How To Enter The Nigerian CRM/ERP Market From A Finnish Start-Up Company Perspective - A Case Study

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Abstract:

The economic crises in Finland and a rise in global business, competition in information and communication technologies has necessitated the need for organizations to look for opportunities in foreign markets.

The aim of this thesis is to explore the Nigerian market and gain in-depth insight of the market outlook for the Vesi CRM/ERP platform before committing to a preferred strategy in getting into the market.

A number of theories on foreign market entry motives and factors influencing entry mode choices were applied to explain the entry mode decision for DIF. The research also draws on concepts from PESTLE and SWOT analyses. The theories and concepts applied in the thesis helped in answering the research questions.

The research is a qualitative method. The primary sources of information were interviews, personal knowledge, observation and meetings in the foreign market. Secondary sources include online database, books etc.

The result shows that Nigeria has opened up its economy and provided generous investment incentives in industrial, IT and communication sectors of the economy to attract foreign direct investment (FDI). Furthermore, the economy of Nigeria is likely to be driven by growth in the information technology and telecommunications sectors of the economy, apart from its immense oil and gas deposits.

Keywords:	Market Entry, Start- Up, Motives, CRM, ERP, PESTLE, SWOT
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CONTENTS

Tables

1 INTRODUCTION

The increasing competition worldwide has resulted in that start-up companies and foreign investors search for new markets internationally. The competition and economic downturn currently experienced in Europe as well as the Asian continent has affected the business environment. Finland is not an exception and doing business is becoming more and more difficult.

A potential solution could be to look into other markets, e.g. the Nigerian market with more than one hundred million potential consumers, the largest market in Africa, a rising middle class with increasing disposable incomes, and a huge interest in foreign products.

According to the latest statistics published by the *national statistics bureau of Nigeria, (2014)* with a GDP for 2013 of 80.3 trillion Naira (£307.6bn: $509.9bn) Nigeria is now the biggest economy in the African continent, ahead of the South African economy. Nigeria is the most populated country in Africa with an estimated 170 million people; foreign companies see this country as an investment hub.

(MediaReach OMD, 2013) states that with strong economic growth over the past decade, and Nigeria's huge population presents many business opportunities not just for small and medium size companies but businesses in general. The success of the Nigerian economy shows that despite challenges in Africa the continent is moving faster than as expected.

Small and medium-sized Enterprises (SMEs) are important drivers of growth in economies across Sub Saharan Africa, including Nigeria and they account for up to 90% of all businesses in these countries. Currently, small and medium-sized enterprises represent the majority of firms in most countries and, therefore, play an important role in the economic growth of their respective countries according to *International Finance Corporation, World Bank Group, (2014).*

In response to the lowering of the barriers to international trade, the number of small firms operating in international markets has been increasing over the years as stated by (*Nummela, Loane and Bell, 2006).* Firms that want to internationalize must decide on a suitable mode of entry into a foreign market in order to make the best use of their resources. Once an entry mode has been chosen, organizations limit their tactical flexibility by developing skills and knowledge to support the chosen arrangement.

According to Hill et. al., (1990) each mode has different implications, according to the degree of control that the firm can exert in the international operation, and the resources and risks that it must assume to expand in a foreign market. Therefore, the choice of an appropriate foreign entry mode, in a given context, is a difficult and complex task for the management.

There are many factors which affect a firm's decision on market entry and these factors may be different in each case or similar, but the length at which it varies differs from one company to another. Small and Medium size businesses use different entry modes to adapt to specific situations in their international market entry process and as such internationalize by exporting, licensing, franchising, joint ventures, Green field and wholly owned subsidiaries, and each of these entry modes have their own pros and cons and should be thoroughly scrutinized before being chosen.

Every foreign market has its own problems and the Nigerian market is not different; despite its potentials many challenges remain. One of the issues is insecurity, notably in the north of the country. However, companies can take precautions to make sure they are aware of the potential risk and also mitigate the risk when entering into the market. A good local knowledge will go a long way helping to mitigate these risks.

This paper is a case study of the Vesi Customer relationship management / Enterprise resource planning platform on "How to enter the Nigerian market from a Finnish start-up company`s perspective." The thesis is commissioned by the parent company Development Initiative Finland (DIF).

1.1 Definition of Key Terms

Vesi – It is a Finnish word that stands for **"**water". In the Vesi Value platform the business data and transactions always find their route to wherever information is in need of replenishment.

DIF- Stands for Development Initiative Finland, which is the parent company and founder of Vesi CRM/ERP platforms.

DIF Team - The team consists of the researcher, the vice president of sales, the CRM/ERP system developers, the chief executive officer of development initiative Finland and local Nigerian business developers.

CRM- Customer relationship management, or CRM, is typically an organization-wide business strategy designed to reduce the costs associated with obtaining customers and increasing profitability through customer loyalty as defined by (*Ryan Goodrich, BusinessNewsDaily Contributor, 2013).*

ERP- Enterprise Resource Planning refers to the software and tools that businesses can use to process and manage information from all parts of the company as defined by (*Chad Brooks, BusinessNewsDaily Senior Writer, 2013).*

Market Entry- These are activities that are associated or linked with taking a product or service to a targeted market or country.

1.2 Statement of Problem

Technological progress is a considerable driving force behind economic growth and job creation. Information and communication technologies (ICTs), in particular, are reshaping many aspects of the world's economies, governments and societies.

In developing countries, governments, businesses and people are harnessing the transformative power of ICTs to make public services more efficient, grow economies and strengthen social networks (The *World Bank, 2014).*

To further strengthen the ICT development in Nigeria, the World Bank recently expressed readiness to kick start investment in facilities to promote growth and employment projects.

The International Telecommunication Union reports on the most advanced countries in ICT over a five-year period from 2002 to 2007, showed that out of the top 154 countries, no Third World or developing country was listed. According to the report the most advanced countries in ICT were mainly from Northern Europe (ITU, 2009).

The International Telecommunication Union (ITU) reports further stated that Nigeria has a long way to go, considering such prevailing factors like the limited access to ICT infrastructure, including fixed and mobile telephony service ratio, Internet and broadband service penetration.

Nigeria is, indeed, according to the ITU report (2009), developing in the area of ICT but there are still some loopholes, which are affecting its total advancement in this field.

Even though there is huge potential in the Nigerian market, there are risks and weaknesses which have to be taken into consideration. Nigeria ranks 138 out of 189 on ease of doing business (*World Bank's ease of doing business index, 2014).* This is as a result of various issues like poor power supply, lack of infrastructure, contracts, permits and taxation. In addition, the challenge of corruption and restrictive trade policies has to be understood before entering the market. Nigeria is a future-market with significant growth potential for ICT companies.

However, the business environment is not easy and needs a designated Nigerian strategy. *"For all the challenges of the Nigerian market, if companies do not have a Nigeria strategy they do not really have an Africa strategy" (CEO, SAB Miller, 2009).*

According to Hollenstein (2005), the internationalization process for both small and medium size enterprises involves limitations of financial, technological, management and information capacity to a much higher extent than multinational companies. Small and medium size enterprises also face external obstacles in the form of laws, rules and regulations.

For a start-up company like Development Initiative Finland (DIF), it is more important than ever to have a thoughtful approach on how to enter into the Nigerian market. They need to understand the mode of entry, market trends, the competitive landscape and which prospective customers need the company's product or service etc.

Misunderstood requirements and poorly investigated information typically causes missed opportunities and failures. Without the ability to recognize and utilize competitive information in a timely manner, DIF cannot succeed in the foreign market.

In order to have a smooth market entry, DIF as a Finnish company will have to adapt a strategy that will enable it to understand the host country`s business culture before entering into the market. DIF`s aim is to acquire customer base and create product and service awareness and satisfaction for its target audience and also be profitable as a company.

DIF must know and present the right questions to ask and must analyze their findings carefully in order to enter and operate successfully in foreign markets.

The issue is therefore to explore the foreign market (Nigerian), for the internationalization process of DIF.

1.3 Purpose of the Study

The purpose of this study is to explore the Nigerian market and gain in-depth insight of the market prospect for the Vesi CRM/ERP platform before committing (DIF) to a preferred strategy in entering the market.

The study will serve as a guide for DIF; it will propose a market entry mode and also key factors in making the entry mode effective for the company.

1.4 Research Questions

The thesis will clearly answer the following questions;

RQ1. Why enter into the Nigerian CRM/ERP market?

RQ2. How can internal and external factors influence our market entry mode?

RQ3. What is the most suitable choice of market entry mode for DIF?

RQ4. What are the pros and cons of the Nigerian market?

RQ5. What are the strengths, weaknesses, opportunities and threats for DIF?

The research questions are partially interrelated and should also be seen as a way to structure the thesis.

1.5 Thesis Structure

The structure of the thesis report is divided into five (5) different chapters which consist of an Introduction, Literature review, Research design and methodology, Research findings / interpretation of research results and Summary, recommendations and reflections.

These can be seen in a tabular form and brief summary below;

Table 1: Table showing the thesis structure

Chapter 1	**Introduction**
Chapter 2	**Literature Review/ Theoretical Framework**
Chapter 3	**Research Design and Methodology**
Chapter 4	**Research Findings and Interpretation**
Chapter 5	**Summary, Recommendations and Reflections**

Chapter 1: This chapter comprises of the thesis and research introduction, definition of key terms, a statement of the problem, research purpose, the research questions and the thesis structure.

Chapter 2: This chapter gives an overview of the past research work by looking into literature and scientific studies that discuss about foreign market entry and also a brief summary of the literature in order to understand the framework of the research. The literature review will also enable the researcher answer the research questions that were stated in the study.

Chapter 3: This chapter describes the research methodologies as a qualitative method. It also looks into the research approach, data collection strategy, limitations of the research study, data analysis and interpretation and ensuring the research ethics are comply with the research ethics of Finland.

Chapter 4: This chapter consists of the overview of the case company (DIF), it also gives an insight at the characteristics of the CRM/ERP product and services, the target market the market competition and the reason why the product is made in Finland was also discussed. It also presents the research findings and interpretation and describes the results obtained from the research on the implementation of the methods described in chapter three.

These results include the analysis of PESTLE (Nigerian Market), SWOT (DIF Case company), and information from the interviews conducted.

Chapter 5: The chapter discusses the results obtained from the research work with summary, recommendations and reflections.

2 THEORETICAL FRAMEWORK

2.1 Introduction

The literature review presents previous literature and scientific studies relevant to the research questions presented earlier. The literature covers the motives of entering into a foreign market, factors affecting the choice of market entry mode and also types of entry modes available.

Furthermore, short theoretical descriptions of both PESTLE and SWOT analysis were reviewed. The chapter is concluded with a summary in order to let readers understand the frame of reference.

2.2 Motives for foreign market entry

Extensive research has been carried out on foreign market entry motives. Amongst the research, *Kotabe, M. (2000)* finds that a company initiates its business activities in the domestic market and gradually expands to other markets.

The growth of business trade has affected the form of economic integration, which leads to moving from domestic to internationalization. *Ng, Desmond. (2007)* contends that, the main reasons for companies to internationalize are to stand firm with international competition or business development impacting continuous business operations. Along a similar context, *Rundh, B. (2007)* sees the major significance of this in his research, he feels the success of a company in international business has to distinguish the changes in the international environment and build up the strategies in exceptional competence.

Czinkota, R. (2004) states, motivations are mixed and multiple forms. According to him, **"proactive motives** represent stimuli to attempt strategic change while **Reactive motives** influence firms that are responsive to environmental changes**".** The motives for foreign market entry in this research will mostly be based on the framework of *Czinkota and Ronkainen,* as it will help guiding the analysis in the thesis.

2.2.1 Proactive Motives into Foreign Market Entry

- Profit advantage

- Unique products/ Technological advantage
- Government Incentives
- Economies of scale

Profit advantage

Czinkota and Ronkainen, (2007) explain that profitability is the strongest motivator for a company to enter a foreign market. *Wattanasupachoke, T. (2002)* also state that in general, it is accepted that the leading and the most important motive of foreign market entry in a capitalist economy is the profit maximization by either increasing the revenue or decreasing the cost of production.

Unique products/ Technological advantage

The second major motivator, according to *Czinkota and Ronkainen, (2007)* results from distinctiveness of the company´s unique product or a technological advantage. According to the authors, a company's unique product or service can be able to provide a competitive advantage and result in major business success abroad for the organization.

Government Incentives

Czinkota, R. (2004) asserts government incentives have traditionally played a major motivating factor. Most countries at this time seek foreign investments because of the jobs it will create, the competitiveness it will enhance, and the impact it will have on their trade balance.

Economies of scale

Czinkota and Ronkainen, (2007) the authors explain that foreign market entry generates economies of scale and scope, as a firm moves into international market by using labor and production abroad instead of more expensive domestic resources.

2.2.2 Reactive Motives into Foreign Market Entry

- Competitive pressures
- Overproduction/ Excess capacity

- Declining domestic sales
- Saturated domestic markets

Reactive motives of internationalizing are primarily the external factors of the company and one can view it as the advantages the firms can achieve if they look into foreign markets. They can be viewed as follows;

Competitive pressures

Companies operating in international markets can make the most of firm-specific advantages by replicating competences abroad in order to achieve continuous business growth (*Ng, Desmond. 2007).* According to *Wattanasupachoke, T. (2002)* firms do not only compete with the rivals in home countries, but also with international competitors due to increased competition globally. For any product or service, there are more potential consumers and sales in the world than in any single country.

Overproduction/ Excess capacity

According to *Czinkota, R. (2004)* firms act reactively as well as proactively. There are a variety of reactions; such a prime form of motivation is overproduction and affirms that overproduction caused the great depression**.**

In economics, overproduction can be short-term surpluses in various sectors, where there is not enough demand to meet an existing supply. Indeed, firms may try to use foreign markets as an inventory outlet through a depression in the domestic business cycle (*Czinkota, R. 2004).*

Declining domestic sales

In many cases Finnish firms have internationalized due to unsolicited foreign offers, by receiving orders from foreign markets, which motivates them to move overseas (*Hollensen, S. 2011).* This is a result of declining domestic sales.

Saturated domestic markets

Another reactive motive will be the reaction to saturated domestic markets. More specifically, *Kim, et al. (2004)* considered two factors in the domestic market, **domestic market saturation** and

the company's competitive position in the domestic market. As they suggested, when the domestic market becomes more saturated, the level of firm's globalization motivation increases. In other word, firms internationalize when their domestic market can no longer offer growth opportunities (*Kim, et al. 2004)***.**

Czinkota, R. (2004) states the reactive motivation of a saturated domestic market is similar in result to that of declining domestic sales. The work of *Kim, et al. (2004)* is seen by *Czinkota, R. (2004)* to be in a similar vein that a firm may not find it profitable when the domestic market is saturated.

2.3 Factors influencing our choice of market entry mode

One of the important decisions regarding companies and the international market entry process is the choice of entry mode (*Quer, et al, 2007).* Selecting the right entry mode strategy might have far-reaching consequences on the future performance and survival of the firm, (Ekeledo & Sivakumar, 2004).

When a firm has decided which foreign market to target or enter, the next question will be how to enter the target market. According to findings from researcher *Koch, A. (2001)* there are numerous factors of various strengths affecting the entry mode. The entry mode decision is a complex process with frequent trade-offs between suitable entry modes. The size, product and the overseas experience of a firm are very important factors which determine the different options to acquire a new market for a firm.

Koch, A. (2001) categorizes these factors internal and external company size, product and experience.

2.3.1 Internal Factors influencing market entry mode are;

- Firm Specific Characteristics
- Management risk attitudes
- Company size/ resources
- Product Factors
- Profit Objective
- International experience

Firm specific characteristics

Once established, the mode of entry is difficult to change, because it has long-term consequences for the company (Brouthers and Hennart, 2007). It is a decision that forms the market entry strategy, when companies first consider their own-specific characteristics in relation to their capabilities, resources and competitive advantage in the marketplace. The strong determinant of the capabilities includes superior managerial skills and knowledge provided by employees of the firm, proprietary technology, tacit know-how and business experience.

Hollensen, S. (2010) states that the higher the tacit component of firm-specific knowledge, the more it will favor high control modes.

Management risk attitudes

Foreign markets are considered to be more risky than domestic markets. *According to Koch, A. (2001)* the degree to which the firm will accept different international business risks generally depends on the company's financial condition, its strategic alternatives, the competitiveness of its competitive atmosphere and its experience.

Carpenter et al., (2001) explains that companies which have better knowledge of foreign cultures and business practices through international assignment experience are better able to cope with uncertainty associated with international operations and thus they typically perceive foreign direct investments as less risky than executives without such experience.

Company size/ Resources

Koch, A. (2001) states that company size influences on companies' autonomy of alternatives in market entry mode selection. The relevant alternatives depend on industry-specific resources.

Export entry modes are low control modes, with lower resource commitment and may therefore be more suitable for SMEs (*Hollensen, S. 2010).* While greater size implies greater availability of financial and managerial resources, which makes it easier to set up fully-owned subsidiaries (*Tallmand and Fladmode-Lindquist, 2002).*

Product Factors

Root, F. (1994) stress the common view that highly differentiated products with distinct advantages against competitive products give sellers a high degree of pricing discretion. Within the literature, these distinctive products are able to absorb high unit transportation costs and still remain highly competitive in a foreign target country.

Profit Objective

Koch, A. (2001) affirms that profit target set by the company affect the choice of market entry mode. It also depends upon the way a company sets its strategy, which way a company chooses to enter a new international market and the targets for profits can vary. The author argues that it is difficult to earn a profit in a long term by choosing the "profit quickly option".

International experience

According to *Hollensen, S. (2010)* international experience can be attained through operating in a specific foreign country or abroad in an international environment. The researcher believes, international experience is important in the detection of opportunities and risks. This significantly makes the cost and uncertainty lower as well as creates a higher level of likelihood for committing resources to foreign markets. For instance, an experienced firm that has already built up the local market knowledge is likely to avoid hazards by internalizing market transactions.

Koch, A. (2001) argues that the international experience factor can also be influenced by the market entry mode selection. The author state that firms which have collected knowledge in a country or region do prefer investing in the region rather than seeking export modes.

2.3.2 External Factors influencing our Choice of Market Entry Mode are;

- Home country factors
- Target country market factors
- Target country environmental factors
- Target country production factors

Home Country Factors

Market, environmental and product factors in the home country also influence a company's choice of entry mode *(Root, F. 1994).* The competitive structure of the home market affects the entry mode. Higher production costs in the home country compare to the foreign target country encourage entry modes involving local production, such as licensing, contract manufacturing and investments.

In addition the home country government can offer tax incentives to encourage exporting or foreign investments. These types of incentives further increase the motivation of local firms to gradually move into foreign markets.

Target country market factors

Higher potential markets tend to get more involvement from the management and they simply chose an entry mode with a lot of own commitment (*Hollensen, S. 2007).* Apart from the market size factor, attractiveness of the target country, including host countries market competitive structure, population structure, per capita income, bilateral trade, legal system, political, economic, social and culture, and technology issues. According to *Root, F. (1994)* the size of the target market plays an important influence on the entry mode.

Target country environmental factors

Besides, the environmental factors of governmental policies and regulations, also restrictive import or investment policies will affect the choice of entry modes. For instance, the empirical evidence proposed by *Root, F. (1994)* states that restrictive import policies discourage an export entry mode in favor for other modes. Also, the host market risks which refer to the perceived discontinuity if unpredictability of the political and economic environment should also be considered.

Target country production factors

Root, F. (1994) explanation of production factors is a good example, such as low production cost encourages some companies for local production as against exporting and high costs against local manufacturing. Production factors concern, for example quality, quantity and costs of materials, labor and other production input as well as the infrastructure.

2.4 Types of entry modes

According to *Friesner, T. (2014),* a *mode of entry* into an international market is the channel by which organizations employ to gain entry into a new international market. He considered several key alternatives mode of entry, but recognizes that alternatives are many and diverse.

The following modes of entry into international markets were considered by *Friesner, T. (2014)*;

- Internet
- Exporting
- Licensing
- International Agents/Distributors
- Strategic Alliances and Joint Ventures
- Greenfield /Overseas Manufacture and International Sales Subsidiaries

Internet

Friesner, T. (2014), states that the Internet is a new channel for many firms and the sole channel for a large number of innovative new companies. The e-Marketing space consists of new Internet companies that have emerged as the Internet has developed, as well as those pre-existing companies that now employ e-Marketing approaches as part of their overall marketing plan and possibly sales platform. The Internet has improved and also changed the traditional way of doing business for many organizations and has served as an additional channel.

Exporting

Hill et al. (1990) define exporting as the moving of goods from the home country to a foreign country and selling them locally. A function of international trade whereby goods produced in a country is shipped to another country for sale or trade. The sale of exported goods adds to the producing nation's gross output. If used for trade, exports are exchanged for other products or services.

Exports are one of the oldest forms of economic transfer, and occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies.

According to *Friesner, T. (2014)* there are **direct** and **indirect** approaches to exporting to other nations. Direct exporting firms make a commitment to market overseas on its own behalf. This enhances a greater control over firm brand and operations overseas. Indirect exporting involves employing a home country agency which handles exporting on your behalf to get your product into an overseas market.

Licensing

Licensing is where a parent organization charges a fee or royalty for the use of its technology, brand or expertise (*Friesner, T. 2014).* This could be in the form of franchising, Turnkey contracts and contract manufacturing.

International Agents/ Distributors

Friesner, T. (2014) views agents as individuals or organizations that are contracted to a firm`s business and market on the firm`s behalf in a particular country. They rarely take ownership of products, and more commonly take a commission on goods sold.

Distributors are similar to agents, with the main difference that distributors take ownership of the goods.

Strategic Alliances and Joint Ventures

Strategic alliances (SA) is a term that describes a whole series of different relationships between companies that market internationally, this relationship can sometimes be among competitors while *Joint Ventures* is more equity-based, i.e. a new company is set up with parties owning a proportion of the new business as stated by (*Friesner, T. 2014).*

A joint venture is the establishment of a firm that is jointly owned by two or more independent firms (*Hill et al., 1990).* In joint venture investment resources are put together for the purpose of accomplishing a specific task.

Greenfield /Overseas Manufacture and International Sales Subsidiaries

Hill et al. (1990) define Greenfield as when a firm owns 100 percent of the stocks either by setting up a new operation in a country or by acquiring an established firm. It can also be classified as green field investment and joint venture as an investment entry mode.

It is a form of foreign direct investment (FDI) where the company starts a new business operation in a foreign country. The companies in this form also create new long-term jobs in the foreign country by hiring new employees and also having its local office and presence in the foreign country.

According to *Friesner, T. (2014)* an International Sales Subsidiary would be similar, reducing the element of risk, and have the same key benefit.

2.5 PESTLE Theoretical Description

According to *Dcosta, A. (2011)* the PESTLE Analysis history is quite vague. There is no major documentation of credits given to any particular individual or organization for pioneering this analysis. However, from citations and records of its earliest uses, there are a few individuals who are considered important in connection with PESTLE. Examples of such authors are;

Arnold Brown: In the early 1970's, Brown focused on "STEP" (Strategic Trend Evaluation Process) and outlined the environmental factors as STEPE (Social, Technical, Economic, Political and Ecological). After a decade of Brown's STEPE analysis in the 1980`s, many people tried to define the environmental factors in many ways, thus resulting in PEST, PESTLE, STEP and STEEPLE analysis *(Dcosta, A. 2011).*

PESTLE analysis forms a much more comprehensive version than SWOT analysis when analyzing a target market a company is planning to enter. Moreover, the PESTLE concept is used as a tool by companies to track the environment they are operating in or are planning to launch a new product and service in a country.

PESTLE key factors exist or emerge in the external environment of the company and suggest how they will, or might impact on future strategy and resources of the company. These factors are; Political, Economical, Socio-cultural, Technological, Legal and Environmental factors *(Johnson and Scholes, 2002).* Furthermore, *Johnson and Scholes (2002)* emphasis that the importance of these factors will differ from company to company.

Table 2: Contents of the individual PESTLE frame

Political	The Focus is on Taxation, Foreign trade regulations (importation laws), Migration laws etc.
Economical	Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns, etc. It also accounts for the FDI (foreign direct investment)
Socio Cultural	The Focus is on the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc.
Technological	This refers to automation, research and development and the amount of technological awareness that a market possesses.
Legal	Legal analysis takes into account, for example, company laws, consumer laws, safety standards laws, labor laws etc.
Environmental	Focus on Ecological/Green policies and values etc.

(Source: http://pestleanalysis.com)

2.5.1 PESTLE Analysis applications

Dcosta, A. (2011), outlined the following areas by which PESTLE Analysis can be applied;

Business Planning: In this area, it forms a safe start for a business endeavor. It provides the management with data, feedback and information about the factors involving a business decision. When used along with the SWOT Analysis, it can help identify the major threats and opportunities that a business decision will face.

Marketing: it can highly influence the marketing environment of a product or service. It also determines the strategies adopted in marketing based on information obtained through this analysis.

Product Development: In order to decide on a product to be developed, knowing the external factors of the project via the PESTLE Analysis helps decision- making.

Organizational Structure: While PESTLE Analysis takes into account the major external features, it also affects the organizational structure, especially when decisions on changes to be made come into play. For example, it may concern the political makeup of the organization or the fiscal factor of project funds.

Research: PESTLE Analysis is a good way to study the environmental factors affecting a project. While it may be relevant to a current project, documented reports of risks may be referred to during future projects facing similar conditions.

Organizations may also wish to apply the factors into geographical relevance e.g. locally and internationally.

2.5.2 PROS and CONS of PESTLE Analysis

According to *Dcosta, A. (2011)* PESTLE Analysis which is a tool that is used to identify and analyze the key drivers of change in the strategic or business environment has its pros and cons which are stated below;

The pros of using the PESTLE tool are:

- It is a simple tool and can easily be understood and used efficiently.
- PESTLE as a management tool helps understand the business environment better.
- The tool encourages managers and businesses to develop strategic thinking.
- The tool helps reduce the effect of future business threats.
- The tool enables projects and businesses to spot new opportunities and exploit them effectively.

The cons of using the PESTLE tool are:

- PESTLE analysis makes users to over-simplify the data that is used. It is easily possible to skip important and necessary data.
- It requires to be updated regularly for the PESTLE analysis to be effective.
- The tool is most effective when users come from different perspectives and departments.
- PESTLE as a tool requires users to have access to data sources which could be time consuming and expensive.

- Much of the data used by the PESTLE tool is on an assumption basis.
- The business environment is changing drastically. Therefore, it is becoming increasingly difficult for businesses and projects to anticipate or forecast developments.

2.6 SWOT Theoretical Description

Wikipedia credits the SWOT technique to Albert Humphrey, an academic at Stanford University, who based it on an analysis of Fortune 500 companies that he carried out in the 1960s and 1970s.

According to *Friesner, .T (2014)* one thing is true and that is if you conduct your own review of the literature on SWOT that there is no obvious history of thinking on the topic i.e. that it has no documented epistemology. *King (2004)* also recognized that it was tricky to track down the origins of the acronym SWOT. He cites *Haberberg (2000)* as stating that SWOT was a concept used by Harvard academics in the 1960s, and *Turner (2002)* attributing SWOT to *Igor Ansoff (1987),* of Ansoff's Matrix fame. Again, despite their interest in the concept of SWOT Analysis, none of these respected authors actually cite its origins.

SWOT framework is based on the assumption that if managers carefully review internal strengths and weaknesses and external threats and opportunities, they can plan and select a useful strategy for ensuring business success. *Start and Hovland, (2004)* state that Strengths and Weaknesses help identify where new resources, skills will be needed.

They both refer to technical, financial, promotional, networking, knowledge or competency based factors internally crucial to the business. Weaknesses can be seen as those things not efficient or less efficient in the business objectives.

According to *Start and Hovland, (2004)* Opportunities and Threats describe what is going on outside the organization, or areas which are not yet affecting the strategy but could do.

Table 3: Contents of the organizational SWOT frame

	Helpful (To achieving the objective)	Harmful (To achieving the objective)
Internal (attributes of the organization)	Strengths	Weaknesses
External (attributes of the organization)	Opportunities	Threats

(Source: http://www.virbusgame.eu/virbus)

2.6.1 SWOT Analysis applications

According to the *Economist (2009)* a SWOT analysis can be applied to different aspects of a company's business, such as its capability or its skills. The simplicity and intuitive wholeness of the framework have helped to make it extremely popular with both corporations and governments.

- SWOT analysis can be applied for business planning purpose
- It can be used for organizational strategic planning
- It is applied during the companies` decision to outsource a service, activity or resource
- It can facilitate businesses to pin point investment opportunities
- It can be applied when business has to evaluate its competition
- Applicable for marketing and method of sales distribution
- For product development and research result purposes

2.6.2 PROS and CONS of SWOT Analysis

A SWOT Analysis is highly instrumental in the company´s strategy formulation and selection. However, SWOT Analysis is also not free from its limitations and shortfalls.

It may cause organizations to view circumstances as very simple because of which the organizations might be overlooking certain key strategic contact which may occur *(Management Study Guide, 2013).*

Pros of Doing SWOT Analysis

- It enables company´s work out where it is doing well, and where it is doing poorly.
- Helps to look at firm from a different angle.
- Helps in the planning process, e.g. where to expand, how to attract customers.
- Helps set clear goals on how to turn the firm around.
- It helps in knowing past, present and future, so that by using past and current data, future plans can be carried out.
- SWOT analysis enhances company´s response to opportunities.
- SWOT carried out by an external consulting may prove to be stronger for the organization.

Cons of SWOT Analysis

- Poor management
- Hard to predict all threats and opportunities.
- Some economic and political events are outside of management control, for instance, negative economic climate and adverse government legislation
- SWOT analysis may not change anything. It may only show the company where it is doing well and performing poorly. As such a strategy may still be required.

2.7 Summary

The conceptual framework from the studied literature in the thesis helps to guide in answering the research question and each of the presented theory is connected to the research questions. To actualize this chapter relevant literature was selected, discussed and reviewed.

The motivational theory framework of foreign market entry from the studied literature helps to answer the question on Why enter into a foreign market?

They are divided into proactive firms and reactive firms as motivations are mixed and in multiple forms *(Czinkota, R. 2004).* However, each of the discussed theories is connected to the research question and also will guide (DIF) in their process of foreign market entry.

The presented theoretical framework also shed the light of the second research question on, how can internal and external factors influence our choice of market entry mode? Strong determinants of the capabilities include superior managerial skills and knowledge provided by employees of the firm, proprietary technology, tacit know-how and business experience.

Hollensen, S. (2010) state that the higher the tacit component of firm-specific knowledge, the more it will favor high control modes. The external factors also considered issues like Home country factors, Target country market factors, Target country environmental factors, Target country production factors as influencing the company`s decision on market entry mode selection.

The research also looked at literature that will enable the researcher answer the third research question on what is the most suitable choice of market entry mode for DIF? *Brouthers and Hennart, (2007)* state entry mode is one of the most critical strategic choices, as it affects the firm's future decisions and operations in the selected country market. The literature review outlined the different types of entry modes as they all have their advantages and disadvantages for (DIF).

The types of entry mode include Internet, Exporting, Licensing, International Agents/Distributors, Strategic Alliances and Joint Ventures, Greenfield /Overseas Manufacture and International Sales Subsidiaries

In order, to answer the fourth research question of what are the pros and cons of the Nigerian market? The research looked into a theoretical framework of PESTLE that will help to guide in analyzing the market. A SWOT analysis and its applicability were also discussed in the chapter as to understand organizational strengths, weaknesses, opportunities and threats. This will also help guide the researcher in answering the final research question.

3 RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter describes the design and methodology that was adopted by this research study. The purpose of this chapter is to describe the methodologies employed and their applicability in the thesis. The chapter is presented in different sections that include the research design discussion, the research approach details, research methodology and the data collection strategy, limitations of the study, data analysis and interpretations and also ethical considerations of the research.

The research is based on qualitative method which aims to get a better understanding through experience, observation, interviews and reporting.

Furthermore, the chapter also explains how I have dealt with issues related to the quality of the research.

3.2 RESEARCH DESIGN

Research design provides the plan or framework for data collection and analysis. It reveals the type of research, whether descriptive, exploratory or unstructured and the priorities of the research (*Ghauri and Gronhaug, 2005).*

The research is based on a qualitative method, and the reason behind using this method was due to the anticipated flexibility in the nature of this research. *Foster, T. (1998)* argues that qualitative research stresses on processes and meanings that are not strictly examined or even measured in-terms of quantity intensity and amount. The researcher states that qualitative research is inductive, interpreting and constructive.

There are several specific criteria for qualitative methodology such as in-depth understanding and exploration. The purpose of this research is to explore the market and gain in-depth insight on options available for the Vesi CRM/ERP platform entering the Nigerian market before committing to a preferred strategy, for this reason the research approach is qualitative.

3.2.1 RESEARCH APPROACH

Yin, K. (1994) states that there are five research strategies, namely; experiment, survey, case study, history and archival analysis. The research is based on a case study. *Yin, K. (1994)* argues that case study is the most suitable way to answer when question is in a form of **how, when and why,** and there is no control over behavioral events and the focus is on contemporary events. In order to provide evidence of research problem an empirical detailed investigation was performed by means of direct and indirect observation and experience by making sense of it in a qualitative form.

In order to approach my research questions and answer them, the case study took an in-depth study on how to select foreign markets and what kind of market entry mode is applicable to the case company (DIF). The research also looked at how internal and external factors influences have in making these decisions.

The PESTLE concept is applied in analyzing the macro-environment of the case company (DIF) and the SWOT analysis was applied to guide and identify the positives and negatives inside the company.

3.3 RESEARCH METHODOLOGY

This section deals with the means and techniques through which data was collected for this research. The primary data collected was that of unstructured interview through phone meetings and inquiries, observation of the market in the previous business visit in the target country from (DIF) prospective clients, information gathered from the embassy of Nigeria in Sweden and first hand local knowledge from the market.

Ghauri and Gronhaug, (2005) say that primary data could be gathered through various sources like personal interviews, verbal reports and observation**.** An advantage in adopting this method is that information is gathered first hand and there are less chances of biasness.

The case study research involves data collection through multiple sources such as verbal reports, personal interviews, focus or target groups, electronic observations as primary data sources (*Ghauri and Gronhaug, 2005).*

Ghauri and Gronhaug, (2005) they affirm that researchers also use secondary data which were collected through different sources. Secondary data were also collected through different sources in the research, such as using online databases, Magazines, Newspapers, books, journals, articles and web sources and contacting the company via mails.

3.3.1 DATA COLLECTION STRATEGY

Amaratunga and Baldry, (2000) they point out that case study is a research strategy which focuses on understanding the dynamics present within single settings and usually refers to relatively intensive analysis of a single instance of a phenomenon being investigated.

The chosen research approach for this thesis, which is qualitative method was structured in the following settings;

Interviews

Interviews were designed in order to meet the demand of the research questions and the purpose of the research (see appendix for an interview guide). The questions investigate; what are the internal and external factors which influence companies in the selection of market entry mode for the Nigerian market. A set of short interviews was conducted with a sample of 2 individuals in companies selected within the target market clientele. Ethical issues were agreed upon (privacy, anonymity, confidentiality, etc.).

The data collection strategy was conducted with semi-structured interviews which consisted of key questions that helped to define the areas to be explored, but also allows the interviewer or the interviewee to diverge in order to pursue an idea or response in more detail. Information was collected mostly through notes while interacting with the respondents.

The team in the DIF (Vice President Sales, The researcher and also the business developers) worked with 2 different business sectors as they met the selection criteria, they form part of the target business sector for the VESI CRM/ ERP platform in Nigeria and they are also prospective clienteles. These sectors are the Hotel, Health and Health Insurance service sectors.

The companies are operating in Nigeria and also know what the domestic market and associated business problems in their field of business. Questions were asked to the 2 respondents from (Hotel, Health/ Health Insurance service providers) based on their experience.

Observations

The DIF team (Vice President Sales, and also the business developers) has also been on the ground in Nigeria to directly observe phenomena in the market. Field notes were taken during the trip and were focused on what was seen. The notes were unstructured in character.

Knowledge of the target market and country

The DIF team also employed their already existing local knowledge of the market when collecting data which is very important and also forms a key strength for the PESTLE and SWOT analysis. This was done through personal observations and investigations of the market and also with the help of their (DIF) local employees.

Review of documents

Documents were collected through internal sources made available from the case company DIF *(VESI Value Platform - Sales Planning Material) and* external documents published by the Government of Nigeria and also other international organizations like the *United* Nations Conference on Trade and Development.

Physical Meetings

Direct interaction with business individuals on a one to one basis was applied when collecting the data by the DIF team from Nigeria. Trade meetings and business seminars organized by the Nigerian government, Finpro (The Finland foreign trade and investment promotion) and the embassy of Nigeria in Sweden forms part of the researcher and the DIF team data collection.

Internet and Telephone Call Meetings

According to *Carr and Worth, (2001)* telephone is used less often than face-to-face interviews in qualitative research, but it`s nevertheless a versatile data collection tool. Due to the proximity and busy life schedules of DIF clienteles, the management team also conducted several Internet (Skype) and telephone meetings.

It would have been time and cost intensive to conduct face-to-face interviews and conduct extensive travelling. Using modern technology like mobile phone calls and Skype made it easy to collect our data, e.g. we were able to accommodate the participants in meetings considering their proximity and timings.

3.3.2 REFLECTIONS

The length of interviews, meetings and discussions differ, as some lasted for 30-60 minutes, while others lasted several hours in order to explore significant depth. The purpose of the research interview was to explore views, experiences, beliefs and motivations of individuals on investment matters.

The respondents (each respondent from the two companies, sectors which are the Hotel, Health/Health Insurance service providers) were cooperative with the DIF team. They did provide us with relevant information to the research questionnaires and also took their time in participating in the interviews, telephone meetings and discussions.

3.4 LIMITATIONS OF STUDY

As many researches may face some limitations in carrying-out the study, this was not an exception. *Ghauri and Gronhaug, (2005)* they state that "Research is a process of planning, executing and investigating in order to find answers to our specific questions".

First of all, CRM and ERP businesses in Nigeria are relatively small, as it is mostly used by big multi-national foreign companies in Nigeria and a few locally run big companies and gathering data proved to be difficult.

Online information and statistical reports are less available compared to developed countries where these records can be sourced online.

3.5 DATA ANALYSIS AND INTERPRETATION

In qualitative studies research design, data collection and analysis are simultaneous and continuous processes (*Bryman and Burgess, 1994).* The process of making data manageable for analysis and actually developing an analysis are two distinct activities, however the two sets of activities may become blurred in practice (*Mason, J. 2002).* The data analysis in this research study was performed by un-structured questions and interviews were used for respondents in the research study.

The data is organized in such a way that it is simplified and conclusions can also be drawn. Furthermore, the DIF team also reviewed the already available and analyzed data from the secondary resources that were available.

Therefore, this research study can be categorized as a case study analysis in reference to *Yin, K. (2003)* state that case studies are generalizable to theoretical propositions and that case study “does not represent a 'sample', and in doing a case study, your goal will be to generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization)".

Validity and reliability of findings and results are key issues in this research. While the validity has to do with whether the results obtained within the study are true as well as whether findings can be generalized in other cases or contexts. Whereas reliability has to do with the stability or consistency of the measures employed (Ghauri *and Gronhaug, 2005).*

Interviews, observation and investigation were conducted based on selected target industries and respondents, as they meet (DIF) requirements. *Yin, K. (1994)* defined a case study as an empirical investigation into the contemporary phenomenon operating in a real-life context. It is particularly valuable when there is no clear definition between the phenomenon and the context itself.

Empirical data collected were analyzed and interview notes collected were arranged and systematized in themes by the researcher, since it was not a recorded phone interview. The research questions were also put together in a way that meets up with the case company required standard.

3.6. RESEARCH ETHICS

According to the *National advisory board on research ethics of Finland, (2009)* and its proposed ethical principles of research in the humanities, social and behavioral sciences were also considered while undertaking my interviews.

The respondents providing the information were informed of the purpose and study of the research. Participation in the research was made voluntary and respondents are obliged to withdraw from the study at any time without consequence.

Verbal consent was agreed upon and the trust of me being a citizen of Nigeria and my involvement in setting up the case company was acknowledged by the respondents prior to commencing the interview. The researcher verbally agree with the respondents that their right to privacy and integrity as a person will be protected and sensitive issues of the research work would be maintained during and after the research and also will be treated as confidential. This led them not to disclose their companies` names during the interview.

I also tried to assure the respondents that the research study would be protected or safeguarded against any form of mental harm, financial and social harm, injury or damage against them by not sharing this information with external parties that are not directly involved.

The data collection of the research took place in the participant's own environment or through links via technological means.

4 RESEARCH FINDINGS AND INTERPRETATIONS

4.1 INTRODUCTION

This chapter deals with the empirical data and qualitative analysis that will also be used to answer the research questions. It will be in line with the theoretical framework of the thesis. The findings from the interviews, DIF team observations, investigation and other data collection obtained from the target market were also interpreted.

4.2 Motives for DIF to enter the Nigerian market (RQ1)

Development Initiative Finland (DIF) is a legal entity registered and established under the laws of Finland in 2013. The company is desirous of conducting business in Nigeria in the aforementioned sector of CRM/ ERP.

The founders, product and program developers are Finnish citizens, while the business developers are Nigerians. The Chief executive officer **(**CEO) and also the VP Sales had taken a business trip to Nigeria in a move to analyze the CRM/ERP market potentials in Nigeria**.**

DIF proposed to launch its Vesi CRM/ERP platform in Nigeria after May, 2015 of the National elections in Nigeria, in order to curb any unforeseen political uncertainties. However, the case company is working in-line with prospective clients to help build their systems and the VESI CRM/ERP platform.

4.2.1 Uniqueness of the product

The first main motive of DIF going into the Nigerian market is the uniqueness of their product they can offer in the market. This motivation points to one of the proactive motives into foreign market entry as pointed out in the literature by *(Czinkota and Ronkinen, 2007).*

The Characteristics of the Vesi Platform CRM/ ERP system shall include, but is not limited to the following;

- Maintain an updated database of all assigned customers (i.e. customer information, value, growth trends, innovations)
- Ensure optimization of customer relationship management in the Key accounts channel
- Regular update for the clients to maintain full awareness of the infrastructure status and be proactive in resolving problems
- Increasing the Customer base of the company in line with the objectives assigned
- Maintain long-term profitable relationship with the customer base
- Should be able to understand the clients current structure to enable position the company's solutions accordingly
- Ensure continued revenue growth and customer retention
- Updating designated revenue targets build pipeline through constant engagement of customers and develop as well as strengthen the sales funnel.
- Online chat with both customers and potential customers
- Sales, delivery, billing, production, inventory management, and human resources management / administrative records and data.
- Recording of Logistics, distribution, inventory, shipping, invoicing, and accounting for a company.
- Built for leisure, recreational industries, business operations etc.
- Account management, contact management, appointment management, lead management, case management, product and service database, reports and free-to-use license with feedback clause.
- Track your purchase orders from acceptance through fulfilment, manufacturing, human resources and supply chains
- Collaboration Features, secure cloud backup features, offline and online use, peer-to-peer data exchange, Opportunistic Network Utilization, can be used on any device as long as your device has compatible HTML5 web browsers etc.
- Customized features, ease of payment methods and regular updates for individual companies/clients.

(VESI Value Platform - Sales Planning Material, 2014).

Due to the poor ICT infrastructure in the Nigerian market, poor power and electricity supply, DIF are working on a unique system that will enable its clientele to be able to access their CRM/ERP systems in the rural areas of Nigeria where the ICT infrastructural problems are more severe. This could give DIF an edge over their competitors in the market, as the competition is less existence at the moment.

The most unique attributes of the product were described by the respondents during the team meetings/interviews as **Modernity**, **Simplicity** and **Compatibility** of the clients' business operations and service needs. The attributes of the product in general from the interview respondents find the product to be unique and serve their business needs.

4.2.2 Economies of Scale and Profit Making

The second motive of DIF going international is characterized by the ERP/CRM market potential in Nigeria. This motive relates to the proactive motive of market entry in terms of; economies of scale and profit making. These motives have ignited DIF to move overseas with its product and services.

Jeremy Waterman, MD Softline Accpac and Sage MMD Africa, (2012) state that ERP and CRM solutions are designed for large corporations and typically come with appropriately a large price tag on the African market and Nigeria is not an exception.

Furthermore, he commented that ERP and CRM software vendors have adopted this kind of approach in the market, not realizing that they are entering a different playing field where the average company is no larger than an upper mid-market in size.

Due to the lack of credible upper mid-market software vendors in the market companies have, in the past, had to compromise and buy lower mid-market products or overspend on solutions that are better designed and suited for very large global enterprises (*Jeremy Waterman, MD Softline Accpac and Sage MMD Africa, 2012).* The VESI CRM/ERP platform will be focusing on the lower mid-market, but will also have large corporations as their target clientele.

Nigeria has a significant future-success-story. As the largest market in Africa, the country has a population of about 170 million people. According to the *United Nations population forecast, (2013)* this number is set to double by 2050 to about 440 million people.

There are 36 states and eight anchor cities in Nigeria with populations up to two million each. These developments show huge potential for future investment and business activity.

Nigeria is the number one destination for Foreign Direct Investment (FDI) in Africa and with the fourth highest return in the world. FDI inflows to Nigeria stood at $25.07billion in three years, according to the *United Nations* Conference on Trade and Development *UNCTAD Report, (2013).*

"Finns are reluctant to consider new markets on board," claims *Kari Häyrinen, CEO of Finpro, (2010).* Formerly known as the Finnish Foreign Trade Association, *Kari Häyrinen, (2010)* state that Africa could offer more significant market opportunities for Finnish companies than those markets where competition is tough.

A most recent recommendation made by an expert from the Finnish Ministry of foreign affairs *Kari Alanko, (2014)* re-affirms that Africa is the fastest growing market and the economic development will offer great opportunities for Finnish companies. A lot of new opportunities are open in Africa, which is primarily due to the fact that the economy has done an enormous amount of positive development.

Kari Alanko, (2014) does not mean that the problems in Africa have been eliminated, but there is a new rise in the market and Finnish companies and investors can avail themselves of the opportunities.

The World Investment Report by the *UN Conference on Trade and Development, (2012),* shows that FDI inflows to sub-Saharan Africa increased from $29.5 billion in 2010 to $36.9 billion in 2011, a level comparable to the peak of $37.3 billion achieved in 2008, prior to the onset of the global financial crisis.

However, with the growth of the market it will be advised that the government strategy on developmental issues, investment friendly policies and market entry conditions for investment should be streamlined to ensure a consistent and effective future growth.

Nigeria comprises of 36 states and the Federal capital Abuja. These states are sub-divided into 6 political regions. There are commercial activities all over the states in the country and they are interconnected in terms of doing business.

These locations and key commercial/ economic cities in the country proposed to DIF will be worth considering in locating offices when doing business in the Nigerian market. See table below;

Table 4: Table of commercial/economic cities in Nigeria

Cities	Location / Region, and economic activities description
Lagos	**SOUTH WEST** Lagos State is the most economically important state of the country. It is worth locating DIF head office in Lagos.
Port Harcourt	**SOUTH SOUTH** The Oil and Gas Hub for Nigeria and West Africa. This location can serve as a DIF South South office and clientele in that region.
Kano **or** **Kaduna**	**NORTH WEST** Kano and Kaduna are the developed metropolitan cities and economy in Northern Nigeria with good levels of commerce. DIF also require an office located in one of these cities as to cater for the clienteles from this region.
Abuja	**NORTH CENTRAL** Abuja is known as the political capital of Nigeria and is gradually becoming an Economic center in Nigeria, and Abuja houses all most every foreign embassies and NGO`S. DIF requires its presence and office in the capital of Nigeria.
Aba **or** **Onitsha**	**SOUTH EAST** These cities are big trading center in the southeast region of Nigeria. DIF locating an office in any one of the cities can cater for the CRM/ERP needs of companies in the region.

The Vesi CRM/ERP platform, which is designed to support the upper, mid-market and small companies, these locations will give DIF opportunity to have market share in the Nigerian Market.

There will also be a need to target and design customized packages for DIF target clienteles and also designs packages that will boost the mode of business operations for small and medium-sized companies.

The interview respondents and DIF potential clients attest to the huge target market and expansion possibility within the sub Saharan African market in a shortest possible time. This is reaffirmed by *Waterman, J. (2012)* who states that the African market is hungry for technology and demands that new features are made available a lot faster than before to help ease their business operations. As a result, the average business in Africa is driving their business in this direction and hence there is a need for ERP and CRM solutions that are able to adapt and address the needs of this growing market.

4.2.3 Saturated Domestic Market

The third motive from the DIF point of view is connected to reactive motives into a foreign market in the literature, which are competitive pressures, saturated domestic market and declining domestic sales.

The Vesi Platform strategy and structure of the firm affects the competitiveness of the firm. The ICT industry in Finland has reached its maturity stage and poses as one of the best globally, while the ICT industry is still at its birth stage in Nigeria. According to *Czinkota, R. (2004)* firms in a saturated domestic market situation can use the international market to prolong their product life cycle and of their organization.

DIF has designed its strategy to attract rival customers through best technology and solutions, numerous offers and aggressive campaign.

DIF see less competition in the Nigerian market, but a huge gap and demand for the unique Vesi CRM/ERP platform.

This can be ascertained from the various interviews and meetings held with potential clienteles in the Nigerian market. At the moment the respondents from the companies have been working towards developing the product to fit their business needs by specifying their operation requirements in the build up phase of the Vesi CRM/ERP platform.

4.2.4 Government Incentives

The fourth motivation for DIF is geared towards Government incentives from a proactive motive of foreign market entry. According to the literature reviewed, *Czinkota, R. (2004)* asserts that most countries seek foreign direct investment (FDI), due to the opportunities it will create and the impact it will have on their trade balance.

Finland is one of the world leaders in developing information applications that support the development of industry. Finland is ranked 11th in ICT Infrastructures in the world *Global Competitiveness report, (2013).* Finland and Nigeria are in a process of strengthening their co-operation on trade relations, during the last years, the bilateral relations between Nigeria and Finland have been active.

A visit of the minister of Foreign Trade and Development of Finland in conjunction with FINPRO, Dr. Paavo Väyrynen was made together with a Finnish business delegation in 2010 to Nigeria. Tarja Halonen, the former President of the Republic of Finland visited Nigeria in 2009 and also a Nordic business delegation visited Nigeria in 2010.

The President of the Republic of Nigeria made an official visit to Finland in November 2004 at a trade meeting. The Agreement on the Protection and Promotion of Investment between Finland and Nigeria was signed during the visit of the Minister of Industry of Nigeria, Mr. Magaji Muhammed in 2005. The Nigerian Trade Mission and the Honorable Minister visited Finland on December of 2012, was a major success and promised better times for trade and investments between Finland and Nigeria.

Trade numbers between Nigeria and Finland during 2007–2011 shows that trade between the two countries over the years is low (see table 5 below).

According to the *Embassy of Finland in Nigeria (2013),* the Nigerian market is challenging but with a right strategy and good partners even bigger profits are possible. Nigerians and their companies wish many different services from Finland. Encouraged by this Finland should try to develop new ways to cooperate with firms and increase Finland's trade in the country.

Table 5: Table shows trade figures between the countries from 2007-2011

Million EUR	2007	2008	2009	2010	2011
Finnish Exports	104.3	67.6	61.5	47.8	23.4
Finnish Imports	0.3	0.2	0.1	0.1	1.7
Trade Balances	103.9	67.4	61.4	47.7	21.7

(Source: Finnish Customs)

Recently, some Finnish firms have started their business in Nigeria and some companies already have trade worth millions of Euros. They are positive about their future in the area and this confirms the business potential for new arrivals too *(Embassy of Finland in Nigeria, 2013).*

Therefore, Finland and companies such as DIF should take advantage of these opportunities.

4.2.5 Conclusion

The analysis reveals four (4) major motives for entering into the Nigerian market by the DIF.

In order to answer the research question (RQ1), at this point DIF as Start-up Company has been motivated to enter into the Nigerian market as a result of some proactive motives of foreign market entry;

- Uniqueness of their product and technological advantage
- Economics of scale and Profit advantage
- Saturated Domestic Market
- Government Incentives

4.3 Factors influencing the choice of market entry mode for DIF (RQ2)

A thorough assessment of the literature on external and internal factors affecting the market entry mode points out to different reasons affecting firms' market entry mode and some are applicable to the DIF;

4.3.1 Firm Specific Characteristics

The first internal factor influencing DIF choice of market entry mode is the firm specific characteristics. DIF has taken a good starting point to review and evaluate their core activities in the market, in terms of the products and services that they will offer.

Furthermore, DIF possesses competent managerial skills backed by competent product developers with long experience in information technology and also local business developers that understand the Nigerian market.

This is based on the DIF specified quality of product and service to potential customers which is seen as **Modern**, **Simple** and **Compatible** with their clients' business operations and service needs. It has thus determined DIF entry mode choice, such as wholly owned mode in new ventures by the company.

4.3.2 Management risk attitudes

The second factor influencing DIF choice of market entry mode is aimed at the company's management strategy on having full control of their business including the intellectual property rights (IPR).

The DIF management perceives it less risky to operate in this mode and reducing the risk that may be associated with a foreign market by licensing their product as well as being able to compete in the market.

4.3.3 Target Country market Factors

The third factor influencing DIF choice of market entry mode relates to the size of the Nigerian market, the attractiveness of the market and the high potential of the market.

Based on these factors, it has encouraged DIF to take a full ownership and control of their business in the target country and the perceived revenue or profit it will generate in doing so.

4.3.4 Conclusion

How can internal and external factors influence DIF market entry mode (RQ2)? These are characterized by the study, which builds on and extends the literature on the determinants of entry modes. The followings are applicable to the DIF;

- Firm Specific Characteristics
- Management risk attitudes
- Target Country market Factors

4.4 Choice of market entry mode suitable for DIF (RQ3)

There are different types of entry mode into a foreign market as outlined in the research literature reviewed. The following are the choice of entry modes that may be suitable for the Vesi CRM / ERP platform in Nigeria.

These are based on internal meeting (DIF), interviews with potential clienteles and also reviewed literature on the subject matter and it is done by analyzing their advantages and disadvantages:

4.4.1 Internet

The pro of e-business or e-commerce is that it usually has a lower overhead cost of operation compared to the other market entry choice options.

The disadvantages are that businesses should be aware of what they are doing else it may result in a poor flow of traffic build up to the business. If companies do not have an existing large clientele they may be competing with a lot of existing one and as a start-up it may really be tough.

While the Internet can give free and flexible working hours and conduct product sales automatically through online business, it can also take time to establish a solid customer base and create a website that will meet the demands.

Based on DIF internal management meetings and decisions, this option could be adopted by DIF as an additional mean in their quest for choosing a mode of entry.

4.4.2 Exporting

Hollensen, S. (2010) states that export entry modes with their lower resource commitment, may be more suitable for SMEs. The export entry mode can be the most suitable alternative mode of entry for the Vesi CRM / ERP platform in Nigeria as it will offer less resource commitment and risk.

The challenges of exporting can lead to product modification to meet up with local specification in terms of security and safety standards by government regulations and laws. Although, the advantages outweighs the challenges.

However, DIF requires their local presence in Nigeria so this option can only be used in the short run. DIF has to thoroughly assess the risks and benefits associated with exporting mode, before committing resources to export entry mode.

4.4.3 Licensing

One advantage to the owner of the licensing is that it can potentially create an inflow of income while the organization with intellectual property right (IPR) is taking less part in the day-to-day operations.

The disadvantage of licensing is that the owner of the intellectual property assumes a big risk when licensing his product. This may open the doors for piracy or having the technology stolen from owner without having a good legal representation. For a start company like DIF it is not advisable to commit to this option in the early stage.

Licensing can also result in a failure of acquiring experience in the overseas country market (*Doole and Lowe, 2007).* DIF needs experience in this mode of entry before committing to it.

4.4.4 International Agents/Distributors

The advantage of the agent choice is that it is a good first step to enter into foreign markets. The downside of choosing this option is that DIF does not take ownership of products, and would also work on commission base.

Agents can most often represent more than one organization and are cost intensive to hire and train. This may not be a good option for DIF to engage in with their market entry choice selection, due to the full ownership and control issues that are essential for DIF management risk attitude and strategy in the market.

4.4.5 Strategic Alliances and Joint Venture

The advantage of this option is that organizations have access to technology, core competences or management skills to gain entry into a foreign market.

The disadvantage is the difference in the aims and objectives of the participating firms which can cause disagreement on the question of investments, strategies, lose control of the form assets like technology, and overall goals of particular companies.

Based on the DIF motive of profit maximization, full ownership and control issues of technology, this mode of entry may not be applicable

4.4.6 Greenfield /Overseas Manufacture and International Sales Subsidiaries

Each of these market entry modes involves diverse levels of resource commitment and also associated with diverse levels of investment risks.

Normally, the higher the resource commitment level, the higher is the investment risk. The lower the control of entry, may be chosen due to a need for resources, and in general brings less commitment and risk *Chen and Messner, (2009)* while the higher control mode of entry means high commitment and high business risks but allows the highest share of return on investments (*Ekeledo and Sivakumar, 2004).*

Based on the DIF management strategy of full ownership and control of their business/ intellectual property rights (IPR), their high resource commitment and profit maximization intentions in the foreign market, Greenfield choice of market entry mode will be more suitable for the company.

4.4.7 Conclusion

Responding to the research question **(RQ3),** what is the most suitable choice of market entry mode for DIF? Taking into consideration the motives of DIF entering into the Nigerian market with the uniqueness and technological advantage of their product and also the individual type of entry modes pros and cons, I will respond by choosing **Greenfield /Overseas Manufacture** as a first choice for DIF market entry mode in order to protect its company`s intellectual property right (IPR) and also the domestic market advantage they can derive.

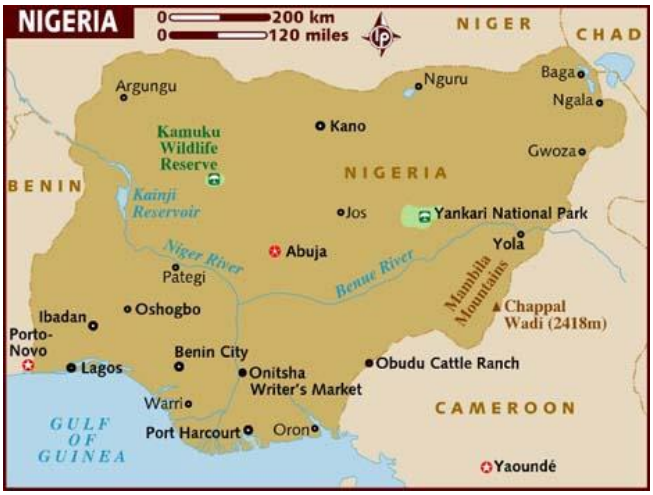
A second choice for the DIF market entry mode is to offer an online presence by adopting the **Internet/ E- business** platform, as this choice will reduce or lower the company`s cost of operation and quickly give them a broad marketing coverage and access to the large domestic market.

The most suitable choice of market entry mode for DIF depends finally on the management decision, since the choice of entry mode will affect the performance of the company.

4.5 PESTLE Analysis of Nigeria (RQ4)

The PESTLE analysis of Nigeria gives an intimate view of the target country with an in depth and insightful analysis of past, present and future issues. Coupled with relevant data to support trend analysis.

Table 6: Map of the target market country



(Nigerian Map: Adopted from lonely planet)

4.5.1 Political Factor

Nigeria is a democratic country located in West Africa and has 36 states. It is the eight most populated country in the world and stands as the most populous country in Africa. The country is reasonably independent from colonial influence.

Nigeria has a stable polity compared to other African countries with similar profiles, like Niger, Sudan, Central African Republic and Egypt, etc. The country has positive relations with major world powers and is well-balanced with both East and West and highly recognized as a potential influence in the Sub-Saharan African region. The past few years have been very troubled time in Nigeria as a result of Islamic fundamentalism in the north of the country.

Despite democracy, the system is still carefully controlled and manipulated by the ruling class, but it has had less impact on private business. Governance assessment by the *Ibrahim Index of African Governance IIAG, (201*3) ranked Nigeria 43 out of 52 countries in 2011.

World Bank report on Doing Business, (2013) ranked Nigeria 131 out of 185 countries, compared to 133 out of 183 countries in the 2012 Report. The slight improvement is due to the improved ranking in the "ease of getting credit". The security challenges in the country could hamper private sector confidence if not well taken care of.

The Federal Inland Revenue Services of Nigeria (FIRS) implemented a new national tax policy for the country in September, (2012). The objective was to ensure that Nigeria is able to tax on an appropriate taxable basis corresponding to the economic activity deployed by multinational enterprises in Nigeria.

This also includes their transactions and dealings with associated enterprises, and to provide the Nigerian authorities the tools to fight tax evasion through, over or under-pricing of controlled transactions between associated enterprises, etc. The PESTEL framework as described by *Johnson and Scholes, (2002)* they suggest an assessment of government stability, taxation policy, foreign trade regulations and social welfare policies.

4.5.2 Economical Factor

Johnson and Scholes, (2002) they suggest a look at Business cycles, GNP trends, interest rates, money supply, inflation, unemployment and disposable income.

The economy and business of Nigeria is one of the fastest growing economies and is an attractive business destination. Though corruption, political instability, poor management, and lack of infrastructure prevail in most sectors of the country, it has been classified as a newly emerging market (*CIA world fact report, 2010).*

Since the year 2007, Nigeria has been experienced a high GDP and the government is trying constantly to curb the mismanagement, corruption and inflation as well as imposing new policies and reforms to improve the financial and services sector of the country. The *national statistics bureau of Nigeria, (2014),* currently disclosing a GDP and the economic market size for 2013 of about 80.3 trillion Naira (£307.6bn: $509.9bn).

This account for about 40 percent of the Gross Domestic Product (GDP) of West Africa and as a result the sheer market size of the economy has placed the country to be the biggest African economy, more than South Africa, Egypt and Ghana.

These indicate that Nigeria is a choice destination for investment in Africa with its current GDP performance**.** Despite this economic growth the country still lacks ICT infrastructures compare to Finland and other developed nations.

According to the *CIA world fact report, (2012)* Nigerian GDP (purchasing power parity) currently ranks 30 in the world. This is the measure used by investors and economists when looking at per-capita welfare and when comparing living conditions or use of resources across countries.

In a move to boost the Nigerian Economy and also attract foreign direct investment into the country the *Nigeria Investment Promotion Commission, (2014)* has put in place a number of investment incentives for the stimulation of the private sector investments from within and outside the country. While some of these incentives cover all sectors, others are limited to some specific sectors.

The nature and application of these incentives have been considerably simplified and can be also beneficial for DIF market entry into its target market Nigeria in terms of local cost operation minimization and profitability of the company.

The lists of incentives which are from the *Nigeria Investment Promotion Commission, (2014)* are listed below:

- **The Companies Income Tax Act** of Nigeria has been amended in order to encourage potential and existing investors and entrepreneurs. The current rate in all sectors, except for petroleum, is 30 percent.

- **Pioneer Status** grant to an industry is aimed at enabling the industry concerned to make a reasonable level of profit within its formative years. The profit so made is expected to be ploughed back into the business.

  Pioneer status is a tax holiday granted to qualified or (eligible) industries anywhere in the Federation of Nigeria and seven-year tax holiday in respect of industries located in economically disadvantaged local government area of the Federation. To qualify, a joint venture company or a wholly foreign-owned company must have incurred a capital expenditure of not less than five million Naira (Equivalent 25,000 Euros) whilst that of qualified indigenous company should not be less than N150,000(Equivalent 800 Euros).

- **Tax relief for research and development:** companies are expected to engage in Research and Development (R&D) for the improvement of their processes and products.

  Expenses on (R&D) are tax deductible, provided that such R&D activities are carried out in Nigeria and are connected with the business from which income or profits is derived. Also, for the purpose of R&D on Local raw materials, of expenses are allowed. Where the research is long-term, it will be regarded as a capital expenditure and will be written off against profit. The result of such research could be patented and protected in accordance with internationally accepted Industrial Property Rights.

  The amount of capital allowance to be enjoyed in any year of assessment is restricted in Nigeria to 75% of assessable profit in case of manufacturing companies and 66% in case of others, except such companies in agro-allied industries that are not affected by this restriction.

- **ICT and Telecommunication:** Government provides non-fiscal incentives to private investors in addition to a tariff structure that ensures that investors recover their investment over a reasonable period of time, bearing in mind the need for differential tariffs between urban and rural areas.

  The tariff structure as approved by the regulatory authority, Nigerian Communication Commission, also provides adequate cross-subsidy between the profitable trunk and local calls of the urban and non-profitable operation of the rural areas.

  Manufacture/installation of ICT and telecommunications related equipment is considered as pioneer activity. As a result, they enjoy 5 to 7 years tax holiday.

- **IN-PLANT TRAINING:** This is applicable to industrial establishments that have set up in plant training facilities. Such industries enjoy a two percent tax concession for a period of five years.

- **INVESTMENT IN INFRASTRUCTURE:** This is a form of incentive granted to industries that provide facilities that ordinarily, should have been provided by government. Such facilities include access roads, pipe borne water and electricity. Twenty percent (20%) of the cost of providing these infrastructural facilities, where they do not exist, is tax deductible.

- **INVESTMENT IN ECONOMICALLY DISADVANTAGED AREAS**: Pioneer industry sited in economically disadvantaged Local Government Area is entitled to 100% tax holiday for seven years and an additional 5% capital depreciation allowance over and above the initial capital depreciation allowance.

- **LABOUR INTENSIVE MODE OF PRODUCTION**: Industries with high labor and capital ratio are entitled to tax concessions.

- **LOCAL VALUE ADDED**: 10% tax concession is given for a period of 5 years.

With reference to *Baah and Jauch, (2009)* governments do create an effective private driven economy. Through incentives governments do attract FDI into their countries which will promote innovation and competition, employment generation, improve the country's export profile, increased domestic capital and transfer of technology.

Some of these incentives cover all sectors while some target specific sectors. The Vesi CRM / ERP platform in Nigeria can avail itself with this investment incentives and opportunities in Nigeria to reduce their cost of start-up, operations and profit maximization at the initial entry phase and subsequent phases.

According to National Bureau of Statistics, Nigeria (2012) unemployment rate in 2011, reached an all time high of 23.90 per cent in December 2011. The bureau of statistics measures unemployment rate by the number of people actively looking for a job as a percentage of the labor force.

It is hoped that companies looking to invest in Nigeria will do so in a sustainable way which benefits society as a whole, through employment generation and corporate social responsibility (CSR).

Nigeria has been one of the most prominent members of the SWOT Analysis of the Commonwealth of Nations and is listed among the other countries considered the "Next Eleven" economies. The concept of "Next Eleven" or N-11 countries refers to the list of eleven nations which possess a great potential and ability to become the world's largest economies in the 21st century (*Developing Countries Studies, 2013).*

Nigeria is also one of MINT Countries (Mexico, Indonesia, Nigeria and Turkey), countries tipped as the next economic powerhouses in the world. The MINT Countries share some common features, they all have big and growing populations with high supplies of young workers, that should help them grow fast when ageing and shrinking populations will highly slower growth rates in many developed countries and China over the coming decades.

The huge untapped FDI (foreign direct investment) opportunities in Nigeria and given the right focus by government, can easily position Nigeria within the sub- Saharan African region as the investment destination of choice (*The Telegraph, 2014).*

A recent statement by the EU Ambassador to Nigeria and the Economic Community of West African States (ECOWAS), *Mr. Michael Arrion (2014),* stated that its current strategy and work plan for Nigeria would help in repositioning the giant West African nation as the leading destination for Foreign Direct Investment (FDI) in Africa. This statement can also attest to the future potential of the market and the economy.

4.5.3 Socio-Cultural Factor

Johnson and Scholes, (2002) they state that population demographics, income distribution, social mobility, lifestyle changes, attitudes towards work and leisure, consumerism and levels of education as socio-cultural forces influence business.

Nigeria is quickly becoming a more urban nation today, with 36 states in the country; the Nigerian population is split nearly between urban and rural. Lagos State is by far the largest city in Nigeria and the commercial hub of the country, home to nearly 17.5 million people. Lagos state also serves as the primary destination for migration within the country.

The size of the Nigerian population indicates that any investment can thrive easily, given the right policy direction and incentive by the government. During 1970-2012 the government consumption expenditure per capita in Nigeria, grew by 174.5 US dollars (in 8.6 times) to 197.5 US dollars. The average annual growth of Government consumption expenditure per capita in Nigeria was 4.2 US dollars (*Kushnir, I. 2012).*

According to *Mezieobi (1994)* from 1947, the multi-ethnic composition of Nigeria continued to be a bane to Nigeria's national unity and development. The issues of multi-ethnicity and culture are strong in Nigeria, ethnic and cultural clashes have resulted in slowing developmental policies. Although, the Government has held a national conference in 2014, for all the ethnic and geopolitical zones in the country as to proffer a peaceful and united roadmap for Nigeria and how everyone can coexist as one united nation.

4.5.4 Technological Factor

Johnson and Scholes, (2002) affirms government spending on research, government and industry focus and technological effort, new discoveries and development, speed of technology transfer and rates of obsolescence as possible forces influencing a business.

Technology innovation still remains the key tool for social and economic transformation of every nation and its importance cannot be undermined.

The Ministry of Communication and Technology is in charge of technology reforms in Nigeria and is encouraging investment in key building blocks of growth, such as education and skills, business operations, digital and physical infrastructure and scientific and technical research etc.

From a personal point of view IT development, technological innovation and growth in Nigeria is slow. These problems have impacted every part of Nigeria industry.

Due to the increased interest in technology in Nigeria, many Western firms have targeted Nigeria for their global growth. Nigeria has one of the fastest growing telecommunications industries in the world. This growth has been instigated by President Goodluck Jonathan who believes improving telecommunications and its infrastructure will increase foreign investment.

An estimated 1,400 Internet hosts and 45 million Internet users is said to be in Nigeria. Internet is available primarily in large cities throughout Nigeria. Estimated 30% of the Nigerian population has access to the Internet which is by far less in terms of market size and population and calls for high potential demand in the market *(Nigerian Communication Commission, 2014).*

However, Nigeria still depends on Western countries as its major suppliers of telecommunications and ICT goods and services.

4.5.5 Legal Factor

Monopolies legislation, employment law, health and safety and product safety regulations are possible macro-environmental forces that can influence strategy making as suggested by (*Johnson and Scholes, 2002).*

Nigerian laws apply equally to domestic and foreign investors. The Nigerian Investment Promotion Commission (NIPC) Decree allows 100% foreign ownership of firms outside the oil and gas sector, where investment stays limited to joint ventures or production-sharing agreements. Laws restrict industries to domestic investors if they are considered crucial to national security, such as firearms, ammunition, and military and paramilitary apparel.

Foreign investors are obliged to register with the Nigerian Investment Promotion Commission after incorporation under the Companies and Allied Matters laws.

The legal system is made of common law, Islamic law, and the Nigerian customary law. Businesses and business transactions are bind by common laws. The Supreme Court is in charge of the judicial system and has the mandate of the constitution, civil, and criminal matters as enshrined in the Nigeria's constitution *(U.S. State Department, 2013).*

A dispute among foreign investors and the Nigerian Government as well as between foreign investors and Nigerian businesses is handled by the civil court of law.

According to the *U.S. State Department, (2013)* state that Nigeria's constitution guarantees the rights of free assembly and association and protects workers' rights to form or belong to trade unions or organizations. Nigeria has one of the largest labor union in Africa and also child labor laws are strongly enshrined in the constitution and are under the control of the Ministry of Labor and Productivity.

4.5.6 Environmental Factor

The issue of environmental protection has been a thing of interest in Nigeria just as it is to the rest of the world. Such rising interest in environmental protection has resulted in a number of environmentally friendly initiatives, by firms in Nigeria and government.

The government is addressing these issues through various climate change policies. These include the Nigeria Climate Change Policy and Response Strategy approved by the *(Federal Executive Council of Nigeria, 2012).*

Based on my observation and understanding of the Nigeria’s economy, it is dependent mostly on sectors that are either climate sensitive, such as agriculture, forestry, fisheries and oil and gas.

The resultant effect over the years made Nigeria's environment increasingly affected and threatened by natural disasters, ranging from drought, floods, the livelihoods of farmers and environmental pollution from the oil and gas explorations mostly in the Niger Delta regions and security issues in part of the Northern states in Nigeria.

However, very few companies abide to environmental issues in Nigeria; the big multi-nationals firms do abide to some extent as the law enforcement agencies are either under-funded to implement regulations set up by the government.

Nigeria's ranking declined from 94 out of 134 countries in the *World Economic Forum's Global Competitiveness Report, (2008-2009*) to 127 out of 139 countries in the 2010-2011 report and 115 out of 144 countries in the 2012-2013 report.

The major factors that contributed to the recent improvement include a more stable macroeconomic environment, market size, labor market efficiency, financial market development and business sophistication.

Finding shows that the economic outlook of Nigeria seems positive for the next foreseeable future. This signifies a right time for DIF as a company to enter into the market and annex its potentials, as many foreign multi-national companies has been availing these opportunities over the years till date as a result boosting the Foreign Direct Investment into the country much higher than other African countries and making Nigeria one of the investment destinations in the continent.

According to the *United State Bureau of Economic and Business Affairs: Investment climate affairs report of (2013)*"The Nigerian economy, including its non-oil economy, continues to grow strongly, despite persistent structural weaknesses, and continues on track to become the largest in Sub-Saharan Africa".

4.5.7 Conclusion

The research question (RQ4), what are the pros and cons of the Nigerian Market? These answers are derived from the PESTLE can be summarized below;

- On the pros Nigeria has been experiencing a high GDP since 2007 and the government has been trying constantly to curb the mismanagement, corruption and inflation as well as imposing new policies and reforms to improve the financial and services sector of the country.
- While on the cons from a personal point of view IT development, technological innovation and growth in Nigeria is slow. These problems have impacted every part of the Nigeria industry.

There is a growing trend of positive change in Nigeria and the population growth will be significant for businesses. Nigeria is experiencing a trend of economic growth, and many foreign investments depend on the course of infrastructure development and consumer-spending power in this enormous African market. Unfortunately, the uncertainties in the country are unpredictable at any giving point in time.

DIF has to work with the relevant information from the PESTLE analysis to get things done correctly. If used properly, the PESTLE analysis can be very effective in its scope for understanding the market and business position. *Westwood, J. (2005)* emphasized that research should be carried out in the market where clients are interested in the outcome of the company's end product.

4.6 What are the strengths, weaknesses, opportunities and threats for DIF? (RQ5)

The SWOT analysis is derived from (DIF) internal company analysis. Based on DIF internal documents, organizational evaluations and the researcher meetings held with key management in the organization, the following are key issues DIF considered when carrying out the companies self-assessment using SWOT analysis with a view to determine their competitive advantage in the target market Nigeria.

4.6.1 Strengths

These are the qualities that put DIF products and services at an advantage in terms of competition. *Start and Hovland, (2004)* state Strengths are 'those things that are working well in a business.

- Competent local and domestic knowledge of the Nigerian Market
- Unique product and technology
- Competent and experienced product developers
- High Demand for the product in the target market
- Proffering High quality products and services
- Customer friendly and profitable prices
- Building the product with the target clientele
- To Deliver Efficiency and effectiveness in serving customers
- Ability to attract potential customers
- Good location of the business in Nigeria
- Ability to expand into the neighbouring countries of Nigeria
- Well trained sales and marketing staff
- High and effective entrepreneurial spirit

4.6.2 Weaknesses

The difficulties **DIF** business products and services may face in the Nigerian market.

- Being new in the market
- Competition in the market
- Inability to capture required target clientele
- Less capital investment as a start-up
- Unplanned or unforeseen circumstances

4.6.3 Opportunities

Start and Hovland, (2004) affirms opportunities to include ideas on how to overcome weaknesses and build on strengths within the environment the company operates.

These are external possibilities that may be beneficial to DIF business. Although, DIF as a business has no control over such happenings and they may or may not happen:

- Possibility of acquiring contracts and orders for instance from the government and bigger multi-national organizations
- High response for market positioning and product and service efficiencies
- Faster market growth as forecasted in the economy
- Less competition in the market
- Government policies to implement general use of CRM and ERP systems in businesses operating in Nigeria up to the local areas of the countries.

4.6.4 Threats

Threats are constraints (threaten the range of opportunities) for change in the business environment. These external aspects are often related to 'sociological, political, demographic, economic, trade specific and environmental factors (*Start and Hovland, 2004)*.

These are unwanted occurrences in the market that can be disadvantageous to DIF business.

- Foreign exchange rates and trade policies
- Unfavorable regulatory conditions as result of government policies
- Political instability like wars and religious conflicts
- *World Health Organization (2014)* declares end of Ebola outbreak in Nigeria. Nevertheless, countries such as Liberia, Sierra Leone and Guinea are still in the crisis and could be a threat for the DIF expansion phase into these West African countries.

4.6.5 Conclusions

Considering the research question (RQ5), what are the strength, weakness, opportunities and threats for DIF? It was a good idea for the DIF team, drawn from across the business, to come up with the SWOT of the company.

After analysing and completion of the SWOT analysis, the DIF management team finds it necessary to apply the followings derived from the analysis for both their present and the future plans of the company;

- The pressing issues to be addressed in the company quickly
- Things to be handled and who will handle them
- Areas DIF is to focus on be it research and planning for the future of the company

Having thoroughly identified these areas, the DIF team planned also to implement an action plan to achieve its business strategy. Duties and obligations are going to be delegated or assigned and timelines would be set to accomplish the tasks.

It is also relevant for DIF as a start-up company to bear in mind that implementing a SWOT analysis requires looking at the strengths and weaknesses of the internal aspects of the company, which can be controlled by a proper and constant management evaluation and implementation. In contrast, opportunities and threats are external aspects of the company, which are outside of the control of the company and are determined by its environment which DIF operates and should be diligently evaluated year in year out.

Furthermore, the results from the SWOT analysis report should be applied regularly to ensure implementations, changes and achievements and help build their strength as a company. *Johnson et al., (2005)* state that a SWOT analysis brings out unique issues of the organization environment and its competences.

5 SUMMARY, RECOMMENDATIONS AND REFLECTIONS

5.1 Introduction

This section discusses the results of the study and the interpretation will provide a summary of the results to the various research questions. Furthermore, it will present the significance of the study to readers through recommendations of further research areas and reflections.

5.2. Summary

RQ1- Why enter into the Nigeria CRM/ERP market?

The research found out that there are several different motives of a company going into a foreign market. They come in forms of proactive and reactive motives. The common reason behind all the motives is connected to potential profit making. Profit making is one of the most important objectives of a business and also justifies the stakeholders' commitment to internationalize. For DIF there are four major motives; **1.Uniqueness of their product and technological advantage 2. Economics of scale and Profit advantage 3. Saturated Domestic Market 4. Government Incentives.**

RQ2- How internal and external factors influence DIF market entry mode?

The study showed that there are several factors that influence the market entry mode. The followings are primarily applicable to DIF; **1. Firm Specific Characteristics 2.Management risk attitudes 3. Target Country market Factors.**

RQ3- What is the most suitable choice of market entry mode for DIF?

The research reveals that since DIF is considering full control of their technology and operations in the foreign market it is advisable to adopt a mix of internet, Greenfield /Overseas Manufacture and International Sales Subsidiaries.

For intermediate control, strategic alliances and joint ventures could work as well on the other hand a low mode of control requires using international agents/ distributors through export.

Considering, DIF, is a start-up company and wants full control of their operations in Nigeria, it is recommendable that DIF takes the form of Incorporation of Company (Private). Registering the company in Nigeria consists of the following steps;

- Registration of business names: Search for availability of a name, submission of duly completed statutory forms with two passport sized photographs of each applicant attached to the form, payment of filing fees at the corporate affairs commission of Nigeria and application form clearly stating the name of the business.

- Incorporation of company (Private): Requires making available and reservation of company name with the commission, payment of appropriate stamp duty for federal board of inland revenue of Nigeria, submission of memorandum and articles of association together with statutory forms for verification and assessment, payment of filing fees at the Corporate Affairs Commission of Nigeria.

Start-up firms can register business names without the services of the legal practitioner, chartered Accountant or Chartered Secretary. The actual processing time can take about 2 weeks to 1 month and this process can be done at the *(Corporate Affairs Commission of Nigeria, 2014).* However, from my personal observation people who have undertaken business registration in Nigeria, the process of registering companies take longer time than expected, as the process is mostly done manually, bureaucracy and lack of organized ICT facilities in their official disposal.

RQ4- What are the pros and cons of the Nigerian market?

As described the analysis reveals those things that may cause or influence changes in the organization when going international.

The PESTLE framework includes political, economic factors, socio-cultural factors, technological, legal and environmental factors of the target country or market.

Politically, Nigeria has a stable polity compared to other African countries with similar profiles, like Niger, Sudan, Central African Republic and Egypt, etc. Though there are still religious issues such as Islamic conflicts in the Northern part of the country.

Economically, it is the largest economy in the African continent and home to a lot of multi-national companies around the globe. There is high corruption and mismanagement issues in the economy, the government has set-up agencies to fight these issues to gain investor confidence in the market.

Technologically, Nigeria is backward compared to the Western countries. ICT infrastructures are not advanced and mostly in poor shape, but there are room for improvement as the Government, businesses and other world agencies have an interest in taking technology up to a better standard.

RQ5- What are the SWOT of DIF

Strengths are the qualities that put DIF product and service at an advantage in terms of competition and profit making. This includes;

- DIF competent local knowledge of the Nigerian market
- Unique product and demand product that forms key strength in the SWOT analysis
- Competent Managers
- Competent and experienced product developers

The **weaknesses** are things that DIF can be able to over with their competencies and business strategy which are;

- Being new in the market
- Competition in the market

Market **opportunities'** for DIF could possibly be;

- Acquiring contracts and orders from the government and bigger multi-nationals with their unique product and local contacts
- Expansion in the market as a result of market growth forecasted in the market
- Establishing a patent right that can be commercially viable.

Threats to be faced by DIF in the market are unforeseen at the moment, but would be good to plan or prepare for such issues like;

- Political instability as a result of wars and conflicts
- Ebola epidemic in West Africa.

5.3 Reflections

This thesis has attempted to explore and illustrate the fundamental considerations that DIF as a company and need to consider when entering the Nigerian market for the first time. These results can be helpful for other companies planning to enter the Nigerian market.

Although these steps may lead to very different conclusions for different companies, but it will aid companies to properly determine an appropriate strategy for Nigeria. Taking into account the research findings on the market potential (Nigerian market) and also from an investment perspective the following reflections can be drawn;

Nigeria is a country that is constantly changing and its market is rapidly growing and is currently the largest market in Africa. As such, there is no best approach by which foreign companies should approach the Nigerian market.

Individual Company's strategy should consider list of different factors such as; Local knowledge of the market, the company's product and service type, company size and corporate culture, overall company's long-term business aims and global corporate mission, vision as well as the industry sector the company wants to go into.

There has been a lot of effort at creating an enabling environment for foreign direct investments to Nigeria in recent years. The country has opened up its economy and provided generous investment incentives in industrial, IT and communication sectors of the economy to attract FDI. Despite the amount of investment incentives provided by Nigeria the government, foreign investors have not been able to penetrate some sectors of the economy which include the ICT sector.

How friendly the environment is for foreign investors who desire to penetrate the Nigerian market is yet to be determined. But several international organizations have pointed out to the growing business climate of Nigeria.

The economy of Nigeria is likely to be driven by growth in the information technology and telecommunications sectors of the economy, apart from its huge oil and gas deposits.

The country does not portray much economic risk due to its moderate GDP growth rate, low government debt, and fiscal surplus. The Nigerian ICT and telecoms industry is fast- growing, attractive, profitable and with less than average capacity market penetration and supplies. It is capital intensive; however the vibrant financial services industry seeks to support viable business ventures.

There are several new policies and regulations proposed by the Nigerian financial sectors and the central bank towards the inclusion of the untapped population and businesses in rural areas of the country which is over 50% (81,860,550 as of 2011), will comprise a thorough value-based services like information and business enhancement technologies, telecoms and electronic payment system.

Moreover, business investment, and strategic decisions, requires timely and useful information. This research study has provided such information and can serve as an important reference guide for investors, entrepreneurs and future researcher in this field of study. Foremost, it has provided a thorough evaluation of DIF activities to enter the Nigerian market.

5.4. Recommendations for DIF Future Directions

For many companies the journey of entering into a foreign market is not an easy step, DIF is not an exception. Several bureaucratic, political, environmental issues, etc. can be bottlenecks to success in a foreign market.

However, as the Nigerian economy continues to grow and become more and more open and easy to access by foreign companies, the benefits for investors has increasingly outweigh the challenges of doing business in Nigeria.

Despite these benefits and based on my own experiences, first time market entry company's such as DIF should take into considerations the following issues in the Nigerian market;

- DIF should not rely on an unconfirmed source of information and not well-analyzed data from the market as it may hamper the SWOT analysis and also result in weak strategy. It will be advisable to investigate secondary sources by confirming them or carrying out the data collection and analysis themselves.
- DIF intellectual property rights (IPR) for their product in the market, should be safeguarded through all necessary legal formalities e.g. by registering the (IPR) in Nigeria.
- It is highly recommendable that DIF should choose office locations that will maximize their organizational profits, nearness to larger clientele and operational utility in the market. DIF need to know what economic activities are located where and why it will be beneficial for the company and can also support workplace success which is essential for the growth of the business.

The following recommendations for future research directions are based on the issues that were identified during the study process and during discussions within the DIF team. Hence, these areas are recommended for future research;

- Entrepreneurship and the future of Africa: A Finnish perspective.
- The impact of communication skills on Entrepreneurship: "The Entrepreneurial Life Cycle Perspective" or "The Project Life Cycle Perspective".
- Exploring the information technology landscape in Nigeria through analysis of relevant laws and policies from a Finnish perspective.
- Examine key investment areas in the emerging economies that can boost Finnish exports.

Utilizing the recommendations outlined here will help DIF achieving success in foreign markets in the future.

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APPENDIX A – INTERVIEW GUIDE

Research Questionnaire

1. What are your names (interviewee) and your job title/position in the company and for which sector are you providing services? For how long you are serving in the company?
2. When was your company founded / legally incorporated in Nigeria? For what basis the company was founded? How important were the motives in influencing your decision to run the business?
3. How many offices / branches you have in Nigeria or the size of your organization?
4. Would you like to share information about your organization turnover and number of clientele?
5. How many persons are employed by your company (including owners and shareholders)?
6. Do you experience shortage of skilled manpower and what are your thoughts in enhancing it?
7. Does your company carry out research and development activities?
8. Do you know what CRM/ERP systems are? Do you apply them in your organizational operations?
9. What kind of sales /management functionality can a CRM/ERP system offer your organization?
10. What are the most important modules/characteristics in CRM/ERP system in your own point of view and also from a management perspective?
11. Do you know ways in which CRM/ERP system is beneficial to your organization and how it can also expand the scope and growth of your company?
12. Have you ever used cloud-based CRM/ERP solutions?
13. How well you understand the ERP/CRM market and its potential in Nigeria?
14. Please discuss how the sales for this product can be or been distributed in the domestic markets of Nigeria? In your knowledge and opinion what will be the most suitable way to enter the market with our CRM/ERP products?
15. What is the intensity of competition here in the Nigerian market for CRM/ERP products?

16. How would you best describe the innovativeness of DIF CRM/ERP product or service and its competitiveness in the Nigerian Market?
17. What sorts of government assistance are made available if the products are meant to be developed here in Nigeria?
18. What constraints have you experienced during your business operation process here in Nigeria and possibly idea on how DIF can avoid them when coming into Nigeria?
19. How do you see DIF products and services in the sub-Saharan African countries in terms of market potential and expansion in the next coming years say by 2-3 years time?
20. Any other information/ suggestions you may want to share with the DIF team?

Thank you for your time and cooperation!

Please note: Third parties will not be given access to individual data. The collected data will be analysed anonymously and will be used for the research purposes only.