INTERNATIONAL ENTREPRENEUR
A Network Approach in Market Entry Process in Sweden

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ABSTRACT

Background: Globalisation and technology creates an impact in the business world an economy thus leads many countries, such as Sweden to encourage foreign investments in their nation by promotion and providing assistance. This phenomenon brings about not only a global market place for firms but also opportunities for individual entrepreneurs with wider business horizon. In this thesis, these individuals are defined as international entrepreneurs. Without prior resources and business networks as of established firms, it is undeniable that an international entrepreneur would face various difficulties when they start their businesses away from home. Networking can be an important tool in gaining opportunities and resources in starting a business abroad thus it may be essential for international entrepreneurs to play a leading role in accessing networks in the hosting country to gain resources. Networks contribute to the dynamism of market entry. Market entry is not just described as ways of entry but could be described as a process and it could be illustrated in three phases: “Opportunity-seeking phase”, “Establishment phase” and “Realized Process phase”

Purpose: The purpose of this dissertation is to understand “how international entrepreneurs managed market entry process in network approach in Sweden”.

Method: A qualitative method approach has been used to achieve the purpose of the thesis. For gaining a better understanding of the topic, authors chose case study and conducted semi-structured interviews to collect data and analyzed it to draw a conclusion.

Conclusion: The case study led us to find out an inter relations in the growing number and changes of types of networks as the market entry process reached its point of realisation. Further to that, there are some similarities in foreign market entry process of an established firm as compared to an individual entrepreneur, the difference being the types of networks.

Contribution: This thesis would create a better understanding on individual entrepreneurs venturing overseas in particular, the Swedish market. As the focus is on market entry process in networks perspective, this research could benefit potential entrepreneurs and business students.

Keywords: Entrepreneurs, International Entrepreneurs, Networks, Market Entry, Opportunities, Resources, Sweden, Jönköping
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CHAPTER 1: INTRODUCTION

In this introductory chapter, a brief background of our research with regards to foreign market entry process of international entrepreneurs in networks perspectives. Definitions, importance and contributions of this research will be presented towards the end of the chapter.

1.1 Background
With globalization, there is an increase number of individual entrepreneurs who would seek or discover their opportunities abroad. Studies indeed show that there have been a significant number of individuals starting up a business abroad. For example, in Sweden, there are 10,400 foreign owned companies as compared to 3,600 ten years ago (The Local, 2008).

In this thesis, individuals seeking opportunities beyond their national borders are referred to as “international entrepreneurs” and they are the focus of this study.

In establishing a new venture in a foreign country, International entrepreneurs first consideration should be the choice of market entry. However, it is usually common compared with established firms, individual international entrepreneurs may be lacking of resources in form of previous market knowledge and experience. Those problems become an obstacle of the international entrepreneur in entering a foreign market. In order to manage these problems, developing networks may be seen as one of the possible solutions. As a matter of fact, networking is an important tool in starting a business abroad as it has been shown by many scholars who focused on the relationships between internationalization and network (Oviatt & McDougall, 1994; Coviello & Munro, 1997). Hence, by developing networks with different parties, international entrepreneurs can obtain resources and knowledge that could assist them in setting up their business (Ghauri et.al, 2005).

In this thesis, we will study the market entry process of international entrepreneurs in a network approach. We will analyze the market entry as a dynamic process and will illustrate how international entrepreneurs establish networks with different actors to the point of their market entry realization.

Part of the network approach is the importance of location. Sweden has been one of the top countries for foreign investment among European countries in the last decade
(Sovereign Publications, 2006) and it was Europe’s forth-largest place for cross border investment in 2006 (Sovereign Publications, 2006). Sweden provides highly educated labor, low corporate tax rate and transparent bureaucracy system, this thus made Sweden a location where businesses can be started at ease. Most importantly, there are different government agencies such as ISA, ALMI and Nutek now known as Swedish Agency for Economic and Regional Growth (Tillväxtverket) which provide assistance to international entrepreneurs in starting their business and help them to further develop their business networks. All of these made Sweden one of the world’s most globalized and competitive nations (ISA report 2008/09)

1.2 Problem Statement
Following the above, it is central to understand that with the lack of resources and existing networks, individual entrepreneurs, as compared to established firms may indeed face a greater challenge in entering a foreign market. Networking being a crucial tool in starting a business abroad means that it may be essential for international entrepreneurs to take a central role in accessing networks in the hosting country to gain resources. Networking plays a major role in gaining opportunities and resources for international entrepreneurs in the process of their market entry. (Johanson & Vahlne, 2003) mentioned the importance of networking in their updated version of “the internationalization theory”.

There are various types of networks such as personal network, organizational network, buyer-supplier network and many more that could be used by international entrepreneurs in the market entry process. We will thus in this thesis investigate the process of foreign market entry in networks perspectives. In that regards we noticed that there is a lack of research focusing on individual entrepreneurs who venture abroad. Then often the focus was on immigrants or established firms expanding abroad and not on international entrepreneurs for example Johansson and Vahlne(1977), Hammarstedt (2004) and Najib (1994) who wrote about immigrant turning into entrepreneurs and existing companies seeking to invest or expand their business overseas.

Having seen as a country that supports innovation, entrepreneurship and foreign investments, we chose Sweden as a subject or location into which foreign market entries take place. This will enable us to in deeper understanding of above phenomenon
1.3 Objectives of the study & Research Questions
The overall objectives of this thesis are to investigate the role of international entrepreneurs in managing the market entry process using network approach. We place this study in the Swedish context where we will see how one international entrepreneur entered the Swedish market.

The purpose of this dissertation is to understand “how international entrepreneurs managed market entry process in network approach in Sweden”. This research problem will be addressed by focusing the following research questions:

1) What are the characteristics of an international entrepreneur?
2) How does networking help international entrepreneur(s) in their foreign market entry?
3) To what extent does international entrepreneur manage networks at the market entry process?

1.4 Importance and Potential Contributions of the Study
In general, the existence of international entrepreneurs does not only create more variety but also create economical impact. With this phenomenon in mind, it would be interesting to study the characteristics of international entrepreneurs and how international entrepreneurs enter a foreign market. As we are focusing in network approach, it is important to study the various types of networks and how they affect the market entry process of international entrepreneurs. As mentioned above, there has been an increase in foreign owned companies in Sweden. It is not surprising as Sweden seems to open up to and encourages investments and entrepreneurship.

We hope that this study would create a better understanding on individual entrepreneurs venturing overseas in particular, the Swedish market. As we focus on market entry process further in perspectives of networks, we hope that this research could be of benefit to potential entrepreneurs and business students in general. As not many researches has been done on this topic of focus, we hope with this thesis, it will create more interest for further research and studies to be done in this area in the near future.
1.5 Thesis Structure

1.6 Limitations

The scope of the study is limited as we have focused in explaining the market entry process in one country: Sweden. Besides that, due to time constraint, the research is limited to analyzing of one case study: Monkey Town Sweden. Although we are able to derive plentiful of important information, some information such as financial figures were not available due to confidential issues. With the above factors in mind, we could not generalize the conclusions to other cases of international entrepreneurs. We found the studies of international entrepreneurs especially narrowed to the process of market entry in networks approach is still new. Therefore, in the course of writing the thesis, it was difficult for us to find the exact theories from previous research to base our writing on. We thus, borrowed relevant theories from previous studies of international business and entrepreneurship. Moreover, the information found on government agency websites, is based from the point of view of the various agencies and we have to keep in mind that it may contain subjective description aimed at attracting foreign investment.
CHAPTER 2: THEORETICAL FRAMEWORK

This chapter will portray a theoretical framework of our thesis and will be divided into two sections. In the first section, a literature review of the concepts in line with the thesis will be presented. Major theories adopted in the thesis namely international entrepreneurship theories focusing on characteristics of entrepreneur and international entrepreneur, network theories and market entry theories will be explained. The theories reviewed will then lead us to a conceptual framework that will be presented in the second section towards the end of this chapter.

SECTION I: LITERATURE REVIEW

To assess the worthiness of our research areas, a literature review plays a very important role (Fisher, 2007, p.78). An explicit understanding of international entrepreneurship, networks, market entry process and the relationship between them will be developed. The values of the chosen theories to our research have been examined by earlier studies, comments by other scholars and of our own understanding and opinions.

2.1 International Entrepreneurship & Entrepreneurs

In the past few decades, entrepreneurship has captured more interest in both the economics world and academia. Entrepreneurship is believed to be critical in promoting industrial growth and development. (Ghauri et.al. 2005) With global economy, entrepreneurial activities go beyond continental borders. There has been an increase emergent field of international entrepreneurial researches with different theories being studied with regards to the topic. In this section, we will focus on the characteristics of entrepreneurs and international entrepreneurs.

2.1.1 Characteristics of Entrepreneurs & International Entrepreneurs

i) Entrepreneurs

Joseph Schumpeter made a classical statement on entrepreneurship as an innovation (in Swedberg, 2000). Entrepreneurship was connected with uncertainty and claimed that “only technical innovation and dynamic change can produce a positive rate of interest” (in Swedberg, 2000, p. 83). According to Schumpeter (in Swedberg, 2000, p. 66) innovations are practical application of inventions that have been a result of development and it is understood as a “new combination” of existing resources”. New combination in Schumpeter’s concept exists in one of the five following cases: “new good, new method of production, new market, new source of supply of raw material or half-manufactured goods or new organization in the industry” (in Swedberg, 2000,
p.53). For carrying out of new combinations "command over means of production and financial resources are necessary" (in Swedberg, 2000, p.53 & p.55). Not all economic and social system was equally well equipped to innovators. Geographical situation was mentioned as one of the factors suitable for innovations.

Schumpeter however did not mention how entrepreneurs reach their goals. The answer can be found in Casson’s work, who defined entrepreneur as "someone who specializes in taking judgmental decisions about the coordination of scarce resources. The entrepreneur is a person, not a team, committee or organization, and he is someone who has competitive advantage in making decisions" (in Swedberg, 2000, p. 83). This shows a leadership trait of an entrepreneur which were not emphasize enough by Schumpeter.

According to Schumpeter (in Swedberg, 2000), entrepreneurs considered innovative investment devoid of any risk. The percentage of failures could be calculated based on experience. Schumpeter mentioned that losses would mainly occur to old firms, which were unable to adapt to new economic conditions in time. Risks, uncertainty and profit were introduced by Frank Knight in his thesis published in 1916. Knight (in Brouwer, 2002) differed to Schumpeter’s theory on entrepreneurial motivation and considered entrepreneurship as a fascinating game, taking risks and being in uncertainties with the desire to excel and win in the game. Knight (in Brouwer, 2002) contended that only uncertainty could explain profits and losses while Schumpeter focused on profits only. Schumpeter assumed that bankers do not make mistakes in selecting entrepreneurs, whereas Knight indicated the entrepreneurs can make error and therefore they have to bear certain risk and uncertainties (in Brouwer, 2002). Knight (in Brouwer, 2002) “stressed a game like, irrational and intuitive aspects of entrepreneurship giving them some prophetic features with ability to perceive quality in people” (p. 104). Knight (in Brouwer, 2002) did not however mention that the perception was or not based on knowledge. In reality of today’s context, increasing number of decision makers with educational background in business and entrepreneurial experience as well as knowledge, perception could very well be based on knowledge learned through education, experience, calculated risks and networks. The scholars however focus their studies on entrepreneurs in general; however international entrepreneurs were mentioned by McDougall and Oviatt (2005).

**ii) International Entrepreneurs**

The definition of international entrepreneur is a matter of continuing debate and
evolution. The increase interest to the topic of international entrepreneurs has increase in recent years (Dimitratos & Jones, 2005). McDougall and Oviatt (1994), defined international new ventures as “from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (p.49). Scholars like Young, Zahra and George (2002) criticized the failure of such definition in expanding the research focus beyond the activities of INVs and born global firms. Other scholars (Thomas & Mueller, 2000, McDougall & Oviatt, 2000) seem to agree in line with the criticism and mentioned that more theoretical frameworks could enrich the research area of international entrepreneurship.

McDougall and Oviatt (2000, p. 903) modified the definition of international entrepreneurship “a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations”. This definition geared more towards characteristics of international entrepreneur and has been widely accepted by other scholars (Ibeh & Young, 2001). Dimitros et al. (2004) Young, Zahra and George (2002), suggest that the research on international entrepreneurship should extend to researching of entrepreneurial activities of all firms going abroad regardless of sector, age and size.

McDougall and Oviatt (2005) further explained the concept of international entrepreneurship as discovery, enactment, evaluation and exploitation of opportunities across national boundaries to provide future foods and services. It could be interpreted as follow:

- **a) Discovery**
  - searching innovative opportunities

- **b) Enactment**
  - proactively acquire a competitive advantage for opportunities

- **c) Evaluation**
  - decision making according to personal experience and knowledge

- **d) Exploitation**
  - future development of the opportunity

Figure 2.1 Concept of international entrepreneurship from McDougall and Oviatt (2005, p. 540)

The studies done by the scholars on international entrepreneurship and traits of global entrepreneurs were focused on internationalization of existing firms. There has not been many studies on entrepreneurs as an individual or a unit who discovered opportunities and start an enterprise abroad. However, we deem that the theory from McDougall and Oviatt (2000; 2005) would be of relevance in studying the
characteristic of international entrepreneurs. In relations to the objective of this thesis in studying how international entrepreneurs managed market entry process in network approach in Sweden.

2.1.2 Entrepreneurs and Opportunities
There are various definitions of entrepreneurial opportunities. Opportunities are crucial in the dynamics of business economy and a core concept to entrepreneurship (Ghauri et al, 2005). The exploration of opportunities is at the core of Schumpeter’s (in Swedberg, 2000) discussion of innovation and entrepreneurship. There had been studies relating opportunities to entrepreneurial characteristics. Ghauri et.al. (2005) relates opportunity to entrepreneurial alertness that one is, at all times, spontaneously looking for unnoticed features of the present or future environment. An entrepreneur, in other words is searching the horizon almost all the time and ready to discover without knowing what he is looking for Kirzner (1999).

Schumpeter (in Swedberg, 2000) has made a relevant claim in mentioning geographical situation, a location whereby a lot of trade activities and networks tends to be more conducive to entrepreneurs and innovators. This could also be linked to environment and culture. An environment in a location may be more conducive and could provide opportunities than others with regards to the resources and education development. Many developed and developing countries are more conducive but there are places in the world that has no resources and not much exposure to information and knowledge thus innovations might not be entrepreneurial. Innovations can exist anywhere and of any form depending on the available resources but it is a matter of it being economical may link to knowledge and networks. Conducive location would attract enterprising firms and different types of entrepreneurs to grab the market potential and opportunity.

Two types of entrepreneurs were identified by Smith (1967); “the craftsman” and “opportunistic”. The craftsman was characterized by narrowness of education and lack of confidence while the opportunist is characterized by high social awareness and involvement and confidence to deal with present and future environment (Smith, 1967; Manimala, 1999). The studies however did not mention the process of action taken by entrepreneurs. Shane et al. (2003) studied the action taken by entrepreneurs in exploiting opportunities. Discovery of opportunities described the processes of entrepreneurial recognition, discovery and exploitation in phases. (Shane et al. 2003) The same process is thus extended across continental borders for international entrepreneurship (Casson, 1982 & Schumpeter, 1934) in situations whereby new
goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means and/or relationships. Eckhardt and Shane (2003) described entrepreneurial process as a non-linear directional process with involvement of the existence, discovery and exploitation of opportunities. Dimitros and Jones (2005) extended the same process to depict the international entrepreneurial process as indicated:

Contributions of many scholars explained opportunity by the act of individual entrepreneurs with visions and coordinative with assumptions that entrepreneurial firms have enough knowledge in managing strategies and deal with environmental factors. (Ghauri et al. 2005) As oppose to such line of thought, there are other studies that claimed opportunities are not just new business development but with cooperative perspectives (Håkansson, 1987). In response to the traditional view on opportunity development, Ardichvili et al (2003) integrated social network to highlight firm's interdependency with others in their environment. In which resources in terms of knowledge and social capital were gained.

For this thesis we focus on market entry process of international entrepreneurs, thus we will study how entrepreneurial individual (or unit) perceive, seek and discover opportunities and resources. Since the approach of this research is on networks, a study on various networks and how networks could be a vessel to resources and opportunities will be presented in the networks section of this thesis.

2.2 Network Theories

2.2.1 Overview of network theories

In the past decade, network theory has been rapidly developed but it was not easy to observe and difficult to analyze (Birley et al, 1991, in Perry 1999, p. 32). Different scholars might have different views of definition applied to their specific research areas. Analyzing all the definitions of network would be too complex and not all theories would be relevant to the thesis. However, as our research is focused on international entrepreneur as an individual (or unit) and on how market entry process is managed in network perspectives, we have chosen three relevant elements in the form of relationship and structure
(i) Network as relationships

Network is regarded as aggregation of relations (Easton, 1992). Network is an inter-firm behavior with both relationships and interaction (Johanson & Mattson, 1988). Relationship could be explained as a more general and long-term relationship, whereas the interaction was rather short-term and “constitute the dynamic aspects of relationships” (Johanson & Mattson, 1988). Therefore, in another term, interaction comprised exchange processes and adaptation processes. Beyond this general view, three definitions of network will be explained as follow.

The first definition emphasized that the actors are connected because of common goals. According to Hall (1977), network was defined as “the total pattern of relationships within a group of organizations acting in order to achieve common goal” (Van De Ven & Ferry, 1980, p.242). This type of network had an assumption that all actors would already had common goal. The actors could clearly distinguish who the insiders were and who were not. It would be considered as a planned or prescribed network such as joint venture and strategic alliance. One of example of strategic alliance is Swissair’s alliance with Delta Airline, SAS and Singapore, with aiming to increase bookings, combine the procurement process and maintenance of planes (Gomes-Casserres, 1994). Such point of view was supported by other scholars such as Human and Provan (1997) suggested to define network as “cooperative, multi-firm inter-organizational relationships” aiming to achieve the common goal or agenda (p.368).

The second definition suggested by Aldrich (1979) was based on enforcing the bonds and social relationships between actors. Networks were defined as a number of loosely connected organizations which were linked by one or number of bonds or social relationships (Aldrich, 1979). Compared with the first; the second definition was more open. It assumed that actors who entered the network might not have only the common goal but with their own will and interests.

The last definition was presented by Cook and Emerson (1978) who regarded network as “exchange relationship”. They saw network as “sets of two or more connected exchange relationships” (p. 725). This view was the extension of the second definition that it is the exchanges, the activities, which provide the connection in networks (Axelsson, 1992). The kind of network was focused on the activities and the dependencies between them. The network could remain and sustain even when the actors left the network, it could be substituted by other actors and the function would not be changed.
The present research is based on the third definition of network suggest by Cook and Emerson (1978), which defined business network as set of interconnected business relationships and exchange relation between different actors (Anderson et al, 1994). We chose this definition because we agreed with Cook and Emerson (1978) that the relationships may not contain common goal. Moreover, as Cook and Emerson (1978) analyzed that the exchange relations may be positive or negative. A positive relationship with actors would result in positive exchange with other and established stronger connection whereas negative relationship would result stopped the relationship. This concept was more appropriate in explaining the network as a process and its dynamic nature, which is emphasized in the thesis.

(ii) Network as structure
Network could also be interpreted as structure. An organization contain formal or informal linkages between firms that have complementary assets, technological or marketing relations (Kassinis, 2001) Formal network included banks, accountants, lawyers, other agencies and business associations. It could be considered as the relationships of companies were formed with explicit contracts or agreement. Examples were like trade association and regulatory commission. This type of relations was without personal connection to the company owner or managers from the beginning (Birley, 1985) Another was informal network such as family, friends and formal colleagues. This group of people might not be involved in the business but they were reliable and easily to contact (Birley, 1985) It was the relationship without the agreement or contract.

Besides informal and formal network, Aldrich (1999) distinguished two types of ties: strong tie and weak tie. Strong ties, could be defined as receiving support from friend and family, which had important impact on business survival. It was activities between nodes and actors involving emotional investment, trust, reliability. Usually the strong tie was emphasized during the early stage of a new venture because it could provide a ready and low-cost link to valuable resources (Starr & Macmillan, 1990). Weak tie was interpreted as support from business partners and acquaintances. It was the relationships with customers and suppliers etc. The weak tie would usually need less investment as compared with strong tie, but it can often obtain vital resources and know-how. The information and ideas are more efficiently spread through weak ties (Granovetter, 1983)

2.2.2 Classification of Networks
In order to get a better insight into classification of networks, we would apply the
classification provided by Perry (1999) and divided small and medium enterprises (SMEs) network into four types. Although this thesis is not investigating SMEs, we still thought that it is appropriate to explain the types of networks of business in general. Those four types are personal and ethnic networks, community-based networks, organization networks and buyer and supplier's networks. The four types of networks could be overlapped and connected with each other. However, Perry (1999) analyzed merely the business networks while other non-business relations were absent. These non-business actors such as government and embassies were crucial to whole network system. As embassy would be included on ethnic network, so in this thesis we would suggest only one more network: governmental network.

(i) Personal and ethnic networks
These types of networks are established through the relationship with family, friends and acquaintances which are often constructed around social networks. The network is affected mainly by two forces (Szarka, 1990). a) The personal network of relations with particular person and the businesses activities to which they were involved and; b) a broad cultural dimension in which participants manage and transform values, attitudes and behaviors that could decide the nature of the relationships formed. Ethnic network also plays a crucial role in assisting entrepreneurs to start a business, especially for the initial stage of market entry in a foreign market. The international entrepreneur could obtain assistance by establishing relationship with the people from same origin. It would be easier for them to make contacts with and gain knowledge and resources such as administrative support from them. The ethnic network would act as informal business incubator and assist the international entrepreneur to establish their business by providing those physical and intellectual resources (Greene and Butler, 1996) The strength of social networks was developing the depth of trust and commitment among family and close personal associates, both as managers and employees within the business and as suppliers, customers or business advisors. (Werbner 1984, in Perry, 1999)

(ii) Community-based networks
This type of network is restricted within a particular industrial area and the company reinforces their competitiveness through inter-firm cooperation. The distinctive characteristics are dependency of the firm, disaggregation of the value chain into independent, specialized activities, shared norms and cultural and social factors that facilitate inter-firm cooperation (Perry, 1999). Consequently the information was spread and shared in the particular geographical area. The advantage of this network is that, technology or innovation could be acquired without having a strong tie with a
single firm. But this type of network emphasized on locality and those advantages would apply only within particular industrial districts, outsiders were hard to share those resources. Silicon Valley, Industrial districts in Japan and Baden-Württemberg were typical example for this type of network.

(iii) Organizational networks
This type of network is mainly connected by relations of ownership, investment or shared membership (Perry, 1999). A company’s business would depend heavily on the degree of cooperation and integration with other parties. However, the accessibility of each firm is limited due to ownership issues as every company would have their responsibilities and keep their own operations. Examples of this kind of network are industry associations, strategic alliances, business groups, franchising and trade association. The objectives of the organizational networks were to share the resources, information and technology between other actors with the network. (Perry, 1999) Additionally it was specially applied to small business to obtain more resources through joint venture and strategic alliance. Examples of this network were Keiretsu in Japan and local trade association of Gnosjö in Sweden.

(iv) Buyer-supplier networks
This network was established through relational contracting or ongoing relations of exchange, interaction and mutual development between two or more firms (Sayer & Walker, 1992). Within the network, the actors required a certain degree of commitment and involvement in order to facilitate mutual development. In contrast to other network, buyer-supplier network was focus on long-term relationships. The actors within network were looking for continuous competitive advantages by sharing information and cooperation. Further to that, the relationship between buyer and suppliers had changed to be more formalized by establishing different agreements such as supplier partnerships and technology development agreements, just-in-time delivery schedules, evaluation programs. Those agreements might provide a guideline to buyer choosing the preferred providers, but it increased the uncertainty for the suppliers.

(v) Governmental network
Besides the business actors, the non-business actors are also very important. One of the important actors is government. There were already researches investigated the role of government in new industry creation. (Spencer, et al., 2005) Also some of the scholars emphasized the cooperation of government and firms (Hadjikhani & Thilenus, 2005; Ring et al., 1990) Examples of this kind of network were the network
with regional government and different governmental organization. The objectives of governmental networks were that the company could acquire more information and resources from local government. It was particularly vital for business creation in foreign country. Governmental network could assist them to obtain comprehensive information of host country in order to deepen understanding for the potential market. For example in Sweden there are some governmental agency such as ISA and ALMI that would assist foreign investors. The Swedish local government, Kommun (Municipality) could also provide further information in particular to that region.

2.3 International Entrepreneurs and Networks

In the past decade network theory has been rapidly developed but it was not easy to observe and difficult to analyze (Birley et al, 1991, in Perry 1999, p. 32). In general, it is believed that network is a powerful tool for entrepreneurs to develop their business especially in the early stage of business development. (Dubini & Aldrich, 1991) In this thesis we would review the various ways in network relations and structures from the perspective of international entrepreneur(s). From the theoretical point of view, international entrepreneur theory had a close relationship with network, and some of the researchers have already attempted to analyze these two theories together There were lot of research done (Oviatt & McDougall, 1994; Coviello & Munro, 1997; Chetty & Campell-Hunt, 2004) to demonstrate the effect of network in helping international entrepreneurs gain resources but few studies indicated the initiative of international entrepreneurs and their involvement in the network. Networks contain many actors and not many studies mentioned the influence of individual actors in the networks. The function of network was generalized as providing resources to overcome the entry barrier and foreign market entry.

**Entrepreneurial network**

Network is seen as crucial in starting up a business abroad. Entrepreneurial network at the point of start up emphasized the exchange relationships between actors and the economic and social effect from these exchange relationships (Etzioni, 1988) The high degree of social network is emphasized in the entrepreneurial network. The social network concept aimed to explain the creation of network, development and growth of the firm (Aldrich & Zimmer, 1986) And personal network could be considered the most precious resources to develop the business (Vesper, 1980; Birley, 1985; Jrillo, 1989; Ostgaard & Birley, 1994)

It was believed that entrepreneurs establish their business through existing social network of friends and acquaintances (Johannisson, 1987; Johannisson & Nilsson,
1989) Birley (1985) ranked different relationships in entrepreneurial network in her research and she concluded that the most important for the new firm was informal contacts, mainly business contacts. The founder of the company would rank family and friends and these relations was a powerful tool regarding to seek location and employees. Compare with informal network, formal network became less important. However, she concluded that both relations were required for the entrepreneur, and an efficient network could be obtained as “one in which, no matter where the entrepreneur enters the network, his needs are diagnosed and he is passed around the system until he gathers the necessary information and advice.” (Birley, 1985, p. 1506)

2.4 Market Entry
In this section, we will study market entry and further probe on market entry process in network approach that would lead us in our research focus.

2.4.1 Market Entry as process
Traditionally, foreign market entry is treated as a result of strategic planning. It was a decision made by the management and implemented in chronological orders. Generally the management would consider certain factors such as country and market screening, choosing target market and target product, considering the relation between foreign and total sales and finally, deciding on how to enter a target market (Blankenburg-Holm, 1995, p. 376), which was the mode of entry (Douglas & Craig, 1983; Root, 1987). However, we found that this explanation has failed to show a full picture of foreign market entry. The studies mentioned simply analyzed the decision of entering a foreign market rather than interpreting how to enter the foreign market. In order to explain foreign market entry in a more comprehensive way, we chose to explain the foreign market entry as a process. “The entry process is seen as interaction and largely unpredictable development in which the firm acts on events and adjusts its performance during progress (Kinch, 1991; Lee, 1991). This idea of was supported by Blankenburg-Holm (1995) as she further explained the difference between the existing theory on foreign market entry and the foreign market entry in network approach.

Blankenburg-Holm (1995) mentioned that it would be more suitable to show foreign market entry process in network approach because it would be closer to the reality of our world. In the received theory interpreted, the firm was the only identified actor in market entry; other actors such as potential customer, suppliers were passive and not identified. However in the real commercial world, the firm would usually be in a
network which involves a lot of interaction with other actors. Sometimes the interaction could even influence decision making of the firm. Also, by the allocation of resources, the received theory suggested that this process was an intra-firm matter; the firm distributed the resources and controlled them alone (Blankenburg-Holm, 1995). It is undeniable that the firm controlled the internal resources, but besides the resources of company, there were some resources which would be provided by outsiders. Blankenburg-Holm (1995) suggested in network approach that the allocation of resources were an inter-organizational dependence and creation instead of intra-firm resource allocation. The companies were depending on each other, which thus reduce the control of their own resources and give this right to other actors within network (Johanson & Mattsson, 1985). Through the exchange of relationships, the companies could obtain more resources and even created resources among the network. This situation could particularly applied to small business such as SMEs. In this thesis, we adopted the idea illustrated Blankenburg-Holm (1995). We agreed with Blankenburg-Holm (1995) that the market entry should be described as a process rather than a strategic planning and the process could be demonstrated in network approach. We would further develop the market entry process based on Blankenburg-Holm (1995) and distinguish the process into different stages in order to gain better understand of the changes and development of market entry process. However, we would analyze the market entry from a perspective of entrepreneur, an individual or individual group, rather than a company view. We aimed to interpret how international entrepreneurs enter a foreign market through networks.

2.4.2 Market entry modes
Roots (1994) defined entry mode as the means of company to enter a foreign market by firm’s product, technology, human skills, management or other resources. Once company intended to enter a new market, it required deciding the entry mode suitable for that market. Firm could choose a wide range of entry modes such as exporting, licensing, franchising, joint venture and sole ownership or market entry. Different entry modes indicated company’s various levels of commitment, risk taking and control to foreign market (Pan & Tse, 2000) In this thesis, franchising was adopted by selected international entrepreneur to enter Swedish market. The franchiser provide names, brands and marketing support to franchisee, and also equipment, experience and knowledge assisting franchisee to start a business. However, the franchiser obtain low control of daily management and operation, franchisee had large freedom to develop their own business (Erramilli et al, 2002) Moreover, as the main purpose of this research is to understand how network support international entrepreneur to enter Swedish market, market entry mode would not be emphasized in the thesis.
2.4.3 Market entry as a process in network approach

According to Blankenburg-Holm (1995), the network approach views “foreign market entry as a fruit to cumulative process with taking into account that the enterprise has to consider and reconsider its actions as situation change in the market entry process”. (p. 376)

As of most market entry process, there are imperfections in information access and challenges face in the ever-changing conditions. This could complicate the division of the entry process into sequential steps in a strategic plan both theoretically and practically. The entry process is seen as an interactive and largely unpredictable development in which the firm acts on events and adjusts its performance during progress (Blankenburg-Holm, 1995) A model was introduced by Blankenburg and Johanson (1992) in order to explain the different stages in the market entry process (Figure 2.2):

![Model for a foreign market entry process](image)

Figure 2.2: Model for a foreign market entry process from Blankenburg-Holm and Johanson(1992)

The core element of the model divides the market entry into three phases: search phase, project phase and establishment phase and analyzed those phases in network
approach. Every phase contained three important opponents: actors, resources and activities. For entering a foreign market, the companies (actors) established relationships with others through different activities in order to acquire resources and control resources (Håkansson, 1989). In the search phase, the company aimed at collecting information about target market. In the project phase emphasized to develop relationships and build contact network. Through network, the company obtained more information and drafted its entry decisions. Finally in establishment phase, the company has already built up a broad network and started the operation.

The diagram did not only emphasize on the different stages but also showing the position and environmental factor of company in the market entry process. Position in the model was defined as “the role of company, its contribution to the market process entry and the strength of its relationships with other actors.” (Ghauri & Holstius 1996, p. 78) And environment could include political and legal factors, economic factors, infrastructure, level of technology and cultural differences which may influence the actors, their behavior and activities, as well as the availability and exchange of resources in the process. (Ghauri & Holstius, 1996, p.77) In every phases had different position of the company, it could be in a stronger or weaker position in particular type of networks.

SECTION II: CONCEPTUAL FRAMEWORK
This research will be based on international entrepreneurs who start up their business in a foreign country, in this case, Sweden. The focus is on the market entry process in network approach.

In this dissertation, we will study the characteristics of entrepreneurs and international entrepreneurs along with their motivation and opportunities recognition. As network is the approach taken, various types of networks will be analyzed. Next, the relations or interrelations between international entrepreneurs with networks will be studied to show how this affects the market entry process to a point of realization. Market entry realization in this case implies that the enterprise has developed its relationships in the new and foreign market with intention for a long term business in it. The firm should also have reached a position in the new network where it is playing an accepted role in the perspective of actors in the market, enjoys trust and has achieved a volume which the business deemed profitable. (Blankenburg-Holm 1995, p.381). Market entry is being described as a dynamic process in this thesis. Scholars such as Anderson and Gatignon (1986), Buckley and Casson (1998) portrayed foreign market entry as a static point, In this thesis, market entry is described as a dynamic process.
and not static point. Our interest is in line with a study by Blankenburg-Holm (1995) who had attempted to explain the market entry process in network approach. As such, to define the thesis, a conceptual framework is developed using an adaption of the model by Blankenburg-Holm and Johanson (1992). We shall explore the stages based on the model with our subject matter, in this case, international entrepreneurs and interpreted the model as following:

![Figure 2.3: A modified model for a foreign market entry process](image)

The first stage will be the search for opportunity phase. This is an exploratory stage whereby opportunities are being explored and weighted. It is generally assumed that opportunity seeking has a core role in entrepreneurship studies (Ghauri et al, 2005). A further understanding of the nature of opportunities may be gained by considering how you find an opportunity. Findings may be a result of search or discovery. Searching, in our understanding is a deliberate action whereby the objective of the search is known for example an entrepreneur search for business opportunities in line with his/her interest. However, in real life, things may not happen as planned. The entrepreneur might stumble upon unexpected circumstances which lead to discoveries of opportunities. As quoted by Ghauri et al (2005) “A discovery may also be a result of someone else approaching you with an offer, request or proposal” (p.3).
The second stage was an establishment phase, it was the stage that international entrepreneurs begins to contact networks and develops relationships (Johanson & Mattson, 1988). In the network model, there were main three elements: actors, resources and activities. Håkansson and Johanson (1992) described relationship between actors, resources and activities within the network. Actors were defined as the person who perform activities and/or control resources. Resources were means used by actors when they perform activities. (Håkansson & Johanson, 1992, p.28) The actor would make use of certain resources in order to alter other resources in many ways. The firms would acquire resources such as the foreign market knowledge, marketing, financial and managerial resources and competitive advantages through collaboration with network partners. (Johanson & Mattson, 1988; Coviello & Munro, 1997)

The final stage will be the realization of market entry process phase. By observing market entry as a process, it may be a challenge to identify the point at which the process has reached the point of realization. As observed by Blankenburg-Holm (1995, p.381), “realized market entry process implies that the firm, with long term business basis, has developed exchanged relationships in the foreign market”. Thus, the firm should have reached a point in the network where it plays an accepted role, enjoys a considerable amount of trust, and has achieved a volume of profitable business breaks. The firm has modified its structural position with new exchange relationships and extended its network context to comprise the new market. Although a firm fulfills the criteria of realized market entry, market entry process and realization is not a static situation. In order for a firm to keep going, grow if not sustained, it will need continuously to maintain and develop its position. Hence, the entry state is not final, since the interactions in the network will imply a continuous change of the firm’s context and consequently of its business activities. “The definition of realized market entry relates to a certain activity focal firm and only the relevant network context of this activity” (p. 382).

In order to realize the market entry process, international entrepreneur is acting as a decision maker in the whole process. Right decision making is viewed as the main factor for entering a foreign market successfully. Form the network approach, an international entrepreneur is responsible to choose to enter different network in order to gain resources and opportunities. As suggested by Leonidou et al. (1998), the decision was made regarding to international entrepreneur’s own subjective (Attitudes, perception, personality and behavior of decision maker) and objective (education background, knowledge and foreign country experience of decision maker).
The market entry process of a firm is the result of the interactions between actors of the firm and the network. The interactions were an effect of the situation in the network and the firm, and, on the other hand, this might cause changes in the firm and among the network actors with different types of network which brought the international entrepreneur closer to realization of foreign market entry (Blankenburg-Holm, 1995).

Moreover, environment was an important factor affecting every phases. In the thesis we have emphasized only on the geographical location to benefit the international entrepreneur to enter a foreign market. And we define position as the role of international entrepreneurs instead of a company. Each phase of market entry process contained different position of international entrepreneur.
CHAPTER 3: METHODS

In this chapter will explain our choice of research method: qualitative method. The process will begin with collecting primary data and secondary data. Primary data will be mainly collected by interviews with selected respondents whereas secondary data is from different literatures and internet material. The collected data will under coding, consequently the relevant data will display in empirical findings and analysis part; and it will assist the authors to come up the conclusion. Moreover, the validity and reliability also be discussed in this chapter.

3.1 Research Design
In regard to research methods, there are two research approaches entitled qualitative and quantitative. A quantitative method is used for measuring data in order to analyze different phenomena and the connection between them. A qualitative method is emphasized on interpretation and understanding. For example explaining the behavior of people and group, it is based on those information collected in research. A qualitative research approach will be adopted in this thesis. This approach is taken as it can help the researcher gain better understanding of research problem by providing detailed information of the subject. It is usually carried out by interviews, case study and observation without statistical and scientific measurement. The main purpose of this approach is to understand the phenomenon studied and describe the condition.

Yin (1994) suggested five strategies can be used in the research: experiments, survey, archival analysis, history and case study. Each of the strategy is suitable for different situations and the researcher can choose the most appropriate method under three conditions: (a) the type of research question posed, (b) the extent of control an investigator has over actual behavioral events, and (c) the degree of focus on contemporary as opposed to historical events (p.4), table 1 is shown the five strategies with these three conditions:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control over behavioral events</th>
<th>Focus on temporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, How many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, how</td>
<td>No</td>
<td>Yes/ No</td>
</tr>
<tr>
<td></td>
<td>many, how much</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>History</td>
<td>How, why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 3.1: Relevant situation for Different Research Strategies (source: COSMOS Corporation in Yin (1994), p.6)

The choice of the methods depend on research questions (Yin, 1994), “What” questions may either be exploratory or about prevalence. And “How” and “What” question is likely to use case studies, experiments or histories (p.7). As this research is focused on analyzing how the international entrepreneurs enter the foreign entry process and realize the whole process in network approach, it is more appropriate to choose the latter. Moreover, among those strategies mentioned in the latter part, a case study is used in the thesis. We chose case study because it is preferred in examining contemporary event (Yin, 1994), which explains the on-going process in the commercial world.

3.2 Selection of respondents
As mentioned above, the main purpose of this thesis is to explain how international entrepreneurs enter a foreign market in network approach in Sweden. For gaining a better understanding of the topic, we have selected one entrepreneur that started up a business overseas. For choosing an appropriate respondent, we have collected information from journals, dissertations, websites such as chamber of commerce from other countries in Sweden and personal contact. After analyzing those information, we chose four international entrepreneurs may relate to the thesis. We tried to contact them by email in order to gain better understanding of their background. Finally we received two responses and only one international entrepreneur was relevant to our research: Mr. Rob Sanders. Mr. Rob Sanders is from Holland who had come and started up a company in Jönköping, Sweden. Mr. Sanders moved to Sweden because of business opportunity so his profile fits with our thesis focus. Mr. Sanders could provide a good example of an international entrepreneur who discovered and exploit opportunities abroad.

In order to gain full picture of market entry in Sweden, especially in Jönköping, we have interviewed the Invest in Sweden Agency (ISA), Mrs. Anne-Marie Hagström-Hirschberg by email. Mrs. Hagström-Hirschberg is the manager of “Location Scandinavia”. She is responsible in assisting international entrepreneurs
who invest in Sweden, particularly in Jönköping County. Mrs Hagström-Hirschberg could provide us with insights on how ISA could help international entrepreneurs build business networks and make contact with potential commercial players, regional partners and relevant authorities.

3.3 Data collection
According to Saunders et al (2003), data can be collected from primary and secondary data.

3.3.1 Primary Data
According to Saunders et al. (2007), primary data are collected by three sources, i.e. observation, interview and questionnaires. As questionnaires are more suitable for explanatory researches required a lot of numerical data, it would not be selected in this thesis. We chose observation and interview to collect primary data. As suggested by May (2001), observation "encourages researchers to immerse themselves in day-to-day activities of the people whom they are attempting to understand" (p. 148) It was useful for authors to explore the characteristics of international entrepreneur: Mr. Rob Sanders in the case study. Simultaneous to the face-to-face interview was being conducted; we made our observation on Mr. Sander’s personality and surroundings to relate to our study. The interview lasted for three hours in Monkey town Sweden and we were assured that it is a sufficient period of time for the interview to be conducted without having to rush. Furthermore, the interview is held within Mr. Sanders’ business vicinity, during a non peak business period, thus within a comfort area for both respondent and interviewers. Besides observation, Interview was chosen in this thesis. Interview particularly applied to qualitative researches. It has been conducted with international entrepreneur: Mr. Rob Sanders and ISA agency: Anne-Marie Hagström-Hirschberg.

3.3.2 Secondary Data
A wide range of secondary data was extensively used in this thesis. Secondary data is defined as data that were previously collected and assembled specifically for project at hand. The secondary data would be used including scholarly journals, newspapers, internet material and literatures which may also contain some existing documents specific for subjects. For Mr. Sanders, we used the information at Monkey Town Sweden homepage (http://www.mnkeytown.eu/Jonkoping/index.php) and a thesis for interpreting Monkey Town Sweden as case study. For collecting some data of ISA, we mainly collect the information from ISA homepage (http://www.isa.se) and the publication by ISA.
3.4 Research Methods
The information from the case study will be derived mainly from interviews and existing documents. The interview could be designed as an open interview and semi-structured interview. According to Fisher (2007), “an open interview is controlled by respondent, whereas the structured interview is controlled by researchers.” (p.159)

The method implemented in this research will be semi-structured interview with open-ended questions and follow-up questions prepared in advance. Besides that, some unplanned questions could also be asked (Morse & Richards, 2002). This “allows the respondent to have much latitude to respond to the questions in the ways that seem sensible to them” (Fisher, 2007, p159) In this thesis, a subject in relations to the thesis were provided with interview questions and guidance in advance in order to prepare themselves for the interview. The first interview was conducted with Mr. Rob Sanders in person. It covered two parts: question specified with characteristics of international entrepreneur, market entry process and general company information. Another interview was conducted with Mrs. Hirschberg by email. Email was chosen due to time constraint and availability of interviewee. It contains questions focusing on the role of ISA in assisting of Sweden Agency (ISA) for the international entrepreneur to invest in Sweden especially help them establishing a business network. We have conducted a follow-up interview with Mr. Sanders and Mrs. Hirschberg by phone. During the interviews, we asked further questions in order to gain a deeper understanding of the subjects and more detailed information in relations to the research.

3.5 Data analysis
The purpose of data analysis is to gains insight from the collected data. To be more accurate, “data analysis is the process of bringing order, structure and meaning to the mass of collected data” (Marshall & Rossman, 1995, p.111) The process of data analysis will be divided into three parts: (1) data reduction, the data will be selected and focused on the information related to the research. (2) Data display, data is well-organized to draw the conclusion. (3) Conclusion drawing, the conclusion will be established after analyzing the data. (Marshall & Rossman, 1995, pp.206-207)

3.5.1 Data reduction: Coding
Coding is the process of how researchers draw out usable materials from all collected data. It is the initial step in analyzing the data. It involves identifying themes, dividing research material into chunks or units, and allocating the units to the themes. (Fisher, 2007, p. 181). Coding can be divided into three steps: process data, analyzing the data and interpreting the data (Trost, 2005, in Dohlnér & Grom, 2006). These three
steps are interrelated and can be implemented at different time or at the same time. In this thesis, the primary data from interview will be collected and it will be applied to empirical findings. The interview was recorded in order to allow the researcher to review the data again after the interview. (Trost, 2005, in Dohnér & Grom, 2006). The researcher then created a sheet of paper written all the themes and listen to the tape again. Then after, the researcher would then select usable data related to the major theme or issues related to the thesis. (Fisher, 2007)

3.5.2 Data display and conclusion drawing
The data would be presented in both empirical findings and analysis. The empirical findings contained both secondary and primary data and it would be analyzed refer to the theoretical framework and the conclusion would be drawn from the analysis. In research the author selected data related to international entrepreneur enter foreign market by networking and presented the case study of selected international entrepreneur in empirical findings. The data was examined and interpreted in analysis part and finally drew the conclusion.

3.6 Validity and reliability
A qualified research must contain a high degree of validity and reliability. And they would be further explained as follows:

3.6.1 Validity
According to Christensen et al (2001), validity is a measure of whether the study measure what it is supposed to measure. Therefore, a high validity can be interpreted that the research are concurrent with its purpose. In order to validate our research, we collected the data and selected base on the research purpose. For example, we fully explained our aim before conducting the interview and assure that those questions are referred to research purpose. Further into our writing, we had follow-up interviews in order to gain deeper understanding and information which we realized were essential for the thesis.

Considering external validity, Lincoln and Guba (1985) indicated that external validity or transferability can be interpretatively and qualitatively suggested by the researcher, this showed how the research can be generalized to be applied to other populations and situations. However, it is hard for the researcher to judge whether the research can fully represent the full picture of the population. For example our research analyze the market entry process of international entrepreneurs, however, it is hard to apply those findings to every international entrepreneur in general. Therefore, Lincoln and
Guba (1985) suggested shifting the responsibility to the readers to assess its validity. The researcher is responsible to provide detailed information to readers to make the judgments about transferability.

3.6.2 Reliability
A reliable research should be able to replicate with the same results. The research must provide clear research methods and process so that it will be possible for other researchers to repeat it in the future. All references are listed out at the end of thesis and the methodology part demonstrates how the research has been implemented. For reinforcing the reliability of collected data, we sent a copy of our empirical data of this thesis to our subjects: Mr. Sanders and Mrs. Hirschberg for validation. However, some of the data of the thesis was based on interviews, which is highly dependent on the respondents’ information in the data collection at the point in time when the interview took place. The subjective opinions may affect the reliability of the research. Although we believed that the resources from the respondents are trust-worthy, it cannot be guaranteed that the interviewees will have the same points of view in the future.
CHAPTER 4: EMPIRICAL FINDINGS

This chapter will present the materials collected from both primary and secondary data, the information will be supporting evidences to our analysis that follows in the next chapter. As the thesis studied how an international entrepreneur manages the market entry process in network approach in Sweden. We have found and chosen to study a market entry process of an international entrepreneur: Mr. Rob Sanders who owns an indoor children playground-entertainment in Huskvarna - Jönköping, Sweden. In order to gain a full picture of our research in market entry process deeper understanding on factors that would affect our subject focus, we will analyse also the location in this case, the Jönköping County and Sweden.

4.1 Location choice for market entry
The government agencies such as the Swedish Trade Council and the ISA promote Sweden in international markets and attract more foreign investments in Sweden. (Government Office of Sweden, 2009). Benefits and incentives are provided with the aim to encourage continuous innovation with intentions of structural adaptation to change market condition. The Swedish government aims at generating more employment in certain regions of the country through its regional policy. A wide range of regional support in the form of financial and facilities are provided as incentives for investing in the targeted regions.

4.1.1 Background of investment in Sweden
(i) Good R&D facilities
Among the R&D expenditure with other countries, Sweden is one of the top R&D spender, about 3.7 of GDP (IMD, in ISA report 2008/09). It is common that in Sweden many companies have close relationship with Swedish universities and research institutes. As compared with other countries, Sweden is placed third on university-industry collaboration (World Economic Forum, in ISA report 2008/09) Some of the universities have conducted specific research for the business industry, such as Lund University that is researching innovative logistic systems-food safety and Jönköping International Business School is analyzing the transport and distribution system (ISA, 2008). These showed Sweden as a location with knowledge and technological advantage which could provide potential innovations and conducive for entrepreneurial activities

(ii) High innovation
One of the most important elements for a new company is innovation. According to the Global Summary Innovation Index, Trend chart in 2007 (in ISA report 2008/09, refer to Appendix 4), Sweden is second in ranking in EU25 and other OECD and non-OECD countries. The high rank in innovation index proves that Sweden has a good development in innovation driver, knowledge creation, applications and intellectual property. (Global Summary Innovation Index, in ISA report 2008/09). Moreover, Sweden ranks second place for capacity for innovation of the world in 2007 (Executive Opinion Survey: World Economic Forum (2007), in ISA Report 2008/09). It is believed that high innovation can attract more entrepreneurs for investment.

(iii) Various organizations assisting international entrepreneur in entering the Swedish market

Another distinguished advantage of Sweden is that many organizations could help international entrepreneurs in starting businesses. They are given support by the government agencies and institutions. In this thesis, we will analyze three of them namely Invest in Sweden Agency (ISA), ALMI and the Swedish Business Development Agency (NUTEK).

(1) ISA

ISA is a governmental organization that promotes investment opportunities in Sweden to potential overseas investors and entrepreneurs. It acts as business facilitator providing entrepreneurs with professional assistance. Entrepreneurs can acquire comprehensive information for starting business from ISA and its regional and international network. ISA has offices in different countries such as Japan, India, North America and China, in order to provide the comprehensive information for the potential investors (ISA, 2008).

(2) Tillväxtverket (Swedish Agency for Economic and Regional Growth)

The aim of the Swedish Agency for Economic and Regional Growth (Tillväxtverket) is to achieve more enterprises, growing enterprises and sustainable, competitive business and industry throughout Sweden (Tillväxtverket, 2008). The operations of this agency include the areas previously belonging to Nutek (The Swedish Business Development agency) which was the government agency that supervises regional development support. Decisions on support are only made by the Swedish Agency for Economic and Regional Growth or by the government (Ministry of Industry and Commerce) in important or exceptional cases. Regional development support includes grants for investment in tangible fixed assets, product development, research,
marketing and training. There are different forms of regional support for enterprises and other operations choosing the right location for establishment or growth. This agency is thus one of the contact points for foreign investors who are seeking for assistance to establish businesses in Sweden (Tilvaxtverket, 2008).

(3) ALMI

ALMI Enterprise Partner (ALMI Företagspartner) grants loans on favorable terms, primarily to newly established companies. The purpose is to create growth and renewal of the trade and business by means of financing in combination with business development. ALMI works in regional approaches which thus result in deeper knowledge in the conditions of its local environment.

ALMI provides financial help in all types of business provided. ALMI however stressed the importance of business idea evaluation, management skills and market potential. Besides that, ALMI offers professional advice and several programs designed to improve skills for increased competitiveness. (ALMI, 2008)

4.1.2 Background of Investment in Jönköping County

With its long entrepreneurial tradition, Jönköping County has become Scandinavia’s most industrious region. It is therefore unsurprisingly one of the most popular choices of venue for entrepreneurs, both domestic and international, choose for starting their business. (Jönköping County)

(i) Location & Networks

Strategically positioned, Jönköping County has developed into a natural place for trading and meeting since the ancient years (Appendix 3). Now, the location advantage is more obvious. Jönköping can be reached of the main three metropolitan regions of Sweden namely Stockholm, Göteborg and Malmö. About 80% of Swedish population lives within 350km radius (Regionjonkoping, 2008). This implies that businesses could reach to a wider market and most importantly the convenience in terms of business delivery. Goods can be delivered to the Baltic States, Russia and other northern and central Europe areas within a day. Moreover, well-established transportation systems such as Jönköping airport made communications more convenient.
Besides that, Jönköping is known for its strong business networks and cooperation between the business and public sector helped in producing successful initiatives in various fields. (Jönköping County Report and ISA)

(ii) Knowledge and Research

Further, the university in the county, Jönköping University, through links with the business community, contributes to the development of the entire region, with the establishment of the Science Park, a creative environment for new and expanding knowledge-based companies. (Jönköping County Report)

The Science Park is located near Jönköping University where plenty of research on entrepreneurship, leadership and business renewal especially on SMEs are done. Besides that, the Science Park provides opportunities for students and budding entrepreneurs in developing their business. (Jönköping County Report)

(iii) Cost advantage

In establishing business(es), Jönköping has plenty of competitive advantages as compared to other cities in Sweden. For example, the price of real estate is relatively lower (regionjonkoping, 2008). Thus entrepreneurs spend less in purchasing or rental of warehouses, offices or accommodations. Moreover, according to information provided by ISA, labour cost and cost of living is lower than other urbanized areas such as Göteborg, Malmö and Stockholm. (Regionjonkoping, 2008)

With the above-mentioned advantages, Jönköping does not only attract local entrepreneurs but foreign investors and entrepreneurs as well. According to statistics presented by Swedish Institute for Growth Policy Studies (ITPS) for a ten year period of 1995-2005, the number of new enterprises and business set ups increased from 868 to 1121 (Appendix 2, table 1). The types of business vary, from professional consultancy firms to hospitality services. One out of five newly established businesses is owned by individual(s) with foreign background (Appendix 2, table 2).

According to Marie-Anne Hagström Hirschberg, manager of Location Scandinavia, ISA helped 56 foreign entrepreneurs to establish businesses in Jönköping in 2006. She also mentioned Jönköping attracts entrepreneurs from Germany and Holland in particular and ISA Jönköping have been providing support for them.
4.2 Case study: International Entrepreneur Mr. Rob Sanders of Monkey Town Sweden in Jönköping

In this case study, we will explain how Mr. Rob Sanders entered Swedish market and established Monkey Town Sweden. The case study will begin with interpreting the personal background of Mr. Rob Sanders and how this relates to the decision of developing the business in Sweden. Afterwards, we will explain his consideration for entering the Swedish market and the obstacles he faced during market entry. This will be followed by Mr. Rob Sanders response in dealing with the problems.

4.2.1 Personal background

Mr. Rob Sanders came from Holland in 2007. Prior to that, Mr. Sanders has had many years of working experience in a Toy Industry. Mr. Sanders had discovered information on potential opportunities in Sweden through an immigration fair in Holland and through which he discovered that there were quite a number of Dutch who had moved to Sweden and among them were some who had started their own businesses in different parts of Sweden, Jönköping being one of popular choice of location. This event had created Mr. Sanders interest towards Sweden.

Later on, in the summer of 2005, Mr. Sanders decided to check Sweden out by having a vacation with his family. Among the cities visited were Huskvarna – Jönköping and that was where he found an opportunity. The idea of starting an indoor entertainment centre for children arose as he saw the market potential with the number of children and lack of such facility in the vicinity. Monkey Town was developed two years later.

Entrepreneurial Characteristics

As our research is focused on international entrepreneur, besides interviews, we had done observations on Mr. Sanders personality in our perception. Mr. Sanders gave us an impression as an energetic, motivated, sociable and an easy going person. He is full of creativity and not only plan but is a doer. He has a pleasant personality which made him easy to talk to. He was willing to share his experiences and through his stories, we manage to collect our data and analyze our findings in the later chapter.

4.2.2 Company profile

Monkey Town in Sweden is a franchise. The first Monkey Town was established in Holland. In total as of now, there are three Monkey Towns in Holland, one in Germany and one in Sweden. The Monkey Town in Sweden is solely managed and run by Mr. Sanders and his wife. He founded the Monkey Town at Jönköping in 2007 thus as of the date of this thesis, it has been established for around two years. Recently he has
made future plans to expand Monkey Town Sweden.

4.2.3 The main considerations for starting a business in Sweden
According to Mr. Sanders, the main consideration is the location and availability of customers, in his case, children. Mr. Sanders targeted market are children, therefore it is crucial for Mr. Sanders to consider a location whereby the population of targeted customers are sufficient to support his business. As he mentioned, according to his business financial plan and market research conducted by Mr. Sanders, he would need around 35,000 children/customers living in the vicinity in order to ensure that his business get supported. Jönköping, being an industrial area which attracts younger families with young children thus provide Mr Sanders with the number of customers needed.

4.2.4 Market entry process
As mentioned earlier, Mr. Sanders discovered the business opportunity when he visited Sweden. He found out that there were rooms in developing businesses with children as the target market. Children indoor entertainment business was virtually unavailable in the vicinity that he was aiming at. In Holland, the same type of business-market is in demand but more saturated than Sweden. Upon foreseeing the potentials, Mr. Sanders decided to start the business in Sweden.

As mentioned by Mr. Sanders, the process to enter the Swedish market is rather quick. Mr. Sanders realized that the best way for him to start a business was through franchising. His past working experience gave him some contacts with the children entertainment industry players, one of them being Monkey Town in Holland who gave him franchising agreement contract. However, through the franchise agreement, Monkey Town Holland could only provide Mr. Sanders with rental of equipments and technical advices. Mr. Sanders had to seek other crucial information on how to start the business in Sweden on his own. Thus, he searched the information of foreign investment in Sweden on internet and he knew about ISA, a Sweden government agency might provide him more information, so he tried to contact them. ISA is government agencies that mainly provide the assistance to invest in Sweden. He had also searched for useful information in the internet, where he found a number of Dutch entrepreneurs who were sharing their experience online. He also managed to get some connections through ISA, for example, he got to know the recent landlord for his venue through ISA. Mr. Sanders searched for suppliers online and established business relations with them. Besides expanding business network, he also kept in touch with the local government and community: Kommun (Municipality), discuss with
them the future development of the company. Through his social and business networking, recently an electric car provider and online clothes provider approached him for possible alliances in business and marketing.

4.2.5 Obstacles
There are a lot of concerns in starting a business in Sweden. In his experience, it could be divided into 2 types: Cost and Language

(i) Cost
Mr. Sanders had to face high cost in the initial stage of setting up a business in Sweden.

Administrative
Firstly, while working on administrative matters, according to Mr. Sanders, he had to deal with some of the Swedish tax and law regulations which he was not familiar with thus he had to get himself a local professional to help him in dealing with necessary legal paper works. The service incurred more costs for Mr. Sanders.

Suppliers
Secondly, Mr. Sanders faced difficult in getting appropriate suppliers for setting his business set up. He searched for supplies such as food products and music for the venue through various means including the internet and ended up with suppliers who charged him expensively.

Marketing
In order to attract customers, Money Town Sweden had to be marketed intensively. Mr. Sanders market his business using mainly print advertising. As mentioned by Mr. Sanders, the advertising space is very high in Sweden. In the beginning, Mr. Sanders had to spend about 3,000 Kronors per day for a small advertising space in Jönköping daily post. The outcome of the marketing material was undesirable and cost him too much money.

(iii) Language Problem
Language has been one of the main obstacles faced by Mr. Sanders. When he first arrived in Sweden, he could hardly speak Swedish. This linked to the high costs incurred upon him as he had to hire translators in order to deal with official business documents. Furthermore, with the language barrier, he faced somewhat a cultural barrier when looking for suppliers. He can only seek the English speaking suppliers
through many means including the internet and ended up with suppliers who quoted high prices. Although many people speak English in Sweden, Swedish is a language more prominently used in business communications.

4.2.6 Responses to the obstacles
Mr. Sanders managed to find solution to the barriers mostly through personal experiences and learning from his mistakes. Besides that personal and social networking deemed important in this case, Mr. Sanders met a lady from Holland who had started business and lived in Sweden for 25 years. Through her, Mr. Sanders received a lot of information and tips in running a business in Sweden. Besides that, being active and social within the community both business and socially, Mr. Sanders managed to break language and cultural barriers as well as gained useful knowledge which he could use for his business. The following are some solutions to his previous problems:

Administrative
Mr. Sanders managed to receive assistance from ISA and Holland Chamber, especially for administrative documents. ISA and Business Chamber of Holland provided translation services to him. The Holland Business Chamber even have lawyer for him and acts as consultant. This had reduced a lot of cost for him and he got himself more reliable sources for help.

Marketing
After overspending on an expensive advertisement with undesirable effect, he found, by being active with the community and Kommun (Municipality) an alternative, effective and less costly advertising option. He bought an advertising space in a free Kommun (Municipality) newsletters distributed every week. He only paid 200 Kronors but was given a larger space for his advertising campaign which lasted for a week in the free weekly newsletters.

Suppliers
Having gained contacts and build relationships with his business counterparts and the community, Mr. Sanders managed to get contacts of suppliers who could provide him with the supplies needed at a much lower price. An example would be how his landlord saved him some money. He was about to order sound systems through the internet when his landlord recommended a supplier from his (the landlord’s) personal network at low cost.
In this section, we will analyze our data in line with our research questions. We will analyze the characteristics of an international entrepreneur, in this case, Mr. Sanders of Monkey Town. This will be followed with how networking helps Mr. Sanders to enter the market in Sweden. It will be analyzed as market entry process contained different phases: opportunity-seeking phase, establishment phase and realized market process phase. We also will explain the various networks that Mr. Sanders used in entering foreign market. Moreover, the environment of host country, Sweden in this case, will be illustrated to explain the location advantages to facilitate the market entry for Mr. Sanders. And finally we interpreted the degree of Mr. Sanders manages networks at the whole market entry process and the interaction of Mr. Sanders with other actors and how the resources obtained through different activities between them.

5.1 Characteristics of International Entrepreneur

According to Schumpeter (in Swedberg, 2000, p. 66) innovations are practical application of inventions and it is understood as a “new combination” of existing resources”. New combination exists in one of the five following cases: new good, new method of production, new market, and new source of supply of raw material or half-manufactured goods or new organization in the industry (in Swedberg, 2000, p. 53). Mr. Sanders brought an existing idea into a new market or looking in other perspectives, he could be seen as bringing a new product to an existing market, in this case entertainment for children.

Casson's (in Swedberg, 2000) defined an entrepreneur as “someone who specializes in taking judgmental decisions about the coordination of scarce resources. The entrepreneur is a person, not a team, committee or organization, and he is someone who has competitive advantage in making decisions” (p.83). This shows a leadership trait of an entrepreneur. This is an important aspect of an entrepreneur like Mr. Sanders who is the decision maker from the inception of the business. He does not only make decisions but in running the business. In addition, he will be the main decision maker in further innovation and potential of growth of the company.

Mr. Sanders portrays typical characteristics of an entrepreneur by being a risk taker with high motivation in achieving his desired goals in setting up a business in Sweden. Knight (1916) mentioned entrepreneurial motivation and considered entrepreneurship as a fascinating game, taking risks and being in uncertainties with the desire to excel.
Mr. Sanders perceived potential opportunities and came all the way from Holland to discover an opportunity in Sweden. He then decides, despite possible obstacles to move out from Holland and pursue his goals in establishing a business and provide potential service to the market in Sweden. Mr. Sanders' characteristics can be associated with a definition of international entrepreneur by McDougall and Oviatt (2000, p. 903) "a combination of innovative, proactive, and risk-seeking behavior that crosses national borders".

Having to move away from his home country, Mr. Sanders faces financial and emotional risk. It was an extra challenged as this decision would affect not only him but his family as well. However, Mr. Sanders, upon discovering the opportunity and without much resource especially in market knowledge, he proactively seek for information so as to make his ideas real. McDougall and Oviatt (2005) explained the four concepts of international entrepreneurship as discovery, enactment, evaluation and exploitation of opportunities across national boundaries to provide future goods and services. This theory is well aligned in the case of Mr. Sanders as he did not only found opportunity but act on it.

5.2 The market entry process in network approach
5.2.1 Three phases of market entry process
Here we will present our analysis on the three phases of market entry process as below:

(i) Opportunity-seeking phase
*International Entrepreneurs and Opportunities*
Before Monkey Town, Mr. Sanders had many years of working experience in a Toy industry and from there, he gained knowledge in the children’s entertainment industry. He understands his target audience, their demands and needs. Besides that, Mr. Sanders would have existing contacts in the industry that could supply him with the “raw materials" which in his case is the franchise of Monkey Town. The above mentioned was part of his consideration and he finally made the decision to move and start the business in Sweden and exploit the opportunity. McDougall and Oviatt (2005) interpreted exploitation as possible future development of the opportunity and would agree that Mr. Sanders did measure up to the sentence as he would not just stop upon the start of his business but constantly develop and innovate his services and products in meeting the demand of his target audience.

As mentioned by scholars (Schumpeter, 1942; Ghauri et al, 2005) opportunities and
exploration of opportunities has been a crucial concept in innovation and entrepreneurship. Ghauri et al (2005) relates opportunity to entrepreneurial alertness and spontaneity in searching for possibilities of the current and future situation. An entrepreneur, without even knowing what he is looking for, is ready to discover (Kirzner, 1989). Mr. Sanders saw a business potential while on vacation in Sweden. He noticed the environment and its potential in creating a profitable business.

Two types of entrepreneurs were identified by Smith (1967); “the craftman” and “opportunistic”. Mr. Sanders is obviously the latter type. Opportunistic was characterized by high social awareness, involvement and confidence to deal with the current and the unknown future (Smith, 1967; Manimala, 1999). He grabbed or created the opportunities with his confidence, strengthened with his social awareness and involvement which could include the existing contacts and networks.

Upon taking up the opportunity, Mr. Sanders preceded with the process in exploiting the opportunity by getting further information through appropriate channels in this case, Mr. Sanders contacted ISA and the Holland Chamber to seek help in realizing his opportunity in starting a business in Sweden.

Dimitros and Jones (2005) stated the international entrepreneurial process as indicated:

![Diagram](image)

Mr. Sanders went through the same phases in setting up his business abroad. The opportunity of setting up an indoor children entertainment centre might have existed way before being discovered by Mr. Sanders. With his entrepreneurial alertness, Mr Sanders recognized a potential business opportunity and thus exploit the opportunity. However so, Mr. Sanders would probably not be in his position right now if not for the contacts and support that he has. Scholars such as (Hakansson,1987; Ardichvili, 2003) mentioned the cooperative perspectives of opportunities in which social network is integrated thus creating firms interdependency with others in their environment.

(ii) Establishment phase

As mentioned by Johnson and Mattson (1988), upon finding opportunity in a foreign country, a firm starts to develop its networks and contacts. This reflected the action taken by Mr. Sanders, upon seeking opportunity in a particular country, he started to
develop contacts and developed networks. From the Figure 5.1: Point of time 1, it is shown that he started the business from buying the franchise rights from Monkey Town Holland. And entered the swedish market by contacting ISA, a Swedish government agency for foreign investors. He started with organizational network and government network which are weak ties. Mr. Rob Sanders chose to enter the swedish market through ISA because it can provide him with more information and necessary know-hows. ISA managed to give Mr. Sanders an opportunity to obtain related business information in a short time. Another important reason is the fact that ISA can assist him in developing business network in Sweden, by introducing potential suppliers, business partners or related organization.

From Figure 5.2: Point of Time 2, it is illustrated that Mr. Sanders has already established Monkey Town Sweden in Jönköping. He contacted the first business partner: the warehouse owner through ISA.
In figure 5.3: Point of Time 3, he rented a warehouse for him and he knew a sound effect provider through his introduction. The business networks of Monkey Town Sweden were expanding to supplier networks. Mr. Sanders also tried to find other networks to help him develop the business. They are mainly personal and ethnic networks. As mentioned before that in Jönköping there are lot of Dutch-owned businesses, they have established their businesses for many years and obtain lot of experiences during their business operations. Mr. Sanders acquired those business information by building relationships with them. Mr. Sanders met a business woman from Holland and she taught him how to operate the business in Sweden. Also, Mr. Sanders gained more business knowledge from the website which other Dutch business owners share their experiences. Also the Holland chamber of commerce, which is a commercial association especially for Dutch owned businesses in foreign countries, it provided translation and law consultancy service and offered a platform to help Mr. Sanders meeting other dutch businessmen and built relationships with them. Also the Holland Embassy had also provide him with assistance and support. Sometimes the representative of Holland embassy visits Monkey Town to ensure everything is on the right track.

Furthermore, Mr. Sanders strengthened his relationship with Monkey Town Holland, which continuously provide him with advices and updated information as well as exchanged financial information with Monkey Town Holland. The staff of Monkey Town Holland would also visit Sweden twice a year to ensure the operation is on the right track.
In figure 5.4: Point of Time 4 shows that Mr. Sanders further developed his relationships with different suppliers: supplier A, B and C. They are mainly food and drink suppliers.
However, as on figure 5.5: Point of Time 5 shows below, he had decided to terminate the relationship with supplier A due to high selling price. Mr. Sanders attempted to find another supplier offered lower price to increase his competitive advantage.

Mr. Sanders developed governmental network with the local government: Kommun (Municipality). In being part of this network, Mr. Sanders managed to keep himself abreast with information in the local community. This network is of beneficiary to Mr. Sanders; for example through the information provided by Kommun (Municipality), he knew about a potential competitor who planned to start a similar indoor playground for children not far from his business location. Referring to a law in Holland, there is a regulation that a similar business cannot be established less than 50 km. However, as Sweden does not have similar law, Mr. Sanders could only reflect his discontent through Kommun (Municipality) who listened noted his concerns. Besides that the Kommun's (Municipality) website provide a lot of information of his interest such as the availability of empty warehouses which he can make use of for further expansion.
Learnings from establishment phase:

In the establishment phase, it is emphasized how an international entrepreneur acquire resources, such as foreign market knowledge, marketing financial and managerial resources (Johnanson & Mattson, 1988; Coviello & Munro, 1997) In analysis indicated that the exchange relationship between different actors. And there are certain economic effects from these exchanges (Etzioni, 1988) And we found that there are two types of networks: network with government agency and personal network are stressed in this stage in order to assist the international entrepreneur obtain the resources

Establishing network with government agency is particularly important in the initial stage. As a foreigner in the country, the international entrepreneur may need other parties to provide them the necessary knowledge to start the business. Establishing
relationship with ISA is the quickest way in gaining crucial information to assist them in entering the Swedish market. ISA managed to help Mr. Sanders in developing his business networks in Sweden, ISA introduced a warehouse owner to Mr. Sanders after which a business network relationship began and gradually he met the warehouse owner's friend: a sound effect provider and managed to develop another business relationship. Developing network in the initial stage of business is very crucial but difficult for a foreign investor. This was due to cultural difference and local suppliers were not as comfortable to deal with a foreigner as to domestic customers whom they have more trust in. ISA thus act as a catalyst between international entrepreneur and domestic supplier in the initiation of relationship development.

Personal networks of the international entrepreneur are highlighted in the establishment phase. As mentioned in literature review that the personal network was emphasized in the initial stage of company establishment. (Vesper, 1980; Birley, 1985; Jrillo, 1989; Ostgaard & Birley, 1994) and it has been proved by the case. In the establishment phase, ethnic network is emphasized and rapidly developed. Mr. Sanders established this network with strong ties which emphasize the trust and reliability. Mr. Sanders met a lady who is also from Holland. She has started a business and lived in Sweden for 25 years, and through her, Mr. Sanders received a lot of advice and this has provided him with a lot of information and tips in running a business in Sweden. In another event, Mr. Sanders planned to buy a set of sound system from the internet which would have cost a lot more but through another personal network, in this case, his landlord, he found a cheaper alternative. Moreover, the ethnic network has been stressed and it provided resources and opportunities for firm in foreign country, which can be converted into business asset (Waldinger, 1986, p.269) It is also a type of personal network and it is very crucial to international entrepreneur starting the business abroad.

(iii) Realized market process phase
According to Blankenburg-Holm(1995), the criteria of realized market entry process is identified when the firm had already demonstrated a set of exchange relationship and had built up a broad network. The firm should has also developed long-term and various relationships with both suppliers, customers and government organization (Refer to Figure 5.6: Point of Time 6). In Mr. Sanders case, he developed constant relationships with suppliers, Kommun (Municipality) as well as other ethnic and social networks. The constant development attracts other companies (electric car provider and online clothes provider) who then approached Monkey Town in order to develop business relationships and gain potential benefits as well as opportunities. This shows
Learnings from realized market phase:
In the realized market entry process, we found that the criteria suggested by Blankenburg-Holm (1995) are very hard to measure. It is mentioned that a realized market entry process should develop a set of well-established exchange relationship in foreign market. However, the meaning of “a set of well-established exchange relationship” is unclear, we don’t know how many actors should be involved and how many different types of networks should be included. However, another criterion mentioned is that the firm could already enjoy considerable amount of trust which is also hard to measure. As mentioned by Mr. Sanders, he cannot define himself as already “realized the market entry process”. He meant it in the perspectives of innovations and making sure that the services and facilities provided are up to date and fit in with the ever changing demands of the customers. However, in terms of financial perspectives, Mr. Sanders showed signs of stability as he had gained
profitability and have plans for further expansion of his business. In network perspectives, Mr. Sanders had already established network between customers, supplier, community and others. These elements, in our opinion could be significant signs of an established company. Further to the above, Mr. Sanders managed to create a market for indoor children’s playground which did not exist in the vicinity before. This can be concluded when a potential competitor conveyed interest in starting a similar business within the vicinity of Monkey Town. This showed that the market exist and attract others to take a piece of it. Thus this event showed that Mr. Sanders has realized his market entry process.

5.2.2 Actor-Resources-Activities framework in market entry process

Figure 5.7 shows the relationships between actors, resources and activities in the whole market entry process. As suggested by Håkansson and Johanson (1992) “Actors were defined as the person perform activities and/ or control resources. Resources are means used by resources when they perform activities” (p.28) Applied to our case, it indicated that how Mr. Sanders and other actors perform the activities and use resources in the whole market entry process.

![Figure 5.7: Actors-Resources-Activities framework in market entry process]
In the opportunity phase, the actor is mainly Mr. Sanders therefore there were no resources and activities that could be exchange with other actors. When came to the establishment phase, Mr. Sanders built a business relationship with Monkey Town Holland (actor in organizational network) by franchising. Monkey Town Holland provided him with indoor playground equipment rental and business advices which include experience/knowledge (resources) to help Mr. Sanders to start a business. Then he acquired the information on investment (resources) from ISA (actor in government network) by contacting them by phone and email (activities). Afterwards Mr. Sanders used the resources provided by ISA to contact another actor – Warehouse owner. By meeting the warehouse owner, he managed to get his first supplier: sound effect provider (actor in supplier network). He also solved the translation problem by contacting Holland Chamber of Commerce (actor in ethnic organizational network) and gained support from Holland Embassy (actor in ethnic network).

Moreover, Mr. Sanders took the initiative to meet other actors in order to obtain more resources; he got a contact with other Dutch business owners who had started business in Sweden. He gained knowledge by sharing with other business owners (activities). Also, he found different suppliers (actor in supplier network) through internet in order to have food and drink supply. However, Mr. Sanders decided to terminate the relationship with one of the suppliers, supplier A (actor). This thus shows that the relationship within the actors may not be permanent as there are possibilities of elimination. This also indicates that business networks is dynamic as actors within the network could change for various reasons. He also held meetings with Kommun (Municipality) (actor in government network) constantly in order to gain the support of the community and regional government.

Finally the electric car provider (actor) and online clothes provider (actor) approached Mr. Sanders for cooperation. This shows that Mr. Sanders does not only require resources, but also provides resources to the network. And formed a set of exchange relationships.

5.2.3 Environment
Environment is one of the factors that may influence actors' behavior and activities. Intrepreting the market entry we are only focused on the location advantages which favors international entrepreneur in starting businesses in a particular location, as in our case, Sweden and Jönköping. All the location advantages will be presented in network perspectives.
Geographical situation was mentioned as one of the factors suitable for innovations (Swedberg, 2000, p. 52 & p. 55). This statement proved relevant. Geographical situation, a location whereby there are potential market and a lot of business activities would create a more attractive and conducive environment for entrepreneurs. This could also be linked to environment and culture. Mr. Sanders has chosen Sweden as his choice as he foresees opportunities in selling his product (Monkey Town Sweden).

**Sweden**

As mentioned earlier, there has been an increased in foreign investment in Sweden (Appendix 1). It is also not difficult for International entrepreneurs to enter the market through the assistance of government agency. And also they can start a business at industrial areas in Sweden, which can provide them a contact with other firms. There are several universities which provide R&D services for foreign companies.

**Jönköping**

Jönköping County, as mentioned in our empirical section, is known for its industrial and entrepreneurial spirit. In assuring sustainable growth of the region, the public sectors and government agencies, such as ISA actively promote and assist in entrepreneurial activities in the region. Cooperation between business and the public sector has produced successful initiatives in a number of fields in the region. Mr Sanders, upon discovering potential opportunity in Sweden, approached ISA, which then provide him with necessary resources and networks for him to realise the opportunity.

According to the regional council of Jönköping, strong business networks are an integral part of the community in Jönköping County. With the growing existence of entrepreneurs both local and foreign, it is apparent that more networking even within entrepreneurs themselves both through personal and business alliances. Mr Sanders managed to gather more useful business knowledge and resources from other entrepreneurs in the same location.

Besides that, since the county managed to attract many entrepreneurs both local and foreign, this thus create a community relations between entrepreneurs in this case from Holland and thus this provides Mr. Sanders a chance to get the business knowledge in there by establishing the network with them: connect to Jönköping universities to provide R&D to foreign enterprise.
5.2.4 Position

Position is the role of international entrepreneur in the market entry process. In the market entry process, international entrepreneur is taking an active role in developing different network to assist him to start-up overseas. International entrepreneur aimed at choosing the suitable network to acquire the resources. Such as in the beginning, Mr. Sanders decided to invest in Sweden, he contacted ISA for assistance. After establishing Monkey Town Sweden, he contacted other Dutch business owners for acquiring market specific knowledge in Sweden. He had also searched the suppliers on internet and contacted them one by one.

And also, international entrepreneur also is the role to control the relationship. For example, Mr. Sanders decided to terminate the relationship with supplier A because of bad experience and later he started a new relationship with another supplier D. It reflected learning process of international entrepreneur. In the network approach, learning is very much concerned with the constituents of the networks; who the actors are and who is doing business with whom. As stated by Axelsson and Johanson (1992), “Mistake could become knowledge and market assets as international entrepreneur could learn from their mistake and failure” (p.231). For example because of the bad relationships with the supplier A, Mr. Sanders learn how to choose more suitable suppliers. These failures can avoid the uncertainty of international entrepreneur in the future. (Sitkin, 1992)

However, the position of international entrepreneur is not always fixed. Sometimes the initiative is not just taken by the international entrepreneur but other actors are also involved within the network and they will actively contribute to the network as well. For example, there is an electric car company to approach Money Town Sweden introducing the latest model of electric car. By considering further expansion of Monkey Town, Mr. Sanders cooperate with that company and plan to have a particular area for an electric car track. This also indicates innovation through network and alliances. Another similar situation is when an online children clothes owner approaches him to ask for a promotion counter in Monkey Town. By promoting the clothes in Monkey Town, both the owner and Monkey town manage to attract more customers and this resulted in a win-win situation.
CHAPTER 6: CONCLUSIONS AND FURTHER RECOMMENDATIONS

In this chapter we will conclude the thesis in relation to our investigation on how an international entrepreneur managed market entry process in networks approach in Sweden. This will be done by answering the research questions on the characteristics of international entrepreneurs, the role of networking in market entry process and how an international entrepreneur managed the networks during the process. We will also conclude with reference to our conceptual framework to explain the different stages of international entrepreneurs entering a foreign market.

The objective of this thesis is to investigate the role of international entrepreneurs in foreign market entry process in network approach. In this case, we focus on an international entrepreneur who has started his business in, Jönköping, Sweden. In the study, we found out the traits of an international entrepreneur as a highly motivated individual who took risks upon recognizing opportunities and also being social and with pleasant personality. It is essential for an entrepreneur to have such characteristics as without the traits, it would be difficult, especially in creating networks which would then assist the entrepreneur in entering a foreign market.

A country like Sweden with the availability of support and assistance thus perceived in this research provide a conducive environment. These create further motivation for entrepreneurs to realize their opportunities. In the course of research, we have discovered the important role of government agencies in assisting a foreign entrepreneur in realizing his business opportunity in Sweden. This is in contrast with the emphasis of other scholars such as Johanson and Vahlne (2003) on the importance of inter-firm business networks in foreign market entry process. However, there are still difficulties faced by an international entrepreneur while starting up a business in Sweden. Our subject, Mr. Sanders faced certain obstacles such as language, logistics and suppliers which lead to certain barriers and even higher cost in the initial stage of his business. From our study, through networking, the obstacles were reduced.

Networks play a crucial role in the market entry process for an international entrepreneur. Networking provides international entrepreneur with resources to develop their business through establishing relationships with different actors. Besides resources, we found that networks also provide with further opportunities and potential innovations. In dealing with networks management, we found that an international entrepreneur usually initiate and be the decision maker in creating or
terminating the networks depending on the value of the networks to their business. This is usually based on their experience with the networks. Through the networks, an international entrepreneur gained more business knowledge and experiences for him/her to have better decision in favor of his/her business and its future developments.

In studying the theories and case study researched, we have also observed similarity in the process of entering a foreign market of international entrepreneurs as compared with an established firm. The differences are the types of networks. Individual international entrepreneurs depends more on personal networks while established firms would use other business networks.

Furthermore, in the course of our research, we have divided the market entry process in three phases namely, “Opportunity-seeking phase”, “Establishment phase” and “Realized Market Entry Process phase”. We have discovered that through the different phases from the beginning to the end, the number and types of networks increased. We believed that there are positive relations of the realization of market entry process with the expansion and types of networks.

In conclusion, for understanding the market entry process of international entrepreneur in network approach, we have suggested a conceptual framework to interpret the process. By applying this conceptual framework on selected international entrepreneur: Mr. Rob Sanders, we found that it is useful to analyze the market entry process and concluded that the conceptual framework is relevant to explain the market entry process in the reality. The environment and position are proved as an important role to market entry process. In the conceptual framework, we stated environment as geographical location to benefit the international entrepreneur to enter a foreign market. And it was thoroughly explained in the analysis part. The particular country, Sweden in this case, provides certain advantages to encourage the investment of international environment and especially the governmental network in Sweden help international entrepreneur to established a business by providing them useful information and network building. And finally for the position, the empirical findings is supported that the position of international entrepreneur is changing in different stages. It is not fixed in the process. However, in the analysis we also observed that the position of international entrepreneur is relatively active compare with other actors such as suppliers. However, the conceptual framework still cannot demonstrate the whole entry process explicitly. For example, it is difficult for us to find a clear-cut of every stage, especially between the establishment stage and realized
market process stage. And we can hardly tell the exact time for completing the whole market entry process.

**Further Recommendations**

Upon completion of this thesis, we found possibilities for further research. Hereby we would present some recommendations. First is in international entrepreneurs or sociology perspective, a further research on how different characteristics of international entrepreneurs could affect their market entry process. In our research we did not focus on different characteristics of international entrepreneurs. Secondly, there could be further research on market entry process with comparison between the market entry process of an international entrepreneur in different industries or different countries. Third recommendation would be a thorough comparison of market entry process between an established firm and an individual entrepreneur. Finally a further research in developing an explicit measurement of realized market entry. As we mentioned before, the standard suggested by Blankenburg-Holm (1995) is quite difficult to measure. Every scholar may have different opinion about “long-term exchange relationship”, it is better to have some concrete measurement according to the sizes, the density and the types of network.
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### Appendix 1: Inflow and Outflow of foreign direct investment in Sweden from 2001 to 2008

Foreign investment

Direct investment, net*, SEK billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Outflow</th>
<th>Inflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>-75.8</td>
<td>112.8</td>
</tr>
<tr>
<td>2002</td>
<td>-103.2</td>
<td>118.4</td>
</tr>
<tr>
<td>2003</td>
<td>-170.6</td>
<td>40.4</td>
</tr>
<tr>
<td>2004</td>
<td>-159.9</td>
<td>84.3</td>
</tr>
<tr>
<td>2005</td>
<td>-198.6</td>
<td>75.9</td>
</tr>
<tr>
<td>2006</td>
<td>-173.6</td>
<td>194.9</td>
</tr>
<tr>
<td>2007</td>
<td>-255.5</td>
<td>149.2</td>
</tr>
<tr>
<td>2008</td>
<td>-265.1</td>
<td>266.5</td>
</tr>
</tbody>
</table>

Source: The Riksbank
Appendix 2: Number of newly-started enterprises from 1995-2005 by county

Table 1

<table>
<thead>
<tr>
<th>Source: ITPS (Institutet för tillväxtpolitiska studier)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Stockholm län</td>
<td>10,013</td>
<td>10,195</td>
<td>11,020</td>
<td>10,726</td>
<td>11,396</td>
<td>12,601</td>
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<td>13,043</td>
<td>12,544</td>
<td>13,002</td>
<td>14,346</td>
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<td>1,126</td>
<td>1,214</td>
<td>1,241</td>
<td>1,081</td>
<td>1,210</td>
<td>1,126</td>
<td>1,242</td>
<td>1,241</td>
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<td>1,450</td>
</tr>
<tr>
<td>Södermanlands län</td>
<td>840</td>
<td>927</td>
<td>783</td>
<td>775</td>
<td>829</td>
<td>825</td>
<td>817</td>
<td>795</td>
<td>892</td>
<td>856</td>
<td>886</td>
</tr>
<tr>
<td>Örebro län</td>
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<td>1,231</td>
<td>1,324</td>
<td>1,246</td>
<td>1,151</td>
<td>1,351</td>
<td>1,128</td>
<td>1,119</td>
<td>1,344</td>
<td>1,305</td>
<td>1,365</td>
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<tr>
<td>Jönköpings län</td>
<td>865</td>
<td>914</td>
<td>923</td>
<td>911</td>
<td>977</td>
<td>987</td>
<td>929</td>
<td>905</td>
<td>799</td>
<td>1,030</td>
<td>1,121</td>
</tr>
<tr>
<td>Kronobergs län</td>
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<td>5,747</td>
<td>5,794</td>
<td>5,512</td>
<td>5,228</td>
<td>5,146</td>
<td>4,984</td>
<td>6,026</td>
<td>6,895</td>
<td>7,209</td>
<td>7,777</td>
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<tr>
<td>Västmanlands län</td>
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<td>621</td>
<td>579</td>
<td>551</td>
<td>638</td>
<td>611</td>
<td>621</td>
<td>618</td>
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<tr>
<td>Dalarna län</td>
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<td>178</td>
<td>180</td>
<td>171</td>
<td>192</td>
<td>196</td>
<td>181</td>
<td>229</td>
<td>238</td>
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<td>376</td>
</tr>
<tr>
<td>Blekinge län</td>
<td>448</td>
<td>474</td>
<td>451</td>
<td>430</td>
<td>466</td>
<td>462</td>
<td>451</td>
<td>465</td>
<td>433</td>
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<td>455</td>
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<td>5,073</td>
<td>5,079</td>
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<td>1,019</td>
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<td>806</td>
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<tr>
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<td>758</td>
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<td>727</td>
<td>704</td>
<td>648</td>
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<tr>
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<td>945</td>
<td>947</td>
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<td>955</td>
<td>944</td>
<td>949</td>
<td>913</td>
<td>991</td>
<td>970</td>
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<td>807</td>
<td>858</td>
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<td>702</td>
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<td>822</td>
<td>825</td>
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<td>Västerbottens län</td>
<td>747</td>
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<td>792</td>
<td>852</td>
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<td>721</td>
<td>692</td>
<td>717</td>
<td>804</td>
<td>825</td>
<td>820</td>
</tr>
<tr>
<td>Norrbottens län</td>
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<td>729</td>
<td>789</td>
<td>719</td>
<td>776</td>
<td>800</td>
<td>763</td>
<td>771</td>
<td>743</td>
<td>854</td>
<td>877</td>
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<tr>
<td>Total</td>
<td>58,900</td>
<td>59,610</td>
<td>58,040</td>
<td>54,030</td>
<td>56,720</td>
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<td>58,413</td>
<td>41,706</td>
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</table>

Source: ITPS (Institutet för tillväxtpolitiska studier)

Table 2
Tabell 31a Antal nystartade företag och etableringsfrekvenser 2005 efter län och härkomst
Number of newly-started enterprises 2005 by county and origin

<table>
<thead>
<tr>
<th>Län</th>
<th>Utländsk härkomst</th>
<th>Utländsk härkomst per 1000</th>
<th>Eti utländsk härkomst</th>
<th>Eti utländsk härkomst per 1000</th>
<th>Batterfall</th>
<th>Samtliga</th>
<th>Samtliga per 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholm län</td>
<td>3 305</td>
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<td>11 072</td>
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<td>38</td>
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<td>5</td>
<td>1 121</td>
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<td>Kronobergs län</td>
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<td>450</td>
<td>5,5</td>
<td>1</td>
<td>577</td>
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<tr>
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<td>270</td>
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</tr>
<tr>
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<td>400</td>
<td>4,8</td>
<td>3</td>
<td>465</td>
<td>5,2</td>
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<tr>
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<td>1 254</td>
<td>7,1</td>
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<td>Västra Gotlands län</td>
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<td>954</td>
<td>5,5</td>
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</tr>
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<td>Dalarnas län</td>
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<td>2</td>
<td>979</td>
<td>5,7</td>
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<tr>
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<td>898</td>
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<td>985</td>
<td>5,7</td>
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<td>853</td>
<td>5,3</td>
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<tr>
<td>Jämtlands län</td>
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<td>539</td>
<td>7,2</td>
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<td>664</td>
<td>7,0</td>
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<td></td>
<td>928</td>
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<td>Norrbottens län</td>
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<td>779</td>
<td>6,6</td>
<td></td>
<td>577</td>
<td>5,5</td>
</tr>
<tr>
<td>Samtliga</td>
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<td>38 371</td>
<td>7,7</td>
<td>121</td>
<td>44 585</td>
<td>7,7</td>
</tr>
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</table>

Source: ITPS (Institutet för tillväxtpolitisiska studier)
Appendix 3: Map of Sweden

Map of Sweden (Source: ISA, Invest in Sweden: Business and Investment Opportunities, Report 2008/09)
Appendix 4: Figures of R&D expenditure in 2005, Capacity for innovation and University-industry research

Figure 1: R&D expenditure in 2005
Figure 2: Capacity for innovation
Figure 3: University-industry research
(Source: ISA, Invest in Sweden: Business and Investment Opportunities, Report 2008/09)
APPENDIX 5: Interview questions for Mr. Rob Sanders

INTERVIEW

Master Thesis
International Entrepreneurs
A Network Approach in Market Entry Process

Objectives of research:
This study, conducted by Sriyuni Ruslan and Yi Ting Wan from the School of Sustainable Development and Technology, Malardalen University with the purpose to acquire understanding of the role of international entrepreneur to enter a foreign market and start-up overseas by networking. This research would help us to gain better knowledge effect of international entrepreneur towards network through the market entry process.

Confidentiality:
All collected data will be kept strictly confidential and it will be only released by respondents’ permission.

Contact information:
If you have any enquiry about the interview, kindly contact Ms Wan by telephone number +46 765836586.
Introduction
Firstly, we would like to thank you for your time for us to conduct this interview. This interview will be conducted in a semi-structured basis and the questions will be mainly focused on the role of international entrepreneur in the stage of market entry process in network perspective. We would assure that all data collected will only be used for academic purposes.

(i) Guided questions for first interview:
1. How did you find the opportunity to invest overseas (in Sweden)?
2. Why and how did you plan to start the business there?
3. What have been your main concerns before deciding to start a business in the chosen location?
4. What resources (e.g. market knowledge, rules and regulations etc) do you think is/are most important in order to develop your business overseas?
5. What are/were the obstacles faced when you first start a business in the location chosen?
6. How can you overcome them?
7. Have you used any networking (e.g. personal network, government organization, trade association etc) to enter this market? If yes, which types of it?
8. Are you actively seeking different types of network when you were entering the market?
9. Are the networks during the market entry by choice or obligatory?
10. To what extent do you think networking has helped you reduce the entry barriers?

Company information
1. How many employees in your company?
2. When is the founding year of your company?
3. What is the industry field of your company?

(ii) Followed-up questions after first interview
1. Do you hear of Science Park in Jönköping? To what extent do you think that science park could have helped you when you started your business?
2. As we know that Jönköping is one of the places attracting lot of Hollander, will it also be your consideration to choose that county?
3. Did you already develop some network before coming to Sweden? If yes, what kind of networks (personal network, government organization, trade association etc)?
4. How does his move to Sweden affect his family? (can be very general, we just
want to mention family is one of the consideration)
5. Besides introducing the warehouse owner to you, did ISA introduce other business network or provide other assistance to you?
6. How to maintain a good relationship with customer?
7. As we know that other Dutch business owners in Jönköping also helped you in starting the business, how can they help you?
8. Do you think that the Dutch network in Sweden and especially in Jönköping is strong?
Appendix 6: Interview questions for Mrs. Anne-Marie Hirschberg, manager of Location Scandinavia, representative of ISA Jönköping

INTERVIEW

Master Thesis
International Entrepreneurs
A Network Approach in Market Entry Process

Objectives of research:
This study, conducted by Sriyuni Ruslan and Yi Ting Wan from the School of Sustainable Development and Technology, Malardalen University with the purpose to acquire understanding of the role of international entrepreneur to enter a foreign market and start-up overseas by networking. This research would help us to gain better knowledge effect of international entrepreneur towards network through the market entry process.

Confidentiality:
All collected data will be kept strictly confidential and it will be only released by respondents’ permission.

Contact information:
If you have any enquiry about the interview, kindly contact Ms Wan by telephone number +46 765836586.
Introduction
Firstly, we would like to thank you for your time for us to conduct this interview. This interview will be mainly focused on the assistance of Sweden Agency (ISA) for the international entrepreneur to invest in Sweden. We would assure that all data collected will only be used for academic purposes.

(i) Guided questions for first interview
1. What is the main reason for the international entrepreneur choosing Sweden for investment?
2. How does Sweden promote the entrepreneurial activities within the country?
3. In which business sector the international entrepreneur are the more interested in? Why?
4. When the international entrepreneur found the business opportunities in Sweden, how can ISA help them to start a business?
5. Do international entrepreneurs you are handling with already have relationships, contact or a previous experience in Sweden before coming here?
6. How can ISA help international entrepreneur to build a business network? (e.g. with suppliers, other companies, regional government etc)
7. On the ISA official website stated that some of the universities can provide R&D to foreign companies, how can they contact and cooperate with them?
8. After the start-ups of company, will ISA keep in touch with the company and provide further assistance?
9. Would you provide the statistic the number of foreign companies invested in Sweden last year?
10. Among those foreign companies, would you provide the number of foreign entrepreneurs which are as individual or groups invest in Sweden?

(ii) Followed questions after first interview
(1) What types of network does ISA help international entrepreneurs to connect with? (For example Science Parks, Regional Government Bodies, Companies, and Industries)
(2) As mentioned in previous email, ISA can help to link entrepreneurs with regional networks, would you please specify which types of networks in Jonkopings?
(3) If the networks are in the form of organizations, would it be possible for you to name us the main ones that would assist international entrepreneurs in starting up their business?