DETERMINANTS OF FOREIGN ENTRY STRATEGIES: A CASE OF KENYAN FIRMS VENTURING INTO SOUTHERN SUDAN

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This management research project is submitted in partial fulfillment of the requirements of Master of Business Administration degree of the University of Nairobi

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Declaration

This management research project is my original work and has not to my knowledge been submitted for any degree in any other university

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This management research project has been submitted for examination with my approval as University Supervisor

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Dedication

This work is dedicated to my loving mother, Mary who offered me unwavering support and an honest belief in me.

To the good people of Southern Sudan as they strive to develop a vibrant private sector after decades of civil strife.

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List of abbreviations

BOLA – Bread Of Life Africa

CANS – Civil Authority of the New Sudan

FDI – Foreign Direct

FMCG – Fast Moving Consumer Goods

GI – Greenfield investment

IB – International Business

M&A - Mergers and Acquisitions

NGO - Non Governmental Organizations

EMC – Export Management Companies

SMEs- Small and Medium Sized Enterprises

SPLM – Sudan People's Liberation Movement/Army

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Abstract

In chapter 1, this study argues that the emerging economy of Southern Sudan offers Kenyan firms many opportunities for trade and investment while presenting real challenges in the foreign business environment. The choice of a particular foreign entry strategy is very significant for carrying on business across borders and bad choices may result in eventual business failure.

The study sets out to examine factors that determine the choice of entry strategies and their significance to Kenyan firms venturing into Southern Sudan.

Chapter 2 reviews concepts and theories on foreign entry strategies in existing literature. It reviews characteristics of the various foreign entry strategies and explores the significance of the foreign business environment and the firm's internal environment while selecting the optimal entry strategy.

In chapter 3, the design and methodology for the study is established. A primary research method is selected. CEOs, Regional integration Managers, Business Development Managers and Marketing Managers in Kenyan firms venturing into Southern Sudan are deemed to have significant input to the choice of entry strategy. A sample of 36 respondents is randomly selected among these and targeted for a self administered survey.

In chapter 4, data collected is reviewed, verified and analyzed. 18 executives offer valid responses to the study which are analyzed to establish trends and patterns of significance or indifference to factors in the foreign business environment and firm specific factors. Correlations are established between factors in the decision making context and the levels of significance to the firm specific factors and others in the foreign business environment.

Chapter 5 presents conclusions and recommendations from the findings in the study. The study confirms generalizations found in existing literature that the decision on foreign entry strategies is a function of parameters in the foreign business environment, firm specific parameters and factors in the decision making context. In addition, the study finds the following trends among executives in Kenyan firms venturing into Southern Sudan.

- A significant proportion (41%) of the executives is indifferent to the socio-cultural factors in Southern Sudan in selecting their entry strategy
- Indifference to the political-legal environment while selecting the foreign entry strategy increases as the age of the executive reduces
- A significant proportion (50%) of the executives is indifferent to their pursuit for location economies in choosing their foreign entry strategy
- A large majority of the executives (66.7%) is indifferent to their firms' internal cultural diversity while selecting their entry strategy

With scarce information and little experience among firms on doing business in Southern Sudan, the study recommends that Kenyan firms utilize existing knowledge in the domain of international business, especially concepts on emerging economies while venturing into Southern Sudan.

1 INTRODUCTION

1.1 *Background of the study*

According to Zhao and Decker (2005), emerging markets are characterized by a huge or significantly growing market capacity, transiting economic and political systems, changing consumption behavior, distinct culture, and a favorable investment environment, offering a good chance of development, especially for small and medium sized enterprises - SMEs. Southern Sudan is an emerging market in its own right. The growth in Southern Sudan is expected to be boosted by the exploitation of Southern Sudan's vast oil fields. It is estimated that successful implementation of SPLM's "Peace through development" strategy might see the oil exploration and other economic activities spur economic growth levels to at least 6% for the next 6 years. The emerging economy in Southern Sudan is offering Kenyan firms with great opportunities for foreign expansion.

In mid 2005 firms in Kenya have been seen to develop great interest in trade and investment opportunities in Southern Sudan. Among the initial concerns of firms Kenyan firms intending to venture into Southern Sudan are foreign entry decisions such as the timing of entry, the mode of entry and the scale of entry. Making these decisions will be difficult given that there is scanty of information on the environmental and market factors in the foreign market.

The choice of foreign entry mode has been seen by scholars to impact greatly on the entrant's future decisions and performance in foreign markets. The choice of foreign entry mode also carries with it great implications on the resource commitment levels for a foreign firm, which is difficult to transfer from one to another, especially from high levels to low levels of resource commitment - Zhao and Decker (2005). Pacek and Thorniley (2004), argue that foreign market should not be a half hearted activity or simply market testing. They cite Wal-Mart's bitter lessons learnt in emerging markets in Latin America where it was beaten by smaller European competitors due to a half-baked entry of market testing. The smaller European competitors beat Wal-mart by developing their Latin American operations at full speed while Wal-mart was toe-dipping. Wal-mart's defeat was due to lack of having an elaborate foreign entry strategy. Root (1994) asserts that the choice of market entry mode is one of the most critical strategic decisions for Multi National Enterprises (MNEs).

This research project will zero in on the choice of entry modes to Southern Sudan by the firms located in Kenya. The research aims to empirically isolate and analyze the determinants of foreign entry strategies of Kenyan firms venturing in Southern Sudan, given their perceptions of the foreign business environment as well as their perceptions of their own internal strengths and weaknesses.

1.1.1 The business environment and foreign entry decisions

1.1.1.1 The opportunities for trade and investment

The opening up of Southern Sudan for trade and investment offers great opportunities for East African Firms. The people of Southern Sudan have been in civil war for the 49 years hence the land is still virgin land with respect to exploitation of its vast natural resources. The natural resources range from the climate, topology and vegetation, conducive for agriculture, livestock and fisheries, the oil and other mineral resources. The many years of civil war have also resulted in lack of physical infrastructure such as roads, railways, pipelines, airports, electricity, and piped water. Apart from opportunities in exploitation of natural resources and infrastructure development, Kenyan firms have the opportunities to provide health and education services as well business support services such as finance, insurance, banking, communication, and Information technology. The people of Southern Sudan are also in need of the most basic fast moving consumer goods which Kenyan firms have an opportunity to provide in the emerging economy.

The Government of Southern Sudan – GOSS is keen to encourage foreign investment in their areas of jurisdiction. Among other inducements to foreign investment is the fact that the laws of the New Sudan stipulate in the investment Act that a foreign investor is allowed to repatriate "All profits arising out of the foreign capital invested ..." to their home countries - the Investment Act 2004, Section 20. This is valuable incentive for foreign investors who may want to access returns on their investment in their own country. It also encourages companies that may want use profits made in Southern Sudan in its anticipated high economic growth rates for global strategic coordination. Other inducements by the Government of Southern Sudan include taxation laws exempting expatriates from taxation in Sudan. To optimally exploit the opportunities in Southern Sudan, Kenyan firms will need to devise entry strategies that are effective and that sustainable success in the emerging market. If a firm fails to choose an optimal entry strategy, its competitors will and this will result in a poorer performance of a firm than its competitors or even business failure.

1.1.1.2 The challenges in the political environment

The Sudan peace deal has only recently been signed. It is difficult and almost unrealistic for the region's leadership to guarantee sustainability of that the North-South peace. This is made more difficult by the very history that the Adis Ababa peace accord leading to the cessation of hostilities in 1972 was violated and the nation went back to war in 1982. It is not easy either for the Government of Southern Sudan – GOSS to guarantee that tranquility and political stability within Southern Sudan itself. Although there have been reports of progress in the South to South Dialogue brokered by president Moi in June 2005, many businesses will want to tread cautiously as they venture into Southern Sudan. The threat of a fall-back to war, either North-South hostilities of South – South, cannot be ruled out completely.

Competition from other international firms including firms from Kenya's neighbors is also a challenge for Kenyan firms. Ugandan firms claim to be closer geographically to Southern Sudan and to have closer ties with the Sudanese. Dr. Maggie Kigozi of the Uganda Investment Authority says, "We are closer to Southern Sudan than Kenya and we already have stronger ties than Kenya, all of which favours us"

Kenyan firms venturing in Southern Sudan will be venturing into a country where no one has had prior experience in. Even NGOs which have been in Southern Sudan for more than ten years are faced with a whole new operating environment. The same observation can be extended for any firms that operated in Southern Sudan prior to the signing of the peace agreement. Both existing and newly venturing firms have to learn and comply with new legal requirements not only in Southern Sudan as a region but also specific laws within the semi-autonomous ten states of Southern Sudan.

Other challenges in the legal framework include complying with the stipulations of the "Laws of the New Sudan: Investment Act 2004" signed by Dr. John Garang the then chairman of SPLM. The challenges include:

- Minimum foreign capital requirement s in the of USD 500,000 for registration (a challenge to Kenyan small and medium sized enterprises)
- The need for rigorous vetting of foreign investors by the National Investment Council
- The requirement that any investment shall not be liquidated within five years of commencement
- The lack of flexibility to convert leasehold for use on projects other than the initially licensed project.
- The stringent control on investors activities requiring them to report annually on execution operations and project productivity.
- The possibility of Nationalization of enterprises

1.1.1.3 The social and economic challenges

Currently the vast majority of people of Southern Sudan live in poverty, and its related problems such as poor health, famine and illiteracy. The Southern Sudan market cannot currently be seen to have high purchasing power. The sheer fact of the low population is a deterrent to export based Kenyan firms that do not see the 4 – 6 million geographically dispersed population as a large enough market for their goods.

Since the nation went back to war in 1982, the few learning institutions in Southern Sudan were rendered ineffective, paralyzed or completely inexistent. The young and would-be productive generation has missed the important opportunity to get good education. People that have gone to high school in Southern Sudan are very hard to come by. Businesses venturing in Southern Sudan will be faced with the scarcity of skilled human resources to carry out their activities. They may incur high human resource costs as they may have to employ expensive expatriates from Sudan's neighbors for even the basic human resource needs.

Communication barriers will also be an impediment for doing business in Southern Sudan as few of the Sudanese in the region can speak or understand Kenya's main business languages – English and Kiswahili.

Kenyan firms venturing into Southern Sudan thus need to devise entry strategies that will preposition them to take advantage of the opportunities in the economy in a manner that is sustainable.

1.2 Statement of the problem

There are many opportunities for trade and investment for Kenyan firms in Southern Sudan. The opportunities also come with real challenges in the foreign environment including the unfamiliar and undeveloped economic, political, legal and socio-cultural environment. Some firms located in Kenya have already ventured in Southern Sudan. It is uncertain whether these early entries will translate into first-mover advantages and result into profitable and sustainable foreign ventures. Their success will depend largely on their choice of foreign entry strategy.

There is a need for every foreign business to determine the mode of foreign market entry that best suits its objectives and strategic fit in the foreign business environment. Huge amounts of funds are involved in International business, and the choice of a particular entry mode is very significant for carrying on business across borders – Sharan (2003). Choosing the wrong foreign entry strategy may result in operational sub-optimization which may result in eventual business failure. An inappropriate choice of entry strategy may also result in undue exposure to adverse environmental factors especially when the chosen entry mode implies large resource commitment. An inappropriate choice may also result in sub-optimization of the potential to reduce costs and, maximize on revenue generation.

There are existing studies and generalizations on what factors determine the choice of foreign entry strategies. No research however has been done to confirm these generalizations among Kenyan firms venturing into Southern Sudan. This research project will examine the factors that that determine the optimal choice of entry strategies and their significance to Kenyan firms venturing specifically in the emerging economy of Southern Sudan.

1.3 Objectives of the study

The study aims to answer the following questions;

- What are the factors that determine the choice of entry strategies by Kenyan firms venturing in Southern Sudan?
- What is the significance of the individual factors affecting the optimal choice of foreign entry strategy for Kenyan firms in Southern Sudan?

1.4 Scope of the study

The study will be conducted among firms located in Kenya and those intending do business in Southern Sudan with Kenya as their administration or production base. Foreign firms from other Southern Sudan neighbors and other multinationals without operations in Kenya will be considered in the study as competition to Kenyan firms.

Due to constraints of time, information and other resources the study will be confined to international business entry strategies and will not deal with to international business operational strategies.

1.5 Importance of the Study

The study is important in the following ways:

- To Kenyan firms it will serve as reference point with regard to market entry into Southern Sudan and enhance their choice of optimal entry strategy given their internal environment and the foreign external environment
- To the general public of Southern Sudan, Kenya and the rest of Eastern Africa on the dynamics and rationale of foreign firm's entry strategies in Southern Sudan
- To the Kenya Government and Government of Southern Sudan it will isolate the market entry challenges faced by Kenyan firms that they should address for their mutual benefits
- To the academic community it will explore the decision making trends of managers on business. The empirical study will also result in secondary data available for other related studies

2 LITERATURE REVIEW

2.1 The concept of strategy and foreign entry modes

A firm's strategy can be defined as the actions that managers take to attain the goals of the firm – (Hill 2005:410). Daniels et al (2002) define strategy as the specific group of decisions managers take to maximize their company's performance. They further argue that the concept of strategy in international business is important because some companies perform better than others within the same industries and performance differences relate largely to the various decisions managers make and their abilities to carry out these decisions. Performance differences of firms in the same industry are thus brought about by differences in strategy and strategy implementation. International markets are extremely competitive due to the liberalization of the world trade and investment environment. This pits international competitors against each other in efforts to operate in a profitable and sustainable way in the global market place. According to Hill (2005), to be profitable in such an environment, "a firm must make a clear strategic choice with regards to its position on the efficiency frontier and take actions at the operational and strategic level that support this position". Strategy according to Hill is about "taking actions that will lower costs of value creation and/or will differentiate the firm's product offering" – Hill (2005).

The decision about the choice of foreign entry mode - FEM is of strategic importance to the internationally expanding firm. The decision impacts greatly on the scale of resource commitment and has far reaching implications on future performance of the foreign business – Root (1994), Zhao and Decker (2005). In light of the above observations about strategy and the question of foreign entry modes, this research project will regard the choice of foreign entry modes as strategic choices, hence refer to them as foreign entry strategies.

2.2 Theories of foreign entry strategies

2.2.1 Existing models

Foreign entry strategies have in the past been the object of numerous theories and models developed to understand and explain associated phenomena which can be applied to many foreign markets. The have been no studies yet that give specific attention to foreign entry strategies for Southern Sudan, an emerging economy that has great potential unexploited for the last half a decade due to civil war. Zhao and Decker (2005) cite five basic approaches that are particularly prominent and have been applied widely in existing studies. They are:

- The Stage of Development model
- The Transaction Cost Analysis model and its extensions
- The Ownership, Location and Internalization model
- The Organization Capacity model
- The Decision Making Process model

2.2.2 The Stage Development - SD model

This was proposed by Johnson and Paul (1975) in their study of SMEs and their internalization process. The model asserts that the internationalization of the SME is a long, slow, and incremental process with two dimensions: the geographical or rather cultural expansion and the commitment and that a firm's entry mode depends on its stage of development. – Zhao and Decker (2005).

The experience and age of a firm is implied as determinant of the chosen foreign entry strategy for the firm. Young firms in this model are anticipated to use less resource intensive and equity based foreign entry strategies while the older more experienced firms are expected to use resource intensive, equity based and control seeking foreign entry strategies such as FDI with wholly owned subsidiaries - Oviat and McDougall (2004)

Critics of this model say that it only provides a set of feasible entry modes and not the right ones –Young et al (1989), and that it cannot explain the current global phenomenon of a start-up firms with an equity based venture and not export – Zhao and Decker (2005), Oviat and McDougall (2004)

2.2.3 The transaction cost analysis model and its extensions

This was proposed by Anderson and Gatignon [1986]. They argue that the choice of entry modes involves analyzing the tradeoff between control and the cost of resource commitment in a transaction cost framework. The theory implies that activities in the multinational firm's value chain become more internalized, from exporting to licensing modes, to joint venture, to wholly owned subsidiary as the requirement for control increase which implies more resource commitment.

Anderson and Gatignon [1986] argue that a greater level of control is more efficient for highly transaction-specific assets. According to them organizational structure and design are determined by minimizing transaction costs, and MNEs choose a specific mode of market entry which maximizes the long term risk-adjusted efficiency. Cannice (2004) observes that essentially, transaction cost theory implies that the motivation for efficiencies overrides other possible motivations. As the probability of market inefficiencies rises, the firm becomes more inclined to develop a hierarchy which will internalize its transactions.

This framework has been popular with researchers and has been extended widely – Zhao and Decker (2005). Zhao and Decker find weaknesses in this framework including the fact that transaction costs are ambiguous and difficult to measure. They further argue that transaction cost economy itself has no connection with Corporate Governance. This is significant especially with respect to complex multinomial market entry considerations such as corporate objectives, non-transaction cost benefits, the larger strategic and competitive context and the effect of government regulations.

2.2.4 The Ownership Location and Internalization – OLI model

At a presentation on a Nobel Symposium in Stockholm on "The International Allocation of Economic Activity", Dunning (1977) introduced the ownership, location and internalization (OLI) theory. The theory stated that entry mode decisions are determined by the composition of three sets of advantages as perceived by enterprises:

- Ownership advantages - specific to the nature and the nationality of the owner
- Location advantages - arising from the fact that different locations feature different resources, institutions and regulations affecting the revenue and the cost of production.
- Internalization advantages - arising from transferring ownership advantages across national boundaries within the organization

The model suggests that the more OLI advantages a firm possesses the greater the propensity of adopting an entry mode with a high control level such as wholly owned venture. Dunning (1995, 1998, and 2000) has since developed the theory to a comprehensive eclectic framework. In his more recent work he argues that competitive advantages, market failure and collaboration, as well as dynamic environments should also be integrated into the model when decisions on international production are made.

Zhao and Decker (2005) observe that The OLI model has widely been applied in the past to explain entry mode decisions and its basic ideas were supported by several empirical studies. They also note its improved measurability, and its great explaining power and its eclecticism. Critics say that this model is solely a static one. They argue that it intends to explore all important factors impacting entry mode decisions but in fact fails to do so due to the neglect of strategic factors, characteristics of and situational contingency surrounding the decision maker, and competition – Zhao and Decker (2005)

2.2.5 The Organization Capacity - OC model

The organization capacity (OC) model was developed by Aulakh and Kotabe (1997) and Madhok (1998) and it is based on organization theory. The model argues that entry mode decision is a capability related one, and it is made under a calculus governed by considerations related to the deployment and development of a firm's capabilities. It regards a firm as a bundle of capabilities and knowledge where individual skills, organization and technology are inextricably woven together (Nelson and Winter 1982). The model insinuates that firms chose entry strategies that leverage their capabilities. Firm also adopt entry strategies that will help them develop new core competences – Hill (2005)

This model has some limitations. The traditional assumption that the capacity of an individual firm is limited to ownership is invalid when a firm's efficiency related decisions are significantly influenced by collaborative agreements which might change its capacity strongly. Adopting that a strategy is not only dependent on the organization capacity but also on the organization efficiency, measures of organization efficiency have to be developed. This model also neglects the impact of the decision maker as well as of sociological and political factors.

2.2.6 The Decision Making Process - DMP model

The decision making process (DMP) model was proposed by Root (1994) and developed by Young et al. (1989), Kumar and Subramaniam (1997), Pan and Tse (2000), as well as Eicher and Kang (2002). The model argues that entry mode choice should be treated as a multistage decision making process where diverse factors, such as the objectives of the intended market entry, the existing environment, as well as the associated risks and costs, have to be taken into account. Zhao and Decker (2004) argue that is a practical model since it focuses on optimizing the process of decision making but not on exploring which factors might affect and what their impact on entry mode choice is. Zhao and Decker(2004) consider this model as imperfect because it ignores the roles of the organization and the decision maker in the decision making process.

The table below shows a summary of the main arguments and limitations of existing models explaining factors determining foreign entry modes adapted from Zhao and Decker (2004)

Table 1: Basic Foreign Entry Models and their arguements

Basic Model	Main Arguments	Limitations
Stage Development-SD Model	Internationalization of SMEs is a long, slow and incremental process of cultural and geographical expansion and commitment. The entry mode is dependent of a firms' stage of development	Can not explain why some newly established firms start operation in foreign markets with high equity entry mode, such as foreign direct investment.
Transaction Cost Analysis - TCA model and extensions	Efficiency maximizing firms adopt entry modes which minimize Transaction Costs	Measurement proves to be difficult, and there is no connection with corporate governance.
Ownership, Location and Internalization - OLI model	The choice of market entry mode is determined by three sets of advantages: ownership, location and internalization advantage. The more advantages a firm possesses the more likely it adopts a high equity entry mode.	The static model ignores the impact of the firm objective, the decision maker, and the situational Contingency surrounding the decision maker when the entry mode choice decision is made.
Organizational Capacity – OC Model	Entry mode decision depends on the deployment and the development of firm Capacity	Firm capacity is not limited to Ownership boundaries and it is not justifiable to ignore both the Decision maker and the social and political environment.
Decision Making Process Model - DMP model	Entry mode choice is regarded as a multistage decision making process taking into consideration some important factors.	Ignores the impact of the organization Efficiency and the decision maker.

From the existing studies on foreign entry strategies reviewed above, the following groups of factors come out as potentially affecting the choice of entry strategies in general.

- The characteristics of the foreign entry strategy alternatives themselves
- The firm characteristics and its subservient objectives for foreign expansion
- The foreign business environment as presented in both the host country and the home country
- The decision making process and its context

Nevertheless, no research has been done in the past to support the above generalizations on determinants of foreign entry strategies in Southern Sudan among Kenyan venturing firms.

The next sections in this literature review will explore some of the generally accepted factors contributing to the choice of optimal foreign entry strategy.

2.3 Foreign Entry Strategies and their Characteristics

Foreign entry modes can be defined as "institutional arrangements that allow firms to use their product or service in a country exchange" - Calof (1993) . Similarly, a market entry mode can be seen as "an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management, or other resources into a foreign country" (Root, 1987; 5). Sharan (2003) classifies foreign entry modes into 3 categories namely:

- The Trade mode including exporting in all its forms and counter-trade
- Contractual Entry modes including licensing, franchising, management contracts, and turnkey projects
- Foreign investment modes including Foreign Portfolio investment, Foreign

Direct Investment - FDI in either mergers and acquisitions – M&A or Greenfield investments – GI

Similarly Daniels Et al (2002) view the entry modes to be in three categories only differing with Sharan by considering contractual entry modes as collaborative arrangements. Daniels et al view joint ventures and equity alliances, both of which are forms of FDI as collaborative arrangements. Hill (2005) breaks down foreign entry strategies into six common strategies, namely "exporting, turnkey projects, licensing, franchising, establishing joint ventures with a host country firm or setting up a whole new subsidiary in a host country"

Management contracts mentioned by Sharan (2003) and Daniels et al (2002) may not be significant modes of entry. They loose significance as soon as local talent is developed (Sharan 2003:22) and on their own may not stand as entry modes for long term international business. Equity alliances and other strategic alliances are achieved in either of the equity based entry modes or in either of the contractual entry modes mentioned above. The likelihood of alliances between foreign and local firm firms are currently limited by the fact that very few firms are known to be operating in the Southern Sudan. The next subsections will look at literature describing the salient features of the six foreign entry modes listed by Hill (2005).

2.3.1 Exporting

This trade mode is the first natural step for foreign expansion in International business. According to Daniels Et al (2002), companies will usually export before engaging other modes of international business because exporting "requires the least commitment of and the least risk to their resources". They cite the little need to transfer capital, personnel, equipment and production facilities to a foreign country in which the companies lack experience to be the reason for preference to this mode of entry. Sharan (2003) classifies exporting into two types; Direct and indirect export. Direct Export is "where a company takes full responsibility for making its goods available for the target market by selling to the end users normally through its own agents" – Sharan (2003). Indirect exporting according to Sharan is where the exporting company sells its products to intermediaries who in turn sell the same products to the end users in the target market.

Sharan further argues that choice of this mode of export depends on

- The nature of the commodity
- the exporter's desire to get greatly involved in International business
- The exporters infrastructure and capacity to get more involved in export

2.3.1.1 Intermediaries in international trade

In both indirect and direct export modes, Export Management Companies – EMCs and Trading companies are key partners for the exporting firms.

Export Management Companies

"One way for first time exporters to identify the opportunities associated with exporting and to avoid many of the associated pitfalls is to hire an Export Management Company (EMS)" Hill (2005). Hill Defines EMCs as specialists who act as the export marketing department or the international department for their client firms. According to Sharan (2003) an EMC can act as a distributor; taking title to goods and selling them on its account and assuming trading risk. The EMC can also act as an Agent charging commission on sales. Although Hill (2005) suggest that the quality of EMCs vary, he suggests the following as some characteristics of EMCs

- Having a network of contacts in the potential markets
- Having multilingual employees
- Having a good knowledge of different business mores
- Being fully conversant with the ins and outs of the exporting process and with local business regulations

Trading Companies

Trading companies according to Sharan provide services to the exporter in addition to the actual exporting activities such as storage facilities, and financing services - Sharan (2003). With their origin in Europe, these companies are now common in Japan and South Korea.

Finally, Hill (2003) suggests that "exporting is not an end in itself, but merely a step on the road toward establishment of foreign production".

2.3.2 Turnkey Projects

Turnkey Operations involve a contract for construction of operating facilities that are transferred for a fee to the owner when they are ready to commence operations – Daniels Et al (2002). In a turnkey project, "the contractor agrees to handle every detail of the project for a foreign client, including the training of the personnel" – Hill (2005). This mode is mostly used by engineering and construction companies where the manufacturer or consulting firm decides not to make any investment on their own behalf in the foreign country.

Daniels et Al further observe that turnkey contracts often occur as large project often running into billions of US Dollars and they are often government projects. Sharan (2003) also argues that turnkey agreements take place where the initial construction aspect of the project is more complex than the operational part. He further notes that in both cases, the price is either fixed where the licensor bears the risk of cost overruns, or a cost-plus price. In Lavery De Billys bulletin, Daniel Dagenais (2003) notes that since the supplier contractor is responsible for the design, general contracting and execution of all specialized tasks, it is generally easier for the supplier to provide the client with a performance guarantee.

2.3.3 Licensing

According to Sharan (2003), Licencing is "an arrangement by which a firm transfers its intangible property such as expertise, know-how, blueprints, technology and manufacturing design to a firm located abroad". It is also known as technical collaboration. Hill (2005) notes that a license will be given for a particular period and the period can be renegotiated. Daniels et al (2002) further note that the rights may be exclusive – within a particular territory or non-exclusive. In this entry strategy, the licensor does not have to risk placing tangible assets abroad. **Cross-licensing** occurs among firms in which technological changes are frequent and companies chose to exchange technology for their different products rather than compete with each other – Daniels et al (2002). Daniels et al further observe that in the case of subsidiaries, when a firms owns less than 100%, "a separate licensing agreement may be a means of compensating the licensor for the contributions beyond mere investment of capital an managerial resources."

2.3.4 Franchising

Hill (2005) defines franchising as "a specialized form of licensing in which the franchiser not only sells intangible property (normally a trademark) to the franchisee, but also insists that the franchiser must agree to abide by strict rules as to how it does business". In this case the licensee does not have as great control over the sale of product in the foreign market as in licensing as it encompasses the transfer of a total business function – Sharan (2003). Sharan further observes that whereas licensing is common in manufacturing industries, franchising is more common in service industries where the Brand name is more important.

Sharan notes that franchising may take either a direct or indirect form. In **direct franchising** "the franchiser frames policy, monitors and directs the activities in each host country from its home country base" whereas **indirect** franchising involves sub-franchisers between the original franchiser and the host country units.

2.3.5 Joint Ventures

This is where two or more companies share ownership of an FDI – Daniels Et Al (2002). Daniels et al also describe a **consortium** as a joint venture where more than two organizations participate in a joint venture. They also note that the more organizations involved in the ownership of a joint venture the more complex the ownership arrangement will be.

2.3.6 Wholly owned Subsidiaries

In this mode of entry, the foreign firm owns 100% of the equity of the subsidiary in the foreign market. This can be realized either as a Greenfield investment – GI or through the acquisition of an established firm in the host nation – Hill (2005). Sharan (2003) considers wholly owned subsidiaries as Foreign Direct Investment – FDI which can either be in the form of a Greenfield investment – GI or a through mergers and acquisitions – M&A or through brown-field investment, a combination of GI and M&A Cannice (2004) observes that while both international trade and foreign direct investment continue to grow, the rate of growth in foreign direct investment is more than double that of international trade and attributes this phenomenon to the effectiveness of foreign subsidiaries.

2.3.6.1 Advantages and Disadvantages of Entry Strategies

Hill (2005) sees the process of selecting an entry mode as a trade-off process between the disadvantages and advantages of the various possible entry modes. Hill (2005) summarizes the advantages and disadvantages of entry modes in the table below

Table 2: Advantages and Disadvantages of Entry Modes by Charles Hill

Entry Mode	Advantages	Disadvantages
Exporting	Ability to realize location economies Ability to realize experience curve economies	High transportation costs Trade Barriers Problems with locating agents
Turnkey Contracts	Ability to earn returns from process technology skills in countries where FDI is restricted	Creating efficient competitors Lack of long tern market presence
Licensing	Low development costs and risks	Lack of control over technology Inability to realize location economies Inability to engage in global strategic coordination
Franchising	Low development costs and risks	Lack of control over quality Inability to engage in global strategic coordination
Joint Ventures	Access to local partner's knowledge Sharing development costs and risks Political acceptability	Lack of control over technology Inability to engage in global strategic coordination Inability to realize location and experience economies
Wholly owned subsidiaries	Protection of technology Ability to engage in global strategic coordination Ability to realize location and experience economies	High costs and risks

Hill (2005) adds that despite existence of trade-offs between advantages and disadvantages of entry modes, some generalizations can be made about the optimal choice of entry mode depending on the core competences of the firm and its pressures regarding cost reductions.

2.4 The firm characteristics and drive for foreign expansion

According to Hill (2005) "expanding globally allows firms to increase their profitability in ways not available in purely domestic enterprises". The subservience of the motivation for foreign anticipation is anticipated to contribute to the choice of entry mode by firms. Hill (2005) lists four driving factors for foreign expansion as follows:

- Realization of location economies
- Realization of cost economies from experience effects
- Earning a greater return from the firms core competences
- Earning greater returns by developing valuable skills abroad and transferring the skills to other foreign operations

Daniels et al (2002) groups the driving forces into three:

- Sales expansion motives
- Cutting costs
- Reducing operating risks

2.4.1 Pursuit of location economies

According to theories of international trade such as the theory of Comparative advantage, some locations have lower costs on factors of production such as labor, capital and natural resources than others. The external foreign environments, political-legal, socio-cultural and economic, differ largely across countries. According to Hill (2005), for a firm that is trying to survive in the global market, "trade barriers and transportation costs permitting, the firm will benefit by basing each value creation activity it performs at the location where economic, political and cultural conditions including the relative costs are most conducive to the performance of that activity". This is what hill refers to as pursuing location economies. Location economies are economies that arise from performing a value creation activity in the optimal location for that activity, wherever in the world that would be. Hill argues that locating value creation activities in the optimal location can lower the cost of value creation and or enable the firm to differentiate its product offering from those of its competitors. Daniels et al (2002) regard this motive as cost reduction motive using lower-cost locations. They argue that the combination cost of the input factors such as land, labor, raw materials, capital and utilities determines where a product may be produced most cheaply. The combination cost concept is important as one input may have low cost accompanied by high cost input which overrides the gains of the using the low-cost factor. Daniels et al (2002) also note that "Governments have an influence on the comparative costs of operations via tax rates, operating regulations, and provision of infrastructure and inputs". Value chain integration is also seen by Daniels et al as a form of the cost reduction expansion motive, hence a pursuit of location economies. "If a company follows an integration strategy, it may need to move internationally because different low-cost opportunities exist in different countries", - Daniels et al (2002)

2.4.2 Pursuit of cost economies from experience effects

Hill (2005) refers to the experience curve as the systematic reductions in production costs observed to occur over life of the product. The experience curve as derived through empirical studies implies that moving down the experience curve allows the firm to reduce its cost of creating value. This according to Hill is achieved through

1. Learning Effects: cost savings that come from learning by doing

2. Economies of Scale: the reductions in unit cost achieved by producing a large volume of product due to ability to spread fixed costs over large volumes among other ways of realizing economies of scale. According to Daniels et al (2002), firms can reduce their costs by spreading their fixed costs over larger volumes of production. This is because the production capacity of a company often exceeds the demand of the domestic market.

2.4.3 Leveraging core competences

Core competences are "skills within the firm that competitors cannot easily match or imitate" Hill (2005). They enable the cost of value creation of the firm to be low enough to allow for premium pricing. According to Daniels et al (2002) core competences can be classified into three types. 1. Superior technological know-how, 2. Reliable, innovative processes 3. Close relationships with external parties. Daniels et al further argue that "Managers should either leverage their companies' existing core competencies by using them to expand operations to another country, or they should extend operations internationally to develop new or improved core competencies". For firms with distinctive core competences, "... global expansion is a way of further exploiting the value creation potential of their skills and product offering by applying those skills and products in a larger market." – Hill (2005). Hill argues that firms with unique and valuable skills and products are bound to realize enormous returns by applying these core competences where indigenous competitors lack similar competences.

2.4.4 Leveraging Subsidiary skills

Hill (2005) argues that for multinationals that have already established a network of subsidiary operations in foreign markets, the development of valuable skills is not restricted to the home country operations. According to Hill, "development of valuable skills can just as well occur in foreign subsidiaries". The possibility of Leveraging skills developed in foreign subsidiaries is what in Hill's view a motivation for global expansion since opening up foreign operations is likely to lead to valuable skills being developed from the new foreign operations. The skill developed in foreign subsidiaries can then be transferred to other entities within the firm's global network of operations.

2.4.5 Risk reduction motives

According to Daniels et al (2002), a firm's business risks may be reduced through foreign expansion in the following ways:-

Smoothing sales and profits

Since share holders value stability, and stability reduces the cost of borrowing, managers may minimize fluctuations in sales and profits by expanding abroad where business timings of cycles such as recessions are different. Daniel's et al point out that in as much as in the advent of globalization business across countries should be aligned, they still differ because of "variations in government policy, consumer sentiments and economic structures"

Lessening dependence on Existing Customers and Suppliers

Vulnerability to supplies shortages can be reduced by increasing the number of suppliers. This may not always be achieved in the domestic market, according to Daniels et al. Daniels et al (2002) further argue that dependence on one industrial customer may be extremely vulnerable to the customer's fortunes or the customers bargaining power. Foreign sales expansion offers an alternative for diversifying such a customer base according to Daniels et al.

Preventing competitors' advantages

This entails preventing competitors from gaining unobstructed operating advantages from foreign markets. According to Daniels et al (2002), in oligopolistic markets, once a company decides to enter a market, competitors are prone to follow quickly rather than let the company gain first-mover advantages. This is usually to prevent the competitor from "... garnering a larger market, spreading their R&D costs and making profits that they can reinvest elsewhere" – Daniels et al (2002)

Hill notes that the benefits of global expansion are also curtailed by the imperatives of localization whereby a firm needs to customize its product offering, marketing strategy and general business strategy in the host nation environment.

2.4.6 Core competences and entry strategies

Hill (2005) argues that the optimal entry mode for firms whose primary motive for expansion is to leverage on core competences or to transfer skills derived from core competences depends to some degree on the nature of their core competences. He draws a distinction between firms whose core competences are in technological know-how and those whose core competences are in management know-how. This is Hill's first generalization on the optimal choice of entry strategy.

2.4.6.1.1 *Technological know-how*

Hill (2005) cites the need to avoid collaborative forms of entry such as licensing, joint ventures and franchising where a firm's core competency is based on control over proprietary technological know-how. A wholly owned subsidiary would be more appropriate according to Hill unless the collaborative arrangement can be structured to reduce the risk of licensee or joint venture partners from expropriating the technological know-how, or the technological advantage is deemed to be only transitory. Licensing technology to competitors can also be advantageous as far as it results in global acceptance of the technology, deterring competitors from developing their own technology and ensuring a steady flow of revenue through royalties.

2.4.6.1.2 *Management Know-how*

The risk of losing control over the management know-how is not great according to Hill (2005). Core competences in Management know-how are common in the service industry. Hill argues that in for such firms, the more valuable asset, the brand name is usually well protected by international laws pertaining to trademarks. Firms in the service industry are thus more likely to go for collaborative forms of market entry with Joint ventures being most suited where control over the entire foreign business is required.

2.4.7 Pressures of Cost Reductions and Entry Modes

Hill's second generalization on the optimal choice of entry mode is that "the greater the pressure for cost reductions are the more likely a firm will want to pursue some combination of exporting and wholly owned subsidiaries" – Hill (2005). Substantial location and experience curve economies can usually be realized by locating production activities where factor conditions are most optimal and using wholly owned subsidiaries in vertical integration to optimize on other activities in the value chain.

2.5 *The foreign business environment and foreign entry*

2.5.1 The legal-political environment

This is largely influenced by the political system of the countries – the system of government in the countries. According to Sharan (2003) the political environment shapes the legal environment and the legal environment in turn shapes international business. The political systems vary from collectivism to individualism. The political system will also vary from democratic to totalitarianism. Daniels et al (2002) argue that depending on the political system, firms wishing to have specific legislation enacted may lobby public officials in a totalitarian system or lobby the public in a democratic system. Sharan (2003) further argues, "The strategy of a firm will be different in a country with no restrictive regulations from that in a country with too much of restrictive regulations"

2.5.1.1 Legal systems

According to Hill (2005) "The legal system of a country refers to rules, or laws that regulate behavior along with the processes by which the laws are enforced and through which redress for grievances is obtained". Hill further observes that every country, being a sovereign entity has its own laws which regulate business practice, define the manner in which business transactions are to be executed and set down the rights and obligations of those involved in business transactions. Sharan (2003) and Hill (2005) cite three broad types of legal systems whose prevalence in a country may influence international business.

A. Civil law – which has detailed rules and regulations to the extent that interpretation by judges is insignificant
B. Common Law – prevalent in UK and its former colonies which provide ample scope for interpretation of the law by judges which may in turn set precedence for subsequent similar cases.
C. Theocratic law - which is based on religious teachings such as the *Sharia* Law.

When legal system differs greatly from those at home a firm may encounter substantial foreign operating problems – Daniels Et al (2002). Hill (2005) cites the need for international businesses to be sensitive particularly to differences in Contract laws "since approaching a contract dispute in a state with a civil law system as if it had a common law system may backfire (and vice versa)"

Sharan (2003) argues that the influence of the political legal environment impacts international business from two perspectives; the home country perspective and the host-country perspective. He cites the fact that the home country may encourage overseas expansion through such things as incentives for exports and eased procedural formalities for overseas operations of domestic firms. The home country according to Sharan (2003) may also offer restrictions to foreign expansions. These restrictions include Sanctions and Embargoes such as the Sanctions issued to by the US government on its nationals' businesses on the republic of Sudan. On the host country perspective, Sharan argues that firms expanding abroad are not necessarily in touch with legal environment on the host country especially when the host country has a different environment. He recommends proper management of the political risk that arises on account on the differing political-legal scenario for successful international business.

2.5.1.2 The Laws of The New Sudan

Southern Sudan, being part of the republic of Sudan has over the last decade officially being under theocratic law – based on religious teachings. Following the formation of the law SPLM's law review committee in 2002, The SPLM/CANS has been seen to be developing laws for Southern Sudan under the Common Law type of legal system, similar to the Legal System in Kenya, Uganda and other former British colonies. A total of 33 laws have been developed for Southern Sudan which may be revised to conform to the National Interim Constitution.

2.5.1.3 Political risk

According to Sharan (2003) Political risk exists when sudden and unanticipated changes in political setup in the host country lead to unexpected changes in the business environment and corporate performance. In the specific case of Southern Sudan, the death of Dr. John Garang the leader of SPLM/CANS resulted in riots, destruction and looting of Arab businesses in Khartoum, Juba and other Southern Sudan towns with Arab owned businesses. Garang's death and the rise to power of his more secessionist deputy, Salva Kiir has also made more certain the possibility of Southern Sudan's cessation when the interim period ends. Cessation has many political – legal implications to international business in Southern Sudan.

Political risk can be seen in three categories according to Sharan (2003) and Czinkota (1999).

1. Ownership risk which exposes property and life
2. Operating risk which includes interference of the host government with operations of the firm.

3. Transfer risk which is concerned with transfer of funds to other countries

Sharan (2003) cites some common forms of political risks as follows:

1. Expropriation,
2. Currency incompatibility
3. Credit risk
4. Conflict of interest
5. Risk from ethnic religious or civil strife
6. Corruption

One more political risk evident in the Southern Sudan case is the cancellation of contracts made with previous government regimes. The new Government of Southern Sudan is currently involved in a dispute with a consortium of Total, Marathon and Kuwait Petroleum Corporation - the consortium which was previously allocated Southern Sudan's block B oil concession. The SPLM revoked the allocation and subsequently allocated block Ba - part of block B to White Nile Corporation of the UK. A legal settlement of this dispute may not be achievable because SPLM claims that regardless of what the consortium does, the oil belongs to the people of Southern Sudan and they have the right to decide on its exploitation – regardless of what the central government in Khartoum says.[i]

2.5.2 The economic environment

Decisions on to trade or invest overseas vary from host country to host country depending on the form of economic system and the various economic parameters prevailing such as level of income and inflation, fiscal and monetary policies, and the health of industrial and financial sectors – Sharan (2003)

2.5.2.1 Country economic Systems

The two primary forms of economic systems are Centrally Planned Economies, and the market economy. The nature of economic systems of most countries is such they lay in between these to extreme - Sharon (2003). Sharon also argues that "Whenever a firm goes for trading with any other country or when it tries to locate its manufacturing operations there, it takes into account the existing economic system in the host country and accordingly it shapes its trade and foreign operations policies".

2.5.2.2 Country economic indicators

Preliminary economic indicators of the host country are taken into account by firms moving abroad for IB. According to Sharan (2003), the economic indicators help to determine

1. The size of demand for products

   The level of income, measured in GDP or GNP and per capita income indicate

   - the propensity to consume
   - the rate of inflation
   - the purchasing power

2. The expected cost of production and net earning in order to ascertain competitive edge determined by :-

   - Availability of physical and human resources
   - Development of infrastructure

- Fiscal, monetary and industrial policies

3. Ability to repatriate earnings back to home country smoothly

Pacek and Thorniley (2004) cite other economic indicators such as current account deficit, budget deficits, interest rates, inflation and official reserves as determinants of the approach to market entry. These indicators may highlight currency weakness or potential changes in economic policy that might affect business.

2.5.3 The Socio-Cultural environment

Culture refers to the specific learned norms of a society based on attitudes, values, beliefs and frameworks for processing information and tasks – Daniels et al (2002). The anthropologist Edward taylor defined culture as "that complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities acquired by man as a society". According to Geert Hoftede, an expert in Cross-cultural differences and management defines culture as "the collective programming of the mind which distinguishes the members of a human group from another ... culture, in this sense includes systems of values, and values are among the building blocks of culture" According to Hill (2005), Values are the abstract ideas about what a group believes to be good, right and desirable. They are shared assumptions of how things ought to be. Hill also refers to Norms as the social rules and guidelines that prescribe the appropriate behavior in particular situations.

According to Daniels Et al, values and norms vary from one country to another and "they are reflected in different attitudes towards certain products, advertising, work, and relationships among the people of a given society". "If the socio-cultural environment is similar in both home and host countries, the

- o Fiscal, monetary and industrial policies

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According to Daniels Et al, values and norms vary from one country to another and "they are reflected in different attitudes towards certain products, advertising, work, and relationships among the people of a given society". "If the socio-cultural environment is similar in both home and host countries, the manager will try to take the maximum advantage of the similarity in strategy formulation." Sharan (2003) He further argues that the socio-cultural environment is different fro the home country's the manager will try to understand the differences and will shape the strategy according to the different environment.

Moon and Shin (2004) identified three cultural variables critically influencing mode choice decision as

- Cultural distance - the degree of cultural difference between a foreign host country entered by a focal firm and a home country of the firm
- Prior experience in host country culture - the degree of the focal firm's cumulated cultural experience in the host country, prior to the entry.
- Firm cultural diversity - the degree of the focal firm's exposure to different types of country cultures. "

3 Research Design and Methodology

3.1 Research Design

An empirical study was conducted among firms located in Kenya. Data relating to inputs to the foreign entry strategy formulation process was be collected and analyzed to establish factors affecting the entry strategy choice. Analysis was done to establish the significance of each of the resulting foreign entry strategy determinants among Kenyan firms venturing in Southern Sudan.

3.2 The population

The research targeted managers involved in the foreign entry strategy formulation process. These are senior people who may have varied positions but are deemed to have significant input to the choice of foreign entry strategies. They included CEOs, Regional Integration Mangers, Business Development Managers, and Sales and Marketing Managers. At least one manager per company will be engaged

The target population thus included managers from the following groups of firms:-

1. Firms located in Kenya that have already ventured into Southern Sudan such as AFEX, Civicon, and East African Portland Cement, Delta Connections airline
2. Firms located in Kenya that were planning to venture into Southern Sudan such as Kenya Commercial Bank, Nakumatt Supermarkets, Fred Black insurance Company

3.3 The Sample and Sampling Technique

Random sampling was used to select respondents among firms that were venturing into Southern Sudan or had evidence to serious intentions to venture into Southern Sudan. Firms which participated in various conferences, trade fairs and fact finding missions were considered to have serious intentions of venturing since these events required significant monetary investment. The study engaged a sample of 36 respondents from the following sectors of Southern Sudan's emerging economy.

- The Service Industry
- Fast moving consumer goods
- Energy Sector
- Building and construction
- Agriculture, Livestock and Fisheries

From each sector, a number of firms were chosen from the sampling frame; which was the superset of the following

- All firm listed in the Telkom Kenya telephone directory
- All firms in the list of participants of the Southern Sudan Trade and Investment workshop in July 2005 at Safari Park Hotel – Nairobi.
- All firms in the list of participants of the various fact finding business missions Southern Sudan organized by trade and investment promotion agencies.

3.4 Data collection

The study was a primary research; data was collected specifically for the study at hand. Closed questions helped to limit the responses to the scope of the study and to gather more precise responses. These were mostly in the form of 5 point Likert scale responses. The answer choices were designed to be simple, understandable and relevant to the question. Open ended questions were used to elicit further more specific responses about the individual respondent.

The bulk of the respondents were anticipated to prefer the self administered survey method. The drop and pick methods was used for the self administered survey. Telephone, email and face to face interviews were used in addition to follow up and clarify on the self administered responses.

Respondents were asked questions covering issues pertaining three concerns of the study as follows:-

A. The foreign business environment in Southern Sudan
    - To capture issues regarding the socio-cultural environment, the political-legal environment and the economic environment
B. The firm characteristics, foreign expansion drive and institutional capacity
    - To capture issues regarding firm nature, size, structure, industry, drive for expansion, and core competence
C. The decision making context
    - To capture the context in which the choice of entry strategy is made with regard to individual abilities, authority and perceptions of the uncertainty of information available and the stage of decision making

3.5 *Data analysis*

- Aggregates, percentages and frequency distributions were established to determine the factors affecting choice of entry strategy and their significance. Responses to the five point likert scale questions were recoded to accept and reject variables to gauge overall significance of the various factors. Correlations were computed of the various variables contributing to the choice of foreign entry strategy to investigate suspected trends.

4 Analysis and Findings

4.1 Introduction

The questionnaire was administered to senior and middle level managers of Kenyan firms venturing into Southern Sudan. The responses were reviewed and verified for consistency and completeness. A five point Likert scale was used to gauge the perception of the respondents on the factors hypothesized to determine the choice of foreign entry strategy. The five point scale was made to imply the following responses. No effect = 1, Small effect =2, Moderate effect =2, Large effect = 3, Very Large Effect=4. The scale responses were analyzed for variations, patterns and trends. The Reponses were also further recoded into '**Accept**' or '**Reject**' response variables whereby a response of 3,4 and 5 was considered an '**acceptance**' of the hypothesis that the factor in question has a significant effect on the choice of entry strategy. Responses of 1 and 2 were considered to be "**rejection**" of the hypothesis.

4.2 Profile of respondents and firms represented

Although many of the targeted executives were willing to fill in the questionnaires, not all were able to fill their questionnaires in good time of for data analysis. This was attributed to the busy schedule of the senior executives. In several instances the researcher had to provide extra questionnaires to replace lost or misplaced questionnaires. Out of 36 targeted 18 executives filled the questionnaires in good time for collection and analysis. 3 sectors in Southern Sudan's emerging economy were represented by the respondents as follows

Table 3 - Sectors represented by respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Service Sector	12	66.7	66.7	66.7
Fast Moving Consumer Goods	4	22.2	22.2	88.9
Energy	2	11.1	11.1	100.0
Total	18	100.0	100.0	

The following table indicates the characteristics of the respondents and the firms they represented.

Table 4 - Summary of the decision making context

Number of persons employed in the firm

	Frequency	Percent
1 – 5	2	11.1
6-20	3	16.7
21 – 100	11	61.1
1001 and Above	2	11.1
Total	18	100.0

Number of years in international business

	Frequency	Percent
1 - 2 Years	3	16.7
3 - 5 Years	4	22.2
6 – 10 Years	1	5.6
Above 10 Years	10	55.6
Total	18	100.0

Firm's product's stage of development

	Frequency	Percent
New Product	1	5.6
Maturing Product	5	27.8
Standardized Product	7	38.9
Declining Market in Kenya	3	16.7
Total	16	88.9
Missing	2	11.1
	18	100.0

Firm cultural diversity

	Frequency	Percent
Staff from Different Kenyan Tribes	11	61.1
Staff from Different African tribes	1	5.6
Staff drawn from different continents	5	27.8
Total	17	94.4
Missing	1	5.6
	18	100.0

Number of persons involved in entry decision

	Frequency	Percent
1 person	2	11.1
2-5 people	4	22.2
6-10 people	5	27.8
11-20 people	3	16.7
Total	14	77.8
Missing	4	22.2
	18	100.0

Levels of decision making above respondent

	Frequency	Percent
None	4	22.2
1 level	6	33.3
2 levels	4	22.2
3 levels	2	11.1
4 and above	1	5.6
Total	17	94.4
Missing	1	5.6
	18	100.0

Perception quality of information available

	Frequency	Percent
Very Bad Quality	1	5.6
Moderate Quality	6	33.3
Good Quality	7	38.9
Very Good Quality	2	11.1
Total	16	88.9
Missing	2	11.1
	18	100.0

Stage of decision making

	Frequency	Percent
Information Gathering	5	27.8
Generating Alternatives	1	5.6
Selection of Alternatives	2	11.1
Alternative Already Selected	7	38.9
Total	15	83.3
Missing	3	16.7
	18	100.0

Respondent's age bracket

	Frequency	Percent
26 - 30 Years	3	16.7
31 - 40 Years	8	44.4
41 - 50 Years	5	27.8
51 and above Years	1	5.6
Total	17	94.4
Missing	1	5.6
	18	100.0

Respondent's highest level of schooling

	Frequency	Percent
Diploma and Professional Qualifications	3	16.7
Bachelors Degree	8	44.4
Masters Degree and Above	6	33.3
Total	17	94.4
Missing	1	5.6
	18	100.0

4.3 Determinants in the Foreign Business Environment

4.3.1 The legal-political environment in Southern Sudan

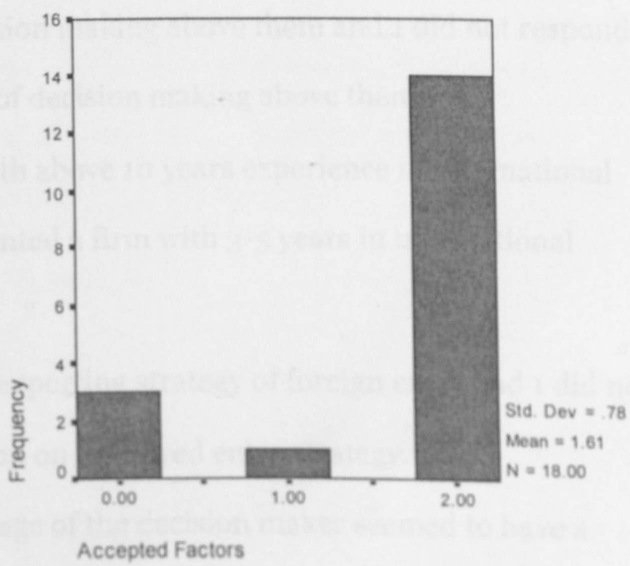
Two variables were used to compute the significance of the legal-political environment in Southern Sudan. These variables were

1. The effect of the legal framework for trade and investment in Southern Sudan
2. The effect of the political factors in Southern Sudan

The count of the above 2 factors accepted by each respondent was used as the indicator for their significance. Figure 1 below show the findings.

Figure 1 - Accepted Factors in legal-political Environment

N	18
Mean	1.61
Median	2.00
Mode	2
Skewness	-1.682
Std. Error of Skewness	.536



77.78% of the respondents considered both variables presented in the legal-political environment to be significantly affecting their choice of foreign entry strategy. With a mean of 1.61, mode of 2 and median of 2, this confirms that the legal-political environment in Southern Sudan is a significant determinant of the foreign entry strategy.

Further investigation into the 3 respondents accepting none of the variables in the above variables established the following:-

- 2 were in the service sector and 1 in the energy sector.
- The 2 respondents in the service sector above constituted 100% of the respondents who considered their information for decision making to be of 'very good quality'.
- The 3 respondents constituted 100% of respondents in the lowest age bracket among the respondents (26-30 years)
- All the 3 respondents were among the 5 representing firms with 21 – 100 employees
- 2 had a bachelor's degree and 1 had a master's degree.
- 2 had one level of decision making above them and 1 did not respond to the question on levels of decision making above them.
- 2 represented firms with above 10 years experience in international business and 1 represented a firm with 3-5 years in international business.
- 2 were inclined to the exporting strategy of foreign entry and 1 did not respond on the question on preferred entry strategy.

From the above findings, the age of the decision maker seemed to have a bearing on their view of factors in the legal-political environment. The age bracket of the respondent was also seen to have a bearing on their perceived quality of information for decision making. A bi-variate correlation test was performed on pairs of these three variables. With the results as follows

Variables in bi-variate correlation	Correlation	Comments
Accepted factors in political-legal environment and perceived quality of information	-0.510	A negative correlation, significant at the 0.05 level (large correlation)
Age of respondent and perceived quality of information	-0.589	A negative correlation, significant at the 0.05 level. (large correlation)
Accepted factors in political-legal environment and age of respondent	0.723	A negative correlation, significant at the 0.05 level (large correlation)

The strong positive correlation between the age of the respondent and the number of factors in the political-legal environment is further tabulated below

Figure 2 – Age of respondent and acceptance of legal- political factors

		Accepted factors in legal-political environment	Age of respondent
Accepted factors in legal-political environment	Pearson Correlation	1.000	.723*
	Sig. (2-tailed)	.	.001
	N	18	17
Age of respondent	Pearson Correlation	.723*	1.000
	Sig. (2-tailed)	.001	
	N	17	17

* Correlation is significant at the 0.01 level (2-tailed).

Going by the correlation above, the respondent's age affects whether or not they perceive political-legal factors as significant in the choice of entry strategy. An interplay of other factors such as the whether indeed the information is of good quality and the experience of the individual respondents in international business could be the cause of this trend.

4.3.2 The economic environment in Southern Sudan

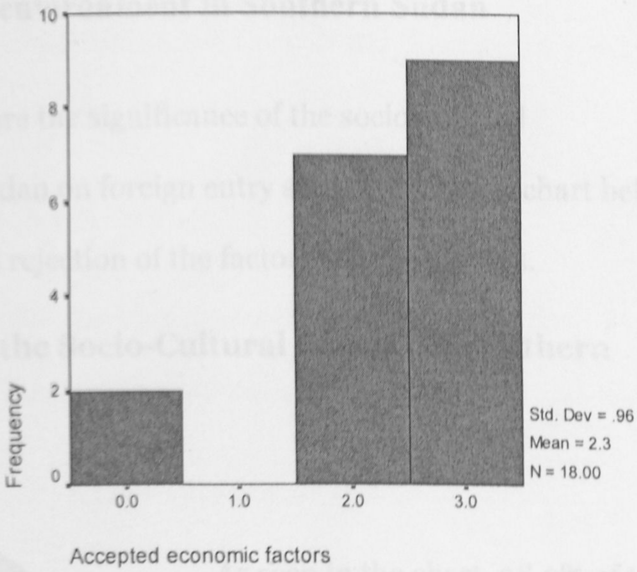
Three variables were used to establish whether the economic environment in Southern Sudan is a significant determinant of foreign entry strategies among Kenyan firms. These variables were

1. The prospects of economic growth in Southern Sudan
2. Sudan's recent economic performance indicators
3. Government of Southern Sudan's economic policies

The count of the above 3 factors accepted by each respondent was used as the indicator for the significance. 88.9% of the respondents accepted at least 2 of the variables above. The other 11.1% (2 out of 18) accepted none of the three variables. Figure 3 below shows these findings.

Figure 3 - Acceptance of economic factors within Southern Sudan

N	18
Mean	2.28
Median	2.50
Mode	3
Skewness	-1.534
Std. Error of Skewness	.536



With a mean of 2.28, a median of 2.5 and a mode of 3, the economic environment in Southern Sudan is seen to be a significant determinant of the foreign entry strategy among Kenyan firms. On investigating the exceptional 2 responses accepting none of the variables of the economic environment, the following was observed.

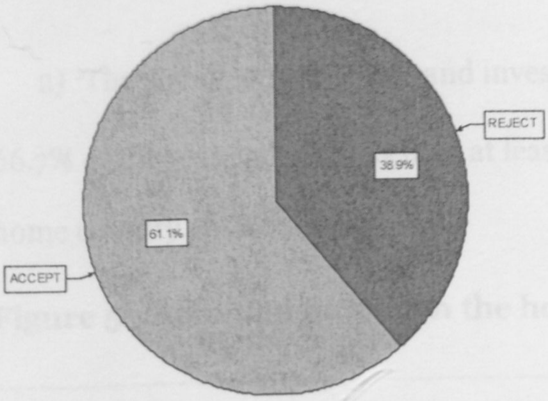
- The respondents represented 2 out of 12 firms in the service sector
- The respondents represented 2 out of 11 firms with 21-100 employees
- 1 considered the available decision making information to be of 'moderate quality' while the other did not respond
- 1 respondent had a bachelor's degree and the other had a master's degree
- 1 was in the age bracket '26-30 years' while the other was in the bracket of '51 and above years'
- 1 accepted 2 factors in the political-legal environment and 1 affected none of the factors in the political environment.

With these observations, no single characteristic of the respondent or of the firm represented could explain the above exception.

4.3.3 The Socio-cultural environment in Southern Sudan

1 variable was used to measure the significance of the socio-cultural environment in Southern Sudan on foreign entry strategy. The pie chart below indicates the acceptance and rejection of the factor in the responses.

Figure 4 - Acceptance of the Socio-Cultural Factors in Southern Sudan



As seen in the chart, 38.9% of the respondents were indifferent to the socio-cultural environment while considering the entry strategy decision. As seen in the earlier chapters of this report, Southern Sudan presents major challenges in the socio-cultural environment such as language barriers, religion and different perceptions regarding material culture. The researcher expected consideration of socio-cultural factors to pursue entry strategies that optimally address the cultural socio-cultural barriers. 61% acceptance was considered not conclusive to consider this factor as a strong determinant. Further investigation was done into the 7 respondents who failed to accept the proposition. There was no peculiarity found in the characteristics of the respondents and the firms they represented. However it was noted that 1 of the 7 above respondents considered their firm's cultural diversity to have a 'large effect' on their choice of entry strategy. It was further observed that of the 11 firms accepting social cultural-factors, only 4 (36.4%) regarded their firms' cultural diversity as a determinant of their foreign entry strategy. These observations imply that Kenyan firms are likely to be indifferent to both the social-cultural setting in Southern Sudan and the cultural diversity within the firm while selecting an entry strategy.

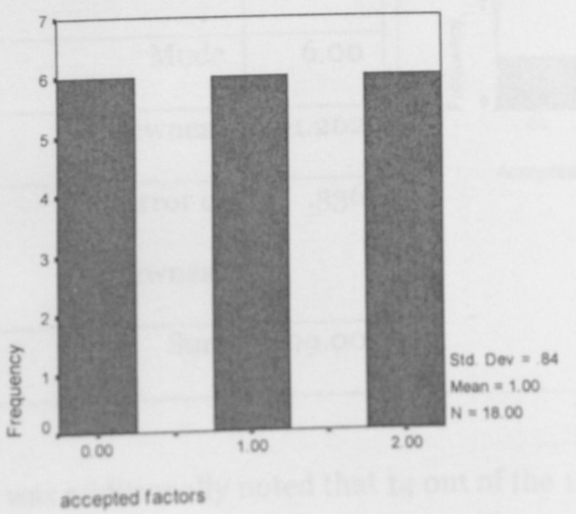
4.3.4 The environment in the home country

2 variables were used to measure the significance of the Kenya's trade and investment environment on the decision of foreign entry strategies.

1) The significance of trade and investment regulations in Kenya
2) The significance of trade and investment incentives in Kenya

66.7% of the respondents accepted at least 1 of the variables presented in the home country environment.

Figure 5 - Accepted factors in the home country environment



N	18
Mean	1.00
Median	1.00
Modes	0,1,2
Skewness	.000
Std. Error of Skewness	.536

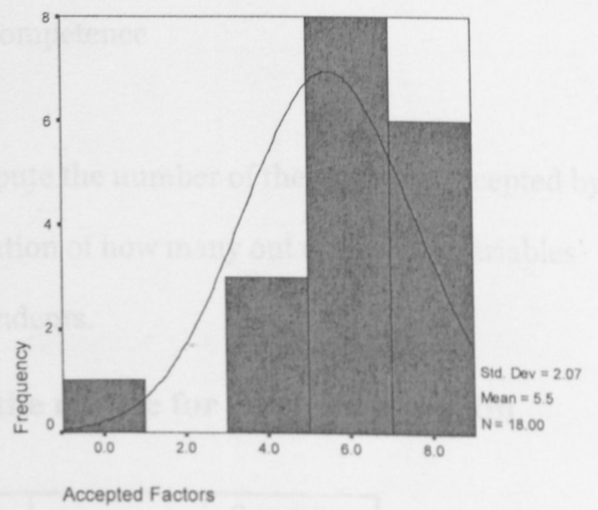
The trade and investment regulations as well as their incentives in the home country have a effect on the choice of entry strategy. Further examination established that all the 6 respondents (33.3%) who did not accept the home country environment as a significant factor were from the service sector. This indicates that the service sector is more indifferent to the parent country environment than other sectors while selecting a foreign entry strategy.

4.3.5 The overall effect of the foreign business environment

A variable was introduced to compute the number of factors within the foreign business environment that each respondent accepted out of a maximum of eight. The results are presented in the table and histogram below.

Figure 6 - Accepted factors in foreign business environment

N	18
Mean	5.5000
Std. Error of Mean	.4868
Median	6.0000
Mode	6.00
Skewness	-1.262
Std. Error of skewness	.536
Sum	99.00



It was additionally noted that 14 out of the 18 (77.8%) of respondents Accepted at least 5 of the 8 factors proposed. Of the remaining 4 respondents, 3 accepted 3 factors while one respondent did not accept any of the factors presented. This is an indication that the foreign business environment as a whole is a significant determinant of the choice of foreign entry strategy. However the significance of the 8 individual variables within the environment as presented varies across individual respondents.

4.4 Firm specific factors as determinants

4.4.1 The firm's motive for foreign expansion

4 variables were used to measure the respondent's measure of the significance of the foreign expansion motive on the 5 point likert scale. These were the significance of :-

- Pursuit for location economies
- Pursuit for experience effects
- Need for leverage on core competence
- Pursuit for risk reduction

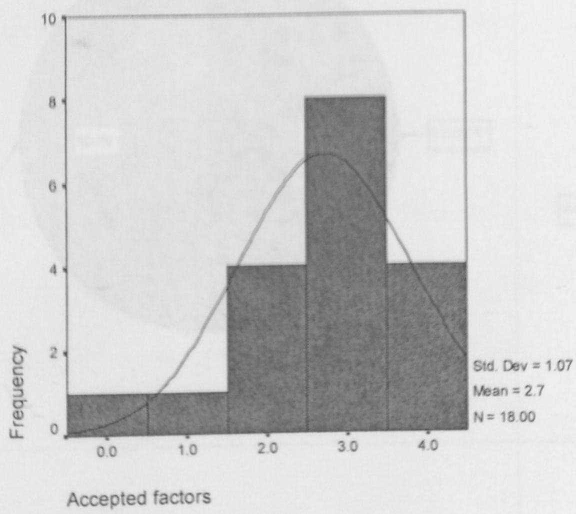
A variable was introduced to compute the number of these factors accepted by the respondents. Below is a tabulation of how many out of the four variables above were accepted by the respondents.

Table 5 - Accepted factors in the motive for foreign expansion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	1	5.6	5.6	5.6
	1.00	1	5.6	5.6	11.1
	2.00	4	22.2	22.2	33.3
	3.00	8	44.4	44.4	77.8
	4.00	4	22.2	22.2	100.0
	Total	18	100.0	100.0	

At least 2(50%) of the possible motives for foreign expansion are significant determinants of the choice of entry strategy to 88.9% of the respondents. This indicates that the firm's salient motive for foreign expansion into Southern Sudan affects their choice of entry strategy. The statistics in the figure below, a mean=2.7, mode =3, median=3 out of a maximum of 4 further corroborate this observation.

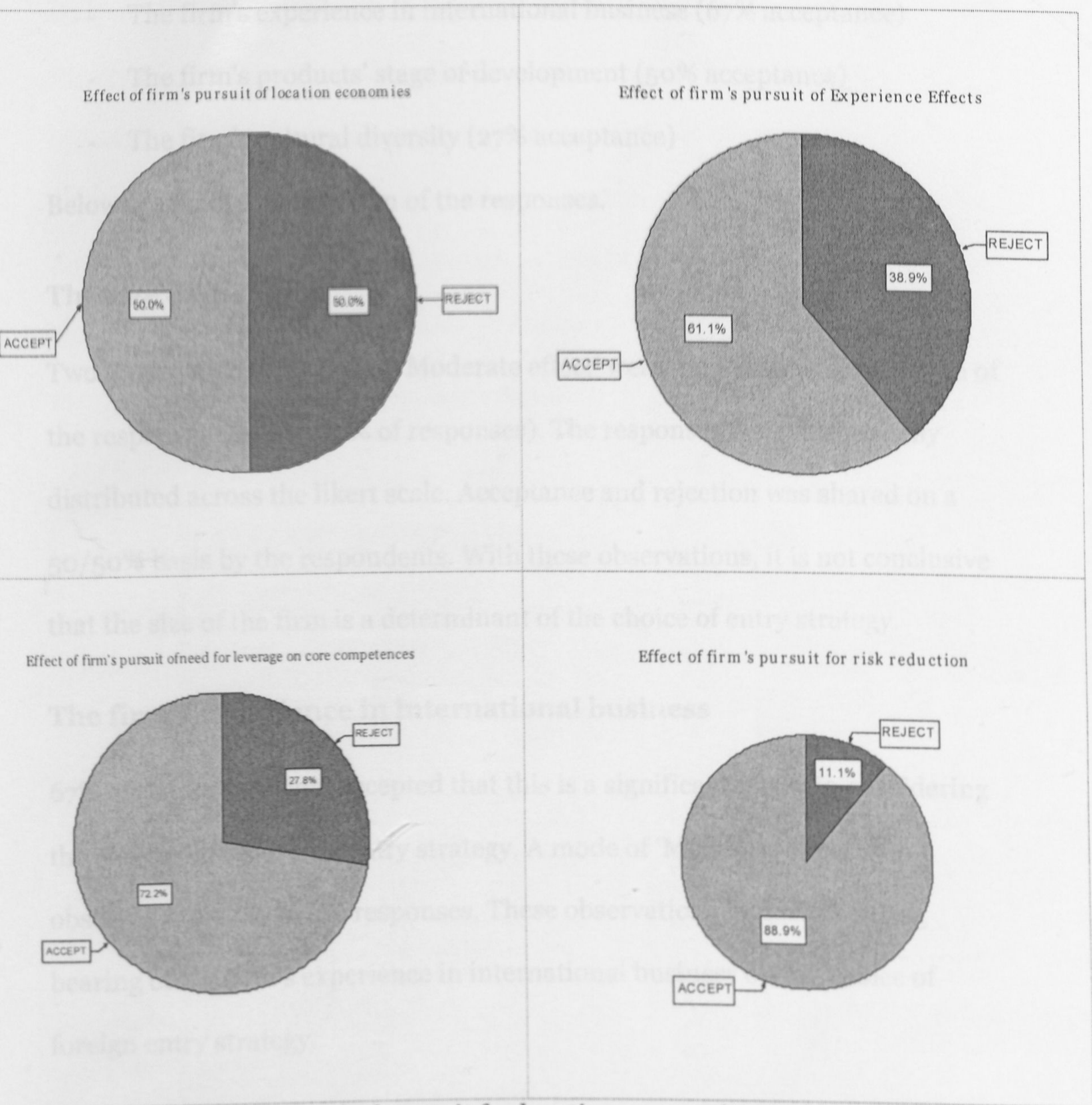
Figure 7 - Accepted Factors among motives for foreign expansion



N	18
Mean	2.7222
Std. Error of Mean	.2532
Median	3.0000
Mode	3.00
Skewness	-.976
Std. Error of Skewness	.536

Further investigation into the acceptance and rejection of the 4 possible motives for foreign expansion was conducted. It was found that 50% of the respondents considered the pursuit for location economies to be a major determinant of their foreign entry strategy. 61.1% of the respondents accepted the pursuit for experience effects. The other 2 motives for foreign expansion were each accepted by well over 70% of the respondents.

Figure 8 - Acceptance of motives for foreign expansion



The low acceptance level of pursuit for location economies could be an indicator for lack of awareness of the location economies that the emerging Southern Sudan economy presents to the Kenyan firm and hence the evident indifference among 50% of the respondents.

4.4.2 Other firm specific factors

4 other factors used to gauge the significance of firm specific factors on the choice of foreign entry strategy included:-

- The size of the firm (50% acceptance)
- The firm's experience in international business (67% acceptance)
- The firm's products' stage of development (50% acceptance)
- The firm's cultural diversity (27% acceptance)

Below is a further breakdown of the responses.

The size of the firm

Two modes of 'No effect' and 'Moderate effect' were found in the distribution of the responses (each at 27% of responses). The responses were fairly evenly distributed across the likert scale. Acceptance and rejection was shared on a 50/50% basis by the respondents. With these observations, it is not conclusive that the size of the firm is a determinant of the choice of entry strategy.

The firm's experience in international business

67% of the respondents accepted that this is a significant factor in considering the choice of the foreign entry strategy. A mode of 'Moderate effect' was observed at 39.9% of the responses. These observations indicate a strong bearing of the firm's experience in international business on the choice of foreign entry strategy.

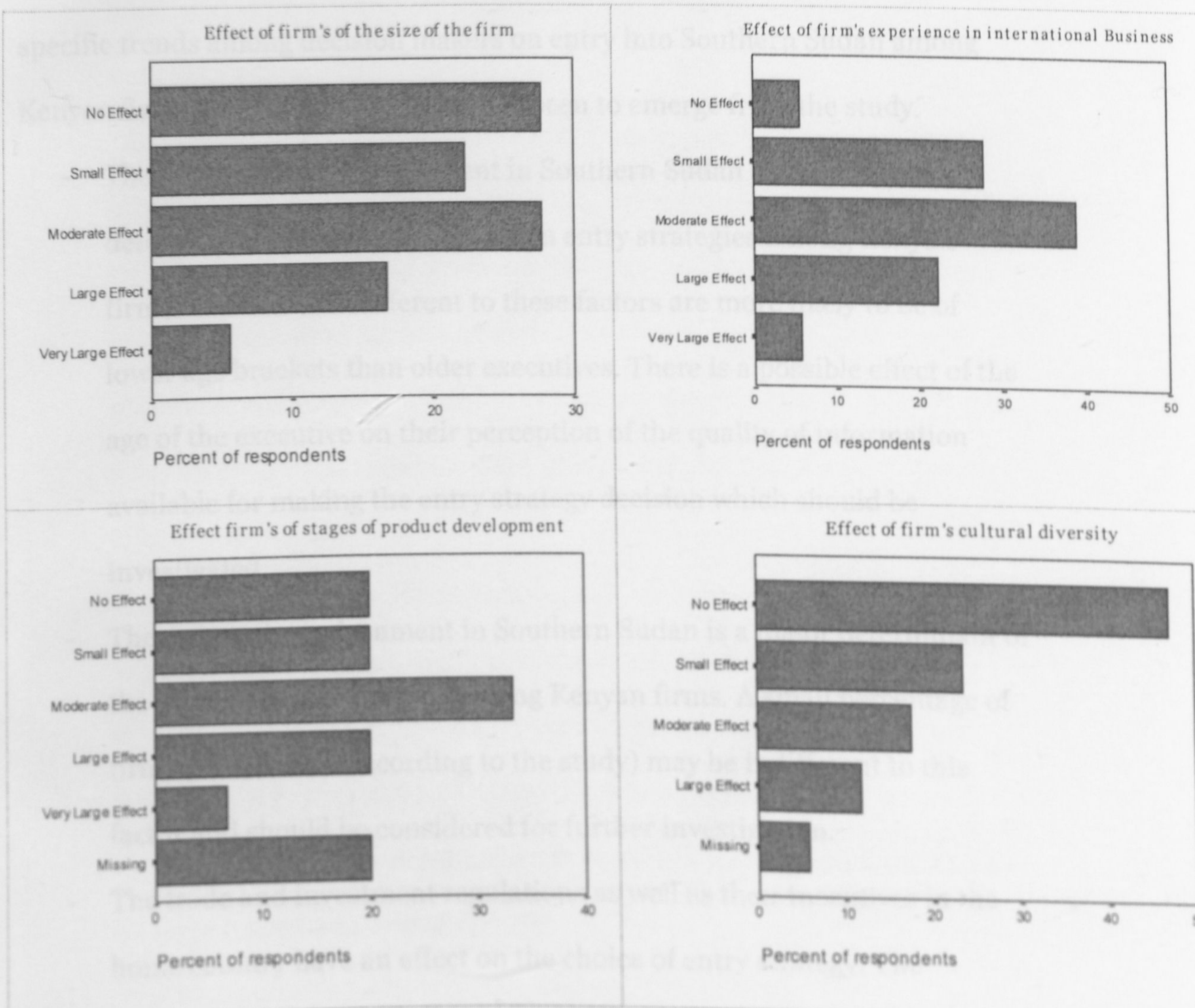
The firm's stage in product(s) development

Acceptance of this factor was at 50%. The 50% of respondents who did not accept the factor include 16.7% who declined to respond. A mode of 'moderate effect' at 27% exists in the frequency distribution. With these observations, it is not conclusive that the size of the firm's stage in product development.

The effect of firm's cultural diversity

A large majority of 66.7 % of the respondents rejected the proposition that a firm's cultural diversity has a bearing on their choice of foreign entry strategy. Only 27.8% of the respondents regarded this factor to be significant. The distribution of the responses indicates a mode of 'no effect' at 44.4%. 1 respondent did not provide a response on this variable. From the above observations it is implied that the cultural diversity within the Kenyan firm has no bearing on the choice of entry strategy into Southern Sudan. Figure 8 below shows a summary of the responses on the above 4 firm specific factors.

Figure 9 - Significance of firm specific factors



5 Conclusions and Recommendations

5.1 Conclusions

The study confirms that the decision on foreign entry strategies among Kenyan firms venturing into Southern Sudan is a function of various parameters some of which are in the foreign business environment, others are firm specific and others in the very context in which the decision is being made. Past studies have revealed similar generalized findings. However, this study reveals several specific trends among decision makers on entry into Southern Sudan among Kenyan firms.The following patterns are seen to emerge from the study.

- The political-legal environment in Southern Sudan is a significant determinant of the choice of foreign entry strategies among Kenyan firms. Executives indifferent to these factors are more likely to be of lower age brackets than older executives. There is a possible effect of the age of the executive on their perception of the quality of information available for making the entry strategy decision which should be investigated.
- The economic environment in Southern Sudan is a major determinant of the choice of entry strategy among Kenyan firms. A small percentage of firms (about 11.1% according to the study) may be indifferent to this factor and should be considered for further investigation.
- The trade and investment regulations as well as their incentives in the home country have an effect on the choice of entry strategy. The significance is however less likely to be felt in the service sector than in the energy and fast moving consumer goods sectors.

- A significant proportion of executives in Kenyan firms expanding into Southern Sudan do not regard socio-cultural factors in Southern Sudan as an important determinant of the choice of foreign entry strategy (41% in the study). Kenyan firms are thus likely to be indifferent to both the social-cultural setting in Southern Sudan and the cultural diversity within the firm than to consider these factors as significant determinants of their entry strategy. This may be a dangerous trend among executives since there is an obvious language barrier between most Southern Sudanese, Kenyans and other business people from different nationalities.
- The Kenyan firm's salient motive for expansion in Southern Sudan is a major determinant of the choice of the foreign entry strategy. However, a significant percentage of firms are likely not to recognize pursuit for location economies such as availability of a ready market, cheap raw materials, and human resources as a major determinant of their foreign entry strategy. The significance of pursuit for economies of experience effects was moderate.
- The effect of firm specific factors such as the firm's experience in international business, firm's size, the firm's products' stage of development is varied among Kenyan firms venturing into Southern Sudan. A large majority of Kenyan firms is however likely to be indifferent to their internal cultural diversity while selecting their entry strategy (66.7% in the study).

5.2 *Limitations of the study*

- The study was limited to foreign entry strategies; hence no consideration was made for foreign business operational strategies. It was easy for respondents to confuse the selection of an operational strategy and entry strategy and hence impact on the respondent's responses.

- Owing to time limits, scarcity and occasional absence of the business executives targeted in the country, the actual data collected included 18 respondents which is a rather small sample size imposing limits on the interpretation of the resulting statistics.

5.3 Recommendations

5.3.1 Recommendations for further Studies

- Investigate how the chosen entry strategies are impacting on the short term and long term success of the venture with the passage of time.
- Investigate what motivates Kenyan firms into venturing into Southern Sudan to enlighten on why the respondents viewed the foreign expansion motivations to have varying impact on the foreign entry strategy. For instance the pursuits for location economies and experience effects were not strongly regarded as significant. It could be that Southern Sudan does not present significant location economies and economies of experience effects to Kenyan firms.

5.3.2 Recommendations for policy and practice

- There is a need for improved documentation of the existing legal and regulatory framework to aid in the foreign entrant's entry decisions. The legal and regulatory framework should also be made more authoritative by enactment and implementation of the related laws, regulations and policies.

- The Governments of Southern Sudan and Kenya should pursue a program to impart basic language and cultural skills among Kenyans venturing into Southern Sudan. A Juba-Arabic language school should be established in Kenya or in Southern Sudan do bridge the language gap between the Kenyans and the average Southern Sudanese.
- The emerging economy of Southern Sudan is unique especially in that there is very little past economic data available for decision making. There are very few firms which can claim to have experience doing international business in Southern Sudan. If there are any firms that have been thriving in the last 5 years, they are currently faced with a very different business environment.
- With scarcity of information and prior experience in Southern Sudan, Kenyan firms are safer using an academic approach to their venture. Kenyan firms and the local universities' schools of business should partner to explore appropriate ways of making the best out of the business opportunities that peace in Southern Sudan presents. The use of the knowledge-base available on international business in general and specific concepts, principles and strategies appropriate for emerging economies should be fostered in this partnership.
- Executives in Kenyan firms should embrace modern management practices to be more proactive and strategic in their approach. Some executives were observed to completely ignore the foreign business environment while others seemed not to pay attention to their very motives for foreign expansion to optimize their choice of foreign entry strategy. Others seemed to inadvertently ignore the fact that socio-cultural factors could impact greatly on business performance depending on the chosen entry strategy.

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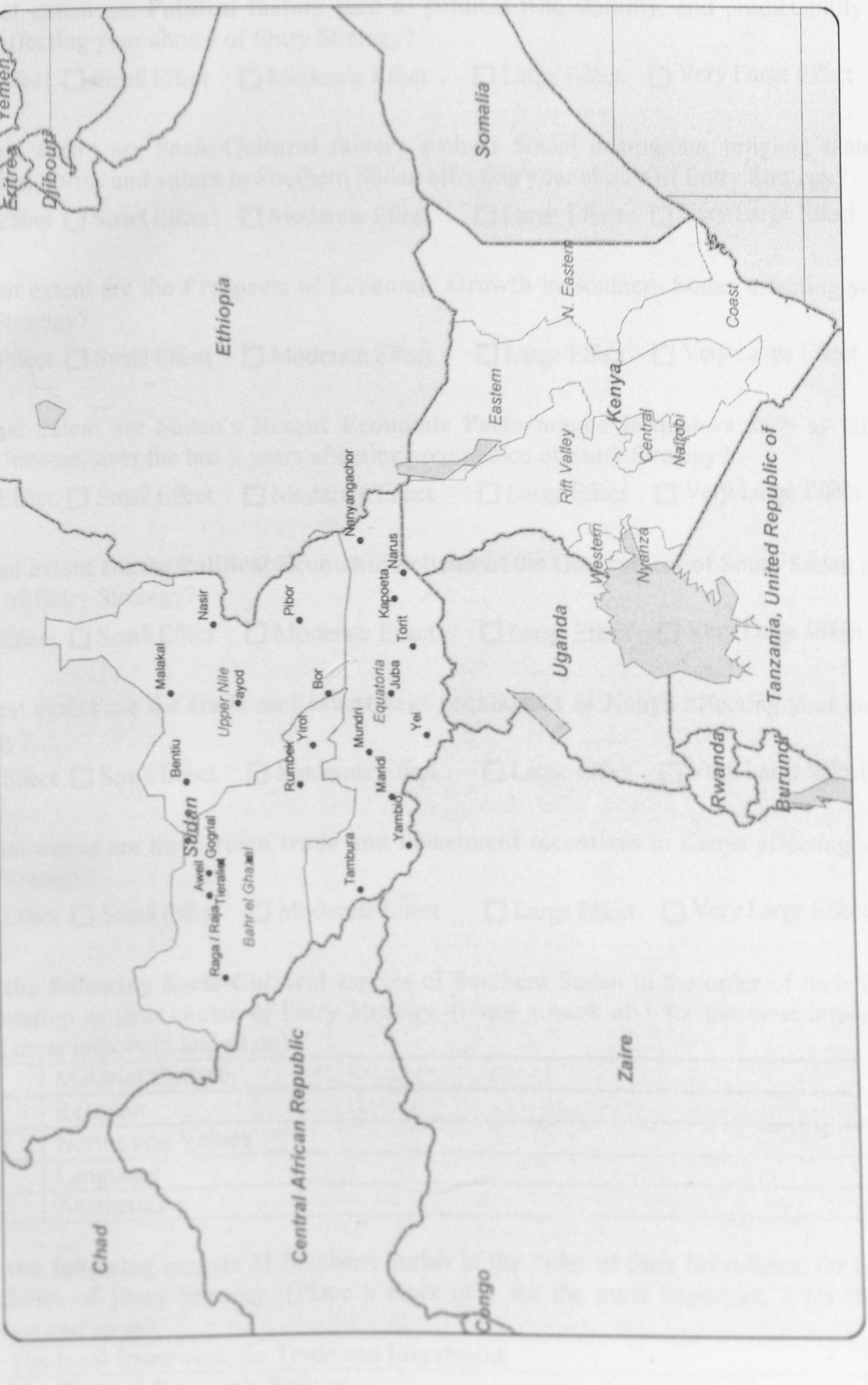
7.1 Map of Southern Sudan and Kenya

7 APPENDIX

7.1 Map of Southern Sudan and Kenya



QUESTIONAIRE A: *The Effects Of The Foreign Business Environment On The Choice Of Foreign Entry Strategy*

1. To What extent is the **legal framework for Trade and investment** in Southern Sudan affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

2. To What extent are **Political factors** such as political risk, stability, and predictability in Southern Sudan affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

3. To What extent are **Socio-Cultural factors** such as Social institutions, religion, material culture, aesthetics, norms and values in Southern Sudan affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

4. To What extent are the **Prospects of Economic Growth** in Southern Sudan affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

5. To What extent are Sudan's **Recent Economic Performance Indicators** such as GDP/GNP, Per Capita Income, over the last 2 years affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

6. To What extent are the **Political Economic Policies** of the Government of South Sudan affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

7. To What extent are the **trade and investment regulations in Kenya** affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

8. To What extent are the **foreign trade and investment incentives** in Kenya affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

9. **Rank the following Socio-Cultural** aspects of Southern Sudan in the order of their importance for consideration in your choice of Entry Strategy. (Place a mark of 1 for the most important, 2 for the second most important and so on)

	Material Culture
	Religion
	Norms and Values
	Language
	Aesthetics

10. **Rank the following** aspects of Southern Sudan in the order of their importance for consideration in your choice of Entry Strategy. (Place a mark of 1 for the most important, 2 for the second most important and so on)

	The legal framework for Trade and Investment
	The Political-Economic Policies

	The Future Economic Prospects
	Factors within Kenya e.g. (Government taxation and infrastructural incentives)
	Social -Cultural Issues

QUESTIONAIRE B: *The effects of Firm Specific Factors on the choice of foreign Entry Strategy*

1. Which of the following ranges best estimates **the number of persons employed** by your firm?

   ☐ 1-5 ☐ 6 - 20 ☐ 21 - 100 ☐ 101 - 500 ☐ 1001 and above

2. Which of the following ranges best estimates **the number of years your firm has been in international business**?

   ☐ Less than 1 year ☐ 1 - 2 Years ☐ 3 - 5 Years ☐ 6 - 10 Years ☐ Above 10 years

3. Which of the following best estimates **the stage of development of your firm's existing product(s)** in Kenya

   ☐ New Product ☐ Maturing Product ☐ Standardized Product ☐ Declining market in Kenya

4. Which of the following best estimates your **firm's cultural diversity** in Kenya

   ☐ All staff are from one Kenyan tribe ☐ All staff are Kenyans from different tribes ☐ All staff are African from different countries ☐ Staff are drawn from different continents

5. To What extent is your firm's **Pursuit of location economies** (eg, availability of cheap raw materials and labor) affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

6. To What extent is your firm's **Pursuit of Experience effects** (eg economies of scale and spreading the out fixed overheads costs) affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

7. To What extent is your firm's **Need of Leverage on core competences** (eg. Taking advantage of corporate image, goodwill and technological advantage) affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

8. To What extent is your firm's **Pursuit for risk reduction** motives such as profit smoothing, and diversifying customer and supplier base affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

9. To What extent is **the size of your firm** affecting your choice of Entry Strategy?

   ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

10. To What extent is your **firm's experience in International business** affecting your choice of Entry Strategy?

    ☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

11. To What extent is your product's **Stage of development** (as in question B3) affecting your choice of Entry Strategy?

☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

12. To What extent is your firm's **Cultural Diversity** affecting your choice of Entry Strategy?

☐ No Effect ☐ Small Effect ☐ Moderate Effect ☐ Large Effect ☐ Very Large Effect

13. **Rank the motivations for foreign expansion** into Southern Sudan in the order of their importance for consideration in your choice of Entry Strategy. (Place a mark of 1 for the most important, 2 for the second most important and so on)

	Pursuit of location economies (eg larger market and cheaper factors of production)
	Pursuit of Experience effects (eg. economies of scale)
	Pursuit of risk reduction motives (eg. Customer/supplier diversification and profit curve smoothing)
	Taking advantage of core competences (eg. technological advantage, goodwill and corporate image)
	Developing core competences (eg. technological advantage, goodwill and corporate image)

14. **Rank the following characteristics of your firm** in the order of their importance for consideration in your choice of Entry Strategy. (Place a mark of 1 for the most important, 2 for the second most important and so on)

	Firm's Motivating factor for foreign expansion
	Firm size
	Stage in product life cycle
	Experience in international business
	Cultural Diversity

QUESTIONAIRE C: *The Decision Making Context*

1. Which of the following ranges best estimates **the number of persons involved in decision of entry** into Southern Sudan?

☐ 1 ☐ 2 - 5 ☐ 6 - 10 ☐ 11 - 20 ☐ 21 and above

2. Which of the following ranges best estimates **the number of levels of decision making above you on entry** into Southern Sudan?

☐ None ☐ 1 ☐ 2 ☐ 3 ☐ 4 and above

3. Which of the following ranges best estimates your personal opinion on the **quality of information available for decision making** on of entry into Southern Sudan?

☐ Very Low Quality ☐ Low Quality ☐ Moderate Quality ☐ Good Quality ☐ Very Good Quality

4. Which of the following best describes your **stage of decision making on your firms entry** into Southern Sudan?

☐ Information Gathering ☐ Generating Alternatives ☐ Selection of Alternatives ☐ Alternative already selected

5. Which of the following ranges best estimates your firm's target **timing of entry** into Southern Sudan?

☐ Already Ventured ☐ Within the next 1 month ☐ Within the next 3 months ☐ Within the next 6 months ☐ Not Sure when to venture

6. In your opinion, which of the following Foreign Entry Strategies will be the **best choice for your firm's entry into Southern Sudan**?

☐ Exporting ☐ Turnkey Contracts ☐ Licensing ☐ Franchising ☐ Joint Venture ☐ Wholly owned subsidiary

7. Kindly fill in your names ______________________________ ☐ Skip this question

8. Kindly fill in your Designation in the organization ______________________________

9. Which of the following ranges best estimates your **age bracket**?

☐ 18 - 25 ☐ 26 - 30 ☐ 31 - 40 ☐ 41 - 50 ☐ 51 and above ☐ skip this question

10. Which of the following ranges best estimates your **highest schooling level**?

☐ Primary School ☐ High School ☐ Diploma and professional Qualifications ☐ Bachelor's Degree ☐ Masters Degree and above ☐ Skip this question