



Kaunas University of Technology

School of Economics and Business

Overcoming Barriers to Entry into the United Arab Emirates Market: The Cases of Biotechnology Companies

Master's Final Degree Project

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Kaunas, 2021



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Summary

The theme of overcoming market entry barriers has been the object of scientific researches for decades. Though the concept of market entry barriers and their classifications has been widely analysed, there is still lack of clarity of how to choose the means of overcoming market entry barriers in some specific geographical areas and specific economic activities. Therefore, the problem of overcoming market entry barriers is still relevant. The market of United Arab Emirates (UAE) is important for the biotechnology companies willing to expand their international activity in MENA region, due to the favourable business environment and strong Government's orientation towards the development of biotechnology market. Research problem - what is the model of measures of overcoming barriers to entry into the UAE market for biotechnology companies? The object of research - measures of overcoming market entry barriers.

The aim of the research - to distinguish the measures for overcoming the UAE biotechnology market entry barriers.

The objectives of the research were defined:

1. To perform situation analysis regarding the UAE biotechnology market entry barriers;
2. To theoretically substantiate the solutions for overcoming market entry barriers;
3. To substantiate research methodology for managerial actions to overcome the UAE biotechnology market barriers;
4. To propose managerial solutions and recommendations for overcoming the UAE biotechnology market barriers.

Research methods: scientific literature review was conducted in order to define market entry barriers and propose theoretical model.; qualitative research strategy was applied: semi-structured interview and delphi research were performed with the aim to research market entry barriers and ways to overcome them in UAE biotechnology market. Representatives of nine international companies that have recently entered the UAE market took part in the research.

The results of research revealed that the most important market entry barriers that the companies face in UAE biotechnology market are these: strong competition; high R&D costs; rather expensive labour force; financial burden/ high cost of entering the market; strict legal rules for product licencing-administrative burden; pressure to have high level of innovativeness; import barriers. Main managerial solutions to overcome market entry barriers that the companies adopted in UAE market were licensing, joint venture, direct investment - building company's production plant and / or subsidiary.

Main conclusions of the research: Structural, consumer related market entry barriers appear to be not significant and not risky in UAE pharmaceutical biotechnology market. Microeconomical market entry barriers and market entry barriers related to the lack of information can be overcome by indirect forms of activity: joint venture with partners; licensing; strategic alliances. When the market entry barriers are weak and not risky, foreign direct investment is a good decision in UAE pharmaceutical biotechnology market as far as local production is encouraged by government of UAE. As far as competitive strategies are concerned, the chosen strategy depends upon how the company deals with microeconomical factors. If cost structure is favourable, it can apply cost leadership strategy.

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Santrauka

Įėjimo į rinką barjerų įveikimo tema dešimtmečius buvo mokslinių tyrimų objektas. Nors patekimo į rinką kliūčių samprata ir jų klasifikacija buvo plačiai analizuojama, vis dar nėra aišku, kaip pasirinkti patekimo į rinką barjerų įveikimo būdus konkrečiose geografinėse vietovėse ir konkrečioje ekonominėje veikloje. Todėl vis dar aktuali įėjimo į rinką barjerų įveikimo problema. Jungtinių Arabų Emyratų (JAE) rinka yra svarbi biotechnologijų įmonėms, norinčioms išplėsti savo tarptautinę veiklą MENA regione, dėl palankios verslo aplinkos ir tvirtos vyriausybės orientacijos į biotechnologijų rinkos plėtrą. Tyrimo problema – koks yra patekimo į JAE rinką barjerų įveikimo būdų modelis biotechnologijų įmonėms? Tyrimo objektas - patekimo į JAE biotechnologijų rinką barjerų įveikimo būdai.

Tyrimo tikslas - išskirti JAE biotechnologijų patekimo į rinką kliūčių įveikimo priemones.

Tyrimo tikslai buvo apibrėžti:

1. Atlikti JAE biotechnologijų patekimo į rinką kliūčių analizę;
2. Teoriškai pagrįsti patekimo į rinką kliūčių įveikimo sprendimus;
3. Pagrįsti vadybinių veiksmų, skirtų JAE biotechnologijų rinkos kliūtims įveikti, tyrimo metodiką;
4. Siūlyti vadybinius sprendimus ir rekomendacijas, kaip įveikti JAE biotechnologijų rinkos kliūtis.

Tyrimo metodai: atlikta mokslinės literatūros apžvalga, siekiant apibrėžti patekimo į rinką kliūtis ir pasiūlyti teorinį modelį; taikyta kokybinė tyrimo strategija: buvo atliktas pusiau struktūrizuotas interviu ir delfi tyrimas, siekiant ištirti patekimo į rinką kliūtis ir būdus, kaip jas įveikti JAE biotechnologijų rinkoje. Tyrime dalyvavo devynių tarptautinių kompanijų, neseniai patekusių į JAE rinką, atstovai.

Tyrimų rezultatai atskleidė, kad svarbiausios patekimo į rinką kliūtys, su kuriomis kompanijos susiduria JAE biotechnologijų rinkoje yra šios: didelės mokslinių tyrimų ir plėtros išlaidos; gana brangi darbo jėga; finansinė našta / didelės patekimo į rinką išlaidos; griežtos teisinės taisyklės dėl produktų licencijavimo - administracinė našta; spaudimas turėti aukštą novatoriškumo lygį; importo kliūtys. Pagrindiniai vadybiniai sprendimai įveikti įėjimo į rinką kliūtis, kurių bendrovės ėmėsi JAE rinkoje, buvo licencijavimas, bendra įmonė, tiesioginių investicijų - gamybos įmonės ir (arba) dukterinės įmonės steigimas.

Pagrindinės išvados: Struktūrinės ir su vartotojais susijusios įėjimo į rinką barjerai JAE farmacijos biotechnologijų rinkoje nėra reikšmingi ir mažai rizikingi. Mikroekonominius patekimo į rinką barjerus ir barjerus, susijusias su informacijos trūkumu, galima įveikti netiesiogine veikla: bendra įmonė su partneriais; licencijavimas; strateginis aljansas. Kai patekimo į rinką barjerai reiškiasi silpnai ir nekelia

didelės rizikos, tinkamas sprendimas yra tiesioginės užsienio investicijos, nes JAE vyriausybė skatina vietinę gamybą. Kalbant apie konkurencines strategijas, pasirenkama strategija priklauso nuo to, kaip įmone veikia mikroekonominiai veiksniai. Jei įmonės išlaidų struktūra yra palanki, ji gali taikyti kaštų lyderystės strategiją.

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Introduction

Relevancy of the theme. The successful internationalization of the companies is one of the essential factors of their growth. Before companies decide to operate across borders, sufficient strategies and numerous strategic decisions has to be considered. The analysis of foreign markets and the market entry barriers existing in these markets is one of the crucial steps necessary to know and analyse in order to gain knowledge about the market and build the market entry solutions upon it.

The theme of overcoming market entry barriers has been the object of scientific researches for decades. Though the concept of market entry barriers and their classifications has been widely analysed (Kappes, Merkert, 2013; Bernel- Pineda, Ramirez-Hurtado, 2011; Niu, Dong, Chen, 2012; Pehrsson, 2009; Tintelnot, 2017; Julian, 2014), there is still lack of clarity of how to choose the means of overcoming market entry barriers in some specific geographical areas and specific economic activities. Therefore, the problem of overcoming market entry barriers is still relevant.

United Arab Emirates (further – UAE) belong to the Middle East and North Africa (further mentioned as MENA) region, which is rather unfamiliar for Lithuanian business. The problems related to the market entry barriers in this region is determined by specific business culture and business environment, that differs a lot from western business culture and environment. There exist some specific market entry barriers for foreign companies in UAE market and MENA region, due to the fact, that governments of these countries tend to regulate business environment more strictly than western governments do, besides, the cultural environmental differs a lot to in comparison wo western culture. Nonetheless, this region is important for Lithuanian biotechnology companies Ltd “Biomapas”, Ltd “Insuvia”, that have recently entered UAE market, and ten to plan their further internationalization into MEAN region, starting form UAE. The companies are established in Lithuania and at the moment are going under the process of internationalization. The analysis of the means of overcoming market entry barriers in UAE market are important for this company in practical aspect.

Research problem - what is the model of measures of overcoming barriers to entry into the UAE market for biotechnologies companies?

The object of research - measures for overcoming market entry barriers.

The aim of the research - to distinguish the measures for overcoming the UAE biotechnology market entry barriers.

The objectives of the research:

1. To perform situation analysis regarding the UAE biotechnology market entry barriers;
2. To theoretically substantiate the solutions for overcoming market entry barriers;
3. To substantiate research methodology for managerial actions to overcome the UAE biotechnology market barriers;
4. To propose managerial solutions and recommendations for overcoming the UAE biotechnology market barriers.

Research methods: scientific literature review was conducted in order to define market entry barriers and propose theoretical model.; qualitative research strategy was applied: semi-structured interview and

delphi research were performed with the aim to research market entry barriers and ways to overcome them in UAE biotechnology market.

Structure of the thesis. The first part contains situation analysis regarding the UAE biotechnology market entry barriers. The second part contains theoretical analysis, defining main concepts, and developing theoretical model. The third part substantiates research methodology for managerial actions to overcome the UAE biotechnology market barriers. The fourth part analyses results of research and is ended by revising model of overcoming market barriers in UAE pharmaceutical biotechnology market.

The project is composed of 4 chapters, 13 figures, 21 tables, 76 pages and 57 references.

1. Overview of the scientific problem of overcoming market entry barriers in United Arab Emirates

Business companies are looking for new markets where they could successfully compete, or to profit from cost/prices advantages. Modern businesses are not afraid of internationalization challenges, but they are looking for ways to overcome these challenges. In the context of globalization, even distant regions are becoming attractive for company's internationalization and market entry.

The biotechnologies' sector is dynamic and innovative, but companies operating in Europe face extremely strong competition. Lithuanian biotechnology companies compete in the European market at slightly lower production and operating costs, and this advantage allows them to offer a more attractive price to the customers. Besides, Lithuanian biotechnology companies invest in research and development activities, in order to offer innovative products, which would allow them to compete with leading European biotechnology companies.

Another direction for Lithuanian biotechnology companies is to develop international activities in regions where the market is not yet dominated by leading European biotechnology companies, and where better opportunities to rapidly increase market share exist. One of such regions is MENA region, and UAE specifically.

The MENA region is attractive for European biotechnology companies due to its rapid economic growth, and high growth potential of internal biotechnology market. The biotechnology markets of MENA region's countries are not yet saturated. The MENA regional market opened up to Western businesses just a couple decades ago, and Western firms do not yet have much operational experience in this market (Forstenlecher et al., 2012; Badolica et al., 2012; Spraggon, Badolica., 2010 Wood, 2018). At the moment, it is a favourable time to enter the MENA regional market, as far as the competition in the biotechnology market is not yet strong, and European biotechnology companies are just beginning to discover this market. Therefore, the companies that would be among the first to successfully enter this market, would assure themselves better strategic positions in the market.

However, market entry barriers existing in MENA region is an issue for European companies trying to enter this market. As far as society, social environment, also business culture is concerned, MENA region has many peculiarities. *Besides, there exist some specific market entry barriers for foreign companies, due to the fact, that governments of these countries tend to regulate business environment more strictly than western governments do* (Badolica et al., 2012). Therefore, for the biotechnology company, which is entering this market, it is especially important to understand the market entry barriers existing in MENA region, and also to know the ways to overcome them, in order to assure that the market entry is successful.

The UAE is a federal state that was established in 1971. It consists of seven emirates, namely, Abu Dhabi, Dubai, Sharjah, Ajman, Um Al Quwain, Ras Al Khaimah and Fujairah. In order to ensure effective governance, the rulers of the seven emirates, which together formed the federation, agreed to draw up a provisional constitution that specified the powers allocated to the new federal institutions. Similar to many federal structures around the world, few powers remained with each of the individual emirates. The UAE's political system – especially the way its federal and local governments operate – is a combination of both traditional and modern governance models. The UAE has achieved steady progress over the past four decades and has emerged as a significant global player in both the political

and the economic arena. It is considered one of the leading political forces in the Middle East and is a member of a number of regional organizations including the Gulf Cooperation Council (MENA), the Arab League, and the Organization of the Islamic Conference. Under the leadership of former President Sheikh Zayed, the UAE was transformed from a nation affected by large-scale poverty to a highly developed and prosperous country. The UAE is one of the largest oil producers in the world and maintains a free-market economy with minimum restrictions on private sector activities. Higher oil prices, increased government spending, resurgence in tourism and sound infrastructures have contributed to the country's upswing. However, the fall in international oil prices in the past few years, especially during 2014–2016, led to a slowdown of the economy. Abu Dhabi is the largest emirate, followed by Dubai. These two emirates have been the major centers of economic activity over the years. Abu Dhabi is the capital and houses federal government offices. It is also home to important financial institutions such as the Central Bank of the UAE, Abu Dhabi Securities Exchange and the corporate headquarters of many companies and multinational corporations. Dubai, which is ruled by the Al Maktoum family, has occupied an important position on the trade map by virtue of its location and trade policies (MarketLine, 2018, p. 12).

Pharmaceutical Industry in the MENA countries started 20 years ago. The main idea was to decrease cost of the medications which was increasing rapidly. Some of the MENA Countries have started manufacturing pharmaceuticals products under the license of major Pharmaceutical companies. The purpose was to get quality products and developing the know-how as well as the potential of technology transfer. Soon enough they discovered the Generics saving and raw materials can be purchased much cheaper than from the major Pharmaceutical companies which they manufacture for. The MENA pharmaceutical plants practically kicked off their partners and moved into the line of Generics, competing with the major companies (Alsaddique, 2017).

The MENA Pharmaceutical companies got some success in reducing the prices of the raw materials but this was at the expense of the quality of their products. The quality of Generics so far failed to match the Brand products. The MENA companies are still competing for the same line of products among and between the other MENA countries. The MENA Countries still import 90% of their drug needs from the major international companies. Biotechnology will never be different than the other Pharmaceutical products. There are limited efforts to establish a Pharmaceutical Biotechnology manufacturing in some of the MENA countries where the main products in mind are Insulin, Hormones, and Vaccines (Alsaddique, 2017).

Alsaddique (2017) suggest that recently there are efforts to pursue international companies to invest in the MENA countries. There are between 15 to 20 local and foreign pharmaceutical manufacturers in Saudi. Last November, Modern Industrial Investment Holding Group, the Malaysian Pharmaniaga and the American E-Healthline announced signing a memorandum of agreement to build a pharmaceutical industrial complex in Saudi for SAR 600 million (USD 160 million). The total revenue from pharmaceuticals in Saudi increased by 11.3% between 2008 and 2010, according to the report that confirmed a decrease in exported pharmaceuticals due to the increase in local demand. This increased focus on the development of the pharmaceutical industry has motivated and encouraged particular international companies to become more involved in the UAE pharmaceutical industry. Some are looking to start obtaining the necessary approvals from the relevant regulators to establish Research and Development (R&D) Laboratories or manufacturing plants in the UAE . Recently the UAE established a Biotech factory in collaboration with GL Rapha and Hankook Korus Pharm, two pharmaceutical

companies based in Seoul, South Korea, to construct the factory and market the products. On the other hand, Julphar Company in the UAE is also developing its biosimilar biotechnology Pharmaceutical production.

The UAE is one of the most modern, innovative (Wood, 2018), politically stable (MarketLine, 2018) countries in MENA region. Biotechnologies sector plays an important role in The UAE's economy. The UAE's interest in biotechnology started with the launch of the Dubai Biotechnology and Research Park (DuBiotech) in 2005 as a part of Dubai's 2010 vision to establish a knowledge economy. It is the world's first free trade zone dedicated to life sciences. The UAE is ahead of the rest of the Arab world in terms of its progress in the field of biotechnology. The Scientific American Worldview Report and Bio-Innovation Scorecard issued by the Biotechnology Industry Organization (BIO) ranks countries based on their growth in biotech industries. In 2013, the UAE was included for the first time and placed 40th out of 54 countries. In 2016, the UAE ranked at 26th, ahead of Spain (29th), Saudi Arabia (40th) and China (41st) (MarketLine, 2018, p. 3).

According to Schwab and Zahidi (2020), countries of MENA region have rather high competitiveness scores. In Middle East and North Africa, Israel (20th) and the United Arab Emirates (25th) lead, followed by Qatar (29th) and Saudi Arabia (36th); Kuwait is the most improved in the region (46th, up 8 places) while Iran (99th) and Yemen (140th) lose some ground. The region has caught up significantly on ICT adoption and many countries boast well developed infrastructure. Greater investments in human capital, however, are needed to transform the countries in the region into more diversified, innovative and creative economies

Besides, the country is very competitive and is on the top of international ratings. The UAE was ranked the 10th freest economy among 180 nations in the 2018 Index of Economic Freedom published by the Heritage Foundation and the Wall Street Journal. The UAE recorded an economic freedom score of 77.6, which categories country as ,”mostly free and indicates a favorable environment for business. In the World Bank's ,”2018 Doing Business” report, the UAE ranked 21st out of 190 economies in terms of ease of doing business; however, for the resolving insolvency parameter, the country ranked 69th (MarketLine, 2018, p. 7).

UAE is attractive for international business because of several advantages (Bizzmosis. com, 2021):

- stale economy;
- existence of free trade zones;
- special tax codes;
- high technologies development

This country adopts a contemporary approach to addressing 21st-century challenges (Bizzmosis. com, 2021).

According to Burns, Housman, Robinson (2009), market of biotechnologies usually is related to high capital requirements and high levels of production costs. These authors revealed that ,”...R&D spending as a percentage of sales is relatively high in both pharmaceuticals (13 percent) and medical devices (11–12 percent), and especially high in biotechnology (23+ percent), compared to telecommunications, automobiles, electronics, and aerospace. Entrepreneurs and chief executive officers (CEOs) of these companies rank raising capital to fund their businesses as a top priority” (p. 78).

Biotechnology companies, that are successful globally and in separate markets, introduce a lot of innovations and new products, Therefore, they experience high cost levels, as the process of new product creation and implementation to market is expensive (McNamee, Ledley, 2015).

The growth of importance of multinational companies in market of biotechnologies is another tendency that should be considered. Large multinational companies usually have large capital and financial resources; therefore, they are strong competitors in any market.

According to Burns, Housman, Robinson (2009), as far as specific market entry barriers in the biotechnologies market are concerned, the following aspects should be considered:

- the *tendencies of market development*, such as the number of prior entries. The entering company knows, that previous market entries were successful, it may rely on this information and expect lower market entry barriers;
- many *successful prior market entries means, the competition in the market may be fierce*. The entering company, though, must have some exceptional advantages to considering entering a market with strong competition. Therefore, the information of foreign direct investment to the county's market of biotechnologies should be analyzed.
- the *legal regulations* for the new entries. Some countries (e.g. Israel, JAE) do not allow direct investment in some spheres (energy, military sector). The sector of biotechnologies usually is licenced;
- The market of biotechnologies is usually strongly influenced by common economic situation in the country. Therefore, new entry can be influenced by *environmental conditions, such as cyclical swings of economy*, which can increase or decrease access to capital.
- Company's acquisition (M&A) is an attractive market entry form in the market entry barriers, as the knowledge, needed technologies and know-how is gained more effectively. *Knowledge, know-how, technological advantages* are crucial success factors in the market of biotechnologies.
- In case many company's acquisition processes is taking place in the market, it means the *concentration in the market* is getting stronger, and the competition may become even stronger market entry barrier for the entering company.
- The *antitrust implications*, particularly in such R&D-intensive industry as biotechnologies, must be considered as well. *Strong regulation* in this sphere is an important factor helping companies to secure their intellectual property.

Based on the analysis of the scientific literature, it can be stated, that the problem of market entry barriers in MENA region was not enough discussed. The previous scientific researches (Mellahi, Demirbag, Riddle (2011); Kavanosa et al. (2020; Lindstrand, Melen, Nordman (2011) contain the analysis of separate spheres of MENA markets, its internal business environments, however, the detailed analysis of all the system of market entry barriers is missing.

Mellahi, Demirbag, Riddle (2011) assumed that markets of MENA contain some specific market entry *barriers*:

- political- governmental;
- cultural;
- legal;
- human resources: lack of competitive employees in some sectors.

Kavanosa et al. (2020) emphasize the *levels of legal regulation* in MENA region. Joshana, Maertensb (2020) exaggerates the political uncertainty in this region. It can be an important market entry barrier as well as economic barriers, because unstable economic situation may lead to the economical discrepancies.

Mellahi, Demirbag, Riddle (2011) highlights, that the processes of internationalization in MENA region is rather new, it's been only a few decades, since this region opened its internal market for international companies. These companies still face a lot of cultural, legal and other barriers.

Research of Lindstrand, Melen, Nordman (2011) state that the lack of knowledge, know-how and innovativeness are the internal barriers that may be obstacles for a new entrance to biotechnology market.. Some of the barriers (costs, human resources, capital resources) of biotechnology markets were mentioned by Burns, Housman, Robinson (2009). These authors discussed the importance of venture capital in supporting biotechnological companies' growth and also establishing new companies in the market.

The market of biotechnologies was analyzed by report. According to Alsaddique (2017), as well as reports by Pharma Boardroom (2020) and MarketLine (2018), to achieve progress, it is essential to make the following changes in pharmaceutical biotechnologies market in UAE:

- the public and private sectors should work together;
- the growth and development in the health care sector with a focus on research and development (R&D) must be assured,
- education should be enhanced;
- developing a regulatory framework enabling entrepreneurship, innovation and global competitiveness.
- Regional governments should invest heavily in health care infrastructure and increasing capacity efficiency.
- there is a need for a long-term vision, investment and innovation policies of the UAE over the last several years encouraged the global innovative medicines industry to bring regional operations into the UAE.

These tendencies would assure favourable conditions for the development of pharmaceutical biotechnologies sector, that is related to the activity of international pharmaceutical biotechnologies companies in UAE.

Sikimic, Frattini, Chiesa (2013) analyzed the market entry modes used in biotechnology market. These authors emphasise the importance of technology licensing as a market entry mode. The experience of Italian pharmaceutical and biotechnology companies in exploiting technology licensing for the new market entry purpose was researched in this article. The key findings were, that companies adopt the process view perspective for managing technology licensing as the foreign market entry mode and that throughout the stages of this process firms tend to develop their dynamic capabilities:

- sensing,
- seizing,
- reconfiguring.

Sikimic et al. (2013) also suggested managerial implications resulting from the results of their research, considering that it is useful for the firms operating in the research intensive industries, like

biotechnologies, to enable technology licensing for the market entry. This research did not give a full image of means that biotechnology companies should implement to overcome market entry barriers. Besides these researches say nothing specifically about the peculiarities of UAE and its biotechnologies market. Having in mind the insufficient empirical researches of ways to overcome market entry barriers in UAE market, the problem of what measures can be taken to overcome market entry barriers is relevant.

2. Theoretical solutions of overcoming market entry barriers

2.1. The concept of market entry barriers

The problem of market entry barriers was analyzed by many scientists (Brady, 2014; Rivera, Oh, 2013; Pehrsson, 2009; Vlasova, 2019; Cook, 2017; Kappes, Merkert, 2013; Niu et al., 2012, Tintelnot, 2017; Julian, 2014) . The concept of market entry barriers was formulated by Welch and Wiedersheim-Paul (1980), Leonidou (2000), according to these scholar's market entry barriers are the obstacles that limit company's capabilities to enter foreign market. This is a broad concept, that involves different factors that may create the obstacles for the firm to enter foreign market. This concept suggests that there is a variety of market entry barriers, that differ among each other according to their sources.

The concept of market entry barriers was also analysed in recent decades by Kappes, Merkert (2013), Cook (2017), Pehrsson, (2009), Branch (2013), Brady (2014), Niu, Dong, Chen (2012), Kappes, Merkert (2013) and other authors. There is a variety of concepts of market entry barriers in scientific literature. Some of the definitions are given in Table 1.

Table 1. Variety of concepts of market entry barriers (created by author)

Authors	Definitions of market entry barriers
Kappes, Merkert, 2013	Market entry barriers are the specific factors limiting companies to enter new markets where incumbents are already present.
Cook (2017)	Market entry barriers are any mechanism, which impedes companies to enter a market
Pehrsson, 2009	Market entry barriers are obstacles preventing entrant firms from being established in a particular market
Branch (2013)	Market entry barriers are the factors of external environment that could have negative impact for success of market entry
Anchor, Aldehayyat (2016)	Market entry barriers are factors enabling local firms to generate super profits without the threat of entry by potential newcomers.
Niu, Dong, Chen (2012)	Market entry barriers are the production costs that must be suffered by a firm seeking to enter the industry.
Kappes, Merkert (2013)	Market entry barriers are the factors that determine the high level of transaction costs of operating a company in the industry

Some of the definitions are structural, considering the situation on local firms (Branch, 2013). Some of definitions (Niu, Dong, Chen, 2012; Kappes, Merkert, 2013) are orientated towards costs, as it is supposed that market entry barriers are directly related to the costs of the entering company.

According to Leonidou (2000), market entry barriers are these factors that may weaken entrant's financial performance in foreign market, delay its progression of internationalization process, or cause the failure in the foreign market. Therefore, the existence of market entry barriers must be considered every time the company makes market entry solutions.

The importance of the concept of market entry barriers is related to the fact, that the analysis of market entry barriers is one of the main steps included in foreign market entry process models.

The same logic of market entry planning steps is found in PSE model, presented by Pehrsson (2008), consisting of three interrelated components:

- P (perceived barriers to market entry),
- S (strategy competence),
- E (entry strategy) (Figure 1).

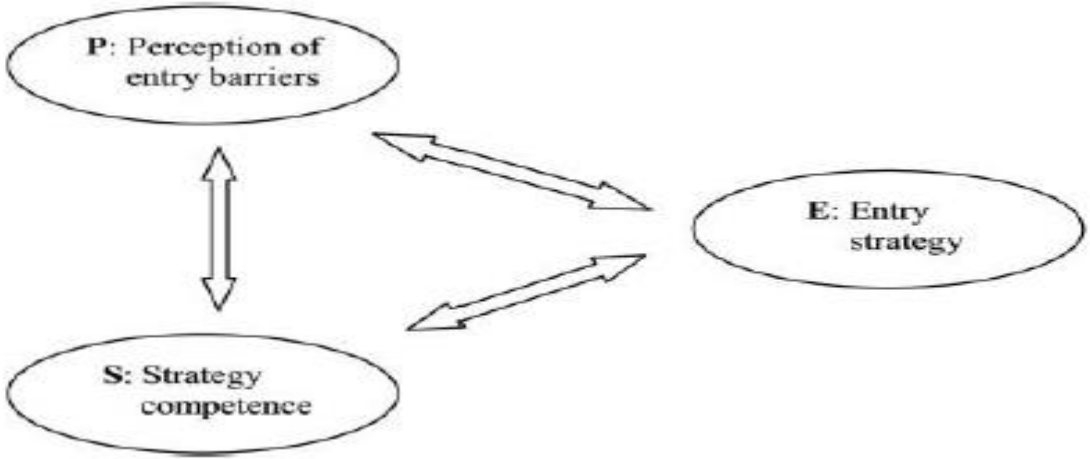


Fig. 1. The PSE model for market entry (Pehrsson, 2008, p 170)

These components reflect external and internal firm factors in a balanced manner. Any firm applying the model will extend its understanding of strategy, and be able to formulate a robust entry strategy.

Erikson (2009) suggests that the analysis of market entry barriers is one of the main steps of market entry plan, as such analysis allow the company to realise what are its external weaknesses of entering foreign market.

According to Cook (2017), before making an export decision, a company must assess export opportunities and the possible market reaction to assess the degree of uncertainty in the event of these factors. (Figure 2).

Uncertainty towards export decisions			
		Low	High
Uncertainty towards market 's reaction	High	3 Market development	1 Further researches
	Low	4 Introduction to the market	2 Development

Fig 2. Matrix of market uncertainty (Cook, 2017)

As shown in Figure 2, four options for the exporting company are distinguished according to the situations of uncertainty (Cook, 2017; Branch, 2013):

- Situation 1: High uncertainty about exports and market reaction. It is proposed to conduct additional research and develop new technologies. In this case, exports are risky because there may be no benefits or benefits only after a while, and resources may be frozen for a longer period of time.
- Situation 2: high uncertainty about exports, low uncertainty about market reaction. In this case, the export objectives are clearly foreseen and the fact that the exported good or service may be recognized in the market, but it is not clear how to achieve these objectives, what export decisions to make. In this case, the risk of export activity is quite high, as resources are frozen and the benefits may be postponed to the future.
- Situation 3: low uncertainty about exports, high uncertainty about market reaction. In this case, there is a strong situation of the company in the domestic market, and there is a high degree of uncertainty about export activities. In this case, it is proposed to re-segment.
- Situation 4: Low uncertainty about both exports and market reactions. In this case, there is little risk of export activity. It is only important to allocate resources properly and use them purposefully in export activities.

It is very important to assess whether the company has the necessary information to operate in the export market. As noted by Brady (2014), barriers and difficulties in the export market can have a direct and indirect effect on a company's foreign market entry strategy. Good and comprehensive information about market participants can help companies to overcome barriers. It is important to identify target markets, and differentiate products, and thus reduce the impact of barriers on the company's operations in foreign markets.

The level and height of market entry barriers can be estimated using statistical indicators (Pennerstorfer, Yontcheva, 2021; Watson et al., 2018; Zou, 2020):

- the market entry rate for new entrants, defined as the ratio of entrants to entrants at a given end;
- the rate of penetration of new enterprises into the existing market as the ratio of the production (sales) of the enterprises entering the market to the total volume of market production;
- exit rate, as the number of enterprises that exited the market during the analyzed period, up to the total number of active enterprises at the end of the analyzed period;
- time for new companies to reach the size of companies already operating in the market;
- the share of companies remaining on the market after a certain period of time;
- bankruptcies, takeovers and mergers compared to new entrants in the market.

It can be suggested that according to these models, every company, entering foreign market, must gather information and form its knowledge about market entry barriers, and base their decisions of market entry on the basis of this knowledge. Therefore, the market entry plan is supposed to be the plan of means that allow the company to overcome foreign market entry barriers and gain its purposed in the market.

2.2. Theories of companies' internationalization.

Importance of understanding and considering market entry barriers is also clear according to the theories of companies' internationalization.

Scholars (Alimienė and Kuvykaitė 2004; Dunning 1988; Hollesen 2004; Johanson and Mattson 1998; Mathews 2006; Li, 2007; Forsgren 2000) described and excluded seven underlying internationalization process theories.

Uppsala internationalization process model copes with knowledge acquisition, i.e. learning and understanding of foreign region. How the organizations learn and how learning influence investment behavior (Johanson & Vahlne 1977). The main prediction of the Uppsala Model is that companies who expanding operations faces with lack of knowledge of the particular region, however, it is not the game changer as such knowledge could be acquired. Due to tacit market know-how, the main source of specific market related knowledge acquisition is firm's own operations in selected region (Johanson & Vahlne 1977). In order to successfully gain knowledge, the crucial thing is to be proactive in new environment rather just to collect information from other sources. From personal operations experience company becomes closely connected to the market, Therefore, additional expansion strategies could be implemented (Forsgren 2000).

Innovation based internationalization model itself very similar to Uppsala model, it prescribed to classical internationalization models as Uppsala model. According to Alimienė and Kuvykaitė innovation-based model reveals companies internationalization process by main stages: 1. Stage – Local marketing activities, company collects information about foreign market. 2. Stage – pre-export activities, firms trying to evaluate market capabilities. 3. Stage – experiential activities, company starts first steps of operations in foreign market. 4. Stage – Active operations, strategically company exports goods and tries to increase volumes of exported goods to foreign market. 5. Stage – dependent activities, company in one way or another firm depends from foreign markets. To sum up this internationalization model, explains firm's internationalization as the result of managerial innovations and each stage provided as innovation.

The role business network model investigates established networks of particular companies. The main idea of this model is to keep active relationships not only with competitors but with clients, suppliers and other business-related bodies either (Johanson & Mattson 1998). Operations in the network allow to firms gain the information to required recourses and new regions. The underlying assumption is that companies require the resources that is controlled by other firms. There are two groups of networks “national nets” and “production nets”. Production nets are related with companies who operates in the same field or copes with the same product, including all chain of value such manufacturing, distribution and other product specific services, while, national nets relate to the affairs of companies in comparison to national borders (Chetty 2000). To conclude scholars considers that the degree of internationalization depends from different number of networks (Johanson & Mattson 1988; Sekliuckienė 2014).

OLI model or eclectic paradigm is one of the most widely applied model, created by by Dunning (1988). Eclectic paradigm, OLI (*ownership-Location-Internationalization*). The model itself provides that international companies get international competitiveness when particular unique recourses are acquired and other companies are not able to copy them. For internationalization three different approaches are used: 1. Ownership advantages, the main focus is devoted for improvement of firms' competencies and its development. 2. Location advantages, firms' capabilities investigation for expansion to particular region or market. 3. Internationalization advantages, firms focus to gain access to alternative modes of market entry, in the background of competitive landscape (Dunning 1988; Sekliuckienė 2009; Yuefang 2013). The OLI theory can explain why firms expands operations from domestic market to foreign, in addition it is appropriate model for comparison of different enterprises (Yuefang 2013).

Linkage-Leverage-Learning (LLL) model the model was presented by Li (2007). It combines OLI model by Dunning (1988) and LLL internationalization model by Mathews (2006). Companies established by foreigners impacts positions in global economy. The Model lead by theory of foreigners' disadvantages transform to source advantage. The main three steps foreign companies acquire knowledge through linkage, global orientation interpret as a source of advantage by knocking into global intangible resources. Acts as both pull factor to investigate new global opportunities as well as push factor to avoid home country uncertainties and limitations for expansion and identify firm cons and transfer them to motivation for internationalization. Leverage mainly focuses on how to cope with the market entry challenges, while learning is devoted for organizational learning through repeated application of linkage and leverage (Thite 2014).

Agreement consumption model the model was formulated by Coase (1937). Which describes that company grows as much as the costs for expansion becomes equal to costs if same services would be outsourced. Theory overviews the relationship between manufacturer and export broker. Costs could be divided into two parts: pre-export which includes market investigation and agreement costs. Post-export costs include market oversight, to make sure that interested parties are in line with agreement terms (Sekliuckienė 2014).

There are four main internationalization objectives: ethnocentric, polycentric, regiocentric and grocentric, actually, the difference among these objectives are quite simplistic. Despite the fact of how obvious difference is, generally it provides a general orientation in terms of how organization, truly acts, makes decisions, communicates internally and how management functions works. Companies philosophy describes and has huge impact on management, strategy and organization itself. Ethnocentric approach, headquarters acts as the underlaying decision-making centre while polycentric companies transfer final decision making to host country management units. Genocentric strategy decision-making process depends on both host country subsidiaries and headquarters or they are shared among them. Regiocentric companies also known as "regional headquarters" takes an important part has influence in decision making process (Schmid 2018). Ethnocentric companies run operations in a host country in a same way as in country where headquarters is. A polycentric company runs their abroad entities according to the local traditions. Geocentric companies share the experience, values as well as attitudes among headquarters and host market, they tend to build synergistic corporate culture while regiocentric companies strictly operates under main corporate culture. Moreover, it is important to mention the borders feeling. Ethnocentric companies act that there are no borders similarly as monopolization while polycentric companies they accept the borders implicitly and even considers it as advantage that company would able to operate in a different way. Geocentric companies try to acts in a way that borders are just theoretical thing, the term describing it "dissolution of borders", however, new separations are created among themselves and other organizations who owning and implement their newly developed corporate ideology. Figure 3 provides structural view how all listed internationalization objectives occurs and what differences and similarities are (Schmid 2018).

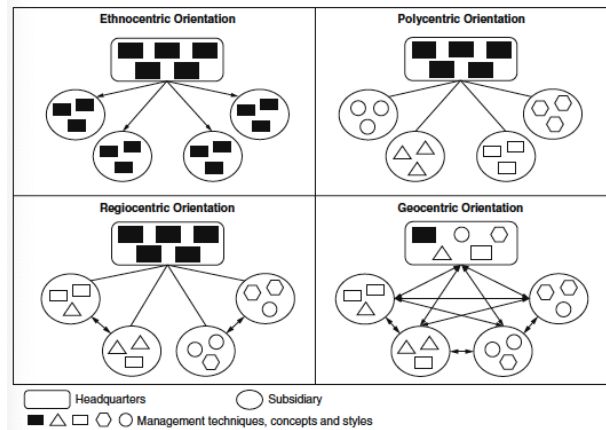


Fig. 3. Structural view on internationalization objectives (Schmid 2018)

The difference between internationalization objectives as from their initial strategic ideas is born. If a company is looking to reach required resources, completely different approach in comparison if a company if enterprise is trying to explore new markets i.e. to reach new customers. Internationalization itself changes if the main goal is to improve efficiency i.e. through economies of scale or scope of economies or to get access to foreign contacts. It is important to mention that majority of internationalization moves are not based just on one objective. Generally, a bundle of objectives leads to the particular internationalization steps. Furthermore, the steps and objectives can vary and primary motive for expansion and entry mode can be adjusted accordingly to the additional motives overtime (Schmid 2018).

To sum up internationalization theories, the conclusion could be made that theories differ by investigational objects. Uppsala model's main focus is company, innovation-based model's main focus is innovations, business network model's main focus is various connections among companies or groups, LLL and OLI models are very close, OLI model focuses on company-specific resources, while, LLL model focuses on strategic initiatives and process. Internationalization is a dynamic and fast-paced process which requires clear strategic decisions, willingness to learn and apply knowledge. All these theories determine the existence of market entry barriers that companies, gaining the knowledge about the foreign market, must consider.

To sum up, the need of the companies, entering foreign market, to gather information about its foreign market entry barriers is important according to the models, explaining foreign market entry decision making. Therefore, a company, entering foreign market, must form its knowledge about market entry barriers, and base their decisions of market entry on the basis of this knowledge. Therefore, the market entry plan is supposed to be the plan of means that allow the company to overcome foreign market entry barriers and gain its purpose in the market.

2.3. Groups of market entry barriers

Scholars discuss market entry barriers and distinguish separate groups of them. The market entry barriers are grouped according to various criteria. Therefore, the variety of classifications of market entry barriers are found in scientific literature. This section discusses some of these classifications of market entry barriers. According to Branch (2013), Brady (2014), Cook (2017), Qi et al. (2020) various environmental factors in the foreign market make it difficult or otherwise negative to bring services to market. A company may face various barriers and difficulties: the technical aspects of marketing are complex for inexperienced companies, the quality of service provision may not meet local needs, and communication

difficulties may occur. Smaller companies face more problems in the areas of logistics, sponsorship, contracting with foreign customers, market information and access, and legal barriers, as training their employees in foreign operations tends to focus less time, time and money.

Some authors (Leonidou, 2000; Kahiya, 2013) classify internal factors of the company as the market entry barriers as well. These are understood as the weakness of the company that limit its possibilities to enter the market and act there in full range. According to Leonidou (2000), such internal market entry barriers might be: the unfamiliarity with foreign business practices; the inadequate/untrained staff, the perception of high business risks/costs abroad, the shortage of working capital. Kahiya (2013) classifies internal market entry barriers into four groups:

- Resource-related barriers: physical productive capacity constraints, labor skill shortages, and limitations pertaining to short-term financing; insufficient productive capacity, cost, and availability of labor skills, working capital financing, securing export credit, and obtaining adequate insurance (Kahiya, 2013)
- Managerial-related barriers: Managerial orientation, such as focus, ambition, commitment, and effort towards internationalization; rationalization mechanisms), mental modes, cognitive styles (Kahiya, 2013)
- Marketing-related barriers: advertising; price; brand name and trademark; customer switching costs (Kahiya, 2013).
- Knowledge-related barriers: lack of knowledge and competence, how to act in the certain foreign market (Kahiya, 2013; Niu, et al., 2012).

Niu, according to Julian (2014), market entry barriers can appear for some specific company because of company's disadvantages such as weak company's potential; low level of competence how to act in the foreign market, or the unsuitability of the product for the needs of this specific market. On the other hands, such company-related individual disadvantages should be considered not as market entry barriers, but as the weakness of the company, that become visible, when the company analyses its own export expansion capabilities. Therefore, these factors should not be involved in the analysis of market entry barriers, but should be the object of the analysis of company's capabilities to enter foreign market.

Summing up the scientific articles that cover the theme of market entry barriers, several main criteria for grouping market entry barriers can be distinguished:

1. Structural (macroeconomic) market entry barriers (Cook, 2017; Bernel- Pineda, Ramirez-Hurtado (2011), Leonidou (2000), Niu et al. (2012). Bernel- Pineda, Ramirez-Hurtado (2011));
2. Microeconomic barriers (Tintelnot, 2017; Pehrsson, 2009; Niu et al., 2012);
3. Barriers related to customers and demand (Brown, Lyndon & Brown, 2008; Boone, Kurtz, 2011; Feng, Jiang, Liu, 2018; Mat, Ismail, Ibrahim, 2020; Leonidou, 2000);
4. Barriers related to market structure and internal processes in the market (Leonidou, 2000; Pehrsson, 2009; Tintelnot, 2017);
5. Exogenous and competition-related market entry barriers (Cuyvers, Viviers, 2012; Leonidou, 2000; Niu et al., 2012; Kappes, Merkert, 2013; Pehrsson, 2009; Watson et al., 2018; Branch, 2013);

Every classification of market entry barriers is explained below.

2.3.1. External macro and micro barriers

Structural (macroeconomic) market entry barriers. Structural market entry barriers are the ones that act as an impact of the external environment. Authors exclude different sets of macroeconomical factors that are being considered as market entry barriers. A wide classification of structural market entry barriers is given by Cook (2017) and social development of the country, using the basic criteria of macro-environmental assessment (Table 2).

Table 2. Classification of structural market entry barriers (created by author according to Cook, 2017)

Sphere of environment	Evaluation criteria
Political	Political stability regulation of export
Social	Barriers related to labour force
Economical	Economic uncertainties
Ecological	Regulation of ecological requirements
Technological	Costs related to technology availability of technology
Cultural	Cultural factors limiting the accessibility of the market

Cook (2017) considers all the elements of traditional PESTL analysis as the potential sources of market entry barriers. Other authors emphasise only specific macroeconomic spheres as the sources of market entry barriers.

Governmental policy is considered to be an important market entry barrier according to Bernel- Pineda, Ramirez-Hurtado (2011), Leonidou (2000), Niu et al. (2012). Bernel- Pineda, Ramirez-Hurtado (2011) emphasize that these barriers are being understood as the infrastructural imperfections, legal regulations, and other barriers, that are out of the control of market participants. According to Leonidou (2000), government apathy (lack of governmental assistance and incentives, and inadequate transportation/ infrastructural facilities), export bureaucracy and legislation (restrictions imposed by rules and procedures, as well as restrictions imposed by rules and regulations) are among the structural market entry barriers. Niu et al. (2012) also exaggerates the importance of legal barriers. According to Pehrsson (2009), Tintelnot (2017). legal barriers, such as government policy towards the foreign companies entering the market might be one of the most important market entry barriers that is very difficult to overcome. Tintelnot (2017) mentions that permissions or licenses may be required or governmental institutions' interventions towards the entering company may occur. Julian (2014) gives a wider list of structural market entry barriers, such as: legal requirements; trade control; import conditions; product protection options. All these factors are government policy-related factors. Haddoud et al. (2021) suggest that governmental institutions may act as the enablers or barriers to exporting.

Cultural factors may be an important obstacle for market entry as well (Zou, 2020; Jiang, Qu, 2019; Leonidou, 2000). Cultural distance points to the level of understanding how national values are different across cultures (Sousa & Bradley, 2010). It is important to mention that cultural distance points out the differences in social aspects i.e communication paths and religion. Hence the final outcome could be that different cultures form peoples' point of view at some things and it reveals how culture distance

appears. Cultural distance approach consists of objective and subjective cultural distance (Azar and Drogendijk, 2016). Some scholars (Sousa & Bradley, 2006; Evans and Mavondo, 2000) have investigated subjective and objective cultural distance approaches and provided different opinions. Previous studies have indicated some researchers use those two approaches of cultural isolation. Therefore, there is no one theory that could be applied in terms of how do they differentiate from each other (Sousa & Bradley, 2010). In order to understand those two approaches, it is crucial point to understand how objective cultural distance diverge from subjective cultural distance. The main criteria that subjective cultural distance could be applied to individual and objective cultural distance is applies to country level (Sousa & Bradley, 2010). Hofstede, Trompenaars, Kluckholm and Strodtbeck and others provided various theoretical frameworks in order to understand and weight cultural distances from national level point of view. Subsequently authors applied theories in practice and conducted various studies in order to approve them. The well-known and widely used method is cultural dimensions theory by Hofstede that could categorize cultures. The best method to evaluate distance among countries is proposed by Kogut and Singh's index, which applying in line and based on Hofstede's dimensions theory. Both methods are more likely applicable to investigate objective cultural distance, later on, could be applied at national level as it examines cultural values of nations rather than of individuals.

Subjective based cultural distance attributes to firm's distance with culture of new international region and demands to be measured in order to reach successful goals in the new market (Evans Mavondo, 2000). Subjective distance is not a fact that impacts every person same and it should be considered individually, as it copes with executives or managers attitudes which could be based on knowledge of them or opinion about the region and people from past experience (Sousa & Bradley, 2010). Subjective cultural distance as well could be translated as observed differences between two structures (Dow and Karunaratna, 2006). Scholars (Azar and Drogendijk, 2016; Evans and Mavondo, 2002) measures observation of cultural distance as a part of psychic distance and influence it does in firms' actions. The aim is to evaluate managerial observations of cultural distance, many surveys were developed and research conducted in order to share their own opinion about different cultures.

One of the most successful theoretical models provided in order to measure similarities and differences among cultures is Hofstede's cultural dimensions framework. It has been widely applied in international business area and well known as universal framework of national values (Baumüller, 2007). Hofstede (1984, 200) pointed out five dimensions of culture. *Power Distance* measures how employees understand fact that management in the organization divided unequally. In organizations were obtained big distribution of power and employees only "listening" what superiors are saying, and the pressure of employee's organization is lesser. *Uncertainty Avoidance* shows how people feel and react in uncertain situations. In cultures which try to avoid uncertainty and follow the rules always, people are more likely to follow rules and legislations. *Masculinity versus Femininity* represents how values are distributed between males and females. Masculinity culture relates with achievements and assets, while people in feminine culture care about each other more, and social system in more flexible. *Individualism versus Collectivism* represents the bond between individuals in certain group. Individualism occurred when priority acquainted in order to achieve personal goals rather than group achievements. Collectivism occurs when priority acquainted in order to achieve common group goals. *Time Orientation* represents people reaction on short term and long-term results. These factors are important to consider when looking for the employees in certain country.

To sum up, main structural factors that may become the market entry barriers are governmental-legal regulation and cultural factors.

Microeconomical barriers. Microeconomical barriers are determined by the cost structure in the market (Tintelnot, 2017; Pehrsson, 2009; Niu et al., 2012), demand capital availability in the industry (Tintelnot, 2017; Pehrsson, 2009).

As far as access and the need of capital is concerned, there may be a significant need for initial investments before the start of operations in the market (Tintelnot, 2017). Niu et al. (2012) also suggest that barriers due to natural resources, capital, and labour may become crucial for the company to survive in foreign market. Pehrsson (2009) also admits that capital requirements and possession of raw materials and their costs in the market should be considered in company's market entry plan.

Barriers related to costs are usually mentioned in literature, concerning questions of market entry barriers. According to Pehrsson (2009) the following costs-related factors should be analysed prior to entering the foreign market: cost advantages of acting companies, R&D costs; technological costs; sunk costs, selling expenses, labour costs.

Tintelnot (2017) suggests that significant sources of costs are costs of accessing raw materials, specific innovations, and experiences of different types. The entrant company also has to consider the scale effects: the entrant may need a significant volume in order to attain low costs.

As far as costs are concerned, it is important to understand that due to the high cost of production advantage, companies serving the market as a single vendor may sell the product at lower prices than would be possible if there were two or more vendors in the market. This can lead to the establishment of market power and become market entry barriers into other businesses. If a company can continuously reduce its average cost of production and make a profit by expanding production, it will eventually establish itself as a major supplier of this product and become dominant (Branch, 2013).

Because the firm is dominant, new entrants cannot enter the market due to their initially small size and cannot achieve the same average costs as the dominant firm. It can temporarily lower the price of its product and continue to make big profits. Thus, a dominant undertaking can use its cost and price controls to avoid competitors or drive them out of the industry (Jiang, Qu, 2019).

An important aspect of the existence of monopolies is significant economies of scale that allow the firm to make an economic profit. Barriers to market entry driven by positive returns to scale are the least efficient output (Ra, 2020). The low level of this indicator indicates that the company is not fully exploiting the full potential of the production technology, which is reflected in increasing economies of scale as production increases. Low levels of capacity utilization increase the likelihood of increased competition between firms, which in turn increases market entry barriers for new firms. Conversely, high levels of capacity utilization indicate persistent or declining (but not increasing) economies of scale and weak market entry barriers for new entrants. The extreme form of dominance is a natural monopoly (Cook, 2017).

Vertical integration means that a firm operating in a market in the sector becomes the owner of the production process either during its first (integration of production resources) or last (integration of sales) stage. Vertical integration allows a firm to gain more market power than it would have if it had sales only in a particular market. A vertically integrated firm has the characteristics of a dominant firm

because, because of lower costs or when it can reduce the price of goods more or make a higher profit at a certain price. factors of purchase of the product or sale of the final product. A significant consequence of integration is the increased market power of vendors. If the dominant undertaking operating in the market owns the inputs or controls the sales to the end users, the new entrant will not be able to enter that market, especially if it is not vertically integrated (Branch, 2013; Brady, 2014).

To sum up, factors creating costs, as well as the capital and resources availability might be the important market entry barriers.

2.3.2. Barriers related to the process and actors in the market

Barriers related to customers and demand. The entrant must analyse foreign market’s customer segments, needs and demand variations and factors. According to Leonidou (2000), the company must consider: different customer habits/attitudes, different product standards/specification. According to Mat, Ismail, Ibrahim (2020), the level of concentration of buyers and sellers, the level of product differentiation, and the level of influence of sellers (buyers) on the price. should be considered. This affects both market availability and power levels, and determines the ability of firms to set prices above marginal costs, and also influences the behavior of buyers and sellers. According to Feng, Jiang, Liu (2018) the behavior of firms determines market efficiency, which is expressed in terms of the profit margins of producers and the degree to which customer needs are met.

Demand drivers are an important part of the market structure, creating barriers to entry. They are not controlled by the firms themselves, but they influence the behavior of the firm and limit its degree of freedom in setting prices (Zou, 2020). The level of production concentration is inversely related to the growth rate of demand: the higher the growth rate of demand, i.e. the faster the market grows, the easier it is for new firms to enter the industry and the higher the concentration of production concentration and thus the more competitive the market. Price elasticity of prices measures the ability of prices to exceed the marginal characteristics of a product for firms operating in an imperfect competitive market. With inelastic demand, firms may increase prices relative to costs relative to elastic demand conditions. In addition, the lower the level of elasticity of demand, the easier it is for the dominant firm to simultaneously restrict access to the industry and obtain economic profits. On the other hand, the lower the elasticity of demand to prices, the greater the price-limiting entry and market entry barriers (Julian, 2014).

When assessing the attractiveness of a foreign market for the introduction of services, it is important to determine the market structure and the relations between the companies operating in it, as well as the needs of consumers. If the service is business-to-business (B2B) oriented, additional vendor-customer relationships are evaluated (Boone, Kurtz, 2011) (Fig. 4).

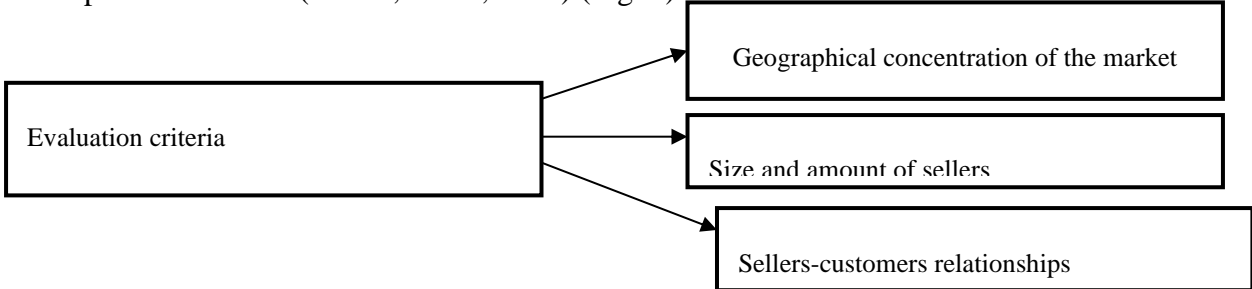


Fig. 4. Criteria for customer environment evaluation in foreign market (Boone, Kurtz, 2011, p. 177)

Geographic market concentration involves the assessment of the market participants offering services and the buyers of services by determining their concentration in the geographic market. In general, B2B markets have a very strong concentration of consumers and sellers. When choosing a foreign market, it is important to evaluate the size and number of sellers. The processes of globalization mean that not only sellers whose business is located in that market can operate in the geographic market, but also sellers who sell their product indirectly (Julian, 2014).

When analysing a foreign market to introduce a service, it is helpful to evaluate the purchasing decision-making process. B2B customers may have specific provisions that will create barriers to introducing the service to a foreign market. Strong seller-buyer relationships will create difficulties in competing with incumbents (Jiang, Qu, 2019).

Applying the market evaluation criteria singled out by Boone, Kurtz (2011), sufficiently detailed information on the structure of foreign market functioning can be collected, and relationships between market participants can be established.

According to Virvilaite, Šeinauskiene (2012), a company must assess concentration in a foreign market, and the available information accordingly allows for a more rational choice of marketing tools. The fewer companies and the greater their size, the more concentrated the market, which means less competitive, the smaller the market share of the largest companies, the higher the intensity of competition in the market. Higher market concentration signals the market acquiring oligopolistic features.

Brady (2014) proposes to perform a detailed analysis of the selected export market - market segmentation, identification of target market segments, identification of their needs and opportunities to meet these needs. The purpose of this analysis is to help understand the company's executives whether the company will be able to organize marketing activities in the export market assessment. The analysis concludes with the preparation of an export market portfolio, which is used by all employees when organizing exports to this market. The resulting market portfolio can be electronic - it is filled with the latest information, it captures a unique experience that can be applied in the development of exports in the future.

Brown, Lyndon & Brown (2008) propose to start the analysis of export markets starting from the analysis of market capacity, prospecting and abandoning the analysis of macroeconomic indicators. The authors' analysis of export markets is presented in Figure 5.



Fig. 5. Steps to analyse the market (according to Brown et al., 2008)

The entrant in the foreign market may have to break through preferences and loyalties among buyers and suppliers previously established in the market. Such barriers are due to competitors' *product differentiation* (Tintelnot, 2017). Production differentiation reflects the process of distributing a company's production results among different industrial markets. The size of a diverse firm is usually

larger than that of an undifferentiated firm. Minimum efficient production is growing, making it difficult for new companies to enter this market. This has cost advantages that also strengthen its bargaining power. In addition, production allows a company to reduce the economic risk associated with a particular industrial market (Brady, 2014; Cook, 2017). A different company can offset potential losses by operating in one market with profits that it is able to make in another. Moreover, the very existence of a diversified company deters potential industrial competitors, as they have information that the company dominates the market, but has every opportunity to compete for a longer period of time and with more stringent methods. To assess the diversification of production, it is advisable to use an entropy index. A relative entropy index is used to compare the entropy rates of several adjacent markets (Ra, 2020).

Product differentiation is an additional barrier to market entry as it increases the attractiveness of a particular brand. Therefore, newcomers will have to break stereotypes of consumer data. It is especially difficult for new businesses to enter the business when existing businesses run aggressive advertising campaigns. The minimum effective production volume of new companies should increase due to the increase in their fixed costs due to the increase in additional advertising costs (Baker, Grinstein, Perin, 2020).

Summing up it might be stated that the behaviour, pressure and needs of customers, as well as their target segments must be analysed in order to understand where these factors create a market entry barrier for the entrant company, or not. The level of product differentiation must also be considered as the potential market entry barrier.

Barriers related to market structure and internal processes in the market. The company entering the foreign market, might also face barriers related to limited information to locate/analyse markets, difficulty in locating/obtaining representation, inability to offer technical/after-sales service, unfavourable foreign exchange rates (Leonidou, 2000).

One important barrier might be the limit access to distribution channels (Pehrsson, 2009), when there might be too few available channels, or they might be controlled by established competitors (Tintelnot, 2017).

The following factors should be assessed: as well tariff barriers; non-tariff barriers; geographical distances, exchange rate. trade barriers, i. potential barriers to the company's export opportunities are assessed (Cuyvers, Viviers, 2012).

To sum up the barriers related to market structure and internal processes in the market might include the insufficient accessibility of distribution channels, and limited information in the market.

Exogenic and competition – related barriers. According to Leonidou (2000), competitive barriers might include such factors as the existence of keen competition abroad, and the inability to offer satisfactory prices are the most important ones. Niu et al. (2012) suggest that strategic factors are clearly related to the strategic management of the companies, acting in the foreign market. the competitors might increase their advertising scale to deter new entrants, or make exclusive dealing arrangements and predatory pricing, to reduce the possibility of new entries.

Kappes, Merkert (2013) identifies these main groups of market entry barriers, that are determined by the competitive position, strategy and competitive advantages of the other companies in the foreign market:

- absolute cost advantages. The absolute cost advantage for established firms arising from possession of patents or secret production methods, or easier access to supply source
- economies of scale advantage of large firms
- product differentiation. The product differentiation advantages of established firms arising from brand equity and distribution channels
- the degree of firm concentration

Pehrsson (2009) suggest that entrant company should consider: the number of competitors; the level of market concentration; the level of seller concentration; and the competitors’ reaction to newcomers.

According to the height and efficiency of barriers to entry, the following types of markets are distinguished (Watson et al., 2018):

- A freely accessible market in which companies do not have any advantage over potential competitors in the market. Resource mobility is ensured in the markets by setting product prices at the level of marginal costs;
- Markets with low barriers to entry, where companies operating in the industry can prevent outside companies from entering the market through different price and non-price actions, but do not eliminate the possibility of market entry;
- Markets with effective barriers to entry, where existing entrants can block entry. This is typical of monopolies.

According to the classical approach presented by Kotler (2009), it is important to assess the structure of potential markets when selecting potential export markets. Kotler (2009) distinguishes 4 types of economic market structures: monopoly; oligopoly; monopolistic competition; perfect competition. In a monopolistic or monopolistic competitive market, the company's chances of successfully developing exports to such a market are significantly reduced and the risk increases.

For the evaluation of competitors, Branch (2013) proposes to apply the profiling method using the groups of evaluation criteria presented in Table 3. Branch (2013) provides a very detailed assessment of competitors, which is not always possible when analysing a foreign market due to barriers to access to information. It is Therefore, appropriate to identify the main criteria for assessing the performance of competitors and their competitive potential.

Table 3. Criteria for competitor’s portfolio (created by author according to Branch, 2013)

Group of criteria	Criteria
Origin	Geographical location; History, important dates, events, etc. ; Goals, mission, development plans; Ownership, organizational structure;
Finance	Financial resources;
type of products	Product line; range of goods; New goods; Trademarks, customer loyalty to brands, etc.;

	Patents and licenses; Focus on quality;
Marketing	Market share; Target segments; Customer loyalty; Market share growth rates; Analysis of marketing complex elements;
Productional potential	Available production base; Production capacity; Logistics system;
Personnel	The number of employees; qualification; Management style and core strengths; Organizational culture;

Such competitors' portfolio helps the company to generalize important competitors' data and to realise the level of this market entry barrier.

To sum up, the analysis of competitors, their competitive advantages and the obstacles that they might create while reacting to the entrant, is essential in order to understand the market entry barriers.

To sum up, the following groups of market entry barriers can be distinguished: structural (macroeconomic) market entry barriers; microeconomical barriers; barriers related to customers and demand; barriers related to market structure and internal processes in the market; exogenic and competition – related barriers. These groups of market entry barriers should be the object of market entry barriers, existing in the foreign market that is being considered for the export.

2.4. Theoretical solutions for overcoming market entry barriers

As far as the company gathers the information about the foreign market entry barriers, the solution must be made, whether to enter this market, or not. Therefore, the means, that could be used to overcome market entry barriers, should be considered as the part of company's market entry plan. According to Murphy (2018) the choice of suitable competitive strategy according to the existing market entry barriers in foreign market is a good way to overcome these existing market entry barriers.

Summarizing the solutions mentioned by various authors (Vlasova, 2019; Baker, Grinstein, Perin, 2020; Park, 2020) of how to overcome market entry barriers, the following directions of solutions can be distinguished:

- choice of market entry strategy according to the types of market entry barriers;
- choice of market entry mode according to the types of market entry barriers;
- The choice of competitive strategy to act in the foreign market after the entry.

The scheme explaining relationship among them is explained in Figure 6.

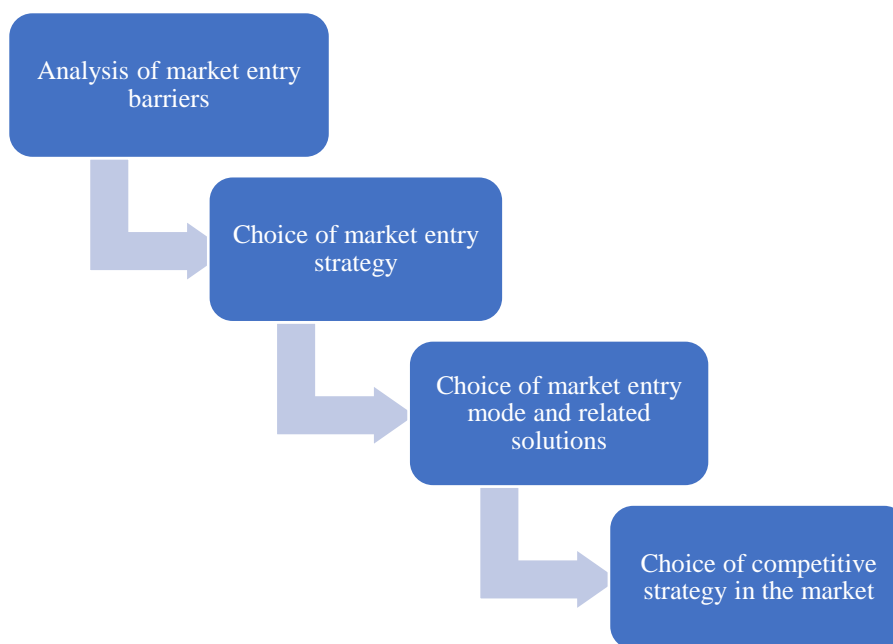


Fig. 6. The logics of solutions of overcoming market entry barriers (according to Brown et al., 2008)

These groups of solutions are described below.

The choice of market entry strategy according to the types of market entry barriers.

The choice of market entry strategy is an important solution to overcome market entry barriers. First of all, the company must know its market entry barriers, and then it must choose the market entry strategy. Vlasova (2019) identifies three main market entry strategies according to the strength of market entry barriers: adaptation strategy, roundabout strategy, and indirect strategy. These strategies are suitable in different entry market situations (Table 4).

Table 4. Market entry strategy choice to overcome market entry barriers (created by author according to Vlasova (2019))

	Adaptation strategy	Roundabout strategy	Indirect strategy
Level of market entry barriers	Low	High	High
Possibility of the company to overcome market entry barriers	Strong	There are prohibitive barriers in the system of market entry barriers into the target market	High cost of overcoming barriers to entry
Level of competition	Free competition	Limited competition	Limited competition
Essence of strategy	Use of a set of organizational and economic measures to adapt products to the set of requirements of all foreign market actors (importer, importer, consumer, competitors, etc.)	Use of opportunities to enter the target market through transit markets	direct confrontation with competitors is avoided

Tasks	Coordination of strategic goals of the enterprise with social needs and changes in the external environment and internal capabilities of the enterprise; ensuring the adaptation of strategic goals of the enterprise to changes in the external environment with minimal costs in the shortest possible time	- coordination of strategic goals with the height of market entry barriers and internal opportunities to overcome them; - selection of the transit market with minimal costs and the shortest entry time	The objectives of direct market entry are being postponed Entering the market at minimal cost
Prerequisite	The effectiveness of entering the foreign market, provided that the predominance of additional income over the cost of overcoming barriers to entry	Total entry costs into transit and target markets are covered by additional export earnings	The cost of overcoming market entry barriers in the relevant market exceeds the amount of lost profits from the involvement of intermediaries
Functions of strategic management	Planning actions and resources to overcome market entry barriers into the market	Planning actions and resources to overcome market entry barriers in the transit foreign market	
Organization of processes to overcome barriers	Monitoring the levels of market barriers and the processes of overcoming them Analysis of the effectiveness of the implementation of the adaptation strategy	Monitoring the levels of market barriers and the processes of overcoming them Analysis of the effectiveness of the implementation of the workaround strategy	Search for intermediaries and organization of cooperation with them Analysis of the effectiveness of the implementation of the indirect strategy
Entry mode	Direct export to the target foreign market	Production cooperation with enterprises of the transit market Investing in the creation of production facilities in the target country	Indirect export

Vlasova's (2019) model of overcoming market entry barriers by market entry strategy choice is an important direction for the companies searching for solutions how to overcome market entry barriers in different industries. This classification suggests that indirect market entry strategy is suitable in the situation when the risk of market entry barriers is very high and there is a risk for the company to suffer losses if it chooses the direct market entry strategy.

The choice of market entry mode according to the types of market entry barriers. According to Baker, Grinstein, Perin (2020), Park (2020), several alternative modes of market entry can be distinguished: direct export, indirect export, joint venture, subsidiary, franchising, licensing.

Direct export: provides for the direct organization of exports in a foreign market, assuming all the risks involved and the necessary investments. The company is directly looking for dealers, trade intermediaries, buyers in foreign markets (Qi et al., 2020). In the development of direct exports, the results achieved directly depend on the company's trading potential and experience (Park, 2020). The direct export is usually suggested when market entry barriers are weak and their risk is low.

Indirect exports are developed through an intermediary or intermediaries in domestic or foreign markets. In practice, it is often a common way of export development by transferring the company's product sales functions to a partner operating in a specific market with the necessary experience and capacity (Park, 2020). By applying this method, the company reduces export risk and gains the opportunity to develop exports simultaneously in several different markets, but loses part of its profits. From an organizational point of view, a relatively simple solution is an agreement with an intermediary in the domestic market, to which the function of exporting the company's products to foreign markets is delegated. Such an intermediary seeks export opportunities and organizes the sale of products in foreign markets for a part of the profits. This reduces risk and avoids higher costs, but the export results depend entirely on the partner (Bruvaka, Prange, 2020).

An often-used method of export development is the establishment of a joint venture with a foreign partner. In such a company, the risk is shared between its owners. A firm may form a joint venture with one of its potential competitors in a foreign market to gain access to resources, contacts, or technology (Branch, 2013). In this case, the company shares the risk with its partners, as well as shares future income and profits. The main advantages of establishing a joint venture with a foreign partner are: gaining access to new knowledge and technologies; opportunity to gain experience; possibility to avoid barriers to entering the foreign market, reduce the cost of exported products (Majumdar, 2019). The establishment of a joint venture as a way of export development can be chosen when the company seeks to establish itself in a promising export market, it is important for it to form a dense distribution network, ensure regular support and smooth customer service. The method in question is promising and in cases when new technologies are adopted, knowledge can significantly enhance the quality of the company's products and increase its competitiveness in local and foreign markets (Baker, Grinstein, Perin, 2020). Subsidiary is the type of market entry, when the organization unit is not independent, but it acts as the agent of the mother- company in the foreign state. This form of market entry contains a high level of control over the activity of subsidiary (Baker, Grinstein, Perin, 2020).

Franchising is the indirect mode of market entry, usually containing a low control over the activity of the subject who has the franchise rights (Baker, Grinstein, Perin (2020). Licensing usually contains even less control, than franchising, and is one of the indirect modes of market entry (Bruvaka, Prange, 2020).

These modes of market entry differ according to control, relationship friction and commitment can be distinguished (Table 5).

Table 5. Characteristics of modes of foreign market entry (created by author according to Rivera, Oh, 2013)

Entry mode	Control	Relational friction	Commitment
Wholly owned subsidiary	High	Low	High
Partly owned subsidiary Minority/ majority ownership, affiliates (joint ventures).	High/ moderate	Low/ moderate	High/ moderate

Contract, alliances Contractual relationship (licencing, franchising)	Moderate	High/ moderate	Low
Indirect exports	Low	High	Low

The lower the control, the more the company can have the control over reacting to market entry barriers existing in the market.

Similar view is being shared by Cook (2017). The author adds the criteria of activity costs to characterise all market entry forms (Table 6).

Table 6. Market entry modes reacting towards market entry barriers (created by author according to Cook, 2017)

Modes of market entry	Indirect export	Joint venture	Licencing	Direct investment
Level of activity costs	Medium, related to the marketing expenses	Low	Low	High, related to the need of capital and activity, as well as marketing expenses
Level of control	Low	Low	Low	High
Level of risk	Low	Low	Low	High

Using this classification of market entry modes, given by Cook (2017), the company can evaluate, whether the question of activity costs in foreign market is sensitive, or not. The cost level is an important fact to consider while evaluating the market entry barriers.

Vlasova (2019) explained that when adaptation strategy is chosen for market entry (Table 4), the suitable entry mode is direct export. The indirect export is suggested when indirect strategy is chosen, and the production cooperation with enterprises of the transit market, as well as the investment in the creation of production facilities in the target country is suitable when roundabout strategy is chosen.

Brady (2014) suggests, that the choice of market entry mode is related to the evaluation of the risk of market entry barriers (Table 7).

Table 7. Foreign Market Entry Strategies by Risk Response to Barriers to Market Entry (created by author according to Brady, 2014)

Low risk market entry barriers	Medium risk market entry barriers	High risk market entry barriers
<ul style="list-style-type: none"> • Direct export; • Custom manufacturing (subcontractor strategy); • Establishment of a subsidiary; • Contract management 	<ul style="list-style-type: none"> • Indirect exports; • Acquisition of a subsidiary 	<ul style="list-style-type: none"> • Joint venture with partners; • Licensing; • Franchising; • Strategic alliances.

Brady (2014) categorized all the market entry modes by the level of risk. The author attributed direct exports and the establishment of a subsidiary in a foreign market to low-risk strategies. Such view, relating market entry modes to the level of risk of market entry barriers, may be widely adapted in

different spheres of industries. Medium risk strategies include indirect exports and acquisitions of subsidiaries (Brady, 2014). Baker, Grinstein, Perin (2020) state that indirect exports as a low-risk strategy, and medium-risk strategies include joint ventures with partners and the formation of strategic alliances. The different approach of the authors to the risk of export strategies allows us to state that the risk of the applied strategy depends on what decisions are made and how export activities are organized. Therefore, the choice of mode of market entry is considered to be one of the managerial solutions, how to overcome market entry barriers.

If the company chooses export as its market entry form, according to the results of research performed by Leonidou (2000), the export regularities, aggressiveness, and expansion strategy may be important measures to overcome some of the market entry barriers (Table 8).

Table 8. Market entry barriers that may arise when some specific managerial solutions are being made (created according to Leonidu, 2000)

Managerial solutions	Market entry barriers
Export regularities	<ul style="list-style-type: none"> • corporate resource constraints • government apathy • operating difficulties (Barriers related to market structure and internal processes in the market)
Export aggressiveness	<ul style="list-style-type: none"> • corporate resource constraints • Barriers related to customers and demand • Barriers related to market structure and internal processes in the market.
Direct market entry mode	<ul style="list-style-type: none"> • Barriers related to customers and demand
Expansion strategy	<ul style="list-style-type: none"> • corporate resource constraints

According to Leonidou (2000), “firms selling via indirect methods, such as resident buyer, piggyback, or export trading company, are more severely obstructed by environmental differences, as opposed to those who use direct distribution” (p. 141). The more aggressive export is more effective to concur market entry barriers: firms adopting an ill-prepared and half-hearted approach toward overseas operations are more likely to be exposed to problems, such as shortage of working capital, difficulties in understanding foreign customers, and inadequate representation in overseas markets. It also emphasizes the crucial role of planning and organizing in successful export operations” (Leonidu, 2000, p. 141). Besides, Export regularity, that is, the degree to which the product is exported on an intermittent or systematic basis, played a serious differentiating role in three obstructing factors” (Leonidu, 2000, p. 141). However, the research of Leonidu (2000) has not answered the question how to cope with exogenic and competition – related barriers.

According to Pehrsson (2009) the scale of activity in the foreign market, as well as the level of company’s innovativeness and even lobbyism can be important measures to overcome market entry barriers (Table 9).

Table 9. Ways to overcome market entry barriers (created by author according to Pehrsson, 2009)

Type of market entry barriers	Ways to overcome market entry barriers
Weak cost advantages (scale effect)	<ul style="list-style-type: none"> • Larger scale of activity when entering the market
Capital need	<ul style="list-style-type: none"> • Increase of level of innovativeness, to minimize the impact of capital barrier
Weak possibilities of product differentiation	<ul style="list-style-type: none"> • Larger scale of activity when entering the market
Government policy – strict regulation	<ul style="list-style-type: none"> • Negotiation for deregulation • Lobbyism

As far as information in Table 7 is concerned, the larger scale of activity and increase of innovativeness are suggested to be important factors, helping to overcome some crucial market entry barriers. However, not all entering companies have enough resources to assure a large scale from the very beginning of activities in foreign market. However, such view, taken together with the reasonable choice of market entry mode, can serve as adequate measures to overcome market entry barriers.

The choice of competitive strategy to act in the foreign market after the entry

The company must also realise what its competitive strategy in the foreign market would be. Competitive strategies are established in order to help firms to achieve their goals (Schmid, 2018). Company should choose competitive strategy to overcome market entry barriers. Three basic competitive strategies are being identified: cost leadership strategy; differentiation strategy; focusing/ concentrated strategy (Virvilaitė, Šeinauskienė, 2012). The choice of competitive strategy is also the question of the level of competition and the level of market entry barriers, existing in the foreign market (Table 10).

Table 10. Competitive strategies according to market entry barriers (created according to Virvilaitė, Šeinauskienė, 2012, p. 1125-1129)

	Cost leadership strategy	Differentiation strategy	Focusing/ concentrated strategy
Level of market entry barriers	Low market entry barriers	Low market entry barriers	High market entry barriers
Competition	Weak competition	Strong competition	Strong competition

It may be suggested that the companies entering the foreign market, must choose the competitive strategy and keep to it from the very beginning, as far as it allows to choose adequate marketing solutions as well.

According to Schmid (2018) competitive strategies correlate to the some specific market entry barriers, that are competition -related, microeconomical factors-related and even market structure -related barriers:

- Weak competition, low microeconomical barriers: Cost leadership strategy might be applied;

- Strong competition, high microeconomical barriers (high production costs etc.), low market structure -related barriers: differentiation strategy should be applied; ,
- Strong competition, high microeconomical and market structure -related barriers (inability to use wide distributional, promotional of logistical networks): focusing strategy is suggested to be applied.

To sum up, most important measures to overcome market entry barriers, as suggested by authors (Brady, 2014; Rivera, Oh, 2013; Pehrsson, 2009; Vlasova, 2019; Cook, 2017) are related to the choice of right market entry strategy and mode, and also to the choice of competitive strategy in the market (Virvilaite, Šeinauskiene, 2012; Schmid 2018). The higher the of market entry barriers exist, the more indirect modes of market entry are suggested. On the other hand, the researchers also found that the larger scale of activity in foreign market allows to overcome some of market entry barriers, such as cost barriers (and gain cost advantages), capital limitations and product differentiation. The more aggressive, regular and expansion – oriented export is suitable to the following barriers: barriers depending upon the weaknesses of entering company, Barriers related to market structure and internal processes in the market, Barriers related to customers and demand, government policy barriers.

2.5. The theoretical model of overcoming market entry barriers

The analysis of works by many authors (Pennerstorfer, Yontcheva, 2021; Watson et al., 2018; Zou, 2020; Mat, Ismail, Ibrahim, 2020; Feng, Jiang, Liu, 2018; Julian, 2014; Boone, Kurtz, 2011; Jiang, Qu, 2019; Brady, 2014; Brown, Lyndon & Brown, 2008, and others) leads to the conclusion, that the following groups of market entry barriers can be identified: structural (macroeconomic) market entry barriers (especially governmental-legal regulation and cultural factors); microeconomical barriers (factors creating costs, as well as the capital and resources availability might be the important market entry barriers); barriers related to customers and demand (the behaviour, pressure and needs of customers, as well as their target segments; the level of product differentiation); barriers related to market structure and internal processes in the market (the insufficient accessibility of distribution channels, and limited information in the market); exogenic and competition – related barriers (the structure of competition, the competitive advantages of competitors; obstacles that the competitors might create while reacting to the entrant).

The analysis of scientific literature also allowed to identify the means of overcoming market entry barriers. When the company understands what market entry barriers it is dealing with, it can choose a suitable market entry strategy and market entry mode (as suggested by Brady, 2014; Cook, 2017; Vlasova, 2019), and the competitive strategy according to the severity of competitiveness and competitive market entry barriers (as suggested by Virvilaite, Šeinauskiene, 2012). The company can also choose actions of overcoming some market entry barriers, such as larger scale of activity in foreign market (overcoming cost-related barriers (and gain cost advantages), capital limitations and product differentiation barriers); also the more aggressive, regular and expansion – oriented export strategy might be chosen to overcome the barriers related to market structure and internal processes, customers and demand, and the government policy barriers (Pehrsson, 2009; Leonidu, 2000).

On the basis of these theoretical implications the theoretical model of overcoming market barriers was developed (Figure 7).

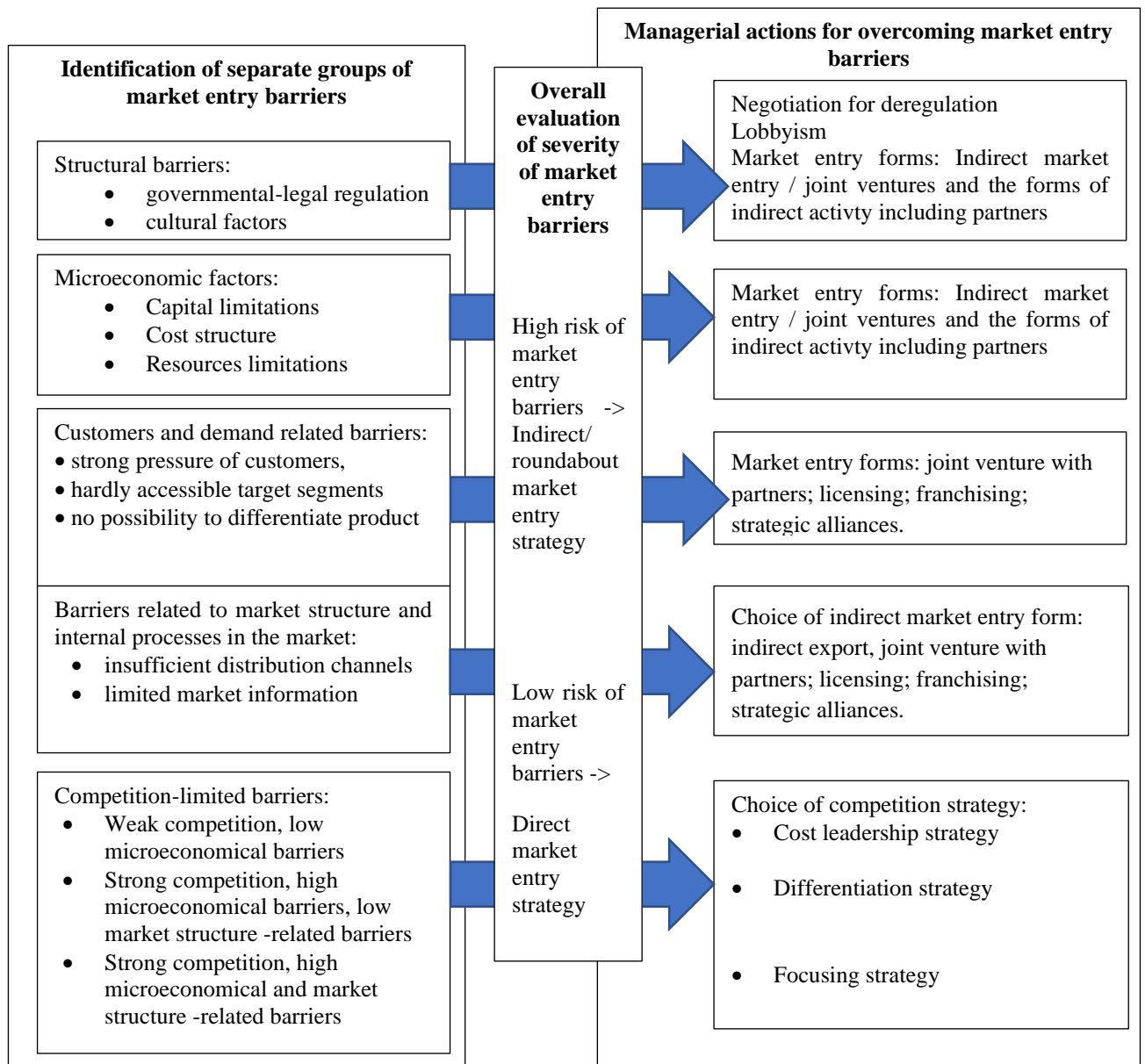


Fig. 7. Theoretical model of overcoming market barriers (created by author)

The theoretical model suggests that first of all the company needs to analyse its market entry barriers, and to classify them. All the groups of potential market entry barriers should be looked through and analyzed. The next step is to evaluate the overall severity and risk of market entry barriers. If the situation of the company due to severe market entry barriers is very complicated, then the indirect market entry forms should be chosen, and that is the first decision the company must make to overcome the market entry barriers, that is, to choose the right market entry mode.

The next step is to choose the measures to overcome the separate market entry barriers, according to the solutions given in the theoretical model. The Theoretical model of overcoming market barriers might be used to prepare the instrument of empirical research.

3. Research Methodology

This chapter contains the description of methodology of empirical research.

3.1. Research design

Object of research – means of overcoming market entry barriers.

The aim of the empirical research is to identify the possibilities of biotechnologies company to adopt the theoretical model of overcoming market barriers in the case of market of UAE market.

Objectives of the empirical research:

1. to identify market entry barriers that would be potentially faced by biotechnological company in UAE market;
2. to identify the severity of risk of market entry barriers that would be potentially faced by biotechnological company in UAE market;
3. to identify the capabilities of biotechnological company to use means to overcome market entry barriers in UAE market

In order to seek for the research goal and objectives, several research methods are implemented (Figure 8).

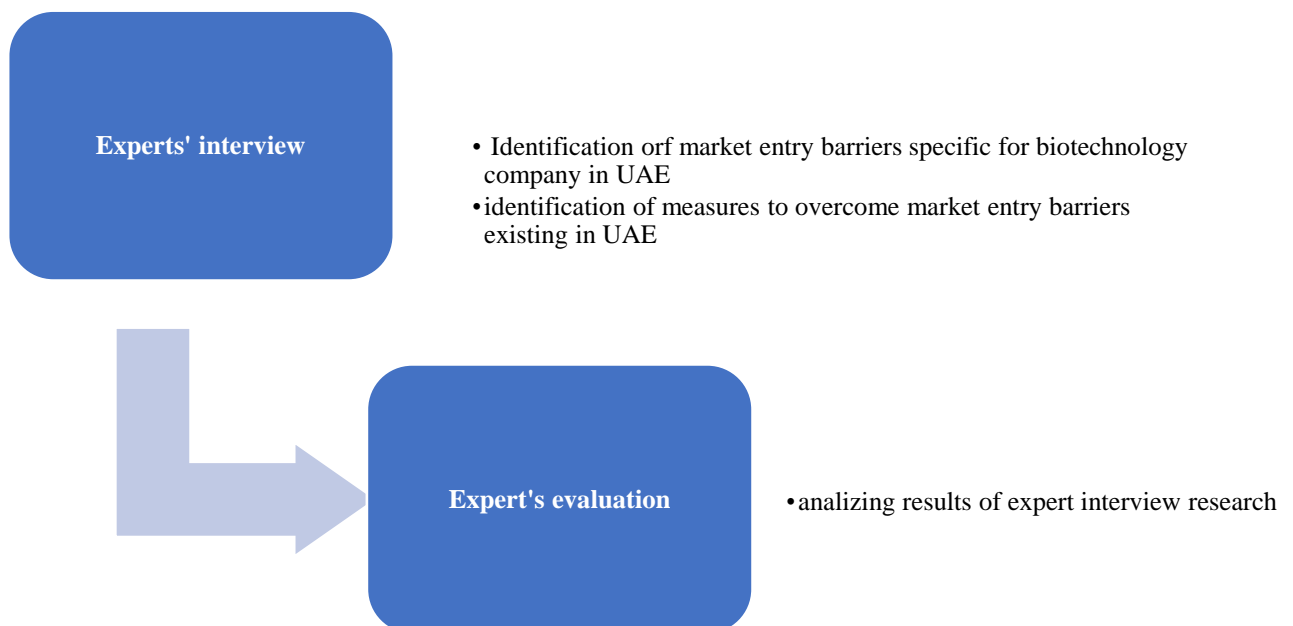


Fig. 8. Logics of empirical research

3.2. Research methods

Semi – structured expert interview and delphi research.

In anticipation of reliable and accurate results of empirical research, the method of semi-structured expert interview was chosen. This research method is chosen because it is important to find out the

opinion of specialists working in the biotechnologies' sector and having the experience in international activities in this market. The competence – based opinion of these experts would allow to assess the market entry barriers in biotechnology market of UAE market, and ways to overcome these market entry barriers. According to Kardelis (2007), an expert survey is “a specific type of survey in which specially selected people with knowledge in a field, the greatest competence and the most reliable and sufficiently detailed information about the research problem are interviewed”.

The semi-structured interview method allows the researcher to rely on a plan that provides specific questions for respondents, but there is a possibility that during the interview the researcher may ask additional questions not recorded in the plan (Morkevičius et al., 2008).

A preliminary questionnaire was prepared for the interview, which was based on the theoretical model presented in Figure 6. The interview questions were formulated on the basis of the questions considering the market entry barriers the ways to overcome them implemented in previous researches.

The expert interview consists of two parts.

The first part contains open questions about the specific market entry barriers faced by the company, about the perspectives of its internationalization, plans to develop activities in the UAE market, the available knowledge about this region.

The second part of research is presented as rank tables. The following tables ask experts to provide detailed assessments:

1. the importance of specific factors in the market entry barriers in the biotechnology market in the UAE market;
2. the extent to which specific factors would be dangerous to the entity given its internal strengths and weaknesses;
3. the extent to which the entity is able to apply certain ways of overcoming market entry barriers.

The open questions are presented in Table 11.

Table 11. Questions of semi – structured expert interview (created by author)

The objective of research	Questions
1. to identify market entry barriers that would be potentially faced by biotechnology company in UAE market	<ol style="list-style-type: none"> 1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization? 2. What perspectives of company's internationalization do you see in UAE market? 3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?
2. to identify the severity of risk of market entry barriers that would be potentially faced by biotechnology company in UAE market	<ol style="list-style-type: none"> 4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?
3. to identify the capabilities of biotechnological company to use measures to overcome market entry barriers in UAE market	<ol style="list-style-type: none"> 5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market? 6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

	<p>7. What are the main weaknesses of the company in the context of entering . biotechnologies’ market in UAE market?</p> <p>8. What ways of market entry barriers did your company adopt/ is planning to enter biotechnologies’ market in UAE market?</p> <p>9. What is/ could be the competitive strategy of your company in biotechnologies’ market in UAE market?</p>
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The criteria used in rank tables of expert research is seen Table 12. This evaluation is useful , as it allows to compare separate factors (market entry barriers) and to determine how they should be ranked among themselves. In this instrument an expert gives an evaluation form 1 to 5 for as much as he considers the factor important in the market of UAE. The results are analyzed calculating the mean, standard deviation, and giving ranks to the factors according to the means.

Table 12. Ranking criteria used in semi – structured expert interview (created by author)

The objective of research	Factors		Fully Don’t agree agree
1. to identify market entry barriers that would be potentially faced by biotechnology company in UAE market	1. How much do you agree that the following market entry barriers exist in biotechnologies’ market in UAE market:		
	Structural barriers	Governmental-legal regulation	5 4 3 2 1
		Cultural factors	5 4 3 2 1
	Microeconomic factors	Capital limitations	5 4 3 2 1
		Cost structure	5 4 3 2 1
		Resources limitations	5 4 3 2 1
	Customers and demand related barriers	Behaviour, pressure and needs of customers	5 4 3 2 1
Target segments		5 4 3 2 1	
Product differentiation		5 4 3 2 1	
Barriers related to market structure and internal processes in the market	Insufficient distribution channels	5 4 3 2 1	
	Limited market information	5 4 3 2 1	
Competition-limited barriers	Structure of competitors	5 4 3 2 1	
	Competitive advantages of competitors	5 4 3 2 1	
	Strategies of competitors to fight the entrant	5 4 3 2 1	
2. to identify the severity of risk of market entry barriers that would be potentially faced by biotechnology company	2. How do you evaluate the risk of the following market entry barriers existing in biotechnologies’ market in UAE market for your company, considering specific strengths and weaknesses of this company [high risk here is understood as the situation that can predestine the failure of market entry]		High No risk risk
	Structural barriers	Governmental-legal regulation	5 4 3 2 1
		Cultural factors	5 4 3 2 1
	Microeconomic factors	Capital limitations	5 4 3 2 1
Cost structure		5 4 3 2 1	
Resources limitations		5 4 3 2 1	

in UAE market	Customers and demand related barriers	Behaviour, pressure and needs of customers	5 4 3 2 1
		Target segments	5 4 3 2 1
		Product differentiation	5 4 3 2 1
	Barriers related to market structure and internal processes in the market	Insufficient distribution channels	5 4 3 2 1
		Limited market information	5 4 3 2 1
	Competition-limited barriers	Structure of competitors	5 4 3 2 1
		Competitive advantages of competitors	5 4 3 2 1
		Strategies of competitors to fight the entrant	5 4 3 2 1
	3. to identify the capabilities of biotechnological company to use measures to overcome market entry barriers in UAE market	Please, evaluate whether your company has capabilities to implemented the following measures to overcome the market entry barriers existing in biotechnologies' market in UAE market:	
*		Implementing direct export	5 4 3 2 1
*		Implementing indirect export	5 4 3 2 1
		Joint ventures with local companies	
		Joint ventures with other international companies	
		Licenscing contracts	
		Franchisin contracts	
		Strategic alliances built for the performance in UAE market	
*		Quick expansion of the market share	5 4 3 2 1
*		Maintaining regular flows of export	5 4 3 2 1
*		Adopting aggressive export strategy, leaded by intense marketing and promotion	5 4 3 2 1
*		Lobbyism and negotiation with government for more favourable regulation	5 4 3 2 1
*		Adopting competitive cost leadership strategy in the market	5 4 3 2 1
*	Adopting competitive differentiation strategy in the market	5 4 3 2 1	
*	Adopting competitive focusing/ concentrated strategy in the market	5 4 3 2 1	

The example of research instrument is given in Appendix 1.

3.3.The sample and process of research

The sample. The sample of the research are the managers of European biotech companies, that have recently (in one year) entered in UAE biotechnologies market. There are only two Lithuanian companies that meet this criteria Therefore, international research was performed, including experts working in companies from other countries. Experts from two Lithuanian companies, Ltd “Biomapas”, LTD “Insuvia”, took part. International companies, that were also introduced into the research, are: LE4D (UK), SkillPharma (Italy), Kymos pharma services (Spain), Croturk (Turkey), GKM CRO (Germany),

and others, that wanted to stay anonymous. The data of experts is given in Table 13. The personalities are not disclosed, for the confidentiality purpose.

Table 13. Data of experts

No.	Code given to the expert	Country of origin of business	Professional position in the company	Years worked in pharmaceutical biotech sector	Company's relation to the UAE market
1	Expert from Lithuania (1)	Lithuania	CEO	16	Recently entered the market
2	Expert from Lithuania (2)	Lithuania	Project manager	6	Recently entered the market
3	Expert from UK (1)	UK	Project manager	7	Recently entered the market
4	Expert from UK (2)	UK	Senior manager	5	Entered the market 1 year ago
5	Expert from Italy	Italy	CEO	9	Entered the market 2 years ago
6	Expert from Spain	Spain	Manager	10	Entered the market 1 year ago
7	Expert from Turkey	Turkey	Senior manager	11	Entered the market 1 year ago
8	Expert from Germany (1)	Germany	Project manager	6	Entered the market 1 year ago
9	Expert from Germany (2)	Germany	Project manager	5	Entered the market 2 years ago

The competency of these specialists tributes to the reliability of the results of this research, as far as all the experts have deep knowledge in the UAE pharmaceutical biotechnology market, as their sphere of activity is directly related to this market and they witnessed the market entry of their companies in this market.

The place, form and data of research. The research took place communicating with experts online, by videoconference means. The research instruments were filled in writing while talking to the experts. Experts filled the ranking tables by themselves and sent them by email. The research was performed in April, 2021. Respondents were consulted by phone or e-mail about the interview. The participants of the study were informed that the information received will be used for scientific purposes only and their confidentiality is guaranteed. Respondents were immediately informed about the purpose of the empirical research, the topic of the interview, its course and duration. The interviews were conducted in English.

Research ethics. Respondents were consulted by phone or e-mail about the interview. The participants of the study were informed that the information received will be used for scientific purposes only and their confidentiality is guaranteed. Respondents were immediately informed about the purpose of the empirical research, the topic of the interview, its course and duration. The interview was conducted in Lithuanian, and the answers were then translated into English.

Data analysis. The analysis of semi - structured interview, the content analysis approach was taken. The qualitative data of research was transcribed (Appendix 2). The coding of the interviews was performed

using MaxQda program, the codes were grouped into subcategories, and subcategories were grouped into categories.

The data received in ranking tables was analysed taking quantitative approach. The average scores were calculated and criteria included in the research were compared to each other by the scores.

To assess the consistency of expert opinions, the Kendall concordance coefficient (W) is calculated, which shows the level of coincidence (correlation) of expert opinions, and the value of the Friedman criterion p , which indicates whether the ranks of the studied criteria differ statistically significantly. Calculations are performed using SPSS program. It was found that level of concordance of expert opinions Kendall $W=0,722$, $p < 0.05$, it means that the evaluations of the subjects do not differ statistically significantly.

Limitations of research. The limitations of research are determined by small sample of companies, that have knowledge about the market entry barrier existing in biotechnology market of UAE and the measures to overcome them. In order to get statistically reliable data, it would be useful to perform a wider research, involving at least 10 experts from different countries. This would also allow to identify, how companies in different countries deal with market entry barriers in UAE biotechnology market.

4. Results of research of overcoming barriers to entry into the United Arab Emirates market by biotechnology companies

This chapter contains the analysis of results of empirical research. The first subchapter contains the initial analysis of tendencies of biotechnology market of UAE. This gives an understanding about the tendencies in the market. The second subchapter discusses results of expert interviews. The third subchapter contains the analysis of factor ranking, performed by experts. The fourth subchapter contains the discussion of the results of the results.

4.1. Tendencies of pharmaceutical biotechnology market in UAE.

In the past decade, pharmaceutical biotechnology industry has been a focused towards UAE's business development. The UAE's pharmaceutical market was predicted to grow to \$4billions in 2020, representing a CAGR of 8.5 percent from 2019. UAE is one of the first countries to recover, and remains a sought-after location for foreign investors. With Covid continuing to be a threat, healthcare expenditures in the UAE are expected to rise to \$21.3 billion by 2021 which is projected to account for 4.6% of the country's GDP by 2026 (Bizzmosis. com, 2021). The UAE's pharma market was predicted to grow to USD four billion in 2020, representing a CAGR of 8.5 percent from 2019. The country sits at the heart of the Middle East which, although only making up two percent of the global pharmaceutical industry, has been growing at a rate of ten percent and is Therefore, increasingly attracting the eye of international investors (PharmaBoardRoom. com, 2020)

The pharmaceutical market in the MENA region has witnessed considerable progress over the years due to favourable demographic and economic factors, and strong government support for healthcare. Despite the progress, the pharmaceutical sector in the Gulf is still in an emerging phase, and drug manufacturing is at a relatively nascent stage due to a number of obstacles. A vast majority of pharmaceuticals consumed in the region are of imported brand. However, the governments have been trying to increase local drug manufacturing and reduce reliance on imported products by encouraging joint ventures and licensing deals with multinational pharmaceutical companies (Alsaddique, 2017).

The Gulf countries are expected to spend USD 12 billion on the pharmaceutical industry by 2020 and Saudi has the largest market for medication in the region of USD 5.1 billion in 2012. Saudi Arabia's per capita share of drugs sale is USD 175 yearly despite the support of the government for the health care. It is expected that investment in Healthcare in the Middle East will reach USD 60 billion by 2025, especially that these countries need between 120 and 140 additional hospitals by 2020 to meet the increased demand (Alsaddique, 2017).

A recent report also showed that total spending on health care projects, including plans to manufacture drugs, in the Middle East reach USD 125 billion in 2015 (Alsaddique, 2017).Despite the fact that Pharmaceutical industry started long time ago in the MENA countries, yet it is still importing more than 90% of its Pharmaceuticals from international companies (Alsaddique, 2017).

To achieve sustainable growth for the healthcare and pharmaceutical industry the U.A.E. government has adopted a series of long-term plans. Aware of the need to further diversify its economy away from oil and strengthen national production of other goods, Dubai's government has rolled out the 'Dubai Industrial Strategy 2030', which aims to increase the total output and value-addition of the manufacturing sector, enhance the depth of knowledge and innovation in the Emirate, and make Dubai a preferred manufacturing platform for global businesses. One of the six identified priority sub-sectors

outlined in the city’s strategy is pharmaceuticals and medical equipment, a move broadly in line with localisation policies being implemented across the MENA region that has boosted investment in local manufacturing (Pharma Boardroom, 2020). In relation to this, a key long-term focus for the UAE government has been to reduce their reliance on imported pharmaceuticals. A report by the Dubai Chamber of Commerce and Industry estimated the volume of UAE imports of pharmaceutical products at AED 14.9bn in 2018. In the one year, companies in the UAE exported AED 1.2 bn worth of pharmaceutical products and re-exported to the value of AED 3.8 bn. Local manufacturing of pharmaceuticals is now a primary goal for the government, the ministry of health and legislating authorities (Bizzmosis. com, 2021).

Such strategy lead to the growth of pharmaceutical biotechnology market in the UAE, in comparison to other countries of MENA region (Figure 9).

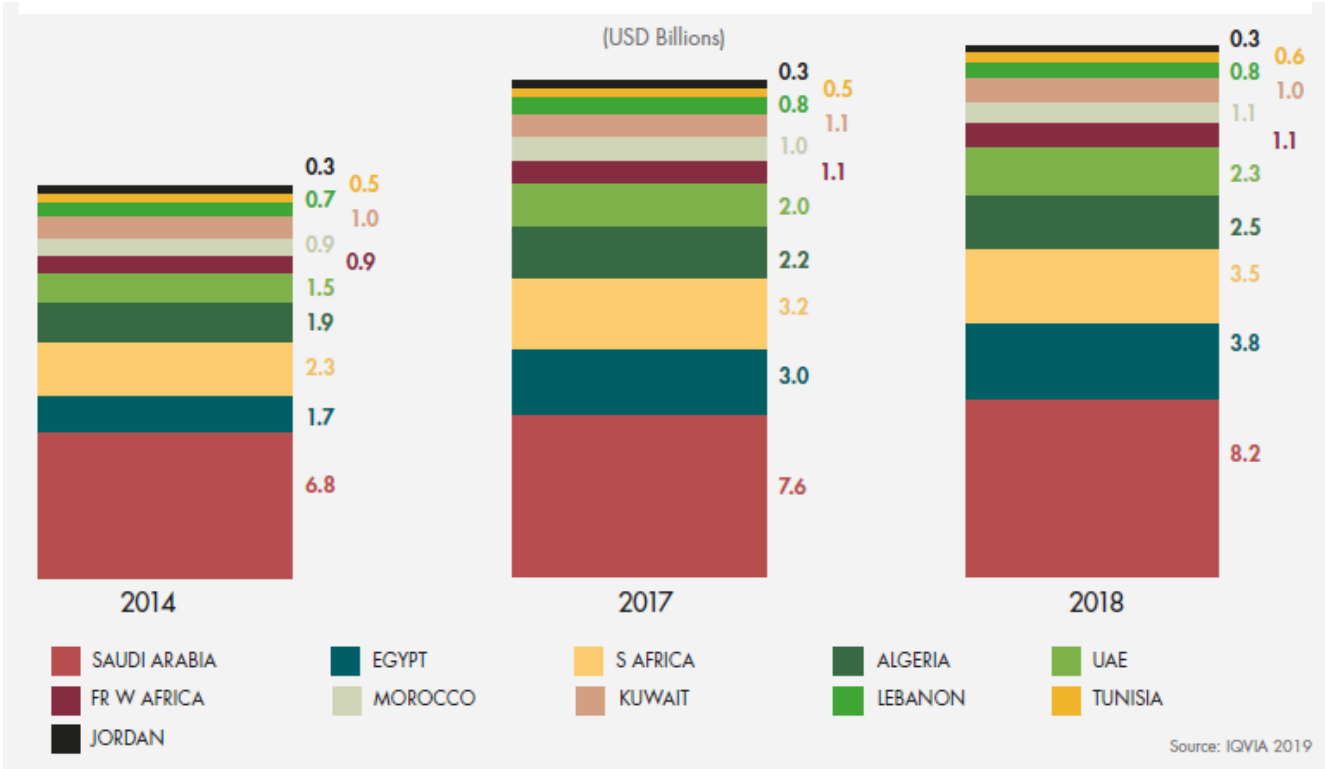


Fig. 9. Pharmaceutical biotechnologies market growth in MENA region countries (Pharma Boardroom, 2020)

It may be said that such national strategy of encouraging local production minimizes market entry barriers for international pharmaceutical biotech companies and created favourable conditions for the to enter the market.

The motives of UAE government to stimulate local production in pharmaceutical biotechnologies sector is related to the fact that since no the trade balance in pharmaceutical biotechnologies was negative (Figure 10). The value of pharmaceutical biotechnologies import was growing; however, the value of export does not have a clear growth tendency. Therefore, the market of UAE id depended upon the imported pharmaceutical products.

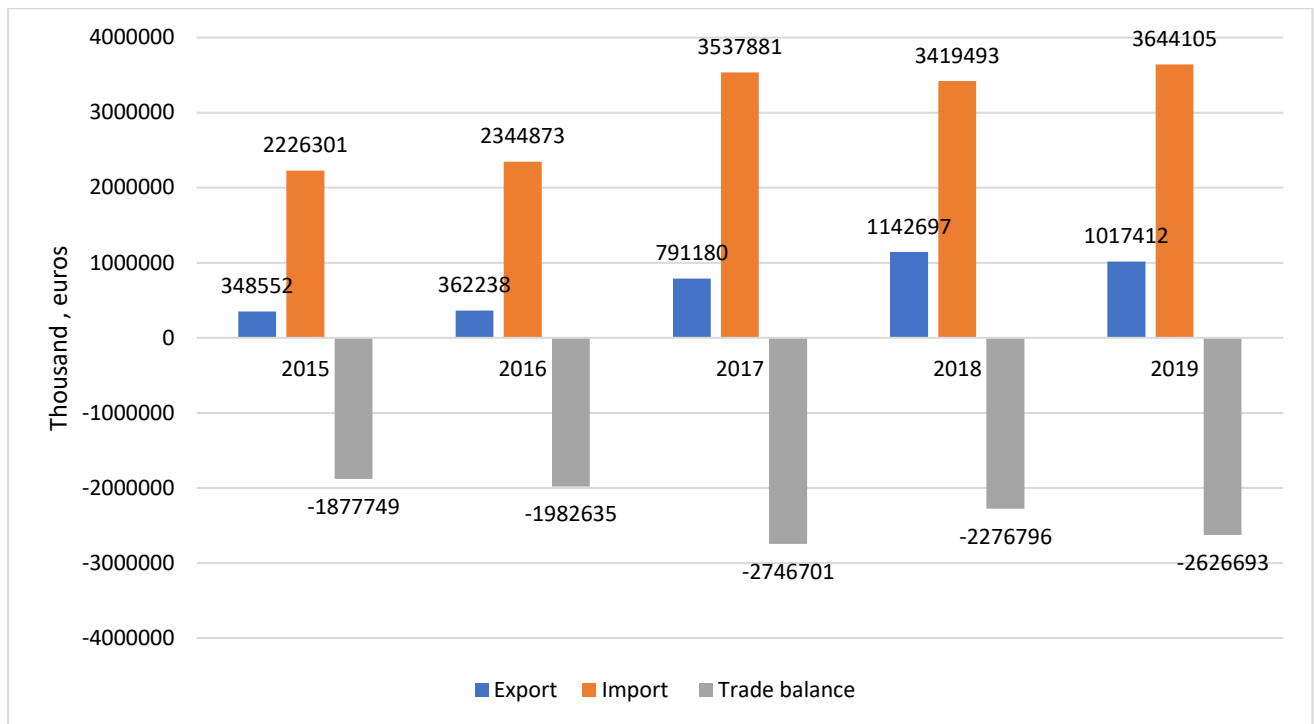


Fig. 10. Exports, imports and trade balance of pharmaceutical biotech of the UAE, thousands of euros (Created according to the data of Trademap.org, 2021)

Exports of pharmaceutical biotech were growing till 2018, but in 2019 the export in all products groups was declining (Appendix no.3, Table 1), while imports of pharmaceutical biotech were growing in most product groups (Appendix no.3, Table 2). Main UAE pharmaceutical products export partners are MENA region's countries (Kuwait, Iraq, Lebanon, Bahrain, Jordan, Nigeria and others), so the UAE's biotechnological product export is not diversified in territorial view (Appendix no.3, Table 3). UAE mainly imports pharmaceutical products from USA, European countries (USA, Germany, France, Switzerland, Italy, UK are the most important importers of biotechnology products) (Appendix no.3, Table 4). Main import and export partners differ significantly.

To sum up, the biotechnology market of UAE has a favourable growth tendency, however, the local market is strongly dependent upon the imports of biotechnology products. Having in mind a negative trade balance in the biotechnology market, the Government of UAE encourages direct investment and other international business performance, when the products are being produced in the local market. The favourable market growth and the favourable environment for investment in the biotechnology market creates an attractive environment for international business.

4.2. Results of empirical research

Results of empirical research are analysed in two steps. The first step is the qualitative analysis of interviews, performed using MaxQda program. The second step contains the quantitative analysis of results of delphi research, containing evaluation of market entry barriers and measures to overcome them.

4.2.1. Results of experts' interview

The results of semi-structured interview are analyzed according to the objectives of research. The first question that was considered in the interview, **was the advantages and perspectives of companies'**

internationalization to the biotechnology market of UAE. These questions are important for the research as far as it gives the information about the motives that companies had before entering the biotechnology market entry barriers market entry barriers. These motives are related to the understanding of market entry barriers existing in the market.

The results of empirical research reveal that experts consider these factors as most important motives to enter the biotechnology market of UAE: business infrastructure, high level of technologies, competent human resources, liberal (in the context of MENA region) business environment, market growth in UAE, and UAE market being as a starting point to develop business further to these countries. Besides, experts also see good activity perspectives in biotechnology market of UAE as far as this country is convenient for the further international development in MENA region; there are good conditions for the companies to enhance pharmaceutical biotechnology innovations, and also to develop manufacturing and production in the UAE (direct investment) (Table 14).

Table 14. Advantages and perspectives of companies' internationalization in UAE market

Categories	Subcategories (codes)	Statements of experts
Advantages of UAE for internationalisation	Good business infrastructure	„The UAE offers businesses a strong enabling environment: stable political and macroeconomic conditions, a future-oriented Government, good general infrastructure” (Expert from Lithuania (1)) „this country is <...>, with rather great infrastructure” (Expert from Spain) „very well developed financial service system” (Expert from Turkey)
	High level of technologies	„the technological level is very high in this country” (Expert from Turkey)
	Competent human resources	„this country attracts many specialists from other countries, and human resources are really strong there; national citizens are also well educated and you can find very competent employees here” (Expert from Turkey).
	Liberal business environment	„enough liberal to operate” (Expert from Italy) „this country is rather liberal in comparison to the countries in the region” (Expert from Spain) „they are open to the foreigners and foreign business as far as they understand, that the success of foreign business in this market is related to the overall success of the country” (Expert from Turkey)
	Market growth	„The fast growing biotech and pharmaceuticals market and favourable business conditions, were among most important advantages here” (Expert from Italy).
	Starting point to develop business further to these countries	„ This market was important for our company; internationalization strategy in order to be able to licence our products for MENA region, with is a large market with good development positions. Besides, market of pharmaceuticals is a fast growing market in United Arab Emirates “ (Expert from UK (1)). „Our strategy was to open our headquarters in Dubai and to branch out from there to other countries in the region. The biotech and pharmaceutical market is very well developed in this region, and this country has all the infrastructure needed for further development in the MENA region, starting form United Arab Emirates” (Expert from UK (2))
Perspectives for company's	Further international	„ Since the UAE's biotechnology/biopharmaceutical regulatory framework is integrated with the rest of GCC countries, it provides seamless access to the

internationalization in UAE	development in MENA region	whole GCC region via its common market economics” (Expert from Lithuania (1)) „ from here we can coordinate/manage our operations across all Arab speaking countries” (Expert from Lithuania (2)).
	Pharmaceutical biotech innovations	„There are good conditions for creating innovative products, and that’s or main perspectives. Besides, government of UAE encourages pharmaceutical innovations as well” (Expert from Italy)
	Development of manufacturing and production in the UAE (direct investment)	„We seen good licencing of pharmaceutical products conditions in the UAE, an our perspectives are related to the development of manufacturing there, in the market” (Expert from UK (2))

Experts relate motivation to enter the biotechnology market of UAE considering this as a starting point to develop internationalization in the MENA region: suggests that “This market was important for our company; internationalization strategy in order to be able to licence our products for MENA region, with is a large market with good development positions. Besides, market of pharmaceuticals is a fast-growing market in United Arab Emirates” (Expert from UK (1)). Expert from UK (2) shares the same opinion: „Our strategy was to open our headquarters in Dubai and to branch out from there to other countries in the region. The biotech and pharmaceutical market is very well developed in this region, and this country has all the infrastructure needed for further development in the MENA region, starting from United Arab Emirates”. Therefore, the companies tried to manage their market entry in the most effective way, in order to keep their positions in this market and assure their further internationalization in the MENA region.

The reasons why market of UAE was chosen as a starting point for the companies’ internationalization in this region, are related to the specific economic and business environment existing in UAE.

Good business infrastructure and rather liberal business conditions were mentioned by several experts: „Our vision was to create a regional platform ready to license, market and commercialize innovation from companies that did not want to be in the region and seek outsourcing and partnerships. Companies from our company’s group also work in this network. The fast-growing biotech and pharmaceuticals market and favourable business conditions, enough liberal to operate, were among most important advantages here” (Expert from Italy). “Our company has chosen UAE, because if you want to start business in MENA region and develop to the countries of Africa, UAE is the best place to start business in his region. though Arabic country, this country is rather liberal in comparison to the countries in the region, with rather great infrastructure.” (Expert from Spain). Expert from Turkey mentioned several advantages: very well developed financial service system; they are open to the foreigners and foreign business as far as they understand, that the success of foreign business in this market is related to the overall success of the country; the technological level is very high in this country; this country attracts many specialists from other countries, and human resources are really strong there; national citizens are also well educated and you can find very competent employees here. Expert from Germany (1) emphasised these advantages of UAE: good market growth tendencies; good system of suppliers in this market; good buying power of citizens of United Arab Emirates. These advantages are also emphasised by Expert from Germany (2) as well: „ In the context of MENA region, the UAE offered the most viable

proposition simply because of the overall comparative ease of doing business and maturity of the supporting infrastructure including the availability of qualified individuals that could assist us in expanding our presence out across the region“. It might be suggested that biotechnology market of UAE has some certain advantages that allow biotechnology companies to ensure effective development. Thus, when making a decision to enter the market, companies not only assess, for example, the potential volume of production or sales in the market, but also assess business infrastructure, level of technologies, ability to act freely in the market and the availability of necessary human resources. This means that the company, when making a decision to enter the biotechnology market in any country, takes into account the wider contexts of the market. This may mean that the analysis of market entry barriers is also extensive, assessing both structural and market and other potential market entry barriers.

Talking about the perspectives for company's internationalization in UAE, experts first of all mentioned that the main perspectives they are seeking for – is to further develop to other countries in MENA region, starting with the market of UAE: „Since the UAE's biotechnology/biopharmaceutical regulatory framework is integrated with the rest of GCC countries, it provides seamless access to the whole GCC region via its common market economics. Furthermore, our unit in the UAE serves for us a hub for the whole Arab region, since from here we can coordinate/manage our operations across all Arab speaking countries” (Expert from Lithuania (1)). „UAE is our company's starting point, as we want to develop export to MENA region countries and Africa's countries. UAE is a good place to start such international development in this region” (Expert from UK (1)). „Good perspectives to develop production and export of pharmaceutical products to other countries of MENA region” (Expert from Germany (1)). It might be noticed that experts consider market of UAE as having some similar peculiarities with other Arab countries in the MENA region, and emphasizes that, technically, physically, culturally, in terms of accumulated knowledge and expertise, entering the UAE market is a solution that facilitates access to other markets in the MENA region; pharmaceutical biotech innovations; development of manufacturing and production in the UAE (direct investment). Judging from the answers provided, the companies do not plan to carry out further market expansion immediately, but gradually increase their influence in the region.

Innovative activity perspectives are important for two experts: „There are good perspectives for our innovative activity and creation of innovative products, as far as the UAE's welcoming embrace of disruptive technologies is a key selling point and its regulatory body is increasingly open to the early introduction of globally cutting-edge treatments and therapies.” (Expert from Italy). Thus, the experts emphasize that the UAE market provides good conditions for the innovation of companies, as biotechnological innovations are encouraged in this country.

When implementing innovations and developing new biotechnological products, their production in the UAE market is also relevant. Many experts see good prospects for the development of production in the UAE market: „ We see positive perspectives to develop the manufacturing facilities in the free economic zone, where we have been established now” (Expert from Turkey); „We see good perspectives in developing production of pharmaceutical products and innovations in this sphere, not only production of generic medicines, due to the stability and openness compared to that of its neighbours, well-developed infrastructure, and attractiveness to top talent” (Expert from Germany (2)). According to Wood (2018), government of UAE welcomes new -commers to UAE market, as far as it is interested in the development of internal pharmaceutical biotechnology market.

The analysis reveals that there are some peculiarities how experts treat advantages of UAE market and perspectives of business in it according to the country of origin of their companies (Fig 11).

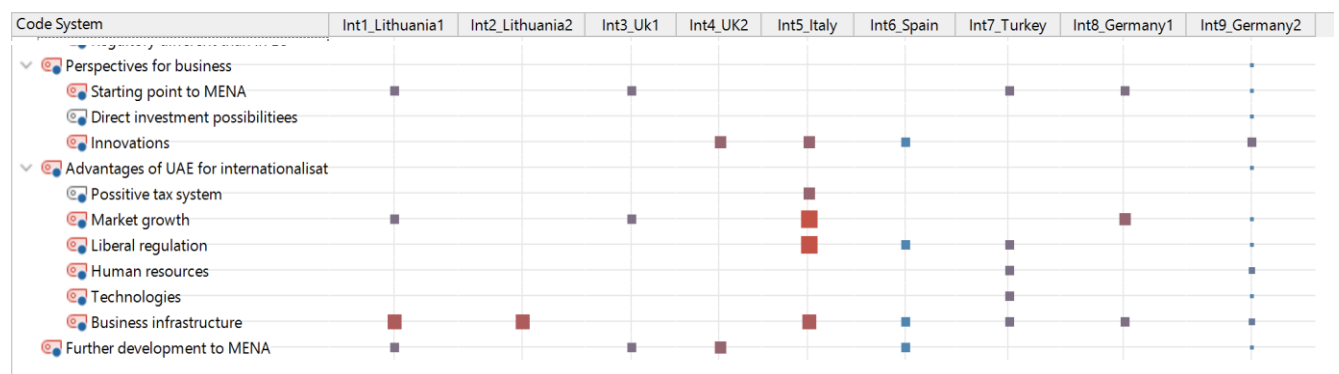


Fig 11. Considering of motives to enter the biotechnology market of UAE and perspectives in this market according to the origin of researched companies

Business infrastructure as the advantage of UAE market is more emphasized by Lithuanian companies, market growth and liberal regulation are advantages, that are important for Italian, German companies. Innovation a perspective is important for UK, Italian, Spanish, German companies. UAE is considered as a starting point to develop to MENA region by Lithuanian, UK, Turkish and German companies.

Talking about *market entry barriers that exist there in biotechnologies' market in UAE market*, experts mentioned strong competition, high R&D costs, rather expensive labour force, financial burden/ high cost of entering the market, strict legal rules for product licencing- administrative burden, high level of innovativeness in the market, import barriers (Table 15).

Table 15. Market entry barriers, faced by biotechnology company in UAE market

Categories	Subcategories (codes)	Statements of experts
Market entry barriers existing in UAE	Differences in regulatory environment compared to EU or the	„ There are good conditions for creating innovative products, and that’s or main perspectives. Besides, government of UAE encourages pharmaceutical innovations as well” (Expert form Lithuania (1))
	Strict legal rules for product licencing- administrative burden	„I would say the main barrier to enter this market is rather strict legal rules, as far as product licensing is concerned” (Expert from Italy)
	Strong competition	„I would mention really strong competition, as far as many strong international companies act in this market “(Expert from UK (1))
	High R&D costs	I would mention <...>high R&D costs” (Expert from UK (1))
	Expensive labour force	„Rather expensive labour force” (Expert from UK (1))
	Financial burden/ high cost of entering the market	„Entering this market requires big capital” (Expert from UK (1)) „The cost burden is very important factor to consider. I would say that the internal weakness as far as financial capital is concerned might the burden to enter this market” (Expert from Germany (1)).

	High level of innovativeness in the market	„ The company must be innovation – oriented to be able to compete in this market” (Expert from Spain)
	Import barriers	„ We were trying to import production but faces problems with licencing products (Expert from Germany (2))

Talking about the administrative burden, one expert mentioned: “I would name primarily the differences in regulatory environment compared to EU or the US, which are of course the key markets for the biotech industry. Companies entering the UAE need to invest considerable resources to align with the UAE or GCC / Arab region-specific regulatory frameworks. Furthermore, numerous documents need translation to Arab language, notarizations and legalizations at the Embassies or Ministries of Foreign Affairs, which causes a huge administrative burden” (Expert from Lithuania (1)); „I would say the main barrier to enter this market is rather strict legal rules, as far as product licensing is concerned. The company really needs to know the peculiarities of legal requirements in this country, you must employ qualitative consultants” (Expert from Italy) Expert from Turkey emphasized: “As far as the experience of our company is concerned, administrative burden, strict requirements to licence products in this market were really strong market entry barrier for us”. It can be mentioned here, that industry of pharmaceutical biotechnologies is strongly regulated however, changing through reform and simplifying government regulations, increasing its efficiency and expanding the infrastructure of health care, according to Alsaddique (2017); this author also suggests that the pharmaceutical industry in MENA will face many changes in the next few years, which will provide important investment opportunities. The local production is expected to increase. Thanks to the increase of foreign investment in this sector. Therefore, it may be said that administrative burden, especially in the sphere of dealing with innovations, licencing them, is among the most important market entry barriers in the market, that might create a difficult situation for the new entering company Therefore, it is useful to hire legal consultants in this market.

Competition among other is a strong burden face by companies in biotechnology market of UAE: „I would mention really strong competition, as far as many strong international companies act in this market; high R&D costs, rather expensive labour force. And entering this market requires big capital” (Expert from UK (1)); „The competition there is fierce, the internal market is not that large, but many strong international companies work in this market, such as NewBridge Pharmaceuticals, for example” (Expert from UK (2)). According to Pharma Boardroom (2020) main competitors in pharmaceutical biotechnology market of the UAE are companies with global powerful brands, such as *Novartis*, *GSK*, *AstraZeneca*, *Pfizer*, *MSD*, *Neopharma*, *Bayer* etc. (Fig. 12). Well-known international brands act in the market of UAE, gaining a large market share, this makes a competitive environment fierce, especially for smaller companies. The companies that took part in the research are small in comparison to these global market – leading companies Therefore, they feel strong competition.

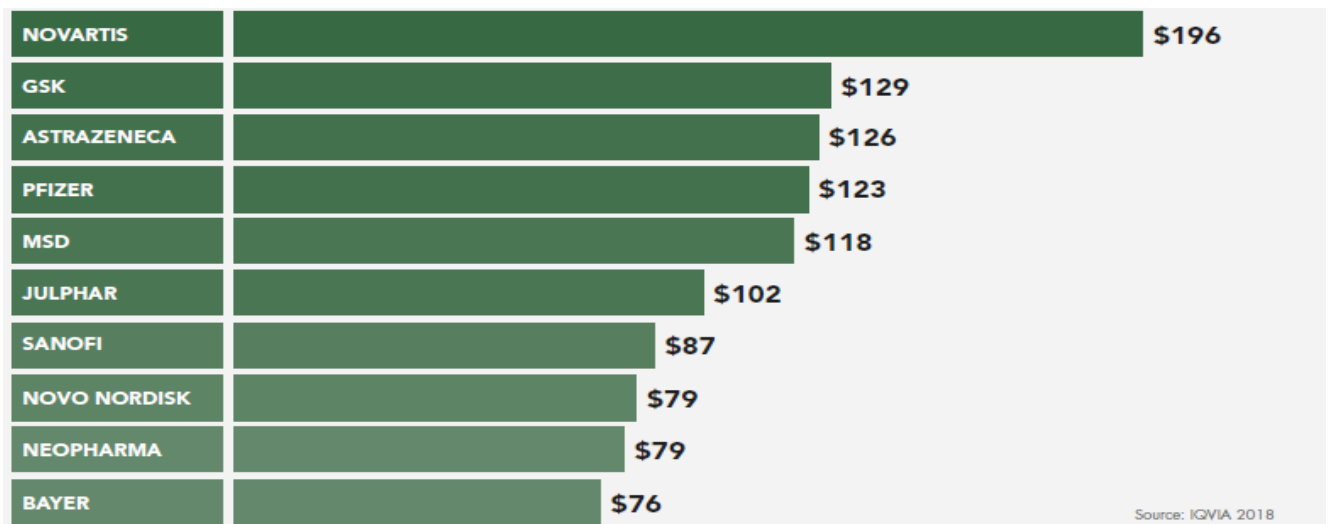


Fig. 12. Main competitors in UAE biotechnology market, Main, millions of Dollars (Pharma Boardroom, 2020)

The experts also mentioned other market entry barriers, related to costs, such as High R&D costs, Expensive labour force, Financial burden/ high cost of entering the market: “I would mention rather expensive labour force, high R&D costs. Entering this market requires big capital” (Expert from UK (1)); „The cost burden is very important factor to consider. I would say that the internal weakness as far as financial capital is concerned might the burden to enter this market” (Expert from Germany (1)). It might be suggested that cost barriers always existing in new markets, because the companies need to create all the system that allow it to perform in the market, and creation of this system requires some investment.

The need to be innovative enough to compete in this market might also be viewed as a market entry barrier, because companies feel pressure to be innovative enough: „The company must be innovation-oriented to be able to compete in this market” (Expert from Spain). Therefore, it means that if the company does not have necessary resources to be innovative in this market, it might not succeed here.

It’s important to notice that according to the experience of some experts, the import barriers are being met in this market: „ We were trying to import production but faces problems with licencing products (Expert from Germany (2); We have tried to enter the UAE market first, but we were unsuccessful due to the strict legal rules for the product licencing. the UAE government agencies really welcome the products that are created by locally acting international companies more” (Expert from UK (1)). The motives of UAE government to stimulate local production in pharmaceutical biotechnologies sector is related to the fact that since no the trade balance in pharmaceutical biotechnologies was negative (see chapter 4.1). The value of pharmaceutical biotechnologies import was growing; however, the value of export does not have a clear growth tendency. Therefore, the market of UAE is depended upon the imported pharmaceutical products.

The analysis reveals that there are some peculiarities how experts treat market entry barriers in biotechnology market of UAE according to the country of origin of their companies (Fig 13).

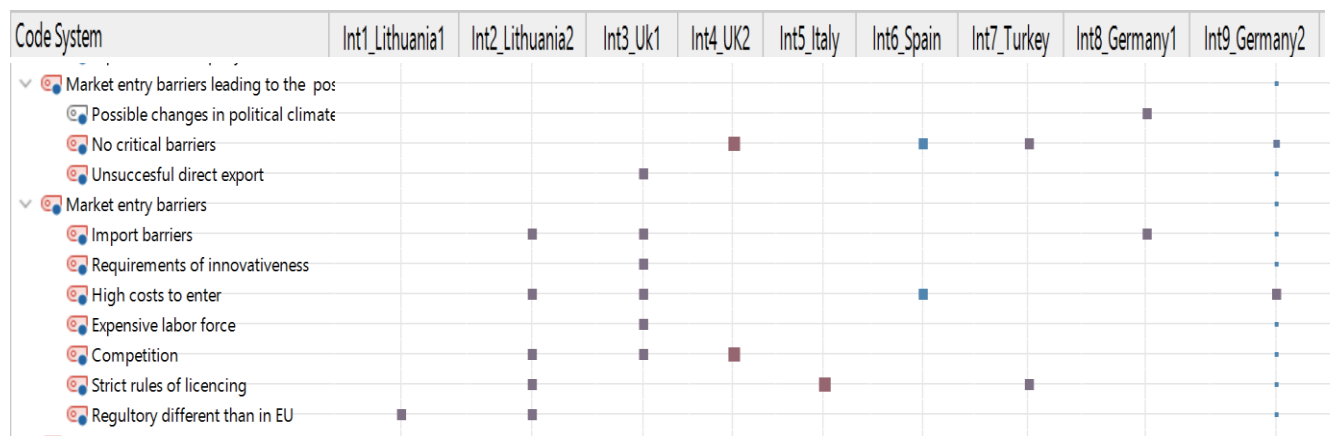


Fig 13. Considering market entry barriers in biotechnology market of UAE according to the origin of researched companies

The attitude of Lithuanian companies' experts differ: one of them exaggerated importance of regulatory barriers, while another mention competition, cost barriers and barriers related to import. Italian, Turkish experts only mention regulatory barriers. UK's experts mention all the barriers, except legal. Competition is considered as an important market entry barrier only by Lithuanian and UK's experts. It might be concluded that the consideration of these market entry barriers is related not only with country of the origin, but also, to the peculiarities of biotechnology market in the country of origin.

Evaluation of the severity of risk of market entry barriers that would be potentially faced by biotechnology company in UAE market was performed, because it is important to evaluate risk, that some market entry barriers might occur. Evaluation of the risk of market entry barriers is important for the overall evaluation of market entry barriers, as the theoretical model, proposed in this thesis, suggest. The interview results are given in Table 16.

Table 16. Criteria of severity of risk of market entry barriers that would be potentially faced by biotechnology company in UAE market

Categories	Subcategories (codes)	Statements of experts
Market entry barriers leading to the possible failure of the company	Changes of political climate – factor or risk	„The serious factor could be the changes in political atmosphere in the UAE if government would change its position towards international companies” (Expert from Germany (1)).
	No critical market entry barriers	„I think, no such critical market entry barriers were met. “(Expert from UK (2)).

Most of experts said that there are no critical market entry barriers or their companies any more. Expert from Spain said that „Our position is stable now and no risky market entry barriers are being met”. Opinions of other expert were similar: „Our activity is stable now and we face no critical market entry barriers” (Expert from Germany (2)). Expert from Italy suggested that advantages of the country do not create critical market entry barriers: „I think, no. The UAE has a growing pharmaceutical sector, an efficient infrastructure, and I would say a business-friendly tax system. With a government committed to helping foreign companies establish and expand their presence in the country. The UAE market

represents a huge opportunity for international pharmaceutical companies”. As far as tax system is concerned, the UAE is an attractive e country as far as tax system is concerned. According to the ‘Paying Taxes 2018’ report by the World Bank, companies in the UAE enjoy a very simple tax framework (Wood, 2018). There is no corporate tax rate at the federal level in the UAE. However, each of the seven emirates in the UAE has issued their own income tax decrees. As of 2018, the corporate tax rate in general ranges from 0% -55% (Wood, 2018). The country has one of the easiest tax structures with a total tax and contribution rate of 15.9% with four payments a year. The number of payments made in a year and the time taken to comply (12 hours) are below the Middle East and World averages. A simple tax framework enhances the ease of doing business and is likely to draw more businesses to the country. In terms of paying taxes, the UAE comes top among 190 nations in 2016, along with Qatar (MarketLine, 2018, p. 3). As we can see, such factors as a favourable tax system is important while considering the risk of market entry barriers appearing in the market. The more advantages the market has, the less risky its market entry barriers are considered to be.

One expert shared the opinion that some political changes could create such barriers: „The serious factor could be the changes in political atmosphere in the UAE if government would change its position towards international companies” (Expert from Germany (1)). So, the changes in political climate might increase the risk of market entry barriers, however, nowadays’ situation does not refer to possible changes of political climate in UAE. Therefore, it might be concluded that experts do not consider market entry barriers existing in biotechnology market of UAE as risky, and the variety of these expert who have such an opinion differs according to the country of origin (Fig. 13).

While looking for the possibilities to overcome market entry barriers existing in biotechnology market entry barriers, it is important to analyse, how experts, representing their companies consider their **capabilities to use measures to overcome market entry barriers in UAE market**. These capabilities are analyzed as the strengths and the weaknesses of the company in the biotechnology market of UAE. International performance experience, main strengths to act in the new market, and the weaknesses that appear considering company’s ability to cope with market entry barriers are important factors for this analysis.

Talking about how experts evaluate *whether their companies have enough international experience to successfully enter biotechnologies’ market in UAE market*, most experts said that their company has good experience in international business: „We knew the market well, the competition, and what to look for in this market, Therefore, we were fully ready for the successful entry to this market” (Expert from UK (2)); „I think our company and the professionals working for it are experienced enough to deal with all the problems related to the market entry to the UAE” (Expert from Italy); „Yes, I think so. That was not the first joint venture that our company has built in foreign markets, and we knew the main principles and mechanisms However, we needed to get specific knowledge about the peculiarities of such activity in the UAE” (Expert from Turkey). „Yes, our company has subsidiaries and production companies in other foreign markets two, entered previously to the entrance of the UAE market” (Expert from Germany (1)). It might be concluded that company’s experience to cope with market entry barriers in other markets is an important factor that might help to find solutions how to cope with market entry barriers in a new market as well.

Some experts mentioned that here was a need to gain knowledge about this market: „ No matter how much experienced the company is the international business, you have to learn and study every market, to get the knowledge about” (Expert from UK (1)); „Our company is rather new in foreign business, we

had to rely on the consultants here in the UAE” (Expert from Germany (2)). So, some companies still consider that new market might have some peculiarities and the company must know the peculiarities of every foreign market very well, Therefore, it is import to acquire new knowledge.

Talking about *the main strengths of the company in the context of entering biotechnologies’ market in UAE market*, experts mentioned these: innovativeness, flexibility, investment- financial capital, good knowledge of the UAE market, competent human resources, cooperative capabilities. These factors should be considered as strengths that help to overcome market entry barriers, therefor they need to be discussed in more detail.

Many experts mentioned good market knowledge as an important strength: „Good knowledge of the UAE market was our success factor, I guess. We relied on consultants in business and legal sphere as well” (Expert from UK (1)); „I would mention our employees, of course. Some level of capital needed as well. Good market knowledge” (Expert from UK (2)); “Good knowledge of the UAE market was among the main factors I guess” (Expert from Italy). So, it might be suggested that good market knowledge is what helps to more objectively evaluate company’s capabilities in the market and its perspectives.

Other experts mentioned multiple strengths, related to various resources that company might have: „Well, main strengths are financial resources, our know-how, cooperative capabilities” (Expert from Spain); Good capital; joint activity capabilities; our innovativeness, ability to innovate in pharmaceutical products” (Expert G); „This required competent human resources, and expertise in our sphere” (Expert from Spain). Expert from Germany (2) emphasises the importance of innovativeness and flexibility: „Our flexibility and innovativeness. Our company is not large, but we are highly innovative“ (Expert from Germany (2)). It might be suggested that the company that has enough financial, human resources, innovative, capital resource might be more successful in coping with market entry barriers a well.

Talking about *main weaknesses of the company in the context of entering biotechnologies’ market in UAE market*, the results of analysis reveal that experts mentioned these weaknesses that their companies have faced in the biotechnology market of UAE: limited financial resources, not clear legal requirements, lack of knowledge, being new to the market / having no reputation in this market, dealing with local financial institutions. Limited financial resources are emphasized by several experts, among other factors: “limited financial resources, and lack of knowledge, that’s why we employed consultants” (Expert from UK (1)); „, lack of capital, because the market entry to the UAE I rather expensive. That seemed a risky investment as first and we had some problems to attract capital to this project” (Expert from Spain); „,We were rather small, with limited financial resources” (Expert from Germany (2)). Being new to the market, having no reputation in the market – is another problem, that weaknesses company’s situation in the market: “Being new to the market – that was our weakness” (Expert from UK (2)); „, We had no reputation in this market, we were unfamiliar here, and that was hard at the very beginning of market entry, even to find the suppliers and partners” (Expert from Turkey). Unfamiliar legal requirements mentioned by an expert: „At first it was really hard to cope with legal requirements, bet after some time we’ve got the system” (Expert from Italy). Problems in dealing with financial institutions was mentioned by one expert: „At first it was quite hard to deal with local banks and other financial institutions, but we got through it when we started to look for the cooperation possibilities” (Expert from Germany (1)). These results lead to conclusion that every company has individual strengths an weakness to cope with market entry barriers in a certain market. The company must consider its capabilities and weaknesses when it decides what might be the measures to overcome market entry barriers.

Main results are systemised in Table 17.

Table 17. Criteria of the capabilities of biotechnological company to use measures to overcome market entry barriers in UAE market

Categories	Subcategories (codes)	Statements of experts
International experience to successfully enter biotechnologies' market in UAE market	Experienced company	„Yes, our company has good expertise in international business” (Expert from UK (2)).
	Need to gain the experience and knowledge in the UAE market specifically	„ No matter how much experienced the company is the international business, you have to learn and study every market, to get the knowledge about I” (Expert from UK (1)).
Main strengths of the company in the context of entering biotechnologies' market in UAE market	Innovativeness	„Our company is not large, but we are highly innovative “(Expert from Germany (2)).
	Flexibility	„Our flexibility and innovativeness” (Expert from Germany (2)).
	investment- financial capital	„ Some level of capital needed as well” (Expert from UK (2)).
	good knowledge of the UAE market	„ Good knowledge of the UAE market was our success factor, I guess. We relied on consultants in business and legal sphere as well” (Expert from UK (1)).
	competent human resources	„I would mention our employees, of course “(Expert from UK (2)).
	Cooperative capabilities	„ cooperative capabilities” (Expert from Turkey).
Weaknesses of the company in the context of entering biotechnologies' market in UAE market	limited financial resources	„Limited financial resource” (Expert from UK (1))
	Not clear legal requirements	„ At first it was really hard to cope with legal requirements, bet after some time we've got the system” (Expert from Italy)
	lack of knowledge	„Lack of knowledge, that's why we employed consultants” (Expert from UK (1))
	Being new to the market / Having no reputation in this market	„ Being new to the market – that was our weakness“ (Expert from UK (2))
	dealing with local financial institutions	„ At first it was quite hard to deal with local banks and other financial institutions, but we got through it when we started to look for the cooperation possibilities” (Expert from Germany (1))

As it can be seen in the table, financial resources, the amount of knowledge about the market that the company has for some companies might be a capability, and for others – a weakness in the same market. Besides, companies should try to deal with their weakness and turn them into capabilities, if they, for example, gain new knowledge about the market, this new-acquired knowledge might become their

strength, and help overcoming market entry barriers in the market. Therefore, companies must know their weakness in new market, so that to be able to take measures to cope with them.

The analysis reveals that there are some peculiarities how experts treat their capabilities and their weaknesses according to the country of origin of their companies (Fig 14).

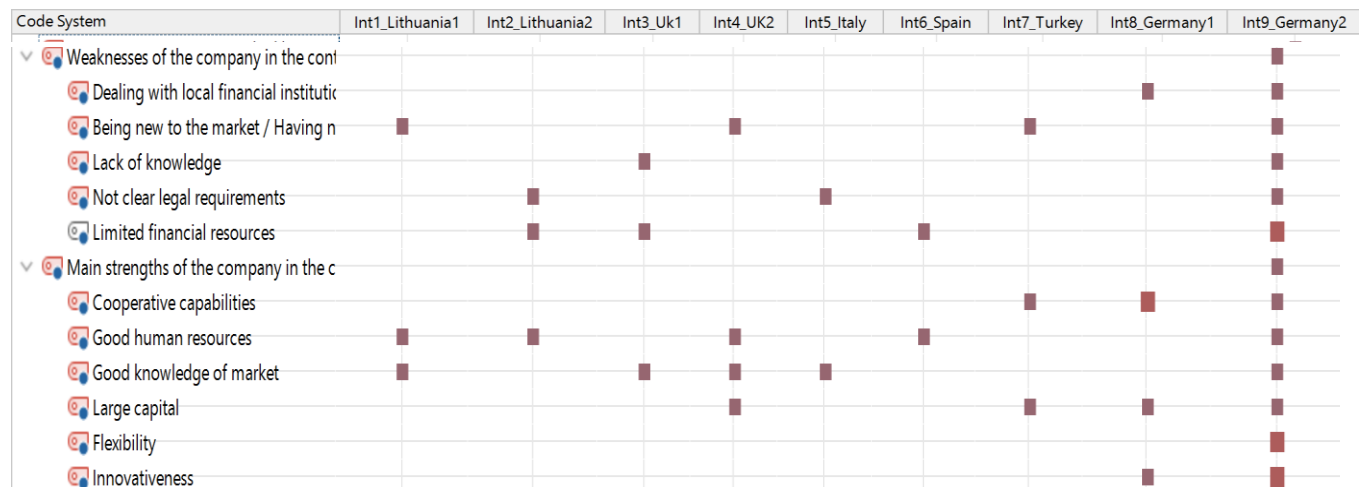


Fig 14. Considering weakness and capabilities to cope with market entry barriers according to the origin of researched companies

Both Lithuanian experts emphasise the importance of good human resources to cope with market entry barriers, both UK experts emphasise the importance of market knowledge, German companies mentioned many strengths, such as cooperative capabilities, large capital, innovativeness. It might be suggested that German companies have a larger and more diversified capabilities what help them to overcome market entry barriers. But these companies find difficulties to deal with financial institutions in UAE, that is rather unusual for other companies.

Talking about *the measures to overcome market entry barriers that the company adopt/ is planning to enter biotechnology market in UAE market*, experts mentioned these: licensing; joint venture; direct investment - building company's production plant and / or subsidiary.

Licensing was used by several companies: „We used licensing in order to commercialize our pharmaceutical products in this market” (Expert from UK (1)); „Licensing was the among important mean for us to act in this market. we started our production here, creating a joint venture with other international company” (Expert from UK (2)). However, here should be mentioned that experts mentioned at least several times that legal regulation of simply licencing products in the market of UAE is complicated, and it's easier to licence products that have been created in UAE, in comparison to those products, that were crated outside the UAE.

Joint activity and cooperation-based forms is a usual mean adopted in UAE market as well: „Our company has entered the strategic alliance with two other companies and our expansion in the UAE market is based on the common supply and distribution chains” (Expert from Italy); „Building a joint venture company here in the UAE was our strategy, and we used the advantages of free economic zone for our production company. I think the free economic zone created a good advantage for us, as far as costs of market entry are concerned” (Expert from Turkey); „We work with the companies that not want to be in the region and seek outsourcing and partnerships, creating different forms of partnership

relationship in this market” (Expert from Germany (2)). Joint activity is important as it helps to minimise some weakness in the context of market entry such as, insufficient capital financial resources of human resources, also, the lack of knowledge. Besides, the joint activity allows developing and producing products inside the market of UAE, that is more welcomed by the Government of UAE than import or products outside the UAE. Therefore, this measure should be more appropriate in many aspects than licencing of the products, produced outside the UAE.

Direct investment was a mean used by several companies as well: „We used the direct investment approach, decided to built our production plant and logistics center near Dubai” (Expert from Italy); „Our strategy was to chose not to export to the UAE, but to have a subsidiary and a production plant here This is related to the fact that government of the UAE welcomes foreign direct investments in pharmaceutical biotechnology market” (Expert from Germany (1)). Direct investment is also welcomed by Government of UAE, as it directly attributed to the development, innovations, and production inside the market of UAE. However, this form of market entry requires large capital, Therefore, companies that have insufficient capital cannot apply it, and for these companies joint venture is more suitable.

Talking about the *competitive strategies applied by company in biotechnologies’ market in UAE market*, experts mentioned several approaches: focus strategy; cost leadership strategy; differentiation strategy; human resources as a competitive advantage; financial resources as a competitive advantage.

Focus strategy was adopted by one company: „I think our strategy I can be named as focus strategy, as we create innovative pharmaceutical products for specifical needs of customers. This gives us some special features and competitive advantages” (Expert from Germany (2)). This expert also mentioned innovativeness and the competitive advantage: „Besides, our strategy is to compete by creating innovative products. I would say our company is innovations-oriented company” (Expert from Germany (2)). Therefore, it might be said that focus strategy is suitable for small companies, with small capital and other resources limitations, that cannot enter the market with large resources. Therefore, such companies might develop specific products, related to some specific cutomers’ needs in the market.

Other experts mention strong capital, human resource and market knowledge as competitive advantages: „Strong capital and human resources are our main competitive advantages” (Expert from UK (1)); „Our knowledge in the market created the advantage in the market for us” (Expert from UK (2)); „ I could name some competitive advantages such as recognition in EU/US markets, headquarters based in the EU, and international presence and experience” (Expert from Lithuania (1)). naturally, these companies might employ more expensive competitive strategies. Cost leadership strategy was mentioned several times: „Cost leadership in the market, that’s what we are seeking for” (Expert from Italy); „Building a joint venture company here in the UAE was our strategy, and we used the advantages of free economic zone for our production company. I think the free economic zone created a good advantage for us, as far as costs of market entry are concerned” (Expert from Turkey). Cost leadership strategy might be applied by a large company, that can quickly develop a large volume of performance, besides it should have a low-cost supply chain available, and other costs benefits. In UAE market the ability to apply cost leadership strategy also depends upon the availability of low-cost supply chain. Pharmaceutical biotechnology companies in MENA region and in the UAE use national and international channels of supply. They are also networking to use common supply channels from foreign markets. In most cases, international companies in the UAE handle the logistics and supply chain built on their own competitive advantages in this sphere (Pharma Boardroom, 2020).

Differentiation was adopted by one company: „We are oriented towards the differentiation of products, and the possibilities created by strategic alliances allows us to get oriented towards different customer segments and their needs in this market” (Expert from Spain). As we can see, differentiation strategy was aligned with cooperation-based market entry form, gaining advantages from joint activity.

The results are summarised in Table 18.

Table 18. Measures taken by biotechnological company to overcome market entry barriers in UAE market

Categories	Subcategories (codes)	Statements of experts
Ways to overcome market entry barriers that the company adopt/ is planning to enter biotechnologies' market in UAE market.	Licensing	„We used licensing in order to commercialize our pharmaceutical products in this market” (Expert from UK (1))
	Joint venture	„ Building a joint venture company here in the UAE was our strategy, and we used the advantages of free economic zone for our production company” (Expert from Turkey)
	Direct investment - building company's production plant and / or subsidiary	„ We used the direct investment approach, decided to build our production plant and logistics center near Dubai“(Expert from Italy)
Competitive strategies applied by company in biotechnologies' market in UAE market	Focus strategy	: „ I think our strategy I can be named as focus strategy, as we create innovative pharmaceutical products for specific needs of customers” (Expert from Germany (2)).
	Cost leadership strategy	„ Cost leadership in the market, that's what we are seeking for” (Expert from Italy)
	differentiation strategy	„We are oriented towards the differentiation of products” (Expert from Spain).
	Human resources as a competitive advantage	„Human resources are our main competitive advantages” (Expert from UK (1))
	Financial resources as a competitive advantage	„ Strong capital <...> are our main competitive advantages” (Expert from UK (1))

The analysis reveals that there are some peculiarities how experts treat measures to overcome market entry barriers in the market of UAE according to the country of origin of their companies (Fig 15). The joint venture is among the most applied means to enter the market and overcome market entry barriers, used by companies in different countries. Direct investment was performed by Italian, Turkish and German companies, and some of these companies use cost leadership strategy to compete in the market. Focus strategy was related to the joint activity, as well as differentiation strategy. Companies also took measures to rely on consultants, gaining market knowledge and rely on their human and financial resources to overcome market entry barriers.

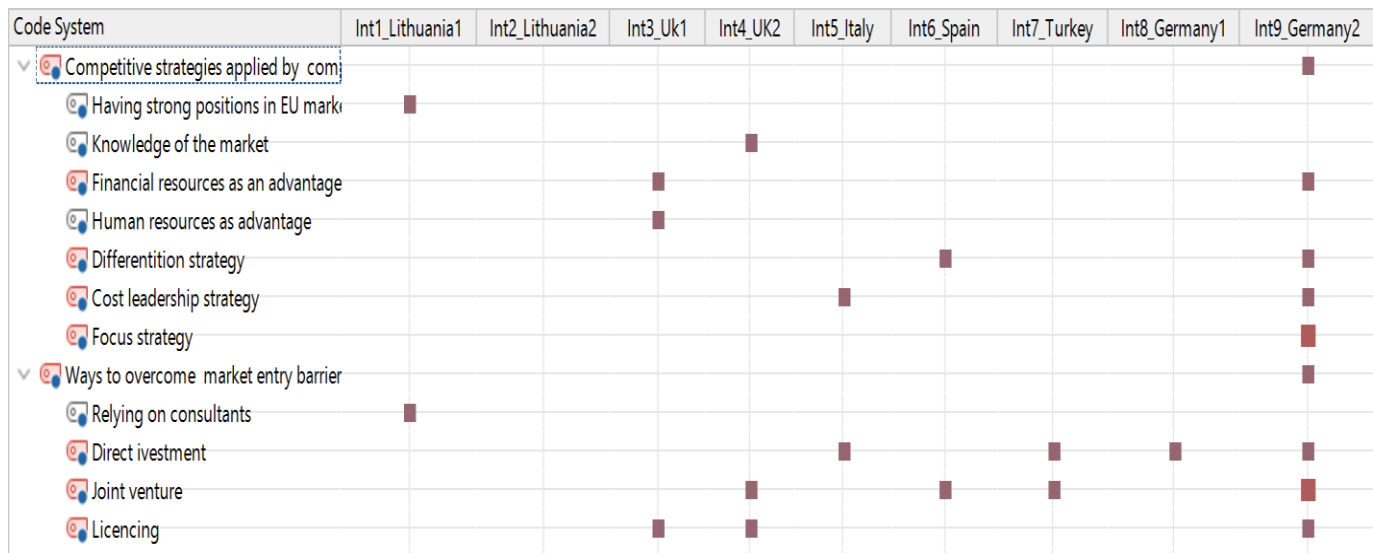


Fig 15. Considering of measures of overcoming marker entry barriers according to the origin of researched companies

The analysis also reveals that companies, applying different measures to overcome market entry barriers, have mentioned different market entry barriers (Fig.16).

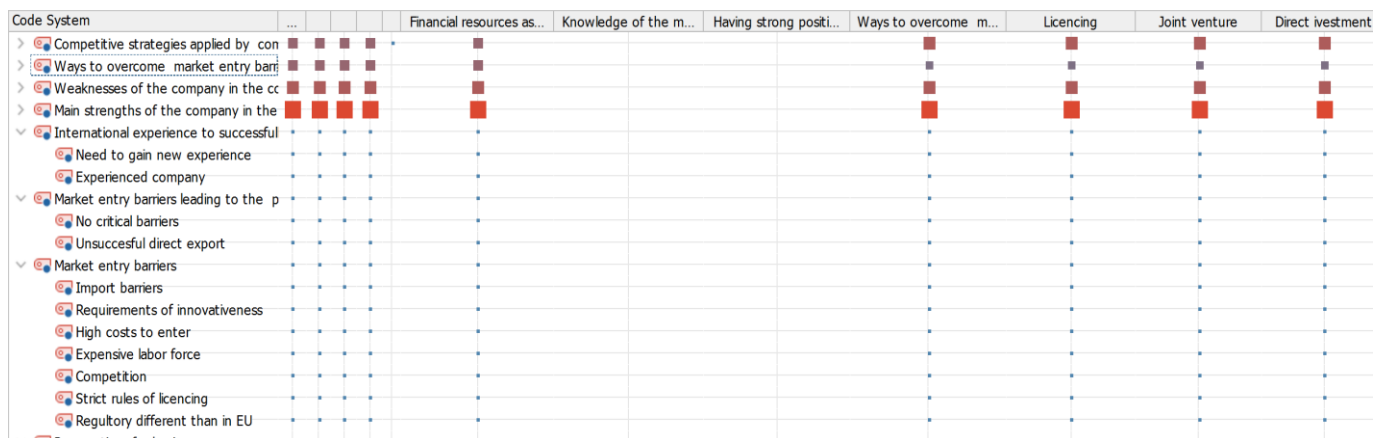


Fig 16. Relationship between identified marker entry barriers and mentioned measures to overcome them

This might mean that the choice of market entry mode more depends upon the awareness of company's resources and internal limitations, and these measures help when companies face different market entry barriers.

To sum up the result of experts' interview, the most important market entry barriers that the companies face in biotechnology marketing UAE, are these: strong competition; high R&D costs; rather expensive labour force; financial burden/ high cost of entering the market; strict legal rules for product licencing- administrative burden; high level of innovativeness in the market; import barriers. It is important to mention, that foreign direct investment is welcomed in UAE more than import of pharmaceutical products. Therefore, companies face more barriers if they want to import pharmaceutical products produced in other countries, though the conditions to joint venture of foreign direct investment building production facilities in UAE are more favourable. In comparison to theoretical presumptions about market entry barriers, the structural and consumer-related factors did not appear to be strong market entry barriers in biotechnology market of UAE, except the administrative

burden, especially in the sphere of dealing with innovations, licencing them. This administrative – legal factor is among the most important market entry barriers in the market, that might create a difficult situation for the new entering company. Therefore, it is useful to hire legal consultants in this market. The need to be innovative enough to compete in this market might also be viewed as a market entry barrier, because companies feel pressure to be innovative enough; and if the company does not have necessary resources to be innovative in this market, it might not succeed here. Companies also met some serious import barriers due to the governmental policy and difficulties to licence products that have been produced in other markets.

*Main ways to overcome market entry barriers that the companies adopted in UAE market were **licensing, joint venture, direct investment - building company's production plant and / or subsidiary.** It might be concluded that different market entry modes and competitive strategies, as managerial solutions to overcome market entry barriers are being applied by biotechnology companies when entering the biotechnology market of UAE, and the choice of these measures mainly depends upon the resources and capabilities of the companies.*

It appeared that licensing is less favourable market entry form to enter the biotechnology market of UAE than joint venture or direct investment. It's easier to licence products that have been created in UAE, in comparison to those products, that were crated outside the UAE. Joint activity is important as it helps minimising some weaknesses in the context of market entry, such as, insufficient capital financial resources of human resources, or the lack of knowledge. Besides, the joint activity allows developing and produce products inside the market of UAE, that is more welcomed by the Government of UAE than import or products outside the UAE. Therefore, this measure should be more appropriate in many aspects than licencing of the products, related outside the UAE. Direct investment is also welcomed by Government of UAE, as it directly attributed to the development, innovations, and production inside the market of UAE. However, this form of market entry requires large capital, Therefore, companies that have insufficient capital cannot apply it, and for these companies joint venture is more suitable.

When a company builds a production facility, it usually tries to adopt cost leadership strategy. Cost leadership strategy might be applied by a large company, that can quickly develop a large amount of performance, besides it should have a low-cost supply chain available, and other costs benefits. The focus strategy is suitable for small companies, with small capital and other resources limitations, Such companies might develop specific products, related to some specific need of the customers in the market. Differentiation strategy is suitable when company has an ability to reach for differentiated distribution channels, such as in the case of strategic alliances, and cooperation-based market entry mode is suitable to take this competitive strategy. Differentiation strategy was aligned with cooperation-based market entry form, gaining advantages form joint activity. Strengthening company's human, financial, knowledge recourses are also among the means that help to cope with market entry barriers.

4.2.2. Results of experts' evaluation

The expert evaluation is important as it allows to further analyse the market entry barriers and measures to overcome them, and conclude whether the factors mentioned in scientific literature appear important in the case of the biotechnology market of UAE.

First, experts were asked to evaluate what market entry barriers exist in biotechnologies' market in UAE market (Table 19). The rank (form 1 to 5) were given by every expert, they are presented in the table.

The mean and ranks presents the result of research, that allow to compare the market entry barriers among themselves.

Table 19. Experts' evaluation of market entry barriers existing in biotechnologies' market in UAE market

Factors		Experts									Mean (x)	Deviation	Ranks
Factors		1	2	3	4	5	6	7	8	9			
Structural barriers	Governmental-legal regulation	1	1	2	2	2	1	3	1	2	1,67	0,67	IX
	Cultural factors	2	2	2	3	2	2	2	2	1	2,00	0,47	VIII
Microeconomic factors	Capital limitations	4	3	4	4	3	3	5	4	5	3,89	0,74	III
	Cost structure	4	3	4	4	3	3	4	4	3	3,56	0,50	V
	Resources limitations	4	3	2	4	3	4	3	4	4	3,44	0,68	VI
Customers and demand related barriers	Behaviour, pressure and needs of customers	3	3	3	3	2	2	3	3	3	2,78	0,42	VII
	Target segments	1	1	1	2	2	2	1	2	1	1,44	0,50	XI
	Product differentiation	2	3	3	3	3	2	3	3	3	2,78	0,42	VII
Barriers related to market structure and internal processes in the market	Insufficient distribution channels	2	2	2	2	1	1	1	1	2	1,56	0,50	X
	Limited market information	3	4	5	4	4	4	5	5	4	4,22	0,63	II
Competition-limited barriers	Structure of competitors	5	5	5	4	5	4	4	5	4	4,56	0,50	I
	Competitive advantages of competitors	4	4	4	5	4	4	5	4	4	4,22	0,42	II
	Strategies of competitors to fight the entrant	4	4	4	3	4	4	4	3	4	3,78	0,42	IV

As the data given in Table 21 reveals, the most important market entry barriers in UAE market are related to competition: structure of competitors, competitive advantages of competitors, strategies of competitors to fight the entrant. Limited market information, capital limitation and cost structure are also among the most important market entry barriers. These market entry barriers were mentioned in interviews as well. Therefore, this analysis proves the significance of market entry barriers existing in the biotechnology market of UAE. This analysis also reveals that structural, consumer related market entry barriers appear to be not significant in UAE pharmaceutical biotechnology market. Micro economical market entry barriers and market entry barriers related to the lack of information.

The results of experts' evaluation of the risk of the following market entry barriers existing in biotechnologies' market in UAE market to the company, considering specific strengths and weaknesses of this company are given in Table 20.

Table 20. Experts' evaluation of the risk of the following market entry barriers existing in biotechnologies' market in UAE market to the company, considering specific strengths and weaknesses of this company

Factors		Experts									Mean (x)	Deviation	Ranks
		1	2	3	4	5	6	7	8	9			
Structural barriers	Governmental-legal regulation	2	2	2	2	2	1	1	1	1	1,56	0,50	X
	Cultural factors	3	3	3	3	3	4	4	3	3	3,22	0,42	VI
Microeconomic factors	Capital limitations	3	3	2	2	2	4	4	4	3	3,00	0,82	VII
	Cost structure	3	3	4	4	4	4	4	4	4	3,78	0,42	IV
	Resources limitations	3	3	3	2	2	2	3	3	3	2,67	0,47	IX
Customers and demand related barriers	Behaviour, pressure and needs of customers	3	3	3	4	4	4	4	4	3	3,56	0,50	V
	Target segments	4	4	4	5	4	4	4	3	4	4,00	0,47	III
	Product differentiation	3	3	3	3	3	2	3	3	4	3,00	0,47	VIII
Barriers related to market structure and internal processes in the market	Insufficient distribution channels	2	1	2	1	1	1	1	1	1	1,22	0,42	XI
	Limited market information	3	3	3	3	3	3	3	4	4	3,22	0,42	VI
Competition-limited barriers	Structure of competitors	4	4	4	4	5	5	5	5	5	4,56	0,50	I
	Competitive advantages of competitors	5	5	5	4	4	4	5	4	5	4,56	0,50	I
	Strategies of competitors to fight the entrant	4	4	4	4	4	5	5	5	4	4,33	0,47	II

According to these results, market entry barriers related to competition are mentioned among the most risky barriers, however, capital limitations, cost structure, limited market information are evaluated as medium risky market entry barriers. Here it might be noticed that the results of interviews revealed that companies usually have not met very risky situation in biotechnology market of UAE as far as market entry barriers are concerned. All in all, the market entry barriers existing in the biotechnology market of UAE might be considered to be of low-medium risk.

Experts' evaluation of company's capabilities to implemented the measures to overcome the market entry barriers existing in biotechnologies' market in UAE market (Table 21) reveal that experts consider joint ventures with other international companies, licencing contracts, strategic alliances built for the performance in UAE market, and joint ventures with local companies as the most suitable measures to overcome market entry barriers in UAE pharmaceutical biotechnology market.

Table 21. Experts' evaluation of company's capabilities to implemented the measures to overcome the market entry barriers existing in biotechnologies' market in UAE market

Factors	Experts									Mean (x)	Deviation	Ranks
	1	2	3	4	5	6	7	8	9			
Implementing direct export	2	2	2	3	1	2	2	2	3	2,11	0,57	X
Implementing indirect export	2	2	2	3	3	3	2	2	2	2,33	0,47	IV
Joint ventures with local companies	3	3	3	3	3	2	2	3	3	2,78	0,42	VI
Joint ventures with other international companies	4	4	3	4	4	5	4	5	4	4,11	0,57	II
Licencing contracts	5	5	5	4	4	4	3	4	4	4,22	0,63	I
Franchising contracts	2	2	2	2	1	1	1	1	1	1,44	0,50	XII
Strategic alliances built for the performance in UAE market	3	3	3	5	4	5	3	3	3	3,56	0,83	III
Quick expansion of the market share	3	3	3	3	2	2	2	3	3	2,67	0,47	VII
Maintaining regular flows of export	3	3	3	3	4	4	3	3	4	3,33	0,47	IV
Adopting aggressive export strategy, leded by intense marketing and promotion	2	2	2	3	3	3	2	3	3	2,56	0,50	VIII
Lobbyism and negotiation with government for more favourable regulation	2	2	2	2	1	1	2	2	2	1,78	0,42	XI
Adopting competitive cost leadership strategy in the market	4	4	4	3	3	2	2	4	4	3,33	0,82	IV
Adopting competitive differentiation strategy in the market	2	2	2	3	3	3	4	3	4	2,89	0,74	V
Adopting competitive focusing/ concentrated strategy in the market	2	2	2	2	2	2	2	2	5	2,33	0,94	VIII

As far as competitive strategies are concerned cost leadership strategy seems to be more suitable in UAE pharmaceutical biotechnology market than differentiation or focus strategy. However, the results of interview led to the conclusion, that the choice of competitive strategy is delated to the way that the company considers its resources to compete and the volume of performance that the company is able to develop in the market after the entrance.

To sum up, expert evaluation allowed to compare some of the factors of market entry barriers and measures to overcome market entry barriers. The most important market entry barriers according to the results of this research is competition, limited market information, capital, and cost factors. These market entry barriers were mentioned in interviews as well, Therefore, this analysis proves the significance of market entry barriers existing in the biotechnology market of UAE. Structural, consumer related market entry barriers appear to be not significant in UAE pharmaceutical biotechnology market, and not risky. The results of this research also allow to state that market entry barriers in biotechnology market of UAE are not risky, this conclusion was also made on the basis of interviews research.

According to experts' evaluation of company's capabilities to implement the measures to overcome the market entry barriers existing in biotechnologies' market in UAE, joint ventures with other international companies, licencing contracts, strategic alliances built for the performance in UAE market, and joint ventures with local companies as the most suitable measures. Joint ventures and other cooperation - based market entry forms were concluded to be among the most important according to interview research results as well. As far as competitive strategies are concerned cost leadership strategy seems to be more suitable in UAE pharmaceutical biotechnology market than differentiation or focus strategy, however, the company must have cost advantages to apply this strategy, as the interview research results has shown.

4.3. Discussion of results

According to the results of empirical research, some conclusions might be derived about what market entry barriers appear in the biotechnology market of UAE, and what managerial solutions might be applied to overcome them.

According to the theoretical presumptions, structural (macroeconomic) (Cook, 2017; Bernel- Pineda, Ramirez-Hurtado (2011), Leonidou (2000), Niu et al. (2012). Bernel- Pineda, Ramirez-Hurtado (2011)), microeconomic barriers (Tintelnot, 2017; Pehrsson, 2009; Niu et al., 2012), barriers related to customers and demand (Brown, Lyndon & Brown, 2008; Boone, Kurtz, 2011; Feng, Jiang, Liu, 2018; Mat, Ismail, Ibrahim, 2020; Leonidou, 2000), barriers related to market structure and internal processes in the market (Leonidou, 2000; Pehrsson, 2009; Tintelnot, 2017), exogenous and competition-related market entry barriers (Cuyvers, Viviers, 2012; Leonidou, 2000; Niu et al., 2012; Kappes, Merkert, 2013; Pehrsson, 2009; Watson et al., 2018; Branch, 2013) are the most important. The results of research proved some of these presumptions, but not all of them. Results of interview research and expert evaluation reveal that the most important market entry barriers that the companies face in biotechnology marketing UAE, are strong competition, high costs (innovativeness and R&D, labour force, financial burden), strict legal rules for product licencing- administrative burden, import barriers. Therefore, of all the structural barriers only legal requirement are important for the companies, and cost related, competition related barriers seemed to be important in this market, while barriers related to customers and demand do not appear in this market.

The analysis of scientific literature also allowed to identify the means of overcoming market entry barriers, and led to the conclusion that the company can choose actions of overcoming some market entry barriers on the basis of cost related factors. The results of empirical research revealed that main ways to overcome market entry barriers that the companies adopted in UAE market were licensing, joint venture, direct investment - building company's production plant and / or subsidiary. It might be concluded that different market entry modes and competitive strategies, as managerial solutions to overcome market entry barriers are being applied by biotechnology companies when entering the biotechnology market of UAE, and the choice of these measures mainly depends upon the resources and capabilities of the companies. Due to legal factors, licensing is less favourable market entry form to enter the biotechnology market of UAE than joint venture or direct investment. Joint activity is important as it helps to minimise some weakness in the context of market entry such as, insufficient capital financial resources of human resources, also, the lack of knowledge. Direct investment requires large capital, Therefore, companies that have insufficient capital cannot apply it, and for these companies' joint venture is more suitable. Joint ventures as most favourable forms of market entry were identified according to expert evaluation as well.

On the basis of results of empirical research, the theoretical model of overcoming market barriers (Figure 7) can be revised and adopted to the pharmaceutical biotechnologies market in UAE. The revised model is given in Figure 17.

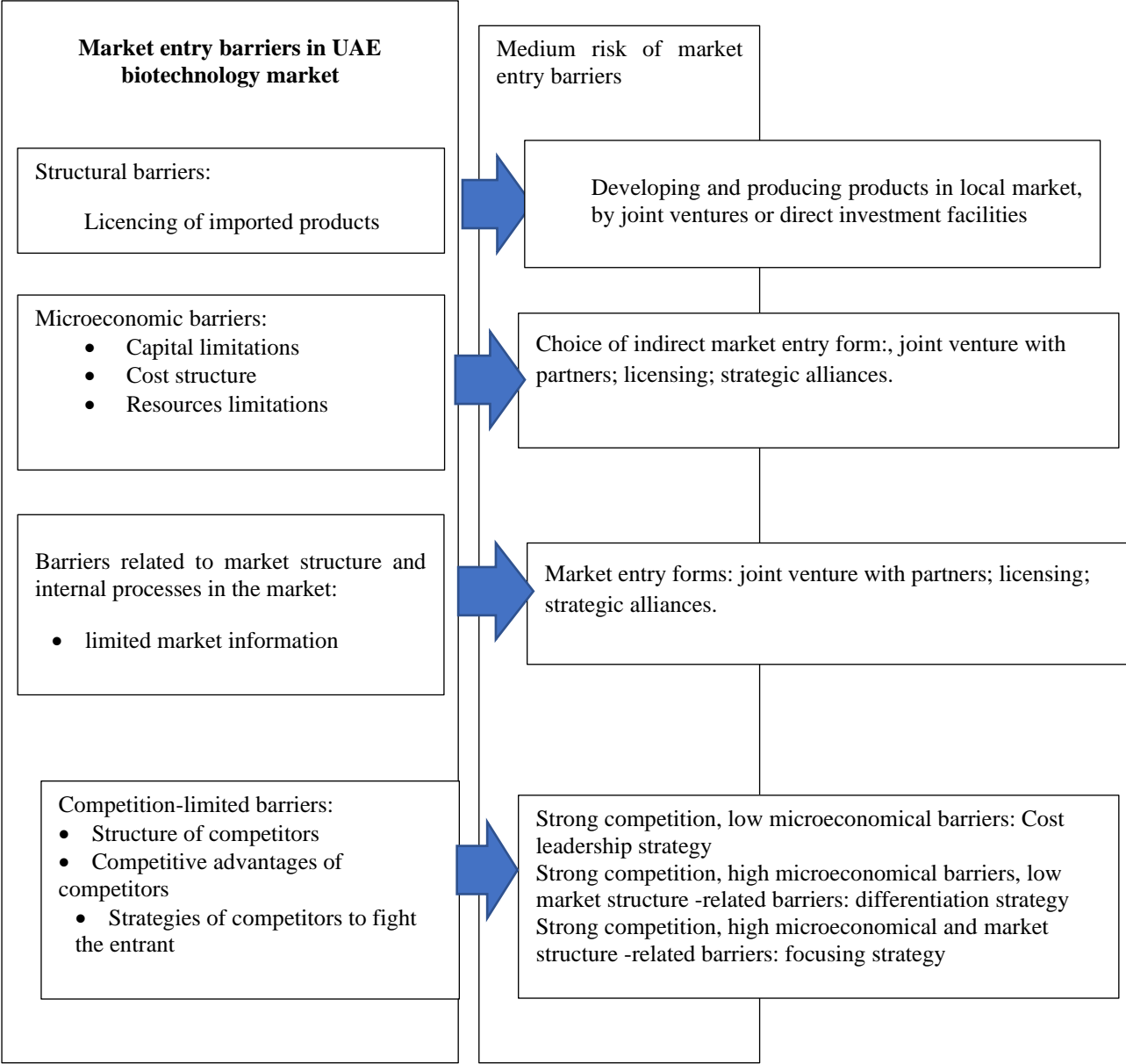


Fig. 17. Revised model of overcoming market barriers in UAE pharmaceutical biotechnology market (created by author)

Structural, consumer related market entry barriers appear to be not significant and not risky in UAE pharmaceutical biotechnology market. Microeconomical market entry barriers and market entry barriers related to the lack of information can be overcome by indirect forms of activity: joint venture with partners; licencing; strategic alliances. When the market entry barriers are weak and not risky, foreign direct investment is a good decision in UAE pharmaceutical biotechnology market as far as local production is encouraged by government of UAE. As far as competitive strategies are concerned, the chosen strategy depends upon how the company deals with microeconomical factors. If cost structure is favourable, it can apply cost leadership strategy.

Conclusions and recommendations

1. As tendencies in UAE pharmaceutical biotechnologies market create favourable conditions for international companies that want to enter this market, the market entry to biotechnology market of UAE is encouraged by Government, however, it appears that there are not enough researches identifying what are the market entry barriers for pharmaceutical biotechnologies companies to UAE market and how to overcome them.
2. Scientific literature analysis enabled to reveal main groups of market entry barriers: structural (macroeconomic) market entry barriers; microeconomic barriers; barriers related to customers and demand; barriers related to market structure and internal processes in the market; exogenous and competition-related market entry barriers. The most important means to overcome market entry barriers are related to the choice of right market entry strategy and mode, and also to the choice of competitive strategy in the market. The theoretical model of overcoming market barriers was prepared and based on the theoretical implications. First of all the company needs to analyse its market entry barriers, and to classify them. All the groups of potential market entry barriers should be looked through and analyzed. The next step is to evaluate the overall severity and risk of market entry barriers. If the situation of the company due to severe market entry barriers is very complicated, then the indirect market entry forms should be chosen, and that is the first decisions the company must make to overcome the market entry barriers, that is, to choose the right market entry mode. The next step is to choose the means to overcome the separate market entry barriers, according to the solutions given in the theoretical model.
3. The methodology was based on the theoretical model, choosing the qualitative approach to identify market entry barriers that would be potentially faced by biotechnological company in UAE market; to identify the severity of risk of market entry barriers that would be potentially faced by biotechnological company in UAE market; to identify the capabilities of biotechnological company to use means to overcome market entry barriers in UAE market. The research contains two parts: semi-structured interviews with experts from international companies that have recently entered the biotechnology market of UAE, and the factor ranking expert evaluation, in order to compare the factors among themselves.
4. The results of empirical research revealed that:
 - a. The most important market entry barriers that the companies face in biotech marketing UAE, according to interviews, are these: strong competition; high R&D costs; rather expensive labour force; financial burden/ high cost of entering the market strict legal rules for product licencing- administrative burden; high level of innovativeness in the market; import barriers. According to expert evaluation, the most important market entry barriers in UAE market are related to competition: structure of competitors, Competitive advantages of competitors Strategies of competitors to fight the entrant. Limited market information, capital limitation and cost structure are s also among the most important market entry barriers. Market entry barriers related to competition are mentioned among the most risky barriers, capital limitations, cost structure, limited market information are evaluated as medium risky market entry barriers

- b. According to interviews, main ways to overcome market entry barriers that the companies adopted in UAE market were licensing, joint venture, direct investment - building company's production plant and / or subsidiary. Foreign direct investment is welcomed in UAE more than import of pharmaceutical products, Therefore, companies face more barriers if they want to import pharmaceutical products produced in other countries, but the conditions to joint venture of foreign direct investment building production facilities in UAE are more favourable. According to experts' evaluation, joint ventures with other international companies, licencing contracts, strategic alliances built for the performance in UAE market, and joint ventures with local companies as the most suitable means to overcome market entry barriers in UAE pharmaceutical biotech market.
- c. According to interviews, when a company builds a production facility, it usually tries to adopt cost leadership strategy. Focus strategy is suitable for smaller innovative companies. Differentiation strategy is suitable when company has an ability to reach for differentiated distribution channels, such as in the case of strategi alliances. Human resources, financial recourses were mentioned among the competitive advantages as well, however, reliance on these resources is not a competitive strategy.
- d. On the basis of results of empirical research, the model of overcoming market barriers was revised and adopted to the pharmaceutical biotechnologies market in UAE. Structural, consumer related market entry barriers appear to be not significant and not risky in UAE pharmaceutical biotech market. Microeconomical market entry barriers and market entry barriers related to the lack of information can be overcome by indirect forms of activity: joint venture with partners; licensing; strategic alliances. When the market entry barriers are weak and not risky, foreign direct investment is a good decision in UAE pharmaceutical biotech market as far as local production is encouraged by government of UAE. As far as competitive strategies are concerned, the chosen strategy depends upon how the company deals with microeconomical factors. If cost structure is favourable, it can apply cost leadership strategy.

For the Lithuanian of other origin's biotechnology companies entering UAE market, the common recommendations are given, because this research did not reveal any differences of market entry barriers depending upon the company's country of origin. It is recommended:

1. To consider competition, cost and capital factors as marker entry barriers carefully. It means that the company must take an effort and analyse these barriers. Evaluation of risk of the market entry barriers also must be taken into account;
2. Administrative burden while developing new product and licencing creates a burden for the companies that do not know UAE's law well enough. Legal consultants should be hired to help dealing with legal requirements in the sphere of products innovations, production and licencing in UAE market;
3. If the company faces microeconomical market entry barriers and market entry barriers related to the lack of information, cooperation - based forms of market entry and further activity should be applied to enter the market. Joint venture with partners (local of international), strategic alliances are suitable choices.
4. When the market entry barriers are weak and not risky, foreign direct investment, building the

production company/ plant in UAE can be decided. This requires large capital, competent human resources, therefore the limitations related to these resources should be evaluated.

5. If cost structure is favourable, the cost leadership strategy could be applied to compete in the market. This allows a company to effectively compete in the market. But the company must have a cost advantage for this strategy.
6. If the cost burden is high, the focus strategy can be applied to compete in the market. This strategy is suitable for smaller , more specialized, but innovative companies.

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Appendixes

Form of expert interview and delphi research

Dear Sir/ Madam,

A graduate student at the Master's Degree Program at Kaunas University of Technology Jonas Leonavičius prepares scientific work. The **goal of research** – to identify the possibilities of biotechnologies company to adopt the theoretical model of overcoming market barriers in the case of market of UAE market.

Please complete this questionnaire based on your own experience, knowledge, subjective opinion. Your answers are very important for the success of your research. The survey is anonymous, no personal data is required. The results of the study will only be used for scientific purposes in preparing the Master's thesis.

The questionnaire contains two parts. The first part contains open questions. Please, share Your opinion in as much detailed manner as you can.

The second part contains the Table, where You will be asked to simply evaluate the importance of given factors.

I. Please, share Your opinion, based on Your company's experience and practice in the market of United Arab Emirates about the given issues.

- 1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?**
- 2. What perspectives of company's internationalization do you see in UAE market?**
- 3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?**
- 4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?**
- 5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?**
- 6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?**
- 7. What are the main weaknesses of the company in the context of entering . biotechnologies' market in UAE market?**

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

II. Please, evaluate the following factors, having in mind experience, situations and plans of Your company in the UAE market.

1. How much do you agree that the following market entry barriers exist in biotechnologies' market in UAE market:

Factors		Fully Don't agree agree
Structural barriers	Governmental-legal regulation	5 4 3 2 1
	Cultural factors	5 4 3 2 1
Microeconomic factors	Capital limitations	5 4 3 2 1
	Cost structure	5 4 3 2 1
	Resources limitations	5 4 3 2 1
Customers and demand related barriers	Behaviour, pressure and needs of customers	5 4 3 2 1
	Target segments	5 4 3 2 1
	Product differentiation	5 4 3 2 1
Barriers related to market structure and internal processes in the market	Insufficient distribution channels	5 4 3 2 1
	Limited market information	5 4 3 2 1
Competition-limited barriers	Structure of competitors	5 4 3 2 1
	Competitive advantages of competitors	5 4 3 2 1
	Strategies of competitors to fight the entrant	5 4 3 2 1

2. How do you evaluate the risk of the following market entry barriers existing in biotechnologies' market in UAE market for your company, considering specific strengths and weaknesses of this company

(high risk here is understood as the situation that can predestine the failure of market entry)

		High No risk risk
Structural barriers	Governmental-legal regulation	5 4 3 2 1
	Cultural factors	5 4 3 2 1
Microeconomic factors	Capital limitations	5 4 3 2 1

	Cost structure	5 4 3 2 1
	Resources limitations	5 4 3 2 1
Customers and demand related barriers	Behaviour, pressure and needs of customers	5 4 3 2 1
	Target segments	5 4 3 2 1
	Product differentiation	5 4 3 2 1
Barriers related to market structure and internal processes in the market	Insufficient distribution channels	5 4 3 2 1
	Limited market information	5 4 3 2 1
Competition-limited barriers	Structure of competitors	5 4 3 2 1
	Competitive advantages of competitors	5 4 3 2 1
	Strategies of competitors to fight the entrant	5 4 3 2 1

3. Please, evaluate whether your company has capabilities to implemented the following measures to overcome the market entry barriers existing in biotechnologies' market in UAE market:

	Very strong capabilities	Rather strong capabilities	Capabilities to some extent	Low capabilities	No capabilities
Implementing direct export	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Implementing indirect export	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Joint ventures with local companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Joint ventures with other international companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Licencing contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Franchising contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic alliances built for the performance in UAE market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quick expansion of the market share	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining regular flows of export	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adopting aggressive export strategy, leaded by intense marketing and promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lobbyism and negotiation with government for more favourable regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adopting competitive cost leadership strategy in the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adopting competitive differentiation strategy in the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adopting competitive focusing/ concentrated strategy in the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Thanks for your help!

Interview transcriptions

Expert from Lithuania (1)**1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?**

The UAE is recognized as the regional leader and is one of the leading economies and financial centres of the Arab countries and Gulf Cooperation Council (GCC). The UAE offers businesses a strong enabling environment: stable political and macroeconomic conditions, a future-oriented Government, good general infrastructure. From biotechnology and pharmaceutical point of view, the UAE is part of the GCC and has an integrated regulatory framework that is recognized among the rest of GCC countries. This allows us, for example, to manage all our regional/GCC operations centrally from one location in the UAE.

2. What perspectives of company's internationalization do you see in UAE market?

Since the UAE's biotechnology/biopharmaceutical regulatory framework is integrated with the rest of GCC countries, it provides seamless access to the whole GCC region via its common market economics. Furthermore, the our unit in the UAE serves for us a hub for the whole Arab region, since from here we can coordinate/manage our operations across all Arab speaking countries.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

I would name primarily the differences in regulatory environment compared to EU or the US, which are of course the key markets for the biotech industry. Companies entering the UAE need to invest considerable resources to align with the UAE or GCC / Arab region-specific regulatory frameworks. Furthermore, numerous documents need translation to Arab language, notarizations and legalizations at the Embassies or Ministries of Foreign Affairs, which causes a huge administrative burden.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

No.

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

Yes.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Strong international experience and previous experience in entering markets outside of EU/US. I would also mention we have very reliable and highly dedicated support (employees and consultants) that can help understand the differences from EU/US and help navigate through the local complexities.

**7. What are the main weaknesses of the company in the context of entering .
biotechnologies' market in UAE market?**

Internal processes that are not ready adapted for the UAE/GCC market.

**8. What ways of overcoming market entry barriers did your company adopt/ is planning
to enter biotechnologies' market in UAE market?**

We've hired experienced staff and reliable consultants who understand the differences from EU/US and help us navigate through the local complexities and market barriers.

**9. What is/ could be the competitive strategy of your company in biotechnologies' market in
UAE market?**

I could name some competitive advantages such as recognition in EU/US markets, headquarters based in the EU, and international presence and experience.

Expert from Lithuania (2)

**1. Why the market of United Arab Emirates (UAE) was chosen for company's
internationalization?**

AS the Country Facilitate the Regulations for Companies registration, Support the Investors regarding the foundation of any company

The Free zone is available to ease the Import and transport ...simply UAE is considered as middle east trade centre

2. What perspectives of company's internationalization do you see in UAE market?

Different perspectives varying between designing products, providing services on local & international levels and even internal operations trying to evolve with market dynamics

**3. What market entry barriers, in your opinion, exist there in biotechnologies' market in
UAE market?**

You should have current agent here to establish a business here otherwise you should start your own principle company

The registration of new products require long time from 6 months up to 2 years if MOH registration

**4. In your opinion does there exist any market entry barriers that could cause failure for
your company to enter the biotechnologies' market in UAE market?**

- Lack of Fund
- Too much competition

- The products does match with Standards which is high in the UAE

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

no

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

- The multinational companies have more Experience in biotechnologies in different markets which facilitate entering the UAE market.
- Companies with big name, good reputation and high records in biotechnologies in other markets will have high creditability and acceptance to enter the market.

7. What are the main weaknesses of the company in the context of entering . biotechnologies' market in UAE market?

- Lack of fund as High cost is required for entering biotechnologies' market
- Some companies can't cope with the difficulties of governmental regulations.

8. What ways of market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

Legal consulting, business consulting.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Our competence in the sphere of pharmaceutical biotechnologies and the ability to produce a consumer-price flexible product is our company's main competitive advantage.

Expert from UK (1)

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

This market was important for our company; internationalization strategy in order to be able to licence our products for MENA region, whit is a large market with good development positions. Besides, market of pharmaceuticals is a fast growing market in United Arab Emirates.

2. What perspectives of company's internationalization do you see in UAE market?

UAE is our company's starting point, as we want to develop export to MENA region countries and Africa's countries. UAE is a good place to start such international development in this region.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

I would mention really strong competition, as far as many strong international companies act in this market; high R&D costs, rather expensive labor force. And entering this market requires big capital.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

We have tried to enter the UAE market first, but we were unsuccessful due to the strict legal rules for the product licensing. The UAE government agencies really welcome the products that are created by locally acting international companies more.

5. In your opinion, does your company have enough international experience to successfully enter biotechnologies' market in UAE market?

No matter how much experienced the company is in the international business, you have to learn and study every market, to get the knowledge about it.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Good knowledge of the UAE market was our success factor, I guess. We relied on consultants in business and legal sphere as well.

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

Limited financial resources, and lack of knowledge, that's why we employed consultants

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

We used licensing in order to commercialize our pharmaceutical products in this market

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Strong capital and human resources are our main competitive advantages

Expert from UK (2)

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

Our strategy was to open our headquarters in Dubai and to branch out from there to other countries in the region. The biotech and pharmaceutical market is very well developed in this region, and this country has all the infrastructure needed for further development in the MEN A region, starting from United Arab Emirates.

2. What perspectives of company's internationalization do you see in UAE market?

We see good licensing of pharmaceutical products conditions in the UAE, and our perspectives are related to the development of manufacturing there, in the market.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

The competition there is fierce, the internal market is not that large, but many strong international companies work in this market, such as NewBridge Pharmaceuticals, for example.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

I think, no such critical market entry barriers were met.

5. In your opinion, does your company have enough international experience to successfully enter biotechnologies' market in UAE market?

Yes, our company has good expertise in international business.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

I would mention our employees, of course. Some level of capital needed as well. Good market knowledge.

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

Being new to the market – that was our weakness.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

Licensing was among important means for us to act in this market. We started our production here, creating a joint venture with other international company.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Our knowledge in the market created the advantage in the market for us.

Expert from Italy

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

Our vision was to create a regional platform ready to license, market and commercialize innovation from companies that did not want to be in the region and seek outsourcing and partnerships. Companies from our company's group also work in this network. The fast growing biotech and pharmaceuticals market and favourable business conditions, enough liberal to operate, were among most important advantages here.

2. What perspectives of company's internationalization do you see in UAE market?

There are good conditions for creating innovative products, and that's our main perspectives. Besides, government of UAE encourages pharmaceutical innovations as well.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

I would say the main barrier to enter this market is rather strict legal rules, as far as product licensing is concerned. The company really needs to know the peculiarities of legal requirements in this country, you must employ qualitative consultants.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

I think, no. The UAE has a growing pharmaceutical sector, an efficient infrastructure, and I would say a business friendly tax system. With a government committed to helping foreign companies establish and expand their presence in the country. The UAE market represents a huge opportunity for international pharmaceutical companies

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

We knew the market well, the competition, and what to look for in this market, Therefore, we were fully ready for the successful entry to this market.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Good knowledge of the UAE market was among the main factors I guess.

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

At first it was really hard to cope with legal requirements, but after some time we've got the system.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

We used the direct investment approach, decided to build our production plant and logistics center near Dubai.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Cost leadership in the market, that's what we are seeking for.

Expert from Spain

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

Our company has chosen UAE, because if you want to start business in MENA region and develop to the countries of Africa, UAE is the best place to start business in his region. though Arabic country, this country is rather liberal in comparison to the countries in the region, with rather great infrastructure.

2. What perspectives of company's internationalization do you see in UAE market?

There are good perspectives for our innovative activity and creation of innovative products, as far as the UAE's welcoming embrace of disruptive technologies is a key selling point and its regulatory body is increasingly open to the early introduction of globally cutting-edge treatments and therapies.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

The companies that act in this country are very innovative. You have to keep that level and even be above that. That creates a lot of costs. All in all I would say that the need of capital might be considered to be the barrier of market entry in this market.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

Our position is stable now and no risky market entry barriers are being met.

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

I think our company and the professionals working for it are experienced enough to deal with all the problems related to the market entry to the UAE.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

This required competent human resources, and expertise in our sphere

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

lack of capital, because the market entry to the UAE is rather expensive. That seemed a risky investment as first and we had some problems to attract capital to this project.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

Our company has entered the strategic alliance with two other companies and our expansion in the UAE market is based on the common supply and distribution chains.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

We are oriented towards the differentiation of products, and the possibilities created by strategic alliances allows us to get oriented towards different customer segments and their needs in this market.

Expert from Turkey

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

I would mention these key advantages that United Arab Emirates have in the context of MENA region:

- very well developed financial service system;
- they are open to the foreigners and foreign business as far as they understand, that the success of foreign business in this market is related to the overall success of the country;
- the technological level is very high in this country.
- this country attracts many specialists from other countries, and human resources are really strong there; national citizens are also well educated and you can find very competent employees here.

2. What perspectives of company's internationalization do you see in UAE market?

We see positive perspectives to develop the manufacturing facilities in the free economic zone, where we have been established now.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

As far as the experience of our company is concerned, administrative burden, strict requirements to licence products in this market were really strong market entry barrier for us.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

No

5. In your opinion, does your company have enough international experience to successfully enter biotechnologies' market in UAE market?

Yes, I think so.

That was not the first joint venture that our company has built in foreign markets, and we knew the main principles and mechanisms. However, we needed to get specific knowledge about the peculiarities of such activity in the UAE.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Well, main strengths are financial resources, our know-how, cooperative capabilities

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

We had no reputation in this market, we were unfamiliar here, and that was hard at the very beginning of market entry, even to find the suppliers and partners.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

Building a joint venture company here in the UAE was our strategy, and we used the advantages of free economic zone for our production company. I think the free economic zone created a good advantage for us, as far as costs of market entry are concerned.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Building a joint venture company here in the UAE was our strategy, and we used the advantages of free economic zone for our production company. I think the free economic zone created a good advantage for us, as far as costs of market entry are concerned.

Expert from Germany (1)

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

Several reasons were important for our company to decide to enter United Arab Emirates market:

- good market growth tendencies;
- good system of suppliers in this market;
- good buying power of citizens of United Arab Emirates

2. What perspectives of company's internationalization do you see in UAE market?

Good perspectives to develop production and export of pharmaceutical products to other countries of MENA region.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

In some aspects, it is easier to enter the market of The UAE having a subsidiary or production centre here or joint venture with internal company than simply import pharmaceutical products.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

The serious factor could be the changes in political atmosphere in the UAE if government would change its position towards international companies.

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

Yes, our company has subsidiaries and production companies in other foreign markets two, entered previously to the entrance of the UAE market.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Good capital; joint activity capabilities; our innovativeness, ability to innovate in pharmaceutical products.

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

At first it was quite hard to deal with local banks and other financial institutions, but we got through it when we started to look for the cooperation possibilities.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

Our strategy was to chose not to export to the UAE, but to have a subsidiary and a production plant here This is related to the fact that government of the UAE welcomes foreign direct investments in pharmaceutical biotech market.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

Our strategy was to chose not to export to the UAE, but to have a subsidiary and a production plant here This is related to the fact that government of the UAE welcomes foreign direct investments in pharmaceutical biotech market.

Expert from Germany (2)

1. Why the market of United Arab Emirates (UAE) was chosen for company's internationalization?

In the context of MENA region, the UAE offered the most viable proposition simply because of the overall comparative ease of doing business and maturity of the supporting infrastructure including the

availability of qualified individuals that could assist us in expanding our presence out across the region.

2. What perspectives of company's internationalization do you see in UAE market?

We see good perspectives in developing production of pharmaceutical products and innovations in this sphere, not only production of generic medicines, due to the stability and openness compared to that of its neighbours, well-developed infrastructure, and attractiveness to top talent.

3. What market entry barriers, in your opinion, exist there in biotechnologies' market in UAE market?

The cost burden is very important factor to consider. I would say that the internal weakness as far as financial capital is concerned might be the burden to enter this market.

4. In your opinion does there exist any market entry barriers that could cause failure for your company to enter the biotechnologies' market in UAE market?

Our activity is stable now and we face no critical market entry barriers.

5. In your opinion, does your company has enough international experience to successfully enter biotechnologies' market in UAE market?

Our company is rather new in foreign business, we had to rely on the consultants here in the UAE.

6. What are the main strengths of the company in the context of entering biotechnologies' market in UAE market?

Our flexibility and innovativeness. Our company is not large, but we are highly innovative

7. What are the main weaknesses of the company in the context of entering biotechnologies' market in UAE market?

We were rather small, with limited financial resources.

8. What ways of overcoming market entry barriers did your company adopt/ is planning to enter biotechnologies' market in UAE market?

We work with the companies that not want to be in the region and seek outsourcing and partnerships, creating different forms of partnership relationship in this market.

9. What is/ could be the competitive strategy of your company in biotechnologies' market in UAE market?

I think our strategy I can be named as focus strategy, as we create innovative pharmaceutical products for specific needs of customers. This gives us some special features and competitive advantages.

Besides, our strategy is to compete by creating innovative products. I would say our company is innovations-oriented company.

Table 1. Exports of pharmaceutical biotech of the UAE, thousands of euros, per cent (Created by author on the basis of data by Trademap.org, 2021)

Product label	Value, thousands euro					Dinamics, in comparison to previous year, per cent			
	2015	2016	2017	2018	2019	2016	2017	2018	2019
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	309802	347470	663123	982769	898618	12,2	90,8	48,2	-8,6
Human blood; animal blood prepared	26270	6540	95816	126420	83756	-75,1	1365,1	31,9	-33,7
Wadding, gauze, bandages etc.	3128	1745	19579	18920	17846	-44,2	1022,0	-3,4	-5,7
Pharmaceutical preparations	3296	3073	8869	12388	15089	-6,8	188,6	39,7	21,8
Medicaments consisting of two or more constituents	5999	3393	3784	2150	1454	-43,4	11,5	-43,2	-32,4
Dried glands and other organs for organo-therapeutic uses	56	17	9	50	649	-69,6	-47,1	455,6	1198,0

Table 2. Imports of pharmaceutical biotech to the UAE, thousands of euros, per cent (Created by author on the basis of data by Trademap.org, 2021)

Product label	Value, thousands euro					Dinamics, in comparison to previous year, per cent			
	2015	2016	2017	2018	2019	2016	2017	2018	2019
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	1782206	1841773	2888600	2731836	2893878	3,3	56,8	-5,4	5,9
Human blood; animal blood prepared	354290	426467	560043	584339	625979	20,4	31,3	4,3	7,1
Wadding, gauze, bandages etc.	28327	27030	46033	49702	59316	-4,6	70,3	8,0	19,3
Other pharmaceutical preparations and products	26244	25067	29255	38383	42054	-4,5	16,7	31,2	9,6
Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	32572	23111	11999	13793	21190	-29,0	-48,1	15,0	53,6
Dried glands and other organs for organo-therapeutic uses	2661	1426	1952	1440	1688	-46,4	36,9	-26,2	17,2

Table 3. Top 20 export markets in 2019 of the UAE, thousands of euros, per cent (Created by author on the basis of data by Trademap.org, 2021)

	Value, thousands of euros	Structure, per cent of all the exports
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Export partners	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Kuwait	2326	3120	118798	289267	288407	0,7	0,9	15,0	25,3	28,3
Iraq	26385	39025	97915	103080	103047	7,6	10,8	12,4	9,0	10,1
Lebanon	36670	38014	91408	90461	90953	10,5	10,5	11,6	7,9	8,9
Bahrain	1704	1209	35641	71671	70927	0,5	0,3	4,5	6,3	7,0
Jordan	1548	1308	69261	69399	68124	0,4	0,4	8,8	6,1	6,7
Nigeria	292	286	340	17902	31629	0,1	0,1	0,0	1,6	3,1
Iran	17352	19069	55589	48794	31122	5,0	5,3	7,0	4,3	3,1
Saudi Arabia	127149	142478	43496	124362	30378	36,5	39,3	5,5	10,9	3,0
Egypt	22597	14317	31924	35319	29648	6,5	4,0	4,0	3,1	2,9
Yemen	14078	13516	28024	29613	26968	4,0	3,7	3,5	2,6	2,7
Oman	15786	21286	27232	33177	26534	4,5	5,9	3,4	2,9	2,6
Turkey	5059	3689	7339	12030	21812	1,5	1,0	0,9	1,1	2,1
Algeria	3983	6011	20343	15867	20958	1,1	1,7	2,6	1,4	2,1
Uganda	10	64	75	21591	19412	0,0	0,0	0,0	1,9	1,9
France	409	573	8158	11610	15261	0,1	0,2	1,0	1,0	1,5
Ukraine	0	0	5450	11722	14243	0,0	0,0	0,7	1,0	1,4
Tunisia	5268	7126	12817	12261	11117	1,5	2,0	1,6	1,1	1,1
Morocco	5062	4482	10374	9423	10436	1,5	1,2	1,3	0,8	1,0
Libya, State of	14395	10151	13528	35339	10183	4,1	2,8	1,7	3,1	1,0
Kenya	395	630	907	1529	7854	0,1	0,2	0,1	0,1	0,8

Table 4. Top 20 import markets in 2019 of the UAE, thousands of euros, per cent (Created by author on the basis of data by Trademap.org, 2021)

Import partners	Value, thousands of euros					Structure, per cent of all the exports				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
United States of America	387850	423375	623605	537376	583994	17,4	18,1	17,6	15,7	16,0
Germany	365208	383584	549153	539514	559805	16,4	16,4	15,5	15,8	15,4
France	236386	217942	354838	338773	313110	10,6	9,3	10,0	9,9	8,6
Switzerland	150377	140372	210996	231014	281362	6,8	6,0	6,0	6,8	7,7
Italy	131968	128374	192028	187714	204103	5,9	5,5	5,4	5,5	5,6

United Kingdom	137431	146152	232970	214107	190988	6,2	6,2	6,6	6,3	5,2
Ireland	122492	134967	221187	156097	183102	5,5	5,8	6,3	4,6	5,0
Denmark	54889	66436	136044	148583	181327	2,5	2,8	3,8	4,3	5,0
India	24966	34052	55011	166010	160005	1,1	1,5	1,6	4,9	4,4
Spain	80963	98713	136716	136585	156111	3,6	4,2	3,9	4,0	4,3
Sweden	78745	83838	166054	138794	151321	3,5	3,6	4,7	4,1	4,2
Belgium	64748	79580	113567	106829	119579	2,9	3,4	3,2	3,1	3,3
Saudi Arabia	78242	89588	92828	93916	101830	3,5	3,8	2,6	2,7	2,8
Netherlands	48323	34528	96401	76521	75593	2,2	1,5	2,7	2,2	2,1
Jordan	53649	50545	65315	58792	56059	2,4	2,2	1,8	1,7	1,5
Canada	22904	30471	28632	29725	39125	1,0	1,3	0,8	0,9	1,1
China	32426	29027	43039	35112	37081	1,5	1,2	1,2	1,0	1,0
Austria	21010	23293	25695	32460	32246	0,9	1,0	0,7	0,9	0,9
Australia	18329	18417	35055	24761	24817	0,8	0,8	1,0	0,7	0,7
Japan	11910	13192	14471	26032	23471	0,5	0,6	0,4	0,8	0,6