THE MARKET ENTRY STRATEGIES OF SANDVIK IN SERBIA AND MACEDONIA

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ABSTRACT

Date: June 4th, 2010

Title: The Marketing Entry Strategies of Sandvik Mining in Serbia and Macedonia

Course: Business Administration

Program: Bachelor Thesis in Business Administration

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Introduction: Sandvik AB was founded in 1862 by Göran Fredrik Göransson who is the first person in the world to use the Bessemer method in steel industry. Sandvik Group is considered to be a world-leading company which produces high-technology products and has achieved a global business status in more than 130 countries throughout the world. The company sales as at 2009 was 72 billion SEK and boost of 44 000 employees. As a result of the close integration of the production, administration and distribution systems, approximately 70% of the Sandvik Group’s sales are delivered to customers within a week from order. To ensure maximum customer value, R&D at Sandvik involves leading state-of-the-art technology, dynamic patent activities and extensive added value. During the last few years, couples of companies have been finding it difficult to gain a competitive position in foreign markets due to the intense competition from suppliers and competitors and also their failure to conform their marketing strategies to the countries they enter and as a result fail drastically. Companies face a lot of dilemma on which entry mode strategies to adopt when entering new foreign markets. Some pay much attention to their resources whilst others also evaluate the total cost involved in entering the market against the level of profit they will achieve in that markets. For these reasons, the main aim of this research work is to try to identify and describe some of the entry strategies models companies should consider in their internationalization process.

Problem: How has Sandvik Mining Industry entered into Serbia and Macedonia?

Sub questions;
- What difficulties had Sandvik faced in implementing their entry strategies in these two countries?
- How and whether participants/interviewees perceive the entry strategies as successful or not?

**Purpose:** The main objective of this research is to identify, describe and analyze the Marketing entry strategies of Sandvik Mining in Serbia and Macedonia.

**Method:** In this research work, both qualitative and quantitative research methods were used but most of this research work was based on qualitative research method. The qualitative research was in the form of primary data based on interviews, questionnaire and personal contacts with the sales/marketing manager, Mr. Johan Dotzauer. On the quantitative method, we used secondary data such as Journals, books and the financial information of Sandvik Mining to analyze Sandvik Mining international process as well as in evaluating the success of their internationalization process in Serbia and Macedonia markets.

**Conclusions:** In conclusion of this work, we found out that the exclusiveness and the technicality of Sandvik´s products and their thirst for having a strong competitive advantage drives them more and more towards the resource based theory and also partially the network approach in their foreign market entry process. That’s Sandvik Mining adopted two or more entry strategies in its internationalization Process to Serbia and Macedonia Markets. In addition, Sandvik competitive advantage over its rivals Caterpillar and Atlas was due to its resources in the form of infrastructure, hi-tech products and high scaled sales force team. The success of Sandvik Mining entries to Serbia and Macedonia as at now cannot be concluded as successful by us. This is due to the unavailability of the 2010 financial statements for these two markets.

**Keywords:** Resource Based Theory, Uppsala Internationalization Model, Network Approach and Eclectic/Transaction Cost Approach.
Acknowledgement

In writing this research work, we got support from many people and without the support of these great people this research would not have been possible. First of all, we would like to express our maximum gratitude to our supervisor, Prafulla Acharya whose suggestions and comments contributed vastly in shaping the strength of this research. We would also like to give thanks to the Sales/Marketing Manager of Sandvik Mining, Mr. Johan Dotzauer for his hospitality shown us during our visit to the company. Also by giving us the chance to conduct interview which provided us with the necessary and relevant information which was the basis of this research work. Moreover, we are also very grateful to Justice Antwi-Bosiako and Collins Armah for their time in reading through our research work and also to our opposing group Richard and Khaled for their comments and suggestions.

Dedication

Enock

I would like to dedicate this research work to my one and only lovely Mum, Madam Veronica Anane (430) through whom I have been able to climb so high to this level in the education ladder. Just want to say “I love you Mum”. Also to my inspirational father, Mr. Francis Baffour Awuah , My brothers Eric(Masspee), Vincent, Frederick and Nana Yaw(Boxen) as well as my supportive uncle, Mr. Apau Bediako. Also dedicate it to my one and only sister, Naa Ashely.

Karimi

I dedicate this work to my dear wife Midja Ahmad who has helped me throughout the process of this research and has supported me in all my activities. Also I want to mention the role of my family; my father Jafar Karimi, my dear mother Fatma Saidi and my beloved sister Sheyda Karimi who have all together created an atmosphere where I have been able to be in peace in order to conduct this research.

Magdi

Dedicate to my Family.
# TABLE OF CONTENTS

1. Introduction ........................................................................................................................................1
   1.1. Thesis Deposition .........................................................................................................................2

2. Company Introduction .......................................................................................................................3
   2.1. Research Question .........................................................................................................................5
   2.2. Purpose & Goal ...............................................................................................................................5
   2.3. Justification of the Research ..........................................................................................................6
   2.4. Choice of topic and Countries ......................................................................................................6

3. Methodology .........................................................................................................................................7
   3.1. Research Approach .......................................................................................................................7
   3.2. Research method ...........................................................................................................................8
   3.3. Interview .......................................................................................................................................8
   3.3.1. Questionnaire ............................................................................................................................9
   3.3.2. Company visit ...........................................................................................................................9
   3.4. Access to information and reliability .............................................................................................9
   3.5. Limitation of study .........................................................................................................................10
   3.6. Literature search ...........................................................................................................................10
   3.7. Primary Data ................................................................................................................................11
   3.8. Secondary Data ............................................................................................................................11
   3.9. Data analysis ................................................................................................................................11

4. Literature Review ..................................................................................................................................12

5. Theoretical Framework ......................................................................................................................16
   5.1. Theories and Concepts ..................................................................................................................16
   5.2. Uppsala Internationalization Process Model ................................................................................16
   5.3. Network Approach .......................................................................................................................17
   5.4. Resource Based Theory ................................................................................................................17
   5.5. The Eclectic Theory and the Transaction Cost Analysis (TCA) ....................................................18
   5.6. Previous Research Studies ..........................................................................................................19
   5.7. Conceptual Framework ...............................................................................................................20
1. INTRODUCTION

With the increasing globalization of markets, companies find that they are unavoidably enmeshed with foreign customers, competitors and suppliers; this is true even within their own borders. They face competition from domestic firms and foreign firms and therefore there is the need for companies to develop effective entry strategies to gain competitive advantage both domestically and globally.

An entry mode is an institutional arrangement that firms adopt in marketing their products in a foreign market (Root, 1994). Choosing the suitable entry mode in a foreign market can have some significant and intense consequences on a firm’s overall performance and survival in that foreign market (Gatignon and Anderson, 1988) That’s, unsuitable entry mode strategy may hinder some of the opportunities and lower the range of strategic alternatives available to the firm (Alderson, 1957), this might lead to some financial consequences and losses if the firm thinks of leaving that foreign market.

According to Whittington, the economics (1993:106) observes that; “the consultants and theorists jostling to advice businesses cannot even agree on the most basic of all questions: What precisely is a corporate strategy?” Having read this, Michael Porter also states that: “we simply do not know what strategy is or how to develop a good one” (Whittington 2001). Nevertheless, our thoughts lean towards the fact that, for a company to achieve a competitive advantage over its competitors, then the development of most suitable strategies would be the effective tool.

The above statements lead our minds to the ultimate task in the business world about what exactly is strategy? According to Gerry Johnson and Kevan schools; “Strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectation”. (www.tutor2u.net: 30.03.2010)

From the above definition of strategy, we can view the concept of strategy in three dimensions, first the direction of strategy is towards a long term relationship in all business operations. Secondly a strategy gives an insight of which market a company should compete in and the kind of activities and resources (relationship, finance and technical competence) should be considered
in these markets. The third dimension refers to a company’s competitive advantage over its rivals and some environmental factors to be considered. (www.tutor2u.net: 30.03.2010).

Companies face a lot of dilemma on which entry mode strategies to adopt when entering new foreign markets. Some pay much attention to their resources whilst others also evaluate the total cost involved in entering the market against the level of profit they will achieve in that markets. As a result of these, choose between sole ownership, manufacturing, acquisition and joint ventures as their entry modes strategies.

From the aforementioned entry problems faced by firms, our main focus of this research work is to identify, describe and analysis the entry strategies of Sandvik Mining Industry in Serbia and Macedonia markets.

1.1. Thesis Deposition

This research work consists of seven chapters each section deals with specific part of this research work. The first chapter talks about the introduction of the main subject of discussion with some sub-topics like background of the company, research question and purpose as well as the justification of this research work. The second chapter gives an overview about the methods used in this research work. The methods part is made up of the choice of topic, research method which includes questionnaires, interview and company visit. The method section also includes research approach, primary and secondary data, data analysis, access to information and limitation of our research. The third chapter is about the theoretical and conceptual framework which gives an insight into the literatures connected to this research topic as well as the theories and concepts that would be used in analyzing the company findings. Some of these concepts and theories include Uppsala internationalization process model, Network approach and the resource approach. The fourth chapter is findings which were obtained from the company through our conducted interviews, questionnaire and company visit. These findings are based on the entry strategies of Sandvik Mining Industry in the above mentioned foreign markets. The next chapter is the analytical part of the research work; we will apply the findings of our study to some of the theories discussed earlier in the theoretical discussions. The sixth chapter which is conclusion, we will give an overview of the whole research work and continue to give our recommendations about some of the shortcomings of the Sandvik entry strategies to these two markets.
2. COMPANY INTRODUCTION

Sandvik AB was founded in 1862 by Göran Fredrik Göransson who is the first person in the world to use the Bessemer method in steel industry. The company started with a strategy focused around producing high-quality products and customer satisfaction. This strategy which includes investment in research and development, customer orientation and exports has not changed since the start of the company and is still valid to this date (www.sandvik.com 2010-04-10)

Customer Productivity and company profitability has been linked together in Sandvik AB. The general principle of “happy customers → more profit” has been applied in all company’s activities. Providing the customers with maximum value which can mean performance, quality, speed, safety, flexibility and total economy has been Sandvik’s top priority since the birth of the company. In terms of growth, Sandvik has segmented its operations and focus-points into three main areas which are;

- customers in automotive and aerospace industries
- customers in mining and construction industries
- customers in all industries with relations to Material Technology development (stainless steel, resistance heating materials and process systems) (www.sandvik.com 2010-04-10)

Sandvik Group is considered to be a world-leading company which produces high-technology products and has achieved a global business status in more than 130 countries throughout the world. With a sales of 72 billion SEK and 44 000 employees in 2009, Sandvik has stabilized its success and rivalry influence worldwide. Technology and specially products with high-tech quality has been Sandvik’s main business goal and therefore reputation. The three main industry lines of Sandvik are:

- Cemented-carbide and high-speed steel tools for metalworking applications/blanks and components made of cemented carbide and other hard materials
- Machinery, equipment and tools for rock-excitation
- Stainless and high-alloy steels, special metals, resistance materials and process systems (www.sandvik.com 2010-04-10).
*Business Concept* in Sandvik is relatively simple considering the position of the company as a world-wide leading enterprise. Extreme focus on the quality of the products has been number one concern of Sandvik. Non-stop quality inspections and material control have guaranteed customer satisfaction and also profitability for the company. Sandvik invests in success therefore all the efforts and financing leans towards gaining a leading position globally. In the following text, we can observe some aspects of the business strategies used by Sandvik AB: ([www.sandvik.com](http://www.sandvik.com) 2010-04-10).

1. **Strong global corporate culture:**

   The essential work ethic in Sandvik is co-operation, hard work and loyalty which have created a strong corporate culture with skilled and knowledgeable employees. This strong corporate culture has also helped Sandvik in gaining its goals and achieving profit. Not like perhaps some other companies, Sandvik gives its employees the chance to get involved as much as possible into changing and creating new business ideas in its daily routine ([www.sandvik.com](http://www.sandvik.com) 2010-04-10). The chart 2.1 below illustrates the major investments done by Sandvik on an international level.

![Chart 2.1 Investments done by Sandvik AB worldwide](chart2.1.png)

**Source:** [www.sandvik.com](http://www.sandvik.com)

2. **Broad network of marketing and distribution channels:**

   Marketing in Sandvik happens among the customers. In other words Sandvik tried to conducts marketing activities in close contact with its customers either electronically or via distributors and agents. This closeness to the customers shows in Sandvik’s delivery which happens only within one week from the order. ([www.sandvik.com](http://www.sandvik.com) 2010-04-10)
3. **Broad and advanced R&D:**

Sandvik’s R&D is intensely customer-oriented due to the direct contact the company has with the target market. Not only R&D in Sandvik ensures the quality of the high-tech products the company produces but it also makes the production processes more efficient. ([www.sandvik.com](http://www.sandvik.com) 2010-04-10)

2.1. **Research question**

Since our research leans more and more towards marketing and issues related to International Marketing, we decided to give all our attention to this subject in Sandvik Mining Industry. One of the main parts of international marketing is the actual entry process which determined the success or failure. Our main research question is written in the following section;

How has Sandvik Mining Industry entered into Serbia and Macedonia?

The following sub-questions will be used as tools to answer and develop our research questions.

What difficulties had Sandvik Mining faced in implementing their entry strategies in these two countries?

How and whether participants/interviewees perceive the entry strategies as successful or not?

2.2. **Purpose & Goal**

Many companies have been finding it difficult to gain a competitive position in foreign markets due to their failure to conform their marketing strategies to the countries they enter and as a result fail drastically. The main objective of this research is to identify, describe and analyze the marketing entry strategies of Sandvik Mining in Serbia and Macedonia markets. In addition, we will also use SWOT analysis to analyze the strength, weaknesses, opportunities and threats of Sandvik Mining entry into Serbia and Macedonia markets. With the information gathered from our contacts in the company, we would be able to describe and analyze the market entry strategies of Sandvik in Serbia and Macedonia and the tools needed for maintaining a strong competitive advantage.
2.3. Justification of the Research

This research work is done in international marketing due to the high increase in the demand of marketing managers and also the high increase in the number of firms going global. As a result of this, both old and new upcoming managers working in international and globalized firms would benefit more from this research work because it tries to give an overview about the formidable entry strategies firms should consider when entering new foreign markets. Again this research is justified on the grounds that it will provide both theoretical for students and researchers as well as practical contribution to managers. The research findings used in this research work will not only equip the managers with practical knowledge about foreign market entry modes but also make them have a pre-look of some of the challenges they might encounter when going global. In addition, this research work would be very useful for most students and researchers majoring in international marketing in various universities around the world. This is so because, it will provide them with some theoretical knowledge and also have more insight into some of the entry models they would be studying.

Moreover, this research work will also boost our ambitions since it’s our dream to be successful marketing managers after our studies and work in international firms. We are optimistic that, undertaking a research work like this would beef us up with some of the applicable foreign entry strategies needed for a company to be successful globally.

Lastly, this research work was conducted with reliable information from the company concerned and therefore not written on a bias motive.

2.4. Choice of topic and Countries

As marketing students and due to our knowledge and interest in the subject, we decided to conduct this research on this field of study. In addition, becoming successful in foreign markets is every company’s top priority because of the rapid growth of globalization of companies. Another factor in choosing this topic was the contacts we had in Sandvik Mining Industry which gave us the ability to explore the company and get all the information needed for such paper. Even though the topic was somewhat new to some members of this group but we found information access relatively easy therefore the choice of topic became an interesting and effortless task. In addition, we chose Serbia and Macedonia markets due to the fact that, these countries are the most current foreign market entries of Sandvik Mining Industry.
3. METHODOLOGY

3.1. Research Approach

As any research, most known and common research methods were used in this research work. First of all we used our network to contact Sandvik Mining Industry which paved a way for us to conduct a face to face interview with the sales/marketing manager, Mr. Johan Dotzauer. We first contacted a friend who has been working in Sandvik for 7 years who recommended us to the sales/marketing manager. After his recommendation to the Mr. Johan, we sent series of email to him but did not get a reply from him. We also called him on his phone and even left voice messages but still there was no response. We later heard from Mr. Johan on Wednesday 21st April, 2010 through email which he explained that, he was tied up with a busy schedule and also it was due to the volcanic eruption in Iceland which caused delays in his flight schedules. We later sent him an email to book an appointment with him which was scheduled on 28th April, 2010 at 13:00 at his office in Gavle.

On April, 28th 2010 at 09:00 our group embarked on a trip to Gavle precisely at Sandvik Mining headquarters. We arrived at the headquarters around 11:30 which enabled us to have a look at the premises and also had the chance to get some more knowledge about the company through the receptionist on duty on that day. At about 12:55, Mr. Johan met us in front of the reception and led us to the main office building where we had a face to face interview with Mr. Johan in an oval conference room adjacent to his office. The interview section was recorded and lasted for one hour. During the interview, one of the group members asked most of the questions whilst the other two members also took notes.

On 3rd of May, 2010, the group met in Malardalen University in one of the study rooms in the R-building at 13:00 to write our findings from the recorded interview. We also compared the written notes to the recorded notes to see whether they match. The whole process lasted for about 3 hours.

On 15th May 2010, we contacted the sales/marketing manager of Sandvik Mining; Mr. Johan in Gavle to request for the income statements of these two markets to assist us in our analysis but Mr. Johan replied to us by email on 17th May 2010 stressing that, that information cannot be given to us since they are not public information but confidential. On 19th of May 2010, we
visited the company’s website (www.sandvik.com) and got access to their annual financial information which we used in our analysis.

3.2. Research method

Holme and Solvang (1991) emphasized that, doing a research work like this require the use of two kinds of methods which are qualitative and quantitative. Bryman (2004) also was of the view that, quantitative method is used with regards to deductive approach and focus on the quantification in gathering and analyzing of data by making a deduction between the research work and the theories. Denzin and Lincoln (1994) in Creswell, 1998 explained qualitative research approach as a multi method which involves the use of interpretive quality in a naturalistic approach to the main subject matter. After studying our work and research question, and also the explanations given above about the two kinds of methods, we decided to use qualitative research method for this research work. The qualitative research will be based on interviews, questionnaire and personal contacts with the sales/marketing manager and some employees in the company. The main reason for choosing qualitative method through interviews, questionnaire and personal contacts is to get actual views of the respondents. Since qualitative research deals with words which are stated verbatim from the respondents which will in turn help us in doing critical analysis. Also we will be visiting the company’s Headquarters to get the best possible insight of the activities related to their marketing entry strategies. Furthermore, we will be using quantitative data in the form of the financial information of Sandvik Mining to analyze the success of the company’s entry into these two countries in a qualitative way.

3.3. Interview

After sending our preliminary questionnaire to our contact in Sandvik Mining Industry, we followed up with a group to one interview between with the sales/marketing manager, Mr. Johan Dotzauer which gave us a chance to go through the questions once again in order to understand the answers properly. This interview was recorded. This group to one interview included some practical questions designed in a way to cover most part of this research work and was not a straight forward question. Most of these unstructured questions were reviewed in order to enable our interviewee have a clearer understanding of the questions and this was done during our group
to one interview with the sales/marketing manager in the mining industry of Sandvik. Although many might be of the view that, conducting interviews consumes a lot of time and also very expensive but we think that, using this method will give us the clearest possible insight of the operations related to International Marketing entry strategies of Sandvik Mining in these two foreign markets. In addition, since interview is a face to face conduct, it will enable us to ask more in depth questions (Fisher 2007). Fontana et al. proposed that, the most effective and common way of getting to know and understand human nature is through the use of interviews (Fontana and Frey 2000 in Lind and Knudsen 2007).

3.3.1. Questionnaire

A short but effective series of questions was sent to the one of the employees in Sandvik Mining whose name withheld due to security reasons to test his answers to see if they match what we obtained from our group to one interview with the sales/marketing manager of Sandvik Mining, Mr. Johan Dotzauer. These questions were later discussed deeper during our interview with Mr. Johan. Preparing a questionnaire will not only give us a good insight of the operations in Sandvik Mining but it will also put a serious face on our work and forces our counterpart in Sandvik to give out reliable and trustworthy information.

3.3.2. Company visit

We paid a visit to the mining department of the company in Gavle to conduct further interview with the sales/marketing manager of Sandvik Mining, Mr. Johan Dotzauer on 28th of April 2010 which made us get reliable and rich information that answered our questions. We were able to actually put a face on the information we have received so far and understand the company´s marketing machine better. Even though we wanted to visit the company more than once, it was simply not possible for all the team members to do so due to tighter school schedules and therefore we visited the company once together.

3.4. Access to information and reliability

Burns (2000) explained that, reliability can be based on two assumptions. The first assumption was that, a research study can be repeated which means that, other researchers would be able to
follow the steps of the original research done using similar series of studies. The second assumption made by Burns is that, if two or more researchers use this same categories and methods in doing research, they should all come out with the same results or findings.

We have been in touch with some of the company employees especially the sales/marketing manager and their willingness to provide us with the necessary information needed for this research. This was possible because the interview and the questionnaire were all answered by the sales/marketing manager, Mr. Johan Dotzauer and one employee in the mining industry of Sandvik which makes the source of the information reliable, concrete and trustworthy.

3.5. Limitation of study

Our research was limited to certain market entries and the reason for this can be linked to the fact that a research on whole Sandvik concern is way too vast and time demanding. Therefore we narrowed down our research to Sandvik Mining Industry and the entry to Serbia and Macedonia markets. Also we faced some practical limitations such as interviewing the managers in Serbia and Macedonia or visiting the headquarters of the company in these countries. However, we have managed to get at least two contacts in Sandvik AB which we think can give us up to date and relevant information. Since our information flow is restricted to one or two contacts in Sandvik Mining, we faced some communication problems in terms of answering our mails in time or at all.

3.6. Literature search

Much of the literatures for this project were obtained from Mälardalen university database which includes articles and journals and also some hard copy books were obtained from the university library. In addition, we made arrangements for some hard copy books which were not available at Mälardalen university library through inter library loan which were received after two weeks of making the application. Search engines like Google were also used in obtaining relevant and reliable information as well as the use of Sandvik website.
3.7. Primary Data

We have used interviews and unstructured questionnaires as our primary data collection. We started by contacting the sales/marketing manager of Sandvik Mining in the person of Mr. Johan Dotzauer via phone in order to set an appointment. We also sent a questionnaire to one of the employees name withheld through email which later we discussed in our group to one meeting with Mr. Johan. The reason for to send the questionnaire by email to one of the employees was that, people feel less pressured when answering questions sent by email. Our meeting/interview with Mr. Johan Dotzauer of Sandvik Mining was another way to collect primary data. Our choice of the sales/marketing manager of Sandvik Mining as the main respondent is due to the fact that, he is in charge of the company’s foreign marketing activities. The interview was conducted in a semi-structured manner which enabled the sales manager to express himself within the scope of the research work.

3.8. Secondary Data

Secondary data plays an important role in the literature review and as a result of this, more information were outsourced from books, journals and websites. For our secondary data collection we used books such as “The Business Marketing Course: Managing in Complex Networks” and a few more. Besides the articles found in school’s database we used Sandvik’s website mostly to gather information about the company and its internationalization system.

3.9. Data analysis

According to Huberman and Miles, there are two ways of analyzing a data and these include case analysis and cross case analysis. They described the case analysis as a strategy that can be used in analyzing a single case by making comparison to previous research done study whilst the cross case analysis is used in comparing more than one case (Huberman and Miles, 2002). So from the above explanations given about the two ways of analyzing data and also the purpose of this research work, we will conduct interviews which will assist us in getting an in depth and reliable information from the company. Therefore, we will use the case analysis strategy in our data analysis to compare our data to the chosen theories in order to identify, describe and analyze the marketing entry strategies of Sandvik in Serbia and Macedonia.
4. LITERATURE REVIEW

This chapter presents the prior research on the subject about the foreign market entry strategies of companies. This part would be divided into four parts. First we will try to show how others have defined entry strategy and later present the review of literature on reasons why firms go abroad. Thirdly is market opportunity assessment and finally, some of the entry strategies suggested in various international marketing literatures and journals. The reason for choosing to make comparison about the different literatures written on this subject matter is that, we believe that, depending on just one literature would not help us to achieve our aims and objectives. Therefore making comparison will make us make critical arguments of the company’s choice of entry strategies.

Root (1994) defined international marketing entry mode as the possible arrangement of firm’s products, human skills, technology, management and some other resources to enter into a foreign country. He further stressed that, entry mode guides firms to determine the kind of resources, policies and goals in order to develop and channel their international marketing activities to achieve their global objectives.

Ghauri and Cateora (2005) mentioned in their book that, firms go abroad for so many reasons and growth of the firm is the main driver of internationalization. According to them, a firm enters a foreign country for three main reasons which include: market seeking, efficiency seeing and resource seeking. Most firms enter into a foreign market in search of a market for its products or offers. According to Ghauri and Cateora, some firms believe that, their product possess some strong characteristics which will make it easy for them to enter into any foreign market and therefore enter rapidly growing markets like China and India. Other reasons why firms go abroad is efficiency which according to Ghauri and Cateora, firms enter a foreign market to achieve efficiency in different ways. They continue to explain further that, firms also achieve efficiency due to their created infrastructure in those target foreign markets which provides many kinds of benefits (Ghauri & Cateora, 2005). Most companies find it difficult to get the needed raw materials for their production operations and therefore enter into a foreign country to get access to raw materials and other inputs with the aim of reducing cost and operation cost (Ghauri & Cateora, 2005). In contrast to the above reasons why firms go abroad, Philippe Lasserre argued that, firms don’t just go abroad just to be efficient or to get access to raw materials but enter into
a foreign country to learn. That’s firms enter into countries with the state of their art and invest there in order to gain knowledge and competencies even if the long term market prospect is not very favorable. Moreover Philippe stressed further that, firms also go global not just because of only raw materials but for resources access objectives. According to him, investment in a resource rich country will not only assist the company to gain competitive advantage but also will essentially enable the firm to extract the needed resources (Philippe Lasserre 2007). Whittington 2001 also argued that, firms going abroad should not just think of profit but to conform to existing behavior of the target countries by having pluralistic goals. Therefore firms should have a goal with sociological sensitivity (Whittington, R 2001)

Ghauri and Cateora (2005) mentioned in their book that, firms who wish to expand their markets to include foreign markets should undertake country assessment before making such move. They stressed further that, firms should try to answer questions like: should we enter this particular country? Is there a potential in that market for our products? And also is there a ready market for our products? Thus these questions would enable the firm to screen the market in relation to its strategy and also assist the firm to assess the economic attractiveness of the market. Moreover, questions like the ones above will also enable the firm to perform an advance in depth analysis of the market opportunities for its products in such markets. Ghauri and Cateora continued by saying that, the kind of market opportunity analysis will depend on the objectives of the firm in that foreign country. Furthermore, market opportunity assessment according to Ghauri and Cateora depends on the proactive and reactive approaches of the firm. In the proactive approach, the firm is involved in a systematic approach and makes visits to the target country and in addition performs a comprehensive marketing research to assess the potentiality of the market. With the reactive approach, companies do not undertake any form of research to assess the market but often wait for competitors to operate in that market first with the aim of not repeating the mistake made by the competitors (Ghauri and Cateora, 2005). On the other hand, Philippe Lasserre was in support of country assessment but argued that, a country would be attractive for foreign investment if the firm can get some returns that is equal to or higher than the firms risk-weighted cost of capital. He expressed further by saying that, firm should access the market prospect and the competition conditions in the target country in order to see if the firm can generate return which will be either equal or higher than the cost of capital. In addition, firms
should also consider and evaluate if the risk of operating in the target market would be acceptable by the shareholders and employees (Philippe Lasserre 2007)

When a company commits itself to go global, it must choose an entry strategy and this decision should reflect on the market potential analysis, company capabilities, the degree of marketing involvement and the level of commitment management would be prepared to put in (Ghauri & Cateora, 2005). Before a company decides to go global, there are some choices that the company can choose to enter into these new foreign markets. Some of the choices include acquisition, mergers or joint venture, manufacturing and through fully owned subsidiaries.

According to J.F Hennart and S. Reddy (1997), a company can enter into a new foreign market by acquiring an existing company if the desired assets are digestible but if the target firm is large but divisional, then the acquisition of the division that owns the desired resources would be possible. Furthermore, he also emphasized that, companies should prefer acquisitions if the companies who wish to go global have a long experience in the target country environment. In addition, J.F Hennart and S. Reddy stressed that acquisition would be very effective if the companies entering into new foreign markets are in the same industry as the planned subsidiary. On the other hand, J.F Hennart and S. Reddy continued by emphasizing that, when the companies are in different industries, going into a joint venture with that firm would be most preferable (J.F Hennart and S. Reddy, 1997). Balakrishnan et al. (1991) also gave more insight into this by stressing that, unrelated companies are unlikely to have sufficient knowledge or may require costly help in order to evaluate complementary assets. The combination of two firms with one domestic and other foreign, which possess strong market power always attract more opposition so in this instance, firms should enter into a foreign market through a joint venture (Balakrishnan and Koza, 1991:24). From the above entry strategies analyzed by the above authors, Philippe Lasserre was not in support of either acquisitions or Mergers as the effective entry strategy. Because according to him, evaluating these two entry strategies is really difficult to disentangle what is due to international aspects and what is due good or bad for management practices. His reasons was that, a lot of studies have shown that, between 45 and 75 percent of acquisitions failed to deliver the value expected by their initiators but concluded by emphasizing that, both acquisition and mergers are horizontal and studies shows that, all horizontal acquisitions tended to be more successful than others (Philippe Lasserre 2007).
On the manufacturing entry strategy, firms manufacture most of their products locally in order to reduce labor cost, avoid high import taxes, to gain access to raw materials and also to reduce transportation cost to the market. That’s firms locate its production to the country where it can reduce its total production costs (Ghauri and Cateora, 2005). Sak et al. (2009) also mentioned in their book that, firms who choose to manufacture in the host country can make their product more price-competitive because the company can avoid the high import taxes as well as other trade barriers.

Companies also enter into foreign countries through wholly owned subsidiaries and this gives the firm most of the control over the operations as well as full profitability of the investment but also comes with highest risks and mobilization of resources and competencies. In order to enter into a foreign market through wholly owned subsidiary, the firms should be familiar with the legal, institutional, commercial and relational environment of the target country.

Since the above literatures reviewed in this research work contradicts each other and also does not favor one entry strategy, this research work will try to identify, describe and analysis the entry strategies of Sandvik in Serbia and Macedonia markets to see their reasons of going into these countries, problems encountered and also to evaluate their chosen entry strategies.
5. THEORETICAL FRAMEWORK

The Uppsala internationalization process model gives much insight into how companies enter foreign market through gradual acquisition of the target country’s market knowledge (Johansson & Vahlne, 1997). According to them, companies first enter a foreign market without exporting but later progress from no exporting to effective exporting. Companies who adopt this entry mode strategy establish their foreign subsidiary either through a licensing agreement or joint venture and have full commitment of overseas production. The main important issue in this model is how companies learn and the manner in which their learning affects their investment decisions (Forsgren, 2002). Processualists also think of strategy as a gradual development and are programmed but not chosen. From their point of view, they think that creativity is possible in business and companies should make assumptions of reality (Whittington 2001). Young et al. (1996) emphasized about how 5 Chinese state-owned enterprises used this model in their
internationalization process. Under this Uppsala model, companies prefer to enter a new foreign market which possesses some similarities in culture, language, education, business behavior and ethics and what have you between the host and the home country. Kogut and Singh (1998) stressed on the role national culture plays in the selection process of companies on their choice of entry mode strategies. According to them, “national culture has a strong impact on a firm’s choice of the entry mode of internationalization”.

5.3. Network Approach

According to Ford et al. (2008), one of the characteristics or behavior of business networks is the strong interdependency of companies on each other either as customers or suppliers. Ford et al further continued by stressing that, business relationships and the interdependencies of companies are the key ingredients of a network. Most international companies today try to use relationships as the main tool to cement their international business and due to this, many scholars advocate the adoption of network approach as a tool by which many young companies can use to understand and explain their rapid internationalization process (Covielo and Munro, 1997).

The International Marketing and Purchasing (IMP) group describes the network approach as networks consisting of companies who are involved in production, distribution and the use of goods and services in establishing high involvement business relationships and also to manage and maintain these relationships (Turnbull 1986). According to the network theory, 4 variables are involved in the interaction process which includes: the characteristics of the parties involved, the atmosphere surrounding the interaction, the elements and processes of the interaction and the environment in which the interaction takes place. Thus, the way the supplier executives will interpret the environment will enable the supplier company to make decisions on which countries to enter and the kind of customers to deal with (Cunningham 1986). That’s the company have to take into consideration not only its own position in the network but also the environment of the market in relation to other actors in the form of competitors.
5.4. Resource Based Theory

The resource based theory considers the main source of competitive advantage as the firm and not the industry (Capron & Hulland, 1999). Barney also emphasized that, a firm competitive advantage depends on the firm’s resources in the form of assets and its abilities to outperform its competitors (Barney, 1991). This theory suggests that, firms always look for efficiency in its production and distribution by joining its inputs in an effective way. But the theory continues to stress that, firms success in global market depends on several factors like the steps the firm will undertake in developing and shaping the environment in which it conducts its business activities and operations (Conner, 1991). Under this theory, firms don’t aim at achieving highest returns but adopt and implement strategies that can be supported by its available resources.

In the Uppsala model of internationalization, companies prefer to enter new foreign markets through joint ventures but the Resource based theory, firms prefer full ownership as their main mode of entry. Anderson et al observed in his research that, most companies in the US prefer sole ownership as their mode of entry (Anderson and Gatignon, 1986) whilst firms in Japan embrace alliance as their second best option to sole ownership (Ouchi and Johnson, 1974). Moreover, the Resource base theory is in sharp contrast with the Transaction cost approach because the transaction cost approach adopts licensing, management contracts and franchising as their main mode of entry (Anderson and Gatignon, 1986).

5.5. The Eclectic Theory and the Transaction Cost Analysis (TCA)

To overcome some of the shortages associated with the internalization theory, the eclectic theory was brought to surface by Dunning in 1977, 1980 and 1988. Dunning conceptualized and put forward the eclectic theory of Foreign Direct Investment (FDI) which was built on the ownership advantage, location advantage and at the same time internalization advantage. The mean stream of the theory is the ownership advantage which is based on competitive or monopolist advantage that would facilitate the incoming firm to get over the disadvantage caused by being foreign against the local firms. Dunning means by local advantage is the local potential and risk decrease that can make a firm business profitable. And the internalization advantage refers to contractual risks that make controlling the foreign affiliate through FDI more beneficial than licensing a local firm to offer the product in the foreign market (Garwal and Ramaswami, 1992). In this
theory, firms make decisions to enter foreign market based on the evaluation of the costs involved in the entry process against its objectives. Johanson and Vahlne (1990) suggested that, the eclectic theory is more suitable for firms who possess some level of experience from many parts of the world.

The Transaction Cost Analysis (TCA) approach on the other hand was established on the assumption that the market is competitive, that is there are many suppliers, distributors, and agents in a competitive market. Under these condition, low control mode are favored, because the threat of replacement dampens opportunism and force suppliers to perform efficiently (Anderson and Gatignon, 1986; (Anderson and Gatignon, 1987). A firm interaction in such a market is not always taken under its control, however the firm can possibly take control of the internal resources locations, since it would be easy to decrease or eliminate the transaction cost within the firm than when these transactions took place between it and others firms and organizations. As a result, the firm tends to have the benefits of integration; however this kind of integration cost should be weighed or compared against the cost of these integration or incorporation since it should not be higher than the free market operating. As a matter of fact TCA observes that firm and organization would prefer to integrate when the value of the asset is high. TCA tends to examine either export modes or production to compare the cost.

The main objective of this theory is to decrease the cost of transaction and some factors leading to market failure (Williamson, 1979). That’s their main intention is to analyze the transaction cost to enable them choose the most efficient markets. For example, a firm going international may consider the search cost of a nearby market to markets that are far away from them and if they realize that, going international through an intermediary is cheaper, and then they will extend to that market (Rugman and Chang Hoon, 2008)

5.6. Previous Research Studies

Sandvik is one of the biggest companies in Sweden as well as Europe and have some many subsidiaries in more than 20 countries worldwide. As a result of this, we thought that it would be easy to find a research or study which focus on their entry into other worldwide markets but to our dismay, we couldn’t find such research work. During our visit to the company in Gavle, we had the opportunity to ask the sales/marketing manager, Mr. Johan Dotzauer if he had any
knowledge about a previous research conducted about the entry strategies of Sandvik to any country but his answer was no. But we came across one thesis written by Francis Oladele Oluduro and Ikechukwu Ifediora Okonkwo (2009) with the research topic “Internationalization Process and Strategies of a Start-up Service Company, a case study of Heart Math Scandinavia AB” This research work aimed at the processes and strategies companies adopt when going global by making comparison to generic and some internationalization models and theories. Their conclusion was that, new startups companies embrace the generic business model as their internationalization strategy and in some cases do that without knowing. In addition, they concluded also that, firms combine two or more models in different ways in order to achieve their internationalization aims and objectives.

5.7. Conceptual Framework

To be able to give a clear idea for the chosen concepts used in this research work, we would try to find the relationships between the concepts and how they fit or relate to one another.

The Uppsala internationalization model talks about companies entering a foreign market through their gradual acquisition of the target countries market knowledge. Companies also learn whilst in the foreign market which assist them in making critical investment decisions. This theory has some connections and relationship with the Network theory, Resource based theories and the Transaction cost approach in some way. In the Network theory, companies form relationships with their customers based on the potentialities of the customers. This means that, a company can only enter into a relationship with a customer whom it has some knowledge concerning the customer’s potentialities and future prospects. This can be made possible through the market knowledge gained as a result of learning. With this knowledge acquired from customers, the company would be well educated about which customers to have low or high involvement relationships as well as the kind of investment to commit in these relationships. In addition, this market knowledge will also assist the company to undertake rightful adaptations for its customers since adaptation cannot be made for every customers. Therefore, the use of the Uppsala internationalization model would provide the needed market knowledge about the customers for the Network Approach to make decisions on the kind of relationships to form and also the amount of commitment to put in each of these relationships.
In the resource based theory; firms always look for efficiency in its production and distribution by joining its inputs in an effective way. This implies that, companies don’t just allocate its available resources on any production but in an effective way on activities that will create more benefits for the company. In this case, the company would depend on the market knowledge as well as the kinds of relationships they have in allocating its production and distribution resources. In this sense, the company would depend on the Uppsala internationalization model to gain the relevant market knowledge of their customers as well as the Network theory to see the potentialities on each customer relationships before joining their inputs in their production and distribution activities. Also in joining their inputs in an effective way, the company needs to analyze the transaction cost to enable them choose the most efficient markets. This transaction costs would also enable the company to oversee whether to make production home or abroad which ensures proper allocation of their available resources in an efficient way. Therefore the transaction cost approach is needed to help in allocating a company’s resources in an effective way.
6. EMPIRICAL FINDINGS

In this part of our research we will provide you with our findings from the interview which we conducted with Johan Dotzauer, the Sales/Marketing Manager of Sandvik Mining Industry. The below findings are the exact and concrete information given to us by Mr. Johan during our recorded face to face interview with him. What we have collected from the company will be related to the theoretical framework of this research in order to understand and analyze the internationalization process of Sandvik in Serbia and Macedonia.

6.1. Sandvik Mining Entry Process to Serbia and Macedonia

Sandvik AB conducts business in more than 150 countries worldwide but the most recent entries has been made approximately a few years ago in Serbia and Macedonia. Before Sandvik’s full entry into Serbia for example, the company used to sell some equipments through some distribution agents but after gaining enough knowledge on Serbia and Macedonia markets, Sandvik decided that it would be wiser for the company to activate a full-entry process. The company therefore entered this market by taking full-ownership of their business activities about 6 years ago (2004). Sandvik’s full ownership entry meant having total control of all the production and marketing activities in these two markets. Never the less, this had not been the only way for Sandvik to enter a new market. Another method used for market entry is to collaborate with already existing network which is related more to B2B interactions. Joint-venture is the third way of entering a foreign market in some entry cases made by Sandvik but the company has not used this method in the entry process of Serbia and Macedonia. Since Sandvik is divided into three main industries, each department decides and is responsible for all the tasks involved during the entry process. For example Sandvik’s mining industry entered Serbia and Macedonia independently which means all the decisions made concerning the entry process has been from different departments in Sandvik’s Mining Industry. In other words, each department in Sandvik is solely independent in making decision whether to enter a market or not.

Before entering a new market, Sandvik first gathers market knowledge on the new market which in Sandvik’s case happens via agents they have in the mentioned countries. In addition, the company uses the Swedish Trade Council (STC) which assists the company in making market analysis about the target country on the country information, customer needs, market
attractiveness and the competition situation in the target countries. Sandvik mining industry also uses their own market intelligence to do small market studies as well as asking people around in these two markets. Sandvik also employed some consultants to make market studies in these two markets as well as utilizing some of the Sandvik mining offices in doing some of the market analysis to know how businesses are done in these two markets, market conditions and the types of things to take care of. For example, Sandvik used its offices in Serbia and Macedonia in doing some market studies before making a full entry. In addition, some big mining companies who owns a lot of mines inquire from Sandvik if it’s possible to help them doing business in other countries and when this happens, Sandvik’s mining section begins investigations to see if it would be possible for the company to have agents or distributors or do it themselves. The reasons for entering into foreign markets depend on the market analysis potentialities. Sandvik also makes further investigation to see whether to proceed with the entry into those markets. Although the company gets some information about these two markets before making the entry, they also enter these markets to learn before adapting themselves.

6.2. Cost Analysis

Sandvik does not consider entry costs as number one priority during the entry process but they believe that a well planned entry is most important in order to gain profit. That’s cost is important in their decision making process but it’s not the number one priority when considering a new market entry. In order to achieve profit, Sandvik conducts an in depth country analysis which helps them in allocating their distribution and production activities. In addition, Sandvik always believe that, long term profit is more important to them than the cost. Adaptation is also a part of Sandvik’s cost analysis because adaptation increases the cost of production which leads to higher prices. Never the less, adaptation is done only in certain situations, for example it can be done with customers who have high involvement relationship with Sandvik. During the cost analysis, Sandvik also solves the issues related to production. In the case of Serbia and Macedonia, production has been made both from Sweden and also in the foreign markets. The decision related to the products whether been produced domestically or in the foreign market is made by Sandvik’s organizations in the world for example Africa, Asia, Europe, USA, Canada and Australia who make decisions as to whether the company should move forward with its production activities either domestically or abroad. The company does not undertake production
in every country they enter but depends on its networks in Brazil, China, Sweden, Australia and Russia in their productions. The reasons for doing so are to produce at low cost, have economies of scale and also to get closer to the customers.

6.3. Problem Encountered

Cultural problems are one of the tribulations Sandvik has been facing in their internationalization processes especially in Serbia and Macedonia. The language barrier, domestic customs, marketing ethics and moral obstacles have also created problems for Sandvik and made the entry less easy. Before entering into Serbia and Macedonia, Sandvik first looked at the business case and believed that, cultural differences is part of doing business and therefore took them into consideration. Country standards are also another problematic issue faced by the company in their market entry process to these two markets, because the company should be able to meet the demands expected from the target country regulatory body. Some of the regulations are import duties, tariffs, quotas and commercial information which are sometimes too hard to bear. Sandvik were not able to use the same Swedish model of conducting business in Serbia and Macedonia therefore they were forced to adapt and conform to a new business model based on the target country’s cultural, political and judicial system. That’s according to the company’s business ethics, business are done locally and as a result of this recruited sales force and service personnel locally.

6.4. Suppliers

Sandvik mining and Construction Company depends of their supplier network in getting the needed raw materials for their production. The company has some long term business relationships with most of their suppliers throughout the world. This enables them get the needed amount of materials and equipments for their daily productions at a reliable time basis. These suppliers assist the company in developing components to meet the demands of their existing customers in Serbia and Macedonia markets. Furthermore, the company also have some temporally business deals with some other suppliers.
6.5. Competition Situation in Serbia and Macedonia

Sandvik Mining industry has been experiencing the same competition in every new market they have entered in the world from global companies like Caterpillar, Atlas and some local producers. But the reasons for Sandvik mining to have competitive advantage in Serbia and Macedonia is its ability to produce hi-tech products at affordable prices and also do things in different ways and techniques than their main competitor Caterpillar. The company also has a wide product portfolio in these two markets than its competitors. The company’s resources have also played a big role in gaining advantage over its competitors in Serbia and Macedonia markets. That’s the company possesses a strong sales force team which implement Sandvik products to their customers for them to realize the benefits of the products. Sandvik mining industry also provides their customers with special training on how to run the equipments and this is carried out by their high scaled expert service personnel from their different offices throughout the world. Sandvik mining industry considers themselves as a customer driven and therefore looks into what customers want which in turn enable the company to develop products based on their customers’ needs. Moreover, the company is close to their customers in these two markets and sometimes develops products with their customers. The entire above factors make Sandvik Mining industry have competitive advantage over its main competitors (Caterpillar) in Serbia and Macedonia markets.

6.6. Sandvik Mining Entry process success evaluation

The Serbia and Macedonia markets started very well at the beginning and began to show some level of profit but the occurrence of the global financial crisis in the last quarter of 2008 brought some negative impact on the company’s performances in these two markets. Since one of the objectives of the company was long term profit, the company sees some potential and hopes to recapture their success in these two markets in some few years to come.
7. ANALYSIS

In this part of the research work, we would be analyzing the entry strategies of Sandvik Mining into Serbia and Macedonia with the four theories of internationalization discussed in this research work. We would also be comparing Sandvik Mining Industry entry strategies to that of Heartmath Scandinavia to see the differences in these two companies’ entry mode strategies and this comparison would be based on the Uppsala model and the Network approach. In addition we would also be using the literature review part to analyze the company’s entry mode, reasons for entering and the problems faced in these two markets. In this part of the research work, we will also use SWOT analysis to analyze Sandvik Mining Industry strength, weaknesses, opportunities and threats in Serbia and Macedonia markets. Moreover, we would also use the financial information obtained from Sandvik’s website from the years 2005 to 2009 to analyze the success of their entry into Serbia and Macedonia markets.

7.1. Sandvik’s reasons to enter Serbia and Macedonia

After studying our findings on Sandvik Mining and linking them to the theoretical part of Foreign Market Entry (FME), the Sales/Marketing Manager Mr. Johan said that, one of the main reasons for Sandvik to enter the mentioned countries is the market potential and customer variety which exists in Serbia and Macedonia. Market analysis and gaining knowledge on potential customers as a part of the FME drove Sandvik Mining to start its investment in Serbia and Macedonia. Mr. Johan continued by stressing that, in order to enter these markets, Sandvik conducted a vast market analysis which helped them to get the needed knowledge and start the FME process. This behavior of the company means that, before embarking on any foreign market entry, they try to acquire some sorts of knowledge from the target country’s market before deciding on which entry strategies to adopt. This way of entering foreign markets was explained by Blankenburg and Johanson (1996), who argued that, a foreign market entry based on network approach can be described by an establishment process in three different phases. One of them is search phase and this was clearly visible in Sandvik’s FME plan. According to Mr. Johan, Sandvik Mining had been doing business interactions in Serbia way earlier than the actual full market entry and this made it an easy task for them to gain enough market knowledge. In addition, base on their already existing networks of different suppliers and customers throughout the world, they decided on a full entry model as in a full-ownership method. He gave another
reason for Sandvik entering into these two markets as to learn which helped them in adapting themselves to the target markets. The company also looks into long term profits. This means that, the company hopes to reap some profits in their entries to Serbia and Macedonia and the suitable way of achieving this objective is to learn to adapt to the market demands of these two countries. In support of this argument is Philippe Lasserre (2007), who said that, firms enter a foreign country to learn and therefore enter countries to invest in order to gain knowledge and competencies even if the long term market prospect is not very favorable. Based on the interview with Sales/Marketing Manager of Sandvik Mining Industry, we found out that, the company has strong confidence in the kind of products they produce by calling it high-tech products and as a result believe that, these products will attract more sales in the global market. This behavior of the company was explained by Ghauri and Cateora (2005), who emphasized that, some firms believe that, their products possess some strong characteristics which serve as a strong marketing tool to enter into a foreign market. In conclusion we can say that, Sandvik entered these two countries based on their product characteristic which is not just enough reason to go global. The reason for saying this is that, the target countries should also benefit from the company in some way so instead of just going for just profit in Serbia and Macedonia, the company should have some pluralistic goals. For example, the company should embark on some precautionary methods to show concern to Serbia and Macedonia environments. It is obvious that, Sandvik Mining produces equipments which are used in mining which in some way cause some environmental hazards to these countries. Therefore having an objective to be environmental friendly company in Serbia and Macedonia would have a strong impact on their competition position in these two markets. As Whittington 2001 emphasized that, firms going abroad should not just think of profit but to conform to existing behavior of the target countries by having pluralistic goals. Therefore firms should have a goal with sociological sensitivity (Whittington, R 2001).

7.2. Sandvik Mining entry mode into Serbia and Macedonia

For every company to be successful in any foreign market, then its choice of entry mode plays a vital role in its internationalization process. As Root (1994) explained that, entry mode is how companies arrange their products, human skills, technology and some other resources to enter into a particular foreign market. Ghauri et al. (2005) also stressed that, firms’ choice on the kind
of entry strategy should reflect on the market potential analysis, company capabilities and the degree of commitment management would be prepared to put in. From our findings from Sandvik Mining Industry, we observed that, before the company entered into Serbia and Macedonia, the company embarked on an in depth country and market analysis of these two countries conducted by the Swedish Trading Council (STC) and some employed consulting companies to see the market potentials of these two countries. This helped the company to get some knowledge and information about the market potentials of Serbia and Macedonia markets. In addition, we also found that, the company also depended on its resources in the form of its offices as well as their gathered experience and intelligence to conduct their own market studies before making a move into Serbia and Macedonia. This means that, the company depended on its available resources throughout its offices in the world in an effective way in order to make meaningful allocation of their resources and technology.

From our interview conducted with the Sales/Marketing Manager of Sandvik Mining Industry, he said that, Sandvik entered into these two markets by full ownership. This behavior means that, the company undertook this entry strategy based on their available resources throughout the world. According to J.F. Hennart and S. Reddy (1997); companies with long experience in the target country environment should prefer acquisition as their entry mode strategy. He further stated that, acquisitions would be very effective if the company entering into a new foreign market is in the same industry as the planned subsidiary. However, if there exists some differences between the two companies, then a joint venture would be most suitable. In their entry into Serbia for example, we found out that, the company had some experience in that market due to their sales of equipment through some agents and distributors. For this reason, the company entry to Serbia by taking full ownership is well supported by their experience and market knowledge acquired as a result of their past business in this country. However, in the Macedonia market, the company did not have enough experience in that market and therefore should have entered this market as a joint venture as suggested by J.F. Hennart and S. Reddy (1997). By doing so, we believed that, it will help the company to learn about the Macedonia market as well as get experiences from the acquired company employees needed to operate in that market effectively.

In support of our argument concerning Sandvik Mining entry modes into Serbia and Macedonia markets, Philippe Lasserre (2007) argued that, for a firm to enter into a foreign country through
full ownership, the firms should be familiar with the target country’s legal, institutional, commercial and relational environment. But from our findings from Sandvik Mining industry, we found out that, the company was not much familiar with the legal, institutional and relational environment in these two markets and as a result of this, encountered series of problems like import duties, quotas and commercial information. This implies that, the company choice of entry strategy to Serbia and Macedonia did not fully help them in dealing with some peculiar problems such as commercial and relational environment. This was so because, the company little knowledge acquired through their agents about Serbia market wasn’t enough and therefore should have preferred mergers or joint ventures as its entry strategy to these two markets to learn.

In comparing Sandvik Mining Industry entry strategies to that of Heartmath Scandinavia, we found out that, Heartmath did not depend on country and market analysis to see the market potentials of their target country but rather considered the financial implications and the human capital resources available to them before embarking on and even choosing their mode of entry. Moreover, Heartmath preferred to enter foreign markets through the licensing agreement by issuing licenses to some of their consultants in selling their products. Furthermore, Heartmath Scandinavia chose countries with similarities in culture but they still encountered some problems. One of the problems the company encountered in its internationalization process is the difficulties in drafting a suitable agreement that will work for them and the license trainers as well within their networks.

7.3. Sandvik and the Eclectic/Transaction cost approach

The Eclectic theory by Dunning on FDI, states that firms enter International Market by building their strategies in obtaining ownership advantages, locations advantages and at the same time internalization advantages, (Dunning 1977, 1980 and 1988). From the interview with Mr. Johan of Sandvik Mining Industry, we found out that, Sandvik considered ownership advantages when entering Serbia and Macedonia. We also observed that, these full-ownership advantages achievements were meant to make Sandvik have a full control in both marketing and productions activities in both countries in question. And as a result of these controls, according to the Eclectic theory, are assumed to eliminate Sandvik’s disadvantages in these countries as a foreign firm. Moreover, the interests of Sandvik in Serbia and Macedonia by taking the full ownership
concepts are supported by the building of the company owned infrastructures in both countries. In this way, it assisted the company to obtain location advantages and decrease the disadvantages of the local potential risk, and turns the company business in both countries to be profit generating business in the long term.

We also realized that, Sandvik has also looked for internalization advantages in Serbia and Macedonia which is more beneficial in the foreign market, as the local firms do, which decreases the contractual risks since such risks can make foreign companies business more unsafe. Finally, considering Sandvik’s good experience and the long term present in the European Markets, it can be concluded that Sandvik, for some extension, fulfills and goes parallel with the modern concept of the eclectic theory on the FDI. However it is important here to mention that the theory is based on cost of entry evaluation, which is not a number one priority in Sandvik reasons for entering, and as a matter of fact this inconsistency of the concept of Eclectic approach makes Sandvik’s have some unique style due to its focus in the long term profit.

Moreover, on the Transaction cost approach (TCA), Williamson (1979) explained that, the main objectives of Transaction Cost Analysis approach is to decrease the cost of transaction and some others factors leading to market failure. He continued by saying that, firms main intention is to analyze the transaction cost to enable them choose the most efficient markets. On transaction cost, Mr. Johan stressed that, before the company considers entering into a foreign market, they look at countries where the production, distribution and allocation of resources costs would be lower. This means that, Sandvik Mining tries to look for economies of scale in their internationalization processes. In addition, we also observed that, this behavior of the company make them make decisions on either to produce home or abroad or to have distribution agents or perform it themselves. Studying closely our findings and comparing it to Sandvik’s mode of entry, we realized that, Sandvik placed much considerations to the entry cost in many different ways which include costs related to allocations, distributions and productions activities but not to the entry cost. Thus, they considered the cost of production and distribution in order to produce at a lower cost and gain economies of scale. Sandvik were not considering the cost of other nearby markets in their internationalization process to Serbia and Macedonia but preferred markets in which it can obtain control by building efficient network with suppliers and distribution agents. In additions, our investigations from Sandvik Mining revealed to us that, cost is not their first priority in their entry process into these two markets and so for this reason, we
can conclude by saying that, Sandvik mining did not applied the concept of Transaction cost approach when entering in their entry process to Serbia and Macedonia markets.

7.4. Sandvik Mining and the Uppsala Internationalization process model

From the Uppsala internationalization process model, it says that companies enter into a foreign market by gradually acquiring the target country’s market knowledge and enters into foreign market either through a licensing agreement or a joint venture (Johansson & Vahlne, 1997). From the sales/marketing manager Mr. Johan, he stated that, Sandvik Mining did not enter into Serbia and Macedonia to gradually acquire the target markets knowledge but rather entered there to take full control of all its operations. According to him, the company believed that, conducting an in depth market and country analysis and also the use of their marketing intelligence would be enough to acquire the desired market knowledge of these two markets and therefore entered there by full ownership. This means that, the company placed much importance on country assessment before choosing their entry strategies. In our point of view, depending heavily on country assessment in choosing target countries is not enough in entering a foreign market. This is so because; it won’t provide all the needed knowledge of the target markets. This might be the reasons why the company encountered series of problems in these two countries. Although the use of marketing intelligence is very important but according to Whittington 2001, strategy is not chosen but programmed through gradually development. For this reason, we think that, the company should make assumptions of reality and also be creative in these two markets.

Mr. Johan continued by stressing that, although Sandvik Mining industry did not enter into these two markets to gradually acquire these markets knowledge but one thing they had been doing is learning before adapting themselves to these two markets. Forsgren (2002) emphasized that; the important issue in Uppsala model is how companies learn and the manner in which their learning affect their investment decisions. From our interview with that Sales/Marketing Manager, we realized that, the company learns whilst in these two markets and this learning process has been helping them to adapt their products to meet the customer’s needs and expectations. In addition, we again found that, this learning also provides Sandvik with desirable information of their customers and which in turn helps in investing and building long term relationships with customers with full future potentials.
National culture plays an important role in the selection process of company’s choice of entry mode strategies. Moreover, national culture can have some strong influences on a firm’s choice of entry mode strategy (Kogut and Singh (1998). In addition, Johansson & Vahlne (1997) argued that, companies entering into a foreign market prefer host countries which possess some similarities in culture, language, education, business behavior and ethics. From the interview conducted with the Sales/Marketing Manager of Sandvik Mining Industry, we found that, the company did not enter into Serbia and Macedonia based on similarities in culture, language and business behavior but on a business wise case that’s based on market potentialities of these target countries. According to him the company believes that, cultural differences are part of doing business and business is done locally and as a result of this recruited some sales force and service personnel locally. He continued by saying that, Sandvik have entered about 152 countries and most of these countries posses different cultural behavior but the company had been able to deal with all these cultural issues which had made the company gain enough experience on how to solve cultural issues internationally. This means that, the company depend more on their experiences from other foreign markets in dealing with the possible cultural problems faced in Serbia and Macedonia. He gave an example in the Serbia and Macedonia markets where the company was forced to abandon their Swedish model of doing business to conform and adapt to these countries business model based on their cultural, political and judicial system. From our own point of view, this system of changing business model is not new in the business world since a lot of companies were forced to change their business model in their internationalization process.

An example is IKEA which produces and sells household furniture used its Swedish model of doing business to enter the US market but failed at the beginning but later changed its business model to conform and adapt to the US business model and the company started to experience growth in sales. Now IKEA is very successful in the US market with a wide market share and growth in sales and profit (Case Study: the IKEA way)

We as a group also find some contradictions of this aspect in the Uppsala internationalization process model due to the fact that, in choosing a foreign market to enter, the objective should be based on the target market potentialities and growth. Even countries with similarities in culture, language, and business ethics may still find some differences in their cultural behavior which makes the problem of cultural issues inevitable for companies to avoid.
In looking at Heartmath Scandinavian and its use of the Uppsala internationalization process model, we could see some differences in their mode of entry to that of Sandvik Mining Industry. In one of their internationalization process, Heartmath considered entering Denmark not just base on the market potentials but rather based on some of the similarities in the culture of Sweden to that of Denmark. This might be the reason why HEARTMATH has not entered many countries outside Europe.

**7.5. Sandvik Mining and the Network Approach**

The international marketing and purchasing (IMP) group defined network as consisting of companies involved in production, distribution and the use of goods and services in establishing a high involvement relationship and also to maintain and manage these relationships. Ford et al. (2008) also emphasized that, the behavior of business networks is their strong interdependency of companies on each other either as customers or suppliers. Based on the interview with Mr. Johan, we found that, Sandvik Mining does not independently produce all its product offerings but depends on its supplier network both home and abroad in getting the needed raw materials and equipments for its production and distribution operations. In addition, the company also is involved in some long term business relationships with most of their suppliers throughout the world which provide the company with the needed amount of materials and equipments for its production in Serbia and Macedonia markets at a reliable time basis. These are made possible due to the long term relationships between Sandvik Mining Industry and its supplier networks. We also found that, due to their networks with supplier, the company is able to develop and adapt to their customer’s needs in these two markets by collaborating with suppliers to adapt their product offerings to meet their changing demand behavior of their customers. This implies that, the company doesn’t produce its offering on its own but depends on its suppliers and agents in developing and shaping its market offerings. In support of this observation from Sandvik Mining Industry are Covielo and Munro (1997) who stressed that, many international companies today try to use relationships as their main tool in cementing their international business. As a result of this, advocate the adoption of network approach to understand and explain their rapid internationalization process. That’s Sandvik Mining has been using its network to establish business relationship with its suppliers and agents which form the backbone of the business product quality and quality customer services.
Based on the research work done by Francis et al. 2009 on Heartmath Scandinavia international process, Heartmath also depended more on its networks in its internationalization process. For example the company created networks comprising of a supplier and about 50 licensee clients and this network expanded as the Licensee also created an extension of the network to include over 200 customers.

7.6. Sandvik Mining and the Resource based theory

Capron and Hulland (1999) explained that, the resource based theory considers the firms as the main competitive advantage. Barney (1991) also emphasized that, a firm competitive advantage depends on the firm’s resources in the form of assets and its abilities to outperform its competitors. Stopford and Wells, (1972) suggested that, firms always look for efficiency in its production and distribution by joining its inputs in an effective way. Based on the interview conducted with the Sales/Marketing Manager of Sandvik Mining Industry, we found that, the firm ability to gain competitive advantage in Serbia and Macedonia is based on using their resources such as infrastructures and abilities in an effective way. One example Mr. Johan gave is the company abilities in using its resources in producing hi-tech products than its main competitor Caterpillar which is the world’s leading manufacturer of construction and mining equipments. According to him, when Sandvik Mining Industry saw the potentials of these two markets based on their market analysis, the firm continued further by making investigations to see if it would be possible and efficient to use agents, distributors or do everything themselves. The company also made decisions with their branches worldwide on whether to locate production activities abroad or make them locally or depend on their networks. This behavior of the company suggests that, the firm was looking for efficiency in its production and distribution by joining inputs in an effective way. According to Conner (1991), firms do not aim at achieving highest return on their investment but adopt and implement strategies that their resources can support. Sandvik Mining Industry has been adopting strategies their resources can support. For example, the company has been using its resources and abilities in producing varieties of products in these two markets than its competitors. Mr. Johan continued to say that, the company sales force teams which possess strong abilities assist in implementing Sandvik products to its customers in these two markets. Furthermore, Sandvik again used its resources in the form of high scaled expert service personnel from their different offices to provide the customers in these
two markets with special training on how to run the equipments. The last but not the least is the customer driven attitude of Sandvik mining in Serbia and Macedonia markets. Mr. Johan stressed that, the company again use their resources to conduct research into their customer’s needs and either develop products based on these needs or develop the products with their customers. The above examples show that, Sandvik Mining Industry depends on its available resources and therefore implement strategies that they think can be supported by these resources and as a result of this, have competitive advantage than its competitors such as caterpillar, Atlas and some local producing companies.

In the resource based theory, firms prefer full ownership as their main entry mode strategy and according to the interview conducted with Mr. Johan, the Sales/Marketing Manager of Sandvik mining Industry, he said that, the company entered Serbia and Macedonia through full ownership and this was due to their available resources and their experience in foreign markets. Philippe Lasserre (2007) argued that, entering into a foreign market through full ownership comes with some higher risks and mobilization of resources and competencies and as a result of this; firms should be familiar with the legal, institutional and commercial environment of the target country. From our investigations from Sandvik Mining revealed to us that, the company was not familiar with Serbia and Macedonia markets due to the numerous problems they encountered such as commercial information and the target countries regulatory body demands.

7.7. SWOT Analysis of Sandvik Mining Entry in Serbia and Macedonia

SWOT analysis is a tool used by firms for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on some vital issues in the business world. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors whilst Opportunities and threats are external factors (www.marketingteacher.com 11.05.2010). In other words, SWOT analysis is a strategic planning method which companies use in evaluating their strength, Weaknesses, Opportunities and Threats in their business project (www.tutor2u.net 11.05.2010).

Strength in SWOT analysis refers to some internal attributes of a company that helps in achieving the objectives set by the company (www.tutor2u.net 11.05.2010). Looking at the strength of Sandvik Mining Industry in Serbia and Macedonia, we could observe that, the

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strength of the company lies in their resources such as infrastructure, networks, high scaled experts, strong sales force team which has been the main ingredient tool of the company. With all these resources available, the company is able to produce high tech products in different varieties. In addition, the company high scale experts and sales force team use their experience in researching into what customers want and expect and design products and offerings which satisfy these needs and sometimes too create innovative products with their customers. That’s the company is so close to their customers. In support our this argument, Michael Dell who is the owner of Dell Computers used virtual integration to stitch together its business with partners and treat their customers as if they were inside the company. According to Dell, virtual integration has the potential to achieve both coordination and focus if companies deliver on their promises. This closeness of Dell Computers with its customers has made Dell Computer a $12billion company in just 13 years in business (Joan Magretta 2001).

On the weaknesses of Sandvik Mining in Serbia and Macedonia markets, from the interviews and observation carried out by our group, we could not figure out a significant weakness of the company activities in these two markets. Weaknesses could be explained as some harmful attributes which hampers a company in achieving its objectives which includes lack of marketing expertise, undifferentiated products and poor quality of goods and services. All these weaknesses mentioned are well dealt with by Sandvik Mining Industry because, the company produces high tech products and boost of high scale expert and sales force team and have different varieties of products.

On the opportunities of the company which is one of the external factors or attributes which assists a company in achieving its targeted objectives is Sandvik Mining industry learning attitude in these two markets. That’s in developing a new market, it’s very essential for a company to learn the new market and adapts itself into that market which is been done by Sandvik Mining Industry in Serbia and Macedonia. Again in order for a company to enter a new market that will offer an improved profit which is one of the main reasons of Sandvik Mining, an in depth marketing and country analysis should be carried out to see the opportunities and also the competition situations in the target market. The market and country analysis conducted by the Swedish Trade Council and some consulting companies helped Sandvik Mining Industry to oversee the opportunities and the competition situation in these two markets. From this analysis conducted, the company observed in these two markets that, they produce high tech and quality
products than the main competitors in these markets. The company also saw that, there was ready demand for their products in these two markets and saw that techniques needed for customers to demand high of their products was by getting close to the customers and making them part of the company.

Profitable markets always attract threats in the form of competitors and in looking into the threats of Sandvik Mining Industry in Serbia and Macedonia markets which is another external conditions that can danger a company’s performance in a market, we observed that, their main threats would be their main competitor in these two markets which is Caterpillar. That’s caterpillar acquisitions as well as its expanding product line; it stands a great chance to pose possible threats in Serbia and Macedonia markets. Moreover, the possible action Caterpillar can undertake is to imitate Sandvik marketing strategies in these two markets in order to outperform them. They can also compete with Sandvik Mining in these two markets by creating new innovative products or service, build price wars and having superior access to most of the channels of distribution in these two markets. For Sandvik Mining industry continues to gain competitive advantage over Caterpillar in Serbia and Macedonia, it needs to adopt and perform its marketing strategies different from Caterpillar, avoid tradeoffs which will make it hard for Caterpillar to imitate. According to Michael Porter, a company can only outperform rivals only if it can establish a difference that it can preserve by delivering greater value to customers or creating comparable value at low cost. According to him, competitive strategy is about being different. He suggested that, sustainable strategic position requires trade-off by avoiding incompatible activities. Trade-off creates the need for choice and protect against re-petitioners and straddlers (Porter, M. 1996)

7.8. Sandvik Mining entry process success evaluation

The below table shows the financial information of Sandvik Mining from the year 2005 to 2009 showing the company’s order intakes, invoice sales and operating profit for the aforementioned years. The amounts are all in millions of Swedish Kronor.
<table>
<thead>
<tr>
<th>YEAR</th>
<th>ORDER INTAKE</th>
<th>INVOICE SALES</th>
<th>OPERATING PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>22,294</td>
<td>20,560</td>
<td>2,654</td>
</tr>
<tr>
<td>2006</td>
<td>28,431</td>
<td>25,001</td>
<td>3,672</td>
</tr>
<tr>
<td>2007</td>
<td>37,986</td>
<td>33,073</td>
<td>4,979</td>
</tr>
<tr>
<td>2008</td>
<td>38,634</td>
<td>38,651</td>
<td>4,996</td>
</tr>
<tr>
<td>2009</td>
<td>30,915</td>
<td>32,621</td>
<td>466</td>
</tr>
</tbody>
</table>

Table 7.1: Financial information of Sandvik Mining

Source: Authors own

From the annual report of Sandvik AB in 2005 in Table 7.1, Sandvik Mining order intake developed very favorably in all its markets amounting to SEK 22,294m which was 26% higher than the previous year. Their invoice sales for their products were strong in all their regions which include Serbia and Macedonia amounting to SEK 20,560m. As a result of this, operating profit was SEK 2,654m due to higher volumes and continued high capacity utilization. In 2006, Sandvik Mining order intake was again very favorable and rose up by 21% from the previous year (22,394 to 28,431m) whilst its invoice sales amounted to SEK 25,001 representing 18% increase from the preceding year. In 2006, the operating profit went up by 14.7% (2,654 to 3,672m). In 2007, Sandvik Mining continued to increase its order intake from SEK 28,431 to 37,986m. Also their invoice sales enjoyed a favorable improvement amounting from SEK 25,001 to 33,073m and due to this increase in order and sales, operating profit rose by 15.1% (SEK 3,672 to 4,979). In 2008, Sandvik mining order intake and invoice sales developed very favorably for the first ten months but fell sharply for the rest of the year due to the world economic crisis. In addition, there was an insignificant change in the operating profit of the year. At the end of the year, the order intake was SEK 38,634m whilst that of invoice sales was SEK 38,651m. Operating profit was SEK 4,996m. In 2009, Sandvik Mining continued to experience economic rundown in all their regions as their order intake declined by 27% (SEK 38,634 to 30,915m). This was due to lots of order cancellations. At the same time too, invoice sales went down by 23% from the previous year (SEK 38,651 to 32,621m). Operating profit was SEK 466m.
and this was due to low sales volume and impairment losses (www.sandvik.com). The above information is being portrayed in a graph below.

Graph 7.1: Graph showing the trends in Sandvik Mining sales, Orders and profit from 2005-2009
Source: Authors own

The above graph shows how the invoice sales, order intake and operating profits of Sandvik Mining felt from the years 2005 to 2006. The company experience increase in invoice sales, order intake and operating profit from the years 2005 up to 2008 before the economic crisis set in. But the company invoice sales, order intake and operating profit started to decline from the latter part of 2008 and throughout the year 2009 as the above graph shows.

From the above financial information about Sandvik Mining throughout the world, we noticed that, the company was experiencing a very favorable market in all its regions which include Serbia and Macedonia from the years 2005, 2006, 2007 and the first ten months of 2008. This was mentioned in our interview with Mr. Johan, the Sales/Marketing Manager of Sandvik Mining. He said that, the company started very well in Serbia and Macedonia and this made the company to experience some level of profit. But however, the market demand for Sandvik Mining experienced a big economic downtown from the latter part of the year 2008 and stretched throughout the whole of 2009 as the financial information of Sandvik Mining exhibits. From this stage, the company started to experience a decline in orders and sales which led to a sharp
decrease in their total operating profit. Again it was mentioned by Mr. Johan during the interview which he stressed that, the economic crisis in 2008 had some negative impact of the company’s performance in Serbia and Macedonia markets. Through the interview with Mr. Johan, he emphasized that, the company hopes to recapture from this economic downturn and experience growth in sales and profits in the coming years. From our investigations conducted and also our point of view, we observed that, we cannot conclude that, the company is on track to recapture from the downturn in sales and profit in the coming years because of the unavailability of the company’s financial information for the year 2010.
8. CONCLUSION

In concluding the entry strategies of Sandvik Mining to Serbia and Macedonia, the company entered these two countries by taking full ownership. We also found that Sandvik Mining has also adopted the approach of the Eclectic theory in their internalization process to Serbia and Macedonia by taking full control of both production and marketing activities. However, the company has not fully applied Uppsala internationalization process model. The only aspect the company adopts in the Uppsala model is their attitude to learning whilst operating in Serbia and Macedonia markets. Sandvik Mining entered with full ownership and depended on its own resources, where it has built its infrastructure and used it experience. However Sandvik Mining had to counter series of problem related to import duties, quotes and commercial information due to the lack of adequate market knowledge of Serbia and Macedonia. At this point we can conclude that, the exclusiveness and the technicality of Sandvik’s products and their thirst for having a strong competitive advantage drives them more and more towards the resource based theory and also partially the network approach in their foreign market entry process. That’s Sandvik Mining adopted two or more entry strategies in its internationalization process to Serbia and Macedonia markets. In comparison to the previous research done on HEARTMATH AB by Francis and Ikechukwu, they were also in inclusion that, HEARTMATH AB combined two or more models in different ways in order to achieve their internationalization aims and objectives.

One of the assessment and evaluation analyses of in business is SWOT analysis. Our studies found that the strengths of Sandvik Mining in these two countries is reflected in the Sandvik’s resources. These include its well built infrastructures, network, highly skilled and well profiled employees, experts and strong skilled force team. However, the weaknesses of the company in these two markets were not really observed particular in the both entries of Serbia and Macedonia. On the market opportunity, Sandvik Mining made use of the information and analysis conducted by the Swedish Trade Council and Consulting Companies which helped Sandvik Mining to oversee the opportunity and the competitive situation in Serbia and Macedonia.

In the success evaluation of its entry to Serbia and Macedonia, we conclude that, the company started well in these two markets and experienced growth in sales and orders between the years 2005-2008. But the experienced economic downturn from the later part of 2008 stretching
throughout the year 2009, decreased the company’s sales orders and profits. On the success of its entries to Serbia and Macedonia, we cannot conclude that, the company is on track to recapture from the downturn in sales and profit in the coming years as suggested by Mr. Johan due to the unavailability of the 2010 financial statements for these two markets. Therefore, we would like to suggest to future researchers to look into the success of Sandvik Mining entry into Serbia and Macedonia markets and even beyond to investigate whether the company is recapturing from its economic downturn.

At this point, we can say that, the main aim of this research work was achieved because, we were able to know how Sandvik Mining entered Serbia and Macedonia Markets and the strategies used. In addition, we also noticed some common problems the company encountered in these countries as well as their competition position in these two markets. Furthermore, we believe that, this research work will provide some theoretical knowledge for students and researchers and also practical knowledge for Managers.
9. RECOMMENDATIONS

In our recommendation to Sandvik Mining industry on its entry process to Serbia and Macedonia markets, we would suggest that, the company adopts joint venture as its entry strategy in markets where they have less knowledge and experience. That’s the company should adopt the Uppsala internationalization process model and go into a joint venture with companies that are not related to their company which will make Sandvik to gradually acquire and learn about the target country’s market demand patterns, customers’ behavior, government regulations, cultural habits as well as marketing and commercial activities. By having knowledge about these pieces of information, the company would be well educated about how to make investment decisions on the target country. For example, Sandvik entered into Macedonia markets where it had no experience and knowledge about this market and instead of entering there by full ownership, the company could rather go into a joint venture with an existing company in this market to learn and have knowledge before striking. Secondly, the company’s main aim of entering Serbia and Macedonia markets is to make profit. In our own point of view, instead of going for just profit, Sandvik Mining Industry could have pluralistic goals such as market leader and share, taking care of the environment in which it conducts business, just to mention a few. For example Sandvik Mining produces some tools and equipment which are used in mining activities which pollute the environment and cause environmental hazards. For this reason, we think that, the company should have objective to be environmental friendly in these two countries which will in turn make their customers satisfied with the kind of products they buy. According to Whittington the forms and goals of strategy making depend particularly on social context and that, strategy should therefore be undertaken with sociological sensitivity. That’s, Sandvik should make good decisions which would be important to the Serbia and Macedonia societies. He continued to stress that, firms going international should not always connect to profit but connect to politics which will help them build empires like Volvo and Renault deal (Whittington, R 2001). Last but not least, even though it is hard to find negative sides in Sandvik’s business, we would like to recommend the company to include pro-environmental rules and regulations as a must have policy in their activities in Serbia and Macedonia. Not only this will force the future market targets to be more environmental friendly but it also gives Sandvik new opportunities as a responsible company.
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11. APPENDIXES

11.1. Interview Questions

➢ What two countries has Sandvik entered with its mining in recent years?
➢ What were the main reasons for Sandvik to enter these two countries?
➢ What are some of the preliminary assessment the company undertook before entering these two countries?
➢ Did the company have any kind of knowledge about these two markets before considering the move? If yes what kind of knowledge did the company have about these two markets?
➢ What factors did the company take into consideration on its choice of country to enter?
➢ Did Sandvik enter these markets through a joint venture or established its own subsidiary? If no, then how did the company enter into these markets?
➢ Was the company network a useful tool in assessing these entries modes? If yes in which way?
➢ How is production and distribution done in these two markets? Does the company depend on its networks in dealing with its production and distribution activities?
➢ Did the transaction cost affect their entry decisions in these two markets? If yes how?
➢ What kind of difficulties did the company face as a result of their entry into these two markets?
➢ What are the main sources of the company’s competitive advantage in these two markets?
➢ Does the company evaluate entry into these markets as a successful move? How?