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INTERACTIVE INTERNATIONALIZATION
– THE CASE OF SWEDISH FIRMS

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ABSTRACT
The extant literature stresses that having foreign market presence is imperative for most firms these days. However, how firms conceive of which foreign markets to enter, the entry mode to take and the resource commitments to make are not information or decision-making processes solely confined to a firm that internationalizes its activities. The purpose of this study is to provide deeper insights into (1) reasons for a firm to internationalize its business activities and (2) the extent to which an independent actor (s) actively collaborates with the internationalizing firm so as to jointly determine the choice of market, the mode of entry and the level of investment committed in the market to be entered and even after the entry (i.e. the on-going activities). Based on two multiple case studies, one major finding of the study shows that independent actors, with their interconnected networks, have played and are still playing a major role in influencing the internationalization processes of each of the two firms in this study.

Keywords: *Internationalization, independent actors, networks, foreign markets, focal firms*

INTRODUCTION

There is a tremendous amount of studies, which stress the need for today's firms to have foreign market presence (Hollensen 2001, Doole, I., and Lowe, R, 2004). Among the various reasons (Doole, I., and Lowe, R, 2004; Doole, I, and Lowe, R. 2005; Czinkota and Ronkainen, 2002; Hollensen, 2001) for such a need are, for example, home market saturation, growth opportunities by substituting large regional and global markets for the smaller domestic market, increased domestic and global competition, gaining access to some critical resources (natural, human, and technological), and above all to pre-empt competitors.

Nonetheless, just as there are the need and/or opportunities for entering and operating in foreign markets, there are also challenges that need be taken care of. In whatever market (domestic or foreign) a firm operates, to succeed will demand that a firm delivers high customer value and satisfaction, which in turn will lead to customer loyalty and repeat purchases (Kotler, 1997). First, a firm needs to choose a foreign market to enter in. Second, in the foreign market, the firm must focus on a set of customers to be served, the nature of the needs to be satisfied and the role of the firm's products and services that are offered to meet customers' needs. To be profitable and have loyal customers that do repeat purchases, for instance, the firm must create value and satisfaction, which are perceived as the best among competing offers, for its well- targeted customers (Doyle and Stern, 2006). Knowledge about the customers, their needs and wants and the set of offers to satisfy them better than any other competitor can do are managerial issues, particularly in a foreign market, that cannot be solely handled within the confines of the firm. The trend now is that it is suggested that researchers look at internationalization processes as means to handle exchange relationships and/or to create sustainable competitive advantage that facilitate the creation of value and customers' needs satisfaction (Vahlne and Johanson, 2003; Hammond and Groose, 2003). Other challenges are contained in a firm's ability to have knowledge in and understanding for the opportunities and constraints emanating from, for instance, the political, legal, social, economic, and the technological (popularly known as macro factors) systems or infrastructures that obtain in a particular foreign market. As reported elsewhere (Doole, I., and Lowe, R, 2004, 2005; Hollensen, 2001) , firms seeking to internationalise their business activities are not only concerned about areas where they can profitably put their resources into use, they are also concerned about the high cost for information and the search for foreign markets. This is because firms have scarce resources and can also be very uncertain about positive returns on their investments in foreign markets.

The above factors can immensely affect the conduct of business activities in any particular market. All this has led to a number of suggestions and/or advice pertaining to how firms should go about their internationalization processes (Vahlne and Johanson, 1990; Doole, I., and Lowe, R, 2004), especially when entering markets, for which their objective and experiential knowledge are very limited. Among other things, following customers, responding to foreign enquiries and orders, conducting own market research, and making use of own knowledge and experience of foreign markets, and making use of a firm's network of exchange relationships (Vahlne and Johanson, 1990; Hollensen, 2001; Blomstermo et al, 2002; Easton and Axelsson, 1992) are some of the suggested ways that might facilitate a firm's decision to enter and commit resources into operating in a particular foreign market.

Even if firms enter foreign markets through some of the suggestions given above, we still know very little, empirically, about the critical role some independent actors (e.g. individuals and organisations) play when it comes to the selection of foreign markets, the target customers to be served, form of entry and the level of commitments to be made in the chosen market (i.e. on- going and future commitments). In this regard, the purpose of this study is to provide deeper insights into (1) reasons for a firm to internationalise its business activities and (2) the extent to which an independent actor (s) actively collaborates with a firm (the one internationalising its business activities) to jointly determine the choice of market, the mode of entry and the level of investment committed in the market to be entered and even after the entry (i.e. the on-going activities). Hence, the germane research questions to be addressed in this paper are (1) why does a firm internationalise its business activities? And (2) how and to what extent does a firm's network of exchange relationships with certain specific actors influence the firm's entire internationalization processes?

The rest of the paper will proceed as follows. The next section deals with the theoretical framework, followed by the methodology. Thereafter empirical studies are presented followed by the analysis, conclusions and the implication (s) of the study.

THEORETICAL FRAMEWORK

Before presenting the modified model of internationalization (see Figure 1) which is applied in this article, the internationalization model by Johanson and Vahlne (1977) and developed further in (1990) and (2003) is discussed briefly. The internationalization model is said to have its theoretical foundation in (Cyert and March, 1963 & Aharoni, 1966) theory of the firm and in Penrose's (1959) theory of the growth of the firm. The basic assumption in Johanson and Vahlne (1977) model is that, the outcome of one decision - or more generally one cycle of events - makes the input of the next. This internationalization model is considered as a process in which a firm's international engagement is believed to increase gradually. In the model a distinction is done among the state and change aspects of the variables of internationalization. Resources commitment to the foreign markets-market commitment-and knowledge about foreign markets and operations are the two main components of the state aspects. Decisions to commit resources and conducting current business activities are the main variables of the change aspects. Market commitment and market knowledge are believed to influence the decisions about commitment of resources to foreign markets and how current activities are conducted. In turn, market knowledge and market commitment are affected by current activities and commitment decisions. According to the above model, internationalization is seen as causal of cycles.

In Johanson and Vahlne (1990), further market commitment is done in small steps with three exceptions. One, the consequences of commitment is small when firms have large resources. Therefore, firms with surplus resources or big firms are expected to make larger internationalization steps. Two, relevant market knowledge can be gained in ways other than through experience, if market conditions are homogeneous and stable. Three, it may be possible for a firm to generalize its experience to the specific market, when it has considerable experience from similar markets. Johanson and Vahlne (1990) summarized the various critics to the above briefly discussed (1977) model of internationalization. Accordingly, some of the critics were Reid (1983); Turnbull (1987) and Rosson (1987) who criticised the model of being too deterministic. They argue that the firm has the option of doing a strategic choice as to how it should enter and expand its operations in foreign markets. Moreover, Forsgren (1989a) also commented that the process model makes only important contributions about the introductory stages of internationalization, though in the later stages of internationalization market knowledge and market resources are significant issues. Hedlund and Kverneland (1985) examined Swedish firms operations in Japan and their findings did not confirm one of the main tenets of the (1977) internationalization process model. They maintained that as there is a general internationalization of industries and markets, thus the lack of market knowledge is no longer a factor limiting the pace and patterns of internationalization of firms.

Johanson and Vahlne (2003) presented a network model of the internationalization process of the firms, motivated by several other researchers' argument that networks play an important role in the early internationalization. In the model the experiential learning-commitment interplay as the driving mechanism from the old internationalization process is combined with a similar experiential learning-commitment mechanism focusing on business network relationships. In this network model of internationalization it is stated that firms learn from relationships, which they utilize to enter other country markets and to build new relationships which further creates for them the opportunity to enter totally new country markets.

The Applied Model of Internationalization

Taking Johansson and Vale's, (1977) internationalization process model, (1990) mechanisms of internationalization, (2003) the network model of the internationalization, the criticisms briefly referred in the previous section and our empirical findings, we present the modified stage model of internationalization incorporated with the network approach (Figure 1).
In the studies that are referred in this work so far in particular and the literature that deals with the issue under consideration in general, internationalization is considered as an internally induced process. Initially, it was considered as a process initiated and carried out by the firm internationalizing its operations without giving due concern to the other firms that it has to deal with in its operations, Johanson and Vahlne (1977 & 1990). In Johanson and Vahlne (2003), the role of the focal firm is believed to be shared with other actors in the market. Specifically, internationalization is implicitly dealt with as an action initiated and carried out by the focal firm in collaboration with its partners in the network. In other words, it is an inside—out process where the focal firm plays an active, decisive and significant role in co-operation with other firms in the network.

However, in the current work (see Figure 1 on page 6) it is argued that internationalization is initiated by the focal actor aiming to internationalize its business activities, though the firm doesn't know and hasn't decided which market to enter and how, i.e. in which form, which target market to serve and the level of commitment of resources. At this juncture, the internationalizing firm may participate in an active search (e.g. attending trade fairs) for foreign buyers for its products/services and/or foreign markets, in which it can do business. Equally important is the recognition that some external independent actors may also engage in active search (e.g. attending trade fares) to attract and to offer to represent some business firms, who are in search of foreign markets. This co-incidence creates the opportunity for the firm that intends to internationalize its operations to meet an independent actor that convinces the former to choose to enter the independent actor's country market, where the external independent actor may offer to represent the foreign firm. In that case, the independent actor's experiential and/or objective knowledge of his/her own country market would be shared with the foreign firm that is being convinced to enter a new and unknown market. When the two firms or actors match or fit each other very well, as they interact to share knowledge of each other's role to be played, for example, the sequences of which market(s) to enter, the entry form (s), and the market commitment decisions become jointly decided and carried through. In sum, both parties are active, the focal firm aiming to enter a certain market and the external actor wanting to attract and work for a firm that chooses his/her market. In other words it is considered as an internally initiated, determined through interaction and conducted by the focal firm utilizing its relationships with the external actor and others in the network in which the external actor plays a more active and decisive role relative to the firm internationalizing its operations. In contrast to how it is understood and addressed in the literature, in this work internationalization is dealt with as an internally induced process however decided and implemented through interaction among the internal and external process. External independent parties in the market are important from the very first day. Not only that they are important, however they play an equal or a more active role than the firm which internationalizes its operations in the series of important market commitment and operations decisions.

Although focus is put in the applied model (see Figure 1). on the interaction that takes place among the two actors, i. e. the focal firm and the external independent actor, the two actors don’t act single handily as they are members of a wider web of a network of relationships, i.e. members of an industrial network. According to the network approach (Hägg and Johanson, 1982; Håkanson, 1989 and Laage-Hellman, 1989) actors/firms operating in industrial markets conduct or carry out activities utilizing or using resources that they own independently or jointly through their relationships with other actors. Consequently, an activity see Ford (eds) (2003) takes place when one or several actors combine, develop, exchange, or create resources by utilizing other resources. According to Håkansson and Johanson (1987), each actor is embedded in a network of more or less strong relationships, which gives the actor access to other actor’s resources. Firms/actors utilize their position in their respective networks when they interact with actors within and outside those networks. Actually, see Axelsson and Easton (1992), actors develop and maintain relationships with each other and to understand the situation of an actor requires knowledge about the nature of the actor’s relationships with other actors as well as an idea about the wider network of relationships around. It is those relationships in their respective networks that the two focal actors in the model (Figure 1) draw upon or utilize in their interaction and negotiation to determine which market should be entered, in which form and how much resource to be committed in the internationalization process.

Once the decision to enter a certain market in a certain form is co-decided through interaction, resources have to be invested (allocated) and certain adaptations have to be carried out so that the interacting parties fit to each other. These investments see Ford (1980) mark major adaptations by a company to the relationship and they are clear signs of commitment by the involved party (parties). The different types of investments and adaptations in the relationship generate trust among the parties interacting with each other. The concerned parties should respect their commitments and act according to their agreements and promises. The situation is made more complicated see Ford, et al. (1986) in some ways by the fact that the parties have memories and thus also interpret current interaction on the basis of previous experience. The parties interaction is simplified depending on past positive experience as it increases predictability and leads to standard procedures, often based on trust. The greater the commitment in an exchange relationship see Cook & Emersson (1984), the greater the tendency for the actors to continue the transactions even though the network opportunity structure provides access to alternative exchange relationships. The stronger the commitment the more the concerned parties trust each other and the more they trust each other, furthers the higher degree of commitment. Håkansson (1982a) in the empirical studies of industrial relationships demonstrated that trust is gradually built up in a relationship over time. This is in line with Axelsson and Easton (1992) observation that the higher the communication levels as well as the expected higher consensus between the involved actors would, in most cases, lead to increased trust. Many researchers currently stress the need of trust and mutual commitment and sometimes considering them to be the aim of establishing a relationship while in other cases regarding them to be the result of a relationship, Blois (1998). Blois (1988) defines commitment to be a desire to maintain a relationship which is often indicated by an on-going "investment" into activities which are expected to maintain the relationship. Accordingly, trust is equated with reliability, but in general being taken to mean acceptance of vulnerability to another's possible, but not expected will (or lack of good will).

Hereunder, the modified and applied model of internationalization is presented in Figure 1.

Figure 1. The Applied Model of Internationalization

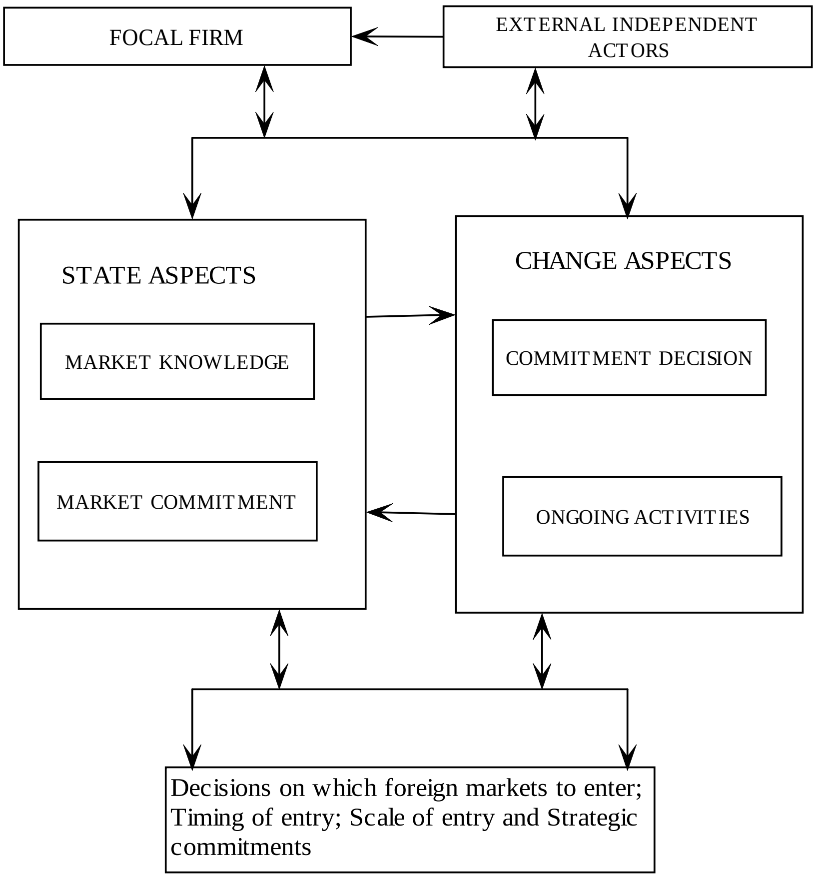

Figure 1 above clearly demonstrates that both the focal firm which is internationalizing its operations and the external independent actor with the initiative of the former and active participant and reaction from the latter, through interaction and negotiation determine and decide which market/s to enter, when to enter the market/s, which mode of entry to choose, the mode of operations and how it changes over time, the scale of entry, i.e. the level of strategic commitment in the market. Both parties mutually influence and decide all issues that deal with internationalization, a process which is internally initiated and externally influenced and jointly decided and carried through. Specifically our model, schematically depicted by Figure 1, attempts to highlight, that "an independent/external actor and the focal actor simultaneously and actively influence, the choice of the market, the mode of entry, the mode of operations, market commitment decisions from their first day of contacts and interaction. But, it needs to be stressed that the focal actor initiates the process and the independent external actor takes a reactive move and plays an equally active role as the firm internationalizing its operations. This view is being developed, because after having modified the stage model with the external actor view incorporated and with the help of our empirical data we observed, that it is not that the focal firm might have a clear view and/or choice of the market and entry mode, for example, before drawing on certain actors in its network/market for complementary information, resources and activities. But, the entire internationalization process is initiated by the focal actor, as well as simultaneously and actively influenced and decided through interaction among the focal firm and the external and independent actor/s. The decisions include which market to enter, when to enter those markets, which entry mode and at which scale to enter the market, how and when to change entry mode and above all the focal firm's strategic commitment.

The market knowledge, market commitment, ongoing activities and commitment decisions are also the central concepts in the applied model. In Johanson and Vahlne, (1977) the internationalizing firm is put in focus. In Johanson and Vahlnes (1990) it is suggested that research should investigate how firm internationalization processes are related to surrounding processes such as market or network internationalization, whereas Johanson and Vahlne (2003) suggest a combination of the experiential learning-commitment interplay from the old internationalization process model with a similar experiential learning-commitment mechanism focussing on business network relationships. Experiential learning-commitment interplay in the applied model is similar to Johanson and Vahlne (2003), however in our case it differs in the sense that the experiential learning-commitment of the focal firm is jointly created through interaction among the focal firm and the independent external actor/s. Some sorts of combination can also be observed in our model, as the focal firm's commitment is created through interaction among the focal and external independent actor.

METHODOLOGY

Qualitative data have been used to build the two cases in this study. Case studies are generally more appropriate approach when "how" and "why" questions are being posed and when the investigator has little control over events (Yin, 1981, 1994; Bryman, 1989; Ghauri & Gronhaug, 2002; Gummesson, 2003). In order to have a more compelling and robust study, evidence from multiple cases is used (Yin, 1994). The approach adopted will enable us to gain in-depth insight needed to find out the firms´ internationalization behaviour on the one hand, why the firms internationalised their business activities and how and to what extent did the firms network of exchange relationships with certain specific internal and external actors influence the firms' entire internationalization process on the other hand. According to Denzin and Lincoln (1992), human behaviour, unlike that of physical objects, cannot be understood without reference to the meanings and purposes attached by human actors to their activities. Thus in order to avoid the exclusion of meanings and purposes attached by the actors in both firms to their activities that are embedded in the internationalization process that we are going to highlight in this study, in-depth interviews (face-to-face, telephone and via e-mails) were conducted. The Nybro Glassware´s case builds on an interview that Lorraine Daum conducted for her Master´s thesis at the University of Halmstad in spring 2005 with the Managing Director of Nybo Glassware, Mr. Johan Lindgren, for he was considered as the person in the company that have appropriate knowledge and access to information on the internationalization process of the company.

During the initial contact with the other case company (Kanthal) on the other hand, the information department in the company suggested that the activities and the circumstances surrounding their operations in Turkey be subjected to scientific scrutiny because the entire process is well-documented from 1993 to date. Moreover, our key informants (Mr. Bengt Linder, now Communications Director was stationed both in Sweden and Turkey between 1987 and 1994 as Marketing Manager; Mr. Claes Damm, now Production Manager, was

Regional Manager for the operations both in Sweden and Turkey between 1994 and 2000; and Mr. Magnus Bergman is the Sales Director for the entire European market since 2000 to date). The first interview with Mr. Bengt Linder was conducted by our students at Mälardalens University (Ann-Charlotte Csázár and Susanna Wretling) at Kanthal´s headquarters, Hallstahammar in Sweden on the 12th November 1999. Knowledge from the first initial interview was used to reformulate and modify the open-ended interview questions in collaboration with one of the researchers in this study. The second interview with Mr. Bengt Linder and Mr. Claes Damm was held at Kanthal´s headquarters on the 29th November 1999. A third interview via telephone was conducted on the 9th December 1999. The interviews which were 2 hours in duration, were audio-taped, and then transcribed for analysis. For the analysis, Yin´s pattern-matching logic was employed. Thus the empirically-based pattern with the predicted theoretical pattern could be compared. And the empirical findings of both companies were described in separate sections, and further put in relation to the theories in the analysis section.

To have a longitudinal perspective in this study, a series of interviews via telephone and e-mails were conducted in autumn 2005 with Mr. Magnus Bergman, the Sales Director for the entire European market since 2000 to date and Mr. Belma Dagistanli. Mr. Dagistanli is stationed in Ankara, Turkey and is the Managing Director of Kanthal´s subsidiary in Turkey. We constructed and sent new questions to Kanthal`s headquarters in Sweden as requested by Mr. Magnus Bergman. The most profound reason for adding longitudinal dimension (Marshall and Rossman, 1995; Narayandas and Rangan, 2004) to the study of internationalization process of firms is because we want to investigate post entry phase of the internationalization process in relations to how the level of the firm´s strategic commitments and engagement in the Turkish market have developed since the beginning of this decade.

KANTHAL AB IN TURKEY

Kanthal AB, founded in 1931 in Hallstahammar, Sweden, is an industrial supplier of metal and ceramic resistance materials in the form of wiring, tape and heating elements for electrical heating of industrial furnaces and household appliances. Most of the firm’s manufacturing, sections for central resources for research and development of new products and materials are located in the head office in Hallstahammar, Sweden. 98% of the firm’s sales go to export and this means Kanthal has chosen to place representatives in a large number of countries around the world in order to provide service to its customers. Since 1997, Kanthal has been a part of the Sandvik Group, a Swedish multinational company.

Externally-induced decision to enter the market

Kanthal’s entry to the Turkish market was not a conscious strategic decision made by the focal firm. The decision to enter the Turkish market was initiated by an external independent actor (Isac Alaton) with which the focal firm interacts. Isac Alaton came in contact with Kanthal´s products through his work at a workshop in Motala, Sweden. As he was planning to start his own company in his home country, he contacted Kanthal to find out whether they would be interested in using him as an agent for their products. Having an agent made access to this new market possible at no great risk, since no investment would be needed on the part of Kanthal. Kanthal’s resource investment consisted of training of new personnel, and employees from the marketing department. The Turkish market was still not viewed as one with any great growth potential and therefore the company did not show any great interest in this market. The current resource investment was considered as sufficient.

External independent actors as sources of knowledge

In order to gain knowledge about the Turkish market, Kanthal sought information by contacting the Swedish Trade Council, who assisted by conducting a large investigation on the development of the Turkish market and its growth potential. A market survey was also conducted by a number of employees at Alarko, which, together with the study by the Swedish Trade Council Council, formed the basis for the decision to make changes. A report was submitted to management, demonstrating the potential for growth in Turkey as well as figures on Kanthal's key customers' estimated purchases. The report submitted by an independent consulting firm in Turkey showed that there is strong modernization and growth potential was high on that market. Moreover, the report showed Alarko's sales figures ought to be higher than they were, mostly because priorities were not given to Kanthal´s products. The decision made by Kanthal to review the entire operation in Turkey was, therefore, externally-induced as well. Furthermore, the turnover of Alarko employees selling Kanthal products was extremely high. The sum of these factors resulted in a decision by Kanthal to change their Turkish operations.

The role of external independent actors in decision on strategic commitments

In the fall of 1993 and the Trade Council was again contacted, this time to examine possible forms of establishment. Once the decision had been made, the question of how to handle the agent remained. There was a risk that the agent would be unwilling to end their business relationship in an amicable fashion. In December 1993, the marketing manager contacted Alaton to discuss the future. During their meeting in Istanbul, the future plans for operations in the Turkish market were presented. Alaton went along with the proposal and accepted it. The parties agreed to a termination plan of 4-5 years. The two persons in charge of Kanthal product sales at Alarko were asked if they were interested in starting up and running operations for Kanthal. The two employees were very interested since they would be given independent and important positions under the new business arrangement.

The role of external independent actors in determining the scale of ongoing activities

Using the Trade Council's (external independent actor) study of possible forms of establishment as a basis, the marketing department came up with three solution options: Kanthal's own company; a joint venture with Alarko; or a 'representative office' Kanthal also contacted several Swedish companies in Istanbul, with whom they also discussed the alternatives, standard employee benefits, and the other companies' experiences of the Turkish market. It was decided that the best alternative would be to establish a representative office. The advantages of this business form were that it enabled Kanthal to maintain better control, more motivated staff, and better profit opportunities. The establishment of a representative office also meant low costs, as the main portion of the capital needed would go to salaries and rental of premises. There was a risk that Alarko could become an agent to competitor, but Kanthal saw this as a small risk since their business relation had ended on a positive note. Parallel to termination of the relation, a search for suitable premises and office equipment began. Premises were eventually found and established on the European side of Istanbul. The Trade Council office in Istanbul helped Kanthal with drawing up contracts and contact with the authorities and organizations necessary to establish a company in Turkey.

Independent sales representatives, strategic commitment and the firm´s position

With the start-up of the new representative office on April 1, 1994, sales commenced immediately. The two employees already had knowledge and experience of the market, as well as an already built-up customer base from Alarko. The representative office's primary functions are to forward orders to head office and to visit the big customers. However, the office in Turkey does not have the authority to create quotes for customers; this is only done from head office. Delivery occurs directly to the sales rep, who maintains his own stock. The sales reps are seen as an asset for Kanthal, in part because they serve as an extra salesperson, and in part because they keep their own stock of products, an economically advantageous solution for Kanthal. Operations continued for two years with increasingly better results. The workload for the two employees grew and there arose a need to hire a third person. In 1997, Kanthal AB was bought up by Sandvik.

According to Mr. Belma Dagistanli: "Kanthal was organized as a liaison office before April 2000. Liaison office was closed and Kanthal moved in Sandvik AS which was a legal public company in Turkey. However, by joining Sandvik AS, it has become possible to perform local sales and invoice locally, if needed. The position of Kanthal has become stronger as it has changed from a small liaison office with some legal restrictions to a public company with many employees. Changes in customers and sales volumes are not directly related to the change in establishment. There have been some changes, mainly due to economical situation and our continuous efforts to find new customers and potentials. There has been no real change in relationship between the head office and production units, and branch office in Turkey. A better infrastructure served for better and faster communication".

The most profound changes that the new operations entail are that the employees are able to handle the entire business process, from customer visits to billing, on site. Administrative functions will be purchased from Sandvik's office in Turkey. To further simplify things for the customers, the division will also stock 12% of their annual sales, thus given more autonomy to individual actors. The remainder will be delivered directly from Hallstahammar. Being with other Sandvik Divisions in the same environment creates synergies, although larger units do tend to increase overhead costs, rather than decreasing them. Kanthal's costs have increased by being part of Sandvik Turkey, but our resources are also better and more professional"- Our key informants concluded.

THE CASE OF NYBRO GLASSBRUK ("NYBRO GLASSWARE")

A businessman by name Arthur Mellström founded Nyrbo Glassware (NG), a glass producing company, in 1935. This family company, ever since its establishment in Nybro, Sweden, has been run by the Mellström family; currently, it is a third generation family member of Mellström that runs the company. The managing director, Johan Lindgren, who has been the entire source of the information for the present case, has been working in NG since 1988. He has been the company's managing director, since 2000. NG has the following product areas: (1) Gift and Tableware, (2) Sculptures, (3) Golf and Awards line, (4) Candle Rings line. This latest product line was added to the rest of product areas after NG acquired another glass company, Formglas of Sweden, in 1988. This wide range of products enables NG to reach different customers in different markets. NG's turnover, as at time of interview, was about 24-25 million Swedish Kronor, out of which 30-35 % are realised abroad. NG is selling its products in around 35 foreign markets. The number of employees at the time in question was about 30 people. NG operates in an intense competitive market, having big competitors such as Kosta Boda and Orrefors, all from Sweden, and international competitors.

NG's internationalization process
The firm's move into certain foreign markets has been influenced by internal and external factors. Starting from its *internal effort*, in the 1970s NG had no sales organisation. Whatever NG produced, at the time, was sold to SEA Glassworks, a company from the same region as NG. SEA, a customer to NG, and also a glass producer, had NG's range of products in its collection. Therefore, SEA had a good assortment of products, many varieties, to sell both in Sweden and in abroad. SEA was selling its entire product range in Denmark and Norway through an agent. Hence, indirectly, NG was exporting its products to those countries. In the latter part of the 1970s, Stig Mellström, the third generation owner of the company, asked an independent export consultant (Bo Eriksson) to work for the NG, here building an export department became the new employee's primary assignment. The first important step, which helped NG to gain some knowledge of foreign customers and/or markets, was to participate in the Frankfurt Glass Exhibition in 1977, an important trade fair for all glass producers in the world. For its first attendance, NG had to be hosted by a German company because the former had no stand on its own. It was not until 1992, after attending the trade fair every year, that NG had its own permanent stand.

Some external factors affecting NG's internationalization process
NG's market knowledge of potential markets, the entry mode to choose and how much to commit to the markets have become a function of how well NG handles exchange relationships with certain important actors. NG's presence at the Frankfurt fair has been its major source of establishing and building business relationships with a number of independent actors, all from different markets. One lesson that NG has learnt is that it takes time to build business relationships. So being at the Frankfurt fair just one time is not enough. This is because people want to do business with companies that are coming back year after year to the trade fair; this enables people to meet again and again, where they learn about each other and the products and interests of their respective companies. According to NG, this process can take a long time, before business relationships can be built. NG has had positive experience of attending the trade fair year after year. It has entered the German, the US, the Australian, the Singaporean, and some European markets as the result of its attendance at the Frankfurt trade fair. Below are some concrete steps, which have characterised NG's entry into certain markets.

It was at the Frankfurt fair that NG met an independent person, from Singapore. The Singaporean was trading in Golf and Awards line, serving mainly business companies. When the representatives of NG and the Singaporean met, the latter became interested in NG's products and offered to represent GN in Singapore; NG's Golf and Awards products and other product lines fitted well into the Singaporean's needs and wants. NG, which did not know anything about how the Singapore market functions and which customers were there for its products, became convinced and offered to enter Singapore at the end of the 1980s. Here, NG had to rely, convincingly, on the network which the agent had built in Singapore and entered that market. Mr. Chan's, the agent, vision and plans to help expand NG's products in Singapore have all paid off. Today, Singapore is considered as one of NG's key markets. A similar episode happened between a UK agent and NG. In Frankfurt, NG was contacted by a UK company, Edinburgh Crystal, because the UK firm wanted to sell NG's 'votives' in the UK market, but under the name of Edinburgh Crystal. After several discussions, the parties could not agree to work together so no business relationship was built between them.

Two years later, after Edinburgh Crystal and NG had failed to do business together, the same representative from Edinburgh Crystal that took part in the failed attempt between the two firms contacted NG. The man had left Edinburgh Crystal and was working on his own. He offered to represent NG, as an agent, in the UK market. This was an opportunity for NG because that man knew the UK market and the important customers very well. He also knew NG and its products very well because he had been in contact with NG on several occasions. The two parties, NG and the independent agent, agreed to work together; the agent is now taking care of NG's Gift and Tableware line in UK. He is said to be doing a good job. Moreover, being in Frankfurt for the trade fair, NG has had the opportunity to meet a lot of German customers, who have great interests in NG's products and hence have chosen to buy from NG. The same was reported about how NG's business relationships developed with a number of US customers. A lot of NG's US and Australian customers were all gained and retained as the result of their encounter with each other at the fair. The US and Australian customers are all working as distributors of GN's products in their respective markets. Some advantages for using distributors are that (1) it is not possible to deliver products to all big warehouses in the US or Australia. Hence, NG has chosen to work through independent distributors. (2) Another major advantage for using this distributor arrangement is that, at such distant markets, it is better to deliver stocks to them and let them manage their own products and stocks. With short distances between markets, NG believes that the best way to serve European markets is to work through independent agents.

An agent is remunerated with a commission and then the products are delivered directly from NG to retailers, making the end price cheaper for the final customer. Other benefits with agents, according to NG, consist in how they facilitate GN's direct delivery to retailers and also NG taps on the agents' vast knowledge of their respective markets. An agent travels around his/her country and has regular and direct contacts with retailers who can inform the agent about market developments. Among its presence in several foreign markets, the following markets are regarded as strategic ones: 1. UK, 2. USA, 3. Singapore, 4. Australia, and 5. Norway in that order of importance. These are key markets because NG has experienced more growth in the demand of its products in those markets.
In sum, NG is present on more than 30 foreign markets, something deemed as quite a lot to handle. To expand into new markets does not seem to be a priority for NG at the moment. But, if opportunity to enter other markets opens up, as it has been with its present markets, NG will seize that chance. For NG, its is of extreme importance to try to help its existing agents and distributors to expand and maintain their respective competitive positions than it is to find new representatives in new markets and start the internationalization process all over again.

ANALYSIS

The role played by external actors in providing Market knowledge

Market knowledge, market commitment, ongoing activities and commitment decisions are the central concepts in the model presented earlier in this paper in Figure 1. In Johanson and Vahlne, (1977, 1990, and 2003) the internationalizing firm is put in focus. This implies that the focal firm's knowledge of a market is decisive for what decisions will be made. And the basic decisions that the focal firm contemplating foreign expansion must make are, therefore, internally-induced. As postulated in Uppsala model, the best way to minimize the perceived uncertainty and to see opportunities is through experiential knowledge. Hence, this is the reason for the incremental steps and the sequential engagement in foreign markets. However, at the time of the first contact with the agent, Kanthal had no real knowledge of the Turkish market. The agent was the one who had access to both objective and experience-based knowledge. This knowledge was not transferred to Kanthal because at this point, they did not think they had any need of it. The only knowledge that Kanthal had at this time was general, i.e., how business could be handled via an agent in another country. The agent had all of the market-specific knowledge – about the culture, the structure, and the customers in Turkey. Thus the courses of circumstances surrounding the entire internationalization process engaged in by Kanthal in Turkey are, to a great extent, externally-induced.

The case of the Nybro Glassbruk, on the other hand, describes the total internationalization efforts, but relates to the Kanthal´s case because its internationalization process encompassing the basic decisions (which foreign markets to enter, when to enter those markets, what scale of entry and level of strategic commitments) were made through intensive interactions between the focal firms (Kanthal and Nybro) and external independent actors and, therefore externally-induced. The findings from both cases and in literature illustrate the usefulness in using a relationship perspective to study international business. For example in Nybro case, market knowledge of potential markets, entry mode to choose and how much to commit to the markets are directly related to how the firm manages its web of relationships with certain important actors. This implies that many of the decisions were made by the focal firms and external independent actors actively collaborating to jointly determine the choice of market, the scale of operation and level of strategic commitments. These findings in extant literature (Majkgård and Sharma, 1998; Turnbull and Valla, 1986; Johansson and Mattsson, 1988) as well as our findings illustrate the usefulness in using a relationship perspective to study international business. Moreover, many other trends in the international business environment of today (described in for example Vahlne and Johanson, 2003; Hammond and Groose, 2003) are providing fertile conditions for the use of relationship to cement and develop international business.

The role played by external actors in determining the scope of operation

As far as the second pattern of the process which deals with the transition from agent to representative office is concerned, a large portion of the knowledge was acquired in an objective manner. Kanthal gained greater part of its knowledge of the Turkish market through its interaction with external independent actors – for example by employing the studies from the Swedish Trade Council and the market survey carried out by some employees at Alarko. Swedish trade council, Swedish companies in Istanbul and other actors in Kanthal´s contact network assisted Kanthal in determining appropriate establishment form, legal formalities, and help with contacts with Turkish authorities. The remaining part of the knowledge was experience-based. On their trips down to the agent, Kanthal discovered that the Turkish market was the object of strong modernization. Upon review of their operations, it also became apparent that employee turnover was extremely high and that sales should be higher. All of this knowledge, both objective and experience-based, led to the agent being replaced by a representative office. Experiential learning-commitment interplay in the model schematically presented in Figure 1 above is similar to Johanson and Vahlne (2003), however in our case it differs in the sense that the experiential learning-commitment of the focal firm is jointly created through interaction among the focal firm and the independent external actor/s. But these external independent actor and third parties like the Trade Council Office played a greater role in the process. This makes our paper different from that of the views expressed in Johanson and Vahlne (2003). The actors (the focal firm and external independent actors) in our findings are connected by networks developing the interaction between them.

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The role played by external independent actors in the commitment decisions

According to the Uppsala model (Johanson and Vahlne, 1977, 1990, and 2003), a decision to undertake a business commitment, i.e., to allocate resources to operations abroad, is taken in response to experienced problems and possibilities in a market. The decision to enter Turkey via an agent was not a response to an experienced problem or possibility in that market, but was externally-induced. In other words, the decision by Kanthal to commit to the market is a misfit to the assumptions postulated in the Uppsala model (Johanson and Vahlne, 1977, 1990, and 2003). But even if the reason behind the decision was not in line with the Uppsala model, the increased commitment did entail an uncertainty effect and economic effect. The uncertainty effect, i.e., uncertainty about the market, was minimal for Kanthal in that the agent assumed all of the risks. Neither was the economic effect, in the form of increased costs, particularly big. Kanthal did however incur increased administrative costs in connection with the handling of orders from the agent and training of the agent's salespeople. The need to change the commitment in the Turkish market arose when Kanthal discovered the growth potential. The problem, however, was that this was not possible with an agent. The best solution turned out to be establishment of a representative office. The increased commitment had an economic effect related to the increase in the size of operations in the Turkish market. Costs were incurred in connection with registering the firm, acquiring the premises and accompanying office equipment, employee salaries, and an increased number of trips to Turkey. The uncertainty effect also increased in connection with the new commitment as it was difficult to estimate whether the representative office would be profitable. According to the Uppsala model, the uncertainty effect can be reduced by greater integration and increased interaction in the market.

Commitment is created through interaction between the focal firm (Nybro) and external independent actor. For example, Nybro´s use of indirect export (through SEA), the use of direct exports (after attending the Frankfurt Trade Fair and building relationships with some significant others), and the use of agents and distributors (in some markets) are clear entry modes, and demonstrated in the case in a distinct combination with the networking view. There is also a clear indication in Nybro´s case showing the interaction among the focal firm and the external independent actor, which is much closer to the model we suggested in Figure 1.This implies that the main avenue for acquiring experiential and objective knowledge of foreign customers and markets was through Nybro´s continuous participation in various exhibitions and trade fairs as described. Thereby confirming what is documented in extant literature (Majkgård and Sharma, 1998; Turnbull and Valla, 1986; Johansson and Mattsson, 1988) that international business-to-business relationships have significantly long duration, and that critical adaptations and investments have gone on in the relationship indicating the development of learning and experience between the companies

Previous studies show that making use of the web of relationships embedded in the firm´s network of exchange might be used a platform to facilitate a firm´s decision to enter and make strategic commitment in a particular foreign market (Doole & Lowe, 2004, 2005; Hollensen, 2001; Vahlne & Johanson, 1990; Blomstermo et al., 2002; Axelsson & Easton, 1992). These observations are in agreement with our findings reported in the case studies of Kanthal and Nybro Glassware. There are some market entry modes in the Nybro case, but not in the traditional sense. The Nybro case builds on its relationships to maintain and develop the types of entry modes chosen for each market. While the future objective of Nybro would be to expand into new markets, if there are opportunities, its ultimate objective is to help an agent or distributor to build up his or her business. "They are convinced that it is easier to try to help an agent or a distributor to build up his business than it is to find new representatives in a new country and start from the beginning".

The role of external independent actors in enhancing ongoing activities

In the introductory stage, Kanthal gained experience of the Turkish market through employing Alarko as an agent. The agent in turn gained experience of Kanthal and its products through ongoing activities in the market. One recurring activity on the part of Kanthal was training of the agent's sales staff. Time and money have therefore been tied to the market, which has led to a gradual increase in commitment. Mutual interdependency (which may vary from weak to strong, and which may make switching partners much more difficult) characterizes the relationships between the focal firms investigated and the external independent actors. According to Mattsson, (1985); Håkansson and Snedhota, (1995) different economic technological, planning, social, legal and knowledge-related bonds co-exist and are all seen as essential in inter-organisational relationships. The most important source of experience for the firm and its market are the firm's ongoing business activities. According to the Uppsala model, there are two ways of obtaining this experience – either by employing people with this experience or by seeking the advice of other experienced persons. In this respect, Kanthal acted in complete agreement with the Uppsala model. They hired staff who had worked with Kanthal's products at the agent's company, thereby gaining access to their experience of the Turkish market through the significant others. These employees also had knowledge of Kanthal. As for Nybro, its need to internationalise, the knowledge of market opportunities out there and the challenges inherent in realizing the firm's objectives or goals would demand complementary efforts from some significant actors, with which the firm in focus interacts. It was apparent in case of Nybro operating in all its markets demands long-term orientation and arduous efforts. Its ability to expand and maintain its positions in these markets depended upon how well the firm handles its relationships with some significant others. This is because the other actors' resources (physical and immaterial) and activities complement those of the focal firm's. Indeed, the efforts made in all the phases by the external independent actors are by far greater than that of the focal firm.

The role played by external independent actors in fostering market commitment

The agent operations in Turkey entailed a low level of commitment for Kanthal because the resources tied to the market were not integrated with other parts of the company. Thus, possible termination of the agent would not affect Kanthal's other operations to any significant degree. The investment made in the Turkish market, i.e., the volume of activities committed to, included of training of the agent's salespeople and taking part in trade fairs. If Kanthal were to decide to shut down operations in Turkey, it would probably not be hard to find an alternative use for the resources and to transfer them. The resources in Turkey, i.e., the employees, premises and office equipment and furnishings, are tied to the market. But even if these resources are bound, the employees can be let go, other resources sold, and any surplus used in Kanthal's other operations. Our findings show that Kanthal realized that the current form of establishment was no more economically viable and the prevailing climate in the company inhibiting potential for growth.

The high opportunities and potentials in the Turkish market have not yielded the anticipated results. Hence Kanthal´s current relationships with its business partners in Turkey were analyzed. Thus both parties in the relationship deemed it necessary to break the ongoing relationship. This strategic decision made by Kanthal regarding analysis of its continuous market strategic commitments in the Turkish market is supported in extant literature on trust and commitment. Trust is seen in our findings as an expression of confidence between parties in the exchange that will not be harmed or put to risk by each other´s actions (Jones and George, 1998; Humphrey and Schmitz, 1998). Consequently, interactions which lack the elements of trust and commitment, as it turned out to be in the case of Kanthal, do not develop into relationships. The second theoretical underpin highlighted in Kanthal´s decision is the issue of relationship termination whose essence is the breaking-up and recovery of customer relationships (Roos 1999; 1998; Strandvik and Törnroos 1997, Keaveney 1995). There are occasions when ongoing relationship could be questioned, re-evaluated and, in Kanthal´s case, dissolved. The consequent of the analysis of Kanthal´s future in Turkey gave birth to the decision that Kanthal’s operations in Turkey be run as a division within Sandvik’s existing subsidiary to be run Sandvik’s premises from April 1, 2000. The changes that the new operations entailed brought about a number of changes that led to high degree of efficiency in the entire business process and the creation of synergies.

The process followed by Nybro evolves in interplay between the development of knowledge about the foreign markets and operations, and an increasing commitment of resources to those markets (Johanson & Vahlne, 1990, in Johanson & Associates, 1994). For Nybro, the first pattern is that the commitment to engage in operations in a specific foreign market did not actually develop according to the so-called establishment chain, which is a sequence of stages that are made in small incremental steps with extended commitment and a higher degree of commitment for every new step (Johanson and Wiedersheim-Paul, 1975). Nybro is, however, risks averter and its strategy is mainly to help its current agents and distributors to expand the scale of their operations and main their positions in their respective markets instead of finding new representatives in new markets. However, the interactions between Nybro and its partners (external independent actor) brought about its decision to make strategic commitments in the foreign markets. Nybro´s market commitment behaviour is, to some extent, in line with the second pattern envisage in the stage model, because Nybro´s case tend to have entered new markets with successively greater psychic distance, and in most cases also greater geographical distance (Johanson & Vahlne, 1990, in Johanson & Associates, 1994; Hollensen, 2001; Johanson & Vahlne, 1977). Nybro´s as postulated in the model, the best way to minimize the perceived uncertainty and to see opportunities is through experiential knowledge. That is mainly acquired through personal experience in the specific market just the way Nybro and Kanthal have done. But in the case of Nybro, the decisions it made regarding which foreign markets to enter, when to enter those markets, what scale of entry and level of strategic commitments were basically initiated and induced by external independent actors with who it interacts.

CONCLUSIONS

Several conclusions can be drawn from this article. Firstly, internationalization although it is induced by the focal firm/s the decisions regarding the selection of foreign markets, the target markets to be served, the form of entry and the level of resources commitment are co-decided through continuous interaction and negotiation among the focal firm internationalizing its operations and external independent actors. Secondly, the external independent actors are not only active in the decision making process regarding the internationalization process whereas in most or at least some of the events they play more and stronger role than the focal firms internationalizing their operations. Thirdly, not only in making strategic decisions however in the implementation phases, the external independent actors are equally active and in some instances more active than the focal firms. Fourthly, as the interacting parties are embedded in a wider web of network of relationships their positions in their respective networks are really significant in their decisions and the role they can play in the implementation of the internationalization decisions. Fifthly, not only that internationalization is interacted among the focal firm and external independent actors, however the industrial networks of which the concerned firms are members of are also of significant importance in the internationalization process. Sixthly, it is confirmed that market knowledge and market information play a significant and decisive role in a firm's internationalization. However, in contrast to the earlier view about the significance of market knowledge and market information in this article focus is directed on the combination of the market knowledge and information of the focal firm and that of the external independent actors.

Managerial Implications

Management should not attempt to make independent internationalization decisions and as how to implement those decisions. To be successful in its internationalization management should always engage external independent actors which possess critical resources, critical knowledge and critical experience that can determine the process and outcome of internationalization. The role to be played by the focal firm/s and independent actors can vary depending on the capacity and experience of the focal firm and the independent actors. The role of the independent actors can be equally significant as that of the focal firm and it can also be stronger or weaker depending on their positions on their respective networks. The second implication to management is that the interaction among the focal firm and the external actors should be extended throughout the internationalization process and shouldn't be limited to any specific juncture or phase of the process of internationalization. The other implication to management is that, firms which internationalize their operations should in their partners selection try to understand and analyze the entire network in which the candidate firms are members of. Care should be taken not to make an assessment of the individual firms. The final implication is that management should develop and implement an interactive approach among the focal actors embedded in a wider network of relationships.

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