

## **Foreign Involvement in Resource-rich Developing Countries Market Selection and Level of Involvement in GCC Markets Compared with Western European Markets**

KTL Said Zibarin kansainvälisen markkinoinnin alaan kuuluva väitöskirja "Foreign Involvement in Resource-Rich Developing Countries. Market Selection and Level of Involvement in GCC Markets Compared with Western European Markets" tarkastettiin Turun kauppakorkeakoulussa 14.11. 1997. Vastaväittäjänä toimi professori Sten-Olof Hansén (Vaasan yliopisto) ja valvojana professori Karin Holstius.

The study seeks to contribute to an understanding of the choice of level of involvement as well as market selection in resource-rich developing countries. Special attention is paid to business environmental characteristics that influence a company's decisions in the Gulf Cooperation Council (GCC) countries – Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Qatar and Oman – compared with Western European markets.

Research on international business refers to internal and external factors as determinants that influence a company's decision about market selection, and about the degree of ownership and control in foreign markets, i.e. level of resource commitment and involvement. The most commonly used determinants by researchers are internal factors (company size, experience and product) and external factors (foreign market size, similarity, attractiveness and stability). A comparison of literature and the business environment in the GCC countries indicates that the external factors fall into two categories: general and specific. The external factors mentioned above are general because they fail to explain certain situations. Specific external factors on the other hand, are government role, cultural power distance, uncertainty avoidance, sovereignty and nationalistic feelings. All these factors were integrated into a frame of reference which was tested empirically.

A case study approach analysing the experience of five Finnish international companies made it possible to explore the relationship between the experiences of these companies in developing countries and the literature on international business. The approach also benefited from a comparison of their experiences in the GCC countries with their experiences in Western European markets.

The cross-case analysis revealed that companies do not necessarily follow their own policies in practice. The results suggested the need to distinguish between factors that are necessary preconditions for making decisions about market selection and level of involvement, and factors that actually affect the decision itself. The results also indicated that general external factors could be relevant for market selection, but are of limited significance for choosing the level of involvement in GCC countries. In addition, it was found that specific external factors influenced market selection, and particularly the level of involvement in GCC markets. These relationships are presented in a revised model for market selection and level of involvement in GCC and Western European countries.