Important Perception of Market Entry Barriers and Factors in Africa
Case study on Ethiopia and Egypt

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Abstract

Globalization, rising affluence in developing and transitional economies, improved infrastructure, and advancements in communication and information technologies have increased the opportunities for marketing services beyond borders. For the last decade African economies has been growing which has created enormous opportunity for international companies. However, foreign companies have been slow to enter into African markets. The purpose of this research is to identify important perception of barriers and factors that affect market entry decision in Africa specifically in Ethiopia and Egypt.

This research is based on a qualitative case study and data is collected from primary and secondary data. The primary data are collected from four Swedish micro and small companies. The secondary data collection is based on website, and published material from accredited government, such as UN, Ethiopian investment agency and Swedish government.

The major market entry barriers and factors are determined through analysis of these data. The major barriers are cost advantages incumbents, product differentiation, capital requirement, switching cost, access of distribution channel, government policy. The factors are market attractiveness, cultural distance, uncertainty, legal environment, and competition. Market entry decision is dependent on high influential perception of market entry barriers. From this research the important influential perception of barriers and factors that affect market entry decision in Ethiopia and Egypt are government policy, cultural difference, uncertainty, and legal environment. Cost advantage and switching cost are the low influential perception of barriers.

Keywords: Market entry decision, Entry barrier, External factor, Internal Factor, Size and Host Country.
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1. Introduction

The introduction chapter gives an overview of our thesis paper. In this chapter we discuss the background of our study, problem statement, purpose of the study and delimitation of the research.

1.1 Background

In the past 20 years firms have changed their orientation from domestic to international; they have shifted from multi-domestic marketing to global marketing (Malhotra, et al., 2003). Globalization of capital and especially of foreign direct investment has also increased dramatically these years. In the developing world, foreign direct investment has become the most stable and largest component of capital flows. Consequently, foreign direct investment has become an important alternative in financing the development process (Adams, 2009).

In addition to this the economic development of a developing country increases competition in global market. As a result, this competition forced European and other developed countries company to increase their efficiency, specialize, and start international trade to sustain the competitive advantage.

Currently African economies are developing, creating opportunities for international companies. According to Reinfeldt, (2007) as a cooperation partner, Africa offers a multiplicity of opportunities and challenges. Development in Africa is multi-faceted; the last decade has witnessed a number of new trends of crucial significance to the continent. Today, rates of economic growth in most African countries are higher than for many years, and higher than in other parts of the world. Even though the economic development of Africa creates a huge opportunity to international companies; foreign investors have been late to enter in African markets.

According to (Karakaya & Stahl, 1989) many firms enter new or familiar markets in an attempt to grow, by introducing new or modified products, whereas some enter with products that are identical to the ones already in the market. In either case the firms face market entry barriers and great financial risk. Thus before entering a new market, the company must take into consideration entry barriers in the host country market.
1.2 Problem Discussion

The rapid globalization of business in the last two decades has prompted an increasing number of firms to develop strategies to enter and expand into markets outside their home locations (Osland, et al., 2001). Globalization, rising affluence in developing and transitional economies, improved infrastructure, and advancements in communication and information technologies have increased the opportunities for marketing services beyond borders (Czinkota, et al., 2009).

Globalization creates a huge opportunity to the manufacturer to do their marketing activity abroad. Today companies using the opportunity of globalization become international, whether the company is small, medium-sized or multinational. Internationalization is the process of adapting the modality of making exchange transactions to international markets, (Malhotra, et al., 2003).

Depending on factors pertaining to transaction specific assets, external and internal uncertainty, and the potential of opportunistic behavior, a multinational enterprise chooses a specific mode of entry to minimize transaction costs (Chen & Chang, 2011). As more firms internationalize and become multinational, the analysis of the country in which to start internationalization gains additional relevance (Cuervo-Cazurra, 2011).

In many respects it represents a frontier to global capital, which is seeking out new, growing and emerging markets. Africa, while is still very much on the periphery of world markets and remaining a tiny player on the international stage, is beginning to actively court foreign companies and has done so by addressing the institutional business environment over the past two decades (Luiz & Charalambous, 2009). Even though most African countries have an enormous opportunity to the international companies; foreign companies did not yet involve in many areas in Africa and most international companies have been slow to enter in Africa countries market.

According to Moore (2010) there are across the African continent clear challenges, but also talented people, entrepreneurs, potential business linkages, and the seeds to increase the internal capacity and the market share of African countries. Despite opportunities for growth seen at micro-, small-, medium-, as well as large-scale levels, there are challenges to enter and doing business in Africa.
1.3 Delimitation

The study is conducted under limited time and finance. Due to this the scope of the research has been delimit in number of cases as described below.

- It emphasis perception of barriers and factors affecting market entering and expanding their activities in Africa. 
- The research focuses on Swedish micro and small software producer and TV channel distributor companies. 
- Case studies have been taken only Ethiopia and Egypt.
2. Theoretical Review

This chapter gives the overview of entry barriers and factors that affect companies in entering and expanding decision in international market. In addition to this, we discuss market entry decision, firm size and host country.

2.1 Market Entry decision

Foreign market entry is an institutional arrangement that makes possible for a company to enter its products and services, technology, knowledge, human capital, management, or other resources in a foreign country (Czinkota, et al., 2009). Entry mode decisions are made considering the development and acquisition of firm-specific resources and capabilities. An industrial firm's implementation of international strategy involves the choice of foreign market entry mode (e.g., Gannon and Johnson, 1997; Root, 1987), where a mode essentially is an institutional arrangement that facilitates the firm's bringing its products and services to the foreign market, (Pehrsson, 2008b).

The market entry decision must be timed to balance the risks of premature entry against the missed opportunity of late entry. Complicating the decision task is the fact that managers are typically working in uncertain, ambiguous environments in which it may be quite difficult for them to communicate their conceptual processes (Calantone, et al., 2010).

Market entry decisions are further complicated by the fact that managers working within multiple cultural or business environments may exhibit different ways of responding to competitive threats and opportunities. Cross-cultural managerial studies indicate that enduring cultural traits influence managerial perceptions and actions (Calantone, et al., 2010). Market entry decisions are made repeatedly in growing firms, they may be subject to a momentum process, whereby the organizations learn from their experience by repeating decisions that appear successful (Greve, 2000). Market entry decisions were influenced by the size and price range of local competitors. Market entry requires resources that organizations are unlikely to have unless they have avoided failure in the past, so only organizations that have avoided failures get to make additional market entries (Greve, 2000).

The key to successful international market entry is an understanding of differences in conditions that exist when comparing one market to another (Kouznetsov & Jones, 2009).
According to Pehrsson (2008a) a market entry is dependent on external and internal factors. There are two traditions that influence the entry barrier: industrial organization view and resource-based view. Two traditions can be distinguished in the literature on entry barriers: the industrial organization perspective and the strategic management perspective (Lutz, et al., 2010).

2.2 Entry barriers

A market entry barrier is defined as any factor reducing the motivation or ability of potential entrants to enter a new market, despite the high profits enjoyed by the early pioneers in that market. (Niu, et al., 2012). The term barriers to entry refer to deterrents or obstacles preventing new firms from engaging in production or sale of products or services (Gable, et al., 1995). Barriers represent disadvantages that entrants face relative to incumbents, and they decrease the likelihood and speed by which potential competitors can enter markets (Gable, et al., 1995). Generally, market entry barriers can be thought of as the cost that must be borne by a firm seeking to enter a new industry or market not borne by firms already in that industry or market (Niu, et al., 2012).

Entry barriers are of vital importance, as they influence both the market share and the profitability of firms already in a market (Gable, et al., 1995). Market entry barriers vary according to the market structure in that market barriers are higher in pure monopoly and tight oligopoly markets than in pure competition markets (Niu, et al., 2012). However, firms generally perceive the barriers differently.

Barriers to entry and proposes six major sources of barriers. These major barriers are: cost advantages of incumbents, product differentiation, capital requirement, switching costs, access to distribution channels, and government policy (Porter, 1980).

2.2.1 Cost advantages of incumbents.

Cost advantages of incumbents are advantages, as the decline in unit cost of a product as the absolute volume of production per period increases, as well as the reduction in unit cost resulting from product knowhow, design characteristics, favorable access to raw materials, favorable locations, government subsidies, and learning or experience curve (Karakaya & Stahl, 1989). The cost advantages constitute an important and paramount entry barrier. This barrier normally arises from economies of scale (Gable, et al., 1995).
Economies of scale refer to declines in unit costs of a product, as the absolute volume per period increases. Economics of scale deter entry, by forcing the entrant to come in at large scale and risk strong reaction from existing firms or come in at a small scale and accept cost disadvantages in nearly every function of business, including manufacturing, purchasing, research and development, marketing, service network, sales force utilization and distribution area (Porter, 1980). It may relate to an entire functional area, as in the case of sales force, or they may stem from particular operations or activities that are part of functional area (Porter, 1980).

In accessing the importance of the scale-economics barrier, the limit - pricing model of entry deterrence, in which established firms act as a perfect cartel and potential entrants expect those firms to maintain their pre-entry levels of output, even after entry (Schmalensee, 1981). The cost advantages concept as advantages including the decline in unit costs of a product, as the absolute volume of production per period increases, as well as the reduction in unit cost resulting from product know-how design characteristics, and learning or experience curve effects (Karakaya & Stahl, 1989).

### 2.2.2 Product differentiation

Product differentiation means that established firms have brand identification and customer loyalties, which stem from past advertising, customer service, product difference, or simply being first in to the industry (Porter, 1980). Firms that have been in business for a period of time have achieved brand identification and consumer preference. They also have the ability to achieve customer loyalty through product differences, by being in the market first, and through advertising (Gable, et al., 1995).

Differentiation creates a barrier to entry, by forcing entrants to spend heavily to overcome existing customer loyalties (Porter, 1980). Incumbents’ product differentiation is an important barrier, as it creates loyalties and relations among buyers and established sellers, and accompanying obstacles for the entrant trying to access customers (Pehrsson, 2009).

### 2.2.3 Capital requirement

Need for capital may be a significant need for initial investments before the start of operations in the market (Pehrsson, 2008a).
Initial expenses include not only the overhead of facilities, equipment and displays, but also labor, training, and hiring costs, inventory, insurance, and promotion (Gable, et al., 1995). Capital may be necessary not only for production facilities, but also for things like customer credit, inventories, or covering start-up losses. The need to invest substantial sums of money to secure entry and compete in the market creates a barrier to entry (Gable, et al., 1995).

2.2.4 Switching costs

Switching costs, as a barrier to entry is created by the presence of onetime costs facing buyers switching from one supplier to another (Porter, 1980). Switching costs prevent the buyer from changing suppliers.

Technological changes often raise or lower these costs (Karakaya & Stahl, 1989). The customer switching costs barrier is perceived as more important for late market entry decisions, (Karakaya & Stahl, 1989).

2.2.5 Access to distribution channels

Access to distribution channels, as a barrier to entry, can be created by the new entrant’s need secure distribution for its product (Porter, 1980). Early entrants to the market often try to make use of distribution strategies that will limit or prevent the access to distributor by new entrants (Karakaya & Stahl, 1989).

To the extent that logical distribution channels for the product have already been served by established firms, the new firms must persuade the channels to accept its product through price breaks, cooperative advertising allowances, etc., which reduce profits (Porter, 1980). The entrant firm might not anticipate the lack of available distribution channels, or competitors may control the distribution channels, creating customer access obstacles (Pehrsson, 2009).

2.2.6 Government policy

The last major source of entry barriers is government policy. Government can limit or even foreclose entry in to industries with such controls as licensing requirements and limits on access raw materials (Porter, 1980).

Government policy is the extent to which government limits or forecloses entry into industries with such controls as licensing requirements or limits the access to raw materials (i.e.,
regulated industries and Environmental Protection Agency laws) (Karakaya & Stahl, 1989). Government policy changes manifested by deregulation or other institutional changes stimulate adjustments of the product/market scope of incumbents (Pehrsson, 2009).

2.3 Factors affecting market entry

2.3.1 External factor

The paramount impact of the external environment on international business strategy makes it necessary to establish a strategy to handle it. This is especially relevant for complex and dynamic business environment of emerging country markets (Jansson, 2007).

As external antecedents, the below mentioned five dimensions, which are mainly host country-specific factors, but also include the home country culture variables as potentially relevant characteristics (Morschett, et al., 2010). All are discussed in detail below.

2.3.1.1 Cultural distance

Cultural distance represents the extent of the cultural differences between the host and home countries (Hsieh, et al., 2010). To precede internationalization the corporate entry mode strategy must consider cultural distance between home country and host country. Transferring a company's capabilities to a culturally dissimilar host country is difficult and linked to high learning costs in the unfamiliar environment.

Consequently, companies might prefer a cooperative strategy in order to access a partner's capabilities and cultural knowledge. Acquisition, another entry mode that might grant access to another company's capabilities, is probably less efficient in the case of cultural distance; because integration costs are likely to be high and because the acquired company may strongly resist knowledge transfer to the acquiring company (Morschett, et al., 2010).

The cultural distance between two nations reflects the existent differences in values, norms and behavioral rules between them. These differences increase the liability of foreignness or the difficulties that the investing firm should overcome when it seeks to develop its activities in a new country (Lo´pez-Duarte & Vidal-Sua´rez, 2010). When multinational company management moves to a country that is culturally similar to the home country, it may already know many of the rules to operate in the market; however, when entering a market with an unfamiliar foreign culture, it may have difficulty in determining how people should behave and
evaluating hard to quantify inputs and results (Chen, 2008). Therefore, multinational national and permanent organization must understand local culture very well to establish enduring cooperation with local parties, and internally manage relationships between local employees and expatriates (Chen, 2008).

2.3.1.2 Market attractiveness

Market attractiveness is an important determinant of business investments, market entry, and hence, managerial success in the strategic planning process. Market attractiveness denotes the product-segment appeal to draw firms to available opportunities in a market (Kumcu, 1997).

The attractiveness of a foreign market is seen as a predominant factor in market selection and in the choice of a market entry mode (Morschett, et al., 2010). Countries that are characterized by high market attractiveness are seen to have greater potential to absorb additional capacity, which provides an opportunity to improve firm efficiency.

In markets with high market attractiveness, companies are expected to use vertical integration so they can gain economies of scale and secure a long-term market presence (Morschett, et al., 2010). Market growth in a host market affects expected net returns and firm growth during international expansion. This in turn affects resource commitments, strategic orientations and entry mode decisions.

2.3.1.3 Uncertainty of the host country environment

Uncertainty is the most important issue that international companies face to decide on how enter and expand their market outside their home country. Due to bounded rationality, anticipation of all future contingencies for which adaptations of a contract with a partner may be required is difficult under conditions of strong uncertainty. Hence, the internalization of the activity may contribute to the absorption of external uncertainty (Morschett, et al., 2010).

In the case of uncertainty of the host country market there is a higher county risk. The investment risk in a host country reflects the uncertainty over the continuation of present economic and political conditions and overall policies, which are critical to the survival and profitability of a firm’s operations in that country (Chen, 2008).

Country risk refers to the volatility of the political, economic, and social factors of the target country; while the political risk is defined as the likelihood of an unfavorable change in the governmental regime of the country and/or in the policies issued by such a regime. Although
such a difference between country and political risk exists, it becomes difficult to isolate the three types of factors that configure the country risk, since political, social and economic causes of risk tend to be highly correlated. The higher the host market volatility, the more difficult for the foreign investor to obtain, interpret and organize the information to successfully carry out a foreign direct investment (Lo´pez-Duarte & Vidal-Suárez, 2010).

2.3.1.4 Legal environment of the host country

The institutional setting of the host country covers a fourth set of environmental characteristics that have an assumed influence on the entry mode choice. Legal environment of host country is categorized into three theories (Morschett, et al., 2010).

**Legal restrictions**: It either reduce the set of entry modes available, e.g., when wholly owned subsidiaries are prohibited or subsidies and incentives for cooperative arrangements (with local partners) and restrictive regulations in the host country against wholly owned subsidiary change the economic advantages of the considered alternatives towards cooperative modes of entry. Legal restrictions are positively associated with cooperative entry modes (Morschett, et al., 2010).

**Trade barriers**: It is understood to be obstacles to entering the host market via exports, enforce the need for other entry modes (Morschett, et al., 2010). At the same time, trade barriers should result in a lower share of imports in a market. And the market share of imports in a host country can be seen as a factor that encourages a high resource commitment, because it can be seen as a proxy for the overall experience of foreign firms in a country. Trade barriers are positively associated with cooperative entry modes (Morschett, et al., 2010).

**A country's openness to foreign investment**: It is likely to improve the situation for entrants, because it facilitates operations in the market. This makes full ownership more attractive in this country. Thus, in nations characterized by higher penetration of foreign direct investment, companies might be more likely to choose a higher resource commitment (Morschett, et al., 2010). A host country's openness to foreign direct investment is positively associated with wholly owned subsidiaries.

2.3.1.5 Competitive situation

Bain (1956) introduced the concept of “barriers to new competition”. This concept is based on the assumption that competition is key to the operation of industries, and that any artificial
barrier to competition may reduce the efficient allocation of resources in the industry. The resulting competitive forces would determine the behavior of firms and market performance (Lutz, et al., 2010).

Compared to competitive markets, this enhances the risk of opportunistic behavior of a potential cooperative partner. Thus, a highly concentrated market increases transaction costs of cooperation compared to a hierarchical coordination, which makes internalization more attractive (Morschett, et al., 2010).

In competitive markets, firms tend to be less profitable and therefore do not justify a permanent organization, which involves heavy commitment of resources. Because commitment of resources limits a multinational enterprise’s ability to adapt to changing market circumstances without incurring substantial costs, a multinational enterprise can be theorized to favor entry modes involving low commitment of resources, when competitive pressures in the host market are intense (Chen, 2008).

2.3.2 Internal factor

The resource-based view firms are advised to obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses (Lutz, et al., 2010). In the resource-based view firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Auh & Menguc, 2009).

The resource-based view of the firm analyzes foreign entry strategies based on these core strategic considerations of exploitation and augmentation of knowledge and other resources (Meyer, et al., 2009). It underscores the importance of accumulating, reconfiguring, and deploying valuable, rare, inimitable, and non-substitutable knowledge, skills, and assets (Auh & Menguc, 2009).

An analysis in the resource-based view focuses on the exploitation of existing assets and the augmentation of resources to create new resources, thus establishing a link between the firms’ resource endowments and their likely path of international growth (Meyer, et al., 2009).
Business relatedness and corporate international experience are viewed as resources that to some degree are exploited in the implementation of international strategy; (Pehrsson, 2008b).

2.3.2.1 Business relatedness

Business relatedness is defined as similarities among organizational units along central dimensions, such as products, markets, and key resources (Pehrsson, 2010). It shows that there is a relation between business units and the core business of the corporation.

Perhsson (2008b) discussed about the high business relatedness between the subsidiaries and the core business unit of the parent company determines the subsidiary’s ability to acquire the parent firm’s core competencies. Relations to the core are crucial here, as they are central to gaining and sustaining competitive advantage in the international firm (Pehrsson, 2008b).

The foreign exploitation of corporate resources is facilitated if business units are related to some degree; business relatedness has accordingly become a central manifestation of international strategy (Pehrsson, 2008b). A business strategy on a foreign market thus reflects the degree of relatedness between the foreign business unit and the core business of the parent company. When establishing a foreign subsidiary, a firm needs to decide what business the new subsidiary should pursue in the host market specifically, how closely the subsidiary should be related to the parent’s core business (Tang & Rowe, 2012). Termed as business relatedness, this decision has been extensively studied for its effect on subsidiary performance (Tang & Rowe, 2012).

2.3.2.2 Corporate international experience

The corporate international experience that the firm has accumulated in the process is reflected by the degree of importance of foreign markets and the firm's familiarity with foreign market conditions. In resource-based process, a firm tries to implement its international strategy and exploit its international experience to achieve competitive advantage in the foreign market (Pehrsson, 2008b).

International competitive advantage relies on a thorough awareness of competitors in the foreign market; corporate competitor certainty is central to international experience. Degree of importance of foreign markets concerns experience of international operations in general, and it is logical to assume that high importance is associated with the choice of a full control entry mode (Pehrsson, 2008b).
Here, experience may be specified as experience of different countries, or geographic regions, or experience of international operations without specifications. The most common scales for international experience are the number of previous foreign market entered, the number of years of international experience, and the number of years of operational experience in the target market (Dow & Larimo, 2009).

### 2.4 Firm Size

Firm size is often linked to a firm’s resource capabilities, and it has been argued that firm size is an important factor in determining firms’ competitiveness (Abdul-Talib, et al., 2011). It is correlated with the survival and growth of entrants. Bigger firms are better compared to their smaller counterparts because of their greater resource availability in such areas as management, finance, research and development, and marketing (Abdul-Talib, et al., 2011).

The importance of the majority of barriers does not differ significantly between firms of different sizes. However, for collusion, knowledge, retaliation, switching costs, strategic behavior related to R&D, government policy, excess capacity, economies of scale and strategic behavior related to differentiation, some significant differences are observed between firms of different sizes (Kemp & Lutz, 2006). Smaller firms, especially in their early phase of internationalization, suffer from a lack of experience operating in the foreign market. In turn this limits their opportunities to learn from the internationalization process and exposes them to higher uncertainty levels compared to established multinational companies (Abdul-Talib, et al., 2011).

Large entrants are expected to take advantage of business activities in other industries and their large experience with organizational and technological issues; their well-established relationships with suppliers, customers and distribution networks and their easier access to financial capital or cash flow. Moreover, it is usually easier for larger companies to profit from economies of scale and scope and to counter the incumbents’ advertising and selling expenses. Furthermore, large entrants are capable of solving these problems more easily as they have better access to distribution channels; financial capital and they have more organizational and technological experience (Kemp & Lutz, 2006).

Two barriers (economies of scale and product differentiation) were expected to be a specific hurdle to small firms but larger firms perceive these problems (Kemp & Lutz, 2006). Barriers related to advertising, brand name, capital requirements, cost of operating abroad, high wages,
R&D and selling expenses are less relevant for large entrants. The importance of barriers to entry like access to distribution channels, advertising, capital requirements and R&D is not significantly higher valued by smaller companies (Kemp & Lutz, 2006).

Yet some factors, such as product differentiation and proprietary managerial skills that could lead to niche specialization, or particular government promotion policies, might also be related to small medium enterprises. Due to their size, small medium enterprises have to compensate for their financial limitations and marketing deficiencies by internalizing their advantages, such as organizational agility and closer business-to-business or business-to-consumer relations (Svetlicic, et al., 2007).

2.5 Host Country

Host country’s policies and other environments play a significant role for market entry of foreign firms. For instance, a multinational firm to enter in a host country especially in developing country, they can choose between arm's-length transactions (licensing) and internal transactions, such as foreign direct investment (Chun, 2012).

From the host country's perspective, the choice of the multinational firm impacts upon social welfare in the Country. Therefore, the government of the host country tends to strategically use various policy instruments to induce the multinational firm to choose a desirable mode of entry (Chun, 2012).

In addition the host government wants to maximize its welfare which consists of the weighted average of its tax revenue and any possible profit of the local firm. There is an asymmetric information problem between the host government and the multinational firm (Karabay, 2010).

Government policy regarding multinational firms in developing countries focuses on technology diffusion and its effects on the welfare of the host country (Chun, 2012). Many developing countries, especially low-income ones, believe that the industry can play a similar “bootstrapping” role for them today, and on this basis, they promote its development and its links to the global market (Gibbon & Thomsen, 2005).

Most African countries are low income developing countries; even though African policymakers should look into the differential effects and design their policy accordingly to attract foreign firms that fit their priorities but Governments should refrain from frequent
policy changes to assure investors of government’s commitment to attract (Lemi & Asefa, 2009).

In African economies, uncertainties emanating from economic volatility, unstable or restrictive political environments, and the lack of rule of law and of government commitments are the major impediments to foreign direct investment. High-risk environment, which is the result of economic volatility and lack of stable governance, plays a significant role in hampering capital flow in conjunction with other macroeconomic and policy uncertainties (Lemi & Asefa, 2009).

2.6 State of the art

The last two decade the development of infrastructure and the fast development of information technology change the world. These developments initiate firms to invest in the international market. Currently the economic developments of African countries create an enormous opportunity for the international market however international companies have been late to enter and doing their business in Africa.

Even though African countries have a massive opportunity for international companies; doing a business in Africa has a challenge for international companies. The challenge and problems affect entry decision in African market.

In the similar manner important perceptions of barriers and factors have an influence on market entry decision in foreign market. The important perception of entry barrier and factors are dependent on the firm size and the host Country’s overall activities. Furthermore the important perception of barriers and factors is coming from different source market entry barriers and factors.

In order to get a good understanding about important perception of entry barriers and factors affecting market entry in Africa, the theory chapter briefly discussed entry barriers and factors affecting market entry in the international market. Entry barrier have been presented, validated and accepted by different scholar for example: - (Schmalensee, 1981), (Karakaya & Stahl, 1989), (Gable, et al., 1995), (Porter, 1980), (Niu, et al., 2012), (Pehrsson, 2009). All scholars have a common opinion about knowledge of entry barriers; and they clearly stated that entry barriers have an influential factor on market entry. Thus, we recognize that entry barriers theory which is mainly discussed by (Porter, 1980) is a dominating theory and considered as a core theory for this thesis work.
The other discussed theory is factors affecting market entry. The theory about the factors affecting market entry have been presented, validated and accepted by different scholars, for example: (Kumcu, 1997), (Jansson, 2007), (Pehrsson, 2008b), (Chen, 2008), (Luiz & Charalambous, 2009), (Tang & Rowe, 2012), (Dow & Larimo, 2009), (Auh & Menguc, 2009), (Lutz, et al., 2010), (Morschett, et al., 2010), (Hsieh, et al., 2010), (Lope´z-Duarte & Vidal-Sua´rez, 2010). These scholars presented factors affecting market entry in the international marketing strategy which are empirically validated. Therefore, we took factors affecting market entry in international market which are presented by the above authors as a basic platform of this thesis work.

Distinguishing and understanding the important barriers and factors in Africa market are limited and the empirical validation in Africa is not sufficient enough (Luiz & Charalambous, 2009) and (Adams, 2009). This triggers us to study more about entry barriers and factors affecting market entry decision in Africa. Hence, this thesis mainly studies the important perception of entry barriers and factors affecting market entry decision in two Africa countries namely Ethiopia and Egypt.
2.7 Research model

This model explains the relationships between host country, size of the company, perception of factors and other barriers with important perception barriers for the decision of market entry.

This model shows four propositions:-

- Proposition 1:- Important perception of barriers and factors are reliant on host Country.
- Proposition 2:- Important perception of barriers and factors are reliant on Firm size.
- Proposition 3:- Important perception of barriers and factors are coming from different factors and other barriers.
- Proposition 4:- Market entry decision is reliant on influence of important perception of barriers and factors.

Figure 1 Research Model

2.8 Research Question

The main research question is:-

- What are the important perception of barriers and factors affecting market entry in Africa, specifically in Ethiopia and Egypt?
3. Methodology

The methodology chapter gives a general idea of our research approaches and this research conducted as a case study on qualitative research method. In addition this chapter elaborates the applied research methodology which encompasses research design, population and data collection, operationalization validity and reliability.

3.1 Research design and strategy

A research design is the basic plan guiding the data collection and the analysis phase of the research project. It is a framework specifying the type of information to be collected, the source of data, and the data collection procedures (Kinnear & Taylor, 1991). In the marketing perspective a research design is a framework or blue print for conducting marketing research. It details the procedures necessary for obtaining the information needed to structure or solve the marketing research problem (Malhotra & Birks, 2003).

The process of designing a research study involves many interrelated parameters. One of the research designs is a case study design. Our research is mainly based on a case study research methodology and discussed below.

Case study

A case study research is a methodology depends on the complexity and particular nature of the case in question. Case study provides a vehicle through which several qualitative methods can be combined, thereby avoiding too great a reliance on one single research (Bryman & Bell, 2011). Our research is focused on perception barriers and factors affecting market entry in Africa; by selecting two countries: Ethiopia and Egypt as a case study which is a perfect design for this thesis work.

A research strategy simply means a general orientation to conduct a business research. The connection between theory and research, epistemological considerations, and ontological considerations quantitative and qualitative research can be taken to form two distinctive cluster of research strategy. Qualitative research tends to be concerned with words rather than numbers. One of the qualitative research features is inductive research. In inductive research, the data collected from the basis from generalizable inference are drawn. Inductive research is usually iterative, involving tracking back and forth between theory and data. Our research strategy is based on inductive qualitative research which uses non-numeric data.
3.2 Population and sampling

Population is defined as the set of all objects that possess some common characteristics with respect to a marketing research. Sampling is required to gain information about the population (Aaker, et al., 2010).

In order to focus on Sweden based micro and small companies, we give more attention on software producer and television channel distributor companies. According to statistics of Sweden, there are 555 and 52 small scale software producer and micro television channel distributor companies in Växjö, respectively (Statistics Sweden, 2011).

<table>
<thead>
<tr>
<th>Case company</th>
<th>Industry</th>
<th>Size</th>
<th>Number of employees</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisan Global Software &amp; Artologik</td>
<td>Software</td>
<td>Small</td>
<td>20</td>
<td>555</td>
<td>3</td>
</tr>
<tr>
<td>Fortnox international AB</td>
<td>Software</td>
<td>Small</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smelink AB</td>
<td>Software</td>
<td>Small</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zon Television</td>
<td>Television channel distributor</td>
<td>Micro</td>
<td>2</td>
<td>52</td>
<td>1</td>
</tr>
</tbody>
</table>

The main reasons to select these companies are: all companies are micro and small size companies and also three of them are software producer and one company is television channel distributor based in Sweden. In addition, these companies are located in Växjö; this will be convenient for us to gather all the necessary data and enable us to reach the contact people for the interview.
3.3 Data collection

Data are nothing more than ordinary bits and pieces of information found in the environment. They can be grouped as qualitative and quantitative. Data conveyed and labeled through words are called qualitative, whereas data presented in numerical values form are called quantitative data (Merriam, 1998). Qualitative data are collected to know more about things that cannot be directly observed and measured (Aaker, et al., 2010). It is predominantly used as a synonym for any data collection technique or data analysis procedure that generates or use non-numerical data (Saunders, et al., 2009). According to Kinnear and Taylor (1991) there are two types of marketing data - primary and secondary data. In this research we have collected both primary and secondary data.

**Primary data:** are originated by the researcher for the specific purpose of addressing the research problem (Malhotra & Birks, 2003). There are several choices regarding the means of collecting primary data. Normally this includes observations, experiments, questionnaire survey and interview (Ghauri & Grønhaug, 2005).

Interview is a purposeful discussion between two or more people, which is used to collect valid and reliable data that are relevant to research question and objective. The most common form of interview is the person-to-person encounter in which one person elicits information from other. In order to get substantial data for our research work, we had conducted person-to-person interview with responsible personnel from each companies: International Sales Manager of Artisan, CEO of Fortnox, Marketing Director of Smelink, and CEO and Founder of Zon television).

**Secondary data:** are collected by persons or agencies for purposes other than solving the problem at hand. Secondary data are key source of information for conducting international marketing research (Aaker, et al., 2010). They are particularly useful in evaluating country or market environments; whether in making initial market-entry decisions or in attempting to assess future trends and development variety.

A wide secondary data sources are available for international marketing research; these range from sources that provide general economic, social, and demographic data for almost all countries in the world, to sources that focus on specific industries worldwide (Aaker, et al., 2010).
To gather imperative secondary data about African countries, Ethiopia and Egypt, which are selected for a case study, literatures from various sources mainly websites and reports published by UN and respective governmental institutions as well as peer reviewed international Journals have been used.

<table>
<thead>
<tr>
<th>Table 2 Summary of data collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required Data</strong></td>
</tr>
<tr>
<td>Continent information (Africa)</td>
</tr>
<tr>
<td>Countries information (Ethiopia and Egypt)</td>
</tr>
<tr>
<td>Company information (Fortnox, Artisan, Smelink, and Zon)</td>
</tr>
</tbody>
</table>

### 3.4 Operationalization

To investigate our empirical data we have prepared 22 interview questions for Artisan Global Software & Artologik, Fortnox International AB, Smelink AB and Zon television. The interview questions are presented in Appendix1. The interview questions are directly related with the theoretical review which is discussed in chapter 2. It provides us a basic data to be analyzed further in order to address our research question.
The interview starts by two introductory questions, to get the background of the interviewee. Question 1 “what is your name and title?” and question 2 “what is your position?” This will help us to know who gives the information for our study which in turn assures the data reliability.

Then three questions which addresses about the background of the company were followed. Those are: Question 3 “How many employee the company has?” this help us to know the company size whether or not the company is micro, small or large. Question4 “When the company is established?” This question let to know us the company’s experience and Question 5 “How many branches do you have in Sweden?” This question helps us to know how the company spreads across the Country.

Question 6 and 7 focuses on the theory of product differentiation and after sale services. Question 6 “What is your product? How many product your company produce?” Question 7 “Do you have after sales service?” Both questions help to addresses the major sources of barriers which are described theory of Porter (1980).

From Questions 8 to 12 focus on the international experience of the company. For instance, if we take question 8 which says “Do you have any experience of doing business outside of Sweden? If yes Where?” This question related to one factor of the theory of internal factors: corporate international experience (Dow & Larimo, 2009) and (Pehrsson, 2008b). This will gives us information about the internal factor explaining international experience.

Question 9 focuses on the theory of capital requirement. “How much money is required entering (opening) a new market?” This question is also related to Porter (1980) major sources of barriers. Thus Question 9 will give us information about capital requirement which is one of the six barriers.

Question10 “Do you have an office in foreign market?” Question 11 “How many year experience in in international market?”, and Question 12 “Do you have a plan to increase your international experience? If yes where?” Thus the above questions have a direct relation to the corporate international experience (Dow & Larimo, 2009).

Question 13 says: “What are your requirements to enter a new foreign market?” In relation to foreign county market attractiveness, policy and other entry barrier; this question will give us
an idea about the market entry barriers and factors affecting the entry mode of those companies which are considered in this study.

Questions 14 addressed the theory of business relatedness: “Is your foreign country business related to your home country business?” Theory of business relatedness is cited by (Tang & Rowe, 2012) and (Pehrsson, 2008b). Question 14 will provide us information about the internal factor business relatedness.

Question 15 focuses on the market attractiveness theory which says “Who is the target customer of your company (in Sweden and outside Sweden)?” This question helps us to get information about the customers of the companies as well as the market attractiveness the companies as discussed in chapter 2 Porter’s (1980) theory.

Question 16 is about the competitive situation: “Who are your competitors in Sweden or outside Sweden?” This question is based on the theory of Bain (1956) “barriers to new competition”, and Porter’s (1980) “major sources of barrier”. This theory is also cited by (Lutz, et al., 2010) and (Morschett, et al., 2010).

Question 17 addressed the theory of product differentiation which says “In what ways are your product features different from your competitors’ products?” It is related to Porter’s (1980) theory about major sources of entry barriers.

Question 18: “Do you plan to enter the Africa market?” This question let to know us whether the company does have market interest in Africa or not. It also gives us an overview of their feelings about the African market and their entry barriers.

Question 19 considers the market entry barrier in Africa “What is your view about the entry barriers in African markets?” this question is related to the six major sources of market entry barriers which are Porter (1980) cost advantages of incumbents, product differentiation, capital requirement, switching costs, access to distribution channels and government policy.

Question 20 considers external factors affecting market entry in Africa: “What is your look about the external factors in Africa market?” This question is related theory cited by (Morschett, et al., 2010) (i.e. Cultural distance, Market attractiveness, Uncertainty of the host country environment, Legal environment of the host country and Competitive situation). From this question we can learn about what factors which may affect to enter and expand their market in Africa.
Question 21 aimed to get each company’s view on market entry barriers and external factors for market influencing entry in African markets which says: “What do you expect in African markets in terms of barriers to market entry and external factors influencing market entry?” This question is directly related to Porter’s (1980) theory (i.e. six major sources of entry barrier) and the cited theory of (Morschett, et al., 2010) (i.e. external market entry barriers).

At last but not least, we asked each company an open question which is Question 22 and says: “Is there anything additionally that you want to tell us about the barriers and the factors you think you will face in African markets?” This question might give us additional barriers that the company perceives to be important in African markets.

3.5 Validity

Validity is concerned with the integrity of the conclusions that are generated from a research. The case is an object of interest in its own right, and the researcher aims to provide an in-depth elucidation (Bryman & Bell, 2011). According to Bryman & Bell (2011), there are four different types of validity; these are measurement validity, Ecological validity, external and internal validity. External and Internal validity are the most suitable to measure the validity of our research and thus both types of validity are presented below.

External validity: - is concerned with the question of whether the results of a study can be generalized beyond specific research context or not (Bryman & Bell, 2011). This research covered companies of 2% of television channel distributors and 0.5% of software developers. To increase the validity of our research we use a control variable. Control variables are additional variables that may have an influence on the nature of the relationships between variables in the study (Bryman & Bell, 2011). In our research, the size of the company is one of the control variables and we named it simply “size” just for an easy reference. Hence, the control variable generalizes our research and increase the external validity of the research.

Internal validity: - is concerned with the question of whether a conclusion that incorporates a causal relationship between two or more variable (Bryman & Bell, 2011). The empirical data gathered from the company is based on interview. According to Aaker (2011) personal interview is usually preferred; thus we conduct a personal interview with four micro and small size companies of software developers and television channel distributor in Växjö, Sweden. The interview was performed with decision maker of all the companies.
We interviewed International Sales Manager of Artisan, CEO of Fortnox and Marketing Director of Smelink. In case of Zon television we have got a chance to conduct personal interview two decision makers of the company whom are CEO and Founder of the company.

All the interview questions have a direct relationship with the theoretical chapter and also give us information for addressing our research question. In operationalization subchapter, it is clearly stated that the relationship between theory and the interview questions. In each interview we got valuable information from the interviewee for our research as we got a very good explanation about the overall operation of each company directly from the horse’s mouse.

All the 22 interview questions have a direct relation to our research question and research model. They are analyzed thoroughly to correlate with to give us knowhow towards identifying the perception of entry barriers, internal and external factors, firm size and host country overall environment which affect market entry decision of Sweden based micro and small companies in Africa market. From the above point of view our research has high internal validity.

3.6 Reliability

Reliability refers to the extent to which the data collection techniques or analysis procedures will yield consistent findings (Saunders, et al., 2009). It is also concerned with repeatability of the study result (Bryman & Bell, 2011). We gave sufficient time to prepare interview questions in order to make it more clear, well defined and organized which intern help us to collect significant data.

As various researchers in this academic discipline follow somehow the same data collection method, scope of interview questions and interviewing approach, we greatly believe that the reliability of our research is significant. We were also followed interview guideline during interviewing and get a clear answer from the interviewee. All interviews were conducted by the author of this these and the interview was recorded and texts were made. Each interview took 40 minutes in average.

In order to get a reliable sample size we used convenient sampling method; by selecting micro and small software producer and television channel distributor of Sweden based companies which are located in Växjö city. The location of the companies don’t matter the overall operation of the company whether the companies are located in Växjö or other part of Sweden.
The assessed companies are four in number and produce software and distribute television channels. Thus, our sampling method leads to increase the reliability of our research findings.

Furthermore, we took secondary data to make our research more reliable which are key source of information for conducting international marketing research. Hence, we reviewed several literatures which include peer reviewed international journal articles as well as reports published by UN and respective governmental institutions.

These literatures, especially reports published by UN and governmental institutions are more reliable as they do have/get more detailed data in every perspective from appropriate offices. All these make our research data more reliable.
4. Empirical findings

This chapter discusses the analysis of gathered data and the empirical findings thoroughly. The overall information about four Swedish companies: Artisan Global software & Artologik, Fortnox International, Smelink AB and Zon television, in relation to market entry barrier and factor affecting in African market, specifically Ethiopia and Egypt are also discussed.

4.1 Artisan Global Software & Artologik

Artisan is a Swedish company developing and providing internet and intranet solutions. Since its establishment, in 1995, the focus of Artisan has been web based solutions. Artologik is a business area in Artisan Global Media which our empirical finding is focuses on. Artisan Global Software & Artologik is located Växjö and Oskarshamn. Currently they have twenty employees; fifteen are located in Växjö and five are located in Oskarshamn. We interviewed the international sales manager Ms. Juliette Badin on March 22, 2012 at 5:00 pm.

Artologik produces six simple, user friendly, efficient and smart web based programs which are mentioned below. All products support five languages (i.e. English, French, German, Spanish and Swedish).

The seven programs are:

- Time: - It is a user friendly and smart solution which registers every staff’s working time.
- Help Desk: - It is a smooth and smart managing tool for external and internal communication. Help-desk handles and stores user’s knowledge in a searchable database.
- EZ booking: - It is a web-based program that used to manage and control organization’s bookings. All the booking information is stored in a database and let the users to get information quickly.
- Web Publish: - It helps to organize any computer files whether it can be texts or pictures for web application. Web publish can used for intranet and extranet application.
- Survey and report: - It helps the user to collect and organize surveys electronically. It also analyses the survey data and provides the result swiftly.
- Project manager: - It is a flexible and user-friendly application which can be used for various project-oriented tasks. Using this software, the user can control or track the progress of the project.

4.1.1 Entry Barrier

Artisan Global Software & Artologik is currently working in twenty-five countries all over the world, except Asia. During the interview we mainly discussed on the major sources of barriers and factor affecting entry in Africa market (Ethiopia and Egypt). Specifically we discussed with the Sales Manager Ms. Badin about the cost advantage of incumbents, product differentiation, capital requirements, switching cost, access to distribution channel and government policies. All are presented below.

Cost advantages of incumbents

Artisan Global Software & Artologik has no office or branches outside Sweden. Except one, all products are available in twenty-five countries.

“The cost of the products are everywhere the same” (Badin, 2012).

According to Badin (2012) cost advantages of incumbents is low influential barrier to enter in Africa market.

Product differentiation

Artisan developed six varieties of software, of which five are available for the international market. The web-publishing program is only available in Swedish market. Their software is compatible with the new internet explorer and can be run on various smart phones including iPhone.

“Our product is compatible in the new internet explorer (i.e. the product is compatible with internet explorer 9) and we are working on cloud service (i.e. we are working in smart phone, iPhone....)” (Badin, 2012).

According to Badin (2012) product differentiation is high influential barrier to enter in African market.
**Capital requirement**

Artisan Global Software & Artologik is an international Sweden based company. They do not have any office in foreign country.

“For entering a new market and expanding the existing market we do not need a large amount of money” (Badin, 2012).

According to Badin (2012) capital requirement is a low influential barrier to enter in Africa market.

**Switching cost**

As Artisan Global Software & Artologik is software producer; marginal and running costs are limited. The price of Artisan product is fixed.

“The price of our product is not flexible but if someone asks training about the product we will charge the expense of training” and “We provide a quality service” (Badin, 2012).

According to Badin (2012) switching cost is low influential barrier to enter in Africa market.

**Access to distribution channel**

Since Artisan is a web based company, all activities are performed using internet. “We do not use any distribution channel; we sale our product directly to our customer” (Badin, 2012).

According to Badin (2012) access of distribution channel is very low influential barrier to enter in Africa market.

**Government policy**

Artisan takes into consideration government policy of a country to enter and expand their marketing activity outside Sweden.

“The first fear and problem to enter African market is a government policy” (Badin, 2012).

According to Badin (2012) government policy is very high influential barrier to enter in Africa market.
4.1.2 Factor affecting market entry

Factors affecting the entry mode can be grouped into two: external and internal factors.

4.1.2.1 External factor

In order to collect additional empirical data about external factors; we raised the market attractiveness, cultural distance, uncertainty, legal environment, and competitive situation in African market during our interview with Artisan Global Software and Artologik. All are discussed in detail below.

*Market attractiveness*

Currently Artisan Global Software & Artologik are working in few African countries which are Morocco and Tunisia.

“*Our customer is business to business for all size whatever the company is large or small size. I don’t think African market is attractive*” (Badin, 2012).

According to Badin (2012) market attractiveness is low influential factor to enter in Africa market.

*Cultural distance*

It is obvious that Artisan Company do have different culture compared with African since they are physically working only in Sweden.

“*There is a cultural difference between our company and most of African countries*” (Badin, 2012).

According to Badin (2012) cultural distance is very high influential factor to enter in Africa market.

*Uncertainty of host country*

According to Badin (2012) uncertainty of African countries is very high influential factor to enter in Africa market.
**Legal environment host country**

“The legal environment of the African countries has large influence on our company” (Badin, 2012).

According to Badin (2012) legal environment of African country is high influential factor to enter in Africa market.

**Competitive situation**

Competition has its own impact in relation to Artisan product.

“Our competitor change every day but the major competitor in French market is SPHINX for survey and report program and Easy desk for help desk program” (Badin, 2012).

“I have no information about the competitive situation of the African countries” (Badin, 2012).

**4.1.2.2 Internal factor**

Since from the beginning Artisan Global Software & Artologik is working in twenty five countries in five continents they do not have short term plan to enter a new market. However, they have a plan to stop South America market.

**Business relatedness**

Except one, all products are available in the foreign market (i.e. time, help Desk, EZ booking, survey and report and project manager).

“Our product in the international market is related to the home country market. Except web publishing, all products are available in international market” (Badin, 2012).

**International experience**

Artisan is working in twenty five countries in five continents excluding Asia.

“Since from the beginning we are working in international market; Currently we have no any project to enter a new country however we have a plan to stop sales in South America market” (Badin, 2012).
4.2 Fortnox International AB

Fortnox International AB is founded by Jan Älmeby in 2001 in Sweden through an agreement with Fortnox Ltd. Fortnox Ltd develops business administration programs into web-based programs. We made an interview on April 2, 2012 at 1:00 pm, with Mr. Jan Älmeby the CEO and founder of Fortnox International AB.

Fortnox International has nineteen employees. Fortnox International AB is responsible to convert the below mentioned programs which are developed by Fortnox LTD to web based programs:

- **Accounting:** Fortnox Accounting suits for both small and big companies. It is powerful enough to match the needs of big companies, and adaptable enough to suit with the smallest (one-man) firms.
- **Invoicing:** Fortnox Invoicing let the user to prepare and send invoiced easily and swiftly.
- **Order:** Fortnox order is user-friendly application which is used to create quotes, order confirmations and delivery notes. It also let the user to monitor time-limited quotes so that quotes will be followed-up before they expired.
- **Asset register:** Fortnox Asset register program is used to keep tracking of fixed assets. The program is integrated with Fortnox Accounting; do not need manual coding as it is done automatically.
- **Time tracking:** Fortnox Time tracking is a smart program used to track your own and your co-workers’ time.
- **CRM:** Fortnox CRM is a sales support program that helps the user to track all their contracts of customer prospects, suppliers and partners. It can incorporate all data with your own planning and calendar.
- **Document Archive:** Fortnox Document Archive offers the possibility of storing up to one gigabyte of any types of file which are then accessed via Internet.

All these products are working in five different languages (i.e. English, Finnish, German, Polish and Swedish).

4.2.1 Entry Barrier

Fortnox International is a young company working in the international market. Currently, they are working in four European countries in addition to their home country. Even if Fortnox
international do not involve in Africa market; they have a keen interest to enter in African market. During our interview, we mainly discussed on the major source of barriers, external factors and internal factors.

**Cost advantages of incumbents**

The cost of the product everywhere is the same but somehow cost in Africa is lower. According to Älmeby (2012) cost advantages of incumbents is low influential barrier to enter in Africa market.

**Product differentiation**

“Our program is interrelated in the same database and also all products have a language support” (Älmbey, 2012).

According to Älmeby (2012) product differentiation is very low influential barrier to enter in Africa market.

**Capital requirement**

To open a new branch Fortnox international required large amount money. For the time being capital is a problem to enter a new market.

“To enter a new market capital is a largest problem for our company” (Älmbe, 2012).

According to Älmeby (2012) capital requirement is high influential barrier to enter in Africa market.

**Switching cost**

“Fortnox product price is not flexible; if we enter in Africa countries market, definitely we use a lower price” (Älmbey, 2012).

According to Älmeby (2012) switching cost is low influential barrier to enter in Africa market.

**Access to distribution channel**

“To sale our program we do not use any distribution channel; we sell our product directly to the client” (Älmbey, 2012).
According to Älmeby (2012) access of distribution channel is low influential barrier to enter in Africa market.

**Government policy**

Fortnox international takes the government policy into consideration to enter and expand their marketing activity outside Sweden.

“About the Government policy of African countries I do not have information” (Älmbey, 2012).

### 4.2.2 Factor affecting market entry

#### 4.2.2.1 External factor

In order to collect further empirical data about external factors; we raised the market attractiveness, cultural distance, uncertainty, legal environment, and competitive situation in African market during our interview with Fortnox International AB.

**Market attractiveness**

The economic development and the financial sector growth is fast in most African countries because of this, Fortnox international believes that most of African countries market is more attractive.

“African market is more attractive and we expect a very exciting outcome from African market” (Älmbe, 2012).

According to Älmeby (2012) market attractiveness is very high influential factor to enter in Africa market.

**Cultural distance**

Since Fortnox International AB is Sweden based international company, they do have different culture than African countries.

“There is a cultural difference between our company and African countries” (Älbney, 2012).

According to Älmeby (2012) cultural distance is higher influential factor to enter in Africa market.
Uncertainty of host country

Uncertainty of African countries is a problem for Fortnox international. According to Ålmeby (2012) uncertainty of African countries is high influential factor to enter in Africa market.

Legal environment of host country

According to Ålmeby (2012) legal environment of African countries is high influential factor to enter Africa market.

Competitive situation

Competition has its own impact in relation to Fortnox international program but it is not the major problem to enter and expand marketing outside home country. According to Ålmeby (2012) competitive situation is fair influential factor to enter in Africa market.

Other factor

According to Ålmeby (2012) one of the major barriers to enter in Africa market is a copy problem. The Fortnox assume that illegal copy is an obstacle to enter in Africa market.

4.2.2.2 Internal factor

Business relatedness

Fortnox international business in foreign countries is related to the home country business.

“Some of the product is sale in Sweden and also some of the product sales outside Sweden just now six products are available outside Sweden. But it is possible will be more” (Ålmbey, 2012).

International Experience

Fortnox international have a six month experience in international market; currently they are working in Four European countries.

“We are working England, Germany, Poland and Finland; we have an office in England, Poland, and Finland but in Germany we will open an office within two month.” In England we open an office by own (100%), Germany and Finland we have 75 % and in Poland by entrepreneur (Ålmbey, 2012).
Fortnox international are willing to go many more countries if they get a success in the already existing market.

4.3 Smelink AB

Smelink AB is a Swedish company which develops web design for small and medium size companies. Smelink AB was established in 1997 and its mission was providing knowledge about the use of website for small and medium size companies in Sweden.

Smelink AB is located at Växjö, Sweden. Currently, it has sixteen employees and provides a service for five thousand Swedish companies. Interview was conducted on April 18, 2012 at 10:00am with marketing director of Smelink AB, Fredrika Ehrner, in which information about the company activities has been taken and company background has been formulated.

Smelink AB is providing two types of website packages which are:

- Hemsida (home page):- this package is only to develop a website
- Hemsida+ (Home page plus):- this package incorporates Facebook page, mobile interface and Google optimization in the developed website.

They also offer the following extra services:

- Mobile site : make the website to fit in mobile interface;
- Starter kit free : business to Facebook;
- Multi language support : support the website by more than one language;
- Logotype : logo for the company and website;
- Google optimization : to increase the visibility of the website when it is searched by a Google search engine;
- Blog : tool for anyone that want to write updates about the industry;
- Google consultation : website visibility on Google;
- Service avtal: renting a webmaster.

The company provides a very good variety of website solutions. According to Ehrner (2012) Smelink is abbreviated as Small-Medium-Enterprise link. As the name indicated the company’s mission is to develop websites for small and medium companies to provide their services using a better business platform in professional manner.
4.3.1 Entry Barrier

Smelink AB provides their service only in Sweden; within a year or two, Smelink AB has a plan to enter in other European countries mainly Scandinavian.

We mainly discussed on the major sources of barriers (Porter’s theory) and factor that will affect market entry in Africa market.

Cost advantages of incumbents

All operational and marketing activities of Smelink AB are executed in Växjö, Sweden and its main customers are Swedish companies.

“Of course it has some costs but I do not think the cost is differ in Africa” (Ehrner, 2012).

According to Ehrner (2012) cost advantages of incumbents is low influential barrier to enter in Africa market.

Product differentiation

Smelink AB is a professional website developer in Sweden. The company develops websites with special features such as customizable websites. The client can upload any supplementary information and data on their website. Furthermore Smelink AB provides a special service to their customer; if the customer call at any time Smelink gives an immediate answer to their customer.

“We have personal customer part; that is really unique in Swedish market and also we give an instant help to our customer” (Ehrner, 2012).

According to Ehrner (2012) product differentiation is fair influential barrier to enter in Africa market.

Capital requirement

As Smelink AB is a web based company; it doesn’t required too much money to do their marketing activities.

“We send all marketing activity on Google advert” (Ehrner, 2012). “I do not think capital requirement will be high” (Ehrner, 2012).
According to Ehrner (2012) capital requirement is fair influential barrier to enter in Africa market.

**Switching cost**

“I do not think the switching cost is high in Africa market” (Ehrner, 2012).

According to Ehrner (2012) switching cost is low influential factor to enter in Africa market.

**Access to distribution channel**

Currently Smelink AB doing their marketing activity using Google; they do not use any other distribution channel to sell their company.

“Am not sure about the access of distribution channel in Africa” (Ehrner, 2012).

**Government policy**

In the website industry government policy of a country might be a problem; because some countries block websites to make inaccessible by their nation. Thus this will affect the market of website developer. “Am not sure the government policies in Africa” (Ehrner, 2012).

4.3.2 Factor affecting entry mode

4.3.2.1 External factor

In order to collect a detail empirical data about external factors; we raised the market attractiveness, cultural distance, uncertainty, legal environment, and competitive situation in African market during our interview with Smelink AB.

**Market attractiveness**

Currently Smelink AB provides their service for Swedish companies. “There are eight hundred thousand registered companies in Sweden but our company provides services for only five thousand companies. I think we have a lot of work to do in Sweden” (Ehrner, 2012).

“Our customer is Swedish small and medium size companies. As a company African market is attractive” (Ehrner, 2012).
According to Ehrner (2012) market attractiveness is very high influential factor to enter in African market.

**Cultural distance**

Even though Smelink AB gives a service for Swedish company; they design a website in different language such as Spanish, English, and Turkish.

“I think the culture of Swedish is similar to Norway, Finland and Denmark; it is not only the language and the same web design idea” (Ehrner, 2012).

According to Ehrner (2012) cultural distance is very high influential factor to enter in African market.

**Uncertainty and legal environment host country**

“Am not sure about the uncertainty and the legal environment of African countries” (Ehrner, 2012).

**Competitive situation**

Smelink AB is one of the leading web site developer companies in Sweden (Ehrner, 2012).

“Our competitors are neighborhood Son actually we do not have big competitor like business” (Ehrner, 2012). “I have no idea about competition in Africa market” (Ehrner, 2012).

**4. 3.2.2 internal factor**

Smelink AB is a local company based in Sweden and do not have any international experience. Due to this we cannot get information about the business relatedness and international experience of the company.
4.4 Zon Television

Zon Television is a Swedish company which is founded on April, 2011 by Mr. Ozren Paravlic and Mr. Asmir Krdzic and it is located in Växjö, Sweden.

“The company main strategy is media that we call Zon television. We basically do distribute ethnical TV channel in the territory of Sweden and we work in two different methods; one of the methods is single published operator in Swedish metropolitan area network and we work with selling license to established operator in Sweden. We cover three or four region (language); which are Serbia, Croatia, Turkey and Persia. In addition to this the package include Swedish Television channel mainly we focus on ethnical television channel” (Kradzic, 2012)

Since from the beginning Zon Television is a web based company, It mainly distributes ethnic television channels; without satellite dish. We made an interview on April 18, 2012 at 4:30 pm, with Mr. Asmir Krdzic founder of Zon Television and Mr. Ozren Paravlic the CEO of Zon Television.

Zon Television is mainly distributing ethnic television channel in Sweden. It has four different TV channel package which are presented below.

- Arabic Channel: - This package includes eleven Arabic television channels (i.e. Aljazeera, Al-Arabiya, Al jadeed, Alrai TV, Mbc, MBC Drama, TV Tunisia, Orange TV, Universtal TV, Syria Sat, and ANN).
- Balkan Channel: - This package includes ten Balkan television channel (i.e. Al Jazeera Balkans, RTV BN, BN music, DM Sat, RTK1, HRT1, OBN, RTS SAT, RTCG Montenegro, and Hayat TV).
- Turk Channel: - This package includes eight Turkey television channel (i.e. TRT1, TRT2, TRT3 spor, TRT4, TRT Turk, TRT cocuk, Show Turk, and Kanal7).
- Persia Channel: - This package includes three Persia television channel (i.e. IRIB1, IRIB2, and IRINN).

4.4.1 Entry Barrier

Zon Television provides their service in Sweden. Currently they have a plan to expand their business in other European countries and they mainly interested in Scandinavian countries. In fact, thus company more focuses where large number of foreigner lives.
During the interview we discussed on the major sources of barriers and factors affecting market entry in Africa market specially Ethiopia and Egypt.

**Cost advantages of incumbents**

Zon Television is located in Växjö, Sweden and do not have any office or branches outside Sweden. They are providing TV channels in Arabic, Balkan, Turkey, and Persia language. The main cost of the company is the purchasing cost of foreign TV channels.

According to Krdzic (2012) the cost advantage of incumbent’s is low influential barrier to enter in Africa market.

**Product differentiation**

Zon Television has four different packages. This company is different from its competitor because of the quality of distribution.

“We say quality of distribution is unique because the company offer ethnical television channel. Today Swedish companies that deliver small amount of channel in the same way and in the same quality we distribute. But we have more channels. In addition we deliver our channel with cable television channel this has a good quality” (Kradzic, 2012)

According to Krdzic (2012) product differentiation is high influential barrier to enter in Africa market.

**Capital requirement**

“If we establish a market in foreign country or we find a new market the capital requirement is high” (Kradzic, 2012).

According to Krdzic (2012) capital requirement has a high influential barrier to enter in Africa market.

**Switching cost**

“The switching cost would be neither low nor high in Africa market” (Kradzic, 2012).

According to Krdzic (2012) switching cost is low influential barrier to enter in Africa market.
**Access to distribution channel**

Currently, Zon television distribute ethnic television channel for foreign people in Sweden by using internet and web based service.

“Access of distribution channel is a barrier; I think that is very high in Africa” (Kradzic, 2012).

According to Krdzic (2012) access of distribution channel is a very high influential barrier to enter in Africa market.

**Government policy**

Zon television distribute ethnical television channel; to distribute such a channel in foreign countries their government policy influence to enter into new market. Some countries want foreign television channel distributor to do business in their countries but some other countries do not support at all to enter and work in their countries.

“Government policies have a highest impact in our business; in my assessment the government policy of African countries would be a problem” (Kradzic, 2012).

According to Krdzic (2012) government policy is high influential barrier to enter in Africa market.

**4. 4.2 Factor affecting entry mode**

**4. 4.2.1 External factor**

In order to collect empirical data about external factors; we raised the market attractiveness, cultural distance, uncertainty, legal environment, and competitive situation in African market (specifically Ethiopia and Egypt) during our interview with Zon Television company.

**Market attractiveness**

Zon television provides television channels for foreigners who are residing Sweden.

“Going out product at the moment the market attractiveness is very low because of the channels that we have. The market attractiveness is not good at all” (Kradzic, 2012).
According to Krdzic (2012) market attractiveness is low influential factor to enter in Africa market.

**Cultural distance**

Zon Television is doing their operation and marketing in Sweden; the company accustomed with Swedish culture. Obviously there is a cultural difference between Africa and Sweden.

According to Krdzic (2012) cultural distance is high influential factor to enter Africa market.

**Uncertainty of host country**

“Uncertainty of foreign countries has a highest influence on our business” (Kradzic, 2012).

According to Krdzic (2012) Uncertainty of African countries is very high influential factor to enter Africa.

**Legal environment of host country**

“The legal environment of the African countries has large influence on our company” (Kradzic, 2012).

According to Krdzic (2012) the legal environment of African countries is high influential factor to enter Africa market.

**Competitive situation**

“In Sweden we have competitor not in the same we distribute but in another way; in the technical way” (Paravlic, 2012).

“Am not aware the situation of competition in Africa at all. But about the channel it is very high competitive situation” (Kradzic, 2012).

**4.4.2.2 internal factor**

Zon Television is local company in Sweden; they have no any international experience because of this we have no any information about business relatedness and international experience of the company.
4.5 Overview of the Interview

4.5.1 Interview Questions and Answers

In this sub-chapter the interview questions and answers are presented in tabular form for quick overview. Table 3 presents the interview questions which we have discussed with the decision makers of four Sweden based companies with their answers.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Artisan</th>
<th>Fortnox</th>
<th>Smelink</th>
<th>Zon</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What is your name?</td>
<td>Juliette Badin</td>
<td>Jan Älmeby</td>
<td>Fredrika Ehrner</td>
<td>Asmir Krdzic</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ozren Paravlic</td>
</tr>
<tr>
<td>2</td>
<td>What is your position?</td>
<td>International sales manager</td>
<td>CEO</td>
<td>Marketing director</td>
<td>Founder and CEO respectively</td>
</tr>
<tr>
<td>3</td>
<td>How many employees the company has?</td>
<td>Twenty</td>
<td>Nineteen</td>
<td>Sixteen</td>
<td>Two</td>
</tr>
<tr>
<td>4</td>
<td>When the company is Established?</td>
<td>1995</td>
<td>2001</td>
<td>1997</td>
<td>2011</td>
</tr>
<tr>
<td>5</td>
<td>How many branches do you have in Sweden?</td>
<td>Växjö and Oskarshamn</td>
<td>Only in Växjö</td>
<td>Only in Växjö</td>
<td>Only in Växjö</td>
</tr>
<tr>
<td></td>
<td>What is your product?</td>
<td>Software</td>
<td>Software</td>
<td>Website</td>
<td>TV channel distributor</td>
</tr>
<tr>
<td>---</td>
<td>----------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>------------------------</td>
</tr>
<tr>
<td>6</td>
<td>How many products do you have?</td>
<td>6</td>
<td>7</td>
<td>2 packages and 8 additional service</td>
<td>4 packages</td>
</tr>
<tr>
<td>7</td>
<td>Do you have after sales service?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>8</td>
<td>Is there any international experience?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>If yes Where?</td>
<td>25 countries all over the world except Asia</td>
<td>4 European country</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>How much money required entering a new market?</td>
<td>Not public</td>
<td>Not public</td>
<td>Not public</td>
<td>Not public</td>
</tr>
<tr>
<td>10</td>
<td>Do you have an office in foreign market?</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>11</td>
<td>How many years’ experience in international market?</td>
<td>From The beginning</td>
<td>Half year</td>
<td>No international experience</td>
<td>No international experience</td>
</tr>
<tr>
<td></td>
<td>Do you have a plan to increase international experience?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------</td>
<td>----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>If yes Where?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If we got a success. We enter other foreign market</td>
<td></td>
<td></td>
<td>Scandinavian</td>
<td>Scandinavian</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>What is your requirement to enter a new market?</td>
<td>Market attractiveness</td>
<td>Money and people working with our company</td>
<td>For the time being foreign country similar to Sweden</td>
<td>Number of Foreign people living in the country</td>
</tr>
<tr>
<td>14</td>
<td>Is there your foreign market related to home country business?</td>
<td>Yes</td>
<td>Yes</td>
<td>No business outside Sweden</td>
<td>No business outside Sweden</td>
</tr>
<tr>
<td>15</td>
<td>Who is the target customer of the company?</td>
<td>Large to small companies</td>
<td>Large to small companies</td>
<td>Small and medium companies</td>
<td>Foreign people living in Sweden</td>
</tr>
<tr>
<td>16</td>
<td>Who is your competitor in Sweden or outside Sweden?</td>
<td>Competitor change every time for example SPHINX from French market</td>
<td>In Sweden we have two or three competitor</td>
<td>As a business we have no big competitor</td>
<td>We have a competitor</td>
</tr>
<tr>
<td></td>
<td>What is your product feature different from your competitor?</td>
<td>working on cloud service</td>
<td>Working on cloud service</td>
<td>We are professional website developer</td>
<td>The Package have more channel</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------</td>
<td>--------------------------</td>
<td>--------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>17</td>
<td>Do you have a plan to go to Africa market?</td>
<td>We already entered in Africa market</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>18</td>
<td>Cost advantages of incumbents</td>
<td>Cost everywhere is the same</td>
<td>Cost everywhere is equal</td>
<td>Cost is the stable</td>
<td>Cost of the product does not fluctuate</td>
</tr>
<tr>
<td>19</td>
<td>Product differentiation</td>
<td>Working in cloud computing service</td>
<td>working in cloud service and programs are interrelated in the same data base</td>
<td>Have customer part. To upload additional information</td>
<td>Our package have more channel</td>
</tr>
<tr>
<td></td>
<td>Capital requirement</td>
<td>Not need large amount of money</td>
<td>Capital is a huge problem</td>
<td>Capital affect market entry</td>
<td>we need large amount of money</td>
</tr>
<tr>
<td></td>
<td>Switching cost</td>
<td>Provide a quality and updated service</td>
<td>The product is updated and lower price in Africa</td>
<td>We will have lower price in Africa</td>
<td>The price of the product will be lower in Africa</td>
</tr>
<tr>
<td></td>
<td>Access to distribution channel</td>
<td>Web based</td>
<td>Web based</td>
<td>Web based</td>
<td>Web based</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>--------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Government policy</td>
<td>Government policy is a problem</td>
<td>No information</td>
<td>I do not know</td>
<td>Government policy is a problem</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Attractiveness</th>
<th>African market is not attractive</th>
<th>African market is attractive</th>
<th>African market is attractive</th>
<th>African market is not attractive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural distance</td>
<td>There is a cultural difference with African countries</td>
<td>There is a cultural difference</td>
<td>Cultural difference is a problem</td>
<td>There is cultural difference</td>
</tr>
</tbody>
</table>

| Uncertainty of African countries | Uncertainty is a problem to enter Africa market | Uncertainty is a problem to enter Africa market | No information about the uncertainty of African | Uncertainty is a problem to enter Africa market |

| Legal environment of Africa country | Legal environment is a problem to enter Africa market | No information about the legal environment. But I have a doubt on copy right protection | No information about the legal environment | Legal environment is a problem to enter Africa |

| 20 Metropolitan | 20 Metropolitan | 20 Metropolitan | 20 Metropolitan | 20 Metropolitan |

| Metropolitan | Metropolitan | Metropolitan | Metropolitan | Metropolitan |

| Metropolitan | Metropolitan | Metropolitan | Metropolitan | Metropolitan |

| Metropolitan | Metropolitan | Metropolitan | Metropolitan | Metropolitan |

| Metropolitan | Metropolitan | Metropolitan | Metropolitan | Metropolitan |

<p>| Metropolitan | Metropolitan | Metropolitan | Metropolitan | Metropolitan |</p>
<table>
<thead>
<tr>
<th>Competitive situation</th>
<th>I have no information</th>
<th>Competition is not the major problem</th>
<th>Not aware the competition situation</th>
<th>No idea about competition in Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 What is expecting from Africa market?</td>
<td>No information</td>
<td>Very exciting result (return)</td>
<td>No information</td>
<td>No information</td>
</tr>
<tr>
<td>22 What is additional you want to explain about barrier and factor affecting in Africa?</td>
<td>Copy problem</td>
<td>Copy problem</td>
<td>No information</td>
<td>No information</td>
</tr>
</tbody>
</table>
4.5.2 Key words

The keywords should be understood stand-alone from those interviews with the only other information the question or the observation point that is “answers” (Philipson, 2012). The following Table 4 shows the Key words from the interview result.

<table>
<thead>
<tr>
<th>Table 4. Key words of interview about perception barrier in Africa market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Descriptions</strong></td>
</tr>
<tr>
<td>Size of the company</td>
</tr>
<tr>
<td>Cost advantages of incumbents</td>
</tr>
<tr>
<td>Cost advantages of incumbents</td>
</tr>
<tr>
<td>Product differentiation</td>
</tr>
<tr>
<td>Product differentiation</td>
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<tr>
<td>Product differentiation</td>
</tr>
<tr>
<td>Product differentiation</td>
</tr>
<tr>
<td>Product differentiation</td>
</tr>
<tr>
<td>Capital requirement</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>High influential barrier</td>
</tr>
<tr>
<td>Not need large amount of capital</td>
</tr>
<tr>
<td>Low influential barrier</td>
</tr>
<tr>
<td>Switching cost</td>
</tr>
<tr>
<td>Quality and update product</td>
</tr>
<tr>
<td>The price of the product is not flexible</td>
</tr>
<tr>
<td>Low influence barrier</td>
</tr>
<tr>
<td>Access to distribution channel</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Selling our business to business</td>
</tr>
<tr>
<td>Low influential</td>
</tr>
<tr>
<td>High influential barrier</td>
</tr>
<tr>
<td>No information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government policy</th>
<th>Government policy is a problem to enter Africa market</th>
<th>The first fear is a government policy</th>
<th>Government policy is a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>High influential barrier</td>
<td>High influence</td>
<td>High influence</td>
<td></td>
</tr>
<tr>
<td>No information</td>
<td></td>
<td>No information</td>
<td>Not sure</td>
</tr>
</tbody>
</table>
Table 5. Key words of interview about perception External in Africa Market

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Artisan</th>
<th>Fortnox</th>
<th>Zon</th>
<th>Smelink</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience in Africa</td>
<td>Respondant</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Size of the company</td>
<td>Small</td>
<td>Micro</td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td>Market attractiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High influential factor</td>
<td>Business to business</td>
<td>We sell our product to companies</td>
<td>Customer is Swedish companies</td>
<td></td>
</tr>
<tr>
<td>Low influential factor</td>
<td>Low influence</td>
<td>High influence</td>
<td>High influence</td>
<td></td>
</tr>
<tr>
<td>Cultural distance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a cultural difference</td>
<td>There is a cultural difference</td>
<td>There is a cultural difference</td>
<td>Cultural difference is a problem</td>
<td></td>
</tr>
<tr>
<td>High influential factor</td>
<td>High influence</td>
<td>High influence</td>
<td>High influence</td>
<td></td>
</tr>
<tr>
<td>Uncertainty of African country</td>
<td>Uncertainty is a problem to enter Africa market</td>
<td>Uncertainty is very higher influential factor</td>
<td>Uncertainty is higher influential factor</td>
<td>Uncertainty has a highest factor</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>High influential factor</td>
<td>High influence</td>
<td>High influence</td>
<td>High influence</td>
<td></td>
</tr>
<tr>
<td>No information</td>
<td></td>
<td></td>
<td></td>
<td>Not sure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal environment of Africa country</th>
<th>Legal environment is a problem to enter Africa market</th>
<th>The legal environment have large impact on our company</th>
<th>The legal environment has large influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal protection for intellectual property right</td>
<td>Copy of our product is a problem</td>
<td>Copy right protection is a problem</td>
<td></td>
</tr>
<tr>
<td>High influential factor</td>
<td>High influence</td>
<td>High influence</td>
<td>High influence</td>
</tr>
<tr>
<td>No information</td>
<td></td>
<td></td>
<td>No information</td>
</tr>
<tr>
<td>Competitive situation</td>
<td>Competition is not a problem to enter Africa market</td>
<td>Competition is not the major problem</td>
<td>Fair influential factor</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------------------------------------------</td>
<td>-------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Descriptions</td>
<td>Respondent</td>
<td>Artisan</td>
<td>Fortnox</td>
</tr>
<tr>
<td>--------------</td>
<td>------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>International Experience</strong></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Size of the company</strong></td>
<td></td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td><strong>Business relatedness</strong></td>
<td>Business in foreign country is related to home business</td>
<td>Except web publishing all products are available in Foreign market</td>
<td>Six products are available in international market</td>
</tr>
<tr>
<td></td>
<td>High business relatedness</td>
<td>High business relatedness</td>
<td>High business relatedness</td>
</tr>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td>No business outside Sweden</td>
</tr>
<tr>
<td></td>
<td>Low business relatedness</td>
<td></td>
<td>Low business relatedness</td>
</tr>
<tr>
<td>International experience</td>
<td>Experience in international market</td>
<td>Seventeen year international experience in twenty five countries</td>
<td>Half year international experience in four European countries.</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>High international experience</td>
<td>High international experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No information</td>
<td></td>
<td></td>
<td>No international experience</td>
</tr>
<tr>
<td>Low international experience</td>
<td>Low international experience</td>
<td>Low international experience</td>
<td>Low international experience</td>
</tr>
</tbody>
</table>
4.5.3 Pattern of Empirical data

In this sub-chapter the pattern of empirical data is elaborated. Patterns are underlying commonalities in common basic assumptions, values, character masks, etc. (Philipson, 2012). The pattern finding helps to identify the relationship between the empirical data from cases companies. The shaded region shows the level of perception barrier and factor affecting market entry in Africa market for in our case companies. Therefore, in the pattern finding we focus on perception of barriers and factor affecting market entry in Africa market specifically in Ethiopia and Egypt.

Table 7. Pattern of interview about perception barrier in Africa market

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Respondent</th>
<th>Artisan</th>
<th>Zon</th>
<th>Fortnox</th>
<th>Smelink</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the company</td>
<td></td>
<td>Small</td>
<td>Micro</td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td>Cost advantages of incumbents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product differentiation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital requirement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Switching cost</td>
<td>Access to distribution channel</td>
<td>Government policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------</td>
<td>--------------------------------</td>
<td>---------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is low influential barrier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is high influential barrier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is low influential barrier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is high influential barrier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Descriptions</td>
<td>Respondent</td>
<td>Artisan</td>
<td>Zon</td>
<td>Fortnox</td>
<td>Smelin k</td>
</tr>
<tr>
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<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td>Size of the company</td>
<td></td>
<td>Small</td>
<td>Micro</td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td>Market attractiveness</td>
<td>Is high influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is low influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural distance</td>
<td>Is high influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty of African countries</td>
<td>Is high influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal environment of African</td>
<td>Is high influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>countries</td>
<td>No Information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competative situation</td>
<td>Is Fair influential factor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 9. Pattern of interview about perception Internal factor in Africa market

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Respondent</th>
<th>Artisan</th>
<th>Fortnox</th>
<th>Zon</th>
<th>Smelink</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the company</td>
<td>Small</td>
<td>Small</td>
<td>Micro</td>
<td>Small</td>
<td></td>
</tr>
<tr>
<td>Business relatedness</td>
<td>Is high business relatedness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is low business relatedness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International experience</td>
<td>Is high international experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is high international experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As it is clearly seen from the pattern of the empirical data, cost advantage of incumbents and switching costs are low influential factors whereas government policy, cultural distance, uncertainty and legal environment of African countries are high influential perception barrier.

The other perception barrier and factors have difference level within case companies. Thus these barriers are ambiguous perception barrier and factor affecting market entry in Africa.
5. Analysis

In this chapter analysis of the similar level of perception barriers and factors affecting market entry in Africa specifically in Ethiopia and Egypt is discussed. Identification of the important perception of barriers and factors affecting market entry in Ethiopia and Egypt is part of the discussion.

5.1 Low perceived barrier

5.1.1 Cost advantages of incumbents

The cost advantages constitute an important and paramount entry barrier. This barrier normally arises from economies of scale (Gable, et al., 1995). Economies of scale were expected to be a specific hurdle to small firms but in particular larger firms perceive these problems (Kemp & Lutz, 2006). However the cost advantage of incumbent is a lower influential perception barrier for case companies to enter in Ethiopia and Egypt market as discussed in Chapter 4.

The case companies are software developer and television channel distributor. The cost of production and service of these companies are almost equal. In case of Artisan, Fortnox and Smelink the main cost is fixed cost with limited variable costs. The fixed costs are depending on the production cost. If the production cost increases, the fixed cost increases proportionally.

In case of Zon TV the main cost of the company is purchasing ethnic television channels from foreign countries. Like the other case companies, the cost of the product does not vary based on the location of the companies. In addition, the distribution cost, market entry cost, running cost and variable cost are limited for the case companies which uses web platform for doing business.

Therefore, it can be concluded that, cost advantages of incumbents do not a cause of problem to enter in African market (Ethiopia and Egypt).

Finding 1) Cost advantages of incumbents is low influential factor. It is does not cause a problem to enter in Ethiopia and Egypt market.
5.1.2 Switching cost

Switching costs, as a barrier to entry is created by the presence of onetime costs facing buyers switching from one supplier to another (Porter, 1980). Relatively from large companies switching cost is a problem for small company. Small companies cannot easily minimize a switching cost problem because they have limited international experience, limited capital, and limited knowledge therefore to tackle a switching cost a problem is very hurdle for small and micro companies.

However for our case companies’ perception of switching cost is not a problem to enter in Ethiopia and Egypt market. Because they provide a professional quality service and they update their service and product frequently based on the new technology for example (Currently Artisan and Fortnox are working in cloud computing “iPhone, iPad”, and also they update their service frequently to be compatible for new version of internet explorer).

In addition, our case companies can enter and do their business in Ethiopia and Egypt. The case companies believed that even they can sell their product and services with lower price. Therefore based on the providing quality service and lower price, switching cost problem is minimized in our case companies. Thus, switching cost will not be a problem to enter and doing business in Ethiopia and Egypt.

Finding 2) Switching cost is a low influential factor. It does not cause as such a significant problem in Ethiopia and Egypt market.
5.2 High perceived barrier

5.2.1 Government policy

Government policy changes manifested by deregulation or other institutional changes stimulate adjustments of the product/market scope of incumbents (Pehrsson, 2009). Government policy regarding multinational firms in developing countries focuses on technology diffusion and its effects on the welfare of the host country (Chun, 2012). According to Lemi & Asefa (2009) African policymakers should look into the differential effects and design their policy accordingly to attract foreign firms that fit their priorities. Governments should refrain from frequent policy changes to assure investors of government’s commitment to attract.

Ethiopia and Egypt is developing countries and they invite multinational firms to enter and doing business in the Country. Both countries have a vast investment opportunities open for foreign companies. One of business opportunity is information and communication technology (ICT): Software, content, application, and database development, System integration and data center service; this opportunity encourages foreign companies to enter and doing business in Ethiopia.

However similar to other African countries change of government policies in Ethiopia and Egypt discourage foreign investors. For example: since 2010, government of Ethiopia introduced a new market oriented economic development strategy; this embraces wide reforms, with inducements of foreign private investments. Foreign investors may invest on their own or jointly with local investors (Embassy of Ethiopia in P.R.China, 2012). Even though the government policy changes to invite the foreign investors; the frequent change policy has its own problem because the foreign investors do not trust the current policy. For case companies’ government policy is a problem to enter in Ethiopia and Egypt market.

High perceive government policy increase the risk of working in foreign market and also loss the company resource. Especially for small companies government policy is a challenge to enter in foreign market.

The host government wants to maximize its welfare which consists of the weighted average of its tax revenue and any possible profit of the local firm. There is an asymmetric information problem between the host government and the multinational firms (Karabay, 2010).
Small companies face a problem from government policy because they cannot easily adjust their strategy, policies as government will. Furthermore small companies mostly do not fulfill the government requirement. For instance, the government often forces companies to provide a social service to the society, change of taxation system of the host country is a challenge for small companies as they do have very limited human, capital and other resources. Therefore, change of various policies of the government, companies faces a problem to enter in Ethiopia and Egypt market.

Finding 3) Government policies are a high influential factor. It creates a significant problem to enter in Ethiopia and Egypt.

5.2.2 Cultural distance

The cultural distance between two nations reflects the existent differences in values, norms and behavioral rules between them. These differences increase the liability of foreignness or the difficulties that the investing firm should overcome when it seeks to develop its activities in a new Country (Lo´pez-Duarte & Vidal-Sua´rez, 2010).

In our case studies, it is can be observed that there is a huge cultural difference between Sweden where the case companies located and African Countries. Values, norms, tradition, religion, language, and alphabets are quite different than Ethiopia and Egypt. Language different can be considered as one of the major barriers as the official language of Ethiopia and Egypt is different than Sweden. In fact, English can be used is all case Countries as the majority of the people do know the language. However, it does not mean it is a preferable working language. The nations prefer to uses their official language as it makes more convenient for working environment as well as to communicate with other local offices. Thus, language is a barrier to enter in Africa market. In addition, the two Countries alphabet is completely different than Swedish Alphabet; which in turn demand software to open and translate it to Swedish language.

The other main cultural difference is business meeting tradition of the case countries. For example, in Ethiopia no one is punctual for business meeting and being late for meeting is almost considered as normal. However, in Sweden business meeting punctuality is absolutely essential (Kwintessential, 2010).
Moreover, Ethiopian and Egyptian business meetings start with extended social pleasantries however Swedes rarely engage in small talk at the start of a meeting. In these countries business meeting, additional topic which were not included in agenda can be raised but in Sweden it is very rare to discuss other topic rather than the agenda (Kwintessential, 2010). Thus, cultural difference is difficult to start and finish business meeting in time with business executives of Ethiopian and Egyptian.

The cultural difference can be more serious problem in case of small companies because in many situations, small companies have local employees whom are mostly accustomed only local culture. Furthermore, recruitment of international staffs that are educated, well internationally experienced form the host Country would cost money (i.e. high salary, benefit to employee, incentive) for small companies. Therefore, based on these facts it can be concluded that cultural difference is an obstacle to enter in Africa market specifically in Ethiopia and Egypt.

Finding 4) Cultural distance is high influential factor. It causes a problem to enter in Ethiopia and Egypt market.

5.2.3 Uncertainty of host country

The higher the host market volatility, the more difficult for the foreign investor to obtain, interpret and organize the information to successfully carry out a foreign direct investment (Lo´pez-Duarte & Vidal-Suárez, 2010).

Political and social climate in many Africa countries are unstable and uncertainty. In African economies, uncertainties emanating from economic volatility, unstable or restrictive political environments, and the lack of rule of law and of government commitments are the major impediments to foreign direct investment (Lemi & Asefa, 2009).

Similar to other African countries the political and social climate of Ethiopia and Egypt is uncertain. Especially in Egypt; since from the January, 2011 revolution (Arab spring), the political and social condition is unstable; these would be a problem to enter and doing business in this Country. Uncertainty of host country is a major problem for international companies especially for small companies. Because the damage caused in such companies might be extreme and demand a lot of money and time to regain back. Uncertainty of host Country might also create inflation, currency and others crises; these crises may create unexpected
capital loss of a firm. Therefore, based on these facts uncertainty is an obstacle to enter in Ethiopia and Egypt market.

**Finding 5) Uncertainty is high influential factor. It is a problem to enter in Africa market specifically in Ethiopia and Egypt.**

### 5.2.4 Legal Environment of Host country

In African economies, uncertainties emanating from economic volatility, unstable or restrictive political environments, and the lack of rule of law and of government commitments are the major impediments to foreign direct investment (Lemi & Asefa, 2009). Like many African countries in Ethiopia and Egypt there are different rules and legal frameworks to govern every activities of the Country. Nevertheless, the rules do not practiced in efficient and effective way.

All companies in Ethiopia are established under the Commercial Code (1960), with every company being governed by it (UNCTAD, 2004). According to the Code, there are several forms of business organization under which companies may be organized in Ethiopia. In Egypt all business activity is governed by corporate law of (1981), the commercial law of (1883), and the investment law of (1997). A foreign company looking to set up operations in Egypt has several options to choose from (Datamonitor, 2012).

Even though both countries (Ethiopia and Egypt) accept and the member of world intellectual property organization; the case companies Fortnox and Artisan do not have confidence about a copyright practice in these countries. Indeed, illegally copying of software and other programs is almost a normal business even if it is illegal. To claim for illegally copied products of micro and small companies in an international court is nearly impossible as it costs them a lot. Hence, legal protection of products is a big problem for micro and small companies to enter in Ethiopia and Egypt market.

Legal restrictions reduce the set of entry modes available, e.g., when wholly owned subsidiaries are prohibited (Morschett, et al., 2010). Some industries are restricted for foreign investors for instance, in Ethiopia, broadcasting services; air transport services, banking, insurance, travel and shipping agency services are reserved only for local investors. This definitely creates a huge problem for foreign investors to enter in Ethiopia market.

**Finding 6) Legal environments are high influential factor. It is a problem to enter in Ethiopia and Egypt market.**
6. Discussion

In this chapter presented overview of the analysis, discussion of the research finding and limitation.

6.1 Overview of analysis

In this sub-chapter summary of the research analysis is elaborated. Table 10 shows the overview of analysis result about perception of market entry barriers and factors affecting market entry in Africa, specifically in Ethiopia and Egypt.

<table>
<thead>
<tr>
<th>Perception Barriers</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government policy</td>
<td>Government policies are a high influential factor. It creates a significant problem to enter in Ethiopia and Egypt market.</td>
</tr>
<tr>
<td>Cultural distance</td>
<td>Cultural distance is high influential factor. It causes a problem to enter in Ethiopia and Egypt market.</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>Uncertainty is high influential factor. It is a problem to enter in Ethiopia and Egypt market.</td>
</tr>
<tr>
<td>Legal environment</td>
<td>Legal environments are high influential factor. It is a problem to enter in Ethiopia and Egypt market.</td>
</tr>
<tr>
<td>Cost advantages incumbents</td>
<td>Cost advantages of incumbents is low influential factor. It is does not cause a problem to enter in Ethiopia and Egypt market.</td>
</tr>
<tr>
<td>Switching cost</td>
<td>Switching cost is a low influential factor. It does not cause as such a significant problem in Ethiopia and Egypt market.</td>
</tr>
</tbody>
</table>
6.2 Discussion of findings

As it is clearly seen in Table 10 the research finding on perception can be categorized in two groups:

1. Important (high influential) Barriers and factors

Important barriers are high perception barrier and factor affecting market entry in Ethiopia and Egypt. About 67% of the perception barriers and factors are found to be the major problem to enter in case countries which is quite significant amount. These perception barriers are:

- **Government policy:** - Government policy is high perception of influential barriers for foreign companies to enter and doing business in Ethiopia and Egypt, and it is considered as important barriers to enter in Ethiopia and Egypt market. The government policy of these two countries is a problem for foreign investors especially for small companies; because small companies cannot adjust their policies, rules and procedures to meet the government wishes. Hence, government policy can cause inconvenience for foreign companies to enter and doing business in Ethiopia and Egypt for small and micro companies.

- **Cultural distance:** - Cultural distance is also high perception of influential factors for foreign companies to enter and doing business in Ethiopia and Egypt. So it is consider as important factors to enter in Ethiopia and Egypt market. The cultural difference between Sweden and the case countries is absolutely different as discussed in Chapter five in detail. Cultural distance creates a significant problem to enter foreign companies in Ethiopia and Egypt market especially for small companies since they do have limited human (including international staffs), financial and other resource. They cannot afford to cover the cultural distance by their resources. Hence, cultural distance cause problem for foreign companies to enter and doing business in Ethiopia and Egypt.

- **Uncertainty:** - Like government policy and cultural distant, uncertainty is another high perception of influential factor for foreign companies to enter and doing business in Ethiopia and Egypt. Especially for small foreign companies, the uncertainty causes inconvenience to enter in Ethiopia and Egypt market since small companies cannot able to cover the unexpected risk or expenses
associated with uncertainty. Hence, uncertainty is a challenge for foreign companies to enter and doing business in Ethiopia and Egypt. Uncertainty is considered as one of important factors to enter and doing business in Ethiopia and Egypt market.

- **Legal environment**: - Legal environment of countries is also identified as one of the high perception of influential factor for foreign companies to enter and doing business in Ethiopia and Egypt in turn it is grouped among the important factors to enter in Ethiopia and Egypt market. The poor practice of law in the case countries, the problem caused by legal environment affects business of small companies as they do not have enough capital to claim the damage caused by illegal conditions in an international court. Hence, the legal environment can cause a huge challenge for foreign companies to enter and doing business in Ethiopia and Egypt.

2. Low influential Barriers

Low influential barriers are low perception of barriers and factors to enter in case countries market. As it is presented in Table 10, low perception barriers and factors are accounts for about 33%. These perception barriers are:

- **Cost advantages incumbents**: - Cost advantages incumbent is one of the low perceptions of barrier for foreign companies to enter and doing business in Ethiopia and Egypt. In the case companies the cost of the production is similar everywhere; wherever the company is located in Sweden or other countries. Therefore, in case companies cost advantages do not cause a problem to let them to enter in Ethiopia and Egypt market.

- **Switching cost**: - Switching cost is also low perception of barrier for foreign companies to enter and doing business in Ethiopia and Egypt. All case companies believed that they can sell updated quality services with relativity lower price in Ethiopian and Egypt. Accordingly, switching cost is would not be a problem to enter in Ethiopia and Egypt market.

In general, four perceptions of important barriers and factors affecting market entry and two low perceptions of market entry barriers in Ethiopia and Egypt is identified. The remaining barriers and factors affecting market entry result in ambiguous value thus we do not classify either high influential or low influential barriers.
6.3 Limitation

Due to time and resource limitation this thesis mainly based on companies which develop software and distributes television channels in Sweden. These companies are small and not well experienced companies and because this it was difficult to get some data. There was also lack of getting confidential information from the case companies and is well accepted from the authors and companies side.
7. Conclusion

The main aim of this master’s thesis is to identify important perception of market entry barriers and factors affecting market entry in Africa market, with specific focus on Ethiopia and Egypt. Our research question was:

“What are the important perception of barriers and factors affecting market entry in Africa, specifically in Ethiopia and Egypt?”

We had selected four micro and small Sweden based companies which develop software and distribute television channel. The main research findings were:

Proposition 1: Host country has a direct influence on perception of important barrier and factor affecting market entry.

This research revealed that host Country has a direct relationship with the important perception of entry barriers and factors affecting market entry. The degree of perception of important barriers and factors vary on the overall environment of host Country.

In our case the host country is Ethiopia and Egypt; the perception of important market entry and factors depend on the overall activity or nature of Ethiopia and Egypt. Government policy, Culture, Uncertainty and Legal environment of Ethiopia and Egypt has a direct relationship between the perception of important barriers and factors affecting market entry in Ethiopia and Egypt.

Proposition 2: Size of the company has a direct influence on important perception of market entry barrier and factor affecting market entry.

As it is discussed before, this research took micro and small companies for the study. These companies are faced a challenge to enter in Ethiopia and Egypt. The degree of perception important barriers and factors affecting market entry for micro and small companies are different from the large multinational companies because micro and small companies have limited human, capital resource and other resources. They could not able to resist the impacts caused by government policies, cultural distances, uncertainties and legal environments. Therefore, it can be concluded that size of the companies have a direct relationship between perception of important entry barriers and factors affecting market entry in Ethiopia and Egypt.
Proposition 3: *Barriers and factors have a direct influence on the important perception of barriers and factors.*

Important barriers and factors affecting market entry are coming through different sources of barriers, factors affecting market entry. In this research we identified one entry barrier and three external factors for foreign companies to enter in Ethiopia and Egypt. Barriers and factors are directly related to the important perception barriers and factors affecting market entry in Ethiopia and Egypt. In another way, important perception of barriers and factors is based on different source of barriers and factors affecting market entry.

*Proposition 4: Barriers and factor affecting market entry has a relationship with the size of the company.*

The degree of barriers and factors affecting market entry is depending on the size of the company. If the company is small the degree of barriers and factors affecting market entry is very high compared to company that has large resource, experience, capital, and international staffs. In this research, we identified that size has an influence on barriers and factors affecting market entry.

*Proposition 5: Important perception of barriers and factors has a direct influence on market entry decision of the company.*

Market entry decision is depending on the important perception barriers and factors. This study revealed that government policy, cultural distance, uncertainty and legal environment of Ethiopia and Egypt are important perception of barriers and factors. These important barriers and factors give an image about the market entry decision for foreign companies whether or not to enter in Ethiopia and Egypt.

Consequently, we revised the research model which was illustrated in Figure1 in chapter two to model which is shown in Figure 2 below.
The revised model linked the firm size with degree of barriers and factors. The model shows:

- Important perception of barriers and Factors are reliant on Host Country.
- Important perception of barriers and Factors are reliant on Firm size.
- Important perception of barriers and Factors are coming from different factors and other barriers.
- Firm size has a direct influence on the degree of barriers and factors.
- Market entry decision is reliant on influence of important perception of barriers and Factors.

Figure 2 Revised research model
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**Other Reference**


Appendixes

The Appendixes gives the information about the gathered data. The gathered data are primary and secondary data. The appendix shows the interview questions for the companies, the background of case countries (Ethiopia, Egypt and Sweden).

Appendix 1:- Interview Questions

1. What is your name and title?
2. What is your position?
3. How many employees the company has?
4. When the company is established?
5. How many branches do you have in Sweden?
6. What is your product? How many product your company produce?
7. Do you have after sale service to your company?
8. Is there any international experience outside Sweden? If yes Where?
9. How much money required entering (opening) a new market?
10. Do you have an office in foreign market?
11. How many year experiences in international market?
12. Do you have a plan to increase your international experience (open a new market in another foreign country)? If yes Where?
13. What is your requirement of enter a new foreign market?
14. Is your foreign country business is related to the home country business?
15. Who is the target customer of your company (in Sweden and outside Sweden)?
16. Who are your competitors in Sweden or outside Sweden?
17. What is your product feature different from your competitor product?
18. Do you have a plan to go Africa market?
19. What is your look about the entry barrier in Africa market? In relation to
<table>
<thead>
<tr>
<th>Barrier to enter Africa market</th>
<th>Very high</th>
<th>high</th>
<th>Fair</th>
<th>Low</th>
<th>Very Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost advantages of incumbents.</td>
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<tr>
<td>Product differentiation</td>
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<tr>
<td>Capital requirement</td>
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<tr>
<td>Switching costs</td>
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<td>Access to distribution channels</td>
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<td>Government policy</td>
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</tbody>
</table>

20. What is your look about the external factors in Africa market? In relation to

<table>
<thead>
<tr>
<th>External factor</th>
<th>Very high</th>
<th>high</th>
<th>fair</th>
<th>low</th>
<th>Very low</th>
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</thead>
<tbody>
<tr>
<td>Market attractiveness</td>
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<td>Cultural distance</td>
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<tr>
<td>Uncertainty of the host country environment</td>
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<tr>
<td>Legal environment of the host country</td>
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<tr>
<td>Competitive situation</td>
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</tbody>
</table>

21. What is Expect from Africa market? In terms of the above market entry barrier and external factor list?

22. What is additional you want to explain for us about the barrier and the factor you will face in Africa market?
Appendix 2:- Background of case countries

The background of the countries sub-chapter discusses the background of the country, culture, investment policy, investment opportunity, legal framework, Market Size and access, Entry procedure, and Exit procedure about the two African countries (Ethiopia and Egypt). In addition discusses the background of Sweden.

Ethiopia

The Federal Republic of Ethiopia, known in the past under the biblical name of Abyssinia, is one of the most ancient independent countries in the world. Ethiopia is the only country in Africa, which has never been colonized. For this reason it stands as a symbol for other African countries and has been chosen to host important regional African institutions, such as the Organization for African Unity (OAU), now called the African union, and UN Economic Commission for Africa (ECA), (ITU, 2002).

Ethiopia is located in the Horn of Africa and is bordered by Eritrea, Djibouti, Somalia, Kenya, South Sudan, and Sudan. The country has a high central plateau that varies from 1,800 to 3,000 meters (6,000 ft.-10,000 ft.) above sea level, with some mountains reaching 4,620 meters (15,158 ft.) (U.S. Department of State, 2012).

The elevation is generally highest just before the point of descent to the Great Rift Valley, which splits the plateau diagonally. A number of rivers cross the plateau – notably the Blue Nile flowing from Lake Tana. The plateau gradually slopes to the lowlands of Ethiopia's neighbors to the west and the Somali-inhabited plains to the southeast (U.S. Department of State, 2012).

The climate is temperate on the plateau and hot in the lowlands. At Addis Ababa, which elevation ranges from 2,200 to 2,600 meters (7,000 ft.-8,500 ft.), the maximum temperature is 26° C (80° F) and minimum 4° C (40° F). The weather is usually sunny and dry with short rains during February to April and the big rains begins in mid-June and ends in mid-September, (U.S. Department of State, 2012).
Culture

Ethiopia preserves a colorful culture with its diverse ethnic composition, language, peculiar alphabet, unique calendar system, and public holidays (Embassy of F.D.R. Ethiopia in P.R.China, 2012).

**Ethnic composition:** - Ethiopia is often referred as a melting-pot of nationalities as it is home of ethnic groups as diverse as the language composition of its Semitic, Nilotic, Cushitic and Omotic people.

**Language:** - Amharic is the working language of the Federal Government. English is widely used in business transactions, and as a medium of instruction in secondary schools and higher educational institutions (Invest in Ethiopia, 2012).

**Peculiar alphabet:** - Ethiopia prides with its long-standing written history, originating from "ge'ez" - a root language for most Ethiopian Semitic languages, including Amharic and Tigrignyia. This unique alphabet, locally known as "fedal", has its own unique script, with 33 letters, each having six vowels (Embassy of Ethiopia in P.R.China, 2012).

**Calendar:** - While most countries in the world follow the Gregorian Calendar system, Ethiopia still follows the Julian Calendar system, which consists of twelve months of thirty days each and a thirteen month of five days (six days on leap years) (Embassy of Ethiopia in P.R.China, 2012).

**Religion:** - Christianity is the most widely practiced religion in Ethiopia; according to 2007 National Census: Orthodox 43.5%, Muslim 33.9%, Protestant 18.6%, traditional 2.6%, Catholic 0.7%, other 0.7% (Central intelligence agency, 2012).

**Holidays:** - The Ethiopian Government officially recognizes both Christian and Muslim holidays. (U.S. Department of State, 2012). In addition there are four public holidays, Victory of Adowa, Labor Day, Patriots Victory Day, and Downfall of the Dergue.

**Population:** - Estimated population in 2011 is 84,000,000 (U.S. Department of State, 2012).

**Business meeting:** - Meeting schedules are not very rigid in Ethiopia. There may be an agenda, although it is not part of the local culture. If one is used, it functions as a guideline for the discussion and acts as a springboard to other related business topics (Kwintessential, 2010).
Since relationships are extremely important, meetings start with extended social pleasantries. You will be offered tea or coffee and will be expected to ask questions about the other person and respond to questions about yourself. Meetings seldom have a scheduled ending time since it is considered more important to complete the meeting satisfactorily than be slavishly tied to the clock. The meeting will end when everyone has had their say and the most senior Ethiopians decide that there is nothing left to be discussed (Kwintessential, 2010).

**Ethiopian investment Policy**

Ethiopia's market-oriented economic development strategy embraces wide reforms, with inducements to both domestic and foreign private investments. The private sector is encouraged to invest in most areas of the economy. Even those economic areas hitherto exclusively reserved for the government, namely defense industries, hydropower generation, and telecommunications services are now open for private, domestic and foreign investors.

The Agriculture, Manufacturing, Mining, Power, Telecommunications and Tourism sectors provide a wide range of investment opportunities, while investors are also encouraged to look for opportunities in the government privatization programs. Foreign investors may invest on their own, or jointly with domestic investors (Embassy of Ethiopia in P.R.China, 2012).

1. **Joint Ventures**

A foreign investor can team up with a domestic investor or company for a joint investment, usually in the form of a partnership, private limited company or a share company. Under the Investment Proclamation No.280/2002, a foreign investor requires a minimum equity capital of USD 60,000 (except in consultancy services and publishing) to enter into a joint venture partnership with a domestic investor (Embassy of Ethiopia in P.R.China, 2012).

The minimum equity capital can be raised either in cash or in kind, in the form of capital goods such as machinery, equipment or other tangible assets, imported specially and exclusively to establish the enterprise. There is no restriction at all in share ownership in a joint venture. The minimum capital requirement for foreign investors investing in areas of engineering, architectural, accounting and audit services, project studies or business and management consultancy services or publishing is only USD 25,000 per project, when it is made jointly with a domestic investor (Embassy of Ethiopia in P.R.China, 2012).
2. Wholly Foreign Owned Investments

A foreign investor, who intends to invest on his/her own, except in consultancy services and publishing, is required to invest not less than USD 100,000 in cash, and/or in kind, as an initial investment capital to start business. The minimum capital required of a foreign investor investing in consultancy services and publishing is USD 50,000, which may be in cash and/or in kind (Embassy of Ethiopia in P.R.China, 2012).

Investment opportunity

According to the Ethiopian Investment Agency (2010) a key investment opportunity for potential foreign investors can take advantage of these opportunities through direct investment or joint-ventures with Ethiopians

- Agriculture: - Agriculture opportunities exists in;
  - Food and beverage crops
  - Horticultural crops
  - Livestock and Fishery

- Manufacturing: - Manufacturing opportunities exists in;
  - Textile and garment
  - Leather products
  - Agro-processing
  - Other: - Other investment opportunities include manufacturing of: Cement and other construction materials; Pharmaceuticals and industrial chemicals, pesti- and fungi-cides, detergents; and Glass ware and ceramic products, etc

- Tourism: - Tourism opportunities exist in the construction of;
  - Star-designated hotels,
  - Lodges and resorts,
  - International and specialized restaurants
  - Tour operators.
- Construction: - Ethiopia has extensive opportunities in the construction industry, particularly in the construction of roads, residential development, commercial and industrial construction and low-cost housing. A wide range of opportunities exist for foreign investors who meet the standards set forth for the following services:
  
  o General Contractor
  o Building Contractor
  o Road Contractor
  o Specialized Contractor
  o Water well drilling services
  o Construction machinery and equipment rental services
  o Real estate development are also other opportunities in the sector

- Mining and Energy: - Ethiopia offers excellent opportunities for mineral prospecting and development.

- Service
  
  o Education: - Kindergarten and nursery, Primary and secondary schools, Science and technology colleges/ universities, Colleges for business and marketing, Schools for medical science; ICT institutions; Vocational training centers; Training centers for hospitality industry.
  
  o Health Opportunities for investment in health services exist in the following areas: General and specialized clinics; General and specialized hospitals; Clinical laboratory; Diagnostic centers. Ministry of Health website
  
  o Telecommunications Opportunities are there for private investors to invest in the telecom services in partnership with the Government
  
  o Information and Communication Technology (ICT): - Software, content, application, and database development, System integration and data center service, Manufacturing of ICT equipment like computers and peripheral equipment, audio and video equipment, telephone apparatus, and production of semi-conductors and other electronic components
The legal framework

According to Ethiopian Investment Agency, (2010) the constitution is the supreme law, overriding all other legislation in the country. The legal system depends on codified laws, including civil, penal, civil procedure, and penal procedure, commercial and maritime codes. All proclaimed laws are published in official gazettes (Negarit gazeta). In administering justice, courts are directed by internationally accepted principles of justice as well as by laws of federal democratic republic of Ethiopia. The practice of law is reserved for Ethiopians.

All companies in Ethiopia are established under the Commercial Code (1960), with every company being governed by it. According to the Code, there are several forms of business organization under which companies may be organized in Ethiopia. The most common of these are private limited and share companies. Any two individuals may set up a private limited company, but a minimum of five founders are required to establish a share company, which is a public company (UNCTAD, 2004).

The constitution, in accordance with Article 40, ensures the right of every citizen to the ownership of private property. The investment proclamation (2002) also gives a foreign investor the right to own a dwelling house and other improvable property necessary for his investment (UNCTAD, 2004) The investment proclamation (2002) guarantees investors against measures of expropriation or nationalization, and specifies advance payment of compensation “corresponding to the prevailing market value” of a private properly earmarked for expropriation or nationalization for public interest.

Ethiopia is a member of the world intellectual property organization (WIPO) and the multilateral investment guarantee agency (MIGA) (Ethiopian investment agency, 2010).

Market Size and access

Ethiopia has a large population and thus potentially one of the largest domestic markets in Africa, although the purchasing power of the population is still limited. Beyond the domestic market, by virtue of its membership of the Common Market for Eastern and Southern Africa (COMESA), encompassing 23 countries with a population of 380 million, Ethiopia enjoys market access to these countries at preferential tariffs. With the realization of the African Union, trade liberalization among member states could provide further market access. Ethiopia’s proximity to the Middle East also offers potential market opportunities (UNCTAD, 2004).
Ethiopia has begun the process for accession to the World Trade Organization (WTO). The country also qualifies for preferential access to European markets under the EU’s Everything-But-Arms (EBA) initiative and to US markets under the African Growth and Opportunities Act (AGOA) (UNCTAD, 2004).

Furthermore, a broad range of manufactured goods from Ethiopia are entitled to preferential access under the Generalized System of Preference (GSP) in Austria, Canada, Finland, Japan, Norway, Sweden, USA and most countries in the EU. No quota restrictions are placed on Ethiopian exports falling under the 3,000-plus items currently eligible for GSP treatment (UNCTAD, 2004).

**Entry procedure**

Foreign investors wishing to invest in Ethiopia are required to apply to the Ethiopian investment agency on a prescribed form. The screening and registration together with the application for an investment permit is based on the following documents to be submitted to the Licensing and Registration Department (UNCTAD, 2004).

1. Power of attorney in the case of an application made through an agent;

2. For an individual investor, photocopies of relevant pages of passport together with two passport-size photographs;

3. For a business organization incorporated in Ethiopia, the memorandum and articles of association;

4. For newly established organizations, in addition to item 3 above, photocopies of the passport pages of each shareholder;

5. In the case of investment by a branch office of a foreign firm in Ethiopia, copies of the memorandum and articles of association of the parent company; and

6. For joint investment by foreign and domestic investors, in addition to item 3 above, photocopies of identity cards or of legal documents certifying domestic investor status.
Exit procedure

The Government has yet to articulate a specific exit policy for foreign direct investment. However, the Commercial Code of Ethiopia (1960) provides for the dissolution and winding up of legally established business organizations (UNCTAD, 2004). The resolution of an extraordinary general assembly of shareholders may be a legitimate reason for the dissolution of a share company. Having resolved to liquidate, the general meeting must appoint liquidators, when provisions are not made for such appointment in the memorandum or articles of association (UNCTAD, 2004). The liquidators must follow the rules and procedures of the Commercial Code in liquidating the share company. Private limited companies and joint ventures may be voluntarily liquidated according to the provisions of their memorandum or articles of association and according to the Commercial Code. The liquidation processes of joint ventures must also consider joint-venture agreements. The Commercial Code provides for the dissolution of a business organization “for good cause” by court order at the request of a partner. Foreign investors may also exit by selling or transferring their assets, shares or enterprises. Foreign investors have the right to remit proceeds from the sale or liquidation of an enterprise and from the transfer of shares or partial ownership of an enterprise to a domestic investor (UNCTAD, 2004).
Egypt

Egypt is the most populous country in the Arab world. Nearly all of the country's 80 million people live in the following locations: Cairo and Alexandria; elsewhere on the banks of the Nile; in the Nile delta, which fans out north of Cairo; and along the Suez Canal. These regions are among the world's most densely populated, containing an average of over 3,820 persons per square mile (1,540 per sq. km.), as compared to about 200 persons per sq. mi. for the country as a whole (U.S. Department of State, 2012).

Egypt is located in Northern Africa, bordering the Mediterranean Sea, between Libya and the Gaza Strip, and the Red Sea north of Sudan, and includes the Asian Sinai Peninsula (Central intelligence agency, 2012).

Culture

Language: - Arabic is the working language of Arab republic of Egypt. English is mostly spoken foreign language and French.

Ethnic: - The ethnic classification in Egypt is Egyptian (99.6%), other (0.4%)

Religion: - Muslim is the most widely practice religion in Egypt; according to (2001) national census: Muslim 90%, Coptic 9%, other Christian 1% (U.S. Department of State, 2012).

Population: - Estimated population in 2011is 82,079,636  (U.S. Department of State, 2012)

Business meeting: - Business meeting Appointments is necessary and should be made in advance. Confirm the meeting one week in advance, either in writing or by telephone. Reconfirm again a day or two before the meeting (Kwintessential , 2010).

Business meetings generally start after prolonged inquiries about health, family, etc. If you send an agenda and presentation materials in advance of the meeting, send both an English and Egyptian Arabic translation (Kwintessential , 2010).

Egypt investment policy

A foreign company looking to set up operations in Egypt has a joint venture or a limited liability company.
1. A joint stock company

A joint stock company can choose to be either a private company or a public company, with its capital divided into shares of equal value. The liability of the shareholder is restricted to the value of the shares to which the person subscribes, and they are not liable for the debts of the company, except within the limit of those shares. In order to start a business of this kind, the company must have at least three founders, who are jointly responsible for the obligations they undertake (Datamonitor, 2012).

The company is formed in accordance with the investment law. Furthermore, the capital of the joint stock company is classified into nominal shares of equal values, of which a minimum of 49% of the shares should be owned by the public at the time of their foundation or at the time of increase in their capital (Datamonitor, 2012).

2. Limited liability companies

For limited liability companies (LLCs), the liability of the shareholders is limited. The minimum share capital required for starting such operations is no less than EGP 50,000 ($8,390). The number of shareholders in a company of this type should not exceed 50, and each shareholder is only responsible within the limit of his portion of the shares. The LLC is not liable to issue negotiable shares or bonds (Datamonitor, 2012).

A limited partnership is where the liability of at least one of the general partners is unlimited for the joint obligation, with other partners having limited liability. There exists no rule regarding the minimum amount of capital required for starting a limited partnership. A business of this type is administered by the terms of the partnership contract, as well as by civil and commercial laws. The partnership contract should be registered with the Ministry of Finance, and all partners have equal rights, liabilities, and powers, and are jointly and individually liable for the debts of the partnership to the extent of their entire wealth (Datamonitor, 2012).

*Egyptian Investment opportunity*

Egypt enjoys comparative advantage not only in natural resources, but also in several manufacturing industries including textiles, engineering, metals, pharmaceuticals and food processing. These industries are expected to attract foreign direct investment to meet a growing domestic demand, but the potential for export should also be tapped (UNCTAD, 1999).
• Pharmaceutical
The main stimulus for growth is domestic demand, which is fuelled by expanding coverage of health-care services and rising per capita drug expenditure. Thus, manufacturers, foreign and national foreign and national, cater for the local market (UNCTAD, 1999).

• Textiles and garments
The main strategic competitive advantage is Egypt’s abundant supply of cheap labor. New textile investment favors garment production which is typically characterized by high labor intensity. The largest number of new foreign direct investment projects is heavily involved in the supply of garments (UNCTAD, 1999).

  • Cotton spinning and weaving
  • The wool manufacturing industry
  • Garments

• Tourism
Egypt is close to the main tourism-generating hub of Europe and has good inter-continental linkages with Japan and the United States. Egypt also has a long tradition of international marketing of its tourism assets and international projection of its cultural wonders is not difficult (UNCTAD, 1999).

  • The hotel market: ownership, management and profitability
  • Tourism-related services

• Electronics and information technology
The electronics and information technology industries encompass a vast array of products and applications. They are the fastest growing industries in the world and often the most dynamic in terms of product and process innovation and they provide impetus to the growth of other sectors (UNCTAD, 1999).

  • Electronics
  • Telecommunication equipment
  • Information technology
  • Software and support services
Legal frame work

The Egyptian judicial system is based on French legal concepts and methods. The courts have increasingly started to demonstrate independence and the principle of due process, which has earned the respect of the Egyptian population. The constitution of Egypt was framed in 1971 (Datamonitor, 2012).

The principal laws regarding business activity in Egypt are the corporate law of 1981, the commercial law of 1883, and the investment law of 1997. A foreign company looking to set up operations in Egypt has several options to choose from (Datamonitor, 2012).

Although Egypt has improved its intellectual property right legal framework since 2002, enforcement remains ineffective in the country. The laws on the production of generic pharmaceuticals remain a concern.

Egypt still needs to deal with issues relating to pricing, patents, and registration. Furthermore, the production and trafficking of counterfeit goods remains widespread (Datamonitor, 2012).

The Arab republic of Egypt is located in the northeastern rim of Africa. Egypt is bordered by the Mediterranean Sea, Libya, Sudan, the Red Sea, the Gulf of Aqaba, the Gaza Strip, and Israel.

Egypt is one of the few countries in the region possessing a documented historical identity. It is untroubled by border disputes and links with population groups in neighboring countries that produce conflicts elsewhere in the area (Datamonitor, 2012).
Sweden

Sweden is located between Finland and Norway in Northern Europe, bordering the Baltic Sea, Gulf of Bothnia, Kattegat, and Skagerrak (Kwintessential, 2010).

Ethnic Make-up: Indigenous population: Swedes with Finnish and Sami minorities; foreign-born or first-generation immigrants: Finns, Yugoslavs, Danes, Norwegians, Greeks, and Turks.

Language: The official language of Sweden is Swedish and it is spoken by the majority of individuals living in Sweden. One of two key minority languages is Saami, which is spoken in the Northern regions of Sweden and finally Finnish. There are also a number of Romanies in Sweden who speak in Romani (Kwintessential, 2010).

Religion: Lutheran 87%, other (includes Roman Catholic, Orthodox, Baptist, Muslim, Jewish, and Buddhist) 13% (U.S. Department of State, 2012)

Population: Estimated population in 2011 is 9,480,205 (U.S. Department of State, 2012)

Climate: Temperate in south with cold, cloudy winters and cool, partly cloudy summers; subarctic in the north. The north of Sweden lies within the Arctic Circle, and continental influences also contribute to the cold climate. In northern areas, winters are usually long and cold. The south of Sweden benefits from maritime influences and the climate is milder. In the capital city of Stockholm, which lies on the south-east coast, daily average temperatures only fall to −3.1°C (27°F) in February, the coldest month, and are 17.8°C (64°F) in July. The mean annual rainfall in Stockholm is 22 in., with the largest amount of rain falling between July and September (U.S. Department of State, 2012).

Business meeting:

Ensure that you give at least two weeks’ notice if you are arranging a meeting in Sweden. Months to avoid if possible include June, July, and August and then late February through to early March as most Swedes will be on holiday during these periods. As with the UK, most Swedes are also absent during the Christmas period (Kwintessential, 2010).

Punctuality is absolutely essential. If you are late, then this will reflect very badly on you and will be viewed as discourteous (Kwintessential, 2010). Swedes rarely engage in small talk at the start of a meeting. Instead, people will move directly to the topics at hand. Meetings are typically governed by an agenda which is distributed to individuals prior to the meeting. There is very little talk outside of the agenda topics (Kwintessential, 2010).
Appendix 3:- Graphical presentation of Interview result

The following eight graphs explain the finding of our empirical data about entry barrier and factor affecting market entry. In the interview we set a scale to measure barrier and factor affecting market entry; the scale refers 0 is no information about the influential factor, 1 is Very low influential factor, 2 is low influential factor, 3 is fair influential factor, 4 is high influential factor, and 5 is very high influential factor to enter Africa market (Ethiopia and Egypt).

Graph 1:- Perception of barriers by Artisan Global Software & Artologik (Small company)

![Graph 1]

Graph 2:- Perception of barriers by Fortnox International AB (Small company)

![Graph 2]
Graph 3: Perception of barriers by Smelink AB (Small company)

Perceived entry barrier in two African countries (Ethiopia and Egypt)

Graph 4: Perception of barriers by Zon Television (Micro company)

Perceived entry barrier in two African countries (Ethiopia and Egypt)
Graph 5: Perception of External factors by Artisan Global Software & Artologik (Small company)

- Market attractiveness
- Cultural distance
- Uncertainty of host country
- Legal environment of host country
- Competitive situation

Perceived external factors in two African countries (Ethiopia and Egypt)

Graph 6: Perception of External factors by Fortnox International AB (Small company)

- Market attractiveness
- Cultural distance
- Uncertainty of host country
- Legal environment
- Competitive situation

Perceived external factors in two African countries (Ethiopia and Egypt)
Graph 7: Perception of external factors by Smelink AB (Small company)

Graph 8: Perception of external factors by Zon Television (Micro company)

XIX
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.

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