

مجالات وفرص استثمار الشركات الاوربيه في قطاع الصحة في دولة الكويت

Business Development Opportunities in the Healthcare Sector for Western firms in the Gulf Region: The case of the Dutch healthcare sector in Kuwait

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Preface

This thesis is the result of a study on business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector. It served as the final assignment of the 'Master of Science in Business Administration' programme, followed at the university of Twente in Enschede, the Netherlands. This research is conducted in collaboration with the Economic Department of the Royal Netherlands Embassy in Jabriya, Kuwait. This department had an interest in exploring the possibilities for Dutch firms and institutions to enter the Kuwaiti healthcare sector. Following this objective we, Dr Huub Ruel, Cees Kieft (Head of Economic Department) and I, decided to study this subject and investigate it more in-depth.

Several people need to be thanked here for their cooperation, help and enthusiasm. The front runners in this row are Cees Kieft, Dr. Huub Ruel and Fadi Al-Ahmad. Special thanks to Cees Kieft for the support, the guiding and the trust I received during my stay and internship at the embassy.

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Fadi, you made my stay in Kuwait feel like I was at home. The first day you told me that whatever I wanted, needed or requested I could come to you. And indeed you were more than a colleague. Like we say in Arabic "mashkoer habibi".

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Mohamed Ben Allouch
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Management Summary

Kuwait is a wealthy, small country in the Gulf region and is facing many challenges in its healthcare sector. In the last couple of years an increasing pressure has been put on the health facilities. To build a complete and self-sufficient healthcare infrastructure and to reduce the current costs for medical tourism abroad, the government of Kuwait made the healthcare sector a key focus area in the coming years.

The aim of this study was to explore the opportunities and barriers for Western firms seeking to develop business activities in the Kuwaiti healthcare sector. Therefore, the leading research question was formulated as: *Which business development opportunities and barriers exist in the healthcare sector for Western firms in Kuwait?*

A qualitative, case study approach was chosen as the most appropriate method for this research. Empirical data was collected in close cooperation with the Royal Netherlands Embassy in Jabriya, Kuwait. Three groups of primary stakeholders have been identified as experts in their field and as being representatives of the healthcare sector in Kuwait. The three groups consisted of stakeholders in the private sector (private hospitals and medical equipment, supply and drug firms, medical investment firms), stakeholders in the public sector (public hospitals and public pharmacies) and stakeholders in the government sector (especially Ministry of Health, Minister of Defense and Kuwait Oil Company). A total of 19 interviewees participated in this study. Secondary data in the form of meetings, attending conferences and exhibitions was used to obtain a clearer understanding of this complex case.

An initial research model was developed based on the existing literature to include the main factors which influence the business development opportunities and barriers for firms in healthcare sectors. The model incorporated the following endogenous variables: environmental factors, legal and regulatory factors, marketing management factors, financial management factors and human resources factors.

The empirical data of this study confirmed that the proposed factors do indeed influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector in a more indirect way. The results also yielded three new variables, namely: *Culture: Wasta*, *Politics* and *Technology*, which were added to the revised research model to give a more accurate representation of the variables which influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector. Furthermore, the results showed that *Culture: Wasta* and *Politics* seem to directly influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector.

To answer the research question more concretely, the opportunities for Western firms in the Kuwaiti healthcare sector lie in a couple of areas. The results of this study indicate that the specific opportunities for Western firms are available in the following disciplines, namely: qualified healthcare professionals in both medical functions as strategic and management functions; the provision of medical equipment and devices, suppliers of communication systems, consumable products; healthcare management services; education & training of medical and technical products;

establishment of specialist capabilities in coronary and diabetic care and bringing in the medical expertise of the current medical treatments which are executed abroad to Kuwait.

The main barriers which have been identified in this study for Western firms are: 1) Culture: Wasta, having the right connections in Kuwait, 2) the Kuwaiti business laws and regulations, 3) dealing with the internal and external competition of other firms, 4) the Arabic language, the Islamic culture and 5) the barriers which are created by the Western firms themselves.

Several recommendations are made at the end of this study for Western firms seeking to enter the Kuwaiti healthcare sector and for the Royal Netherlands Embassy in Jabriya, Kuwait for supporting these Dutch firms. The main recommendations are the following. Western firms which lack the knowledge about the ins and outs of the Kuwaiti market can overcome this burden by collaborating with a Kuwaiti partner, which is also required by Kuwaiti law. A Western firm that intends to enter the Kuwaiti healthcare sector needs to conduct in advance an extensive research to obtain the necessary knowhow required. Finally, it is a very important for Western firms to build up a network to gain information about the most essential aspects of developing business in Kuwait, like regulations, procedures, opportunities and barriers and the business culture.

Management samenvatting

Koeweit is een rijk, klein land in het Midden-Oosten en wordt momenteel geconfronteerd met vele uitdagingen op het terrein van de gezondheidszorg. In de afgelopen jaren is de druk op de gezondheidszorg als maar groter geworden. De overheid van Koeweit heeft de gezondheidszorg sinds kort aangeduid als één van haar belangrijkste prioriteiten. Koeweit tracht, met het oog op de toekomst, om haar eigen efficiënte en volledige infrastructuur voor de gezondheidszorg op te bouwen om zodoende op termijn minder afhankelijk van de huidige overzeese medische behandelingen te worden.

Het doel van dit onderzoek is om de kansen en belemmeringen voor een Westerse onderneming op zoek naar business development in de Koeweitse gezondheidszorg te verkennen. De onderzoeksvraag luidt dan ook als volgt: *Wat zijn de kansen en belemmeringen met betrekking tot business development in de Koeweitse gezondheidszorg voor Westerse bedrijven?*

Een kwalitatieve, case study benadering is gekozen als de meest geschikte methode om de onderzoeksvraag te kunnen beantwoorden. De empirische data zijn vergaard in samenwerking met de Nederlandse ambassade te Jabriya, Koeweit. Drie groepen van stakeholders zijn geïdentificeerd als zijnde belangrijke belanghebbenden in deze case. Deze drie groepen bestonden uit stakeholders in de privé-sector (privé ziekenhuizen, bedrijven die medische apparatuur, medicijnen en overige medische producten ontwikkelen en verkopen), stakeholders in de publieke sector (publieke ziekenhuizen en apotheken) en stakeholders in de overheidssector (Ministerie of Gezondheidszorg, Ministerie van Defensie en de Koeweitse Oliemaatschappij). In totaal hebben 19 vertegenwoordigers van Koeweitse en Westerse bedrijven die deel zijn van de drie groepen stakeholders deelgenomen aan deze studie. Tweedehands bronnen zijn naast de empirische data ook gebruikt en zijn vergaard in de vorm van notities tijdens vergaderingen, het bijwonen van congressen en tentoonstellingen.

Een initieel onderzoeksmodel is ontwikkeld op basis van de bestaande literatuur en bevatte de voornaamste variabelen die in de literatuur worden genoemd die de business development kansen en belemmeringen van bedrijven in de gezondheidszorg kunnen beïnvloeden. Deze endogene variabelen zijn: omgevingsfactoren, wettelijke en regulerende factoren, marketing management factoren, financiële management factoren en human resources factoren.

De empirische data bevestigde dat the voorgestelde factoren inderdaad de business development kansen en belemmeringen voor Westerse bedrijven in de Koeweitse gezondheidszorg beïnvloeden, maar dan wel op een meer indirecte manier. De resultaten hebben ook drie nieuwe variabelen opgeleverd, namelijk: *Cultuur: Wasta*, *Politiek* en *Technologie*. Deze variabelen zijn toegevoegd aan het herziene onderzoeksmodel om een meer accuratere representatie te geven van de variabelen die blijkbaar de business development kansen en belemmeringen van Westerse ondernemingen in de Koeweitse gezondheidszorg beïnvloeden. Ook is gebleken dat *Cultuur: Wasta* en *Politiek* de business development kansen en belemmeringen van Westerse ondernemingen in de Koeweitse gezondheidszorg meer direct beïnvloeden en *Technologie* meer indirect.

Om een concreter antwoord te geven op de gestelde onderzoeksvraag, zijn er aan aantal gebieden geïdentificeerd waar de meeste kansen liggen voor Westerse ondernemingen die interesse hebben in de Koeweitse gezondheidszorg. Uit de resultaten van dit onderzoek blijkt dat de kansen voor Westerse bedrijven de volgende disciplines beslaan, te weten: gekwalificeerd personeel in de gezondheidszorg in zowel medische, strategische en management functies, medische apparatuur en hulpmiddelen, leveranciers van communicatiesystemen, medische producten, medisch onderwijs & training, meer specialisme ontwikkelen in hart- en vaatziekten en meer diabetische experts binnenhalen en tenslotte het opleiden van medische experts op gebieden die nu nog onderontwikkeld zijn in Koeweit zelf om de medische behandelingen die nu nog in het buitenland worden uitgevoerd terug te dringen.

De belangrijkste belemmeringen voor Westerse bedrijven die in het kader van dit onderzoek zijn geïdentificeerd luiden als volgt: 1) Cultuur: Wasta, beschikken over de juiste connecties in Koeweit, 2) de zakelijke wet- en regelgeving in Koeweit, 3) anticiperen op de interne en externe concurrentie van anderen, 4) de Arabische taal en de islamitische cultuur en 5) de barrières die worden gecreëerd door de Westerse bedrijven zelf.

Verscheidene aanbevelingen zijn voorgesteld in dit onderzoek voor zowel Westerse bedrijven die in de Koeweitse gezondheidszorg willen participeren, alsmede voor de Koninklijke Nederlandse ambassade in Jabriya, Koeweit ter ondersteuning van de Nederlandse bedrijven. De belangrijkste aanbevelingen luiden als volgt. Westerse bedrijven met weinig tot geen kennis over het functioneren van de Koeweitse markt kunnen dit behelpen door een samenwerkingsverband aan te gaan met een Koeweitse partner. Een Westers bedrijf dat de intentie heeft om de Koeweitse gezondheidszorg te betreden dient op voorhand een uitgebreid onderzoek te verrichten om de vereiste en noodzakelijke kennis omtrent relevante aspecten te bemachtigen. Eveneens is het erg belangrijk voor Westerse bedrijven om een netwerk op te bouwen, te benutten en deze te onderhouden. Door middel van dit netwerk vergaart een bedrijf informatie over de meest essentiële aspecten voor de ontwikkeling van handel in Koeweit, zoals wetgeving, voorschriften, procedures, kansen en belemmeringen en de Koeweitse handelscultuur.

Content

List of Abbreviations.....	11
Chapter 1 Introduction.....	12
1.1 Introduction.....	12
1.2 Background.....	12
1.3 Research Problem.....	13
1.4 Research Aims and Research Question.....	13
1.5 Relevance of the Research.....	13
1.5.1 Scientific Relevance.....	13
1.5.2 Practical Relevance.....	14
1.6 Outline of the Thesis.....	14
Chapter 2 Theoretical Framework.....	15
2.1 Business Development.....	15
2.1.1 Business Development Process.....	15
2.1.2 Entry Strategies.....	16
2.1.3 Selection of Business Development.....	16
2.1.4 Stakeholders.....	17
2.1.5 Networks and Mobilization.....	17
2.1.6 Conclusion.....	18
2.2 Business Development for Healthcare Sector.....	19
2.2.1 Healthcare Processes.....	19
2.2.2 Strategy.....	20
2.2.3 Finance.....	20
2.2.4 Human Resources.....	21
2.2.5 Marketing.....	21
2.2.6 Conclusion.....	22
2.3 Cross-Border Business Development.....	22
2.3.1 Favorable Factors Motivating Cross-Border Business Development.....	22
2.3.2 Factors Restraining Cross-Border Business Development.....	23
2.3.3 Culture.....	23
2.3.3.1 Time.....	23
2.3.4 Conclusion.....	24
2.4 The Healthcare Sector in Kuwait.....	24
2.4.1 Healthcare Services.....	25

2.4.2 Kuwaiti Health System.....	26
2.4.3 Characteristics of Market	27
2.4.4 Conclusion	27
2.5 Laws and Regulations	27
2.5.1 Legal and Regulatory Compliance for the Healthcare sector.....	28
2.5.2 Laws and Regulations in Kuwait	28
2.5.2.1 Legal Background	28
2.5.2.2 Tender Processes.....	28
2.5.2.3 Rules and Regulations	29
2.5.3 Structures for Doing Business in Kuwait	29
2.5.4 Conclusion	29
2.6 Research Model.....	30
Chapter 3 Methodology	31
3.1 Research Design	31
3.2 Data Collection and Sampling.....	32
3.2.1 Secondary Data.....	32
3.2.2 Key Informants	33
3.2.3 Observations in Meetings, Events and Conversations	33
3.2.4 Kuwait Medica Exhibition & Conference.....	33
3.2.5 Interviews – A Qualitative Approach.....	33
3.2.6 Sampling	34
3.2.7 Data-Analysis	36
Chapter 4 Results.....	37
4.1 Endogenous Variables	37
4.1.1 Environmental Factors	37
4.1.2 Legal and Regulatory Factors	38
4.1.3 Marketing Management Factors.....	40
4.1.4 Financial Management Factors	40
4.1.5 Human Resources.....	42
4.1.6 Culture: Wasta.....	44
4.1.7 Technology	46
4.1.8 Politics	46
4.2 The Healthcare Sector in Kuwait	49
4.2.1 Quality of the Kuwaiti Healthcare Sector.....	49

4.2.2 The Structure of the Kuwaiti Healthcare Sector.....	50
4.2.3 Functioning of the Kuwaiti Healthcare Sector.....	50
4.2.4 Near Future Plans for the Kuwaiti Healthcare Sector	50
4.3 Dependant variables – Opportunities for Business Development in the Kuwaiti Healthcare Sector.....	51
4.3.1 Country Specific Factors	51
4.3.2 Public Healthcare Sector	52
4.3.3 Private Healthcare Sector.....	53
4.3.4 Reliability of Western Firms	54
4.3.5 Western View on Kuwaiti Opportunities.....	55
4.4 Endogenous Variables - Barriers for Business Development in the Kuwaiti Healthcare Sector .	56
4.4.1 Having the Right Connections	56
4.4.2 Business Laws and Regulations	56
4.4.3 Internal and External Competition	57
4.4.4 Language, Islamic Culture and Job Contracts.....	57
4.4.5 No Barriers At All	58
4.4.6 Western-Created Barriers	58
4.5 Secondary data	59
4.5.1 Foreign Clinics.....	59
4.5.2 Medical Recruitment and Training.....	59
4.5.3 Telemedicine and E-Health services.....	60
4.5.4 Medical Treatment Abroad	60
4.5.5 Conclusion from Secondary Data	61
4.6 Revised Research Model	61
Chapter 5 Conclusion and Discussion.....	63
5.1 Conclusion	63
5.2 Discussion	65
5.3 Limitations	67
5.4 Future Research.....	67
Chapter 6 Recommendations.....	69
6.1 Western Firms	69
6.2 Royal Netherlands Embassy	70
References.....	72
Appendixes	78

List of Abbreviations

BD	Business development
CMS	Central Medical Store
CTC	Central Tenders Committee
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
EU	European Union
HR	Human Resources
JV	Joint Venture
KD	Kuwaiti Dinar
KOC	Kuwait Oil Company
MoH	Ministry of Health
MoD	Ministry of Defense
OTD	Overseas Treatment Department
R&D	Research & Development
US	United States
UK	United Kingdom
WHO	World Health Organization

Chapter 1 Introduction

1.1 Introduction

This thesis provides results of a study on business development opportunities and barriers in the healthcare sector, with a focus on Kuwait.

Kuwait is a small but rich desert nation with the world's fifth largest oil reserves. Petroleum accounts for nearly half of the GDP, almost all of Kuwait's export revenues and the vast majority of government income. Since the discovery of oil in Kuwait in the 1930s, Kuwait's economy has seen unprecedented growth to become what is now the world's third richest nation in terms of per capita income.

Business development on itself is a popular topic, but when one wants to combine this information with the healthcare sector it gets more complicated. Taking it a step further and directing the focus of business development opportunities and barriers in the health care sector towards the Gulf region it is extremely hard to find scientific literature for this topic. Because of this there is an important need to investigate this subject.

There is not only scientific need for this study but also economical. The Netherlands Embassy in Kuwait has set up a goal to enter the medical healthcare sector in Kuwait and in a broader context also the Gulf region. The authorities of Kuwait are aware that in the best interest of the country and its citizens the medical sector cannot stay dependent on foreigners or foreign firms. The total sum of the costs of the operations, the flights, accommodation for the patient and its family, the family members who accompany the patient and even the maids and the costs made locally like renting a car and food are paid by the government.

To reduce the costs Kuwait and the Gulf region have to construct and build up their own healthcare sector. This study investigates the opportunities and barriers which confront Western firms when trying to develop business in the healthcare sector in the Gulf region and more specific in Kuwait.

1.2 Background

Kuwait is facing many challenges in the healthcare sector. According to a recent report from McKinsey there is an increasing pressure on the health facilities. For instance Kuwait has currently 20 hospital beds per 10.000 people. Although the population tends to be quite young on average, this undersupply is a serious concern to the government given the population growth rate and growing disease burden. For example, obesity levels have reached 80% for women and 70% for men. Furthermore Kuwaiti's do not trust their own healthcare facilities. In the case of a serious injury or medical problem most of the Kuwaiti's choose to go abroad for medical treatment. The government takes care of the costs abroad for its citizens. To reduce (the costs for) medical tourism the government and to build a complete healthcare infrastructure the government of Kuwait made this sector a key one for the coming years.

Kuwait has signalled its priority to remedy the shortcomings in the healthcare provision when the sector was touted as the main beneficiary of the US \$108 billion infrastructure development plan that was approved in 2010. This development and investment plan was approved to give the economy a big boost after the financial crisis.

In January 2011 it was announced that the government was working on a strategy to bolster the healthcare system with 3500 beds, new laboratory and surgical facilities. According to the Ministry of Health the private sector will be instrumental in the development of the sector.

1.3 Research Problem

Estimates of Dutch-Kuwaiti trade numbers indicate that there is an enormous potential for growth considering a benchmark with comparable countries.

Knowing the potential growth market in Kuwait regarding the healthcare sector, this implies that the economic characteristics of the Netherlands and her firms have a great opportunity to fulfil this gap.

Because of the scarce available knowledge about the characteristics of the business development opportunities and barriers in Kuwait in regarding the healthcare sector it is difficult to determine what strategies should be used by firms and new entrants to become successful in this market.

1.4 Research Aims and Research Question

The aim of this study is to explore and conduct a research which clarifies the opportunities and barriers for a Western firm when entering the Kuwaiti healthcare sector. The goal of this qualitative research is to gain insight into the (cross-border) business development opportunities and barriers in the healthcare sector for Western firms in Kuwait. This is accomplished by reviewing the scientific literature, qualitative empirical research and collecting secondary data.

The literature will form the basis of this research, because it provides an insight into the scientific knowledge available on business development in the healthcare sector regarding Kuwait. Qualitative empirical research enhances the insights of experts on the specifics and processes of the business development opportunities and barriers for Western firms existing in the healthcare sector in Kuwait. It will also provide insights on how to cope with these opportunities and barriers for Western firms to become successful in this market. Secondary data highlights information and provides data about the characteristics of Western firms in this market. The following research question will form the guideline throughout the entire research and support the achievement of the aims in a structured way:

Which business development opportunities and barriers exist in the healthcare sector for Western firms in Kuwait?

1.5 Relevance of the Research

1.5.1 Scientific Relevance

This research is relevant for several reasons from a scientific point of view. First of all, little literature is available for business development for the healthcare sector, especially regarding Kuwait. This study provides clear insights into the unknown opportunities and barriers of this market. It focuses on an area which is until today not much investigated and requires extensive research to obtain helpful information to penetrate this market.

Second, this study provides empirical qualitative data from experts working in the healthcare sector in Kuwait. There is hardly any literature discussing the possible opportunities and barriers that exist for doing or preventing firms for doing business in the healthcare sector in Kuwait. This study not only attempts to provide this insight but also presents empirical data from experts on how to cope with the possible opportunities and barriers and become or remain successful in the healthcare sector in Kuwait.

1.5.2 Practical Relevance

After the announcement of the Kuwait Ministry of Health about the construction and expansion of the healthcare sector in Kuwait the Economic Department in Bahrain & Kuwait of the Royal Netherlands Embassy in Kuwait saw opportunities for the Dutch economy to contribute to this up building of the healthcare sector in Kuwait. This implies that there are business opportunities for Dutch/Western in this market. As a service for Dutch firms, the Economic Department wanted to know how they can support them the best in doing business in Kuwait.

This study shows an overview of recommendations for Western firms on which business opportunities exist and what are barriers for doing business in the health sector in Kuwait, based also on empirical research.

Not only can this be very helpful for the Western firms, it also helps the Economic Department of the Royal Netherlands Embassy in Bahrain & Kuwait to determine how to best support the Dutch private sector.

1.6 Outline of the Thesis

For a clear outline of this research, the research is structured as follows:

Chapter 1 contains background information and insight into the research problem, aims and the research question. Also the relevance of the research is explained.

Chapter 2 provides the theoretical framework, which will function as the basis of the empirical part of the research. The literature on business development and more specific for the healthcare sector and cross-border business development are discussed. The Kuwaiti healthcare sector is described and aspects which influence business development in Kuwait are presented, like laws and regulations. A conceptual research model is developed, based on the literature.

In Chapter 3 the used methodology is presented. The research design is discussed, the same accounts for the methods of collecting data and sampling. Furthermore a table of interviewees is showed.

Chapter 4 presents the collected empirical data which are analyzed regarding the research model. The results are also described. Furthermore secondary data from documents analyses is discussed.

Chapter 5 will elaborate on the findings, draw conclusions from the analyzed data and discuss these. This study has his limitations so these will be presented as well as recommendations for future and further research.

Chapter 6 provides some recommendations for foreign firms trying to enter the Kuwaiti healthcare sector. The Royal Netherlands Embassy in Jabriya, Kuwait supports these firms.

Chapter 2 Theoretical Framework

2.1 Business Development

Business development (BD) is a term which is used by many, but the majority does not really know its meaning. Business Development is by far seen as the growth of an enterprise, by using a number of techniques. These techniques differ, but in fact all of them are about traditional marketing. The main question is how to find, reach and approach customers and how to make and keep them satisfied, possibly with new products (Kotler, 2006). This definition has limitations and is missing some fundamental factors in business developing.

Tidd et al. (2005) state that different product-market- technology combinations may require different marketing strategies for business development to make them a success. Littler and Sweeting (1987) define BD as “entry into a business arena other than one forming a normal extension of existing activities and purposeful movement into new generic product or customer markets in accord with corporate strategy”.

Business development is applicable to the process of strengthening ties with existing and new clients as well as searching for customers in other sectors of the market. To achieve this BD has to cross traditional barriers between sales, marketing, customer care, operations and management in order to promote this process of expansion on more than one level. BD may also offer an escape from markets that are in long term decline because of structural changes in the global economy, changes in consumer tastes and the development of new technologies that offer superior performance criteria and the prospects of lower costs as experience is gained (Littler and Sweeting, 1987). This definition is more suitable in the context of this research and will be the main guideline throughout this research.

Growth is a major strategic decision for all business enterprises, and business development is an available option for firms to consider. It is, however, a complex pathway (Patel et al., 2012). From strategic point of view business development is an option which a company can use to become less dependent on the core business which it may regard as vulnerable and incapable of achieving the returns it has as its objectives. A company may seek for business development which includes entering several new areas of activity, even the use of new technology may be possible. In most cases new business activities are likely to involve the use of technologies new to the firm in order to reach new customer targets. The goal is to turn away from the current business, for whatever reason a company may have. Littler and Sweeting (1987) call this “*a purposeful movement into new generic products or consumer markets in accord with corporate strategy*”.

2.1.1 Business Development Process

Given that a company has the freedom, in terms of time and resources, it can consider business development seriously through a sequence of several stages. This process is an ideal representation (Littler and Sweeting, 1987). Normally business development should be a result of the corporate planning process. The stimuli may be varied and include:

- A desire for expansion and the lack of suitable investment opportunities within the existing business;
- A dissatisfaction with the existing means of developing innovations;

- Existing or expected maturity within the existing business (Littler and Sweeting, 1983);
- Access to new markets;
- Desire for growth and market share;
- Enhancing innovation and reputation and
- Reduction in operating expenses (Hopkins, 1999).

For business development to succeed it is essential that it is seen as an integral part of the long term strategy of a company and that it is provided with commitment and necessary resources, because for business development it is likely to require several years before it will yield a return (Littler and Sweeting, 1983).

2.1.2 Entry Strategies

Business development can take several forms. Business development on itself includes a range of possible entry strategies differing from licensing to internal venture development (Littler and Sweeting, 1983).

The entry strategies include: Acquisitions, licensing and franchising, joint ventures: venture capital, venture nurturing, venture spin-off and special joint ventures.

Acquisitions are the easiest way of entry into new business areas, unfortunately the purchaser, may not be able to assess effectively the value and future viability of the company. The danger exists that if the acquisition is made without proper research of the purchased company performance, the purchaser may underestimate the problems of either integrating the acquired company or managing it. Overcoming a mismatch of cultures could delay the returns, or even results in a costly failure.

Licensing is also a popular means of entering new business activities and is seen as having a number of intrinsic merits. It is a low risk alternative, because the costs and problems researching and developing the technology will be shouldered by others, while it will often have a proven record in the market (Littler and Sweeting, 1987).

By venture capital a company obtains an equity stake in the based firm. In the case of a venture nurturing the company not only supplies capital but also managerial expertise to the new technology based firm. When a company forms a separate company to develop ideas emerging from its own R&D that are unrelated to its mainstream business, this is called a venture spin-off. A special joint venture occurs when the company enters into agreements with third parties to develop new businesses.

2.1.3 Selection of Business Development

An important factor which predetermines the selection of business areas are the organizational characteristics. In general, it can be expected that the search will be along trajectories that are in some way continuations of what the company is already doing (Nelson and Winter, 1977). It is interesting that in the selection methodologies that firms place strong emphasis on the manipulation of financial and accounting, rather than on market information (Littler and Sweeting, 1987).

Another significant factor, but often ignored, is the structure and intensity of the competition. The company must not only have a perceived competitive differential advantage, but also be able to sustain this over a certain period necessary to gain a sufficient return. There is a danger that competition may be underestimated (often it is assumed that there will be little if any reaction from established competitors), or that the competition may be simply ignored.

Firms may also ignore possible hurdles to the abandonment of the venture should it fail to meet expectations. These barriers to exiting can be formidable and can include heavy financial and contractual commitments (Porter, 1980). Given that uncertainty dominates and thus that flexibility is the key, the need to avoid a large scale of operation at too early a stage is to keep in mind.

The literature has shown that factors such as orientation of the firm (the overriding philosophy and resultant strategic direction of the firm which may be oriented towards various degrees of conservative or entrepreneurial thinking), firm size, start-up costs, limited resources, lack of awareness and security issues act as impediments to future business development. Owner-manager characteristics and personality also impact on perceptions of business development barriers (Covin, 1991).

2.1.4 Stakeholders

Stakeholder theory explains how managers deal with moral and normative issues which are increasingly present in their operating environments. Freeman (1984) argued that firms must consider not only the requirements of their shareholders but also those of a broad range of stakeholders, who can affect or are affected by the achievement of the firm's objectives.

The theory assumes that managers are aware of stakeholder interests and can prioritize among them based on the stakeholders' power, legitimacy, and urgency; i.e. *"the degree to which stakeholder claims call for immediate attention"* (Mitchell, Agle, & Wood, 1997, p. 865). Stakeholders are typically classified as primary stakeholders (e.g. owners, employees, customers, and suppliers), and secondary stakeholders (e.g. NGOs, special interest groups, and media). Given that secondary stakeholders often are not in direct transaction with firms, firms are not believed to be dependent for their survival on secondary stakeholders (Clarkson, 1995).

2.1.5 Networks and Mobilization

For a company to set up any activity in a new market one needs to understand the network structure of the target market. So the company is aware of how to develop network insights and how to establish social contracts. The network approach is anchored in the recognition of markets as networks of exchange relationships (Ford, 1980; Axelsson, 1992).

The sensitivity of the network approach to developments over time is demonstrated by Johanson's and Mattsson's (1992) "network theory" concept which shares many features with Weick's (1995) notion of "sense-making" and Ford et al.'s (2003) concept of "network pictures". All three conceptual tools are retrospective in nature and contribute actively to the process of constructing a firm's identity. They provide a plausible narrative for past events and current positions, they are the ongoing product of socio-economic interactions, they are inferred from a variety of cues rather than objectively given, and they are enacted in the sense that network structures are as much interpreted as produced by the actors' own actions and the cumulative effects of those actions. The notions of "network theory", "sense-making" and "network pictures", however, are general constructs that do

not describe an organisation's unique and differential knowledge or "network insight" for the niche it occupies (Mouzas & Naudé, 2007). A "network insight" can lead to a differential advantage that is crucial for the growth and survival of an organisation. As Alderson (1957, pp. 52-60) argues, an organised system will tend to survive as long as the niche it occupies endures.

According to business network scholars, mobilization goes beyond a two-fold relationship and interactions (Brito, 2001; Mouzas & Naudé, 2007). Araujo and Brito (1998) stress the role of multilevel games that a small number of actors play in order to mobilize collective action and change power positions within networks. Mouzas and Naudé (2007) are the first industrial network scholars to explicitly discuss the underlying processes of network mobilization. Their model of the network mobilizer articulates network mobilization, a sequence of five interdependent phases, as organizational challenges: network insight, business propositions, deal, social contract, and sustained mobilization (Mouzas & Naudé, 2007). While the model recognizes that these challenges (arising from attempts to either increase internal operating efficiency or to find new business opportunities) are affected by macro-level externalities, it lacks the capability to discuss how societal level changes, such as those promoted by different stakeholders, affect firms' operations and opportunity identification. Wilson and Savage (2010) highlight the role of politics, leadership, trust, cooperation, and communications for successful social partnerships between for-profit and non-profit organizations.

In mobilization of business partners, it is not only actors, but also the interrelationships between actors, resources, and activities that are involved (Håkansson & Snehota, 1995). Actors with heterogeneous resources may control the activities that are needed to combine the resources in a new way. To reach other actors and resources, network mobilizers may resort to their personal contacts. Each individual has his/her personal contact network, which is based on his/her personal history, family, friends, education, and earlier tasks in various firms and organizations. This network, labeled 'the relationship sediment' by Agndal and Axelsson (2002), provides a basis for interaction, and may be used for working on the emerging issue.

2.1.6 Conclusion

Business development has to be on the agenda of a company that is concerned to revitalize its business portfolio in a rapidly changing competitive and socio-economic climate. The major issue is whether or not firms have the awareness, perspicacity and general propensity for risk-taking to take on the challenge of significant new adventures. Furthermore success is also likely to come to those who adopt a strong marketing perspective.

The literature gives insight on how stakeholders can effect or are affected by the achievement of a company's objectives. Managers have to be aware of their presence when seeking business development in a market. Furthermore for a company to set up any activity in a new market one needs to understand the network structure of the target market. So the company is aware of how to develop network insights and how to establish social contracts. In the next sector the focus will be on business development for the healthcare sector.

2.2 Business Development for Healthcare Sector

Many indicators point to a coming explosion of business development and change in the life sciences and healthcare industries that will lead to profound changes in medicine over the next 20 years (Malkas, 2009). There is perhaps no better indicator of this than pharmaceutical and biotechnology firms, over 50% of which expect at least half of their 2020 revenues to come from products and services not yet within their portfolios (Deloitte, 2007). In healthcare, new delivery, compensation, and information systems are on the horizon, with tremendous pressure to make changes in order to reduce unacceptably high cost, error rates, and accessibility difficulties (Hill et al., 2010). Historically, market pressures in the healthcare industry have led to “a wave of alignments, mergers and acquisitions” which require assigning a value to a healthcare entity (Johnson, 1996).

In this section the process of healthcare will be explained and discussed for a better understanding of the subject. Furthermore the relevant and related subfields of business development in the healthcare are presented.

2.2.1 Healthcare Processes

Healthcare processes can be classified as medical treatment processes or generic organizational processes (Lenz et al., 2007). Medical treatment processes, also known as clinical processes, are directly linked to the patient and are executed according to a diagnostic–therapeutic cycle, comprising observation, reasoning and action. The diagnostic–therapeutic cycle depends heavily on medical knowledge to deal with case-specific decisions that are made by interpreting patient-specific information. On the other hand, organizational or administrative processes are generic process patterns that support medical treatment processes in general. They are not tailored for a specific condition but aim to coordinate medical treatment among different people and organizational units (Poulymenopoulou et al., 2003).

The healthcare environment and its underlying processes have specific characteristics with respect to their degree of dynamism, complexity and multi-disciplinary nature. In general, healthcare processes are recognized to have the following characteristics:

Healthcare processes are highly dynamic:

Process changes occur due to a variety of reasons including the introduction of new administrative procedures, technological developments, or the discovery of new drugs (Lenz & Kuhn, 2004). Medical knowledge has a deep academic background that is continuously evolving (Anyanwu et al., 2003). Also new diseases are constantly being discovered that may require healthcare organizations to implement new processes (Gupta, 2007).

Healthcare processes are highly complex:

Complexity arises from many factors such as a complex medical decision process, large amounts of data to be exchanged, and the unpredictability of patients and treatments (Mans et al., 2008). The medical decision process is made by interpreting patient-specific data according to medical knowledge. This decision process is the basis of clinical processes and it is difficult to capture, as medical knowledge includes several kinds of medical guidelines, as well as the individual experience of physicians (Mans et al., 2009).

Healthcare processes are increasingly multi-disciplinary:

Healthcare organizations are characterized by an increasing level of specialized departments and medical disciplines, and care services are increasingly delivered across organizations within healthcare networks (Lenz & Kuhn, 2004). Healthcare processes, therefore, are increasingly executed according to a wide range of distributed activities, performed by the collaborative effort of professionals with different skills, knowledge and organizational culture (Gupta, 2007).

Healthcare processes are ad hoc:

Healthcare highly depends on distributed human collaboration, and participants have the expertise and autonomy to decide their own working procedures (Gupta, 2007). As physicians have the power to act according to their knowledge and experience, and need to deviate from defined guidelines to deal with specific patient situations, the result is that there are processes with high degree of variability, non-repetitive character, and whose order of execution is non-deterministic to a large extent (Mans et al., 2009).

2.2.2 Strategy

Usually healthcare executives align the organization around market-oriented and customer-focused strategies (Inamdar et al., 2002). Some studies have indicated that healthcare organizations apply coping strategies for their success. According to Melheim (2006), an organization, such as those in healthcare, will be successful in adopting a customer-focused strategy if it can answer the following four questions: (1) how much does it cost to acquire a customer? (2) How long does the customer stay with you? (3) How much does the customer buy from you? And, (4) how profitable are the customers to the organization? Answers to the above questions will enable an organization to formulate their strategy in an effective and efficient manner (Drucker, 2002).

Drucker (2002) argues that an organization will be successful if they base their strategy on the competencies of the organization and alignment of those strategies with the demographic profile of customers and new knowledge. Similarly, in the context of healthcare firms, a company that aligns its strategy with the demographic profile of the patients and those firms who keep a closer look on what their competitors are doing in the market would be able to survive in this competitive age.

Besides customer- and market-oriented strategies, healthcare firms should apply coping strategies for success. Success of such strategies depends on organizational culture. Healthcare organizations that rely on a commitment-based strategy are more productive and successful than those that rely predominantly on a control-based strategy (Khatri et al., 2006).

2.2.3 Finance

The integrated financial components of strategic business plans are enormously important. They transfer the connected linkages of resource requirements and needed budgets to demand-forecasts and action steps (Nauert, 2005). A strategic business development plan should summarize the underlying financial analyses and present the anticipated budgetary needs and performance results. This should include anticipated revenues, expenses, cash flows, and capitalization requirements. Each of these factors must be forecasted with precision. All too often the budgeted implementation costs are too low and the expected profits are too optimistic.

2.2.4 Human Resources

Business development requires the extensive involvement of the human resources (HR) department. The necessary company should invest in manpower, talent development, and training must be applied in order to achieve the desired goals and objectives (Nauert, 2005). Otherwise the results will be average at best. Human resources should take the lead role in staffing and development for new initiatives and rewarding behavior and processes that produce positive results. Furthermore it is unlikely that the necessary operational staffing and executive management leadership will be found in-house for all expansions and new business development programs. Ascendant initiatives require new executives and physicians in order to achieve timely success. In such cases HR should play an extensive support role in guiding recruitment efforts (Nauert, 2005).

2.2.5 Marketing

The organization's marketing management team manages the research and development activities, and drives the commercialization strategy. The latter can be of critical importance to smaller life sciences firms that may lack access to manufacturing expertise, distribution channels, marketing resources, and the resources needed to meet regulatory compliance (Anderson & Hill, 2006). For smaller life sciences firms, the challenges presented by converting the idea to a product and bringing that product to market (i.e., commercialization) may result in an optimal strategy of cooperation with downstream commercialization partners, as opposed to building a commercialization infrastructure in-house.

Marketing management is entwined in the regional analysis and the achievement of desired results (Nauert, 2005). Marketing's underlying business assignment is to generate and retain preferred customers in defined strategic areas and locations. Marketing's most essential responsibility is to influence desired consumers, who will buy-in to strategic priority enterprises. Marketing focus should always be to enhance an organization image of excellence.

Business development must include the major marketing factors. These positioning elements include:

- Defined services and programs
- Market segmentation requirements
- Delivery system components
- Consumer communications
- Desired penetration levels
- Pricing parameters for profitability

The implementation of marketing action steps should prescribe the resource allocations and methodologies needed for success. The effective pursuit of marketing efforts is extremely important to strategic growth and market share maintenance achievements. The budgeting and financing of the marketing function is obviously important. The main focus of marketing is on new revenue growth. Financial data must be integrated into marketing initiatives. There should be a clear return on the money spent.

2.2.6 Conclusion

The healthcare industry has undergone enormous business transitions. These changes have altered the competitive environment, the basic economics of service delivery, and the organizational structures of many healthcare firms. Other business-related elements have accelerated the priority focuses on overall quality, consumer satisfaction, effective service delivery, and positive financial performances.

Important is the commitment to make timely changes which responds to market demands and competitive forces. The most successful firms recognize their roles in the healthcare system pragmatic that are aimed at tactical success and financial prosperity. They accept the fact that as the healthcare industry continues to evolve, only the strategic activists with well-aligned business development plans will succeed in the future. The next section will discuss cross-border business development.

2.3 Cross-Border Business Development

In the previous sections business development, and more specific for the healthcare sector, is presented. Here the factors concerning cross-border business development will be discussed.

2.3.1 Favorable Factors Motivating Cross-Border Business Development

McDonagh (1990) states that the following factors motivate many firms to develop cross-border business: the desire to spread products and diversify risks geographically; to gain back-up products; to exploit synergies; and to attain economies of scale. Vasconcellos & Kish (1998) consider diversification, economic conditions in the home country, technological and human resources as favorable conditions for cross-border business development.

Regarding diversification Vasconcellos & Kish argue, based on empirical observation, that the covariance of returns across different economies, even within the same industries, is likely to be smaller than within a single economy. It follows that a company must first decide on its desired levels of risk and return. Only then should it attempt to identify countries, industries, and specific firms that fall within its risk class.

If a company lacks the level of technological knowledge necessary to compete efficiently in its industry, and it is unable obtain the required technology through research and development, then it may attempt to acquire a foreign company which is technologically more advanced. In their study, Cebenoyan et al. (1992) support this point, showing that the expansion into new markets through acquisitions allows firms to gain competitive advantage from the possession of specialized resources.

More specifically for joint ventures local partners provide expertise of the market and that leads to lowers the transaction cost. Furthermore, cross-border joint ventures facilitate valuation of assets (Mantecon, 2009), support exchange of information (Mantecon and Chatfield, 2007), and minimize costs of information asymmetry associated with managing assets that do not belong to the core business (Blomstrom and Zejan, 1991).

Cross-border joint ventures increase firm's competitiveness because they create opportunities to access new markets and exchange new technology.

2.3.2 Factors Restraining Cross-Border Business Development

The factors discussed thus far motivate and encourage firms to develop business across borders. But there are also factors which appear to restrain cross-border business development.

These include information asymmetry, monopolistic power, culture as well as government restrictions and regulations. Roll (1986) contends that information about a prospective target firm (e.g. market share, sales, capabilities, cash flow forecasts) is crucial in the decision-making process of a company. If the necessary information is not available, Roll (1986) argues that the prospective company may be forced to delay or discontinue its plans, even though the foreign firm appears to be an attractive target. In contrast, Stoughton (1988) argues that information effects are not always harmful. He points out that the prospective acquirer may be able to obtain information about the target company that is not available to other market participants.

If a company enjoys monopolistic power (a difficult prospect in the EU and the US, due to antitrust laws), then entry into a industry becomes more difficult for potential competitors, domestic or foreign (Vasconcellos & Kish, 1998). Moreover, a monopolist is much more likely to resist a takeover attempt. Other barriers to entry that make cross-border BD especially difficult within a monopolistic environment include extensive outlays for research and development, capital expenditures necessary to establish production facilities, and/or product differentiation through a massive advertising campaign.

Furthermore, McDonagh (1990) cautions that workforce problems, poor facilities, as well as social and technological differences may expose a company to new risks. And on the other hand, adverse economic conditions, such as a slump, recession, or capital market constraints, may cause prospective firms to concentrate on their domestic business while postponing any international strategic moves.

2.3.3 Culture

An important point of interest concerning cross-border business development is the difference in cultures between firms from two different countries. Hofstede (1980) defined five cultural dimensions: individualism, masculinity, power distance, time and uncertainty avoidance. Individualism explains the degree to which individuals feel allegiance to a group versus standing alone, masculinity refers to distribution of roles and leadership in societies, power distance identifies how members of society perceive the hierarchy or power distribution, and uncertainty avoidance explains the willingness of society to accept risk.

2.3.3.1 Time

Time is an aspect of culture, there is a difference in how time is explained. A fundamental dichotomy for example is that between objective and subjective realities (Jaques, 1982). According to the objective view, time is "independent of man" (Clark 1990, p. 142), a view that is aligned with a Newtonian assumption of time as abstract, absolute, unitary, invariant, linear, mechanical, and quantitative. The clock has emerged as a primary metaphor in this conceptualization of time. Most quantitative social science studies of organizations, whether synchronic or diachronic, adopt this perspective and treat time as "*quantitative time-continuous, homogeneous, and therefore measurable because equal parts are equivalent*" (Starkey 1989, p. 42).

The opposing view conceptualizes time as subjective, a product of the norms, beliefs, and customs of individuals and groups. Such a view reflects a constructed conceptualization of time, where time is "*defined by organizational members*" (Clark 1985, p. 36) and is assumed to be neither fixed nor invariant. Time here is seen as relative, contextual, organic, and socially constructed (Glucksman, 1998). This objective-subjective dichotomy is often presented in terms of the contrast between clock time and event time. Jaques (1982, p. 10) notes that the clock notion of time is consistent with an atomic or mechanical view of the world. Clock time has been associated with an emphasis on time commodification, work discipline, and "machine time" in industrial organizations (Hassard, 1989). Event time, in contrast, is conceived as "*qualitative time-heterogeneous, discontinuous, and unequivocal when different time periods are compared*" (Starke 1989, p. 42). In this view, "*time is in the events, and events are defined by organizational members*" (Clark 1985, p. 36). The pattern of events, whether social (e.g., rites of passage), biographical (e.g., careers), biological (e.g., puberty), or natural (e.g., seasons), is neither fixed nor regular, but is more dynamic, varying by conventions and norms.

The distinction between *chronos* and *kairos* made in the rhetorical literature reflects the same underlying objective-subjective dichotomy. Since classical times, rhetoricians have recognized these two different Greek terms for time (Kinneavy 1986, Miller 1992, Bazerman 1994).

Chronos is "*the chronological, serial time of succession. . .time measured by the chronometer not by purpose*" (Jaques 1982, pp. 14-15); it is typically used to measure the timing or duration of some action. In contrast, *kairos*, refers to "*the human and living time of intentions and goals. The time not of measurement but of human activity, of opportunity*" (Jaques 1982, pp. 14-15). While rhetoricians have always seen *chronos* as objective and quantitative, they have long debated the status of *kairotic* time. Some believe it is given and independent of the actor, that is, "*a kairos presents itself at a distinct point in time, manifesting its own requirements and making demands on the rhetor*" (Miller 1992, p. 312). Increasingly, however, rhetoricians have suggested that *kairos* is shaped by the actor, that is, "*any moment in time has a kairos, a unique potential that a rhetor can grasp and make something of*" (Miller, 1992, p.312).

2.3.4 Conclusion

In this section several elements regarding cross-border business development are discussed. There are favorable factors which motivate cross-border business development, but the opposite is also present factors which restrain this development. A company which develops business in a new market has to keep in mind that culture plays an important role. Culture is a broad term and can here we emphasized the role of time in business development. In the next section an overview of the Kuwaiti healthcare sector will be presented.

2.4 The Healthcare Sector in Kuwait

Healthcare and economy are closely related. Health services possess compared to other products a multiple character: first of all they are an important ingredient of social development and wellbeing, and they also represent a growing sector of the economy.

2.4.1 Healthcare Services

Throughout the Middle East in general and the Arabian Gulf especially, health systems are at a crossroad. They stand at a crucial point in their development where they must make the decision that will shape their future. In Kuwait, like many GCC countries, governments have realized that the healthcare has to be reformed. Scaling down public delivery of services and introducing the competition of the private sector into healthcare while retaining public regulatory and quasi-financing roles is seen as the most favorable way to point out public sector inefficiencies while retaining a tool for ensuring equity (BMI, 2010).

In general, medical facilities within Kuwait are good. Considerable investments are made by the government of Kuwait in order to improve the health conditions of the people. Free medical services are provided to the citizens of Kuwait. Life expectancy, men in Kuwait is 78 years while for women it is 79 years (WHO, 2010). The rate of infant mortality in Kuwait is 1.1 %.

In Kuwait, the healthcare system is organized around both public and private sectors, for a detailed description between private and public sector services see appendix 1. The Ministry of Health (MoH) has full responsibility for public sector health and hospital care, and controls the conditions under which the private sector may intervene.

MoH is the owner, operator, and financer of the vast majority of healthcare services rendered, pharmaceuticals purchased, and medical equipment acquired in the country. The Ministry of Defense (MoD) and Kuwait Oil Company also have budgets for the healthcare sector.

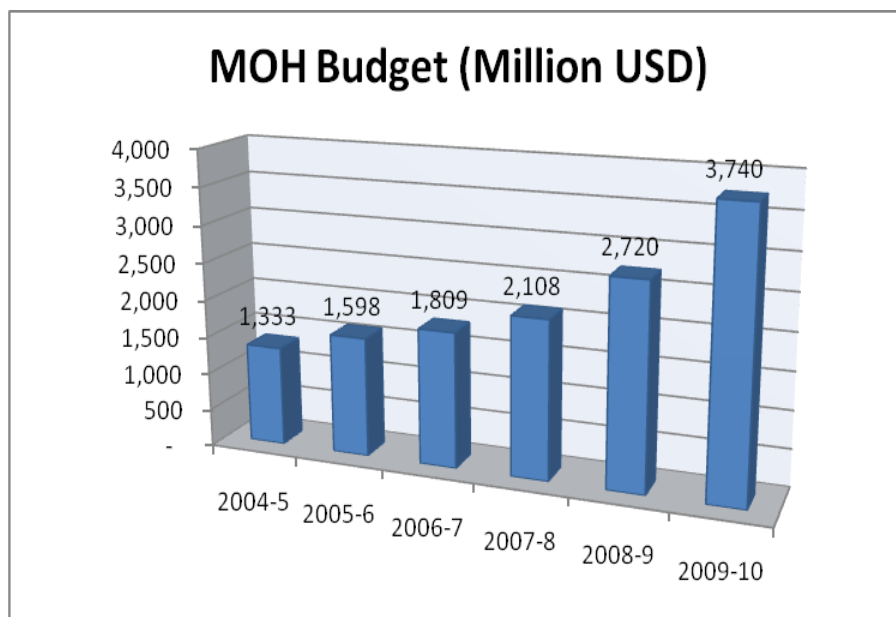


Figure 1: MoH budget from 2004 till 2010

The Kuwait government is the largest investor in the healthcare sector. It accounts approximately for 85% of the sector's total investment. The government currently operates 15 general and specialized hospitals. These healthcare facilities are distributed geographically all over the country to serve all the commercial and residential areas.

Kuwaiti Healthcare is characterized by a large public infrastructure and a growing private sector. The industry is rapidly evolving. The complete structure of the healthcare industry is facing several

changes, recent economy characteristics, multiple changes like a shift towards rapidly growing lifestyle diseases, aging population, and a greater demand for advanced treatment services with the rise of the informed or educated consumer who now has access to knowledge (BMI, 2010).

According to WHO's World Health Statistics report 2010, the country has 20 beds per 10,000 people. Although WHO does not comment any target standards on these indices, they give a good overview of the healthcare infrastructure status of a country. Kuwait's healthcare indicators i.e. infant Mortality rate, Maternal Mortality Rate and life expectancy are quite comparable with the best except for the earlier mentioned beds per population.

2.4.2 Kuwaiti Health System

The Kuwaiti health system is based on three levels: primary, secondary and tertiary healthcare. Primary healthcare is delivered through a series of health centers, with general or family health clinics, maternal and childcare clinics, diabetic clinics, dental clinics, and preventive care clinics, school health services, ambulance services and police health services are also available. Secondary healthcare is provided through six general hospitals with 2922 bed capacity. In addition to this there are nine specialist hospitals, including maternity, infectious diseases, mental health and cancer hospital, bringing the total beds available to 5276, with total bed occupancy around 60% (Kieft *et al*, 2012). Tertiary healthcare is provided through a number of national specialized hospitals and clinics or by treatment overseas, often on government expense. A large number of Kuwaitis is sent every year for treatment to Great Britain, the United States, Germany and France, as well as a number of Arab countries. Priority is given to patients with life threatening conditions, such as cancer and heart disease, as well as critically ill children and individuals seriously injured in car crashes and other accidents. In that case the government covers 100% of the costs abroad, along with full coverage of expenses for two other companions (Al Sharafi, 2009).

Kuwait lacks capabilities in data collection, analysis and dissemination to the responsible authorities and stakeholders. Although external agencies and institutions have collected much data, there are no official estimates of incidence of many of the major diseases (El-Saharty, 2006). To solve this problem a proper health information system should be implemented. With this must also come a solid commitment from the authorities to increase expenditure on research and development, a necessary step towards sustainability.

To develop a more effective health-information system authorities should take into account that it must contain developing local expertise in the collection, interpretation, presentation, and dissemination of data among the various stakeholders. Overall, the appropriateness of the current public-health education system and curriculum in higher institutions to develop the needed workforce is in question.

The effectiveness of a public-health system will depend on the extent to which those who deliver the services are held accountable for their performance. Whilst many traditional public-health services are well-established in the Gulf region, public-health functions, such as intersectional policymaking, public information and education, and quality assurance, remain underdeveloped. This distinction between service and function is important because it has practical implications for financing and managing the system (Khalegian, 2004).

2.4.3 Characteristics of Market

Kuwait is a market of tremendous good opportunities where Western firms can succeed. The market in Kuwait for the healthcare and medical sector is strong and increasing steadily.

The US leads in medical equipment and healthcare services with around 30% of the market, followed by, Germany, France, UK, Holland, Denmark and Italy. Western healthcare & medical products are well accepted as reliable and of high specification, but it is important to have competitive pricing (Al Sharafi, 2009).

Although Western firms have a good reputation in the market, they must endeavor to tap into this growing market by responding promptly to enquiries and to ensure that their prices are competitive. They also have to bear in mind that government tenders take time to mature and that they should not lose patience. On occasions there is a tendency by suppliers to over-specify on projects whereby they become non-competitive.

2.4.4 Conclusion

Higher spending only will not necessarily translate into effective results, especially if investments are not well managed or directed towards cost-effective technologies. Inefficient spending on health will have a substantial negative impact on economic growth and human capital development, acting as a drag on labour productivity, adding pressure on limited governmental budgets, and reducing governments' ability to target public resources for vulnerable groups. There is also an active and growing private-health sector which remains largely unregulated and whose roles are often not well-defined within economic development plans. New institutional capacities and governance structures are needed to establish an enabling regulatory environment that promotes the growth of an efficient, safe, and viable private-health sector.

To become a public good, public health will require governmental ownership and action. For Kuwait, the rate of transition is outpacing the rate of adaption by public-health systems. The challenges are long term and will require long-term planning. This process should begin with a thorough assessment of the current system and identification of the changes required to address the challenges.

The proposed changes must be responsive, have efficient and equitable delivery mechanisms, involve multi-sectoral partnerships, and have governmental commitment. Whilst the challenges are intricate, Kuwait has the ingredients for addressing them and achieving its full potential. The next section highlights the aspects of laws and regulations.

2.5 Laws and Regulations

Most countries have governments which regulate cross-border business development. In most countries government approval is needed before cross-border business development can occur.

Research has shown that stronger legal and regulatory environment is associated with better developed, larger and faster-growing capital markets, lower costs of capital, lower private benefits of control, and lower risks of expropriation (Djankov et al., 2008; Johnson et al., 2000; La Porta et al., 2002).

Also the quality of legal and regulatory environment significantly influences the firm boundaries, in particular, the willingness of firms to develop business with each other, especially with partners that operate in substantially different environments. Rossi and Volpin (2004), and La Porta et al. (2002) show that information asymmetries, transaction costs, and agency conflicts associated with markets in countries with poor laws and lack of investor protection ultimately lead to less frequent trading, and lower frequency of firm contracting. Bris and Cabolis (2008) and Rossi and Volpin (2004) further document that foreign firms benefit from being merged with a firm from a country with better investor protection and stronger regulations.

Countries with weaker legal and regulatory systems experience larger intensity of joint ventures with US firms. This result is consistent with the prediction that – compared to the free market like contracts – joint ventures mitigate information asymmetry, and minimize transaction costs, especially in environments with larger market imperfections (Mantecon and Chatfield, 2007).

2.5.1 Legal and Regulatory Compliance for the Healthcare sector

Government reviews have intensified in recent years and have increased the need for cohesive interactions in strategy, operations, and finance. Full consideration must be given to compliance with relevant laws, regulatory restraints, and advisory opinions from government entities (Nauert, 2005).

Legal and regulatory issues should receive full analyses by inside counsel and specialized healthcare attorneys who have strategic compliance awareness. This is especially true when developing new initiatives and creating operational entities such as hospital-physician joint-venture ambulatory care sites and specialty care hospitals.

Corporate restructuring and the creation of limited liability corporations require thorough analyses of complex issues such as tax consequences, legal liability, property ownership, and fund distributions to equity partners. In addition to reviewing proposed strategic initiatives there should be an ongoing analysis of programs and services to assure effective acquiescence with diverse rules, regulations, and laws.

2.5.2 Laws and Regulations in Kuwait

2.5.2.1 Legal Background

Kuwait is a constitutional emirate with a civil law system where judicial powers are vested in Courts which enforce Kuwaiti law promulgated by Amiri decree. The Court system makes provision for the resolution of all disputes and is based on French law adapted from Egypt. It is made up of three levels: the Court of First Instance, the Court of Appeal and the Court of Cessation - the highest Court in Kuwait. Matters such as marriage, divorce and inheritance are dealt with under a law which is based on Shari'a (Islamic law).

2.5.2.2 Tender Processes

Public authorities in Kuwait are generally required to purchase all equipment and commodities, and to commission work, only through an independently administered tender process. Tender processes are administered by the Central Tenders Committee (CTC). The client institution (i.e. the public body

requiring the goods or services) draws up the specifications and the particular conditions that it wishes to apply, reviews the pre-qualified firms and evaluates the bids on a technical basis.

Some public bodies may have their own tendering procedures, but no matter who administers the tender, the procedures applied must be the same as tenders administered directly by the CTC. Tender announcements, invitations to pre-qualify, pre-tender meetings, and amendments to conditions and specifications, are only published in *Al-Kuwait Al-Youm*, the official gazette. For more information about tender processes see appendix 2.

2.5.2.3 Rules and Regulations

The most important points for Western or foreign firms considering investing in Kuwait are provided here in a brief overview of some of the key legal issues in relation to establishing a business in Kuwait.

Kuwait's Commercial Firms Law provides for the establishment of the following types of firms and ventures:

Limited liability company, Shareholding company; Partnership; Joint venture (JV); Commercial agency and Branch. All of these, with the exception of JV possess a separate legal identity.

Western firms wishing to do business in Kuwait are advised to operate through a local agent or JV partner. This is especially required for government contracts. A local agent or partner will be more finely attuned to the local business environment and therefore, best suited to deal with complicated issues that may arise. The agent/partner can facilitate the required registration on approved supplier lists of appropriate government entities and firms (Al Sharafi, 2009). Choosing the right agent or partner and formulating an equitable agency agreement is therefore a critical element in doing business in Kuwait.

2.5.3 Structures for Doing Business in Kuwait

Kuwaiti law states that no person other than a Kuwaiti may carry on trading in Kuwait, unless he has one or more Kuwaiti partners who own title to not less than 51% of the total capital of the trading firm. Kuwaiti law further states that no foreign company may establish a branch or carry on trading activities in Kuwait except through a Kuwaiti agent.

Therefore, a foreign entity wanting to conduct business in Kuwait would usually have to appoint a Kuwaiti agent or participate as a minority shareholder in a Kuwaiti company. Foreign firms or individuals wishing to establish a business presence in Kuwait have various options available to them, the most common of them are outlined in appendix 3.

2.5.4 Conclusion

The law and regulatory system in Kuwait is dynamic and subject to frequent changes in application and interpretation. Kuwait shares many characteristics with other GCC markets, but in view of the extent of government involvement in the market, strategies need to take careful note of public tender procedures, as well as the time required for market development, and its related costs.

Developing sound business relationships takes time. But with the degree of public sector overlay, time-to-market in Kuwait can be longer than in other GCC countries where privatization has been more extensive. In the next section a research model founded on the earlier mentioned literature will be presented.

2.6 Research Model

This study focuses on business development in the healthcare sector. From a perspective of Western foreign firms seeking for opportunities in Kuwait and coping with the barriers. Furthermore, it concentrates on the Kuwaiti public and private healthcare sector. The literature provides insight in the factors which are important for business development especially in the healthcare sector. Based on the literature several factors are found which can contribute to identify and analyze the opportunities and barriers in the healthcare sector. Founded on the above-described literature the following research model was developed (Fig. 2).

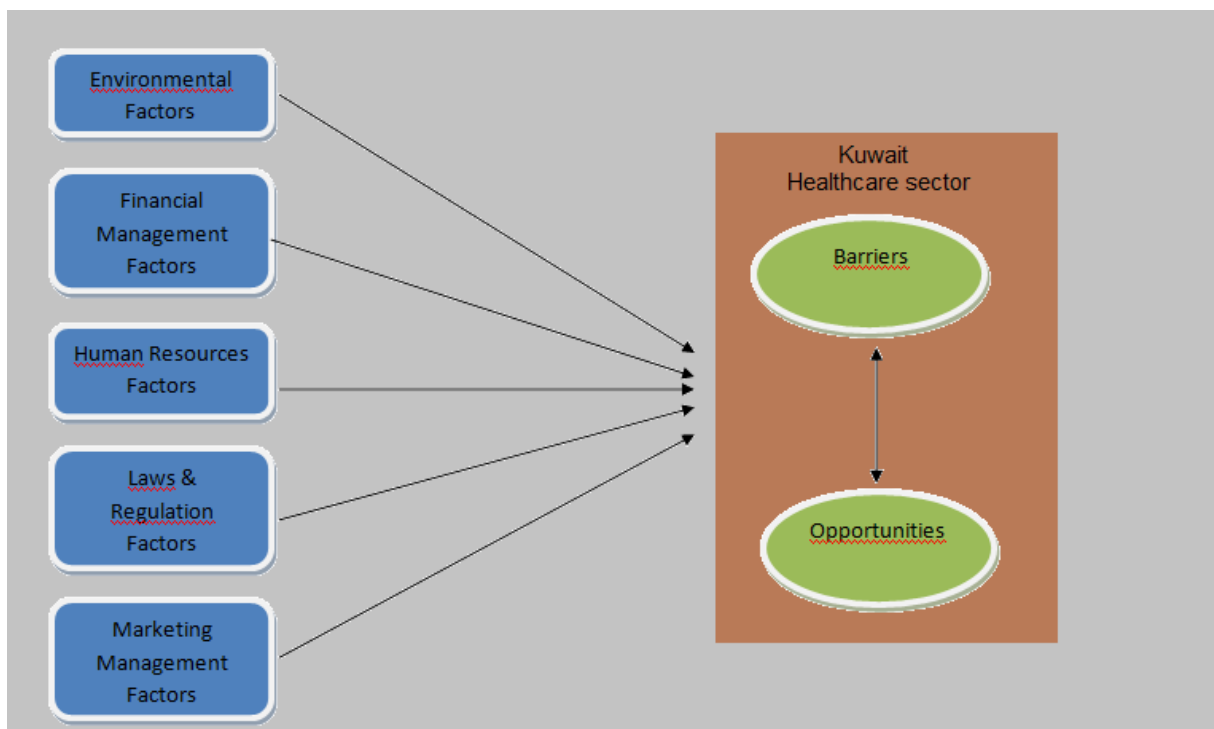


Figure 2. Research model: Business Development Process for Western Firms in the Kuwaiti Healthcare Sector

The blue boxes account the endogenous variables, these are the categories of factors which can be influenced by a company or institution and should contribute to the identification of the opportunities and coping with the barriers. The arrows in the research model represent the assumed relationship between the endogenous variables and the dependent variables “Opportunities” and “Barriers”.

The presented model forms the basis for the empirical data collection. Most important goal of the empirical data collection is to verify the research model, and if necessary specify it. Furthermore, the aim is to find out what the influence of the endogenous variables is on the independent variable. Finally the goal is to provide an answer to the research question. The used methodology to accomplish this is explained in the next chapter.

Chapter 3 Methodology

In this thesis the main focus is on getting a better understanding of the business development opportunities in the healthcare sector in the Gulf region. In this chapter, the used methodology to answer the key research question of this study, *which business development opportunities and barriers exist in the healthcare sector of the Gulf region for Western firms*, will be discussed. A deductive approach was chosen in this study to answer the research question. This means that the existing literature was used to guide the theoretical framework as described in Chapter 2 and that the literature also played an important role in the research methodology of this study. In the following sections these steps will be further discussed.

3.1 Research Design

One of the aims of the Netherlands Embassy in Kuwait is not only to get a better understanding of the medical healthcare sector in the Gulf region, but also to develop business opportunities in this sector for Dutch firms, as has been explained in Chapter 1. Another important aim of the Embassy is to strengthen the political and economic ties between Western/Dutch firms and the Gulf region. Against this background, the main aim of this study is to identify which business development opportunities and barriers (endogenous variables) exist in the healthcare sector of the Gulf region for Western firms (dependent variable) and therefore the study is predominantly exploratory of nature. Another important aim of this study is to reveal an accurate profile of the healthcare sector of one specific country in the Gulf region, namely Kuwait. Because this study describes the healthcare sector of a specific country in the Gulf region and thus in a specific context, this case of the Kuwaiti healthcare sector can be viewed as an object of descriptive research (Robson, 2002). The descriptive nature of this study can be used in follow-up study which are aimed to explain more directly the relations and the direction of the relationship between the independent and dependent variables mentioned above. Because the aim of this study is of an exploratory nature and has a strong descriptive nature, this study can be categorized as a descripto-explanatory study (Saunders et al., 2009).

Looking at the nature and aims of this study in which we want to focus on a complex social phenomenon, namely the understanding of the *business development opportunities and barriers in the healthcare sector of the Gulf region for Western firms*, this study can be best described as a 'case study approach' (Babbie, 2001; Yin, 2009). An often used twofold, technical definition of a case study is:

" 1. A case study is an empirical inquiry that:

- investigates a contemporary phenomenon in-depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

2. the case study inquiry:

- copes with the technically distinctive situation in which there will be many more variables than data points,

- and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another results

- benefits from the prior development of theoretical propositions to guide data collection and analysis “(Yin, 2009).

According to Yin (2009), “a case study method allows investigators to retain the holistic and meaningful characteristics of real- life events”. The main purpose of a case study is that it is descriptive to yield exploratory insights (Babbie, 2001) and being descriptive and retaining the holistic picture of the development of business opportunities for Western firms in the Gulf fits exactly with the aim of the current study.

Following the case study approach, the current study can be characterized as an “embedded, single-case design” (Yin, 2009), where:

- the case is ‘the Kuwait health sector’ as being representative of the Gulf region
- the units of analysis are ‘medical and health organizations in Kuwait’, where Kuwait is being representative of the Gulf region

3.2 Data Collection and Sampling

“Any case study finding or conclusion is likely to be more convincing and accurate if it is based on several different sources of information, following corroboratory mode”(Yin, 2009). Because it is highly recommended in the literature to use multiple sources of information, the following methods are used in the empirical data collection of this study: semi-structured-interviews, three-day international conference held in Kuwait, secondary data, key informants and observations in meetings and conversations.

The semi-structured interviews are the principal data-collection technique for this study. The interviews were conducted to gain insight into the business development opportunities and barriers (endogenous variables) existing in the healthcare sector of the Gulf region for Western firms (dependent variable). The information collected from the three-day international conference played an important role in getting a better understanding about practical issues for Western business opportunities in Kuwait and can best be seen as practical, “from-the-ground” information. The conference was organized by a Kuwaiti organization called Universal Group, Kuwait.

Next to the interviews and the conference as data collection techniques, the secondary data, the key informants and the weekly meetings contributed both to a better understanding of the case (the Kuwait health sector) and to a more reliable sampling of the interviewees.

3.2.1 Secondary Data

Secondary data was used in the data-collection to get a clearer understanding of the complex case of this study, i.e. the Kuwait health sector and the opportunities and barriers in this sector for Western firms. Secondary data is defined as data that have already been collected for some other purpose and it includes both published summaries as raw data (Saunders et al., 2009). In this study, especially “documentary secondary data” (Saunders et al., 2009) is used for getting an idea about the broadness and depth of the Kuwait health sector and to identify the mayor players herein. The following two recent documents where studied in depth:

- Kieft, C., Al-Ahmad, F. and Aziem, F. (2012). *Kuwait Health Sector Report 2012*, Kuwait Health Sector January, 2012. Netherlands Embassy Kuwait & Bahrain.
- Al Sharafi, G.(2009). *Sector Report:Healthcare Sector Kuwait*. British Embassy, Kuwait.

3.2.2 Key Informants

During a three-month period (April, May and June 2012) the author met several people in Kuwait who could be appointed as key informants in this case study. "Key informants are often critical to the success of a case study. Such persons provide the case study investigator with insights into a matter and also can initiate access to corroboratory or contrary sources of evidence (Yin, 2009). Eight officials of the Economic Department of the Royal Netherlands Embassy in Kuwait City in Kuwait served as key informants. These officials play an expert role in deploying, supporting and sustaining the development of Dutch firms in Kuwait. Their expertise and knowledge helped guiding this research and also contributed to the results of this research in several ways, such as for example using the officials' network to get in contact with potential interviewees.

3.2.3 Observations in Meetings, Events and Conversations

Weekly face-to-face meetings with key informants from the Kuwaiti business scene for a period of three months were arranged by the Economic Department of the Royal Netherlands Embassy in Kuwait City. The Embassy has a need to create and establish new and more relationships between the Embassy and the Kuwait health sector to create more business development opportunities for Dutch firms in the Kuwait health sector. These meetings were usually with Kuwait firms who work in the health sector, such a medical supply firms and firms operating for the Kuwait government. The meetings were arranged primarily to get to know each other better and to provide information about the background of both the Netherlands and its knowledge of the health sector and the possibilities for the Kuwait business to profit from the Dutch knowledge. Another focus of the meetings involved the presentation of Kuwait health-care related business such as a company providing medical supplies to hospitals to get more information for the Dutch Embassy to see where gaps are in the Kuwait health sector and where Dutch firms can play a role to fill in that gap for example.

3.2.4 Kuwait Medica Exhibition & Conference

A three-day (16-18 April 2012) international conference called "Kuwait Medica Exhibition & Conference" was organized by a Kuwait company, Universal group. The aim of the conference was to create relations between the private and public sector of the Kuwait healthcare sector and international firms. People who attended the conference had a range of different backgrounds such as people working at public and private hospitals, clinics, and medical centers in Kuwait and people working at the Kuwait public sector such as the government. Also people from Europe, Asia and the US attended the conference. For example three Dutch healthcare firms attended the Dutch Pavilion organized by the Economic Department of the Royal Netherlands Embassy in Kuwait City to introduce their healthcare products and to promote their products and to establish relationships between the Dutch firms and Kuwait health organizations where the Dutch products can be used.

3.2.5 Interviews – A Qualitative Approach

This study employs the qualitative methodology of in-depth interviews to examine business development opportunities for Western firms in the Kuwait health sector. A qualitative approach was appropriate to get an in-depth understanding of the experts' views, since pre-existing work in this area was not specific to these research questions (Creswell & Miller, 2000).

All interviews were audio-recorded on a mobile phone with the permission of the interviewees. All interviewees had no problem to collaborate with the researcher and were willing to participate in this study. Permission was also asked to take notes during the interviews and this was granted in all interviewees. The participants did not require to be treated anonymously in this study, but to assure a certain level of confidentiality their names will not be mentioned in the results chapter, but only numbers referring to the participants.

An interview protocol was developed to guide the semi-structured interviews. Semi-structured interviews are a particular kind of interviews where the questions are formulated beforehand and pursue a consistent line of inquiry, but the actual stream of questions is likely to be fluid rather than rigid (Yin, 2009). The interview protocol was developed based on the literature and based on the time which was spent in Kuwait self during the first months there. By getting a better understanding of the environment while being in the context of the study, questions were added to the interview protocol. During all interviews the protocol was used to pursue the consistent line of inquiry, however every interview was treated as a unique one, depending on the interviewee and the situation at hand.

3.2.6 Sampling

The Kuwait health sector is owned by more than 90% by the government and the other 10% by private organizations. The aim of this study was to gather information from both government and public organizations and to interview experts who can be seen as representative from these organizations and then a representative sample can be drawn. Conducting research inside organizations is complicated by the researchers' need to gain access, which limits the opportunity for random sampling (Bryman, 1989). That is the main reason why a non-probability sampling method was used, namely purposeful sampling. The idea behind probability sampling is that its main purpose is generalization, that is where the logic and power lies of this method (Patton, 2002). The logic and power of purposeful sampling comes from the emphasis on in-depth understanding which leads to selecting information-rich cases for study in depth (Patton, 2002). This in-depth understanding fits very well with our case study approach to get an in-depth understanding of the business development opportunities in the Kuwait health sector for Western firms. Patton (2002) defined information-rich cases "*as those from which one can learn a great deal about issues of central importance to the purpose of the researcher*", thus the term purposeful sampling (p. 46).

The approach which was chosen to select an appropriate sample consisted of different steps and help was given from different resources. The main resource was the Royal Netherlands Embassy in Kuwait. From their network contacts were made with the Ministry of Health of Kuwait and with a couple of Kuwaiti private and government-owned firms in the health-medical sector of Kuwait. Furthermore, also different firms were actively approached by the researcher in the health-medical sector in Kuwait. Also, a lot of effort was invested in interviewing some of the dominating private firms in the medical sector and these were also actively approached by the researcher. Finally, some experts were Dutch or Belgium experts who already deployed some business development in Kuwait and were also approached to get an in-depth view of their experiences in the existing health-care sector in Kuwait. All interviewees ($N=19$) were identified as being experts in their field and as being representatives of the healthcare sector in Kuwait. All experts can also be classified as being primary stakeholders (see Chapter 2) in the Kuwaiti healthcare sector. Three groups of primary stakeholders

have been classified, namely stakeholders in the private sector (private hospitals and medical, equipment, supply and drug firms, medical investment firms), stakeholders in the public sector (public hospitals and public pharmacies) and stakeholders in the government sector (especially Ministry of Health, Minister of Defense and Kuwait Oil Company). In table 1 all the interviewees can be found and their related position.

Table 1. Overview of Participants (N = 19)

Participant number	Company Name	Position of Interviewee
1	Healthcare Dynamics Company	Director
2	Dar al Shifa (private) Hospital	Business & strategy development executive
3	Tareq company	Sales manager Medical department
4	Gulf Group co.	Marketing manager
5	MCC Medical & Scientific Supplies	Trading & commercial manager
6	Safwan Trading & Contracting company	Chairman & Managing Director
7	Safwan Trading & Contracting company	Head registration Division
8	Warba Medical Supplies company	Team Leader
9	Al-Mojil Drug company	Service engineer
10	Yiaco	Business development analyst
11	ATC	Manager, commercial & contracting
12	Al-Hajery	Sales Manager
13	Kuwait Chamber of Commerce	Head of Section
14	Kuwait Chamber of Commerce	Senior researcher
15	Healthcare Belgium	General manager
16	Principelle	Managing Director
17	ViaMedica	Consultant
18	Royal Hayat Hospital	Deputy CEO
19	Baach	President/Ex-minister of Ministry of Health

3.2.7 Data-Analysis

Different ways of looking at the same set of data can lead to important insights (Patton, 2002); therefore, the data analysis consisted of several stages. First, all recordings of the interviews were transcribed verbatim. Then the data together with the secondary data and all the notes which were made during the interviews, the events, the exhibition and the meetings were analyzed according to the concepts of the research model. The strategy was also chosen to be able to present the results in an orderly manner (see Chapter 4) and to identify if there are missing concepts in the research model or potential flaws. Furthermore, from every interview transcript 'striking' or 'typical' quotes (Hansen et al., 1998) were selected which illustrated, confirmed or enhanced our understanding of the concepts used in the research model. In addition, in order to increase methodological trustworthiness of this study (Healy & Perry, 2000) illustrative interview quotations are reported in table 2 and these quotes will be presented in chapter four to illustrate the results.

Chapter 4 Results

This chapter will describe the results of the analysis of the empirical data. In the following sections of this chapter, the results will be presented per variable of the research model (see figure 2). The variables of the research model are based on the literature described in chapter two. By analysing the results of these variables which appear to influence the opportunities and barriers for Western firms to develop business activities in Kuwait, the aim is to get a better understanding of these factors and thus address these barriers and opportunities in a relevant manner. At the end of this chapter, some revisions will be made to the research model based on the results of the empirical and secondary data of this chapter.

4.1 Endogenous Variables

4.1.1 Environmental Factors

The interviewees (N =19) agreed almost unanimously that environmental factors play an important role in the business development opportunities for Western firms in the Kuwaiti healthcare sector. *“It is the reality in Kuwait that the environment of the healthcare sector is that it is divided in 90% public sector and 10 % private sector”* P3. That is one important reason why Western firms have to hold account with an important institution if they want to develop business in the Kuwait Health Sector, namely the Central Tendering Committee (CTC).

The environment of the healthcare sector itself is not very stable. It is heavily changed in the last years. One interviewee stated it as: *“the functioning of the healthcare sector is changing every time, nothing is fixed. Because they are improving every time. They are planning to set up an area with all kinds of different hospitals and all these hospitals have then to be connected with one system. This is the plan now in Kuwait”* P4.

Another interviewee supported this statement and added the re-orientation of the sector to it. *“There are lots of changes in the healthcare sector. They always seek for upgrades. They (the government) have big budgets to adopt new products and technology, but I think the Kuwaiti healthcare sector needs orientation to get all this business in line”* P3.

In addition to the unstable environment of the healthcare sector, the interviewees also added that the healthcare sector was a diffused and fragmented market: *“a diffused market. Locally you have to recruit the right people. People who can get and go through the diffused market”* P8 and *“The fragmentation of the services, although on paper we have the right set-up. We do have primary care, secondary care, tertiary care but the accessibility to the system is bad”* P15.

Furthermore, the results showed that the interviewees stated that because of the changing environment not a lot of people have a clear vision about the direction the healthcare sector in Kuwait was heading and stated that: *“For me I would like to have distinctive edges and reform and reengineering of processes which do not function well. A lot of people think development means just a business strategy or to enter a new business era or provide a new service product. For me it is not that. For me it is important that we use our full potential with the highest quality ever. This is my view. There is no harm into using a new service or product if we scan the market and we find that there is a demand for it. But the main thing is to have the feasibility to provide that on the best way.*

It is not about short-sales money making. Sustainability is very important. You do have to explore your environment, but not without a guideline” P6.

According to the interviewees, in the changing environment of the healthcare sector some market trends were visible such as: *“an increase patient demand for better healthcare, increase in government health expenditure due to public pressure, increased competition among private healthcare providers, and increase percentage of chronic diseases in the population. For example: diabetes, obesity, hypertension and heart disease. This is a trend worldwide as long as we will get American made food like Burger King and other junk food this will be the case” P10.*

In summary, the environment of the Kuwaiti healthcare sector is mostly characterized by its constantly changing environment where a clear vision is apparently lacking. Also the diffused market of the Kuwaiti healthcare sector and the changing trends in the market such as more Kuwaiti making use of the private hospitals and not only of the public hospitals makes the environment of the Kuwait healthcare sector a rapidly changing environment.

4.1.2 Legal and Regulatory Factors

For Western firms it appears to be very important to have up-to-date knowledge about the government policy. The government policy and related rules seem to change a lot which even causes confusion among the Kuwaiti firms. *“Government policy is changing every time. You have to find a good agent to serve you and represent your company here in Kuwait, because if your agent is not representing your company in an excellent way at Ministry of Health they (MoH) will neglect you in all business. Ministry of Health is the main business partner in Kuwait” P4 .*

This statement was supported by another interviewee: *“Due to the lack of clear vision and frequent changes of Ministers at Ministry of Health. The Ministry of Health is not keeping up with the demand of the regulation in terms of the quality of service, speed of service, and the accessibility of services. So this gives an opportunity for investors and professionals to really work on the private sector. The selling point for the private sector is basically efficiency, speed and always a high quality” P15.*

Next to the governmental policy changes also the procedures which firms have to go through before they can even be able to develop business in Kuwait need attention from firms who are thinking about deploying business opportunities in the Kuwaiti healthcare sector. *“There are some procedures [as the tenders going to the auditing committee] that might kill the interest of Western firms to do business. Sometimes it [the tender] gets delayed you know, then published, then there is an extension and there is another extension. Between each and every extension there is a month. And the original period was two months, then it became six months from the date of publishing till the date of closing and then there is nine months for evaluation so in total it will costs 13 till 15 months” P3.*

All the different laws, rules and procedures do not make it easy for any company, Kuwaiti or Western to conduct business in this sector and because of the confusion and misunderstanding it is unclear which steps firms have to undertake when wanting to deploy business in the healthcare sector. One interviewee stated as: *“we have different committees and these different committees set different goals. And if these committees have different guidelines you will not reach upon a certain common point” P7.*

The business laws in Kuwait for foreign firms are strict. It is not possible for foreign firms to just enter the Kuwait market without having a Kuwaiti partnership or agent. *“Non-Kuwaiti citizens may not pursue any commercial activities in Kuwait, unless having a Kuwaiti partner. Partners share must not be less than 51%. Foreign firms may not pursue commercial activities unless having a Kuwaiti agent. Technically speaking Kuwait works in terms of agents. Here in Kuwait by law a company, a multinational or any company, which is not Kuwaiti cannot come in Kuwait unless they have an agreement with an agent here in Kuwait which is your supplier”* P10.

Another interviewee also noted that getting the legal documents and the registration of a foreign company is bounded by strict rules: *“Any company outside Kuwait needs to be licensed at least or have a Kuwaiti (national) agent in Kuwait to perform business activities here. Documentation and get registration here in Kuwait takes time and is very strictly”* P8.

The interviewees noticed that this legal way of working is very strict for foreign firms and that because of the laws and regulations it is hard for foreign firms to enter the Kuwait healthcare sector. However there are signs that the government is also noticing this issue and that a first step is taken by the government to try to improve things. Only until now, this step was not successful yet: *“To enter the Kuwaiti market you should come under the umbrella of a Kuwaiti company. There is a proposal by the Kuwait National assembly to give international firms the opportunity to participate at the tenders, but until now it is not agreed on. Because for any tender you get the letter of guarantee. All the letters of guarantee are issued by Kuwaiti bank. An international company cannot obtain this letter here, they have to get it from outside KWI. Until now this proposal is not agreed on. So a foreign company should come under the umbrella of a Kuwaiti company”* P9.

The foreign firms seem to try to figure a way out to cope with these strict regulations: *“Sometimes a foreign company and Kuwaiti company agree on a fixed fee for collaboration or they agree on a certain percentage % of the sales/revenues. It depends on what they agree on”* P9.

Next to the regulations and laws which enable a foreign company to work in the Kuwaiti healthcare sector, the regulations for specific medical products can differ according to which product it is that is going to be imported: *“Ministry of Health provides us with a letter with the steps required to get a product registered. Same counts for the Food & Drug committee and Central Medical Store”* P5.

The interviewees stress that it is very important to have a local person in your network who has experience and knowledge of this field, because it can be very difficult to figure out the product regulations. One interviewee stressed this point by telling that: *“Regulations, it depend on what the product is. For example pharmaceutical drugs are strictly regulated. You have import regulations, some of them could be quite time consuming. So you need a good clearing agent. Sometimes you have containers full. You need somebody who can deal with that at a very fast and efficient manner”* P8.

In summary, the main conclusion that can be drawn is that the Kuwaiti business laws and regulations are very strict for Western firms. Western firms have to have a partnership with a Kuwaiti company or the government to be able to develop business activities in the healthcare sector. Besides the strictness of the regulations, also the obscurity of the regulations and procedures is causing confusion for Western firms about how to specifically act and which activities have to be carried out to be able to develop business activities in the Kuwaiti healthcare sector.

4.1.3 Marketing Management Factors

Almost all interviewees (15 of the 19) argued that having a strong and clear marketing management in your company was very important to be able to not only start but also to keep continue to do business in the Kuwaiti healthcare sector: *“You have to protect and improve your image as a company over and over again with Ministry of Health”* P4.

Another interviewee supported this argumentation and added that next to the marketing also the service a company is providing is essential: *“Your service and maintenance team has to be outstanding. When a sales is done you may never talk to the doctor again, but who is going to go back and work on the machine fixing it? Our service and maintenance team. You have to have a good service and maintenance team that does a good job, does the service and maintenance on time, has their parts available, good organized structure so all the requests can be handled”* P10.

The interviewees also agreed upon that having a strong marketing strategy can help a company in selling more of its products. One interviewee used the following example: *“Sometimes when a training center needs books or documentation about training I send with the books a free training device. Just so they can try and see how good the quality is. I know it is perfectly suitable for them and afterwards I know that they will buy one of me. Just to do marketing for this product”* P9.

For foreign firms it seems that a lot of the marketing is done by the Kuwait agent or partner that the company is working together with: *“Your supplier does your distribution and marketing in Kuwait for you. Of course how the marketing and distribution is done is based up on the agreement between the principal and the distributor here. The principal being the company coming outside Kuwait. Generally speaking that is good for the foreign company because it saves them money, we do kind of all the work and the marketing here in the country”* P10.

4.1.4 Financial Management Factors

The interviewed experts all agreed that money is not a real issue if it comes to the spending of the government in the healthcare sector in Kuwait. The government has plenty of money and invests heavily in the healthcare centre and the plans are that it will invest much more money in the healthcare sector in the near future. One interviewee stated it as: *“Kuwait & GCC countries will face unparalleled and unexpected rise in demand for healthcare over the course of the next two decades. Healthcare spending in Kuwait & other GCC today: USD 12 billion. Expected in 2025: USD 60 billion. The proposed healthcare development plan centres on: Construction of 8 public hospitals and extensions approved by Ministry of Health with an allocated budget of USD 1 billion. Construction of nine new towers for existing hospitals under the ministry of public works with a budget of USD 4.19 billion”* P10. Another interviewee supported this statement by noticing that: *“they also have money, they can purchase. They are the main country in GCC, the second one in GCC regarding purchasing”* P12.

Even though the government is spending a lot money in the public healthcare sector, the private healthcare sector is also being used more and more by the Kuwaiti residents and there are difference in how much you pay for either a visit to a public hospital or to a private hospital: *“There are big differences between what patients/residents pay in public and in private hospitals. Foreigners/residents pay minimal fee if the go to public hospital. For example 1 KD for Emergency Room and 2 KD for regular meeting. A visitor on a tourist visa pays 10 KD at a public hospital. In the private hospitals there is no distinction between Kuwaiti and non-Kuwaiti, the only distinction that is*

made is if you are insured or not. The insured patient has to get first the approval of his insurance company and he/she can receive his/her treatment. Furthermore it depends on what kind of membership you have with your insurance, because for example if you have like a gold membership they cover you 100%. Certain people they only pay 10% of their treatments, it depends on your package” P6.

However, not everyone is using the private hospitals because you do need money to be able to pay the visit or you have to be insured. *“ Poor people do not come to the private hospitals. The clients for private hospitals are coming from the social middle and high class. In case of an emergency it does not matter if he can afford or not, but usually they are from middle or high class, in socially terms spoken. There are two classes for private hospitals, insured and cash payers. 25% are insured and 75% are cash payers at Dar al Shifa hospital” P6.*

Not only do the Kuwaiti residents/patients use the private healthcare sector more and more, but it is rather common to go abroad to get a treatment. These treatments are either paid by the government or the by the residents/patients themselves. One interviewee stated that: *“In 2010, Ministry of Health had a budget of 1 billion US dollars for medical treatment abroad. 3000 patients were sponsored by the government and 8000 patients from private funding. Ministry of Health seeks agreements with hospitals for providing best health services at economic prices for Kuwaitis who go abroad for treatment” P10.*

The prices in the healthcare sector are not the same for every patient. Your residency plays a very important role in how much you pay based on your residency and what kind of treatment and medicines you will be able to get. One interviewee noted that: *“Health insurance is 50 Kuwaiti Dinars (KD) per year for expats with iqama [residency]. For each administration you should pay for governmental hospitals 2 KD and for private 45 KD. For MRI-scan you have to pay 100 KD although you have insurance. The 2 KD is just for investigation. There are certain medicines which non-kuwaiti's do not get for treatment, these are only for Kuwaiti's. There is around 100 types of medicine only for Kuwaiti people, yes. Before the invasion it was equal for everybody, free of charge too. But nowadays it is different” P11.*

A majority of the interviewed experts (11 of the 19 interviewees) argued that even though Kuwait is a rich country, that does not mean that Kuwaiti are not paying attention to how much they have to pay for certain services and that quality is sometimes the underdog in choosing specific products because of the price. One interviewee argued that: *“Kuwaitis are extremely price sensitive. They know what they want in terms of quality but sometimes they are reluctant to pay for it” P8.*

Another interviewee supported this statement by giving the following example: *“Here for example I have two products for training centres. This products speaks Arabic and English. It is from a medical company in USA but made in China. We have another one here, this one, from UK [shows demo and tells the difference between the two products]. For sure I prefer the UK-made one, for sure. Sometimes some training centres prefer the low-quality one because of low price. We want to change the mentality, it must not be all about the price offer. The quality has to become more important. What we want and need is to transform the mind-set from price to quality. First quality then price. For example if we sell the UK-made product for training centres they will not need to renew their product for seven years, because it has a 7-year guarantee. This company offers this guarantee because they know it is high quality and I can rely on that” P9.*

The observation that quality is sometimes less of an issue than the price of healthcare products was supported by another interviewee who formulated it as follows: *“If there is a very good product and there is a market for then the doctor will not put in mind the price. He may buy the product and let his patients pay for the high price, because they like the product and are willing to pay for it”* P7.

Even though the majority of the interviewees stated that pricing is an issue in the healthcare sector of Kuwait, a minority (4 of the 19 interviewed experts) argued that the price of products and services is not a real issue and has to be seen as an advantage: *“Here in Kuwait they do not only look for the cheapest prices, if they have specific requirements they can award a company with high quality products or technologies even though they do ask a relatively high price. So this is in the advantage of European and American firms”* P12.

In sum, all interviewed experts agreed that there are plenty of financial resources available for the Kuwaiti healthcare sector. However, even though the financial resources are there it was striking to find out that in the Kuwaiti healthcare sector people did appear to be rather price-sensitive and that Western firms should be aware of this and that good quality of medical products and medical personnel will prevail.

4.1.5 Human Resources

According to almost all interviewees (14 out of 19), the Kuwaiti healthcare sector is a sector where many improvements can be made and are necessary if there will be invested in the people working in that sector. This investment in people is regarded as necessary at almost all levels in the healthcare sector, thus not only the caregivers, but also for example the technical staff. One interviewee stressed this point by saying: *“Sometimes new technology comes out, is used around in the world but we can’t apply it here because people don’t possess the technical knowhow. On a global scale technical knowhow could be low for certain products. So low technical knowhow for new products. Let’s say something just came out in The Netherlands last year that is so innovative that every doctor says “yeah we want this now, we gonna work on it, bring it in for me”. It takes us two, three, four or five years later than for example in Holland, then they say come on let us do it now. You can’t do that because we don’t have the technical knowhow, doctors are not as very quickly educated about new products, about new ways as in the States or Europe”* P10.

Other interviewees supported this statement and explicitly stated that foreign help is needed in the Kuwaiti healthcare sector. *“Another thing is a Western healthcare company or hospital or administration which wants to offer their expertise and knowledge with their people here in Kuwait will be more than welcome”* P11. And that the lack of expertise in certain areas also needs to be filled: *“Training emergency personnel, they need expert persons for training and teaching them”* P12.

The view that Kuwait needs people from outside Kuwait to enhance the healthcare system is also supported by the European interviewed experts. *“De faciliteiten moeten echter ook bemand worden, Wat is daarvoor nodig? De knowhow hiervoor aantrekken van buitenaf én zorgen dat ervan binnenuit ook goed opgeleid wordt, zodat men uiteindelijk minder afhankelijk wordt van buitenlandse expertise. Zelf eigenartsen, die de taal spreken en de gewoontes goed kennen, hebben immers de voorkeur bij patiënten. Voor artsen is het belangrijk dat de condities aantrekkelijker worden dan thuis, dan is men wel bereid om te komen. Voor de ondersteunende beroepen (verpleging e.d.) zal meer nodig zijn. M.a.w. Koeweit zoekt HR invulling. Wij hebben in sommige disciplines in Nederland*

een overcapaciteit, waardoor Koeweit een goed alternatief afzetgebied kan worden. Vanwege allerlei ontwikkelingen en hervormingen in de zorg in Nederland momenteel is werken in NL minder aantrekkelijk geworden voor veel specialisten. Koeweit kan hier mooi gebruik van maken” P1.

Next to the knowledge, expertise, and technical knowhow of medical systems and products which need human capital in the Kuwaiti healthcare sector, there seem to be two vital players in the healthcare sector for firms who want to sell their services and products, namely the Ministry of Health and the individual doctor. *“Ministry of Health is the main player, if we as a medical company want to sell your product, Ministry of Health has directed Central Medical Store (CMS), and we as a medical private company do business with Central Medical Store” P5.*

The doctor also appears to be a very important person in the healthcare sector network for firms who do business in this sector. The majority (13 out of 19 interviewees) mentioned that the doctor plays a vital role in selling services and products and that firms directly try to go to the doctor to sell their products both in the public and private hospitals. *“And we as a medical company have to go directly to the doctor, because we have to convince first the doctor of our product etc. Once the doctor is convinced he writes a request. The request goes to the director of the hospital, he signs it and then they send their request to CMS. But we have to work with the doctors or through the doctors. Exactly because the end user is the doctor. Who uses it? The doctor. If the doctor is not convinced you cannot sell it. So that’s why we most of the time when we go to the doctor and issue a request, we put our specifications. For example he says I need this, then I gave him my specifications he puts it in a file and he sends it to the director of the hospital. The CEO of the hospital writes his recommendation to CMS. I convinced the doctor, he is now positive and wants the product, galas. When then all the quotations come in, he sees ours and then he picks it because he wants it. The price may be an issue for him if he wants to recommend our product. But he has to write, say his recommendations, because this company has 1, 2, 3, 4, 5 advantages and then he tells them about his preference. If he convinces them it will be our company even though the price might be higher than others. In the private sector it goes almost the same. Each hospital in the private sector has a business department. You also have to approach the doctor, everything goes through the doctor. For us the doctor is the main person, he is ordering everything. He is the one who orders, he is the one who uses our products so” P5.*

A majority (15 out of 19 interviewees) of the interviewed experts stated that the Kuwaitis in general seem to prefer Western people working in their healthcare sector because of their skills and their interaction with patients. One interviewee argued that: *“And they always think that Western are equipped with better knowledge and better skills than Arabs. With which I do not agree, because you can find both qualities here and there. This is number one. They are very humble and they do know how to communicate very well with you and that is what makes the patient come back to you. If for example you are an excellent doctor but communicate very bad with your patients, do you think they will return to you? No they never do. Western possess this quality more than the locals over here” P6.*

However, not everyone agreed with the statement that Western personnel is more qualified than their own Kuwaiti personnel. *“Overall I would say we have very good doctors, a lot are now graduated from Kuwait university who go to Canada for example and come back as specialists” P16.*

Another interviewee supported this statement but accused the system of not letting these qualified persons play that role which they could play: *“Another strength is the availability of expertise. Many*

Kuwaiti consultants are coming back from their PhD-training in Europe and London. They are an extra set of skills but again they just got lost in the system. How do you access them, how do you take advantage of them, whether they have the right set-up to really perform up to the training they had” P15.

In sum, almost all the interviewees (14 out of 19) shared the belief that human capital was needed in the Kuwaiti healthcare sector to be able to reach a better and higher quality than it currently has. The option which was most often mentioned to actually be able to perform better was to attract Western educated medical personnel. The interviewed experts believed that they had both the knowledge and the skills to make a change in the healthcare sector. However, even though the interviewees were positive towards Western medical personnel they also critically expressed that there are also drawbacks in getting Western personnel such as the high costs and the high leaving rates after a relatively short period of time. Therefore also Kuwaiti who were trained in the West are viewed as very capable human capital who could make an important change in the current available human capital in the Kuwaiti healthcare sector.

4.1.6 Culture: Wasta

The results from the interviews showed that there were also other variables which did play an important role in the business development process for Western firms in the Kuwaiti healthcare sector, but were not explicitly found in the literature and thus also not taken into account in the research model. These variables are labelled *Culture: Wasta, Technology* and *Politics*. Each of these variables will be described in a separate section.

A majority (14 of the 19 interviewed experts) agreed that Western firms do not know all the factors that play a role in developing business activities in Kuwait such as the slower pace in which things get done, the Arab culture and that having good connections is crucial for a successful business in Kuwait. They stated that: *“They do not understand the way business is constructed in Kuwait. They have the mentality of fast sales. They don’t understand that it can take two till three years to sell” P3.*

Having the right connections or “wasta” was seen as being crucial for setting up a business and continuing a business in the Kuwaiti healthcare sector. *“You need very good connections (wasta). You should actually put it on the top of your list” P8.*

Another interviewee agreed with this statement and supported it by formulating it as: *“It is a good idea to join a company that knows where the equipment needs to go and has experience with that industry with the right person, have the right contacts. Generally speaking that is your best bet” P10.*

Having the right connections did not only count for people who want to develop business activities in the Kuwaiti healthcare sector, but also for patients: *“Patients can jump immediately to tertiary care as long as they have the right connection or the right pressure” P15.*

Not only having good connections played an important role in developing business activities, also it was noted that being a specific person could be an advantage or disadvantage in creating business development opportunities in Kuwait. *“Still here in Kuwait the major families playing a big role in the business and they get special exceptions from the governments” P11.*

Another interviewee supported this statement but added that it was unfair how the process worked of getting the opportunities to play a role in the Kuwaiti healthcare sector: *“For example this morning there was a tender for 25 ambulances. We have the best price. All the specifications for the ambulances, our product, are correct. Until now one year under study. We also added a thanks letter of Ministry of Health of our previous tender. We got a previous tender of 80 ambulances and they thanked us for our products and services. Dirty, dirty games are being played in Ministry of Health, but we keep trying”* P9.

More than half of the interviewees agreed that both the “shopping culture” of the Kuwaitis and the specific Arab culture played an important role in the business development process in the Kuwaiti healthcare sector. *“Especially in Kuwait they like to try something new, the shopping culture is everywhere. For example if in KWI a new restaurant is opened everybody has to visit it. The same counts if they hear there is a new doctor, everybody will try him out. Some will return and others not”* P6.

Other interviewees stated that the Arab culture of the Gulf region is an important influence in how business activities are developed in the healthcare sector: *“The Arab routine and mentality”* P11.

Another interviewee agreed with this statement and also added the aspect of the difference in how Kuwaiti people act when problems arise: *“Culturele aspect, het grote verschil tussen ons Westers denken en het denken lokaal fundamenteel verschilt in de perceptie van het begrip tijd. Wij benaderen dat vrij categoriaal. We zeggen ooh we hebben een probleem, we identificeren het, definiëren een oplossing, wie gaat het oplossen en tegen wanneer en we controleren het. Not so in Kuwait. Zij werken meer intuïtief dan structureel en pragmatisch”* P13.

This difference in how people act and think in different regions of the World is already known in the literature as the difference between *chromos* and *kairos* (see Chapter 2). The data showed that the Kuwaiti culture shows more signs of having a *kairos* time-structure than of having a *chromos* structure. This of course has consequences for the business development activities of Western firms. It impacts how business is done locally and that Western firms should be aware of that when developing businesses activities in the Gulf region.

Also being physically present as a Western firm in Kuwait is appreciated and that increases the chance that a successful business activity can be created: *“U moet op de een of andere manier uw aanwezigheid lokaal organiseren. Dus als in clinical operations dan moet gij via via met een aantal ziekenhuizen om de tafel te gaan zitten om te kijken of er vraag is en welk aanbod en dan vooral opvolgen. Gij kunt zoveel handelsmissies doen als je wilt maar het grootste contract dat wij ooit binnengehaald hebben is in Saoedi Arabië, een miljoenencontract, daar ben ik 12 keer heen gevlogen voordat er een handtekening gezet werd. De investering die u moet doen is niet te onderschatten. Er zijn weinig ziekenhuizen of instellingen die zulke investeringen doen, want die kosten krijg je nooit meer afgeschreven op uw operaties”* P13.

In sum, the general cultural aspect which appears to influence the business opportunities and barriers for Western firms in the Kuwait healthcare sector exists of a couple of smaller elements which some of them such as having the right connections seems to directly influence the opportunities a firm has of being successful. This variable will be added to the revised research model at the end of this chapter.

4.1.7 Technology

The other variable, which was not explicitly mentioned in the literature and thus also not taken into account in the research model (see section 2.6), was technology. Almost half of the interviewed experts saw technology not only as an important opportunity for Western firms to develop business activities in the Kuwaiti healthcare sector, but they also saw technology as a way to improve their healthcare sector and to make changes which were seen as very needed. *“E-health services and systems. MoH plans for upgrading data systems matching international standards in all sectors of the Health Ministry and promoting the applications of the electronic health systems at its departments. MoH seeks to set up an integrated electronic communication network to link up all sectors and departments of the ministry including hospitals, medical centres and clinics”* P10.

This statement was supported by another interviewee: *“Firms with new technology have opportunities here, because they are always looking for new technologies. Here in Kuwait they do not only look for the cheapest prices, if they have specific requirements they can award a company with high quality products or technologies even though they do ask a relatively high price”* P12.

Also the European experts agreed that technology can be a valuable factor in the Kuwaiti healthcare sector: *“Koeweit beschikt over de financiële middelen en mogelijkheid om “state of the art” apparatuur voor de medische infrastructuur neer te zetten. En om met de nieuwste technieken te werken(denk EPD: elektronisch patiënten dossier)”* P1.

Also another interviewee agreed with this statement and added that the current phase of renewing the Kuwaiti healthcare infrastructure also created extra need for technology: *“MoH is renewing the infrastructure of the healthcare services, hospitals. They are using new equipment, new machines. These machines go for a period of 5 -7 years and then they renew them”* P11.

But even though technology was mentioned as a valuable factor which can play a role in the business development opportunities for Western firms, it was also mentioned that not everyone had an open attitude towards technology and that the local people did not had enough knowledge of operating the technology. *“Low technical knowhow of brand new products and technologies. Hospitals and doctors are critical about accepting new innovative technology”* P10.

Another interviewee supported this statement by formulating it as: *“Technology-part is also a strength, the government is capable to buy any machine but how can the equipment be used effectively”* P15.

Overall, 9 of the 19 interviewees thought that technology could play an important role in the business development opportunities for Western firms in the Kuwaiti healthcare sector.

4.1.8 Politics

The empirical results showed that besides *Culture: Wasta* and *Technology* also *Politics* played a role in the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector. Politics in general and the political instability at the Ministries in Kuwait were mentioned as factors which should be taken into account when Western firms want to develop business activities in the Kuwaiti healthcare sector.

More than half of the interviewed experts (10 of 9 interviewees) agreed that politics played an important role in the business development process in the Kuwaiti healthcare sector. The political climate in Kuwait was characterized as unstable and as a direct cause of that, policy was often unclear. *“The political instability at ministerial level, how many ministers have we had in the last 10 years. If you really want to improve you need to set up a plan and execute it by evaluating it and move forward and this is not happening. The secretary and under-secretary at any department, their main duty is to manage the minister for a few months till he will leave and somebody else will come again”* P15.

This statement was supported by another interviewee who formulated it as: *“The problem now in Kuwait is that the key persons change every while. If you set up an agreement then after two months he is not there and you have to start from scratch. This is the problem. The new minister of Health is now 5 months in his position but maybe next month he will be gone again. A lot of the plans you have to discuss them over again with the new man”* P14.

The European interviewees who already have experience in developing business activities in the Kuwaiti healthcare sector also agreed with the view that the political instability of Kuwait as a country is an issue in the healthcare sector. *“Politieke instabiliteit speelt zoals eerder gezegd absoluut een rol. Voor wat betreft de publieke sector denk ik dat er ook een stukje politiek bij komt kijken. Wij hebben bijvoorbeeld contracten met het Ministerie afgesloten, ondersteund door onze ambassadeur, vrij formeel. Dat is de start he”* P13.

Besides the politics on a national level within Kuwait also the political forces between Kuwait and other countries appears to play a role in the business development process of Western firms in the Kuwaiti healthcare sector. Some Western countries such as the United States of America appear to have more power and influence in Kuwait than other smaller Western countries such as the Netherlands. One interviewee stated that this power differences should not be underestimated: *“Dan is er nog een dimensie natuurlijk. Nederland en België zijn kleine landen we mogen niet onderschatten welke politieke kracht de grootmachten zetten. En de Amerikanen die laatst een contract hier in Koeweit afsloten met John Hopkins that’s a trade-off, that’s a diplomatic trade off! Die kracht kunnen wij als kleine landen niet zetten”* P13.

Another interviewee added that political perception could also play a role: *“ Politics and the perception of Western could be an issue, but I do not know how the relations are between Holland and Kuwait. But in general between Western countries and Kuwait it is stable”* P6.

In sum, it can be stated that the endogenous variables of the research model (see section 2.6), namely the environmental factors, the legal and regulatory factors, the marketing management factors, the financial factors and the human resources factors are empirically found to play a role in the business development process of Western firms in the Kuwaiti healthcare sector. The empirical data also showed that three other variables, specifically *Culture: Wasta, Technology* and *Politics* should also be added to the research model because in that way a more accurate picture of the different variables which play a role in the business development process of Western firms in the Kuwaiti healthcare sector is represented. The revised research model is presented in the last section of this chapter (see section 4.6).

Table 2. Endogenous variables, representative data and stakeholder category

Endogenous Variables	Representative data (interview quotes)	Stakeholder group
Environmental Factors	<i>"The functioning of the healthcare sector is changing every time, nothing is fixed. Because they are improving every time. They are planning to set up an area with all kinds of different hospitals and all these hospitals have then to be connected with one system. This is the plan now in Kuwait"</i> P4	Private
Legal and Regulatory Factors	<i>"Due to the lack of clear vision and frequent changes of Ministers at Ministry of Health. The Ministry of Health is not keeping up with the demand of the regulation in terms of the quality of service, speed of service, and the accessibility of services. So this gives an opportunity for investors and professionals to really work on the private sector. The selling point for the private sector is basically efficiency, speed and always a high quality"</i> P15	Private
Marketing Management Factors	<i>"Sometimes when a training centre needs books or documentation about training I send with the books a free training device. Just so they can try and see how good the quality is. I know it is perfectly suitable for them and afterwards I know that they will buy one of me. Just to do marketing for this product"</i> P9	Public
Financial Factors	<i>"In 2010, Ministry of Health had a budget of 1 billion US dollars for medical treatment abroad. 3000 patients were sponsored by the government and 8000 patients from private funding. Ministry of Health seeks agreements with hospitals for providing best health services at economic prices for Kuwaitis who go abroad for treatment"</i> P10	Public
Human Resources	<i>"Overall I would say we have very good doctors, a lot are now graduated from Kuwait university who go to Canada for example and come back as specialists"</i> P16	Government
Culture: Wasta	<i>"You need very good connections (wasta). You should actually put it on the top of your list"</i> P8	Private
Technology	<i>"Firms with new technology have opportunities here, because they are always looking for new technologies"</i> P12	Public
Politics	<i>"The problem now in Kuwait is that the key persons change every while. If you set up an agreement then after two months he is not there and you have to start from scratch. This is the problem. The new minister of Health is now 5 months in his position but maybe next month he will be gone again. A lot of the plans you have to discuss them over again with the new man"</i> P14	Private

4.2 The Healthcare Sector in Kuwait

The in-depth interviews with the experts all had the same aim namely to get a better understanding of the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector. In this section the results will be described which are focused on the quality, the structure, the functioning and the future plans of the healthcare sector in Kuwait.

The healthcare sector in Kuwait appears to be rather large compared to its neighbouring countries: *“Despite small population, the Kuwaiti Medical market is the 3rd largest in the GCC region, after Saudi Arabia and United Arab Emirates respectively”* P10.

4.2.1 Quality of the Kuwaiti Healthcare Sector

Almost all the interviewed experts (14 of the 19 interviewees) agreed upon the observation that the healthcare sector in Kuwait was of an average quality: *“the level of healthcare is good, but not very good”* P4.

Another interviewee supported this statement by mentioning the following: *“In terms of quantity things will be ok, but in terms of quality there is a lot to improve here. Because the problem is they do not have databases to compare, they are not data-driven anyway. They do not close the loop, they don’t gather and establish information. They just want to provide, that’s it”* P6.

The average quality of the Kuwaiti healthcare sector is also mentioned as one reason for the medical treatments abroad of Kuwaiti people. The Kuwaiti healthcare sector is characterized by the fact that many people in Kuwait go abroad for medical treatment. *“If they (the patients) cannot be treated in Kuwait we are allowed to send them abroad on the government account. This is restricted by a specialized committee. We also treat expats, as you know we have more expats than Kuwaiti’s, the expats are also treated free of charge in many areas. When it comes to special treatment like X-ray for example they pay a minimum charge”* P16.

Another interviewee supported this statement and added that a lack of trust in the healthcare system underlies this movement of patients to other, mostly Western countries for medical treatments. *“Laten we zeggen dat er vast gesteld wordt dat iedereen erover eens is dat de kwaliteit van zorg van het publiek systeem in Kuwait onvoldoende scoort en dat er een capaciteitstekort is. Er worden duizenden patiënten elk jaar naar het buitenland gestuurd. Zowel vanuit het publiek systeem als wel vanuit military als wel vanuit KOC. Dat wil dus ook zeggen dat mensen niet echt vertrouwen hebben in het systeem. Als er zoveel naar buiten gestuurd worden dan is het niet eens zozeer capaciteit, maar het is ook vertrouwen van de consument dat ontbreekt”* P13.

Another interviewee also agreed with this statement, but also saw sending patients abroad as a weakness of the Kuwaiti healthcare sector: *“Sending patients abroad. It becomes more like a privileged thing. It undermines healthcare in Kuwait”* P15.

Other interviewees also supported this statement: *“Om de “medical tourism” terug te dringen en kosten besparend te opereren, moeten de faciliteiten in eigen land ook uitstekend en laagdrempelig toegankelijk worden, zowel voor Koeweiti zelf als voor expats en gastarbeiders. Ik begrijp wel dat “medical tourism” de overheid veel kosten dat hierop uiteindelijk bezuinigd dient te worden. Als de medische infrastructuur verder verbeterd wordt, moet er ook een cultuuromslag komen bij de bevolking dat men net zo goed in eigen land gediagnostiseerd en behandeld kan worden”* P1.

4.2.2 The Structure of the Kuwaiti Healthcare Sector

The structure of the healthcare sector is mainly provided and supported by the government of Kuwait and the oil firms in Kuwait: *“Healthcare sector in Kuwait is mainly Ministry of Health. Furthermore there is Kuwait Oil Company (KOC), KOC is semi-private, and all the oil firms like KPC, KPI, all have hospitals and are under the umbrella of the oil sector. So they have big budgets. Next to Ahmadi hospital they are working on a newer and bigger one. Then we have the Ministry of Defense, they have a hospital also. And then the private sector and retail (pharmacy). The oil sector, the Ministry of Health, the Ministry of Defense and the private sector, this covers all of Kuwait. The healthcare sector is mainly divided in these institutions”* P7. Another interviewee described the healthcare sector as consisting of four divisions: *“MoH (Ministry of Health), MoD (Ministry of Defense), KOC (Kuwait Oil Company) and the private sector. You can add a small and fifth one and that would be the National Guard. In Kuwait we can name 6 main hospitals, furthermore there are like around +/- 20 specialized hospitals”* P12.

Another interviewee stated that Kuwait had a couple of top sectors: *“Here in Kuwait healthcare sector, the top positions here are in dermatology, paediatrics and gynaecology for maternity. Other sectors are less in Kuwait. For example if you have sonar products for pregnant women you can sell many pieces here in Kuwait because young population. The same for paediatrics. Any equipment for these three you will find a big market here”* P9.

4.2.3 Functioning of the Kuwaiti Healthcare Sector

A third of the interviewees was very outspoken about the way the healthcare sector in Kuwait is functioning. They were not very positive about especially how the financial support was currently divided among the players in this field. One interviewee formulated it as: *“The healthcare sector in Kuwait is very bad. I don’t know how I can describe it. It is huge, very huge sector in KWI. It is not clear. You need relationship. Not the best price or product/equipment wins the tender. I am sure about that. You need wasta [good connections, unlawful mediation]”* P9. Another interviewee supported this view and stated that the healthcare sector was: *“The worst! I think you know this”* P12.

4.2.4 Near Future Plans for the Kuwaiti Healthcare Sector

The majority of the interviewees (12 of the 19 experts) stated that the healthcare sector is expecting to expand enormously in the coming years: *“The healthcare sector in Kuwait it becomes big. There will be 8 new governmental hospitals build, this is for governmental, for our business with MoH. For equipment for both, private and governmental, we have the best chance within this year and next year in medical equipment and training equipment. Because some training centers they need new equipment in Kuwait and Middle East. Because around 80 training centers will be opened, 10 in Kuwait and rest in GCC. In Kuwait they currently also have already 6 training centers”* P9.

Another interviewee noted that: *“It is a booming sector. Also there is a lot of demand now, because lots of people are insured now unlike before. In the Ministry of Health there are not a lot of improvements. If you go to the public you have to wait long hours, difficult to get an appointment”*

done. To tell you the truth we are now very competing with public hospitals. A lot of patients transfer from public to private hospitals” P6.

The view that there is a shift visible from people visiting public hospitals towards visiting private hospitals was supported by another interviewee: *“Of course there is no insurance, all the Kuwaitis are treated here for free, nobody is paying in public hospitals. Lots of them go to public hospitals. If there is somebody who wants to go to private hospital he doesn’t want to wait. Public hospitals have a queue, it takes one month or two months it depends on the specialty and the area where the hospital is located. Kuwaiti’s they have money so if they want to do it in the private they can do it there directly. But in the public everything takes time” P5.*

Although the Kuwait people seem to choose more often for a private hospital instead of a public hospital, the interviewees stated that the government was not quickly in catching up with that trend: *“The healthcare services according to government policy they are shifting towards privatization. The amount of private hospitals if you compare them before and after Iraqi invasion till now is almost doubled or tripled since then. There is many expansions at Ministry of Health. Expansions of number of hospitals, number of clinics etcetera. They are already constructing one of the major hospitals in the country, Jaber Al Ahmad which will have 1100 beds. And it will serve huge number of patients. The shift towards privatization is a slow one. I can remember the days just after liberation (from Iraqi invasion) that they (government) said we are going towards privatization and we will establish a new and big healthcare insurance company covering all the expats and they are going to build up 3 or 4 private hospitals in different governments, but actually nobody do that” P11.*

In sum, the empirical data showed that the Kuwaiti healthcare sector is characterized by an average quality with a structure which is decided upon and provided by the Ministry of Health. The results also showed that there is room for improvement for the Kuwaiti healthcare sectors since the interviewed experts did express their concern that it was not fully functioning as it should or could be. Furthermore, future plans are currently being crafted and are starting to be implemented in the Kuwaiti healthcare sector to expand the healthcare sector and to enhance the sector in terms of quality and effectiveness.

4.3 Dependant variables – Opportunities for Business Development in the Kuwaiti Healthcare Sector

The results of the sections 4.1 and 4.2 showed that Western firms have to be aware of a couple of important factors when seeking to develop business activities in the Kuwaiti healthcare sector. Although all interviewees agreed that it is important for Western firms to be aware of these factors, they also all agreed that there were many opportunities for Western firms to develop business activities in the Kuwaiti healthcare sector. The opportunities and barriers for Western firms together formed the dependant variables of the research model (see section 2.6). These variables will be discussed in the sections 4.3 and 4.4.

4.3.1 Country Specific Factors

Some of the interviewees stated that there were plenty of opportunities in the Kuwaiti healthcare sector because of the special position Kuwait has as a country looking at its population and financial resources: *“Kuwait is a small country with 3.6 million people, but only 1.3 million Kuwaiti nationals. So you have to look at it as 1.3 million people who they have to take care off. They have 10% of the*

world's oil reserves so they bare huge amount of money, which makes lots of things possible here" P10.

4.3.2 Public Healthcare Sector

The results from the interviews also showed that all of the interviewed experts believed that there were many business opportunities for Western firms in the Kuwaiti healthcare sector: *"100%, if they are willing to work there is a lot a lot of opportunities. Hospitals are turn-key projects. That is how the Ministry of Health name them. There are three big hospitals which will be published 500 beds each. Because these hospitals have to be designed, constructed, furnished and equipped. So there is a lot of work to do and these are only the three hospitals. They are huge, not small hospitals. Next to these there are also extension projects"* P3.

Also another interviewee stated that many opportunities can be found in so-called turn-key projects: *"Opportunities are in turn-key projects, some firms have the ability to make the design of a hospital, build it, furnish it and take care of the project from zero till the opening and running/operating of it. They have to establish all, this is called a turn-key project. If you get awarded for this project, you will make for them the design, the building, you will purchase the medical equipment, computers, furniture, staff, the whole package. Other opportunities are in medical furnishing. They are also looking for management systems, they are seeking to start in this area"* P12.

This statement was also stressed by another interviewee that the expansion projects bring very interesting opportunities to develop business in the Kuwaiti healthcare sector: *"Continuing growth of MoH budget. Private sector will add 1,800 beds to the existing 1000 beds currently operating in 11 private hospitals. Public sector will have an increase of approximately 7,600 beds operating by MoH at 2016. Nine MoH Towers (total 4,000), five hospitals (total 3,000 beds). The nine expansion towers project will add like earlier mentioned 4,000 beds, 85 operating rooms, 250 outpatient clinics and a full array of clinical and non-clinical support services. This project will also increase the number of outpatient clinics and improve service related to x-rays, laboratories, sterilization units, and medical records. Also provide a center for disasters and emergency and an isolation ward with a capacity of 90 beds. The New Towers project, some towers will be attached to existing hospitals (see table 3). MoH needs to reduce sharply waiting time for diagnostic and treatment services and much more appealing physical facilities"* P10.

Table 3. New Towers project – Master Plan

Hospital	No. of Beds Needed in 2030	No. of Beds Approved by MoH
ALAMEERI	600	Canceled
ALADAN	1000	Canceled
MATERNITY	600	600
ALJAHRA	800	1000* (On Hold)
ALRAZI	500	500
IBN SINA	500	500

PHISICAL MEDICINE	500	(PTB)
CHILDREN	500	500
POLICE HOSPITAL	500	500

Not only did the interviewed experts saw a lot of opportunities for Western business development in the Kuwaiti healthcare sector, they were also having a very open attitude toward it: *“And yes there is a big demand, because we as a hospital ourselves want to get in touch with Dutch hospitals, private clinics. I want to explore the opportunities to collaborate with an affiliate or to have a joint-venture or mutual relationship. Every time when there comes a doctor with a new skill the level of quality rises and you will acquire new techniques, expertise and knowledge. I like this concept”* P6.

4.3.3 Private Healthcare Sector

Besides the opportunities in the public healthcare sector, special attention was also given to the private healthcare sector were the interviewees also saw a lot of opportunities for business development: *“In the private sector there are many ways to develop business. Sometimes a doctor will attend a conference, the product will be presented there and when they return they will recommend the product and say we need this product in our hospital. So you have to be present at conferences and exhibitions and you have to talk and inform the doctors”* P9.

Another interviewee supported this statement by mentioning: *“In the private sector there are many opportunities, the return on investment in the private will be good. Especially in the field of obesity. Today I was just reading the news and I saw that the highest percentage of obesity worldwide is in Kuwait, number 1”* P11.

Not only obesity was mentioned as a specific potential lucrative sector in both the public and private healthcare sector, many opportunities were also seen in other specific niches of the healthcare sector, such as IT solutions for the healthcare sector and consumables: *“The thing that is wanted and booming at the moment is IT-solutions, they are required everywhere now”* P14. And another interviewee stated: *“In the disposable lines and consumables there is opportunity in Kuwait”* P4.

More than a third of the interviewees stressed the notion that there were opportunities to develop business in the Kuwaiti healthcare sector, but that you have to be aware of the specific way these opportunities will come by and how they are structured: *“There are now nine hospital towers being build. Because of these 9 towers there are business opportunities. But the way it has been structured is special. The tower(s) will be built by a particular company, which will be the alpha-company (the contractor), assigned by Ministry of Health. In this particular case, the contractor then will subcontract individual firms for their expertise, furnishing, laboratory and all the other things needed. The business opportunities are there, for sure. But you have to get in touch with the alpha-company (the contractor) which take care of all the needs to fulfil its mission and complete the and deliver the hospital from construction till the staff they are responsible and have to take care for it”* P8.

Another interviewee supported this statement by stating that: *“The hospitals in Kuwait are quite old so now they are expanding. For the expansion or building of the hospitals they contract a specific*

company (the contractor) and not a medical equipment company like us. The contractor has to build for Ministry of Health and the contractor contacts us. They tell us we are participating in this hospital, in the expansion or building of this hospital and try this tender of medical equipment. Because I (the contractor) need equipment. Then we go for the tender under the umbrella of the contractor or the construction company” P5.

4.3.4 Reliability of Western Firms

Western firms seem to have an advantages in the healthcare sector in Kuwait above firms from other countries such as countries from Asia: *“Demand for Western product is high. Sometimes MoH or private sector ask very specifically for a certain brand. So it depends also on the product” P9.* And another interviewee supported this view by noticing that: *“Distinguished healthcare providers from Europe/Western firms is a big plus” P6.*

All interviewees agreed upon the view that Western firms were also seen as more reliable than firms from other countries: *“Very high, for a brand name of a Western company. They like the brand names here from US, Canada and Europe. They are very, very, very critical about Chinese made products. Some doctors and institutions will not even look at Chinese products, at all. There are a few very good and innovative Chinese manufacturers but unfortunately. Market Dominant: US manufacturers holding the largest share of the market and second largest: European firms” P10.*

Not only Chinese firms are not very welcome in the Kuwaiti healthcare sector, they Kuwaiti healthcare sector is also sceptical about firms from some European countries: *“They don’t trust the Chinese, cheap products, but they don’t trust them. It also depends on where. Western Europe (Netherlands, Germany, France, UK, VS) are ok but others they do not like, for example Italy. Germany they like, everything from Germany they like it. Because Germany manufactures lots regarding medical products. They are open now for France. Netherlands ok, we don’t find any difficulties. Eastern Europe they don’t like. When you talk to doctors they say Germany ok, UK also ok, Netherlands and USA. The other countries in Europe it depends on the company, what is the product they offer. They don’t mind but they don’t ask for it initially. They are open for it but it is not one of their first choices” P5.*

Another interviewee formulated it as: *“They prefer European products. European products are more accepted than Asian products or Chinese or Indian. It is similar for Netherlands, German or French. South European products like Italy and Spain are less favourable. It depends on the product and its price. Quality is assumed to be high in Europe” P12.*

And also this statement was supported by another interviewee: *“Of course, the majority of the doctors are preferring the Western, especially the European and American made products. They are starting to except to some extent, maybe 2%, Chinese, Malaysian and Far East products. Especially for the more famous firms. Still the majority is still preferring the Western firms, they are looking for quality products. They are looking for the European and American manufacturers. Far East products are not welcome. Ministry of Health cannot except anything coming from China. I don’t know why. The majority of the Chinese products is FDE approved but still they don’t stand a chance. Maybe a political issue” P11.*

4.3.5 Western View on Kuwaiti Opportunities

Some of the interviewees were Belgium and Dutch business people who already developed some business opportunities in the Kuwaiti healthcare sector or were starting to develop some business in this sector. These interviewees agreed with the other interviewees that there were many opportunities to develop business activities in the Kuwaiti healthcare sector. They did however focused slightly more on the management and organizational side of the processes in the healthcare sector, “ *Procesmatig en organisatorische bijdrage zijn nodig. Ik zou zeggen management en organisatie, het implementeren van best-practice processen*” P13.

Another interviewee supported this statement and formulated it as: “*Het management gebeuren. Ik zeg altijd: je kunt een beste dokter hebben maar dat garandeert u geen goede zorg. Je kunt de beste equipment hebben, maar ook dat garandeert u geen goede zorg. Maar als u een goede dokter hebt met een goede equipment en gij hebt een proces gedreven organisatie for care delivery dan kunt u waarschijnlijk goede zorg leveren. Dus die component van management is waarschijnlijk de component waarbij we het meest kunnen bijdragen in die omgeving. Wat we eigenlijk zien is dat ze eigenlijk vrij goede artsen hebben, zeker de locals die zijn bijna altijd Western trained US/Canada/UK of Europa, om te investeren in de laatste technologieën ontbreekt het ook zeker niet. Maar de component die ze eigenlijk missen is de proces gedreven organisatie*” P1.

The European interviewees also agreed that collaboration opportunities were available in the private sector for Western firms and for European academic institutions: “*joint-venture structuren met de private sector is heel wat te doen. Verder denk ik dat academische instellingen altijd kansen hebben om samen te werken met ministeries. Een ministerie zal altijd een gelegitimeerde partner zoeken, dat kan altijd een academische instelling zijn. Als je kijkt welke contracten ze hebben afgesloten met de Canadezen en Amerikanen die bevestigen dit alleen maar, allemaal academische instellingen*” P13.

Next to these opportunities the European interviewees also agreed that the specific tax-rules in Kuwait for foreign medical personell will be attractive for for example Dutch doctors to come and work in Kuwait: “*Een belastingvrije voet voor buitenlandse medisch specialisten zal de komende jaren het voor Nederlandse artsen (ik kan niet spreken over de rest van Europa) aantrekkelijk maken om elders te gaan werken. In Nederland wordt de belonging terug gedrongen*” P1.

The richness of Kuwait as a country was also mentioned by the European interviewees and could be an opportunity for Western doctors to work in the Kuwaiti healthcare sector: “*Koeweit beschikt over de financiële middelen om “state of the art” faciliteiten en apparatuur neer te zetten. Dit is aantrekkelijk voorbuitenlandse artsen, die eventueel bereid zijn om over te komen*” P1.

Furthermore, the expertise and knowledge of Western medical personnel was also seen as an important opportunity for Western firms and institutions to develop business activities in the Kuwaiti healthcare sector: “*Koeweit kan gebruikmaken van de knowhow en expertise van buitenlandse artsen om in rap tempo de eigen kennis en kunde op peil te krijgen*” P1.

This statement was supported by another local interviewee: “*Firms which can market their expertise in terms van technicians, doctors, nurses who can come in on local basis or can provide certain equipment have opportunities. Human interaction is important here. The conference things by internet do not work here*” P15.

In sum, the empirical data shows that there are many opportunities for Western firms in the Kuwait healthcare sector. These opportunities can primarily be found in a) the provision of medical equipment and products, b) the provision of human capital via medical, strategic and management knowhow via medical experts such as doctors, nurses, technical staff and management, c) the provision of information and communication technology such as computer systems and measurement evaluation systems and d) the education and on-the-job training of new and existing medical personnel on all levels.

4.4 Endogenous Variables - Barriers for Business Development in the Kuwaiti Healthcare Sector

The results from the interviews showed that there were many business opportunities for Western firms in the healthcare sector of Kuwait. Besides all the opportunities that are available in this sector for Western firms there are also a couple of important barriers mentioned by the interviewed experts which could decrease the chance of successfully developing business opportunities in the healthcare sector of Kuwait.

4.4.1 Having the Right Connections

One of the most important barrier for Western firms to develop business opportunities in Kuwait appears to be the “wasta” (means good connections or unlawful mediation) in Kuwait. A large majority of the interviewees (14 of 19) mentioned this “wasta” as being crucial to have a successful business in the Kuwait healthcare sector. One interviewee stated it as follows: *“You need a good network (wasta) then you can start. It is not easy at all”* P5. Another interviewee supported this statement by arguing: *“For governmental: the dirty games that are played, you need wasta and the relationship is very important”* P9. And another interviewee presented formulated it as: *“You need to have connections, a good network”* P14.

The government can be seen as an actor which is very important to be able to develop a successful business and can therefore at the same time also function as an important barrier for Western firms who want to develop business opportunities in the Kuwait healthcare sector: *“Your relationships and networks are very important with Ministry of Health. Ministry of Health approves your products, they check it, monitor it, test it, send it to department control. In Arabic it is called ‘wasta’. Sometimes it works in your favour, sometimes it works against you. Sometimes you know you are the better company or have the better product but if your competitor has a better wasta at the Ministry of Health that one will get the tender or the offer”* P10.

4.4.2 Business Laws and Regulations

Besides the “wasta” as being an important potential barrier to develop business opportunities in Kuwait, also the long procedures of regulations and the business laws and thus being able to have a return of your investment in a certain period of time in this sector is pointed out as being a potential barrier: *“Healthcare services as an investment is a long to medium term investment. People who want to invest in this field they have to know that they will not obtain their money of the investment soon. It requires a long time period of return”* P11. Another interviewee supported this point and argued that: *“Registration process could be an obstacle for a company. Delay in time can be a very important one. In Kuwait the process of getting orders sometimes takes between 10 – 18 months. The first year*

always is promotional for each company, there is no real business first year, too much expenses. It takes time to get your order awarded after the tender. The payments here are also always delayed around 90 days. It must be a big company to do business here, a small family company will not work out here. Big firms know that the first or first two years no business but afterwards they can develop business so they wait for their moment” P12.

4.4.3 Internal and External Competition

Related to the barrier of having long regulation procedures and the Kuwaiti business laws, a third of the interviewees mentioned that because of this barriers Western firms should be aware of the competition in the Kuwaiti healthcare sector and the regulations and that it is therefore not easy to earn your money quickly: *“There is high competition in this field. You have to get authorization to distribute your product in Kuwait. You have to be registered in Kuwait Chamber of Commerce and Ministry of Health. You cannot just do what you want and sell whatever product, it does not work like this. You have to do some homework before entering and getting registered here” P12.*

The financial costs of healthcare products and services was also raised by almost a third of the interviewees as being a barrier for developing business in Kuwait. One interviewee formulated it as follows: *“The price, sometimes quality is not taking into consideration. You need first of all low price and then we can see what will happen in the future. Any owner, CEO of company or hospital will see I need a lower price or discount. They will ask maybe for another brand. Mostly it just don’t has to be made in China” P9.* This statement was supported by another interviewee: *“All the mentality of the people here is about the price. They are very price sensitive in Kuwait and GCC” P7.*

4.4.4 Language, Islamic Culture and Job Contracts

Other barriers which were mentioned by more than half of the interviewed experts were: language, the Islamic culture and the contracts offered to medical personnel. The language in Kuwait appears to create a barrier for Western people who want or already work in the Kuwaiti healthcare sector: *“Language may be a barrier for the relationship between doctors and patient because not everybody speaks English here. Between doctors and nurses this problem should be minimum. When you enter a hospital it is not about only doctors and nurses, this is the main issue” P6.*

In Kuwait the main religion is the Islam and being a country in the Middle East means that it also has a specific Arabic culture which could be a barrier for some Western people who are wanting to develop business in this region: *“The Islamic/Arabic culture and lifestyle is significantly different from Western countries so this could play a role also. They could build up their own network and community but they will not be able to life their lives like they are used in for example Holland. There are no pubs, no nightclubs. The lifestyle is maybe healthier but I do not know if they would like it “ P8.*

The contracts which are offered in Kuwait to medical personnel is also pointed out to be a barrier in recruiting personnel with good skills. *“The contracts in Kuwait are limited without a real standard. Usually they have an open one or two-years contract, which can be renewed at the end of its period or annually. If the hospital and doctor at the end of this contract are still satisfied with each other they can renew it. If not they both go their own ways. If the person, in this case the doctor, is a high demand they make it a five years contract with penalties for the doctor if he wants to end his contract*

before agreed on. It depends on what they need and what he or she can offer” P6. This statement was supported by another interviewee who stated that not only the contracts were a potential barrier but also the licensing of medical personnel. “Another thing is that having doctors over here the licensing will be difficult and take very long and there is a lot of bureaucracy in the licensing department and Ministry of Health. This is another barrier. Let us say that I would like to bring in 2 or 3 doctors from your hospital to Kuwait. It takes 6-8 months to get licensed. So you then are paying salary for somebody who cannot do anything. For the doctor itself it is a little problem because he will get paid, but the hospital does not obtain the benefits of this payment. So some hospitals say “why should I take this risk?”. It happened with a French doctor, his salary was really huge and it took one year for them to get licensed. At the end he said I have to go back home, the hospitals lost huge amounts of money on his salary and at the same time he said he needed to go home because he was losing his skills” P10.

4.4.5 No Barriers At All

Although a majority of the interviewees (16 out of 19) did see at least a couple of potential barriers for Western firms to hold account with when wanting to develop business opportunities in Kuwait, it was striking to find out that three of the interviewees stated that there were no barriers at all for Western firms if they wanted to developed business in the Kuwaiti healthcare sector. One interviewee indicated that: *“For the medical scene there are no barriers. If you have a good product, if you have good connections in the market you can enter the market. There are firms from UK, Germany, USA and also Taiwan, China. So the market is open for everybody. I don’t see any barriers you just have to play it right” P5.* However, at the same time this interviewee does say that “if you have good connections” so that does imply that these connections are a requisite for being able to do business in the healthcare sector.

Another interviewee supported this argument by arguing that there are no barriers for Western firms: *“There are none. The only difficulty is the weather but for cultural matters I don’t think so. I don’t believe in that. I think they are respectful. Kuwaiti’s have been to many countries, most of Kuwaiti people have studied in Europe or USA. Three months of the year in the summer they are in Europe or USA so they are used to Western culture. Most of them speak a western language besides Arabic and English” P12.*

4.4.6 Western-Created Barriers

Finally, an interesting barrier which was only mentioned by four interviewees was that the Western firms also had created their own barriers and that the barriers did not only come from the Kuwaiti side. *“Now Western manufacturing or European countries they have developed into the stage where they are trying to minimize the workforce and cut the overload. And part of cutting the overload is that there is no need for demo. While in the Middle East the demo will do the job. That is where you will find the complex of thinking” P3.*

In sum, the main barriers which were found in the empirical data for Western firms which can influence their business development activities in the Kuwaiti healthcare sector can be brought back to five main categories. Specifically these are 1) having the right connections in Kuwait, 2) the Kuwaiti business laws and regulations, 3) dealing with the internal and external competition, 4) the Arabic

language, the Islamic culture and job contracts and 5) the barriers which are created by the Western firms themselves.

4.5 Secondary data

Next to the empirical data, also secondary data was analysed to find out how the Kuwaiti healthcare sector is performing. Based on the document analysis and the observations during meetings and events and conversations with experts in the field, it can be stated that the Kuwaiti healthcare sector offers many opportunities, given the rising population and an under-explored healthcare sector that's largely driven by the public sector. The government is keen for private sector involvement and has initiated a number of reforms and incentives to attract the private sector. Despite crippling political deadlock, Kuwaiti is looking to march ahead with many of its infrastructure projects. Given that healthcare has an immediate and direct impact on the Kuwaiti populations, the sector has been identified as crucial, even if many of the projects may not immediately be fast-tracked (Zawya, 2011). Plus, the economy appears to have staged a smart recovery from the global financial crisis and there is an acute awareness to create revenue streams away from the energy sector and stimulate private sector growth. These views were also found in the empirical data in the previous sections of this chapter.

The International Monetary Fund (IMF) has identified healthcare as a key area for the government to invest in, with the objective of transforming Kuwait into a regional trade and financial centre, while expanding the role of the private sector in the economy. The IMF states that the country's investment in healthcare, apart from education and infrastructure, lags behind international standards, despite its high standard of living and GDP per capita. "The primary healthcare system is relatively good but the system has not kept up with the demand for specialized care, leading to an expensive program to send citizens abroad for healthcare services," notes the IMF (Zawya, 2011). The healthcare infrastructure, such as hospital beds per capita, is significantly below countries with a comparable income level and the share of spending in GDP is low. Accordingly, there is significant scope to increase the provision of healthcare services domestically, which will require capital spending and adequate resources to hire well-trained service providers.

4.5.1 Foreign Clinics

The secondary data showed that the government is trying to encourage foreign clinics to establish in Kuwait¹. Those medical institutions with affiliation to renowned foreign hospitals abroad have done well. The main problem faced by state-owned and private clinics alike is a lack of specialization, rather than the means to acquire sophisticated medical technology in order to treat particular medical conditions. These views were also found in the empirical data where experts stated that human capital is needed in the Kuwaiti healthcare sector to be able to improve.

4.5.2 Medical Recruitment and Training

Kuwait is struggling to attract health professionals to work in its hospitals and is trying to work hard to retain qualified staff but still has a shortage. Almost two-thirds of the doctors serving in the country and up to 90% of nurses are expatriates, many of whom are employed on relatively short-

¹Presented at Kuwait Medica Exhibition & Conference by Samir Al Asfor, Assistant Undersecretary for General Services, Ministry of Health, Kuwait

term contracts. The MoH is continually searching for trained and experienced staff. By 2016 Kuwait is expected to recruit an additional 4,000 doctors and 10,000 nurses (Al-Sharafi, 2009). The presence of highly diverse expatriate workforce raises serious problems, concerning worker conflict, differential skills and competencies. Need for standardizing local training facilities and improving the system of hiring expatriates.

The empirical data also supports these data when experts said that the current human capital is not enough to carry the increasing demand of the Kuwaiti populations' need for healthcare.

4.5.3 Telemedicine and E-Health services

There are many opportunities for suppliers of communication systems, especially management information systems, such as those enabling the transmission of data between general practitioners, patients, hospitals and laboratories, following blood tests and x-rays. There are also opportunities for suppliers of software dedicated to specific pathologies². The Ministry of Health has plans for upgrading data systems matching international standards in all sectors of the healthcare system and promoting the applications of the electronic health systems at its departments. The Ministry of Health also seeks to set up an integrated electronic communication network to link up all sectors and departments of the Ministry including hospitals, medical centres, and clinics. The Ministry of Health has already begun applying the e-files system for preliminary healthcare and plans to expand it to incorporate the engineering sector, the citizen's service, the communication and the work shifts system. The private sector is also expected to take up a leading role in developing and implementing e-services (Kieft et al.,2012).

The results from the secondary data with regard to the technological opportunities strongly overlapped with the empirical results from the variable which was labelled *Technology*. This means that there is a strong indication that the variable *Technology* should be included in the revised research model.

4.5.4 Medical Treatment Abroad

In addition to the empirical results with regard to the treatment of Kuwaiti patients overseas, the secondary data added to these results more exact numbers of Kuwaiti patients who are treated abroad. The Overseas Treatment Department (OTD) allows patients to choose hospitals they wish to be admitted to. This is a clear opportunity for Western hospitals who would like to offer medical treatment to Kuwaiti's to promote themselves locally. In 2010 the Ministry of Health did spend 1 billion USD on treatments abroad. According to the Ministry of Health data, 3,000 Kuwaiti's were sent abroad for medical treatment and 8,000 were sent under similar programs run by the Military, the Police, the Kuwait Oil Company, the Emiri Diwan and the private sector (Kieft et al.,2012).

²Presented at Kuwait Medica Exhibition & Conference by Samir Al Asfor, Assistant Undersecretary for General Services, Ministry of Health, Kuwait

4.5.5 Conclusion from Secondary Data

The Kuwaiti healthcare sector offers tremendous opportunities, given the rising population and an under-explored healthcare sector that is largely driven by the public sector. The government is keen for private sector involvement and has initiated a number of reforms and incentives to attract the private sector. In sum, the opportunities for Western firms are in the following disciplines:

- Medical equipment and devices (operating theatres, anaesthesia, radiology and laboratory)
- ICT (computing equipment, software)
- Consumable products
- Healthcare infrastructure
- Emergency aid (equipment and services)
- Healthcare management
- Education & Training
- Establishment of specialist capabilities in coronary and diabetic care
- Telemedicine for the elderly and "special needs"

Despite crippling political deadlock, the Kuwaiti healthcare sector is looking to march ahead with many of its infrastructure projects. Given that healthcare has an immediate and direct impact on the Kuwaiti population, the sector has been identified as crucial, even if many of the projects may not immediately be fast-tracked.

4.6 Revised Research Model

Based on the empirical data and the secondary data which is being used as an addition to the empirical data to further clarify or to back up the empirical data, a revised research model can be presented (see Figure 3). The secondary data supported many of empirically found results of this study. Based on both these sources the presented research model in section 2.6 can be revised. This revised research model will be discussed briefly here, because it will be elaborated on more in-depth in the next chapter.

The results of this chapter show that the endogenous variables as presented in the research model in chapter 2 (figure 2), namely environmental factors, financial management factors, human resources factors, legal and regulation factors, and marketing management factors indeed play an important role in the business development process for Western firms in the Kuwaiti healthcare sector. When a Western company is thinking about starting business development activities in the Kuwaiti healthcare sector it has to be aware of the endogenous variables as presented in the research model (figure 2). Western firms can take advantage of this knowledge when taking these factors into consideration to ensure that they will have a more successful chance of developing business activities in the Kuwaiti healthcare sector.

The empirical data showed that the endogenous variables which are included in the research model are not the only variables which play an important role in the business development process for Western firms. The suggestion is to incorporate three new variables, namely *Culture: Wasta*, *Technology* and *Politics* into a revised research model to both represent a more accurate picture and to represent the complexity of the variety of factors that play a role in the Kuwaiti healthcare sector and influence the business development opportunities and barriers for Western firms. The empirical data showed that these three new variables have a strong influence in the business development

process. More specifically, *Culture: Wasta* and *Politics* seem to be variables which directly influence the opportunities and barriers for Western firms in the Kuwaiti healthcare system. The variable *Technology* seems to play a more indirect role, just as the other endogenous variables (see Figure 3).

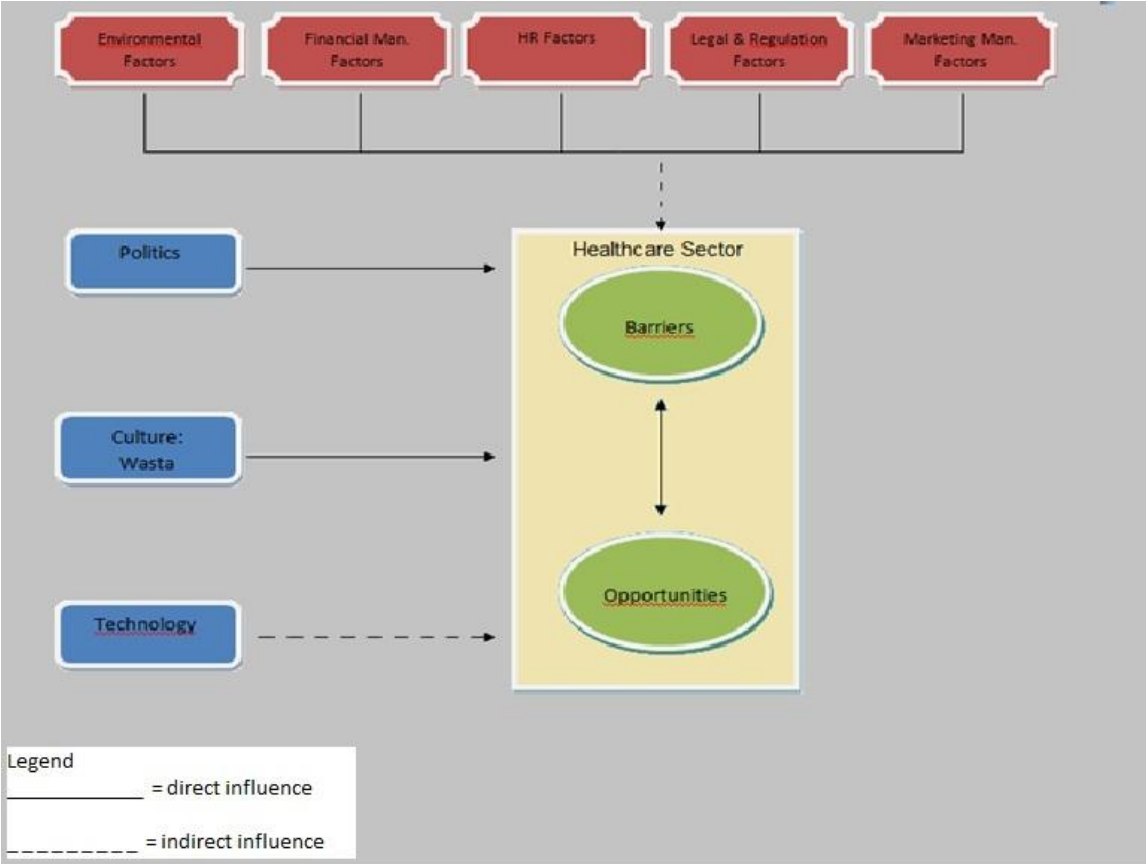


Figure 3. Revised research model: Business Development Process for Western Firms in the Kuwaiti Healthcare Sector.

Chapter 5 Conclusion and Discussion

The aim of this research was to get a better understanding of the business development opportunities and barriers in the healthcare sector for Western firms in Kuwait. Furthermore, the aim was to provide insights into the main factors which influence these business development opportunities and barriers in the Kuwaiti healthcare sector. The following research question was formulated to guide this study:

Which business development opportunities and barriers exist in the healthcare sector for Western firms in Kuwait?

Based on the existing literature on business development processes in organizations, an initial research model was developed, which formed the basis for the empirical data collection. The main goal of the empirical data collection was to explore, verify and specify the research model to be able to provide an answer to the central research question of this study. At the end of chapter 4, a revised research model was presented, based mainly on the results of the empirical data collection, and supported by the secondary data and from the observations in exhibitions, meetings, events and conversations.

5.1 Conclusion

Business development is a strategic decision for a firm to move purposeful into new generic products or consumer markets in accordance with corporate strategy. The whole process of business development is a very complex one and it is influenced by many factors. Business development is applicable to the process of strengthening ties with existing and new clients as well as searching for customers in other sectors of the market. This has been a primary focus in this thesis, namely trying to find business development opportunities for Western firms in a new sector, namely in the Kuwaiti healthcare sector.

Kuwait is an Arabic country in the Gulf region and is not the usual environment where Western firms develop their business activities. Several elements regarding cross-border business development are discussed in Chapter 2. There are favourable factors (opportunities) which can motivate cross-border business development, but the same accounts for the opposite, namely factors which can restrain this development (barriers). These two opposite factors should be taken carefully into consideration when Western firms want to deploy business activities abroad.

The Kuwaiti healthcare sector is a very interesting case for Western firms because both the empirical data and secondary data showed that there are many indicators that business development opportunities in the healthcare sector in Kuwait are growing. The existing literature on business development processes shows that the healthcare environment and its underlying processes have specific characteristics with respect to their degree of dynamism, complexity and multi-disciplinary nature. Usually healthcare executives align the organization around market-oriented and customer-focused strategies. The integrated financial components of strategic business development plans are very important. Business development for the healthcare sector requires the extensive involvement of the human resources department. Marketing management's most essential responsibility is to

influence desired consumers. Based on these findings from the literature, the following endogenous variables were included in the initial research model and were expected to have an influence on the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector: environmental, financial management, human resources, laws & regulations and marketing management factors (see section 2.6).

It can be concluded that the results as can be found in Chapter 4 confirmed that the initial endogenous variables do influence the business development opportunities and barriers, but that these factors can be better seen as more indirect factors which influence the opportunities and barriers for Western firms in the Kuwaiti healthcare sector. Nevertheless it is highly recommended to meet these endogenous factors, because they create a solid foundation for becoming successful in the Kuwaiti healthcare sector and also for developing a successful business in this market. In addition to the five endogenous factors which were known from the literature and indeed do seem to play a role in the business development process in the Kuwaiti healthcare sector, the empirical findings showed that there are three other factors which also influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector, namely: *Culture: Wasta, Politics and Technology*. The results in Chapter 4 strongly suggest that *Culture: Wasta and Politics* seem to directly influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector, whereas the other factors influence this business development process in a more indirect way as can be seen in the revised research model in section 4.6.

To answer the main research question more concretely, the specific opportunities for Western firms in the Kuwaiti healthcare sector lie in a couple of areas. First of all, it can be concluded that it has been set that there many opportunities exist for Western firms in the Kuwaiti healthcare sector. The Kuwaiti government is trying to encourage foreign firms to take part in their rapidly changing and rapidly growing healthcare sector. The results of this study indicated that the specific opportunities for Western firms are available in the following disciplines, namely: qualified healthcare professionals in both medical functions as strategic and management functions; the provision of medical equipment and devices, suppliers of communication systems, especially management information systems, such as those enabling the transmission of data between general practitioners, patients, hospitals and laboratories; the design and implementation of both hardware and software of information and communication technologies such as patients databases and medical databases; consumable products; healthcare infrastructure; emergency aid (equipment and services); healthcare management services; education & training of technical products; establishment of specialist capabilities in coronary and diabetic care; telemedicine for the elderly and "special needs"; and bringing the expertise of the current medical treatments which are executed abroad to Kuwait.

Besides the identification of the opportunities for Western firms in the Kuwaiti healthcare sector, the other part of the research question was concerned with the identification of the opposite factors, namely the barriers for Western firms. It can be concluded that the main barriers which have been identified in this study for Western firms which can influence their business development activities in the Kuwaiti healthcare sector can be brought back to five main categories.

More specifically these categories are: 1) Culture: Wasta, having the right connections in Kuwait, 2) the Kuwaiti business laws and regulations, 3) dealing with the internal and external competition of other firms, 4) the Arabic language, the Islamic culture and 5) the barriers which are created by the Western firms themselves. In the following section, the implications of these conclusions will be discussed more in-depth and related to the existing scientific literature on business development process.

5.2 Discussion

This section is reserved to compare the findings of this research with the literature framework presented in chapter 2.

Nauert (2005) noted that a firm seeking for business development in the healthcare sector needs to pay attention to several factors such as environmental, financial management, marketing management, human resources and legal and regulatory factors. These factors have been found in this study to be indeed important for Western firms to take into consideration when wanting to deploy business development in the healthcare sector. What has been lacking in Nauert's study (and actually in a lot of the other literature too) that it is unclear which of his proposed factors play what kind of a role in the business development process. By this we mean, which factors play a direct role in the business development process in the healthcare sector and which play an indirect role and when is there an overlap between these factors? Although these questions are very hard to answer, it is suggested here based on the findings of this case study that more attention is needed in the business development literature and should be paid to the specific roles of specific variables. This could provide a lot of insights for firms who want to deploy business activities in the healthcare sector.

The literature gives insight on how stakeholders can effect or are affected by the achievement of a firm's objectives (Freeman, 1984; Clarkson; Mitchell, Agle, & Wood, 1997). The findings of our study suggest that different stakeholders can have different views on the healthcare sector and its function. For example, the private stakeholders in this study complained about the ever changing rules and regulations and Ministers of Health in Kuwait. They argued that because of this instability there was no room to build a certain experience or expertise in a specific field because of the ever changing rules and regulations. This complaint was not mentioned by the stakeholders of the government. For Western firms it is important to be aware who their stakeholders are and what their exact role is in the healthcare sector. Knowing this could help develop a more successful business.

Furthermore, the literature suggest that the network approach is anchored in the recognition of markets as networks of exchange relationships (Ford, 1980; Axelsson, 1992). Although not explicit attention was given to this network approach in this study, the findings clearly suggest that networks are also present in the Kuwait healthcare sector. First of all, a public network, a private network and a government network can be distinguished and then an overlap between these three networks can be found. Because of the Kuwaiti healthcare system which consists of both public and private sectors and is mainly owned by the Ministry of Health which owns more than 80% of all the healthcare services, it can be said that the government network has many links with the other two networks, the private and public network. The expectation is that the Kuwaiti private healthcare sector will grow rapidly in the coming years, the consequence will be that the private network will also rapidly grow

and become more complex than it currently is. Scientific research has been very limited in this area and especially very limited in the healthcare sectors of the Gulf region. Many research questions can be asked about this interesting topic and further research should pay attention to the dynamics of the network structure of healthcare sectors in the Gulf regions. Western firms have to be aware of the presence of existing and upcoming networks when seeking business development in a new market. For a firm that sets up any activity in a new market it is important that the firm understands the network structure of the target market. So the firm is aware of how to develop network insights and how to establish its social contracts. Specifically for the Kuwaiti healthcare sector, being aware of the existence of the networks and the people who are working in these networks seem to be important factors for Western firms to be able to develop successful business opportunities.

Related to the network structure of the healthcare organizations, the findings of this study have provided a very interesting variable to the existing literature. In the literature it is known that different cultures have different values and that this can play a role in the cross-border business development (McDonagh, 1990). However, what is lacking in the literature are the specifications of which aspects of a culture play an important role besides the well-known differences between cultures such as for example being a masculine or feminine society (Hofstede, 1980). The findings of this study showed that an important part of the Kuwaiti culture, namely “wasta”, meaning having the right connections with the right people is a very important factor for a Western firm to be able to develop business activities in the Kuwaiti healthcare sector. This *Culture: Wasta* variable seems to directly influence the opportunities and barriers for Western firms. Further research should study this variable more in-depth. For Western firms it is highly recommend that they will take this “wasta” factor into account when they want to develop business activities in the Kuwaiti healthcare sector.

Another important factor which has been found in this study to have a direct influence on the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector is *Politics*. This factor has not been found explicitly in the literature but has been added based on the findings to the proposed research model. Further research should study this factor more in-depth, but our assumption is that the current business development literature has been up till very recently very much focused on the Western world where there is (a bit) more political stability than in other parts of the world. The *Politics* factor can be assumed to be more related and of more influence to business development processes in certain regions in the world. However, since Western firms want to expand their markets in economies which they do not have very much experience with, it is very likely that this factor will be and even become more and more important in certain regions of the world, think about not only the Gulf region but also for example China and Brazil.

The last factor which has been added to the proposed research model besides *Culture: Wasta* and *Politics* was *Technology*. Although *Culture: Wasta* and *Politics* seem to directly influence the business development opportunities and barriers for Western firms in the Kuwaiti healthcare sector, the factor *Technology* seems to influence this relationship more indirectly. However, even if this influence is more directly, the factor *Technology* has been lacking in the existing literature about business development. Based on the findings of this study is it strongly recommended that more research will focus its attention to the specific role the factor *Technology* is playing in the business development process. The healthcare sector is more and more becoming a digitalized sector where technology is one of the main parts of the systems (at least in some parts of the world). If we look at the Western world where technology is considered to be an integral part of the sector to provide

efficiency and higher quality, then it is expected that this trend will also become more visible in other parts of the world. Even though it has to be acknowledged that also in the Western world, *Technology* is also not always accepted by everyone in the healthcare sector (Gagnon et al., 2012). If we also take into consideration the rapidly ageing world population and current lifestyle trends and less people available to taking care of the elderly, than *Technology* is a factor which may even become in the near future a factor which directly influences the business development opportunities and barriers for Western firms in the Gulf regions healthcare sectors.

5.3 Limitations

To answer the research question a deductive approach was followed. The basis for the research model was a literature review. Because of this approach a possible limitation could be that not all the literature available about (cross-border) business development was found and used. Which could mean that some concepts regarding business development are missing in the model. Giving the extensive literature review, this possibility is regarded as rather small. Also, the set-up of the interview protocol with its open-ended question should have addressed a large part of this potential limitation.

The initial model which is based on the literature and presented in section 2.6, may not be applicable for every region or country in the world. This model should be viewed for every region or country specifically and therefore specific variables can be added to it whenever necessary to represent the specific context of the case more accurately, because it has been showed in this study that local differences do exist and therefore can influence the business development opportunities and barriers in a specific context.

In this study the focus was to try to get a representative sample of the stakeholders in the Kuwaiti healthcare sector which are also experts in their fields. Three groups of stakeholders were distinguished and approached to be part of this study, namely stakeholders in the private sector (private hospitals and medical, equipment, supply and drug firms, medical investment firms), stakeholders in the public sector (public hospitals and public pharmacies) and stakeholders in the government sector (especially Ministry of Health, Minister of Defense and Kuwait Oil Company). Although a lot of effort and time has been dedicated to get an equal numbers of representatives of all the three groups, it seemed in practice to be very hard to get enough government representatives and this groups was thus the smallest of all the three groups, namely only consisting of four representatives. However, even though this number is smaller than the number of the other groups, respectively eight representatives from the public sector and seven from the private sector, these four representatives did hold key functions in the government and thus provided very valuable information to this case study.

5.4 Future Research

Choosing for a particular method naturally causes that other aspects of the studied phenomenon will be less explored. The case study was an appropriate method for this study since the aim of the study was to provide an in-depth understanding of the Kuwaiti healthcare sector and the business development opportunities and barriers for Western firms in this sector. The in-depth interviews yielded a very rich database and provided a clear understanding of the factors that play a role in the

business development process in the Kuwaiti healthcare sector. Now that is known which variables influence the opportunities and barriers for Western firms in the Kuwaiti healthcare sector, the proposed research model can be further enhanced. The research model that has been developed is based on empirical and secondary data of a specific case, namely the Kuwaiti healthcare sector. Although Kuwait is representative of many of the Gulf countries it still has some specific characteristics, for example that is more modern than Saudi Arabia, but less than for example Dubai and Qatar. It would be interesting to validate the research model in other Gulf countries healthcare sectors as well.

One of our findings was that relational factors and networks are very important determinants for Western companies to develop business in Kuwait. But what kind of relational factors or networks add value to develop business in Kuwait is not specified in this study. Fortunately there is a lot of literature available about this topic and its influence on business relationships. It could be valuable to explore this further and add the factor of network to the proposed research model and study it more in-depth in relation to the other presented variables to find out what its specific contribution is in relation to the other variables and what specific role it plays for Western firms in this context.

Furthermore, it would be very interesting to design a study in which a more quantitative approach will be taken to understand what the specific roles are of the variables of the research model in the process of business development. It could be that a variable is more important in the beginning of the process of business development and another variable be more important in a later stage of the process. Now that is known which variables influence the opportunities and barriers for Western firms in the Kuwaiti healthcare sector, it would be interesting to find out more about how these variables act in a) different countries in the Gulf regions and b) their specific place in the business development process. This quantitative study should include a large scale survey in which all the variables which are introduced in the model are included and operationalized in specific items. This questionnaire should then be pretested and when revised, send out to all Kuwaiti private and public firms working in the healthcare sector and governmental institutions and to the other healthcare sectors in the region such as healthcare firms and government institution in Qatar, Oman, Saudi Arabia, and the United Arab Emirates. The results of this survey can hopefully bring us more insight in how large or small the specific contribution is of every variable in the proposed research model and the differences between the countries. These findings could yield very interesting results for Western firms who want to deploy business development activities in the healthcare sector of the Gulf countries. With this knowledge they will probably make a better informed decision on which variables they will focus more or less in a specific stage in the business development process.

Chapter 6 Recommendations

In this chapter we will elaborate on the practical insights and present recommendations for Western firms and the Royal Netherlands Embassy.

6.1 Western Firms

The Kuwaiti market is partly a difficult one because of the government requirements and the many regulations in accordance with the time-consuming procedures. For a firm to be able to compete for a contract it has to fulfil several criteria in advance. For a Western firm which lacks the knowledge about the ins and outs of the Kuwaiti market, the best way to cope with this is to collaborate with a Kuwaiti partner, which is also required by law.

This study showed that it can take several years before new entrants develop profitable business. Because of this it is important that firms are able to survive this first period until they can generate income and their return on investment. Furthermore, Western firms will need patience and they have to invest a lot of money, time and effort before receiving any benefits in any form.

A Western firm that intends to enter the Kuwaiti healthcare sector needs to conduct an extensive research to obtain the necessary knowhow. Based on this a firm becomes aware of the market, the competition, the infrastructure, the gaps and its characteristics. Based on this initial analysis a firm chooses the most appropriate strategy to enter and compete in this competitive sector. One of the recommendations for Western firms interested in the Kuwaiti healthcare sector is that a Western firm should definitely read the magazine of 'El Kuwait El Yawm'. This is a weekly edition which provides all the tenders with a price above 5,000 Kuwaiti Dollars. The magazine also shows all the needs and interest areas of the government.

As discussed earlier, it is highly relevant in the Kuwaiti healthcare sector for Western firms to build up a network to gain information about the most essential aspects of developing business in Kuwait, like regulations, procedures, opportunities and barriers and the business culture. By developing and maintaining this network with (key) people from public and private sector, a Western firm gains a competitive advantage and increases its channels of information of upcoming opportunities. This may even allow a firm that a tender may be written especially with the specific specifications of its product, technology or service. The best way to organize this is to be present in Kuwait as a foreign firm. The current study has shown that this contributes to obtain government contracts.

When a Western firm conducted and finalized its market study, has chosen a strategy to enter the Kuwaiti healthcare sector, has chosen a suitable partner or agent in Kuwait, then the following steps (see Table 4) should be fulfilled to be able to deploy successful business activities:

Table 4: Procedure for Western firms to start business development in Kuwait

1. Legalization of the contract between the two parties (Western firms and Kuwaiti partner)
2. Attest contract at Ministry of Foreign Affairs in country of origin
3. Attest contract by Kuwaiti embassy in country of origin
4. Attest contract in Kuwait by Ministry of Foreign Affairs
5. Translate contract into Arabic by an approved translation company
6. Contract goes to Ministry of Justice to secure its liability of origin
7. Registration at Ministry of Commerce
8. If needed, the file goes to Ministry of Health for registration. This depends on the type of the product
9. Kuwaiti partner registers foreign company with their agreement (it includes what type of agreement and the duration is also written) at Kuwait Chamber of Commerce and Industry

6.2 Royal Netherlands Embassy

The Royal Netherlands Embassy added a major contribution to this study in several ways. The head of the Economic Department wants to strengthen the economic ties between Dutch and Kuwaiti firms or entities. This was the initial reason to conduct this research. This research presents insights about the characteristics of the Kuwaiti healthcare market and its motivating factors or its restraints.

In this section several recommendations are given for the Economic Department to assist the Dutch private and public sector to develop and maintain business activities in Kuwait, based on empirical findings in this study. By providing this extra support , the Royal Netherlands Embassy can distinguish itself from other embassies and support its companies so they can compete with firms which are well established in Kuwait, like for example from USA, UK, Canada and some other countries. To hand back to the revised research model at the end of chapter four, the Royal Netherlands Embassy should focus on the initial stages of the business development process by providing information on characteristics of the market, supporting the firms to extend and build up their network and personally introduce them to key and relevant persons from the public and private sector:

- The embassy possesses a lot of valuable information which can be distributed proactively to the Dutch private sector about the local market and opportunities which come or will come up in the (near) future. In Kuwait, especially in the public sector, most of the business deals go through tenders. These are announced and embassy staff receive this information are can obtain these easily.

- Creating awareness and providing the Dutch private sector with information about the complexities of the Kuwaiti market, it is not the easiest one to enter, but once one has entered and found its way through then the return on investment will pay off. Dutch firms should understand all the regulations they need to comply with and to fulfil the requested requirements. This task is important because most Dutch firms turn to their embassy in the foreign country first to collect information.
- A result of this study showed that for developing business successfully it is extremely important in Kuwait, and in the Gulf region, to have the right relational factors and network, *wasta* called in Arabic. The embassy can support in the first stages and actively assist a Dutch firm to build up its network with public or private firms or entities in the relevant sector. Several embassies in Kuwait already provide introductions for new entrants and support them finding their ways and try to direct them to the most relevant or key persons which are the most influential ones or the decision makers. This depends on the core of the activities.

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Appendixes

Appendix 1: Distribution of public healthcare facilities

DISTRIBUTION OF PUBLIC HEALTHCARE FACILITIES IN THE COUNTRY

There is at least one major general hospital in every governorate;

#	Governorate	Hospital	Beds
1	Al Asimah	Al Amiri Hospital	374
2	Al Asimah	Al Sabah Hospital	438
3	Hawalli	Mubarak Al Kabeer Hospital	409
4	Farwaniya	Farwaniya Hospital	523
5	Al Ahmadi	Al-Adan Hospital	557
6	Al Jahra	Al-Jahra Hospital	621
		Total Beds	2,922

Table 1: Kuwait General Hospitals

The government also operates specialized hospitals as exhibited in Table 2 below;

#	Hospital	Specialization	Beds
1	Al-Razi	Orthopedic surgery	267
2	Physical Med. & Rehabilitation	Physical Med. & Rehabilitation	78
3	Maternity Hospital	Maternity	375
4	Chest Diseases Hospital	Chest Diseases	131
5	Infectious Diseases Hospital	Infectious Diseases	151
6	Psychological Medicine	Psychological Medicine	749
7	Ibn Sina Hospital	Spinal Surgery	363
8	Kuwait Cancer Control center	Cancer Control	112
9	Allergy Center	Allergy Center	128
		Total Beds	2,354

Table 2: Kuwait Government Specialized Hospitals

Appendix 2: Tender processes

The approach in Kuwait to agency representation is little different from other GCC markets. In view of the size of the business community, there is a need to ensure that there are no potential agency conflicts or overlaps – and that the scale of the operations matches those of the potential local associate.

If a business involves government tenders and contracts, it is important to ensure that the local associate is of good standing with the government, and has access to key decision-makers.

Strict commercial agency laws mandate a careful approach to appointing a local representative. Local legal advice is particularly recommended to ensure that agreements are structured to serve the marketing strategy, as there may be alternative models to consider, if a company is bidding for a single project – rather than seeking a continuous presence in the market.

As is common practice throughout the GCC, agency arrangements in Kuwait are closely regulated - in Kuwait's case by the Law on Commercial Agencies of 1964.

Formal agency relationships must be registered and the law provides considerable protection to the Kuwaiti agent, including provision for compensatory payments for unreasonable termination or non-renewal of contract. Given these circumstances, there is value in seeking appropriate advice concerning available options before entering into a formal agreement.

Appendix 3: Structures for doing business in Kuwait

Joint Stock Company or Shareholding Company

A Joint Stock Company or Shareholding Company (KSC) must have at least 51% of its issued share capital owned by GCC nationals or entities. However, with the exception of specified banks and insurance institutions, there are no foreign ownership restrictions on the share capital ownership of companies listed on the Kuwaiti Stock Exchange (KSE). Furthermore, it is possible for non-GCC entities to beneficially own more than 49% of the share capital of a KSC not listed on the KSE by employing a Kuwaiti custodian to own legal title to shares in the company in trust on behalf of the non-GCC entity with an agreement that the non-GCC entity retains all economic and beneficial rights to the shares. All

KSC's must have at least five shareholders but there is no maximum limit on the total number of shareholders. The liability of each shareholder is limited to the nominal value of the shares held by that particular shareholder.

With Limited Liability Company

Many of the provisions relating to the establishment and operation of a With Limited Liability Company (WLL) are similar to the provisions for a KSC. As with a KSC, GCC nationals or entities must own at least 51% of the equity in a WLL. The custodial arrangement discussed above with respect to KSC is also feasible with respect to WLLs. WLLs must have at least two owners but no more than thirty.

Joint Ventures/Partnerships

A partnership or joint venture may be established between a Kuwaiti citizen or company and non-GCC entity in circumstances where it is anticipated that the Kuwait citizen or company will perform a greater role than just being the agent of the non-GCC entity. A joint liability partnership may be formed between two or more partners and is considered an independent legal entity in Kuwait.

Joint ventures however, are not recognized as distinct legal entities in Kuwait. Under Kuwaiti law, a joint venture is defined as a commercial partnership formed between two or more entities provided that the partnership is to be confined to the relationship between those entities - it is not valid with regard to third parties. Also, the legal relationship of third parties to the joint venture is restricted to the partner with whom the third party has contracted. Joint ventures do, however, provide the parties wishing to do business in Kuwait with more flexibility in their arrangements than if those parties were to establish a company in Kuwait. Joint ventures do not have to be registered.

Commercial Agencies

As an alternative to establishing a joint trading firm in Kuwait, foreign persons or entities may legally do business in Kuwait under the auspices of a local Kuwaiti agent. The agent must be a Kuwaiti national or a Kuwaiti company with is ultimately owned in its majority by Kuwaiti nationals. In order to properly formalize the agency, there must be an agency agreement which is registered with the Kuwait Ministry of Commerce and Industry.

Once the agency is registered, the Kuwaiti agent will be entitled to certain compensation rights in the event of unjust termination or even the natural expiration and non-renewal of the agency agreement.