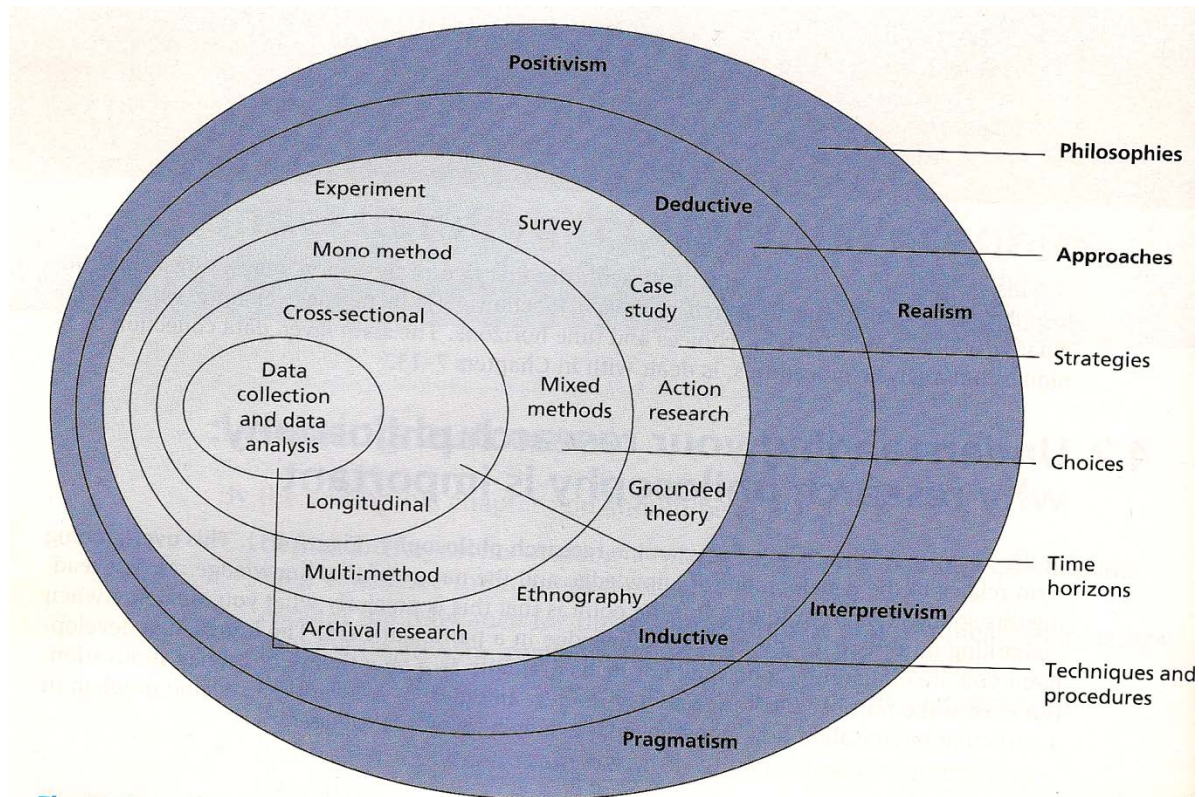
Crotty (1998) posits that the research methodology adopted is governed by the theoretical perspective of the researcher which in turn is influenced by the epistemology and this is depicted in figure 15.0.



**Figure 15.0** The influence of epistemology and theory on research methodology and methods (adapted from Crotty (1998)).

A very simple idea was introduced by Saunders, Lewis, and Thornhill (2009) to portray the relationship between the research philosophies and the methodologies adopted and this was called “*the research onion*” (page 108). Figure 16.0 shows the research onion, in which the outer layer represents the research philosophies, the next layer the approaches, following by the strategies, the choices, the time horizons and finally the techniques for data collection. In this, the authors suggest that the researcher needs firstly to understand the taken for granted assumptions around knowledge development before they can embark on the research journey as these will underpin the strategies and methods adopted. Each prior step (onion layer) will have a significant impact on the next one and all together must be appropriately linked. Johnson and Clark (2006) stressed that the researcher’s philosophical positioning will have a significant impact on the choices made and a

philosophically informed research will be strongly defensible with regards to the choices made and all the building blocks will be firmly linked between them.



**Figure 16.0** The ‘research onion’ (adapted from Saunders, Lewis & Thornhill (2009)).

It was very rightly emphasized by Crotty (1998) that one of the main issues in the literature around research philosophies and methodologies is that the terminology employed is very often inconsistent and sometimes contradictory, which makes the task of a reader very difficult indeed. It is believed to be important, therefore, to explain some of the key terms in this area and how these are used in this work, before embarking to discuss the research philosophy and methodology.

- Axiology – a branch of philosophy that studies judgements about the role of values (Saunders, Lewis, & Thornhill, 2009).

- Epistemology – a branch of philosophy that considers the criteria of what constitutes valid knowledge (Gray, 2009).
- Methods – the techniques and procedures employed to collect and analyse data (Saunders, Lewis & Thornhill, 2009).
- Ontology – a branch of philosophy that studies the nature of reality (Saunders, Lewis & Thornhill, 2009).
- Paradigm – Morgan (1979) proposed three different meanings for each of the levels that the term is encountered:
  - At the philosophical level, the term is used to mean the basic beliefs about the world.
  - At the social level, the term provides guidelines about how the researcher should conduct the work.
  - At the technical level, the term specifies the methods and techniques which should be adopted in the given research.
- Research – the systematic collection and interpretation of information with a clear objective to address a specific issue (Saunders, Lewis & Thornhill, 2009).
- Research Aim – The overall purpose of the research, stating the intent and direction of the research in brief and general statements (Gray, 2009).
- Research Design – a framework for the collection and analysis of data, reflecting the choices in the research process, such as the time horizons (cross sectional or longitudinal), single or multi-methods (Bryman & Bell, 2011).
- Research Methodology – a research approach developed within a particular paradigm with associated epistemological assumptions (Gray, 2009).



- Research Objectives – clear and specific statements that identify what the researcher plans to accomplish in embarking a specific research (Saunders, Lewis, & Thornhill, 2009).
- Research Questions - a number of key questions that the researcher will attempt to answer through the research work and will drive the entire research process (Bryman & Bell, 2011).
- Research Strategy – the general plan of how the researcher will proceed to answer the research questions (Saunders, Lewis, & Thornhill, 2009).

### 4.3 Research Philosophy

According to Chambers 20<sup>th</sup> century dictionary (1983 edition), the word “*philosophy*” means the pursuit of wisdom and knowledge; investigation of the nature of being; knowledge of the causes and laws of all things; the principles underlying any department of knowledge; reasoning. In fact, the etymology of the word philosophy reveals that it is of Greek origin, formed from the combined words of “*philos*”, meaning friend and “*sophia*”, meaning wisdom.

The main purpose of any research is to address a specific issue and by doing so, there will be a contribution to knowledge. The term, research philosophy, therefore, refers to the overall philosophical positioning that relates the research with the nature and the development of knowledge (Saunders, Lewis, & Thornhill, 2009). The research philosophy adopted will contain important assumptions around ontology and epistemology and these will underpin the subsequent research choices.

The importance of philosophy to the research process has been stressed by Easterby-Smith, Thorpe, and Lowe (2001), who pointed out that knowledge of the philosophical position, will enable the researcher to review and evaluate different methodologies and data collection methods. Bridges and Smith (2007) argue that philosophy is an important contributor to social science research by providing guidance to the researcher in selecting and justifying choices, as well as interpreting results. The authors quoted Wilfred Carr who said in a conference in September 1995 that:

***“ Research....always conveys a commitment to philosophical beliefs even if this is unintended and even though it remains implicit and unacknowledged. ...(Researchers) cannot evade the responsibility for critically examining and justifying the philosophical ideas that their enquiries incorporate. It follows that philosophical reflection and argumentation are central features of the methods and procedures of educational research”*** (Carr, 1995, as cited in Bridges & Smith, 2007, page 1).

Research philosophy can be discussed through the three branches, ontology, epistemology and axiology. Ontology is concerned with the nature of reality and existence and it carries important assumptions about how the researcher views the world. The main ontological divide lies around the question of whether social entities are considered as objective and have a reality external to social actors or whether they are constructed from social actors (Bryman & Bell, 2011). These give rise to two different ontological positions, the former known as objectivism and the latter as constructivism. The ontological position of objectivism holds that there is an objective truth and this is independent of social actors. A researcher holding the

objectivist position will therefore seek to find this truth which is not influenced by social actors. On the contrary, the position of constructivism dismisses this view and holds that reality is socially constructed by the subject with interactions with the outside world (Gray, 2009). Subjectivism is a third ontological position which in contrast to constructivism assumes that meaning is imposed by the subject on the object and subjects construct meaning from within collective unconsciousness, for example from religious beliefs or political ideologies (Gray, 2009).

Epistemology, as previously discussed, is the branch of philosophy which studies knowledge and specifically, what constitutes valid knowledge. According to Bryman and Bell (2011), the central debate in epistemology is whether or not knowledge development can be achieved in social sciences as with natural sciences, employing the same principles, methods and processes. If the answer to this question is affirmative, then the epistemological position is positivism, which was the dominant doctrine in social sciences up until 1960 (Gray, 2009). A positivist researcher will therefore use methods followed in natural sciences with an objective to generate generalisations. There are of course, additional principles within the positivistic paradigm, which vary between authors, however, the main ones are briefly outlined below (Bryman & Bell, 2011):

- Science must be conducted in an objective manner, value free. The choice of what and how to study must be determined by objective criteria.
- Theory is generated by testing hypotheses of fundamental laws and demonstrating confirmation in full, in part or rejection.
- Knowledge can also be generated by gathering of facts that induce theory.

- Only phenomena that can be observed by the senses can lead to the production of credible data which can lead to the generation of knowledge.

Positivist researchers will be inclined to employ a highly structured methodology with the production of quantifiable data that will enable replication and generalisation (Gill & Johnson, 2002). The results from positivistic research will most likely be presented as objective facts and established truths (Crotty, 1998). A positivistic approach can accommodate a wide range of research problems and with a sufficiently large sample, can produce an output that would be of considerable value to academia and policy holders (Easterby-Smith, Thorpe, & Lowe, 2002).

The epistemological position of positivism is challenged with respect to its appropriateness to research social phenomena, however, there is some confusion as to whether the objection is to the scientific approach in general, or for the philosophical stance (Bryman & Bell, 2011). The objectivity assumed by positivism, and the preferred quantitative methods of analysis, pose certain limitations on the outcome which may ignore more relevant and interesting findings (Easterby-Smith, Thorpe, & Lowe, 2002). It was argued by Hughes and Sharrock (1997) that the fundamental mistake of positivism is the assumption that science produces theoretical explanations only on the basis of observations but there are branches of science that progress on indirect evidence or entirely on mathematics.

The strong challenges to positivism for social science research has led to the emergence of alternative epistemological positions, with interpretivism as the

major contrasting epistemology. Interpretivism emphasizes that natural and social realities are very much different and that the researcher should employ methods and approaches that capture these variations (Bryman & Bell, 2011). In positivism, the researcher is looking for consistencies to generalise and deduce laws whereas in interpretivism the actions of the social actors are considered important (Gray, 2009). It is argued that an interpretivistic research approach would be more appropriate for the complex world of business and management research due to the uniqueness of each situation in which specific actors interact within a particular set of circumstances at a given time (Saunders, Lewis, & Thornhill, 2009).

Realism is another epistemological position that holds that there is an external reality, independent of the human mind which can be measured objectively but achieving this can be difficult. Realism relates to scientific enquiry and advocates that knowledge is advanced through the process of theory building. It further holds that not all observable “facts” are reality but some can be illusions and conversely that there are phenomena that cannot be observed but do exist in reality (Gray, 2009). Robson (2002) argues that realism is an attractive epistemology for social science research, one which avoids both positivism and interpretivism but one that can be characterized as scientific. Moreover, there is a claim by Robson that the potential of realism for social science research has been appreciated widely and provides a long list of studies advocating this epistemology in different fields, such as criminology, linguistics, education, economics, geography, sociology, politics and health amongst others. The early form of realism was known as naive realism and received severe criticism, however, the more recent influential works of Roy Bhaskar and Rom Harre have significantly improved its position and as a consequence attracted wider recognition (Robson, 2002). A brief review in the literature on realism reveals an array of labels attached to it, such as scientific,

critical, fallibilistic, subtle, direct, empirical and transcendental, with each variant emphasising specific features of this philosophy (Robson, 2002).

A number of other epistemologies have been developed such as phenomenology, symbolic interactionism, hermeneutics, pragmatism and naturalistic inquiry (Gray, 2009) but it is beyond the scope of this work to discuss these further.

Axiology is another branch of philosophy which deals with the values and how these affect the research process and outcome. It has been argued by Heron (1996) that the personal values of individuals greatly influence their actions and as a consequence, researchers should highlight their axiological positions to justify their choices.

This discussion is summarized by comparing four research philosophies with respect to management research (table 13.0, adapted from Saunders, Lewis, & Thornhill, 2009):

It is believed that the research questions of the present study cannot be effectively answered by adopting the stance of positivism or interpretivism. The complex world of business and management requires the employment of different methods for data collection and analysis for each research situation and this approach is offered by realism (Robson, 2002). Realists accept that there are significant differences between natural and social events and this necessitates different research approaches, however, they concur that social phenomena can also be studied scientifically but the selected methods must be appropriate for the specific situation (Robson, 2002). Moreover, the constantly changing world of business and management would require a research approach at multiple levels (for

**Table 13.0** Research Philosophies and Management Research

	Positivism	Realism	Pragmatism	Interpretivism
Ontology	External, objective and independent of social actors	Objective, independent of human thoughts and beliefs or knowledge of existence	External, multiple, view chosen to best answer research question	Socially constructed, subjective, may change, multiple
Epistemology	Only observable phenomena can provide credible data. Generalizations.	Observable phenomena provide credible data. Insufficient data means inaccuracies in sensations.	Observable phenomena and or subjective meanings can provide acceptable knowledge, depending on research question. Focus on practical applied research	Subjective meanings and social phenomena. Focus on the details of the situation, a reality behind these details, subjective meanings motivating actions.
Axiology	Value free, researcher independent and objective.	Value laden, researcher biased by world views, cultural experience and upbringing.	Values play a large role in interpreting results, researcher adopting both objective and subjective view.	Value bound, the researcher is part of the study, cannot be separated and so will be subjective.
Data collection techniques	Highly structured, large samples, quantitative.	Methods chosen must fit the subject matter, quantitative or qualitative.	Mixed, multiple methods, quantitative and qualitative.	Small samples, in depth investigations, qualitative.

example, at the individual level, the team level, the organisation level, or at the industry level) in order to fully understand the phenomena being studied and the position of realism is in line with this (Saunders, Lewis, & Thornhill, 2009). Finally, a number of authors have argued for the value that realism can bring to social science research, by combining the attractive features of both positivism and

intepretivism such as Maxwell (2012), Bhaskar (2009), Robson (2002), Manicas (2006), and Miles and Huberman (1994) .

In concluding this section and taking into consideration the above discussion, the research philosophy that is most closely related to this study is that of realism. Of the numerous versions of realism that appear in the literature, scientific realism is the preferred variant for this work, as it emphasizes the scientific aspects of this epistemology. According to Bhaskar (2009), scientific realism is aligned with the philosophy of science and provides the ability to include emancipatory elements in the research approach, such as taking into account the perspective of the participants. The main aspects of scientific realism are further discussed in the next section.

#### 4.3.1 Scientific Realism

Scientific realism has been defined by Bhaskar (2009) as '*the theory that the objects of scientific enquiry exist and act, for the most part, quite independently of scientists and their activity*' (page 5).

Scientific realism has been described by Moses and Knutsen (2007) as the philosophy that overlaps the ontological positions of both positivism and interpretivism, however, at its core is closer to the former (page 13). Scientific realists recognise that there exists a real world which is independent of our experience but at the same time they claim that the world is highly complex and that reality is stratified into different layers. The higher the complexity of an issue, the nearer scientific realists approach the position of interpretivism, however, they never detach from positivism. They do share with interpretivists the realization that



the social world is very complicated but they feel that the best approach to find the buried truth is scientific (Moses & Knutsen, 2007).

According to Robson (2002), scientific realists advocate that knowledge is a social and historical product and facts are theory laden. The mission of science is to develop theories to explain the real world and that these theories are tested by rational criteria. They do not make any references to universal laws and to deductive approaches for explanations and question the neutrality of scientists (Moses & Knutsen, 2007).

Sankey (2008) argued that scientific realism is a complex proposition and can only be described by a family of core doctrines or principles. There are different shades of scientific realism and not all agree on all doctrines. However, according to the author, there are six main doctrines that form the core of scientific realism for which there is a wider agreement and these are briefly outlined (pages 12-18):

- *'Aim realism: The aim of science is to discover the truth about the world and scientific progress consists in advance toward that aim.*
- *Epistemic realism: scientific inquiry leads to genuine knowledge of both observable and unobservable aspects of the world.*
- *Theoretical discourse realism: scientific discourse about the theoretical entities is to be interpreted in literal fashion as discourse which is genuinely committed to the existence of real unobservable entities.*
- *Metaphysical realism: the world investigated by science is an objective reality that exists independently of human thought.*
- *Correspondence theory of truth: truth consists in correspondence between a claim about the world and the way the world is.*

- *Objectivity of truth: theories or claims about the world are made true (or false) by the way things are in the mind –independent, objective reality investigated by science.’*

Realism is compatible with a wide range of research methods which need to be selected on the basis of the research questions and on the nature of the study (Sayer, 2000). Realists avoid standardised methods for all research problems but rather they are open to different approaches (Moses & Knutsen, 2007). They accept that there are differences between natural and social phenomena which necessitate different methods and approaches in studying them (Robson, 2002).

In social research, the environments are constantly changing, unlike natural sciences where most experiments are performed in closed and controlled settings. In the closed systems, scientists attempt to explain and predict phenomena whereas in the open systems of social environment, the researcher is trying to explain the event after it occurred which was almost impossible to predict in the first place. As a consequence, a finding in natural science is considered as a “true fact”, if it can be replicated, independently and multiple times whereas in social sciences, replication is rare. Realists consider that failure to replicate findings does not conclusively falsify the theory (Robson, 2002).

#### **4.4 Research Methodology**

Research methodology, as it was earlier discussed is the overall research approach developed within a particular paradigm and with associated epistemological assumptions (Gray, 2009). A number of factors will influence the choice of methodology and certainly the philosophical position of the researcher is pivotal as

the underlying assumptions are reflected in the methodological approach. Moreover, the research questions, the research objectives, the available resources (for example time and funds) and the extent of existing knowledge on the subject of concern are other important factors that will govern the choice of methodology (Saunders, Lewis, & Thornhill, 2009). Yin (2009) on the other hand, argues that the selection of methodology will be guided by three considerations:

- The form of research question
- The requirement of control of behavioural events
- The focus on contemporary events.

The research questions and the research objectives will first of all dictate the purpose of the work, which is most often described as either exploratory, explanatory, or descriptive (Saunders, Lewis, & Thornhill, 2009). An exploratory research seeks to find detailed insights of a social event and is useful when a better understanding is sought of a problem. The main methods of conducting an exploratory research is through literature review, interviewing main “actors” or setting focus group interviews. Explanatory research on the other hand, tries to explain the relationships between the variables in any given situation. Finally, descriptive studies are concerned with accurately reporting situations, events or “actors” (Robson, 2002). It is not unlikely for a research work to have more than one purpose, for example being both descriptive and exploratory.

The main research methodologies found in the literature are, experiments, quasi experiments, survey, case study, action research, grounded theory, ethnography, narrative analysis and archival research (Bryman & Bell, 2011; Gray, 2009;

Robson, 2002; Saunders, Lewis, & Thornhill, 2009) and these are briefly outlined below before selecting the most appropriate one for the current research:

- **Experiments** – this methodology is mainly employed in natural sciences for explanatory and exploratory purposes, most often in a highly controlled environment. Experimental research usually answers the “how” and “why” question, and in such research one or more independent variables are modified to cause changes to other variables called dependent variables. An experimental methodology is not often employed for social sciences, at least in its pure form, except in psychology (Saunders, Lewis, & Thornhill, 2009), however, it is frequently used to compare and assess other methodologies, because of its robustness and trustworthiness.
- **Quasi experiments** – this is a research methodology involving an experimental approach but it does not follow the strict internal validity requirements of experimental methodology (Bryman & Bell, 2011). This methodology is used by some researchers seeking the experimental approach outside the laboratory, however, it has received criticism by many writers on its internal validity and on the lack of conclusive evidence on causation (Gray, 2009).
- **Survey** – A frequently employed methodology in business and management research to answer questions in an exploratory and descriptive approach (Saunders, Lewis, & Thornhill, 2009). Surveys are used to obtain a large amount of data from a population using questionnaires, and quantitative analysis may be applied to deduce inferences. This methodology is highly structured and places considerable emphasis in selecting a random and

representative sample in order to generalise findings to the entire population (Gray, 2009). Survey methodology is attractive to many researchers, as it is relatively simple and produces understandable quantitative and qualitative data that can be analysed by standardised techniques (Robson, 2002).

However, the reliability and validity of the data generated by surveys are highly dependent on the quality and expertise of the researcher. Moreover, Robson (2002) argues that survey participants may provide doubtful data because their responses may be based on politeness or boredom rather than on their true feelings or beliefs and this must be taken into consideration in the design and analysis.

- **Case study** – Case study research has its origin in anthropology, sociology and psychology, and Yin (2009, page 17) defined it as: “an empirical inquiry that investigates a contemporary phenomenon, in depth and within its real life context, especially when the boundaries between the phenomenon and context are not clearly evident.” It is a methodology that focuses on a specific situation, individual, group or organisation in an explanatory and exploratory approach to investigate contemporary phenomena (Saunders, Lewis, & Thornhill, 2009). Case study employs multiple methods of data collection and both quantitative and qualitative techniques may be used to analyse collected evidence (Gray, 2009). This methodology has been used widely in business and management research (Bryman & Bell, 2011) but at the same time has been criticized by a number of authors questioning the reliability, validity and objectivity of the methodology (Gray, 2009). Case studies are very useful for gaining more understanding of the researched phenomena and can generate answers to the

questions of “what?”, “how?” and “why?” (Saunders, Lewis, & Thornhill, 2009).

- **Action research** - Action research has received an increasing attention by the academic community over the last twenty years (Eden & Huxham, 1996; Coghlan & Brannick, 2010) and has been particularly developed in education (McNiff & Whitehead, 2009). A plethora of definitions on action research have been proposed but there seems to be a lack of consensus (Afify, 2007), as to the best description of this family of research methodology. One of the simplest definitions that were given by Eden and Huxham (1996, page 75) who defined action research as “the research output which results from an involvement with members of an organisation over a matter which is of genuine concern to them”. Coghlan and Brannick (2010), suggested several broad characteristics that define all action research work:
  - research in action, rather than research about action.
  - a collaborative, democratic partnership.
  - research concurrent with action.
  - a sequence of events and an approach to problem solving.

The purpose of action research is to influence a change and this is achieved by the collaboration of the researcher and the participants in the study (Robson, 2002).

- **Grounded theory** - Grounded theory research methodology may be considered as theory building (rather than testing), through a combination of induction and deduction (Saunders, Lewis, & Thornhill, 2009) and is particularly useful to predict and explain behaviour, in a wide variety of management and business issues. The researcher, takes primarily an

inductive stance and builds a theory that emerges from the data or “grounded in the data” (Merriam, 2009). The type of theory developed with this methodology is “substantive” rather than “grand”, which means that it is specific and useful to practice on common issues. This involves the identification of a core category, which is the main conceptual element, through which all other properties are connected (Merriam, 2009). Grounded theory strategy is particularly useful for addressing questions about processes and how these change over time. As with other qualitative research methods, grounded theory research generates data from interviews, observations and a wide range of documents.

- **Ethnography** – is a qualitative research methodology following an inductive approach, and its main purpose is to describe and explain the culture and the social structure of social groups (Robson, 2002). It originates from the field of anthropology but in recent years it has been adapted by other disciplines such as sociology and it may be found in various forms as feminist ethnography, critical ethnography or auto ethnography (Merriam, 2009). A central feature of ethnographic studies is that people or groups are studied over a long time in their natural environment to produce descriptive data, without the influence of external factors. Critics of this strategy are concerned that the researchers become over involved with the people being studied and this may lead to disturbing and changing the natural environment and therefore affecting the quality of the research (Robson, 2002). This research strategy is indeed time-consuming and usually takes place over an extended time period in an attempt for the researcher to observe and analyse the behaviours as completely as possible.

- **Narrative Analysis** - This type of qualitative research has a key feature, the use of stories as data and often the first person descriptions of experiences (Merriam, 2009). Some researchers use other terms for this type of research, such as biography, oral history, autobiography and auto ethnography. Narrative research makes use of various methods in analyzing the stories, by examining how the story is constructed and the linguistic tools used. The data generated through the text is often analysed using hermeneutics, which provide a theoretical framework for interpretation and understanding in the context of the data (Merriam, 2009).
- **Archival research** – this methodology uses documents, administrative records and any relevant electronic data to answer questions about the past and any changes over time and therefore the approach can be explorative, descriptive or even explanatory (Saunders, Lewis, & Thornhill, 2009). The ability to answer effectively the research questions will however depend on the existence, availability, quality and completeness of these records.

It is not suggested that the above list of research methodologies is complete nor that the above approaches are the most important. Patton (2002) for example describes sixteen different approaches to qualitative research, some of which are included in the preceding discussion but some are less known, such as chaos theory. Robson (2002) briefly indicates some other possibilities in research methodologies, such as biographical or life history research, phenomenological research, hermeneutics, symbolic interactionism and feminist approaches.

Taking into consideration the research questions and objectives, discussed in the previous chapter, the philosophical stance of scientific realism and practical issues



such as time and data availability, it is believed that the most appropriate research methodology to adopt is that of case study research and this will be examined in more detail in the next section.

## **4.5 Case Study Research**

### **4.5.1 Definitions**

Case study research was briefly outlined in the preceding section, however as this is the selected methodology for this work, it is considered necessary to further advance the discussion on the specifics of case study methodology.

According to Robson (2002), case study methodology appears to be compatible with the realist philosophy, and the study of ‘the particular’ which is central to case studies, does not appear to contradict the realist’s view of science, as discussed in the preceding sections. The particularistic feature of case studies is very important as the researcher can focus on a specific situation, event, organisation or phenomenon, and therefore it is an attractive methodology for practical problems (Merriam, 2009). Moreover, case studies can be used to explore complicated and ambiguous issues and relationships as well as identify causal associations (Gray, 2009).

Numerous definitions of case studies can be found in the literature (for example, Yin, 2009; Merriam, 2009; Stake, 1995; Simmons, 2009; Gerring, 2007; Del & Huk, 2008) each emphasizing different aspects of the approach. The definition given by Yin (2009, page 17), as was outlined earlier is widely employed:

***“A case study is an empirical inquiry that investigates a contemporary phenomenon, in depth and within its real life context, especially when the boundaries between the phenomenon and context are not clearly evident.”***

Yin (2009) explains that the twofold definition shows how case study research comprises “an all encompassing method”, covering the logic of design, data collection techniques and specific approaches to data analysis. As the phenomenon and the context are not easily differentiated in real life issues, case study methodology can accommodate situations in which there will be many variables of interest, and include multiple sources of data collection to triangulate and converge output. In addition, data collection and analysis, under the case study methodology can be guided by previous theoretical developments.

Merriam (2009, page 40) proposed a different and much simpler definition of a case study methodology: ***“an in-depth description and analysis of a bounded system”***. The bounded system is a single entity unit around which there are boundaries and therefore, could be a single person, a group of people, an institution, a community or a specific policy. The emphasis in this definition is the bounded system and Merriam argues that if the phenomenon of interest is not intrinsically bounded then this is not considered as a case study.

Stake (1995, page xi) offered the definition that “case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances.” This definition focuses in the particularity or specificity of the case as well as its complexity within important parameters or boundaries.

The last definition that will be discussed is Simons (2009, page 21) which is an expanded version of Stake’s definition: “Case study is an in depth exploration from

multiple perspectives of the complexity and uniqueness of a particular project, policy, institution, programme or system in a real life context. It is a research-based, inclusive of different methods and is evidence-led. The primary purpose is to generate in depth understanding of a specific topic, programme, policy, institution or system to generate knowledge and/or inform policy development, professional practice and civil or community action.” The case study definition by Simons is considered to be more complete than the previous ones and emphasizes again the complexity and particularity (uniqueness) of each case, the possible use of different evidence collection methods, and the purpose to generate knowledge and/or inform practitioners through in depth understanding of the phenomena.

The four definitions of case study discussed above indicate that various authors place different emphasis on specific aspects but nevertheless all agree that case studies are for investigating complex and real life phenomena, within some boundaries.

#### 4.5.2 Categorisation

Stake (1995) categorises case studies into three types, intrinsic, instrumental and collective. The first type is when there is a genuine interest in the case being studied; the second is when the case is chosen to explore an issue on some other grounds and the final when several cases are studied to form a collective understanding of the issue. It was further explained that such a categorisation is necessary as the methods that will be used in each type will be different. Bassey (1999) proposed theory seeking and theory testing as the main types of case study research, whereas Yin (2009) has suggested five types, explanatory, descriptive, illustrative, exploratory and meta-evaluation. The latter type is the study of an

evaluation research and all others are self-explanatory. As Yin (2009) pointed out, the categorisation of case studies does not imply that there are clear boundaries between the methods but instead there are large overlaps. The purpose of the categorisation is to ensure that the distinctive characteristics of each type are known and taken into account when choosing the case study type.

#### 4.5.3 Key Strengths and Weaknesses

Simons (2009) highlighted some of the key strengths of case study research and a brief account is given below:

- Case study is useful for exploring and understanding the process and dynamics of change.
- It is a flexible methodology in that it can be conducted over a few days or several years. Moreover, it can be written in different forms and can accommodate various methods of data collection.
- Case studies using qualitative methods in particular, allow in depth analysis of complex issues, which can then be interpreted in the precise socio-political contexts, in which they are enacted.
- This research approach can document multiple perspectives and explore contested viewpoints. It may also demonstrate the influence of key factors in the issue being studied and it can explain the ‘why’ and ‘how’ it happened.

Merriam (2009) has provided some additional strengths of case study research and it was argued that such an approach would enable the investigation of complex social units, consisting of multiple variables with differing importance, in

understanding an issue. Moreover, it can provide a rich and holistic approach to a real life situation and it can produce useful insights of the phenomenon.

As with all research methodologies, case studies have their limitations and these must be taken into consideration in the selection and design processes so as to minimize or even eliminate the impact. According to Yin (2009), many researchers view case studies as an inferior methodology, mainly due to a lack of rigour. Investigators may not follow a systematic approach or may allow their biased views to influence the direction of findings and the conclusions. Merriam (2009) argues that there is no greater bias in this methodology towards confirming preconceived notions than in others forms of research.

A second concern, as discussed by Yin (2009) is the frequently posed question of whether case study findings can be generalised. It is argued that case studies are generalizable to theoretical propositions and not to populations or to the universe. This means that the case study must not be seen as a representative sample of the entire population but rather an inquiry with a goal to expand and generalise theories (Yin, 2009). Merriam (2009) further adds that formal generalisation is over- valued as a source of scientific development and the power of a single case is underestimated. Moreover, the difficulty in summarising case studies is due to the properties of the reality studied and not of the research method. Simmons (2009) argues that formal generalisation is not the aim but particularization should be the objective in case study research. This is to present a rich portrayal of a single setting to inform practice and establish the value of the case.

Another common complaint about case study research is the time requirements to complete the study and the massive amount of data and documents that it may produce (Yin, 2009). This may be a legitimate concern based on past experience,

however, Yin argues that this does not have to be the way that case study research is done in the future and alternative ways of designing and writing case studies may avoid lengthy reports.

#### 4.5.4 Case Study Design

The research design for a case study methodology is a plan which guides the investigator in the process of collecting, analysing and interpreting observations, which has five major elements (Yin, 2009):

- Research questions
- Propositions (if any)
- The unit of analysis
- The logic linking the data to the propositions
- The criteria for interpreting the findings

The starting point in designing the case study methodology is to clearly define the research questions and identify any theoretical propositions which will give further guidance to the direction of the research. It is possible however, to initiate the research study without formulating any propositions as in exploratory work but in such cases clear research objectives and purpose should be stated (Yin, 2009).

The next step in the design is to define the case study and the unit of analysis. The selection of an appropriate unit of analysis should be obvious from the research questions. According to Yin (2009), if the research questions do not indicate to an appropriate unit of analysis, then it is likely that the questions are either too vague, or too many, and must therefore be redefined and/or refined. This design step is considered by many case study researchers (Yin, 2009; Stake, 1995; Merriam, 2009; Simon, 2009) as key to the success of the study but at the same time it can be

confusing, especially to new users of this methodology. Simons (2009) suggested an alternative approach in defining the unit of analysis, which is to draw the boundaries around the phenomenon of interest. It was pointed out that these boundaries may need to be shifted during the course of the research and in some cases these can only be firmly fixed towards the end of the study.

The final two stages in the design process are the available methods for linking data to propositions and the criteria for interpreting the findings. At the design stage it is sufficient to be aware of the available options and how these can be employed in the research. Yin (2009) lists a number of available methods, such as pattern matching, explanation building, time series analysis, logic models and cross case synthesis for linking data to propositions and suggests rival explanations as the main interpretation tool for the findings. Miles and Huberman (1994) suggest a framework for analysing and interpreting evidence from case study research, which consists of three simultaneous activities, namely, data reduction, data display and conclusion/verifications.

Simons (2009) suggested that methods of data collection should be considered at the design stage, including, interviews, observation and document analysis as the main methods in case study research. Other less frequently used qualitative methods were also provided such as critical incidents, open letters, discourse analysis and narratives. It was argued that the methods should be selected based on the appropriateness in answering effectively the research questions. Simons also introduced the term of “foreshadowed issues” as an alternative approach to set the boundaries for the case study, in which any foreseen issues or constraints are highlighted at the design stage, but bearing in mind that these issues may evolve during the course of the research.

## **4.6 Proposed Design and Selection of Case Studies**

### 4.6.1 Research Questions and Objectives

The research questions set at the beginning of this work are the starting point for the design of the (case study) research, as discussed in the preceding sections, and these are outlined below:

- What is the foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?
- What criteria are used to assess foreign market entry and routes to market?
- How does this process compare with the research work found in the literature?
- How can this decision making process be improved, linking theory and practice?

The overall research aim is to explore, analyse, and understand the foreign market entry and exit process that the lubricants business unit in Europe and Africa of BP is following and identify strengths and weaknesses.

The research objectives can therefore be expressed as follows:

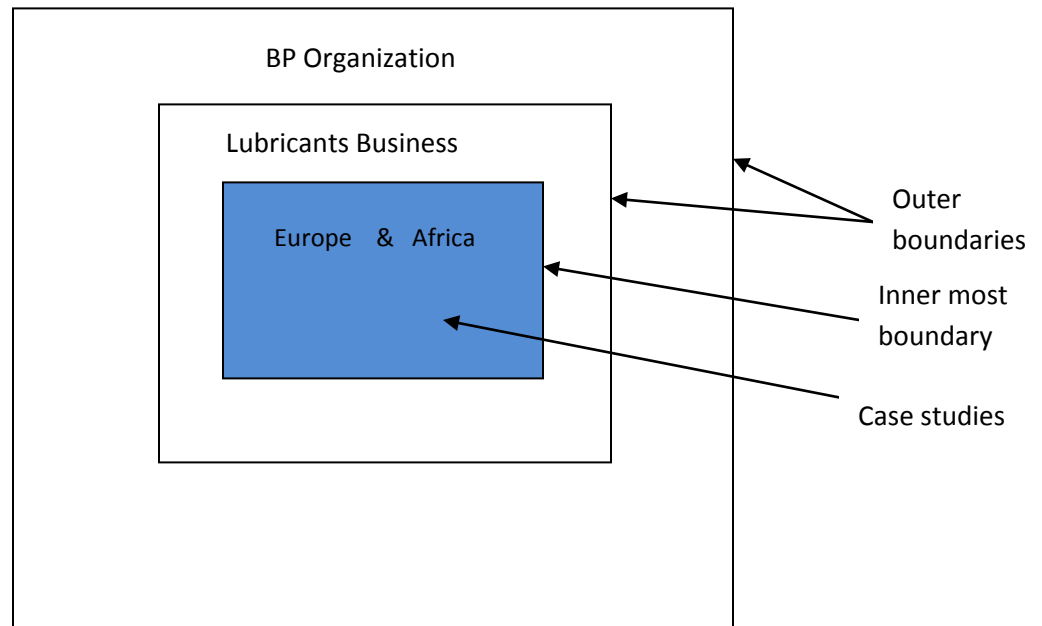
- To identify, explore, analyse, and understand the foreign market entry and exit decision making process within the BP Lubricants Business Unit of Europe and Africa and to establish the criteria used in assessing foreign market entry and exit in this business unit. Furthermore, to compare this process with the ones found in the academic literature and to suggest areas



of improvements so that the process is effectively implemented for the benefit of the organisation, linking theory and practice.

#### 4.6.2 Case Study Boundaries and Unit of Analysis

The research questions and objectives provide the organisational boundaries for the case study, which are the lubricants business unit in the region of Europe and Africa and these are shown in figure 17.0 below. The research questions and objectives were intentionally stated in this way to narrow down the boundaries and scope of this study, otherwise the task would have been considerable and complex due to the organisational size of BP. As explained in the background chapter of this thesis, the global organisation of BP consists of a number of independent business units, each geographically segmented. Exploration, aviation and lubricants are some of the business units in the BP organisation which are managed and operated independently with only the vice-presidents of each business unit, reporting to the Chief Executive Officer (CEO). Furthermore, the business units differ considerably in strategic as well as in operational aspects and therefore their foreign market entry processes are expected to be vastly different. For example, the business unit of exploration which, has as the main task to identify and explore new oil fields, is expected to have a completely different approach for entering new foreign markets than from the one that the lubricants business unit is employing. Certainly, it would be an interesting extension to the current research, for any future work on the subject to compare and contrast the foreign market entry process in different business units within the same organisation.



**Figure 17.0** The Boundaries for the Case Study.

The lubricants business unit within the organisation is further segmented into three large geographic regions, namely, Europe and Africa, America and Asia Pacific. The selection of Europe and Africa for the inner most boundary is based mainly on time and resource limitations, personal knowledge of the region and ease of access. It is not expected that the process of foreign market entry and exit to be significantly different from one region to another in the lubricants business unit, as strategic issues are decided by the leadership team of the entire business unit. Nevertheless, extending the current work to the other regions within the business unit of lubricants can only be considered as a natural progress for future research.

It follows that the unit of analysis for this study is a foreign market entry or exit into or out of a single country, within the defined boundaries. In the last five years, several new foreign market entries and exits have taken place in Europe and Africa. Two cases have been selected to be studied in depth, the foreign market entry into Libya and the foreign market exit from Cyprus. The selection of two contrasting cases will provide a more compelling interpretation of the findings (Merriam, 2009) as similarities and differences will emerge. Moreover, as Miles and Huberman (1994) argued, the use of similar and contrasting cases in a study will strengthen the precision, the validity and the stability of the findings. The two specific cases have been selected, as both, the market entry into Libya and exit from Cyprus are relatively recent. Moreover, as a sales manager for the East Mediterranean African region, I was given the task of implementing the strategic decisions taken.

The two case studies are explored in detail to understand the process of foreign market entry and exit in the lubricants business of Europe and Africa and to address the research questions.

#### 4.6.3 Data Collection Methods

Three different methods were used for collecting evidence for addressing the research questions. Yin (2009) emphasized that the use of three different methods for data collection provides data triangulation which is one of the strengths of case study methodology. Furthermore, Yin argued that the major advantage of employing multiple sources of data collection is that the findings are more likely to be convincing and accurate. Moreover, Merriam (2009) pointed out that triangulation is a strategy employed by qualitative researchers to increase credibility of their findings by comparing and cross-checking evidence obtained by

different methods, or by the same methods but at different times. The three methods of data collection that were employed are:

- Self-administered questionnaire given to colleagues from various disciplines who were involved with the internal process of foreign market entry and exit and particularly with the two selected case studies to establish some basic facts of the process. The questionnaire was used to obtain evidence from key stakeholders on the process of foreign market entry and exit within BP Lubricants and to identify the roles and involvement of these colleagues in the process.
- Focused interviews, with colleagues who agreed to participate and provide their insights to the process of market entry and exit that the company followed for the two selected case studies.
- Documentation review, in which the collected documents from colleagues, related to the selected case studies was carefully read and analyzed.

Self-administered questionnaires are very common in qualitative research (Robson, 2002), however they are rarely used in case study methodologies (Yin, 2009). The questionnaire was used as a preliminary method of obtaining some basic facts and thoughts from those colleagues who were involved in the two case studies and to obtain their consent or not for participating in the focused interviews.

The main evidence was obtained from the focused interviews and from the review of the related documents. According to Yin (2009), these two methods for data collection are the main techniques employed for case study methodologies,

together with direct observations, participant observations, archival records and physical artefacts. Yin stressed that each of these data collection methods have certain strengths and weaknesses and none has the complete advantage over the others and suggests therefore to employ as many methods as possible. In fact, they can be employed as complementary techniques, capitalising on the strengths of each method.

Yin (2009) argues that interviews are the most important sources of evidence in case studies as they can provide insightful information assuming that these are administered effectively. The main weaknesses of this method of data collection predominantly arise from ineffective interviewer skills, or from reflexivity issues, that is, the interviewee providing answers that the interviewer requires or wishes to hear.

Most case studies use all available documentation ( for example, letters, reports, projects, emails, diaries, calendars and notes) to obtain relevant and important information (Yin, 2009) and often augment and support other methods of data collection. The review of documents can be performed repeatedly and at the researcher's own time and contain accurate information, however, there can be issues of accessibility and bias selectivity.

Further discussion on the selected methods of collecting evidence is given in the next chapter.

#### 4.6.4 Analysis and Interpretation of Findings

A brief review of the literature on the analysis and interpretation of evidence collected from qualitative research reveals that the task is very challenging and

daunting as there are no generally accepted rules and processes (Yin, 2009; Merriam, 2009; Robson, 2002; Gray, 2009; Bryman & Bell, 2011). Miles and Huberman (1994), however, suggested to view qualitative analysis as a simple process consisting of three simultaneous activities, data reduction, data display and conclusions and verifications. The authors explained that data reduction can be achieved by using the techniques of coding and categorization, summary sheets and memoing, whereas matrices and networks are suggested for data display. Miles and Huberman recommended the techniques of noting themes, relationships and patterns, counting, seeing plausibility and clustering for drawing conclusions.

The framework suggested by Miles and Huberman (1994) for qualitative data analysis is intended particularly for case studies and it is therefore proposed to employ it in the present work.

Content analysis which is defined by Bryman and Bell (2011, page 291) as “an approach to the analysis of documents and texts that seeks to quantify contents in terms of predetermined categories and in a systematic and replicable manner” is implicitly present in any qualitative analysis (Merriam, 2009). Content analysis was employed to code and categorise the qualitative evidence that was collected from the focused interviews and the review of documents, within Miles and Huberman’s framework.

A more detailed discussion of the methods and techniques employed to analyse and interpret the research findings can be found in chapter 5.0.

#### 4.6.5 Research Validity and Reliability

The relevance of validity and reliability for qualitative research is an on-going discussion amongst researchers and there are different views on the subject (Bryman & Bell, 2011; Robson, 2002; Gray, 2009; Merriam, 2009). Some

researchers reject the criteria of validity and reliability for qualitative research and argue that as these concepts were developed for quantitative research makes them inappropriate or inapplicable for qualitative studies (Bryman & Bell, 2011).

Others, propose that qualitative studies should be judged using different set of criteria and Lincoln and Guba (1985) for example have suggested the terms of credibility, transferability, dependability and confirmability for assessing qualitative research.

For the case study design some of the tactics suggested by Yin (2009) are adopted to improve the quality of the research and address the issues of validity and reliability. According to Yin, the main criteria and tactics that can be used are:

- Construct validity – identifying correct operational measures. Use multiple sources of evidence (method triangulation) and establish chain of events.
- Internal validity – seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions (only applicable to explanatory research and not for descriptive or exploratory works). Use pattern matching, explanation building and rival explanations.
- External validity – define the boundaries to which the findings can be generalized. Use multiple case studies and replication logic.
- Reliability – demonstrate that the study can be repeated and produce the same results. Use as many steps as possible in the research and document in detail all processes followed.

#### 4.6.6 Research Limitations and Bias

As with all research work, the current study has certain limitations, arising from the employed methodology or inherited in the nature of the topic. Qualitative

research and in particular case study methodology is criticised, mainly on the generalizability issue (Merriam, 2009). Proponents of case studies however, argue that the case studies are generalizable to theoretical propositions and not populations or universes (Yin, 2009). With this explanation, the case study does not represent a typical sample of the population but rather a particular bounded case from which considerable information can be obtained (Merriam, 2009). This later argument is used by Stake (1995) who suggests that main objective of a case study is particularization and not generalization.

As previously discussed when the case study boundaries were defined, the present research work is limited to the lubricants business unit in Europe and Africa of the BP organisation. It is not expected that there will be any significant differences in the foreign market entry and exit processes for the other regions of BP's lubricants business unit, namely Americas and Asia Pacific as all three regions are organised under the same leadership team. Due to time constraints, the current research is limited to BP's lubricants unit of Europe and Africa and more work would be required to extend the findings to the other regions. Moreover, the present works is limited to BP's lubricant business unit and again the extension to any other business units within BP or to any other organisation in the same industry would require additional research.

Case studies, as most other research methodologies are also limited by the integrity, beliefs and ethics of the researcher, as he or she is the main vehicle of data collection, analysis and interpretation (Merriam, 2009). It is inevitable that the research process will be influenced by the researcher's background and beliefs and this is known as reflexivity (Robson, 2002). The researcher has to acknowledge to the readers any biases, experiences or beliefs that can influence the research process (Robson, 2002). With respect to this work, therefore, it should be



noted that the author has long working experience with the BP organisation and in the last decade or so as a regional sales manager in the business unit of lubricants in Europe and Africa. The author is on the receiving end of the many decisions related to new foreign market entry or exit, as sales people are requested to implement the decisions, without being directly involved in the decision making process. The author also presents his own experience in the next chapter. The use of two contrasting cases studies in addition to three different methods for data collection (method triangulation) may minimise the effects of the researcher's bias.

## **4.7 Chapter Summary**

The research strategy and methodology have been discussed in this chapter and case study methodology was selected as the most appropriate approach to answer the research questions. Two contrasting cases have been selected to be studied in depth, the new foreign market entry into Libya and the market exit from Cyprus. The design of the case study methodology was described, taking into consideration the reported limitations of case studies and possible researcher's bias.

## **5. PRIMARY RESEARCH: ANALYSIS AND DISCUSSION**

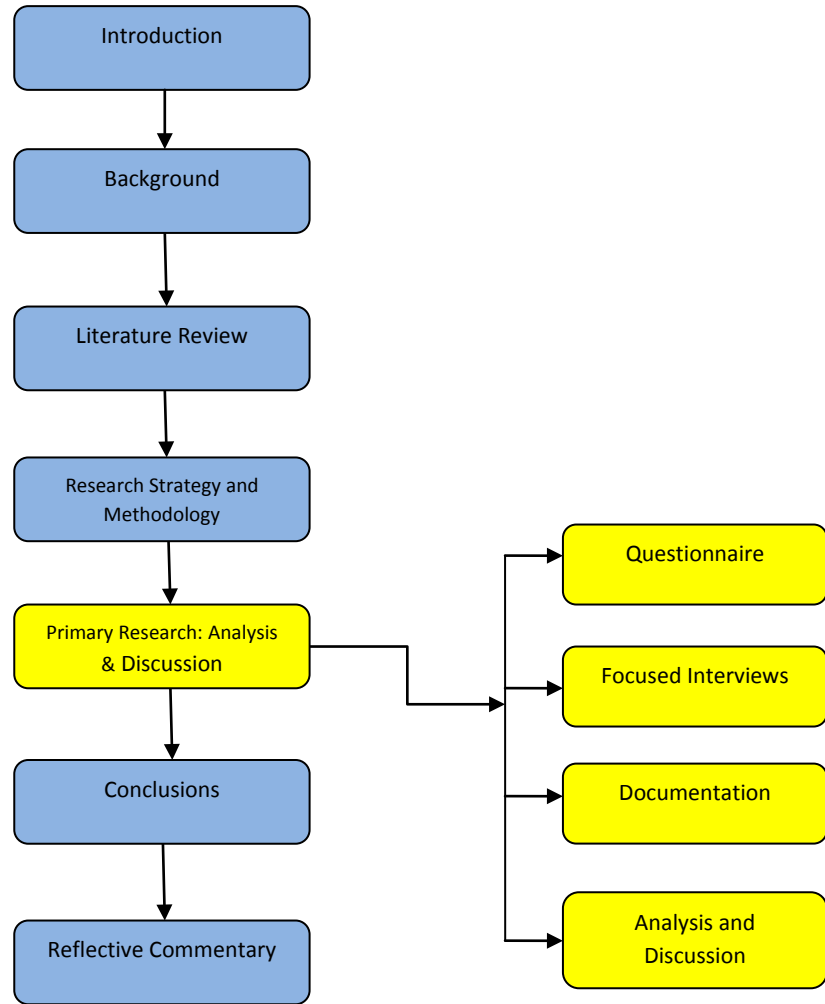
### **5.1 Introductory Comments**

The proposed methods for collecting evidence to answer the research questions of this study are outlined below:

- Self-administered questionnaire to gather evidence from key stake holders on the process of market entry and exit within BP Lubricants and to identify the roles and involvement of colleagues in the process.
- Focused interviews, with colleagues who have agreed to participate provide their insights to the process of market entry and exit that the company follows.
- Documentation review, in which the collected documents are carefully read and analyzed.

The use of three different methods for evidence collection provides data triangulation which is one of the strengths of case studies methodology (Yin, 2009). According to Yin (2009), the major advantage of employing multiple sources of data collection is that the findings are more likely to be convincing and accurate. Moreover, Merriam (2009) points out that triangulation is a strategy employed by qualitative researchers to increase credibility of their findings by comparing and cross checking evidence obtained by different methods, or by the same methods but at different times.

This chapter describes the three different methods employed for collecting evidence and discusses the findings. It finally presents the conclusions, recommendations for improvement, and the contribution to knowledge. Figure 18.0 shows the structure of this chapter and the progress of the thesis.



**Figure 18.0** Chapter Five Outline and Thesis Progress

## 5.2 Questionnaire

### 5.2.1 Procedure

A self-administered questionnaire was developed to collect evidence from key stakeholders within BP Lubricants Europe and Africa on the process of foreign market entry and exit that the business follows. The questionnaire was designed to obtain opinions from senior managers, and leaders that are involved in the process

of foreign market entry, either as deciders, influencers, or recipients of the process outcome. The main objective of the questionnaire was to collect evidence on the process of foreign market entry that the business follows through specific questions, which is then compared with data collected from focused interviews and document review to enhance the credibility through triangulation. In addition, as secondary objective, the questionnaire provided the opportunity to gather some basic facts on the process of foreign market entry process and to identify the colleagues that were willing to participate in the follow up interviews.

The use of self administered questionnaires to obtain research evidence has a number of advantages over other methods of data collection, such as interviews but at the same time it has a number of disadvantages (Bryman & Bell, 2011). The main advantages of self administered questionnaires are:

- Cheaper and quicker to administer
- Reduced of interviewer effects
- Convenience for respondents

Whereas the main weaknesses are:

- It does not allow prompting and probing
- Respondents can read the entire questionnaire before answering and this may affect the independency of replies from one question to others.
- There is no certainty of who the respondent is
- It does not allow the collection of additional data
- Lower response rates

The use of self-administered questionnaires for data collection in case studies is not usually selected (Yin, 2009). In the present work, the questionnaire is employed as one of three data collection methods, in which opinions from key stake holders are received on a number of issues around the process of foreign market entry, providing insightful information from different perspectives. More significantly, and as pointed out previously, the questionnaire is used in conjunction with interviews and document review to provide data triangulation to enhance credibility and validity.

The questionnaire (appendix B) was designed in three sections to provide evidence on the process of foreign market entry and exit that BP lubricants follow:

- Section A, with some general questions about the respondent and his/her role and involvement in the above process. This enabled the categorisation of the respondents into “deciders”, “influencers”, and “recipients” of the process outcome.
- Section B, with some questions on the process initiation and resourcing, to understand the process flow and critical steps.
- Section C, with some questions on the process itself and outcomes, which aimed to gather opinions and understand behaviours around the process.

At the end of the questionnaire, the respondents were requested to state their willingness to participate in the focused interviews.

The questionnaire was pre-tested amongst local colleagues to reduce ambiguities (Robson, 2002) and to ensure that the questions are clear.

According to Dillman (2007), the data that can be obtained from questionnaires are either behaviour variables, which are data on how people or organizations behave (in the past, present or future), opinion variables which are the opinions of respondents and attribute variables which are characteristics of the respondents. The questionnaire was designed to provide the preliminary information around the process of foreign market entry and exit within BP lubricants, capturing all three categories of data variables.

Sampling techniques fall mainly into two broad categories, probability sampling or non probability methods (Saunders, Lewis, & Thornhill, 2009). The techniques in which all the members of the entire population have the same probability of being chosen fall into the former category, whereas the methods in which the probability of selecting any constituent of the entire set is unknown, fall into the latter group. Probability methods may generalize findings to the entire population from the sample using statistical techniques; whereas for non-probability sampling methods, generalizations on the population are possible but not based on statistical theories. Saunders, Lewis, and Thornhill (2009), state that probability sampling is usually associated with survey and experimental research strategies whereas non probability sampling with case study research.

Purposive or judgemental sampling is one of the non probability sampling techniques that is suggested for case study research where the number of samples is usually very small (Neuman, 2012). The selection criteria is driven by the research questions in order to obtain rich information from a wider range of perspectives (Patton, 2002). This type of purposive sampling is called heterogeneous or maximum variation sampling (Saunders, Lewis, & Thornhill, 2009) and is used in this study in selecting the sample for the self-administered questionnaire.

The sample size within non probability sampling methods is dependent on the research questions and there are no firm rules (Saunders, Lewis, & Thornhill, 2009). As the questionnaire was given to colleagues who are experts and professionals in their respective fields, then the selection of participants was more important in obtaining valuable and rich information regarding the research questions than the actual number of participants. This is the basis of purposive sampling. A list was created consisting of the departments in the lubricants business unit that are involved in the foreign market entry/exit projects, and through telephone conversations to the leaders of these units, fifteen colleagues were selected who directly or indirectly were involved in the two cases studied in the present work: that is the case of new foreign market entry into Libya; and the market exit from Cyprus.

The selected fifteen colleagues work in different departments and in various countries and are all directors or managers of their respective teams. This provided a spectrum of views and perspectives on the foreign market entry and exit process within BP's Lubricants Unit, to effectively address the research questions. Table 14.0 shows the composition of the selected colleagues and those that agreed to participate.

A response rate of 60% was obtained, however, the composition of respondents has not been significantly altered and therefore the risk of introducing bias is minimized (Bryman & Bell, 2011).

The questionnaires were sent to the selected colleagues by electronic mail and followed by a telephone call to inform them and provide more details on the research work and on the requirements.

**Table 14.0** Functional composition for the self administered questionnaire

	<b>Strategy</b>	<b>Marketing</b>	<b>Sales</b>	<b>Finance</b>	<b>Human Resources (HR)</b>	<b>Total</b>
<b>Selected</b>	4	3	3	3	2	15
<b>Responded</b>	3	1	2	2	1	9

### 5.2.2 Questionnaire Findings

The main purpose of this section is to present the main findings of the self administered questionnaire and draw some useful inferences on the process of foreign market entry/exit process within the business unit of BP Lubricants.

The first part of the questionnaire provided some useful information about the participants' functional positions in the organisation and role in the process of market entry. Using this information, the participants were categorised as deciders (DCD), influencers (INFL), and recipients (RCP) of the process output, to identify their relationship to the decision making process of market entry and exit. The analysis and evaluation of the findings from different positional perspectives provided useful insights to the decision making process. Table 15.0 summarises the functional position of the participants, their role to the decision making process, and their influence to the process output. For completeness, the researcher's (R) data are added.



**Table 15.0** Participants' and researcher's role in the decision making process

	P1	P2	P3	P4	P5	P6	P7	P8	P9	R
<b>Function</b>	FNC	HR	MKT	STR	FNC	STR	STR	SAL	SAL	SAL
<b>Role</b>	INP	INP	GM	LT	ANL	ANL	LT	LT	LT	INP
<b>Relationship</b>	RCP	RCP	INFL	DCD	RCP	DCD	DCD	INFL	INFL	RCP

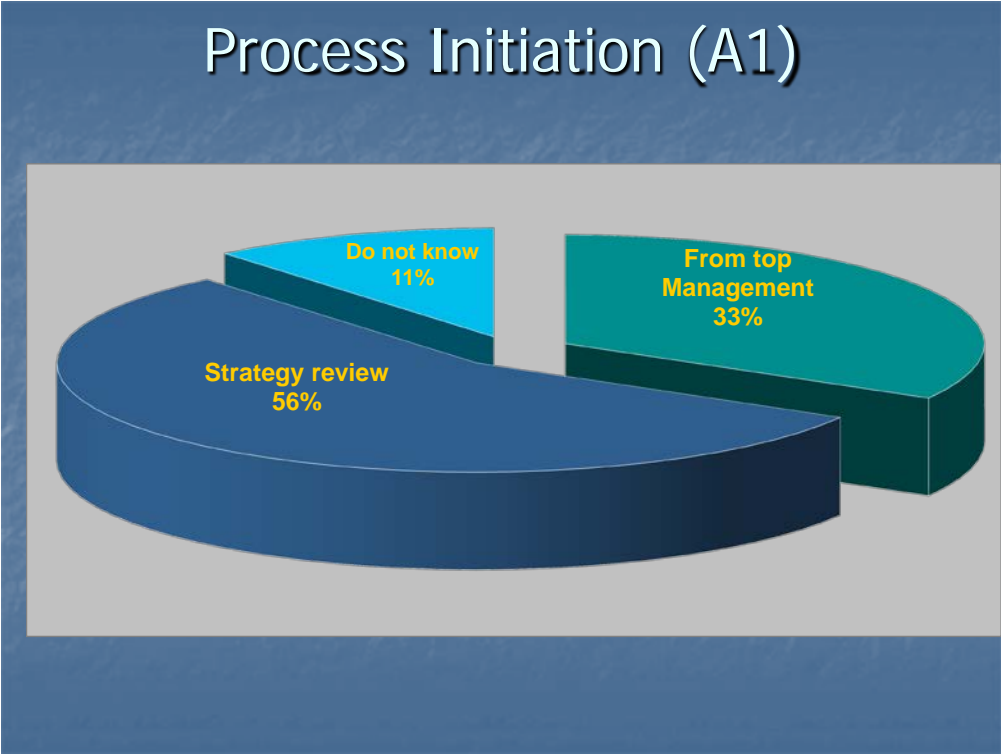
**Key: P1...P9 = Participants, R=Researcher, FNC=Finance, HR=Human Resource, MKT= Marketing, STR=Strategy, SAL=Sales, INP=Input provider, GM= Global Marketing, LT=Leadership Team, ANL=Analyst, RCP=Recipient, INFL=Influencer, DCD=Decider**

Most of the respondents believe that the process of foreign market entry/exit in the organization is initiated by a strategy review (56%). However some colleagues (33%), most of which are recipients of the process output, believe that top management starts the process (figure 19.0). This division amongst leaders and managers of the business in the understanding of the process initiation is an issue of concern, which may indicate lack of clarity. Looking in more detail into the responses for this question, it became evident that the colleagues who believed that the process is initiated by top management are all based outside the head office whereas the colleagues in the first group are either located at the head office or are business directors. Therefore, the lack of clarity on process initiation may be due to ineffective communication from the head office to the countries or down the hierarchy.

For two questions, there was consensus in the responses from all colleagues. In the first of these, all respondents agreed that the strategy team assigns the project team that undertakes foreign market entry and exit projects (question A2). Consensus

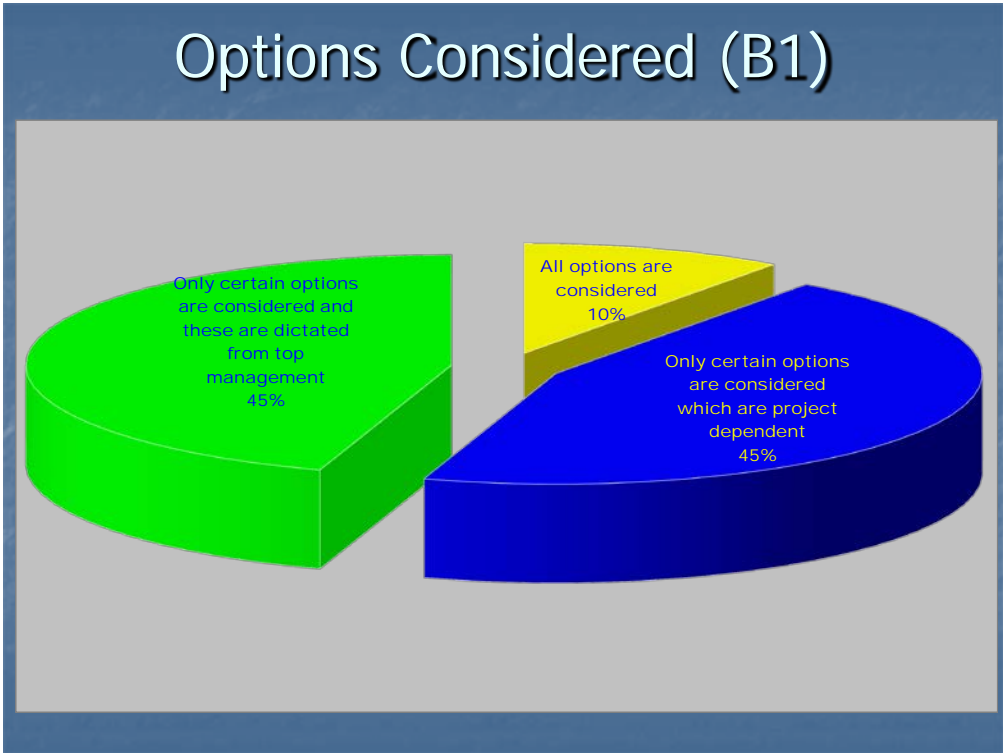
was also obtained for the size of the project team (question A4) which all colleagues agreed is project dependant.

The questionnaire revealed that there is a significant difference in perception regarding the options considered in foreign market entry/exit projects (question B1). Almost half of the respondents (45%) believe that only certain options are considered in these projects and these are project dependant. Another group of participants (45%), most of which are in the category of recipients, believe that the options considered are dictated by top management (figure 20.0). Similarly to question A1, the respondents in the latter group are recipients of the process output and located outside the head office whereas in the former group, most of the respondents are either deciders or influencers.



**Figure 19.0** Response to Question A1

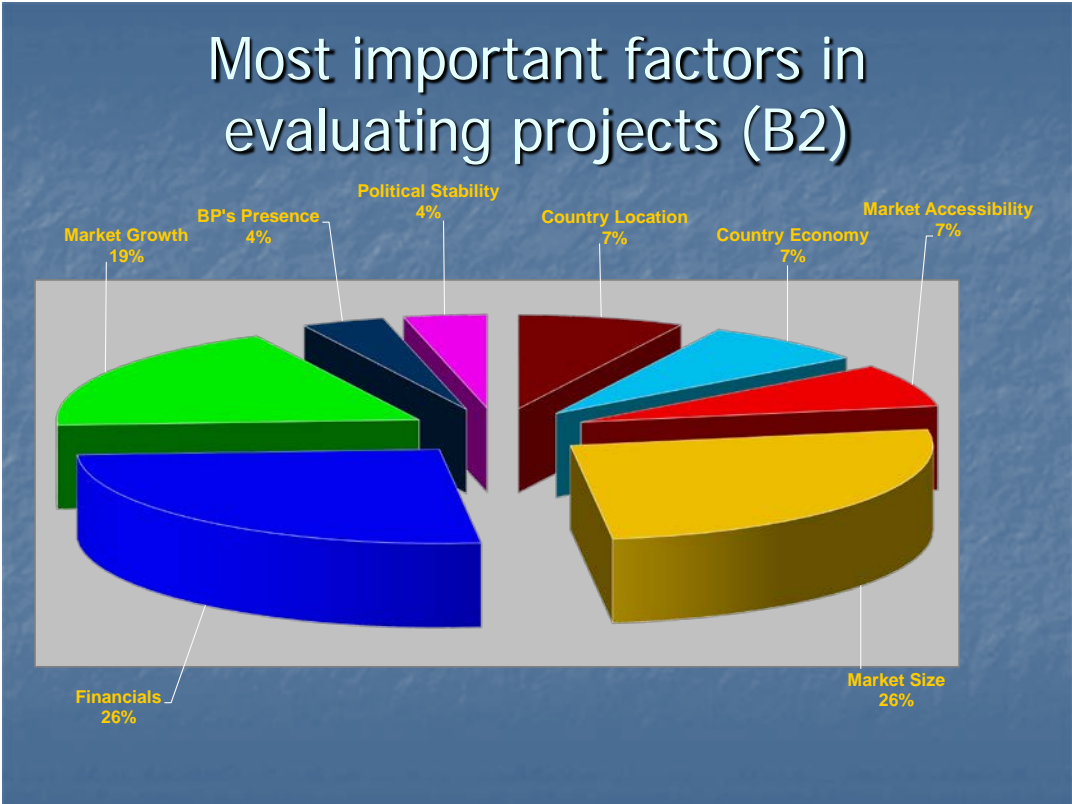
All participants agreed that financial models are employed in evaluating foreign market entry and exit projects and almost all specifically indicated “Discounted Cash Flow Analysis” as the method used (question B4 & B5). Some respondents indicated that marketing models are also used in conjunction with the financial models and provided the “Distributor Selector Tool” as an example.



**Figure 20.0** Response to Question B1

The respondents believe that the most important factors that are considered by the project team when evaluating foreign market entry and exit are the financials (26%), market size (26%) and market growth (19%). The location, economy , and

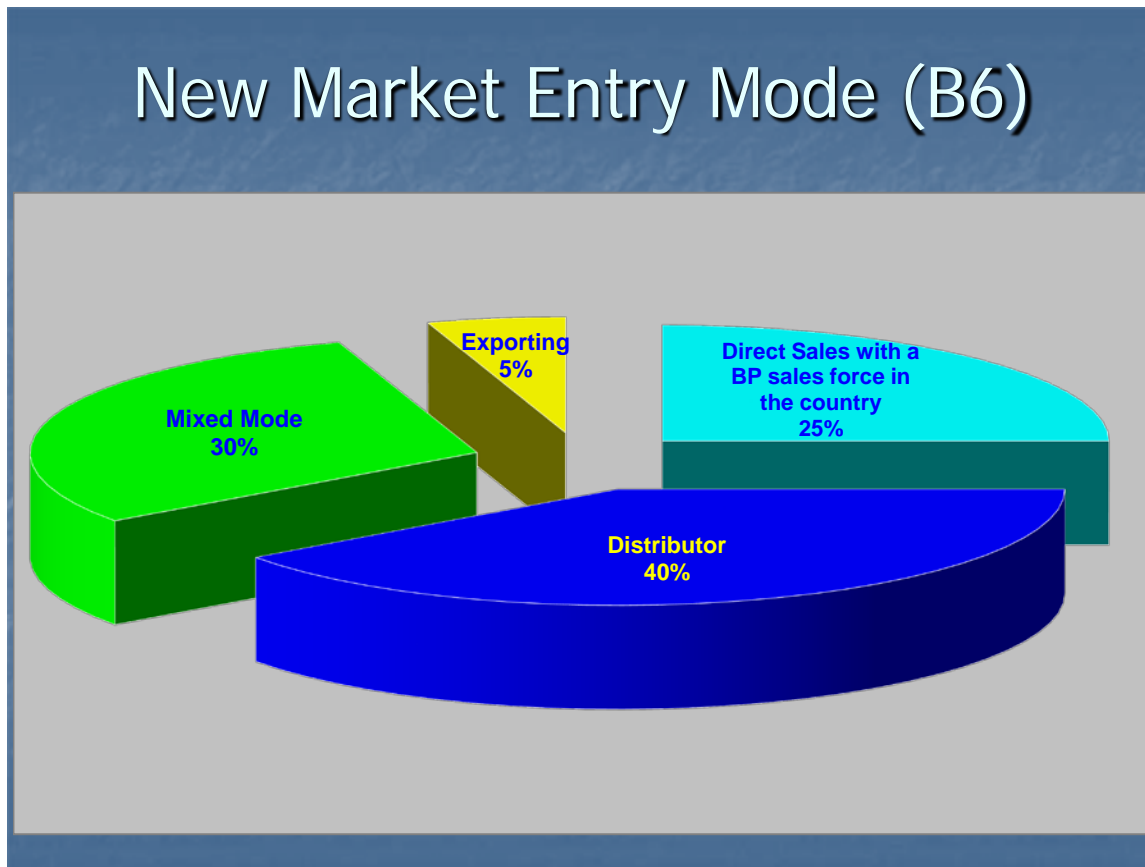
political stability of the targeted foreign country as well as the market accessibility have been given much less importance by the respondents (figure 21.0).



**Figure 21.0** Response to Question B2

Interesting answers were received to the question (B6) “What are the most likely mode of entry into new countries for lubricants?” Almost all the respondents included the distributor mode as the most likely entry method (40%). Respondents also believed that the mixed mode (direct sales within the country, enhanced with a number of smaller distributors to increase market coverage) is another likely option (30%) and the direct sales mode as the third option (25%). The participants did not

believe that other market entry modes such as partnership, agency or any other options are likely to be employed within BP Lubricants, with the exception of exporting, which was given as a possible option from one respondent (figure 22.0).



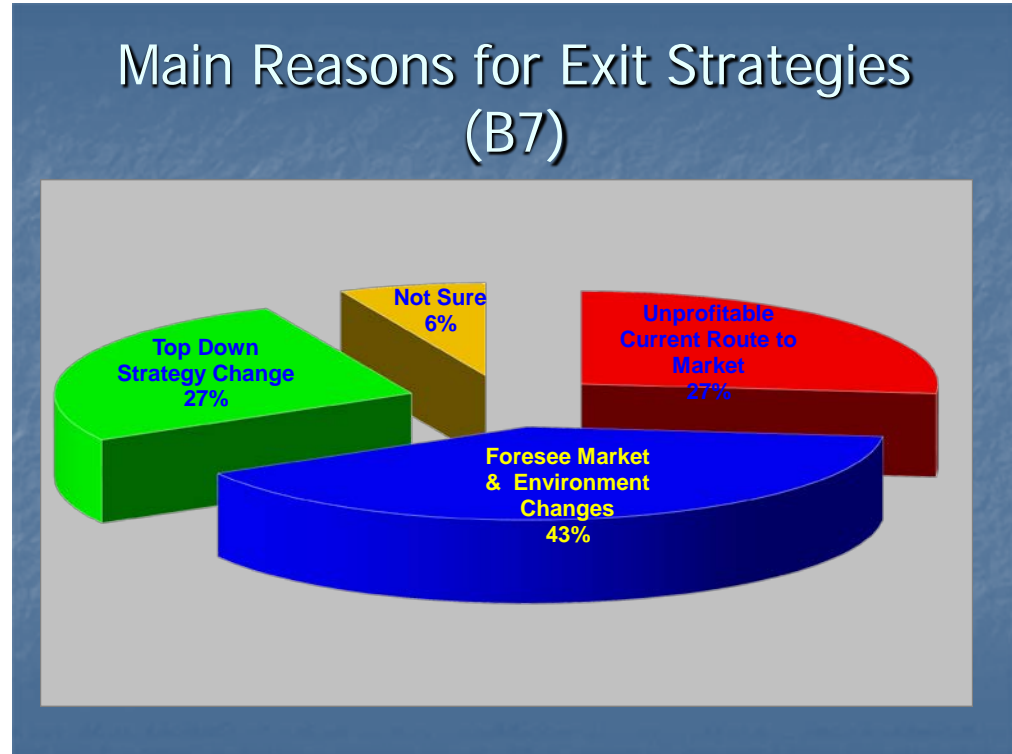
**Figure 22.0** Response to Question B6

The main reasons for the organization to consider a market exit in a foreign country are believed to be the following, based on the responses to question B7 (figure 23.0):

- Foresee market or environmental changes that will make existing route to market unprofitable (43%).

- The existing route to market is unprofitable (27%).
- Top down strategy change (27%).

Some other interesting points emerged from the responses regarding the process of foreign market entry and exit within BP lubricants. The recommendations from such projects are almost always endorsed by the leadership team of the business and these are then implemented (question B8). Furthermore, most of the respondents believe that there is not always a follow-up after implementation of the project to evaluate whether or not the expected results have been achieved, or not (question B9). It was expected that such follow-ups would only take place for significant foreign market and exit projects.



**Figure 23.0** Response to Question B7

Finally, eight of the nine respondents agreed to participate in the focused interview and all were directly or indirectly involved in at least one of the two selected case studies: the market entry into Libya; and the market exit from Cyprus.

### **5.3 Focused Interviews**

#### 5.3.1 Procedure

Interviews are very useful methods for gathering research evidence in a number of situations (Gray, 2009). They can be used in exploratory, descriptive and explanatory research as a primary method for collecting data or in conjunction with other methods such as questionnaires or document review (Saunders, Lewis, & Thornhill, 2009). In qualitative research, interviews are widely employed as they are very flexible and in their many different forms, they can be very powerful in obtaining reliable data in a variety of circumstances (Bryman & Bell, 2011).

Interviews can be categorized into five main groups (Gay, 2009):

- Structured interviews
- Semi-structured interviews
- Non-directive interviews
- Focused interviews
- Informal conversations.

Structured interviews are usually very formal and use predetermined questions to all participants, and the interactions between the interviewer and the interviewee are limited (Saunders, Lewis, & Thornhill, 2009). This type of interview is often used in quantitative analysis.

Semi-structured interviews are less formal and usually there is a list of questions that will be asked but not necessarily in any predetermined sequence. The

interviewer may ask additional probing questions to explore in more detail significant information and uses judgment to reach research objectives. The data obtained in semi-structured interviews are usually analyzed qualitatively (Gray, 2009).

Non-directive interviews are those in which the questions are not pre-planned but the interviewer has themes and objectives to cover. The interviewees are allowed to talk freely and in depth on the subject of interest with little intervention, other than clarifying issues and ensuring that the objectives are met. Non-directive interviews are also used for qualitative analysis (Gray, 2009). The term in-depth interviews is also employed by a number of authors to describe this type of interview (Bryman & Bell, 2011; Saunders, Lewis, & Thornhill, 2009).

Focused interviews are those in which the interviewer has some prior knowledge of the event or situation of interest and is asking predominantly open-ended questions to gain further insights into the area of interest (Bryman & Bell, 2011; Gray, 2009). Sometimes, focused interviews are used when interviewing busy or impatient persons, with limited time frame and therefore the questioning needs to be sharp and focused (Simons, 2009).

The informal conversation is the most open-ended method and the questions are mostly generated during the course of the interview. The data obtained from such techniques are much more difficult to analyze due to the variability of questions asked to different people (Gray, 2009).

It should be noted that different authors may use different typologies for interview types, for example, Robson (2002) mentions the terms respondent and informant interviews to indicate the control balance between the interviewer and the interviewee. In the former, the interviewer is in control for the duration of the



process and as such it is more structured. In the latter type, the interviewee is in control and the interviewer plays a more passive role (non-directive) and the process is less structured.

Yin (2009) suggests that interviews are one of the most important and essential sources of data for case studies and well planned and administered interviews can provide very useful insights into events and situations. According to Yin, in depth interviews and focused interviews are the most widely used in case studies, even though structured ones are sometimes used for certain situations.

In the present study, it was decided to use focused interviews to collect the required evidence from the colleagues that have indicated their agreement to participate (response to self administered questionnaire, section 2.0). The reasons for choosing focused interviews are as follows:

- Focused interviews are used in case study research, as previously pointed out for data collection (Yin, 2009; Simmons, 2009).
- The interviewees are either directors or managers in the organization with limited time availability and therefore any other type of lengthy interview may have been a prohibitive or unattractive proposition.
- Moreover, the interviewees are all professionals and most of them with extensive knowledge and experience in the organization and to the processes within the lubricants business unit. This required sharp and focused questioning to connect effectively with the participants (Simmons, 2009).
- Finally, the research questions and objectives for this study are mostly on the organizational processes of foreign market entry and exit and a direct and focused questioning was more appropriate.

The colleagues that showed interest in participating in the interviews were sent an invitation letter (Appendix C) and were asked to propose their preferred date and time. The interviews were held face-to-face for those colleagues located in the Cyprus office, and through telephone conferencing for those located in offices abroad. Table 16.0 shows the functional composition of the colleagues interviewed.

**Table 16.0** Functional composition for the focused interviews

	<b>Strategy</b>	<b>Marketing</b>	<b>Sales</b>	<b>Finance</b>	<b>Human Resources (HR)</b>	<b>Total</b>
<b>Interviewed</b>	3	1	1	2	1	8
<b>Method</b>	Audio	Audio	Audio	Audio + F2F	F2F	6 Audios + 2 F2F

F2F= face to face interviews

Audio= Telephone Conferencing

The structure and questions were designed to address all of the research questions and objectives to obtain insights of the process of foreign market entry and exit in the lubricants business unit of the organization (Appendix D).

Doing research within one's own organization has a number of advantages but at the same time there are several weaknesses that need to be considered (Robson, 2009). An "insider" has the advantage of knowing the organizational cultural and pre existing knowledge about the research area, however, this may lead to research bias. Coghlan and Brannick (2010) argue that interviewing as an "insider" may avoid probing questions by assuming too much and therefore limit the collected information. Furthermore, the "insider" may have more difficulty in crossing hierarchical and departmental lines than an outsider. These issues have been taken into account in the design of the questions, and during interviewing.

The interviews took place in May 2012 and followed the structure as outlined in Appendix D:

- Introductory Section in which the purpose and objectives of the interview were discussed and re-assuring once again the confidentiality of the collected information and the anonymity of the interviewee.
- Preliminary questions about the role of the interviewee in the company, and more specifically on the process of foreign market entry and exit.
- Main part of the questions regarding the process followed and his/her involvement in the two case studies.
- Final part with closure questions and personal opinions on possible improvements.

The duration of the interviews was between 35 minutes and 95 minutes and notes were taken during the process but supplementary comments were also added after completion of each interview when the process was reviewed and reflected upon. It should be pointed out that the flow of questions and answers in some of the interviews was relatively easy whereas for some others it was much more difficult.

Most probably, the level and depth of experience of the interviewees in the specific research topic was the main determinant for the flow of the interviews. Bryman and Bell (2011) suggest that the duration variations in qualitative interviews are not uncommon and shorter interviews should not be assumed as inferior.

The notes taken were transcribed soon after completion of the interviews.

Appendix E shows the transcribed notes from participant 6 as an example. The transcription shows the main answers to the questions raised and follows the same sequence as the questionnaire.

### 5.3.2 Findings from the Focused Interviews

Analysis of qualitative data is considered as a very challenging task for the researcher as there are no generally accepted rules and conventions (Gray, 2009; Robson, 2002; Bryman & Bell, 2011). Qualitative data analysis has been described by Merriam (2009) as a “daunting” task and as the most difficult part of the research process. Similarly, Yin (2009) advised that researchers, especially novice ones, will find the analysis stage as the toughest part because this is an area least developed with “no cookbook recipes to guide” the analyst.

According to Miles and Huberman (1994), however, all qualitative analysis methods have some common features:

- Coding - qualitative data obtained from various methods (such as interviews, documents and observations) are assigned labels (or names) to parts of the data which seem to have some importance.
- Memos - Reflections, remarks or notes are added in the margins.

- Themes – Identifying themes, relationships and patterns by careful reading and sorting through the data.
- Isolating these themes to help in the collection of the next wave of data.
- Generalizations – Use the consistencies to highlight generalizations and to link them with constructs or theories.

Miles and Huberman(1994) define qualitative analysis as a process consisting of three simultaneous activities, namely, data reduction, data display and conclusion/verifications. Coding and categorization, summary sheets and memoing are some of the techniques given by the author for data reduction, whereas matrices and networks are suggested for data display. Drawing conclusions is performed throughout the activity of data collection, vague at first but increasingly explicit until the end of data collection. Miles and Huberman describe and explain various techniques for drawing conclusions from qualitative evidence, such as noting themes, relationships and patterns, seeing plausibility, clustering, counting and others.

The framework suggested by Miles and Huberman (1994) for qualitative data analysis is intended particularly for case studies and therefore applicable in the present work. The approach is based on the philosophy of realism which holds that the “social phenomena exist not only in the mind but also in objective world – and that some lawful and reasonably stable relationships are to be found among them” (Miles & Huberman, 1994, page 4).

Content analysis is a technique that is very often employed in analyzing qualitative evidence (Gray, 2009), even though it became widely known as a quantitative technique for media analysis, especially in newspapers (Robson, 2002). Content analysis is defined by Bryman and Bell (2011) “as an approach to the analysis of

documents and texts that seeks to quantify contents in terms of predetermined categories and in a systematic and replicable manner” (p. 291). As Merriam (2009) points out, content analysis is implicitly present in any qualitative inductive analysis and it involves the simultaneous coding of data and the formation of categories that highlight the contents of the data. The use of content analysis in qualitative research differs from the established quantitative approach as in the former the codes and categories are revisited and revised throughout the study, as new evidence are examined (Bryman & Bell, 2011).

In using content analysis, Gray (2009) suggested three main procedures for finding different codes and categories, namely:

- Common Classes. These are important demographic characteristics such as age, gender, location, job, that can be useful in identifying dependencies between data, themes or patterns.
- Special Classes. These are labels that groups or communities use to identify or differentiate amongst things individuals or events, for example language, acronyms or specialist professional terms.
- Theoretical classes. These arise during the analysis and provide key linkages and patterns between the data.

Neuman (2012) distinguishes two types of coding, manifest coding and latent coding. The former is the obvious, visible and easy to detect content in the text and is considered highly reliable. Manifest coding however, will fail to detect words that have multiple meanings in the text and this limits the validity of this type of coding. Latent coding is much more difficult as it will look for the implicit or underlying meaning or message of the text. This type of coding tends to be less

reliable but nevertheless useful as people communicate meaning in different and implicit ways.

Content analysis is a very flexible method and can be applied to wide variety of information and is considered as an objective method of analysis as the coding procedure can be clearly defined (Bryman & Bell, 2011). At the same time, Bryman, points out the weaknesses of content analysis and these need to be considered when using this technique. The analysis can only be as good as the data and therefore the documents used must be assessed to be credible, representative and authentic.

Elo and Kyngash (2008) provide a detailed account on how to employ content analysis using two approaches, inductive or deductive. The authors suggest that an inductive approach should be used if there is not sufficient prior knowledge of the research area of interest or if this knowledge is fragmented. The deductive procedure should be adopted if the research objective is to test existing theories. Both the inductive and deductive approaches consist of the three distinct phases, the preparation, the organization and the reporting phases. The preparation phase is identical in both approaches and consists of selecting the unit of analysis and making sense of the data. The organizing phase in the inductive approach is made of the following steps:

- **Open coding** in which the text is read and notes and headings are written on the document.
- **Coding sheets** are then prepared and categories are generated.
- **Grouping** at higher order headings to reduce the number of categories.
- **Categorization** is then performed in an effort to increase understanding.

- **Abstraction** is the process by which a general description of the topic is formulated from the generated categories.

In the deductive approach, Elo and Kyngash (2008) propose the development of a categorization matrix in which the data are coded according to the selected categories. The authors make the distinction between a structured or unconstrained matrix of analysis, the choice of which will depend on the research objective.

When using the unconstrained procedure, the creation of categories follow the principles of inductive content analysis. For the structured matrix, the aspects of that fit the matrix are only selected to test the hypothesis and concepts arising from existing theories.

The final phase is common for both approaches and is the reporting of the analyzing process and the results, in which a model, a conceptual map or system are proposed (Elo & Kyngash, 2008).

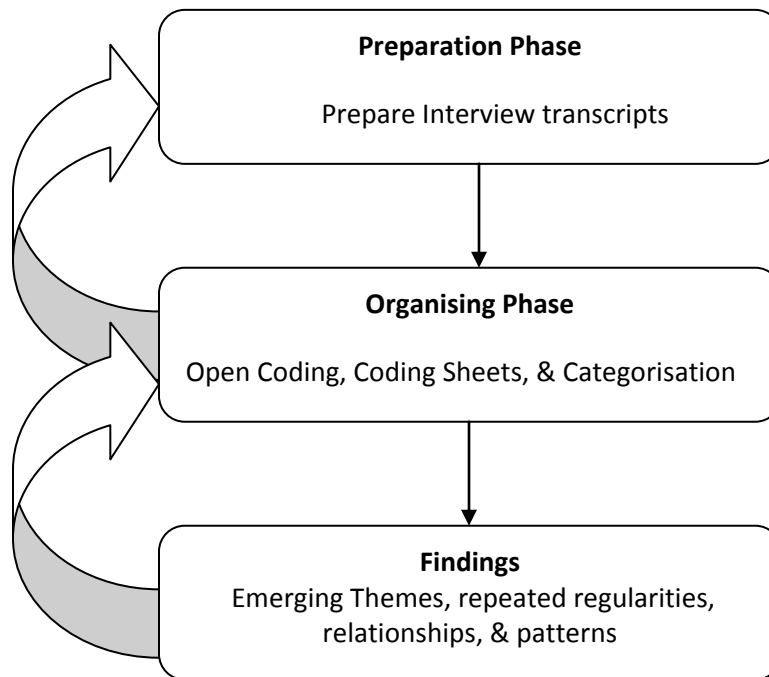
The trustworthiness of content analysis is achieved by describing in sufficient detail the process followed together with its strengths and weaknesses (Elo & Kyngash, 2008). These authors stressed that the successful content analysis must simplify the data and generate categories that reflect the research questions and cover the data as much as possible.

The inductive approach of content analysis as described by Elo and Kyngash (2008) is employed in this work to analyze the interview transcripts. Appendix F shows the tabulated codes and categories obtained from the analysis of the interview transcripts. It should be noted that the generation of codes and categories followed naturally from the interview questions as well as from the research questions and objectives. The interviews were focused, with the interviewees being professionals and from the same organization as the author of this work, which



reduced the complexity of the process and made the coding and categorization steps simpler. Conducting research in your own organization has a number of advantages as the organizational culture, relationships, politics and so on are more known (Coghlan & Brannick, 2010), at the same time, however, it may have some disadvantages. The insider, may find it difficult to stand back to assess and critique the organizational behaviours and or may assume too much. This needs to be borne in mind by the researcher and identify any biases or presumptions related to the research topic, known as reflexivity (Bryman & Bell, 2011).

The process followed to analyse the evidence collected from the focused interviews as suggested by Elo and Kyngash (2008) for an inductive approach of content analysis is shown in figure 24.0.



**Figure 24.0** Inductive content analysis (as adapted from Elo and Kyngash (2008))

The interview transcripts were read carefully and codes were defined to reflect significant pieces of information. Codes are actually labels that are assigned to text

(words, sentences, phrases, or paragraphs) and may arise from the respondents' answers, from the interview questions, or from the research questions (for example, "INV" to denote involvement, "INFL" to denote influence, or "STR" to denote strengths). Transcripts were then re-read and codes were written to text to denote relevance (open coding). Coding sheets were then prepared (appendix F) to tabulate all codes and relevant phrases from the transcripts for each respondent. The coding sheets were then grouped into various categories (for example, "demographics", "process", "documentation", "entry case to Libya", or "exit case from Cyprus"). The coding sheets were carefully reviewed to identify emerging themes, patterns, repeated regularities, relationships, or explanations for each code. The entire process was iterative and repeated until meaningful findings were distilled from the collected evidence. The above process produced the following findings from the focused interviews:

- Almost all interviewees agreed that there is a process that BP lubricants follows for new market entry or exit projects. Some participants described in detail the process and some believe that the depth of the analysis is situation dependent.
- Most participants stated that the leadership team as well the strategy team are involved in the process.
- Interestingly, half of the interviewees believe that the process of new market entry or exit is influenced by people in power towards a specific option. A deeper analysis reveals that the participants who believe that there is some kind of power influence are all the recipients of the strategy output and one of the deciders but none from the influencers. Some participants expressed strong opinions that the process is influenced; for example participant 5 (recipient) said that "*...yes, I personally believe that managers in power*

*influence towards their own preference...and this is seen in many projects, not just the route to market...”. Participant 1 (recipient) was unsure how power influence is manifested but agreed that there is influencing towards a specific outcome: “....if you are involved in such a project, you get the feeling that there is a push towards a certain direction but no one is sure....”. The only decider (participant 5) who agreed that there could be influence from leaders, employed a more diplomatic language to answer: “.....this is a difficult question to answer.....senior leaders in the organisation may have their own preferences ....could make these known to the project teams...there is nothing wrong provided there is no pressure exerted to the project team...”. On the other hand, the influencers and some of the deciders have expressed strong negative opinions on the occurrence of political influencing. For example, participant 8 (influencer) commented: “.....definitely not....no member of the leadership team will use their power to influence towards a specific option...”.*

- Most of the participants believe that the colleagues that carry out the market entry/exit projects use their experience or “gut feelings” to quantify certain assumptions in the process analysis. For example, participant 1 (recipient) mentioned that : “....yes, sometimes this may happen, especially for small markets where controls are more loose...”. Participant 5(decider) replied that : “...I would n’t say gut feeling but rather the analyst may exhibit bias towards a specific option, and this may be reflected in the assumptions...”. Even the reply from participant 3 (influencer) which was initially negative, by stating that “ ....gut feelings or intuition does not influence the project outcome....” at a later stage he said that “.....such projects inevitably use a number of assumptions.....and that is where experience, intuition or gut feelings may be introduced...”.

There was no evidence to suggest that “gut feelings” were the only driver in the decision making process.

- There was wide agreement of the factors considered in the analysis of market entry and exit projects, with the financials, market size and growth opportunities, the political and economic stability of the country as the main drivers.
- Most interviewees considered the process as robust, standard and one that works well. They have however, pointed out that the process may be hindered by the uncertainties in the external environment and by the subjectivity of the analyst in the assumptions of the model. For example, participant 4 (decider) described the process as: “...*robust and working well..but political uncertainties are difficult to predict*”, whereas participant 3 (influencer) believes that: “...*the subjectivity of the analyst is a weakness but the robustness of the process should correct itself..*”.
- There were some concerns on the process transparency, coming mainly from the recipients of the process output. Participant 1 (recipient) mentioned the lack of transparency five times in his interview, for example: “...*the process, I believe, is not clear nor transparent to all involved...*” ,and at some other point, “...*there seems to be very little transparency.... and this has happened to a number of projects that I was involved...*” . Participant 2 (recipient) also stressed this process weakness: “...*there was lack of transparency, lack of involvement ....and lack of information...*” In addition, participant 5 (recipient) described it as: “ ...*there seems to considerable secrecy in these projects...*”. On the other hand, influencers and deciders focused on the process uncertainties as the main weaknesses and did not mention any issues with the transparency.

- Most participants agreed that the process may be improved by enriching the ‘route to market’ options. It was made clear by most interviewees that the business strategy dictates basically only two ‘route to market options’: the direct route and the indirect through selected distributors.
- The process tools that are employed in market entry/ exit analysis have been given by most interviewees as the “Discounted Cash Flow Financial Model” and the “Distributor Selector Model”.
- Almost all participants had some knowledge of at least one of the two cases that are considered in this research, the market entry into Libya and the market exit from Cyprus. Some of the interviewees gave detailed descriptions of the two cases and provided related documentation for further analysis.

## **5.4. Documentation Review**

### 5.4.1 Procedure

The use of organizational documents for obtaining evidence is considered by Yin (2009) as relevant to every case study and one that can compliment data obtained from other sources. Yin provides the following strengths and weaknesses for documentation evidence:

- Can be reviewed repeatedly
- Documents are not created specifically for the case study.
- They have a broad cover over a long span of time and over a number of events.
- Can provide details of an event and useful insights.

- Documents however, especially organizational can be difficult to access or deliberately withheld.
- There can be selectivity bias if the collection of documents is incomplete.
- There can be reporting bias from the author.

Yin (2009) emphasizes that the most important use of documents in case study research is to confirm and augment data obtained from other sources such as interviews. Scott (1990) suggests four criteria to assess the quality of documents:

- Authenticity – whether the documents are genuine and of unquestionable origin.
- Credibility – whether the evidence is distorted or contains mistakes.
- Representativeness – whether the documents reviewed are typical of the research area investigated.
- Meaning – whether the documents are clear and comprehensible.

Bryman and Bell (2011) point out that organizational documents are very likely to meet most of the above quality criteria, as these will certainly be authentic and meaningful. Organizational documents may of course contain mistakes and therefore the researcher must ensure that different sources and types of representative documents are reviewed to verify evidence. If different sources and types of documents produce contradictory evidence, then the researcher will need to pursue this further to understand the issue (Yin, 2009).

As Yin (2009) stresses, organizational documents are produced with a specific purpose and for specific audiences and this should be borne in mind by the case study researcher who should identify these objectives in interpreting these documents.

Following the focused interviews, some of the participants agreed to provide me with the documents that are related to the two case studies: market entry into Libya and the market exit from Cyprus, on the condition that these are treated confidentially. The following documents were received from the colleagues that were directly involved in the two projects:

- BP Lubricants Strategy Booklet (2010)
- Final Report on the Cyprus Exit Project
- Excel Spreadsheets on the Cyprus and Libyan Project
- Power Point Presentation on the Cyprus Exit Project
- Some email communications on the Cyprus and Libyan projects.

#### 5.4.2 Findings from the Review of Documents

The above documents were carefully reviewed several times and were analyzed using qualitative content analysis as discussed in the previous section 5.3.2. The documents reviewed certainly meet the four quality criteria , discussed in the previous section (Scott, 1990) .

The codes generated from the review of documents are shown in appendix F under the category of “Documentation”. The main findings from the analysis of the documents are:

- The case of Cyprus market exit is much more documented than the Libyan market entry.
- The strategy framework of the company describes in detail the route to market options and provides the framework for the process. There is not however, a detailed description of the process to be followed.

- The documents related to the Cyprus market exit case show clearly that there is a process that BP follows in these projects.
- The documents related to the Libyan market entry case show that there is a process but is not as well documented as for the Cyprus exit case.
- The reviewed documents indicate that the main factors that are considered in the market entry and exit projects are the strategy, financials, growth opportunities, market size, competitive intensity and business risks.
- The main tools employed in the analysis are the discounted cash flow model for the financials and the distributor selector tool.
- BP's preferred route to market is the direct one for the countries that have significant growth opportunities or for core countries (large market size with high market share). For most other countries, the preferred route to market is indirect.
- It is also evident that BP is using the term "market exit" to indicate the route to market change from direct to indirect. There is no evidence for a complete exit from a country.

## **5.5 Drawing Conclusions and Discussion**

The research questions set at the beginning of this work steer this part of the study and are outlined below:

- What is the new foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?
- What criteria are used to assess foreign market entry and routes to market?
- How does this process compare with the research work found in the literature?



- How can this decision making process be improved, linking theory and practice?

The three data collection methods that have been used in the previous sections to gather evidence related to the research area are:

- a) Preliminary questionnaire amongst colleagues who are involved in these processes was carried out through which the basic facts and perceptions around the foreign market entry and exit process were established.
- b) Focused interviews, in which the colleagues that have agreed to participate provided their insights to the process of market entry and exit that the company follows.
- c) Documentation review, in which the collected documents were carefully read and analyzed.

Content qualitative analysis was employed to code and categorize the data and to identify emerging relationships and preliminary inferences (sections 5.3.2, and 5.4.2).

In this section, the approach suggested by Miles and Huberman (1994) is employed to display the data in a visual format to draw conclusions. Miles and Huberman argue that qualitative data obtained from various methods are easier organized and understood by displaying them in a format that is focused enough to provide a full set of data in a visual and systematic way. This can provide an easier and simpler way to understand the research issue and draw valid conclusions rather than using large amounts of textual evidence. These authors categorize the visual displays into two main groups, matrices and networks, even though they mention that the format can be very flexible and imaginative. According to Miles and Huberman (1994) a matrix is basically a list of data arranged in rows and columns, displaying flow,

location, connections, relationships and other important facts about the case of study. Matrix display has the advantage of displaying visually considerable amounts of data in a systematic and simplified manner, allowing comparisons and drawing conclusions. Networks are a collection of points or nodes connected together with lines to indicate flow and connectivity of events.

### 5.5.1 The process of foreign market entry

The first research question is to understand the process of new foreign market entry and exit within the business unit BP Lubricants Europe and Africa. The existence of a standard process that the business is following is evident in the collected data from all three employed methods, the preliminary questionnaire, the focused interviews and from the documents analyzed. There is a detailed description of the process in some of the collected evidence (focused interviews, participants 6, 7 and 3) with the remaining data confirming different parts of the description. There was a limited number of minor conflicts in some of the collected evidence (for example the probable involvement of the mergers and acquisitions team in the process was given only by the first participant in the focused interview, whereas all others agreed that the leadership team together with the strategy team are the main players in the process). These were neglected as they could not be substantiated by other evidence.

Using the information collected from all methods, the process of foreign market entry and exit was constructed as a flow diagram (figure 25.0). The process is not as complicated as first appears and it can be divided into three distinct stages. Stage A is the work done at a regional level (that is Europe and Africa) by the Global Market Unit (GMU), the Leadership Team (LT) and the Strategy Team

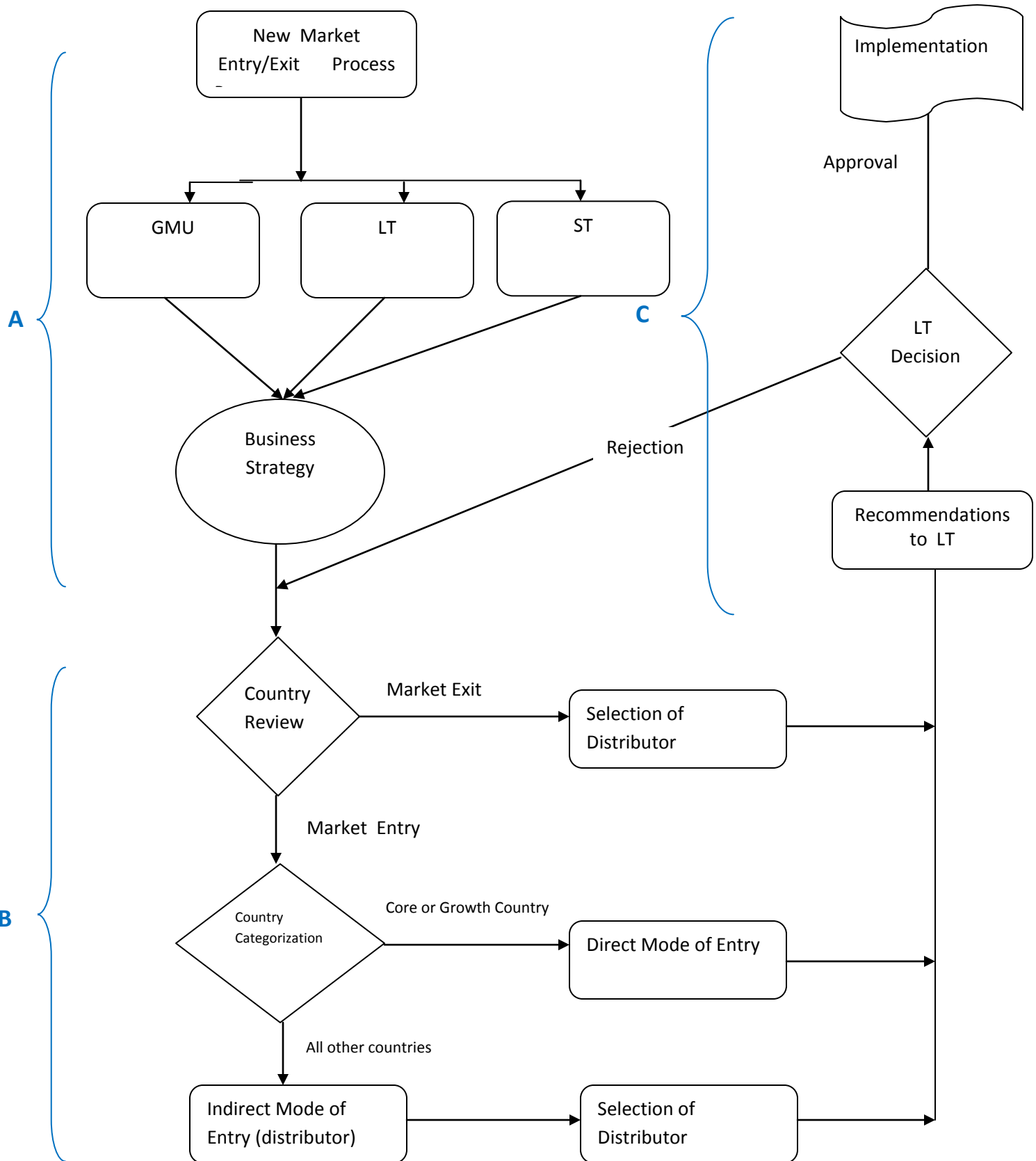
(ST) to formulate the broad business strategy guidelines. Stage B is the review process at a country level, carried out mainly by the strategy team and at an annual frequency. Such reviews are performed for both new foreign markets as well as for countries in which there is a BP presence to assess the most suitable route to market for new entries or the effectiveness of the existing one for the latter cases. In the final stage C, the recommendations from the strategy team are given to the leadership for approval or rejection and the decisions are then implemented.

The main characteristics of each of the three stages in the process are summarized in table 17.0. The table explains some of the transparency issues raised by participants 1, 2 and 5 in the focused interviews and the “latent” division that appears to exist between people at the leadership/strategy level and those at the country level. The strategy guidelines are not accessible or communicated to the wider organization at country level, and an information gap exists between the two parts of the organization, giving rise to some mistrust at country level.

**Table 17.0** Stages and Characteristics of the BP Process for the Route to Market

<b>Characteristic</b>	<b>Stage A</b>	<b>Stage B</b>	<b>Stage C</b>
Who is involved	LT, ST, GMU	ST	LT
Level	Regional	Country	Country
Frequency	Every 4-5 years	Annually	Annually
Main Objective	Strategy Guidelines	Country Review (new or existing)	Decision making
Output	Strategy Booklet	Route to Market Recommendations	Implementation

**Figure 25.0** The Process of Foreign Market Entry and Exit Followed by BP Europe and Africa



Part of the work done in stage A is to categorise the various countries in the region into three groups, namely core, growth and optimised (or others) (BP Lubricants Strategy Booklet, 2010). The strategy guidelines provide financial and marketing parameters with which the countries are assessed and classified into the three groups. The strategy also dictates the route to market for each of the three groups of countries:

**Table 18.0** BP Strategy - Route to Market Recommendations

	Core Countries	Growth Countries	Others
Preferred Route to Market	Direct	Direct	Indirect (through distributors)

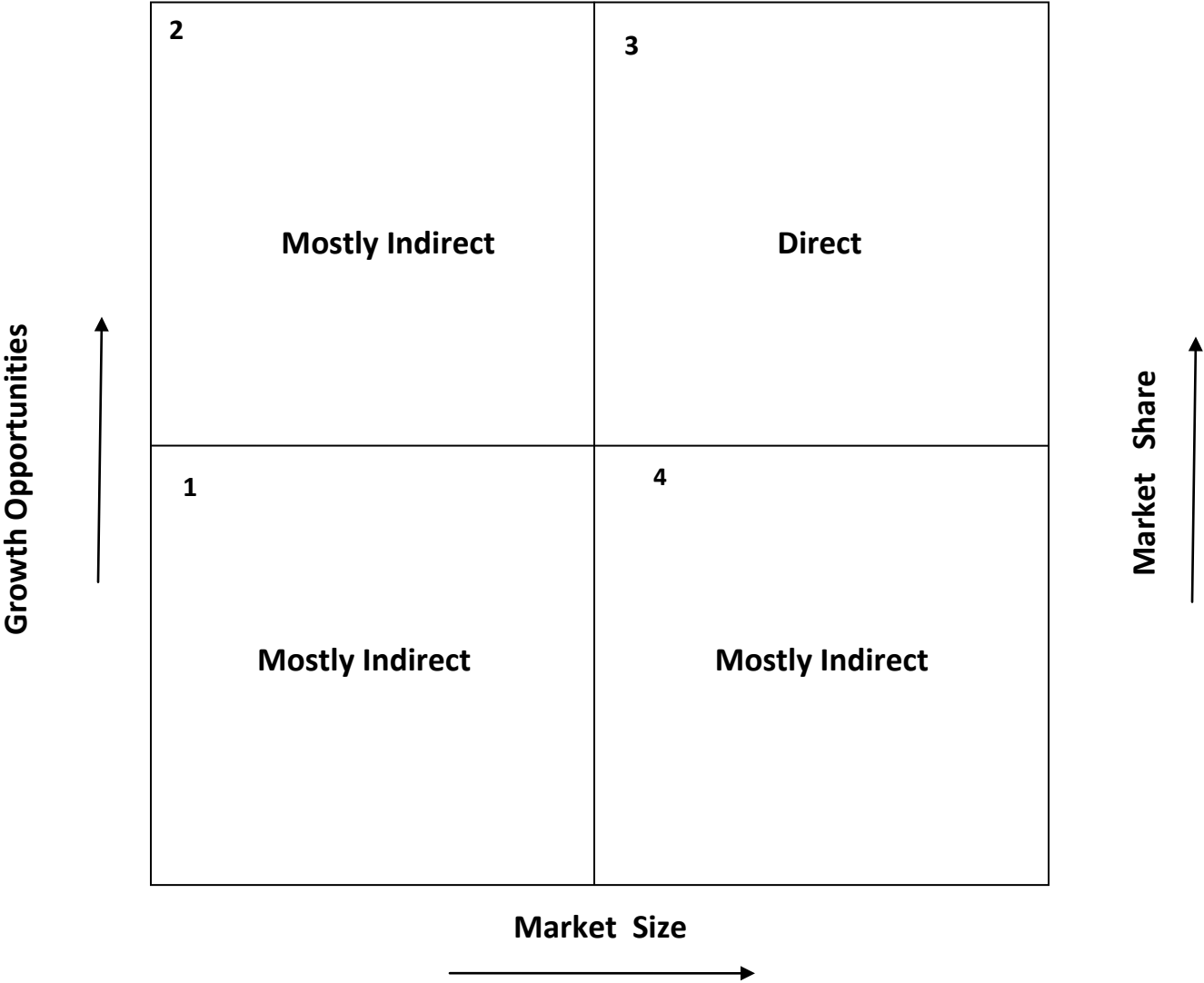
It is very clear from the collected evidence that BP Lubricants has only two preferred routes to market, one is the direct route and the other is through an appointed distributor (the indirect route). The choice between the two routes to market is dictated by the country classification which in turn is based on financial and marketing criteria of the country. At this point it is worth pointing out that BP Strategy Booklet (2010) mentions a third route to market, namely the “cluster model” but no other evidence in the collected data suggests that this is implemented anywhere or even considered as an option. The “cluster model” is described as a direct route to market for a number of neighbouring countries of similar culture and characteristics, sharing the same sales force and back office support. This means that the sales force is located in one of the countries of the cluster and travels to the other countries for direct sales. This has the advantages of

the direct mode of operation but at lower staff cost as the sales force and back office are shared between several countries in the cluster.

Using the suggestions by Miles and Huberman (1994) to display the data visually in matrix form, Figure 26.0 was constructed to summarise in a simple format the strategy that BP Lubricants is following with regards to the mode of foreign market entry or exit.

The matrix (figure 26.0) shows that BP lubricants prefers the direct mode of entry into foreign markets when growth opportunities and market size of the target country are both high (growth country, quadrant 3) or if the existing market share of BP is high in a relatively large country (core country, quadrant 3). In all other cases, the preferred route to market is indirect through a selected distributor (optimized countries, quadrants 1, 2 &4). In quadrants 1 & 2 the market (country) sizes are relatively small and the preferred route to market is through a distributor, even in the case of high growth opportunities or high market share (quadrant 2). Finally, the indirect mode is also the preferred route when the growth opportunities are limited or the existing market share is small (quadrant 4), despite the relatively large size of the market. For example, growth opportunities in a large country may be limited either due to a dominant position of a strong competitor erecting barriers of entry or due to political or economical instabilities or other business risks associated with that country.

**Figure 26.0** BP's Recommendations for the Route to Market



In stage B, the strategy team carries out the country reviews in existing markets to assess the effectiveness of the employed route to market as well as for any potential new entries. These reviews are usually carried out on an annual basis with the following main objectives:

- Assess whether the categorisation of an existing market (core, core growth or optimised) is still valid or assess the country categorisation for a potential new market.
- Review the effectiveness of the existing route to market for the countries that BP operate in, based on BP's strategy guidelines.
- Recommend route to market for potential new entries and any changes for the existing markets.

In the final stage of the process (stage C, figure 25.0), the recommendations from the strategy team are taken to the leadership team who decide whether or not to accept and implement them. If for any reason these are not endorsed by the leadership team, then they instruct the strategy team to repeat the country review, taking into consideration the comments of the leadership team.

### 5.5.2 The process of foreign market exit

It must be emphasized at this point that the term “market exit” is used extensively within the BP Lubricants Business Unit to mean the change of the route to market in country from a direct mode to an indirect (through a distributor mainly) and it rarely means a complete exit from a specific country (participants 1,3, 6,7, & 8 focused interviews, also evident in some documents reviewed). A complete exit from a country may take place if the risks in doing business in that country



significantly increase, and seriously affect the investment, the brand or the corporation and these risks may be political, economic, legal or business (in reviewed documents).

The processes of foreign market entry and exit within BP lubricants in Europe and Africa are essentially governed by the same principles (figure 25.0), however, there is a fundamental difference which provides an added advantage to the accuracy of the exit process. The required information for assessing the existing foreign country is readily available from the organization's own work experience and therefore unlike market entry, there is no need to assume market data. Sales volumes, product margins, competitor data, costs of doing business in the country, risks and all other required market data for the complete analysis are known to the organisation and therefore the review process can be much more accurately constructed.

### 5.5.3 Analytical tools

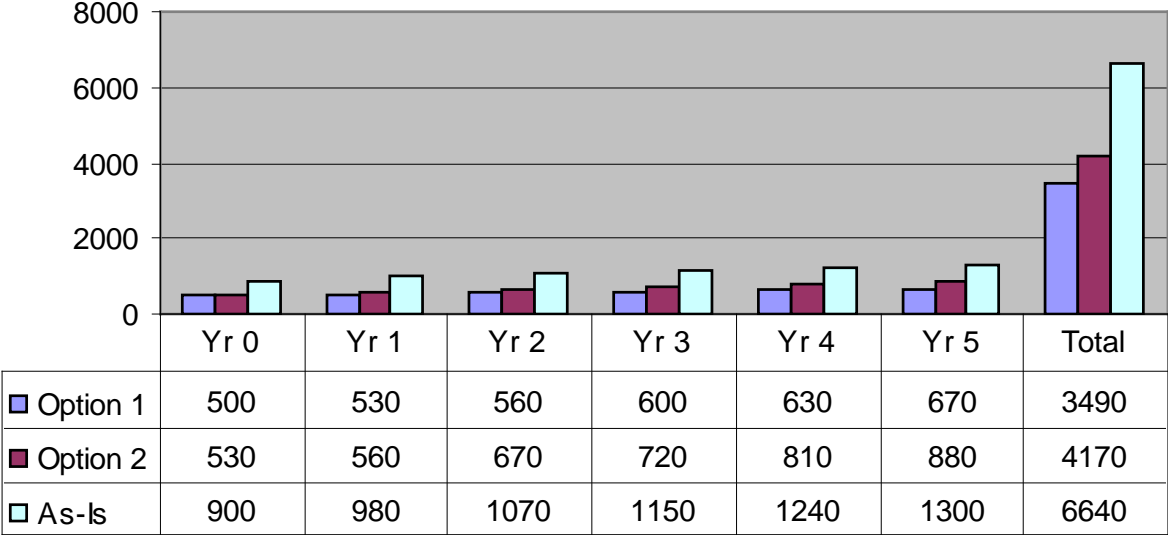
It was evident from the data (questions B4 & B5 in the questionnaire, most participants in the focused interviews and in the reviewed documents) that the business is using specific tools in assessing and deciding on the route to market.

#### 5.5.3.1 *Discounted cash flow (DCF)*

Most of the evidence indicated the use of discounted cash flow method as the main analytical tool in assessing market entry financials (questions B4 & B5 in the questionnaire and almost all participants in the focused interviews with the exception of participant 2, who was unsure. In addition, the documents reviewed for the Libyan and Cyprus cases included DCF analysis for various scenarios). Figure 27.0 shows the output from the DCF analysis of the Cyprus exit case in which three scenarios were analysed using the standard financial model of DCF.

The graphical representation shows the Net Present Value (NPV) for the three scenarios over a five year period and the objective is to maximise the NPV for the company. The DCF analysis can be very detailed with many different scenarios as in the Cyprus exit case or very light with one scenario as in the Libyan entry case. In the former case, the complication arises from the fact that BP Lubricants were present in Cyprus with a direct sales force but as the country classification is “optimised” then the strategy recommendation was to move to an indirect route to market through a distributor. This necessitated a detailed DCF analysis of the various scenarios (the existing direct mode and two variations of the indirect mode through a distributor). It is worth re-emphasizing at this point that even though the term used in all company documents as well in the focused interviews is “market or country exit”, this evidently means the change of the direct route to market to an indirect (through a distributor), and not the exit from the country all together.

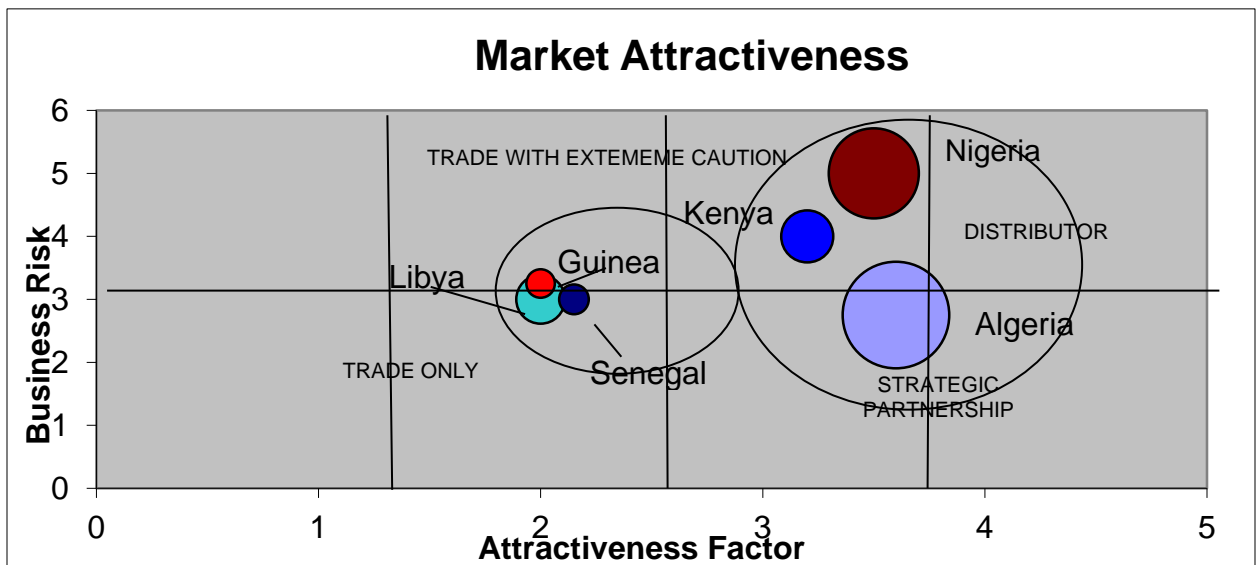
**Figure 27.0** Output from the DCF Analysis in the Cyprus Exit Case



### 5.5.3.2 Country attractiveness model

This is one of the tools used in the Libyan entry project and was amongst the documents reviewed. It is a graphical representation of the market size (bubble size), the business risks (x-axis) and the market attractiveness (y-axis) and figure 28.0 below shows an output from the tool. Evidently this output was from an analysis that was performed for a number of different countries in Africa, including Libya. This tool provides the criteria by which the BP Lubricants team selects the type of distributor, once the indirect route to market is decided.

**Figure 28.0 Country Attractiveness Model as used in the Libya entry case**



The attractiveness factor is based on the following parameters:

- Volume growth opportunity, defined as the total available market volume less the existing volume of BP in that market.

- Gross margin availability, defined as the total available gross margin in the market less the existing gross margin of BP in that market.
- BP's market share in the country.
- Competitor activity, ranging from very intense activity with the presence of all major international brands, local national brands and local manufacturing facilities to very light competition.
- Barriers to entry, ranging from very high hurdles due to government policies, subsidies and taxes protecting local brands to limited or no barriers at all.

The tool calculates the overall attractiveness factor based on the scoring of the above parameters and on the importance assigned to each.

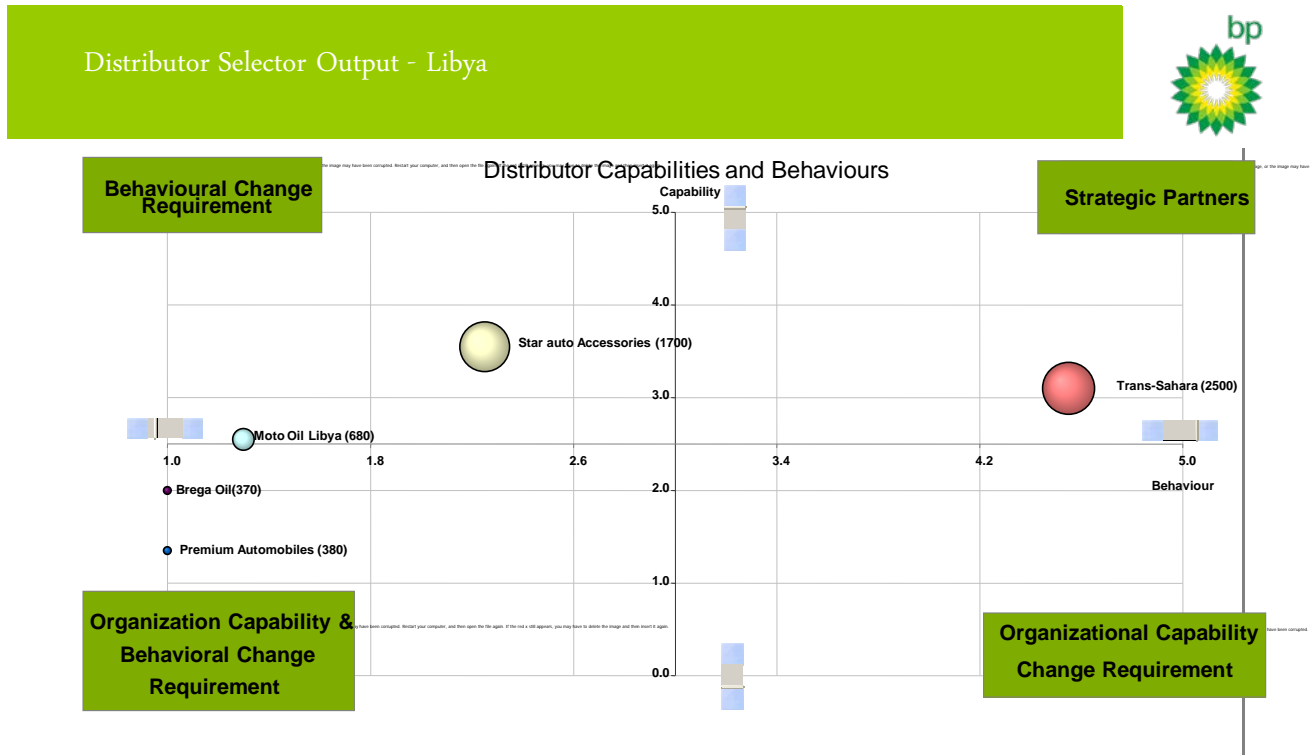
The vertical axis of the graph (figure 28.0) is the business risk factor which is composed of the weighted average of the political, economical, ethical/corruption and legal risks.

The output from this tool is a recommendation for the type of relationship with the selected distributor. For example, in the case where the business risks are very low and the market attractiveness is very high (lower right corner of figure 28.0) then the recommended relationship with the selected distributor is one of strategic partnership. On the other hand for very high risk countries with very limited business opportunities (upper right corner of figure 28.0) then the recommended relationship with the selected distributor will be trading. The distinction between the above two types of relationships is the level of resources and effort that BP input into the business and the legal framework.

### 5.5.3.3 *Distributor selector tool*

The distributor selector tool was mentioned in the focused interviews (participants, 3, 4, 6 & 7) and was also found in the documents reviewed for the Cyprus market exit as well as for the Libyan entry case. This is a tool by which the most appropriate distributor in a country is selected from a group of prospective ones based on a number of criteria. The output from this tool (figure 29.0) is a matrix in which the vertical axis represents the distributor capabilities and the horizontal axis the distributor behaviours. The distributor capabilities that are considered and assessed are company structure, management capabilities, financial health and sales and marketing activities. On the behaviour part, the distributor is assessed on the brand loyalty (whether the distributor is selling other brands), on the focus on lubricants (whether the distributor is selling other products), ability to sell the entire product portfolio and the relationship with the suppliers. The prospective distributors are assessed on the above criteria, scoring on a scale from 1-5 and taking the weighted average score for the capabilities and the behaviours. The output of the tool provides the landscape of the potential distributors, plotted on the matrix, with the size of the bubble indicating the lubricants turnover value. The selection of the distributor will therefore be based on achieving the highest scores in both the organisational capabilities as well as behaviours (top right quadrant in the matrix).

**Figure 29.0** Distributor Selector Tool as used in the Libyan entry Case



**Insights:**

- Brega Oils are also a competitor selling Shell lubes.

## 5.6 Author’s Own Experience and Reflexivity

Doing research in one’s own organization has a number of advantages but also certain disadvantages and the researcher should bear these in mind when embarking such work (Coghlan & Brannick, 2010). Certainly, the insider researcher has an advantage position over an external researcher, as the former has extensive knowledge of the organisation’s culture, structure, people, resources and the terminology used. Moreover the insider researcher has valuable knowledge of what Coghlan and Brannick (2010, p.114) call the “informal life of the

organisation”, which is what employees experience such as politics, power relationships, terminology, traditions and others. The insider researcher can use this explicit and implicit knowledge to obtain valuable data from the relevant colleagues faster than any outsider. However, as Coghlan and Brannick (2010) point out, the insider has also some disadvantages over the external researcher, as often they are very close to the organisation and it may be difficult to stand back and critically assess the information received. Moreover, the insider, may assume things based on his or her knowledge and experience and avoid deeper investigation.

The insider researcher has to perform two main roles simultaneously one of a researcher, and the other of a member of the organisation. This role duality is very challenging and may give rise to role confusion and or conflict. Roth, Shani, and Leary (2007) point out that the successful insider researcher must be able to act effectively in both roles, speak the appropriate language to each community and learn to use each role as an asset in the process.

My main responsibilities in the organisation for over ten years are in regional sales of lubricants in the Eastern Mediterranean and North East Africa and consequently a recipient and implementer of the company’s strategy in foreign market entry and exit. The inconsistent (and sometimes irrational to my mind) ‘route to market’ decisions initiated my research interest to this area in an attempt to understand how these decisions are made within the organisation, but also to gain valuable insights of the theoretical positions on the subject from the academic literature.

As a country sales manager for Cyprus at the time, I was requested to assist and provide all necessary data to the project manager, leading the review of Cyprus with regards to the routes to market. Certainly the objectives of the review were

never clearly communicated to the organisation in Cyprus. The few colleagues asked to help the review were requested to sign confidentiality agreements that prohibited the discussion of the project. It was felt that a non-transparent approach led to unnecessary tension and wariness between the project team and the local staff that were involved. During the review, which took several months to be completed, my line manager (sales director in Europe) was frequently calling me to express his position that “BP lubricants should exit the direct route in Cyprus and operate through a distributor because of the size of the market”. The objectives of such a behaviour from my line manager are still not clear: perhaps he was trying to prepare me for this eventuality. What was clear is that my line manager had a strong position for the Cyprus route to market before the review was completed, and from his position of power he could have influenced the outcome of the project if his preferences were made known to the project team. There was no hard evidence, however, that this was the case.

The Cyprus exit project manager requested several meetings with members of the local team that were involved (human resource manager, the finance manager and myself), and some of these meetings were face to face in Cyprus and some through audios. These meetings were in the form of individual interviews during which the project manager was seeking data and information to build the various scenarios in the discounted cash flow analysis. There was limited information and clarity from the project manager regarding the process and its progress. The process was basically led by the project manager who was asking questions and seeking clarifications with limited information passed to us. Following the analysis stage, the project manager invited me to another meeting in which he presented the financial analysis (discounted cash flow) for the Cyprus project. I have challenged a number of critical assumptions employed in the analysis, some of which I felt



were over optimistic. The project manager defended most of his decisions but was receptive and agreed to change a few of the assumptions. It became apparent to me that certain assumptions were very critical to the outcome of the project and the assignment of these values needed to be selected carefully, and justified. I do believe that project analysts do not give the appropriate importance when assigning values to assumptions, and are not challenged by the recipients who may lead to false outputs or project failures.

## **5.7 Comparison with Literature**

As discussed in the literature review chapter of this work, the research around foreign market entry has received considerable attention over the last twenty years, (for example, Madhok, 1997; Heramann & Datta, 2006; Brouthers & Hennart, 2007; Hennart, 2009; Brouthers, 2013a), as many organisations are pursuing international growth, as part of their strategies.

An organisation faces a number of different choices when it considers entry to a new foreign country. The firm can set up a subsidiary company abroad, which can be fully owned (WOS- Wholly Owned Subsidiary) or shared ownership with another company (JV – Joined Venture). Alternatively, the organization may decide to enter a foreign country through a contractual agreement with another local firm and this may take the form of distributorship, agencies, franchising or licensing. Exporting is another option by which the firm sells directly to large customers in a foreign country but one could argue that this falls within the contractual category, as previously mentioned. Another strategic choice that organisations may be faced in their pursue for globalisation is the establishment of subsidiaries in foreign countries through acquisitions or green-field operations.

The mode of foreign market entry is of considerable importance as such decisions are very difficult to reverse once implemented and they often have long term performance implications for the firm (Brouthers & Hennart, 2007; Brouthers, 2002; Datta, Hermaman, & Rasheed,(2002). It is of no surprise that scholars have devoted considerable research resources into the area of foreign market entry, trying to understand what influences the mode of entry and its implications.

The review of literature shows that the main theories and constructs in the area of foreign market entry may be grouped into the following broad categories:

#### **a) Transaction Cost Approach**

Most of the research work in the area of foreign market entry falls in this category and the basic proposition is that organisations will choose the entry mode which will minimize the total transaction cost (Datta, Herrmann, & Rasheed, 2002).

Under the Transaction Cost Approach, three factors are considered to influence the entry market decisions, namely, asset specificity, uncertainty and frequency (Zhao, Luo, & Suh, 2004).Unfortunately the research evidence on the influence of these factors on the entry mode is conflicting and confusing (Brouthers & Hennart, 2007), primarily arising from the variations in defining these terms. Closely related to this approach is the internalisation theory which argues that organisations tend to perform internally the activities that can be done at a lower cost and externally outsource all others.

#### **b) Resource Based and Organisational Capability**

The proposition in this approach is that organisations develop their capabilities and gain experience as they expand into foreign markets and by doing so they choose

entry modes that have higher levels of control and ownership (Madhok, 1997; Hennart, 2009). Moreover, organisations build unique resources that can be used advantageously in foreign markets or can use other countries to obtain specific resources (Luo, 2002). The organisational capabilities that have been studied by researchers under this approach are international experience, technology, know-how and reputation and the findings are again conflicting (Brouthers & Hennart, 2007).

### **c) Institutional Theory**

The researchers using this approach suggest that the institutional environmental conditions, mainly, in the host country or the differences between the home and host country play an important role in deciding the mode of entry into foreign markets (for example, Bora, 2002; K.D. Brouthers, L.E. Brouthers, & Werner, 2002; Morschett, Schramm-Klein, and Swoboda, 2010). The main factors considered in this approach are host country risks and uncertainties around the product, government policy, macroeconomic and competition. Some other researchers have concentrated on the cultural differences between home and host countries in an attempt to explain the choice of entry mode (Agarwal, 1994; K.D. Brouthers & L.E. Brouthers, 2001).

### **d) Culture Distance**

According to this theory, the cultural differences between the home and host countries are influencing the foreign market entry mode (for example, Samiee, 2013; Tihanyi, Griffith, & Russell, 2005). The cultural difference approach is also related to risk and uncertainty which affect the level of ownership and investment in the foreign market (for example, Lopez-Duarte & Vidal-Suarez, 2010; K.D. Brouthers, L.E. Brouthers, & Werner, 2000).

### **e) Eclectic Approach**

This approach draws from the other theories and focuses on three factors, ownership, location and internalisation (Tsai & Cheng, 2002; Nakos & Brouthers, 2002). Researchers using this approach have employed ideas from transactional cost, the resource based and organisational capability and the institutional theories discussed above to a different degree to arrive at their own framework.

The above five approaches are the mostly researched and used theories on foreign market entry (Brouthers & Hennart, 2007) and distilling these, one can arrive at four basic considerations in deciding the mode of entry into a new market. These are efficiency (cost), resources, risk and location (Datta, Herrmann, & Rasheed, 2002).

Looking at the BP process for foreign market entry as described in section 5.5.1, it becomes evident that most of the approaches found in the literature have been employed either explicitly or implicitly. In stage A, in which the leadership, strategy and global marketing teams propose the strategy and amongst other things the mode of foreign market entry according to the country classification, it is very likely that this is a result of many years experience in internationalisation, building the organisational capabilities and understanding the associated cost structures. It is believed therefore that the recommended modes of entry are a result of a long and evolving process which has now become part of the organisational culture. There is no hard evidence to support this, however, the organisation has been using only these two modes of entry for the past several years. It is likely that this is a result of an evolving process based on experience, and not on an arbitrary selection. It should be emphasized at this point that the BP lubricants have been

marketing their products globally for over 50 years and have gained considerable experience, capabilities and cost knowledge of the various modes of entry.

It is evident that elements of the institutional theory as described above are employed in stage B of the BP process to select the most appropriate distributor and to decide on the type of relationship that this distributor will have with BP. Institutional and environmental factors of the host country are involved in both of the tools that BP is using to assess the various distributors.

Overall, the BP process for foreign market entry as described in section 5.5.1 is shown to use the four basic elements of the theories, namely, efficiency, resources, risk, and location. Some of these are embedded in the organisational culture, as a result of many years of internationalisation experience, and some are part of the tools that are employed for each new case, to assess and select the appropriate distributors.

## **5.8 Recommendations for improvements**

The collected evidence from the three employed methods has revealed the need for some improvements on the process of foreign market entry and exit within the business unit of BP lubricants.

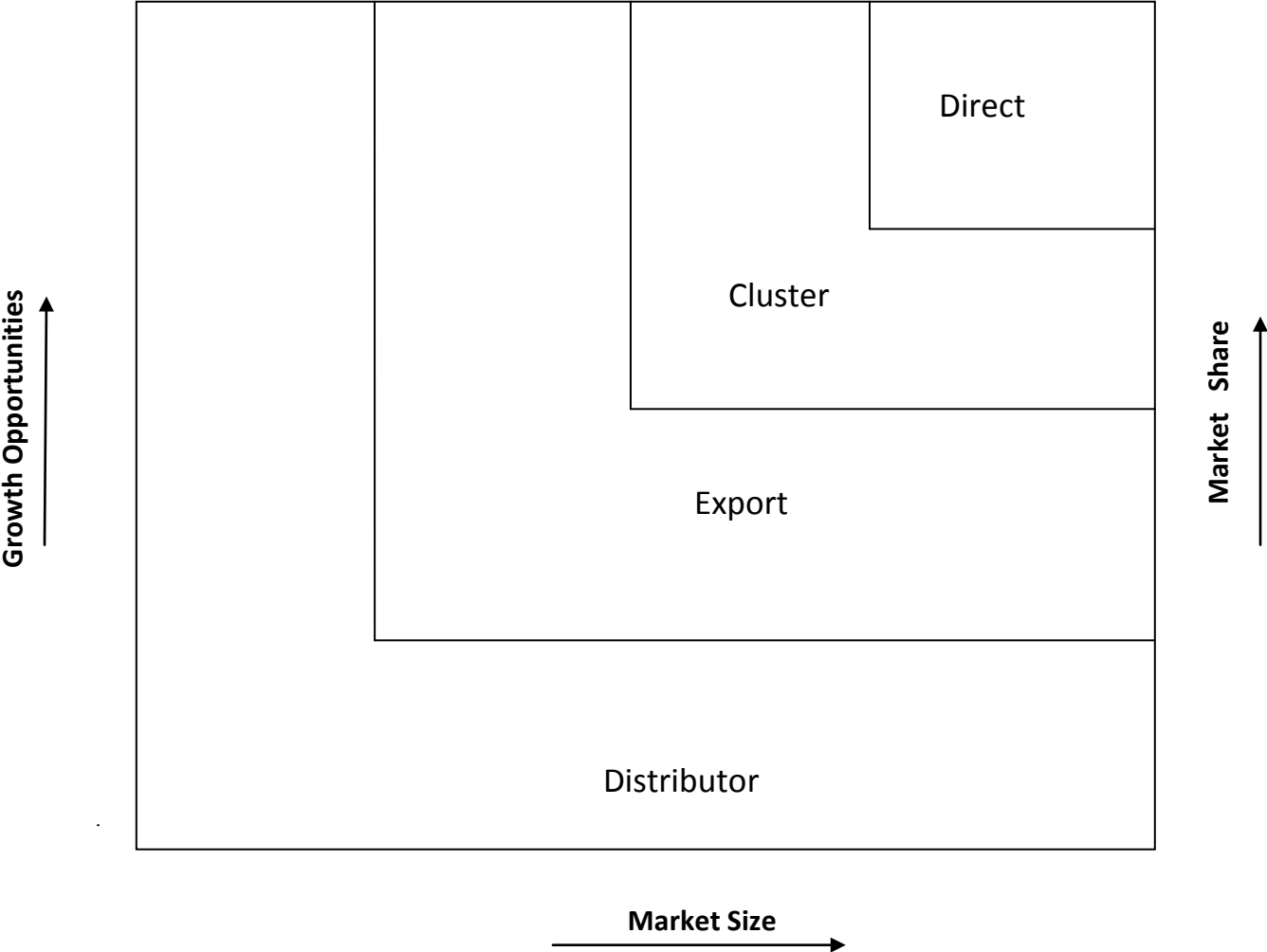
One important aspect that emerged from the review of the data is a gap between the BP Lubricants Strategy booklet (2010) on one hand and the practice (Libyan market entry case and Cyprus market exit) on the other, with regards to the routes to market. In the strategy booklet, there was a mention of a possible third route to market (other than direct and indirect through distributor) and this is called “a cluster model”. The cluster model is in fact a direct route to market but with the

sales and support resources shared by a number of neighbouring countries. This is recommended for smaller neighbouring countries with good growth prospects for which a dedicated direct sales structure for each country would have been inefficient. The shared, direct sales structure for a number of neighbouring countries would provide cost synergies and therefore result in a cost efficient route to market structure. This third option for the route to market was never mentioned by any of the participants in the focused interviews nor was it evident in any other reviewed documents of the two case studies. It should, therefore, be incorporated into the route to market options which will provide further flexibility to the implementation of the strategy. It is reasonable to assume that the cluster model would have greater chances of success if the participating neighbouring countries do not have too dissimilar cultures or have significant political and economic conflicts. For example, a cluster of the Scandinavian countries could be set up in which the sales and support teams are shared.

The need for more options for foreign market entry was raised by a number of participants in the focused interviews (participants 4, 5, 7 and 8), and exporting was suggested as another route to market that could provide an additional entry mode between the two existing routes to market. The option of exporting can be implemented in smaller countries in which direct sales (exports) are intended for a few selected large customers.

It should be noted that the decision and implementation for a mode of entry is usually taken with a time horizon of at least 3-5 years and it would be costly if not legally impossible for an earlier change. The addition therefore of more options that are not legally constraining, will provide greater flexibility especially in (foreseen) changing environments.

The new recommended entry modes for BP lubricants are shown in the revised model (figure 30.0). The direct mode is retained for large countries with high growth opportunities (growth countries) or where BP’s market share is high (core countries). The indirect mode of entry through distributors is maintained for



**Figure 30.0** Recommended Route to Market Model for BP Lubricants

smaller countries where the growth opportunities are limited, or where the market size is very small (optimised countries). In between, the cluster and export modes have been added to provide greater flexibility for the medium size countries with

some growth opportunities, which will also help in periods of environmental changes in the host country.

One other important issue that has emerged mainly in the focused interviews is the lack of transparency in such processes which creates mistrust between the leadership and strategy teams on the one hand, and the colleagues in the countries that are asked to implement the decisions on the other (participants 1,2 & 5 in focused interviews). Evidently, there is an organizational culture of “them and us” between the head office and the regions, and this inhibits trust and effective communications, which presumably extends beyond the foreign market entry process. This mistrust may be manifested in some form of resistance to implement the changes in the country which will have adverse effects on the strategy outcome. It is recommended to include a few simple actions in the process to ensure that the all people involved are fully aware of the strategy and of the process that is followed in such cases to build trust between the teams:

- The strategy with regards to the foreign market entry and exit should be clearly communicated and explained to all managers in the business unit. Perhaps the strategy booklet could be distributed wider within the business unit.
- The strategy teams should involve as early as possible the managers in the relevant countries and clearly communicate the process they will follow. Perhaps increase the involvement of more people at the country level in the process.
- The strategy and leadership teams should communicate and explain as early as possible the outcomes of the process and the steps in implementing the strategy.



It is believed that the above simple actions will facilitate understanding of the strategy in the wider organisation, and will enhance the trust between the two groups of employees which is evidently lacking. The senior management of the organization should investigate further this culture divide between the head office and the regions as this is likely to adversely impact many different business processes. If this culture divide is not effectively addressed, then it is highly likely that the gap between the head office and the regions will keep increasing and it require much greater effort and time to bring them back together.

It was also evident that power may influence the decision for foreign market- entry or exit (participants, 1, 2, 3, 4, & 5 in the focused interviews) coupled with through the use of intuition in the analysis phase (participants 1, 2, 4, 5, & 6 in the focused interviews). Both of these issues may manifest themselves, consciously or unconsciously in the subjective assignment of uncertain variables, shifting the decision towards a specific outcome. This can be minimized if the final decision making is performed by an extended leadership team which will include leaders from other units and functions (for example, leaders from the lubricants teams of Americas and Asia and Pacific). Moreover, a sensitivity analysis on all assumptions may be carried out to understand the dependence of the assigned variable values on the final outcome. The use of sensitivity analysis was mentioned by some participants in the focused interviews as a process strength, but this was not evident in the review of documents. To ensure objectivity in the process and to avoid power influencing, the process of sensitivity analysis may be carried out by an independent team of analysts or even external people. This proposal for improvement will also aid the wider acceptance of the project outcome and remove any mistrust.

Evidently, the Net Present Value (NPV) analysis was based on a time frame of five years. The analysis, however, does not allow the possibility of switching from one entry mode to another within the time frame or at any point beyond the five year horizon, including any associated costs. The NPV analysis can, therefore, be improved by including such a future option, which may give a different optimal route to market from the simple NPV analysis. This leads to the concept of real options theory which suggests that organizations create a real option by undertaking small investments, gain the right but not an obligation, to pursue or terminate a set of actions in the future (Ahsan & Musteen, 2011a; Bowman & Hurry, 1993). Proponents of this theory argue that real options provide greater flexibility in investment decisions as significant commitments can be delayed until relevant uncertainties are reduced (Brouthers & Dikova, 2010; Cuypers & Martin, 2010; K.D. Brouthers, L.E. Brouthers, & Werner, 2008). This theoretical perspective allows for the selection of the appropriate entry mode which manages uncertainty in foreign markets (Ahsan & Musteen, 2011a). This is a promising new direction for foreign market entry and it is worth pursuing further.

Finally, it became apparent that such important strategic analysis is rarely revisited after implementation to review the actual performance against the projected one (participants 5, 6, & 8 in the focused interviews). This would certainly help the understanding and greatly improve the process, as all the assumptions in the analysis can be compared with the actual results.

## 5.9 Research Propositions

This research followed an inductive approach, where the empirical evidence led the process in answering the first two research questions. The three data collection methods, questionnaire, focused interviews, and documents review, have been employed to gather empirical evidence for answering the first two research questions. The empirical evidence collected has led to the formulation of theoretical propositions.

In answering the third and fourth research questions, a deductive approach was followed where existing theory from the literature review has led to the formulation of additional propositions.

The research propositions were then refined, following an iterative process using the empirical evidence and the existing theory from the literature review.

The research propositions 1, 5, 11, and 12 are directly linked to the research questions, whereas the remaining propositions have been developed and refined using the iterative process of inductive and deductive research.

The research findings of this work are summarised in this section in the form of research propositions, and shown whether these are supported or not by the findings of this work (table 19.0), which were discussed in detail in the preceding sections.

**Proposition P1:** BP lubricants Europe and Africa (E&A) are using a standard process in evaluating new foreign market entry and exit opportunities.

It was shown that this proposition is supported by the findings from all three methods and the process that the organisation follows is presented in figure 25.0 in this chapter.

**Proposition P2:** BP lubricants E&A are considering foreign market entry and exit as strategic and the leadership team of the business is involved in the process.

This proposition is also supported by the findings of all three data collection methods.

**Proposition P3:** The process that BP lubricants E&A follows for the foreign market entry/exit is based on analysis and not on gut feelings or intuition.

This proposition is supported however there is some evidence from the focused interviews that analysts may use their experience to assume unknown values in the tools employed. This is a usual practice for most analytical tools and the role of the analyst is to use appropriate assumptions in the analysis. The sensitivity of these assumptions on the overall outcome is tested, as evidenced in the interviews.

**Proposition P4:** Members of staff use power and form groups to influence decision outcomes in a specific direction in the process of foreign market entry or exit within BP lubricants E&A.

There was no evidence to support or reject this in either the questionnaire or in the reviewed documents. However, there were some participants in the focused interviews which indicated that business unit leaders may influence the process towards their preferred outcome using their power in the organisation.

**Proposition P5:** There are specific analytical tools that are employed in the process of foreign market entry or exit within BP lubricants E&A.

This proposition is supported by all the findings and a full description of these tools is given in section 5.5.3.

**Proposition P6:** The process that is followed by BP lubricants E&A for the foreign market entry and exit is perceived as transparent by the employees.

There was no evidence to support or reject this in either the questionnaire or the reviewed documents. There was mixed evidence in the focused interviews in which some felt that the process is transparent and some not. This mixed evidence for non-transparency creates mistrust between staff.

**Proposition P7:** BP lubricants E&A prefer the direct and the distributor modes for entry into new foreign markets.

This is supported by all the collected evidence and in fact these are the only two entry modes that are employed by the business when entering new markets. The recommendations of BP lubricants E&A for the modes of entry into foreign markets are summarised in the matrix as shown in figure 26.0.

**Proposition P8:** BP lubricants E&A recommend the direct mode of entry into new foreign markets for all core and growth countries, and the distributor mode for all other countries.

This is supported by all the collected evidence and figure 26.0 shows these recommendations in a simple matrix model.

**Proposition P9:** BP lubricants E&A refer to market exits when changing the route to market from a direct mode to a distributor mode, and rarely entirely exit a market.

This is again supported by all the collected evidence. The case study of Cyprus' exit is the main evidence which conclusively supports this.

**Proposition P10:** Employees personal preferences for the modes of entry into foreign markets are aligned with those of the company.

The evidence from the questionnaire and the focused interviews show that employees have different preferences for the mode of entry to those that the company is recommending. This proposition is therefore not supported.

**Proposition P11:** The process that BP lubricants E&A is following for deciding the mode of entry into foreign markets has some theoretical justification.

The literature review in the area of foreign market entry has shown that most of the research work can be categorised into four approaches, the transaction cost, resource based and organisational capability, the institutional approach and the cultural distance theory (section 5.7). Comparison with the BP process shows that most of the theoretical approaches found in the literature are used either implicitly or explicitly by the organisation. This is discussed in more detail in section 5.7.

**Proposition P12:** The process used by BP lubricants E&A for foreign market entry can be improved.

This is supported by the collected evidence and several improvements have been recommended in section 5.8

**Table 19.0** Research Propositions and Findings

No.	Research Propositions	Questionnaire	Focused Interview	Documentation
P1	BP Lubricants E&A are using a standard process in evaluating new foreign market entry and exit opportunities.	Supported	Supported	Supported
P2	BP Lubricants E&A are considering the foreign market entry/exit process as strategic and the leadership team is involved in the process.	Supported	Supported	Supported
P3	The process that is followed by BP Lubricants E&A for the foreign market entry and exit is based on analysis and not on gut feelings or intuition	Supported	Supported but with some evidence of analysts using their experience to build unknown assumptions	Supported
P4	Members of staff use power and or form groups to influence towards a specific direction in the process of foreign market entry/exit in BP lubricants E&A	Not evident	Some evidence that leadership members use power to influence towards specific directions.	Not evident
P5	There are specific analytical tools that are used in the foreign market entry/exit process by BP Lubricants E&A	Supported	Supported	Supported
P6	The process that is followed by BP Lubricants E&A for the foreign market entry and exit is perceived as transparent	Not evident	Partially supported and some evidence to the contrary	Not evident
P7	BP Lubricants E&A prefer the direct and the distributor modes for entry into new foreign market entries	Supported	Supported	Supported
P8	BP Lubricants E&A recommend the direct mode of entry into new foreign markets for core and growth countries and the distributor mode for all other countries	Supported	Supported	Supported
P9	BP Lubricants E&A refer to market exits when changing the route to market from a direct mode to a distributor mode and rarely exit a market entirely	Supported	Supported	Supported
P10	Employees personal preferences of mode of entry into foreign markets are aligned with those of the company	Not Supported	Not supported	Not evident
P11	The process that BP Lubricants E&A is using for the foreign market entry has some theoretical justification.	Not evident	Supported after comparing with the literature	Supported after comparing with the literature
P12	The BP Lubricants E&A process for new foreign market entry and exit can be improved	Supported	Supported	Supported

## **5.10 Contribution to Knowledge and Practice**

As discussed in section 5.5 above, the process of foreign market entry in BP Lubricants in Europe and Africa employs, implicitly or explicitly, the main theories found in the literature on this subject, namely, transactional cost, resource based and organisational capability, cultural distance, and institutional approaches.

The empirical evidence from the present case study analysis shows that the four theoretical approaches are all employed in deciding the foreign market entry mode in BP Lubricants Europe and Africa to different degrees and time horizons, indicating the complex nature and its multivariable dependency, driven by complementary theories. The organizational experience which is part of the “Resource Based and Organizational Capability Theory” is employed at a strategic level and narrows down the options of foreign market entry modes. The cost element and the host country characteristics are used at an operational level to decide the final mode of entry. Moreover, the study identified that the decision making process is influenced by a number of other factors, such as power and internal politics, irrational management decisions, intuitive biases, and the objectives for growth. The managers involved in the decision making process may take on the role of influencer, decider, or recipient and the process outcome may not always follow rational reasoning. Political conflicts, mistrust, and lack of transparency between the central and regional teams were also evident and these adversely affected a rational decision making process.

Evidently, no single theory can describe the complex, multi-level, and multivariable process of foreign market entry that is followed by BP Lubricants in Europe and Africa; it is shown to be described by a combination of theories and influenced by a multiplicity of variables, acting simultaneously and at different



levels. This is an identified gap in the literature and can be considered as the main contribution to knowledge of this thesis.

The use of case study methodology has enabled an in-depth analysis of the foreign market process within a large multinational organisation, and identified the many variables influencing the process. This methodological approach differs from most previous research in the area that studied a number of organisations and industries but employed a single theory to explain their empirical findings. In doing so, they have considered only some of variables that influence the decision making process and ignored all others, leading to contradictory and inconsistent findings.

Using the empirical evidence from the case study of BP Lubricants in Europe and Africa, two models were proposed, the first (figure 25.0) shows the process flow and the decision making sequence, whereas the second (figure 31.0) is a descriptive, multi –theory model, highlighting the multivariable dependency of the process, driven by multiple and complementary theories. Both of these models depict the complex nature of the foreign market entry process, and as such no single theory can adequately describe the process, as much of the existing research implies.

The descriptive, multi-theory model (figure 31.0) shows that the experience and culture of the organisation narrows down the options of foreign market entry by passing them through a “strategic lens”. This lens is built through the years of experience of the organisation for the specific industry and its culture and remains unchanged in the short term. Through this strategic lens, the organisation rejects most of the entry options and considers only a limited number of modes for further analysis. The final selection of the entry mode is then performed using two “operational level lenses” through which the costs and host country characteristics

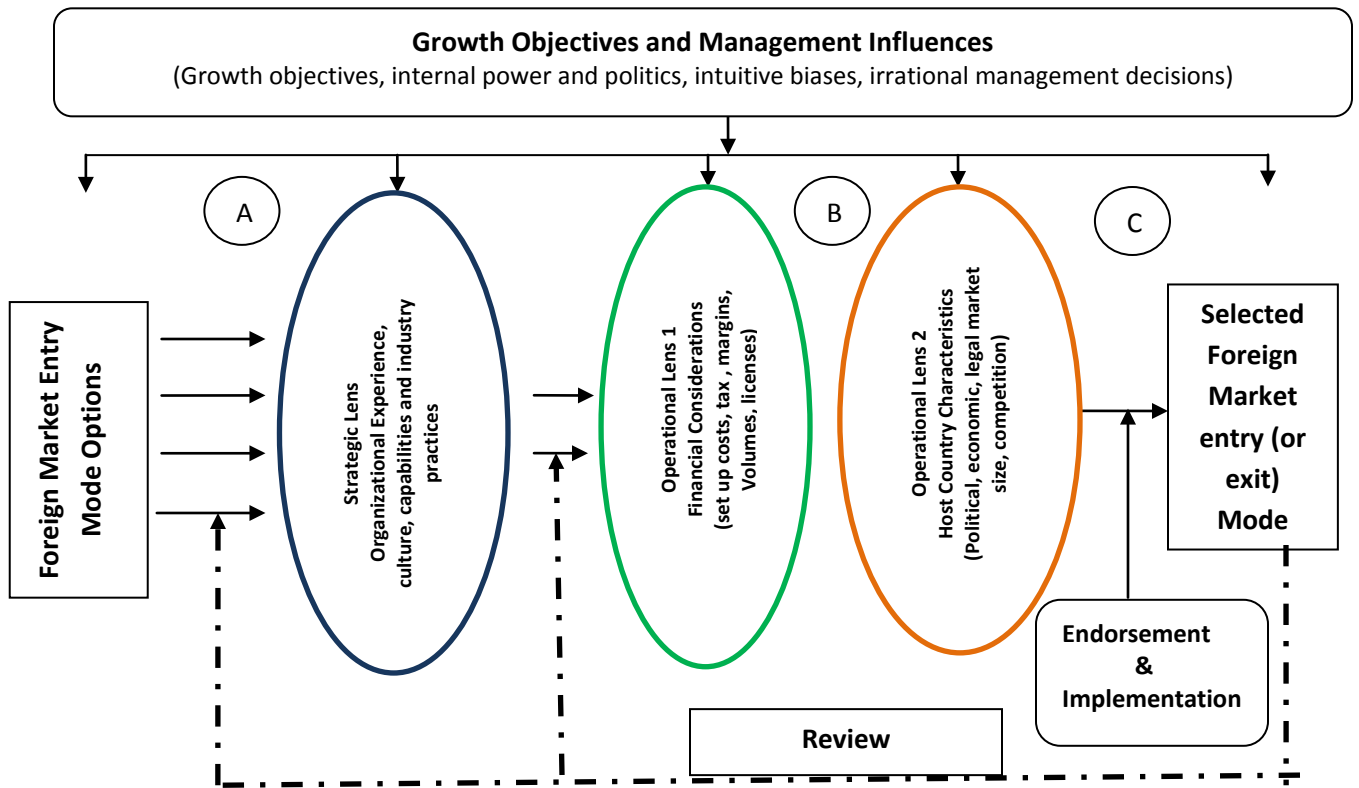
are considered. The label of “operational lens” indicates that these lenses are applied each time the organization expands into new foreign markets and they have as input only the options that the “strategic lens” provides as output. The model also shows that the process is dynamic and is reviewed both at strategic level every 5-10 years in which all the available options are reviewed and a few options are selected based on the organization’s experience and culture but also at operational level, where a foreign market mode is re-assessed using the operational lens. The descriptive model also shows that the internal power and politics, and irrational management decisions, may influence the process at all stages of the process.

It is worth mentioning that foreign market exit is one of the options at both the operational and strategic levels.

The exploration, analysis and in-depth understanding of the decision making process of foreign market that BP Lubricants in Europe and Africa has produced a descriptive, multi-theory model, detailing the complex nature of the process and the many variables influencing the final selection of the route to market. The in-depth understanding of the foreign market entry process that one multinational organisation, such as BP, is following, can be considered as a useful contribution to knowledge.

A systematic literature review was carried out (chapter 3) in which a large number of academic articles on foreign market entry, were identified, selected, analysed, and synthesised in order to understand the theoretical developments in this important area of business research. Research evidence on foreign market entry is fragmented over several disciplines (for example, business, economics, and management) and there is a lack of consensus in the findings and in their explanations. The main theories and constructs of foreign market entry were

identified and the review process highlighted certain gaps in the literature. The output from the systematic literature review provides a useful summary of the theoretical developments on foreign market entry research and highlights gaps in



**Figure 31.0** Descriptive Model for Decision Making Process for Foreign Market Entry

research. The lack of consensus in the reported evidence may be partly accounted for by the omission in the proposed theories of the complexity and the multiplicity of variables influencing the decision on foreign market entry. The enhancement of these theories with aspects of strategic decision making research may produce more consistent evidence.

Moreover, evidence from this research showed that BP Lubricants in Europe and Africa decide on foreign market entry modes, as part of regular portfolio reviews and this may influence the output of the process, as the organisation may decide to use similar strategies in neighbouring countries. Such aspects have not been considered by the theories found in the literature and the inclusion of such inter-dependencies may add to the understanding of the process.

In summary, the contribution to knowledge of this thesis is outlined below:

- The exploration, analysis, and in depth understanding of the process of foreign market entry that one multinational organisation is following.
- The understanding of the existing theoretical developments in the area of foreign market entry and the identification of gaps in the literature.
- The comparison of the empirically produced model for foreign market entry with the existing theories and bridging the identified gaps in the literature.
- The confirmation that aspects of strategic decision making research influence the process of foreign market entry.
- The decision making process for foreign market entry is part of portfolio review and this may influence the final mode outcome.
- The lack of consensus in the literature on foreign market entry may be partly explained by the identified omissions.

As this research work is part of a DBA course and is undertaken with the author's own organisation, the thesis output includes contribution to practice. One of the main objectives of this research was to identify strengths and weaknesses of the process followed by BP and based on these to suggest improvements to practice for better and more informed decision making on the routes to foreign markets for the

benefit of the organisation. The recommended improvements were discussed in detail in section 5.8 and are briefly outlined below:

- Linking theory and practice for improvements to the process: in- depth understanding of the process that BP is following and the theoretical developments to identify weaknesses and suggest improvements.
- Consideration of more options at the strategic level: the use of only two routes to market is restrictive and the inclusion of exporting and clustering provides more flexibility, especially when risks and uncertainty are high.
- More transparent process to minimise mistrust: ensuring that the process is transparent is likely to increase the engagement of people and this improves the quality and outcome of the process.
- Minimise political, power, and intuitive influences from management on the process: these influences may adversely affect the outcome of the process and any measures to minimise these effects are likely to enhance the process.
- Organisational learning from the process: post implementation reviews and assessments are suggested to develop organisational learning and to promote continuous improvements.

## **5.11 Chapter Summary**

The research work undertaken within the business unit of BP lubricants Europe and Africa around the area of foreign market entry and exit was presented in this chapter.

A case study methodology was employed, using two cases, the Libyan market entry and the Cyprus market exit, to review and understand the process that the organisation is using for foreign market entry and exit.

Three main methods were employed to collect evidence, namely, a questionnaire, focused interviews and document review. The data collected were analysed using qualitative content analysis and the findings were presented.

The research objectives set out at the beginning of the work have been achieved and all the research questions have been addressed. The process of foreign market entry and exit that BP lubricants in Europe and Africa follows has been reviewed in detail, and the links with theory have been established. The study has also identified some process weaknesses and improvements were recommended.

## 6. CONCLUSIONS

### 6.1 Introductory Comments

In this chapter, the main research findings and conclusions of the thesis are summarised and the contributions to practice and knowledge are highlighted. The issues of research validity and reliability are discussed and the research limitations and recommendations for further work are briefly stated.

In the first sections of this chapter, the research aim and questions are restated and briefly reviewed to ensure that the thesis has addressed all questions set at the beginning of the research. The main findings of the foreign market entry process of BP Lubricants in Europe and Africa are highlighted, including identified weaknesses of the process. The next sub-section summarizes the main findings from the literature review, focusing on the contemporary theories and constructs for foreign market entry and on the identified gaps in the literature. The fourth sub-section presents suggested improvements to practice.

The contributions to knowledge and practice are presented in sections 6.3 and 6.4 respectively, drawing information from other parts of the thesis, and the chapter closes with a discussion of the issues of research validity, reliability, limitations and recommendations for further work.

### 6.2 Research Aim and Questions Revisited

The research aim, which is the overall purpose of the study, indicating the intent and direction of the research, was stated at the beginning of the thesis as:

*“To explore, analyse, and understand the foreign market entry and exit process that the lubricants business unit in Europe and Africa of BP is following and identify strengths and weaknesses”.*

The research questions stated at the beginning of the research, which guided the research process, are revisited to ensure that all questions have been addressed:

- *What is the foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?*
- *What criteria are used to assess foreign market entry and routes to market?*
- *How does this process compare with the research work found in the literature?*
- *How can this decision making process be improved, linking theory and practice?*

It was shown in the previous chapters that the research questions have been fully addressed and the proceeding sections summarise this evidence, by drawing from various parts of the thesis.

#### 6.2.1 What is the foreign market entry and exit decision making process within BP Lubricants Europe and Africa Business Unit?

Using case study methodology and exploring in depth two contrasting cases (the Libyan entry and the Cyprus exit), the foreign market entry and exit processes within BP Lubricants in Europe and Africa have been established (figures 25.0 & 31.0). Collection of evidence was achieved through three different methods, questionnaire, focused interviews, and documentation review. It was shown that the process has three distinct stages, each stage involving different players, roles and responsibilities. In the first stage (stage A), the work is at a strategic level and involves the leadership team (LT), the strategy team (ST), and the Global Marketing Unit (GMU). The process at this stage is performed at a regional level and the agreed strategy is reviewed every 4-5 years. The output from this process



provides the strategy guidelines with regards to foreign market entry. At this stage (strategic), the recommendations for the mode of entry are basically two, direct (own sales force) or indirect through selected distributors. BP's preferred route to market is the direct one for those countries that are classified as core or growth and through distributors for all others. The country classification into core, growth and others is achieved through financial and marketing criteria.

The second stage (B) is done at a country level and the strategy team performs a review annually for all countries, for those that BP is already selling, and for potential new entries. The inputs to this process are the financial and marketing performance data for the country and the outputs are the recommendations to the route to market.

The final stage (C) is the endorsement or not of the recommended decision from stage B of the route to market by the leadership team and implementation of the decision.

Interestingly, the term market exit is used by BP Lubricants to refer to the change of the route to market from the direct mode to the distributor mode and rarely is there a complete exit from a country, unless the political and other risks of doing business there are excessive. The process of market exit as considered by BP Lubricants can be taken as a special case of market entry process and follows the same three stage process.

The research also identified different analytical tools that BP Lubricants in Europe and Africa are employing during the decision making process of market entry. These are the discounted cash flow (DCF) model for the financial analysis of the various options, the country attractiveness model for assessing the various country risks and the market's potential, and the distributor selection tool for the cases where the route to market is through a distributor.

Some issues with BP's foreign market entry process emerged during the collection of evidence, particularly the focused interviews. The main issue identified is the lack of transparency of the process, and as a consequence, the mistrust that is developed between the leadership and the strategy teams on the one hand and the

people in the country on the other. Moreover, there was some evidence that some decisions may be taken intuitively or influenced by managers in power. These are process weaknesses and adversely affect the outcome of the evaluation of the available options.

One other deficiency of the process that was highlighted is the fact that BP Lubricants is only considering two options for the route to foreign market entry, that of direct sales or through a distributor. This limits the choices of the organisation and in times of fast changing environments, politically and economically, the strategy team should have more options in their hands without committing the company to long legal agreements which are either costly or difficult to reverse. The ability to switch between options at any future point needs to be included in the DCF analysis at time 'zero'.

Another issue that emerged is that the decision taken is rarely revisited, and reviewed, and this does not encourage the learning from past experience. Certainly, the comparison of the actual performance of the selected route to market with the forecasted one during the assessment would provide useful learning to improve the process. Moreover, it became apparent that critical assumptions in the evaluation may be consciously or unconsciously influenced, or biased, and this weakens the robustness of the process.

#### 6.2.2 What criteria are used to assess foreign market entry and routes to market?

The evidence collected from the primary research stage indicates that BP Lubricants in Europe and Africa are employing numerous criteria and tools to assess foreign market options. The international experience of the organisation accumulated over the years and its culture, play an important strategic role in the decision making process. Using these inputs the organisation limits the foreign market entry options to two only, the direct sales mode for all growth and core countries and the indirect by appointing a distributor in the host country for all other countries. The strategy and leadership team of the organisation categorise the countries using marketing criteria, such as market size, BP's market share, and growth opportunities. These form the strategy guidelines of the business unit for foreign market entry processes, which are reviewed periodically every 4-5 years.

The process of foreign market entry also employs financial, host country marketing, economic, and political criteria to assess the entry mode and decide between the two available options.

The evidence obtained in the research showed that the business employs three different tools to assess the foreign market options. A discounted cash flow analysis (DCF) for a financial assessment of the options, the country attractiveness model that uses marketing, and country data to assess the risk (mainly political, financial, and legal) and the distributor selector tool for assessing different distributors based on experience and capabilities.

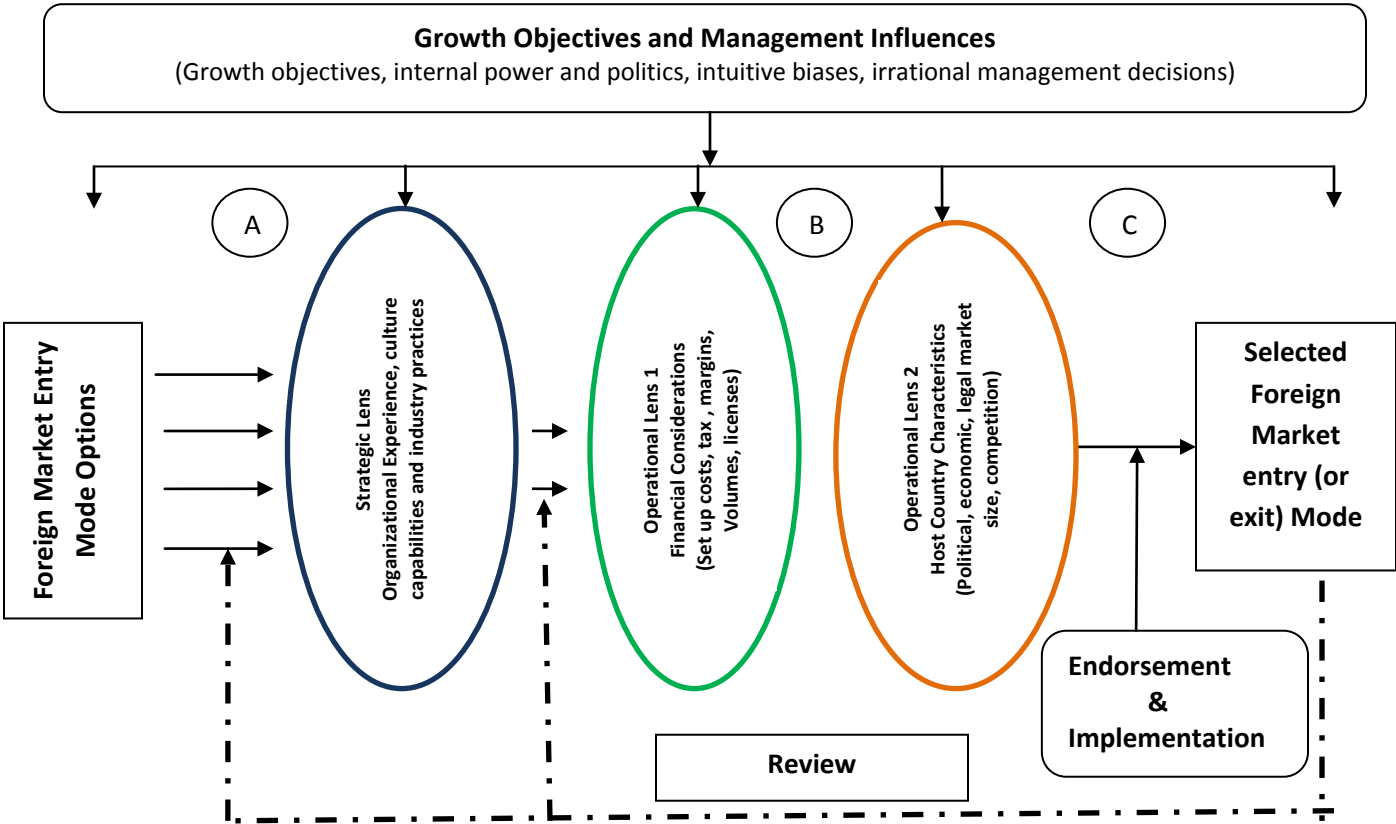


Figure 31.0 Descriptive Model of Decision Making Process for Foreign Market Entry

Evidently, the foreign market entry process followed by BP Lubricants in Europe and Africa uses a variety of criteria and tools in assessing the available options, and these range from international experience and culture of the organisation, market and country data, institutional aspects and financial considerations. These are assessed at different levels (strategic and operational) and with different time horizons. The strategic review is performed once every 4-5 years, whereas the operational assessment is done annually. Based on this information, a model which describes the process of foreign market entry that is followed by BP Lubricants, showing the inputs and outputs has been constructed (figure 31.0). The strategic lens uses the organisational experience, culture and capabilities to narrow down the foreign market entry options, whereas two operational lenses rely on financial and host country characteristics respectively to select the final entry mode. BP's business unit of lubricants in Europe and Africa reviews the operational criteria annually whereas the strategic inputs every 4-5 years. The decision making process is influenced by the behaviour of the management at all stages and by the overall growth strategy of the organisation. Market exit from a country is one of the options in the process but such an output appears to be uncommon for BP lubricants in Europe and Africa and it is only selected when forced by international trade sanctions. In fact, the term market exit is employed within the organisation to denote a change of route to market from a direct mode to an indirect one.

### 6.2.3 How does this process compare with the research work found in the literature?

A systematic literature review was carried out which identified the main theories and constructs for foreign market entry. These theories are compared with the findings of this research on the foreign market process that BP Lubricants in Europe and Africa are using.

The literature review highlighted certain gaps in the theory and the research evidence from the study has aimed to bridge these gaps.

The undertaken systematic literature review emphasized the growing interest and importance of foreign market entry research. In fact, the area of international

market entry is the third most researched topic in international management (Werner, 2002) and this review has found more than 2000 relevant studies. Using inclusion and exclusion criteria, the number of studies for subsequent analysis was narrowed down to 90, and these appeared in 61 different journals, demonstrating the highly fragmented nature of this research area.

Thematic analysis was employed to synthesise the findings and the process identified several theories and constructs, of which the main ones are: the transaction cost, institutional, cultural, and resourced based views.

The proponents of the transaction cost theory on foreign market entry argue that the firm will choose the least costly option when deciding the modes of entry (for example, Brouthers, 2013a; Madhok, 1997). This approach necessitates an analysis of costs and benefits for all possible options and selecting the one with the lowest overall cost.

The institutional theory proposes that the regulatory structure in the host country (legal, tax, finance, and others) together with the tendency of new entrants to copy the actions of local competitors, influence the mode of entry into a foreign market (for example, Canabal & White, 2008; Brouthers & Hennart, 2007).

The cultural differences between the home and host countries are considered to influence the choice of foreign market entry, according to this theory (for example, Samiee, 2013; Tihanyi, Griffith, & Russell, 2005), which is also related to risk and uncertainty (for example, Lopez-Duarte, & Vidal-Suarez, 2010; K.D., Brouthers, L.E., Brouthers, & Werner, 2000) and the institutional approach.

The resource based view claims that the organisational capabilities constitute the main driver for internationalisation (for example, Sharma & Erramilli, 2004; Ekeledo & Sivakumar, 2001; Madhok, 1998). According to this theory, the organisation will choose a foreign market entry mode that will exploit its unique capabilities and resources.

A number of other theories and constructs have been proposed which are either related to the above, or received limited attention. Examples of these are, the eclectic theory (for example, K.D., Brouthers, L.E., Brouthers, & Werner, 1996; Brouthers & Hennart, 2007), industry structure and bargaining power (for example,

Markusen & Stahler, 2011), internationalisation (for example, Dow & Larimo, 2009; Martinez & Lopez, 2009), and internalisation (for example, Buckley & Casson, 1998; Madhok, 1997).

The foreign market process for BP Lubricants in Europe and Africa and the decision for the route to market were shown to be influenced by many variables, acting simultaneously and at various management levels. The organisational experience in international markets, organisational culture, host country characteristics, marketing parameters for the host industry, and the financial implications are the main decisive factors in the process. These complex, multi-variable and multi-level interdependencies cannot be explained by the proposed theories found in the literature, most of which suggest that the foreign market entry process is driven by variable (s) from a single construct or theory. For example, the transaction cost proponents suggest that the cost associated factors are the only drivers for the decision on foreign market entry. The exception is the eclectic theory which proposes that the organisation, the location, and institutional factors determine the foreign entry decisions, but even this model does not adequately describe the complex, multi-variable, and multi-level process of foreign market entry decisions. There is a major gap between the proposed theories for foreign market entry, as compared with empirical evidence from the present study.

The analysis of BP's foreign market entry process has also highlighted that the decisions may be influenced by managers in power or by intuition and therefore the process may not always be bound by procedural rationality. This supports the findings of previous research on strategic decision making studies which argued that managerial decisions are not always bound by rationality but are influenced by background, experience, organisational power, culture and politics (for example, Carpenter, Geletkanycz, & Sanders, 2004; K.D., Brouthers, L.E., Brouthers, & Werner, 2000; Simon & Lane, 2004; Fincham, 1992). Most of the proposed theories on foreign market entry ignored the findings from strategic decision making studies and assume that management decisions are always rational. This is another gap in the literature on foreign market entry and the inclusion of such aspects into the theoretical development is likely to improve understanding of the process on foreign market entry decisions.

Moreover, most of the proposed theories on foreign market entry assume (explicitly or implicitly) that the main reason for a firm's international expansion is to maximise its profits, however, this may not always be the case. Organisations may enter a specific foreign market for a variety of strategic reasons, for example to gain market share in that country or to compete directly with a local player or to exploit its resources or to gain specific knowledge. The driver behind international expansion should be recognised and included in theory development for foreign market entry.

In summary, the empirical evidence from this research suggests that the decision making process for foreign market entry is complex and dependant on a number of variables from different theoretical propositions and cannot be explained by a single theory. Most of the proposed theoretical frameworks in the literature on foreign market entry, suggest that the process is dependent on a single theory and this is the main difference from the model empirically derived in this work which suggests a combination of theories, acting together. Recently, some researchers on foreign market entry recommended future investigations should be based on the combination of multiple theoretical propositions (Morschett, Schramm-Klein, & Swoboda, 2010; Brouthers, & Hennart, 2007; Tihanyi, Griffith, & Russell, 2005; Datta, Herrmann, & Rasheed, 2002).

There is considerable empirical evidence in the literature on foreign market entry that provides useful insights into this important strategic process, however, the findings are, more often than not, conflicting which makes it difficult to draw conclusions that can be generalised (Morschett, Schramm-Klein, & Swoboda, 2010; Brouthers, & Hennart, 2007; Datta, Herrmann, & Rasheed, 2002). The main reason for the lack of consensus in the empirical findings is that most studies focus on one set of variables from a single theory at a time and omit others. For example, the studies of Agarwal and Ramaswami (1992) and Erramilli (1996) investigated the entrant firm characteristics on the choice of foreign market entry, whereas Tihanyi, Griffith, and Russell (2005) and Chang and Rosenzweig (2001) empirically examined the effects of culture distance on the entry mode. Another issue that may add to the inconsistent results are the variety of home and host countries that the empirical studies use. For example, the empirical research by Agarwal and Ramaswami (1992) uses North America as the home country, Brouthers (2002) study is based on Western Europe, and Erramilli, Agarwal, and

Kim (1997) consider Korean home firms. The variety in host countries is also evident, for example, the study by Brouthers (2002) uses data from a variety of host countries, Hennart and Reddy (1997) concentrate in the United States for the host country data, and Nakos and Brouthers (2002) consider Central and Eastern European host countries. The industry also plays an important role in the foreign market entry process and empirical researchers have provided evidence from firms in the manufacturing sector (for example, Yiu & Makino (2002); Delios & Hemisz (2000)) and others from the service sector (for example, Erramilli (1996) ; Brouthers (1995)) but their conclusions are conflicting. The complex nature of foreign market entry and its multivariable and multilevel dependencies make the subject very difficult to study empirically and the researcher is faced with many challenges. To study the effects of one such variable on the mode of foreign market entry, the researcher must maintain under control other variables that may influence the outcome. This introduces significant constraints to the research design and to the selection of an appropriate sample to address the given research questions.

Another reason for the lack of consensus in the empirical findings on foreign market entry research is the inconsistent definitions of key variables. For example, empirical studies on the effects of entry modes on performance produced conflicting evidence as researchers used different criteria to assess firm performance. Shrader (2001) and Chan (1995) for example, employed traditional financial ratios (return on sales, or return on assets) to measure the performance of new ventures whereas Li (1995) and Chowdhury (1992) used exit rates to assess performance.

In summary, there is a plethora of empirical evidence on foreign market entry research but their conclusions are often contradictory due to the complex nature of the research area. The process of foreign market entry is dependent on a number of different variables acting together and at different organisational levels. Researchers often focus on a single variable or on a set of variables from a single theory and attempt to investigate their effects on foreign market entry aspects, ignoring other important determinants in the process. Many of the empirical studies are very specific with respect to the industry, the host market, and the modes of entry and this makes comparisons, and generalisations difficult.



#### 6.2.4 How can this decision making process be improved, linking theory and practice?

Following the identification of specific weaknesses in the process followed by BP Lubricants in Europe and Africa and taking into consideration the theoretical developments in this area, several improvements to practice are suggested.

It was suggested to extend the available route to market options and to include clustering and exporting with the direct sales and distributorship, already employed. Clustering may be used where neighbouring countries have attractive growth opportunities but are not large enough to justify direct sales in all the countries in the cluster. This route to market may produce synergies and an efficient cost structure and would be an intermediate option between the direct sales and the distributorship. Exporting may also be considered in cases where there is environmental turbulence and the firm is unwilling to commit to other routes to market for the medium term.

Furthermore, the mistrust between the head office and the colleagues in the local offices in the counties should be addressed, and it was proposed that the strategy is clearly communicated to as many employees as possible. In addition, the process of reviewing routes to market should be made transparent to the management teams in the countries. These simple but nevertheless effective measures should reduce the mistrust between the groups of employees and improve the process.

It was also identified that colleagues in powerful positions and internal politics may influence the decision towards a specific outcome. Moreover, analysts may intuitively favour a specific route to market. Specific measures are suggested to minimise these influences, such as the inclusion of managers from other business units in the decision making panel, or use of external consultants, and the utilisation of sensitivity analysis to assess the dependence of the main assumptions on the final outcome. Such measures will certainly improve the process, increase the wider acceptance of the process outcome, and minimize mistrust.

Finally, it was proposed that the analysis is revisited regularly after implementation to compare actual performance data with those projected during the analysis stage. This will provide useful insights into the process and will facilitate organisational learning.

### 6.3 Contribution to Knowledge

The research work in this thesis provides the following contributions to knowledge:

- *The exploration, analysis, and in depth understanding of the process of foreign market entry that one multinational organisation is following.*

The detailed analysis of the foreign market entry process that BP Lubricants in Europe and Africa follows, using case study methodology, has led to the development of two models that describe the process. The first, is a process model (figure 25.0), showing the flow of information and decision making sequence and the second (figure 31.0) is a descriptive model showing the many variables affecting the decision making process. Both models depict the complex nature of the process and recognise that a number of variables play an important role in the decision making process, acting simultaneously and at different levels. Most of the existing theories on foreign market entry (for example, transaction cost theory (Brouthers, 2013a; Madhok, 1997), institutional theory (Canabal, & White, 2008; Brouthers, & Hennart, 2007), or resource based theory (Sharma, & Erramilli, 2004)) propose a dependency on a single variable or on a set of variables from a single theory or construct. This study however, emphasises the complex and multi-theory dependency of the decision making process for foreign market entry, with a number of different variables acting simultaneously and at different levels and as such, no single theory can satisfactorily describe the process. Some researchers on foreign market entry (for example, Morschett, Schramm-Klein, & Swoboda, 2010; Brouthers, & Hennart, 2007; Tihanyi, Griffith, & Russell, 2005) have stressed the need to investigate this process through multiple theoretical propositions and this study contributes towards this shift of focus.

The in depth analysis of the process of foreign market entry through two case studies within a multi-national organisation has also revealed the political and other influences on the decision making process and highlighted the roles of key managers in the process, either as influencers,

deciders, or recipients of the process outcome and the divide between central and regional offices . This supports the findings of previous research on strategic decision making studies that claim that managerial decisions are not always bound by rationality but are influenced by a number of other factors such as politics, culture, and power (for example, Carpenter, Geletkanycz, & Sanders, 2004; K.D., Brouthers, L.E., Brouthers, & Werner, 2000). Most of the proposed theories on foreign market entry ignored such influences and assumed that managerial decisions are rational, and this may partly explain the reported empirical inconsistencies in this research area.

The use of case study methodology for an in-depth analysis of the foreign market entry process of a multinational organisation is perhaps uncommon and enabled the simultaneous study of all the variables influencing the decision making process, which lead to the development of the descriptive, multi-theory model (figure 31.0). Most of the previous empirical work in this area investigated the decisions on foreign market entry from a number of different organisations, industries, and across a number of countries and attempted to explain these using one of the several theories on the subject (for example, internationalisation (Dow, & Laremo, 2009; Martinez, & Lopez, 2009), cultural distance (Stevens, & Dykes, 2013; Samiee, 2013), and resource based view (Sharma, & Erramilli, 2004; Ekeledo, & Sivakumar, 2001). Despite the numerous empirical studies over the years, research findings lack consensus, which may be attributed to the omission of the complexity of the process and its dependency on multi-theories rather than on a single theory (Morschett, Schramm-Klein, & Swoboda, 2010; Brouthers, & Hennart, 2007).

- ***The understanding of the existing theoretical developments in the area of foreign market entry and the identification of gaps in the literature.***

Despite the considerable and growing academic attention in foreign market entry research over the last twenty years, only a small number of reviews are available (Morschett, Schramm-Klein, & Swoboda, 2010; Canabal, &

White, 2008; Brouthers, & Hennart, 2007; Datta, Hermann, & Rasheed, 2002; Sakar, & Cavusgil, 1996) and these are limited in scope. They either provide meta-analysis on specific theories or reviews on selected empirical evidence.

This study provides a systematic literature review that identified, selected, analysed, and synthesised a large number of academic articles on foreign market entry that were fragmented in different disciplines and produced some useful findings. The main theories and constructs on foreign market entry were identified and the process highlighted certain gaps in the literature. The output of the literature review provides a useful up to date summary of the research around foreign market entry and highlights areas where studies have led to inconclusive and inconsistent findings. As such, it may help researchers on foreign market entry to redirect their efforts to areas by identifying gaps for future studies in order to enhance our understanding in this area.

- ***The comparison of the empirically produced model for foreign market entry with the existing theories and bridging the identified gaps in the literature.***

Unlike many of the theories on foreign market entry that were discussed in the literature review chapter ((for example, transaction cost theory (Brouthers, 2013a; Madhok, 1997), institutional theory (Canabal, & White, 2008; Brouthers, & Hennart, 2007), or resource based theory (Sharma, & Erramilli, 2004)) for example , the two empirical models that were developed in this study (figures 25.0 and 31.0) show that the decision making process is dependent on a multiplicity of variables acting simultaneously, and at different levels. The main variables influencing the decision making process are, the organisational experience and culture, the transaction costs, the host country characteristics, and the host market itself. Equally important, the study identified that the decision making process is influenced by internal politics and power, which are mostly ignored by previous research on foreign market entry. In other words, no single theory

from the ones found in the literature adequately explains the foreign market entry process within BP Lubricants but the developed models show the complexity of the process and multi-theory dependency, with many variables influencing the final process outcome. The inclusion of these variables into the process model may explain the many inconsistent findings of previous research that focused on single theory dependency and omitted all others.

- ***The confirmation that aspects of strategic decision making research influence the process of foreign market entry.***

It became apparent that the decision making process within BP Lubricants in Europe and Africa may be influenced by management, either by means of internal power and politics, favouring and acting towards a specific outcome, or in an intuitive manner during the analysis of options. The descriptive, multi-theory model proposed in this study (figure 31.0) shows that management can influence the decision making process at different points in the process and for a variety of reasons (for example, power, or personal preferences). Key managers in the process may act as influencers, deciders, or recipients of the output and interact and drive the process and this is contrary to most existing research on entry mode decisions that assume that the process is based rational models.

This confirmed the findings of strategic decision making research which has found that management decisions are not always bound by rationality, but are influenced by other factors such as experience, culture, power, and politics ( for example, Carpenter, Geletkanycz, & Sanders, 2004; K.D., Brouthers, L.E., Brouthers, & Werner, 2000; Simon & Lane, 2004; Fincham, 1992). This was identified as a gap in the literature review on foreign market entry, where the proposed theories omitted previous research findings on strategic decision making, assuming that management decisions are always rational.

- ***The decision making process for foreign market entry is part of portfolio review and this may influence the final mode outcome.***

It was further shown that BP Lubricants in Europe and Africa perform portfolio reviews, and regularly re-assesses foreign market entry modes. As such, the decision making process for a specific country may be influenced by the strategies pursued by the organisation in other neighbouring countries. These inter-dependencies are not considered in the theories found in the literature and adding these possibilities may bring further understanding to the area.

- ***The lack of consensus in the literature on foreign market entry may be partly explained by the identified omissions.***

The literature review showed that there is a lack of consensus in the reported empirical evidence on foreign market entry research, which may be partly accounted for by the omission of the complexity and contextual, multi-variability, strategic decision making aspects, and portfolio review influences. The descriptive, multi-theory model that was developed in this study (figure 31.0) includes all these elements in the decision making process and provides a basis for future directions on foreign market entry research. The inclusion of these aspects into a theory development on foreign market research may provide an explanation for the inconsistent evidence in this area.

The complex nature of foreign market entry process, with the multiplicity of variables influencing the outcome, acting at different levels, and driven by complementary theories, means that the phenomenon extremely difficult to study empirically and this has led to the contracting evidence found in the literature. The proposed multi-theory model is expected to add to the understanding of the foreign market entry process, and perhaps provide the basis for future research directions that will bring improved consistency to empirical evidence.

## 6.4 Contribution to Practice

This research work was undertaken within the author's own organisation with the aim to explore, analyse, and understand the decision making process on foreign market entry that is followed by the business and to identify strengths and weaknesses. Recognising that such weaknesses may adversely affect the process and suggesting improvements, provide the main contributions to practice.

- *Linking theory and practice for improvements to the process.*

The exploration, analysis, and understanding of the foreign market process that is followed by BP Lubricants in Europe and Africa has led to the development of a model to describe the process. This in-depth understanding of the process is itself a useful contribution to the organisation, which led to the suggested improvements.

- *Consideration of more options at the strategic level.*

The research revealed that the organisation only considers two main routes to foreign market entry at the strategic level, the direct mode and the indirect through selected distributors. It is suggested that the inclusion of more options at this level would provide more flexibility to the organisation as the distance between the two currently considered routes are too diverse, with respect to the employed criteria. The recommendation is for the organisation to consider two more routes to market, exporting and clustering to narrow the gap between the current options of direct, and indirect through a distributor. The two additional options would still fit with the organisational, experience, culture, and capabilities, but may provide the necessary flexibility if the countries under consideration do not clearly fall into either of the two extreme options of direct and indirect routes to market. Moreover, the additional options could provide interim solutions for countries that are undergoing major political or economic reforms, to reduce the risk and commitments of the organisation to one of the two options currently considered.

- ***More transparent process to minimise mistrust.***

It was identified that there is mistrust between the head office staff, including the leadership team, and the colleagues in the regional offices during the decision making process for foreign market entry. This may lead to inefficiencies in the process but also introduce certain limitation, as staff becomes resistant to the process. It seems that the strategy of the business on foreign market entry is not made known to all senior staff outside the head office and this introduces mistrust between the two groups. It is therefore suggested that the strategy on foreign market entry is shared with senior management in the regional offices and clearly communicate the process followed.

- ***Minimise political, power, and intuitive influences from management on the process.***

Apparently, the outcome of the decision making process on foreign market entry is vulnerable to influences by management in the form of organisational politics, pressures by colleagues in power or intuitive judgement by analysts. Such influences tend to favour a specific route to market with no rational justifications, and consequently, the business may suffer. It is suggested to introduce simple measures in the process to minimise these influences. The team analysing the options could be made cross business and cross functional with the participation of managers from different businesses and functions within the organisation or include external consultants. This measure is likely to minimise political and power influences on the process. It was further suggested to put in place controls to ensure that a sensitivity analysis is carried out to determine the impact of the assumptions made on the outcome of the process. Highly critical assumptions could be endorsed by the cross business managers or external consultants, in order to make intuitive or biased judgements more explicit.



- *Organisational learning from the process.*

Research evidence indicated that the process of foreign market entry for a specific country is rarely revisited after implementation. This does not allow comparisons to be made between the actual performance of the selected option and the one assumed during the decision making process. Such practice does not develop organisational learning to aid future analysis and does not correct any flaws in the process. Furthermore, people in large organisations often change roles within a few years and lack of any documented post implementation reviews may weaken the diligence of the process. The recommendation to the business is to include in the process, post implementation reviews as a component of organisational learning.

## **6.5 Research Validity and Reliability**

The quality of any research study is often assessed through the criteria of reliability and validity (Bryman & Bell, 2011). Reliability is a measure of the consistency or stability of the results obtained in the study whereas the validity is concerned with the integrity of the findings. These concepts however have been developed primarily for quantitative research and there is an ongoing discussion amongst researchers about the applicability and relevance of these criteria to qualitative research (for example, Bryman & Bell, 2011; Merriam, 2009; Yin, 2009). There are a number of proposals that have been suggested for the assessment of qualitative research but these may be broadly categorised into three schools:

- The use of the terms validity and reliability in qualitative research but adapting the meanings to reflect methodological and philosophical differences between qualitative and quantitative research. Yin (2009) and Merriam (2009) are two qualitative researchers that have employed this approach.

- Another group of scholars have proposed the use of completely different criteria from validity and reliability to assess qualitative research. Lincoln and Guba (1985) have proposed the terms of trustworthiness and authenticity as the criteria to assess qualitative research. Trustworthiness is assessed by four criteria, credibility, transferability, dependability and confirmability. The term authenticity is more related to political issues around the research and is measured by the criteria of fairness, ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity. According to Bryman and Bell (2011), the authenticity criteria have not been well received by other researchers as they are considered controversial and their usage is limited.
- In between the above two schools, there is a third stance by which the term validity is considered as an important criterion for qualitative research but is redefined to mean that a research must take into account the amount and type of evidence used in the study. This idea was proposed by Hammersley (1992) for ethnographic research and employed the redefined term of validity and relevance to assess qualitative studies.

Bryman and Bell (2011) argued that the above three stances reflect the degree of divergence from the realist's position. The stance that uses the terms of validity and reliability with some changes is basically adopting the realist philosophy whereas, those that employ the new terms of trustworthiness and authenticity position themselves at the anti-realism end of the spectrum. The proposal by Hammersley (1992) is located in between the two ends.

The realist stance is used in this work and the validity and reliability terms as suggested by Yin (2009) for the assessment of case studies are employed. The four criteria proposed by Yin for case studies are:

- Construct validity – this requires the researcher to identify the correct operational measures for the concept studied.
- Internal validity – this criterion is for explanatory studies and requires the establishment of a causal relationship when certain conditions.

- External validity – this requires to clearly define the domain in which the findings can be generalised.
- Reliability – this criterion demonstrates that the operations of the study can be repeated, with the same output.

Yin (2009) proposed three tactics to increase the construct validity of case studies, the use of multiple sources of evidence, the establishment of chain of evidence, and the review of the draft case study report key informants. This study employed three complimentary sources of data collection, questionnaire, focused interviews, and document review. This triangulation of data collection provides a good way of sense checking the collected data and identifies any conflicting evidence.

Moreover, the use of two contrasting case studies to explore in detail the research subject provides additional validation. It is claimed that the thesis documents the data collection methods, and allows the reader to follow the trail of evidence and the employed methodology. Finally, as this is a research within the author's own organisation, the main findings of the thesis were discussed with some of the key stakeholders during the progress of the study.

Internal validity, according to Yin (2009) is mainly concerned with explanatory research and assesses how congruent the findings are with reality and whether all rival explanations and possibilities have been considered. The tactics suggested for improving internal validity of case studies is pattern matching, explanation building, addressing rival explanations, and using logic models. In this study, the framework suggested by Miles and Huberman (1994) for drawing conclusions was employed, clearly documenting all steps.

The criterion of external validity is concerned whether the findings can be generalised to other situations. Critics of qualitative research argue that the findings from such studies are rarely generalizable and consider this as a major weakness. Yin (2009), however, in support of case studies elucidated that one can generalise from qualitative methodologies to theoretical propositions and not to populations or universe. This kind of generalisation is referred to as analytic generalisation, as opposed to statistical, as used in quantitative research. Merriam (2009) argued that the purpose of qualitative research is not necessarily to produce universal generalisations but to learn from the social and business world. The

researcher should provide sufficient detail of the study and the reader should then decide whether the findings can be applied to other situations of his or her interest. This is one tactic that will enhance the possibility of the findings of a qualitative study to be transferrable to other situations and is referred to as rich, thick description.

Another method to improve transferability is to select the appropriate case study sample that would answer the research questions effectively. The research aim of this study was not to produce generalisations but to explore, analyse, and understand the process of foreign market entry that BP Lubricants in Europe and Africa are using and to identify strengths and weaknesses. The case studies selected for this research are typical for the given business unit, and the boundaries have been described and documented in detail. Moreover, the thesis provides detailed description of all the steps taken in the research and the findings are associated to the bounded system. As Yin (2009) explained, the use of replication logic would then provide support for the transferability of the findings.

The final criterion for assessing the quality of research studies is reliability, which is concerned with the extent that findings can be replicated by another investigator. Merriam (2009) stressed that social settings in qualitative research are almost impossible to replicate as human behaviour is never static and therefore replication of a qualitative study is unlikely to produce identical findings but this should not discredit the findings of the study. It is more relevant and important in qualitative studies for the findings to be consistent with the collected data rather than replicable. The suggested tactics to improve consistency, dependability, and reliability of qualitative studies are the same as the ones for construct and internal validity, that is, multiple sources of evidence (triangulation), and well documented processes.

## **6.6 Research Limitations**

As with any research work, this study has certain limitations, of which the main ones were introduced when the case study boundaries were defined. Firstly, this research was limited to the BP Lubricants Europe and Africa business unit due to time and resource constraints and therefore the findings are related to this bounded

system. The possible transferability of the main findings to other cases can only be deduced by replicating the research to other required situations.

The research was designed in a cross sectional mode using two contrasting cases to answer the specific research questions and achieve the study objectives. Based on this, the foreign market entry and exit process within the set boundaries were explored and analysed, from which useful insights were gained. As the research design was cross sectional, the impact of the decision on the organisation as well as any implementation difficulties and performance related issues were beyond the scope of the present work. These are interesting and interrelated issues and a longitudinal study would be able to add to the overall understanding of foreign market entry.

The case studies were analysed retrospectively, and as such they are limited to the evidence collected, which may not always reflect all the details of the decision making process. Important aspects of the decision making process, such as attitudes, opinions, conflicts, and influences, may be lost when the analysis is performed retrospectively. As Brouthers and Hennart (2007) pointed out, the most effective approach for studying decision making processes is to observe them, capturing all the details and eliminating the problems created by the lapse of time.

## **6.7 Recommendations for Further Research**

A natural extension would be to analyse case studies from other business units in BP Lubricants, such as the Asia and Pacific business unit, and the corresponding unit of the Americas. It is not expected that significant differences would emerge as all business units follow the global strategy of BP Lubricants.

Furthermore, it is recommended to extend the research on foreign market entry to the other strategic performance units of BP and beyond lubricants, such as exploration, refining and production, fuels value chain, aviation, and marine. These units develop and implement their own global strategies and this leads to the conclusion that their foreign market entry strategies would differ and undertaking such studies would be both interesting and rewarding to the organisation.

Further research on foreign market entry may be carried out in other multinational and national oil companies to complete the understanding for the petroleum industry.

The inclusion of multiple variables and multiple theories in foreign market entry models, and empirically testing them in a number of industries, will improve understanding and may reduce the inconsistent findings.

Furthermore, the current research was based on a cross –sectional case study methodology using two different cases, both of which were employed from BP’s lubricants business unit in Europe and Africa, in an effort to answer the research questions set at the beginning of the study. Certainly, the objective of this study was not to use the findings to produce universal generalisations, but as Yin (2009) argued, case studies are useful in producing generalisations to theoretical propositions and for the specific bounded system. Indeed, much more work is required using evidence from different companies and across many industries before any universal generalisations can be drawn. Longitudinal studies would be very useful extensions in understanding the effects of a choice of an entry mode after it is implemented, especially with respect to performance, post review.

The area of foreign market entry is highly complex with multiple variables affecting the process and the decisions taken. There are important aspects and interdependencies in foreign market entry research that have not been investigated in depth in this study; the mode of entry and performance, home and host country characteristics with performance, and organisational strategic decision making aspects. These would require several years of organisational research but the findings would certainly provide important theoretical developments, and build on existing knowledge.

## 7. REFLECTIVE COMMENTARY

### 7.1 Introductory Comments

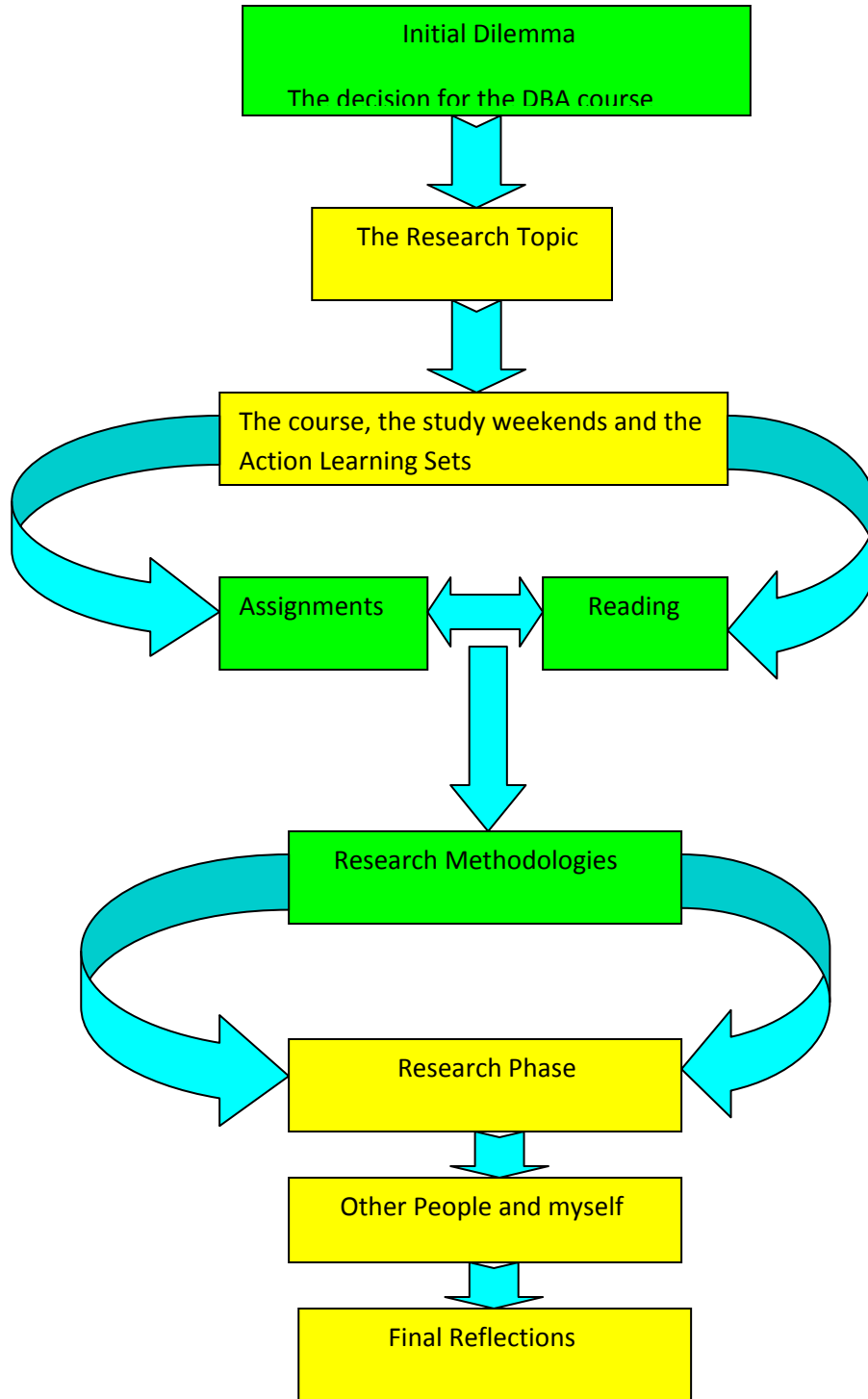
In this final chapter, a reflective commentary is provided, highlighting the challenges, the learning, the experiences, and some of the frustrations, encountered during the DBA course.

The structure of this chapter is shown in figure 32.0 and follows the various stages of the course in chronological order. The first section reflects on the initial dilemma in pursuing the DBA course, followed with a discussion on the selection of the research topic. The learning from the taught course, the study weekends, and the action learning set are reviewed and discussed in the subsequent section. Some reflections on the course assignments and on the selection of the research methodology are then presented before discussing the experience and learning during the research phase. Some of the people that played an important role during this course and the inter-personal interactions are highlighted in the next section and the chapter closes with final reflections.

Reflecting, according to Reynolds (1998), is a cognitive process which looks back at the individual's experiences and choices, which provides a basis for future action and generates new or modified ideas. The process of reflection is a core concept in experiential management learning where knowledge is created through the gained experience (Kolb, 1984). More recently, the concept of critical reflection has emerged in emancipatory approaches to education and has its roots in critical theory. Reynolds (1998) emphasised that the key difference between critical reflection and reflection is that the former opens up the process of reflection to question the taken for granted assumptions of social, political, and cultural aspects.

Brookfield (1988) suggested four activities to describe the process of critical reflection:

- Assumption analysis – challenging our own beliefs, values, cultural practices and social structures to assess how these taken for granted assumptions impact our decisions and actions.



**Figure 32.0** Chapter Seven Structure



- Contextual awareness – understanding that our own assumptions are individually and socially constructed within a specific culture which in turn shape our own values.
- Imaginative speculation – thinking beyond the normal practices to find alternative approaches to challenge the current way of thinking and behaviours. This is a creative and imaginative activity that encourages different ways of thinking and accepting other views and behaviours.
- Reflective scepticism – this is the step where the universal truth claims are questioned and involves the suspending or rejecting existing knowledge and establishing other truths or explanations.

Sambrook and Stewart (2008) explored the opportunities and challenges of introducing critical reflection aspects in management education and development, specifically in a DBA programme . They focused on the role and value of action learning sets and research supervisory process in developing critical reflective practices. They concluded that developing critical reflection in such a development programme is a joint responsibility between academics and students and should be embedded throughout the course. They further pointed out that critical reflection is an important process that goes beyond the DBA course and impacts the professional and social activities of people.

## **7.2 The Initial Dilemma: the Decision for the DBA**

In reflection, my decision to pursue the DBA course was not easy and I had to consider many different but related aspects. On the one hand, my thirst for new challenges and my affinity to academic research were pushing me to proceed and apply for the course, but on the other hand, my demanding job, my family, and social responsibilities were pulling me back.

In May 2009, I received an email from Professor Vrontis, the Dean of the Business School at the University of Nicosia informing the recipients of the DBA course offered by Gloucestershire University. I recall my initial excitement, as I needed a

new challenge. My new position at BP as a regional sales manager for Eastern Mediterranean and North East Africa was stimulating and enjoyable, but as always I needed something more challenging. This is not unusual for me as I like to push myself to the limits.

After the initial excitement, I gave the idea much deeper thought and analysis. I started processing the pros and cons of my situation with regards to pursuing another degree, together with my personal strengths and weaknesses. I thought that the idea of undertaking a research project on a business issue that is of interest to me is something that I really wanted to do and this would have provide me with a new challenge. I recall my line of thinking that my career at BP had reached its peak, and even though I thoroughly enjoy what I am doing, I felt that I needed a new challenge and the DBA could provide this. I knew, of course, that this would not have been an easy task, especially with my limited time availability due to my demanding job and of my frequent travelling abroad. Moreover, my two daughters were at critical ages and both my wife and I had to devote time with them to support them with their studies for their entry into university. It became evident, therefore, that time requirements and time availability would be critical for the successful outcome, if the DBA challenge was taken on.

In assessing my strengths and weaknesses, I believed that I had the necessary commitment and perseverance to successfully complete such a demanding course. I thought of the experience that I have gained during the distance learning Masters degree (MBA) with Warwick University a few years back and learning how to balance family, work and study commitments. Certainly, some of the circumstances are not the same as then, I thought, but nevertheless, the skills and competencies developed during my MBA course would prove to be useful. Under my strengths, I have also added my research experience during my post-graduate chemical engineering master and doctoral degrees at the University of Manchester back in the 1980's. One major weakness that I had thought in my self-assessment was that if I overload myself then this would create destructive stress and personal anxiety with adverse effects on my family, my health and on my social life. Hence, once again, it emerged as a critical factor in my decision to get the right balance between family, work and study.

I also felt the need to discuss this important issue with my family, as it would have affected them as well and therefore the decision should be taken by all of us. As always, my wife was very supportive and in fact encouraged me to proceed with the course, following the discussion we had on the subject. My daughters were also very positive of the idea of me doing the DBA course and were making jokes about all of us being in the university at the same time. Looking back, I would say that the continuous support of my family equipped me with the necessary strength and perseverance to complete this course.

In reflection, I would argue that the decision process that I have followed is very typical of what I do in most such instances. A logical sequence of arguments, for and against followed by a discussion with my family. Perhaps, however, in the back of my mind the decision for the DBA was taken at a very early stage, based on emotional rather than logical argumentation.

### **7.3 The Research Topic**

During my long employment in BP, I came across a number of strategic decisions regarding the entry to new markets or exit from existing ones, and I was trying to understand the process, the logic and the alternative strategic options available for the company. My interest on the subject grew as it appeared to me that there was no consistency in the decisions taken, and moreover that only a limited number of alternatives were considered. As a regional sales manager, I was often at the receiving end of such decisions, where I was asked to implement the new foreign market entries or exits for various countries. This increased my appetite to understand the strategic decision making process behind the routes to new markets and perhaps challenge the organisation's adopted methods. This however required a good understanding of the existing theoretical developments on foreign market entry which necessitated a comprehensive review of the academic literature. This sparked my research interest in the area of foreign market entry and the challenge was taken on once the opportunity was presented to me through the DBA programme.

Looking at the research proposal, as it was submitted on the university application for the admission to the DBA course, it is evident that there are only few changes

to the research aim and objectives presented in this thesis, with the broad theme remaining the same. The research idea has been refined and articulated slightly differently but the concept is consistent with the original proposal.

The research objectives and questions were refined throughout the taught part of the course and this is evident from the submitted assignments DBA503, DBA502, and DBA501. The changes made to the research questions were mainly to narrow down the scope of the study and these came about following class discussions, exchanges with my supervisor, and from the feedback on the assignments. It also became evident during the initial part of the course that the formulation of the research questions is critical and dictates to a large extent the methodology that will be followed.

I was thinking that perhaps one of the research outcomes could be the development of a model that will guide the decision making process in selecting the appropriate route to new markets and this was reflected in my original proposal on the DBA application form.

#### **7.4 The Course, the Study Weekends and the Action Learning Sets**

I recall the moment I booked the dates for the course weekends in my electronic calendar, back in 2009, with the last meeting marked for February 2011. It seemed very far away and a steep mountain to climb. At the same time, I was actually looking forward to the challenge and I was eagerly waiting for the first weekend meeting on October the 16th in 2009. At the back of my mind, however, there were some concerns, whether I would have been able to effectively balance all my commitments over the next three years and whether I would have met all the objectives that I have set to myself.

My thoughts and feelings following the first two weekend meetings were very mixed and I was even questioning my abilities and whether I have made the right decision. I realized that the course will be very demanding and that I would need considerable effort and perseverance to overcome the work load and to balance work, family and study. I do believe, however, that deep down, it was not the work load that worried me but the context of the course and all the new concepts that

were thrown to us over these initial meetings, for which I felt really lost. The concepts such as “ontology”, “epistemology”, “axiology”, “paradigms” “positivism”, “constructivism”, “realism” “ethnography”, were all new to me and naturally made me question my knowledge and abilities from my previous research experience back in the 1980’s, when I was doing my research work in chemical engineering. Strangely enough, most of these words are of Greek origin, but still I did not feel that I had deeply understood them in the context they were used.

Following the first difficult and tiring weekend meeting, I started getting my thoughts together and as always my “inner defence mechanism” was initiated. I often find myself doing this when I face difficult situations and when psychologically I feel depressed. I reflected back over the entire weekend, analysing in detail all the issues that were of concern to me. My first line of defense was that my previous research experience was in engineering and more than twenty years ago and therefore, I could not have been expected to know the terminology for business or social science research. Of course, my more recent MBA degree was in business but it was more text book reading than actual research. My second line of defense was the group of people participating with myself in the DBA course. We were twelve of us at this first weekend, with a quite diverse background, ranging from the early twenties to early fifties, some with limited work experience and some with many years of relevant management experience. Similarly diverse was the marital status of the group members as well as their academic background. I thought that this diverse group of people will certainly help and support each other during the DBA course and every member will contribute by sharing their knowledge, experiences, understanding and thoughts. Moreover, thinking of the diverse background of the group, I believed that I was actually in a good position in overcoming any problems that I would have faced over the course, based on my experience, skills and competencies. My “inner defense mechanism” worked once again and I was feeling once again very positive about the DBA.

The idea of the action learning set (ALS) was introduced to us during the first weekend meeting and I felt very positive about it. I remembered that during my MBA course, we have formed a group of three students, informally and throughout the four years of the course, we have supported and helped each other. This was not requested by the university or by the tutors, we just met to discuss the first

assignment and as it was very productive and enjoyable, we continued for the entire duration of the course. In fact, we do continue and meet socially once every two or three months and discuss work, family, politics and any other issue that we may have. Therefore, I was strongly in favour of the ALS and I have made my views known to the group. There were two ALS formed with six members in each set. The members of the set that I was participating were:

- Andreas Messaritis
- Marko Bjedov
- Irene Anaxagora
- Niovi Stylianou
- Marios Tannousis

During the first meeting of our ALS group, outside the classroom, we had given the name of “TIGER” to the set and this was used throughout its existence. Our ALS had all the right ingredients to operate effectively and efficiently; the members were of a diverse background, the set was formed to meet to help each other, to discuss issue and create options (Pedlar, Brooks, & Burgoyne, 2003). In the first meeting, the roles of each member were decided and I undertook that of the facilitator and coordinator. In this first meeting, each member undertook the responsibility of reading 3-4 articles from the requested list, and to provide a summary to the set in two weeks time. The second scheduled meeting of the ALS was not as effective as the first one. One member did not manage to read his articles and hence did not contribute and another member did not participate. It became evident to me, in a few months, that the set had difficulties to meet and function as it should have. I believe that some of the reasons were genuinely valid (logistics problems and work load problems) but I also got the feeling that some members did not share the view of the usefulness of the ALS. Looking back, I think that I did not do enough to maintain the set functional, as I was the facilitator and a believer of how powerful such a set could be. To be fair to the set, however, Niovi and Marko dropped out from the course at a very early stage and Marios had serious issues with his work (he was made redundant from the bank in mid 2010) several months after we started the ALS. Andreas and I developed a good

relationship and we continued to have meetings through which we supported each other. Unfortunately, Andreas dropped out from the course after almost a year, even though I had advised him otherwise in our meetings. Another factor which, I believe, did not help the ALS to function properly, is that the members were going through the course at a different pace. Andreas and Irene for example were falling behind the assignment submissions and this created a gap between us.

My perception on the second ALS was that this was functioning much better than ours. This seemed to be the case from their participation in the discussions during the weekend classroom meetings but proved to be misleading after the completion of the taught part of the course. In any case, five from the initial six members of this second set had completed the first part of the course and only one dropped out at a very early stage.

Overall, the study weekends, I believe, were very helpful and provided the group with the tools and direction to tackle the assignments through which we built our knowledge and developed our understanding. Sometimes, I did feel some frustration coming out as one member of the group was engaging on a long and personal discussion with the tutor, which was of no value to the others. This meant that valuable time was lost from the limited class time and often important issues had then to be superficially discussed. I have tried in a polite and constructive way to mention this through a private conversation with my peers but I must not have been very effective as the issue continued. Perhaps, this issue could be addressed by the course organizers to improve the effectiveness of time management in the study weekends.

## **7.5 Course Assignments and Reading**

Personally, I found considerable value in doing the four assignments and receiving feedback from the course tutors and from my supervisor. The study for the preparation of the assignments was very important as it helped my understanding and added to my knowledge on the subject.

The assignment DBA503 on the systematic literature review provided me with the opportunity to understand the various techniques and methods for carrying out the

review but also to gain a deep understanding of the academic developments around market entry. I remember, I spent considerable time to firstly understand the mechanisms of the literature review and then to apply the techniques to my research topic. I have collected several articles on my research area and I had the difficult task to read them and sort them out in terms of re-occurring themes. It was the only assignment for which I have submitted both the formative version and the final one. The comments from the course tutor (Philippa Ward) and my supervisor (Anthony Gear) were indeed very helpful and constructive. In fact, the tutor's comments provided me the direction for the philosophical positioning whereas my supervisor provided some thoughts for the possible methodologies.

The quality of my work for the second assignment (DBA501) was somewhat below my expectations as I did not allow sufficient time for the preparation and submission. Of course, the fact that the class presentation was done before the written assignment did not help but nevertheless I do feel that I could have submitted a higher quality work. At that time I also had an intense programme with several business travels abroad which took considerable part of my time and energy.

To avoid repeating the same mistakes, I have given much more thought in planning the third assignment (DBA502) on action research and case study methodologies. I was also fortunate as the methodology I have selected for previous assignment was action research and therefore, I had a good understanding of this methodology. The feedback from the course tutor (Ivan Adamson) was very positive and the comments were very constructive and helpful.

I found the last assignment (DBA504) on reflective professional development, the most difficult to write. Perhaps, the fact that this needs to be written in the first person with personal thoughts and feelings, scared me, as I have not done it before, nor I believe it is my style. Nevertheless, the mind map that the course tutor (Sue Williams) provided me in response to my request for help, has given me directions and considerations to work on.

Looking back, I would say that I found it very difficult to submit the formative assignments due to time constraints. I have only managed to submit a formative assignment for the literature review and the effort I have put into this, was, I



believe disproportionate with the benefit that I have received. Certainly the tutor's comments did provide some guidance but I feel that I could have used the time and effort that I had spent in drafting the formative assignment more effectively, in gathering information and building my knowledge for the final assignment. This is the reason why I did not submit the formative assignments for the remaining modules.

From the early stages of the course, I realised that I had basic knowledge gaps in business research which I needed to bridge as quickly as possible, to enable me to progress with the DBA programme. I have searched on the internet for appropriate text books on business research and my supervisor suggested further options that would help me. The following books on business research were found to be excellent and helped me considerably in bridging some of the basic knowledge gaps and I have used them extensively throughout the course:

- Business research methods by Bryman and Bell (2011).
- Research methods for business students by Saunders, Lewis, and Thornhill (2009).
- Doing research in the real world by Gray (2009).
- Real world research by Robson (2002).

I would like to highlight a specific diagram in Saunders, Lewis, and Thornhill (2009, page 108), which the authors named "the research onion" (figure 16.0), by which they explain in very simple terms how the research philosophies, approaches, methodologies, methods and techniques are all linked together. This simple approach was extremely helpful for me and provided the missing piece of the puzzle that I was looking for. I was indeed very happy as this simple diagram unblocked my mind and helped me to understand the basic concepts in business research and how these are interrelated. The impact that this simple diagram had on my understanding is evident from the fact that I have used it in all my assignments and in my class presentation for the methodologies (DBA 501). Following my presentation, a number of my classmates requested further explanations on the "research onion" and its reference. From subsequent discussions with some of my classmates, I understood that they have also found

this very helpful. I do suggest that the idea of the “research onion” to be introduced early in the DBA course, which I believe will help other students to understand the basic concepts of business research.

For the literature review, I have found the article by Tranfield, Denyer, and Smart (2003) very valuable in understanding the process and this was referenced by myself extensively in the corresponding chapter of this thesis and in the assignment (DBA 503). This article provides an extensive evaluation of the process of systematic literature review and shows the reader how this process can be applied to the field of management, which personally, I found very helpful and valuable. Another article which helped me to understand the process of synthesizing qualitative and quantitative evidence is that by Dixon-Woods, Agarwal, Jones, Young, and Sutton, (2005). In this, the authors reviewed and critiqued the available strategies for synthesizing evidence and provide useful insights in doing systematic literature review. Once again, this is an article that I have cited several times in the literature review chapter and assignment (DBA503).

With regards to the research methodologies, I have focused on two possible options, action research and case study research, for which my knowledge on them was almost none. My supervisor (Anthony Gear) provided me with an initial reference for an article on action research (Eden & Huxham, 1996). This provided me with some understanding on this methodology but still I needed to find something more basic. I used the reference list provided in the above article and with some further research, I came across the following books on action research, which I found extremely useful:

- Doing action research in your own organisation by Coghlan and Brannick, (2010).
- All you need to know about action research by McNiff and Whitehead, (2006).
- Action research –principles and practice by McNiff and Whitehead, (2009).

The book by Coghlan and Brannick (2010) is very comprehensive and provides the reader with simple guidelines and tools on how to conduct action research in your

own organisation. It also describes and explains the process of action research and is a valuable resource for all beginners on this methodology.

Similarly, the authors McNiff and Whitehead as leading practitioners of action research, provide in their above two books (I have found their first book more helpful than the second one) very useful insights of the theoretical underpinnings of action research and practical guidelines on how to undertake this methodology.

Certainly, I do not claim to know everything around action research but the above article and books greatly developed my understanding about this research methodology and this is evident through the last two assignments on methodologies and on action research (DBA501 & DBA502).

I came across a number of different books on case study research, some of which I found very difficult to understand with my limited knowledge on the subject (Stake, 1995; Gerring, 2007; Dul & Hak, 2008). I am not implying that these books are not worth reading but simply that I, as someone new to case study research, found them difficult to follow. I actually felt frustrated, as these authors, especially Stake and Gerring, are well known in the field of case study research and are very often cited by others for their work in this area.

I have developed my knowledge on case study research through the following three books, which I found valuable and simple to follow:

- Case study research in practice by Simons, (2009).
- Case study research – design and practice by Yin, (2009).
- Qualitative research – a guide to design and implementation by Merriam (2009).

Simons (2009) and Yin (2009) with extensive experience in doing case study research provide practical guidelines on how to design and implement case study research and both of these books proved valuable for my learning, as a novice to this methodology. Merriam (2009) on the other hand discusses qualitative research in an accessible language for new readers and emphasizes case study research. I have used extensively all these three books throughout this course.

My research area of interest that of foreign market entry has received considerable attention by academics in the literature as discussed in the literature review chapter. I came across several relevant articles in this area with a number of different researchers contributing to the understanding of the foreign market entry process. In my opinion, the authors, Brouthers, K.D., Madhok, A., Hennart, J.F., Datta, D.K, and Herrmann, P., have done significant research work and empirical evidence and offered important theoretical perspectives to build our understanding in this strategic area of business. I would like to mention two specific articles that have greatly influenced my approach towards foreign market entry:

- Boundaries of the firm: insights from international entry mode research by Brouthers, K.D., and Hennart, J.F. (2007).
- Choice of foreign market entry modes: critical review and future directions by Datta, D.K., Herrmann, P., and Rasheed, A.A., (2002).

These two articles provide excellent reviews of the research work published on foreign market entry and discuss the developments in this area and suggest future directions.

I recall the difficulties that I have encountered in understanding research philosophies and my frustration in identifying suitable literature sources for gaining the basic knowledge on the subject. The book by Crotty (2010) on the foundations of social research and the one by Mosses and Knutseen (2007) provided some general understanding but still left me with certain gaps, especially on the philosophy of realism. The different terminologies and the complex approaches employed by many authors added to my confusion. The influential book by Baskar (2009) on scientific realism is not an easy read for newcomers to the philosophical aspects on business research whereas the books by Sankey (2008) and Manicas (2006) helped me comprehend the philosophical issues that are related to business research. Almost all the group members had indicated that they faced some difficulties with the philosophical aspects and I suggest to include in the taught classes a devoted session on this which will help students to understand and clear any related issues.

## 7.6 Research Methodology

Following the review of the available research methodologies for the purpose of the assignment DBA502, I have found action research and case study research as the two options that could effectively answer my research questions. I believe that both of these methodologies are very flexible and are compatible with the realist philosophy.

Briefly, action research can be described as a qualitative, interventionist research approach and is distinctive from all other methodologies as it is done by practitioners and aims to bring change to the organization (McNiff & Whitehead, 2009). It follows a cyclical process of “constructing, planning, taking action, evaluating and move into a new direction” and it is therefore an ongoing process (Coghlan & Brannick, 2010). This methodology is a collaborative and democratic partnership between the researcher and participants, in which the researcher is also actively taking part in the study. The main goal of action research is to provide a solution to the specified organisational issue and to learn through the process and hence contribute to knowledge. Action researchers work on the epistemological assumption that the purpose of research is not just to describe, understand and explain the world but also to change it (Reason & Torbert, 2001).

My main concern with action research was the resource requirements that are needed to undertake this type of research. The organization needed to allow a number of key personnel to be involved over a number of months with this project and knowing the fast pace, the work loads of people within the company and the confidentiality issues, I am not certain that this would have been permitted. Even if I managed to obtain the relevant permissions from my organization, it would have been a huge challenge to engage senior people in the organization over prolonged periods of time during the cycle(s) of action research. Moreover, I felt that action research is more likely to produce useful outcomes after the completion of a few cycles and I was concerned whether this could have been achieved within the limited time availability on a DBA study. I have found the book by Coghlan and Brannick (2010) an excellent reference for understanding the potential issues and politics in gaining access into your own organization and a discussion on how to tackle these.

The case study methodology is an appealing qualitative approach to research a contemporary issue in depth, of the exploratory and explanatory type. It is a flexible approach, which is neither time dependent, nor constrained by the data collection method. Furthermore, it can document multiple perspectives and different viewpoints and it can explain how and why things happen, demonstrating the influence of key factors and interactions (Simons, 2009). I believed that case study research could address most of my research questions, however, as Yin (2009) explained, the key concept in case study research, is the unit of analysis, which needs to be clearly selected and defined. This means that in answering the research questions, a single case (or multiple cases) may be used to study in depth the phenomenon in question and address the study objectives. The employed case study would therefore be the vehicle in understanding and consequently answering my research questions. One of the issues in this type of strategy is to identify the appropriate case study (or studies) so as to produce useful research outcomes.

After careful consideration of all aspects and having discussed this with my supervisor, I decided that case study methodology was more appropriate for answering my research questions within the DBA time frames and the above mentioned organizational constraints.

## **7.7 Research Phase**

The research phase was very interesting but had its frustrations and challenges. Doing research in one's own organisation had its advantages but there were also disadvantages. Gaining access was not an issue but persuading colleagues with busy schedules to complete questionnaires and participate in focused interviews was a challenge. Moreover, the number of colleagues with some knowledge of the process of foreign market entry that could have contributed to the research was limited and this necessitated a good rate of acceptance to participate. It took some persuasion to convince colleagues to participate and even more chasing to obtain their feedback and to schedule the interviews.

The collection and analysis of the data were more time consuming than anticipated and the available methods for handling qualitative data are not as widely reported as for quantitative evidence. Merriam (2009) and Yin (2009) correctly pointed out

that the analysis of qualitative data is considered as the toughest stage of research as it is the least developed with limited descriptions to guide the researcher, especially the novice ones. I have found the book by Miles and Huberman (1994) on qualitative data analysis as an excellent guide for handling this type of data and one that I have extensively used in the research stage. The guidance from my supervisors was also very helpful and constructive in making sense of the data obtained during the research phase.

The remote use of the computer facilities of the University of Gloucestershire was of great help, especially for the literature review, which was completed almost exclusively through the off campus access to its library facilities. Certainly, there were instances where the requested journals and articles were not available in electronic form but even in these cases the library staff was very helpful and assisted in obtaining and posting hard copies of these papers.

The literature review was an on-going process from the early stages of the taught part of the course through to the write-up phase; however, the systematic review was performed soon after the collection and preliminary analysis of the data. A vast number of articles have been collected over the entire period of the course and I needed to apply a systematic methodology to reduce them to a manageable quantity. This was a very time consuming process and an unavoidable degree of subjectivity was introduced in applying the inclusion and exclusion criteria. The key themes that emerged from the review, I believe, reflect the contemporary theories and positions of the academic world and the objectives of the review were fully met.

The write up phase was more difficult than I expected and took much longer to complete. My frequent business travels abroad forced me to work on the write up only during the weekends and this slowed down the process. Fortunately, the immense support and continuous guidance from my supervisors made the process easier and smoother.

## 7.8 Other People and Me

Looking back over the duration of the course, I would certainly say that Andreas Messaritis from my ALS had a significant impact on my way thinking and this is evidenced by the fact that we still meet on a regular basis and discuss a variety of issues, including my research progress. Unfortunately Andreas has decided to withdrew from the course, despite my advice. Andreas helped me initially to read articles and books more effectively by various techniques, including the posture of the body and the correct angle that the head should be with respect to the book or paper. Using these, I have improved my reading capabilities and concentration when reading. I also recall that in one of our meetings with Andreas, I was discussing with him my daughter's lack of competitiveness and motivation to excel in her school exams. After listening to me carefully and asked me a few questions, he suggested to me to read two books on coaching and mentoring (Andreas is a professional coacher to various organizations in Cyprus). The two books were:

- Effective Coaching: Lessons from the Coach's Coach by M. Downey (2003).
- The inner game of tennis by T. Gallway (1986).

I have found the first book extremely helpful and I have used some of the suggested techniques with my daughter.

Overall, I believe that the discussions with Andreas helped me to be more open-minded and to view things with different lenses rather than with my usual single focal point lens.

I would like to mention another two persons that their input and constructive criticisms during the course have helped me considerably to explore new possibilities. Firstly, my supervisor, Anthony Gear, whom I have only briefly met once in person but he constantly supported me and provided guidance throughout the course. We have had a few audios through which he initiated my interest in action research and case study methodologies. He has provided me the initial references and background to these methodologies which helped me to research further into these methodologies. My supervisor was a constant help to me throughout the DBA course and provided me with constructive and prompt feedback on all assignments, on key stages of the research phase, and on the final



write up of the thesis. The second person is Philippa Ward, whose enthusiasm and energy during the long and difficult weekends was inspirational to me and her constructive criticism on my assignments was indeed very helpful. I would like to emphasize that Philippa's interventions on some occasions were instrumental in resolving administrative issues that were disrupting the flow of the course.

It will be an omission on my behalf if I do not mention the colleagues at BP who voluntarily participated in this research, by providing their views through the questionnaire and the focused interviews and to those colleagues who made available to me the many confidential documents for review.

My family provided me with the necessary encouragement and support throughout the course and this equipped me with the strength and perseverance to complete this research study.

## **7.9 Final Reflections**

It is just over four years since I have started the DBA course and writing this final section of the thesis I cannot help feeling a sense of achievement. Looking at the photograph (figure 33.0) that the Cyprus cohort 1 took on the last day of the taught course, it is likely that I will be the first and perhaps the only one from this group reaching the submission stage of the DBA as some of other members have switched to PhD and others have discontinued.

My DBA journey was long and at times difficult and frustrating but overall it was extremely interesting, exciting, and challenging. I have gained considerable research experience and knowledge. I have started to explore, question and challenge the norms and there is a definite shift of my stage of knowledge, moving from the "transitional stage" to the "independent knowing" (Baxter, 1992). I have started exploring philosophical issues and my beliefs in relation to knowledge and research and how these influence my thinking. I came across new research methodologies and data collection methods that I never knew existed and applied them.

Overall, I believe, I have managed to maintain a reasonable, stable and effective balance between work, family and DBA but there were stressful moments as well.

The DBA course provided me with the challenge and excitement that I was looking for, when I decided to pursue the DBA and I believe that I have further developed my skills and competencies in a number of areas. The classroom interactions, the assignments, the feedback, the supervisors, the tutors and my fellow students have all contributed to my knowledge development and in building new skills and competencies. I do believe that there is a definite shift in my way of thinking and in my philosophical outlook as I find myself being more open and more challenging.



**Figure 33.0** The DBA Cyprus Cohort 1: Lunch to celebrate the completion of the taught part of the DBA in February 2011

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## **APPENDIX A: *List of Studies that have passed the inclusion criteria***

1. Stevens, C. E. and Dykes, B.J. (2013). The home country cultural determinants of firms' foreign market entry timing strategies. *Long Range Planning* 46, p. 387-410.
2. Rivera, J. and Oh, C.H. (2013). Environmental regulations and multinational corporations' foreign market investments. *Policy Studies Journal* 41 (2), p.243-272.
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## APPENDIX B: *Questionnaire*

### Questionnaire survey

“The new foreign market entry and exit process in BP Lubricants”

Dear survey participants,

I am Marios Georgiou, a doctoral student at the University of Gloucestershire (UK) who currently researches on the process of entry into new foreign markets and exit from existing ones that the business unit of Lubricants within BP are employing and to compare this with the contemporary academic theories. Hence, your participation and contribution to this survey is of major importance and I would therefore highly appreciate your assistance to this research.

Taking this opportunity, I would like to re-assure you that the disclosed information and personal opinions stated by you, will be employed in a consent, confidential and anonymous way that does not conflict with your organizational and individual interests. It is also recognized that the some of the information that may emerge from this survey will be company confidential and the entire thesis will therefore be treated as confidential. I would also like to re-assure you that if at any stage you decide to withdraw from the research then this will be respected and all information provided will be withdrawn.

Thus, would you please take some time to individually complete the following questionnaire and then send it to me.

Thank you very much for your participation and contribution in this research.

#### GENERAL PART

Q1. How long you have been working with BP?

<b>Experience</b>	<b>Q1</b>
Less than 2 years	A
Between 2 and 5 years	B
Between 5 and 10 years	C
More than 10 years	D

Q2. What is your current role?

<b>Role</b>	<b>Q2</b>
Global Marketing Unit	A

Business Strategy	B
Sales	C
Operations	D
Other (please specify)	E

Q3. How long you have been working in your current role?

<b>Current role experience</b>	<b>Q3</b>
Less than 2 years	A
Between 2 and 5 years	B
Between 5 and 10 years	C
More than 10 years	D

Q4. What is your involvement in the decision making process for new market entries or exits?

<b>Involvement</b>	<b>Q4</b>
Strategy	A
Project Lead	B
Project Analysis	C
Project Implementation	D
Other (please specify)	E

Q5. In how many projects of new market entry or exit have you been directly involved in the past 12 months?

<b>Involvement</b>	<b>Q5</b>
More than 10	A
Between 5 and 10	B
Between 1 and 4	C
None	D

**PART A – Initiation & Resourcing**

A1. How is the process of new market entry or exit in the lubricants business unit initiated, for a particular project?

<b>Process Initiation</b>	<b>A1</b>
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Directed from Top Management	A
Following Strategy Review	B
Feedback from Market Intelligence in the country of question	C
Market Enquiry from someone outside the company	D
None of the above(please specify)	E

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A2. How is the project team assigned for a particular new market entry or exit project?

<b>Project Team Assignment</b>	<b>A2</b>
Direct from Top Management	A
From the Strategy Team	B
From the Regional Sales or Marketing Team	C
The Project Lead is assigned by the top management and he or she then picks the rest of the team as and when required	D
The Project Lead is assigned by the Strategy Team and he or she then picks the rest of the team as and when required.	E
The Project Lead is assigned by the Regional Sales and Marketing Team and he or she then picks the rest of the team as and when required.	F
None of the above (please specify below)	G

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A3. Is the project team configuration (size, roles, disciplines), standard, process driven or decided on ad-hoc basis by the project leader?

<b>Project Team Configuration</b>	<b>A3</b>
Always standard and pre-defined by company guidelines for such projects.	A
The size, the roles and disciplines are process driven and decided when the project is assigned.	B
The size, the roles and disciplines are decided on	C

ad-hoc basis by the project leader.	
None of the above (please specify below)	D

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A4. How many members does the project team usually consists of?

<b>Project Team Size</b>	<b>A4</b>
It depends on the project characteristics	A
There are always 5 team members	B
There are always 4 team members	C
There are always 2 team members	E
There is always 1 team member (project lead)	F

A5. What is the usual duration of such projects?

<b>Project Duration</b>	<b>A5</b>
It depends on the project characteristics	A
Less than six months	B
Between 6 and 12 months	C
Between 12 and 18 months	D
Between 18 and 24 months	E
More than 24 months	F

A6. Is there any involvement at any stage of the project of external consultants?

<b>External Consultants</b>	<b>A6</b>
It depends on the project characteristics	A
Never, such projects are done internally	B
Always, an external consultant is assigned to assist with such projects	C
External consultants may be used to obtain market data only	D

**PART B – The Process**

B1. What options are you considering when you start investigating new foreign market entries for lubricants?

<b>Options</b>	<b>B1</b>
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Start with a clean sheet and consider all possible options.	A
It depends on the specific case.	B
Only certain options are considered and these vary with the project.	C
Only certain options are considered and these are dictated from above.	D
None of the above (please specify below)	E

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B2. What are the most important factors that are considered when evaluating new foreign market entries or exits? Please select the **three most important factors**.

<b>Factors</b>	<b>B2</b>
Country Location	A
Country Economy.	B
Political Stability	C
Market Accessibility	D
Market Size	E
Financials (profitability, rate of return of investment)	F
Market Growth Possibility	G
BP's Presence in the country	H
Others (please specify below)	I

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B3. How are data and information collected from foreign markets?

<b>Data and Information Collection</b>	<b>B3</b>
In house Market Intelligence	A
Carry out market research	B
Internet Research	C
Utilize prospective partners in the country	D
Contact commercial and trade associations in the country	E



Others (please specify below)	F
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B4. How are the different options evaluated?

<b>Evaluation of Options</b>	<b>B4</b>
Using standard Financial Models (eg Return on Investment)	A
Using Standard Marketing Models – (eg Market attractiveness)	B
By considering the least costly option	C
It very much depends on the project	D
A combination of the above	E
Others (please specify below)	F

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B5. What, if any, analytical frameworks do you use to aid decision making?

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B6. What are the most likely modes of entry into new countries for lubricants ? You may select more than one answer.

<b>New Market Entry Mode</b>	<b>B6</b>
Direct Sales with a BP sales force in the country.	A
Direct Sales into the country by exporting from	B

another country.	
Partnership with a local entity	C
Franchise	D
Distributor	E
Commission Agent	F
Mixed mode	G
Any other route to market (please specify below)	H

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B7. What are the main reasons for considering exit strategies from existing foreign markets in lubricants? You may select more than one answer.

<b>Reasons for considering exit strategies</b>	<b>B7</b>
Unprofitable existing route to market	A
Foresee market or environmental changes that will make existing route to market unprofitable	B
Foresee market or environmental changes that will make a different route to market more profitable	C
Top down strategy change	D
Usual review of all possible options	E
Any other reasons (please specify below)	F

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B8. Are the recommendations from such projects endorsed by the business and then implemented?

<b>Recommendations from the these projects</b>	<b>B8</b>
Always endorsed and then implemented	A
Mostly endorsed and then implemented	B
Mostly rejected	C
Always rejected	D
Always endorsed and but never implemented	E
Any other options (please specify below)	F

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 B9. Is there any follow up after implementation to check whether or not the expected results have been achieved?

<b>Follow up after implementation</b>	<b>B9</b>
Yes, there are regular reviews after implementation to check the progress and results of the implementation	A
Not always, it depends on the significance of the project.	B
No, there are no reviews following implementation	C
Any other follow up processes (please specify below)	D

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 B10. Are the outcomes of the follow up review employed by management for any future use?

<b>Review Outcomes</b>	<b>B10</b>
Yes, outcomes for follow up reviews are always used for future projects as experience and learnings	A
Not always, it depends on the significance of the project.	B
No, there are never used	C
Yes, outcomes are used but only for training purposes	D
Any other follow up processes (please specify below)	E

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 B11. Were you involved in any way in the recent strategic projects of new market entry into Libya or market exit from Cyprus?

<b>Involvement in market entry into Libya or exit from Cyprus</b>	<b>B11</b>
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Yes, I was involved in both projects	A
I was only involved in the market entry into Libya.	B
I was only involved in the market exit from Cyprus.	C
No, I was not involved in neither projects.	D

**THANK YOU VERY MUCH FOR YOUR PARTICIPATION**

**Will you be interested in participating in an interview to discuss in more detail the process of foreign market entry or exit from existing ones of BP Lubricants?**

YES                        NO

**Will you be interested to receive the findings of this research ?**

YES                        NO

Name (optional):.....

\_\_\_\_\_

**APPENDIX C: *Invitation Letter for Participating in the Focused Interview***

**Interview**

“The new foreign market entry and exit process in BP Lubricants”

Dear colleagues,

First of all, I would like to thank you for completing the questionnaire on the above subject, which is part of my doctoral research. Your feedback to my questionnaire provided useful insights into the process that I am researching.

Further to your kind acceptance for an interview to discuss in more detail the above subject, I would very much appreciate it if you could indicate the most appropriate time and date to conduct the interview. I expect that the interview will not take longer than 60 minutes. I would like to complete the interviews by the end of May 2012, so there will be sufficient time for any subsequent clarification sessions. The interviews will be conducted by telephone for the colleagues located in other countries and therefore impractical to meet and for those located locally through face to face meetings.

I would like to re-assure you that all of the disclosed information and personal opinions stated by you, will be employed in a confidential and anonymous way that does not conflict with your organizational and individual interests. It is also recognized that some of the information that may emerge from this survey will be company confidential and the entire thesis will therefore be treated as confidential. I would also like to re-assure you that if at any stage you decide to withdraw from the research then this will be respected and all information provided will be withdrawn.

Assuming that I have your consent to participate, would you please provide me with your preferred date and time to carry out the interview?

Name:.....

Preferred Date and Time: (CET\*).....

Second Alternative Date and Time (CET\*):.....

\*CET = Central European Time

Thank you very much for your participation and contribution in this research.

## **APPENDIX D: Interview Structure**

### **Design of Focused Interview**

#### **1. Introductory Comments**

Thank you for your time and willingness to participate to this interview, following the questionnaire. Please, let me assure you that this interview will be treated as confidential and anonymous.

As you are aware, I am researching into the processes that BP Lubricants follow in foreign market entry or exit from existing markets and I would very much appreciate your input based on your experience and personal views.

If you do not mind, I will be taking some notes during the interview and please feel free to ask for clarifications at anyone point if the question is not clear.

#### **2. Preliminary Questions**

- a. How long have you been working for BP?
  
- b. What were your main jobs in the organization?
  
- c. What is your current role and how long you have been at this position?

### 3. Main Question Themes

- a. What is your understanding of the term “Foreign Market Entry Mode and Exit”?
- b. Do you believe that BP Lubricants are interested in foreign market entry and exit?  
**Prompts:** strategically, tactically or both.
- c. Why do you think they are interested?  
Why do you think they are not interested?
- d. In your opinion, is there a standard process that BP Lubricants is following when they want to enter a new foreign market, or exit an existing one?  
If yes, can you please describe the process?
- e. Who in your opinion are involved in such a process?  
And who is leading the process?
- f. Which, in your opinion are the main factors which influence the choice of method of market entry?
- g. When deciding on an approach to market entry, do members of staff use power, or perhaps form groups in order to influence towards a specific direction? Is there open discussion of the various options available?
- h. Do you think that decisions for market entry or exit are taken on the basis of “gut feelings” or intuition, or experience rather than by means of an analysis?
- i. What are the main uncertainties and risks that are involved in the process of new market entry?
- j. Do you believe that this process is changing over time or does it remain the same?  
If it changes, why does it change and how?
- k. Are there any analytical tools that are employed by the project teams to assist in the decision making?  
If yes, can you please describe them?

- l. In your opinion, what are the main weaknesses and strengths of the current process?
- m. Do you believe that this process be improved and how?
- n. If we take a recent case for foreign market entry, for example the entry of BP Lubricants into Libya, were you in any way involved in this?  
If yes, how?  
If no, are you aware of this case?
- o. Using the Libya market entry case, can you please describe the process and the tools that were used?
- p. Is it possible to have access to the materials that have been used, so that I can analyse them in depth, once again, I emphasize that all the materials will be treated confidentially.
- q. Similarly, I would like to take a recent market exit case in BP Lubricants, that of Cyprus and to ask you if you were in way involved in this?  
If yes, how?  
If no, are you aware of this?
- r. Using the Cyprus market exit case, can you please describe the process and the tools that were used?
- s. Is it possible to have access to the materials that have been used, so that I can analyse them in depth, once again, I emphasize that all the materials will be treated confidentially.

#### **4. Final Questions**

- t. In your opinion what is BP's main strategy in foreign market entry and exit, with regards to lubricants?



- u. Which do you believe are the main modes of foreign market entry (routes to market) for BP Lubricants in Europe and Africa?  
Why?  
Prompts: Direct sales, exports, franchise sales, distributor, agents, mixed.
- v. In your opinion, why BP Lubricants are considering market exits?
- w. In your opinion, which market entries have been successful and which have been failures? Why and what were the reasons for each case?
- x. Do you have a preferred approach to new market entry? If yes(/ no), why?
- y. Overall, what do you believe are the main strengths and weaknesses of the decision making process for foreign market entry and exit in BP Lubricants?
- z. In your opinion, how can this process be improved?

## **5. Closure**

I would like to thank you for your participation to this interview and of your valuable contribution to my research. Once again, please rest assure that your interview will be kept confidential and anonymous.

I would like to ask you if it will be possible to call you again if I will need any further clarifications.

Many thanks.

## APPENDIX E: *Transcript from one Participant*

### Interview

Date: 17<sup>th</sup> May 2012

Time 16.00-17.25

Interviewee: JA (6)

Type: Audio Conference

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Q2a: For eight years now.

Q2b: I have started in sales but recently I have moved to business strategy.

Q2c: Business Strategy for the last four years.

Q3a: Foreign market entry and exit is the activity by which an organization enters or exits a foreign market.

Q3b: BP is indeed interested in entering new foreign countries so as to achieve the growth aspirations of the group. At the same time BP lubricants are regularly reviewing the existing geographic portfolio and assess how to serve the markets. What we call route to market.

Q3c: As most organizations bp lubricants have a growth agenda and this can be achieved either by increasing the sales volumes in existing markets or by entering new ones. So the interest in entering new markets comes basically from the strategic objective for market growth.

Q3d: In bp lubricants, there is a standard process that we follow in assessing the best route to market for new countries or for existing markets. The overall

process and is of course guided by the strategy of the business is as this set by the leadership team. So this is our starting point and once a new foreign country is identified as potential entry then we gather as much data as possible on the lubricants market in that country, on the competition, the economy, the political system and any other information that is useful. Our research is mainly done through internet and various other reports that are published. We may also approach other bp businesses (air, marine, fuels etc) if these are present in the target country, to obtain market and country data. Sometimes sales teams or partners in neighboring countries can provide useful information. Often, the trigger to start the process can be a call or email from an organizations or individuals who are interested in representing BP or Castrol lubricants in the country. Yes, there are cases where strategically we decide to enter a new country and this happened over the last ten-twenty years when the ex Eastern countries were split and new smaller nations were formed (eg Russia, Ukraine, Slovenia, Serbia, etc). We do review however frequently the effectiveness of the route to market for existing markets and if necessary we make changes.

After collecting all the required data then we build our financial model (DCF) to assess the most cost effective route to market for the target country. At this point, I should mention that the strategy guides us on the route to market options. What I mean is that the strategy calls for direct sales (ie bp office in the country and a bp sales force serves the market) in core and growth countries. Core countries are the large countries which we have been present for many years for example UK, Germany, France, Italy, Spain, US, Australia etc. Growth countries are those large countries with significant growth opportunities such as Brazil, China, Russia etc. For all other countries, which we call optimized, the preferred route to market is through national distributors.

Therefore for most of new countries the DCF is not needed as the strategy dictates the optimum route to market and so we proceed to the next step which is to identify the most suitable national distributor if this is the route to market. It may sound a complex process but it is really very simple. The DCF analysis is only needed if both the direct and indirect routes to market can be applied and the financial analysis is needed to decide which of the two.

For smaller countries the review of the route to market may show that a change is necessary, ie move from direct to indirect (the opposite is very unlikely). This is the case which we call market exit, we do not really exit the market but we exit the direct route to market.

Q3e: If you consider the entire process then the leadership team are involved in building the business strategy, the business strategy team is involved in the project itself and a number of colleagues from various disciplines are asked to support at specific stages if needed. For example, we may need and request the support and expertise from the HR (Human Resource) department or finance or sales. This is done only if when needed. Our recommendations at the end of any project need to be endorsed by the leadership, before they can be implemented.

Q3f: Many different factors can influence the final route to market. Obviously, as I have said earlier the strategy directs us to the available choices. The size of the market, the growth opportunity, the competition and I would also the political system will play significant roles in the final decision.

Q3g: I have never felt that anyone used their power to influence the outcome of a project. We do discuss regularly the project progress with the leadership team during the analysis phase, especially if this is a significant study and we may receive strong challenges on aspects of the analysis or on our assumptions but this is legitimate and normal business process. I will not say that this is influencing using power.

Q3h: The analyst may use his or her experience in such projects, or in the markets to build a more realistic model. The gut feeling as you say, may be reflected in the assumptions employed but not for overriding the entire process.

Q3i: There are many uncertainties and risks that are introduced in these projects and the country political and economic factors are the most important which can change significantly the outcome of the study or the subsequent profitability elected option. Unfortunately, these uncertainties are difficult to predict or mitigate.

Q3j: The strategy is reviewed by the leadership to ensure that this is still applicable and changed if deemed necessary. The process itself as I have outlined previously does not change, for a number of years. Small changes may be introduced but these do not alter the philosophy.

Q3k: The main analytical tools that we use are the DCF financial model and the distributor selector model. Of course the strategy document is used as reference to guide and direct us on our decisions. The DCF model is used to assess the most profitable route to market if there is more than one option available and the distributor selector model assists in identifying the most suitable distributor when the route to market is the indirect approach.

Q3l: I believe that the process could be improved by introducing more options with regards to the route to market. Currently the strategy directs us to only two options, direct and through distributors but other options can be considered, for example exporting.

Q3m: I have said earlier that introducing more options for the route to market may improve the process but also the end result.

Q3n: I was not involved in this particular project.

Q3o: I have described the generic process earlier and I believe that this was followed in the Libya case.

Q3p: My colleague who was responsible for the Libya project should have the documents used. I am not sure who was this.

Q3q: I was involved with the Cyprus exit project and I am fully aware of almost all the aspects. I was the main analyst for this project.

Q3r: Based on our strategy, I was asked to review the route to market in Cyprus and investigate the possibility of changing from the direct presence to a national distributor. It should be noted that the strategy dictates that small countries like Cyprus should use a national distributor as the most appropriate route to market. So if we were to enter the Cyprus market now as a new entry, based on the strategy this would have definitely been through a national distributor. However

as in Cyprus there was a direct sales team then the project was more complicated as we needed to assess between the existing route to market against the preferred by strategy, through a national distributor. This necessitated to build a DCF model to compare the two options. The first step was to gather as much information and data about the business in Cyprus, through our management information systems and the internet. I also requested the support from various colleagues, the HR and finance managers in Cyprus, the sales director and others. Using the data gathered, I have used the DCF model to build different scenarios to assess the options. At the end I have used the distributor selector tool to identify potential distributors that are suitable to get the business. I have then submitted a report to the leadership team about my recommendations. The recommendation was that the change in the route to market from direct to indirect as the strategy suggests is not beneficial at this point in time and will need to be re-evaluated at some point later on.

Q3s: Yes of course but these must be treated confidentially as you know.

Q4t: The strategy for foreign market entry is that core and growth countries will employ a direct route to market whereas all other countries they should use a national distributor (indirect). This is basically the main strategy on this issue.

Q4u: Direct and through national distributors.

Q4v: Market exits are considered when a change from a direct route to market to an indirect mode will be more profitable to the company in the short, medium and longer term. The term market exit may be misleading in our case as we rarely consider exiting a market all together but exiting the direct mode.

Q4w: Most of our projects , I believe, were successful as the change to a new route to market or new country entries were implemented with no major issues and the performance of the new business model were profitable. No, we rarely go back and assess the performance of the new business model. We get to know the performance by informal inquiries. Of course it is very difficult to compare two business models (the old and the new one) at different times as the markets are dynamic and change with time.

Q4x: My own preference is what the strategy calls, ie direct for the large countries and through a distributor for small countries.

Q4y+z: I think the **process works well** but there are always small improvements that can be made. For example, what we have talked previously about checking the performance of the new business model if it delivers what it was supposed to. Therefore, the team could revisit the business after one year of implementing the new route to market to review the performance. Another improvement that I can think of is a central data bank with market intelligence to assist us when building the models.

## APPENDIX F: *Tabulated Codes and Categorisation*

CATEGORY: DEMOGRAPHICS

Page 1

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>YRS</b>	Years of experience Within bp	2a	>10	24	25	12	15	8	>15	>26
<b>EXP</b>	Type of experience within bp	2b	Finance	IT/HR	Chemist/Sales Marketing	Marketing/ Strategy	Finance	Sales/ Strategy	Marketing/ Strategy	Sales/ Marketing
<b>ROLE</b>	Current Role	2c	Finance	HR	Global Marketing	Strategy	Finance	Strategy	Strategy	Sales
<b>PRROLE</b>	Role in process		Recipient	Recipient	Influencer	Decider	Recipient	influencer	Decider	influencer



CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>DEF</b>	Definition Awareness	3a	Yes E/E	Yes	Yes R2M	Yes E/E	Yes E/E	Yes E/E	Yes E/E	Yes R2M
<b>REAS</b>	Reason for	3b+3c	Growth	Growth	Profitable Growth	Effective Growth	Profitable Growth	Market Growth	Business Growth	Profitable Growth
<b>EXIST</b>	Existence of Standard Process	3d	Yes but situation dependant	Not Sure?	Agreed Principles+ Specifics	Yes	Yes	Yes	Yes but Depth of analysis varies	Yes
<b>INV</b>	Who is involved	3e	M&A?	LT?	LT+GM+ ST	LT+ST	ST	LT+ST+ Support	ST	ST+LT
<b>INFL</b>	Power Influence	3g	Yes Not sure?	Believes Yes?	Rare but may be	LT may influence	Yes	No	No	No +++
<b>OBJ</b>	Use of gut Feelings	3h	Yes sometimes?	Subjectivity in assumptions	No	Subjectivity in assumptions	Only for assumptions	Subjectivity in assumptions	No	No
<b>FACT</b>	Factors considered in the analysis	3f	Financials Economy Political stability Market size	Geography Politics Economy	Strategy financials Market size/growth Politics Barriers to entry/exit	Politics Market size Growth potential Customer type Economy, geography	Financials	Strategy Market size Growth Competition Politics	Strategy Market size Market growth	Strategy Market dynamics Barriers to entry/exit geography

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>STR</b>	Process Strengths	3m	Well known financial model	Not Given	Robust Sensitivity analysis to test assumptions	Robust financial and marketing model	Standard process	Standard process works well	Works well	Robust and successful
<b>WEAK</b>	Process Weaknesses	3m	No transparency. involvement at early stages	Lack of transparency	Subjectivity of analyst	Limited options for market entry	Subjectivity Secrecy Limited options	Many uncertainties which are difficult to predict	Uncertainties	Uncertainties
<b>IMPR</b>	Process Improvements	3n	Possible More Options to consider	Do not know	More Options	More Options for market entry	Testing of Assumptions	More Options	Better Market Intelligence Data Base	Other Possible routes to market
<b>CHANG</b>	Process Change with Time	3j	Yes, reflected in Strategy	Not sure	No radical changes. Only strategy changes.	Seen as strategy change	Core process unchanged. Changes in strategy	Strategy review by LT. No process change	Unchanged for a number of years	Strategy may be changed, process is fairly unchanged
<b>RISK</b>	Process Risks	3i	Political, Economic and marketing uncertainties	Political and economic	Political and economic	Political environment	Political and economic assumptions	Political and economic factors	Political instability	Assumptions employed in the process

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>TOOLS</b>	Process Tools	3k	DCF	Not sure	DCF+ Distributor Selector	SWOT+ Strategy+DCF+ Marketing tools for distributor selector	DCF	DCF+ Distributor Selector	DCF+ Distributor Selector	Financial Tools

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>KNOW-Lib</b>	Knowledge of Libya Entry Project	3n	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
<b>INVOLV-Lib</b>	Involvement in the Libya Entry Project	3n	No	No	Not directly	Yes	No	No	Yes	Yes
<b>PROC-Lib</b>	Process followed	3o	DCF	Not sure	Strategy Leading to distributor	Straight forward from strategy	Other project entry projects (DCF +distributor selector)	Provided process description	Yes, process description	Yes process description
<b>DOC-Lib</b>	Documentation Availability	3p	No	No	No	Yes	No	No	Yes	No

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>KNOW-Cy</b>	Knowledge of Cyprus Exit Project	3q	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>INVOLV-Cy</b>	Involvement in the Cyprus Exit Project	3q	Yes partly	Yes partly	No	Yes	Yes support	Yes	No	Yes
<b>PROC-Cy</b>	Process followed	3r	Description	Description	Description	Description	Description	Description	DCF	Description
<b>DOC-Cy</b>	Documentation Availability	3s	Yes	Confidential HR data	No	Yes from project team	Yes	Yes	No	Yes from project team

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>STR-cl</b>	Overall Strategy on Entry and Exit New markets	4t	Direct only for main countries and through distributors for all others	Direct only for main countries and through distributors for all others	Direct for core and growth and indirect (distributors) for all others	Direct for core and growth and indirect (distributors) for all others	Direct and National distributors	Direct for core and growth and indirect (distributors) for all others	Direct for core and growth and indirect (distributors) for all others	Direct for core and growth and indirect (distributors) for all others
<b>R2M</b>	BP's Preference Route to Market	4u	Distributors	Direct + Distributors	Direct + Distributors	Direct+ Distributors	Direct+ Distributors	Direct+ Distributors	Direct+ Distributors	Direct+ Distributors
<b>R2M-pp</b>	Personal Preference Route to Market	4x	Direct	Direct	Mixed (direct+distributor)	Mixed (direct+distributor)	Direct	Direct+ Indirect	As per strategy	Distributor
<b>R2M-Suc</b>	Examples of successful R2M projects	4w	Informal discussions between colleagues	Do not know	Eastern European countries	Some projects were successful	Informal discussions between colleagues	Mostly successes	Mostly successes – some initial teething problems	Mostly successes with some adjustments later on
<b>R2M-Fail</b>	Examples of failures in R2M projects	4W	Mobil exit from Cyprus	Do not know	France Agri	Project failures only due to market changes	Informal discussions between colleagues	Rare	Only initial teething problems	Only adjustments

CODE	DESCRIPTION	QUESTION	P1	P2	P3	P4	P5	P6	P7	P8
<b>R2M-ex</b>	Main Reasons for exit route	4v	Exit=move from direct to indirect. Mainly for profitability	Cost efficiencies	Maximize returns for bp Exit=move from direct to indirect	Follow strategy to improve profitability	Increase profitability	Exit=move from direct to indirect. Mainly for profitability	Exit=move from direct to indirect. Mainly for profitability	Exit=move from direct to indirect. Mainly for profitability
<b>PROC-imp</b>	Process Improvements	4y + 4z	More transparency More involvement of people at local level	More transparency	Subjectivity of analyst and leadership change leading to strategy change	Strategy interpretations and more options for R2M	Revisiting decisions to learn, more options for R2M and more involvement of people	Revisiting decisions, improved central intelligence data bank	More options for R2M	More options for R2M, revisiting decisions for learning

CODE	DESCRIPTION	Lubricants E&A Strategy Book	Cyprus Exit Case	Libya Entry Case
<b>REAS</b>	Reason for	Profitable Growth	Mainly Financials and Limited Growth Opportunities	Mainly Financials and Market Growth Opportunities
<b>EXIST</b>	Existence of Standard Process	Framework and guidelines provided	Yes	Yes
<b>INV</b>	Who is involved	LT+GMU+ST	LT+ST+Support	ST+LT+Support
<b>INFL</b>	Power Influence	Not evident	Not Evident	Not Evident
<b>OBJ</b>	Use of gut Feelings	Not evident	Subjectivity in assumptions	Subjectivity in assumptions
<b>FACT</b>	Factors considered in the analysis	Growth Potential Profitability Market Size Competitive Intensity	Strategy Financials Market size Growth Opportunities Business risks	Strategy Financials Market size Growth Opportunities Business Risks



CODE	DESCRIPTION	Lubricants E&A Strategy Book	Cyprus Exit Case	Libya Entry Case
<b>STR</b>	Process Strengths	Not Evident	DCF standard Financial process. Rigorous.	DCF standard Financial process. Rigorous
<b>WEAK</b>	Process Weaknesses	Not evident	The subjectivity in the assignment of assumptions	The subjectivity in the assignment of assumptions
<b>IMPR</b>	Process Improvements	Not Evident	The need to evaluate more options	The need to evaluate more options
<b>CHANG</b>	Process Change with Time	Some elements of the strategy are reviewed regularly	Not evident	Not evident
<b>RISK</b>	Process Risks	Not evident	Political and Macro Economic factors not considered	Political and Macro economic factors not considered

CODE	DESCRIPTION	Lubricants E&A Strategy Book	Cyprus Exit Case	Libya Entry Case
<b>TOOLS</b>	Process Tools	Not evident	DCF, Distributor Selector	DCF, Distributor Selector
<b>STR-cl</b>	Overall Strategy on Entry and Exit New markets	Aim for continuous profitable growth. Route to market dictated by market size, market growth opportunities and current market share	Profitable growth, preferential shift to distributors in all smaller countries	Profitable growth, preferential shift to distributors in all smaller countries
<b>R2M</b>	BP's Preference Route to Market	Direct for all Core and Growth countries and indirect (through distributors) for all others. Cluster model is also mentioned.	Direct for all Core and Growth countries and indirect (through distributors) for all others	Direct for all Core and Growth countries and indirect (through distributors) for all others
<b>R2M-ex</b>	Main Reasons for exit route	No mention of complete market exit. Market exit is referred to the change in the route to market from direct to distributor. Ensuring continuous and profitable growth	No mention of complete market exit. Market exit is referred to the change in the route to market from direct to distributor. Ensuring continuous and profitable growth	Not evident