



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

## **Master Degree in International Business and Trade**

# **Internationalization and business networks: From a network outsider to an insider**

*A multiple case study in Rwanda*

Master Degree Thesis 2021

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## **Abstract**

Previous research on business networks has devoted considerable efforts towards studying their characteristics, dynamics and outcomes. However, it is unclear how a business goes from being an outsider to becoming an insider in a business network, and what the role of third-party network facilitators is in this endeavor. Moreover, the business network literature contains an empirical gap since not many studies are conducted in the African context. Based on that, the purpose of this paper is to gain a deeper understanding of business networks by specifically studying how companies which internationalize to Africa establish network insidership. Drawing on literature about internationalization, business networks and network facilitators, this multiple case study investigates nine Nordic companies which have internationalized to Rwanda, and two Swedish organizations identified as network facilitators in Rwanda. The findings firstly suggest that network insidership can be defined as either a relationship of product and service exchange or as knowledge and information exchange, and secondly propose a three-step model of how businesses can become network insiders. The model suggests that the three steps of becoming a network insider are firstly the importance of the business context, secondly the role of network facilitators which are facilitating introductions, creating meeting points and creating trust, and lastly the business' own tasks of providing value and managing and enhancing relationships. This study contributes to the literature by increasing the understanding of business networks and by including the notion of network facilitators to the theoretical field of business networks.

**Key words:** Business networks. Network facilitators, Network insidership, Africa, Rwanda

## Acknowledgment

We would like to thank all companies and respondents for participating in this study and taking their time to make this thesis possible. This study would not have been possible without their insights and valuable time. Furthermore, we would like to extend our gratitude to Ola Ekman for his support and aid in providing us access to his valuable network in Rwanda.

Finally, we want to thank our supervisor, Johan Jakobsson, for his patience and dedication. His guidance and feedback have served as an immense support for this academic paper, and we are very grateful for him sharing his passion and expertise with us throughout this study.



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## List of abbreviations

EPO - Export Promotion Organization

ICCC - International Christian Chamber of Commerce

NGO - Non-governmental Organization

RDB – Rwandan Development Board

SSACC - Sweden sub-Saharan Africa Chamber of Commerce

# 1. Introduction

*This chapter briefly introduces the main concepts of this thesis and the African context. Subsequently, the problematization elaborates on the reasoning behind studying certain specific aspects of business networks, after which the purpose and research question of the study are presented.*

## 1.1 Background

The international business environment has changed dramatically in the last decades. These changes are mainly fuelled by the major technological and political shifts, advancements in information and communication technology (Dicken, 2015; Oviatt & McDougal, 2005) and proliferation of free trade agreements (Van den Bossche & Zdouc, 2017), which have each done their respective part in making the world a cognitively ‘smaller’ place. In other words, country borders arguably no longer represent the impediment of doing business abroad which they perhaps did decades ago. Because of that, one can argue that traditional internationalization models are becoming less relevant today. One of these is the “Uppsala” model which suggests that internationalization happens in a slow, step-wise manner, conditioned by the acquisition of market knowledge and experience which over time leads to increased foreign market commitments (Johanson & Vahlne, 1977). However, due to the changes in the business environment over time, researchers have noted organizations which internationalize more rapidly than previously thought (Cavusgil & Knight, 2015). This has prompted scholars to find additional explanations and develop new theories of the internationalization process of firms in these new conditions.

## 1.2 Overview of networks

In light of the developments described above, researchers have noted organizations which do not seem to follow a slow, stepwise internationalization model á la Johanson & Vahlne (1977) but instead devote considerable resources abroad and thus internationalize at earlier stages (Freeman & Cavusgil, 2007; Sharma & Blomstermo, 2003; Oviatt & McDougal, 2005; Pla-Barber & Escriba-Esteve, 2006). Based on that, researchers have attempted to conceptualize new ways of



understanding foreign market expansion for the purpose of providing additional perspectives and enriching the theoretical field of internationalization. One such perspective is the notion that organizations utilize networks when internationalizing since such connections can help overcome inherent resource constraints (Andersson, Forsgren & Holm, 2002; Belso-Martinez, 2006; Prashantham, 2006; Zhou, Barnes & Lu, 2010). In fact, the network segment of the internationalization literature has arguably proliferated in the last two decades (see Johanson & Vahlne, 2009). An abundance of research describes the ramifications of network collaborations, both positive (Freeman & Cavusgil, 2007; Oviatt & McDougal, 2005; Prashantham, 2006; Zhou et al., 2010) as well as negative (Han, 2006; Musteen, Francis & Datta, 2010; Sasi & Arenius, 2008). In addition, networks have been deemed particularly important for internationalizing firms, as they act as catalysts which amplify internationalization speed (Kiss & Danis, 2008; Musteen et al., 2010; Oviatt & McDougal, 2005). This is because networks provide relevant resources such as knowledge (Freeman & Cavusgil, 2007; Prashantham & Dhanaraj, 2010), revenue sources through new clients (Vasilchenko & Morrish, 2011) and other information otherwise inaccessible (Pla-Barber & Escriba-Esteve, 2006).

One paper which arguably epitomizes the business networks perspective in the internationalization process is the revisited Uppsala model by Johanson and Vahlne (2009) where the importance of being a member of relevant networks is stressed to such an extent that non-membership is proclaimed a “liability of outsidership” (Ibid., 2009, p.1). Thus, it follows that through being ‘insiders’ in the relevant networks, businesses can gain different kinds of crucial knowledge (Freeman & Cavusgil, 2007; Oviatt & McDougal, 2005), market information (Coviello, 2006), introduction to potential clients (Vasilchenko & Morrish, 2011) and even legitimacy (Belso-Martinez, 2006). Furthermore, network membership can have a positive effect on internationalization outcomes (Chandra, Styles & Wilkinson, 2012; Zhou et al., 2010). In that sense, networks could be seen as bridges between the internationalizing firm and the resources it requires for foreign market expansion (see Prashantham, 2006; Zahoor, Al-Tabbaa, Khan & Wood, 2020; Zhou et al., 2010).

Scholars have also differentiated between different types of network relationships. For instance, business networks can be those with customers (Pla-Barber & Escriba-Esteve, 2006), suppliers (Chandra et al., 2012; Leite, de Moraes & Salazar, 2016) or even competitors (Vasilchenko &

Morrish, 2011). Other research, as Sigfusson and Harris (2012) explain, dichotomously distinguishes network relationships as either strong or weak, where weak relationships are transaction-based business relations like that between a supplier and client, whereas strong relationships are characterized by higher levels of trust and familiarity (Freeman & Cavusgil, 2007; Oviatt & McDougal, 2005).

The appropriate business networks might be difficult to locate and penetrate (Malecki & Veldhoen, 1993), which is why scholars have noted the use of third-party intermediaries which act as facilitators for the internationalizing firms to get introduced to and become insiders of the relevant business networks (Cannatelli & Antoldi, 2012; Manolova, Manev & Gyoshev, 2010; Obstfeld, 2005). One famous study on structural holes and facilitators, although not part of the internationalization literature stream (eg. Johanson & Vahlne, 2009), stipulates that facilitators are those who create connections between previously unconnected groups of people (Burt, 2004). In fact, this role of connecting business to each other can also be performed by friends (Berg, Aspelund & Sørheim, 2008) and previous business acquaintances (Fuerst and Zettinig, 2015). In that sense, facilitators differ from distributors since they simply make connections between groups of people (see Burt, 2004; Obstfeld, 2005) but are not in exchange relationships with those groups. We argue that this idea of facilitators, although originating in sociology, could also apply to internationalization as well.

### 1.3 Business networks and Africa

Networks indisputably play an important role in firm internationalization. Consequently, research has found business networks particularly important for doing business in Africa (Amoako & Lyon, 2014; Hansen, Langevang, Rutashobya & Urassa, 2018). Namely, it is suggested that business networks, and even family connections (Bakunda, 2003) are an important asset in the African context that can aid a company in overcoming barriers of internationalization (Milanzi, 2012). Networks also act as door-openers for doing business (Hansen et al., 2018) since companies can use network connections to deal with perceived risks and instabilities in the African market (Owusu & Habiyakare, 2011). In fact, networks can even act as substitutes for national institutions in the sense that network ties are used in place of courts to settle disputes (Amoako & Lyon, 2014) or even as a substitute for contracts (Delerue & Ouedraogo, 2020). This

is perhaps not surprising since research has found networks particularly important in weak institutional environments (Kiss & Danis, 2008). Thus, due to the important role which networks seem to have in Africa, combined with the region's relatively rudimentary institutional setting (UNCTAD, 2020), it is an interesting environment to learn about business networks and their facilitators.

## 1.4 Problematization

There has been considerable research conducted on the characteristics, dynamics and outcomes of business networks. Moreover, it is suggested that businesses can be insiders or outsiders of such networks. Consequently, insidership implies a business relationship based on exchange between parties (Johanson & Vahlne, 2009), an idea which stems from earlier business network theory that portrays exchange such as that between a supplier and customer (Håkansson & Snehota, 1989; 1995). Based on that, insidership can be defined as when a business engages in an exchange relationship with another company. However, there remains some ambiguity regarding network insidership since it is unclear if exchange is limited to supplier-client relationships as in Håkansson and Snehota's (1989) work or if it can also include for instance knowledge exchange between partners or advisors. In addition, Johanson & Vahlne (2009) suggest that an internationalizing business increases market knowledge over time and thus becomes a network insider, but it is not clear where the step between market knowledge and the point of becoming an insider lies, nor how it happens. Based on that, we interpret the transition from an internationalizing business not having an exchange relationship (i.e. being an outsider) to starting an exchange relationship (i.e. becoming an insider) as unclear.

One potential answer to how companies go from outsiders to insiders of the relevant business networks could be through third parties that act like facilitators of networks. Building on the work of Burt (2004) and Obstfeld (2005), we define a network facilitator as a third party which connects previously disconnected groups of people to each other, but unlike network ties, does not have an exchange relationship with the parties it connects. Scholars have merely noted the existence of third parties which connect different actors, but they do not elaborate on the dynamics or instrumentalizations of these relationships (Obstfeld, 2005; Oviatt & McDougal, 2005). Other papers have attempted to conceptualize the role of facilitators but have limited

themselves to alliances (Cannatelli & Antoldi, 2012) and export promotion agencies, hereinafter referred to as EPOs (O’Gorman and Evers, 2011). Finally, a sociological stream of research looks at structural gaps and facilitators in intra-organizational settings (Burt, 2004), but the theory has not, to the best of our knowledge, been applied in inter-organizational settings, let alone in an internationalization context.

Based on the discussion above, the notion of exchange in network insidership and how businesses become network insiders is unclear, as is the role of third-party facilitators in this endeavor. This makes for a theoretical gap which invites further research on the topic. Such research has the potential to offer two distinct theoretical contributions. Firstly, it would clarify the meaning of exchange in network insidership and outline how a company goes from an outsider to an insider in a business network, which implies a greater understanding about business networks and their functioning. Secondly, the inclusion of network facilitators in business network research has, to our best knowledge, not been done previously and could lead to an extension of the business network theory, and more importantly, a new perspective of business networks which can be useful for both academics and practitioners.

Besides this theoretical gap, we have also identified an empirical gap in the internationalization literature. Following the discussion above, networks seem to be substantially researched, albeit not in the context of internationalization to Africa, despite that networks have been found to be important for doing business in the region (Amoako & Lyon, 2014; Hansen et al., 2018; Milanzi, 2012). Granted, the socioeconomic conditions in Africa have historically seemed to render the region less popular for firm internationalization (Holmstedt, 2015), which could consequently explain the scarcity of research. However, the few papers about the African context which we did identify focus on institutions (Amoako & Lyon; 2014; Hansen et al., 2018; Luiz & Ruplal, 2013), government relationships (White & Van Dongen, 2017), using networks to mitigate market risks (Owusu & Habiyakare, 2011) or create opportunities (Milanzi, 2012). However, there is, to our best knowledge, no research which explains how a firm goes from a network outsider to an insider in the context of internationalization to Africa. Based on that, a study of internationalizing firms' business networks in Africa would not only fill this empirical gap and thus provide further nuance to the business network literature, but it would also be interesting from another point of view. Namely, researchers have found that networks are particularly important in countries with

weak institutional environments (Amoako & Lyon, 2014; Delerue & Ouedraogo, 2020; Hansen et al., 2018; Kiss & Danis, 2008). Therefore, due to the relatively weak institutional environment prevalent in Africa (UNCTAD, 2020), the exploration of business networks in the region could imply learning opportunities for practitioners and academics alike, as it could enhance the understanding of the influence of weak institutional environments on the dynamics of networks in firm internationalization.

In essence, we argue that the business network literature could be further extended and nuanced by clarifying the idea of exchange as a basis of network relationships, since this could increase the understanding of what network insidership actually implies. In line with that, it could be valuable to study how internationalizing businesses become network insiders and the role of network facilitators in this endeavour, since it would clarify how the idea of businesses go from network outsiders to insiders. Lastly, by studying business networks in a context like Africa where such networks are considered as important for doing business (Amoako & Lyon, 2014; Delerue & Ouedraogo, 2020; Milanzi, 2012), it not only provides an ample opportunity for greater learning, but also addresses the empirical gap of business research scarcity in the region.

## 1.5 Purpose and research question

Based on the empirical and theoretical gaps identified in previous discussions, the purpose of this paper is to gain a deeper understanding of business networks by specifically studying how companies which internationalize to Africa establish network insidership. Based on that, we have identified the research question of this thesis as follows:

*How do firms become insiders of the relevant business networks when internationalizing to Africa?*

Moreover, in light of the importance of network insidership when internationalizing to Africa, this study also looks at how third-party facilitators enable this step, and therefore attempts to determine their role and importance to network insidership. Based on that, the following sub-research question has been formulated:

*How do third party facilitators enable internationalizing firms to become insiders of the relevant business networks?*

## 1.6 Research setting

In order to study how firms become insiders of the relevant networks when internationalizing to Africa, we have identified Rwanda as a country which, due to its productive societal improvements (World Bank, 2020) and conducive business environment (The World Bank Group, 2020) is deemed an appropriate research setting. Rwanda is a small, landlocked country located in East Africa which became known worldwide in the midst of its detrimental civil war, culminating in 1994. However, since then, the country has seen increased political and economic stability with relatively high growth until the Covid-19 pandemic struck (World Bank, 2020). Besides various trade and private sector improvements (USAID, 2021), the country has also seen dramatic advancements in its business climate and is now one of the easiest countries in both Africa and the Middle East to conduct business in, in fact ranking at 38<sup>th</sup> place globally (The World Bank Group, 2020). Because of this, Rwanda has been chosen as a country to explore since the country's business friendliness implies numerous opportunities and thus available cases to study.

## 1.7 Delimitations

This study is focused on the particular environment of Africa, more specifically Rwanda. Therefore, we have only looked at network ties in Rwanda, and not at home country network ties or any formal network ties in place before the actual internationalization to Rwanda. This means that the study could partly be applicable to other African countries, but such an applicability is likely to be limited due to the heterogeneity of the region.

## 1.8 Thesis outline

The thesis outline consists of 6 main sections, an appendix and a reference list. A short summary of each section is presented below.

*Introduction* – The introduction chapter presents some of the core concepts on which the theoretical foundation is based. This is followed by the identification of both an empirical and theoretical gap. To finalize the chapter, the research and sub-research questions are outlined followed by the research setting and delimitations of this thesis.

*Theoretical framework* – The second chapter includes a literature review within the research fields of the business network theory and network facilitators. Based on prior research, concepts such as network insidership and facilitators are defined and explained.

*Methodology* – Chapter three outlines the research methodology. This chapter starts with this study's research method, approach and process followed by the procedures of data gathering and analysis. Lastly, the research quality of the study is assessed based on four criteria.

*Empirical findings* – In the fourth chapter the empirical findings are presented. For each of the internationalizing firms a short background is given, followed by their motives to expand to Rwanda, the role and impact of facilitators in this process as well as the dynamics of their business networks in the region. Two facilitators and their roles in helping internationalizing firms have been included in the study as well.

*Analysis* – This chapter analyzes the empirical findings in a discussion which starts with a clarification and definition of network insidership, followed by an explanation and illustration of a three-step model of how companies can become network insiders to the relevant business networks when internationalizing to Rwanda.

*Conclusion* - The last chapter concludes the study by answering the research question, specifying the theoretical and practical contributions, as well as providing suggestions for future research.

## 2. Theoretical framework

*The theoretical framework presents relevant literature within the research fields of business networks and network facilitators. The chapter clarifies the theoretical definition of network insidership and outlines various literature related to business networks. In order to provide clarity, the definition of network insidership is located before the section explaining how insidership can be established. Lastly, the theory regarding network facilitators is presented.*

### 2.1 Business Network Concept

Business network literature stems from the observation that “no business is an island” (Håkansson & Snehota, 1989: p.187), implying that firms are naturally impacted by their context and thus calling for a greater focus on the organization's external environment as an enablement and constraint of its success. According to Håkansson and Snehota (1989), this idea challenged the mainstream business literature at the time which saw organizational success mainly as a function of its internal processes, knowledge and other resources. Although published two years later, Barney's (1991) renowned article arguably epitomizes this “internal” view by arguing that an organization's possession and alignment of valuable, rare, inimitable and non-substitutable resources are the main key to its value creation. The network theory is premised on those same assumptions but goes a step further by proposing that relationships between different actors play a complementary role in firms' value creation process (Johanson & Vahlne, 2009). Ultimately, the network theory proposes a more “external” view by acknowledging the conditioning role played by parties which the organization interacts with and ultimately suggesting that any capability the organization may possess is a result of such interactions (Håkansson & Snehota, 1989). This seems to be particularly true in Africa where researchers noted the tendency of firms to collaborate with each other (Hansen et al., 2018) and even with government officials (White & Van Dongen, 2017). Similarly, Milanzi (2012) found that the greater and more diverse a firm's network is with businesses and officials in Africa, the easier the company can internationalize.

#### 2.1.1 Theoretical implications of the network view on the organizations

Having recognized the importance of acknowledging the effect of external actors on an organization, it is also important to account for the effect this view has on the traditional



understandings of the organization. Namely, the implication of recognizing the influence of external actors, i.e., business networks, is twofold. Firstly, it decreases the importance of traditional definitions of organizational boundaries since networks enable businesses to access other firms' resources which would be otherwise inaccessible (Håkansson & Snehota, 1989). Consequently, since the access to resources which belong to other firms naturally implies more opportunities (Johanson & Mattson, 1988), it means that business networks effectively extend the organizational boundaries (Håkansson & Snehota, 1989). Secondly, the resources and knowledge available through networks may positively influence an organization's effectiveness and success. This consequently implies that the traditional attribution of organizational effectiveness and success solely to internal firm capabilities and resources does not necessarily hold since success and effectiveness can also, at least partly, be the result of network interaction (Håkansson & Snehota, 1989).

### 2.1.2 The formation of business networks

The definition of how business networks actually come into existence differs somewhat. Johanson and Mattsson (1988) define networks as the long-term business relationships that a firm has with different actors in its environment such as customers, distributors, competitors, suppliers and government. This is corroborated by Johanson and Vahlne (2009) who stipulate that networks can stem from previous interactions such as with a supplier or client (Johanson & Vahlne, 2009). However, subsequent research argues that these relationships are not only limited to the firm's business environment but can also stem from social networks (Milanzi, 2012; Vasilchenko & Morrish, 2011) based on interpersonal relationships which come into existence from both previous business connections as well as from family and friends (Björkman & Kock, 1995). In Africa, family networks seem to play a particularly important role (Bakunda, 2003). In other words, members from an individual's personal networks may transform into inter-organizational networks (Chetty & Agndal, 2008). Based on that, we acknowledge that networks can stem from both social and business relationships which the organizational members have with external parties.

## 2.2 Networks and internationalization

Numerous studies have argued for the importance of business networks in firm internationalization (Chetty & Campbell, 2003; Coviello & Munro, 1997; Freeman & Cavusgil, 2007; Johanson & Vahlne, 2009; Oviatt & McDougal, 2005; Prashantham & Dhanaraj, 2010). In fact, evidence suggests that for certain types of firms, for instance SMEs, networks are fundamental for the internationalization processes (Coviello & Munro, 1997; Coviello, 2006; Freeman & Cavusgil, 2007; Sharma & Blomstermo, 2003; Oviatt & McDougal, 2005; Pla-Barber & Escriba-Esteve, 2006). The relatively early paper by Johanson & Mattsson (1988) aims to illustrate how firms use networks to facilitate their internationalisation process. Namely, they noted that the process of foreign market expansion is not necessarily gradual by observing that firms can enter global markets rapidly after inception (Ibid., 1988). This challenged the established Uppsala internationalization model by Johanson and Vahlne (1977) by suggesting that the internationalisation process is not necessarily conditioned by country borders. Instead, the development of relationships with firms in foreign countries can act as a catalyst to new internationalization opportunities (Johanson & Mattson, 1988). This also seems to be the case in the African context as Milanzi (2012) found that the size and variety of a firm's business network in Africa is related to low levels of export barriers. Thus, networks enable internationalization in a similar way by becoming a tool for overcoming resource constraints (Mort & Weerawardena, 2006). In essence, the internationalization literature stipulates that network insidership seems to be positively associated with internationalization.

### 2.2.1 Networks and foreign market selection

The importance of networks in the internationalization process is somewhat embodied by Johanson and Vahlne's (2009) paper where the authors update their 1977 model by incorporating networks as a key conditioning force of internationalization. In fact, the authors argue that internationalization is the result of appropriate relationship establishment and development with network partners (Johanson & Vahlne, 2003). This implies that the internationalization process does not have to follow an incremental process of acquiring market knowledge but can instrumentalize quicker if the firm is an insider in the appropriate networks (Johanson & Vahlne, 2009). This is also confirmed by (Schweizer, 2013) who argues that insidership in relevant

networks can assist the initial internationalization process of a firm. Therefore, failure to become a member of the relevant network is termed a “liability of outsidership” (Johanson & Vahlne, 2009: p.1411). In fact, liability of outsidership may even affect only part of the organization, such as the headquarters not being members of their subsidiary’s networks, which can also render certain impairments for the business as a whole (Vahlne et al., 2012). Thus, network insidership is not only beneficial for internationalization (Schweizer, 2013) but internationalization can be seen as the outcome of an established network position which means that the choice of foreign market is also conditioned by an organization's business network (Johanson & Vahlne, 2009).

## 2.3 Network insidership definition

Having illustrated that business networks can stem from both business and social relationships, and that they are important for internationalization and market selection, it is also important to establish what it means to be a member of, or as Johanson and Vahlne (2009) put it, an “insider” (p. 1415) of a network. Network insidership has been deemed very important for companies (Johanson & Vahlne, 2009), however its definition remains rather vague. Johanson and Vahlne (2009) stipulate that business relationships involve an element of exchange where increased commitment over time creates trust, but it is unclear when exactly a company ceases to be a network outsider and begins to be an insider. Therefore, any particular definition of network insidership is arguably non-exhaustive since there may exist different, albeit implicit understandings of the term. However, in the interest of providing clarity in this study, we have decided to provide a definition of network insidership for the purpose of this thesis, and this has been done by studying the assumptions of business network theory on which the paper by Johanson and Vahlne (2009) is based. Namely, looking back at earlier business network theory, the relationship between two actors can be defined as one where the actors both commit towards each other and interact on a regular basis (Håkansson & Snehota, 1995). The prerequisite of such commitment is an exchange between the parties. In fact, early business network theory presupposes the existence of exchange in business relationships, since it is suggested that continuous exchange develops such relationships by creating trust and closeness (Håkansson & Shehota, 1989; 1995). The idea behind exchange is that the main driver for a firm to become an insider in a network is the possibility to share and combine resources and capabilities with other companies, which then opens the possibilities for new opportunities (Blankenburg Holm,

Johanson & Kao, 2015). This stems from the presupposition that businesses make money over time by engaging in exchange with members of their environment like suppliers, clients and competitors (Håkansson & Snehota, 1989). Thus, the underlying assumption is that network insidership implies an exchange relationship between network members. Taken even further, this idea implies that the firm itself can be seen as an entity whose primary purpose is engaging in activities of exchange rather than production, a view which can explain the emergence of companies whose focal point is the creation of a strong brand and the production of goods is outsourced to other network actors (Johanson & Vahlne, 2009). Nevertheless, based on this discussion, we have decided to adopt the definition of network insidership as a business relationship which involves an element of exchange, following the logic of Johanson and Vahlne (2009) and earlier research by Håkansson and Snehota (1989; 1995).

### 2.3.1 Taking action to establish network insidership

The first important element for an internationalizing company to become a network insider is context, meaning that the firm must connect to relevant companies for its specific business or industry (Johanson & Vahlne, 2009). Such connections can arise both from formal business relationships such as those with a client or supplier (Johanson and Mattsson, 1988), or personal networks like friends and acquaintances (Björkman & Kock, 1995, Chetty & Agndal, 2008).

Secondly, organizations must also engage in relationship commitment activities with its network partners. More specifically, building trust with network partners may ameliorate an organization's network position, and thus open doors in international markets (Johanson & Vahlne, 2009.). This coincides with the findings of Eberhard and Craig (2013) who point out that networks do not provide benefits until the relationships embedded in them are nurtured and trust is built. This seems to be of particular importance in Africa since numerous authors suggest the importance of personal relationships for doing business in the region (Delerue & Ouedraogo, 2020; Ferrucci, Gigliotti & Runfola, 2017; Milanzi, 2012; Owusu & Habiyakare, 2011). In other words, the underlying advantage of networks do not materialize from their passive existence, but are rather the result of how those networks are used (O'Donnell, 2004). Based on that, Vahlne, Schweizer and Johanson (2012) also stress the importance of actively engaging in trust-building and information-gathering activities in order to become insiders of the relevant business networks and

thus be able to explore fruitful opportunities. In fact, the authors argue for an organization-wide effort of engaging in such activities in the case of global organizations. This is because a lack of headquarter embeddedness into its subsidiary's local networks can also render a liability of outsidership and thus an impediment for efficient global operations (Ibid., 2012).

Lastly, Blankenburg Holm et al. (2015) argue that the process of becoming an insider in a network depends on the firm's opportunity recognition and exploitation process which is highly dependent on the firm's network position. As a result, a strong network position creates additional opportunities (Ibid., 2015). This can further be exemplified in the African context since White and Van Dongen (2017) found that internationalizing firms in Africa used local partners to establish in the chosen host market. Thus, in order to become a network insider, firms should first be perceptive of opportunities which exist in network relationships and take action to exploit them (O'Donnell, 2004), specifically by engaging in activities to build commitment and trust with (Johanson & Vahlne, 2009), and gather information from network connections (Vahlne et al., 2012).

## 2.4 Influence of business networks on its members

Based on our definition of network insidership as an exchange relationship between parties, it follows that such a relationship over time enables these network parties to exert a level of influence on each other (Johanson & Vahlne, 2009). This is in line with the paper by Håkansson and Shehota (1989) which stresses the importance of recognizing that an organization is naturally influenced by its context. This influence can for instance manifest itself as a network actor impacting another actor's important decisions such as which foreign market to choose for internationalization (Johanson & Vahlne, 2009). In fact, the finding that organizations are substantially influenced, both positively and negatively, by being insiders of the relevant networks has been corroborated on multiple occasions (Musteen et al., 2010; Oviatt & McDougal, 2005; Prashantham & Dhanaraj, 2011; Tang, 2011). In essence, the literature is quite clear on the fact that networks do exert influence on an organization, which is in line the fundamental network theory dogma that "no business is an island" because it is undoubtedly influenced by the external actors which it interacts with (Håkansson & Shehota, 1989; p.187).

### 2.4.1 Positive influences of network membership on organizations

One group of papers recognize the positive influence of network memberships on organizational success. For instance, network insidership seems to be a sought-after position for organizations as it can have positive ramifications for its success (Håkansson & Snehota, 1989; Johanson & Vahlne, 2009). This is also confirmed by an empirical study which suggests that successful businesses are more likely to be active networkers than others (Idris & Saridakis, 2018). Moreover, firms, and particularly SMEs, rely on their networks to overcome resource constraints in the internationalization process (Andersson et al., 2002; Prashantham, 2006; Zhou et al., 2010). This also seems to be the case in the African context since business networks seem to facilitate internationalization (Milanzi, 2012) and business relationships in the region can even be a means of dealing with an unstable business environment (Hansen et al., 2018; Owusu & Habiyakare, 2011). This is in line with earlier work from Håkansson and Snehota (1989) who argue that network insidership extends an organization's boundaries by granting it access to additional, otherwise unavailable resources. Consequently, these newly accessed resources can be used to learn new skills, create legitimacy or improve strategic decisions (Belso-Martinez, 2006).

Important network resources can also present themselves in terms of valuable information which enables entry and operation in particular markets (Milanzi, 2012; Oviatt & McDougal, 2005; Prashantham, 2006). This is also argued by Johanson and Vahlne (2009) who suggest that knowledge is an outcome of commitments to a network relationship. Based on that, it follows that being an insider of a relevant network enables firms to obtain new ideas (Chetty & Agndal, 2008), access preferential knowledge (Han, 2006) and foster learning (Freeman & Cavusgil, 2007). In essence, the literature stipulates that the positive effects which network insidership may entail are both tangible in the form of resources and intangible like knowledge.

### 2.4.2 Negative influences of network membership on organizations

Creating and nurturing networks are resource-demanding activities and can also lead to negative ramifications (O'Donnell, 2004). Namely, establishing and maintaining networks requires a considerable number of resources that may be scarce or unavailable (Tang, 2011). Moreover, besides requiring maintenance effort, network embeddedness may imply downsides as well. For instance, a firm can be restricted in creating new networks if it is overly embedded in its current

relationships (Han, 2006). This may in turn result in the failure to take advantage of new business opportunities (Chetty and Campbell, 2003; Tang, 2011). In line with that, Musteen et al. (2010) also suggest that an overreliance on network connections may impede not only new opportunities but also performance in foreign markets. Thus, network insidership does not only imply benefits but may also entail certain drawbacks.

## 2.5 A dichotomous characterization of networks: Strength of network ties

Network relationships may also have contextual differences. Based on that, one prevalent theme in the network literature is the notion of strong versus weak network ties (see Freeman, Hutchings, Lazaris & Zyngier, 2010; Sharma & Blomstermo, 2003; Sigfusson & Harris, 2012). This is perhaps not surprising since in order to understand relationships in the business world, one must take into account the social context in which they are embedded (Granovetter, 1985). Therefore, while this dichotomous characterization of network relationships as strong or weak has been criticized for being too simplistic (Sigfusson & Harris, 2012, p.326) it enables an illustration and deeper understanding of how network relationships differ in terms of dynamics and outcomes.

### 2.5.1 Characteristics and benefits of strong network ties

Strong network ties are characterized by close relationships and high trust (Freeman et al., 2010). These types of relationships often require nurturing in order to sustain in the long term, not only because they may lead to business opportunities (Nowinski & Rialp, 2016), but also since the parties have genuine interest in maintaining the tie (Oviatt & McDougal, 2005). This suggests that strong ties can be characterized by relationships which go beyond business and into elements of friendship, which partly corroborates the findings of Coviello and Munro (1997) that networks can evolve from transaction-based to social bonds. Therefore, strong network ties tend to have emotional elements in them as well (Oviatt & McDougal, 2005). While these trust-based ties do require mutual commitment (Buciuni & Mola, 2016; Oviatt & McDougal, 2005), they can also facilitate shared understandings (Kiss & Danis, 2008; Obstfeld, 2005) and easy knowledge sharing (Chandra et al., 2012). In particular, Freeman et al. (2010) found that strong ties tend to

enable the transfer of tacit knowledge, which is more difficult in shallower, weak ties. This knowledge naturally creates learning opportunities which have in turn been seen to enable opportunity identification and are therefore more likely to increase the rate of internationalization (Kiss & Danis, 2005; Pla-Barber & Escriba-Esteve, 2006; Sasi & Arenius, 2008). As a consequence, Nowinsky and Rialp (2016) found that long-standing entrepreneurs with more experience tend to favor strong ties, which is also partly supported by Harris and Wheeler (2005) who argue that these strong relations are an asset for entrepreneurs seeking to establish their business in a foreign market.

Strong network ties seem to be particularly important in the African context, as seen for instance in a study of Italian internationalizing firms in Africa who relied mostly on strong and long-standing business relationships with local actors in Africa (Ferrucci et al., 2017). White and Van Dongen (2017) suggest that such business relationships of trust can take several years to acquire. Similarly, Milanzi (2012) suggests that strong network ties are more beneficial for exporting companies in Africa than weak ties are. In essence, strong network ties are those relationships with high trust, closeness and commitment, a setting which enables a shared understanding and thus a higher transfer of knowledge.

#### *2.5.1.1 Drawbacks of strong network ties*

On the other hand, strong network ties may also be a liability since they require more investments of time and money to maintain compared to weak ties (Han, 2006; Kiss & Danis, 2008). This also seems to be the case in the African context since Delerue and Ouedraogo (2020) note that strong personal relationships can often entail responsibilities to the other party. These deplored resources might not even be worth the knowledge gained since research has shown that closely tied networks tend to be composed of similar individuals in terms of background, which indicates a potential knowledge redundancy within the group (Sasi & Arenius, 2008). Therefore, the number of opportunities and ideas generated within these strong network ties may be limited due to the restricted access of new individuals with a different perspective (Han, 2006; Obstfeld, 2005). In addition to this, a study performed on alliances showed that two partners might cease to cooperate due to a fear of overreliance on each other (Gulati, 1995), which could indicate firms' desire for new knowledge and different perspectives, in which case strong network ties are not particularly attractive. Thus, while strong network ties offer benefits like trust and knowledge



transfer, they may also entail knowledge redundancies and become an impediment to realizing new business opportunities.

## 2.5.2 Characteristics and benefits of weak network ties

Contrary to strong ties, weak ones require less closeness, interaction and investments of time and money (Sharma & Blomstermo, 2003) and tend to involve less trust and closeness (Freeman et al., 2010; Kiss & Danis, 2008). These types of relationships could be acquaintances like prior school- or work-colleagues or other associations (Freeman et al., 2010) and are thus less rigid as the networks are weak and often the party's positions are not perfectly defined (Johanson & Mattson, 1988). Furthermore, weak ties can also emerge serendipitously through for example one's work (Nowinski & Rialp, 2016), which implies that customer and supplier relationships tend to be characterized as weak ties as well (Oviatt & McDougal, 2005). Thus, weak network ties are the less close relationships with clients or suppliers or previous acquaintances and require less investments of time and money than strong network ties.

Sharma & Blomstermo (2003) found that weak ties enable otherwise remote and unconnected firms to come together, which led to the finding that organizations with a larger pool of weak ties enjoy benefits compared to those with fewer weak ties. Moreover, weak ties are more effective for outside information and market intelligence (Oviatt & McDougal, 2005) since they bring a higher variety of information as the members themselves are heterogenous (Han, 2006; Kiss & Danis, 2008). In fact, contrary to strong network ties which may suffer from an information redundancy due to member homogeneity (Sasi & Arenuis, 2008), weak ties tend to bring in new information available from a larger number of network members (Musteen et al., 2010; Oviatt & McDougal, 2005; Sharma & Blomstermo, 2003). As a result, they are associated with new knowledge sharing (Chandra et al., 2012; Freeman et al., 2010). Therefore, it is perhaps not surprising that numerous studies found weak network ties important for internationalization (Kiss & Danis, 2008; Oviatt & McDougal, 2005; Sharma & Blomstermo, 2003; Sigfusson & Harris, 2012). Hence, weak network ties may imply greater access to new information and thus business opportunities compared to strong ties.

### 2.5.2.1 *Drawbacks of weak network ties*

However, while weak ties do carry benefits, they do not imply the same closeness as strong networks, meaning that the shared understandings (Kiss & Danis, 2008; Obstfeld, 2005) and tacit knowledge (Freeman et al., 2010) which strong network ties imply are less likely in weaker ties. Thus, weak network ties imply lower trust than strong ties.

## 2.6 Network ties and weak institutional environments

Weak institutional environments are characterized by low reliability of country institutions (Amoako & Lyon, 2014) and corruption (Adomako, Amankwah-Amoah, Tarba & Khan, 2021). Therefore, companies in such environments seem to be particularly reliant on networks for getting things done (Kiss and Danis, 2008). The relationship between weak institutional environments and networks in Africa has been corroborated on multiple occasions (Amoako & Lyon, 2014; Bakunda, 2003; Delerue & Ouedraogo, 2020; Hansen et al., 2018; Luiz & Ruplal, 2013). While weak institutional environments can be a motivating aspect for African firms to digitalize and seek opportunities abroad (Adomako et al., 2021), they can also inhibit not only business but also internationalization efforts and significantly increase the cost of doing business (Bakunda, 2003). That can perhaps explain why Sub-Saharan firms were found to rely more on collaborations and business relationships in the form of ethnic networks when doing business since the country institutions were perceived as unreliable (Hansen et al., 2018). In fact, such business relationships can be both with other businesses, but also with government officials (Milanzi, 2012; White & Van Dongen, 2017). Moreover, Amoako & Lyon (2014), who studied exporters in Ghana, noted that network ties become de facto substitutes for country institutions like courts. Similarly, another study found that trust-based relationships can even replace formal contracts between business partners in Africa (Delerue & Ouedraogo, 2020), further highlighting the important role of networks. Thus, whereas traditional business network literature does highlight the importance of networks, they seem to be particularly important in a weak institutional environment like Africa.

## 2.7 Network facilitators

Networks can originate in various settings and connections may be established through third-party intermediaries, hereinafter referred to as network facilitators. The internationalization stream of literature clearly acknowledges the importance of networks (eg. Johanson & Vahlne, 2009), but there are not many papers dealing with network facilitators. However, looking at the field of sociology, the famous paper by Burt (2004) deals with precisely this issue, albeit in an intra-organizational setting. Burt (2004) exemplifies the role of network facilitators as bridges of “structural holes” (p.365), i.e. the lack of connections between different groups of people. These facilitators do not only bring together previously disconnected parties but are also imperative for the consequent establishment of trust between them (Obstfeld, 2005). Therefore, since we have defined insidership in a network as a relationship where there exists an element of exchange following the logic of Johanson and Vahlne (2009), it means that network facilitators enable these relationships of exchange between two parties since they connect previously disconnected parties (see Burt, 2004; Obstfeld, 2005). Since network partners are engaged in an exchange relationship, it implies that network facilitators are by definition not engaged in an exchange relationship with neither of the network partners that they connect. This is also in line with Burt’s (2004) idea of network facilitators since he never assumes that the facilitator is engaged in an exchange relationship with any of the network participants, which is quite natural given that the study was, as mentioned, conducted in an intra-organizational environment (Ibid., 2004). Based on that, and following the logic of Burt (2004) and Obstfeld (2005), we choose to define a network facilitator as a person, organization or institution which acts like a third-party that connects network ties but is not engaged in an exchange relationship with neither of those ties at the time of the connection or introduction of the ties to each other.

### 2.7.1 Network facilitators in inter-organizational environments

Granted, Burt (2004) explores the network connections of an intra-organizational environment within a multinational corporation, but it may offer insights for inter-organizational networks in an internationalization context as well. For instance, building on Granovetter (1973), Burt (2004) points out that acquaintances or previous business associates are the key facilitators of network connections between different groups in large multinational organizations. More specifically the

facilitators therefore act in an “information arbitrage” (Burt, 2004, p. 354), meaning that they are aware of information from multiple groups and can therefore more acutely spot differences and similarities, reduce misunderstandings and create awareness of one group’s issues in another group. Since facilitators are carriers of information and even best practices, they obviously play an important role in different groups learning from each other (Ibid., 2004). And if such facilitators can create connections between different groups in an intra-organizational environment, we argue that it is not excluded that facilitators can exist in inter-organizational environments too if the facilitator is sufficiently knowledgeable about the groups he or she connects.

### 2.7.2 Facilitators’ potential to connect previously disconnected parties

While the importance of acquaintances as facilitators of additional network connections is demonstrated by Burt (2004), it is further developed by Oviatt and McDougal (2005). They refer to these facilitators as “brokers” (p. 545) since they can connect firms from different countries and thus enable them to conduct international business (Ibid., 2005). The relevance of facilitators in internationalization was also studied by O’Gorman and Evers (2011) who looked at EPOs and how they facilitated international networks by helping firms identify and establish contact with foreign clients, and providing the relevant foreign market intelligence and financing when needed. The study found the EPOs to be direct facilitators of internationalization as they had a large pool of acquaintances and people that they know both domestically and internationally which were used to connect different firms. In doing so, the EPO acted as a mediator between the actors it connected. As a result, the effectiveness of the EPOs as international network facilitators was found to be a consequence of the size of their network of acquaintances and connections, and the resources available to facilitate internationalization (Ibid., 2011). Thus, the facilitators’ potential to connect previously disconnected parties depends on the size of the facilitators’ acquaintances.

### 2.7.3 Network Facilitators and trust

Network facilitators are also important for the establishment of trust between network ties (Cannatelli and Antoldi, 2012). The international collaboration between two organizations requires trust due to the risk of partner opportunism. The role of trust in relationships between

organizations is also stressed by the internationalization literature, and specifically by Johanson & Vahlne (2009) who stipulate that trust is a prerequisite of continued collaborations between network parties and can subsequently lead to internationalization. However, in the absence of trust, the parties can sign contracts which may provide some security but can never cover all possible details (Blomqvist, Hurmelinna-Laukkanen, Nummela & Saarenketo, 2008). Therefore, if there is an absence of trust, the two parties need not to resort to contracts but may use a third-party facilitator which can, just like in the study by O’Gorman and Evers (2011), facilitate communication, identify common ground and opportunities, and ensure benevolence by minimizing the risk of opportunism. This subsequently leads to trust-building between the two parties, enabled and monitored by the facilitator (Cannatelli & Antoldi, 2012). In essence, facilitators have been shown to create and enhance trust between previously disconnected parties since they enable communication and common ground.

#### 2.7.4 Social and prior business contacts as network facilitators

Having defined facilitators and outlined the tasks they perform; it is also important to look at who these facilitators are. O’Gorman and Evers (2011) look at institutions in the form of EPOs, however studies have also shown other individuals to perform the role of connecting previously disconnected parties. A number of papers stress the role of social connections as facilitators to important business networks. In some cases, friendships may become useful informational sources or enable introductions with potential network connections (Berg et al., 2008). This role of social connections as gateways and “door-openers” is further stipulated by Komulainen, Mainela and Tahtinen (2006) who also argue that social connections can facilitate networks indirectly, for instance by inviting the organization’s representatives to a fair or conference with important potential network contacts. Other papers instead stress the importance of previous business contacts for future opportunities. The strategic alliance literature deems previous alliance partners as fundamental information conveyors and connectors to future potential partners. In that sense, prior alliance partners effectively act as facilitators of future collaborations (Gulati, 1995; Gulati & Gargiulo, 1999). However, moving beyond prior formal business alliances, Fuerst and Zettinig (2015) urge companies to also recall other business contacts, including those with clients or even previous employers and use them to access new connections. In any case, friends as well as past business contacts seem to be able to perform the role of

network facilitators in line with our definition above, since they connect previously disconnected groups of people (i.e. network ties), without being in exchange relationships with those people.

### 2.7.5 Towards an understanding of network facilitators and their role

The role of network facilitators seems to be multifaceted. We define network facilitators as a person, organization or institution which acts like a third-party connector of network ties but is not engaged in an exchange relationship with neither of those ties at the time of the connection or introduction of the ties to each other. This is because network facilitators are knowledgeable of different groups and can therefore mediate between them, find common ground (Burt, 2004) and create trust (Cannatelli and Antoldi, 2012). Therefore, the effectiveness of the network facilitator is a result of the size of his or her acquaintances which it can mediate between and ultimately connect (O’Gorman and Evers, 2011). As a result, facilitators have been shown to transfer organizations from outsiders to insiders of the relevant international networks (O’Gorman & Evers, 2011), and thereby encourage internationalization. However, network facilitators also seem to encourage staying within those relevant international networks by building mutual trust with business partners in alliances (Cannatelli & Antoldi, 2012). Lastly, the role of network facilitators seems to be taken by social connections like friends (Berg et al., 2008), but also by previous business acquaintances (Fuerst and Zettinig, 2015). This is because all of these people are potential sources of new business connections which could lead to new business opportunities.

### **3. Methodology**

*This chapter aims to outline the choice and motivation for the methodology approach taken in this thesis. The chapter starts by explaining the research method, approach and process, which is followed by the research design, data gathering and evaluation of quality aspects of the study.*

#### **3.1 Research Method**

This study makes use of a qualitative research method, which is suitable for studying social phenomena by collecting in depth, non-quantifiable information (Saunders, Lewis & Thornhill, 2009). Since business networks and their related concepts are undoubtedly social phenomena as they involve interactions between people, a qualitative method is deemed appropriate. Moreover, qualitative studies are primarily based on an interpretivist research philosophy where the aim is to gain a deeper understanding of the concepts studied (Bell, Bryman & Harley, 2018). Based on that, qualitative studies tend to gather empirics through interviews in order to capture this in depth information (Saunders et al., 2009). Thus, in order to understand the nature of networks and their associated concepts like insidership and facilitators, this study has been conducted in a qualitative manner primarily through interviews. Lastly, the choice of method is also dependent on the purpose of a particular study. Therefore, since the purpose of this study is to gain a deeper knowledge about business networks and thus explain a particular phenomenon, this study is of an explanatory nature (Saunders et al., 2009) and thus a qualitative study is appropriate. This is because research employing “how” or “why” types of questions is particularly appropriate for qualitative studies (Bell et al., 2018).

#### **3.2 Research Approach**

This study is premised on an abductive research approach, which recognizes the dyadic relationship between theory and empirics (Dubois & Gadde, 2002) and can therefore be seen as an amalgamation of the more established inductive and deductive approaches (Bell et al., 2018). In addition, abduction is grounded in the interpretivist research philosophy since it allows for researcher subjectivity (Alvesson & Kärreman, 2011), which naturally suits this study since we have a preconceived understanding of business networks from the theoretical review, and since

we have interacted personally with the case companies and are therefore undoubtedly influenced by them and subjected to a certain bias. Moreover, the abductive approach allows for preconceived theoretical understandings to guide and influence the empirical collection (Alvesson & Kärreman, 2011), just like it did in this research since a preliminary theoretical review was conducted prior to the empirical collection, based on which the interview questions were conceived. Dubois and Gadde (2002) describe this as a “quasi-deductive” element of the abductive approach (p. 559) which manifested itself in this research through a systematic and frequent comparison of theory and empirics where the two elements influenced each other and thus evolved simultaneously. More specifically, a theoretical base about business networks was constructed which guided the interviews, and consequently the data itself revealed novice insights which led to the reexamination and modification of the theoretical framework. This process of intertwining theory and empirics is based on the notion that making sense of theory requires real life observations and vice versa (Dubois & Gadde, 2002). This implies that an exaggerated focus on theory over empirics or the other way around can lead to a narrow-mindedness which is ineffective for producing an insightful analysis (Weick, 1996). For that reason, by allowing preconceived theory to influence our empirical collection, we sought to maintain a balance between theory and empirics as opposed to allowing one to overwhelm the other.

Lastly, by allowing preconceived theory to influence our data collection, we had a stronger sense of what to look for in the interviews. This helped us decrease the risk of developing extensive and meticulous descriptions which lack meaning (Dubois & Gadde, 2002). In that sense, we were arguably able to produce a multiple case study which goes beyond a purely descriptive nature. The following section 3.3 *Research Process* describes how the process of going between theory and empirics looked like in this research.

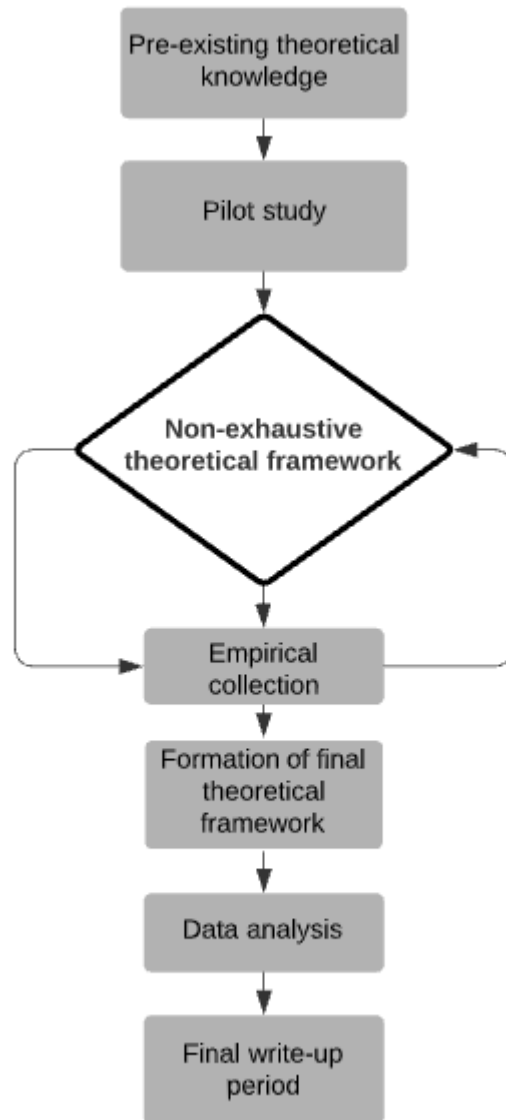
### 3.3 Research Process

This study was conducted through a process entailing one main empirical collection period, and two main theoretical elaboration periods, as seen in Figure 1. More specifically, we started out with pre-existing theoretical knowledge about internationalization and business networks, gained through previous master studies. However, in the beginning of our research process, while selecting and contacting companies to study, we conducted a pilot study by interviewing a retired



expansion manager of a large Swedish company which internationalized to Africa, which gave us a practical understanding of the region. Furthermore, we conducted a preliminary literature review and wrote a corresponding non-exhaustive theoretical framework which was used to guide the subsequent interviews with the case companies. The theoretical framework was non-exhaustive at this time because it was subsequently modified and developed along the way as the empirical evidence grew. Consequently, after the formation of the non-exhaustive theoretical framework, a period of empirical collection followed where we studied nine case companies and two organizations that correspond to our definition of network facilitators and were therefore also included in the study. As described in section 3.6 *Data Analysis*, each case was analyzed on its own, after which the theoretical framework was reviewed to spot overlooked or insufficiently described aspects about business networks and facilitators. Thus, as seen in Figure 1, each analysis of the individual 11 cases in total was followed by a comparison with the, at the time, non-exhaustive theoretical framework. This process of moving between theory and empirics is not only a key aspect of the abductive research approach (see 3.2 *Research Approach*), but also over time led to appropriate modifications of the theoretical framework where certain things were added and others removed. However, over time, the theoretical framework grew as more important aspects were added after conducting the interviews.

After the above-described process, the final theoretical framework started to emerge. Moreover, the data analysis was performed, followed by a final write-up period focused on the results and analysis, but supplemented with an occasional minor tweak or clean-up of the theoretical framework.



*Figure 1. Research process, figure compiled by the authors*

### 3.4 Multiple Case Study

The method in qualitative studies is largely dependent on the research question and purpose of the study at hand. This research makes use of a multiple case study, which aims to research the elements of interest, i.e., the cases, in the context in which they are embedded (Yin, 2018). Since we are studying Nordic firms which have internationalized to Rwanda, this is a specific context which thus renders a multiple case study appropriate as it allows studying phenomena in its

natural context (Yin, 2018). For that same reason, since network membership is a subjective, social concept and thus context bound, it is another reason why a multiple case study was deemed appropriate. Case studies aim to capture the properties and particularities of a specific setting (Eisenhardt, 1989) and thereby gain a deeper understanding of the cases studied (Yin, 2018), which fits the purpose of our research question that aims to gain an in-depth understanding of networks in the internationalization process of Nordic firms to Rwanda. Moreover, since this study is of an explanatory nature, it is an additional characteristic making the study suitable as a case study (Saunders et al., 2009; Yin, 2012).

A multiple case study enables the cases to reaffirm each other since we were able to compare and contrast information between cases (Ghauri, 2004). Besides increasing the chance of interpreting empirical findings correctly (Yin, 2018), multiple cases also invite for different perspectives from different interviewees (Herriott & Firestone, 1983). Thus, conducting a multiple case study enabled a broader understanding of how firms become members of the relevant networks when internationalizing to Africa since multiple perspectives are included which we believe offer more rigor compared to a single case study. This ultimately enables both a better holistic understanding of the phenomena under scrutiny, and more robust results (Yin, 2012).

Finally, the multiple case study is particularly appropriate since our sub-research question is focused on the role of facilitators in companies' process of becoming network insiders, and a multiple case study allowed us to interview two facilitators and thus gain their perspective in addition to the nine other case companies. In that sense, the cases form a dyadic perspective since we study both internationalizing companies and network facilitators. Consequently, that means that the unit of analysis is not particularly straightforward (Fletcher & Plakoyiannaki, 2011). More specifically, the unit of analysis is also dyadic, where on the one hand it is the case companies, and on the other hand it is the network facilitators. Including different perspectives makes for a more robust case study (Ghauri, 2004) and in our case, it enabled a greater understanding of how companies become network insiders, and particularly what role facilitators play since we could compare what the case companies stated about the facilitators with the information gained directly from the facilitators. The comparison of different perspectives like that serves as a type of data triangulation (Ghauri, 2004). In essence, this method of validating

one respondent's answer with that of another's corroborates the arguments of Yin (2012) who argues that multiple cases allow for additional certainty of the research findings.

### 3.4.1 Selecting the cases

The purpose of this paper is to gain a deeper understanding of business networks by studying Nordic firms which have internationalized to Rwanda, and therefore Nordic companies that have completed this process have been selected for this study. Since the research purpose informed the selection of the cases (Ghauri, 2004), we used a purposive sampling approach, which is a hypernym of non-random sampling procedures intended to select cases based on their ability to answer the research question rather than to represent a population (Fletcher and Plakoyiannaki, 2011). However, the number of Nordic companies which have expanded to Rwanda are relatively scarce, which is a limitation that we expected given that Africa has historically not been a popular expansion region for foreign companies (see Holmstedt, 2015). Therefore, due to the limited number of possible cases, we made an effort to reach out to as many companies as possible through email addresses found online, which turned out to be advantageous since some companies were later excluded either because they did not have the time, or since it turned out that their internationalization to Rwanda had not yet been formally initiated.

Following our purposive sampling approach mentioned above, we specifically made use of two sampling procedures. First, we used theoretical sampling based on the stipulation that theory should provide the basis for case selection (Buck, 2011; Eisenhardt, 1989). This means that we drew on the theoretical insight that Africa is an appropriate setting to study network insidership and selected cases in that region. Moreover, we allowed the identified research gaps (see *1.4 Problematization*) to inform the selection of cases for the study (Buck, 2011). Specifically, since the identified theoretical gap is concerned with network insidership and how businesses become insiders, we selected case companies which have established network insidership. Similarly, the empirical gap is concerned with the scarcity of business network studies in Africa, which is why organizations operating in the region have been studied. In essence, this implies that the selected cases fill the “conceptual categories” (Eisenhardt, 1989, p. 533) which this study is focused on.

The second sampling procedure we made use of is convenience sampling, which means to sample what happens to be available to the researcher (Bell et al., 2018; Saunders et al., 2009). In our

research, we made use of our personal contact with an entrepreneur, Ola Ekman, that has business relationships to Swedish firms that have internationalized to Rwanda. Mr. Ekman helped us to identify four case companies which were subsequently contacted. Although this is technically not convenience sampling per definition (Bell et al., 2018) since the case companies were not directly available to us, we argue that there exists an element of convenience since we personally know the entrepreneur who introduced us to the case companies. Similarly, we contacted institutional actors like the Swedish Embassy in Kigali, Rwanda, the Swedish Africa Chamber of Commerce (hereinafter SSACC) and Business Sweden, which not only enabled us to acquire the contact details of additional cases but the two latter ones fit our definition of network facilitators and are therefore also included in the study as such due to their expertise in the topic. In addition, including two facilitators in the study also offers the benefit of looking at the research problem from both the company and facilitator perspectives.

In essence, our sampling procedures described above led to the inclusion of nine cases which all met the qualifications of being Nordic companies that have internationalized to Rwanda, together with the two network facilitators, SSACC Sweden. The process of actively reaching out to companies to study was continued until the marginal learning of the newest case was deemed very low and there were no major insights gained, which implies theoretical saturation according to Eisenhardt (1989).

## 3.5 Data Collection

According to Yin (2012), multiple data sources serve as a means of collecting evidence for the case study and increasing the robustness of the findings. Based on that, we used multiple empirical sources like interviews, documents, websites, and even personal observations as data sources, which are described in detail in the following paragraphs.

### 3.5.1 Interview Design

The main data source in this research are interviews, which are a very common data collection method in qualitative research (Bell et al., 2018) and are especially useful when trying to understand an individual's behavior and reasoning (Ghauri, 2004). Since this research looks at how firms go from being outsiders to becoming insiders of business networks, interviews enable

an understanding of respondent's behavior when describing the establishment of insidership. Moreover, the interviews conducted for this research were all semi-structured, which means that themes like internationalization, business networks, third-party facilitators and their corresponding questions were prepared beforehand based on the preconceived theoretical understanding following an abductive approach. These themes were consequently used as a guide in the interviews, but at the same time a flexibility was maintained by changing the specific questions and their order based on the respondent's answers (Saunders et al., 2009). The interview guide is located in Appendix 1. In addition, the flexibility of semi-structured interviews also means that follow up questions can be asked in order to gain deeper understanding or clarification regarding a topic (Yin, 2018), which was also the case during the interviews for this research. In addition, we noticed that semi-structured interviews allowed the respondents to talk freely about the particular topic, and also elaborate the answers even more when asked follow-up questions.

Due to travel restrictions caused by the Covid-19 pandemic at the time of writing this thesis, all of the interviews were conducted digitally through video-calls. The interviews lasted approximately one hour each and were conducted with either the company founders, or the responsible managers of the Rwandan markets, since these people were deemed most knowledgeable of their company's internationalization to Rwanda and their network involvement. In the case of the two facilitators, the interviews were conducted with the responsible managers of the Rwandan market. In addition, we performed an interview with a former expansion manager of a Swedish company to Africa to get a practical understanding of the region, which aided us in the understanding of the cases but was not included in the results as a case. As seen in the interview summary in Table 1 below, one interview was conducted per each case, both for the companies and the facilitators. All interviews were conducted in English except the pilot study interview with the former Swedish expansion manager which was conducted in Swedish. Conducting the interviews in English minimized the risk of using the wrong terminology and translation errors from our side. However, since all of the Swedish interviewees had considerable international experience, they were very comfortable with English. Lastly, all names of the interviewees have been changed after they expressed their wish to remain anonymous.

Company name	Type of company	Name	Position	Type of interview	Date	Interview length
Company 1	Internationalizing	Melinda	Rwandan Expansion Manager	Online	2/22/2021	65 minutes
Company 2	Internationalizing	Angela	CEO & Founder	Online	2/23/2021	70 minutes
Company 3	Internationalizing	Thomas	CEO & Founder	Online	2/22/2021	85 minutes
Company 4	Internationalizing	Carl	CEO	Online	2/25/2021	65 minutes
Company 5	Internationalizing	Philip	Regional Manager	Online	3/2/2021	70 minutes
Company 6	Internationalizing	Eddie	CEO & Founder	Online	3/3/2021	50 minutes
Company 7	Internationalizing	Jan	CEO & Founder	Online	3/12/2021	70 minutes
Ericsson	Internationalizing	James	Country Manager	Online	3/10/2021	85 minutes
Company 9	Internationalizing	Beth	East African Marketing Manager	Online	3/16/2021	70 minutes
Business Sweden	Facilitator	Tom	Market Area Director for East Africa	Online	3/12/2021	60 minutes
Sweden sub-Saharan Africa Chamber of Commerce	Facilitator	Anna	Member of the board	Online	3/4/2021	75 minutes
Pilot study company	-	Andreas	Former Africa expansion manager	Online	2/4/2021	60 minutes

*Table 1. Interview overview, table compiled by the authors*

Digital interviews are obviously suboptimal since the lack of physical interaction could undoubtedly render certain drawbacks such as the interviewees not feeling completely comfortable, which could have impacted their answer. However, as argued by Bell et al. (2018), digital tools have become so common these days that people have gotten more comfortable with them. Moreover, it is worth mentioning that we attempted to minimize any potential discomfort with meeting digitally by ensuring good lighting, professional attire and a quiet environment. Additionally, another drawback is that there was only one interview conducted per case. While we are aware that this might lead to a one-sided perspective, we attempted to mitigate this flaw by making sure to interview the people who were directly involved in the companies' expansion

to Rwanda and their network involvement during this process, which are either founders or managers for the Rwandan market as seen in Table 1.

Lastly, all of the interviewees were recorded after having asked for permission from the respondents. The recordings enabled us to listen to the interviews afterwards in order to better make sense of certain answers and minimize risk of misunderstanding (Saunders et al., 2009; Yin, 2018). Also, all interviews were transcribed afterwards, following the recommendations of Bell et al. (2018), which aided the subsequent analysis.

### 3.5.2 Additional data sources

In order to not rely on only one data source, we used the case companies' and two facilitators' websites, additional documents handed out to us by the interviewees, income statements and annual reports where available. In addition, Yin (2012) mentions observations as a possible data source. That was of course limited in this research since the interviews were conducted digitally, however we did make use of observations in the sense that while one of us conducted the interviews, the other took notes about the respondents like certainty when speaking, tonality of voice and perceived feelings of stress. These notes enabled better sensemaking of the transcriptions and critical reviews of certain answers.

## 3.6 Data Analysis

This study follows an abductive logic which has manifested itself through the systematic comparison of theory and empirics throughout the process of the research. That is, a preconceived theoretical understanding of business networks and facilitators guided the empirical collection, and the process of moving between theory and empirics ultimately enabled the construction of the final theoretical framework, based on which the analysis was performed. Figure 2 illustrates the three overarching themes derived from the theoretical framework, and how they are related to the empirical first- and second order themes. The advantage of systematically comparing the empirics with theory means that we attempted to avoid the pitfall of developing extensive but meaningless case descriptions (Dubois & Gadde, 2002) and instead sought to constantly make sense of the collected data by comparing it with theory. In practice,



this means that the analysis started after the empirical collection of the first case based on the suggestions of Ghauri (2004) and was repeated for each subsequent case.

After all case evidence was collected, we made use of thematic analysis (Yin, 2012) where we first spent time getting acquainted with the data (Nowell, Norris, White & Moules, 2017). Namely, we read through and understood the case evidence consisting of interview transcriptions, personal notes and website information for each case separately, after which we discussed each case to ensure a relatively homogenous understanding of the case evidence. Subsequently, we organized the case evidence chronologically (Ghauri, 2004) in order to get a picture of how interactions with facilitators and network ties happened over time. This helped us understand how and why the company's internationalization and network insidership establishment took place, and how network facilitators enabled it. This chronological arrangement of events is visible in the empirical chapter where we for example first present the role of facilitators, followed by network insidership, since the role of facilitators preceded insidership establishment. After the chronological organization of the case evidence, we conducted a cross-case analysis where we deliberately sought to identify similarities and differences between the cases. This further aided in the understanding of how the case companies became network insiders and the role of network facilitators in this endeavor.

After the initial familiarization with and organization of the data, we began coding the data systematically and thus identified quotes and information relevant to the study which we grouped together to form first-order themes (Nowell et al., 2017). This means that the analysis encompassed an inductive element in the sense that information not occurring in the theoretical framework was also coded, which led to the identification of insights like network insidership that is not based on product or service exchange but rather knowledge and information exchange, as well as the roles of network facilitators. Moreover, the focus of the analysis of the two network facilitators included in this study therefore also lied on their role as facilitators of network connections. In certain cases, we felt that some novice insights could be strengthened by analyzing them with additional theoretical aspects in the cases where it would add extra value. This led to the inclusion of theoretical aspects from Ramirez (1999) in the analysis. Subsequently, we coded the data hierarchically in the sense that we constructed a set of second-order themes by grouping the first-order themes, and thus providing a more holistic view at a higher level of

abstraction (King, 2004). As seen in Figure 2 below, the first- and second order empirical themes are arranged according to the three theoretical themes derived from the preconceived theoretical framework to show how the literature is related to the empirics.

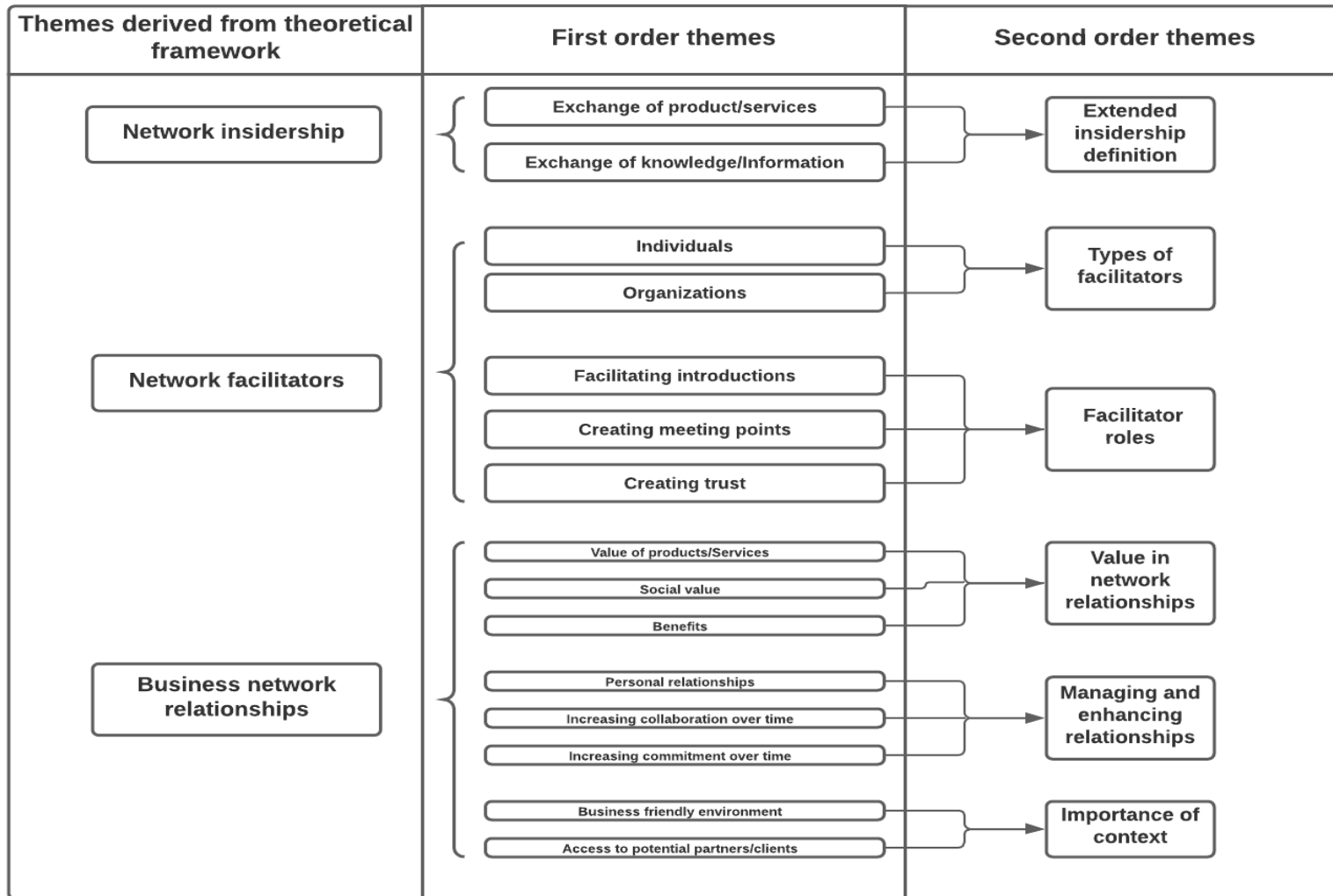


Figure 2. Theoretical and empirical themes, figure compiled by the authors.

## 3.7 Research Quality

The quality of a study can be determined by its trustworthiness in answering the stipulated research question. Since this study follows a qualitative research method, we choose to illustrate the paper's quality using criteria suitable for qualitative research. The following sections discuss the quality of this research with regards to credibility, dependability, transferability, and confirmability (Guba, 1981).

### 3.7.1 Credibility

In qualitative studies, credibility is related to the production of believable and plausible findings (Guba, 1981). While we are aware that the inability to travel to the sites of the case companies and facilitators might have negative ramifications for our understanding of the cases, we therefore made a particular effort to ensure credibility through other measures. Firstly, data triangulation was performed by comparing transcriptions with secondary data like websites and documents in order to increase the quality of this multiple case study. By employing this method of data triangulation, we were able to minimize the risk of selective perception (Saunders et al., 2012; Yin, 2012) and thus used triangulation to decrease the chance of drawing incorrect conclusions (Ghauri, 2004) or taking a finding from one source for granted (Eisenhardt, 1989). In fact, Ghauri (2004) argues that "triangulation is one of the defining features of a case study" (p.8). In this study, data triangulation was done by verifying information from one interviewee with that of another interviewee, or with available data from other sources. For instance, when a respondent made the claim that foreign market revenue increased as a result of a collaboration with a network tie, this was usually verified by looking at the firm's income statement and checking if the revenue increased during that period.

Secondly, Guba (1981) recommends the researcher to confirm his interpretations with the individuals who are the sources of the data, something which we did during the interviews by summarizing what the interviewee said and checking if we had made a correct interpretation. Lastly, we as researchers also discussed the empirics of each case in order to ensure that we had both made a similar interpretation of the data.

### 3.7.2 Dependability

In order for qualitative research to produce results which are stable, there needs to be a certain level of dependability, which means that there exists a transparency for readers to follow the research process and how analysis was performed (Guba, 1981). In this study, we have made an effort to ensure dependability by thoroughly describing both the reasoning behind our methodological choices, as well as their manifestation in practice. For instance, we devoted considerable time in stipulating the reasoning and benefits of the abductive research stance, but also illustrated the manifestations of abductiveness throughout the study in section *3.3 Research Process* which showcases the interplay between theory and empirics. Similarly, we outlined the reasoning behind the multiple case design as well how it was carried out in terms of case selection, data collection and other aspects, which not only increases the study's dependability but also provides the reader with details. Lastly, the data analysis process is detailed, which undoubtedly also positively influences the dependability of the study by providing transparency for the reader to follow how important insights were generated.

### 3.7.3 Transferability

Guba (1981) suggests developing thick descriptions of the contexts so that readers can make comparisons and transfer findings to other contexts. In order to increase this study's transferability, we have aimed to develop thick descriptions of the case companies and their involvement with facilitators and business networks. In line with that, the empirical section also provides a background of each case company, along with the reasons for internationalizing to Rwanda, which aims to help set the tone and provide additional context for the subsequent findings. Moreover, we provided a description of Rwanda's business environment (see *4.1 Background on Rwanda*), which may perhaps allow for a comparison to similar settings in Africa or other regions and thus enable transferability of the findings to such contexts.

### 3.7.4 Confirmability

In order to decrease the likelihood of researchers' investigative bias, confirmability concerns measures taken to decrease such bias (Guba, 1981). The first such measure is triangulation, as described under section *3.7.1 Credibility*. Namely, by using multiple data sources, we decreased

the risk of drawing premature or wrong conclusions through selective perception of the data at hand (Yin, 2012) or an overreliance of one data source (Eisenhardt, 1989). This method of triangulation serves, according to Guba (1981), as a way of increasing a study's confirmability. The second measure taken in order to avoid selective perception was conducting thorough and continuous discussions between us as authors about each case, the theory and main findings, which also decreased the chance of bias. In addition, this continuous discussion and communication throughout the research process did not only decrease the risk of misunderstandings or personal biases which could interfere with the study, but was also particularly important since we conducted the study mostly online without meeting in person. Moreover, the seminars with other master thesis groups and with Dr. Johan Jakobsson also served as important discussion forums where the others could read our paper and give feedback, which also decreased the risk of potential bias from our side. Lastly, we also maintained an ongoing lookout for theories which can explain network insidership in an internationalization context and the role of facilitators. This eventually led to the inclusion of the sociological stream of research (see Burt, 2004) in this research since it was deemed to have certain explanatory power of the role of network facilitators. Also, this also led to the inclusion of the work of Ramirez (1999) in the analysis since it offered further analytical nuance to our findings.

### 3.8 Ethical Considerations

During this study, we have made an effort to consider certain ethical principles, in line with the recommendations of Bell et al. (2018). Firstly, we have communicated with our respondents in a clear and transparent manner by letting them know the purpose of our study and how their answers will be used. Also, we sent out an interview guide and a short description of our study to each respondent prior to the actual interviews. This was done so that no respondent would feel pressured to participate in the study. Furthermore, we offered each respondent full anonymity, which eight out of 11 cases have chosen to use since they regarded the information which they shared as sensitive. In order to respect our agreement with those respondents, the company and respondent names of C1-C7 as well as C9 have been anonymized, despite that this choice lowers this study's credibility somewhat. In addition, we asked all respondents for permission to record and transcribe the interviews, something which all respondents agreed to with the condition that their names and company names would be anonymized.

## 4. Empirical findings

*This chapter presents the empirical findings of this research, both for the nine cases and two network facilitators included in the study. The findings are presented on a case-by-case basis, starting with company background and consequently the chronological presentation of internationalization to Rwanda, firstly the role of facilitators, and lastly network insidership. This is done for increased clarity since the role of facilitators preceded network insidership and was important for its establishment. The last two cases are facilitators, and their background and roles of facilitating network insidership are presented. The companies which chose to be anonymous are referred to as C1, C1, C3 etc., and aliases are used instead of any real names. Lastly, the results are summarized and presented in table form.*

### 4.1 Background on Rwanda

Historically, Africa's relative poverty and economic underperformance has not rendered it a particularly popular region for foreign businesses to expand (Holmstedt, 2015). However, the small country of Rwanda, which has seen significant improvements in standards (World Bank, 2020), points to more positive developments. Besides the young demographic, which is a characteristic of the region in general (UN, 2019), Rwanda poses an additional opportunity due to its business-friendly environment. Namely, the country's high ranking in terms of business friendliness makes it one of the easiest countries in Africa to conduct business in (The World Bank Group, 2020). Additionally, the country is characterized by political and economic stability (World Bank, 2020) which also increases its attractiveness for foreign investments. These aspects are even more evident in the following sections, which present the results of this study, starting with the case companies, followed by the two network facilitators.

### 4.2 Company 1

Company 1 was founded in 2016 with the vision that it is possible for firms to provide social or environmental benefit and simultaneously generate profit. Consequently, the company provides office space, venture capital and other support to start-ups that want to make a positive

environmental or social impact. As a result, a start-up hub was first opened first in Stockholm and it turned out to be a success. However, the founders were eager to expand to another location where there is an abundance of interesting start-ups and opportunities for creating positive social or environmental impacts. Soon enough, it became clear that Africa fulfilled the founders' criteria. As put by Melinda, the Rwandan expansion manager:

*“It's the future. It has the youngest population as well. So they [the founders] knew that's where innovation would make the biggest difference.”*

#### 4.2.1 Why Rwanda

The choice of Rwanda was mainly because of the country's friendliness towards business and entrepreneurship.

*“They looked at a number of different countries ... but decided on Rwanda mainly because of Rwanda's policies. ... you can set up a business in under 48 hours. In fact, we did set it up in under 48 hours.”*

#### 4.2.2 The role of facilitators

Once the founders had decided to enter Rwanda, they made an effort in drawing from their personal networks and asking acquaintances with experience from both Rwanda and East Africa in general for advice. Given that the founders were previously successful tech-entrepreneurs, they knew a lot of people in diverse industries. Consequently, several people whom they talked to recommended them to reach out to a former Swedish ambassador in Rwanda, Carina, who was well respected by the locals.

*“She's probably the one of the most well-known ambassadors. She did an incredible job here and sort of really earned herself a reputation.”*

After getting in touch with Carina, she ended up liking the business idea which C1 had and decided to provide advice, together with her husband Jan, for C1's expansion and set up in Rwanda. Most importantly, Carina and Jan knew plenty of people in Rwanda with whom they



helped C1 get in touch with. This is essential in a market like Rwanda, which Melinda thinks is very much oriented towards relationships.

*“... in Sweden, I found it is much more task oriented ... It's very different here since you need to have a relationship before you can work together. And if I'm new here and don't have that, I have to know people to get things done.”*

Besides Carina and Jon, Melinda knew a former work colleague who had gotten a job in Kigali, and his knowledge proved to be useful in the construction phase of C1's office. Namely, C1 needed to design, import material and build the facility. Given that Melinda was completely new to Kigali, she was not sure which contractors are capable and trustworthy, and how certain things are done, which is where her former colleague helped out.

*“... he was great and telling me like this, you need to work with these suppliers. You need to not work with these suppliers. And he ... [told me] ... what to do and what not to do.”*

#### 4.2.3 Insidership and relationship development

Despite knowing people who have experience and can make important introductions, there were no shortcuts for C1 to create relationships for themselves. The acquaintances can make introductions and give advice, but the benefit and outcome of such introductions is a consequence of how those newly required relationships are managed. Melinda stresses the importance of taking enough time to get to know the Rwandan counterparts, as this will make it easier to discuss business later on.

*“... in Rwanda you need to make a personal connection before you can talk business. And yes, the trust takes time to develop.”*

The most important people which Carina and Jon introduced C1 to were government officials, NGO-employees and entrepreneurs without whom the Rwandan expansion would have been severely inhibited or delayed. In particular, Melinda stresses the importance of having personal relationships with officials from the Rwanda Development Board (hereinafter RDB), an organization responsible for attracting and retaining investments to Rwanda.

*“It is more than beneficial, it is essential! You will not succeed if you do not have RDB’s support... It is a one stop shop for everything you need to set up a business, from documents, permits and even tax and bank accounts. They can help with all of that.”*

Moreover, once getting to know the suppliers and contractors hired for constructing the facility personally, and once having worked with them for a few months, a mutual trust started to develop. The suppliers and contractors became more confident in C1’s ability to pay and follow through on promised contracts, and Melinda and the rest of the C1 team began trusting those partners enough to ask for advice and help. In fact, a similar relationship evolved with other locals like the RDB officials, but also the startups which would end up being the first users of C1’s hub. Namely, the more Melinda and the rest of the C1 team interacted and worked with those groups, the more confident they were to ask for their opinion. For instance, C1’s plan was to create a hub which is open to everyone, whereas Rwandans are used to fairly high levels of security like metal detectors and guards due to their difficult history. As a result, C1 had to adapt their idea and restrict the access to the facilities somewhat.

*“I got a lot of help from those local actors on making sure we had the right ... information ... making sure it was grounded in reality rather than me just saying, I think we should have this, but actually it doesn't fit the weather or it doesn't fit the climate that happens here or it doesn't fit with the culture.”*

In return, such interaction with local actors also led to those groups being more confident in collaborating with C1 and even taking part of C1’s offerings. For instance, some of the startups which advised C1 in building the facility ended up not only being users of the facility, but also applied for funds from C1’s venture capital.

### 4.3 Company 2

Company 2 was first started in Stockholm in 2015 with the ambition of providing businesses and individuals in developing countries with addresses using a software solution. The idea was born from the founder’s experience in East Africa where she noticed that the lack of addresses prevents businesses from being noticed and found by their customers. After presenting the idea at

a conference with Swedish and African entrepreneurs, the reactions were positive and there seemed to really be a need for that kind of service in Africa.

*“After the presentation, this entrepreneur came up to me and was like “Wow, I really want this in my country”, at which point I sort of realized the potential of the service.”*

#### 4.3.1 Why Rwanda

Besides the Swedish headquarters, the business operates in Uganda and Rwanda since the former is a suitable market for C2's products as there is an abundance of businesses without an address, but the latter provides a stable business environment which creates a sense of security. The founder, Angela, explains:

*“... out of the East African markets, Rwanda is very safe and business friendly. ... Also, it is easy to work in.”*

#### 4.3.2 The role of facilitators

In the early stages of C2's start, Angela presented her idea at a conference in Stockholm with both Swedish and African entrepreneurs present. She was subsequently contacted by one of those entrepreneurs, Adam, who was from Rwanda and saw the potential positive ramifications which such a product may have for his country. Moreover, Adam happened to be a former NGO employee and was involved in the government where he had a lot of contacts as well.

*“He more or less promised to do everything he can to help us introduce the product in his country ... without really getting paid for any of it, but more because he was excited for a product which could have such an impact.”*

Since the product is software based and the headquarters are in Sweden, the expansion itself was not particularly complicated. As a result, there were not many bureaucratic or governmental obstacles which would necessitate Adam's direct help. Since Angela had extensive working experience in East Africa, there was no need for cultural advice. However, Angela's East African experience had been in Uganda, and as a result, she did not have an established Rwandan network from which to locate potential clients. This was particularly important since C2 provides its

service to individuals for free and only charges organizations. As a result, the company essentially operated in Rwanda without any revenue for three months. This is where Adam drew on his broad pool of contacts to identify clients for C2's product.

*"... he was a door opener. And of course, the entrepreneurial society helps each other, so he was far from a formal consultant of any kind."*

After running the business for some time without revenue, it finally turned around. As a result of both Adam's promotion of C2 among his acquaintances and C2's engagement with other entrepreneurs through working in shared co-working offices, the word spread and C2 started to acquire clients. Also, some clients who were suspicious of the product at first later got reassured after finding out that Adam supports it.

*"It seemed that people were hesitant to trust us since they had never really heard of us before... but once we were recommended by Adam, they let their guard down in a sense."*

### 4.3.3 Insidership and relationship development

It is relatively evident that C2's business model is sales oriented and thus relatively dependent on gaining new clients. However, Angela describes the business model as two-fold, namely gaining and developing clients. As seen above, the main source of new clients in the beginning were acquaintances made through Adam. However, as Angela explains:

*"... once getting the contract, we really had to prove ourselves. I mean, nobody is going to continue paying for the service if it does not deliver what is promised."*

Thus, once having acquired a few large clients, the company did continue to reach out to other potential customers, but at the same time shifted focus in working with current clients as well. For C2, the key to a successful business relationship is to deliver exceptional value and ensure that the software works seamlessly. However, the assigned account managers always remained perceptive of further opportunities.

*“You never know who the client knows, I mean the business environment is quite compact here. Everyone knows each other really... if the service helped solve a major problem for the client, they will recommend it to others.”*

Moreover, starting to work with clients also became an enabler of further development of C2’s service. For instance, after using the software for a while, one client found it difficult to connect the address to his company website. As it turns out, this was an aspect of the service which C2 had not adapted to the Rwandan market, and thus had to conduct a software update in order to solve the issue and enable the software to function properly. These incremental adaptations of the service happened multiple times and were almost always the result of interacting with and interviewing clients about their satisfaction with the service. Thus, by being in continuous contact with clients and remaining responsive to their opinions, C2 managed to develop the product and render it more suitable to the needs of Rwandan businesses.

In addition, once having worked with the clients for a while, new client acquisition became like a chain reaction, Angela explains. Namely, once having gotten comfortable with C2, the clients would offer referrals and spread a positive word-of-mouth which led to the increased success of C2. In addition, once a solid relationship had been established with a few larger clients, they would share important market intelligence and other useful knowledge, which aided C2 in developing and scaling their business.

*“... when we had a personal connection, it became easier in general to navigate in the business environment. For example, I needed to acquire an important permit for the business through the government institutions, and I went to [client X] ... then one phone call later it was like “go to this and this person, and tell them I send my regards.””*

## 4.4 Company 3

Founded in 1982, C3 was a very early software firm in Sweden originating in a small town in southern Sweden and led by the energetic and talkative entrepreneur Thomas who, to this day, retains the majority ownership. The company provides an educational software which increases the effectiveness of tasks like grading, reporting, scheduling and other school administration. Over the years, C3 reaped considerable success and now operates in multiple foreign markets.

Due to his substantial experience in the educational sector, Thomas was invited to help set up schools in Kenya. However, after having spent considerable resources in the country, he saw no development due to corruption and uncooperative national institutions.

*“... so I said, I’m not spending another dime!”*

#### 4.4.1 Why Rwanda

After the failure in Kenya, Thomas and his team began looking at another African country with a more business friendly climate to which C3 could expand but also use as a gateway to other African countries in the future. After a period of research, the team chose Rwanda and were positively surprised by both the country in general and its positive inclination towards business.

*“... it was like, wow! The streets are paved, there are skyscrapers and tech-entrepreneurs on every corner... Not once did I feel unsafe, not even in the middle of the night... It was crazy, in five days, we managed to create C3’s African sub-branch and get the bank and tax accounts authorized.”*

#### 4.4.2 The role of facilitators

Since C3 targets mostly state-owned schools and universities in Rwanda, they got in touch with these organizations mainly through existing personal and business acquaintances. For instance, Thomas knew a Swedish entrepreneur in Rwanda who had lived there for a few years and knew people in the government and national institutions which would potentially be interested in C3.

*“...I established a direct connection with RDB through him since he organized the first meeting for us.”*

Besides facilitating introductions to decision makers at RDB, the Swedish entrepreneur also introduced C3 to three high schools that had begun a digital transformation of their teaching and administration and subsequently became C3’s first clients in Rwanda. However, Thomas and his team did not only rely on the Swedish entrepreneur to make introductions, but also proactively searched for other people who had knowledge of the Rwandan business environment.

*“You see, you have to understand that in Rwanda, I can’t just approach a client and hope to succeed. I am a foreigner to them, and they just cannot be expected to trust me at once... I have to locate people with contacts in Rwanda ...”*

One such person was the Rwandan ambassador in Stockholm at the time, whom he contacted and insisted on meeting.

*“I told him [an employee], call her secretary and tell her we are coming at 2, and then hang up... After a few hours in the lobby, she came out to meet us and let me tell you, we clicked right away...”*

The ambassador liked the idea and kept in touch with Thomas and the team until their next trip to Rwanda. Subsequently during a meeting with RDB, the ambassador agreed to attend which Thomas perceives created a credibility for C3 that enabled a mutual trust with RDB.

#### 4.4.3 Insidership and relationship development

In the experience of C3, introductions through acquaintances are a necessary prerequisite to business relationships, however the key to success lies in each party's performance.

*“... you need a good product to back the nice words up, otherwise it's pointless to continue working together.”*

The performance requirement goes, according to Thomas, both ways and it is not only the responsibility of one party. This can be illustrated by C3’s divestment in Kenya, which was the result of uncooperative national institutions as well as insolvent clients which led to outstanding accounts receivable and ultimately loss. By contrast, C3’s continued operation in Rwanda can be attributed to successful business in the sense that both C3, the clients and institutions like RDB fulfilled their promises and obligations.

*“...it's like a relationship with a spouse. If one party doesn’t do what they said, why would you waste any more time?”*

Thus, the beginning of C3’s client relationships in Rwanda were marked with both parties following through, both on formal contractual obligations, but also more implicit aspects like

showing goodwill and genuine interest in each other. As the relationships matured, elements of friendship began to form, which Thomas perceives as crucial to both continued relationships but also the formation of new ones. In fact, once C3 proved themselves a credible service provider, existing clients drew on their own personal contacts. One such client set up a meeting with the Vice Chancellor of the University of Rwanda, who agreed to facilitate a meeting with his colleagues.

*“There needs to be trust... If we listen to their needs and they become more confident in us, sooner or later they will recommend us and even directly set up meetings with others.”*

## 4.5 Company 4

Company 4 was founded in 1939 in a small city in South Sweden and produces various kinds of industrial and automobile components. Eventually, some employees came up with the idea of producing a water purification system with considerable market opportunities in countries with sub-standard water quality. The company identified Africa as such a region and decided to open an office and production facility which could serve the whole region.

### 4.5.1 Why Rwanda

One of C4’s employees knew a Rwandan native living in a neighboring city, and after hearing that person's story and researching Rwanda’s rapid economic development after the 1994 war, the team decided to visit the country. During this trip, they were astounded by the country's development and as a result, deemed it appropriate for internationalization. Carl, the CEO, explains:

*“... we were amazed about what had happened in the country... I’ve never seen a capital that is cleaner than Kigali.”*

The company set up its production facility and office in Kigali in 2017, and employed local engineers, workers and salespeople. In addition, the Rwandan person in Sweden relocated to Rwanda and became the export manager for C4 given that the person had not only necessary contacts in the business sectors but also knew the language and environment.



## 4.5.2 The role of facilitators

The company sold around 20 units in Rwanda but struggled to keep up those sales numbers because numerous potential clients they visited could not afford the machines. For that reason, C4 had to cooperate with national institutions and companies to finance such purchases for schools and villages. Luckily, Carl and his team spent considerable time in making product demonstrations and speeches about their product at trade fairs but also conferences set up by the RDB and other institutions. Through such events, Carl was approached by a former UN ambassador, Edvin, who was excited about the idea of clean water in Africa and the two men ended up developing a friendship which lasts to this day.

*“We are like brothers. He has helped me with a lot of things here... “*

Consequently, due to Edvin’s knowledge of the local area, he also became a useful source of information and knowledge. For instance, when C4 searched for an agent to take over the sales process since Carl was moving back home to Sweden, Edvin helped them identify who is fit enough for the job.

*“... he created a sense of security. If I asked “Can I trust these people?”, he would tell me either “No, don’t do it” or “Yes, they are trustworthy.””*

Moreover, Edvin is also pointed out as a source of credibility for C4 in the country, which allowed them to gain the trust of local businesses relatively quickly.

*“... people say: “We will fix this and this”. Money is paid but nothing happens... So there has been a lot of fraud before, but when they find out that Edvin approves of me, they know that he has a reputation and won’t trick them.”*

## 4.5.3 Insidership and relationship development

After the machine installment, customer contact is maintained by visits and yearly machine services, at which point the salespeople can leverage the established customer relationships to either sell additional machines or locate new potential clients. In fact, most new clients after a year of operation were found through existing clients’ recommendations and even direct

suggestions of potential clients they know of. This, according to Carl, exemplifies the importance of long-standing personal relationships with actors for additional business opportunities, since such circumstances render it acceptable to ask for referrals.

Besides enabling future opportunities, long-standing business relationships can also develop into closer partnerships. For instance, C4 attended a trade fair where they established contact with a local Rwandan start-up which also deals with industrial components. What began as a friendly chat ended up in a partnership where the startup became retailers of C4's machine.

*“Over time, we got to be friends... These are smart people, two engineers... I saw that they had the potential and knew what they were doing.”*

In fact, besides the formal role of retailers, the two entrepreneurs gave C4 important market intelligence and advice on strategic decisions. For instance, since the entrepreneurs were local Rwandans, they suggested to C4 which new clients to approach, and even worked with C4 to develop a powder-based water cleaner to sell locally with short lead times.

In the end of 2019, Carl decided to distance himself from the Rwandan business since he had multiple business commitments in Sweden and got tired of the frequent travelling to Africa. Due to his close friendships with the two entrepreneurs, and since they had proved themselves capable and trustworthy, he decided, with the help and advice of Edvin, to make them agents for the product and brand in Africa. Carl points out that the agents do not have an exclusive right to the product yet, but that they have essentially ran the operations and sales in Africa since he left in the beginning of 2020.

## 4.6 Company 5

C5 was founded in 2015 with the aim of using blockchain technology to overcome problems related to the banking industry. Only three years after its inception, C5 internationalized to Rwanda where it introduced an app which allows users to save, transfer and withdraw money free of charge and thus rely less on traditional banks and cash. Such a service is very rare in Africa and C5's motivation was to create a positive social effect through the free usage of the app which they hope will democratize personal banking.

#### 4.6.1 Why Rwanda

The choice of Rwanda as an entry market in Africa was mainly due to the country's relatively high technological development and smartphone penetration among its population. In addition to that, the business environment in Rwanda is, according to the regional manager Philip, welcoming and positive towards foreign businesses, particularly those in technology.

*"It basically took us 24 hours to open the business in Rwanda [laughs] ... Also, there's a decent cluster of other tech-companies, which is also beneficial for our learning and development."*

#### 4.6.2 The role of facilitators

C5's app is free, and the revenue originates from a partnership with a bank which essentially provides the services but C5 facilitates the transactions through their platform. Therefore, in order to expand to Rwanda, C5 had to locate the appropriate local bank, which was done through a previous business acquaintance of C5's founder as they had partnered on a previous venture a few years ago.

*"He [the acquaintance] had worked with some banks before and knew approximately which ones would be suitable to contact."*

That same acquaintance also facilitated introductions to officials from RDB, which were useful for C5's African operations as well. Thus, since the acquaintance had worked with RDB in previous business ventures, he facilitated introductions with members of RDB.

*"It is much easier to contact them [RDB] if you have someone they know behind you. Otherwise, given previous cases of fraud and things like that, they can be a bit picky with who they work."*

Also, having support from the previous acquaintance also led to additional credibility towards the partner bank, which they have continued working with ever since.

*"We didn't know the bank enough to trust them, and they were also hesitant in the beginning to foreigners like us. That's where my acquaintance sort of went in and mediated between us, essentially being like a translator of our needs to the bank, and vice versa."*

### 4.6.3 Insidership and relationship development

One key introduction facilitated by the acquaintance was that to RDB. Philip attributes C5's rapid Rwandan expansion to RDB's involvement and further stresses the importance of Rwanda's positive inclination towards foreign investments, particularly those which provide a social value for the local population. Once having proven that C5 is such a company and gotten positive feedback from the partnering bank and RDB, the business essentially took off. For instance, RDB's promotion of C5's app to the local population was a big reason for its success, with more than 200 000 users at the time of the interview in February 2021.

*“It's not impossible to do business without RDB, but if you have their support, it will make everything considerably easier.”*

As for the partnering bank, Philip describes the relationship with them as a steep learning curve. While the support and endorsement from the acquaintance was beneficial, the bank was hesitant in disclosing certain information at first. The reason for this is that C5 is foreign and was completely unknown to the bank, but yet the contract was signed rather abruptly.

*“We missed that sort of personal connection and trust to do business... Over time, that of course changed and also now we have introduced a savings option and other features too.”*

Thus, the process essentially happened step by step, with the bank seeing increased usage of their service, they started to perceive C5 as more reliable. This led to the bank allowing the disclosure of additional information which enabled C5 to introduce additional app features and ultimately create both a higher revenue for the bank and a larger commission for itself. Fundamentally, this process captures the essence of what Philip was attributing as the main reasons for the development of a close relationship with the bank. Namely, the two parties lacked a personal connection or high trust before entering the partnership, instead relying on the acquaintance's expertise and mediation. This lack of trust and closeness rendered each party careful of disclosing important information. However, as both parties proved themselves by fulfilling the obligations they had committed to, trust was established which enabled a willingness to cooperate on a further level. In other words, the bank saw increased revenue and C5 was satisfied with the

bank's services, which led both parties to increase their revenues and created a willingness to expand cooperation.

*“Personal relationships are great, and very much needed. But in the end, the most important thing is performance and the financial bottom line... And that's why we continued working together. We both make money, and plus we developed a nice relationship as well.”*

## 4.7 Company 6

C6 is a provider of a digital tool for university students to teach them skills which are relevant for the marketplace. The company was founded in 2017 with the aim of bridging the gap between the knowledge learned in university and the skills actually sought after by companies. This is done by partnering with companies and universities to learn which skills are needed and developing weekly exercises for students to complete in which both hard and soft skills are learned. The aim is to ultimately decrease the number of unemployed recent university graduates, and thus make a positive social impact as well as pursuing a business opportunity.

### 4.7.1 Why Rwanda

Since unemployment of university graduates is a particular problem in Africa, C6 decided to expand to the region already in the first year of operation. The founder, Eddie, decided to internationalize to Rwanda as the country's relative economic stability and safety could offer a solid base in East Africa from which expansion to other countries could be made.

*“Rwanda is one of the fastest growing economies in Africa and has a very progressive mindset about women and education. So, it's a very exciting place to be in. And it's also one of the safest countries in Africa.”*

### 4.7.2 The role of facilitators

After deciding to internationalize into Rwanda, Eddie went on a trip to Rwanda to attend different conferences and networking events in order to present his business idea. Through these networking events, Eddie met a Rwandan entrepreneur who liked the idea. Given that Eddie was new in Rwanda at the time, he believes that the friendship with the local entrepreneur made it

easier to approach businesses and ask for partnerships. Besides knowing the local market and which companies would potentially be interested in a partnership, the local entrepreneur also seemed to create credibility for Eddie, thus enabling the Rwandan actors to trust him.

*“Obviously it had a whole other effect if I had him behind me. Otherwise, I really cannot see the bank CEO’s taking me seriously if I went alone.”*

Through these networking events and fairs, Eddie also got to know other people who had important knowledge about local businesses and the education sector.

*“The more you hang around these events, the more valuable people you meet.”*

One of these valuable people was a manager at a local, USA owned non-governmental organization (hereinafter NGO) within the education sector, Theresa. Besides providing a valuable asset in advising C6 on how to do business in Rwanda, Theresa also had close contact with the University of Rwanda, to whom she directly introduced C6. Meeting the University was, according to Eddie, a very important milestone for the business, and one which would be extensively more difficult without Theresa.

*“These people are not easy to get a hold of, and plus they do not tend to cooperate with private companies, and particularly not with a start-up whose founder is Swedish... However, being introduced by Theresa really made a difference.”*

#### 4.7.3 Insidership and relationship development

With the help of Theresa, Eddie met with representatives from the University of Rwanda, who ended up liking the idea and consequently whose students were the first ones in Rwanda to actually use the product. Also, Eddie points out that even though Theresa facilitated the introduction with the University, she did not take part in subsequent meetings other than keeping in touch with Eddie every couple of weeks through phone or email. In that sense, since the University is difficult to get in touch with for a partnership, Eddie thinks that Theresa was instrumental in the beginning, but that it was subsequently up to him and his team to deliver on what they had promised to the University.

*“They really benefit from the product; I mean we have matched almost 600 of their students with jobs after graduation.”*

Moreover, as mentioned, the entrepreneur which Eddie met at a networking event prior to internationalizing introduced C6 to local businesses and created credibility for C6 as well. One of these businesses is a local bank office in Rwanda with whom C6 cooperates on a regular basis to help develop exercises for economics and finance students. Eddie describes the partnership with the bank as slightly “*stiff*” in the beginning, but once the bank realized that C6 is serious about its commitments, its managers became more inclined to share information about the skills they are missing.

*“It turned out that econ students do not learn enough computer skills in the University and as a result, the bank loses time in teaching them such skills after employment.”*

After that first project was completed and the bank saw statistics on usage and completion of exercises by university students, they obviously did not have solid proof that future employment would decrease their training costs, but nevertheless gained trust in C6 and their product and decided to continue the collaboration.

*“We then worked on a second set of exercises which teach soft skills like customer service, professionalism in the workplace and so on.”*

However, since these projects with the bank were some of C6’s first in Rwanda in 2017 and 2018, some of the first users of the product have graduated by now and are in fact employed by that same bank. This, according to Eddie, creates even more trust and credibility with the bank and will not only enable future collaborations but also a positive word of mouth which could lead to additional opportunities.

## 4.8 Company 7

C7 was founded in 2018 and operates in the renewable energy business, more specifically by selling solar panels and other energy storage devices. The objective is to capitalize on the increased popularity of sustainable energy and realize a rapid growth in the coming years. This growth will be fueled mainly by larger scale projects in collaboration with other actors where C7

plans to develop energy production and storage for entire companies or villages. However, despite focusing on these larger projects, the company will still sell to private people and small businesses as well.

#### 4.8.1 Why Rwanda

C7's founder, Jan, explains that Africa in general is a very natural market for solar powered energy given the country's abundance of sunlight throughout the year. However, the company decided to establish in Rwanda due to the country's progressive economic policies and the investments into new industries like renewable energy.

*“Compared to its neighbors, you know, Rwanda is really into technology and sustainability, and we found many actors, both government and businesses, who were interested in solar panels.”*

#### 4.8.2 The role of facilitators

Before establishment in Rwanda, C7 became involved in an organization called the International Christian Chamber of Commerce (hereinafter ICCC), which the founder had met through his engagement in Church. ICCC organized a delegation to travel to East Africa, and since C7 is a relevant business for that region, they were invited as well. During this trip, ICCC had organized meetings with various institutions and businesses and were able to introduce C7 to the Rwandan Ministry of energy. Jan thinks that being associated with the ICCC delegation made a strong impression.

*“So we went to East Africa and we met, you know, the energy minister. When you are coming with the delegation, then you are coming up on another level. You come to the officials to the ministers and different things like that, and it makes a bigger impression.”*

Besides ICCC, Jan also contacted the hereinafter SSACC, who did not personally advise C7 on potential interesting clients, but offered a valuable large network, from which such clients can be located. In fact, it is through that network that C7 located the distributor which they have been collaborating with for about two years until the time of this interview.



*“In terms of “this client has money”, or “that one would be interested”, they [SSACC] have no clue. And I don't expect them to... But they offer a good map of companies, and at least you know they are probably not a fraud if SSACC has them in their list.”*

Thus, SSACC seems to offer a form of safety for the companies involved, meaning that they rely on SSACC to cooperate with credible businesses. This seems to go both ways, as Jan describes that being involved with SSACC also renders Rwandan businesses more likely to trust C7. This, he thinks, has been necessary since there have been cases of fraud where foreign companies promise to build or deliver a product, but receive the money and never fulfill their obligations. Thus, although SSACC is not an active mediator between potential partnerships or collaborations, the mere belonging to SSACC creates a form of trust between parties.

#### 4.8.3 Insidership and relationship development

As mentioned, C7 has been in contact and worked with both institutions and private companies. However, since C7 focuses more on larger scale projects rather than smaller ones, governmental bodies like the Rwandan Ministry of energy are more of relevance to connect with compared to for instance private companies. Jan believes that the most important part with the Rwandan Ministry of energy has been the introduction and phase of them getting to know the C7 team.

*“Once you speak to them [the Rwandan Ministry of energy], I mean they are at a whole different level. I would say that we have a decent network in Rwanda, but these governmental bodies are what counts the most. And I think once you make a good impression, before you know it you will be one large step closer to signing a deal.”*

Although the collaboration with the Rwandan ministry of energy has been delayed due to the Covid-19 pandemic, Jan is optimistic and believes that the good connection which C7 has established with the ministry so far will be very valuable in the close future when discussions are taken up again about the planned acquisition of solar panels.

Besides the collaboration with the Rwandan Ministry of energy, the company also has a contract with a Rwandan distributor which was found through SSACC's network, as described above. C7 initiated contact with the distributor and set up a meeting in which the two parties discussed a potential collaboration. Eventually, after three meetings, the two parties decided on the details

and wrote a contract. Jan thinks that the collaboration was enabled partly due to both parties belonging to the SSACC network, as described above, but also since prior to Covid-19 the meetings were conducted in person.

*“It's hard to do business in Rwanda without a personal relationship. It really meant a lot that we could sit down and get to know each other.”*

In the beginning, the distributor mostly assembled and sold single units of solar panels to small businesses. However, given the distributor's knowledge of the local market, and the relationship with C7 which has gotten closer over time, the two companies have started a closer collaboration for larger projects. Namely, the plan is for the distributors to use their local knowledge to locate larger projects like a facility or village which is interested in solar power, and then collaborate with C7 to adapt the product and create a tailor-made solution for the client in question.

## 4.9 Company 8 – Ericsson

Ericsson was founded in 1876 in Sweden and is one of the global leaders in telecommunication. The company has an immense history, but established itself in Rwanda in 1998 and opened up its first office in the country in 2009. The Rwandan business is broadly built on supplying both hardware and telecommunication services, and is conducted in close partnership with two main local telecommunication companies. However, given Ericson's size and substantial expertise in telecommunications, it has also been a key actor in expanding the telecom network in Rwanda which, at the time, had rather rudimentary coverage.

### 4.9.1 Why Rwanda

Ericsson expanded to Rwanda in 1998 after having established an office in South Africa many decades prior to that. The expansion to Rwanda occurred after Ericsson decided to follow a long-term client and South African telecom operator to East Africa in order to develop the country's telecommunication infrastructure. Jacques, the Rwandan country manager explains:

*“... they came to us and then we did a joint exercise of identifying potential areas of expanding the [telecommunications] network. And then what we did then was that we supplied both the equipment and our expertise by implementing that solution.*

## 4.9.2 The role of facilitators

Since Ericsson provides the necessary preconditions for telecommunications like infrastructure, they rely on partnerships with other companies when doing projects in Rwanda. However, in order for those partnerships to be established, Jacques emphasizes the need for personal connection with the partner companies as a precondition in order to do business.

*“You have to know people, and maintain a good relationship. You have to find the right people and the decision makers, if not the decision makers, the people who can get you to the decision makers.”*

Thus, Ericsson entered Rwanda with the telecommunications partner, and so did not formally make use of a third-party facilitator. And given that Ericsson is a global company with a known brand, they did not experience particular local distrust or a need to rely on a national institution in order to gain credibility. Nevertheless, Jacques emphasizes the importance of good intentions in order to be able to do business in Rwanda. In the beginning of their Rwandan expansion, trust was established partly by hiring locals and thereby exemplifying good intentions, but also by contributing to Rwanda’s telecommunication infrastructure development.

*“A business has to make money, and that should be clear. But there also needs to be something in it for the people as well.”*

## 4.9.3 Insidership and relationship development

Besides partnering with telecommunication operators, operating in Rwanda also necessitates a good relationship with government authorities. As a precondition for such a relationship, Jacques mentions the importance of bringing a positive social value to Rwanda as a necessary step to gaining the support of government bodies.

*“The population is young and unemployed, so it's like, what are you bringing to the table? How many people will you employ? Understanding that these things are important can go a long way in being successful in Rwanda.”*

One particularly important governmental institution is RDB, which acts like a partner to foreign companies by not only holding knowledge of the local business environment, but also directly incentivizing foreign companies. Today, RDB provides a valuable business network and can help in finding the suitable land or partners, but several years ago, there were even larger incentives for foreign companies.

*“They connect local and foreign, absolutely... I remember back in the day, they [RDB] used to offer seven years of tax breaks for foreign companies investing a certain amount of money and employing young, brilliant Rwandans.”*

These incentives, and willingness to work with companies on a long-term basis led to a beneficial outcome for both Rwanda and Ericsson.

*“At the moment we employ 46 locals here in Rwanda... It’s a win-win type of situation.”*

In essence, Jacques stipulates the benefit which companies can reap by working with RDB, but that there needs to be a social or material benefit for the country in order for that partnership to work long term. In Ericsson’s case, they have employed locals and considerably developed the country's telecommunication infrastructure. Having noticed these benefits, it has naturally rendered RDB even more positive towards Ericsson throughout the years. Thus, the key to operating successfully in Rwanda and being on good terms with the government and country institutions is to look at the business as a joint effort to capture a business opportunity and make a positive social impact.

*“As you know, there’s the business part of the company, and that’s clear. A business needs to make money. But then there’s the corporate social responsibility side as well, so we want to empower the locals and the country. That is part of the agenda so to speak.”*

## 4.10 Company 9

C9 is a long-standing company in the energy sector, with roots going back to the 19th century. The company manufactures and installs components used in the production of electricity, for instance hydro power turbines and various kinds of power grids. Whereas certain equipment is

sold as it is directly to the clients, a lot of projects are done in collaboration with large construction companies where C9 is essentially a supplier of electricity production components.

#### 4.10.1 Why Rwanda

The decision to invest in East Africa in general and Rwanda in particular was grounded on the fact that the region is English speaking, which makes doing business significantly easier. In addition, Rwanda is perceived as a safe and progressive country, which decreases the risk of operating there. Beth, the East African Marketing manager explains:

*“They are very forward thinking, you know. It's astonishing to think that they have managed to make such huge developments in such a short time after the civil war.”*

#### 4.10.2 The role of facilitators

The energy sector does not have many actors, and as a result there are long standing relationships between partners. However, lately there has been an emergence of private investors in Africa as well as institutional actors like various development banks which invest in the area. Since these are all relatively new actors to C9 and there are no long-standing relationships or previous collaborations to rely on, C9 usually meets with these actors through formal occasions like trade fairs and summits organized by either companies in the industry or for instance chambers of commerce.

*“Next year for instance, a large congress is planned in Uganda where we have taken interest and follow many interesting projects, several of them in Rwanda.”*

Since the energy projects that C9 is involved with are usually very large, the beginning of collaborations with new partners or clients are characterized by formal meetings through these conferences and summits, often organized by various large energy associations. This is because there are no prior relationships with these new actors, and as a result, the parties do not know each other very well. This can be contrasted with the long-standing relationships with large European construction companies, where relationships go back several decades. That is why C9 relies on these fairs and conferences to meet future collaboration partners and clients, since it is not particularly appropriate to reach out informally in an ad hoc manner.

*“These are large, long-term investments we are talking about, and oftentimes the break-even is reached after 20-25 years. So, the sales manager can't just, you know, lift the phone and say “Hey, do you want to buy this machine?””*

In essence, the trade fairs and energy conferences act like a meeting point for these companies, investors and institutions to get together and discuss. This is particularly important since a project can involve multiple actors in addition to the contractors and suppliers like governments and financial institutions, which makes such conferences and fairs important to gather all relevant stakeholders in one place.

#### 4.10.3 Insidership and relationship development

When doing projects in Rwanda, C9 collaborates with multiple stakeholders, as mentioned previously. As for working with local Rwandan actors, Beth speaks about the importance of a respectful attitude and a collaborative partnership, despite the fact that C9 in most cases brings technologies which are beneficial to the country.

*“You have to be local, and you have to employ local people. For us, we see it as a partnership, so you have to speak to people by looking at them in the eye, and not from the top down.”*

This friendly and respectful attitude has, in the case of C9, enabled a trust with the local Rwandan actors, which has ultimately enabled C9 to acquire the projects. For instance, Beth mentions that their technology is rather mature, and that C9 has a handful of competitors which are also interested in working in Rwanda. However, in terms of the projects done in Rwanda so far, C9 has viewed their Rwandan clients as partners, which has rendered those clients more inclined towards working with C9 rather than working with other actors which may not take the time to develop this trust in the beginning.

*“I would describe it as a mutual trust. It's as simple as if they perceive us to be fair and helpful, and willing to work together, they are more willing to sign us on the project. This sort of relationship is crucial, I think.*

Moreover, this focus on partnership however goes beyond the attitude of C9 towards its Rwandan clients. It also implies that in order to start a large project, C9 have helped their Rwandan clients

with other aspects besides the manufacturing and installment of components. For instance, since access to financing can be difficult for the Rwandan clients, C9 have used their influence and relationship with different development banks to acquire the appropriate financing. This helpfulness from C9's part is also beneficial for future business opportunities as it builds additional trust with the local actors which provides a base for future, even larger projects.

*“You have to build partnerships. And on the highest level of that partnership is to develop maybe a project with new technology, which means growing together with a customer.”*

## 4.11 Facilitator 1 – Business Sweden

Business Sweden was founded in 2013 with the ambition of helping Swedish companies accelerate growth in foreign markets, but also to help foreign companies establish themselves in Sweden. The organization is co-owned by the Swedish state and private actors and is present in more than 40 countries globally. As for Africa, Business Sweden currently has three offices, in South Africa, Morocco and Kenya respectively, with the latter one in charge of the Rwandan market. Besides performing market research, Business Sweden can help companies with day-to-day activities of running a business in Rwanda by advising on regulations, permits, taxes, as well as more strategic objectives like finding particular areas to locate in or identifying suitable local partners or clients. Below we present the different approaches which Business Sweden takes in order to facilitate the connection of an internationalizing company to a local one.

### 4.11.1 Facilitating introductions

Companies internationalizing to Rwanda tend to not have the adequate networks or local knowledge of the country. Based on that, Business Sweden can use their expertise in the local business environment to locate clients. Essentially, Business Sweden can map out potential clients, initiate contact, and even join the company on the first sales meeting. However, upon the decision to enter Rwanda, Business Sweden usually advises the internationalizing companies to enter through a partner in the form of a distributor or agent in order to minimize risk by avoiding setting up a legal entity before verifying the feasibility of the business and that the product or service in question will actually sell. Tom, Business Sweden's Market area director for East Africa explains:

*“The partner search means that we locate all potential actors which are relevant for the product at hand. Then we verify them, qualify them and finally rank in terms of which are the most known and reliable partners.”*

Once having decided which partner suits the company best, Business Sweden initiates contact and usually arranges a meeting with the company, the distributor and a Business Sweden representative. The company in question then usually operates through the distributor or agent for a couple of years before deciding if they want to commit further resources by opening up a subsidiary.

Besides directly locating a suitable partner, Business Sweden can also identify individuals for the company to hire if they are reluctant to partner with another company. This entitles the internationalizing company to a higher degree of control since the employee in question essentially works exclusively for the internationalizing company, but it can also entail certain drawbacks in that a single person does not have a known brand name and their own client base, and may thus not be as successful as an established distributor. In addition, if deciding to employ a local employee, Business Sweden can make this process easier by employing the person at Business Sweden but having the person work for the internationalizing company. In that sense, the internationalizing company can avoid having to open up a subsidiary and dealing with the associated tax and legal consequences, which also makes it easier to exit the market in the case that the business idea proves unfeasible. As for facilities, Business Sweden can even have those employees working at their own office for a start, which also decreases risk by minimizing large investments for the internationalizing company.

*“You can also hire skilled and competent local people... That way they know the market and may have industry expertise... What we do for them is a very simple incubation service, as we call it. We basically take the person on our payroll. We pay the salary so that they [the internationalizing company] don't have to open a legal entity to be able to hire people. We hire that person, and have them work in our own offices, and then send the bill to the company.”*



#### 4.11.2 Creating trust

One potential difficulty for companies internationalizing to Rwanda is that they are unknown locally. This can create distrust among local businesses and render them hesitant to work with the company in question due to the very legitimate fear of fraud. For that reason, Business Sweden representatives often use their influence and the fact that they officially represent Sweden to create credibility for the internationalizing company and thereby mitigate concerns of fraud or general distrust among the Rwandan actors.

*“We have a lot of contact with governments, embassies, different institutions, ministries and so on... And by using our official position of representing Sweden, we can easily connect to institutions and businesses in the region. So by just picking up the phone and calling these private companies or public institutions and saying, we call from official Sweden, we have a company that would be interested in meeting you or explaining their business model to you, most often that invitation will be accepted.”*

In fact, Business Sweden can go beyond merely initiating contact by actually accompanying the internationalizing companies to meetings with potential clients, partners or even institutions. This is of particular help when dealing with institutions since the internationalizing companies often lack the local knowledge to navigate which institutions are important for what particular task. However, more importantly, Business Sweden's presence may have benefits for the internationalizing company's image towards local Rwandan actors.

*“It kind of legitimizes them in the face of the potential customer by having official Sweden present. You know, we come with our nice business cards, and with our titles and everything.”*

This creates credibility for the internationalizing companies, which thus increases the chances of the two parties building trust. In fact, this credibility is not only important when in contact with institutions but may also be beneficial for client meetings if potential clients are large or otherwise difficult to contact. Tom recalls one particular meeting where the internationalizing company was targeting large telecommunication operators and which exemplifies Business Sweden's role of creating trust.

*“They [the internationalizing company], as a standalone company, would have quite a hard time opening the doors to these big telephone [name of operator] operators of that scale. So in that case, we are very hands-on and support them with the first meeting and the second meeting with the contract writing and everything in between.”*

## 4.12 Facilitator 2 – Sweden sub-Saharan Africa Chamber of Commerce (SSAACC)

The Sweden sub-Saharan Africa Chamber of Commerce (SSACC), was founded in 2014 with the vision of encouraging business and trade between Africa and Sweden. SSACC is run as a non-profit association by the previous expat Åsa with multiple years of experience of working in 35 different African countries. Therefore, since the association carries significant experience and knowledge about the African market, both from Åsa and others, it sees itself as a partner for Swedish companies with ambitions to internationalize to Africa or expand existing business further. Moreover, the association promotes values of transparency and sustainability, which is reflected in the fact that many of its members operate in green energy, hydropower, and other sustainability-oriented industries. Below we present the different mechanisms which Business Sweden pursue in order to facilitate the connection of an internationalizing company to a local one.

### 4.12.1 Providing a meeting point

Since 2018, SSACC has organized so called “business missions” to various trade countries, and in 2019, such a trip was conducted to Rwanda. In this mission, 9 Swedish companies of various sizes and the representatives from SSACC conducted a three-day trip to Rwanda where different Rwandan representatives were invited, among them various ministries, representatives from the RDB, and various other stakeholders who might be of interest for a company seeking to establish in Rwanda. In this trip, SSACC together with RDB organized various events like seminars, panel discussions and a cocktail evening where the companies were given an opportunity to mingle and get to know the different Rwandan actors.

In these different events, SSACC’s role is rather passive, with focus lying on the different parties familiarizing themselves with each other. Åsa, the president of SSACC, thinks that these

organized trips are important since the parties in essence do more than just meet formally, but rather get to know each other on an individual basis, which is a prerequisite of doing business in Rwanda.

*“I mean, it comes down to individuals when we talk about networks. So this is something I want to bring into your analysis. That is not only about organizations, it is about individuals also.”*

Conducting these organized events and getting to know each other on an individual basis is imperative for subsequent internationalization to Rwanda, as it builds trust, which Åsa thinks is important for doing business in a country like Rwanda. This is because the Rwandan environment has a weaker institutional strength compared to Sweden, and SSACC’s and these events create a solid base on which relationships can be built.

*“... in Sweden, we rely so much on the government institutions and in most of these societies, the institutions are very weak. So you need to, you need to work with the people, you know, and you need to rely on trust much more.”*

#### 4.12.2 Facilitating introductions

Besides the above-mentioned events, one day of the trip is reserved for one-on-one business meetings, where the Swedish company in question hands in a list of interesting companies they wish to meet, and those companies are contacted. However, in order to meet the Rwandan companies, Åsa stresses the importance for the companies to clarify their objective with their meeting, meaning that those one-on-one meetings are slightly more than simply getting to know each other, but should rather have a clear business objective. In addition to that, these meetings are conducted solely between the companies in question, without the presence of SSACC or any other actors. The idea of these meetings is to go beyond simple networking as in the seminars and cocktail evenings discussed above and conduct a purposeful discussion of potential collaborations and other aspects of doing business.

*“... the Swedish companies, they have to provide us with a lot of information. We're not going to just let them go and mingle. I mean, there are mingle events also, but we have, for instance, we'll ask them, so what is the objective of your trip? And why do you want to meet this company? ... So that we get exactly the right people for them to meet in the country. So they don't waste their time.*

*So it's more like individually tailor made meeting programs, each participant of the business delegation.”*

These one-on-one business meetings are differentiated from the other events in the sense that the former are conducted privately without any other actor’s presence. In that sense, the meetings facilitate further discussion with a specific purpose, and are a means of facilitating introductions between the Swedish company and the Rwandan counterpart. And despite that SSACC and other actors are not present during these meetings, it is SSACC’s network and knowledge of the local business environment which enables these meetings, something which would perhaps be more difficult for the companies to arrange on their own without knowing the other Rwandan party. Again, this can be tied to the importance of personal relationships, since the mere fact that the meetings are organized by SSACC provides a certain meaning compared to if the Swedish companies would have contacted the Rwandan counterparts on their own. Thus, these one-on-one meetings are seen as not only opportunities to do business, but rather an environment in which to create trust that can enable future business between the parties.

*“.. Africa is a very relationship-based economy and culture. So it takes time to build that relationship. I mean, it takes time to build relationships everywhere, but it is more important to build relationships if you're going to have people trust you in Africa.”*

## 4.13 Summary of the results

Tables 2 and 3 summarize the empirical findings and thus provide a basis for the analysis chapter. As seen in table 2, all case companies except Ericsson have reported to internationalize to Rwanda due to the country’s progressive policies and friendly business environment. In addition, Table 2 identifies who the network facilitators of each respective case company are. For instance, some of them are people that the case companies came across by chance through events and fairs as in the case of C2 with the entrepreneur, C4 with the prior UN ambassador and C6 with the entrepreneur and NGO-employee. In other cases, contact with the facilitators was established by actively reaching out to them as in the case of C1 with the former ambassador and C3 who also reached out to an ambassador. On the contrary, C5’s network facilitator is a former business acquaintance, and C7 and C9’s network facilitators are non-profit organizations like chambers of commerce. Moreover, Table 2 stipulates that the network facilitators took on one or more of the

following roles in order to facilitate network insidership; creating trust, facilitating introductions and creating meeting points. Table 3 shows which network facilitation roles the two facilitators included in this study take.

Besides mapping the network facilitators, Table 2 also identifies where each company is a network insider, or more specifically, the network tie (or ties) that each case company has a relationship with. As seen in Table 2, the case companies' network insidership can be manifested in two ways, either with or without exchange of products and services, where the former includes the somewhat traditional relationships with clients or suppliers that all case companies except C6 and C8 have. The latter, however, is the category where the case companies have been identified as insiders of networks with ties that are not clients or suppliers and those relationships are thus not based on exchange of products or services. Instead, as seen in C1, C5, C6 and Ericsson, they are insiders in relationships that are based on knowledge or information exchange with for instance RDB. In order to clarify the difference between insidership based on exchange of products or services and insidership based on knowledge or information exchange, Table 2 specifies the outcome of each insidership. Thus, the outcome of the insidership based on product or service exchange is goods exchanged for money, whereas the outcome of insidership based on knowledge is more tacit in the form of for instance market information. Finally, a notable aspect of network insidership is that C1 and C5 are insiders in two networks, whereas the other case companies have been identified as insiders in one network.

		Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Company 7	Company 9	Ericsson
Established in Rwanda		2019	2016	2020	2017	2018	2018	2019	2018	1876
Business area		Start-up incubator	Digital solutions for addresses	Digital solutions for education	Manufacturer of Industrial components	Blockchain solutions	Digital solutions for education	Renewable energy	Renewable energy	Telecommunications
Why Rwanda		Business & entrepreneur friendly	Business opportunity & stable country	Business friendly	Experienced a positive view of the country	Relative technological development & smartphone penetration	Economic stability & safety	Abundance of sunlight & progressive economic policies	English speaking country & business friendly	Followed a long-term client
Facilitator		Former ambassador & former colleague	Entrepreneur	Entrepreneur & former Rwandan ambassador	UN ambassador	Former business acquaintance	Entrepreneur & NGO employee	Chambers of commerce	Chambers of commerce & Industry associations	
Facilitator role/roles		Facilitating introductions & creating trust	Facilitating introductions & creating trust	Facilitating introductions & creating trust	Creating trust	Facilitating introductions & creating trust	Facilitating introductions & creating trust	Meeting point & creating trust	Meeting point	
Insidership with exchange of products and services	Network tie 1	Supplier	Client	Client	Client and distributor	Client	-	Client and distributor	Client	-
	Outcome of exchange	Money exchanged for goods/services	Money exchanged for goods/services	Money exchanged for goods/services	Money exchanged for goods/services	Money exchanged for goods/services	-	None yet due to pandemic	Money exchanged for goods/services	-
Insidership without exchange of products or services	Network tie 2	RDB	-	-	-	RDB	Bank, & University	-	-	RDB
	Outcome of exchange	Knowledge	-	-	-	Promotion of C5's product	Market information & Knowledge	-	-	Tax break, free land to establish & market information

Table 2. Summary of the results, case companies. Table compiled by the authors

Table 3 summarizes the network facilitating roles taken by the two facilitators included in this study, Business Sweden and SSACC. As seen in Table 3, the three roles taken by the network facilitators are creating trust, providing meeting points and facilitating introductions, where the latter role is taken by both network facilitators.

	Facilitator roles	
Business Sweden	Creating trust	Facilitating introductions
Sweden sub-Saharan Africa Chamber of Commerce	Meeting point	Facilitating introductions

*Table 3. Summary of the results, facilitators. Table compiled by the authors*

## 5. Analysis

*This chapter analyzes the empirical findings by starting with a clarification and definition of network insidership, followed by an explanation of how companies can become network insiders to the relevant business networks when internationalizing to Rwanda. Network insidership is theorized to be the result of three-steps that start with the importance of context, followed by the role of the facilitator and the efforts of the internationalizing company.*

### 5.1 Business Network insidership

The theoretical premise of the business network view is that “no business is an island” (Håkansson & Snehota, 1989, p.187), which means that a business is unavoidably influenced by the context in which it is embedded. In line with this, we have defined business network insidership as a relationship which involves an element of exchange, following the logic of Johanson and Vahlne (2009) as well as Håkansson & Snehota (1989; 1995). Based on that, the empirical evidence suggests firstly that all case companies in this study are network insiders in one or two networks respectively. Secondly, this insidership is manifested in two ways, either through an exchange relationship of products or services where the reciprocity between the network ties is relatively straightforward, or through an exchange relationship of knowledge and information where the absence of tangible exchange renders the reciprocity less explicit and thus different.

#### 5.1.1 Two types of exchange in business network insidership

The majority of the case companies, as seen in Table 2, have established insidership with clients or suppliers where the relationships are based on the exchange of goods or services. Those network ties with suppliers and clients are in line with previous theory which stipulates that network insidership is based on exchange (Johanson & Vahlne, 2009) such as that between a supplier and client (Håkansson & Snehota, 1989). In that sense, the reciprocity between those network ties is clear since it manifests itself explicitly through the exchange of products or services for money. However, the empirical evidence also suggests that there exists another type of network insidership in four of the nine cases. Namely, C1, C5, C6 and Ericsson are in



long-term, mutually beneficial relationships with their respective network ties. Those relationships adhere to the criterion of being based on exchange, following our definition of insidership (see 2.3 *Network insidership definition*), but are different from the supplier and client relationships described above because there is no exchange of products or services for money. Instead, the empirical evidence suggests that the exchange which forms the basis of those relationships is intangible as it constitutes knowledge or information. In that sense, the reciprocity between those network actors is different and less explicit from the other cases where products or services are exchanged for money, but existing nevertheless. For instance, as seen in C1, C5, and Ericsson, the companies all have close relationships with RDB and enjoy the benefits of such network insidership like valuable information about the local environment (Oviatt & McDougal, 2005; Prashantham, 2006) and market knowledge (Johanson & Vahlne, 2009). A similar argument can be made about C6 which received a considerable amount of information from the bank and University that it is in a relationship with. Thus, the network partners of C1, C5, C6 and Ericsson repeatedly provide knowledge and information and thereby enable them to overcome resource constraints, which is not only a characteristic of network ties (Andersson et al., 2002; Zhou et al., 2010), but also an indication of the existence of exchange in the form of knowledge and information as opposed to products and services. In that sense, we noted that the network relationships based on knowledge and information exchange are indeed reciprocal, but not in the same way as the network relationships based on product and service exchange since the former is more implicit. Thus, we noticed that the two types of network relationships are based on different types of exchange and thus entail different types of reciprocity. However, more extensive descriptions of the difference between the reciprocities of the two exchange relationships is beyond the scope of this study, but could be explored in future research.

### 5.1.2 Extending the business network insidership definition

Having observed that both relationships based on product and service exchange as well as those based on knowledge and information exchange entail mutual, albeit different types of reciprocity, is difficult to deny the idea that both types of relationships imply network insidership, following the logic that such insidership is based on exchange (see 2.3 *Network insidership definition*). In other words, we argue that the idea of network insidership being based on exchange (see Håkansson & Shehota, 1989; 1995) is applicable to relationships based on intangible exchange in

the form of knowledge or information, as well as the more common supplier or client relationships. Based on that, we suggest that network insidership can be defined as a business relationship that involves an element of tangible or intangible exchange happening repeatedly over time. The implication of such a definition is an extension of the original network insidership definition which limited itself to the classic notion of exchange such as between a supplier and client (Håkansson & Snehota, 1989; Johanson & Vahlne, 2009). In that sense, the extended definition sheds light on the existence of different kinds of networks and thus different ways of being a network insider, a clarification which is important to make in order to increase the understanding of business networks.

## 5.2 Towards the establishment of network insidership: A three-step model

Having clarified the definition of network insidership, the following sections will look at how a business can become a network insider when internationalizing to Africa. Based on the empirical evidence, we suggest a three-step model of how to establish network insidership, starting with the importance of the business context in which potential network ties are located, followed by the role of network facilitators, and lastly the business' own role in managing network ties which consists of relationship building activities after the network facilitator performs the connection. The three-step model of how a business can go from a network outsider to an insider is illustrated in Figure 2 where in step 1 the dotted line represents the business context, the squares represents the actors in that given context, meaning the potential network ties, and the ellipse represents the relationship between two network ties. The three-step model is discussed in detail in the following sections.

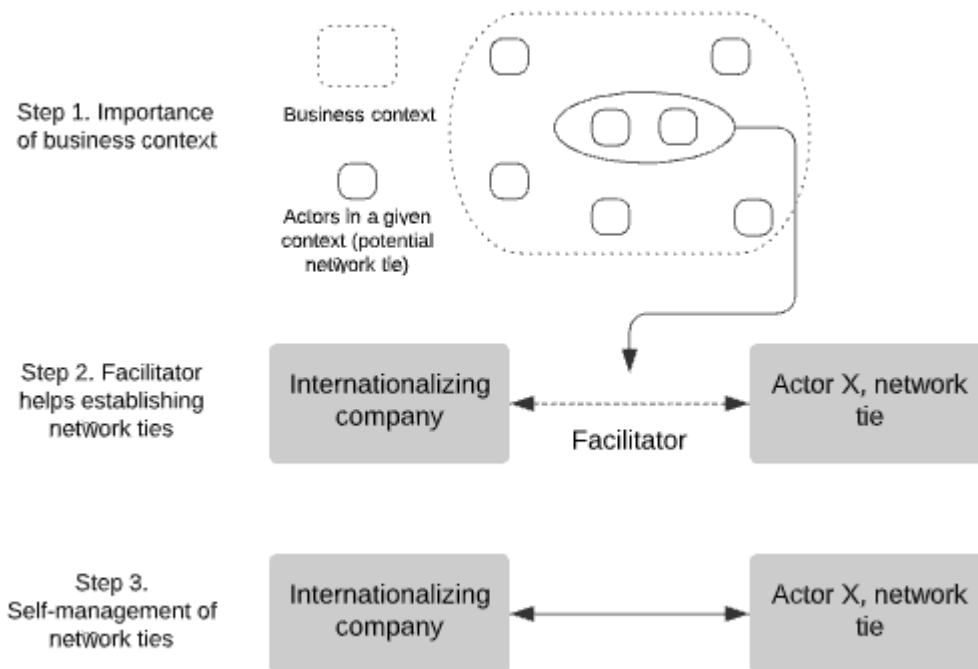


Figure 3. Three step model explaining how to become a business network insider. Figure compiled by the authors.

### 5.3 The importance of context: Why Rwanda

The fundamental idea on which the business network literature is premised is, as mentioned previously, the recognition that “no business is an island” (Håkansson & Snehota, 1989, p.187). In other words, the understanding of how a social entity like a business functions is not complete without looking at the context in which it is embedded (Granovetter, 1985). Following this logic, this study has looked at Rwanda as a suitable country to study companies which internationalize to Africa since it can be argued that the country’s relatively high ranking in terms of the ease of doing business (The World Bank Group, 2020) renders its business context favorable to foreign companies. This is also reflected in the empirical evidence of this study which suggests that Rwanda’s business context in terms of the external environment like business friendliness, policies and progressivity was a major reason for the case companies to establish in the country. More specifically, all case companies besides Ericsson specifically put forward Rwanda’s

progressive policies, business friendliness or perceived safety as reasons for choosing that specific country for their African expansion. In terms of Ericsson, the company expanded to Rwanda in 1998 in order to follow a client, which is why Ericsson's respondent did not put forward Rwanda's business friendly environment as the main reason for the expansion.

The finding that Rwanda's business context is a reason for companies' establishment in the country goes in line with the business network literature which emphasizes a business' environment and context as shapers of its success (Håkansson & Snehota, 1989). In fact, multiple studies point to the idea that firms are undoubtedly influenced by the context in which they are embedded, meaning the other organizations they interact with (Johanson & Vahlne, 2009; Oviatt & McDougal, 2005; Prashantham & Dhanaraj, 2011). In line with this, Johanson and Vahlne (2009) also argue that firms should pay attention to context, meaning that they should seek to develop insidership with relevant businesses for their specific industry. Based on that, if a firm's external environment, i.e., business context can contribute to its success as suggested by Håkansson and Snehota (1989), it would make sense for an organization to expand to a country where such a context would be beneficial, or at least not constraining to the business. This could also imply that a business-friendly context, such as the empirical evidence suggests Rwanda to be, is also a better environment for a business to establish network insidership. In other words, the empirical evidence suggests that an important prerequisite of establishing network insidership when internationalizing to Africa is to first choose a country or market with a favorable business context in terms of policies, business friendliness and progressivity. Besides providing better business conditions, a relatively open and business friendly country could reasonably also attract more companies in general and thus have more relevant firms to engage in relationships and develop insidership with, a point that is illustrated by C5 who expanded to Rwanda since it houses multiple other technology companies. Thus, the empirical evidence suggests that an important first step to establishing network insidership when internationalizing to Africa is to expand to a country with a favorable business context.

## 5.4 Network facilitators

Having recognized the importance of the local business context, the following section looks at network facilitators and their role in internationalizing firms becoming network insiders. The idea

of network facilitators stems from sociology and means someone that bridges the lack of connections between people, i.e., the “structural holes” to borrow Burt’s (2004) terminology (p.365). In essence, this means that network facilitators connect previously disconnected groups of people (see Burt, 2004; Obstfeld, 2005), an idea based on which we have defined network facilitators as third-party actors in the form of people, organizations or institutions that connect previously disconnected network ties but are not in exchange relationships with those ties. Based on our definition of network facilitators, the empirical evidence suggests that all companies in this study except Ericsson became network insiders by using network facilitators when internationalizing to Rwanda. As for Ericsson, they internationalized to Rwanda by following an established partner, which means that they did not need a facilitator to connect them with other actors.

Our definition of network facilitators as connectors of previously disconnected network ties means that network facilitators are distinct from network ties that exchange knowledge and information since facilitators perform the role either as a one-time occurrence or only in the short term, whereas network ties are in a repeated exchange relationship in the longer term, as described in our extended definition of network insidership (see *5.1.2 Extending the business network insidership definition*). For instance, network facilitators may, as exemplified in subsequent sections, help create trust between two separate groups of people. However, after having established a connection between those groups, the facilitator’s task is finished, whereas the network ties continue to engage in an exchange relationship, regardless of if that exchange is based on products and services or knowledge and information. In essence, the empirical evidence suggests firstly that network facilitators can originate in different settings, and secondly that they perform three main roles to facilitate network insidership for the case companies. These aspects are discussed separately in the following sections.

#### 5.4.1 Organizational representatives and individuals as network facilitators

The empirical evidence suggests that the network facilitators of the case companies in this study are relatively heterogeneous in the sense that they are both individuals and individuals acting on behalf of organizations. The majority of the network facilitators reported by the case companies in this study are individuals who do not represent an organization when performing the

facilitation roles. For instance, as seen in C3 and C4, the case company representatives met individuals in Rwanda through relatively arbitrary encounters and even developed friendships together. This is consistent with previous literature which suggests that social connections can facilitate networks (Berg et al., 2008; Komulainen et al., 2006). However, another less common type of network facilitator identified among the nine cases in this study are former business acquaintances or work colleagues. This is in line with previous studies which mention prior business partners as facilitators of new network ties (Gulati & Gargiulo, 1999). In fact, Fuerst and Zetting (2015) even stipulate that a business can draw on previous business contacts, employers or even clients as sources to new network connections, a point that is illustrated by C5 whose founder reached out to a previous business partner in Rwanda who introduced him to a local bank. Thus, the empirical evidence suggests that the majority of the network facilitators in this study are individuals, which corroborates the original facilitator literature which assumes that individuals facilitate connections between previously disconnected groups of people (Burt, 2004).

Moreover, contrary to the examples above, the empirical evidence also suggests that people acting on behalf of organizations can be network facilitators. More specifically, two case companies were found to have established network insidership through the two chambers of commerce, ICCC and SSACC. In fact, the empirics of this study also include two organizations which are identified as network facilitators, namely SSACC and Business Sweden. This idea of organizational representatives that act as network facilitators partly corroborates with a study by O’Gorman and Evers (2011) who looked at EPOs as network facilitators due to their large number of acquaintances which they can draw on. However, while the organizations which facilitated network insidership for C7 and C9, as well as the two facilitators included in this study are obviously not EPOs, the empirical evidence suggests that they perform a similar job of facilitating networks due to their large pool of acquaintances. Nevertheless, the mere fact that the empirical evidence suggests that people representing organizations and not only individuals can be network facilitators somewhat contrasts the original idea of network facilitators which depicts them as individuals (Burt, 2004).

In essence, the empirical evidence suggests that network facilitators can be both individuals in the form of social and business acquaintances, as well as organizational representatives like employees from chambers of commerce or Business Sweden. This draws on previous literature

which has depicted network facilitators either as individuals (Burt, 2004; Obstfeld, 2005) or as organizations (Gulati & Gargiulo, 1999; O’Gorman & Evers, 2011), but has not recognized that they can be both. In that sense, the empirical evidence somewhat contrasts previous studies by recognizing the heterogeneity of network facilitators, meaning that they could be both individuals and organizations, whereas previous studies have depicted facilitators as either one or the other. Recognizing the heterogeneity of network facilitators clarifies who network facilitators are and thus increases the understanding of them. The implication of such a recognition is that it could be meaningful to keep a holistic understanding of who facilitators are. This is because the automatic portrayal of facilitators as individuals (Burt, 2004) or organizations (O’Gorman & Evers, 2011) might imply a narrowmindedness which may lead to an excessive focus on one type of facilitators in favor of others, much like in the case of O’Gorman and Evers (2011) who only looked at EPOs.

#### 5.4.2 Roles of network facilitators

The empirical evidence suggests that network facilitators performed three distinct roles in order to contribute to the case companies’ establishment of network insidership when internationalizing to Rwanda. The following sections present them one by one.

##### 5.4.2.1 *Facilitating introductions*

The first and most prevalent role of network facilitators, as suggested by the empirical evidence, is to arrange direct introductions between groups of people. The facilitators arranged introductions to both potential clients, as well as future partners and even institutional actors like the RDB. This idea of facilitating introductions corresponds to the literature, most notably to Burt’s (2004) ideas of facilitators as connectors of “structural holes” (p.365), meaning that they establish connections between people. We have identified facilitators who arrange introductions between groups of people in five out of nine case companies (C1, C2, C3, C5 and C6). In fact, the empirical evidence also suggests that the two facilitators in this study, Business Sweden and SSACC, also identify and directly introduce potential clients, partners and employees to the companies they help. The difference between the two facilitators included in this study is that Business Sweden takes an active role by being present in the meetings whereas SSACC does not. Nevertheless, in all of the five case companies and both of the facilitators, there was no

connection between the companies and the new clients, partners and RDB officials before introductions were arranged by the facilitators, which is in line with our definition of network facilitators in that they connect previously disconnected network ties (see Burt, 2004; Obstfeld, 2005).

Moreover, the empirical evidence suggests that the reason behind network facilitators' ability to arrange introductions between different actors is because the size of their own pool of acquaintances enables them to do so. Previous theory suggests that a large pool of acquaintances with different groups of people may allow the facilitators to act in "information arbitrage" as put by Burt (2004, p. 354), which implies that they can spot the differences, similarities and needs of different groups, and act in that to connect the relevant people. This can be illustrated by C1, where the respondent stressed the importance of the former ambassador Carina knowing various actors and being well known and respected herself, since that made her a valuable facilitator to different local actors in Rwanda. A similar effect can be seen in for instance C5 and the old business acquaintance who introduced the company to RDB. Thus, in all of the mentioned cases, the facilitators were well known people with a large network of acquaintances, which seems to have put them in a position where they can draw on that network to make introductions between people. This is in line with O'Gorman and Evers' (2011) findings that the larger the size of the facilitator's network of acquaintances, the more effective it is to facilitate connections between these groups. Essentially, the empirical evidence confirms this since both the case companies and the two facilitators included in this study emphasized that network facilitators could arrange introductions since they know a lot of people.

#### 5.4.2.2 *Meeting point*

The second role of the network facilitators as suggested by the empirical evidence is relatively similar to the one described above, but sufficiently different to require a separate elaboration. Namely a second, albeit less common facilitator role is to enable meeting points, as seen in C7, C9 and in one of the facilitators included in this study, SSACC. This means that, contrary to directly facilitating first contact and introduction between two entities, the role of providing a meeting point can be described as an indirect introduction. More specifically, C7 and C9 met most potential clients and partners through industry fairs, congresses and other events organized by chambers of commerce. Similarly, one of the facilitators in this study, SSACC, is essentially



premised on being a meeting point for Swedish and Sub-Saharan African companies as the purpose of the association is to promote trade and business between those two regions. In addition, the objective of such meeting points is the same as that of facilitating direct introductions, which is to connect previously disconnected actors. However, the difference between facilitating introductions and meeting points is that the latter is more passive and does not involve the facilitator directly. For instance, SSACC's founder stressed that they organize events, and even private meetings between two companies, but never take part in such meetings. This is clearly different from Business Sweden where their representatives emphasized the importance of Business Sweden taking part in such meetings. Thus, contrary to existing literature on network facilitators which focuses more on direct introductions (Burt, 2004; Obstfeld, 2005; O'Gorman & Evers, 2011), the empirical evidence suggests that network facilitators can also take a more passive role in facilitating network insidership by organizing events and thus providing a meeting point between different actors.

#### 5.4.2.3 *Creating trust*

The third and most common role of the network facilitators, as suggested by the empirical evidence, is creating trust between the actors it connects. Namely, the facilitator role of creating trust occurred in seven out of the nine cases in this study (C1-C7) and was also done by both of the facilitators included in the study as well, namely Business Sweden and SSACC. Trust between network actors is an outcome of long-term collaborations and increasing commitment between network ties (Johanson & Vahlne, 2009), which raises the question of how trust is established between network actors in the beginning of a relationship. Based on that, researchers have suggested contracts as measures which actors can take to attain a certain level of security when trust is not present in the beginning of a relationship, but the drawbacks of such contracts is that they cannot possibly cover all details of a relationship (Blomqvist et al., 2008). Moreover, formal contrast seems to be obsolete in Africa in favor of trust-based relationships (Delerue & Ouedraogo, 2020), which further emphasizes the importance of trust in the African business setting. This is because research has found a connection between weak institutional environments and the importance of strong network relationships in Africa (Amoako & Lyon, 2014; Bakunda, 2003; Delerue & Ouedraogo, 2020; Hansen et al., 2018; Luiz & Ruplal, 2013). This importance

of trust in the African business context can perhaps explain the strong empirical evidence of network facilitators creating trust between the parties they connect.

The role of facilitators in creating trust manifested itself in two ways. Firstly, the facilitators' support of the internationalizing case companies created credibility for them in the eyes of the local Rwandan businesses. For instance, C3 and C4 specifically mentioned that as foreign start-ups in Rwanda, they did not automatically gain the trust of local actors since there had been instances of fraud where foreign companies in Rwanda promised to get things done but then were paid the money and disappeared without delivering what was agreed. In C3 and C4, the presence of network facilitators gave the companies credibility so that they were perceived as trustworthy by their Rwandan counterparts.

Secondly, the facilitators also advised the companies on which local Rwandan suppliers and contractors are trustworthy, and thus increased those local actors' trustworthiness in the eyes of the case company. For instance, in the case of C7, their involvement with the chamber of commerce, ICCC made the Rwandan counterpart perceive C7 as more serious and trustworthy. Similarly, Business Sweden's representative stressed the fact that their representation of the Swedish companies made the Rwandan counterparts perceive them as more credible and serious.

In essence, the empirical evidence suggests that the facilitators in cases C1-C7, as well as one of the facilitators included in the study, Business Sweden, played an important role in creating trust between the actors that they connected. Once again, this speaks for the importance of interpersonal trust when doing business in Africa (Delerue & Ouedraogo, 2020). Moreover, this goes partly in line with previous literature which suggests that besides connecting different groups of people, facilitators are instrumental in creating trust between those groups (Obstfeld, 2005). Cannatelli and Antoldi (2012) argue that this is because facilitators can enable communication and a common ground between the parties it connects, which is in line with the empirical evidence of this study which suggests that facilitators can advise which actor is trustworthy or suitable to engage with. Thus, whereas we do acknowledge that trust can be an outcome of collaborations and commitments in a relationship, in line with Johanson and Vahlne's (2009) study, we suggest that facilitators can also be important in creating an initial trust between an internationalizing company and the local actors it connects them with, and thus contribute to the consequent establishment of a relationship. Subsequently, this establishment of trust is

therefore suggested as one of the three roles which network facilitators take to help the internationalizing companies become network insiders.

## 5.5 Becoming a network insider: Relationships with network ties

The third and final step of our proposed model in Figure 2 turns to the internationalizing company's efforts of becoming network insiders after the network facilitator establishes the first connection. As mentioned previously, eight out of nine case companies in this study became network insiders by using a network facilitator when internationalizing to Rwanda. However, the empirical evidence suggests that in all of those cases, network facilitators were only one part of the answer to how those companies became network insiders. This is because network facilitators perform their short-term task of making the connections, and then leave the parties to themselves. In other words, network facilitators may facilitate introductions, provide common meeting points and build trust between parties, but it is the internationalizing firm itself that subsequently has to take the opportunities presented by managing and enhancing the relationships enabled by network facilitators, which points to previous research highlighting the importance of active opportunity recognition (Blankenburg Holm et al., 2015). More specifically, the empirical evidence suggests that there are two main ways in which an internationalizing firm can work towards becoming a network insider after the network facilitator performs the first step, namely providing value to the network tie but also managing and developing relationships. In fact, as is explained below, the two elements presented were also used by Ericsson to establish network insidership, despite that they did not make use of a network facilitator when internationalizing to Rwanda.

### 5.5.1 Providing value

Previous research has established that network relationships can produce certain benefits for a business like overcoming inherent resource limitations (Prashantham, 2006; Zhou et al., 2010), gaining access to market knowledge (Johanson & Vahlne, 2009) and learning opportunities (Freeman & Cavusgil, 2007). Also, a network relationship is characterized by mutual commitment between parties (Håkansson & Snehota, 1995) where such commitment leads to increased trust over time (Johanson & Vahlne, 2009). Based on that, it can be argued that a network relationship is expected to produce value for the parties in it. In line with that, the

empirical evidence suggests that one important and arguably intuitive step towards becoming a network insider is to make sure to provide value to the prospective network tie. This value is manifested differently in different types of relationships, which is also in line with literature about value creation which argues that value is multifaceted, meaning that it is not necessarily straightforward, nor monetizable (Ramirez, 1999). As discussed previously, we identified two types of relationships in which actors can be network insiders, namely relationships based on exchange of products and services, and those based on exchange of knowledge and information.

The case companies which are network insiders in relationships based on exchange of products and services (see Table 2) are relatively easy to analyze in terms of the value they bring to their network ties (i.e., clients), since they deliver value through their product or service. For instance, the interviewee from C2 specifically mentioned that introductions via network facilitators were necessary for gaining clients, but that the key to retaining them lies in the performance of C2's product. C3's interviewee went one step further and suggested that both parties need to perform, otherwise the business relationship will not hold. A similar comment can be made about the remaining case companies that have been identified as network insiders in relationship with their clients, since the clients would not continue the relationship if they did not receive a benefit for purchasing the product or service. This is particularly evident in for instance C5, where the company's client, the bank, was reluctant to share data in the beginning, but changed their mind after experiencing increased usage of their services. Thus, the value in network relationships based on product and service exchange is tangible and easily monetizable and quantifiable, meaning that it follows the classic, industrialist notion of value (Ramirez, 1999).

However, even the case companies which have been identified as network insiders with actors where the relationships are based on knowledge and information exchange (see Table 2) have to deliver a benefit to their network ties if we assume that network relationships are based on mutually beneficial exchange as suggested by Håkansson and Snehota (1989) and Johanson and Vahlne (2009). In the case of C1 or Ericsson, the benefit they provide to their network tie RDB manifests itself in the development of Rwanda. Namely, C1 provides a hub for developing Rwandan start-ups and Ericsson has participated in developing the country's telecom infrastructure and hired locals in doing so. Thus, RDB as a state-owned organization clearly benefits when partnering with companies that bring additional social value to the country. In

essence, the empirical evidence stipulates that even in relationships based on knowledge or information exchange, the network ties reap a value from being network insiders, albeit a more implicit or indirect value than in a client-supplier relationship. This is consistent with previous research which points out that value does not have to be directly monetizable, but it can also be manifested through interaction between actors, meaning that it is not necessarily measurable (Ramirez, 1999). This is evident in the case companies whose relationships are based on knowledge and information exchange since that form of exchange is more tacit and less measurable than product or service exchange, but nonetheless prevalent in the relationships.

### 5.5.2 Value as relationship incentive

In essence, all nine case companies in the study share one aspect in common when it comes to the networks to which they are insiders. That aspect is that they provide value to their network ties, whether it is direct value in the form of products or services, or indirect value in terms of bringing a social benefit to the country of Rwanda. This is consistent with previous conceptualizations of value arguing that it can be both tangible and measurable, or more implicit, non-measurable and interaction based (Ramirez, 1999). In addition, the findings that all nine cases provide value to their network ties also corroborates with earlier literature which stipulates that network relationships lead to mutual benefits for the parties involved (Håkansson & Snehota, 1989; Johanson & Vahlne, 2009) since it allows access to resources (Andersson et al., 2002; Zhou et al., 2010) and other benefits like skills (Belso-Martinez, 2006) and market information (Oviatt & McDougal, 2005). Thus, the empirical evidence suggests that after an internationalizing business has established a connection to a prospective network tie, more often than not through a network facilitator in the cases included in this study, it can work towards becoming a network insider by making sure the prospective network tie receives value from the relationship. We suggest that a perceived value provides an incentive for the network tie to stay in the relationship and thus provides opportunity for further collaboration and relationship development.

### 5.5.3 Relationship management

As seen above, the empirical evidence suggests that in order for a relationship to a network tie to work, there must be a value involved for both parties. However, the empirical evidence also puts forward that businesses can go beyond that in order to manage and enhance such relationships.

This is in line with previous literature which stipulates that a business can take action towards becoming a network insider by being perceptive of opportunities in a business relationship (Blankenburg Holm et al., 2015) and committing more towards relationships with its contacts, and in that sense establish trust (Johanson & Vahlne, 2009, Vahlne et al., 2012). In other words, networks must be actively managed in order to produce benefits (Eberhard & Craig, 2013; O'Donnell, 2004). The following sections present two main ways in which a business can manage the relationships with its network ties in the Rwandan context.

#### *5.5.3.1 Personal relationships*

The empirics propose that personal relationships between network ties are very important in Rwanda. For instance, C1 and Ericsson's representatives perceive the personal relationship as a prerequisite to even talking about a business matter, whereas in C2 and C4's case, business relationships grew over time to include personal and friendly elements. These relationship characteristics partly correspond to what the literature refers to as strong network ties, meaning business relationships which move beyond a transaction focus to a social focus (Coviello & Munro, 1997) and are thus characterized by higher levels of closeness and trust (Freeman et al., 2010). In addition, such strong relationships can be of particular benefit when internationalizing to a foreign market (Harris & Wheeler, 2005). This is because strong network ties enable a higher transfer of tacit knowledge between network ties (Freeman et al., 2010). Taken together, those aspects could perhaps partly explain why the case companies emphasize the importance of personal relationships when internationalizing to Rwanda. In fact, research has found strong network ties particularly important in weak institutional environments (Kiss & Danis, 2008), something which is also reflected in this study not only by the favoring of personal relationships as seen above, but also by specifically being emphasized by one of the facilitators included in the study. Namely, SSACC's representative perceives strong relationships and trust to be particularly important in Africa since companies cannot rely on national institutions as they perhaps would in other countries. This has also been stipulated by Amoako & Lyon (2014) who found that certain African businesses rely on personal relationships to substitute country institutions when the latter are perceived as unreliable. Similarly, other research in the African context also found that trust based relationships can substitute formal contracts (Delerue & Ouedraogo, 2020), which again points to the importance of personal relationships with networks in Africa (Bakunda, 2003;

Delerue & Ouedraogo, 2020; Hansen et al., 2018; Luiz & Ruplal, 2013). In essence, the empirical evidence supports these previous studies by suggesting that personal relationships with network ties are very important in the Rwandan business context. Given the empirical evidence of the importance of personal relationships when doing business in Rwanda, we suggest that one of the ways in which a company can work towards becoming a network insider when internationalizing to Rwanda is to accentuate the development of personal relationships with prospective network ties.

#### 5.5.3.2 *Developing established relationships*

The empirical evidence suggests that in all nine cases, the established insidership positions with actors like clients, suppliers, RDB and partner companies changed and became closer over time. More specifically, the empirical evidence suggests that relationships with network ties became closer over time and were characterized by higher degrees of cooperation and trust. This closeness was manifested differently in different cases, but nevertheless led to benefits for the case companies. For the majority of the cases, this increased closeness was incremental and not particularly extensive. For instance, C2's frequent engagement with clients enabled incremental improvements of their software, and C6's partner bank became willing to share more information over time as they saw results from the initial collaboration. However, for C4 and C7, this increased closeness over time was substantially more extensive since their network relationships with their respective partners changed considerably compared to the others. Namely, the partnership which C4 had with the two entrepreneurs evolved to the point where the parties developed a product together, and C4 subsequently made the entrepreneurs agents for its product. Similarly, in terms of C7, what started as a simple distributor relationship evolved into the two parties collaborating closely on performing large projects.

Thus, all nine case companies experienced a development of the relationships with actors with whom they were identified as network insiders, albeit in different ways. This corresponds to the business network theory which stipulates that actors in a network relationship can, through increased commitment, develop trust and closer collaborations over time (Johanson & Vahlne, 2009). This is most evident in C4 and C7 where, as described above, transaction-based relationships developed into closer collaborations and increased levels of commitment. However, it is also important to note that relationships do not develop in that matter automatically. That is

because relationship opportunities and output depend on a company's active opportunity recognition (Blankenburg Holm et al., 2015) and taking action to exploit the given opportunities (O'Donnell, 2004). This is evident in for instance C2 where the company worked closely with clients and asked for their opinion, which resulted in incremental improvements of C2's service. Thus, the observation that relationships tend to develop over time once again ties back to our previous argument, namely that facilitators perform an important role in enabling internationalizing companies to become network insiders, but that it is up to the company itself to work towards becoming network insiders by for instance recognizing opportunities (Blankenburg Holm et al., 2015). Based on that, Vahlne et al. (2012) suggest that network insidership is somewhat of a continuous process which constantly requires trust-building and information-gathering. This implies that these network insidership positions where collaborations are strong require continuous investments of effort and time (Han, 2006; Kiss & Danis, 2008). Thus, the empirical evidence suggests that network insidership positions evolve over time and can lead to positive ramifications like close collaborations and increased commitment. However, in order to achieve that, the literature suggests that such relationships require an effort to sustain (Han, 2006; Kiss & Danis, 2008) in the sense that the internationalizing company should continuously work with opportunity recognition (Blankenburg Holm et al., 2015), trust building and information gathering (Johanson & Vahlne, 2009; Vahlne et al., 2012).

## 5.6 Summary of the analysis

Firstly, the empirical evidence suggests that all case companies established themselves in Rwanda due to favorable business conditions. Secondly, all case companies except Ericsson established insidership with their respective network ties with the help of a network facilitator at the beginning of the insidership establishment. The facilitator can provide a mutual meeting point, create trust and enable introductions, all of which contribute to the establishment of a connection between network ties. Lastly, this connection is continued by the internationalizing company by firstly providing value to its network tie, and secondly through the active management of its network relationships by building a personal relationship which becomes closer over time, at which point insidership can be considered as established.



## 6. Conclusion

*The last chapter provides the concluding remarks for this study by answering the research and sub-research questions, and outlining the practical and theoretical implications. Based on that, suggestions are given for future studies.*

This study set out to gain a deeper understanding of business networks by studying Nordic companies that have internationalized to Africa, more specifically Rwanda. The aim of this study is to answer the research question “*How do firms become insiders of the relevant business networks when internationalizing to Africa?*” and consequently “*How do third party facilitators enable internationalizing firms to become insiders of the relevant business networks?*”. The research question and sub-question were formulated following our identification that the notion of network insidership is unclear, and that it is ambiguous how organizations go from being network outsiders to becoming insiders, as is the role of network facilitators. In order to answer the research question and sub-question, we first performed an initial literature review in order to familiarize ourselves with the business network literature, including the notions of network insidership and network facilitators. Consequently, we studied nine Nordic companies which have internationalized to Rwanda, and two Swedish organizations identified as network facilitators for a total of eleven cases. Lastly, the empirics were analyzed using pre-existing literature, and a three-step model was developed to explain how companies can become network insiders when internationalizing to Africa.

The main outcome of this study is arguably two-fold. Firstly, we have offered a clarification of the notion of network insidership by suggesting that it is not necessarily only based on exchange of products or services such as in a supplier-client relationship (Håkansson & Snehota, 1989; Johanson & Vahlne, 2009). Instead, we propose that network insidership can also be based on exchange of knowledge and information and therefore that organizations can be network insiders with actors other than simply clients or suppliers if there exists a reciprocity between the network ties over time. Namely, the relationships based on products or services exchange exemplified relatively straightforward reciprocity in terms of products or services exchanged for money,

whereas the relationships based on knowledge and information exchange have different reciprocity since the exchange is not explicit or easily measurable.

Secondly, having clarified network insidership, this study also proposes a three-step model which aims to explain how businesses can become network insiders when internationalizing to Africa. This three step model as a whole addresses the main research question since it explains how businesses become network insiders. The first step in the model stipulates the importance of business context since Rwanda's business friendly environment served as a basis for the case companies' establishment of network insidership in the region. Furthermore, the second step in the model looks at network facilitators and how they help establish network insidership by connecting previously disconnected groups of people. We argue that facilitators can be both individuals and organizations, and ultimately propose three main roles which network facilitators perform in order to help internationalizing companies establish network insidership when internationalizing to Africa. Those roles are facilitating introductions, creating meeting points and creating trust between different groups of people, which addresses the sub-research question by pointing out how network facilitators enable companies to become network insiders. The third and final step of the proposed model stipulates that while network facilitators can perform important functions to connect groups of people, it is up to the internationalizing organization itself to make an effort to become a network insider by providing value to the other party, and by developing personal relationships and enhancing them over time.

The proposed three-step model, together with the clarification of network insidership, essentially answers the main research question of how businesses can become network insiders when internationalizing to Africa as it provides a clearer picture of what we mean by network insidership, as well as the three main pillars which the empirical evidence suggests are necessary for the establishment of such insidership. At the same time, the second step of the model answers the sub-research question by pointing out how network facilitators enable internationalizing firms to become network insiders.

## 6.1 Theoretical contributions

Previous business network studies have seemingly been based on the idea that network insidership means an exchange relationship such as that between a supplier and client (Håkansson

& Snehota, 1989; Johanson & Vahlne, 2009). This study has extended the definition of network insidership by suggesting that it can be based on exchange of knowledge and information as well, implying that an organization can be a network insider with actors other than suppliers or clients, such as partners or even institutions like the RDB. This shifts the focus of a homogenous understanding of network insidership and instead emphasizes that insidership can be manifested in different ways. In line with this, this study also attempts to fill an empirical gap in the business network literature by looking specifically at the scarcely researched African context. In essence, this study corroborates previous literature which stipulates that networks are particularly important in the African business context (Bakunda, 2003; Delerue & Ouedraogo, 2020; Hansen et al., 2018).

Moreover, this study introduces network facilitators into the internationalization and business network literature by building on the work of Burt (2004) and Obstfeld (2005) who suggest that network facilitators connect previously disconnected groups of people. This study suggests that these network facilitators do not only exist in intra-organizational settings as assumed by Burt (2004) but also seem to enable internationalizing businesses in Africa to establish network insidership with local African actors. Besides being, to the best of our knowledge, the first of its kind in the business network literature, this inclusion of network facilitators also provides an interesting explanation of how businesses go from being outsiders to becoming insiders of the relevant business networks. This is because our model does not attribute the establishment of network insidership only to network facilitators, but also to the importance of business context and the internationalizing organization's own efforts to create personal relationships with and provide value to the local network tie. In that sense, network facilitators are not suggested to be omnipotent keys to the establishment of network insidership, but rather one of three important elements of that establishment. Therefore, this study contributes to the business network literature not only by introducing network facilitators, but also by suggesting, through the three-step model, how organizations can become network insiders when internationalizing to Africa. This goes one step further from previous business network literature which assumes the existence of business network insidership (Johanson & Vahlne, 2009) and explains networks' characteristics and outcomes (Freeman & Cavusgil, 2007; Oviatt & McDougal, 2005) but not how such insidership is established.

## 6.2 Practical implications

Firstly, this study illustrates the importance of business context when establishing network insidership. In essence, this means that practitioners should pay attention to choose a country which is relatively stable and business friendly, such as Rwanda, when internationalizing to Africa, as this will likely make it easier not only to run the business but also to become network insiders. Secondly, this study illustrates that network facilitators, both individuals and organizational representatives, can help an internationalizing company to Africa establish network insidership with local actors. This, together with the suggestion that networks in general, and personal relationships in particular are very important in the African context, speaks volumes about the importance of internationalizing companies to take the time and get to know local actors in Africa and build personal and business connections. As seen in the cases of network facilitators, such personal and business acquaintances can not only be of immense help when internationalizing to Africa, but can also lead to new connections and introductions with other important actors. Lastly, this study also suggests that the internationalizing company itself can also take action towards becoming a network insider by building personal relationships with actors in Rwanda, and by making sure to provide a value to the other party and aim to collaborate more closely over time. Thus, after a network facilitator makes introductions, practitioners can make efforts to invest in relationships with local actors in Rwanda and thus contribute to the establishment of network insidership.

## 6.3 Limitations and future research

This study has suggested an extension of the network insidership definition by including relationships based on knowledge and information exchange in that definition. The objective of that is to clarify the concept of network insidership, following our observation that the definition of network insidership is unclear (see *1.4 Problematization*). However, having said that, we do not argue that our definition of network insidership should be seen as exhaustive, but instead view it as an extension of the previous understanding of network insidership and as such, an aid in seeking to understand how businesses become network insiders. Having said that, future research might benefit from the further development of this definition through the continued exploration of network insidership and what it encompasses. Similarly, this study notes that the

two kinds of exchange relationships differ in terms of reciprocity, something which future research can further explore in order to clarify the difference between different kinds of exchange relationships, or perhaps even investigate whether there exist additional exchange relationships which this study has not included and where actors can be considered as network insiders. Taken even further, future research could even aim towards the development of a network insidership typology which could provide an overview of the different kinds of exchange relationships which exist. Moreover, only Nordic firms that have completed their internationalization process to Rwanda have been selected. In the case of the facilitators, they have been selected by being Swedish and operating actively in Rwanda. This makes this study region specific by only looking at Nordic companies and Swedish facilitators, a decision which impacts the transferability of the study to internationalizing firms from other regions. Therefore, our findings could also be tested quantitatively in order to establish statistical generalizability to other contexts as well.

This study has also provided a three-step model of how an internationalizing firm can become a network insider in Rwanda, where the role of facilitators represents one of the three important steps in establishing network insidership. In that sense, this study only included network ties in Rwanda and not home country or other network ties. This focus on the Rwandan context means that it has not been established whether internationalization to other countries or regions also requires third party network facilitators to establish network insidership. Thus, future studies could study network facilitators in other contexts as well in order to investigate how important they are for network insidership, or if they are even necessary. On the contrary, it would also be interesting to instead move deeper into the Rwandan context as opposed to moving away from it, and thereby perform a longitudinal study looking at the role of facilitators after they perform their job of connecting previously disconnected actors. Perhaps a facilitator can connect an actor with network ties multiple times, in which case it could be worth asking whether that facilitator develops a closeness with that actor and thus becomes more of a partner rather than a network facilitator? In essence, the inclusion of network facilitators into the internationalization and business network literature opens the door to many interesting potential studies which may enhance the understanding of the important and interesting topic that is internationalization.

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# Appendix

## Appendix 1. Interview guide

### *General questions*

- Name
- Years of employment in the company
- When was the organization founded?
- Could you tell us about the organization and what you do?
- What is your role and responsibilities at the organization?
- What was your role during the internationalization process to Rwanda?

### *Internationalization*

- At what point did the organization decide to expand beyond the country borders and internationalize?
- What was the reason for conducting business abroad?
- How and why was the interest sparked to conduct business in Africa?
- Why did you choose to expand to Rwanda specifically?
- How does Rwanda differ from your home country market?
- How did you deal with these differences?
- Can you walk us through the process from deciding to internationalize to Rwanda until the point of actually doing so?
- What were the most important things to do?
- What did the establishment process look like? (Permits, opening a legal entity etc.)
- Did you perceive the Rwandan institutions as efficient?
- Did you come across bureaucratic obstacles, and if so, to what extent?
- Did you come across any other obstacles, and how did you deal with them?



### ***Facilitators***

- Who are the most important organizations/institutions/people to speak to when internationalizing to Rwanda?
- Was it difficult being a non-African or no-Rwandan company and internationalizing to Rwanda?
- What actors did you interact with when internationalizing to Rwanda?
- How did the interaction with these actors impact your business? (If internationalization was done through facilitator)
  - How did you meet this individual/organization?
  - Do you still collaborate (or keep in touch) today?
  - How was your organization impacted (or how has it benefited) by being in contact with this individual/organization?
  - What specific activities did this individual/organization do in order to create this benefit? How did they do it?
  - Did that individual/organization help connect you to local customers, partners, institutions or other stakeholders in Rwanda? If yes, then how, and through what specific activities?
  - Do you think that you could have made the same business progress/growth/client acquisition/development etc. without ever knowing this individual/organization?
  - Is it important to establish relationships with local actors when internationalizing to Rwanda? Why?

### ***Network insidership and relationships***

- What close relationships do you have in the Rwandan market (for example clients, partners, agents, distributors, suppliers, institutions? (Following questions are asked on a per relationship basis)
- How was that relationship initiated?
- How is that relationship different today from what it was in the beginning? (Closer collaboration, more trust, more frequent meetings, higher commitment etc., or less of those things?)

- What are the main reasons for those developments?
- How did you and your company work to maintain or enhance those relationships? Did those efforts produce the desired results? Why or why not?
- How are client/institution/partner/distributor etc. relationships different in Rwanda from what they are in your home country?
- What are, according to your experience, the most important aspects to sustain or enhance business relationships in Rwanda? Conversely, what aspects should be avoided?

***Specific questions for the two network facilitators (in addition to the background and internationalization questions from above)***

- How do you provide value for your members/companies that decide to internationalize to Rwanda?
- What specific services do you offer for such clients?
- Which services/activities are most popular (or mostly requested) from clients?
- How have you helped companies establish in Rwanda?
  - What were the most important activities you did?
  - Which were the individuals/institutions/companies that you contacted them to?
- Would it be possible for foreign companies (without experience) to establish in Rwanda without the help of anyone? Why or why not? What makes the Rwandan market/context so different?