

STATOIL - OPPORTUNITIES AND THE RISK OF ENTERING NEW FOREIGN MARKETS IN THE CONTEXT OF THE ECONOMIC, POLITICAL, CULTURAL ASPECTS AND DIMENSIONS OF HOFSTEDE'S NATIONAL CULTURES

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Abstract

Equinor (formerly Statoil) deals in the exploration, production, transport, refining and sale of crude oil and petroleum products. Recently, the oil industry has experienced the deepest crisis since at least the nineties. Despite the resignation of many important investors, it should be remembered that the population is growing, the world is also demanding energy. Therefore, despite instability in the oil market, Equinor wants to develop its operations. Of course, the company has placed an emergency plan for "worse times", which is why it is developing towards renewable energy sources. It also does not cease operations at all stages from exploration to production in the oil sector. Therefore, the purpose of this work is to present new mining areas for Statoil.

Introduction

Statoil is not only the world's largest offshore operator but also a Norwegian-based energy company with operations in more than 30 countries. Since 1972 they have explored, developed and produced oil and gas on the Norwegian continental shelf, where there are a leading operator (Olsen P.I., 2000:132). From the early nineties they have built a global business, with strongholds in Europe, Africa, North America and Brazil. So much effort is put on safe and efficient operations, innovative solutions, sustainable development and technology. While providing every day energy for 170 million people, they want to extend their operations and find another countries which markets they can reach (Equinor, 2019). The oil industry heavily relies on the exploitation of water and other natural resources. Furthermore, in recent years much attention has been paid to renewable energy resources such as hydropower, solar power, wind and tidal energy. Although Statoil is highly concerned with searching for alternative resources and operating in a more sustainable way, there is no doubt that they will continue to dig up oil*. However, a rising global demand for oil and the fact that oil reserves are expected to last until 2071, pressures Statoil to expand its operations globally to seek for new sources of oil. To increase the area of activity, companies often use the theory of internationalization - choosing the Uppsala model or strategic approach (Fonfara, 2009). The use of these theories aims to reduce the risk associated with the bankruptcy of the enterprise. These theories are used when a company wants to enter a new "uncertain" market. This uncertainty is related to political, social or cultural problems. Managers who use the strategic structure strive to choose the best way to enter new markets. The "best way" is selected based on the assessment

* 15 March 2018 - Statoil, the largest Norwegian oil company, changed its name to Equinor. The reason was the idea of develop the scope of activity beyond oil and gas extraction. The rebranding costs are estimated at 230-250 million norwegian kroner. The name Equinor refer to the English words equality and equilibrium, which means equality and balance, and "nor" means the Norwegian origin of the company. The Norwegian government controls 67 percent. company. Despite this change, the this article will use the name (Fryc J., 2018).

of the given market, by analyzing the political, economic and cultural situation. Choosing the right form of internationalization leads to maximizing profits using the company's resources, reducing the risk of possible losses. Progressing globalization shows a lot of barriers, but thanks to appropriate marketing research, companies can reduce the risk and costs of failed production. For this reason, the purpose of the article will be to show a detailed analysis of the three countries that can be a good alternative to expanding activities for Statoil. The possibilities and risk of entering new markets will be presented - as two basic elements of the SWOT analysis - an analysis that is necessary when analyzing the attractiveness of a given foreign market. These factors will be analyzed based on the current political, economic and cultural situation. In order to properly analyze individual countries, an analysis of the country's work culture based on Hofstede criteria will also be presented.

The countries to be examined are Egypt, Ecuador and Kuwait. I chose this country because of the close neighbourhood of countries, where Statoil is already involved in the production and has got strong position, I mean Algeria. Algeria is largest gas producer in Africa. Libya has long been a major exporter of oil and gas, but the industry has been badly affected by political and security challenges in the country since the revolution in 2011. The Mabruk field has been shut down since an attack in 2015 but production in Murzuq resumed in the beginning of 2017. Maybe this is a good reason to enter the Egyptian market too?

The following article will present an analysis that will answer the above hypothesis. Therefore, the ultimate goal of the article is to choose a country that will reduce the risk of company bankruptcy and increase the chances of international development for Statoil.

Exact analysis of state Egypt

Starting from the general information about the country, Egypt is a lower middle income country, an important non-OPEC (Organization of the Petroleum Exporting countries) energy producer. It has the sixth largest proved oil reserves in Africa. Over half of these reserves are offshore reserves. It is worth noting that Egypt is the second largest producer of natural gas on the continent, while Algeria ranks first. Egypt is a very important actor on international energy markets. Its important significance concerns the operation of the Suez Canal and the Suez-Mediterranean (SUMED) Pipeline. An important historical affair was the Egyptian Revolution of 2011. Its main reasons were for example unequal distribution of wealth, lack of free elections and freedom of speech, unemployment, political censorship, corruption, food price rises. After this revolution, since 2014 Egypt's economy is on its way to recovery and become a significant and attractive place for foreign investors (O&G, 2016).

Chances in entering the market

It should be noted that, after the Revolution in 2011 Egypt is looking to get its economy back on track. Foreign investment will increasingly become the main support for the development. Egypt has planned and made different investment reforms, which can help the foreign investors to

create their business there for example fuel subsidy, simplified bankruptcy proceedings, the companies' law which allow non-Egyptian investors to open their brands and companies in Egypt (Doing Business, 2018).

The next important aspect is that Egypt's economy is third largest in Africa. There is so much ways to develop it even better with good policies which ensure money flow and by different investments the economy growth in the long run will be provided. The example is Modernization Program initiated by the Egyptian ministry of petroleum. The project was created in order to unblock the potential of the country and, as a result, transform it into the Regional Oil and Gas Center. The key assumption of the project is to address the competitive and business-oriented industry. The project also assumes the improvement of the mining sector's efficiency through the introduction of new technologies and capacity building. Thanks to this project, many investors have decided to cooperate with Egypt, which in turn will contribute to the social and economic development of this country. (Tarek E.M., 2017).

The third example to increase the chances of entering this market is the fact that Egypt possess the largest refinery capacity in Africa. The Egyptian government currently updating existing refineries, while a new private-sector refinery also begins the development of its production. Egyptian investments in petrochemicals sector are planned for the next five years.

Fourthly, it should be noted that, despite the instability of oil prices on world markets, Egypt is expanding its operations by establishing cooperation with major international oil and gas companies. The number of free trade agreements and other deal is also promising. Egypt has several oil and gas pipelines, so the infrastructure is good but maybe not that modern (not environmentally sustainable).

The final aspect is the fact that Egypt located in the eastern part of North Africa. Egypt is the main point where roads connecting Europe, the Middle East, Africa and western and eastern Asia cross. Egypt is located on the Mediterranean, Red Sea and Suez Canal. Its strategic location allows the development of trade not only in Egypt but also around the world. (Arab Republic of Egypt, 2018).

Risk in entering the foreign market

The long history of late payments with EGPC is undoubtedly a challenge faced by international investors in the oil sector in Egypt. Of course, government has made efforts to encourage foreign investors to undertake cooperation in the field of exploration and development in the oil sector, trying to pay back the arrears in relation to the IOCs. Despite the will, the government still lags behind. The government has reduced arrears to USD 1.2 billion as of June 2018 and planning to repay all by end of 2019. (Halime F., 2013).

Undoubtedly, the biggest risk is political and social instability. There are some regional uncertainties for example relationship with Israel and terrorism threat. The last bombing was in January 2011 during the Egyptian Revolution.

Another difficulty is excessive bureaucracy that makes it difficult to do business as well as high-levels of corruption. If peoples salaries are not high enough and people are underpaid it affects their motivation and incentives. In order for a company to succeed, it needs both experienced

and educated employees as well as well-motivated to operate and achieve the set goal. In this case, the company must provide adequate remuneration and social benefits that will positively affect the motivation of the employees. Otherwise, when employees are underestimated, they can find a different way to meet your needs. Most often they supplement their income "unofficially". Cooperation with the government and providing ideas such as tax exemptions, loans for investors has no business support, because if no one checks it, it creates further opportunities for corruption. From the other side: refusing taking a bribe sometimes can be seen as something strange by Egyptians and it might not help in building mutual trust and respect, especially businesses (Strong Ch. B., 2014: 100-101).

The last aspect is the risk resulting from economic and political instability. Egypt's natural gas production declined while the consumption increased. Natural gas discoveries have been undeveloped because the price that Egypt's government was willing to pay foreign operators for the natural gas was too low, so the companies didn't want to invest into it. The risk in this aspect is slowly getting smaller, because the awareness of the Egyptian government is increasing. In recent years, the Egyptian government has decided to change the tactics of state development by concluding agreements with foreign production operators, raising the price for natural gas.

Exact analysis of state Ecuador

Due to its geographical characteristics and its privileged situation in the planet, it is a country where it can be found one of the largest concentrations of bio-diversity in the world. In the past, the country suffered from social and economic instability, but the last decade has brought more stability. At present, the economy is dependent on oil, agriculture and money that is sent to Ecuador from workers abroad. The government of Ecuador is highly dependent on the revenues from the energy sector to support its budget and finance state projects (Energy Information Administration, 2017).

Chances in entering the market

Firstly, in Ecuador, oil is produced in the northern part of the Ecuadorian Amazon basin. There are about 1.67 billion barrels of oil under the Yasuni Reserve. In recent times, a new naphtha field has been opened, which means that the current oil production will increase from 550,000 to 570,000 barrels a day. Crude oil has been the main export of Ecuador for the last four decades and is likely to continue in the coming years. (Bustamante R., 2018).

The second opportunity to enter the market in Ecuador is that, economy is fully dollarized, which anchors inflation expectations and largely reduces transfer and currency risk. Despite this, monetary policy is limited, while the Central Bank unfortunately can not act as a lender of last resort. Liquidity in the economy depends on external surpluses, foreign investment inflows or increasing debt. These are good indicators and adequate profitability, but nevertheless, the banking system is particularly vulnerable to liquidity shocks. In this sense, the Fed's tapering will impact negatively the national banking system, credit growth and liquidity available in the economy (Euler Hermes Economic Reserch, 2016).

The important for new investors in the oil sector is that Ecuadorian road network has undergone major improvements mainly because of recent investments in the country's infrastructure, supported by the introduction of road tolls. While less than 20% of the highways are paved, the Pan-American Highway forms the backbone of the country's road network, linking all the major highland towns and cities from north to south. Other major routes are the Spondylus Route and Ruta del Sol (along the Ecuadorian coastline) and the Amazon backbone (crossing north to south along the Ecuadorian Amazon). In the Oriente Region the road system is least developed and serves almost exclusively the needs of the local oil industry. The network's biggest problem has always been the weather, with floods and landslides both being common, knocking out roads for weeks at times (Factsheet, 2018).

The last important fact is that GDP per capita and social indicators have improved significantly over the past years. GDP is one of the basic measures of national income. GDP is the aggregate (total) sum of final goods and services produced in a given country within a certain period of time (most often a year). The only criterion is the place of production of goods, the origin of capital is irrelevant. In 2016, GDP per capita in Ecuador amounted to around 6,046.3 U.S. dollars. Statistics show that in 2020, GDP will be 6,426.5 (The Statistics Portal - Ecuador, 2012).

Risk in entering the foreign market

The first risk of entering the market is slow economic growth due to the lower-than-desired crude prices to numerous corruption investigations incriminating government officials. Crude oil is in many ways crucial to Ecuador's economic prosperity. Dependence on oil production and high vulnerability to global oil prices. The economy is very dependent on oil, this is why Ecuador broke the OPEC quotas last year. "There's a need for funds for the fiscal treasury, hence we've taken the decision to gradually increase output" (Perez C., 2017). Quotas were established to support oil prices and deal with oil oversupply. Oil accounts for around 30% of government revenues.

In Statoil goals there is also written about changing people's lives in the countries which market they are entering, so maybe the good solution here is to provide better development policies, cooperation with local investors to not only dig for oil but also to make Ecuadorians life better. This country needs very broad reforms may be difficult and not beneficial to enter, but for sure can very beneficial for Statoil's image.

Secondly, Ecuador has a big problem with bribes, corruption, even the former hydrocarbon minister took bribes in exchange of grating state contracts. It is also worth mentioning that - 4 Januar 2019, the President of Ecuador, Lenin Moreno said that about half of the \$ 4.9 billion intended for the five infrastructure projects related to oil was associated with corruption (Pipoli R., 2019). Developing smart technology by international companies which have got more money to invest can help. It can be for example the use of online platforms for checking the government's interactions with civil society and the business community. It can be successful in different areas for example: tax collection, public procurement, and red tape(too much bureaucracy). If this would cost too much, establishing the international legal framework for corruption control can be an

option for which the government can be open for because it is not that costly (having a reform is not that costly, but checking if people follow it-it is) (Business Anti, 2016).

Thirdly, almost half of the reserves are in the environmentally very valuable region in the Yasuni National Park. Even if the country would like to increase or maintain the production almost half of its estimated reserves are in the most biologically diverse natural parks, the Yasuni National Park. President Lenin Moreno is backtracking on a promise to protect the Amazon. So here is the risk: if the Statoil wants to be perceived as an environmental friendly company drilling in this territory would ruin the company's reputation (Ramirez Chiriboga J.I., 2014).

The next fact is that 80 percent of oil production is now in the state's hands. Hydrocarbon resources are exclusively owned by the state, and Ecuador limits foreign investment in the oil sector. Foreign oil and natural gas companies are allowed to enter into service contracts that offer a fixed per-barrel fee for their exploration and production activities. The move away from production-sharing agreements to service contracts has increased the government's share of revenue and state oil production.

Exact analysis of state Kuwait

Kuwait is a very small country, rich in raw materials, located on the top of the Persian Gulf. Kuwait is one of the richest countries in the world, thanks to enormous oil reserves. This country is strategically located, because in the neighborhood there are powerful neighbors such as: Saudi Arabia, Iraq and Iran. A country, in distinguish from its powerful neighbours have got very open politics system and pro-western stance. The main vision of the can be perceived as full of independence and openness, but the major religion in Kuwait is Islam, so any criticism about Koran, The Muslims and The main emir is prohibited (Baker J.A.).

Chances in entering the market

One of the most important elements that affects the ability to enter new markets is the political stability of a given country. Since its independence in 1961, Kuwait maintained strong international relations with most countries, especially nations within the Arab world. Its huge oil reserves gives it a prominent voice in global economic forums and organizations like the OPEC. Regionally, Kuwait has a unique foreign policy that is characterized by neutrality. The country is in very good and stable political situation, has got very good relation with other countries. In essence, Kuwait's foreign policy is based on the principles of clarity, straightforwardness and quiet diplomacy. It aims at strengthening constructive cooperation with other countries on the basis of mutual respect, and non-intervention in the internal affairs in accordance with the principles of fairness and justice. Kuwait's foreign policy is also concerned with the maintenance of its own independence, sovereignty and freedom of political decision. It is Oasis of peace and safety in this turbulent region (Naser M., 2017).

Secondly, Kuwait has an abundant oil resource. From 1930s the discovery of massive oil reserves revolutionises the country's economy. Kuwait's oil reserves are the fourth largest in the world. Kuwait is the world's eleventh largest oil producer and seventh largest exporter. This country's oil production accounts for 7% of world-wide oil production. Since the government of Kuwait

owns the oil industry, it controls a lot of the country's economy. Kuwait's oil exports depends on internal needs and from the economical point of view from an international demand and prices, production quotas fixed by the OPEC, of which Kuwait is a member. Oil will last for another 88 years. Gas reserves have a life time of over 100 years (Craig A., 2018).

Then, it should be emphasized that Kuwait, as well as other countries which economies are based on oil felt the sharp drop in oil prices in 2014. It has turned the fiscal balance from years of huge surpluses, to large deficits. That's why the newest development plans includes spending US\$116 billion on energy and infrastructure projects and strengthening of the role of the private sector.

Fourthly, attention should be paid to the authorities good reaction during the crisis. Despite the global financial crisis, the authorities have managed to maintain financial stability[†]. Of course, there have been negative effects of the global crisis such as the decline in oil prices and production. The crisis also influenced reduction investors' confidence and triggered a steep fall in real estate. The current financial stability is due to the appropriate reaction of the authorities during the crisis. The authorities implemented strong measures in the banking system (International Monetary Fund –Kuwait, 2010).

The last factor that increases the probability of success of Statoil in Kuwait is the fact that the authorities invest in urban infrastructure. The government invested large portions of oil revenues in infrastructure and urban development, creating in the process a modern metropolis. This investment also presents the positive activity of the authorities for the development of the country.

Risk in entering the foreign market

The first risk is the unfavorable location of the Kuwait state. Kuwait is situated in a section of one of the driest, least-hospitable deserts on earth. Generally flat and undulating with low hills and shallow depressions. The climate is dessert, that's why there are high temperatures in the summer (app.44 degrees Celsius). Unfortunately, this is a factor that nobody can influence.

Another negative factor is high degree of public ownership and control of oil and gas sectors results in a generally weak private sector. The country remains too closed to foreign investment because of its laws restrictions to the establishment of non-citizens - the purchasing shares of a publicly traded companies by private investors or working with the local sponsors/business partners with a 51-49% split in favour of the Kuwaiti partner. From 2015 there is a law which excludes foreign investments from extraction of crude petroleum and natural gas. This law was enacted after oil prices dropped in 2014. The government wants to have more diversified economy. So if there will be no partner for cooperation entering this location might be impossible.

The last fact is that over the last years OPEC strongly fights for determining quotas for oil extraction, due to world's oil oversupply and environmental problems (Capeotway Associates, 2016). For countries which are rich in oil it is difficult to enforce it, because the companies

[†] The global financial crisis, which took place from mid-2007 to mid-2009. Crisis contributed to large turmoil on stock exchanges, which improved after two years of decline. As a direct cause of the global financial crisis, from the middle of 2007, the favorable situation on the mortgage market has been assumed. These were subprime loans, or loans with higher risk, which were provided by US banks (Terazi E., Şenel S.).

usually want to extract more oil and gas and in that way just earn more money. Kuwait as well as other countries have been accused of violating them. In main opinion it is a very big risk. If the oil extraction in this country is already very high there could be no place and no possibility for other companies to join and make profits (Yergin D., 1991). The solution for that can be co-partnership with local agents. Statoil, following the company's goals can provide environmentally sustainable technology and modern solutions for oil extraction and in that way have rights to extract oil. This business opportunity is really good especially that in the very close neighbourhood is United Arab Emirates, where Statoil already works and extract oil. Being that close to Kuwait can make entering its market easier.

Characteristics of Egypt, Ecuador and Kuwait work culture based on Hofstede framework

Interculturality in running a business refers to different areas and does not end with negotiations and signing a contract. Many problems appear already in the implementation phase of the project. Sometimes the difficulties in intercultural communication or the reading of statements and inaccurate asking questions leads to problems with the implementation of the contract and, as a result, to the problems of the company as a whole. We must also remember about cultural sensitivity when planning a marketing strategy. Ignorance may, in fact, undermine the chance of making investments, hence it seems necessary to prepare for functioning in an intercultural environment. It should be noted that in many countries, entrepreneurs receive state aid in acquiring foreign markets in the form of intercultural preparation for foreign operations. Companies conducting international business and contacts with representatives of other cultures are exposed to cultural shock and difficulties in understanding the other side. The following aspects of the impact of cultural dimensions on the nature of business negotiations indicate how programming the mind of the partners influences their behavior, way of thinking and perception.

In today's management of organizations, the role of organizational culture is a very important element. Hofstede and other scientists describe national culture as a "collective programming of the mind" of specific nationalities and people who have a specific national character, representing the cultural programming of their minds. In the connection of the presentation of three countries in which Statoil can develop its activity, the analysis of Hofsted's dimensions is a key element (Hofstede G., Hofstede G.J., Minkov M., 2010).

The first dimension is power distance. Egypt scores high on this dimension score of 70, while Ecuador achieved the 78 result in the PDI ranking[‡]. Kuwait achieves high marks in this dimension, up to 90 points. All three countries have the same characteristics in this dimension and characterized by a paternalistic style of decision making, which is based on the fact that an employee or subordinate is afraid to present a different opinion from the superior, and is happy to

[‡] PDI is an indicator of the distance of strength, which is credited to the Dutch social psychologist Geert Hofstede. It is an indicator measuring the distribution of power and wealth among people in business, culture or nation. (Andrijauskienė M., Dumčiuvienė D., 2017)

accept and implement decisions taken by the superior. Inequality in this matter is generally acceptable and even desirable.

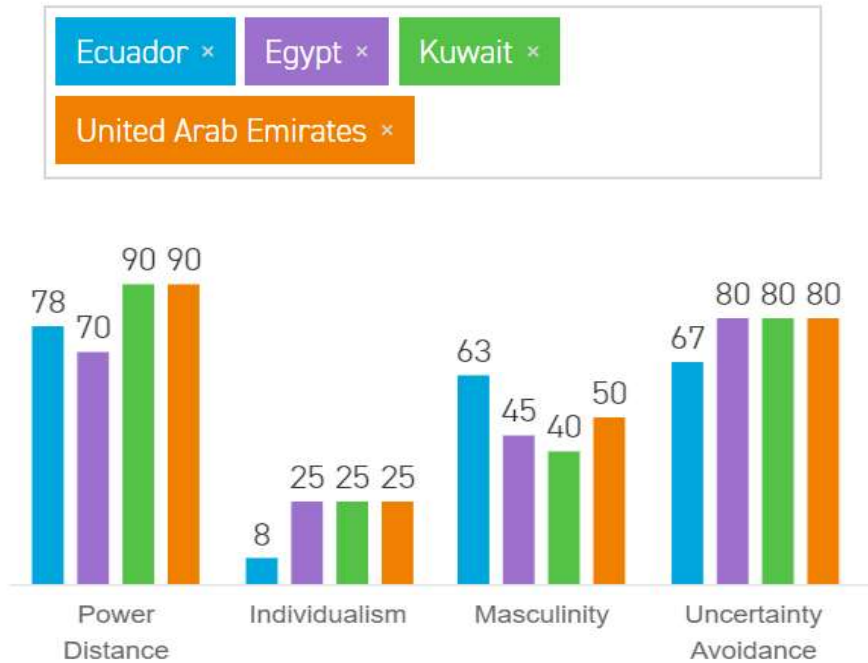
The next dimension is Individualism. Egypt and Kuwait have the same number in this dimension - score of 25. Ecuador, on the other hand, is considered the most collectivist culture in the world because it scores 8. All these countries are characterized by a collectivist culture. These dimensions refer to the group that characterizes is a manifest in a close-term commitment to the 'group'. Relations between the employer and the employee are perceived in moral terms and resemble family ties, and decisions regarding employment and promotion depend on the group membership of employees.

The third dimension is masculinity. Egypt scores 45 on this dimension. Kuwait scored 40, while Ecuador scored 63 points. These results mean that countries considered a relatively feminine society. Women's culture underlines the importance of good relations and mutual cooperation and undertaking charity work. Feeling safe and being a parent is seen as very important. In women's culture, failure is treated as an ordinary case, not as a personal failure, as in the case of male culture. Caring and tenderness and showing weaknesses are not perceived negatively. At the political level, universalist prosperity, assuming the pursuit of democracy, support and help for all, and care for the environment are ideal. Disputes are resolved through negotiation and compromise.

A very important dimension is Uncertainty Avoidance. Egypt scores 80 on this dimension. Kuwait has gained the same dimension as Egypt, whereas, Ecuador has a score of 67. These countries are characterized by a high preference for avoiding uncertainty. Cultures with a high level of this indicator refrain from taking risks and are reluctant to use new methods, preferring tried and tested methods and solutions. Proper life uncertainty is perceived as a constant threat that must be fought. This causes a high level of stress and anxiety. Society has a strong need to capture everything in the framework of laws and regulations and to take time and thought with hard work. However, these activities are based on the pursuit of building a sense of security, recognition and belonging (Khashman N., 2014).

The chart below compares countries that can open development opportunities for Statoil. In addition, the United Arab Emirates have been presented. This dependence is the result of Statoil already operating in the United Arab Emirates. Kuwait and Egypt are in close proximity to the Emirates and have similar results in Hofstede's dimensions, which is why the possibilities for entry into new markets by Statoil are much larger. The company has already been researching interculturality and has experience in the development of activities in countries with such culture.

Chart no. 1 Comparison of countries based on Hofstede dimensions



Source: Hofstede - Insights, Country Comparison. <https://www.hofstede-insights.com/country-comparison/ecuador,egypt,kuwait,the- united-arab-emirates/> (access: 24.01.2019)

Conclusions on the basis of the above analysis of three countries

Each company needs a good organizational structure to enter new markets. Competences and resources are integrated in and across business units. This is one of most effective way to gain benefits from specialization of labour. It makes it possible to concentrate on the concrete tasks and coordinate the activities of departments. Effective cooperation can reduce costs and improves quality. In order for Statoil to be successful in new markets, it needs smart hiring practices.

The countries analyzed above are characterized by problems related to corruption. One of the solutions that Statoil can apply in such a situation is hiring local people. If Statoil will be treats employees appropriately and provide them with social, medical and financial care, he can get rid of the problem of corruption. Another important element is cooperation with local governments. In politically unstable countries, adequate diplomacy and good communication with the authorities of the country are the best solution. Good relations with local authorities will also allow you to bring to the market the new technology. Statoil prioritize caring about environment, using "cleaner" technology. If Statoil wants to maintain a good corporate image, it must adapt its management to local requirements.

Countries that I have chosen are similar to each other if it comes to working culture, that's why I need a structure that provides high uncertainty avoidance, and employees always know who

should they ask for help. Also very important is to have a person from Norway in the representatives (in every country) to spread Statoil's culture and values. It must be people who had previous entrepreneurship, so they must be quite experienced. They should know what to expect and know how to deal with problems.

In Kuwait, when the merge with the local company must be done, the structure can be very difficult to describe because it depends on how the local Kuwait company structure looks like. From the cultural description I can only suspect, that it can be something hierarchical (high power distance dimension) and strictly controlled (low individualism) by the government and other units. This market is really hard to enter and closed for investors, but as I mentioned before, they are kind of willing to work with somebody stronger than they so it is not impossible. Cooperation is possible only by investments, technology and know-how. Norwegians engineers have got very high level solutions in technology, which can be interesting for Kuwait's partners.

The problem here is that Kuwait technology is also in very high standard so the Norwegians technology solutions should be very innovative. All in all cooperation between best can be quite beneficial for both on the sides. So it is something new in Equinor market's entering. In the company's vision and philosophy it is written that the company wants to have a continuous development, so here is a way to realize it. For Equinor very important is balance between the need to ensure a secure and cost-efficient supply of energy and to reduce carbon emissions. Technology and innovation are key to solving these challenges. Maybe this is the right way to cooperate with Kuwait.

Summary

A really important step in the company's development was changing a name to Equinor. Company wants to increase and follow the newest project and trends connected with renewable energy. Projects aim is to reduce emissions from oil and gas production, and projects that will provide more energy to meet the world's increasing energy needs. "We're taking great steps to lessen our footprint. If a company is to succeed over time, it must adapt at least as fast as its surroundings. Equinor is no exception, and we're now taking great steps to further develop the company from a focused oil and gas company to a broad energy major" (Equinor, 2018).

I analyzed three countries in which Statoil is not involved into production. It is Egypt, Kuwait and Ecuador. There are some similarities between them for example: their economy strongly depends on oil, in Egypt and Ecuador investments and modernization have to be done. Kuwait is quite risky country to enter, the same as Ecuador, but in my opinion there are not so many countries now in the world which are not entered by Equinor but have great opportunities for investing in oil. It wasn't my goal to choose three similar countries. My very first idea was to choose countries quite safe, politically stable, with abundant oil resources and strong economy, which are in the close neighbourhood to the countries, where Statoil is already involved into production. But after my research I didn't find proper ones. I think that these 3 that I finally choose are quite good for making oil business, but I had lots of doubts about Ecuador. State-owned companies account for most of the oil production. Solution is working for example with Petroecuador, the national oil company of Ecuador and provide up to date technologies. Ecuador must

change the energy policy. There are fields not yet leased and lying outside the rainforest. I chose Ecuador because it has a very strong neighbor. It is Brazil. Equinor has a strong position in Brazil and it is seen as a core area for long-term growth. But I think that entering this market is very risky. There is not as much oil left as in other countries, lots of investments and modernization have to be done. As for Kuwait, it could be very good country for having an oil business, this closed economy is not that well affected. However, it is worth remembering that when entering this market, you must comply with local laws and regulations. This market is characterized by a lack of confidence in new investors, therefore building business relationships takes time. Of course, it is worth pointing out that building these relations "works both ways". After negative experiences related to the Northern Oil Fields project and the well-known Petrochemical problem of KDow, there is also a reluctance of cooperation on the part of international investors.

The analysis showed that Egypt is a very open country to foreign investment and has a much better situation in which it is now after the Egyptian Revolution from 2011. If Egypt wants to follow Statoil in caring about environment Egypt must invest in the technology that will limit the pollutions while digging for oil. Statoil has a very developed strategy for the protection of nature. "Always safe, high value, low carbon. We are committed to long-term value creation in a low carbon future" (Equinor, 2018).

The analysis of the three countries presented above, in which Statoil can expand its activity, confirmed my opinion that the best country for the company's development is Egypt. Despite the possible risks, the analysis ultimately shows that entering this market can be very beneficial. Therefore, I confirm the hypothesis presented in the introduction.

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