UGSM-Monarch Business School
Doctoral Dissertation Proposal

The Impact Of Supply Chain Management On Foreign Market Entry:

A Study Of Chinese Companies In Kenya

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INTRODUCTION

The strategy a firm uses when choosing how to enter a new market is important to its success in entry and operation. Research has been completed on the different modes used for entry as well as the factors that determine these choices (Meyer, 2008). Firms will normally obtain as much information as they can about a new market in order to increase the potential of market entry success. In many cases, in order to increase the likelihood of success firms will enter markets that are culturally similar to their home market (Johanson & Vahlne, 2009).

Cultural similarity is usually one of the first aspects firms consider when entering a new market. Language, race and religion are attributes that people have in common and can reduce the cultural distance between market participants. Firms typically use these attributes as a quick way to decide upon market suitability. However, there are other factors that drive companies to enter new markets that are not directly related to culture.

These other factors tend to be economic in nature and increase in importance with the rise in globalisation, they are: raw material sourcing, market accessibility and profit potential. In an era of globalisation Multi National Corporations (MNCs) have lead the way in expanding across different markets and countries (Bhagwati, 2004). As competition in the global arena becomes more competitive firms look for ways to reduce cost of doing business. (Bosman, 2006) (Buckley & Casson, 2009).

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Doctor of Philosophy in International Business Research Plan
UGSM-Monarch Business School Switzerland

One of the largest costs in the production of a product or service is logistics. Supply chain cost can account for up to 40% of the cost of delivering a product or service to the end customer (Christopher, 1998). As such any efficiency gained in the supply chain will result in greater cost savings and improved competitive positioning. Consequently, supply chain management if incorporated well into the strategy of the market entry decision will ensure that the most effective set up and implementation starting from product launch. Supply chain decisions are especially important in Africa where the obvious and easy savings in cheap labour can often be offset by the more difficult to management costs due to poor infrastructure.

The significance of supply chain management in the market entry decision can not therefore be over emphasised as it is related to all facets of production (Nikakhtar & Jianzheng, 2011) (Sreekumar & Mahapatra, 2009) (Zhao, Luo, & Suh, 2004). Bodomo (2013) found that one of the reasons why Chinese MNCs were successful in Africa was because they were quick to bid on projects, they started to work immediately, and they delivered the finished products on schedule (Bodomo, 2013). This greatly reduces their entry costs, set up time and related production costs thus ensuring output targets are economically met.

The global expansion of Chinese companies is an essential aspect of China's growth as a Superpower already ranked as the second largest economy in the world. With this Chinese companies have expanded into Africa to satisfy their high demand for raw

materials (Bodomo, 2013). In turn, Chinese companies have been welcome on the continent in their quest for resources as well as in their desire to secure new markets for their products.

While supply chain management and market entry strategies have been researched to considerable lengths as individual subjects the combination of the supply chain as a factor in determining market entry has not been adequately studied. This is increasingly true when isolating for the geographies of Africa in general and Kenya in particular. With the above discourse in mind, the contemplated research will focus on the following objectives:

1. To examine the nature supply chain management for MNC Chinese companies operating in Kenya;
2. To examine their market entry decision making process;
3. To determine the relationship between supply chain management and market entry decision making strategy;
4. To generate a new supply chain management conceptual model or framework that assists in understanding the market entry strategies for MNC Chinese firms in Kenya.
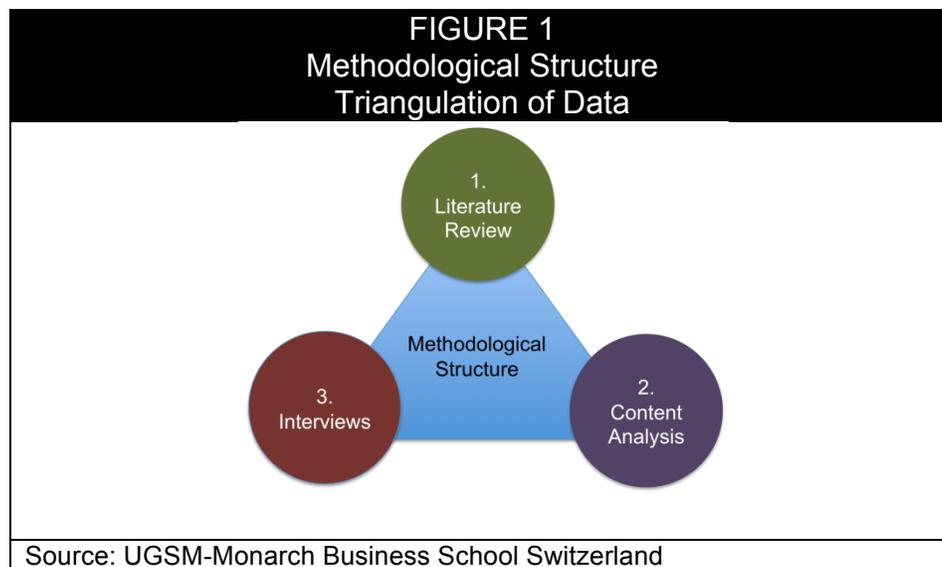
It is believed that the scope of this research does not appear to have been completed elsewhere which provides opportunity to contribute original knowledge to the domain of supply chain management and market entry decision making process and strategy.

PROVISIONAL RESEARCH QUESTION

"What are the characteristics of a new conceptual supply-chain management

model or framework that better explains the market entry practices of Chinese

MNCs into Kenya?"

RESEARCH METHODOLOGY

Figure 1 shows that the aim of the contemplated research is to respond to the

provisional research question by way of a triangulation of research data, being: 1.

literature review of existing seminal academic authors (desk research); 2. content

analysis of existing corporate data (desk research), and; 3. interviews with primary

stake holders in industry (field research).

FIGURE 1
Methodological Structure
Triangulation of Data

1. Literature Review

Methodological Structure

3. Interviews

2. Content Analysis

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Mr. Victor Oyieke
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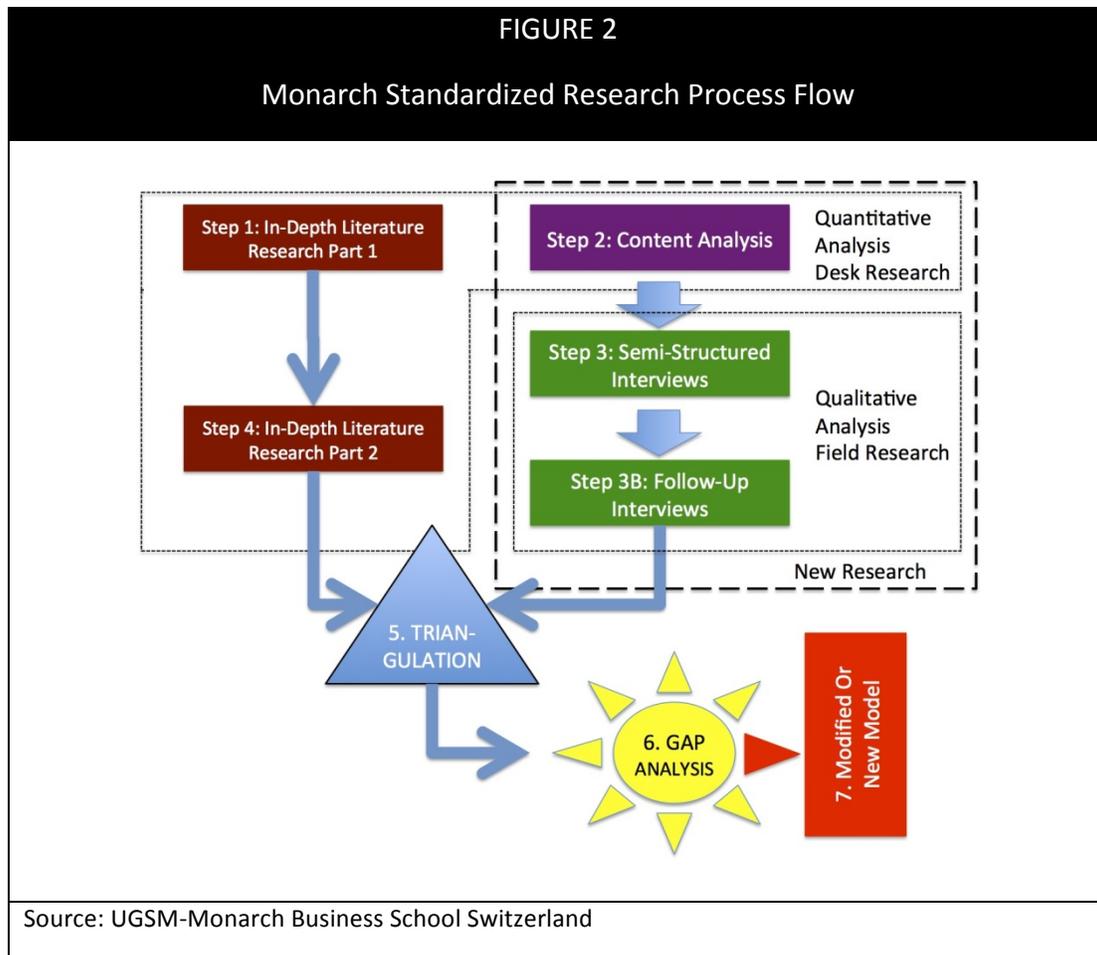UGSM-Monarch Business School Switzerland

Figure 2 illustrates the steps within the Monarch Standardized Research Process Flow that will be followed within the contemplated research, as:

1. **In-Depth Literature Review-Part 1:** In-depth review of the seminal authors within the study domain of Supply Chain Management and Foreign Market entry will be the first step completed in order to provide a solid academic foundation to the research.

2. **Content Analysis:** An analysis based on data obtained from annual reports, white papers, supporting commercial documents and other commercial data sources will be examined.

3. **Two-Step Semi-Structured Interview Process:**

    Step 1. **Preliminary Interviews:** The development of preliminary interview questions will be informed by and synthesized from the review of the literature and content analysis. Stakeholders to be interviewed will be industry participants considered knowledgable with respect to the research at hand. A minimum sample of thirty (30) unique participants will be interviewed. Interviews will be held in person at a location amenable to the subjects and are expected to be approximately thirty (30) minutes in length. Telephone interviews will be used in the case that physical interviewing is impossible due to resource or time constraints. Interviews will be tape recorded unless objected to by the participant in which case manual notes will be taken.

FIGURE 2

Monarch Standardized Research Process Flow

Source: UGSM-Monarch Business School Switzerland

Step 2. **Follow-Up Interviews:** of a more specific and narrow view

informed by the first round of interviews, content analysis and

literature review will be concluded with a smaller sub-set of 15

respondents obtained from the first round sample. These interviews

will seek to uncover deeply held personal beliefs and

understandings on the research subject that will further uncover

important aspects in responding to the provisional research

question.

4. **Step 4-In-Depth Literature Review-Part 2:** A second more in-depth literature research review will be completed to further refine the scope and consideration of the existing knowledge within the academic field to add more expertise and specificity to the research analysis.

5. **Step 5 & 6 - Triangulation of the Data & Gap Analysis:** A triangulation of the data will be considered and analyzed in order to determine whether or not the existing academic knowledge is congruent with the practical application of the field on a commercial basis. The result of this analysis should dictate whether or not a "Knowledge Gap" exists between the academic (theoretical) and the practical (applied) domains.

6. **Step 7: Development of New Model:** Building on the Gap Analysis a thorough analysis of the existing frameworks within the academic domain will be made. This analysis will inform whether or not the existing frameworks sufficiently address the requirement for practical application within the industry and whether or not they may be further improved or modified.

RESEARCH TIMELINE AND BUDGET

The contemplated research is expected to conclude over a 36 month period. A breakdown of the time allocation by the different phases of the research is outlined in Table 3 below.

TABLE 3
Provisional Research Timeline

		Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PART A	Pre-Literature Review	■	■										
	Literature Review Part 1			■	■	■	■						
	Research Plan		■										
	Chapter 1			■									
	Chapter 2 & 3				■	■	■						
	Content Analysis				■	■							
	Offical Submission of Chapters 1, 2, 3 and Slide Presentation To Obtain Authorization To Continue On To Field Research												
PART B	Interviews Part 1							■					
	Literature Review Part 2							■	■	■	■		
	Interviews Part 2									■			
	Data Analysis									■	■		
	Chapter 4, 5, 6									■	■		
	Manuscript Perfecting									■	■	■	
	Submission												■
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The total cost of the research is estimated to be USD 14,350. This amount will be privately funded by the candidate. There is no loan or grant which has been sourced or requested from any institution. UGSM-Monarch Business School Switzerland in particular has not been requested for any financial assistance towards supervisory costs or any other cost. The breakdown of the budget is as per the table 4.

TABLE 4
Research Budget

Item	In US$
Questionnaire Production	700
Computer equipment	2,000
Interview and questionnaire administration	2,000
Travel and accommodation	7,100
Thesis proofreading	500
Final Thesis production and binding	750
Miscellaneous cost	1,300
TOTAL	**14,350**

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