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Title	The choice of entry mode in the decision-making process of foreign direct investment Case: Sormat Group's investment to Russia		
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**Abstract**

The purpose of this thesis is to find out *how the choice of entry mode is connected with the case company's FDI decision-making process in the context of the Russian investment climate*. In order to find an answer to this question, the following sub-objectives are examined:

- To identify the challenges of foreign direct investment in the Russian investment climate
- To map and analyze different FDI entry modes to Russia
- To describe the foreign direct investment decision-making process when investing in Russia.

The second and third chapters provide a theoretical framework for the FDI decision-making process and entry mode choice. In order to understand the different investment climate in Russia, the second chapter reviews the main challenges of foreign direct investments in Russia. According to UNCTAD (2009), Russia will continue to attract foreign direct investment due to strong real income growth, a booming consumer market and GDP growth. However, the challenges of the global economic situation, the political climate, the changing legislation and unclear property rights affect the companies' investment decisions and also the choice of entry mode. The third chapter presents Larimo's (1987) model of the FDI decision-making process which consists of three stages: identification, development and selection. Before the entry mode choice and the final decision to invest in Russia have been reached, they have been influenced by various phases and routines of the foreign direct investment decision-making process.

The methodology of this research consists of qualitative single case-study. The qualitative research data was collected by semi-structured theme interviews. The case was selected to be Sormat Group's investment to Russia. In the research findings of this study, three main insecurity factors were emphasized: underdevelopment of legislation, bureaucracy and cultural differences. Bureaucracy is considered to be an important insecurity factor as it affects the lead-in time of the investment project. Empirical findings revealed that the FDI decision-making process model had to be modified to fit the findings of Sormat Group in Russia. In this case study, there are no clear borderlines between the stages in the FDI decision-making process. In addition, the development stage seemed to contain the main phases of the case company's FDI decision-making process. The need of information during the decision-making process was emphasized in the case of Russia. The choice of entry mode in the FDI decision-making process was significantly influenced by the decision-makers, first-mover advantages and whether the FDI was first of a kind or sequential.

Key words	foreign direct investment, decision making, process, market entry, Russia
Further information	