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## 1. INTRODUCTION

This part goes through defining the research question and how the study is structured in order to answer this question. Background or the context of the study is also presented.

### *1.1. Problem definition*

Internationalization, in the simplest term and within the field of International Business (“*IB*”), refers to business activities across national boundaries. With the increase of international trade, international relations, treaties, alliances, etc. which are the results of globalization, more companies become interest in international activities and integrate internationalization into their ongoing business strategy. The motivations behind this strategy are numerous with profitability may-be the strongest motivator. Once the goal is made clear, firms will have to design the modality to get there. They may follow the incremental approach, whereby a sequence of stages reflects the firm's increasing market knowledge and commitment over time. This approach is thoroughly depicted in the Uppsala model by Johanson and Vahlne (1977) – the most widely documented concept in the literature.

This framework, however, was criticized for being over simplistic or too deterministic in having only one single construct (i.e. experiential knowledge) to explain the internationalization (Tan, Brewer, and Liesch 2007). Further, we recognize that the knowledge learning process based on the Uppsala model which is seemingly a self-learning process by a single firm. This contradicts the idea “*No business is an island*” – a single firm is always a part of its environment (Håkansson and Snehota 1989). The learning process indeed could involve interaction, exchange and learning from other individuals or organizations. When the process involves more than one actor, we map all the actors into the so-called *network*. And so we expect that the internationalization process of a firm is influenced by its network. Numerous researches within IB have tried to shed light on this matter and not surprisingly, their results do highlight that network has been a supporting mechanism in internationalization (Ciravegna, Lopez, and Kundu 2014, Johanson and Vahlne 2009, Styles et al. 2006).

One limitation of the extant IB literature on network research is that most of the studies focus on inter-firm relationship and omit the interpersonal ties which can

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also be the mechanism for firm relationship (Ma, Yao, and Xi 2009). Few studies have systematically examined these two networks and also incorporated the role played by governmental bodies (Amdam 2009, Che Senik et al. 2011). This study, therefore, takes the model by Che Senik et al. (2011) as a point of departure to explore the question *How each network actor influence the internationalization process of a firm?*

To narrow down the research question, we take a close look at the initial phase of internationalization – How each network actor triggers and facilitates the internationalization activities of a firm? Vietnam represents an under-investigated economy, especially in terms of business relationships (Nguyen and Nguyen 2010). Norway and Vietnam which have tight personal bonds with authors and for the ease of data collection are chosen for empirical country setting. The key research question we address is: *How do networks trigger and facilitate the market entry of Norwegian firms into Vietnam?*

### ***1.2. Structure***

The thesis is structured as follows: The first section offers an overall introduction to the paper, the research question and the contextual information. In the next two sections, we review the literature on networks and internationalization and based on that we develop theoretical propositions to outline how the research question will be addressed. Research methodology is discussed before coming to data analysis and discussion in section five. Last session will present the conclusion by summarizing theoretical and managerial contributions as well as limitations of the study which are the avenue for future researches.

### ***1.3. Vietnamese context***

This session presents a broad picture of the countries under investigation. Two aspects – Institutions and Business Culture - are briefly introduced to serve as background information for later discussion.

#### ***1.3.1 Economic development***

The Social Republic of Vietnam or Vietnam for short is located in South East Asia, a dynamic and fast growing region in Asia. Unlike the general perception of a country with a long period of colonialism and decades of conflict resulting in damaged infrastructure and economy, Vietnam is holding “the world record” in



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development with a reduction in poverty from 58 per cent in 1990 to 15 per cent in 2008 (World Bank 2008). Vietnam has been classified as a middle-income country since 2010 (UNDP 2016) with an average GDP growth rate of 5.7 per cent between 2011 to 2014 (World Bank 2016a). This is perhaps the result of the country's high priority in economic development and World Trade Organization membership.

Eleven years after the Americans retreated from Vietnam, in 1986, the Political and Economic Reform policy (“Đổi mới”) was introduced and has transformed the country from a centrally-planned economy to a market oriented under the socialist guidance (UNDP 2016). The Reform included deregulating prices, reducing subsidies to state enterprises, ending the collective agricultural system, enacting new commercial ownership laws to encourage private enterprise, enacting new foreign investment laws, and creating policies directed toward the stabilization and convertibility of the Vietnamese currency (Quelch and Dinh-Tan 1998). Following the reform was a period of gradual liberalization and international integration, through which Vietnam could “catch up” with neighboring countries. The full membership of World Trade Organization in 2007 has remarkably enhanced the globalized approach to business and trade, opened up the economy to foreign investment and technology to serve the country's modernization process (VietTrade 2014). In addition, Vietnam is a member of ASEAN Free Trade Area (AFTA) and different bilateral agreements; Vietnam participates in the ASEAN Economic Community (AEC), the regional economic cooperation partnership (RCEP), and the Trans-Pacific Partnership (TPP) (Mallon 2015).

The Reform policy and the entry into World Trade Organization have made Vietnam an attractive place for foreign investors. In 2008, inflow of foreign direct investment (“*FDI*”) reached an all-time high of US\$9.6 billion (World Bank 2016b).

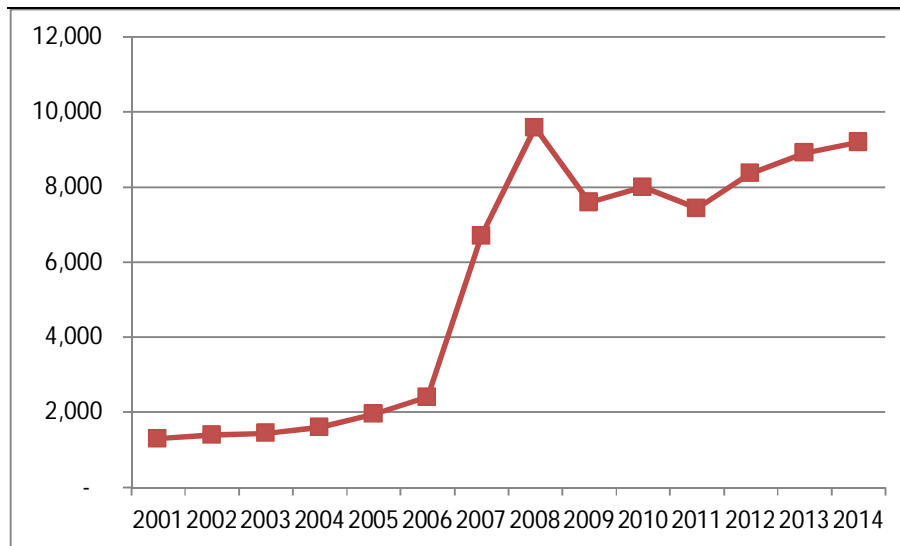


Figure 1: Vietnam's inward FDI, period 2001-2014 (USD mil) (World Bank 2016b)

### 1.3.2 Institutions – the foundations for Vietnam development

The initial focus of the economic reform was on establishing new market institutions and dismantling redundant institutions. With increasing international integration, demand for formal economic institutions increased. The National Assembly has passed laws governing investment, enterprises, land, contracts, financial institutions, securities markets, and other property rights. Vietnam has achieved some successes in creating a better business environment with less state power (Mallon 2015). However, these reforms seem to only scratch the surface. The business conditions are still quite complex, fragmented, scattered in different documents, adding to risks, increasing costs and significantly restricting the access to business opportunities for people and businesses. According to World Bank Group (2016), the ease of doing business in Vietnam is low, ranked 90 out of 189 economies. Policies and laws are constantly changing, lack of transparency and fairness, making it difficult for businesses, creating tremendous legal risk for investments, doing business; etc. (Nguyen and Tran 2015).

### 1.3.3 Business Culture

Although business culture encompasses many pillars, we will examine only relationship issues which might be relevant to the thesis topic.

As a result of long period of being governed by foreign countries, Vietnamese culture is somewhat a mixture of its local culture and the occupiers' culture

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(Nguyen and Mujtaba 2011). More than 1,000 years being governed by China, Vietnamese culture is largely influenced by Confucianism. The French colonization since mid-1880s to 1954 and then American from 1959 until 1975 had exposed Vietnam to Western and American values and lifestyles. Continuous exposure to Western values may eventually change this cultural trait, but such change likely occurs slowly (Smith and Pham 1996) and the Chinese influences still prevail.

Largely rooted in Confucianism, Vietnamese is a connection based society where *high collectivism* rules that everybody considers themselves part of a larger group. The society is a set of an interconnected network of personal relationships. Most Vietnamese people spend extensive time to maintain and build close personal relationships with friends, relatives, colleagues, and even business partners. Having a *moderate uncertainty avoidance*, and adapting to *high-context culture*, Vietnamese has a tendency to decrease uncertainty and ambiguity in business relationship by transforming it to a social one. Unlike Western business practice, a lot of time is spent engaging in non-business related conversations before settling down to do business. Understanding their partner's background, personality, interest, personal life, etc. and frequent face-to-face meetings are critical in building trust between partners which then translates into closer personal relationship - the foundation and the key to business success (Nguyen and Mujtaba 2011, Smith and Pham 1996, Vietnam-culture 2016).

#### ***1.4. Vietnam – Norway political and economic relations***

The year 2016 marked 45 years of diplomatic relations between Norway and Vietnam since November 1971. Over 45 years, the two countries have enjoyed a robust and multifaceted bilateral relationship in energy, governance issues, fisheries, the environment and climate change, and women's rights and gender equality (Norway 2016). Between 1972 and 2013, official government aid from Norway to Vietnam amounted to over NOK2.3 billion. In 2015, bilateral assistance from Norway to Vietnam was NOK77.5 million, in which aid for economic development and trade took up NOK29 million (Norad 2015). The assistance was particular in petroleum and fisheries management, which are two major industries of Norway. Negotiations on a free trade agreement between Vietnam and the European Free Trade Association ("*EFTA*") are currently in

progress, with Norway as coordinator of the EFTA side (EFTA 2015, UD 2008, Norwegian Government 2016).

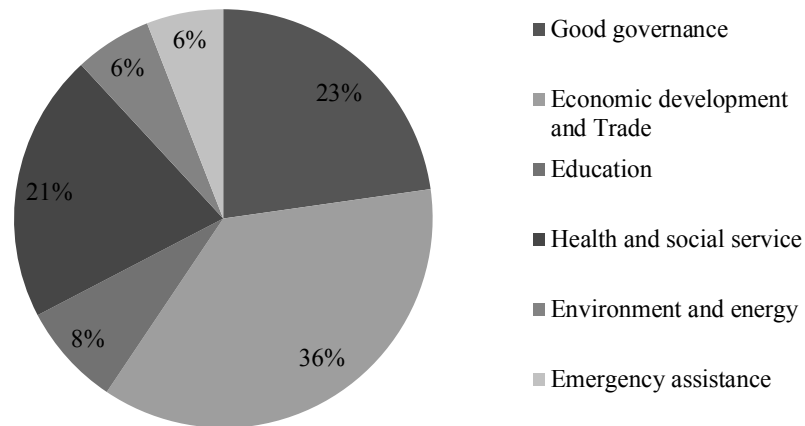


Figure 2: Bilateral assistance from Norway to Vietnam in 2015 (Norad 2015)

Vietnam bases its policy on areas where both countries have particular interest in cooperation and works towards promoting Norwegian business interests, specialist expertise and values. The number of Norwegian companies with operations in Vietnam has been increasing, and several Norwegian-Vietnamese business partnerships have been established. As of April 2016, there are 40 Norwegian companies in Vietnam and most of them operate within Information and Communication Technology (“*ICT*”), maritime and marine industry (Innovation Norway 2016b). “*I think Vietnam and Norway have a very good relationship based on business, trade, and international cooperation within United Nations projects, such as UNICEF, where we are partners in promoting education, social development, job investment, and job creation*” (Solberg 2015). This is likely the consequence of “The Vietnam Strategy” which was launched in 2008 with the purpose of contributing to sustainable economic growth and poverty reduction in Vietnam. In this strategy, together with democracy and human rights, technical assistance cooperation and international issues, business especially the private sector cooperation was the key area for enhanced cooperation. Maritime, fisheries, oil and gas, aquaculture, energy and environment, ICT, and trade in consumer goods were important sectors for Norwegian business activities in Vietnam. The strategy based itself on Norwegian companies who wished to establish activities in Vietnam and demonstrated Corporate Social Responsibility (“*CSR*”). In line with that, the Norwegian

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Ministry of Foreign Affairs actively assisted those companies and strove to ensure the best possible framework conditions for their operations either through guidance on conditions in Vietnam, political as well as economic and practical advice on issues relating to CSR, barriers to establishing business operations and other structural problems or assistance in contact with the Vietnamese government. Because the Vietnamese state is a dominant actor in this economy, visits at political level helped Norwegian private sector gain admittance to the Vietnamese market (Norwegian Embassy 2014, UD 2008).

Since Vietnam moved up to a middle-income country in 2010, Norway has changed its priorities in development cooperation to Climate, the environment and forest cooperation; Renewable energy; Technical cooperation; Women and gender equality; and Culture (Norad 2015).

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## 2. LITERATURE REVIEW

This section reviews the academic literature on internationalization drivers of businesses related to networks. Two main sections are presented. The first section reviews literature on the role of network in internationalization activities, and shows how networks are used differently to trigger and facilitate market entry. The second section provides some overviews regarding the classification of Multinational Cooperation (“*MNC*”) and Small and Medium Enterprise (“*SME*”).

### 2.1. Network

When considering internationalization activities, behavioural approach which regards to internationalization as a process, is of great interest. Efforts to understand the process of internationalization have been numerous. The incremental, stepwise manner is widely documented in the literature, with Johanson and Vahlne (1977) providing the most commonly cited conceptual and empirical base. Their Uppsala model based on activities of large Swedish manufacturing firms, identified a clear tendency that firms initially move from their home country to a "psychically close" markets i.e. markets having similar culture, language, political systems, level of education or industrial development, etc. with a low level of commitment. Over time, after enhancing foreign market knowledge and experience, firms then increase foreign market commitment and expand to successively greater psychic distance markets. Overall, the Uppsala model illustrates how managerial learning drives internationalization. This, however, fails to explain why many firms display different patterns of internationalization. In the Norwegian context, for example, psychic distance has, in general, not been found to guide firms' international expansion, neither initially nor as they continue to grow (R. G. Benito and Gripsrud 1992) or in the case of 'high performing' UK high-tech SMEs (Crick and Spence 2005).

The gradual pattern seems to be attributed to the lack of experiential knowledge and uncertainty in foreign market (Andersen and Buvik 2002). Such limitations, however, can be minimized by drawing on the resources of others: “*Knowledge on business in a foreign country can be shared within a business network*” (Lin and Zhang 2005, Holmlund and Kock 1998). This leads to a co-evolution of the learning process in the firm and its network. *Business networks* are defined as a set of interconnected business relationships with other business actors (Amdam

2009). The business historian Rolv Petter Amdam (2009) further showed that many of the deviations from the original Uppsala model were explained by different forms of networks and relationships. Another area of research, thus, suggests the internationalization process involves, and is influenced by, a set of connected relationships a firm builds as part of its "network" (Coviello and Munro 1997, Meyer and Skak 2002). Network, for example, was developed to bridge Japanese manufacturing companies into the United States (Martin, Anand, and Mitchell 1998).

Network, as defined by Axelsson and Easton (1992), involves sets of two or more connected exchange relationships. Following from this, markets are depicted as systems of social and industrial relationships among actors (Coviello and Munro 1997). The actor may be a firm, an organization, a subsidiary unit of a holding company or an individual as an independent economic entity. Where a major trend of research in networks has put an emphasis on the ties at the company and personal level, Rolv Petter Amdam (2009) and Che Senik et al. (2011) went beyond this to offer a clear and comprehensive set of sources of networking. Generally, it can be classified into three main groups of network actors, which are I/ Business associates, II/ Personal relations, and III/ Governmental actors (Che Senik et al. 2011). This report is then organized according to that framework being visualized in Figure 3 below. It is important to note that the network structure in this study will follow an egocentric approach where the case firms are surrounded by their respective external linkages. Also, networks here take on the qualities of '3M Post-it' – *sticky enough to glue together and obtain synergic strength yet not too sticky to become a burden on each other* (Lin and Zhang 2005).

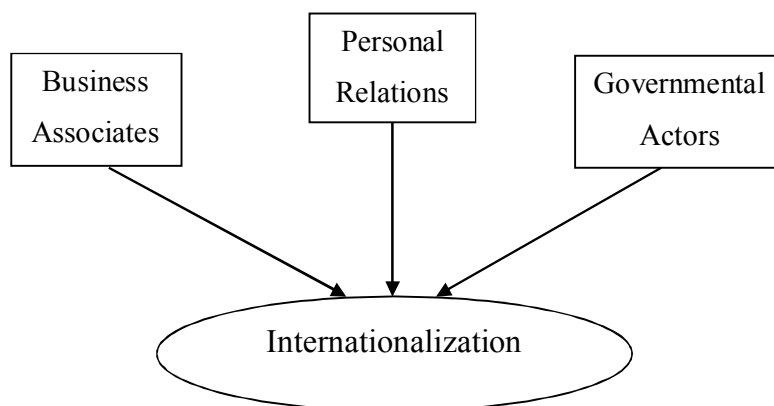


Figure 3: Sources of networking

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*2.1.1. Business associates*

Business associates refer to legally independent firms such as distributors, suppliers, competitors, customers or firms within an extended network, etc. Correspondingly, this takes the firm level relationship into account. The people level relationship in the professional relationship which is the engine for firm relations is also placed, for the purpose of the study, under this category. More of argument for such classification is found in the next part “Personal relations”.

Firms involve in relationships with other firms typically to exploit mutual complementarities, exchange information, and foster learning. Networking with others allows pooling resources, which implies greater diversity and richer, more complex information than the market. In internationalization processes, the business network is a conduit of complementary resources which may lead to the identification of new business opportunities (Meyer and Skak 2002, Brown and Butler 1995, Podolny and Page 1998).

Relationship is generally based on mutual trust, commitment and common long-term interests (Johanson and Mattson 1988, Crick and Spence 2005, Nguyen, Weinstein, and Meyer 2005). Trust can be established during prior positive partner experience (Lin and Zhang 2005, Nguyen, Weinstein, and Meyer 2005) as it requires time to mature. It is noted that trust can form at two different levels: trust in the partner’s organization and trust in the partner’s person (Nguyen, Weinstein, and Meyer 2005). In line with this, business relationships often form with current or previous partners where, due to recurrent interaction and mutual benefit, the exchange content, particularly in form of information, is deep and rich in nature (Saxenian 1991, Lorenzoni and Lipparini 1999). Thus, in order to extend, penetrate or integrate their internationalization, firms build and maintain relationships with their suppliers, customers, distributors, competitors, etc. The internationalization of their network partners will lead to information sharing, by that focal firms may observe this action, thereby reduce the entry barriers (Martin, Anand, and Mitchell 1998).

Previous and existing client/supplier relationship have been found to be the driving force behind the international market entry (Majkgård and Sharma 1998, Brewer 2001, Ribeiro et al. 2014, Chetty and Blankenburg Holm 2000, Cunningham and White 1973, Ciravegna, Lopez, and Kundu 2014, Andrea 1992,



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Bonaccorsi 1992). This happens often because of the supply needs of the focal firm (Ribeiro et al. 2014). Large MNCs, in order to complement their in-house competency, form strategic alliance with smaller, younger partners whose specialization capacity helps MNCs to build their competitive advantage. In such cases, MNCs can be an instigator, easing the entry process for smaller or younger partners by providing their partners with information about market trends, customer needs, international experience, etc. The smaller, younger firms can then select the highest potential foreign market, anticipate and prepare for the conditions in those markets and take advantage of the widespread international operations of MNCs to leverage their international market access (Vapola, Tossavainen, and Gabrielsson 2008, Coviello and Munro 1997, Welch 1992, Etemad, Wright, and Dana 2001, Bruneel, Yli-renko, and Clarysse 2010).

An interesting case of MNC-SME relation is the business between FACT – a New Zealand SME and Wang – a Japanese MNC (Coviello and Munro 1997). Wang played a significant role in directly or indirectly providing FACT with international market development. FACT's expansion into Australia was triggered by informal contact generated through an agreement with Wang. The market access to Hong Kong, Europe, and the Eastern Bloc countries were offered to FACT through Wang's international subsidiaries. In general, the MNC-SME relationship is not just important for the survival of the SME, but the efficiency of the whole network. However, where small firms “piggy-back”, their one-way reliance on larger firms may leave the small ones too dependent on the large ones (Etemad, Wright, and Dana 2001). Events in such networks are beyond the control of smaller firms, their internationalization strategies are reaction strategies to opportunities generated by their clients or *serendipity* i.e. fortunate and unexpected discoveries made by chance (Child and Hsieh 2013, Meyer and Skak 2002, Ciravegna, Lopez, and Kundu 2014).

In unstable markets, where the risks are beyond the control of a single firm and shared across firms, firms will tend to reinforce their existing relationships, adding alliance relationships with existing partners or forming international joint venture. It is emphasized that when firms form alliance, they rather do it with previous/existing partners than forming new relationships which might produce another uncertainty (Beckman, Haunschild, and Phillips 2004, Podolny 1994, Song 2012). By pooling resources of network partners, firms can reduce risk of

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market uncertainty and ease the entry barriers they normally face when entering a new market, and thereby dramatically increase their chances of survival in the unfamiliar market. The common international goal and high degree of commitment among allies are the glue that attract and stick them together.

Through a thorough examination of different types of alliances involving small firms, Welch (1992) revealed that while alliances are "no panacea", they can potentially improve foreign market penetration possibility by bridging the alliance with additional network. For example, in the case of an Australian firm, they follow clients of their ally because "*virtually every one of their clients is potentially our client*".

Less structured forms of network utilization have been observed in what has been categorized as imitation, leading to a bandwagon effect (Zucchella, Palamara, and Denicolai 2007, Enright 1999, Ellis 2000). Where, even without direct channels of communication, a high density of firms in a concentrated district leads to a high visibility of individual companies' behaviour. Which means when a company makes a decision to export, other companies, upon observing such action, may imitate the initiator within a short period. This has been used as an argument for dismissing the notion that firm size should be related to export intensity, which is often taken for granted in the literature (Bonaccorsi 1992). Further research has emphasised that size should be irrelevant for managers, as long as they have the resources necessary for initiating export activities (Calof 1994).

Until now, much of the research presented has been linked largely to SMEs. However, this "following" effect has also been shown to exist with larger companies in the Japanese car industry, where prior entry by other organizations provides legitimization and information to a decision marked by uncertainty (Henisz and Delios 2001). Further, it has been shown that this effect is not only influenced by the decisions of other firms in their value chain, but the prevalence and timing by current and potential buyers, by rival suppliers and by non-competing suppliers (Martin, Anand, and Mitchell 1998). This is explained, not just through direct knowledge sharing between suppliers and customers, but also through indirect signalling information when firms outside of the vertical environment expand. This also helps to show the value attained in the broader network, where indirect contact and signalling effects also act as a source of

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information where markets can be discovered and utilized through an imitation approach.

The study by Meyer and Skak (2002) found that a prior contact with future business partners was the most important determinant when choosing a market. However, due to the specific context of the studied market i.e. the Eastern European market, the findings are limited in term of generalizability to other markets. Comparing the Eastern European market and the Vietnamese market, we found some similarities such as being transitional economies, importance of network which is rooted in culture, lack of legal institution support, etc. Thus, the result by Meyer and Skak (2002) may be relevant to the context of Vietnam. Those contacts can be established during or after international trade fairs or exhibitions when partners meet face to face and trigger interest in doing business together (Brewer 2001). Those events, where firms develop linkages, serve as a stepping stone to markets abroad. This result is shared with the study by Evers and Knight (2008) who claimed that *“Trade shows emerge as an important “accelerator” of internationalization, irrespective of what stage a firm is in the internationalization life cycle”*.

In brief, firms will likely follow others abroad when they recognize market potential. Firms may be passive or active in doing so. A wide array of actors ranging from current or previous partners making up close and more distant relations and partnerships can instigate, motivate and/or facilitate internationalization. Formal partnerships can be established to further assist in strengthening the network and reduce market risk. But also indirect contact can provide some of the same functions, at least in terms of highlighting new markets. Potential partners they encounter in trade fairs can be important network sources, especially when entering new markets. It is noted that focus of the researches has been on SMEs, their positions in network and the importance of networks as a facilitator for their internationalization, thereby treating the SME network building and utilization as a specific phenomenon in the research. Although the base for this distinction is largely taken for granted.

### *2.1.2. Personal relations*

As the name suggests, personal relations refer to the relationship at people level which is different from business network. Personal relationship can be between

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owner-to-others, family member, friends, schoolmates, relatives, friends of friend, acquaintances, colleagues from previous jobs, etc. In the attempt to generalize the concept, Granovetter (1973) described personal network that contains both weak and strong ties. Strength of tie is ‘*a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding) and the reciprocal services which characterize the tie*’. Personal ties are defined as relationship of trust. While personal networks are often intertwined with professional network (Meyer and Skak 2002), we argue that, for the purpose of this study, the strength of tie, the purpose of the relationship and the perceived formality of the relationship will draw the line between these two types of networks. The relationship between two persons if it arises merely as business-directed and is seen to be very formal in nature then it is deemed as a professional relationship. But if the persons spending time trying to build a close relationship or intimacy though, it is supremely for business, the relationship still could be regarded as personal relationship, as long as interactions are categorized as more informal. So, as the study does not classify the professional relationship as the personal relationship, it then belongs to the category of firm level relationship as mentioned above.

In entrepreneurship studies, Johannisson (1988) described personal networking as “*the strategically most significant resource of the firm*”. Personal network of entrepreneur is a means by which the entrepreneur obtains variety of information and resources (Johannisson 1988, Birley 1985, Nguyen, Weinstein, and Meyer 2005, Peng and Heath 1996, Xin and Pearce 1996) such as legal, loan, financial, expert advice (Renzulli and Aldrich 2005), information, reassurance and problem solving (Hoang and Antoncic 2003, McGee and Sawyerr 2003, Birley 1985) held by other actors. Entrepreneurs rely on a web of personal networks for opportunity identification (Chandra, Styles, and Wilkinson 2009, Harris and Wheeler 2005, Birley 1985, Ostgaard and Birley 1996, Johannisson 1988). The sources are especially useful for addressing uncertainty by facilitating the collection and synthesis of tacit information which may not be available in impersonal sources (McGee and Sawyerr 2003). Using survey data from China, Peng and Luo (2000) demonstrated that managers' micro interpersonal ties with top executives at other firms and with government officials help improve macro organizational performance. “*The best thing is to make contact with people in the market place in*

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*your industry and find out what's happening*” (Sharma and Blomstermo 2003).

Accordingly, network entrepreneurs discover significantly more information and potential opportunities than the solo ones (Hills, Lumpkin, and Singh 1997). And therefore, a case study within Chinese cultural context advised that international SME business leaders should consider social networks as efficient tool if they wish to expand internationally quickly and more profitably (Lianxi, Wei-Ping, and Xueming 2007). Similarly, an ethnographic study of seven entrepreneurs over a three-year period by Jack and Anderson (2002) showed that entrepreneurs recognize the business opportunity and potential through being socially embedded, which in turn help them develop a contextual competitive advantage.

In SMEs, with the ability to adapt and change quickly, their business plan can be a reaction to opportunities that arise with old or new network partners (Meyer and Skak 2002). Serendipity encounters could lead firms to internationalization. A potential contact in a country which was not thought of could lead to a shift in the internationalization strategy. Similarly, negotiation with a person offering a type of collaboration that was not previously thought about could trigger a change in strategy (Crick and Spence 2005). Owner to owner friendship over the course of holiday, old university friend, new manager’s prior network (Crick and Spence 2005), manager’s relative, personal friends or girlfriend (Meyer and Skak 2002, Brewer 2001) are found to influence the internationalization decision.

Studies have found that SMEs that wish to enter a new and specific market, where their existing network partners play no part or no relevant ones exist in their extended network could try to buy into new network by acquiring personnel who has particular network resources valuable to the firm. Thereby, the companies would use recruitment as a tool for network building, and rapidly increasing both the size and value of the company’s network. However, even though this network expansion is highly valued, it has not been found to be the main rational behind the hire. It is rather the technical market specific knowledge that leads to the hire, in which the important personal network is a mere side effect (Ciravegna, Lopez, and Kundu 2014, Styles et al. 2006).

The majority of research in entrepreneurship centres around owner-manager as the unit of analysis arguing that they are knowledgeable about the issues being searched. However, this egocentric nature of network possibly may not be

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relevant for larger firms where multiple personnel, through their social interactions can become an agent for useful resources e.g. business information (Håkansson 2009). Regardless of this limitation, the investigation into the field of entrepreneurship lends us valuable insight into how personal networks of owner-manager work and to a certain extent, when we replace the egocentric nature of entrepreneur network by a wider set of agents, we likely arrive at the personal network in a wider context.

Personal relationship is of particular importance in Vietnam. Due to the stage of economic development i.e. transitional economy that entails a high level of uncertainty, instability and lack of the reliable country-specific knowledge (Nguyen and Tran 2015), personal relationship is suited to handle those market problems. In this context, personal relations seem to be a substitute for formal institutional support and are often intertwined with professional ones (Asta 2000, Meyer and Skak 2002, Nguyen, Weinstein, and Meyer 2005, Peng and Heath 1996, Xin and Pearce 1996). Vietnamese entrepreneurs extensively use personalized, trust-based contracts (Nguyen, Weinstein, and Meyer 2005). The appreciation of personal relationship is rooted in the culture of Vietnam. After a long period of being governed by China, Vietnamese culture is deeply influenced by Confucianism which emphasizes personal relationship (Redding 1990, Nguyen, Weinstein, and Meyer 2005). Personal relationship is the foundation and a key to success. Most Vietnamese people spend extensive time to build and maintain a close personal relationships with friends, relatives, colleagues, and business partners. Good relationship can be attained only after trust has been established among them (Nguyen and Mujtaba 2011). And, similar to Eastern Europe, personal ties must be developed before any business transaction starts. *“It is of great importance for the East European that you are a friend. You cannot visit a customer without taking time to have a meal with him.”* or *“We do business with the person not with his company”*, Danish firms claimed (Asta 2000, Meyer and Skak 2002).

Regardless of the power of personal network, the international decision lies in the ability to recognise and evaluate opportunity of decision-makers. Den Driesch et al. (2015), using a study of German CEOs, was able to show that a CEO's ability to show solidarity within the network increased the firm's propensity to go abroad.

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And so, personal networks can be important in instigating internationalization and can also work to increase the effectiveness of the internationalisation. They may come about and act in a serendipitous way, or they can be acquired through recruitment tactically. The literature also suggests that personal relationships vary in importance depending on the cultural context, and the overall economic environment in which one operates. The economy being at the transition stage and the culture being deeply influenced by Confucianism, developing personal ties is necessary if one wants to do business in Vietnam. Again, the literature seems to mainly focus on SMEs for their studies.

### *2.1.3. Governmental actors*

Governmental organizations such as foreign embassies, ministry of foreign affairs, government agencies and also free trade agreements constitute these types of network (Che Senik et al. 2011).

In countries with less stable markets, such as Vietnam, where the risks are high, cultivating good relations with the country's government is critical during the first year of operation when relevant permits and registration approvals have to be obtained to avoid delayed start-up caused by inadequate government attention. Good relationship with government is also essential in the search phase when companies focus on getting information about the target market. The fruit of a good relationship between the home and host country governments can translate into good relationship between the firms and target country authorities. The aid program of one country to another results in financial assistance for companies from the home economy who wish to take part in the program execution. The host country governments, in order to create good preconditions for market entry, inform the firms about market opportunities and can further remove practical obstacles, improve legislation and offer investment incentives (Pervez and Karin 1996, Quelch and Dinh-Tan 1998).

Invitation from host country governments constitutes another driver of firm internationalization. Seeking to unlock the potential of their countries, host governments encourage and send out invitations to foreign investors (Amdam 2009, Che Senik et al. 2011, Wang, Boateng, and Hong 2009). Thus, industry associations and government organization serve as a bridge to bring firms to

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richer sources of knowledge and information regarding international opportunities (Chandra, Styles, and Wilkinson 2009, Che Senik et al. 2011).

In an attempt to promote sustainable development and grow the home country economy, governments launch pro-internationalization policies to encourage domestic companies to go global (Ribeiro et al. 2014, Zutshi and Gibbons 1998, Yonezawa, Akiba, and Hirouchi 2009). The 1985 recession in Singapore forced the policy makers to shift the economic strategies to focus on international expansion of domestic firms to stimulate the accumulation of necessary competencies to compete in a global scale. The linkages built up by the Singaporean Government and the active participation by that government in the region leveraged resources available in the Government-linked companies and eased their access into international markets. Supportive governmental policies have also been found to lead the international expansion of domestic firms in either emerging markets such as China (Huan and Pervez 2010), Brazil (Ribeiro et al. 2014) or more developed economies such as Japan (Yonezawa, Akiba, and Hirouchi 2009) or UK (Crick and Spence 2005), Australia (Brewer 2001), etc. As a result, support from these bodies as well as their attempts to extend their networks that can assist companies to venture abroad became one of the key motivators of domestic firms to internationalize. An Australian firm, for example, established their regional office in Malaysia merely because of the government incentives. This form of government funding to reduce entry barriers can also sometimes be labelled as aid. Kimura and Todo (2007) found that aid from Japan would have what they called a vanguard effect where aid would act as a precursor to FDI.

Government also participates in matching and forcing alliance to achieve synergy that might not be possible to achieve individually. In New Zealand, the export promotion programs by Trade New Zealand encouraged SMEs to collaborate in various forms which were i/ co-operation alliance -firms from same industry; ii/ hard business network – firms from similar or different industries; and iii/ industry cluster – similar or related firms in same geographical area (Chetty and Blankenburg Holm 2000). In another case, taking into account the market opportunity for Australian wine in Japan in the 1980s, the government trade organization of Australia initiated a campaign to enter the Japanese market that bridging many Australian wine producers together to make a “concerted attack”.

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It should be noted that governments only play a supporting role in the process of forming alliances. The success of internationalization still relies on the commitment of individual parties to the alliance and its internationalization objective (Welch 1992).

In short government can interact in the network in several ways, both home and host government agents can facilitate networking with other players in the market, both locally and also through organizing partnerships between companies looking to enter specific markets. Further we see that government incentives and financial aid can reduce risk and motivate market entry. This gives the government agencies both a direct and indirect function in the internationalization of a firm.

## ***2.2. Classifying the MNC and SME***

The paper has so far mentioned both MNC and SME but has yet to offer a clearer overview of these two.

There is no standard definition for what constitutes an MNC, although many theoretical and operational definitions have been proposed. Traditionally, MNCs are thought of as successful firms that have grown over many years into large corporations that are international in their operations, vision and strategies (Aggarwal et al. 2011). As a result of globalization and rapid flow of information, the new species of MNC – *MNC latecomers* and *MNC newcomers* have emerged. MNC latecomer refers to firms that have started internationalization very late while MNC newcomer refers to “born-global” that start global activities shortly after their inception (Oviatt and McDougall 2004, Li 2010) and at an accelerated internationalization (Mathews and Zander 2007, Li 2010). Compared to tradition MNC or *MNC early-mover*, MNC latecomer and newcomer are smaller and younger in the international market, thus preserve limited internationalization resources, capability and seemingly less experience.

In quantitative terms, MNCs, in research, have been defined on the basis of characteristics as diverse as the size of the firm by sales, the proportion of foreign sales or foreign assets (Grant 1987, Ramaswamy 1993, Tallman and Li 1996), foreign income to total income (Masaaki, Srin, and Preet 2002), the number of foreign subsidiaries (Tallman and Li 1996), and the number of foreign workers (Chan Kim, Hwang, and Burgers 1989), etc. Amongst many classifying criteria,

the ratio of foreign to total sales and the number of foreign subsidiaries are the most common (Aggarwal et al. 2011). This means that even though size is often used as given, or as a prerequisite, even small firms like born global can also be classified as MNCs. From the above presentation, we argue that the term MNC and SME in IB studies refer to MNC in different sizes that are *MNC* refer to traditional MNCs or MNC early movers and MNC latecomers and MNC newcomers are often called SMEs.

While it is difficult to find the standard quantitative criteria in deciding which one is traditional MNC, the criteria for classifying SME are readily available. In accordance with the definition by European Commission which came into effect from 01 January 2005, staff headcount and annual turnover or annual balance sheet are three determining thresholds. According to the definition, SME is an entity that hires less than 250 employees and has an annual turnover of no more than 50 million Euro and/or has a total balance sheet of no more than 43 million Euro. It is important to note that staff headcount is a compulsory criterion while there is more relaxation on the annual turnover and annual balance sheet criteria. A firm may choose either one of them and still maintain the status of SME (European Commission 2005).

### 2.2.1 Applied criteria for the study

For the ease of classification, the paper will apply the criteria set out by the European Commission to decide which one is SME MNC. Those that fall outside the criteria will be considered as a large MNC. The quantitative criteria briefly are as follows:

Enterprise category	Headcount		Annual turnover		Annual balance sheet
<b>SME MNC</b>	<250	and	≤ EUR50 million	or	≤ EUR43 million
<b>Large MNC</b>	≥250	or	> EUR50 million	or	> EUR43 million

Table 1: Criteria for classifying SMEs

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### 3. THEORETICAL PROPOSITIONS

Since this paper looks at internationalization of MNCs, internationalization and market entry will be defined as an FDI, rather than less risky modes such as direct exports or distribution agreements. Although these modes of internationalization will also be of interest as they relate to the Uppsala model with gradual mode change correlated with increased experience.

The thesis centres on Vietnam as Host country and Norway as Home market. A multiple-case analysis covering firms of different sizes will thus provide answer for our research question “*How do networks trigger and facilitate the Norwegian firms’ entry into Vietnam*”.

The following propositions will help to frame how the research question will be answered.

#### ***3.1. Network – from being a trigger and a facilitator***

Network has been found to be a unanticipated actor behind foreign market entry, acting as an *eye-opener* that raises the interest in one particular market. In the above literature review, the serendipity is found to stem from previous, existing or future partners. Companies, upon being fascinated by such actors, may start the market research. And if that market appears to be promising, their serendipitous partner then can change their role from a trigger to a facilitator for the entry.

Proposition 1: *A network actor that helps to trigger the interest of a market, will become an important facilitator for the internationalization.*

#### ***3.2. Firm size and the use of network***

Due to limited resources mostly in terms of knowledge and information, SMEs, compared to large MNCs, seem to rely more heavily on their external networks in their international activities. According to Andersen and Buvik (2002), a firm will internationalize following the Uppsala model if they lack experiential knowledge. But a firm can break that constraint by drawing on their network (Lin and Zhang 2005, Holmlund and Kock 1998). Large MNCs, because of their size and years of operating in international markets generally possesses greater resources, stronger network position, compared to SMEs. If they have to rely on network for specific market knowledge, they know better which door to knock on for information or

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because of their prestige, information might find its way to them. SMEs, on the other hand, suffer heavily from the liability of outsidership and they are at disadvantage compared to large MNCs. To overcome this liability in internationalization process, SMEs have to be active in networking activities (Schweizer 2013). So, we argue that large MNCs – the stronger players have to rely less on networks compared to SMEs.

***Proposition 2:** There is a relationship between a firm size and the use of networks in the internationalization process. Due to limited resources and being younger in international market, smaller firms tend to rely more on their network.*

### **3.3. Market development and the use of network**

The stage of market development results in the level of uncertainty and complexity of the market. Western market systems are more mature and have striven towards order and predictability and therefore base themselves on legal contract and ownership rights. Vietnam on the other hand is characterised as a transforming economy where the level of complexity and uncertainty is high. Operating in Vietnam entails high risk and requires long-term trust relationships. Networks are suitable to handle these problems (Boisot and Child 1996). In particular, forming alliance with existing partners will be advantageous in order to reduce the risk (Beckman, Haunschild, and Phillips 2004) and drawing on personal ties serves as a substitute for institutional supports (Nguyen and Tran 2015, Asta 2000). The relationship with government is also important for the purpose of collecting information during the search phase and speeding up the business registration process (Quelch and Dinh-Tan 1998, Pervez and Karin 1996).

During 2008 to 2010, Norway and Vietnam's relation was further tightened by "The Vietnam strategy". In the strategy, business especially the private sector cooperation was the key area for enhanced cooperation. Important business sector for cooperation were Maritime, fisheries, oil and gas, aquaculture, energy and environment, ICT, and trade in consumer goods (UD 2008). To execute the plan, the two governments created good preconditions for market entry of Norwegian firms who operated in those focused sectors (Pervez and Karin 1996). Norway provided guidance, practical advice, financial assistance, etc. (UD 2008) while Vietnamese government lowered the entry barriers.

We hypothesize as below:

Proposition 3: *Network serves as a remedy to cope with the poor conditions of doing business in transforming economies. And so operating in such a market will mean that networks are emphasised as important tools to deal with uncertainty and market complexity.*

Sub-Proposition 3a: *At firm level relationship, forming alliance with existing partners or entering through a joint venture (“JV”) would be beneficial to reduce the exposure to market risk.*

Sub-Proposition 3b: *Personal relationship in Vietnam may take on the role of a substitute for formal institution support.*

Sub-Proposition 3c: *According to “The Vietnam strategy” – the economic development assistance to the transforming economy - in 2008, Norwegian companies who operate in cooperated business sector, wished to enter Vietnam during 2008 – 2010 would benefit from the strategy – received special attention and support from the two governments.*

Sub-Proposition 3d: *At the initial phase of their entry, companies will strive for good relationship with the local government (since this is important in a transforming economy) for the purpose of gathering information and speeding up the registration processes.*

### **3.4. Culture and the use of personal network**

According to the literature review, Vietnamese culture reflects on the appreciation of personal relationship. In business, personal relationship is the foundation and a key to success (Redding 1990, Nguyen and Mujtaba 2011, Nguyen, Weinstein, and Meyer 2005). And so, in Vietnam, personal ties must be developed before any business transactions can start. This leads to the next proposition:

Proposition 4: *As personal relationships are emphasised in Vietnam, building personal relationships will be important for the market entry.*

### **3.5. Obtaining local knowledge and expand network through new recruits**

Continue the Proposition 3, one question on how to build network in Vietnam is raised. As Ciravegna, Lopez, and Kundu (2014) and Styles et al. (2006) pointed

out, companies may acquire new network resources through recruitment of personnel who has particular network resources such as his/her relationship and local knowledge that are valuable for the firm. The argument is summarized in the proposition 5:

*Proposition 5: The companies who lack a sufficient network necessary for their Vietnamese market entry would try to recruit personnel who is knowledgeable about this market and has relationships that are useful for the market entry.*

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## **4. METHODOLOGY**

The general objective of this thesis is to investigate how networks and which kind of network actors (i.e. Business Associates, Personal Relations, or Governmental actors) helps to trigger and facilitate the international activities of a firm. The companies in the study will be of different sizes in order for us to understand how size influences network connectivity and utilization. Moreover, all the companies will have Europe as a home market; with a main focus on Norway, with relation to their entry decision into the Vietnamese market. This paper aims to understand the complex use of network as a trigger of decision and also as a facilitating tool for market penetration. With the focus on a European-Vietnamese dynamic, culture will also play a part in the discussion.

### **4.1. Strategy**

According to Bryman and Bell (2007), an important distinction in business research is whether one employs a qualitative or quantitative research strategy. The most important distinction between the two strategies is whether the research aims to be inductive or deductive, respectfully. Conducting a deductive study on the model presented could be an interesting approach, where one also could look at how one network actor leads to another, before internationalization. However, a major concern with this strategy is the credibility of the data, as key decision makers from the time of first entry could be difficult to identify, leaving answers to be based on secondhand accounts. Further, with a quantitative strategy, there is likely to be issues in isolating industry and company specific features. Therefore, the strategy employed in this thesis is of qualitative nature. It will be based on a few companies who entered the market, and in this way we hope to get a deep understanding of the processes involved. As Evers and Knight (2008) argued that qualitative data are rich and holistic, with strong potential for revealing complexity.

### **4.2. Research Design**

#### *4.2.1 General design*

The study aims to provide an in-depth elucidation of the research problem “How do networks trigger and facilitate international market entry”. Prerequisites for the target require intensive, detailed examinations of the setting. Considering the type of research question and the purpose of the research to examining contemporary

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events which the investigators have no control over, the study favors case study approach as advised by Yin (2014).

Specific design for the case study can involve either a single case or multiple cases (Yin 2014). A single-case design is believed to be vulnerable in the sense that researchers may themselves get too involved in the particularities of the case. Out of the purpose, this design can lead to complex and idiosyncratic resulting theory and thus reduce the external generalizability (Ravenswood 2011, Eisenhardt 1989). Multiple-case design which reduces these weaknesses and promotes robust findings will therefore be employed (Bryman and Bell 2007).

#### 4.2.2 Case companies

The case companies were selected based on the availability of sources and the characteristics of the companies. We strove for five different cases to increase the external validity of the study and no more than five to effectively investigate each case. First the sampling was confined to companies who have their headquarters located in Norway, in order to confine country and cultural aspects in the sample. Basing on the list of 40 Norwegian companies in Vietnam by Innovation Norway (2016b), we searched for contacts through company website, LinkedIn or Facebook. From there, the sample company selection process was based on a convenience sample or rather a *snowball* approach, as described below. As this is a qualitative paper, the concern about a statistical sample is not that pressing, and so we hope that this approach will provide a good *theoretical sample* (Bryman and Bell 2007).

The local divisions in Vietnam were then contacted in order to identify the relevant decision makers, as some of the companies in the sample made their entry decision many years ago. This also meant contacting some people who were no longer working for the companies in the study. However, this did not seem to pose any challenges as all the participants were congenial and accessible.

EWOS was included based on early contact with an enthusiastic source, which helped a lot in the early development of the design and framing of the study. As EWOS had entered as part of a business network, along with AKVA group and Pharmaq, these companies were also included to further understand the network dynamics within the group. Skretting was then chosen in order to investigate a



company in the same industry, but outside of this partnership, their size made them also very interesting for this study. Finally, Contemi was added, also because of its size, as this is a relatively small company, and also as this would represent a company in a different industry and with different target focusing on access to resources rather than targeting market shares in Vietnam.

Overview of the sample companies with employee and revenue data at the time of entry into the Vietnamese market:

<b>Company</b>	<b>Employees</b>	<b>Revenue in EUR (million)</b>
Contemi	35	Unknown
Pharmaq	113	38
AKVA	528	87
EWOS	EWOS: 1,039 <sup>1</sup>	1'080
	Cermaq: 5,400	1'580
Skretting	Skretting: 1,400	1,170
	Nutreco: 9,278	4,512

*Table 2: Case Companies details*

As such, the sample contains two companies that are defined as SMEs by the definition provided by the European commission, one company which is slightly larger than this, and finally two companies that are considerably bigger and which are part of even larger parent companies. As stated, all of the companies have their headquarters located in Norway; however, one company, Skretting, is also part of a Dutch organization, providing a slightly different dynamic.

### **4.3. Data collection**

As a preparation for data collection, pilot study was conducted based on early contact with an enthusiastic Vietnam-based informant. A brief of interview was sent to the out-of-field member and thesis supervisor in order to shed different perspective on the case and which additional questions/information needed to make the case clearer. This pilot study assisted to shape the data collection plan regarding the interview questions and procedure to be followed (Yin 2014).

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<sup>1</sup> 2013 figures are used due to inaccessibility of 2010 figures – the time of the entry.

The study employs in-depth semi-structure interview and various archival material. Interviews were carried out in Vietnam and Norway, in a face-to-face setting as well as by using Skype, for people locate in other parts of the world. Respondents were either current employees or former employees who involved in the entry or possess information regarding the entry.

<b>Company</b>	<b>Interviewee</b>	<b>Interview setting</b>	<b>Interviewee Location</b>	<b>Date</b>
<b>Contemi</b>	Head of Contemi Vietnam	Face-to-face	Vietnam	15-Apr-2016
	Vice General Director			
<b>Pharmaq</b>	Country Manager	Face-to-face	Vietnam	13-Apr-2016
	Former Chief of the RO		Norway	02-May-2016
<b>AKVA</b>	Former General Manager of the RO	Face-to-face	Vietnam	12-Apr-2016
<b>EWOS</b>	Managing Director	Face-to-face	Vietnam	25-Oct-2015
	Former Chief of the RO	Skype	Oman	31-May-2016
<b>Skretting</b>	General Manager	Face-to-face	Vietnam	11-Apr-2016
	Former Country Manager	Skype	Holland	20-Apr-2016

*Table 3: Interview details*

The ideal strategy was to have two interviewers for each interview. Due to time and cost involved in having two interviewers attending interviews in Vietnam, the interviews in Vietnam involved one person, the others which were in Norway and via Skype involved two. The same interviewer was present at all interviews in order to increase comparability of cross-case and interviewing style. The use of two interviewers contributed to a more informal atmosphere, akin to a discussion between interviewers and interviewees. Moreover, this enabled a debate between interviewers and drew interviewee(s) into discussion (Bryman and Bell 2007). After interviews in Vietnam which involved one interviewer, a brief of each interview was sent to out-of-the-field member to search for a different and more objective view to the data, allowing debate and discussion between researchers and decided if additional information was in need (Eisenhardt 1989).

The interview approach was semi-structured and accompanied with a standard list of questions to guide the interviews but this list was not necessarily to be exactly

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followed. Rather, questions which were not included in the list would be raised as we noticed important points said by interviewees (Bryman and Bell 2007). When possible, interviewers may ask respondents about their own insight into certain occurrences. In order to allow detailed analysis and repeated examination of the interviewees' answers, the interview would be recorded and later transcribed (Heritage 1984). During interviews, interviewers also took note on important items so as to have a general overview of each case down on papers. After conducting every one of the interviews, additional questions regarding missing information were sent by e-mail to each of the sources (Bryman and Bell 2007).

#### **4.4. Data analysis**

Upon completion of the data collection, data analysis begins with within-case analysis to gain deep familiarity of each case within its unique context and to identify unique patterns of each case. Each case is treated as an independent research study. During this stage, the analysis is based on descriptive framework, without considering any interpretation. Recorded interviews are transcribed and then read through to identify important pieces. The transcripts are then manually coded and grouped into analytical categories. To improve the likelihood of accurate and reliable result, cross-case analysis will then take place. This tactic allows researchers to seek similarities and differences between cases in selected categories. Similarities help to strengthen the findings while differences pose further explanation and questions (Eisenhardt 1989, Yin 2014, Bryman and Bell 2007).

Two investigators work together on each case to “*increase the likelihood of capitalizing on any novel insights from the data*”. Different perspectives of each investigator likely “*enhance the creative potential of the study*” and convergence of observation from two investigators will “*enhances the confidence in the findings*” (Eisenhardt 1989).

#### **4.5 Validity and Reliability**

Validity and Reliability are important criteria in establishing and assessing the quality of quantitative research. In the field of qualitative research, researchers tend to employ the term Validity and Reliability in a very similar way to quantitative researchers. Though within the field, different qualitative researchers

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may employ these terms with somewhat different meaning (Bryman and Bell 2007).

In this part, we adapt criteria introduced in the book by Yin (2014) which is specifically designed for case studies. In his set of criteria, internal validity is relevant only for explanatory or casual studies, not for descriptive or exploratory which is the purpose of this study. We then arrive at the set of three criteria which are construct validity, external validity and reliability.

*Construct validity* refers to developing a sufficiently operational set of measures to avoid subjective judgements (Yin 2014). We address this challenge by having two interviewees for each case, at different point in time except the case of AKVA where we were not able to establish a second contact and for the case of Contemi, we had two interviewees sitting together and discuss with one interviewer. The other cases, we conducted interviews in Vietnam with Vietnam-based contacts. After that, we continued interviewing with other informants basing outside Vietnam. Having two interviews for each case reduces the overly dependence on one key informant (Eisenhardt 1989) and encourages double-checking the provided information and opens deeper, wider discussion by combining evidence provided by two respondents who had different roles in the Vietnamese entry and thus possess different kind of information.

*External validity* refers to the degree to which findings can be generalized across social settings. This is perhaps the greatest challenge when conducting case study research as the tendency is to employ small samples (Yin 2014, Bryman and Bell 2007). To approach this problem, the study employs five cases, instead of one case to improve the generalizability. Cross-case analysis serves to strengthen the findings if similarities arise out of the result. Further, the purpose of this thesis is to offer a “thick description”, where all relevant data will be provided and thoroughly analyzed and so readers can make their own judgment as to the transferability to their relevant situation.

*Reliability* demonstrates that the operation of a study such as data collection procedures if are repeated do result in same findings and conclusions. The goal of this test is to minimize errors and biases in a study. To overcome these shortcomings, it is suggested that researchers use case study protocol to deal with

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the documentation problem in detail and develop case study database (Yin 2014). As this study involves two people, it requires complete record of field notes, interview transcripts are stored in a proper and accessible manner. We adopt an 'auditing' approach by having extensive discussion between authors to ensure the good decision is made at each step. The frequent consult with an experienced researcher - our thesis supervisor ensures the proper procedures are being and have been followed (Bryman and Bell 2007).

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## 5. DATA ANALYSIS AND FINDING

Data analysis process starts with individual case analysis to gain a deep insight into each case within its unique context. Cross-case analysis will then serve to seek similarities and differences between cases and the similarities will then be related with Propositions and Sub-Propositions. Before coming to the process, additional information that serves as the background for the analysis will be introduced.

### *5.1. Norad, Innovation Norway and the three companies - Pharmaq, EWOS and AKVA*

In Aquaculture, Norway has provided Vietnam with assistance in the fisheries sector for a long time, mainly in the form of cooperation between Norwegian and Vietnamese fishing authorities and research institutions. The expertise of Norway within fisheries management and aquaculture is of particular interest to Vietnam, and technical cooperation in this area is prioritized (UD 2008).

Norad, short for The Norwegian Agency for Development Cooperation. Norad does the quality assurance of Norwegian Development Cooperation (Norad 2016). Innovation Norway is the Norwegian Government's most important instrument for innovation and development of Norwegian enterprises and industries. They are important partners for Norwegian companies because they support companies in developing their competitive advantage and to enhance innovation. They also provide specific market analysis and advice (Innovation Norway 2016a).

According to the Former General Manager of the AKVA's Representative Office ("*RO*") (2016), Innovation Norway and Norad held luncheon quarterly for Norwegian companies to update/share information. Vietnamese companies were invited to trade fairs in Norway where they could meet and exchange information with Norwegian companies and establish business relationship or expect potential business opportunities. They also had opportunities to visit the factory site where they could observe the innovative/ground-breaking technology that pictures/words can never tell.

Norwegian companies who had interest in the opportunities in Vietnam would be supported by Norad with feasibility studies, legal paper work and fact finding trip. According to informants from EWOS, Pharmaq and AKVA, Norad funded part of

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the expense for the Vietnamese market studies, the rest was shared by the three companies. They went together, shared same office and information to reduce cost. As they focus on different field and hold the leading role in each field (EWOS for pangasius feed, Pharmaq for pangasius vaccine and AKVA for technology and service in farming), they aimed at (but not necessarily) providing the full package from feed to vaccine to technology to a single customer. And so, Norad and Innovation Norway actively went in to match the companies in order to form a partnership that would make it possible to achieve synergies.

## ***5.2. Within Case Analysis***

### ***5.2.1. PHARMAQ***

Pharmaq is the global leader in vaccines and innovation for aquaculture. Pharmaq has production facilities, administration and research and development activities based in Norway with subsidiaries in Chile, United Kingdom, Vietnam, Turkey, Spain, Panama and Hong Kong. Today Pharmaq only has approximately 200 employees, making it a relatively small company.

Pharmaq started out as a part of Apothekernes Laboratorium AS, a Norwegian pharmaceutical company founded in 1903, which later changed name to Alpharma Inc. and was listed on the New York stock exchange. In 2004 there was a management buyout, making the company a standalone entity. This ownership persisted until 2008, when Orkla and Kverva bought a combined 77 % share of the stocks. Five years later this was sold to a Private equity firm, before Zoetis acquired Pharmaq in 2015.

In 1995, as still a part of Alpharma, Pharmaq decided to expand outside of their more established markets in Europe and North America. First looking at Asia and high value species, they decided to try to enter Japan, but discovered that the market was too mature, and subsequently withdrew. After successfully establishing in the growing Chilean salmon market, Pharmaq returned to Asia, and decided in 2005 to target Vietnam, mainly as it was the third largest country in aquaculture at the time, and it was the only country in Asia with a single species focus. They started by setting up a partnership with Bayer, a German MNC with companies in almost every country. This partnership ended in 2008, after Pharmaq established an RO with the two Norwegian companies - AKVA

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Group and EWOS, with assistance from Innovation Norway. In 2011, with the approval from local authorities, the subsidiary company was opened. Due to the relatively small size of the market, the operation in Vietnam mainly deals with R&D and the production takes place in Norway (Pharmaq 2016, Country Manager 2016, Former Chief of the RO 2016b).

The main informants in the study were the former Chief of the RO in Vietnam who led the Pharmaq business into Vietnam; and the Country Manager of Pharmaq Vietnam as of April 2016.

### *Business associates*

Even though Pharmaq had become an independent company back in 2004, before the entry decision to Vietnam, they were still able to retain and utilize important business relations made during their time as a part of Alpharma. Alpharma had used Bayer for their distribution in Thailand, through which they had gained a foothold and experience working in the region; it was this former experience and association that formed the trust bond between the companies. The business relationship with Bayer was the key for Pharmaq to first understand the Vietnamese market and then built their strength in terms of human capital, experience and network. And it was because of this relationship that they, in 2006, decided to set up a joint research project with Bayer in Vietnam to develop a fish antibiotic, thereby leveraging the international market access of Bayer in order to enter into this new market.

*“Pharmaq already knew Bayer, through their former owner Alpharma, who used them for the distribution in Thailand.”* (Country Manager)

*“Pharmaq chose Bayer as it was required at that time that they had to have a local partner and also because Bayer had key contacts, human resources, market knowledge and etc. within the aquaculture sector in Vietnam.”* (Former Chief of the RO)

This partnership ended in 2008, after two successful years of collaboration, and Pharmaq decided to gradually increase their commitment in Vietnam. However, the partnership with Bayer remained important as it also facilitated early recruitment of high skilled experienced employees.

*“Early employees were hired from Bayer and later in the broader network [e.g. universities].”* (Former Chief of the RO)



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*“I formerly worked for Bayer. During the RO period, I worked for the Pharmaq-Bayer partnership and then left Bayer to become Director of Pharmaq Vietnam.” (Country Manager)*

As Pharmaq decided to set up their RO office in 2008 with the two other Norwegian companies namely AKVA Group and EWOS, they were also able to utilize these relations, with special regards to sharing costs, to gain access to more information, and also in approaching new customers. And there was again a formal partnership, put in place to strengthen the overall network.

*“The office with the other two was a great advantage. We shared all the information during the first year. We were able to share all office costs, and it helped to improve the working environment.” (Former Chief of the RO)*

*“We [Pharmaq, EWOS, AKVA] also had some group activities. We went together. We encouraged farmers to apply advanced technology from Norway to grow pangasius. For example, the fish is injected with vaccine from Pharmaq, fed by EWOS feed and high-tech facilities from AKVA Vietnam. This was what we aimed for, but not necessary so.” (Country Manager)*

The partnership that developed in the RO was based on business relationships and not some form of personal relations, as the people involved did not know each other previous to the partnership, but they had worked with the companies before.

*“I did not know the people involved, but knew the companies well and knew the decision makers, and had worked together with them [the decision makers] previously.” (Former Chief of the RO)*

Utilizing relationships with companies in supporting industries also proved valuable for Pharmaq, both as a source of information and as a marketing tool, where especially feed companies would act as important stepping stones for market access.

*“We very often talked to feed companies, to get information about the customers; who is big, who pays their bills, and to open doors.” (Former Chief of the RO)*

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*Personal relations*

Although personal relationships were not very developed before entry, and were thereby not a precursor for the Vietnamese market entry, Pharmaq employees did develop some personal relationships which did not necessarily translate into financial gains, but became useful sources of information.

*“As a foreigner you can establish personal networks with some local customers (celebrate tet, weddings etc), this does not necessarily translate to financial gains, but is an important source of information as it allows different kind of communication... These are not necessarily your biggest customers.”* (Former Chief of the RO)

The local Vietnamese were also not encouraged to form deep personal relationships, as the company was the focus, and decisions were made collectively.

*“Pharmaq does not focus on personal networking much as any decision is made collectively. The company spends large amount of time to sit together and discuss problems and bring out solutions.”* (Country Manager)

*Governmental actors*

The Norwegian government and government institutions were very supportive of Pharmaq's Vietnamese venture already from an initial phase, as part of Norway's official Vietnam policy of increased economic development. They provided information and overall assistance, but most importantly they provided funding, mostly categorized as aid. This funding helped to reduce risk, and thereby lowered the entry barriers.

*“For the project with Bayer we received Ifu [investering i forskning og utvikling] funding from Innovation Norway, which reduced the risk.”*  
(Former Chief of the RO)

*“In the beginning, all we did was training, so in 2009 we started a competence development project with 3 years funding from Norad, to support this training and develop competence within Vietnam.”* (Former Chief of the RO)

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Innovation Norway also further reduced the entry barriers when they connected interested parties creating an alliance in order to achieve synergy, and then helped to set up the RO in 2008.

*“Business network [collaboration] started by Innovation Norway with AKVA group and EWOS. They also provided some funding, but not that significant.”* (Former Chief of the RO)

Innovation Norway also assisted with organizing trade fairs:

*“The first year we went to Vietfish, we did that with EWOS and AKVA [Group], which was mostly organized by Innovation Norway.”* (Former Chief of the RO)

Although the benefits of these trade fairs did not seem to be that highly valued, other than for marketing purposes, and so it might have acted as an important stepping stone.

*“I personally do not like trade fairs, other than to be seen.”* (Former Chief of the RO)

However, all in all, both the assistance with network building and problem solving and information gained from these agencies were much appreciated. The collaboration and communication have continued to be important for Pharmaq’s operations in Vietnam.

*“I highly appreciate Innovation Norway. They assisted the Norwegian companies with market information. Once entered Vietnam, they helped to set up meeting with relevant individuals and organizations to resolve arising problems.”* (Country Manager)

Industry associations also led to great sources for information, and technology.

*“VASEP<sup>2</sup> is an important arena. They talk to everyone, and can be a source of information and assistance.”* (Former Chief of the RO)

Dealing with the local government was especially important for Pharmaq as the Pharmaceutical industry is heavily regulated; good relations with local authorities

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<sup>2</sup> VASEP or Vietnam Association of Seafood Exporters and Producers is an organization linking leading Vietnamese seafood producers, exporters and service companies in seafood sector. VASEP’s mission include supporting and creating linkage between its members, establish and develop relation with farmers, state authorities and international relations (VASEP 2016).

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were highlighted as important in order to ease the flow of information in order to complete the registration processes in a timely manner.

*“Meeting with local authorities, both with regard to fishery and licensing of pharmaceuticals. And so it was very important to have good relations and an open dialog with governmental bodies like this.”* (Former Chief of the RO)

#### *Story in brief*

The business network of Pharmaq was a great facilitator in their entry into Vietnam, both in their first project with Bayer started in 2006 which gave them useful knowledge and experience in the Vietnamese market and later the partnership with EWOS and AKVA which was of great importance as a tool to reduce risks and increase the access to information. And further, the developed business network also helped to facilitate new customers by drawing information from their business network and also new employees, especially early on as they recruited from their former partner i.e. Bayer.

Pharmaq also received significant funding from Norwegian governmental agencies which helped to facilitate at least the early interest in the Vietnamese market.

Networking with the Vietnamese government was also important in order to get the necessary permits in order to enter the market effectively.

#### **5.2.2. EWOS GROUP**

EWOS is a leading and trusted supplier of feed and nutrition for the international aquaculture industry. The group has produced fish feed since 1935. As of 2008, EWOS was owned by CERMAQ group which was 40 per cent Norwegian State owned. Until that time, they operated in all four of the world’s major salmon farming regions: Norway, Chile, Canada, and Scotland. As of 2013, EWOS employed 1,039 people contributing to NOK10,840million (EWOS 2013), out of CERMAQ’s total of 3,533 employees and NOK16,000 million in total revenue (CERMAQ 2013). In 2013, EWOS Group was sold to Altor and Bain and then to Cargill in August 2015 (EWOS 2016, Managing Director 2015).

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Before coming to Vietnam, EWOS targeted the salmon market, which grew at about 10% per year. They wanted to diversify their product portfolio so that they would not be too exposed to just one product, and also they wanted to explore opportunities for faster growth. The Vietnamese aquaculture market, at that time was growing fast, particularly the pangasius market “*growing incredibly rapidly every year*”. The facilities and infrastructure, however, were not very developed so they thought that to bring in their high level technological knowledge would be a strong selling point. The meeting between EWOS and Vietnam was like “*marriage made in heaven*”, viewed by EWOS. So, EWOS entered Vietnam in August 2008 initially with an RO for the purpose of opportunity exploration. Then, EWOS acquired the majority of the shares from ANOVA corporation, forming the EWOS-ANOVA joint venture in January 2011. The purpose of entering through a JV was firstly due to the Vietnamese regulations at that time and secondly because of ANOVA’s local market knowledge as well as its existing distribution channel and production facilities. In 2013, the group took over all the minority of shareholding from ANOVA. EWOS Vietnam was the youngest member of EWOS group and also the first child of EWOS Group in Asia. Its main office was located in Hochiminh City and the factory was in the Mekong Delta, producing feed mainly for tropical species (Former Chief of the RO 2016a, Managing Director 2015).

The main informants in the EWOS case study were the former Chief of the RO in Vietnam who ran the early days of EWOS business in Vietnam; and the Managing Director of EWOS Vietnam at the time of October 2015.

#### *Business associates*

Previous business relation between EWOS Canada and Marine Farms<sup>3</sup> who had come to Vietnam and wanted EWOS to be there led to information sharing. First in identifying Vietnam as a potential market, and further in understanding the challenges and difficulties in doing business in Vietnam.

*“Marine Farms was buying a small amount of feed every year from EWOS Canada... that small experience [with Marine Farms] helped us to*

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<sup>3</sup> *Marine Farms was owned by a Norwegian Company. Marine Farms came to Nha Trang - Vietnam to raise cobia fish since 2003.*

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*understand a little bit about the country and difficulties we may have to face with...*” (Former Chief of the RO)

The General Manager of Marine Farms, a Danish man, was the key actor in the business relationship between EWOS and Marine Farms, he was able to provide a lot of assistance as he had 15 years of experience in the Vietnamese market and had a lot of contacts.

*“He has involved in the industry for a long time. He’s fond of doing business in Vietnam and he wanted to get EWOS into Vietnam.”* (Former Chief of the RO)

*“That was a professional relationship between the Dane and EWOS.”* (Former Chief of the RO)

The networking activities within the Norwegian aquaculture facilitated the exchange of information. Through frequent networking with other firms, EWOS became aware that Pharmaq and AKVA had a common goal. That triggered the interest in doing business in Vietnam together.

*“The Norwegian aquaculture is a small group of people so there were a lot of sessions between EWOS, Pharmaq and AKVA. We were all aware that three companies were looking for new markets at that time.”* (Former Chief of the RO)

In 2008, EWOS joined hand with Pharmaq and AKVA in order to set up the RO. This alliance was an advantage not just in term of cost and risk reduction but further, by combined resources of each and bridging their allies with additional network that one made, efficiency of the whole is increased and accelerated. And as the three companies were not competitors, but at the same time focused on the same market and the same customers, they were able act together, both with potential customers and in talks with government officials. This is a reflection of the Swedish proverb *“Shared joy is a double joy; shared sorrow is half a sorrow”*

*“They discussed together about sharing the RO to reduce cost and reduce exposure to the market that was new.”* (Former Chief of the RO)

*“Particularly, Pharmaq had experience in Vietnam and had made a lot of contacts. Sitting in the same office with them, we discussed contact that we made and you know, to share the network because there was no competition between the companies (we came from different sector within*

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*aquaculture and have different expertise) but equally if we went together, it would help in the view that we can help individual customers.” (Former Chief of the RO)*

*“I lived in the same apartment with the representative from Pharmaq. We saw each other mostly, we knew whom we were visiting and what would and would not work for us ... I would consider it as professional relationship.” (Former Chief of the RO)*

Compared to other two network actors, the business network is regarded as very important in term of up-to-date business information.

*“Among three types of network actor, business network is the most important. That was where we were able to find the most interesting piece of the information we wanted to know. We got much clearer picture by talking to the business compared to with the Government.” (Former Chief of the RO)*

Keeping in mind the role of network, EWOS also maintained the relationship with the company that they failed to form the JV with. But later, it turned out that it was a good plan because they needed that company for information.

*“... so we lost that biz relationship there but I still remained in contact with the manager afterwards and indeed we had to visit them when we went to Mekong Delta.” (Former Chief of the RO)*

#### *Personal relations*

Through networking with people in the same industry, and participating in industry exhibitions, EWOS found out a guy, a French-Vietnamese, who was later hired as their independent consultant, in order for EWOS to gain access to his personal network.

*“He talked about aquaculture in Vietnam. And we [EWOS] recognized that he knew about the industry so we started talking to him.” (Former Chief of the RO)*

Knowing that personal network is important particularly in Vietnam, the Former Chief of the RO had come to Vietnam to build up relationships, through the network of the French-Vietnamese consultant.

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*“The personal relationship is very important in Vietnam. That’s why I moved to Vietnam, going have coffee with a guy. You know, that’s how things start before you can talk about business here.”* (Former Chief of the RO)

The consultant was important in terms of providing the market information and bridging EWOS with his personal network within the Vietnamese aquaculture industry. He also acted as complementary and as a replacement for the initial business relationship they have had with Marine Farms. As he had more experience in the Mekong Delta, which was the main target of EWOS, rather than the areas further north where Marine Farms operated. He helped connect EWOS with potential partners and possible JV projects, which were crucial for EWOS in selecting their next step.

*“This individual consultant was the one who helped to identify potential partners, and evaluate business opportunities in which partnership with ANOVA is part of.”* (Managing Director)

*“In finding best local partner, without the network [of the French-Vietnamese guy], we couldn’t be able to do anything.”* (Former Chief of the RO)

At the time of the Former Chief, the language constraint made EWOS even more rely on the French-Vietnamese consultant. This was probably because the English level of the Vietnamese at that time was not as high as the time when the current Managing Director showed up at EWOS. Together with his Vietnamese speaking and experience, the language constraint was eased.

*“We did struggle with language and that’s why we relied heavily on the French guy... When I left in 2013, there was more people that speak a better level of English so it was easy to communicate... He [the Managing Director] speaks Vietnamese fluently so that changed the dynamic there.”* (Former Chief of the RO)

#### *Governmental actor*

The entry to Vietnam was easier and smoother with the support of Innovation Norway in term of bridging EWOS with the Vietnamese government, helping with navigating the Vietnamese bureaucracy, acting as a door-opener and in providing funding.



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*“Innovation Norway played as a door-opener, helped to set up meetings with the Vietnamese Government at the beginning. Also, since Innovation Norway had know-how, it was helpful for EWOS.”* (Managing Director)

*“When there arose some problems with Governmental issue such as application procedure, Innovation Norway may be asked for help.”*

(Managing Director)

*“We have funded from Innovation Norway and also through Norad’s project... We could reduce the exposure to the new venture.”* (Former Chief of the RO)

But, EWOS tried to minimize the intervention role of Innovation Norway because it was not a good way in working with the Vietnamese Government.

*“We tried to work independently, with the least help from Innovation Norway.”* (Managing Director)

Relationship is important in Vietnam, and that was why, EWOS tried to gradually build relationship with the Vietnamese government through informal meetings and by assisting them when needed. However, since their parent company was partly owned by the Norwegian state, anti-graft was an important part of their CSR policy and refraining from corruption was an important part of their principles.

*“We tried to identify decision maker. We were patient in building gradual relationship with Vietnamese Government. We made frequent flights to Hanoi just to have lunch with them, offered help when the Government needed, made them feel that we were there to help and to do nice things for Vietnam.”* (Managing Director)

*“We never violated CSR principles such as going under table, or bribery.”* (Managing Director)

#### *Story in brief*

There had been small business relationship between EWOS Canada and Marine Farms Vietnam for years before EWOS entered Vietnam. As Marine Farms would like to have EWOS in Vietnam possibly because Marine Farms saw the market prospect and they wanted their Norwegian partner to come, make money there and serve them better, they started to share information with EWOS about Vietnam. And EWOS, as a result, became aware of this market.

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When it was time to seek for faster growth, choosing between countries was a big question. Thanks to Marine Farms for introducing Vietnam and thanks to various sharing sessions within Norwegian aquaculture, EWOS got to know that AKVA and Pharmaq were expecting internationalization. And it was just the right time, when in 2008, Norad and Innovation Norway called for Norwegian companies from different economic sectors to come to Vietnam to enhance the cooperation between the two countries. So, thanks to the Norwegian government that paved the way for EWOS. Here, it is hard to decide which network actor (i.e. business associates or governmental actors) was more efficient in making Vietnam attractive to EWOS. Perhaps, we could agree with the Former Chief of the RO's view that business network was more important in the view that it provided updated and realistic market information.

In the RO period, with the main target to set up a JV with a local company, the personal relationships acquired through the involvement of one French-Vietnamese man seemed to be more overwhelming, considering the goal was met. Also, keeping in mind that *“Network is very important for us to understand what we can do, shaping the business plan and secondly for Vietnamese to understand what we can offer and what we were bringing”* (Former Chief of the RO), they maintained and patiently built network with other businesses and Vietnamese government. Each type of network had its own importance and role in different period of the EWOS establishment in Vietnam.

### **5.2.3. AKVA GROUP**

AKVA group is a leading technology and service partner to the aquaculture industry worldwide, offers both cage farming and land based aquaculture operations with complete technical solutions and service. The group is present in all markets with offices in Norway, Chile, Denmark, Scotland, Iceland, Canada, Australia and Turkey. In markets where the offices are not opened like the Vietnamese market, they export their products through their individual consultants or sale persons. At the end of 2008, AKVA group had 528 employees contributing to NOK866 million of revenue (AKVA 2008, 2016, Former General Manager of the RO 2016).

Until 2008, the group held a relatively large share of salmon market on the globe, 80-90 percent of its revenue was from salmon. The group actively searched for

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new species in international market. Observing the booming of pangasius fish market in Vietnam, the group established an RO in Vietnam with the two Norwegian companies Pharmaq and EWOS in 2008. The RO's mission was simply to act as a sale office. It was closed in 2013 but AKVA Group maintains business in Vietnam via one personal consultant who was the former General Manager of the RO (Former General Manager of the RO 2016).

The main informant in the case study was the former General Manager of the RO of AKVA Vietnam.

#### *Business associates*

Previous business relation with Marine farms – a Norwegian company who had come to Nha Trang – Vietnam to raise cobia fishes signaled the potential of the Vietnamese market.

*“Marine farms Vietnam made numerous orders of cage from AKVA since 2006... They invested a lot. We think that they had to have done careful market research. That aroused curiosity from AKVA who at that time had very little idea about the Vietnamese market.”* (Former General Manager of the RO)

Being intrigued by Marine Farms, AKVA group manager made a trip to Vietnam to discover the market. He saw that there were many other international Aquaculture players there and that confirmed the recognized market potential.

*“...seeing other international fish farming companies in Vietnam, he realized the potential of the Vietnamese market.”* (Former General Manager of the RO)

In 2008, AKVA set up their RO office in Ho Chi Minh City with the two other Norwegian companies namely Pharmaq and EWOS. Going in a batch helped to reduce cost. Further, as the three companies had the same species focus – the pangasius fish, they were able to pool their resources, offering complementary products and thus can supply product to individual customers.

*“EWOS provides feed, Pharmaq offers vaccine and us supply fish farming facilities. We all can serve one customer.”* (Former General Manager of the RO)

*“The feasibility study cost was partly shared by the three companies”*

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*“The office with the other two was a great advantage. That was a win-win game. We shared the information, office rental and field trip cost.”*

(Former General Manager of the RO)

#### *Personal relations*

The relationship between the AKVA group manager and Marine Farms’ owner, as former coworkers, obviously spurred the intrigue for the Vietnamese market, and became an important source of information, increasing the effectiveness of the internationalization.

*“They knew each other. Marine Farms owner used to be senior of my current manager. My manager asked Marine Farms about their Vietnamese business... He made a trip to discover Vietnam. Meeting friendly people, tasting good foods ..., he realized the potential of the Vietnamese market.”* (Former General Manager of the RO)

The recruitment of the former General Manager of the RO, as a local employee, opened opportunities for business development in Vietnam, by bridging cultural and geographical distance in order to increase the network more effectively.

*“I was like the information coordinator. I speak the language. I stay in their time zone. They [the Vietnamese customers] can call me in their convenient time, with lower telephone charge. I responded to their emails quickly.”* (Former General Manager of the RO)

In developing business, the Former General Manager of the RO strove for close personal relationship with personnel at other aquaculture companies such as EWOS, Pharmaq, Skretting. And through this process he was able to synthesis tacit knowledge, such as customer quality, that otherwise would be difficult to assess. The people from the feed companies were very important in this, and helped to provide a fruitful friendship.

*“I, the current Managing Director of EWOS and the current Country Manager of Pharmaq Vietnam were very close. I know the Former Country Manager of Skretting very well and I invited him to dine out some times... I also know the current General Manager [of Skretting]... I asked EWOS or Skretting, for example, if they see some potential customers for us and I would then approach them... [talking to EWOS and Skretting] ‘I would give a discounted price for your customers. Your customer is happy*

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*also because of the improved productivity thanks to using our products. You will be happy too because they may make a bigger order from you. Three of us would be happy, a win-win solution'... That is why I kept close contact with feed companies like Skretting and EWOS.”* (Former General Manager of the RO)

*“This is a dynamic industry and easy to know other players via seminars, industry meetings, etc.”* (Former General Manager of the RO)

However, he maintained that the company behind is more important than a person representing the company.

*“It is not that if they like me, they trust me, they would buy. In B2B business, the company behind is more important in term of price, products.”* (Former General Manager of the RO)

#### *Governmental actors*

Norad and Innovation Norway acted as a trading bridge between Norway and Vietnam, providing a multitude of assistance initiatives in order to acquire information and to ease the new market entry.

*“They have market information available for all the Norwegian companies. They support feasibility studies, fact finding trips, legal paper work, head hunting, setting up office, etc.”* (Former General Manager of the RO)

With the trade promotion program from Norad, AKVA followed Norad's invitation, in order to increase their exposure in the market.

*“Because we do B2B business, we closely follow Innovation Norway or Norad... so that we can meet potential customers or exchange catalogue to make our brand widely known.”* (Former General Manager of the RO)

AKVA seemed to follow Innovation Norway closely. They also follow Innovation Norway to other nations as Innovation Norway moves.

*“Innovation Norway announced that they would use their money (a lot) to support underdeveloped nations. Underdeveloped nations now are mostly from Africa. AKVA attend seminars, conferences by Innovation Norway to meet with other businesses.”* (Former General Manager of the RO)

*Story in brief*

The business between AKVA and Marine Farms since 2006 has aroused curiosity of AKVA about the Vietnamese market. The manager of AKVA group used his personal relationship with the owner of Marine Farms who used to be his senior to query about their Vietnamese business. On his business trip to Vietnam, seeing the presence of other international aquaculture players, he realized the business potential there. And time seemed to favor them. It was after his trip to Vietnam, AKVA knew that Norad was calling for aquaculture companies coming to Vietnam to support the Vietnamese's aquaculture industry. It was the synthesis effect of all relationships with business associates, personal contact and governmental actor that drew AKVA to Vietnam. Each relationship is helpful at each point in time and together, they convinced AKVA about their Vietnamese decision in term of market potential and various support from the Norwegian government.

In developing business in Vietnam, personal relationship with personnel at other aquaculture companies is built. It is, however, maintained that the company behind is more important, not the representative person.

**5.2.4. SKRETTING**

Skretting is the world leader in the manufacture and supply of aquaculture feeds, making it an essential link in the feed-to-food chain. Skretting is headquartered in Norway, but has production facilities in Australia (Tasmania), Brazil, Canada, Chile, China, Ecuador, Egypt, France, Honduras (JV), Italy, Japan, Norway, Nigeria (JV), Turkey, Spain, UK, USA and Vietnam. Skretting was acquired by BP Nutrition in 1981 which in 1994 was spun out into Nutreco as part of a management buyout. In the beginning of 2010 Nutreco employed approximately 9,700 people, out of which some 1,300 worked for Skretting, making Skretting one of the larger companies in this study (Nutreco 2009).

When Skretting was looking to expand in Asia, their main focus was not so much which country to enter more than it was a question of how to expand. It was noted that, following the green-field mode would not be so difficult for Skretting as establishing a new factory was not complicated, but they decided to enter through an acquisition of Tomboy in 2010 which was much faster and easier as they

already had a customer base and name recognition. This marked a milestone in the company's history, as this was not only their first entry into the Vietnamese market, but also because they would now focus on shrimp feed and not fish feed which was what they had always done. This decision was met with much skepticism and resistance, but today, Skretting's shrimp feed business is one of their more profitable sectors, thanks in large part to their Vietnamese endeavor (General Manager 2016, Former Country Manager 2016).

The main informants in this case study were the former Country Manager of Skretting in Vietnam who ran the Skretting business into Vietnam; and the General Manager of Skretting in Vietnam at the time of April 2016.

#### *Business associates*

When entering Vietnam, Skretting seemed to make little effort in utilizing their business network. This may be attributed to the fact that they had previously never dealt with shrimp feed, and as such did not have such an extensive network. However, this also seemed to be a very conscious decision, in order to get in touch with the right people, and to avoid overexposure.

*“Aquavision<sup>4</sup> draws people from all over the world. Top industry people. So this does not give you the deep information when you want to buy a company in Vietnam. Then you want to talk to someone who is low profile. And when you want to enter a specific market that we don't know, like Vietnam, we do that extremely low profile. Sometimes we don't even say that we are from Nutreco, we just collect information.”* (Former Country Manager)

Skretting did also keep an eye on their larger business network and noticed that the Vietnam economy was receiving foreign investors.

*“We saw different people moving in [to Vietnam] at the same time as us, using different methods.”* (Former Country Manager)

It is however difficult to say what effect this had, outside of a signal effect, highlighting the potential in the Vietnamese market.

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<sup>4</sup> AquaVision is a world aquaculture conference that attracts world-class speaker, motivator and aquaculture entrepreneurs to Stavanger (Norway) every two years. The conference gathers some 400 participants from more than 40 countries and has been organized by Skretting and its parent company Nutreco since 1996 (AquaVision 2016).

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*Personal relations*

Much of what was done concerning Skretting's entry into the Vietnamese market seems to be because of their President of Asia Pacific operations who then became Country Manager for Skretting Vietnam at the time. He joined Skretting in 2007 after having worked as regional manager in Asia for a French animal feed company. This meant that he had an existing network in the industry, which he was able to utilize, not just in terms of information gathering, but also to reduce risk and transaction costs, especially when they chose to enter the market through an acquisition of a company where he knew the owner as a former partner and competitor.

*"...in Vietnam, I happened to know that company very well [Tomboy], I happened to personally know the owner. And so working through the process was quite smooth, started talking sometime around January 2010, announced the decision in July, so less than 6 months, which was very very fast.... I knew the manager because he used to be a competitor, also partner, but mainly competing. It helped a lot to speed up the process. But it was not the only reason why we went to that company." (Former Country Manager)*

In fact, a lot of the information was gathered based on the personal initiative of the President of Asia Pacific, where his personal characteristics, knowledge and network were great assets for Skretting:

*"I just went to visit people. I knocked on doors [Snowballing]. You get a good contact, and he tells you: yeah, you can go to this guy, he is very interesting, or don't go to this guy, he's very bad. But you still go, because you want to know." (Former Country Manager)*

*"I have 15 years of experience in Asia, so I know whose door to knock on." (Former Country Manager)*

These kinds of personal attributes were also important when Skretting hired their General Director, getting someone with extensive experience in Vietnam, and also with knowledge of the local language, helping to bridge cultural gaps.

*"I joined the company in January 2011 and became General Director in July 2011. I had been in Vietnam for 6 to 7 years before that so my knowledge of the market and my network were an asset to Skretting." (General Manager)*



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*“He speaks some Vietnamese so it was easier for him to communicate.”*

(Former Country Manager)

#### *Governmental actors*

Skretting seemed not to rely much on local governmental actors, nor did they lean much on home country government actors either. However, home country agencies were identified as playing a much more supportive role, and so even though their assistance was limited, it seemed to have been much appreciated.

This is illustrated in some quite colorful quotes:

*“[Local] government was not used for information collection, as they might have their own agenda, and they can often be misleading. At a point in time we have to mingle with them, because we have to deal with the license, things like that. But in South East Asia, we try to stay away for these kinds of institutions. [If] We have a seminar; we talk with them [the government] for the sake of having a good relation.”* (Former Country Manager)

*“The Dutch government has a relatively good structure in this country [Vietnam]. But when it comes to specific industry and segment, it’s not much, they want to help, but there is not much they can do. Sometimes they can provide some survey... they provide information that goes into reports, and we give them information, it’s a two-way street. We provide data to the (Dutch and Norwegian) governments, we share what we know. When it comes to business, we rely on our own resources.”* (Former Country Manager)

*“The local economic missions in the country do help, especially from Holland and Norway, more so than the French one.”* (Former Country Manager)

The Vietnamese Government, in order to promote themselves and domestic importers, organized trade fairs where companies met and exchanged information so that business cooperation was enhanced. This was where Skretting connected to other businesses to gather information, but they kept a skeptical mind.

*“We had to be engaged here as they were a good source of information, but also of propaganda, they did both, because they had their own agenda, which they promoted. Their main purpose was to promote their own*

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*government, and the big importers. But it's a good way to meet people."*

(Former Country Manager)

Industry associations however, were seen as a better tool to bridge Skretting to the right information providers:

*"It [industry associations] is wide sources, more than government body if you want to enter a market, we will certainly go to this kind of structure. Government is definitely a big source of propaganda, and incorrect data, the industry association, a bit less."* (Former Country Manager)

#### *Story in brief*

For Skretting, it seemed as their personal network was by far the most important, the most utilized and the most effective tool for a relatively low risk and quick entry into the Vietnamese market. Their personal network did not seem to be very serendipitous; however, it seemed to be a result of strategic investments in human capital.

The local government actors were not seen to be facilitators of market entry; however, they were seen as entities that one would have to act with, when operating in a market. Home country governmental actors were also not seen as facilitators, they played a rather passive role and assisting role, it should be noted that being a large company with a more flexible definition of home country allowed Skretting a freer choice with respect to which agencies and embassies to approach. It was also mentioned that smaller countries tend to have more accommodating agents, which means that MNCs could do well in first approaching the local economic missions of the smaller countries which they identify with.

Business network was not an important source for information or motivation, although the line between a professional and personal relationship may be a bit unclear.

#### **5.2.5. CONTEMI**

Contemi was founded in Norway and UK in 2001 by insurance professionals. The purpose was to join a unique industry understanding within insurance with leading IT skills to form a specialist IT and Consultancy company for the start-ups of its owners. Gradually, Contemi commercializes itself as a specialist IT and

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consultancy company within the insurance industry. Through the last decade, the company has been involved in more start-ups than most other IT & Consultancy companies. This has given the company a unique industry understanding and has resulted in the development of a leading edge insurance software platform. The company Head Quarter is located in Oslo, Norway; two development centers are in UK and Vietnam and one recently opened office in Singapore mainly for business development purpose. The company has more than 100 employees across UK, Norway and Vietnam (Contemi 2016, Head of Contemi Vietnam 2016).

The development center in Vietnam was set up in 2011 to support Contemi's activities in Europe and search for clients in the Asian market. Until 2016, Contemi Vietnam has managed to win a small project with a state-owned insurance company in Vietnam and one client in China and one in Singapore. The features of the Vietnamese market (i.e. the slow growing insurance market, non-life insurance companies are mainly state-owned clients who do not want to invest much in IT system and most of them base in Hanoi while Contemi bases in Hochiminh City) discourage the company in finding new customers in this market. So, the Vietnamese establishment still mainly supports existing high value clients in Norway, Denmark and Sweden. The low cost IT resources in Vietnam together with the highly skilled IT developers in Europe give Contemi a significantly lower IT-cost/Premium ratio than its competitors (Contemi 2016, Head of Contemi Vietnam 2016, Vice General Director 2016).

The main informants in this case study were the Head of Contemi Vietnam and the Vice General Director, who are also the founders of Contemi Vietnam, as of April 2016.

#### *Business associates*

The business relationship was not found to direct Contemi to Vietnam. As it was the purpose of Contemi Vietnam to reduce cost in serving existing clients in Europe was the main motivation for their entry. However, they do try to use it now, in order to grow their business locally, even though their main business area is to service the European markets.

*“We [Contemi Vietnam] do not focus on business development ...the significant lower labor cost in Vietnam compared to that of Singapore (six*

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*time lower), UK (10 time lower) and Norway (around 20-30 time lower). ... Taking the labor cost into account, the resulting monetary return in supporting existing clients in EU is always higher and more secured than finding new clients. Thus, our main focus is still on the high value EU clients... However, we still search for new clients in Asia to gain more experience and reduce the reliance on the Scandinavian market.” (Head of Contemi Vietnam)*

In business development, relationships with other business entities are important to introduce Contemi to new clients. However, events such as seminars provide little access to decision makers, and building personal relationships is seen as much more effective in this regard.

*“Participate and hold presentation in seminars about insurance hosted by Ernst and Young. Contemi is made known in the insurance market. However, participating in seminar is not so effective as it is in Singapore because the seminar goers are often specialists rather than decision makers. Then, it comes to personal relationship with those ‘hiding’ decision makers... playing golf, going out drinking. We have not done any of these and that is perhaps why we have not had any other projects so far (smile).” (Head of Contemi Vietnam)*

#### *Personal relations*

The three former Vietnamese employees of Contemi has led the company to Vietnam. After studying and working for Contemi in Singapore, the global financial crisis in 2008 forced Contemi to close down the Singaporean unit, and the three went back to Vietnam where they continued to assist Contemi until they formed the official entity of Contemi Vietnam in 2011.

*“The Singapore based Contemi was mainly to support the Singaporean market and they planned to broaden/develop the Singaporean business. But the economic crisis in 2008 failed the plan. It would not be a promising future if we continued to stay in Singapore. That professional reason together with personal reasons led us home in late 2009. Being home, we three continued to serve Contemi as individual consultants. Around one year after that, oversaw that setting up a business entity will be more convenient, Contemi Vietnam was established in 2011.” (Head of Contemi Vietnam).*

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The Vietnamese market potential and low cost advantage were the reasons behind Contemi's entry into Vietnam. The Vietnamese nationality of the co-founders was possibly part of the motivation for entering Vietnam.

*“Being Vietnamese, it would be easier for us to manage the human resources here.”* (Head of Contemi Vietnam and Vice General Director)

Personal relationship is obvious important in doing business in Vietnam in term of business development and head hunting.

*“We review if we have any friends working for Bao Viet or Bao Minh [two giant Vietnamese insurance companies mainly owned by the state], to know who is the decision maker in such organization... When doing business, we try to build personal relationship with partner. This is not avoidable in Vietnam in particular and Asia in general. So far, this is not so effective but still good for the company in term of information source.... Core developers here in Contemi Vietnam are friends for long time. We seek for quantified personnel in seminars.”* (Head of Contemi Vietnam).

#### *Governmental actors*

This was not found to have influence on the Vietnamese entry but perhaps during the operation. Contemi was only aware of the existence of Innovation Norway two years ago, since then the cooperation seems to blossom.

*“They are very supportive. Together with us, they went to the meetings with Bao Viet and Ministry of Finance stating that we are supported by the Norwegian government... They asked if we would like to hold seminar so that they could send invitations to insurance companies.”* (Head of Contemi Vietnam)

#### *Story in brief*

The repatriation of three Vietnamese employees who worked in the Singapore-based Contemi triggered the entry into Vietnam. During business operation, the company values relationship with all the three network actors. They emphasize more the importance of personal relationship in Vietnam.

### **5.3. Cross-case analysis**

This section serves as a reflection of the similar and different findings between the five companies; the goal is to evaluate the result within the individual dimensions

of the model presented in this paper. So as to get a better understanding of the importance of each network dimension, and how it helps to trigger and facilitate the entry to a specific market.

Company	Business associates	Personal relations	Governmental actors	Note
<b>Skretting</b>		<b>XY</b>	<b>Y</b>	<b>X:</b> Network as a trigger  <b>Y:</b> Network as a facilitator
	- Mainly through observing others and recognized that Vietnamese market is attracting.	- Personal relation with Tomboy's owners led to the acquisition of this business.	- Home country government played a passive and supporting role.	
<b>EWOS</b>	<b>XY</b>	<b>Y</b>	<b>XY</b>	
	- Business relationship with Marine Farms before entering Vietnam led to information sharing. - Alliance/collaboration with AKVA and Pharmaq. - Provided realistic information.	- Personal relationships of a French-Vietnamese guy proved very important.	- Innovation Norway to reduce entry exposure and bridge EWOS with host country government. - EWOS tried to develop good relationship with the host country government.	
<b>AKVA</b>	<b>XY</b>	<b>Y</b>	<b>XY</b>	
	- Business relationship with Marine Farms before enter Vietnam signaled market potential. - Realized the potential of Vietnam through seeing the presence of other International fish farming companies. - Collaboration with EWOS and Pharmaq to reduce cost and share information.	- The relationship between AKVA group manager and Marine Farms' owner led to further information sharing. - Strove for personal relationships in order to develop business.	- Innovation Norway and Norad as a trading bridge between Norway and Vietnam. They provided funding. - Follow Innovation Norway to meet potential customers.	
<b>Pharmaq</b>	<b>XY</b>	<b>Y</b>	<b>XY</b>	
	- Successful project with Bayer Vietnam in 2006, to some extent, and overtime, had developed Pharmaq strength, network and human resource base in Vietnam. - Collaboration with EWOS and AKVA. - Talked to feed companies to get information.	- Though this was not found to be a precursor before the Vietnamese entry but it was important for Pharmaq in term of collecting information during the RO period.	- Supportive role of the Norwegian government: connected Pharmaq with other companies, provided information, organized trade fairs. - Vietnamese government could also provide information.	
<b>Contemi</b>		<b>XY</b>		
	- This is important only during developing business, as it may bring new clients.	- As Contemi employees repatriated, they drew Contemi to Vietnam.	- Only 3-4 years after the entry, Innovation Norway became supportive in connecting Contemi with state-owned enterprises and government as well as organizing seminars.	

Table 4: Relationship utilization by case companies by size (descending)

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Some of the case companies did not plan for their Vietnamese entry upon the serendipitous encounter with useful sources. The repatriation of Contemi Vietnam's founders, the business relationship between both EWOS and AKVA with Marine Farms, and the role played by the Norwegian government in the case of the EWOS, AKVA were found to generate the interest in doing business in Vietnam. We continue to examine if these case companies continued to draw on these actors as a trigger for their entry. We found that Contemi used their repatriates as a market entry driver; EWOS (and not AKVA) employed Marine Farms as an information provider, but both EWOS and AKVA drew on the Norwegian Government as an entry supporter. In the case of Pharmaq and Skretting, we did not find any clear network actor that triggered the initial interest in the Vietnamese market and thus fall out of the scope of Proposition 1. The finding thus provides some support for Proposition 1.

Due to the development stage of the Vietnamese market which results in the low level of transparency and high level of uncertainty, from our research we see that relationships are important when doing business in Vietnam as a means to cope with those weaknesses. And so, this does indicate that Proposition 3 might be valid. In order to adapt with the local market, and to minimize the uncertainty of foreign market, case companies do draw on network in their internationalization process. This will be discussed further through the Sub-Propositions.

In general, different companies had different sets of relationship and most of them (except Contemi) utilized two sources or more, when first entering the Vietnamese market. It was either the result of strategic planning in the case of Skretting and Pharmaq or a serendipitous encounter with the useful sources like in the case of EWOS, AKVA or Contemi. Unlike what we expected from the literatures, company size did not seem to be a good predictor of how a company would utilize their network or indeed how important it was to them. The smallest firm i.e. Contemi seems to rely the least on their network compared to the bigger players. And the three companies, or the partnership between EWOS, Pharmaq and AKVA, irrespective of their size, share almost the same result. When analysing the internal dynamics in this business partnership, size also does not seem to be a good determinant for the power balance among the parties involved. The smallest company in the partnership - the SME Pharmaq - seems to take the lead, acting quite independently of EWOS and AKVA; while EWOS often shows

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some dependence on Pharmaq and finally AKVA seems to depend on both of the two other companies. The result thus does not show support for Proposition 2, we therefore find little justification for the literature to consistently distinguish between SMEs and larger companies, and as such, more of the network researched aimed at SMEs might also be applicable to larger firms.

When firm size does not provide justification for the extent to which network is used, we continue to seek another explanation. Contrasting Contemi with all the Aquaculture firms, it appears that Contemi's target market is different from that of the others. While the others came to Vietnam to serve the local market, this IT service company on the other hand, set up their Vietnamese establishment to take advantage of low cost resources to yield higher margin in serving high value EU clients. Contemi did look to expand their client portfolio to the East but the local market conditions do not seem to favor. They did engage in some networking activities, but this was during the business development stage and thus fall out of the scope of the study. Back to the point of our argument in which we propose that the market target might provide some explanation for the extent to which network is used, we argue that the first and foremost prerequisite for serving a particular market is the market specific knowledge. This is particularly relevant for transforming economy with very different economic, cultural and political environment than Norway (Meyer and Skak 2002, Barkema, Bell, and Pennings 1996). Various literatures have claimed that knowledge about a market can be attained by drawing on resources of others. Contemi Vietnam, who targeted their existing EU clients, may not need much expertise about the Vietnamese market and thus relies less on their network contacts to get access to market knowledge. The contrary is applied for the rest of the case firms. This argument, however, does not explain why there is still difference in the use of network between Skretting and the partnership, although they all aim at the same geographical market. Though this fact might weaken our new proposition, we argue that no single element can thoroughly explain all occurrences. It may also be governed by other factors – difference in utilization of network among firms may be due to their strategy, uncontrollable factors such as socioeconomic factors or unexpected encounters with useful sources by chance, etc.



### ***5.3.1. Business associates***

The importance and utilization of the business networks varied greatly amongst the case companies. As for AKVA, EWOS and Pharmaq, the previous business relationship had effectively contributed to their entry decision which is in line with the study by Ciravegna, Lopez, and Kundu (2014). While as for Skretting, they tried to rely as little as possible on their business network and Contemi did not use or attempt to develop business network for the entry. However, all the companies emphasize the value of business network for collecting information in general. The three companies in the partnership emphasized how being together helped to reduce risk and increase the access to reliable information as the most important elements, thereby showing support for Sub-Proposition 3a.

Though it has not been well supported by the literature, through the case study, we notice that business network can act as a signal for business opportunities. Like the case of AKVA and Skretting, they observed the potential in Vietnamese market either from the behavior by direct business partner (i.e. AKVA) or in their larger business network (i.e. Skretting and AKVA). But the business opportunities can only be recognized or network only plays a signal role when the companies keep an eye opened.

### ***5.3.2. Personal relations***

Case companies, when asked, all confirmed that Personal relationship in Vietnam is important. That is why the case companies have been trying to establish this kind of network. It seemed to be more important for the companies that go alone (i.e. Skretting and Contemi) whether this is the result of strategic plan or serendipity. Skretting were the most explicit informant when it came to showing distrust in the institutional environment of Vietnam and emphasizing how personal relationships were much better at providing reliable information, more so than in other, more developed, markets, thereby supporting Sub-Proposition 3b.

For the partnership between EWOS, AKVA and Pharmaq, personal relationship, to some extent, seems less important. This is perhaps rooted from the fact that the do-it-alone companies rely heavily on personal network as the only one source they had or intended to use while the alliance relied on various network actors because the conditions allowed them to do so.

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It is also important to note that the distinction between professional and personal relationships can often be difficult to determine, and might often be a subjective and non-mutual feeling. And several respondents did point out that this is especially true in Vietnam, where they seem to place more importance on personal relationships than in most Western countries. This is therefore in line with Proposition 4, however it did not seem to be that crucial for all companies when it came to the entry decision, particularly for companies that had other networks to rely on.

Further, for the companies that utilized personal networks in their entry, these networks were, obviously, dependent on just a few key players. The case of Skretting was very interesting in this regard as they hired a person with a large network in the market, which helped to facilitate their entry. However, we were unable to ascertain how important his personal network was in the hiring decision, it does stand out as an important asset, considering that existing networks were also used as criteria for later hires. EWOS also managed to identify an individual with a valuable network asset and market knowledge, and chose to engage him in their business development as a consultant, offering a different solution to the problem of network accessing. This also enabled a decoupling of the decision making authority and the personal relationships involved, which otherwise could lead to principal-agent problems. The use of recruitment as a tool for accessing local knowledge and network were also highlighted by other informants, especially in the early phases. Thereby we do find support for proposition 5, the idea that recruitment can be used as a way to expand networks, where these recruits will have high Betweenness Centrality within the networks, thereby acting as crucial bridges.

### ***5.3.3. Governmental Actors***

Governmental actors, based on this survey, seemed mostly to have acted in an assisting function, providing some useful information and facilitating in meeting people and a general door-opener. In line with Sub-Proposition 3c, Pharmaq, EWOS and AKVA who entered Vietnam in 2008 were actively assisted by the Norwegian government, through Innovation Norway and Norad. Major funding did seem to facilitate in reducing risk and thereby easing the entry decision of the partnership, and individual assistance or guidance was given to each of the

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company in the partnership. This is in line with the “2008 Vietnam strategy” in which Aquaculture was one of the prioritized sectors for Norwegian business activities in Vietnam. In 2010, the time when Skretting entered Vietnam and in 2011 when Contemi established its first development center in Vietnam, the role of home government was less effective as it was the time when Vietnam attained the middle-income status and therefore, receive much less assistance from Norway or it is to say that Norway's priorities in Vietnam had changed since 2010, no longer include aquaculture and ICT. This seems to support Sub-Proposition 3c, where governmental policy helps to guide strategic market decisions.

Relations with the local government is highlighted as important in some of the cases, especially Pharmaq, as they operate in a very regulated industry, emphasises how good communication and information flow are important in order to speed up certain application processes. But EWOS and Skretting also accentuated the importance of good relations with decision makers in the Vietnamese government, in order to mitigate unforeseen problems, supporting Sub-Proposition 3d.

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## 6. CONCLUSION

This section briefly goes through the findings as a basis to present the contributions regarding both theoretical and managerial aspect. Limitations and suggestions will also be discussed.

### *6.1. Summary of the findings*

The general purpose of this study is to extend our understanding about the role of network in the internationalization process of Norwegian companies, with particular interest in the initial phase of their Vietnamese entry- from decision making to early arrival. To achieve this, five case companies were thoroughly studied relative to their networking activities which triggered and facilitated the Vietnamese entry. Based on the existing literatures and the study context, several propositions and sub-proposition were raised. The results of five case studies have largely supported most of the propositions, except for proposition 2 which concerns the relation between firm size and the use of network. When size does not seem to justify the different extent to which network is used by different users, we argue that it might be due to the target market in which each company aims at. This argument is weak in the sense that it cannot provide complete explanation for why there are differences among companies serving same geographical market. We propose that such differences can be further explained using the fact that different companies have different strategies, encounter with difference sources, etc. and thus use network differently.

All the case companies employed network in their market entry. Network acted either as ‘eye opener’ – which drove attention to the Far East market and/or ‘door opener’ – which supported the entry for the case companies. Having understood the Vietnamese landscape – the business conditions, institutional weaknesses, the Confucianism – influenced culture, the case companies responded by actively drawing on networking with others to help overcome the liabilities of foreignness. The ‘*others*’ here refers to individuals, firms and governmental actors.

Though it is not well supported by the literatures, and found in all cases, it is worth mentioning that business network can also act as a signal for market potential. Either through observing action taken by direct network contact or by firms in a broader network. The findings are elaborated as below.

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Position 1 stating that “*A network actor that helps to trigger the interest of a market, will become an important facilitator for the entry*”. We find that this largely holds true, except when there are more than one actor drawing the company to the market, then the importance of one actor may decrease, but the initial source will usually transform from informative to supportive.

For Proposition 3 which says that “*Network serves as a remedy to cope with the poor conditions of doing business in transforming economies. And so operating in such a market will mean that networks are emphasised as important tools to deal with uncertainty and market complexity*”. The study suggests that this is the case, and that all three network sources may be used to achieve this risk reduction effect. The business and personal networks were highlighted as more reliable sources of information than the normal institutional channels. And home government was actively used for support, while networking with government officials were emphasized in order to overcome bureaucratic difficulties.

Viewing cultural differences, Proposition 4 states “*As personal relationships are emphasised in Vietnam, building personal relationships is important for the market entry*”. This was supported by all informants as very important. Even for those companies in which personal networks were not the initial trigger, it was emphasised as an important tool to facilitate the entry.

Lastly Proposition 5 relates to network expansion, declares that “*The companies who lack a sufficient network necessary for their Vietnamese market entry would try to recruit personnel who is knowledgeable about this market and has relationships that are useful for the market entry*”. Even though some companies did this in a more active manner than others, all the companies that lacked personal networks in the market did end up recruiting personnel where they could actively utilize their new recruit’s personal networks.

## **6.2. Theoretical contributions and managerial implications**

This study, using the case study method, provides rich description of the network-supported internationalization by examining the Norwegian companies who entered Vietnam, an under-investigated region in International Business (Nguyen and Nguyen 2010). To our best knowledge, applying the framework by Amdam (2009) and Che Senik et al. (2011) has distinguished this study from other existing

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case-based studies in the sense that a comprehensive set of involving network actors was carefully examined. The findings strengthen the existing literature on the supporting role of networks in the internationalization process and can be a useful source of hypothesis or a basis for structured interview and self-completion questionnaire using Quantitative research strategy.

From a practical point of view, the general findings of this study suggest that managers need a better understanding of the network relationship as a signal and its possible impact on the internationalization activities. Unexpected, promising international business opportunities brought by their current and potential network partners can arise at any point in time, so the companies need an adaptive approach whereby, after evaluating the opportunities, they can constantly refine goals, shift their plan, acquire resources promptly to start their departure (Reeves, Love, and Tillmanns 2012).

Given the specific context of the Vietnamese market, network is highlighted as a facilitator for market entry. Companies should therefore place considerable attention and resources in building and maintaining relationships. Frequent talk with their existing partners, keep themselves updated of the happenings from all directions, from governmental level to industry level to personal level. The joint force between EWOS, AKVA and Pharmaq has proved these suggestions to be valuable. And because opportunities and supports can come from anywhere, companies also need to spend time and effort on building new networks. Attending trade fair, industry exhibitions can be a good tool for a wide search in a loose internationalization strategy. This has been supported by the literature. When entering new market, where their current network is not relevant, recruitment of knowledgeable and highly connected personnel in that market proved to be a tactical movement in the sense that they act as a supplemental piece of knowledge and a stepping stone to an extended network.

### ***6.3. Limitations and suggestions for further research***

The study is not without limitations. Like *a coin has two sides*, the usage of just a few case companies at one side provides thick description but on the other side, it struggles to ensure the generalizability of the findings. Additionally, the investigation into only two industries may lead to biased result considering that networking activities may be industry specific. The findings therefore may not be

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applicable for other industries and consequently, the external validity is limited to some extent. Avenue for further research could be larger sample size across broader range of different industries to validate the findings of this study.

Through the case study, we found that network sometimes acted as a signal either through direct (e.g. continuous order from current business partner aroused the curiosity of focal firm) or indirect (e.g. observing behaviour of other firms in a broader network) signalling information. To our best knowledge, this has not been thoroughly discussed in the extant literatures beside some discussions about the indirect signalling effect. Thus, we suggest future researchers to examine the role of network as a signal, both through direct and indirect channel.

We above-propose that the target market, whether it is the local or the foreign market, may result in different use of network. We found that though this proposition may be effective in some instance, it does not provide a complete explanation for the differences within a group of firms serving the same local market. We further propose that such differences are due to other factors such as different strategies, meetings with difference source, etc. This double-layer proposition can be tested by future quantitative researchers.

The notion of size, and the objective criteria presented by the European Commission applied in this paper, also might influence the results. One could argue that companies that are deemed small by such an objective criteria, might in fact be a large player in its specific niche, and because of this will behave differently (Gomes-Casseres 1997). We apply these criteria based on notions put forth in other research, but this point should be considered for further research into the role of size in relation to network utilization.

This study does not attempt to evaluate the usefulness or power of different network actors, since the rational for divestments may be diverse and firm specific (Denning 1988), and when judging the effect on the overall firm, divestment might be positive (Bergh 1998) or negative (Montgomery and Thomas 1988). As such, future studies can look at the relationship between which network actors are most actively utilized and the long-term success of these entries.

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**APPENDICES*****Appendix 1. List of Abbreviation***

<b>CSR</b>	Corporate Social Responsibility
<b>EFTA</b>	European Free Trade Association
<b>FDI</b>	Foreign Direct Investment
<b>IB</b>	International Business
<b>ICT</b>	Information and Communication Technology
<b>JV</b>	Joint Venture
<b>MNC</b>	Multinational Cooperation
<b>Norad</b>	The Norwegian Agency for Development Cooperation
<b>RO</b>	Representative Office
<b>SME</b>	Small and Medium Enterprise

**Appendix 2. List of Norwegian Companies in Vietnam**

<b>No.</b>	<b>Organization</b>	<b>Province</b>	<b>Sector</b>
1	Barwil Sunnytrans Co. Ltd	Ho Chi Minh	Maritime
2	Brødrene Dahl Vietnam	Ba Ria - Vung Tau	Maritime
3	CAVOI Ltd	Ba Ria - Vung Tau	Consulting
4	Consulting Engineer Skorve Ltd (Represents Norplan AS/Multiconsults AS in Vietnam)	Da Nang	Hydropower
5	Contemi Vietnam	Ho Chi Minh	ICT
6	DNV GL	Ho Chi Minh	Maritime/ Oil & Gas
7	Destino Vietnam	HCMC	ICT
8	Eltek Vietnam	Hanoi	ICT
9	Evolve Workshop Informatics Co.Ltd	Ho Chi Minh	ICT
10	EWOS Vietnam	Ho Chi Minh	Marine
11	Fatland Interior Vietnam	Ho Chi Minh	Maritime
12	Hallonen E&C ltd	Ba Ria - Vung Tau	Maritime/Oil & Gas
13	IMG Hjellegjerde (Vietnam) Co., Ltd	Binh Duong	Furniture
14	ITP Vietnam Co., Ltd	Ho Chi Minh	Mechanical
15	Jotun Paints (Vietnam) Co., Ltd	Binh Duong	Industry
16	KARMSUND MARITIME VIETNAM CO.,LTD	Khanh Hoa	Maritime/ Oil & Gas
17	Maritime Interior Vietnam Ltd	Ba Ria - Vung Tau	Furniture
18	Opera Software	Hanoi	ICT
19	Orient Software Development Corp	Ho Chi Minh	ICT

20	Outsourceit International Vietnam Co., LTD	Ho Chi Minh	ICT
21	PHARMAQ Vietnam Co., Ltd	Ho Chi Minh	Marine
22	Promatica AS Vietnam Co.,Ltd	Ho Chi Minh	ICT
23	Restaff Vietnam	Ho Chi Minh	ICT
24	Rolls-Royce International (Vietnam) Ltd.	Hanoi	Maritime
25	Sapa Ben Thanh Aluminum Profiles Co., Ltd	Ho Chi Minh	Aluminum profiles
26	Scansia Pacific Co.Ltd.	Ho Chi Minh	Furniture
27	SilverWings Ltd	Hanoi	Garment Material sourcing
28	Sindre Osteras Design	Ho Chi Minh	Design
29	SMI Slättland Vietnam	Ba Ria - Vung Tau	Maritime
30	Statkraft Norfund Power Invest AS Hanoi Representative Office	Hanoi	Energy
31	Steinsvik Vietnam	Khanh Hoa	Marine
32	Studio MadsMonsen	Ho Chi Minh	Advertising
33	Thoresen (Indochina) S.A.	Ho Chi Minh	Maritime
34	Tomboy Aquafeed JSC	Ho Chi Minh	
35	TTS Vietnam	Hai Phong	Maritime
36	Upheads	Ho Chi Minh	ICT
37	Vard Vung Tau Ltd.	Ba Ria - Vung Tau	Maritime
38	Vianova Systems Vietnam Ltd	Hanoi	ICT
39	Vinomarine Co., Ltd	Hai Phong	Maritime
40	Yara Vietnam Ltd.	Ho Chi Minh	Agriculture

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*Appendix 3. Interview guideline***INTERVIEW GUIDELINES**

**Introduction:** Thank you very much for your acceptance to do this interview. This interview is to support our Mater thesis about impact of network on the internationalization of the Norwegian companies into Vietnam.

The interview is supposed to last for 30-60 minutes. All information will be kept confidential and anonymous upon your request. The interview can be recorded if you agree to do so, and all records will be destroyed after the study.

**Section A: Background information**

1. Basic interviewee information: name, position, time with the Company
2. Basic company information:
  - Activities and product
  - Structure
  - Year of entry into Vietnam
  - Why Vietnam?
  - Main suppliers, customers, competitors, allies

**Section B: The company's external network**

1. Do the company have any external network? How does the company maintain/build up relationship with other parties, individual?
2. How do this network function? What do you exchange?
3. How do you describe the relationship? What are each member's rights and responsibilities? What is the strength of the linkage?
4. Do you think the relationship is efficiency, competition, and/or resource orientated? What are the influencing factors of such an orientation(s)?
5. Why do your company adopt such an orientation(s)? Is there any strategy or background connected with it?
6. Have you observed any benefit from the network? Do you expect any future benefits?
7. Is there other unique network activity in the industry?
8. How do the company treat new informants? (e.g. as company contact or personal contact?)

**Section C: Before market entry**

1. Why did the company consider entry?
2. What were the biggest entry barriers?
3. Any concern about competitive landscape?
4. How important was the network for the Vietnamese entry/in term of information resource?
5. How did the company gather information for Vietnam?
  - Embassy, governmental bodies
  - Local informants (how were they identified)
  - Trade fair
  - Competitor, customers, suppliers, allies
  - Friends, family, acquaintance



ID number: **0974693**

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## Preliminary report

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**Preface**

The purpose of this preliminary report will mainly focus on forming a general framework for a final thesis. And in some ways this report will give an indication as to what the final thesis will look like, although it will naturally be subject to change. The Report will first introduce the general motivations or the research area, in order to understand what will drive the thesis forward, and in which direction.

Furthermore, relevant research and theories will be presented, that will hopefully be used to aid the final thesis. It is important to note that as this is just a preliminary report changes may, and most likely will occur after this report has been submitted. However, the research and theories presented here will form the basis for the research question and objectives of the thesis.

Finally, the report will include an overview of research method and design, in order to formulate a plan for the progress of the final thesis. This plan will also contain certain deadlines, some more set than others, which will help provide a framework for an even progression.

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## 1. INTRODUCTION

Topics around China have been attracting many scholars in International Business for years, especially since 1979 when the country opened its door to foreign investors and then later became a key player in the world economy. Vietnam, in contrast, has received much less attention as the country is much smaller in term of almost every economic aspect. Both countries are categorized as being at a considerable psychic and physical distance from Norway, yet both countries have a relatively strong presence of Norwegian firms. Thus, in addition to other internationalization theories such as OLI framework and 1977 Uppsala model, network is likely to be another important driver of Norwegian firm internationalization. So, it is intriguing to see *if networks are an important driver for Norwegian firms' first entry into China and Vietnam* where both countries are different in size and at different stage of economic development. Another motivation for the study is that one author has been and will be spending a lot of time in China and the other is from Vietnam. This will hopefully make data collection less challenging.

## 2. LITERATURE REVIEW

In order to answer the research question, the literature review will go over the literature on network and the CAGE model.

### 2.1. Network

When considering internationalization activities, behavioral models are of great interest. The Uppsala model (Johanson and Vahlne 1977), based on Swedish manufacturing firms, identified a clear tendency that firms moved from their home country, to countries that were culturally close with a low level of commitment. And, after gaining knowledge about foreign markets and operations, firms gradually moved further and further away and steadily increased their level of commitment. However, a big limitation of the original Uppsala model was that it is inappropriate to explain why many firms displayed completely different patterns of internationalization, for example, where firms expand very fast despite having little or no foreign experience.

In a Norwegian context, cultural distance has, in general, not been found to guide firms' international expansion, neither initially, nor as they continue to grow (Benito and Gripsrud 1992). The business historian Rolv Petter Amdam further showed, in his 2009 article, that many of the deviations from the original Uppsala model were explained by different forms of networks and relationships (Amdam 2009). Networks can be seen as an explanation for deviations from the Uppsala model. It showed to have been an important factor in the internationalization process of a lot Japanese manufacturing companies in the automobile industry (Martin, Anand, and Mitchell 1998).

And so, Jan Johanson and Vahlne set out to explore how Business networks affected the internationalization model. In the revised model (Johanson and Vahlne 2009), the notion liability of foreignness, which in many ways formed the basis of their old model, is modified. The assumption was that the greater the psychic distance, the greater the liability of foreignness. However, in the new model, "outsidership", or entering new markets without a network, seems to be the root of uncertainty.

In their revised model, Johanson and Vahlne, when trying to define business networks, look at how firms set up different, close and lasting relationships with important suppliers and customers, who in turn have relationships with other companies, and they are thereby connected through these interlinked exchanges. This is a good definition for describing the networks that naturally grow out of a firm's value chain, and is able to highlight network effect within this chain. However, this definition, in many ways, neglects the personal and social components that tend to exist within networks (Harris and Wheeler 2005, Coviello 2006, Ellis and Pecotich 2001).

Rolv Petter Amdam and Che Senik et al. (2011) in their articles offer a clear and comprehensive set of sources of networking. Generally, it can be classified in to three main groups of network actors, which are I/ Business associates, II/ Personal relations, and III/ Governmental actors (Che Senik et al. 2011). The review is then organized to that framework being visualized in Figure 1 below:

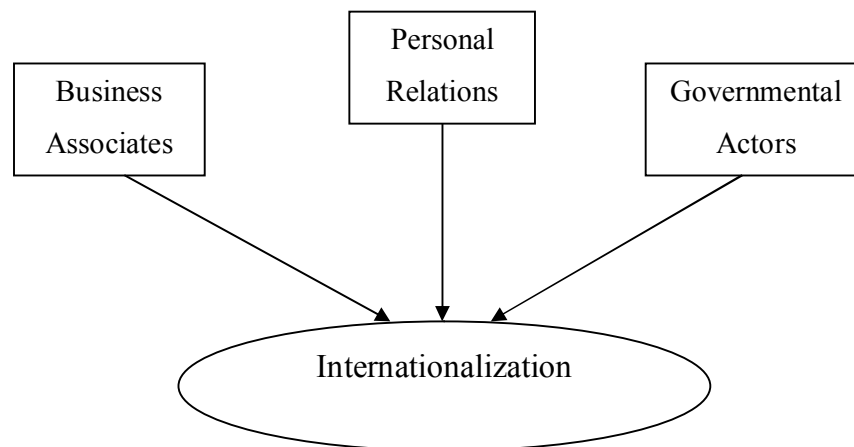


Figure 1: Sources of networking

### 2.1.1. Business associates

This refers to linking up with local or foreign multinational enterprises (MNEs), other SMEs or the global supply chain.

Business networks with larger MNEs can be utilized by SMEs in their international expansion, where specialization by the smaller companies leads to a symbiotic relationship within the network, in which there is interdependence to the degree to which “neither party can compete effectively without the continued contribution of the other”. This is not just important for the survival of the smaller company, but the efficiency of the whole network. However, where small firms “piggy-back” there is often a one-way reliance on large firms may leave the small companies too dependent on the large ones (Etemad, Wright, and Dana 2001).

Another aspect of this type of relationship is that it helps trigger internationalization opportunity for a firm. “Unexpected opportunities” is the most common way for SMEs to internationalize. Conversely, larger firms tend to use a more rational approach, applying an incremental perspective similar to that of the first Uppsala model, or even more rational frameworks such as bounded rational or real option reasoning. The serendipity aspect of the internationalization decision process means that a lot of SMEs will internationalize as a reaction to current consumers internationalizing (Child and Hsieh 2014). This “*following*” effect, however, exists for firms of all sizes, and are not only influenced by the decisions of other firms in their value chain, but the prevalence and timing by

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current and potential buyers, by rival suppliers and by non-competing suppliers. This is explained, not just through direct knowledge sharing between supplier and customer, but also through indirect signaling information when firms outside of the vertical environment expand. The international expansion by any firm within a network will lead to information sharing, by that other firms may observe this action and thereby reducing the entry barriers (Martin, Anand, and Mitchell 1998)

### *2.1.2. Personal relations*

These types of relations are associated with ties between owner-to-owner and owner-to-others, also friends and family and though exhibitions, conferences or seminars.

Ties between people such as acquaintances, friends, and friends of friends, casual business contact and scientific community contacts are considered as weak ties in term of the combination of the amount of time, emotional intensity, intimacy and the reciprocal services. Such weak ties can act as a bridge, connecting different types of information and ideas, and more importantly, they link different networks that are not connected. Personal relationships, found by Harris and Wheeler in their case analysis of three very different Scottish entrepreneurs, are important factors not just to establish and build a network, but also with respect to marketing and knowledge gathering. Thus, these types of network, in many cases, provide entrepreneurs with necessary information for international opportunity discoveries (Chandra, Styles, and Wilkinson 2009, Harris and Wheeler 2005). Accordingly, network entrepreneurs discover significantly more information and potential opportunities than the solo ones (Hills, Lumpkin, and Singh 1997). And therefore, a case study within Chinese cultural context advises that international business leaders should consider social networks as efficient tool if they wish to expand internationally quickly and more profitable (Zhou, Wu, and Luo 2007).

### *2.1.3. Governmental actors*

Governmental organizations such as foreign embassies, ministry of foreign affairs, government agencies and SME supporting bodies, and also free trade agreements programs constitute these types network (Che Senik et al. 2011).

In an attempt to grow the home country economy, the home governmental institutions encourage companies to go global and further emphasize the need for

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global cooperation. As a result, support from these bodies as well as their attempts to extend their networks that can assist companies to venture abroad become one of the key drivers of domestic firms to internationalize. Invitation from host country governments constitutes another driver of firm internationalization. Seeking to unlock the potential of their countries, host governments encourage and send out invitations to foreign investors (Amdam 2009, Che Senik et al. 2011, Wang, Boateng, and Hong). Thus, industry associations and government organization serve as a bridge to bring firms to richer sources of knowledge and information regarding international opportunities (Chandra, Styles, and Wilkinson 2009, Che Senik et al. 2011). As such, participating in net ‘pushed’ by government activities can lead to successful internationalization (Vissak and Zhang).

## **2.2. CAGE framework**

CAGE framework which was developed by Pankaj Ghemawat (Ghemawat 2001) is a tool to evaluate countries in term of ‘distance’ between them. ‘Distance’ in the framework does not only refer to physical distance. Rather, it is a four dimensional term including Cultural, Administrative, Geographic and Economic. The greater the distance, the higher the barrier will be to operate in that market. When a company assesses foreign market opportunities, it then can, based on the distances, decide whether or not to penetrate into which market.

Each of the four dimensions encompasses different factors.

### *2.2.1. Cultural distance:*

In defining culture, Goodenough, 1971 (cited by(Usunier 1998)) viewed culture as a set of beliefs or standards, shared by a group of people, which help the individual to decide what is, what can be, how one feels about it, what to do and how to go about doing it. According to this view, culture should not be equated with the whole of one particular society or nation. It may be more related to group of people(Usunier 1998). However, in the CAGE framework, Ghemawat lifted culture to a country level. This view, to some certain extend, contradicts to the view by other international management researchers. However, depending on which level of analysis, we can more or less agree with the level that culture is considered. For example, CAGE framework considers country level of analysis,



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we therefore, in this thesis, will follow the same approach where the country level of culture is brought into consideration. According to the framework, cultural distance describes the possible differences among countries to deal with certain attributes such as language, ethnicity, religions and social norms.

#### *2.2.2. Administrative or Political distance*

This distance reflects historical and political association shared by countries. For example, colonial history between countries can diminish administrative and political distance among countries. It is important to note that, unlike cultural distance, administrative distance can be a man-made distance. Indeed, countries can create administrative and political distance through unilateral measures such as tariff, trade quotas, restrictions on foreign direct investment.

#### *2.2.3. Geographic distance*

Geographic distance is the most visible dimension. It describes how far apart are the countries in physical measures: distance in miles, physical size of the country, the average within-country distance to borders, access to waterways and the ocean, and topography. Country's transportation and communications infrastructures must also be taken into account.

#### *2.2.4. Economic distance*

Economic distance captures the fundamental differences which relate to wealth, consumer income in each country. Besides, economic disparities can also take form of the cost and quality of financial, human, and other resources.

### **3. PROBLEM DEFINITION**

Firm's environment is made up of networks through which firms learn, build trust, develop commitment as well as identify and exploit opportunities (Johanson and Vahlne 2009). Participating in such networks likely reduces uncertainties or the liability of outsidership, thus, contribute to successful internationalization of firms. Likewise, these networks have been found to bring serendipitous international opportunities. Under this light, firms internationalize as a result of invitations, recommendations or following the others in addition to rational choices being explained by economic internationalization theories.

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The current literature explain how these network effects lower the entry barriers, however how this networks are formed seems more lucid. Moreover, the effects of government, and especially the effects of SME support bodies, seem to have been neglected, to a certain degree. Also, during the research, we have found studies focusing on one country analysis. Thus, doing a cross-country analysis may highlight how network affect internationalization decision with respect to different CAGE elements. As such, this thesis will focus around the research question “How do networks help trigger Norwegian firms’ first entry into China and Vietnam”.

#### **4. OBJECTIVE**

The general objective of this thesis is to investigate how networks and which kind of network actors (i.e. Business Associates, Personal Relations, or Governmental actors) helped to trigger international activities of a firm. By cross-country analysis, the thesis will also look at whether/how the commonalities and differences under the CAGE analysis between China and Vietnam influence the kind of networks actor who involve in the process. Said differently, the thesis will uncover whether network depends on country specific factors. It will be important to identify the linkage between the said commonalities and differences and the kind of network actors in such a way as to lay the foundation for a further analysis.

#### **5. RESEARCH METHODOLOGY**

##### **5.1. Strategy**

According to Bryman and Bell ((Bryman and Bell 2007), an important distinction in business research is whether one employs a qualitative or quantitative research strategy. The most important distinction between the two strategies is whether the research aims to be inductive or deductive, respectfully. Conducting a deductive study on the model presented could have been an interesting approach, where one also could look at how one network actor leads to another, before internationalization. However, a major concern with this strategy would be the credibility of the data, as key decision makers from the time of first entry could be

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difficult to identify, leaving answers to be based on secondhand accounts. Further, with a quantitative strategy there is likely to be issues in isolating industry and company specific features. Therefore the strategy that will be employed in this thesis will be one of a qualitative nature. It will be based on a few companies who have entered both markets, and in this way we hope to eliminate all other variables than that of country specific differences. The companies will be from supporting industries so as to further decrease variability; as aquaculture is one of Norway's largest industries we hope that good data will be more easily accessible within this industry.

## **5.2. Research design**

Bryman and Bell points out when choosing more than one case, one should distinguish between a multiple-case study design and a cross-sectional design. Here the former will emphasis each individual case, while the latter will view the cases more as a representative sample. And so, since this paper will aim at evaluating just a few companies in detail, in order to gain a deep insight in the individual cases, this should be seen as a multiple-case study.

The paper will not only, based on the multiple case study design, identify internationalization drivers of companies within the Aquaculture and its supporting industries. In addition the paper will also incorporate a comparative design and a cross-country analysis, where individual cases in one country will be compared to other cases in the other country, allowing for the evaluation of commonalities and differences in both China and Vietnam.

## **5.3. Research method**

We are planning to interview only a few companies in each country to effectively shed light on the research question. Each country's interviews will be carried out by one researcher. The interview will be in form of face-to-face; further information could also be obtained via follow-up emails but this will be only after face-to-face interviews. The interview approach will be semi-structured accompanied with a standard list of questions to guide us during the interview but this list is not necessarily to be exactly followed. Rather, questions are not included in the list may be asked as we notice important issues said by interviewees. This approach can hopefully assure that we can get an insight into

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what the interviewees see as relevant and important in explaining and understanding events. Moreover, it can ensure the comparability of cross-case and interviewing style (Bryman and Bell 2007).

## 6. CONCERNS

The CAGE framework is mainly used to evaluate the attractiveness of foreign market when a company considers its global expansion. The countries which are brought into comparison, therefore, should be host and home countries. However, assigning the new usage for CAGE framework as the base to compare China and Vietnam which are both host countries is of a concern.

CAGE is a powerful tool where a broad, comprehensive range of country specific factors are touch. As such, the employment of CAGE to compare between countries in term of their specific factors appears to be effective choice. However, when it was designed, the aim for such comparison was for market evaluation purpose, not to for the explanation of how networks are utilized across countries as the thesis is looking for. Therefore, whether this is an appropriate usage of CAGE framework is our other concern.

## 7. TIMELINE for 2016

<b>Time</b>	<b>Work plan</b>
<b>Jan</b>	15th - Submit Preliminary report 21st - Finalize the plan after getting feedback from Preliminary report Follow up with EWOS to have more insight (the Company we had interview with in 2015) Finding contacts from companies
<b>Feb</b>	Continue to find contacts from companies Contact with the Companies
<b>March</b>	Design the interview guide

	Conduct in-depth interviews
<b>April</b>	Continue to conduct in-depth interviews Transcribe the interview and analyze the interviews and code them. Send additional questions to the Companies via emails if needed
<b>May</b>	Analyze the available data Might have to wait for feedback from Companies Start writing.
<b>June</b>	Continue writing 1st draft
<b>July</b>	Getting feedback for the first draft -> revise if necessary
<b>August</b>	Hopefully, the thesis is done by the beginning of August.

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