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Network Internationalization of Firms from Emerging Economies:
A Systematic Literature Review.

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| Title Network Internationalization of Firms in Emerging Economies; A Systematic Literature Review. | | | |
| Subject International Business Management | Type of the degree Pro Gradu | Time of publication March 2020 | Number of pages 70 |
| <p>Abstract</p> <p>The study focuses on internationalization of firms from emerging economies using network perspective. This research was undertaken as a systematic literature review process. The data search was conducted using databases from EBSCOhost, SAGE Journals, and Google Scholar. In total, to answer the research questions, 24 articles were chosen for the literature review study.</p> <p>The literature review revealed that network forms available to emerging economies firms are personal contacts, business relations, and institutional network. Each type of network performs specific functions; institutions contribute to international marketing, personal contacts promote research and development, and business relations serve as introducers, contributing to the establishment of multinational partnership.</p> <p>The findings of this study that are based on the theoretical framework and literature review can be summarized into three main propositions;</p> <p>P1.) The internationalization of emerging economy companies is strongly influenced by the networks P2.) Firms from emerging economies primarily use their network ties to gain knowledge of the foreign market and make market selection decisions. P3.) The choice of network form differs in various cultural contexts.</p> <p>The first two proposition provides answer to this study research whereas the third preposition contributes to the theory in general level. It shows the connection between culture, networks and emerging economy firms internationalization.</p> <p>This thesis also contributes to the current literature of the emerging economies firms by providing an accessible summary of studies on network internationalization of firm from emerging economies. Entrepreneurs from emerging economies will benefit from knowing how to draw up a potential list of international markets and navigate international network partnerships in terms of management consequences. Particularly essential to the governments and institutions of emerging economies is the interpretation of this study.</p> | | | |
| Keywords Networks, emerging economies, internationalization, | | | |

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1 INTRODUCTION

The core idea of Chapter one is to explain the purpose of this thesis. Precisely, this chapter starts with a research background that identifies the need for networks for emerging economies firm's internationalization. First, the purpose of the study and the research question is presented. The chapter later concludes with the significance of this research, and the thesis structure is presented.

Research Background

The number of firms expanding to international markets from developing countries or emerging economies has proliferated in recent years often through exports (Aulakh et al., 2000, Yiu et al., 2007, Alvaro, 2008) also, progressively through foreign investment (Luo & Tung, 2007, P. 481). This strategic shift from export-based international operations to a high-commitment method (FDI) is notable for emerging market firms undergoing accelerated internationalization (Barkema & Drogendijk, 2007; Mathews & Zander, 2007).

Developing economies and emerging markets economic growth rate is above 4%, while advanced economies' growth rate is around 2% annually (International Monetary Fund, 2019). McKinsey Global Institute research reveals that one out of four emerging economies experienced steady, consistent growth over substantial stretches. These firms have found the model for relative soundness, representing mostly 29 percent of trade in products and 24 percent of trade in services. Hoskisson et al. (2000) indicate that these nations have economically grasped advancement and free-market strategies that allow rapid growth.

International development agency in USA research indicates that especially developing markets in the west, south, east, and central Africa are among the world's fastest-growing economies. By the year 2020, Africa's GDP will ascend to about \$3 trillion, and other emerging markets such as China, Hong Kong, Indonesia, Malaysia, and Thailand will continue with a yearly average growth of at least 4 percent over

half a century to date (Harvard business review, 2011).

Irrespective of their fast growth, emerging economy firms still face extra difficulties in their journey to internationalize due to several factors such as high risk of failure, economic and political instability of their home economy (Mensah, 2012, p. 1).

Hitt et al. (2000) noted that companies involved with managing diversified product offerings have the choice of leveraging their engagement of managing necessary activities, finding a positive relationship between the development of a business and internationalization. Nations, for example, Japan and Germany, have gained recognition in various sectors of industry for outstanding production of mechanical design, which brings a favorable halo effect on business organizations from these countries. Sadly, this extravagance does not happen in emerging-market companies.

Ibeh & Kasem. (2011) noted that companies emphasizing cost-based strategies in foreign markets are likely to be increasingly active. For example, most emerging organizations do not have broad worldwide experience and are mostly engaged in beginning times of internationalization.

However, by using non-traditional, network-based tools that emerge from the particular structural and industrial features of the networks in which these firms are located in, these firms may compensate for this vulnerability (Cuervo-Cazurra and Genc, 2008, Elango and Pattnaik 2007). Networks are, therefore, essential in enabling such firms to defeat a portion of the related difficulties. For example, emerging economies firms can internationalize through networks that offer an assorted variety of learning sets, abilities, and resources that are difficult for these firms to achieve on their own (Coviello & Munro, 1997; Chetty & Blankenburg-Holm, 2000; Agndal & Chetty, 2007).

1.1 Purpose of the Study and Research Questions

The internationalization of firms from emerging economies is assumed to vary from that of developed countries, because firms from emerging economies possess distinct political, societal, economic, and financial influences that might show different trends relative to developed countries (Casanova et al., 2009).

The Network approach has been used to analyse different sorts of firms (Meyer and Gelbuda, 2006), and has turned into one of the leading systems in clarifying why and how firms become global (Foresgren, 2008; Johanson and Kao, 2010). Researchers have studied the impact and roles of networks in the internationalization of the emerging economy firm, but it is uncertain if the networks in these investigations show similar attributes. Furthermore, a systematic review and examination of the existing knowledge about network internationalization in the emerging economy firm are lacking (Kazlauskaite et al., 2015).

Through offering observations into their internationalization, this research paper will add to the network perspective on the internationalization of firms from emerging economies. The research also has significant managerial implications as the growth of emerging economies makes understanding the dynamics of their internationalization particularly crucial for companies.

The review study, therefore, proposes to provide an accessible summary of relevant scholarly literature on network approach during the Internationalization of emerging economies firms. More specifically, the thesis: (1) provide an overview of Network approach of Internationalization; (2) identify, impact roles and forms of network in Internationalization of firms from emerging economies (3) identify issues and topics not covered in the literature, which leads to recommendation of future directions for the study of network internationalization of firms in emerging economies.

The main research question of the study is the following:

- How do networks impact firms from emerging economies in their internationalization process?

Answering the main question requires answers to the following two sub-questions:

- What are the forms of networks available to firms from emerging economies during Internationalization?
- What role do the networks play in the internationalization of firms from emerging economies?

A review of empirical studies published studies on network internationalization of firms from emerging economies in leading international business, management, and marketing journals will be used to address the research question. The research question is the core of this research project because it drives the research, defines the approach, and directs all stages of inquiry, evaluation, and reporting (Chris Hart, 2018, p. 30).

This research incorporates conceptually a network approach, contextually an emerging market perspective, and methodologically a systematic review of literature (see Figure 1). The research questions examine the characteristics of the network from an internationalization perspective. The reasons for the theoretical focus chosen are as follows. The network approach focuses on industrial companies, which is in line with the insight built to evaluate the emerging economy firm's network relationships. The network approach offers an overview of the links and processes between the actors in the network as they evolve as well as the activities that lead to the development process owing to the complexities of market networks (Håkansson & Snehota, 1995, p. 192).

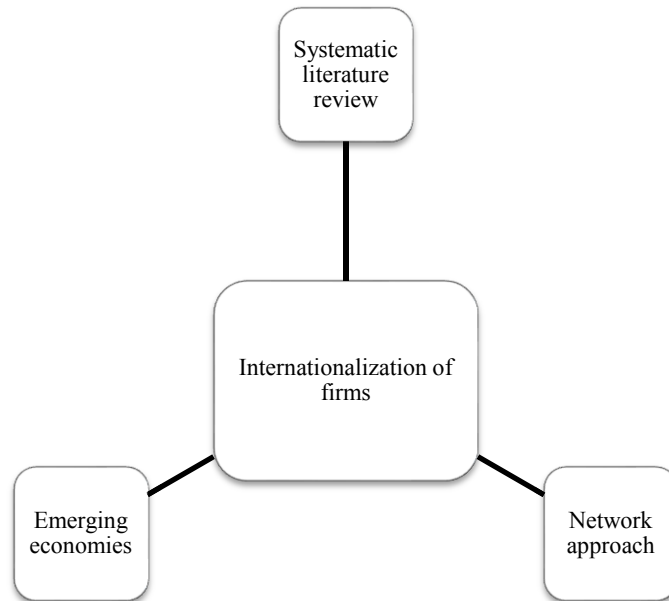


Figure 1. The focus of the study

1.2 Emerging Markets

World Bank (2012) defines emerging markets as economies that are below advanced market levels, have undergone structural and reform changes but have increased economic capacity levels and international commitments. Emerging markets are low-income, fast-growing economies, where growth is from economic reforms (Hoskisson et al. 2000, p. 249).

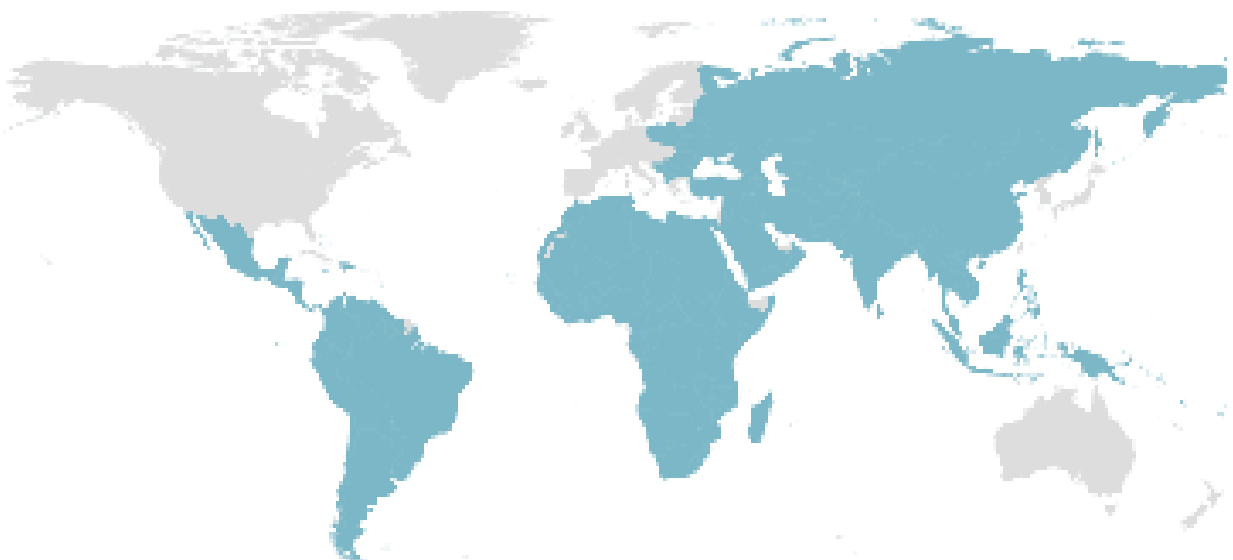


Figure 2. Developing economies World data info (2019)

Note- Blue highlighted areas = Developing countries

This review utilizes literature referring to a broader selection of developing countries and treats firms from various emerging markets as equal. Owusu and Habiyakare (2011) indicate that the term emerging market and developing countries are used interchangeably by many researchers and organizations since countries belonging to emerging markets, developing markets, and transition markets have several classifications. (e.g. classifications by UNCTAD 2006; FTSE index 2010; MSCI Barra index 2010).

Consequently, the following advanced countries will be excluded: Austria, Australia, Belgium, Canada, Denmark, France, Finland, Greece, Germany, Hong Kong, Iceland, Italy, Ireland, Japan, Korea, Luxembourg, Malta, Norway, Netherlands, New Zealand, Portugal, Switzerland, Singapore, Sweden, Spain, Taiwan, United Kingdom, and the United States of America. Therefore, every other economy was eligible to be included in this review of the literature.

1.3 Overview of Research Methodology

The study's chosen method is a systematic qualitative review of literature. To answer a specifically defined question, a systematic literature review (SLR) recognizes, selects, and objectively reviews research studies (Dewey & Drahota, 2016). This strategy is the most effective method for reviewing the already current comprehensive research on the subject, as well as being the most appropriate method for addressing the research question. The systematic review was performed as carefully as practicable, with careful planning and reporting of all the stages.

Data was collected through EBSCOhost and SAGE Premier during June 2019. A search was also conducted manually using Google Scholar. In the final analysis, 24 papers were approved after the cautious two-phase screening process, where the initial research was analysed against the pre-set acceptance requirements. Through

thematic analysis the results were analysed. Chapter three provides a detailed explanation and rationale of the methods used, as well as an overview of literature collection, article sources, and how the papers are gathered and evaluated.

1.4 Definition of Key Terms

Internationalization: Advanced research has been done over the last few decades to examine internationalization from different viewpoints, including organizational philosophy, network theory, international strategy, marketing, and management (e.g., Johanson & Vahlne 1977; Johanson & Wiedersheim-Paul 1975; Buckley & Casson 1976; Porter 1985; Dunning 1979; 1988).

For this review study, the definition indicated by Johansson and Vahlne (1990) will be utilised. The researchers identify internationalization as a process of expanding business activities abroad by building international market networks, growing capital investments in those networks, and raising cooperation between their roles in various national networks.

Networks: A series of interconnected participants. Per the guideline of Coviello & Cox (2006, p. 116), network relations exist between companies, between individuals, or between companies and individuals.

Social Networks: Granovetter (1985, p. 490) identifies social network as a set of personal relationships to gain personal or corporate advantages. Social networks are informal networks with very little to no structure.

Business Networks: This study uses the definition of business networks by Huang et al. (2011, p. 2), which is "complex webs of interdependent exchange relations between companies and organizations." Business networks are formal networks where partnerships, agreements, and contracts form part of the network tie.

Intermediate Networks: Intermediate networks are the middle ground between personal and business networks. Intermediate networks consist of institutional

networks that are readily available to assist firms during the firm's internationalization process. Hallen, (1992, p. 78) defines intermediate networks as key non-commercial players who are not directly linked to a financial transaction but function as platforms for intelligence, communication and impact.

1.5 Structure of the Study

This research begins with an introduction that builds an overview of the topic under consideration by providing background information on emerging economies, their impact on economic development, and the reasons for an increased interest in network internationalization in emerging market companies. This chapter also presents the research question.

The second chapter forms the theoretical base for the study and starts by examining network theory as a concept. The section goes on to explain various types of networks and the life cycle of the network. The section ends with an examination of research on network internationalization.

Chapter three focuses on explaining the methodology of this review study, and It tells the decisions regarding the selection of the research method and the selection of article collection and analyzing techniques.

The fourth chapter describes the literature review findings. The results and analyses of the review study include the overall perspective on network internationalization in emerging economies, forms of networking in emerging economies, and roles of networking in emerging economies.

Chapter five presents the discussion of the review provides the theoretical and managerial implications as well as the limitation of the study. It also recommends future studies (see figure 1 below for the structure of the study).

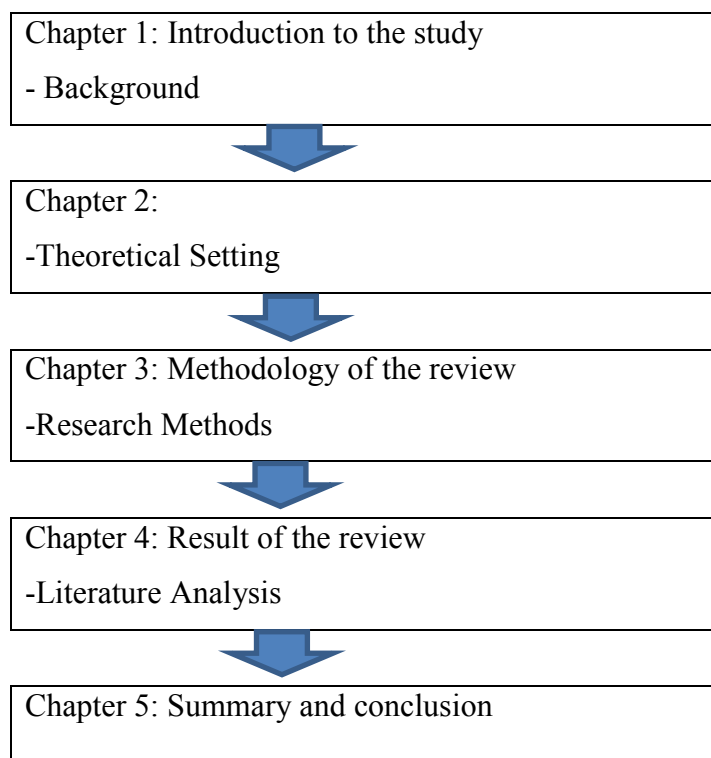


Figure 3. Structure of the thesis

2 NETWORKING AND FIRMS INTERNATIONALIZATION

This chapter commences with the concept of network theory afterward, the network theory of internationalization. The chapter continues to business networks, social networks, intermediate networks, and ends with the network lifecycle.

2.1 Network Theory

In recent decades the network theory has been emphasized in marketing and international business literature. A network is a model that accounts for many connected entities. In a competitive setting, having network contacts that could provide specific support and service is crucial for business people (Mitchell 1969, p. 8). Similarly, Emerson (1981) states that network is a series of two or more linked business relationships, where the exchange relationship between these entities form to become collective actors. Olkkonen et al. (2000) indicate that the network approach allows entrepreneurs to understand better what is going on in the complicated business environments they belong to, ensuring business can acquire additional capital and support.

Granovetter (1973, p.1361) characterizes the quality of network relations as a mix of time, passionate power, closeness, and the equal administrations of the ties. The researcher identifies that firms are powerless at the point when they are low, and the connections are far off. When there is a tight association, the relationship is stable, parties included appreciate independence and effectively adjusted to one another.

In agreement, Burt (1997) states that the quality of network relations arising from the network of the company is impossible to replicate. Such links have three-dimensional consequences: a) the information is accessible to the group involved in the relationship, b) timing and, c) referrals.

Network ties are classified into formal(business), informal(social) (Birley, 1985; Dubini and Aldrich, 1991; Coviello and Munro, 1995; Coviello and Martin, 1999;

Harris and Wheeler, 2005; Rialp and Knight, 2005; Ojala, 2009) and intermediate relationships (Chetty and Blankenburg Holm, 2000; Ellis and Pecotich, 2001; Oviatt and McDougall, 2005; Ojala, 2009).

In summary, networks are business information and awareness source, mostly acquired over more extended periods. In the network environment, Information and ideas are exchanged between individuals with a common interest. The network theory relies on getting the parties involved together by using the knowledge the business acquires to form strong relationships with customers, manufacturers, the sector, retailers, legislative and government bodies as well as other market players. Parties in the network need to understand that networks are based on mutual trust, understanding, and shared responsibility.

2.2 Network Theory of Internationalization

The thesis draws on the network theory and the framework on network internationalization presented by Johanson and Mattsson, (1988), (1992); Johanson and Vahlne, (2003), (2009). In comparison to the Uppsala model, the network approach is not gradually progressive (Ojala, 2008). The idea of network scholars is that the gradual mechanism is not demonstrated by modern advance-tech companies instead, they accomplish accelerated internationalization through network partners' expertise and capital (Mitgwe, 2006), and Psychic separation and target markets do not exist network approach (Ojala, 2008).

The network model attracts attention regarding an organization's changing internationalization circumstance as an aftereffect of its situation in a network of firms and related connections. Internationalization is viewed as a characteristic advancement from network associations with foreign people and firms (Johansson and Mattson, 1988). In coherence with Johanson & Vahlne (1990) Identifies the network model as a concept reflecting relationships, and networks, which assists in international market exploration and exploitation.

Major actors in the internationalization process are the institutions, firms, and people interfacing with each other and trade assets in a manner to give shared advantages

(Johanson and Mattsson, 1988, 1992; Johanson and Vahlne, 2003). Activities identified with the types of trade between actors are direct or indirect. As indicated by researchers Foster and Holstius (2009), direct activities are those that directly influence the trade procedure as on account of individual firms. Indirect relations of operation, on the other hand, are those that are inert and originate from policy or multilateral organisation operations.

Network activities ensure access to other actors-controlled resources (Johanson and Mattsson, 1988), which include products, raw materials, information, market access, finance, technology, research, and the network itself. (Foster and Holstius, 2009).

Johanson and Mattsson (1988) deduce that an exceptionally internationalized company is located within an international network, enjoying direct foreign market associations with actors. If an organization focuses on its network and sets out the positions and forces of the actor, it will make the company aware of potential weaknesses and opportunities in other areas of business. Furthermore, the internationalized company's position within an international network allows it to build links to other players (Axelsson and Johanson, 1992; Johanson and Vahlne, 1992).

Johanson and Mattsson (1988) utilize the network structure to propose an internationalization typology. They depict how the level of internationalization at both smaller scale and large-scale levels can be conceptualized as the following four expansive firm dimensional international situations; see figure 4

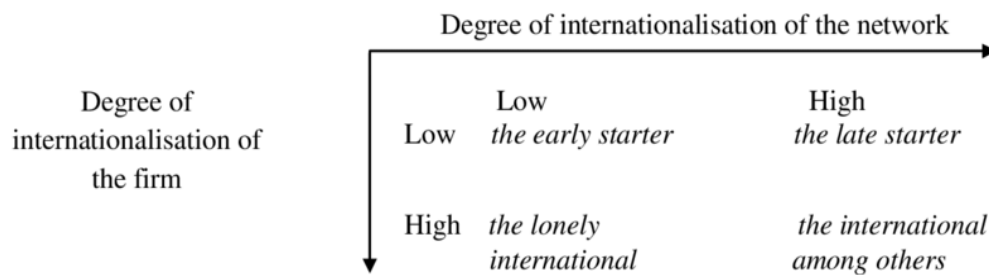


Figure 4. Internationalization in a network perspective (Johanson & Mattsson 1988 p. 298)

The result of seeing markets as networks in which the organization is embedded suggests that: (1) the earlier the firm internationalizes (“the early starter”), the lesser knowledge they have about the foreign market. These businesses employ agents and middle to reach the overseas market. (2) “lonely international” are firms with prior knowledge and expertise, These firms are highly internationalized but in markets with domestic orientation. ; (3) the later the firm expands (“the late starter”) in connection to internationalization of its setting, the more its internationalization procedure is reliant on links to already internationalized partners which serves to accelerate global expansion and lessens the impact of spatial closeness; and (4) the higher the degree of internationalization of the firm (“the international among others”), the more internationalization involves expanded global mix (for example through mergers, acquisitions, and alliances) and expanded entrance on each market (Johanson & Mattsson 1988, p. 298-306).

Due to development in business practices and academic progressions, Johanson and Vahlne (2009) reconsidered the Uppsala internationalization model. The researchers indicated that the business world is now perceived as a network, not as a postmodern economy with several independent suppliers and customers. The business network model of the internationalization process created by Johanson and Vahlne (2009) (see figure 5) shows the state aspects of network internationalization includes “knowledge opportunities” and “network position.” Johanson and Vahlne identified opportunities as the vital component of the knowledge base that promotes the process

of internationalization. Other essential parts of knowledge in their organizational environments include the needs, capacities, approaches, and networks of directly or indirectly related companies.

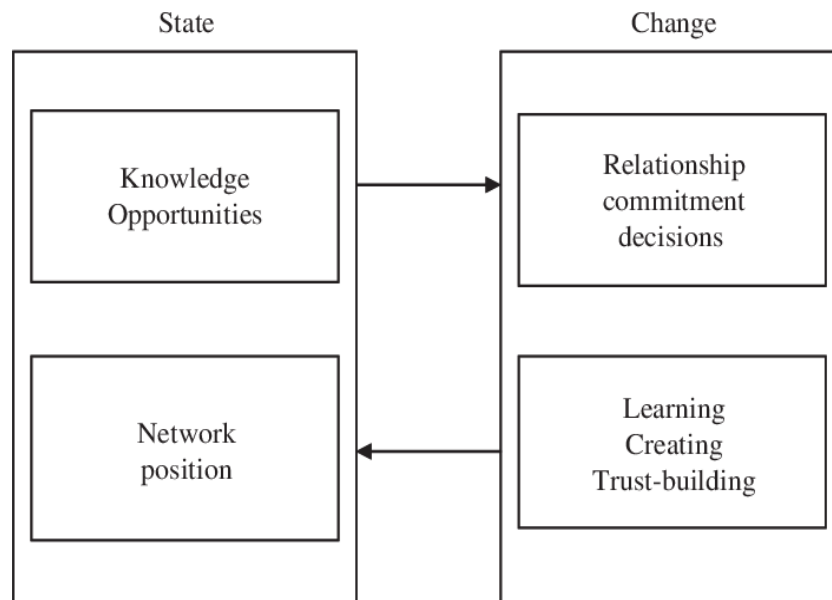


Figure 5. Business network internationalization process model (Johanson and Vahlne 2009, p. 1424)

The second state element is “network position,” the researchers assumed that a firm’s process of internationalization would take place via a network. Because relationship within the network is unequally distributed to different parties, (e.g., knowledge level, trust, and commitment), they may differ in fostering successful internationalization. The change aspects of the network internationalization process include (1) the “relationship commitment decision” element, which indicates that an organization will either increase or decrease the level of engagement with its existing network relationships. There are two forms of decisions for the partnership commitment: i) building a new relationship; ii) maintaining and promoting the existing network relationships. In other terms, the actions determine whether the network partnership is formed, continued, or end.

(2) “learning, creating, and trust-building” element, demonstrates the current knowledge, trust, and engagement that would impact knowledge-building processes and build trust among network participants. The network model generally provides a similar viewpoint to other models of internationalization and suggests that the methods for internationalization stipulated by the firms are guided by their place and situation in the network. Consequently, network connections can guide, promote, or even speed up the company's internationalization cycle.

The network approach has received criticism from several researchers (e.g., Hadley and Wilson 2003; Agndal et al. 2002 Nummela 2002; Björkman and Forsgren 2000). Kuivalainen et al. (2010) criticized the network model, arguing that, in addressing network-based opportunities for creation, expansion, and international penetration, it disregards the interest of the firm and decision makers.

The network approach to internationalization also excludes ways in which businesses could solve internationalization issues by their network relations (Chetty and Blankenburg Holm 2000). Network theory's benefits outweigh the drawbacks because the essence of the approach makes it a powerful tool to identify and evaluate the internationalization process of companies (Vissak, Tiia 2004).

In summary, the current literature outlined the internationalization networks of companies. Network relations allow business opportunities and enable firms to enter international markets (Johanson and Vahlne, 2013; Wincent 2005; Coviello & Munro 1995; Sharma et al. 1987). Network ties enable organizations to acquire external resources and to learn new information. Network connections also facilitate internationalization, moderate risk assessment of foreign market penetration, reduce expenditure and improve performance during a company's internationalization.

2.3 Business Networks

Anderson et al. (1994, p. 2) describe a business network as "a group of two or more connected business relations." Hakansson and Ford (2002) defined a business network as "a structure where several nodes are related to each other by specific threads" (Hakansson and Ford, 2002:133). Nodes refer to corporations, and threads refer to relationships. On the other hand, Huang et al. (2011, p. 4) concentrated his study on the impact of business networks on start-up advancement and performance and defines business networks as a compound web of associated companies and firms. Huang et al. (2011, p. 9) indicate that a business network interaction occurs between the business and its suppliers, its customers, and its competitors. According to Håkansson and Johanson (1992, p. 28), a business network consists of three distinct elements, namely, actors, activities, and resources. The key objectives of these three components are productivity by interlinking activities, the wise use of resources, and mutuality based on the actor's self-interest (Anderson 1994, p. 3).

Jansson et al. (2007, p. 956) defined five attributes of the operation of business networks, including (1) the network process element, which explains that the network is constantly changing. While they may suggest continuity, organizations may have long, intermediate, and short-term views on relationships. (2) the network structures.

A network's structure here refers to the form and is dependent on many aspects, such as investment and bond strength. Björkman and Kock (1995, p. 521) state that there are two crucial dimensions of business networks, namely bond strength and an actor's central role in a network. (3) the role of firms and network relationships, a business network can be seen as necessary by collaborating firms because of cost reduction, and exchange of useful market information. However, some firms may terminate the relationship once the business network no longer supplies in these benefits. Business networks are a prerequisite for some companies to do business (Jansson et al., 2007, p. 957). (4) the nature of strategy and planning relates to the

critical importance of day-to-day activities of businesses and (5) the inter-company relationships. Business exchange does not transpire in seclusion from social interactions, according to Jansson (2007, p. 957).

Huang (2012, p. 3) indicates that business networks affect corporate communication and information sharing. Business networks make information sharing more multidimensional, increasing the knowledge of the company. Notwithstanding, Partner companies need to be carefully chosen to avoid unwarranted waste of time and effort (Lin & Chen, 2002, p. 158). Parker (2008, p. 636), suggests that an atmosphere where: " good ideas are generated; where meeting costs are low; and where markets are competitive,' business networks will thrive better, and develop naturally without help outside the network.

2.4 Social Networks

Social networks are a series of specific, personal ties (Hite & Hesterly, 2001, p. 283) that arises as a result of trust that entrepreneurs build from past experiences and recurrent connections (McGrath et al., 2003, p. 8). Granovetter (1985, p. 490) defines social networks as a system of personal connections and associations for the intent of obtaining favours in private or corporate behavior. On the other hand, Adler & Kwon (2002) suggests that these favours are at the center of network resources for the organizations involved. The resources derived from social networks, for example, social capital, become a required mode of operation. Social capital supports small and medium-sized businesses that lack financial resources.

Zhou et al. (2007, p. 685) observed that social networks in the foreign market play an essential role in the pace of internationalization. Due to social networks, three information benefits are derived for better results: (1) knowledge opportunities abroad; (2) advice and feedback; and (3) support and referral.

Adler & Kwon (2002) indicated that the actual benefits that social networks have in terms of monetary interest is the impact on a company's social capital. Social capital is the available resource for actors based on their role in social relations.

Among other advantages, social capital contributes to the development of start-ups (Walker et al., 1997, p. 118), facilitation for innovation (Fornoni et al., 2011, p. 505), enhancement of the supplier partnership (Uzzi, 1997, p. 54), national distribution networks (Romo & Schwartz, 1995, p. 879), and inter-company communication (Kraatz, 1998, p. 638)

Social networks also have an impact on Foreign Direct Investment (FDI) (Homin and Tain-Jy, 1998) Market selection and entry (Coviello & Munro, 1997, p. 370). Styles and Ambler (1994) suggested that a business odd of performing better than rivals on the local and foreign market increases because of the advantages mentioned above of using social networks. As a result of social networks during internationalization, a competitive advantage is gained in foreign markets.

2.5 Intermediate Networks

The intermediaries are the third network of internationalization. The use of intermediaries began decades ago and is particularly useful in developing economies such as Africa (Rossman, 1984, p. 63). In the name of the firm, intermediary firms can "import," "export," or "trade" (Ahn et al., p. 76, 2011). Hallen (1992, p. 78) defines intermediate networks as: "Non-business actors not directly related to a particular purchase or sale, but acting as vehicles for information, communication and influence."

O'Gorman and Evers (2011) suggested that intermediary networks played a vital role in internationalization by recognizing global markets and consumers, encouraging introductions to international customers, and offering awareness of the foreign market and supplying the resources needed to internationalize the business (O'Gorman & Evers, 2011).

Companies also formed relations with international customers as a consequence of this intermediation position and to promote the flow of information between consumers and suppliers. (O'Gorman & Evers, 2011, p. 357). The intermediaries of international firms would mediate communications between the manufacturer and the

client in two separate countries (Stern & El-Ansary, 1992, p. 549).

In summary, formal relationships provide accessible financial outlets (Birley, 1985), and informal relationships are connections between other company players, acquaintances, and family members. Utilizing a pragmatic view, Dubini and Aldrich (1991) suggest that formal networks involve relationships between all workers whose function is the separation boundary; and informal connections apply to all individuals in direct contact with the entrepreneur. Despite differences in terms of interpretation, a consensus has established that structured relationships are connected to business activities between players in the network, informal networks refer to social relations between acquaintances (Coviello et al., 1987; Coviello, 1999; Coviello, 2006; Ojala, 2009). An intermediate relationship is when there no personal contact between the seller and the buyer, but there is a third party (e.g., broker) to support their interactions (Ojala, 2009).

2.5.1 Business and Social Networks Interaction

The concept of Business networks is extracted from the communication in a network of social relationships, according to Huang et al. (2011). Some connections in social relationships may influence business issues, regardless of whether financial interests are shared or not. According to Björkman and Kock (1995), the Business social network may, therefore, involve relationships between the individual involved and business professionals, government, as well as family and friends, all for the intention of creating business relationships. Business relationships sometimes begin with social relations, which could be accompanied by contact and business exchanges (Björkman and Kock, 1995).

In coherence, Vasilchenko & Morrish (2011, p. 96.), stated that connection between social and business networks contributes to incentives being pursued and utilized. Informal partnerships with established and newly formed systems are becoming sources of information that allow entrepreneurs to exploit potential opportunities.

Such social networks will contribute to business networks where old and new friends are valuable collaborators in maximizing the potential for internationalization.

2.5.2 Interaction between Social and Intermediate Networks

Welch and Welch (1996, p. 20) research networks position in a company's strategy and indicated that the construction of networks is an essential element of the structural base of international operations. Researchers claim further that the creation of networks consists of planned and unintentional elements. Using foreign agents or links from a foreign agent, the company is aware of areas in the country, the foreign agent has good relationships with government officials and can thus extend their activities to that part. Certain intermediaries are intended for company network growth.

2.5.3 Interaction Between Business, Social and Intermediate Networks

According to Senik et al. (2011), business networks, social networks, and intermediate networks support one another. Senik et al. (2011, p. 273) suggest that the different network types should be used at various development cycles in the internationalization phase of the company because one link does not provide adequate support for internationalization. The interaction between business, social, and intermediate networks will assist the firm to raise awareness and activate the company's internationalization process. When a company connects to a network, it connects instantly to the secondary networks, which are the critical networks of that network. See Figure 5 below for interconnectedness between the kinds of networks.

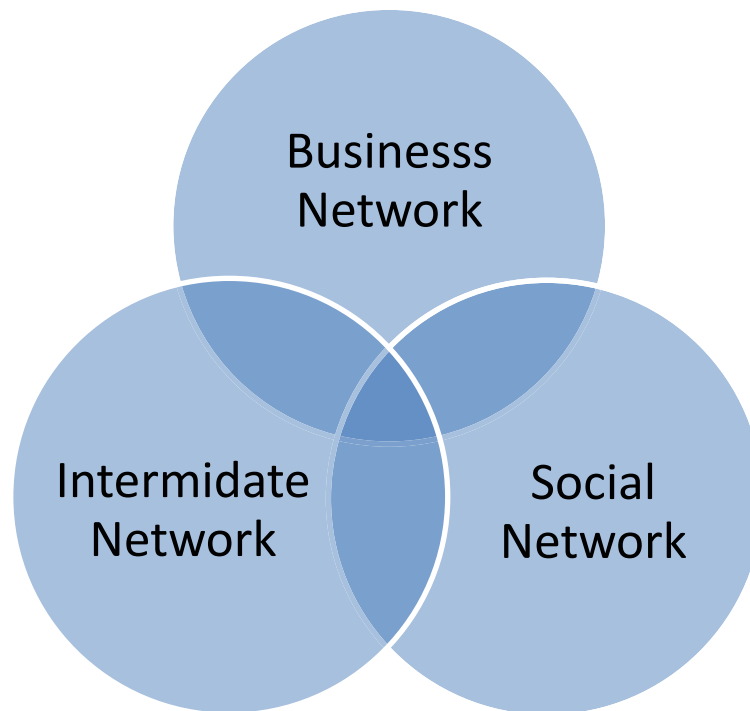


Figure 5. Interconnectedness between network kinds

2.6 Network Lifecycle

The theoretical process models of relationships formation (e.g., Ford, 1980; Dwyer et al., 1987; Borys and Jemison, 1989; Wilson, 1995; Parvatiyar and Sheth, 2000, Lutz & Tesform, 2003) have followed the principle of the life-cycle, which suggests that the creation of most relationships takes place over time by gradual growth (Van de Ven, 1992). Relationships formation is creating, improving, and maintaining relationships (Ford, 1980; Berry, 1983; Gronroos, 1994). Ford (1980) defined the structure of relationships in five phases: a process of pre-relation, an early stage, growth period, a long-term stage, and a final stage. Similar development stages were described by Dwyer et al. (1987): understanding, discovery, extension, dedication, and dissolution.

From a practical point of view, Wilson (1995) constructed the cycle of relationship formation in terms of the nature of each phase as choosing the partner, determining intent, setting boundaries, and sustaining the relationship. There are several different views to network lifecycle, but for this review study, Riemer and Klein (2006) theory

will be considered because Riemer and Klein (2006) view are recent, and it assumes the development of networks as a result of deliberate design. The researchers indicated that a network lifecycle includes initiation, configuration, implementation, stabilization, transformation, and dissolution (see figure 6).

Network initiation is the network's innovative level. It is about having a motive that could connect independent firms. This initial stage defines the scale and scope of the network's activities, as well as the first rough concept of the roles and connections of the network actors. Describing the reasons for going for a network rather than alternative forms of organization is relevant. The second phase in Riemer and Klein's (2006) network cycle is configuration. The researchers indicated that the configuration is the network's architecture, where the network business model is further shaped. At this phase, it is necessary to structure the exchange relationships, which includes engagement, information, and knowledge, between actors in the network environment.

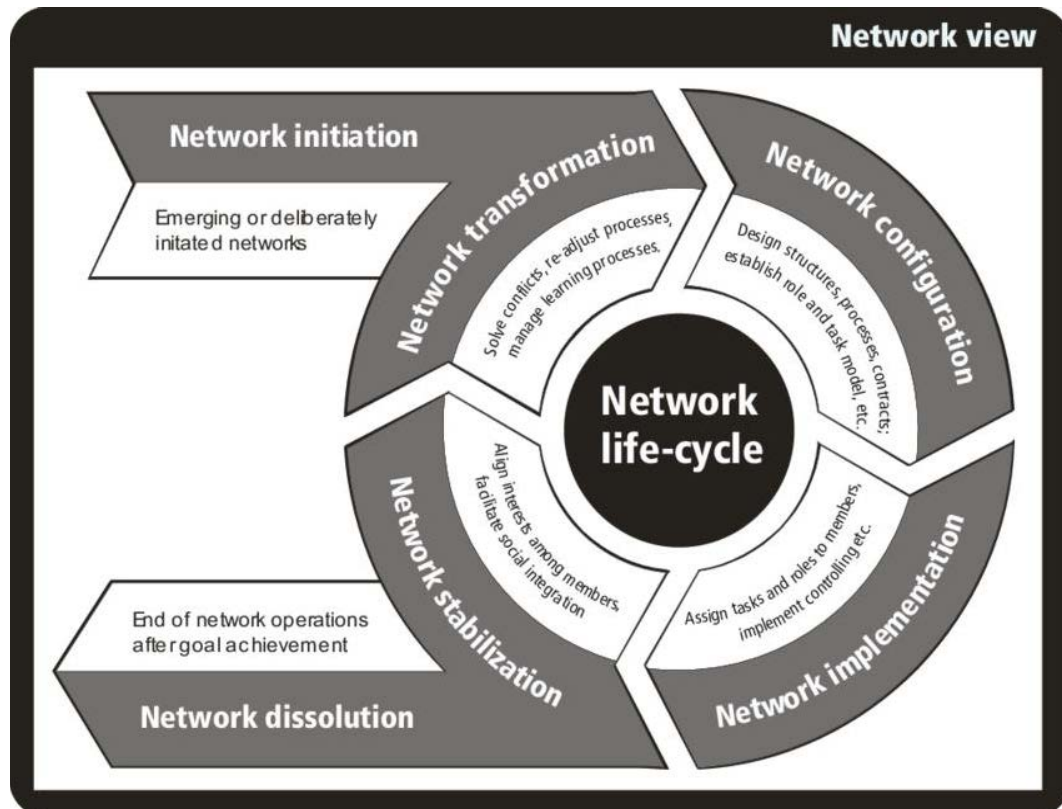


Figure 6. Network life cycle (Riemer and Klein, 2006, p. 20)

The third phase is the network implementation. The design is enforced during the implementation phase, and precise responsibilities are allocated to members of the network. It is, therefore, crucial to be clear about the division of assignments and roles, to make it easier for members to understand the network's governance structures.

During the implementation phase, the ability to balance the network's strategy with daily business operations is a significant challenge because it requires applying network operations to the involved companies from a managerial level. To avoid this, network managers should guide employees to embrace new practices in their daily activities.

Network stabilization is the fourth phase where Riemer and Klein (2006) Indicated

that, in addition to configuring the network's organizational structure, it is necessary to take care of the social structure to stabilize collaboration between partners and ensure smooth network operations. Stabilizing collaboration between them can be done by aligning the different interests among actors and facilitating social integration within the network.

Establishing social ties among people enhances information flow, promotes trust-building, and helps to avoid misunderstandings and conflicts. The fifth phase is the transformation.

Network changes may be needed at any point of the network life cycle for reasons such as, but not limited to, external pressure or internal development. As networks develop, they transform an increasing number of participants from what was initially a small group. Grandori (1993) stated that with a growing number of participants, growing complexity, and risks, it is necessary to intensify formal mechanisms of rule-setting and controls.

The final stage of the network life cycle is network dissolution. Networks are flexible arrangements that can not only alter and redesign themselves, it could also be discontinued once its task is completed. In this case, the partners are again doing their own business; they may also take part in or initiate. These models are typically driven by expectations that actors will become more dedicated and eager to advance to the next stage with a growing level of information although there are situations where the arrangement could be terminated on the grounds of results, outsiders' interactions or their future appraisal (Ford, 1980).

3 METHODOLOGY OF THE REVIEW

This section provides an insight into the research design it explains the study methodology, the data collection method, the relevant data processing techniques, and the procedure used in the interpretation of the data collected. This section serves to describe the approaches used in conducting the review and obtaining the literature required to fulfill the study purpose.

Research methodology can be quantitative or qualitative. "Qualitative research methods look at abstract variables that are not solely motivated by figures but can be just as relevant as looking at numbers, whereas quantitative research methods imply looking at actual numbers at different financial indicators, ratios and statistics that are central to the topic being studied" (Jeffrey Glen, Nov 2013).

Qualitative research is conducted in this study. The method was chosen to achieve a holistic and comprehensive understanding of the issue. When the research focuses on obtaining a sophisticated understanding of a real-life concept (Hirsjärvi et al. 2003, 155) and when the precise structures of the concept are in the interest of the researcher (Metsämuuronen, 2000, 14), the use of qualitative research method is recommended. Since this analysis is aimed at defining functions and forms of networks in the internationalization of firms from emerging economies and at gaining a comprehensive understanding of networks in the emerging economy, a qualitative approach to the research problem is a natural choice.

3.1 Systematic Literature Review as a Research Methodology

The review was carried out by utilizing a qualitative systematic review of literature based on the "procedures for performing systematic reviews" proposed by Kitchenham (2004), who offers an assessment of the present research by the applying a revision technique which enables the procedure to be repeated later The utilization of this tool in the current study is viewed as an opportunity to compile the existing information regarding the network Internationalization of firms in emerging in a

thorough and unbiased way to arrive at conclusions which are broader than those of the individual studies and answer the specific research question.

A literature review is a methodical and thorough technique to recognize, translate, and assess current literature relevant to a specific research question, or topic area, or phenomenon of interest. (Aveyard 2010, p. 4; Cotton & Tuttle, 1986; Dunham, 1977; Fink 2014, p. 36 Griffin et al., 1981;). Cooper (1988, p. 107) suggests that literature review intends to "depict, outline, assess, evaluate, as well as coordinate the substance of the essential reports," while utilizing as the database primary source materials or unique investigations, yet not reporting any new primary research.

Primary source materials are unique papers done by the individuals who directed the studies, not papers that outline the first work of others (Fink 2014, p. 12 Garrard 2011, p.30). There are three main types of literature reviews, and these are the meta-analysis reviews, narrative literature reviews and systematic reviews (Salminen 2011, p. 6; Stolt, Axelin & Suhonen 2015, p. 8; Tuomi 2007, p. 84). As mentioned above, the research method used in this present study is a systematic literature review.

A systematic literature review is a method used to identify, interpret, and evaluate all available research pertinent to a specific research question or subject territory or concept of interest. Individual studies contribute to a systematic review are known as primary studies, but a systematic review is a form a secondary study (Kitchenham 2004, p. 1) Petticrew and Roberts (2006), acknowledges that Systematic literature reviews (SLRs) are methods for making sense of large volumes of information. They are used to interpret this information to explain 'what works' and 'what does not work' when exploring specific research themes, social policy, or practical issues (Petticrew and Roberts, 2006).

Systematic literature reviews are designed to bring together the evidence base on a theme to make credible policy, research, or practical recommendations. (Thorpe, R., & Holt, R, 2008.) Through defining, objectively analyzing, and incorporating the results of all appropriate high-quality individual studies, systematic reviews seek to address research questions. Therefore, a systematic review is a piece of research and, by its essence, can tackle far broader issues than any individual empirical study

(Baumeister & Leary, 1997; Bem, 1995; Cooper, 2003).

Systematic reviews are characterized by being unbiased, comprehensive, straightforward, and replicable. A systematic review is either quantitative or qualitative. A systematic quantitative review includes studies that have numerical data, while a qualitative systematic review gets information from perception, interviews, or verbal connections and focuses on the implications and understandings of the members. It will incorporate center gatherings, meetings, observations, and journals.

A systematic review, according to Kitchenham (2004), has three stages, as seen in Figure 7. These are planning, conducting, and reporting the review.

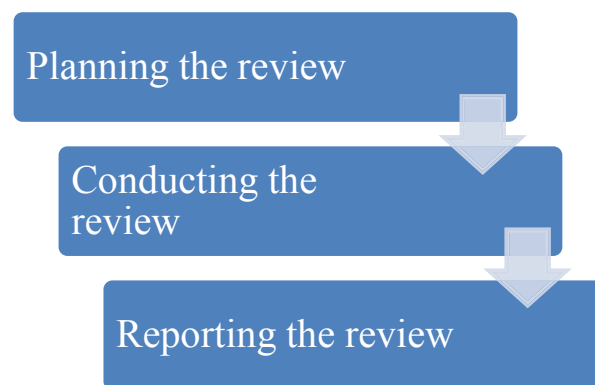


Figure 7. Three stages for performing SI according to Kitchenham (2004)

Kitchenham (2004) divides literature reviews into eight tasks, which are the identification of need, developing a review process (*Planning the review*), identifying research, selecting research, evaluation of the research standard, extraction of data, synthesis of the results (*Conducting the review*) and reporting the review.

These tasks are shown in figure 8. The need for a systematic review stems from the need for scholars to comprehensively and unbiasedly analyse all existing information on some phenomena.

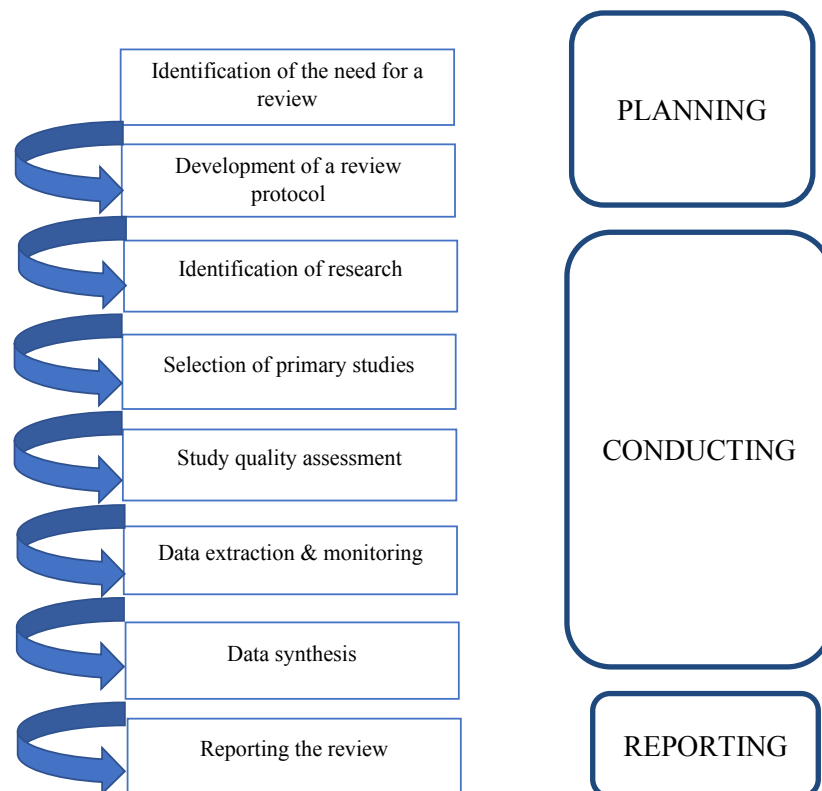


Figure 8. Eight step task to SLR Kitchenham (2004)

3.2 Data Gathering Process

The literature for this analysis has been compiled with all phases reported and registered as carefully as possible. The probability of selection bias is reduced when the literature review is carried out systematically. (Coughlan & Cronin 2017, 13).

The literature search should be appropriately recorded, and the requirements for inclusion and exclusion should be indicated, as well as the findings of the literature (Coughlan & Cronin 2017, 15). Therefore, enough information should be provided, so an attempt to reproduce the analysis can be replicated by another researcher (Torraco 2005, 361).

The inclusion and exclusion requirements were identified and checked in this literature review before the main literature search was performed. Niela-Vilén and Kauhanen, (2015) indicated that Criteria for inclusion and exclusion promote the

identification of relevant works of literature and simultaneously, eliminate potential issues and mistakes, thus checking that the research objective is not lost.

The selection of the literature is a multi-stage process where various components such as title, abstract, and full paper of the target articles are screened against the inclusion and exclusion criteria (Kitchenham, 2004). The selection of the literature was made in two phases in this literature review to identify the most relevant and essential data. In the first phase, the titles and abstracts were quickly screened. Materials from the first phase were transferred to the second phase, where the paper was screened in full.

SAGE Premier and Business Source complete were databases used to access literature in this review. SAGE Publications is a journal publisher with over 1000 publications, including arts, social sciences, business, technology, and medicine. Business Source complete gives access to full text for more than 10,000 academic business journals and full text for more than 1,150 peer-reviewed professional publications.

Because many Finnish institutions like the University of Oulu are using both databases, they are regarded as a reliable data source. Using Google Scholar, a manual search was carried out to complement the primary databases. Chris Hart, (2018) indicated that a manual search allows access to research that might otherwise have been absent from the literature review, thus reducing the risk of discovery bias that may arise from weak indexing or selective publishing.

A preliminary data analysis was performed to test and review the databases. Using search terms “Network internationalization and emerging and firms or companies or enterprises or businesses and economies” resulted in a total of 1254 results in EBSCOhost and 1643 results in SAGE Premier. The search terms were limited to obtain data that would be better suited to the research question. Therefore “Network internationalization of firms from emerging economies” was chosen as the search term over “Emerging economies firms’ internationalization.” The manual search in Google Scholar also resulted first to 21,600 results (with words “Network internationalization of firms from emerging economies”), so the search terms for the

manual search had to be revised as well.

The actual searches from EBSCOhost database Business Source, SAGE Premier, and a manual search in Google Scholar were done by using the search words “Network Internationalization” AND “Emerging economies” OR “developing economies” OR “developing countries” AND firms OR companies OR enterprises or businesses.

3.2.1 Identification of Relevant Literature

Criteria for inclusion and omission set the frontiers for the systematic review. They were defined after the research question was set, and before the search was conducted; however, testing searches were conducted to establish suitable criteria. The search process was based on the eligibility criteria established in advance. Meline (2006) suggests that the guidelines for inclusion and omission of research provide specific guidance on the study requirements to be used.

For this literature review, only articles released from 2003-2019 have been reviewed to ensure that only the latest and up to date material has been used. It is advised to use the most recent up-to-date journals and papers because academic expertise is rapidly changing and can quickly grow outdated in several fields (Hirsjärvi et al. 2007, 109).

Table 1 details the requirements for inclusion used to classify literature applicable to this review.

Table 1. Inclusion criteria

| Inclusion Criteria | |
|----------------------|--|
| Content | Search words “Network Internationalisation” AND “Emerging economies” OR “developing economies” OR “developing countries” AND firms OR companies OR enterprises OR businesses. |
| Publication Date | Published between 2003-2019 |
| Publication Language | English |
| Other.Criterion | <ul style="list-style-type: none"> – Research Article; Academic Journals; Peer reviewed – Search words found in Abstract – Full access to content – Full text available – Primary sources – Articles with precise research results – Answers questions of the study |

The literature searches from SAGE Premier 2012, EBSCOhost, and Google Scholar took place 15-18.6.2019 and resulted in a total of 207 articles (See Table 2: Literature search).

Table 2. Literature search

| Database | Results |
|----------------|---------|
| EBSCOhost | 42 |
| Sage journals | 109 |
| Google Scholar | 56 |

3.2.2 Data Selected and Gathered

All literature collected from the databases of EBSCOhost and SAGE journals was checked to ensure the consistency of the research. A manual search was also conducted using Google Scholar.

In total, these databases produced 207 publications. Initial screening was then used as each publication's title and abstract were screened against the criteria for inclusion. A total of 147 articles were exempt from this phase. During the secondary screening, each paper was carefully examined and tested against the standard for inclusion. Furthermore, 36 publications were exempt from the secondary selection. The literature review accepted a total of 24 publications.

This review excluded articles papers that did not raise a concise research question, or did not have precise research results, or was insignificant or too ambiguous to address the research question. Figure 3 displays the data search process. Table 3 demonstrates a more comprehensive screening process for each database: extensive search results for literature. Many papers were rejected in the first screening process because they did not meet the inclusion criteria.

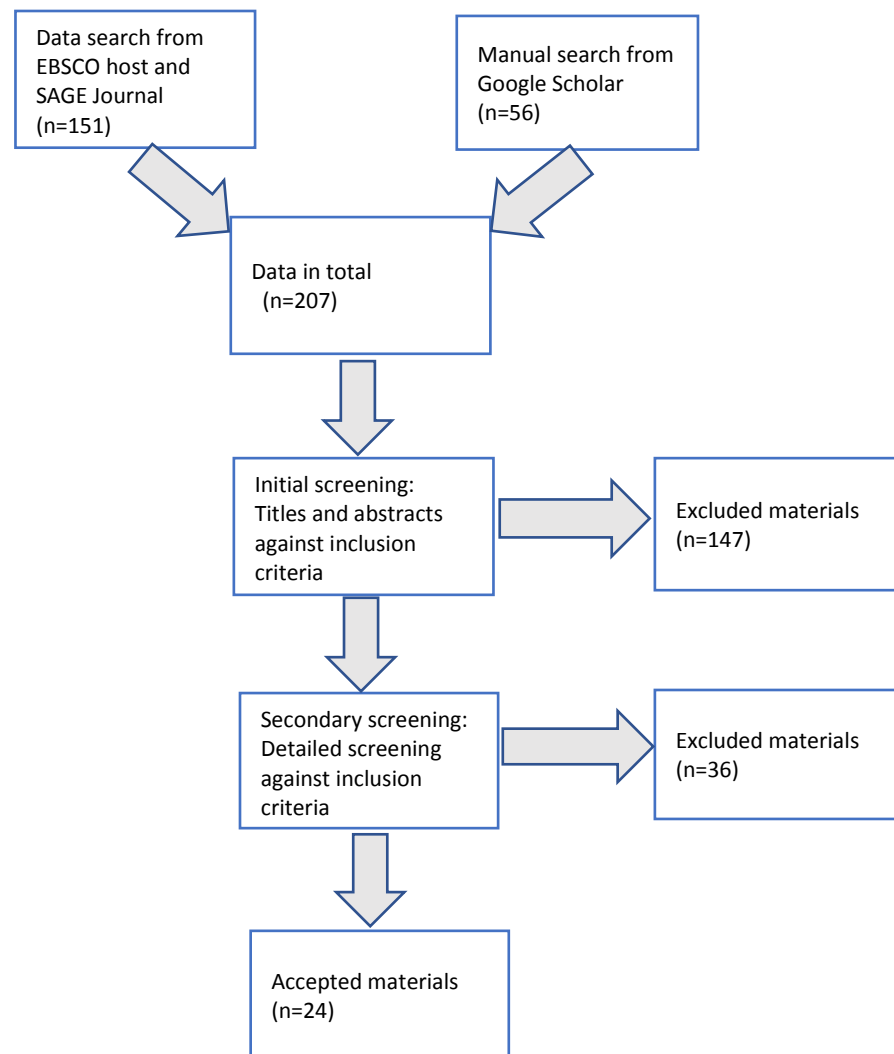


Figure 9. The data search process (applied from Flow Diagram by Moher et al. 1999)

Table 3. Detailed Literature search

| Database | Publication Year | Date | Search terms | Results | Number discarded after reading title and abstract | Number discarded after reading full text | Number Accepted |
|----------------|------------------|-----------|---|---------|---|--|-----------------|
| EBSCOhost | 2003-2019 | 15.6.2019 | “Network Internationalisation” AND “Emerging economies” OR “developing economies” OR “developing countries” AND firms OR companies OR enterprises or businesses | 42 | 26 | 23 | 3 |
| SAGE JOURNAL | 2003-2019 | 15.6.2019 | “Network Internationalisation” AND “Emerging economies” OR “developing economies” OR “developing countries” AND firms OR companies OR enterprises or businesses | 109 | 87 | 5 | 7 |
| Google Scholar | 2003-2019 | 16.6.2019 | “Network Internationalisation” AND “Emerging economies” OR “developing economies” OR “developing countries” AND firms OR companies OR enterprises or businesses | 56 | 34 | 8 | 14 |

Every article that met the criteria for inclusion was read in more depth after screening the abstract. Publications were then incorporated into the review on the grounds of careful consideration of the research quality and importance to the research question.

Fink (2014) identified that a rigorous screening process would differentiate well-done study from poorly done ones, helping to find the best available literature review content.

A total of two papers from the EBSCO database, seven articles from the SAGE Journals database, and twelve articles from Google Scholar were accepted after the screening process. The final approved and chosen papers are shown in Table 4. After the collection of papers, the data was analysed.

3.2.3 Data Analysis and Thematic Analysis

This thesis was conducted as a systematic literature review. The data analysis was performed using the databases EBSCOhost, SAGE Journals, and Google Scholar. Overall, for the study of literature review, 24 articles were selected. The purpose of the data analysis method is to carefully evaluate the primary sources without any prejudice resulting in a ground-breaking synthesis.

Whittemore & Knafl (2005) indicated that many mistakes might occur while processing the content, so the analysis stage should be cautiously done. The researchers suggested that data should be reduced to a realistic structure when analysing the data. Data reduction applies to data extraction and coding methods for simplifying and arranging data. Methodological uniformity is necessary to ensure that this technique is accurate and valid (Whittemore & Knafl, 2005, 550.)

The thematic content analysis was utilized in this literature review because it seeks to find common trends across a set of data. Thematic analysis is a versatile form of qualitative data analysis that fits well with a range of research questions (Clarke & Braun 2014, 4).

Coughlin & Cronin (2017) indicated that the thematic content analysis is the most widely employed way of summarising and synthesizing data in a narrative and systematic review. In this approach, the researcher familiarizes with the data, then

relate them to each other to produce a summary of findings (Eisenhardt, 1989).

There are several different methods for thematic analysis (e.g., Boyatzis, 1998; Alhojailan, 2012; Javadi & Zarea, 2016). This variability often suggests that the nature of thematic work remains unclear, including how it differs from a qualitative content study (Vaismoradi et al., 2013). For this literature review, the thematic approach meets the 6-step method of Braun & Clarke (2014) because it provides the most unambiguous framework for thematic analysis (Moirra Maguire & Brid Delahunt, 2017).

The analysis for this review was done using Braun & Clarke's (2014, 1-2), six-steps guide for doing a thematic content analysis, which included data familiarization, creation of initial codes, search for themes, evaluating possible themes, define themes, and writing the report.

In this literature review, getting to know the data was the first step of the thematic content analysis. It was essential to study individual articles to get a detailed overview of all the data obtained. Coding was introduced after understanding the data by distinguishing terms or phrases from the results, which are crucial to the research question. Similar themes were named, and assessment of the articles regarding their quality and significance to the thesis was carried out. Several topics had to be removed as they were too unclear from the final set of themes.

The themes that were found through this process were then further divided into three categories, which include network sources, the role, and the benefit. These were realized, based on the research question to be examined. Finally, results were synthesized to do the review.

4 FINDINGS

This section first presents the findings of the literature review. The results and analyses of the review are organized as follows: (a) overall perspective on network internationalization in emerging economies, (b) forms of network in emerging economies, (c) networks in different cultural contexts, and (d) roles of networking in emerging economies.

4.1 Research on Network Internationalization of Emerging Economies Firms

The analysis indicates increasing interest in the influence of networks during the internationalization of firms from emerging markets. Findings and contributions of research on emerging economy firms network internationalization are explained through the empirical findings. Table 4. presents the reviewed studies.

Table 4. The reviewed studies on network internationalization of firms from emerging economies

| Author | Journal | Method | Research Focus |
|---|--|--|---|
| Ajai, O. (2015). | <i>Palgrave Macmillan journal</i> | Survey study | Factors for African internationalization failure. |
| Aulakh, Preet. (2007). | <i>Journal of International Management</i> | Case study, survey, and use of Archival data | Emerging multinational firms from developing economies. |
| Boso, N., Adeleye, I., Ibeh, K., & Chizema, A. (2019) | <i>Thunderbird International Business Review</i> | Case study | The internationalization of African firms. |
| Boris Urban(2019) | <i>Journal of Entrepreneurship</i> | Case study | Social networking in South Africa firms. |
| Chen, T. J. (2003) | <i>Journal of Management Studies</i> | Case study | Network resources for internationalization in Asian electronic firms. |

| | | | |
|---|--|-----------------|---|
| Ciravegna, L., Lopez, L., & Kundu, S. (2013) | <i>Journal of Business Research</i> | Interview study | Comparative study on network internationalization in developed vs. emerging economies. |
| Dib, L. A., Da Rocha, A., & Da Silva, J. F. (2010) | <i>Journal of international entrepreneurship</i> | Case study | Network Internationalization of Brazilian software companies. |
| Elango, B., & Pattnaik, C. (2007). | <i>Journal of international business studies</i> | Case study | International operations of Indian companies. |
| Ge, G. L., & Wang, H. Q. (2013). | <i>Asia Pacific Journal of Management</i> | Survey study | Impact of network relations on the internationalization of Chinese private firms |
| Ghuri, P., Tasavori, M., & Zaefarian, R. (2014) | <i>International marketing review.</i> | Case study | Internationalization of service firms through networking. |
| Ibeh, K., & Kasem, L. (2011). | <i>Industrial Marketing Management</i> | Case study | The network internationalization of Syrian small and medium-sized software firms. |
| Ibeh, K., Awa, Makhmadshoev, D., & Madichie, N. (2018). | <i>International Marketing Review</i> | Case study | Multinationals from West Africa. |
| Kujala, I., & Törnroos, J. Å. (2018). | <i>Industrial Marketing Management</i> | Case study | Networks Internationalizing from Ghana to the USA |
| Lee, J. W., Abosag, I., & Kwak, J. (2012). | <i>International Business Review</i> | Case study | Network role in the Chinese automobile industry internationalization. |
| Lew, Y. et al. (2016) | <i>International Journal of Multinational Corporation Strategy</i> | Interview study | The role of business and ethnic group based social networks in Chinese SMEs internationalization. |
| Manolova et al. | <i>Journal of World</i> | Survey study | The role of networks for |

| | | | |
|---|--|--------------------------|---|
| (2010) | <i>Business</i> | | new-venture internationalization Bulgaria. |
| Mejri, Issam & Ramadan, Maarouf. (2017). | <i>Global Business and Organizational Excellence</i> | Case study | Network internationalization of Tunisian high-tech SMEs. |
| Mikhailitchenko et al. (2016). | <i>Journal of Marketing and Consumer Behaviour in Emerging Markets</i> | Survey study | SME Internationalization in emerging markets. |
| Udomkit & Schreier (2017) | <i>Journal of Asia-Pacific Business</i> | Survey study | The importance of linking networks in the internationalization of SMEs |
| Rauch, James & Trindade, Vitor. (2002). | <i>The Review of Economics and Statistics</i> | Quantitative study | Ethnic Chinese Networks in International Trade. |
| Monticelli et al. (2017). | <i>Journal of International Business</i> | Case study | Political networks in the internationalization of firms in an emerging economy. |
| Rutashobya, L., & Jaensson, J. E. (2004). | <i>International Journal of social economics</i> | Survey study | Network internationalization in Tanzania small firms |
| Senik, Z. C. et al. (2011). | <i>Journal of International Entrepreneurship</i> | Interview and Case study | Network internationalization of SMEs in emerging economies. |
| Sim, A. B. (2012). | <i>Journal of Asia Business</i> | Case study | Internationalization strategies of Asian firms. |
| Yiu, D. W., Lau, C, & Bruton, G. D. (2007). | <i>Journal of international business studies</i> | Survey study | Internationalization by emerging economy firms |

Network research has been used widely in studies of internationalization, particularly interest in the influence of networking in emerging markets firms has been increasing in recent years (Luo et al., 2007; Santos et al., 2010). Nations that are still developing

have different environmental features from advanced economies. The commercial structures, for example, are not well established, and the interaction between business and government is overly interconnected (Khanna, Bigley, D.Aunno, Ring, 2005).

Zeng and Williamson (2003) claim that many developing economies are looking for reliable networks to help them become international firms. Researchers (e.g., Zhou et al. 2003; Tambunan, 2008) have indicated that emerging economies firms are engaged in networking and are actively seeking global partnerships as a source of new information and knowledge to boost their international competitiveness. This is evident in Ge & Wang. (2013) report that during the internationalization of Asian firms' networks is the primary access to data and exhortation about foreign markets both abroad and at home.

Elango et al. (2007) network internationalization study of 794 Indian firms shows that while the differentiation (marketing-based and technology-based) benefits of emerging market firms operating in international markets are lacking, these firms have cost (size-based or efficiency-based) benefits. Elango et al. (2007), indicated that the study results highlight the value of selecting, depending on the environmental background, a cost-based or differentiation-based approach such as networks, to competitive advantage.

Ajai's (2015) analysis of failed attempts at internationalization of African firms provides a strong argument that such failures are a result of weak relations with the government in the foreign market. This is particularly crucial for companies from the two biggest African economies (Nigeria and South Africa), as they have very complicated and delicate relationships with many of their neighbors due to historical reasons and fear of economic dominance. For instance, concerning South African companies, their continued expansion seems to draw attention in many nations, circumstances not supported by their historical baggage of the Apartheid era, and the subsequent indifferent relationship with other African countries. Therefore, prominent South African companies had to build and exploit meaningful political network relationships as they extend to the remainder of Africa. Ajai's (2015) findings are in line with Ojaid (2018), who illustrated that internationalizing emerging economies companies must have network relations with the government in

host countries in order to overcome the instability and uncertainties that plague several developing nations during internationalization.

Furthermore, emerging economies firms use internationalization to gain a competitive advantage in both foreign and domestic markets. While developed market firms tend to exploit their ownership-specific advantages to gain competitive benefits in international markets, emerging economies firms develop network ties to expand internationally (Aulakh, 2007). These networks, along with their existing resources, help them compete during foreign market entry (Kumaraswamy et al. 2012).

4.2 Forms of Networks in Emerging Economies

Various forms of network assist firms from emerging economies not only in their initial phases, but also in the international business after firms become internationalized (Kujala & Törnroos, 2018; Ibeh, & Kasem 2011; Chen, 2003). Therefore, businesses in host countries should also be able to develop new network ties (Ghauri et al. 2014). The three network forms (business relations, personal contacts, and institutional) interpreted from the analysis precisely conform to the theoretical framework of this study.

4.2.1 Business Relations

The existing theories refer to business relations as a partnership and connection between companies (Oparaocha, 2015; Slotte-Kock & Covellio, 2009). This business relations are in the form of partnership with either bigger, local or foreign-owned businesses within the emerging economy or international parent companies, other manufacturers, suppliers or participating in global supply chains (Kujala & Törnroos, 2018; Mejri, 2017; Ibeh & Kasem, 2011; Dib et al. 2010; Chen, 2003).

An exciting finding was Ciravegna, L. et al. (2014 p. 919) indication that companies who internationalized through customer-supplier networks did not actively look for

prospects for international business. Regardless of their country of origin, they responded to opportunities created by their domestic clients, pulling them into new markets. This concept is related to the Uppsala revised internationalization model (Johanson & Vahlne 2009), which illustrated that the networks of firms could initiate their internationalization. The researchers indicated that companies expand abroad because they have strong network ties who are involved in supporting the firm in their internationalization process.

4.2.2 Personal Contacts

Personal contacts, according to existing literature, relate to networks achieved from individual and inter-organizational levels (Slotte-Kock & Coviello, 2010). Personal contacts include family members, schoolmates, acquaintances, other company owners, colleagues from previous jobs, fellow churchgoers, service leaders of the community, and even football teams (Manolova et al., 2010; Ghauri et al. 2014; Lew et al., 2016; Boris Urban 2019).

Emerging economy firms, especially those in Asia, suggested that they sought their first clients abroad by aggressively searching their personal contacts to identify professionals working in prospective foreign markets that could enable them to internationalize (Lee et al. 2012; Rutashobya, & Jaensson, 2004; Chen, 2003). In these situations, the companies consciously and deliberately exploit their social ties. In contrast, Ge & Wang (2013) and Yiu et al. (2007) suggested that firms from emerging economies have been introduced with potential opportunities abroad through personal contact without actively searching. This is following the assumption that internationalization takes different approaches, some of which can be decided by spontaneity rather than strategic planning (Kontinen & Ojala, 2011; Crick & Spence, 2005; Jones & Coviello, 2005).

4.2.3 Institutional Networks

The institutional network in literature is linked to government agencies and aims to improve information capability and control of resources (Udomkit & Schreier 2017). Institutions include ministries, industry supporting bodies, free trade agreements, government bodies, and embassies. The emerging economy embassies all over the world help to assist firms by giving the information required. Host country embassies based in the emerging economy also help firms with the information needed (Mejri et al. 2017; Senik et al. 2011; Cuervo-Cazurra, A. 2008; Elango, & Pattnaik, 2007).

Monticelli et al. (2017), indicate that institutions are the gateway to the system of industrial relations that links local firms to international companies. Institutions in the emerging economy assign the firms to become vendors to multinational companies. Similarly, Senik et al. (2011) indicated that firms from emerging economies also able to create connections through institutional networks by connecting with institutions from other countries.

This is in coherence with Kontinen and Ojala (2011), that third parties such as institutions could facilitate the network relationship between buyer and seller. By taking advantage of these links, the firms in the emerging economy require minimized effort to address international policies and criteria, which in turn allows easier internationalization. Through this networking, emerging economy firms can penetrate other markets.

Senik et al. (2011 p. 268) stressed the importance of managers selecting the most suitable agencies to encourage the firm internationalization attempts, depending on the size of their firms. The mode taken to go international depends on the size of the firm. For smaller firms in Malaysia, they usually go through small and medium-sized business development. For more prominent size firms, they typically use Industrial development authorities and corporations for external trade development.

4.3 Networks in Different Cultural Contexts

The finding presents that personal contacts were the primary network choice in Asia. In Africa, the use of institutional government networks was more prominent during internationalization. Lee et al. (2012) indicated that guanxi (personal contacts) is an essential aspect of Asian culture and is known for decades as an unavoidable factor in managing business with Asian businesses. Asian ethnic companies tend to promote personal relations in companies in order to ensure the smooth performance of their business.

Ge & Wang (2013) notably mentions the word-of-mouth effect in local Asian communities in host countries, which, in turn, mirrors Rauch and Trindade (2002, p. 117) research that communication is more transparent in the guanxi network and society penalties can reduce opportunistic behaviours. Based on a sample of 108 Chinese private enterprises, Ge & Wang (2013, p. 1184) found the evidence that organizations with reliable social contacts internationalize at a rapid pace and are ready to put in more resources. One plausible reason is that social network provides organizations with a support system to minimize confusion, collect market information, and provide additional financial assistance. Therefore, they are open to making quicker moves and commit more resources during the internationalization process. The observation supports existing literature on the use and role of guanxi networks in their internationalization by Asian companies (e.g., Chung, 2014; Zhou, Wu and Luo 2007; Luo 2000; Yeung 1997; Kao 1993).

On the other hand, firms in Africa usually strive to have a good relationship with institutions and governments in host countries. Boso et al. (2019, p. 6) identified that the increased internationalization rates of companies in Africa could in large part be linked to developments in growth and regional integration in the crucial sectors and to the capacity of the pan-African companies to address organizational instability in the demanding environment of several continental countries. Increased regional integration is a contributing factor to institutional networks being the network of choice for African businesses during internationalization. In 2018, the African Union, consisting of governments across the region, signed the African Continental

Free Trade Area (CFTA). Ibeh et al. (2018) identified the use of institutional network as a result of the strong participation of business elites and influential firms toward the idea of building an entire African sector (Pan -Africa), and the situation is due to the increasingly transparent policies of the regional and the national authorities, illustrated previously.

Dib et al. (2010, p. 246) indicate that in Latin America (e.g., Costa Rica, Brazil), in general, all companies have high networking performance, both at home and abroad. One plausible explanation is that culture in Latin America is relational like Asia, and persona contacts are used regularly to encourage business with other companies or individuals and are essential to successful political, social, and economical operations (Ciravegna et al. 2014, p. 920). There was a network tie in 100% of Latin American internationalized firms (Dib et al. 2010, p. 246).

In the Middle East, data shows that social relations, as well as business networks, played an essential role in internationalizing the studied Syrian firms. However, while social connections remain relevant, they appear less important than business networks in the internationalization process of most Syrian firms (Ibeh & Kasem, 2010, p. 363).

To further understand networks in different cultural contexts, a future research recommendation suggests a thorough study of the difference between networks and cultures (see 5.2).

4.4 Role of Networks During Internationalization of Firm from Emerging Markets

Previous research results are consistent with the role of networks in emerging economy firms. In the reviewed articles, networks were reported to be valid and assisted in the selection and entry of foreign markets. Based on the finding role of the network during the internationalization of firms from emerging economies allows open information flow, strengthens internal learning and trust, gives access to the

additional resources, and provides access to foreign suppliers and customers. Findings are following the theoretical framework of this study.

a) Allows open information flow

Networks were seen as crucial source of information and have played a significant role during internationalization, in different emerging economy firms, such as Bulgarian retail INV (Manolova et al. 2010), Chinese manufacturing firms (Ge & Wang, 2013), Costa Rican high-tech SMEs (Ciravegna, et al. 2014), Brazilian IT firms (Dib & Silva, 2010), Indian service firms (Ghauri, et al. 2014).

Firms from emerging economies base their decision to internationalize on information about foreign market (Mikhailitchenko et al. 2016). This, therefore, enhances the role of variables such as good word of mouth regarding foreign market opportunities as well as the ethical impact of other already internationalized network members (Chen, 2003). In this case, the network plays the role of information sharing avenue for internationalization motives such motives might be non-rational, subjective, and additional calculative ones that are communicated by the networks (Ciravegna et al. 2014, p. 919).

Dib et al. (2010, p. 246) indicated in his survey of 249 Brazilian software firms that firms in the network cluster who had no contact with other firms did not benefit from other firm's access to international information. The finding of Dib et al. particularly stresses the importance for firms to have a good position in the network tie. When emerging economy firms are correctly positioned in the network, they can gain knowledge by sharing views or exchanging information when dealing with partners. Partners in the network tie are willing to provide advice, the latest updates, knowledge, and even business opportunities for internationalization (sim 2012, pp. 12-13).

Networks provide free flow of information and allow the emerging economy firms to know about potential business opportunities and need to internationalize Kujala & Törnroos (2018), indicated that when the firm finds out about host nations, it can

choose the passage technique and select a suitable market to enter.

Findings of the network's role as a provider of open information flow are in accordance with Johanson and Vahlne (2009) that companies can expand their business to the foreign market with information about exciting business opportunities arising from the network. Lee et al. (2012) said having the right contacts would help firms from emerging economies acquire required information for problem-solving which in turn, accentuates the information gain from networks underlined in the analysis by Zhou et al. (2007, p. 685),

Findings of the review study suggests that Information arising from the network ties is not limited to information about foreign market opportunities, but networks also provide emerging economy firms with knowledge of current guidelines, principles and other legal information about foreign market which in turn helps emerging economy firms in deciding how and when to internationalize (Meri et al. 2017; Ciravegna 2014 Senik 2011; yiu 2007). This observation follows existing literature, Fuller-Love & Thomas (2004 p. 253), that information given by network actors allows the enterprise to remain a leading player in the legal and other critical aspects during internationalization.

b) Strengthen internal learning and trust

Shared values and trust in networks encourage firms to establish and maintain interlinked and mutually beneficial networks (Kontinen & Ojala, 2012b; Johanson & Vahlne, 2003). The internationalization view of networks, however, emphasizes that it is essential to overcome the "liability of outsidership" concerning networks than the "liability of foreignness" (Johanson & Vahlne, 2009). For emerging economy firms, problems like trust and dedication within different kinds of networks are of relevance, especially within social and business networks (Manolova et al. 2010).

Senik et al. (2011) therefore, indicated that a crucial role of the network is to strengthen internal learning and trust of the network tie by offering opportunities to learn, build trust and transparency that are valuable for internationalizing emerging markets firms. Similarly, Lew et al. (2016) reported that it is essential for networks to

provide constant learning and exposure in foreign markets while accountable to promote mutual trust.

Trust according to Johanson & Mattsson (1987) is regarded as an essential element in the business networking research which in turn, Johanson and Vahlne, (2009) emphasized that understanding how to manage network ties is essential, the researchers also stressed that trust in the beginning and long-term network ties is crucial in creating and leveraging a chance within the relationship.

c) Give access to the additional resources

According to Zhang et al. (2014), one justification for the use of a network to internationalize in emerging economy firms is to address the limitation of insufficient diversified resources. Ghauri et al. (2014) claimed that by the active collaboration of network activities, emerging economy firms could access financial resources, management expertise, and key data for planning appropriate internationalization strategies. A notion supported by Lew et al. (2016) that the role of networks is to provide access to an innovative procedure, which in turn provides emerging economy firms with access to data, human capital, and account. As an essential asset in organizations, networks help emerging economy firms overcome worries about insufficient fund, services, and business intelligence during internationalization (Udomkit & Schreier, 2017, P. 10)

These findings are in coherence to Johanson and Vahlne (2009), which explains that exchange and interaction with network partners allow a firm to gain new knowledge and financial advantages.

d) Provide access to foreign suppliers and customers

Ibeh & Kasem (2010) indicated in their network internationalization study of Syrian firms that organizations depended heavily on the network to help them reach customers and suppliers abroad. One of Ibeh & Kasem (2010, p. 363) interviewees

internationalized through contacts from the founder's Saudi friend and subsequently established partnerships in other Arab markets, including the United Arab Emirates. Another Ibeh & Kasem (2010, p. 363) interviewee got a contact from an academic supervisor and was able to internationalize to the whole middle eastern region. These examples illustrate the role of networks to provide access to foreign suppliers and customers.

In line with Ibeh & Kasem (2010) findings, the study of the internationalization process of Chinese SMEs by Lew et al. (2016) identified that the role of business and social networks in emerging economies is to provide the right contacts in their sector as a result of interaction with network connections. Ge & Wang (2013), on the other hand, have identified corporate networks as strategic partners to help counter threats and capitalize on market opportunities and give significant focal points to the firm as it seeks after international venturing (Yiu et al., 2007, p. 537).

This conclusion is consistent with Johanson and Vahlne (2009) that a firm could enter a foreign market because it has good relationships with some important partners, they can be home or foreign partner and that one of the advantages of networks is to enhance competitiveness (Huang et al. 2012, p. 2). Also, being positioned within an international network enables the internationalized firm to create connections that can prompt further linkages with different other actors (Axelsson and Johanson, 1992; Johanson and Vahlne, 1992).

For the internationalization to take place, each form of networking has its specific roles. Business networks have a positive impact on the planning of the leading foreign market segment, the speed of internationalization and asset responsibilities, while personal networks have a positive effect on asset responsibilities and the pace of internationalization, but not on the planning of major foreign market transitions. Institutions act as facilitators during internationalization. See table 5 below for a summary of the roles and forms of networks in emerging economy firms.

Table 5. Summary of findings on network forms and roles in support of firms from emerging economies during internationalization

| Network forms | Role |
|---|--|
| <p>1 Business Relations</p> <ul style="list-style-type: none"> - Local and foreign companies in the emerging economies - Suppliers both home and abroad - Global Supply Chain | <p>Partners with local and international collaborators.</p> <p>Offer additional networking.</p> <p>Work with local and international suppliers to establish a network with other business partners.</p> |
| <p>2 Personal Contacts</p> <ul style="list-style-type: none"> - Family, Friends, and workmates - Firm owner to Firm owner - Via exhibitions, conferences, workshops | <p>Enables firms to find clients abroad.</p> <p>Provide Connection with supply chains abroad.</p> <p>Establish personal contacts to facilitate the internationalization process.</p> |
| <p>3 Institutions</p> <ul style="list-style-type: none"> - Government Agencies - Industry Associations - Free Trade Programs - Ministries - Embassies | <p>Participate in exhibits and strengthen networking</p> <p>Using relevant international entry strategies and appropriate support services.</p> <p>Contact other government agencies to help companies familiarize themselves with laws, processes, or policy issues.</p> <p>Acts as a facilitator.</p> <p>Provides support and information.</p> |

5 DISCUSSION

5.1 Key Result

The findings of this study that are based on the theoretical framework and literature review can be summarized into three main propositions;

P1.) The internationalization of emerging economy companies is strongly influenced by the networks P2.) Firms from emerging economies primarily use their network ties to gain knowledge of the foreign market and make market selection decisions.

P3.) The choice of network form differs in various cultural contexts. Figure 10 presents an empirical model that demonstrates the internationalization of emerging-economy firms via a network approach. In this context, this empirical model helps to clarify the three research questions set out in Chapter 1.

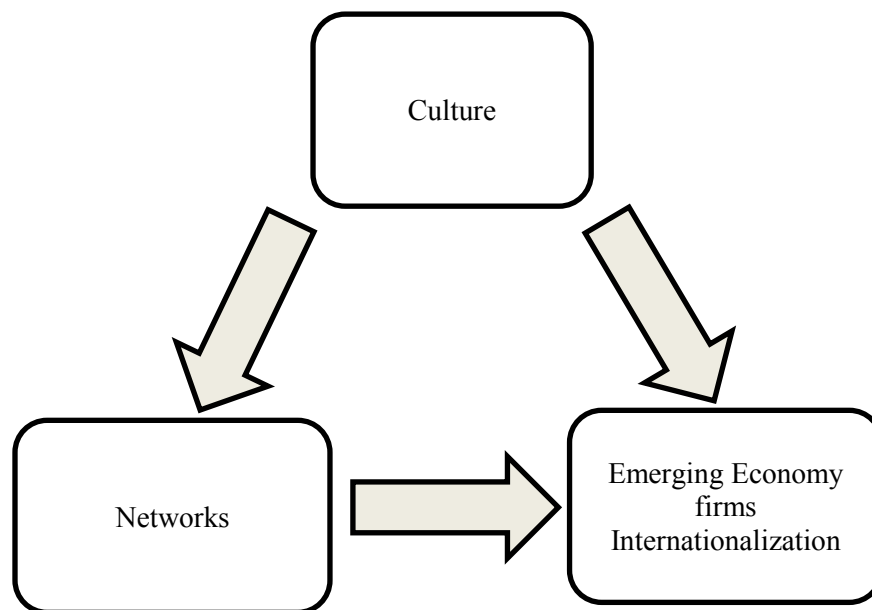


Figure 10. The internationalization of firms from emerging economies through networks approach

Research question 1: How do networks impact firms from emerging economies in their internationalization process?

In regards to this research question, this study has made the following propositions;

P1.) The internationalization of emerging economy companies is strongly influenced by the networks.

For emerging economy firms, network ties are valuable resources that enable businesses to pursue the necessary resources, particularly in terms of market knowledge and financial support, while accessing foreign markets. The findings based on 24 articles suggest that network relationships in emerging economies have a positive impact on the firms' internationalization process. Such impacts are, emerging economies become more educated and, therefore, able to identify and exploit lucrative prospects during their internationalization process. This outcome is consistent with existing research, which has shown that the networks are effective in enabling firms to enter foreign markets (Johanson and Vahlne 2009; Zain and Ng 2006; Johanson and Mattsson 1988; Coviello and Munro 1995).

Organizations from emerging markets with secure networks can internationalize more rapidly and are willing to commit more capital. A logical explanation is that networks provide them with a support system to minimize confusion, obtain information, and provide financial assistance. Additionally, firms from emerging markets with different types of networks have revolutionary internationalization, and networks help to shape the internationalization process. Meanwhile, to attain the benefit of networks during internationalization, firms from emerging economies should have development capabilities, and achieve a good position in the network.

Research question 2: What forms of network are available to firms from emerging economies during Internationalization?

Various forms of networking are available to emerging economy firms during internationalization. The three network forms are business relations, personal contacts, and the institutional network. Findings from the review indicate that businesses from emerging economies focus primarily on, and sustain one network form in the long or short term, and shared advantages are at the root of relationship

management. Moreover, to the effect of primarily focusing on one network form, Senik et al. (2011 p. 273) suggested that only one form of network could not provide enough support for continued internationalization. Networking linkages, as shown in the theoretical framework (2.5.1 - 2.5.3), can instead promote awareness and facilitate sustainable internationalization for firms from emerging economies.

Research question 3: What role do networks play in the internationalization of firms from emerging economies?

In regards to this research question, this study has made the following propositions; P2.) Firms from emerging economies primarily use their network ties to gain knowledge of the foreign market and make market selection decisions.

80% of this thesis reviewed articles identified the crucial role of the networks is to offer much-needed information about international markets to firms in emerging markets so firms can respond accordingly by selecting the best market to enter. This illustrates a critical point for companies in emerging economies to build, sustain, and exploit network relationships to accelerate their internationalization activities. In present-days increasingly globalized and competitive markets, the longevity and growth of companies from emerging economies require firms not only to have unique skills and advantages but that firms use them successfully.

The role of the networks is also to provide various kinds of support, so the internationalizing firm can better adapt to the changing institutional environment. In an emerging economy, the quest for advancement and strategic renewal is fundamental in firms. However, the role of the networks is to enable emerging economy firms to remain competitive in the global competitive landscape.

Network ties additionally provide emerging economy firms with contacts of foreign suppliers and customers in the international market. Therefore, networks are the social capital of firms. For example, the more alliances a business has with its accomplices, the more leverage its accomplices would provide.

5.2 Theoretical Implications

As shown in 4.3, the form of the network used varied in different cultural contexts. This is different from the general perception that business networks are typically the driving force for internationalization (Torkeli et al. 2012, Johansson & Vahlne 2009 and Parker 2008). The finding suggests that social networks has been the primary choice of network in Asia while using centralized government networks in Africa has been more common during firms internationalization. In the Middle East, data shows that social relations, as well as business networks, were used by middle eastern firms during internationalization. Latin America being relational culture, social networks were the primary choice of networks during firms internationalization. However, because a country is always inseparable from culture, it demonstrates that network ties are reliant on culture. Accordingly, this study has the following implication for general theory; P3.) The choice of network form differs in various cultural contexts. As demonstrated in figure 10, The arrows show the link between culture, networks, and the internationalization of emerging economy firms. Culture influences both EE firms networks and internationalization, and EE firms networks, in turn, have an impact on internationalization while both factors are linked to culture simultaneously.

5.3 Managerial Implications

This thesis contributes to the current literature of the emerging economies firms by providing an accessible summary of relevant scholarly literature on network approach internationalization of firms from emerging economies.

This study will help managers of firms from emerging economies understand the roles and sources of networks available to them during internationalization.

Dib et al., (2010) noted that managers of emerging economies should look at the chances of internationalization and networks for assets since an organization's network role is seen as its market resources and should also recognize that their organizations are not separated from the market yet in this situation interact with various organizations.

For legislators, the findings of this review indicate that government institutional support may promote emerging economies firm's internationalization phase because the government also plays a crucial role in building connections between emerging market firms and foreign firms. The government can also provide financial support to firms, particularly during challenging times.

5.4 Limitations

The limitations of this literature review were the full dependence on and availability of previously published literature using the framework specified in the search method (section 3.2) and the appropriateness of studies with the inclusion/exclusion criteria (section 3.5). Of the thirty-seven original studies that were suitable for this literature review, thirty-six were excluded for failure to comply with the selection criteria, and their findings were therefore not included in the final analysis. Reasons are given below for the exclusion of these studies:

- Twenty studies were too broad and did not specifically contribute to answering the research question for this study
- Fourteen studies were removed as only the abstract had been published, and there was no corresponding full-text article.
- Two studies were excluded as the full-text article was only available in German and Russian, and selection criteria had been limited to English language studies.

5.5 Future Research Recommendation

The articles in this review of literature make significant contributions to emerging economies' growing research on international business. However, given the fast-paced, dynamic environment in which internationalizing emerging-economy firms are now operating, the need for further robust empirical studies on these emerging

economies remains ever-present. Therefore, researchers interested in emerging economy firms evolving internationalization are encouraged to focus on the vital role of studying and highlighting outstanding study.

The main theoretical implication of this research indicates the connection between culture, networks, and emerging economy firms internationalization. Further research can investigate network choice in different cultural contexts, particularly emerging economies that have not been considered earlier through internationalization through networks approach. For the development of the general theory of the linkage between culture and network internationalization, this would be important.

An interesting topic of analysis is to test if different emerging market contrast in the way they are affected by network connections in their internationalization phase. Andersson & Helander., (2009) indicated that another fascinating perspective is explored when organizations are affected in different periods of the foreign market entry selection procedure, relying contrastingly on the degree to which organizations use officially organized networks for their activities, as opposed to firms that try not to use these kinds of systems.

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