Exploring a Swedish SME entering the Congolese Electricity Market

A Case Study of PPC Engineering AB

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Caroline Goldberg and Gabriella Jonsson
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Abstract

Internationalization research has for a long time been dominated by a strong focus on how large firms from large and developed economies expand into other developed countries. Until recently, little attention has been devoted towards understanding that part of the internationalization process in which small and medium sized firms from small and open economies, attempt to establish themselves in undeveloped countries. This research gap is the point of departure for this thesis.

By using a recently published conceptual framework by Laanti et al. (2009) the authors study how five groups of factors have shaped the internationalization process of a small Swedish electricity company in the midst of starting up business in Congo Kinshasa. In this in-depth single-case study, data was collected through semi-structured interviews with representatives of PPC Engineering AB. The study finds that the importance of different factors vary throughout the process, but in this case, when seen as a whole, host country factors and company specific factors play the most prominent roles. Furthermore, Laanti et al.’s (2009) conceptual framework is redesigned to explain the dynamic process of internationalization. However, more research is needed to determine the extent to which this framework can be generalized.

Keywords: Internationalization, SME, SMOPEC, Network Industry, Developing Countries, sub-Saharan Africa
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1. Introduction

Research on the internationalization of firms has mainly focused on how large manufacturing multinational corporations (MNCs), with origins in large economies, enter foreign markets. Traditional internationalization theories e.g. Johanson & Vahlne (1977), have offered guidance for many managers contemplating an international course of action. Despite having been widely criticised over the years for being too simplistic and outdated, these models still seem to hold true for certain aspects of the dynamic internationalization process (Laanti et al., 2009). There are, however, gaps in the body of internationalization research that need to be filled. Many questions remain with respect to the internationalization of small and medium sized firms (SME), the increasing number of service and network industry firms, the special conditions faced by companies from small and open economies (SMOPECs)\(^1\); and the expansion into developing countries. These research gaps have not gone unnoticed. The Journal on International Entrepreneurship, launched as late as in 2003, offers new insights on the internationalization of SMEs. Such an academic launch highlights the importance and actuality of this relatively unexplored field.

The importance of new research on the pattern and process of internationalization of SMEs is highlighted by the structure of today’s Swedish business industry. As much as 99.9% of all corporations in Sweden fall under the classification of SMEs, i.e. have less than 250 employees (www.ekonomifakta.se, 2009-04-19), hence it is of importance that light is shed on the distinguishing characteristics of this category of companies. Research has shown that SMEs face different challenges than large MNCs in their internationalization process (Rutashoby and Jaensson, 2004). This indicates the value of more targeted studies of SMEs establishing themselves abroad.

Also, most research so far has focused on the expansion of firms from and to developed countries. With other countries, as well as whole continents on the rise, the current body of internationalization research may not be able to sufficiently explain the internationalization process to developing countries. Studying the internationalization to a developing country is motivated by the future potential in these upcoming markets. According to IMF’s analysis the sub-Saharan African countries could well become the second generation of emerging markets (Nellor, 2008). Additional insights on expansion to such regions are therefore needed.

Laanti et al (2009) developed a general conceptual framework based on traditional internationalization theory, and adjusted for commonly criticised weaknesses. The framework maps out *global factors, industry specific factors, home country factors, company specific factors* and *host country factors* as

\(^1\) See Appendix 2 for definitions of the terms; SME, Network Industry and SMOPEC.
five groups of factors that affect the firm’s international market and operation strategies. This depiction offers new insights into the underlying constructs of why and how firms internationalize.

1.1 Problem Discussion
In SMOPECs, the national business world often consists of a large number of SMEs, making this type of company an indispensable actor for the nation’s economy. Understanding the conditions in which SMEs act are therefore imperative, not only to the business managers themselves but to politicians and policy makers as well. In addition, companies around the globe are continuously exploring new markets. The conditions faced by an internationalizing firm differ substantially depending on which market it chooses to enter. With sub-Saharan Africa on the rise, a need to study this fast-growing market has arisen.

Through an in-depth exploratory case study of a small Swedish electricity company, in the midst of internationalizing to the sub-Saharan African country of Congo, the authors hope to understand the process of internationalization through the ideas presented in Laanti et al.’s (2009) conceptual framework. This leads to the following research question:

*Which were the main factors that influenced the case company’s market and operation strategies during the internationalization process?*

1.2 Purpose
The aim of this Master’s Thesis is to explore the sub-factors of the conceptual framework’s five proposed influential groups of factors, as they appear in the studied case company. Laanti et al.’s (2009) propositions will also be used as a point of reference for determining the relevance of studying all five groups of factors simultaneously. The hope is to contribute to the body of internationalization research by refining Laanti et al.’s (2009) general conceptual framework to fit the following situational conditions; a network industry SME from a SMOPEC internationalizing to a developing country in sub-Saharan Africa. In addition, the authors hope to shed light on the dynamics of the internationalization process, by adding a time-dimension to the findings from this case study. However, it is not the intention of the authors to fill the mentioned research gap through this thesis, due to the sample limitation inherent in a single-case study. This study can rather be seen as a pilot study for further research on the internationalization of these types of SMEs, by indicating which factors were most influential throughout the process in this specific case. By doing so, the authors aim to provide future researchers with an understanding of which factors that may be relevant and how these factors can come into play throughout the internationalization process.
1.3 Disposition
The thesis begins by giving a brief overview of internationalization theories, after which a more in-depth description of the conceptual framework used for this case study is given. This framework is based on classical internationalization theories, which motivates a brief review. Following this section the authors explain their chosen methodology and its limitations. Also in the methodology section, the case company and its employees are presented as an introduction to the source of empirical data. Thereafter the empirical findings will be described in chronological order as it is a process that is studied. This will then lead to the analysis in which Laanti et al.’s (2009) conceptual framework and the empirical findings are linked together. The results of the analysis, a new conceptual framework specifically adapted to the findings of this single-case study, is then outlined and discussed. Thereafter conclusions are drawn and suggestions for further research are presented.

2. Theory
A great deal of research has been conducted on exploring patterns and variables that will help explain why and how firms internationalize. The review of the literature will briefly highlight the main theoretical tracks of this research and point to some of its limitations. However, the theoretical focus is to thoroughly explain the conceptual framework used in this study. Since the purpose of this Master’s Thesis is to explore the internationalization process of a network industry SME, from a SMOPEC to a sub-Saharan developing country, a theoretical framework, which takes into account potential factors involved in such a case is necessary. A research article from 2009, by Riku Laanti, Fred McDougall and Georges Baume is used as a springboard for this study.

2.1 Previous Internationalization Theory – An Incremental Story
The academic theory on the internationalization process of the firm was to a large extent developed four decades ago and has since then dominated the field of international business. At first researchers focused on studying how firms handle the uncertainty and perceived risks associated with internationalizing, which in turn lead up to models such as the renowned Uppsala Model (Johansson and Vahlne, 1977; Hill et al., 1990; Forsgren, 2002). Characteristic of the early models of the internationalization process is the incremental manner in which the firms are predicted to proceed due to knowledge barriers regarding the foreign market. The internationalization process is predicted to begin with the firm exporting to the new market and then gradually increasing its commitment so that it at the end of the process may set up wholly owned subsidiaries if enough knowledge has been acquired. Through experiential acquisition of knowledge the firm’s perceived risk will diminish and thus its commitment in terms of resources will increase (Johansson and Vahlne, 1977). However, as the access to advanced information technology has increased, the need for slow and gradual staggering
of commitment has diminished and firms have been observed to enter distant foreign markets in ways other than those suggested by Johansson and Vahlne (Forsgren, 2002).

Although the available material within this field is immense, there are several questions that remain partly unanswered. With the motivation that traditional internationalization theories are too simplistic and static, Hill et al. (1990) state that the way that a firm commits to a foreign market cannot be seen in isolation. In a recently published article Laanti et al. (2009) present five groups of factors that potentially influence the market and operation strategies of firms that internationalize and thereby, offer a foundation for more in-depth research on currently unexplored fields of internationalization processes.

2.2 Conceptual Framework of Five Influential Factors

The conceptual framework developed by Laanti et al. (2009) can be used for analyzing how the market and operation strategies of firms from SMOPECs in situations of international expansion are affected. It is based on previous internationalization research on manufacturing firms as well as on service companies. The framework, which is general in its design and applicability, outlines five influential groups of factors; global factors, industry specific factors, home country factors, company specific factors, and host country factors. None of these categories are given relatively higher importance in relation to each other. Depending on the status of these factors firms will apply and adapt market and operation strategies accordingly. Thus, there is a need for managers to understand how these factors may come into play when entering a foreign market. The five factors outlined by Laanti et al. (2009) will now be further explained.

2.2.1 Global Factors

Global factors form the macroeconomic situation in which the firm is an actor. These factors include international market trends such as the global financial situation, the desire to trade, and international rules and regulations.

Trade and investment barriers have successively diminished and costs for transport and communication have gone down as well (Hansen et al., 2008). These factors have enhanced companies’ possibilities to expand abroad, and the trend has been an increasing number of actors on the global scene. Dunning (2000) states that technological developments have fostered a deepened integration of international financial and economic activity. He also declares that the maturation of knowledge-based economies have increased tendencies towards more internationalization.
2.2.2 Industry Specific Factors

According to Laanti et al. (2009) the internationalization of the firm is greatly influenced by the type of industry to which the company belongs. Factors that vary between different industry categories are for instance tendencies of regulation or deregulation; industry structure; infrastructure and technological developments; industry growth; the nature of the products; capital intensity; government intervention; market maturity; competitive scene etc.

Laanti et al. (2009) roughly divides industries into three categories; manufacturing industries, service industries, and network industries. Their study focused on telecommunication companies, which fall under the category network industries, along with airlines, utilities and the banking sector. Common traits for this category are high capital intensity, strong regulatory frameworks and government intervention. Industries in which network externalities play an important role tend to result in a ‘winner take all’ situation. This in turn often leads companies to pursue aggressive and risky internationalization strategies, in order to obtain first mover advantages (Laanti et al., 2009).

Laanti et al.’s (2009) conceptual framework is created through empirical research on telecom companies. Stienstra et al. (2004) argue that findings from studies on telecom companies hold true for other network industries e.g. utilities, because of the strong industry forces being very much the same. This homogeneity amongst network industries allows for comparisons to be made even though companies are not within the same line of business.

2.2.3 Home Country Factors

The conceptual framework also outlines the nature of a company’s home market as influential to the way in which a company internationalizes. Important characteristics of the domestic market are; size of country and home market; level of development; location; and role of government and political strategies (Maitland and Nicholas, 2002).

Laanti et al.’s study focuses on telecom companies from SMOPECs. The definition of a SMOPEC is a small country with no or few trade barriers, and therefore can be said to have opened their borders to international trade (Merrett, 2002; Laanti et al., 2009). Companies from SMOPECs tend to expand abroad at an earlier stage than those from large open economies (Pedersen and Petersen, 2004). An important reason for this is that firms from a SMOPEC outgrow their home markets much faster than firms that have a more sizable domestic market (Larimo, 1995; Benito et al. 2002; Pedersen and Petersen, 2004). There is also evidence to suggest that the internationalization challenges faced by firms from SMOPECs differ from those faced by companies originating from a large economy. Limited financial and managerial resources are typical examples of such issues. (Gabrielsson and Gabrielsson, 2004)
2.2.4 Company Specific Factors
The fourth influential group of factors is those specific to the internationalizing company itself. These factors can include; financing channels; access to different types of capital e.g. human resources and knowledge capital; and corporate as well as social networks.

Ojala (2009) for example found that the network model of internationalization originally conceptualized by Johanson & Mattsson (1988) can help explain how the firm uses its already existing network in the foreign market to internationalize. However, he also concludes in his study that firms will establish and build relationships necessary to internationalize to markets that are found to be strategically optimal for the firm, hence the markets are sought out on the basis of strategic market variables rather than the firm just following its network actors into unexplored territory (Ibid).

Dunning (2000) also points out that firms have different reasons for internationalizing. These reasons can be market seeking (demand oriented), resource seeking (supply oriented), efficiency seeking (e.g. more efficient division of labor) or strategic asset seeking.

2.2.5 Host Country Factors
Host country factors are factors that are specific to the country into which the firm plans to expand its operations, and that will either enable or complicate the entrance into that market. Such factors may be; psychic distance and cultural differences; degree of political risk; overall development of markets and infrastructure; growth potential; government regulations; and sophistication of consumers (Laanti et al., 2009).

Hofstede (1980) further developed the term psychic distance, which places countries on a relative scale with respect to differences in individuals’ perceptions of certain behaviors. A country is psychically distant if perceptions differ from those in one’s home country. A lot of research has pointed to the possible increased costs associated with internationalizing to psychically distant markets. This is derived from the fact that due to the psychic distance certain transfer of practices may not be viable and thus, a lot of effort will have to be made to adapt the working methods to the new market. Accordingly, the choice of entry mode will be of least commitment if psychic distance is high and more committed entry modes are predicted when firms internationalize to psychically close markets (Quer et al., 2007).

Closely linked to the above concept of psychic distance is the concept of risk that the firm is exposed to when entering an unknown market. There is no single definition of the term, however, several researchers have attempted to categorize the concept of international risk. According to Miller (1992) the risks that international firms are exploited to can be divided into; natural, legal, societal, political and governmental. From a study by Al Khattab et al. (2007) that specifically explores managers’
perception of political risk in the host-county of international projects, it was concluded that the vulnerability of political risk is related to the firm’s degree of internationalization. Managers perceived political risk to be of major concern when internationalizing abroad (Ibid).

2.3 The Conceptual Framework
The conceptual framework is based on internationalization process theories and internationalization of services, which are used to form propositions. It also depicts that the five different categories of factors affect market and operation strategies.

2.3.1 Findings from the Original Study
When using their conceptual framework, Laanti et al. (2009) chose to limit their study to involve only industry specific factors and home country factors. There is thus a need to further test Laanti et al.’s (2009) framework by also studying the effects of global factors, company specific factors and host country specific factors. This study will investigate the impact of all influential factors presented by Laanti et al. (2009) to understand the process of a SME from a SMOPEC internationalizing to a developing country in sub-Saharan Africa.

In the original study the following four propositions are suggested with regard to home country factors’ and industry specific factors’ effects on the market and operation strategies of network industry companies from SMOPECs:

1. “… telecommunication operators start their internationalization from the start with direct investment modes.”
2. “…instead of investing in fully owned subsidiaries, small country telecos enter international markets with minority joint ventures and/or through strategic alliances.”
3. “…telecos rapidly enter distant markets.”
4. “…there are significant deviations in market strategies, as telecos from SMOPECs enter developing countries early, even if they are physically and culturally distant, rather than neighboring developed countries. The role of psychic distance is less significant in their internationalization than traditional theories would suggest and the psychic distance paradox is supported.”

The first proposition was not fully supported. Laanti et al.’s (2009) analysis showed that the companies from SMOPECs began their internationalization by adapting their product portfolio to involve consulting services. This enabled the studied companies to learn and gain international experience before committing themselves more deeply to the new markets. The second, third and forth propositions were all supported by Laanti et al.’s (2009) empirical findings.
The authors conclude their article by arguing that, although their study is limited to telecos from SMOPECs, their findings can also be applied to other network industries with similar characteristics such as the electricity industry. They suggest future researchers to conduct more in-depth analyses using the conceptual framework. This suggestion, along with the findings of Laanti et al. (2009) will be the point of departure for this study.

2.3.2 The Refined Depiction of the Conceptual Framework

The authors of this thesis found the original depiction of Laanti et al.’s (2009) framework to be somewhat imprecise. Therefore, the visual conceptual framework will be refined in order to provide more clarity as to how it is to be understood. It is the authors’ understanding that all five factors are directly linked to the firm’s choice and refinement of market and operation strategies throughout the internationalization process. However, the terms market and operation strategies blend together in the results proposed by Laanti et al. (2009), and the authors of this thesis therefore find it irrelevant to separate the two. Since the purpose of this thesis is to outline the influential factors for the internationalization of the case company, this new framework maps out the categories relevant for this study as bullets under the five factor categories proposed by Laanti et al. (2009) namely; Network Industry, SMOPEC, SME, and Developing Country in sub-Saharan Africa.

![Figure 1. Laanti et al.’s Conceptual Framework Refined by Goldberg and Jonsson](image-url)
2.4 Using the Conceptual Framework for Understanding the Internationalization of PPC Engineering AB

The following study will attempt to understand the internationalization of the chosen case company, by categorizing the empirical findings in the analysis according to the revised conceptual framework. Laanti et al.’s (2009) conceptual framework highlights the importance of studying both macro and micro factors when determining market and operation strategies in a foreign market. It is, however, general in its design, which leaves room for further refinements when aiming to depict a more specific internationalization situation. This thesis also hopes to provide some insight as to whether Laanti et al.’s (2009) formulated propositions hold true in a case where the additional three categories of influential factors are taken into account.

Laanti et al.’s (2009) fourth proposition concludes that network firms from SMOPECs are expected to internationalize to developing countries faster than traditional internationalization theories suggest. This suggests that there is a need to further investigate the impact of host country factors that are specific to developing countries. In addition, this thesis will investigate the impacts of global and company specific factors.

3. Methodology

In the following section the authors argue for their choice of research method, choice of case company and choice of interview respondents. Further, the limitations of the study are highlighted and the consequences thereof discussed.

3.1 Choice of Research Method

This thesis is the result of an in-depth exploratory single-case study of a Swedish company in the electricity industry; Power Plant Control Engineering AB (PPC Engineering AB). With Laanti et al. (2009) themselves arguing for more in-depth studies, this approach appeared to be a justified way of tackling the defined problem of this thesis. Through semi-structured interviews a pattern of important factors that influenced the decisions and steps of PPC Engineering AB were identified. Two of the interviews were framed by prepared questions that were intended to guide the interviews, however, leaving room for the interviewees to elaborate freely so that no important answers were missed. Unlike structured interviews this form of interview allows for “in-the-situation” adjustments in order to be able to follow perhaps unexpected paths that the interview may take. The main advantages of semi-structured interviews are that no topics are missed due to lack of flexibility and that the respondents are not constrained by fixed answers (Langridge, 2004:50). A disadvantage is the risk of interviewer effects.
3.1.2 Choice of Case Company

The choice of the case company was guided by recommendations of people close to the authors for this thesis. The company fit the criteria for this study; a small Swedish network industry company internationalizing to a developing country in sub-Saharan Africa\(^2\). The fact that PPC Engineering AB fits all of these criteria enables some degree of generalization, despite this being a single-case study. The reason for this is the already established similarities amongst; companies within network industries; companies from SMOPECs; and companies that are small or medium sized (Merrett, 2002; Stienstra et al., 2004). This is, however, only true for other companies which match all of the above mentioned criteria.

3.1.3 Company Presentation – PPC Engineering AB

PPC Engineering AB is a small Swedish company founded by Hans Jonåker in 1992, which currently employs eighteen people. The headquarters are in Finspång where both administration and production are located. PPC Engineering AB is a company with experience in several areas of the electricity industry, such as electrical control and process technology. The business concept is to deliver both electrical equipment as well as highly qualified support to its customers. Support is offered within areas of; project management, planning, engineering, production, commissioning, and documentation to service and support (www.ppc.se, 2009-04-20). The company started its international commitments early on, through a collaboration project in the North Sea together with Swedish, American, Dutch and British business partners.

3.1.4 Choice of Interview Respondents

The authors chose to interview all employees of the international project PPC Congo, i.e. two respondents. A choice was made not to interview any other persons employed by the parent company PPC Engineering AB since, at the time of this study, the only people involved in the matters concerning the purpose of this thesis were Hans Jonåker, CEO and founder of PPC Engineering AB, and Heron Ilunga, partner of PPC Congo. Had the study taken place at the end of PPC Engineering AB’s internationalization process, interviewing employees involved in other business areas e.g. production might well have been motivated.

3.1.4.1 Hans Jonåker

Hans Jonåker has a background within the Swedish/Swiss power and automation company ABB, where he has worked as a project manager, setting up gas and steam turbines constructed to drive electrical generators. During his employment at ABB he spent many years as an expatriate in foreign countries where he believes that he gained valuable internationalization experience.

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\(^2\) See Appendix 1 for more elaborate information on sub-Saharan Africa and a country report on Congo Kinshasa.
In 1992 Jonåker decided to leave ABB and focus on setting up his own company within the electrical industry. PPC Engineering AB was born and Jonåker says that he consciously chose an English company name, because of the high likelihood of engaging in international business projects. Jonåker motivates this strategy with respect to the size and maturity of the Swedish electricity market, which leaves little opportunity for new companies to prosper. He also states that he finds internationalization intriguing and believes that his entrepreneurial spirit would have taken him abroad regardless of his company’s home market size.

3.1.4.2 Heron Ilunga

Heron Ilunga joined PPC Engineering AB in 2008. He is a Congolese citizen with a background as Chief of Police in Congo Kinshasa. Due to turmoil in Congo Kinshasa following the assassination of the country’s President, he and his family were given political asylum in Sweden through the United Nations. Ilunga has a five-year electrical engineering degree from Congo. Ilunga is today joint partner in PPC Congo with Jonåker. He spends 75% of his time in Congo Kinshasa, running the daily activities and maintaining close contacts with relevant and influential actors.

3.2 Interviews

3.2.1 Interview 1

To get a first insight into the company the authors conducted a 2h 45 min long first interview with Hans Jonåker on Monday, March 30th, at the headquarters in Finspång. Present at the interview were Hans Jonåker, Caroline Goldberg and Gabriella Jonsson. The interview was an open and interactive dialogue without any pre-formulated questions, in which Jonåker freely talked about the origin of the company and how PPC Congo was initiated and is managed today. This type of conversational interview prevents that important answers and insights are left out, which can be the case in more formal interviews (Esaiasson et al., 2007:284-287). The whole interview was recorded. Due to the length and structure of the interview the empirical material has given substantial depth to the thesis. The thoroughness of this interview somewhat compensated the fact that the case has an inherent limit in that there are only two interviewees.

3.2.2 Interview 2

A second extensive interview with Hans Jonåker was conducted and recorded on Monday, April 27th, at PPC Engineering’s Stockholm office. Present at the interview were Hans Jonåker, Caroline Goldberg and Gabriella Jonsson. (See Appendix 3 for interview template.) The interview lasted 1h and 45 min hours and was recorded. The interview was semi-structured and enabled Jonåker to speak freely around subjects concerning the thesis. An interview template was prepared prior to the interview. The prepared questions were based on the material recorded from the first interview and allowed the interviewers to get more in-depth answers to specific areas of interest for the study.
3.2.3 Interview 3
The third interview was conducted on April 29th, at Arlanda Airport. Present at the interview were Heron Ilunga, Caroline Goldberg and Gabriella Jonsson. (See Appendix 4 for interview template.) The interview took approximately one hour and was recorded. This interview was also semi-structured.

3.2.4 Interview 4
The fourth interview was done over the telephone with Hans Jonåker on May 13th. The aim of this interview was to clarify certain details in the empirical findings from the previous interviews with Jonåker. By conducting this interview the authors have further secured that the empirical delineation and following analysis are accurate to the best of their knowledge.

3.2.5 Limitations of the Interviews
All of the interviews were conducted in Swedish, which is the native language of Jonåker and the interviewers. Ilunga’s mother tongue is French, and although he speaks Swedish unhindered, the language barrier may have caused misunderstandings on the behalf of both parties. This was counteracted through follow-up question when uncertainty arose. As for the empirical data itself, it is strongly tied to the willingness of the respondents to be truthful and detailed in their description of the process. Jonåker’s acquaintance with the family of one of the interviewers, and the public location for the meeting with Ilunga may have caused limitations to the data. However, the authors believe this source of error to be small. Jonåker’s answers to all questions were both long and detailed, and during the meeting with Ilunga sensitive subjects were thoroughly discussed. The authors’ intentions are to analyze the data from the conducted interviews as objectively as possible. There is, however, always a risk of subjective interpretations and consideration must be taken when reading the material.

3.3 Secondary Empirical Material
The study has had access to the official webpage of PPC Engineering AB. This has provided the thesis with secondary company background information regarding the products and services provided. Furthermore, the authors were given access to PPC Engineering AB’s presentation material in order to gain insight into how the project has been presented to the Congolese government and business actors. These sources have only been used to form a basic understanding of the case company’s business, as they do not provide information concerning which factors affected the actual internationalization process.

3.4 Limitations to the Study
The most prominent limitation of this thesis is that it only takes into account the specific situation of one single company and therefore the possibility to generalize the conclusions is limited. Rather, the conclusions of this single-case study offer new research ideas to be further explored in future research
of a larger sample of companies in order to further clarify the findings from this case. However, with respect to the homogeneity of the Swedish electricity industry and the similarities amongst sub-Saharan African countries, it could be argued that the outcome of this study might well hold true for a larger sample of companies with the same characteristics as PPC Engineering AB.

This thesis was restricted to studying the internationalization process from the perspective of PPC Engineering AB, due to time constraints and lack of access to suitable respondents external to the case company. Therefore this case study only represents the views that Hans Jonåker and Heron Ilunga chose to share with us. Possibly, there could have been other conclusions drawn from this study had the authors had access to other sources of information such as external business partners of PPC Engineering AB. This was, however, not feasible because of the previously mentioned time constraints as well as the physical distance to actors in Congo. A further limitation to the study is that the internationalization process at the time of the deadline for this thesis had not been fully completed. Therefore only certain phases of the process could be studied and a follow-up study will be needed to determine the outcome of the whole internationalization process of PPC Engineering AB.

4. Empirical Findings

In this section the results from the conducted interviews will be presented. The internationalization process of PPC Engineering AB to Congo Kinshasa will be described in chronological order.

4.1 Early Internationalization Attempts, 1992-1995

As early as in 1992 PPC Engineering AB made attempts to enter the Malaysian market through the assistance of Malaysian agents. However, this concept turned out to be unsuccessful due to factors i.e. geographical distance, strong competition from Chinese manufacturers, and lack of control, which Jonåker later came to believe was the result of inadequate commitment from him and his company. These factors lead to a withdrawal from the Malaysian market. Jonåker mentions that the Swedish electricity market is well developed and has reached a state of maturity. He maintains, however, that the maturity of the home market was not the reason for attempting an international expansion but rather his own interest in doing business abroad.

In 1995 new internationalization attempts were made, this time to India with assistance from the Swedish Trade Council. Jonåker, however, admits to having been too apprehensive after the failure to enter Malaysia, and withdrew from India at an early stage, something that he regrets today. He states that these early internationalization attempts have been valuable learning experiences.
4.1.1 The Search for a First-mover Advantage, 1995-2005
The missed opportunities in Malaysia and India left Jonâker determined to get a first-mover advantage in other up-coming growth markets. A search for new market opportunities was initiated because of the positive media coverage of certain markets as potential areas of growth. Africa was one of them. There were few actors already on the scene in Africa, which made the competitive situation advantageous and the possibility of gaining a first-mover advantage great. In addition, the infrastructure was in desperate need of refurbishment, which opened up for PPC Engineering AB’s products and services. Prospects of future growth were obvious, which enhanced Jonâker’s interest in the African continent. Jonâker saw the fact that Congo has an array of natural resources as a form of security for future payments. The nation obviously had potential of great wealth once the infrastructure was improved.

4.2 Pre-phase: Internationalization to Congo Kinshasa, 2006-2007
The reason for Congo Kinshasa being chosen as the country to enter was mostly coincidental, according to Jonâker. A meeting with a Congolese man living in Sweden played an important part for this decision.

4.2.1 The First Congolese Connection
In 2006 Jonâker and one of the board members of PPC Engineering AB were contacted by a Congolese man living in Sweden, who had the idea of helping Swedish companies start a dialogue with Congolese businessmen by making his local contacts available. The thought was to create a win-win situation for all involved parties, where new markets were opened to the Swedes and Congo Kinshasa could begin developing into a modern country. At this point in time the political situation in Congo Kinshasa had been unstable for some years, which made it difficult to establish anything substantial in the country. Despite this, recent positive developments in neighboring countries such as Kenya, Ethiopia and Congo Brazzaville lead Jonâker and his partners to believe that the situation in Congo Kinshasa would stabilize in the near future, and continuous engagements were therefore made to set up a business.

It was suggested by the Congolese man that several Swedish companies join forces and initiate a project in cooperation. Jonâker began to actively search and contact potential collaboration partners in Sweden and found a very experienced business manager (BM) in Bollnäs who came onboard in this initial phase. Jonâker and the BM made their first trip to Congo Kinshasa prior to the country’s February Presidential elections in 2007. Making the trip at this point in time was suggested by the Congolese man, as he believed that it was important to be on the politicians agenda prior to them taking office. By doing so PPC Engineering AB would enhance their chance of gaining government acceptance for their project, something that is imperative for running electricity projects in Congo.
Kinshasa. With regards to his previous experiences in Malaysia Jonåker was aware that a focused physical presence would be necessary in order to understand the local market and the possible business opportunities, which further motivated this trip. Jonåker claims that a strong focus is necessary in any internationalization process, in order to understand the opportunities and how these can be developed. Being visible to potential business partners is also essential for gaining credibility and trust according to Jonåker.

The Congolese man had set up meetings with influential actors such as the Minister of Energy, the CEO of the state owned electricity company SNEL, and other Congolese businessmen. After these encounters it became obvious to Jonåker and the BM that governmental involvement and support would be necessary in order to launch the intended electricity related projects in Congo Kinshasa. This conclusion was drawn because of SNEL being state-owned and the government exerting power over the operations.

4.2.2 Forming a Business Plan
During this trip it was revealed to Jonåker and the BM that SNEL only received payment for 20% of the total delivered electricity, due to theft, and that large parts of the current electricity networks were in extremely poor shape. In addition, most of the electricity meters were out of order, which made it impossible to track who had consumed electricity, and how much. Those still functioning did not render sufficient payment due to corruption and a non-existing postal system, which made it impossible to send bills to the customer. This trip formed the basis for potential business ideas.

The original plan was to create a trainee program where employees of SNEL would gain the practical experience needed to make use of their theoretical knowledge within the field. At this point in time the Congolese electrical engineers simply did not know how to repair the electricity network. Jonåker and the BM’s plan was to establish a trainee program with both theoretical and practical elements for the Congolese to attend in Sweden. A delegation from SNEL was sent to Sweden to verify PPC Engineering AB’s competence and facilities to host such a project. One major flaw with this idea was, according to Jonåker, the language barrier that hindered the delegation from SNEL to understand and correctly evaluate the trainee program during their visit. The trip was lined with misunderstandings and confusion between Jonåker and the Congolese delegation. It became clear during this initial phase that the Congolese man lacked the industry knowledge needed to correctly mediate between the two parties. After much effort the delegation understood the idea and explained that they would write a report to the Congolese government in order to get the project approved. Jonåker was now convinced that it would not be long until the project was implemented. As for the Congolese man it had become clear to Jonåker that they would not be able to continue their collaboration. Although he had
successfully opened up necessary doors to the government, the lacking industry knowledge on his part was too big of a compromise and they parted ways.

4.3 Entry Phase: Dealing with Unexpected Events, 2008
In the spring of 2008 Jonåker still had not heard anything from the Congolese government. He decided to make another trip to Congo Kinshasa, this time on his own, to communicate his dissatisfaction with the fact that the project had not yet been launched. He had expected a response to the delegation’s report by the Congolese government. It turned out that the report had never reached the decision makers. Together with the vice Minister of Finance, whom Jonåker had gotten to know during his first visit, it was decided that the business plan needed to be re-explained to the government, in order to gain support and legitimacy. Jonåker also concluded that he would still need a Congolese who both understood the native language and the electricity industry if he wanted things done correctly. Through a local recruitment firm in Sweden Jonåker was able to get in contact with a Congolese living in Sweden, Heron Ilunga. Ilunga fit the requirements and came onboard shortly thereafter. He was motivated and had the right educational background and ethical standpoint. According to Jonåker the fact that Ilunga was Congolese was of great importance, even greater than Ilunga’s personal network. Ilunga himself, however, points to his background as Chief of Police as well as his personal network in Congo Kinshasa, as being of major importance.

“You have to have contacts with the people who will enable you to make progress. In Africa, if you do not have the right contacts amongst those living in Congo, it does not matter if you are Congolese, you will not be able to make progress.”

(Ilunga, 2009-04-29)

At roughly the same time the BM became ill and was forced to resign as joint venture partner, which lead to unexpected financial difficulties that needed to be resolved. In addition the financial crisis of 2008 struck at this time, causing even deeper problems regarding project funding. According to Ilunga building trust is essential for doing business in Africa and thus, had they not lived up to their promises the opportunity in Congo Kinshasa would have been lost. PPC Engineering AB was now forced to continue alone, taking on the whole risk of the project, since bailing out and returning later was not an option due to the trust issue. According to Jonåker, the factor that convinced him to remain active in Congo Kinshasa was mainly his own strong intuition of future business success. This feeling was based on the many returning emigrated Congolese and the increasingly up-dated car-park, which according to Jonåker were signs of a turning point. Also, the increasing amount of Chinese investments being made in the country indicated a common belief in the prospects of the Congolese market. Further, the increased investments in the infrastructure by the government proved to Jonåker a

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3 Original quote in Swedish. Authors’ translation.
change in attitude and developmental intention. It was clear to Jonåker that Congo Kinshasa was on its way up and he decided to follow his gut feeling.

### 4.3.1 Adapting the Business Plan to Congolese Reality

In the fall of 2008 Jonåker and Ilunga met with the Minister of Finance who set up additional meetings with some of the President’s closest advisors. This was a turning point for the PPC Congo project, since the government representatives now decided to prioritize the future development of this project and assigned a specific government advisor to assist Jonåker and Ilunga in their upcoming work. The technical director of SNEL became the new official person in charge of executing the project from the government’s side. All of this created media attention in Congo Kinshasa which helped speed up the process, which up until now had been characterized by inefficiency and lack of commitment.

At this point in time Jonåker and Ilunga were convinced that the project had been accepted since the President had given them his approval. This, however, turned out to not be the case. In Congo Kinshasa governmental positions are appointed to individuals with ties to the government. One can be assigned a Minister post without having the relevant competence, which in turn may lead to uninformed decisions and inaction. In PPC Engineering AB’s case the technical director of SNEL, appointed to run the project on behalf of the government, did not have sufficient knowledge of SNEL’s organization. The operational directors of SNEL objected to the planned trainee program and claimed it would not be feasible because of SNEL’s organizational inefficiencies. This meant that the original business plan needed to be completely revised which would cost PPC Engineering AB much time and effort, and further delay the launch.

### 4.3.2 The New Business Plan

In order to create a new business plan it was necessary to map out the exact business opportunities in Congo Kinshasa. It was confirmed by the government that there was a need for new electricity meters, which preferably should be installed as well. Also, the electricity network was in desperate need of repair and maintenance. PPC Engineering AB immediately began calculating the costs of this as well as the possibilities of setting up production of the electricity meters in Congo Kinshasa in the future. It was important to make the project profitable for Congo’s government by creating job opportunities, commercializing the electricity industry, and improving the electricity networks. Approximately 20% of the profit was decided to be re-invested in projects for social gain in Congo Kinshasa.

The new business plan was divided into three steps, (Business Report: “Partnerskap mellan SNEL och PPC Congo”, Powerpoint Presentation, 2008):

1. Improving and maintaining the current electricity distribution centers in order to improve the delivery quality to private as well as commercial customers.
2. Initiating local production of modern electricity meters for remote reading, to be installed at the electricity subscribers. This way the customers can be charged for their precise electricity usage, which enables SNEL to get full payment for services rendered.

3. Expanding the current electricity distribution systems and complement with small scale ecological electricity power plants.

In order to meet the government’s demands of long-term commitment Jonåker had to stretch the risk-level beyond his comfort zone, and register a new company called PPC Congo. PPC Congo has subsidiaries in both Congo Kinshasa (PPC Congo Kinshasa), and Congo Brazzaville (PPC Congo Brazzaville). The main office in Kinshasa is staffed 75% of the year, whereas the office in Brazzaville currently only is used for matters concerning side projects.

The project will be governed by PPC Congo due to lack of management competence at SNEL. PPC Engineering AB will be the supplier of competence and materials. Construction work for the future factory (production of the electricity meters), will be conducted by Congolese entrepreneurs. Once the new electricity meters have been installed the gathered information needs to be processed, something SNEL claims to be incapable of handling. Even though this does not lie within the regular competence of PPC Engineering AB, Jonåker and Ilunga agreed to solve this issue in order to keep their position as a trusted business partner. They soon hired an African consulting firm and brought in a Swedish expert to coordinate the gathering of information from the meters. An important feature of the system is that it has been adapted to the specific Congolese environment. The meters will be equipped with a pre-paid SIM-card so that billing issues can be avoided in the future. They have also been adapted to function in the African heat and humidity, and to withstand break-in attempts from the local population, since electricity theft is a common problem.

4.4 PPC Congo as of 2009
Both Jonåker and Ilunda explain that large MNCs from Western economies have a history of exploiting Congo and its neighboring countries. This has lead to an issue of distrust towards foreign companies that look to invest in Congo. Today, foreign companies need to prove their genuine intent and long-term commitment if they wish to do business in this region. In PPC Congo’s case this has meant setting up a physical office as well as demonstrating the planned system of electricity meters before a test series will be approved by the government. This demonstration must be successful before a substantial order will be made. However, once the test series proves to be sufficient the politicians in Congo Kinshasa will be under strong public pressure to complete the deal. According to Jonåker the political situation in Congo Kinshasa is now receptive to implementation of infrastructural investments. A public interview on TV with PPC Engineering AB helped raise the public awareness
which put pressure on the government to fulfill their promises of refurbishing the electrical network. This in turn has further paved the way for PPC Engineering AB’s project. The increased media coverage puts even greater pressure on the government officials to deliver results according to their political program. The timing being right is essential for the success of PPC Congo, according to Jonåker. With regards to the stability in the country neither Jonåker nor Ilunga feel threatened by current events. The area of conflict is small and far from Congo Kinshasa. They both consider the situation to be stable where they are located.

Jonåker and Ilunga both agree that PPC Congo has an advantage since the northern European countries have not previously engaged in colonization in Africa. In addition it has been a common phenomenon in the recent years that foreign companies have received advance payment from the Congolese government, but not fulfilled their obligations resulting in the widespread distrust in foreign investors in Congo. However, Sweden has on the contrary contributed to the social development in Congo through the Mission Covenant Church of Sweden, and the building of local hospitals. Jonåker also points at Olof Palme as a positive promoter of Sweden in Congo. Ilunga adds that Sweden’s technological advancements are also an asset to Congo. These factors combined, according to both Jonåker and Ilunga, have given PPC Congo an advantage in setting up their business.

However, the financial difficulties, stemming from the prolonged start-up phase, the BM resigning as a venture partner as well as the ongoing global financial crisis are still major factors. The African way of doing business, which does not include a large order contract from the beginning, hinders PPC Congo from getting a bank loan or capital from private equity. This difficulty has forced PPC Congo to search for new and unconventional ways of funding their business. Support projects have been initiated to render capital quickly. The subsidiaries PPC Congo Kinshasa and PPC Congo Brazzaville run trading businesses where they import foods and construction supplies that are in shortage in Congo. Through these businesses PPC Congo has been able to continue to finance its main business, the electricity project. In the midst of all the downsides stemming from the global financial crisis, Jonåker points out that there has been a positive effect as well. When investors lose faith in the stock market they are more inclined to find alternative investment options. PPC Congo’s import businesses are such an alternative. Jonåker turned to his personal network of Swedish businessmen to find interested investors, and Ilunga searched for African counterparts to gain additional capital and increased legitimacy in Congo Kinshasa. The initial capital gained from these private investors worked as a security when applying for loans at the local bank in Congo Kinshasa. This has been a way for PPC Congo to overcome its financial challenges; challenges which, according to Jonåker, are especially strong within the electricity industry where the initial costs are very high.
4.4.1 Overcoming Cultural Differences

Jonåker and Ilunga are in agreement that doing business in Congo requires an understanding and acceptance of the African mentality. According to Ilunga, doing business in Africa entails building “brother-like” relationships, which is a time-consuming process. It is however, necessary to spend this time building relationships and confidence since the Congolese have a historical distrust towards Westerners. Ilunga points out that in Congo one does not look upon oral agreements as binding commitments, and the way that one refers to time differs substantially between the two countries. Ilunga explains that when he is in Congo Kinshasa his days are filled with meetings with local partners, but there is no set schedule. Rather, one must be flexible to changes. It is not uncommon that a meeting set at 15 o’clock will not take place until 18 o’clock or later because of double bookings and people forgetting their scheduled meetings.

“Today can mean tomorrow in Africa.”

Hiring Ilunga has helped overcome these differences and both Jonåker and Ilunga highlight the importance of having a local employee on-board since it builds confidence in the company’s long-term commitment to Congo Kinshasa. Both the first Congolese man that Jonåker cooperated with as well as Ilunga, have opened doors to influential decision makers through their personal networks. These contacts have been necessary for the internationalization process of PPC Congo.

Jonåker points out an additional trait of the African mentality, which has to do with problem solving. His experience is that problems are only solved if absolutely necessary, and often done inadequately. For instance, when inspecting a potential office building the elevator was out of order, but instead of repairing the elevator the Africans used to shout and bang on the door when they wanted to get up and down. This attitude being widespread brings a risk of hiring local personnel compared to when doing so in Sweden. This necessitates a higher degree of control in Congo according to Jonåker, which means that Swedish managers will be hired to oversee operations.

Despite the experienced frustration of the cultural differences, Jonåker and Ilunga, both agree that it is necessary for PPC Congo to comply with the Congolese business traditions and accept that certain things are done differently and perhaps even incorrectly and/or inefficiently. They mention for instance the widespread use of corruption and cronyism when doing business. Ilunga explains that in Congo one always expects to get something in return when offering help. They both disagree with these policies but have sometimes been forced to give in to Congolese ways in order to get the business done. Such a situation appeared when a contract signed by the President failed to reach a

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4 Original quote in Swedish. Authors’ translation.
director at SNEL due to a middleman who saw his chance at earning some money by hanging on to the contract until someone was willing to pay for its delivery. Ilunga clarifies that PPC Congo sometimes has to accept these business principles in order to get the information that they need. However, since politicians risk losing face publicly they often prefer to get repaid in other ways than cash, e.g. with stakes in the company. He continues by explaining that PPC Congo has faced smaller claims than other foreign investors due to his background as a Congolese citizen. According to Ilunga different legal systems apply depending on if you are a Congolese or of foreign origin.

5. Analysis - Linking the Empirical Findings to the Conceptual Framework

In this section the empirical findings presented in the previous chapter will be analyzed with respect to Laanti et al.’s (2009) conceptual framework presented in section 2.3.2. The analysis will lead to a depiction of the conceptual framework, adapted to the situation of PPC Engineering AB’s internationalization process to Congo Kinshasa.

5.1 Global Factors

According to the theory, global macro factors can be decisive for a company’s operations. Amongst the global factors that were highlighted in the interviews with Jonåker, the global media coverage that portrayed Africa as an up-coming growth market seems to have played a part in forming Jonåker’s perception of Africa as a market for potential investments. However, seen in relation to Jonåker’s own desire to trade and strong wish to get a second chance at internationalizing, the media depiction of Africa is not interpreted as having been critical for Jonåker’s decision to start up in Congo Kinshasa. Rather, the interviews point to haphazard circumstances as being catalysts for the project. For instance, the meeting with the first Congolese man who introduced the potential in Congo appears to have been decisive for the future development of PPC Engineering AB’s internationalization.

In the fall of 2008 the global financial situation took a dramatic turn which caused conditions both in the home and host market to change, namely the global financial crisis. Although this factor has affected the project in Congo Kinshasa directly in terms of difficulties of finding external funding, Jonåker himself does not give much weight to this factor, which leads one to conclude that, although it needs to be considered as a factor it has not had a determining negative effect on the operations in Congo Kinshasa. On the contrary, the global financial crisis has evoked a possibility to find alternative investors who no longer look to the stock market for projects to invest in. From this perspective the crisis can be said to have contributed to a positive outcome for PPC Engineering AB in that it has provided the project with new investors. Overall neither Jonåker nor Ilunga consider global factors to have been of great significance in PPC Engineering AB’s case.
5.2 Industry Specific Factors

The electricity industry is an important part of the basic infrastructure in modern countries, and in the developed world electricity is a mature industry with fierce competition amongst a number of powerful actors. The fact that developing countries’ infrastructure and technology is underdeveloped and poorly organized provides attractive opportunities for foreign business investors. However, in order to make use of such opportunities Jonåker points out the importance of entering these markets early, since first mover advantage is what will make a large deal possible within the electricity industry. This finding supports Laanti et al.’s (2009) conclusion of the importance of being first on scene when acting within a network industry, since first on the scene tends to lead to a “winner take all” situation. As for the competitive scene in Congo Kinshasa, it greatly differs from that in developed countries. There are very few established actors at this point in time, which is positive for companies such as PPC Engineering AB.

Laanti et al. (2009) mention government involvement as a potentially influential factor for companies within network industries. Jonåker and Ilunga both agree that this is the case for PPC Engineering AB’s internationalization to Congo Kinshasa. Since the state-owned electricity company SNEL is the only company that produces and distributes electricity in Congo Kinshasa, it has a great deal of power within this industry. Jonåker describes a situation where political timing is of utmost importance in order to get any business done with SNEL, since support from the government is necessary. This means that the politicians must feel pressured to act before any electricity related projects will be initiated. The governmental influence can therefore, in a sense, be said to reflect pressures from media and Congolese voters. If politicians find it urgent to oblige these stakeholders, the likelihood presumably increases that progress will be made in network industry projects. Laanti et al.’s (2009) conclusion that governmental influence is a strong factor in network industries can therefore be said to hold true in this case as well. It is, however, important to understand that government involvement in Congo Kinshasa includes the aspect of political timing.

Jonåker also describes financing as an important industry related issue, since the initial costs for setting up production of electric meters are very high. This type of capital intensity additionally highlights Laanti et al.’s (2009) described similarities amongst network industries. The Congolese government’s demand for long-term commitment to the country has put PPC Congo in a situation where the high costs related to local production cannot be avoided.
5.3 Home Country Factors

According to the theoretical description Sweden is a SMOPEC and thus, the market is small and firms can be expected to look for demand outside the borders of their home market. Demand seeking is one of the main reasons for firms to internationalize (Dunning, 2000), however, PPC Engineering AB appears to have been guided by factors other than home market size when attempting to set up business in Congo Kinshasa. Relative to the manager’s intuition and experience, which in this thesis is considered to be a company specific factor, the limited demand in Sweden is understood as being a contributory but not a decisive factor for the internationalization process of PPC Engineering AB.

A home country factor that however, appears to have been vital for the progress in Congo, but that the theory does not mention, is the Congolese’ perception of Sweden. By not having a history of being a colonial power, and not having exploited African countries in the quest for business opportunities, as well as having a high level of development and a leading edge within technology, Swedish companies appear to stand a better chance at getting local support. Both Ilunga and Jonäker highlight this view of Sweden as a factor that has given PPC Engineering AB an advantage in comparison to other nations when attempting to enter the Congolese electricity market. The factor of the home country’s political strategies is therefore considered to be of importance to the internationalization of PPC Engineering AB to Congo Kinshasa.

5.4 Company Specific Factors

Several factors that have influenced the internationalization process of PPC Engineering AB are directly related to the company itself, e.g. Jonäker’s own personal experiences (knowledge capital) of international projects from his earlier career as well as with PPC Engineering AB and his perception of Africa and the potential to be sought there. From the interviews, Jonäker’s previous experience and involvement in international projects recur and appear to have fostered an individual willingness to seek business opportunities abroad. The missed opportunities in Malaysia and India, due to an admitted lack of commitment and an apprehensiveness to take risks, contributed to Jonäker’s determination to get a first-mover advantage in Africa. This intrinsic ambition of the company manger seems to have been vital for the decision to enter Congo Kinshasa, which is not included in Dunning’s (2000) suggestions as to why a company chooses to internationalize. Further into the project, as the instability in the country increased, Jonäker highlights his own intuition, stemming from the positive signs in neighboring countries, as having been critical to the decision of continuing on when all logic pointed in the other direction.

The theory mentions the company’s business networks, both at home and in the foreign market, as a factor that is unique to the company itself and that may influence the strategies of the company. The
interviews with both Jonåker and Ilunga point to the importance of personal networks and the doors, which these have opened to influential decision makers for the success of the project. Linked to the global financial crisis that struck in the midst of the process, Jonåker claims to have reached out to his personal network for further funding, which in turn secured the project’s survival, giving further weight to the importance of employees’ personal networks when pursuing business in Congo. These findings give support to the importance of the company specific factor; networks.

In addition the recruitment of Ilunga is claimed to have been crucial for Jonåker’s attempts in Congo. Thanks to his relevant educational background and knowledge of the Congolese culture, Ilunga was, according to himself and Jonåker, able to mediate the difficulties that the collaboration with the first Congolese middleman had created. The fact that he was a Congolese citizen also reduced some effects of corruption. Linked to the theory this statement gives support to the factor: human resources.

5.5 Host Country Factors
The fact that Congo is a developing country in sub-Saharan Africa gives it a set of characteristics that strongly affect the progress of PPC Engineering AB’s internationalization, something that both interview respondents agree on. Many issues fall under the category cultural differences e.g. educational level and the African mentality. With regards to the educational level, PPC Engineering AB faced both problems and opportunities in Congo Kinshasa. One main issue was the language barrier between the Swedes and the Congolese. In most countries today, one can expect businessmen to speak English, but in this developing country even the top people do not have a second language beyond their mother tongue. Jonåker’s first Congolese middle man spoke the native language, French, but he failed to translate correctly due to lack of proficiency concerning electricity related terminology. On the upside however, one can recall how the first business idea stemmed from the lacking educational opportunities in Congo Kinshasa. The electrical engineers could not practice their profession since the infrastructure was more or less non-existent, something that founded the idea of a trainee program. It also created demand for international assistance, which opened up for PPC Engineering AB’s entry. In this sense, educational level regarding language can be seen as a hindering factor, while the lack of practical experience was positive, as it created a need for PPC Engineering AB’s services.

An additional aspect of cultural difference is dealing with the African mentality, which Ilunga describes as a time-consuming process. In Congo, business involves building friendships and trust, something that holds especially true for foreign businesses. Having a large local network is essential, according to Jonåker. Both respondents highlight the importance of adapting to the Congolese mentality, rather than expecting the locals to adapt to them. According to theories developed from
Hofstede’s (1980) psychic distance notion, this failure to transfer practices can be costly with regards to time, effort and capital, something that holds true for the case of PPC Engineering AB’s entry into Congo. However, Quer et al.’s (2007) idea that these costs would prevent companies from entering a psychically distant market through committed entry mode was not supported in this case. Instead, the pressures from the Congolese government and Jonåker’s desire to gain a first-mover advantage overrode the psychic distance factor. This is an important finding in the sense that it gives an idea of how different factors are weighted against each other.

Another important host country factor is the societal risk concerning ethics and moral. Both Jonåker and Ilunga agree that corruption in all its forms is immoral, but they also explain that there is really no way around it in Congo’s business world today. A part of the Congolese mentality is that no one does anything without expecting something in return. They simply feel like you do not live up to your end of the bargain if you refuse to repay their favors, and since long-term relationships are essential for doing business, PPC Congo has found itself forced to oblige to these rules. This host country factor is clearly not something that only affects this case company, but a lesson for all foreigners planning to enter Congo with business purposes. PPC Engineering AB has also felt the effects of nepotism when SNEL’s appointed technical director was oblivious to the company’s organizational limitations, which necessitated the complete change in business plan.

Al Khattab et al.’s (2007) study states that managers’ perception of political risk is a strong inhibiting factor for internationalization. In the case of PPC Engineering AB this statement is not fully supported. There was a significant amount of turmoil in Congo during the pre-phase of the internationalization process, but Jonåker decided to continue; going against the advice of both media and market experts at the Swedish Trade Council. His personal experiences in the country outweighed all external warnings. There is still some instability in the country, but neither Jonåker nor Ilunga feel threatened by it. This finding from the case of PPC Engineering AB points towards the conclusion that political risk may well be an inhibiting factor but this can be weighed up by other factors, i.e. the deciding managers personal market knowledge.

Government involvement has already been mentioned as a vital industry related factor, but there are aspects of government intervention that must be seen as host country related, since they may affect all foreign investors. Firstly, Jonåker mentions that the political timing must be right in order to get anything done in Congo. Another issue is the Congolese government’s demand that PPC Engineering AB creates job opportunities in Congo Kinshasa as well as contributes to the government’s finances. This is supposedly a sign of long-term commitment, which, as mentioned, is a prerequisite for doing any business in the country at all. In addition, the lack of communication between the government and SNEL is a factor that has lead to an increased workload as well the need to completely revise the
business plan. These types of problems are, however, common in Congo according to Ilunga. Understanding the culture which promotes these types of communication barriers is essential in order for business managers to properly evaluate a potential internationalization. This highlights the importance of filling the research gap concerning developing countries in sub-Saharan Africa.

One must also consider different host country factors in relation to each other when determining whether to enter a country or not. In PPC Engineering AB’s case the negative factors such as political instability in certain regions, the societal risks and the substantial cultural differences, were clearly outweighed by positive forces such as growth potential, low degree of competition and the right political timing. Jonäker states that the richness of the land acted as a form of security for Congo’s potential of becoming a wealthy country.

5.6 Market and Operation Strategies

According to Laanti et al. (2009) the five factors that have been categorized above stand in direct correlation to the development of market and operation strategies that the internationalizing company then pursues. In the case of PPC Engineering AB and the project of rehabilitating the Congolese electric networks the empirical findings within each of the categories appear to have, either indirectly or directly influenced the way that PPC Engineering AB thus far have developed and adapted their market and operation strategies.

The Congolese government has during the internationalization process demonstrated distrust in foreign companies due to past exploitation and colonization and thus PPC Engineering AB has been forced to prove its genuine intent to fully complete the business plan that has been presented. However, the Congolese conception of Sweden can be interpreted as having mediated this distrust somewhat. The result of these factors in terms of market and operation strategies has been the opening up of a physical office in Congo Kinshasa that is staffed 75 percent of the time. Contrary to traditional theories of predicted entry modes PPC Engineering AB have entered Congo Kinshasa in a high commitment mode and gone against the incremental knowledge accumulation path presented by the Uppsala Model. In this way PPC Engineering AB has shown a long-term commitment and intent to complete the project from the beginning. On the other hand, the office has also meant that they have been able to continuously follow the market development and quickly respond to changes in the market, something that Jonäker learned was important from his internationalization attempts in Malaysia and India. These past experiences also seem to have enhanced Jonäker’s willingness to take risks, which PPC Engineering AB’s entry mode implies. It can also be seen as the result of Jonäker’s understanding of the importance of a first-mover advantage within this industry. Furthermore, the issue of past exploitation of Congo has meant that the Congolese government has presented a
counterclaim that PPC Engineering AB prepare to set up production of the electrical meters in Congo Kinshasa which directly increases their investment in the market.

The need to have a Congolese onboard the project became evident with respect to the cultural differences and host country factors that influence the way that business is done in Congo. The recruitment of Ilunga can be viewed as a conscious strategy in order for PPC Engineering AB to be correctly understood by their Congolese counterparts, as well as to get access to the right people in the government. The side projects, PPC Congo Kinshasa and PPC Congo Brazzaville, that today trade products that are in shortage in Congo, are also strategic effects related to previously mentioned factors; the financial crisis, the high capital intensity of the electricity industry, and the distrust issue. An additional important strategy with respect to the differing market preferences and conditions is the adaptation of PPC Engineering AB’s products. Both the physical products as well as the offered services have been adapted to fit the Congolese environment and demand.

5.7 Laanti et al.’s (2009) Propositions in the Case of PPC Engineering AB
In the following section the empirical findings from this case study will be related to Laanti et al.’s (2009) original propositions in order to determine whether they hold true when all five factors are taken into consideration. Furthermore, it is the attempt of the authors to establish whether the propositions also apply to an SME within the electrical industry entering a developing country.

Proposition 1: “… telecommunication operators start their internationalization from the start with direct investment modes.”

In the case of PPC Engineering AB, this proposition holds true, as the company decided to open up the wholly owned subsidiary PPC Congo in the host country at a very early stage of the internationalization process. In accordance with Laanti et al.’s (2009) study, network industry related factors such as strong government bargaining power were influential for the decision of using direct entry modes from the beginning. However, the main reasons for this strategy cannot be solely linked to industry and home country factors. The host country factor of historical exploitation, which has lead to distrust against foreigners, seems to have been of great significance to the commitment demands from the Congolese government. Furthermore, Jonåker’s previous experience of internationalization has him convinced that a committed entry mode is essential for running a foreign business.

Proposition 2: “…instead of investing in fully owned subsidiaries, small country telecos enter international markets with minority joint ventures and/or through strategic alliances.”
The findings from the case of PPC Engineering AB partly coincide with this proposition. Jonåker initiated a joint venture partnership with BM in order to minimize the financial risk of the project. However, when BM resigned from this partnership due to illness, Jonåker decided to proceed on his own. This meant that PPC Engineering AB ended up entering Congo Kinshasa without a joint venture partner. The industry specific factor which emphasizes the value of first mover advantages can explain why PPC Engineering AB wished to continue with the project. By including host country factors, the authors could determine some of the reasoning behind the strategy of assuming the entire risk alone. Even a temporary withdrawal could mean losing the trust of the Congolese government, which as previously mentioned is imperative for doing business in Congo. This in turn, could jeopardize the entire project. As a manager implication, understanding your host country could in this situation determine the success or failure of entering Congo.

Proposition 3: “...telecos rapidly enter distant markets.”

This proposition holds true in the case of PPC Engineering AB. The company attempted to internationalize to Malaysia as early as 1992 and to India in 1995. However, according to Jonåker these decisions were more the result of his own personal ambitions to expand abroad than something he felt forced to do because of the small and highly competitive Swedish electricity market. Since Laanti et al. (2009) studied large MNCs, this could possibly be seen as an indication of how decision making in SMEs differ from that in larger companies, and thus affect the likelihood of internationalization attempts. Further research is necessary to draw any conclusions on the matter, but this particular case points towards a potential difference concerning the importance of company specific factors such as size and managerial experience.

Proposition 4: “…there are significant deviations in market strategies, as telecos from SMOPECs enter developing countries early, even if they are physically and culturally distant, rather than neighboring developed countries. The role of psychic distance is less significant in their internationalization than traditional theories would suggest and the psychic distance paradox is supported.

This proposition holds true for PPC Engineering AB. Psychic distance and cultural distances are acknowledged, but they do not function as inhibitors. The importance of having a host country citizen onboard is stressed as well as adapting to local ways of doing business. By studying host country and company specific factors the authors believe that greater understanding can be developed concerning how companies go about dealing with psychic distance and cultural differences.
6. Results - Conceptual Framework According to PPC Engineering AB’s Internationalization Process to Congo Kinshasa

Below is a depiction of the conceptual framework with the sub-factors that have shaped the internationalization process of PPC Engineering AB to Congo Kinshasa.

![Conceptual Framework for the case of PPC Engineering AB by Goldberg and Jonsson](image)

By using Laanti et al.’s (2009) conceptual framework the authors have been able show that all of the five categories of factors have affected the internationalization process of PPC Engineering AB. The authors have also outlined some of the sub-factors that are influential within the different categories, and discussed how these affected the market and operation strategies of the case company. However, it has been found in this case study that the factors cannot be seen as static. Rather, it is clear that the importance of the factors have varied throughout the process, which implies that the model should be re-designed to capture the dynamic nature of the internationalization process. The authors of this thesis therefore present a modified version of the conceptual framework that attempts to depict the dynamic process of internationalization in the case of PPC Engineering AB.
6.1 The Internationalization of PPC Engineering AB to Congo Kinshasa – a Dynamic Process

What figure 3 adds to the analysis is when in the internationalization process the different factors played an important role. It depicts PPC Engineering AB’s internationalization to Congo Kinshasa as a timeline where the left-hand side of the pre-phase represents the first stages towards entry into Congo Kinshasa (2006), and the right-hand side of the entry phase is the situation as of today (spring 2009).

![Diagram showing the internationalization process]

Figure 3. Process-oriented framework of PPC Engineering AB’s internationalization to Congo Kinshasa by Goldberg and Jonsson

Note that the box sizes in the figure do not correlate to the relative importance of the factors within the boxes.
The three boxes in the top left corner of the figure show which factors greatly affected the pre-phase of the internationalization process. The global factor *media coverage* opened up the company management’s view of Africa as a potential growth market. However, when media later in the process depicted Congo as unstable, this factor was overridden by the manager’s *personal experience* of the region, and can therefore be said to only hold relevant at the very beginning of PPC Engineering AB’s internationalization to Congo Kinshasa. The second box shows that industry related factors played a crucial role during the pre-phase, when the case company was deciding whether or not to enter Congo Kinshasa. *Underdeveloped infrastructure in Africa* along with the *favorable competitive scene* in Congo Kinshasa contributed to the entry decision. However, once this was established, the importance of industry related factors quickly diminished. The *capital intensive nature* of the electricity industry put additional financial stress on PPC Engineering AB during the entry phase, as depicted in the right-most of the upper boxes. However overall, industry related factors appear to only have been of major significance during the pre-phase of internationalization in this case. The third box located above the pre-phase section shows the host country factor *growth potential*. As stated in the interviews, this sub-factor is what made Jonåker dare to enter the Congolese market, which at this point in time was unknown territory to him. It helped him form a positive perception of the country. As with the case of the industry related factors, the importance of this particular host country sub-factor declined once Jonåker had made his decision to enter Congo Kinshasa.

During PPC Engineering AB’s entry phase the global factor *financial crisis* struck. Although the crisis made it more difficult to find external funding, it also brought along new investors who had lost faith in the stock-market. The net-effect of this sub-factor can therefore be seen as negligible, something that both respondents agree with. Important to keep in mind is that this crisis is not directly linked to the entry phase of internationalization in a general sense. It just happened to appear during this phase for PPC Engineering AB. The lesson to be learned is thus that global factors may be difficult to predict, and they can come to affect a company during any given stage in the internationalization process.

In figure 3, the boxes below the timeline depict the factors that have influenced the case company’s internationalization process from the early phase until today. The home country factor *perception of Sweden* has contributed to a willingness to cooperate by the Congolese throughout the process so far. One can assume that the importance of this factor will diminish among PPC Engineering AB’s contacts in Congo Kinshasa once relationships and trust have been established on a personal level. However, as long as new business opportunities keep being explored in Congo, this factor will presumably remain active. Company specific factors *networks* and *human resources* are closely intertwined. Both the first Congolese man and Ilunga have used their personal networks to get the “right people” onboard PPC Engineering AB’s project. Also, the importance of having a Congolese
employee has been greatly stressed, since it gives credibility to the project as well as reduces the costs of doing business in Congo. A third influential company specific sub-factor is managerial intuition and experience. For every new situation a new lesson is learned. According to Jonåker, this factor is active every time a decision has to be made for the business in Congo Kinshasa. As for host country specific factors, this sub-Saharan country differs greatly from what the Swedish company PPC Engineering AB is used to in Western societies. Cultural differences such as the African mentality continually affect how the project proceeds. The historical exploitation by Western countries is deeply rooted in the minds of the Congolese, something that is unlikely to change within the foreseeable future. This is one reason behind the high degree of government involvement in foreign companies’ undertakings in the country, as it is seen as their responsibility to keep history from repeating itself. One final important host country factor that has affected PPC Engineering AB continuously during the internationalization to Congo Kinshasa has to do with ethics and moral. More specifically, it has to do with the widespread nepotism and corruption. These are both common features of the Congolese business world, which the case company has felt forced to oblige. The likelihood of these features disappearing is about as slim as the government interference and the view of Westerners as colonizers doing so. These host country specific factors can therefore be assumed to influence PPC Engineering AB’s entire process of internationalization to Congo.

7. Conclusions
In the case of PPC Engineering AB’s internationalization to Congo Kinshasa, the authors can conclude that internationalization is a dynamic process in which the importance of different factors varies over time. However, when seen as a whole, the authors have found host country related factors and company specific factors to have played the most prominent roles for the case company’s market and operation strategies. Government involvement has been significant partly because of industry related factors but mainly due to the social structure in Congo Kinshasa where the government is highly involved in business related issues. This degree of governmental involvement on a business level can to some extent be traced back to the time of colonization, which has contributed to an overall skepticism towards Western investors. Sweden however, seems to have projected a positive picture of itself as a nation, which has helped PPC Engineering AB in its internationalization to Congo Kinshasa. As an implication for Western international policy makers, the importance of investments in social and economical development in sub-Saharan African countries should be acknowledged, since it may open up doors for domestic companies.

Furthermore, the authors conclude that for the progress of PPC Engineering AB in Congo Kinshasa, contacts with government representatives, SNEL directors and other local businessmen have been crucial for gaining access to the people who can make the decisions needed in order for the project to
progress. The recruitment of Ilunga was another strategic, yet necessary, step towards overcoming the cultural differences and mediating with the African counterparts. An implication for managers is thus to investigate network contacts as well as options of hiring a local citizen prior to engaging in this type of internationalization.

Finally, the authors wish to highlight the importance for researchers to study all five categories of factors when attempting to understand the dynamic internationalization process of SMOPEC SME’s to developing countries in sub-Saharan Africa. The increased level of understanding, which can be gained by doing so became clear in the analysis of Laanti et al.’s (2009) propositions.

7.1 Suggestions for Future Research

Due to the presented limitations of this study (see paragraph 3.4), there is a need to conduct more multi-case studies in order to either verify or dismiss the findings that were present in the case of PPC Engineering AB’s internationalization to Congo Kinshasa. With respect to the predominant influence of the host country factors in Congo, it would be of interest for future researchers to engage in more focused studies on the impact of specific traits linked undeveloped countries in relation to foreign business engagements. Also, additional studies involving SMEs that are further along in their internationalization processes are important to create a more complete process-oriented framework.
8. Bibliography

8.1 Primary Data

Interview with Hans Jonåker, founder and partner of PPC Engineering AB and PPC Congo, face-to-face, Finspång 2009-03-31

Interview with Hans Jonåker, founder and partner of PPC Engineering AB and PPC Congo, face-to-face, Stockholm 2009-04-27

Interview with Hans Jonåker, founder and partner of PPC Engineering AB and PPC Congo, telephone, Stockholm 2009-05-13

Interview with Heron Ilunga, partner of PPC Congo, face-to-face, Stockholm 2009-04-29

8.2 Secondary Data

8.2.1 Research articles


8.2.2 Websites


“Investment Banks Eye Africa for Growth”, May 12, 2008


**8.2.3 Additional Secondary Data**

Jonåker, Hans and Ilunga, Heron, 2008: “Partnerskap mellan SNEL och PPC Congo”, Powerpoint Presentation.
Appendix 1 – Country Presentation

Sub-Saharan Africa – A Future Growth Market
The Sub-Saharan countries of Africa have experienced particularly positive figures as foreign direct investment amounted to a staggering USD 53 billion in 2007 (Business Week, [www.businessweek.com](http://www.businessweek.com), 2009-04-02). Investors are, in the midst of the ongoing global financial crisis, looking to Africa as the next upcoming market for profits. According to the IMF the recent development in sub-Saharan Africa, not including South Africa, puts the region in a new light in terms of future prospects. In IMF’s analysis the sub-Saharan countries are likely to become the second generation of emerging markets (Nellor, 2008). This motivates research on internationalization to this area.

Congo Kinshasa

Political Aspects
The Democratic Republic of the Congo, once a Belgian colony was liberalized in 1960. The years after Congo gained its freedom from Belgium the country struggled with both political and social instability. In November 1965 Col. Joseph Mobuto took power through a coup and proclaimed himself president. Mobuto subsequently after his claim of power changed his own name to Mobuto Sese Seko, as well as re-naming the country of Congo, Zaire. Through several undemocratic elections as well as through brutal force, Mobuto managed to hold on to power the following 32 years up until 1997 when the Mobuto regime was thrown over. The years under Mobuto’s regime were characterized by domestic instability and civil wars.

In 1997 the rebellion Laurent Kabila managed to take power with the back-up of Rwanda and Uganda. Zaire was once again re-named, this time to the Democratic Republic of the Congo (DROC). During the subsequent years the new president had to struggle to retain his power. However, Kabila was successful in negotiating and managed to stay in position and was officially inaugurated in December 2006 (CIA, [https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html#top](https://www.cia.gov/library/publications/the-world-factbook/geos/cg.html#top), 2009-03-26).

Recent years have however, not been free of conflict and violence. The country continues to suffer from political instability and struggles to bring peace and security to its territory. Due to the insecurity, Congo is now dealing with one of the world’s worst humanitarian crises (Sida, [www.sida.se](http://www.sida.se), 2009-03-26). Especially the development in the Easter part of the country is worrying and was in the year of 2007 declared a humanitarian emergency zone by the UN (Ibid). The area is deeply affected by poor

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6 Published 2008-09-24
health conditions and malnutrition amongst the population as well as the threatening political insecurity (Ibid). The current office has problems to achieve peace and stability and although both regional and more global agreements have been signed the future will present challenges for Kabila and his office to overcome (Ibid).

**Economy**
The Congolese economy has shown a steady economic growth rate of approximately 6% since 2001, and statistics confirmed economic stability throughout the fiscal year of 2007 (Sida, www.sida.se, 2009-03-26). However, economic spending increased at the end of the year and thus caused both inflation and exchange rates to increase (Ibid). Nonetheless, the country holds enormous potential for future continued growth partly due to its great wealth in natural resources. Still, despite steady growth numbers not all economic activity is reflected in the official GDP data (CIA, www.cia.org, 2009-03-26). An economic program for April-December 2007 gave DROC a chance to prove its interest in securing future macroeconomic stability. The program aims to better manage public financing and structural reforms in order to avoid bank financing, which inevitably causes inflation and exchange rates to rise. The IMF is closely monitoring the development of the program with the goal of supporting a medium term program started during 2008 (Sida, www.sida.se, 2009-03-26).

**Social Aspects**
The conflict in Eastern Congo is extremely worrisome and there is still ongoing instability in this area. The United Nations has even declared Eastern Congo a humanitarian emergency zone with respect to the state of people’s overall health, the widespread malnutrition and the need for protection from violence. Due to the conflict that was thought to have stabilized somewhat in the first half of 2007, only to increase during the latter half, has caused 1.3 million people to be considered to be IDPs (Internally displaced person) (Sida, www.sida.se, 2009-05-17).
Appendix 2 – Definitions of Terminology

Small and Open Economies
The definition of a SMOPEC is a small country with no or few trade barriers, and therefore can be said to have opened their borders to international trade (Merrett, 2002; Laanti et al., 2009). Companies from SMOPECs tend to expand abroad at an earlier stage than those from large open economies (Pedersen and Petersen, 2004). An important reason for this is that SMOPEC MNCs outgrow their small home markets much faster than firms that have a more sizable domestic market (Larimo, 1995; Benito et al. 2002; Pedersen and Petersen, 2004). There is also evidence to suggest that the internationalization challenges faced by MNCs from SMOPECs differ from those faced by large economy MNCs. Limited financial and managerial resources are typical examples of such issues. (Gabrielson and Gabrielson, 2004)

Small and Medium Sized Enterprises
Most internationalization research is based on large MNCs’ expansion abroad. There are, however, differences in both the opportunities and the challenges faced by SMEs when internationalizing. The inability to gain economies of scale is one clear disadvantage. Having a very limited financial resource base is another, especially for actors in capital intensive industries such as network industries. (Laanti et al. 2009)

Network Industries
Laanti et al. (2009) roughly divides industries into three categories; manufacturing industries, service industries, and network industries. Their study focused on telecommunication companies, which fall under the category network industries, along with airlines, utilities and the banking sector. Common traits for this category are high capital intensity, network externalities, strong regulatory frameworks and government interference. Industries in which network externalities play an important role tend to result in a ‘winner take all’ situation. This in turn often leads companies to pursue aggressive and risky internationalization strategies, in order to obtain first mover advantages (Laanti et al., 2009).

This thesis will study an electric utilities company by using Laanti et al.’s (2009) conceptual framework, created through empirical research on telecom companies. Stienstra et al. (2004) argue that findings from studies on telecom companies hold true for other network industries e.g. utilities, because of the strong industry forces being very much the same. This homogeneity amongst network industries allows for comparisons to be made even though companies are not direct competitors.
Appendix 3 – Interview Template

Interview date: 4/28/2009

Interviewee: Hans Jonäker

General Questions
1. What were the reasons behind the decision of PPC Engineering AB’s internationalization? During our first interview you told us that you consciously chose an English company name, in order to simplify foreign business projects. Why was this important?

2. What do you consider to have been the most difficult part of establishing in Congo? What challenges have been most significant so far?

3. Do you see any differences regarding the internationalization process of PPC compared to when your experiences at ABB?

4. Which were the most significant learning experiences from PPC’s internationalization attempt to Malaysia?

5. What has been crucial up to this point in time, positively as well as negatively?

Global Factors
6. Have you experienced that any particular global trends have affected the internationalization of PPC to Congo?

7. Has the EU or any other large international organizations played a part in your internationalization to Congo? If yes, how?

Industry Specific Factors
8. Can you describe what characterizes the electricity industry in Sweden, as well as abroad (from what you have experienced)?

9. How does a company create a competitive advantage within the electricity industry?

10. Have there been any major changes within the electricity industry in Sweden, as well as abroad during the last few years? If so, has this influenced the internationalization of PPC? How?

Company Specific Factors
11. Can you tell us about PPC’s networks of partners; at home, in Congo, social networks, work-related networks etc.?

12. Do you believe that networks have been more important for your small company, compared to your experiences from a large firm?

13. Please describe the work and responsibility distribution between you and Heron.
Home Country Factors
14. During our first interview you mentioned that being from Sweden/Northern Europe was seen as something positive. Can you please elaborate? Did you know about this prior to engaging in activities in Congo, or was it more of a positive surprise?

15. Have you experienced any negative consequences of being Swedish?

Host Country Factors
16. During our first interview, the decision to establish in Congo seemed rather unstructured. Is this picture correct, according to you? Can you elaborate more precisely which factors you took into consideration when choosing Congo?

17. How do you believe that your previous experiences abroad affected the decision to establish in Congo?

18. How did you weigh different risks of entering Congo against each other? Which risks do you find to be the most influential and how do you handle these?

19. When your joint venture partner became ill and resigned from the project; how did it affect how you valued the risks of the Congo project? Did you consider withdrawing from the country? If yes, what made you stay?

20. Have you adapted your products to fit the Congolese market? How? Why?
Appendix 4 – Interview Template

Interview date: 4/29/2009

Interviewee: Heeron Ilunga

General Questions

1. When did you begin working for PPC Engineering AB?

2. How were you contacted by PPC Engineering AB prior to the employment?

3. Tell us about your background and previous work experience.

4. What is your role/tasks/responsibilities within PPC Engineering AB today?

5. Can you describe an ordinary workday; tasks, who you meet with regularly etc.?

6. Which features/competencies do you bring to PPC Engineering AB, and what is the responsibility distribution between you and your colleague Hans Jonåker?

Questions related to PPC Congo’s internationalization to the Congolese electricity market

7. Please describe the internationalization process of PPC Engineering AB since you came onboard with the project.

8. Tell us about the development within PPC Engineering AB from when you started until today.

9. How do you contribute to PPC Engineering AB’s establishment in Congo?

10. How has the establishment of PPC Engineering AB been affected by you having local knowledge and speak the language?

11. Have you, in the case of PPC Engineering AB, faced any specific difficulties when entering Congo? If yes, please describe.

12. Have you, in the case of PPC, faced any specific advantages when entering Congo? If yes, please describe.

13. Is there anything that makes it easier for PPC Congo to internationalize to the Congolese electricity market? If yes, please describe.

14. Tell us about what lies ahead in your work with PPC Congo. In your opinion, what do you believe will happen in PPC Congo’s future?