FACTORS AFFECTING SUCCESSFUL FOREIGN BUSINESS EXTENSION BY SAUDI FIRMS

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ABSTRACT

The objective of this study is to gain a greater understanding of the issues facing Saudi firms when endeavoring to extend their business outside of their home country. While many Western multinational companies and some companies in Asia such as Japan and Korea have successfully done so, it appears that only a few multinational Arab companies have. For this reason, it is important to investigate the reasons why this is so. Therefore, the salient questions are why the successful Saudi firms can't extend and sell their products outside the home country, and are there real obstacles or issues which reduce the potential for Saudi firms' expansion? Such factors as consumer impressions of brands made by Arab countries, brand quality, price, and concepts such as nationalism, ethnocentrism, helpful behavior, and patriotism that might somehow affect the Arab image may also affect the spread of products to other countries. Local regulations in the country of focus for imports may also play a role. Possible hypotheses that could result from this investigation include the lack of experience in global business, such as the inadequacy of knowledge regarding regulations and markets abroad, affect the ability of Saudi businesses to expand globally. Another possible hypothesis is that consumers may believe that brands from Saudi businesses are of low quality and cannot compete with other multinational brands. A third possible hypothesis is that such factors as nationalism, ethnocentrism, and patriotism play a role in consumer choice when it comes to products from Arab countries. Since multinational companies generate huge revenues for their home countries, it is important to determine if expansion to foreign markets is possible for Saudi companies. The findings are as per developed hypotheses. No data were created while this research was conducted. This thesis contains data from existing literature that were analyzed secondarily. We found that the greatest support was found for the third hypothesis: that such factors as nationalism, ethnocentrism, and patriotism may play a role in consumer choice when it comes to products from Arab countries.

Keywords: Extension, Factors, Saudi Arabia, Global Economy, Brand, Consumer, Oil Price Volatility.

1. Introduction

In the last century a revolution in global business took place, from which global or multinational companies emerged as a result of international agreements, and organizations designed to facilitate business across countries such as the World Trade Organization (WTO), the North American Free Trade Agreement (NAFTA), the ASEAN Free Trade Area (AFTA), and the Central European Free Trade Agreement (CEFTA). Globalization has provided businesses with increased opportunities for transferring goods and services around the world (De Nisco, Mainolfi, Marino, & Napolitano, 2014; Jiménez Torres & San Martín Gutiérrez, 2013).

In recent years, growing numbers of companies in many industries, including the United States, European, and Asian firms, now operate on a global level (Nijssen, Douglas, & Bressers, 1999) and have used globalization and international agreements in their favor. These developments have allowed large companies to expand their business to many countries and to sell their products to a wide range of consumers in different countries and from different cultures. Examples of such companies with powerful global brands include Pepsi Cola, Coca Cola, Sony, Nike, and car companies like Ford and Mercedes.

The objective of the present study is to highlight an important subject that directly affects the Saudi national economy. There are no special studies or specific research on this subject, although it may have been touched upon in a minor way in some studies, or may have been one aspect discussed in others. Thus, it was believed that the current study would fill a gap in the literature by emphasizing the distinctive issues that Saudi companies face when endeavoring to extend their business outside of their home country.

This is a serious topic that should be considered with some urgency given today's global economy. As previously mentioned, it is clear that we are in the middle of globalization and that, according to international trade agreements between countries, it is clear that we have a global market and that multinational firms come to the Saudi region. This is significant, as importing goods to Saudi Arabia means exporting currency to the country of manufacture, and if Saudi firms do not do the same, it leaves the country with an unbalanced commercial trading between it and the other countries, in addition to other issues like importing the culture of the country that manufactured the imported goods.

The problem is that while many companies around the world, especially in the United States and Europe, have expanded outside of the boundaries of their home countries, Saudi companies have a meager existence outside of their local markets. There are some successful examples in certain market sectors, such as pharmaceuticals, food, and mining, but these are still limited when compared to other countries. So, the following questions could be asked: Why do Saudi firms not become multinational and sell their products outside of their home country, and what are the main obstacles that could prevent firms from expanding their activities beyond their home country? For the purpose of this present study several key factors were considered. Chief among them was country image, also known as country of origin effect, and how this factor can affect business extension. Other factors include nationalism, ethnocentrism, helpful behavior, and patriotism, all of which can influence consumer purchasing behavior. Finally, we sought to clarify and prove how Saudi business extension could be affected by these factors.

2. Research Objectives

Since research is lacking on Saudi business extension and the reasons why Saudi businesses are not going for global markets, it is important to identify the obstacles that may prevent Saudi companies from doing this and gaining a global market share, such as the other multinational companies have done. As such, the purpose of this study was to explore the approaches for extending business to the global market that could be taken by Saudi firms, and the factors that could influence the acceptance or rejection of products from a specific country.

3. Research Question

The following research questions were formulated to guide the present inquiry: What are the approaches Saudi businesses could take to expand their presence in other countries, and what are the factors that could impede the expansion of Saudi firms outside of their home country?

4. Conceptual or Theoretical Framework

The following concepts or theories were used to provide the overall focus and framework of the present study.

4.1 Country Image/Country of Origin

As previously noted, many factors can affect a company's endeavors to expand its business beyond its country's borders. Country image or country of origin is a key factor among them. Martin and Eroglu (1993) defined country image as "a total of all descriptive, inferential, and informational beliefs about a particular country" (p. 60). Every country's image is a reflection of the many factors that give the people in other countries a clear picture of the country's overall identity; for example, its economy level, its education level, religion, political stability, socioeconomic level, relationships with other countries, and so on. These are all factors that can shape a country's image in the eyes of people in other countries according to their interests. That is, a businessman or a manufacturer may look at a country from the angles of economic and political stability; a student might be more interested in the country's educational level.

Kotler (1997) wrote, "Image is the set of beliefs, ideas and impressions that a person holds regarding an object" (p. 238). In the same study he also stated that "People's attitudes and actions toward an object are highly conditioned by that object's image" (p. 238). As previously noted, image is used to promote a country as a whole, to promote both its companies and specific industry (i.e., Swiss watches). In the current era, globalization forces countries to examine their image and the nation as a brand. The country's image can influence people from other countries to invest and to buy products. Many countries spend money on country image just as they spend money on products.

Although geographical source of origin has become a key issue in international trade regulations (Dimara & Skuras, 2003), much is still left to be determined regarding how to understand and measure a country's image in a target market. Parameswaran and Pisharodi's (1994) country of origin scale uses the following definition: "Country of origin image refers to buyers' opinions regarding the relative qualities of goods and services produced in various countries" (p. 44). It consists of 12 country image items that reflect interaction facets (perceptions of political, cultural, and economic similarity to source country) and people facets (measuring perceptions of characteristics of the people of the source country; Kleppe & Mossberg, 2005). Martin and Eroglu's (1993) country image scale contains 13 items representing political, economic and technological factors. Both scales were developed from extensive literature searches, expert panels, and pilot surveys among consumers. However, they were reduced and purified to a level where the scales largely contain generic, descriptive, or factual items (Kleppe & Mossberg, 2005.
Country of origin is closely related to country image. However, it is different as it refers more to consumer psychology and how the country where the product was produced and that is identified on the product's label might influence consumer buying decisions.

4.2 Brand Attitudes

Because of the need to evaluate products while having limited information, consumers use their perceived country images to formulate brand attitudes. Since consumers have the need to evaluate unfamiliar products while having limited information, they use information about other products made in a certain country to form their perceived country images and, in turn, brand attitudes (Jaffe & Nebenzahl, 2001).

4.3 Consumer Ethnocentrism, Animosity, and Nationalism

Consumer ethnocentrism can predict a preference for local products but falls short of clarifying buying behavior when it comes to foreign products (De Nisco et al., 2014). The effects of consumer ethnocentrism can be greater when people have negative feelings regarding the foreign products. This is because these individuals believe that buying these foreign products is morally wrong, and also that they consider products in their own country to be superior (Shimp & Sharma, 1987).

Consumer animosity, defined as "remnants of antipathy related to previous or ongoing military, political, or economic events" (Klein et al., as cited in De Nisco et al., 2014) can be used to measure levels of consumer hatred regarding specific countries. However, it cannot be used to explain general patterns of foreign product preferences and usage in various countries (De Nisco et al., 2014). Animosity toward specific countries, which can arise from situational or personal issues, may stop consumers from buying products from specific foreign countries that they have feelings of animosity towards, but they will have no issues with buying products from other foreign countries (De Nisco et al., 2014).

Consumer nationalism "combines two of the most important historical forces in modern history: the advent of consumerism and nationalism" (Gerth, 2011, para. 1). Consumerism is the choice to consume certain branded and mass-produced goods and services, and tends to be defined by social identity; that is, the belief that one's status and beliefs are reflected in the product and service choices one makes (Gerth, 2011). Consumer nationalism, therefore, reflects consumers' buying and consumption of certain goods as a political statement. In other words, not buying products from a country considered to be "offending" and instead showing a preference for products and services from one's own home country (Gerth, 2011).

5. Literature Review

As previously noted, last century's revolution in global business resulted in the emergence of global or multinational companies as a consequence of international agreements and organizations designed to facilitate business around the world. In recent years, it has become obvious that well-established firms, especially in the United States and in other industrial countries such as Germany, have used globalization and international agreements in their favor. These developments have allowed large companies to expand their business to many countries, and to sell their products to a wide range of consumers in different countries and from different cultures. Examples of such companies include Pepsi Cola, Coca Cola, and car companies like Ford and Mercedes.

Since research is lacking on Saudi business extension and the reasons why Saudi businesses are not attempting to extend their business to global markets, it is important to identify the obstacles that may prevent Saudi companies from going to foreign markets and gaining a global market share as other multinational companies have done. The purpose of this study, therefore, is to explore the approaches for extending business to the global market that could be taken by Saudi firms, and the factors that could influence the acceptance or rejection of products from a specific country.

This review of the literature is focused on the following key topics of interest that informed the focus of the present study. First, a general review of the methods businesses use to achieve their overall objectives is presented in order to put the focus of the present inquiry into perspective. This is followed by a discussion of global marketing strategies, which are important for Saudi companies to consider when contemplating business expansion into foreign markets. Next, alternative strategies for expanding a company's business presence into other countries, specifically foreign direct investment (FDI) are presented. Factors that can influence attitudes toward buying foreign products such as animosity, ethnocentrism, and country of origin image are also detailed. This Section concludes with a discussion of selected companies in specific business sectors that have expanded their business beyond Saudi borders or announced their intentions to do so.

5.1 Business Strategies

This section includes a review of the methods firms use to achieve their overall business objectives. This part of the review will help inform the discussion of the first research question: What are the approaches Saudi businesses could take in order to expand their presence in other countries?

A firm's business strategy forms the basis on which all other corporate decisions are made. Strategic management is one factor that creates the difference in performance among competing firms (Rumelt, Schendel, & Teece, 1994). Researchers have proposed several reasons for this: the quality of strategy formation (Mintzberg, 1990), possession of resources that are valuable and difficult to imitate (Wernerfelt, 1984), and effective organization design that is directed toward strategy implementation (Galbraith & Kazanjian, 1986).

The term "business strategy" applies to how businesses achieve their competitive advantage (Slater & Olson, 2001). There are two dominant theoretical frameworks: Miles and Snow's (1978) and Porter's (1980). Miles and Snow's framework is based on four approaches that organizations take to define and approach their product-market domains (the entrepreneurial problem) and construct structures and processes (the administrative and technical problems) to achieve success in these domains (Slater & Olson, 2001). *Prospectors* are noted for constantly investing in new products and searching for new market opportunities. *Defenders* work to preserve their share of the market by focusing on manufacturing efficiency. *Analysers* combine the strengths of prospectors and defenders by being innovative and searching for new market opportunities, but at the same time they defend market share with established products. *Reactors* do not have a consistent response to product-market domains (the entrepreneurial problem) and therefore are not considered viable in the long run (Miles & Snow, 1978).

Porter (1980) contributed to Miles and Snow's (1978) framework by extending the entrepreneurial problem. He proposed that the entrepreneurial problem should be viewed as a product of how the firm creates value (differentiated offering or low-cost offering) and how it defines its choice of market coverage (focused or market-wide).

5.2 Global Marketing Strategies

Global marketing is a part of the firm's overall business strategy. As such, an integral part of a firm's overall business objective is deciding to operate across national boundaries. Global marketing, therefore, plays a key role in how firms can achieve competitive advantages in overseas markets.

With firms becoming more and more global, researchers have explored the role of a global marketing strategy in overall business strategy, as well as how it affects a firm's performance. Findings have indicated that a global marketing strategy plays a critical role in determining a company's performance in overseas markets (Birkinshaw, Morrison, & Hulland, 1995; Hamel & Prahalad, 1985; Porter, 1985; Zou & Cavusgil, 1996).

There are three major perspectives on global marketing. The standardization perspective holds that advances in communication and transportation technologies are homogenizing world markets (Jain, 1989; Levitt, 1983). The consequences of homogeneous markets are preferences and demand for similar products all over the world (Jain, 1989; Ohmae, 1985). Levitt (1983) stated that producing quality goods at a low price is a key factor in establishing a competitive advantage in the global market. In line with this thinking, researchers supporting the standardization perspective believe that a firm's global marketing strategy will be efficient if its marketing programs across different countries are standardized for the following factors: product offerings, pricing, promotional approaches, and channel structure (Johanson, 1997; Keegan, 2000). Standardization's key benefits include economies of scale in production and marketing (Levitt, 1983), consistency in dealing with customers (Laroche, Kirpalani, Pons, & Zhou, 2001), and being able to maximize good ideas in a global way (Ohmae, 1985).

The second perspective on global marketing strategy focuses on how a firm's value chain activities are configured and coordinated (Craig & Douglas, 2000; Porter 1985; Roth, Schweiger, & Morrison, 1991). This perspective takes the approach of considering a global marketing strategy as an instrument to be used for making the most of synergies existing across different markets and for maximizing the comparative advantages that can be associated with various host countries.

Research has shown that effective global competition largely depends on a firm's ability to organize its value chain activities optimally, and its capacity to coordinate all efforts across various markets (Craig & Douglas, 2000; Porter, 1985; Roth, 1992). Proper configuration allows firms to take advantage of location-specific comparative advantages through specialization (Craig & Douglas, 2000; Ghoshal, 1987; Kogut 1989; Yip, 1995). Synergies resulting from economies of scale, scope, and learning can also be captured through this cross-national coordination (Kogut, 1989; Roth, 1992). The degree to which value chain activities are concentrated is considered to be the most important aspect of configuration (Porter, 1985; Roth et al., 1991; Zou & Cavusgil 1996). Different countries are unique in their comparative advantages (Hill, 1996). As such, maximizing a firm's efficiency largely depends on concentrating value chain activities in a few locations where they can be implemented and achieved most effectively. For example, countries with good engineering and manufacturing capabilities where labor costs are low are good candidates for concentrating product development and engineering activities.

The integration view is the third perspective on global marketing strategy. This view reflects research which has shown that participating in all key world markets to achieve competitive leverage and integrate the firm's competitive strategies across these markets is essential in being successful in global marketing (Birkinshaw et al., 1995; Yip, 1989, 1995; Zou & Cavusgil 1996). Simply, according to this perspective, the integration of a firm's competitive moves across the world's major markets is essential (Birkinshaw et al., 1995; Ghoshal, 1987). Zou and Cavusgil (2002) wrote that global marketing strategies like these can be simultaneously employed, and should take into consideration both external market environments and internal organizational characteristics.

To extend this discussion somewhat further, research conducted by Barlett and Ghosal and associates (as cited in Furrer, 2009), which resulted in four generic worldwide strategies, is particularly relevant here. These four strategies are:

- international, in which strategic and operational decisions are developed in the home country and later transferred to other countries for adaptation there,
- multinational or multidomestic, in which strategic and operational decisions are decentralized to a strategic business unit in each country, and that unit adapts the products to the local market,
- global, in which firms offer standardized products across markets in other countries, with the home office dictating the competitive strategy, and
- transnational, in which firms coordinate and integrate activities across countries in order to achieve global efficiency and local responsiveness (Furrer, 2009).

5.3 Foreign Entry Theories and Strategies

Directly offering one's products to another country via export is not the only way to expand business internationally. There are other foreign entry methods that are commonly used, which are discussed below.

5.3.1 FDI

FDI is one method of expanding business interests beyond a company's country borders. This approach, which has come to play a key role in global business, can open up new markets and marketing channels, provide access to cheaper production facilities, and provide access to new technologies, products, skills, and financing (Graham & Spaulding, 2004). It can be more profitable and/or easier than exporting to other countries depending on such factors as location, ownership, technological expertise, business climate, cultural climates, and so on.

Companies use a variety of approaches to determine which markets to enter and when. Some of the different schools of thought on this as they pertain to FDI are briefly discussed next.

5.3.2 The product lifecycle theory. ***Vernon's (1966) theory regarding the decision to invest abroad is rather simple. According to Vernon's theory, decisions to invest abroad should be driven by the product's lifecycle stage rather than by any advantages in the host country. This calls for production to be conducted in the home country rather than in other countries when it comes to new products, due to the requirement for research and development to be centralized. This also brings greater ease to collaboration and production. Being close to potential customers is another advantage of producing new products at home, as there is often very high demand for new, innovative products. Also, the high inelasticity of demand can allow for the charging of higher prices.***

Then, as the product matures and demand for it due to its popularity increases, it can be exported to other countries. When this occurs, it drives competition among other firms to copy the product. As the product further matures and faces greater competition, the firm's monopoly of this product and its production processes concludes. It is at this point when the firm that was first into the market with the product must seek additional markets for it and resort to FDI.
Vernon's (1966) product life cycle theory, though widely cited in the scientific community, has not been widely validated empirically. Most of the researchers who cite this theory present some kind of criticism of it. One example of these opposing studies is that of Sanyal (2001), who stated that, even though the theory adequately explains the flow of investment from developed countries, such as the United States to developing countries, it fails to explain the reverse scenario. As such, it does not present an adequate explanation of all the motives of foreign direct investment.

5.3.3 Dunning's eclectic paradigm. ***Dunning's (1988) eclectic paradigm holds that firms will enter into international production if they have the following three factors: ownership-specific advantages; whether they perceive benefits from using these ownership advantages in a specific country; their ability to best exploit these advantages internally instead of by engaging in licensing or franchising.***

These theories are based on the belief that the key factors for success in overseas markets are size, experience, and resources. The next theory represents a different perspective.

5.3.4 Born global. ***There is some disagreement on the origin of the term "born global". Tanev (2012) attributed it to Michael Rennie, who coined it in 1993 to describe companies that were capable of competing internationally and coordinating resources across countries from their very beginning. In other words, they are developed to satisfy a global niche from day one. A paper presented at the 23rd Annual Australian and New Zealand Academy of Management Conference in 2009 on a review of the literature on*** **born global** ***firms attributed it to the work of Welch and Luostarinen and stated that they first introduced the concept into business theory in 1988.***

Companies described as "born global" are considered to be different from other companies that manage to internationalize very quickly; often as rapidly as within one or two years after domestic establishment (Autio, Sapienza, & Almeida, 2000). These firms might be better referred to as "global startups" (Oviatt & McDougall, 1995). Ellis (2001) referred to these other companies as "instant internationals". Some researchers have noted that the ability to internationalize early and successfully in an overseas market is a function of internal capabilities (Autio et al., 2000; McDougall & Oviatt, 2000). Knight and Cavusgil (2004) stated that "born global" firms have strongly innovative natures, and it is these natures that the businesses draw upon to develop specific types of knowledge and information. This then drives the development of organizational capabilities that support early internationalization and superior performance in diverse international markets.

One thing that appears to set born-global firms apart from others is the lack of deeply-rooted managerial traditions that are typically characteristic of well-established businesses (Collis, 1991; Miller & Friesen, 1984). This gives them a competitive advantage as they do not have to unlearn established business routines before establishing internationally oriented routines. This unlearning process is something that typically is more difficult in better-established firms as the new knowledge regarding globalization efforts often conflicts with operations already in existence, as well as mental models held by entrenched management (Autio et al., 2000; Barkema & Vermeulen, 1998).

According to Knight and Cavusgil (2004), "born global" companies have specific key organizational capabilities that lead to their international success. These include global technological competence, unique products development, quality focus, and leveraging foreign distributor competences. The ability to leverage quality and technological excellence is a key element in born global firms being able to develop products with niche market appeal around the world (Knight & Cavusgil, 2004). Knight and Cavusgil also found that another approach taken by "born global" firms is creating strong relationships with foreign distributors, which leads to the achieving of superior international performance. Rennie's (1993) research also reflects this perspective in his finding that early exporters have succeeded by leveraging proprietary technologies and high-quality goods.

5.3.5 Licensing
A license is a written contract under which the owner of a copyright, know-how, patents, service mark, trademark, or other intellectual property allows a licensee to use, make, or sell copies of the original in return for royalties. The agreement usually lasts for a limited period agreed upon by licensor and licensee. The licensee acquires exclusive rights to use the trademark or know-how in a particular market in which the licensor does not operate. Rolf (1980) proposed that when the patent to be licensed is based on relatively simple technology and owned by a small- or medium-sized firm, licensing is a favorable strategy

for entering a market that is both physically and culturally distant. Licensing may be used to access new markets. By granting the licensee, the licensor can penetrate markets it could not otherwise enter.

5.3.6 Franchising
Caves and Murphy (1976) defined a franchise agreement as a contract lasting for a definite or indefinite period of time in which the owner of a protected trademark grants the right to operate under this trademark for the purpose of producing or distributing a product or service. Franchising's main features are the rental of an intangible asset (brand) and the operation of a decentralized production or distribution process. Franchising is similar to licensing agreements but differs in terms of duration, service, and motivation. The franchisor provides assistance to the franchisee in most activities along the value chain (Root, 1987). Hollensen (2011) argued that two main factors have contributed to franchising's growth: the decline of the traditional manufacturing industry and its replacement by service sector and government policies that have eased regulation of small businesses and self-employment.

5.3.7Joint Ventures
This approach has been explained as an enterprise, corporation or partnership formed by two or more companies, individuals, or organizations. At least one of these companies is an operating entity that wishes to broaden its activities for the purpose of conducting a new, profit-motivated business of permanent duration. In general, the participants share ownership with more or less equal equity distribution and without absolute dominance by one party (Young & Bradford, 1977).
Joint ventures are associated with the following advantages: providing access to resources and markets, technology transfer, reducing political risk, and improving the firm's competitive position. Since ownership and control is shared between the domestic and the foreign firm, joint ventures involve more risk but can potentially have very high returns (Anderson & Gatignon, 1986). Ring and Van de Ven (1992) argued that since joint ventures require a fair level of cooperation, members have to rely on trust and reciprocity in order to reduce the risk of opportunistic behavior and enjoy the benefits of resource and cost sharing. According to Ning (2008), the downside of international joint ventures is that cultural differences can cause difficulties. Transaction costs can increase when cultural differences between partners arise, which can lead to distrust.

5.3.8 Greenfield Investments
The Greenfield investment theory holds that the preferred approach to internationalization and integration across countries is to build new plants instead of acquiring them (Erlandsson & Hassan, 2012). Erlandsson and Hassan (2012) noted that this approach is used by companies whose key factor in success is in production logistics. This approach's main advantage is that it allows companies to build plants that fit their specific needs and interests, and also allows for the taking advantage of the most up-to-date technology for doing so. The disadvantages are high investment costs and entering new markets more slowly than by using other approaches (Hollensen, 2011).

5.3.9 Business Acquisition
Simply buying a company or companies that are already running and established is a time-proven approach to business expansion. The benefits to acquisition are many: established products and brands, well-honed distribution channels, customer bases already in existence, and so on (Hollensen, 2011). This approach is one of the fastest for expanding a company's reach but it is also accompanied by some significant costs as well as possible issues regarding culture, communication, and integration between the acquiring company and the company to be acquired (Hollensen, 2011).

6. Factors Affecting Consumer Beliefs Toward Foreign Goods and Products
Consumers today can choose an almost limitless variety of products from around the world thanks to globalization and technology advances. Yet much is still not yet known about what influences their decisions. Knowing whether a company's products would be accepted or rejected should they be offered outside of the home country plays a key role in a business's strategic decisions on whether to mount such expansions. While much is still to be discovered regarding consumer buying behavior, researchers have identified a group of key factors that can influence it, some of which are discussed next. This part of the review will help inform the discussion of the second research question: What are the factors that could impede the expansion of Saudi firms outside of their home country?

6.1 Country of Origin
Correlations between where a product originates from (country of origin) and consumer acceptance have been extensively studied by researchers attempting to explain why some companies achieve success in expanding their business beyond their country's borders and why some are not. Scholars have identified Dichter (1962) as the pioneer of this notion. Dichter suggested that country of origin could significantly affect the consumers' approval and eventual product success and that the concept of "made in" should be recognized as an additional marketing mix element (Kumar & Barker, 1987).

One of the first empirical studies conducted on the country of origin was by Schooler (1966). This study used identical products with labels showing different countries of origin to show that they were evaluated differently by consumers. Other studies, such as that by Bilkey and Nes (1982), furthered this line of research by showing that what people thought of particular countries in general also tended to affect how they would evaluate and think of products made by manufacturers in these countries. As an example, consumers may believe that in order to produce technical products of high quality, a skilled and well-educated labor force is needed. When they see high quality products that clearly reflect technologically advanced manufacturing and production, they tend to perceive these types of products to be of superior quality when they are produced in developed countries.

Kumar and Barker (1987) concluded that consumers do attach value to the country of origin based on their association with that country or with products made in that country, and that buying considerations are influenced by nationalistic factors. Results from a study by Al Sulaiti and Baker in 1998 on country of origin effects showed that there is a significant difference in a consumer perception based on the country of origin and product or service. They found that the product/service country of origin is an important element, especially where little about other elements is known. But, according to Al Sulaiti and Baker, the question of how much the influence of country of origin is and how it can be evaluated remains. This question is still unanswered.

Agarwal and Ramaswami (1992) showed that country image can be transferable from a well-known product according to analysis of data indicating that consumer perception for any product from a given country is connected to the thoughts they hold for a well-known product from that country. Moreover, Agarwal and Ramaswami found that if a new product is similar to a well-know product, the new product will be perceived positively.

Laroche, Nicholas, Louise, and Mourali (2005) sought to extend knowledge regarding cognitive processing of country of origin by taking into consideration the concept of country image and its role in product evaluation. The sample largely consisted of residents of cities in North America. A total of 436 usable questionnaires were returned. Data analysis was conducted using the EQS structural equation modeling software. Laroche et al. found that a country image has three components or dimensions: cognitive, affective and conative. From their attempt to find the relationship between country image, product beliefs, and product evaluations, Laroche et al. concluded that country image and product beliefs simultaneously affect product evaluations regardless of the consumers' familiarity with the country's products.

Other findings from the Laruoche et al. (2005) study indicated that the structure of country image influences product evaluations through product beliefs directly and indirectly. Also, the results showed that when a country's image has strong affective components, its direct influence on product evaluations is stronger than its influence on product beliefs. Alternatively they found that when a country's image has strong cognitive components, its direct influence on product evaluations was smaller than its influence on product beliefs.

Kinra (2006) studied consumer attitudes regarding foreign products versus local products in India, noting the increasing prevalence of foreign brand names and country of origin stereotypes ranging from positive to negative. A structured questionnaire was administered to 112 consumers in Lucknow, India. Attitudes regarding brands categorized as foreign or Indian were measured on 7-point semantic scales, and CETSCALE was used to measure consumer ethnocentrism. Kinra found that foreign brands were viewed as generally higher and superior to local brands and that most consumers associated greater accessibility of foreign brands in the Indian market with better quality at lower prices. Indian consumers, despite high levels of nationalism and preference for local manufacture, were not prejudiced against foreign brand names and rated them higher on technology, quality, status, and esteem, which, Kinra stated, reflected high credibility regarding those products country of origin.
Yasin, Noor, and Mohamad (2007) evaluated the effects of a brand's country of origin image on the formation of brand equity by studying durable goods in three product categories: television, refrigerator, and air conditioner in the Malaysian market. The authors found that the brand's country of origin image positively and significantly influenced dimensions of brand equity, specifically brand distinctiveness, brand loyalty, and brand awareness/associations. The results also showed that the brand's country of origin image and through the mediating effects of brand distinctiveness, brand loyalty, and brand awareness/associations can affect the brand equity either directly or indirectly.

Essoussi and Merunka (2007) found that country of design, country of manufacture, and brand image had a simultaneous effect on consumers' perceptions of binational products. Study findings also showed that consumers are sensitive to country of design more for public than private goods, and also that they value the country of manufacture for branded products. On the other hand, country of design image is significant to brand image, and it is very high for one product category, like cars. Finally, the brand and country of manufacture congruity is also important because the evaluations of product decrease when consumers perceive incoherence in a manufacturing location (Essoussi & Merunka, 2007).

6.2 Product Ethnicity

Usunier and Cestre (2007) found that consumers make stereotypical associations between products and countries. Their perceptions are based on a country's know-how regarding the products' design, manufacturing, branding, and so on. Product ethnicity is reflected when such associations are shared globally. Usunier and Cestre conducted three studies to investigate product ethnicity. The first was done on an exploratory level on a large set of products across five survey countries. Usunier and Cestre found that respondents tended to associate goods more closely with their own country, which the researchers termed "context-centered association tendencies." In Study 2, Usunier and Cestre related product ethnicity and context-centered association tendencies to the country-of-origin literature and test research hypotheses with a new set of countries—two representing collectivist cultures (China and Mexico) and two representing individualist cultures (the United States and Germany). Finally, in the third study Usunier and Cestre found that consumers are more willing to buy product offerings that are congruent rather than noncongruent with product ethnicity.

6.3 Consumer Ethnocentrism

Consumer ethnocentrism derives from the more general construct of ethnocentrism, which holds that one's own group (the in-group) is superior to other groups (out-groups; Nijssen et al., 1999). Consumer ethnocentrism is commonly measured using the CETSCALE, which was recently revised as the Consumer Ethnocentrism Scale (CES) to reflect greater variance in customer evaluations and behavioral intentions than the earlier scale and other similar scales (Sharma, 2015).

Consumer ethnocentrism is generally seen as having a negative impact upon how foreign products are seen. However, most studies have focused upon consumer attitudes in developed countries and older consumers, and are inconclusive regarding developing countries (Jin et al., 2015). Jin et al. (2015) focused on consumer ethnocentrism and cosmopolitanism. These two antecedents have been widely studied to investigate their relationship with product country image among younger generation consumers from three developed and eight developing nations. They found that consumers with high consumer ethnocentrism tended to have more negative images of imported goods, but that younger consumers from developing countries considered these goods even more negatively.

Further, Jin et al.'s (2015) findings showed that, from a consumer ethnocentrism perspective, younger consumers in developing countries were likely to identify developed countries as ones with which they were most familiar, but were also most likely to feel negatively about products from these countries. Based on this, Jin et al. concluded that localization is highly desirable. However, Jin et al.'s conclusions have broader implications than this. The researches noted that globalization strategy is complicated, and that while their results regarding consumers from developing countries showed them favoring foreign brands that also have local affiliations, younger consumers in developed countries with high consumer ethnocentrism seem to accept imported goods more readily than their counterparts in developing countries. According to Jin et al., this could be because international companies tend to project a distinguished and often superior image compared to local firms in both developed and developing countries. As such, companies should not ignore the stronger feelings of the local affiliations linked to consumers with high consumer ethnocentrism in developing countries.

6.4 Consumer Animosity

Nijssen et al. (1995) noted that because of size and resources, small countries often depend on their neighbors, particularly large countries, and may feel threatened and have feelings of animosity toward them. Consumer animosity can also reflect remnants of antipathy related to previous or ongoing military, political, or economic events (Klein et al., 1998). These feelings of animosity can affect consumer purchasing behavior regarding foreign products (Abraham, 2013; Klein et al., 1998). Such animosity can result in consumer boycotts that can last for decades (Abraham, 2013). Trade agreements, if seen as unfair, can also lead to economic animosity and, in turn, general animosity and consumer reluctance to buy products from the country in question (Abraham, 2013).

Abraham (2013) noted that consumer ethnocentrism and consumer animosity are unique constructs and differ in several ways. Ethnocentrism is more dominant when consumers have to choose between domestic and foreign products and is negatively related to product judgments. Ethnocentrism is not context specific and can be applied in various countries and cultures. However, animosity influences behavior when consumers have to choose between foreign products only. Unlike ethnocentrism, animosity does not typically affect how consumers view products. They may have very positive attitudes toward products from a certain country but may refuse to buy them because of their attitudes about the country due to animosity (Abraham, 2013).

In their 2012 study on the effects of consumer ethnocentrism and consumer animosity on repurchase intent, Akdogan, Ozgener, Kaplan, and Coskun noted that research relevant to the relationship between these factors was limited, and that such knowledge could be useful for understanding how multinational companies may effectively overcome the complex problems or dilemmas related to consumer animosity and consumer ethnocentrism.

Akdogan et al. (2012) theorized that consumer ethnocentrism and animosity would be negatively related to repurchase intent, and that customer loyalty would moderate both the relationship between consumer ethnocentrism and repurchase intent and the relationship between consumers' animosity and repurchase intent. Akdogan et al. sampled Turkish consumers in supermarkets in a province of Turkey and distributed questionnaires to 500 subjects. 208 of the respondents provided questionnaires that could be used (a response rate of 41.6%).

Study results showed a significant and positive relationship between consumer ethnocentrism and consumer animosity, but also that both factors were negatively related to customer loyalty (Akdogan et al., 2012). Both consumer ethnocentrism and consumer animosity were negatively related to repurchase intent regarding products from the United States. This finding aligned with that of other studies, and consumer loyalty was found to be positively related to repurchase intent (Akdogan et al., 2012). Overall results showed that animosity and consumer ethnocentrism significantly impacted upon consumers' willingness to buy products from the United States. Akdogan et al. (2012) suggested U.S. firms should pay attention to Turkish nationalistic tendencies. They also noted that the negative views could have reflected the supportive attitude of the United States towards Armenia in relation to the Turkish-Armenian political problem. This reflects the animosity connected to previous or ongoing military and political events noted by Klein et al. (1998).

7. Saudi Companies That Have Successfully Expanded

The factors presented in the previous sections are all ones that can affect consumer embracement of products and companies from Saudi Arabia. However, even given this, and while most of the focus has been on international investment in Saudi Arabia, there have been some Saudi companies that have successfully expanded to other countries by executing business plans that focused on this. Perhaps when demand is such, demand overrides whatever negative there could be about these factors.

The next section can be considered somewhat of a case study approach to some of these companies and their business sectors. This part of the review will help inform the discussion of both research questions formulated for the present study: What are the approaches Saudi businesses could take to expand their presence in other countries, and what are the factors that could impede the expansion of Saudi firms outside of their home country?

7.1 Oil/Petrochemicals

Despite efforts to diversify, Saudi Arabia's economic base - oil and gas - continue to compose the majority of Saudi GDP; accounting for 49.7% in 2012 (McDowall, 2012). In July 2015, Saudi Aramco was reported to be in the restructuring process as part of its separation from the Saudi government's Oil Ministry. "This restructuring means that the National Oil Company (NOC) is set to become more aggressive in its overseas spending," (Agnihotri, 2015, para. 9). Asia has been targeted as the company's preferred location for investment, according to its 2014 annual report, which states that the NOC plans to invest between $70–$80 billion in overseas markets in the next five years (Agnihotri, 2015).

Agnihotri (2015) noted that it comes as no surprise that China, which is one of the biggest consumer markets for oil and gas, comes is an expansion focus, despite its economic falters in recent months. Aramco is China's largest energy supplier, and is now partnering with the country on refining and petrochemicals along with consumer product markets. Agnihotri (2015) reported that Aramco is helping China to build a processing plant in addition to another plant that it operates with ExxonMobil and China Petroleum and Chemical Corp. Aramco's CEO Khali Al Falih has stated that he want to make Saudi Aramco a household name in China (Agnihotri, 2015).

A similar scenario is unfolding for Saudi Basic Industries Corp. (Sabic), which according to a July 2015 market report plans to expand investment in U.S. shale gas projects through joint ventures, having signed an agreement with Houston, Texas-based Enterprise Products Partners (Syrian News Agency, 2015). Sabic, which in 2007 acquired General Electric Co.'s plastics unit, stated that it is not planning to acquire any other U.S. companies and that it planned to expand in the United States and China because it was difficult for the company to grow in Saudi Arabia due to a gas shortage (Syrian News Agency, 2015). Company officials stated that Sabic would not be directly involved in Saudi Arabia shale production, but that the discovery of shale gas in Saudi Arabia would create opportunities for indirect investments by the company (Syrian News Agency, 2015). Acting CEO Yousef al Benyan was quoted in 2015 as saying that the main areas of investment in the United States will be the Northeast and the South as they fit Sabic's overall expectations including government support, labor laws, and unions, and that Sabic was not looking to acquire any U.S. companies (Oil&Gas360, 2015). Al Benyan also said that the shale gas products could be used in the United States or exported to other countries such as the United Kingdom where the company has converted existing facilities to use shale gas to produce olefins and their derivatives more effectively (Oil&Gas360, 2015).

Bernanke (1983); Pindyck, (1991) illustrated the effects of Oil Price Volatility (OPV) on aggregate consumption which has therefore significant impact on investment decisions. Real options valuation literature suggests that, due to the uncertainties relating to the profitability of investment in a volatile energy environment, the benefits of holding a more risk adverse investment portfolio outweigh the future advantages gained from current commitments to irreversible investment expenditures. According to Bredin at el., (2011); Guo and Kliesen(2005) the firms do indeed optimize their investment expenditures as result of consumers attitudes in case of OPV which is only specific to the short and medium-run and disintegrates in the long-run, reflecting the fact that further delays to investment are subject to an increasing opportunity cost over time.

Industrial production generally declines in response to aggregate price volatility, but the essentiality of oil as an input into industrial processes means that OPV has an especially adverse effect on industrial production growth (Bredin & Fountas, 2013). In addition, Federer(1996); Elder & Serletis(2010) stated that the time horizons considered in investment and production level planning differ markedly, the central determinants of investment (expected consumption and returns) are also common to industrial production. The decrease in industrial production as OPV increases is a response to the expected decreases and increased unpredictability of consumption as well as production and delivery cost uncertainty.

7.2 Food

Savola, a Saudi-based company established in 1979, makes cooking oil and other staple foods in markets around the Middle East and North Africa and is finding success through partnership. It is one of the Middle East's largest multinational food groups in the Gulf and the Middle East Region, North Africa, and Turkey, and has wide holdings in food manufacturing and retailing. It also has made significant investments in leading publicly listed Saudi companies, investment funds, and real estate businesses (Savola Group, n.a.)

The food sector is one that perhaps has some export promise if Al Baik Fried Chicken is any indication. According to Al Omran (2013), the fast-food chain is so massively popular that people stand in line for hours for a taste and go so far as to transport their meals by plane in order to sell them in another city for double the price. Owners El Baik Food Systems Company S.A. has stated plans to expand to the rest of Saudi Arabia, and the demand for expansion has not been limited to this country. However, according to the company's chief executive, laws regulating franchising "are not yet developed enough to allow Al Baik to expand without compromising quality" (Al Omran, 2013, para. 7). The company has lobbied the government to reform the franchising rules, but because it realized that it would take the government a long time began developing its own model (Al Omran, 2013). Newly-built branches are the result of 10 years of research and investment in technology to develop the company's franchise model (Al Omran, 2013).

Investing in the raw products used to make various food products is another area of potential growth for Saudi companies. Greenfield investment and partnership are the approaches taken by the Canadian arm of the Saudi Agricultural and Livestock Investment Co. (SALIC Canada) to expand their food products presence in that country (Cross, 2015). Saudi Agricultural and Livestock Investment Co. was established in 2011 to secure food supplies for a country that imports 80% of its food (Atkins, 2015).

SALIC Canada has partnered with Bunge Canada to buy a stake in the former Canadian Wheat Board for $250 million. According to Cross (2015), who reviewed a report in *Gulf Business News*, Abdullah Aldubaikhi, SALIC's chief executive officer, told the Reuters News Service that the company would be building entirely new facilities to supplement and complement logistics that SALIC already has in Canada.

7.3 Pharmaceuticals

About 80% of the pharmaceuticals consumed in the Gulf Cooperation Council (GCC) are imported (PharmaConsult, 2011), but there is focus on increasing local drug manufacturing by encouraging joint ventures and licensing agreements with multinational pharmaceutical companies (PharmaConsult, 2011). According to PharmaConsult (2011), Yemen is a major sales target for local manufacturers, many of which typically export a significant percentage of their annual production. "Nevertheless, the region ranks low in the context of capabilities within the overall pharmaceutical industry value chain, and particularly with respect to research and discovery of innovative products" (PharmaConsult, 2011, para. 18).

Saudi Arabia's pharmaceuticals sector, while one of the largest in the Middle East, has traditionally been dominated by imports, accounting for approximately 82.4% of the total market in 2012 (GlobalData, 2014). Local production only meets 17.6% of the demand in the country, but exports have grown rapidly, from $0.2 billion in 2009 to $0.4 billion in 2013 (GlobalData, 2014). SPIMACO, Saudi Arabia's first pharmaceutical manufacturing company, started in 1986 and is the country's leading domestic manufacturer (GlobalData, 2014). It primarily serves the Ministry of Health and other government institutions and also exports to various international markets (GlobalData, 2014).

Jamjoom Pharma, based in Jeddah, primarily focuses on dermatology, opththalmic, cardiovascular, gastrointestinal, and general medicine products. Since its beginning, it has been rated among the fastest growing pharmaceutical companies in Saudi Arabia and also as one of the top 10 companies in the country (WorldPharma, 2015). Since it began operations in Saudi Arabia in 2000, it has also established operations in other countries in the Middle East, Africa, and CIS regions (WorldPharma, 2015). "Spurred by rapid growth in domestic and international sales, the company is in the process of establishing manufacturing centres in Egypt and Algeria and has been investing in expanding its production facilities." (WorldPharma, 2015, para. 9). Jamjoom produces and distributes 70 pharmaceutical products and exports products to 15 countries in the Middle East and Africa region (Arab News, 2011).

Tabuk Pharmaceutical rounds out the top three leading domestic pharmaceuticals manufacturers in Saudi Arabia. The company markets 86 branded generic drugs to 16 countries in the Middle East, North Africa, United States, and Europe (Arab News, 2011).

7.4 Mining

Saudi Arabia has long been an exporter of gold, and 150,000 ounces are mined per year (O'Kane, 2013). According to O'Kane (2013), developing Saudi Arabia's mining sector in other areas occupies a prominent position in the country's efforts to diversity its economy away from oil. Strategies include establishing industries for extracting and processing the minerals, developing the transformation infrastructure necessary for making the materials more accessible for processing, and streamlining export procedures (U.S.-Saudi Arabian Business Council, 2008).

Of all of Saudi Arabia's rich mineral resources, phosphate appears to have great promise. The Waad al-Shamal project is expected to be a major producer of phosphate products including industrial fertilizer ammonia, animal feedstock, plastics, and detergents (Gulf News, 2014). Saudi Arabia is already a major exporter of urea and ammonia - two of the most common artificial fertilizers - through a Sabic unit (Gulf News, 2014).

8. Methodology

The present thesis reflects a critical review of relevant literatures on global competitiveness, specifically related to the research questions of what are the approaches Saudi businesses can take to expand their presence in other countries, and which factors could impede the expansion of Saudi firms outside of their home country. Studies cited in this thesis were obtained using the online databases Google, Google Scholar, and EBSCO.

The literature search began with identifying keywords and phrases from the preliminary reading conducted at the beginning of this study. Keywords and phrases used in searches included the following: *country of origin*, *country of origin effects*, *consumer*, *consumer perception*, *product country of origin*, *service country of origin*, *brand equity*, *country of design*, *country of manufacture*, *national culture*, *global market*, *global market conditions*, *global business*, *product ethnicity*, *customer behavior*, *emerging markets*, *country image*, *nationalism*, *ethnocentrism*, *helping behavior*, and *patriotism*. All searches were conducted using the option of scholarly articles with full text available as the filter. When articles were found to be exceptionally on-point and helpful, their research lists were also sourced for pertinent articles. These articles were also included in the literature review. Additional sources of information for the literature review included articles found in relevant Internet sites, books, corporate reports, and other similar published findings.

When searching for data for this literature review, several conventions were followed. Firstly, the search was not limited to publications from any one country. Instead, information was sought from countries around the world. However, since this study's focus is on Saudi Arabia, articles with this emphasis were prioritized. Secondly, whilst it is always best to have the most up-to-date data on hand for the best relevancy, and standard guidance is to focus on articles published in the last 5 to 10 years (Creswell, 2014), older articles and sources (e.g., Kotler) considered seminal in the field were not excluded.

Several limitations were apparent when searching for data for this literature review. While searches were not limited to only articles written in English, the majority of them were. Finally, no data were created as this research was conducted. In other words, this thesis contains data from existing literature that were analyzed secondarily.

9. Discussion

The purpose of this study was to conduct a critical review of relevant literature on global competitiveness, specifically related to the research questions of what approaches Saudi businesses can take to expand their presence in other countries and the factors that could impede the expansion of Saudi firms outside of their home country. Since multinational companies generate huge revenues for their home countries, it is important to determine if greater expansion to foreign markets is possible for Saudi companies.

To conduct this review, studies on such aspects as country of origin, country of origin effects, consumer perceptions, country of design, country of manufacture, national culture, global market, global business, consumer behavior, country image, product ethnicity, emerging markets, nationalism, ethnocentrism, and patriotism were reviewed. While studies reviewed were not limited to those written in English, the majority of them were written in English.

9.1 Findings As They Relate to Hypotheses Developed

Several possible hypotheses were developed at the beginning of this research that could have possibly resulted from this investigation. They are as follows:

- Firstly, that the lack of experience in global business, such as the lack of knowledge regarding regulations and markets abroad, may affect the ability of Saudi businesses to expand globally.
- Secondly, consumers may believe that brands from Saudi businesses are of low quality and cannot compete with other multinational brands.
- Thirdly, such factors as nationalism, ethnocentrism, and patriotism may play a role in consumer choice when it comes to products from Arab countries.

No data were created as this research was conducted. In other words, this thesis contains data from existing literature that were analyzed secondarily. The conclusions and discussions presented in this section only reflect this secondary analysis. They do not reflect first-hand data gathered from business leaders and consumers themselves.

The following discussion is on the three hypotheses that were originally conceptualized as possible results from the review and synthesis of relevant literature. As will be seen, the greatest support was found for the third hypothesis: that such factors as nationalism, ethnocentrism, and patriotism may plays a role in consumer choice when it comes to products from Arab countries.

9.2 Discussion of First Hypothesis: The Lack of Experience in Global Business, Such as the Lack of Knowledge Regarding Regulations and Markets Abroad, May Affect the Ability of Saudi Businesses to Expand Globally

The first hypothesis, that the lack of experience in global business, such as the knowledge deficit regarding regulations and markets abroad may affect the ability of Saudi companies to expand internationally, may very well be valid. However, we were unable to find any studies which specifically discussed these topics as they relate to Saudi businesses. Furthermore, research has shown that directly offering one's products to another country via export is not the only way to expand business internationally.
Other foreign entry methods, such as FDI, licensing, franchising, joint ventures, Greenfield investments, and outright acquisitions can be used. All have been proven to be worthy and profitable approaches. As they apply to Saudi companies, all are valid approaches for expansion of business presences to other markets. FDI, for example, can open new markets and marketing channels, provide access to cheaper production facilities, and provide access to new technologies, products, skills, and financing (Graham & Spaulding, 2004). It can be more profitable and/or easier than exporting to other countries. While not noting specific Saudi companies in its report on FDI investments in Morocco, the research and trading company Santander in 2015 noted that Saudi Arabia has traditionally joined France and Spain as the three main foreign investors in Morocco, typically focusing on real estate, industry, and tourism.

Licensing, for example, may be used to access new markets. By granting the licensee, the licensor can penetrate markets it could not otherwise enter. Rolf (1980) proposed that when the patent to be licensed is based on relatively simple technology and owned by a small- or medium-sized firm, licensing is a favorable strategy for entering a market that is both physically and culturally distant.

Franchising, in particular, could be used to expand businesses in the food sector that have an already established strong consumer demand in Saudi Arabia and which could drive demand in other countries as well. Al Baik, the fried chicken fast-food chain, is one example of a company that could benefit by building on its massive popularity by franchising, and the company has announced plans to do so. According to the company's website, it has already started accepting limited franchising requests from "those who feel they share the same common goals: committed to playing a positive role in society, satisfying customers, and helping team members grow and develop into a company they love and believe in" (Al Baik, 2015, para. 2).

In a 2013 *Wall Street Journal* interview, Al Baik's chief executive spoke to a key factor that has hampered the company's expansion plans, that laws regulating franchising are not developed enough to allow the company to expand without compromising quality (Al Omran, 2013). This is a factor that other Saudi companies wishing to franchise will also come up against. Al Baik is working around these laws by developing its own model and, at the time of writing, has limited its franchising plans to other markets in the GCC region. This is a wise approach as the laws of such countries as Bahrain and Dubai are similar to those of Saudi Arabia regarding food businesses (Al-Yami & Asaad, 2009), and also because one reason for

Al Baik's success is the fact that it is an Arab business. As bloggers Al-Yami and Asaad (2009) noted, Arabs in general boycotted the United States by starting to prefer local or non-American products over American products, especially when it came to food. Franchising to other GCC countries might change the restaurant's nationality somewhat to another Arab nationality, but will not change consumer perceptions or buying behavior (Al-Yami & Asaad, 2009). Another aspect of franchise expansion, as bloggers Al-Yami and Asaad (2009) noted, is that if Al Baik became a success in other countries, such as the United States, because the consumers like it, the government might interfere with laws that may restrict its success.

Joint venture, the third expansion approach, has been used successfully by companies such as Aramco and Sabic. Aramco is China's largest energy supplier, and is now partnering with the country on refining and petrochemicals along with consumer product markets. Agnihotri (2015) reported that Aramco is helping China to build a processing plant in addition to another plant that it operates with ExxonMobil and China Petroleum and Chemical Corp. Aramco's CEO Khali Al Falih has stated that he wants to make Saudi Aramco a household name in China (Agnihotri, 2015).

A similar scenario is unfolding for Saudi Basic Industries Corp. (Sabic), which, according to a July 2015 market report, plans to expand investment in U.S. shale gas projects through joint ventures, having signed an agreement with Houston, Texas-based Enterprise Products Partners (Syrian News Agency, 2015). Acting CEO Yousef al Benyan was quoted in 2015 as saying that the main areas of investment in the United States will be the Northeast and the South, as they fit Sabic's overall expectations including government support, labor laws, and unions, and that Sabic was not looking to acquire any U.S. companies (Oil&Gas360, 2015). Al Benyan also said that the shale gas products could be used in the United States or exported to other countries such as the United Kingdom where the company has converted existing facilities to use shale gas to produce olefins and their derivatives more effectively (Oil&Gas360, 2015).

Regarding Greenfield investments, we could only find limited literature on this approach as employed by Saudi companies. However, in 2015, the Saudi Agricultural and Livestock Investment Co. (SALIC) announced its intention to make a Greenfield investment in Canada's logistics sector (Cross, 2015). This announcement came on the heels of another regarding SALIC Canada having partnered with Bunge Canada in a joint venture called G3 Global Grain Group, which had previously in 2015 announced plans to buy a 50.1% stake in the former Canadian Wheat Board for $250 million. According to Cross (2015), who reviewed a report in *Gulf Business News*, Abdullah Aldubaikhi, SALIC's chief executive officer, told the Reuters News Service that the company would be building entirely new facilities to supplement and complement logistics that SALIC already has in Canada.

Finally, regarding simply buying a company or companies that are already running and established, this is a time-proven approach to business expansion and one that could be well-leveraged by Saudi companies. The benefits to acquisition are many: established products and brands, well-honed distribution channels, customer bases already in existence, and so on (Hollensen, 2011). A very recent example of this is the Almarai dairy company, which bought a dairy farm outside of Phoenix, Arizona, in 2014 (NPR, 2015). Almarai bought the 15-square-mile farm to grow hay for cows in Saudi Arabia. After purchasing the facility, Almarai officials planted alfalfa in fields that were previously used for corn, cotton, and other crops and are shipping it overseas, in this case China (NPR, 2015).

9.3 Discussion of Second Hypothesis: Consumers May Believe That Brands From Saudi Businesses Are of Low Quality and Cannot Compete With Other Multinational Brands

We're not able to find much specific support for the second hypothesis, which consumers may believe that brands from Saudi businesses are of low quality and cannot compete with other multinational brands. It is known in general that poor quality perceptions can pose significant barriers to growth in some sectors such as private label merchandise (Nielsen, 2014). As such, logic would follow that; in general, if brands from Saudi businesses are perceived to be of low quality, this would affect their being able to compete with other multinational brands.

Based on the results from the research review conducted for this study, we believe that the underlying philosophy of this hypothesis, that consumers believe brands from Saudi businesses are of low quality, actually reflects the more significant factors expressed in this study's third hypothesis, which are discussed next.

9.4 Discussion of Third Hypothesis: Such Factors as Nationalism, Ethnocentrism, and Patriotism May Play a Role in Consumer Choice When it Comes to Products From Arab Countries

The third hypothesis, that such factors as nationalism, ethnocentrism, and patriotism play a role in consumer choice when it comes to products from Arab countries, was much more significantly supported by research findings. As discussed in Section II, globalization and technology advances make it possible for consumers today to choose an almost limitless variety of products from around the world. While this is the case, and much research has been done on what influences buying decisions, much is yet unknown. Factors such as country of origin, product ethnicity, consumer ethnocentrism, and consumer animosity are just a few that have been shown to play key roles in this vital aspect of consumerism.

Regarding country of origin, Al Sulaiti and Baker (1998) found significant differences in consumer perceptions based on the country of origin and product or service. They found that the product/service country of origin is an important element especially where little about other elements is known. Agarwal and Ramaswami's (1992) study findings showed that country image can transfer from well-known products as analysis of consumer perceptions for any product from a given country showed that these perceptions were connected to the thoughts they held for a well-known product from that country. Furthermore, if the new product is similar to a well-known product, the new product will also be perceived positively. Laroche et al. (2005) found that a country image has three components or dimensions: cognitive, affective and conative. From their attempt to find the relationship between country image, product beliefs, and product evaluations, Laroche et al. concluded that country image and product beliefs simultaneously affect product evaluations regardless of the consumers' familiarity with the country's products. Laroche et al. further concluded that when a country's image has strong cognitive components, its direct influence upon product evaluations was smaller than its influence upon product beliefs.

Kinra (2006) studied consumer attitudes regarding foreign products versus local products in India, noting the increasing prevalence of foreign brand names and country of origin stereotypes ranging from positive to negative. He found that foreign brands were viewed as generally higher and superior to local brands, and that most consumers associated greater accessibility of foreign brands in the Indian market with better quality at lower prices. Indian consumers, despite high levels of nationalism and preference for local manufacture, were not prejudiced against foreign brand names, and rated them higher on technology, quality, status, and esteem, which, Kinra stated, reflected high credibility regarding those products country of origin.

Yasin et al. (2007), in their study on the effects of a brand's country of origin image on the formation of brand equity, found that the brand's country of origin image positively and significantly influenced dimensions of brand equity; specifically brand distinctiveness, brand loyalty, and brand awareness/associations. Their study results also showed that the brand's country of origin image and the mediating effects of brand distinctiveness, brand loyalty, and brand awareness/associations, can affect the brand equity either directly or indirectly.

Essoussi and Merunka (2007) found that country of design, country of manufacture, and brand image had a simultaneous effect on consumers' perceptions of binational products. Study findings also showed that consumers are more sensitive to country of design for public than private goods, and also that consumers value the country of manufacture for branded products. On the other hand, country of design image to brand image is significant. Also, it is very high for one product category, for example cars. Finally, the brand and country of manufacture congruity is also important because the evaluations of product decrease when consumers perceive incoherence in a manufacturing location (Essoussi & Merunka, 2007).

Whilst we're unable to find studies specifically on how country of design or origin perspectives relate specifically to Saudi products, the conclusion can be drawn from the research cited here that country of origin can very likely play a role in how Saudi products are perceived by consumers in foreign countries, which can affect the successful introduction of these products in other countries.

Regarding product ethnicity, Usunier and Cestre (2007) found that consumers make stereotypical associations between products and countries. Their perceptions are based on a country's know-how regarding the products' design, manufacturing, branding, and so on, and that product ethnicity is reflected when such associations are shared globally. In addition, Usunier and Cestre found that respondents tended to associate goods more closely with their own country, which the researchers termed "context-centered association tendencies." Their overall conclusion after conducting three studies was that consumers are more willing to buy product offerings that are congruent rather than noncongruent with product ethnicity. Again, while we're not able to find studies specifically on how product ethnicity relates specifically to Saudi products, the conclusion can be drawn from the research conducted for the literature review that product ethnicity is another factor that can very likely influence how consumers in foreign countries perceive Saudi products.

With regard to consumer ethnocentrism, this construct is generally seen as having a negative impact upon how foreign products are seen. However, most studies have focused upon consumer attitudes in developed countries and older consumers, and are inconclusive regarding developing countries (Jin et al., 2015). Jin et al. (2015) focused upon consumer ethnocentrism and cosmopolitanism - two antecedents that have been widely studied – in order to investigate their relationship with product country image among younger generation consumers from three developed and eight developing nations. They found that consumers with high consumer ethnocentrism tended to have more negative images of imported goods, but that younger consumers from developing countries considered these goods even more negatively. Further to this, Jin et al. (2015) found that, from a consumer ethnocentrism perspective, younger consumers in developing countries were likely to identify developed countries as ones with which they were most familiar but that they were also most likely to feel negatively about products from these countries. Based on this, Jin et al. concluded that localization is highly desirable.

However, as previously noted, there are broader implications in Jin et al.'s (2015) findings. They noted that globalization strategy is complicated, and that whilst their results regarding consumers from developing countries showed them favoring foreign brands that also have local affiliations, younger consumers in developed countries with high consumer ethnocentrism seem to accept imported goods more readily than their counterparts in developing countries. According to Jin et al., this could be because international companies tend to project a distinguished and often superior image compared to local firms in both developed and developing countries. As such, companies should not ignore the stronger feelings of the local affiliations linked to consumers with high consumer ethnocentrism in developing countries.

Regarding consumer animosity, Nijssen et al. (1995) noted that because of size and resources, small countries often depend on their neighbors, particularly large countries, and may feel threatened and have feelings of animosity toward them. Consumer animosity can also reflect remnants of antipathy related to previous or ongoing military, political, or economic events (Klein et al., 1998). These feelings of animosity can affect consumer purchasing behavior regarding foreign products (Abraham, 2013; Klein et al., 1998). Such animosity can also result in consumer boycotts that can last for decades (Abraham, 2013). Trade agreements, if seen as unfair, can also lead to economic animosity and, in turn, general animosity and consumer reluctance to buy products from the country in question (Abraham, 2013).

Akdogan et al.'s (2012) findings on the effects of consumer ethnocentrism and consumer animosity on repurchase intent are important for realizing how multinational companies may effectively overcome the complex problems or dilemma related to consumer animosity and consumer ethnocentrism. Akdogan et al. theorized that consumer ethnocentrism and animosity would be negatively related to repurchase intent and that customer loyalty would moderate the relationship between consumer ethnocentrism and repurchase intent and the relationship between consumers' animosity and repurchase intent. Study results showed a significant and positive relationship between consumer ethnocentrism and consumer animosity but that both factors were negatively related to customer loyalty (Akdogan et al., 2012). While none of the studies reviewed here specifically focused upon Saudi companies or products, their findings can clearly be extrapolated and applied to the concerns that Saudi companies face. Many researchers have noted that there is still much to be discovered about the factors affecting consumer choices. Still, enough research has been conducted to point to some very obvious conclusions. If there are negative images, thoughts, and beliefs attached to a country, these are factors that are very difficult to overcome. However, this is not impossible to achieve, as some Saudi firms have shown.

10. Findings

Given these findings from the literature review conducted for the present study, it can be said that the research results did not indicate any one specific reason for why Saudi firms have not realized greater success in expanding their products across borders and assumed a larger position in the global economy. Rather, research points to more than a few reasons, with such factors as country of origin, product ethnicity, and consumer animosity quite possibly taking key roles. These are factors that are not easily overcome for a variety of reasons. Images such as that seen after the Paris bombing attacks of two women displaying a banner reading "We want to boycott Arab products but there is nothing they produce", distributed worldwide by social media (Albawaba.com, 2015), reflect many underlying issues and leave an impression that is not easily erased. While the image was later shown to be altered from the original, which contained a completely different message (Albawaba.com, 2015), it reflects deep-seated cultural animosity that recent world events have only served to enflame further.

These issues do not mean that Saudi companies cannot successfully expand into other markets. They do point toward taking very considered and very strategic approaches for doing so. One obvious approach for Saudi companies wishing to expand into other markets would be to study other Saudi Arabian firms that have done so successfully. Another approach would be to study foreign firms that have successfully expanded into Saudi Arabia. Other recommendations are as follows:

- Do not focus or fixate upon just one approach. As an example, such approaches as FDI, joint ventures, and franchising have shown to be successful, both for Saudi companies and for companies wishing to expand to the Saudi market. These might be better approaches than expanding one's product offerings to other countries on one's own, especially if such expansion would require utilizing resources that the company might not be strong in.
- Know one's strategic archetype and consider expansion approaches which reflect it. Analyzers, for example, tend to be followers, not leaders, which points to approaches such as forming strategic partnerships or engaging in other forms of FDI. These may have been proven successful for a fair number of Saudi firms. This approach may also be useful in lowering issues such as consumer nationalism and consumer animosity.
- Be aware of nationalistic issues. In their research on the effects of consumer ethnocentrism and consumer animosity on repurchase intent, Akdogan et al. (2012) suggested U.S. firms should pay attention to Turkish nationalistic tendencies. They also noted that the negative views could have reflected U.S. supporter attitude of Armenia related to Turkish-Armenian political problems, which reflects animosity connected to previous or ongoing military and political events.
- Be closely aware of specific factors, such as age, location, etc. Younger consumers, for example, might have higher consumer ethnocentrism and, for this reason, might have more negative views of imported goods (Jin et al., 2015), so targeting products to these consumers might not have the desired results. This could be accentuated in the case with younger consumers from developing countries who tend to consider these goods even more negatively (Jin et al., 2015). In these cases, marketing to older consumers who might not have such negative images of imported goods might be a better approach. Testing products prior to launch may help to uncover factors such as these.
- Be consistent with the chosen strategy. As previously noted, Miles and Snow (1978) posited that three of the four strategic archetypes - prospector, analyzer, and defender - should perform well and should outperform the fourth type, reactor, because of a lack of a consistent strategy in that archetype (Sollosy, 2013). Regardless of the approach taken, research has shown that consistency matters, and that organizations in which a consistent approach is taken will outperform others in which approaches are less consistent (Sollosy, 2013).

11. Conclusion

The focus of this thesis study was to gain a greater understanding of the issues facing Saudi firms when endeavoring to extend their business outside of their home country. Such factors as consumer impressions of brands made by Arab countries, brand quality, price, and concepts such as nationalism, ethnocentrism, helpful behavior, and patriotism that might somehow affect the Arab image were believed to be factors that may affect the spread of products to other countries. Based on a review and analysis of relevant literature, it is clear that these factors can and have affected the Arab image and may have affected the spread of products to other countries. However, the reasons for the lack of expansion into other countries by Arab companies extend past these factors. Some Saudi companies have very successfully extended their business by taking such approaches as partnerships and franchising; the former being the approach that research supported as being the most common and the most successful for Saudi firms.

The question of whether expansion to foreign markets is possible for Saudi firms can be simply answered affirmatively. Such expansion is possible. But it is perhaps more possible in certain situations and for certain types of companies; ones that offer products for which demand is already established, and companies that are perhaps willing to venture away from what they have traditionally been and perhaps change their overall business approach and strategies to a certain extent. There is an old saying that a shark must keep on moving or it dies. In today's fast-paced global market, the same holds true, at least to some extent, for multinational companies and companies that wish to be multinational.

During 2015, the oil price decreased significantly. Therefore, the Saudi economy will be affected due to the impact of investment, industrial production, and consumption resulting in an indirect ripple-through impact on aggregate unemployment and inflation. Fattouh & Sen (2015) suggest that with a high degree of uncertainty, Saudi Arabia will be reluctant to invest in new capacity. Given the rapid rise in its domestic demand and the increased risk of disruptions in many parts of the world, the availability of spare capacity should not be taken for granted. This poses a key challenge for Saudi Arabia. Given the size of its reserve base, securing long-term demand for its oil is key for the sustainability of its economy. Higher and more volatile prices do affect demand patterns and hence Saudi Arabia has the incentive to maintain enough spare capacity to keep a lid on the oil price. Low spare capacity will also limit the kingdom's ability to use production policy to enforce discipline among producers if needed. On the other hand, investing in idle capacity is costly and high spare capacity tends to be associated with weaker oil prices. Getting the balance right will prove very challenging in the current context. US shale producers will not be able to play the role of swing producer as effectively as Saudi Arabia, as their adjustment in falling and rising markets is far from smooth.

Several limitations were apparent when searching for data for this literature review. While searches were not limited to only articles written in English, the majority of them were. Finally, no data were created as this research was conducted. In other words, this thesis contains data from existing literature that were analyzed secondarily.

Based on the analysis of the literature reviewed for this study, there is a clear need to conduct further studies into the factors which may impede Saudi expansion into other countries. Whilst it is possible to synthesize information from other studies and extrapolate possible explanations and answers for the lack of such expansion, there are issues specific to Saudi Arabia that should be considered as the focus of research efforts.

Conducting a quantitative study on how organizations specifically address the influences of the domains identified by Miles and Snow (entrepreneurial, engineering, and administrative) and how these domains both shape and are reflected in the organizations' resulting strategic archetype would also be a useful line of inquiry. Such a study was conducted by Sollosy in 2013, but it appears that only countries with a United States presence were included. Since there might be cultural aspects which factor into these domains and how they are addressed, conducting a similar study using Saudi companies may yield data important to both researchers and company leaders regarding foreign business expansion.

As we considered the discussion of the hypotheses that we drew upon for this study and mentioned at its beginning, we realized that there was perhaps a fourth that should be considered: perhaps a factor affecting successful foreign business expansion by Saudi firms relates to the firms' business strategies themselves.

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