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Networks in Internationalisation

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Abstract

Literature review

Purpose

The purpose of this article is to provide a review of literature that analyses the internationalisation of the firm, through the function and role of networks.

Design/methodology/approach

A total of 23 papers (published between 1988 and 2008) explicitly using network as a research framework to study the internationalisation process of the firm were selected. They have been analyzed according to a range of factors, including the author, journal, time frame in which they were published, type of focal firm, country of origin of focal firms, market entered, methods applied in the studies, theories adopted, and research topic.

Findings

Networks have emerged as one of the dominant frameworks used to explain the phenomenon of internationalisation. Having originally been applied in studies of firms from developed countries entering similar markets, network theories are now as popular in studies of firms both originating in and entering emerging markets. This review also finds that both qualitative and quantitative methods have been adopted in the studies, however few papers have tried to combine the two. Furthermore, the network approach has been used for comparative analysis with findings from FDI theory, as well as to supplement International New Venture (INV) and born global theories. Lastly, this review highlights topics that have been explored in previous studies and suggests areas for further research.

Originality/value

This is the first review paper on this subject and as such it contributes to the growing body of knowledge on the network approach and assists in understanding the internationalisation phenomenon of the firm.

Keywords: *Internationalisation, foreign market entry, networks, relationships*

Networks in Internationalisation

Introduction

Since its introduction in the late 1980s, the network approach (Johanson & Mattsson, 1988; Axelsson & Johanson, 1992) has become one of the major frameworks for studying the internationalisation phenomenon (Jacklic, 1998; Coviello & Martin, 1999; Whitelock, 2002; Ruzzier, Hisrich & Antoncic, 2006). Following the publishing of two book chapters, 'Internationalisation in Industrial System- A Network Approach' by Johanson and Mattsson in 1998, and 'Foreign Market Entry – The Textbook vs. Network View' by Axelsson and Johanson in 1992, the network approach has been adopted and popularly used as a theoretical framework to study the expansion of firms across their national borders. A growing number of articles published in various journals have contributed to this field over the last 20 years. Academic scholars have shown that relationships and networks, indeed, facilitate international business expansion across borders with solid empirical studies.

The network approach views a market as a web of networks and assumes firms are engaged in long-term relationships with various actors in their respective networks. Firms interact with important actors and establish relationships by investing time and resources. Learning and mutual adaption are the consequences of these interactions and result in relationship building. Relationships and networks have been considered to be resources and intangible assets of the firm as they enable firms to access market information and knowledge that is not available to those outside the network (Forsgren, 2008). From a network perspective, internationalisation is understood as a firm trying to enter and establish a position in a foreign business network and develop relationships with foreign business partners. Since knowledge of foreign networks is not available to firms outside the network, it has to be acquired through first-hand experience and gradual market commitment.

Over the last two decades, studies applying the network approach have produced a large volume of empirical results to support the theory, as can be seen from the collection of papers presented in this article. Through these efforts, relationships and networks have become increasingly recognized as key elements in a firm's internationalisation process and this analytical perspective has also been adopted by other internationalisation theories, e.g., the ownership, location, internalisation (OLI) paradigm recognises network alliances contribute to the ownership advantages of Multinational Enterprises (MNEs) (Dunning & Lundan, 2008). At the same time, the definition and usage of the concepts of "relationship" and "network" have become fuzzy. In some cases relationship and network have been used interchangeably and the meaning of the term network is not consistent across the selection of papers.

The lack of clarity and inconsistent use of terms between these studies causes confusion and problems for comparison. As a result, one must consider: In what context are relationships and networks discussed in different papers? What are the constructs that represent them? Does the framework used in these articles remain the same as the one introduced by Johanson and Mattsson (1988) and Axelsson and Johanson (1992)?

Furthermore, today's economic and political landscapes are quite different from those in the early 1990s. For instance, the studies of internationalisation used to be predominantly focused on firms with origins in North America (U.S., Canada), Western Europe, and advanced economies in the Pacific Rim (Australia and New Zealand). However, if we look at articles published in the last few years, there are a number of studies from new emerging economies, e.g., China and India, which were not covered at the time the theory and framework were developed. Although this article does not intend to pinpoint potential adaptation issues for

existing theory in new emerging markets, we do attempt to understand whether the relationships and networks discussed in these regions are consistent with those referred to in the initial framework and whether they may bring in new elements that broaden the approach.

Through this review process, we seek to systematically map the relationships and networks studied over the last 20 years. Questions asked include: Who has published these studies, where are the authors from and when were the papers published? What type of focal firms are being studied, from where do they originate and at what kind of markets are they entering? What methods have been employed in the studies to understand the phenomenon? What theories have been used for comparative analysis along side network theory? What are the topics, findings and major contributions made by this stream of network studies in internationalisation in the last two decades?

The aim of this paper is to establish an overview of research that uses the network approach to study the internationalisation of firms, and in the process present patterns and characteristics of the literature included in our list. We also hope this mapping process may provide insights into the development of the theoretical framework over the last twenty years, and facilitate further research in related fields. This paper begins with an explanation of the methodology applied in the review. Following that is a discussion of our analytical results, arranged under separate subheadings. Finally, a short conclusion is presented in the last section of this paper.

Review Methodology

As this study attempts to develop a 20-year review of research using the network approach to explore the foreign expansion of firms, the publication time frame is established as the period

from 1988 to 2008. In light of the aim to analyse the employment of the network approach in studying internationalisation, the selection of articles is limited to research that both uses the network approach as a theoretical framework, and emphasizes the phenomenon of internationalisation as the object of analysis. In other words, articles that discuss the network approach outside an internationalisation context, or internationalisation studies that do not specifically employ the network approach have not been included. This restriction facilitates comparisons between articles.

The selection of the papers reviewed includes articles from journals and books. They have been identified by electronic keyword scanning and a manual search to ensure the list is complete. Several journals were identified in advance to serve as the database for the electronic scanning, and bibliographic databases such as Ebsco-host and other Internet resources were used to facilitate the scanning process. An article was selected only when the title, abstract or full text contained both keywords including relationship/network and internationalisation (Table 1). A manual search was performed following the scanning process to double check that the selected articles complied with the requirement. A manual search was also conducted so as to include book chapters that fit into our methodological selection. Following the strategy adopted by Rialp, Rialp and Knight (2005), a citation-based search was also employed to identify any related book chapters and journal articles that are highly related to this study but were not covered by the journal databases used.

(Take in Table 1)

The electronic scanning process produced 58 papers that contained keywords from both categories. After examining the contents, articles that did not fit our requirements (they did not deal directly with internationalisation, or loosely mentioned relationship/network in the

content) were eliminated. As a result of this filtering process, 23 papers remained in the selection (Table 2).

(Take in Table 2)

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Internationalisation theories have primarily been developed on the basis of research studying firms from open and developed economies, e.g., U.S and Europe. This bias has been identified by scholars (Sim & Pandian, 2003) and applies to the network approach as well. This likely stems from the fact that the development of the theory reflects the reality of the business world and the economic landscape during the post- world war era, when Western MNCs possessed the economic power necessary for international expansion. This bias might also simply reflect the fact that the researchers who engaged in the theory development were predominately from Western countries. Nevertheless, in early research, studies of internationalisation phenomenon appear to exclusively focus on resource-powerful Western multinationals expanding to the east (Eastern Europe, Middle East, and Asia Pacific) or south (Southern Hemisphere).

This bias has raised criticism regarding the explanatory power of these theories when studying firms with origins in developing, emerging countries, such as “Dragon Multinationals” (Mathews & Zander, 2006: 390). In addition, current trends in international trade have changed significantly in comparison to 20 years ago, and we are seeing firms from emerging countries expand across their borders. An interesting outcome from this review is a look at whether or not research findings have kept pace with the current situation.

Who has been publishing, where and when?

Early works employing the network approach to study internationalisation (Johanson & Mattsson, 1988; Axelsson & Johanson 1992) were published in two edited books, as well as a marketing journal (Johanson & Vahlne, 1990; Coviello & Munro, 1995) and an international business journal (Björkman & Kock, 1995). It seems that during the first ten years, the majority of the papers were written by Scandinavian researchers, or researchers with a strong affiliation to this region (Table 3). An explanation for this phenomenon could be the strong role that Nordic scholars tend to play in the IB field (Bjorkman & Forsgren, 1997). In addition, scholars near to this region may have more awareness of the network approach and hence be more inclined to adopt it as a research framework.

(Take in Table 3)

What are the countries of origin of focal firms?

Throughout the first twenty years in the development of the network approach (Table 3), we can see both the quantity of the articles and the diversity of the regions they cover has been growing. Results of the review show that during the early stages of the studies, focal firms originated in open, developed economies, e.g., Sweden (Axelsson & Johanson, 1992), Finland (Bjorkman & Kock, 1995), Australia and New Zealand (Coviello & Munro, 1995: 1997; Welch & Welch, 1996), although later studies also cover firms from emerging economies, e.g., Taiwan (Chen & Chen, 1998), HK (Ellis, 2000), India (Elango & Pattnaik, 2007), and China (Zhou et al., 2007). It seems that scholars from these regions are increasingly adopting the network approach as a research framework (Table 4).

(Take in Table 4)

What types of firms are studied?

The diversity of the research can also be observed in the type of firms studied. This review shows that focal firms operate in a range of industries, although firms in primary industries appear to be less represented (Table 5). In contrast, firms in secondary and service industries get a lot of attention from the researchers.

(Take in Table 5)

What kind of markets are firms entering?

When considering the markets that focal firms are entering, the results show a fairly balanced picture, with both developed and emerging markets represented (Table 6). However markets located in Africa and South America are noticeably absent from the literatures. One possible reason could be that cases of firms investing in these regions maybe difficult to obtain. Another explanation may be that studies have been published in non-English journals that are not captured by our search.

(Take in Table 6)

A number of studies also do not specify the type of market being entered. Some simply do not mention it, while others fail to specify it clearly. Whether the type of market entered will affect the focal network being studied is up for discussion; however the development of network relationships is contextually bonded. For instance, a Swedish firm's expansion to the U.S. or to China will probably require different kinds of interaction with actors in local networks, thus the relationship building and network investment in the U.S. will probably be

quite distinct from that in China. In addition, from a network approach perspective, the experiential knowledge required for a firm to expand internationally can only be obtained through first-hand interaction, after which the firm is able to make incremental commitments in the market. It is a path-dependent process and unless the type of market entered is specified, the research results may be difficult to compare.

Other questions arising from this review relate to the local firms that are engaging in business with the foreign firms entering their market: Who are they, what are they doing, and what impact do the foreign firms have on them when entering the local network? Little has been said about the local partner of the foreign firms. Theoretically, network studies should cover not only the focal firm but also those firms that it has direct relations with and other firms impacted by this internationalisation relationship. However, this kind of study has not been seen in the selected research.

What methodology has been used?

In terms of methodology, there are slightly more papers conducted as qualitative case studies than other methods. It is not surprising that case study has become one of the preferred methods as it allows the researcher to explore the complexity of the focal firm's network as it expands across borders, facilitating further theory building (Eisenhardt, 1989). The focal firms in these studies have either been selected by theoretical sampling, or they represent a rare case in which the researcher was able to obtain extensive access (Yin, 2003).

Articles that employ case studies tend to focus on how the internationalisation process evolved and why various decisions were made. These articles normally present a detailed, contextual view of the business network that focal firms are a part of or desire to expand into,

and allow the reader to establish a good understanding of the process. Examples include Coviello and Munro (1997) who examine four entrepreneurial firms from New Zealand to build up an understanding of how firms select foreign market entry locations and their entry mode; and Gilmore and colleagues (2006) who studied 12 food distributors in Northern Ireland to understand how the owners and managers of these firms use networks as a marketing tool to address competition from large, foreign MNCs entering the local market.

We also noted (Table 7) a number of studies that applied various quantitative methods in order to understand the internationalisation process and resulting impact from different networks. Papers that adopted quantitative methods tend to establish a pattern, relationship, or causality between different variables throughout the internationalisation process. For instance, Elango and Pattnaik (2007) try to identify the relationship between the character of firms from emerging countries and their internationalisation decisions; and Zhou and colleagues (2007) who attempted to establish the mediating role of networks in a firm's performance.

(Take in Table 7)

However, among of the papers selected there are few that have combined both qualitative and quantitative methods in their studies. One example is the research by Coviello (2006), which first uses case studies to illustrate the structure of the network, and then adopts social network analysis software to examine changes in the network at different stages of the internationalisation process.

What network theories have been applied?

It may also be beneficial to know what theories have been applied in the studies, and which authors have been cited. The network approach is based on an underlying assumption of resource heterogeneity (Penrose, 1959) and is heavily influenced by the behaviour perspective of the firm (Cyert & March, 1963). It also has its roots in several streams of theory. The Uppsala Model of firm internationalisation and the Industrial Marketing and Purchasing perspective (IMP Group) address the importance of long lasting business relationships between a focal firm and its specific counterparts and enable valuable experiential knowledge acquisition (Johanson & Mattsson, 2006). Social exchange theory (Thibaut & Kelly, 1959; Burt, 1982; 1992) illustrates how focal firms interact and exchange information with various actors in the network of interconnected business relationships and the impact stemming from structural characteristics of the network. Social network theory (Granovetter, 1973; 1985) raises the concepts of relationship strength, network position, and the importance of network embeddedness in order for actors to obtain information flow through.

Literature included in the review was scanned and evaluated on the basis of the theories employed. Through this process we have organized the papers into three groups including business network theory, social network and social exchange theories, and those that use a combination of these two. The business network theory group also includes theories inspired by the IMP-Group. The results can be seen in Table 8a.

(Take in Table 8a)

As can be seen from the above table, business network theory appears to be the predominantly preferred theoretical framework. It is also apparent that social network theory

and the social exchange theory are often used in conjunction with the business network theory, as they can be valuable analytical tools for the researcher to demonstrate the network structure where internationalisation process has taken place. In addition, social network and social exchange theories can provide a theoretical framework for studying the role of personal relationships in a firm's foreign expansion.

In general, business network theory has been applied to address the process view of internationalisation: a firm interacts with other actors within the network to obtain valuable experiential knowledge that is crucial for developing its strategy for moving beyond its national border. The relationships in the network are mainly inter-organisational. While social network and social exchange theories are adopted, articles tend to argue that the structure of a network may impact the internationalisation of the firm. In addition, these relationships tend to be based on the individual and they are more personal.

What other theories have been applied?

Other theories were also used in analyzing the internationalisation phenomenon in the papers collected (Table 8b). Three streams of theories found in this review include: the Uppsala school (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; 1990), FDI and internalisation theory (Hymer, 1960; Buckley & Casson, 1976; Rugman, 1980) and the eclectic paradigm (Dunning, 1980; 1988; 1995; 1997), and theories on born global (Rennie, 1993, Knight, & Cavusgil, 1996) and international new ventures (Oviatt & McDougall 1994; 1995; McDougall & Oviatt, 1996). A multi-theory framework may enable researchers to develop different perspectives and provide richer insights into the focal firms and their internationalisation processes.

(Take in Table 8b)

The Uppsala Model is argued by Forsgren (2008) to have a clear connection to the network approach and seems to provide both a departure point and theoretical extension for papers that have employed it. Some papers have explicitly or inexplicitly used the Uppsala model and network approach as two distinctive streams of theory to analyze firm internationalisation and suggest the network approach may offer a better understanding (Bridgewater, 1999; Ellis, 2000). Other papers have called for a stronger integration between the Uppsala model and the network approach (Coviello & Munro, 1997; Welch & Welch, 1996). Indeed, the Uppsala model and the network approach share substantial underlying assumptions, i.e., resource heterogeneity (Penrose, 1959), behavioural view of the firm (Cyert & March, 1963), and their mechanism for internationalisation, which is the interplay between knowledge and commitment (Forsgren, Holm, & Johanson, 2006). However, their empirical observations are rather different: The Uppsala Model suggests firms begin their internationalisation process through low-level engagements in markets with less psychic distance, then incrementally grow their commitment and expand to markets further away. The network approach, on the other hand, addresses the importance of being an insider of a network. In 2009, Johanson and Vahlne argue that the Uppsala model and network approach emerged together as one model. While the mechanism of internationalisation remains unchanged the new model shows that internationalisation has “much in common with entrepreneurship” (Johanson & Vahlne, 2009: 1423).

Researchers have also suggested that the network approach can be used to compliment or supplement analytical findings from Economic-based theories, e.g., theories of FDI and internalisation, and the Eclectic Paradigm. The study by Chen and Chen (1998) shows that

network linkages can drive and facilitate FDI, and enable smaller and weaker firms to undertake FDI. Johanson and Vahlne (1990) also assert that use of the network approach may supplement the static nature of the Eclectic Paradigm and allow more dynamic explanatory variables to be included. However, these two authors also recognize there are inconsistent basic assumptions behind these two theories, which researchers should be aware of when combining both in the analysis. On the other hand, theories of international new venture and born global are adopted to complement the network approach in studying entrepreneurial firms that exhibit early and rapid internationalisation characteristics. Sharma and Blomstermo (2003) argue that learning through networks is important for a born global firm's internationalisation process and the entrepreneur's weak ties are particularly useful for knowledge search and business idea evaluation.

Despite the fact that the network approach has gradually gained interest from the research community, we believe there are two related areas that deserve more research attention. First of all, only a few of the studies have referenced *The Theory of the Growth of the Firm* (Penrose, 1959) or the *Behavioural Theory of the Firm* (Cyert & March, 1963). As these two publications underpin the development of both the network approach and the Uppsala model, there are consequently few discussions regarding the basic assumptions of the network approach. It seems that the network approach has established itself as a coherent analytical framework for studying the process of internationalisation, without the need to refer to other theories and concepts. On the positive side, it seems that over the last 20 years the network approach has erected boundaries and formed a domain of its own as use of the concepts of relationship and network in studies of firm internationalisation are clearly understood (Gieryn, 1983). However what might be of concern is whether researchers are aware of and have acknowledged the assumptions inherited by the network approach. For instance, if

researchers only apply network structure in analyzing a firm's resources and capabilities, and fail to take into account the gradual interaction of learning and commitment involving various actors, the results may be missing the crucial process view within the network approach and endanger the whole analysis.

Second, while none of the studies in this review specifically reference institutional theory, it could be beneficial for researchers to explore this area further. The network approach suggests that business relationships and networks may be influenced by various institutions, such as government (Johanson & Mattsson, 2006); firms entering emerging countries also increasingly find their operational strategies and market development activities must adapt to local culture and regulations. The network approach may provide a complementary perspective to institutional theory and allow researchers to broaden their analysis.

What are the main topics and contributions?

So, what are the topics covered in these studies? We examined the aims and findings of the papers and categorized them accordingly. As can be seen in Table 9a, some researchers intended to investigate more than one theme. The results show that three topics are particularly popular among the researchers. These include: the network approach to foreign market entry in terms of decision making and processes, use of networks as a tool for growing a firm's resources and capacity to enhance performance, and finally the purpose of understanding relationships and networks themselves in an internationalisation context.

(Take in Table 9a)

These three topics are also the core interests of the International Business discipline and adopting the network approach as an analytical framework clearly provides an advantage for researchers to understand the growth of firms from a holistic perspective. The first topic can be viewed as a reaction to the traditional FDI theory, which building on economic theory, assumes the market is faceless and impersonal, and that information is just a flow of data from one place to another (Snehota, 1993). The network approach suggests firms engage with a few important customers or suppliers, and establish strategic relationships through the ongoing processes of acquiring experiential knowledge and making commitments in the network (Forsgren et al., 2005). These processes allow firms to discover foreign market opportunities that have gone unnoticed by other participants in the market (Håkansson & Snehota, 1989), or follow relationship partners to go abroad (Johanson & Vahlne, 2009).

The second topic – competence, experience and tacit knowledge are often regarded as critical resources for a firm to be internationalised. By establishing strategic relationships with important partners and key personal in the network, a firm will be able to gain knowledge-related resources, or incorporate valuable resources from partner firms and thus manage its foreign expansion processes. Hence, it is not surprising that most of the studies dedicate their attention to understanding the relationship and network per se. As we can see from the third category, various topics have been investigated, in particular the characteristics of interaction, the processes, and the implications of these relationship networks.

However, it is also our interest to understand whether these papers have indeed provided an analysis of the network, or just the relationships. Networks, by definition, are referred to as sets of connected exchange relationships around the focal firm. In terms of business networks, we are then studying the web of exchange relationships among business units

(Blankenburg & Johanson, 1992). Firms in the network are dependent on each other, and their activities need to be coordinated (Johanson & Mattsson, 1988). Hence, it is arguable that a study which only focuses on relationships from a single dimension, lacks interaction and interdependence, and does not lead to any form of coordination and cooperation, can hardly be really described as a network study. In other words, a study of a firm's relationships will not automatically become a network study if there is no connection of these relationships.

However, there are also various difficulties to research and present a network study that will fit into the explicit format. Studies that manage to capture both sides of the relationship, for instance, a pair composed of a supplier and customer, are rare. Besides, the limited space in a journal article will probably imply that researchers have to be selective on what he or she presents. If not careful, the characteristics of networks can be lost in the research design and report. Qualitative methods, in particular case studies, continue to be one of the favoured methodologies for researchers who wish to capture a holistic, and contextual view of the networks. However, the proposed research questions become vital to achieving a network study. For example, studies that exclusively emphasize relationship development of the firm or entrepreneur could potentially miss the network and become a presentation of relationship management (Harris & Wheeler, 2005)

Use of quantitative methods in studying networks can also cause confusion or mismatch due to the proxy measurement. For instance, the measurement of the 'Guanxi network' by Zhou et al. (2007) contains a mixture of social networks and ties with local governments and communities. Without further explanation, it will be difficult to understand what exactly has been measured in this guanxi network variable. A mismatch is, unfortunately found in the study by Hardy and Wilson (2003). Building upon the assumption in the article by Johanson

and Mattsson (1998), the network was introduced as an independent variable that will have an impact on internationalisation, foreign institutional and foreign business knowledge. However, the proxy data used to refer to the level of network internationalisation is actually secondary industry-based data showing the percentage of goods exported by this industry. Hence, the variable presented in the study can hardly be argued to be the same as the concept of network in Johanson and Mattsson's model.

It also comes to our attention that studies of network theory in internationalisation can apparently be categorized into two focuses. The first group, as we called it the 'structural group', focuses on the structures or elements of the network when the firm becomes internationalised. Scholars in this group attempt to understand the origin of the networks and relationships that are important for a firm's expansion (Harris and Wheeler, 2005), who the actors in the networks are (Bridgewater, 1999), and where these networks may lead them to (Chetty and Blankenburg Holm, 2000). The second group, as we named it 'the functional group', tries to establish the impact of the network and the internationalisation process on the focal firms. The emphasis is placed on understanding what networks and internationalisation means to these firms, in terms of asset seeking (Chen and Chen, 1998), capability building (Elango and Pattnaik, 2007), marketing behaviour (Gilmore et al., 2006), and future performance (Zhou et al., 2007).

We could also see some studies attempted to combine both the structure and influence of the networks and internationalisation. Coviello's (2006) work on INV provides an in-depth understanding of the content of the network (family/friend, or business), the direction (inward or outward), and the duration (short /medium /long term). In addition, the design of the studies also compares changes in the network structure with the stages of the firm's business

development. The studies discover a strong linkage between the pattern of the firm's network and its maturity, hence constructing unique and more compelling evidence of the influence of the network when firms are internationalised. In other words, a carefully designed, longitudinal study that allows the researcher to observe both the structural and functional sides of the networks could demonstrate a more solid understanding of the phenomena of the firm's network and its internationalisation process.

In addition to these three main topics, other internationalisation issues have also been studied (Table 9b). The role of an entrepreneur and his/her social relationships has been observed through the international expansion process (Chetty & Blankenburg Holm, 2000; Sharma & Blomstermo, 2003). The personal, identity-based ties that entrepreneurs possess in the early stages of a firm's development may gradually evolve into more functional, work-based ties. These functional ties between the entrepreneurial firm and other actors have the ability to influence economic outcomes (Hite & Hesterly, 2001).

(Take in Table 9b)

As we can see from Table 9b, the role of government agencies, and the linkages between networks, FDI flow and emerging markets have also been addressed in some of the studies, however we feel these topics could be further expanded. We also strongly believe that the network approach could be used to study firms' strategies for addressing market uncertainty. In particular for firms from and entering emerging markets, unexpected turbulence and government intervention may have a dramatic impact on operations. Whether a firm receives necessary support from its network partners may determine the success of its foreign expansion.

Welch et al. (1998) present a study of two groups of Australian exporters (hay and grain exporters) organised by a government trade promotion agency (Austrade) for joint action aimed at entering selected foreign markets (Japan and China). Having obtained information from different actors (exporters, government agencies), the study gives a vivid illustration of the interactions between the various actors, and inter-dependence of the relationships. The shifting of the network structure throughout the project, and the withdrawal of the government agency exemplify the dynamic side of network operations, providing an extremely valuable case to complement numerous studies that focus solely on the 'bright' side of the business development.

As we mentioned previously, together with institutional theory, the network approach can make a strong contribution toward the understanding of the internationalisation of firms in emerging markets. We also see this is a stronghold for network researchers, as they are armed with a rather holistic framework, and equipped with the understanding of interactions between focal firms and their partners.

Conclusions

This study represents an attempt to review articles that apply the network approach to study the internationalisation phenomenon of the firm, and establish an understanding of the development of this framework since it was first published in 1988. This article has used the origin of the publication, the type of markets, research methodology, theories in discussion, and the focus of the studies to approach the literature collected through a systematic search. We can see that while the network approach was initially developed with contributions from Sweden and other Scandinavian countries it has gradually been adopted by scholars from

various backgrounds. Markets analyzed through the network approach have also started growing to cover different parts of the world, and now represent both open, developed economies and emerging, transitional markets.

Through this review, we also observe that researchers have applied the network approach in a wide range of topics. Not only has the examination covered the characteristics of networks and relationships that influence a firm's internationalisation process, but the role of the entrepreneur, government, and FDI as well as their connection with focal firms have also been explored. By examining what has been studied, this article hopes to establish a constructive view towards what can be done in the future, and encourage more research in this field.

The internationalisation of the firm has always been at the heart of international business research due to the dynamic aspects of market selection and mode of entry. Furthermore, the uncertainty of foreign markets also implies the challenges of resource management and opportunity discovery. This paper aims to contribute to the growing knowledge of the network approach and assist in understanding the internationalisation phenomenon of the firm.

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Tables

Table 1 Keywords

Relationship & Network Keywords	Internationalisation Keywords
Relationship	Internationalisation
Network	International expansion
	Foreign market entry
	International alliances

Table 2 Articles Selected from Journals and Books

Bibliographic Source	Articles Included in the Review	No. of Articles
International Business Review (IBR)	Björkman & Kock, (1995); Bridgewater (1999); Chetty & Blankenburg Holm (2000); Coviello & Munro (1997); Gilmore, Carson, & Rocks (2006); Harris & Wheeler (2005); Hadley & Wilson (2003); Scott-kennel & Enderwick (2004); Sharma & Blomsermo (2003)	9
Strategic Management Journal (SMJ)	Blankenburg Holm, Eriksson & Johanson (1999)	1
Journal of International Business Studies (JIBS)	Chen & Chen (1998); Coviello (2006); Elango & Pattnaik (2007); Ellis (2000); Zhou, Wu, and Luo (2007)	5
European Journal of Marketing (EJM)	Coviello & Munro (1995)	1
International Marketing Review (IMR)	Johanson & Vahlne (1990)	1
Journal of International Entrepreneurship (JIE)	Johanson & Vahlne (2003)	1
Management International Review (MIR)	Johanson & Vahlne (2006)	1
Journal of International Marketing (JIM)	Welch & Welch (1996); Welch et al. (1998)	2
Book chapter	Axelsson & Johanson (1992); Johanson & Mattsson (1988)	2
Total		23

Table 3 Time Frame

Time Frame	Articles	No. of Articles
1988-1992	Axelsson & Johanson (1992); Johanson & Mattsson (1988); Johanson & Vahlne (1990);	3
1993-1997	Björkman & Kock (1995); Coviello & Munro (1995); Coviello & Munro (1997); Welch & Welch (1996);	4
1998-2002	Blankenburg Holm et al (1999); Bridgewater (1999); Chen & Chen (1998); Chetty & Blankenburg Holm (2000); Ellis (2000); Welch et al. (1998);	6
2003-2008	Coviello (2006); Elango & Pattnaik (2007); Gilmore et al. (2006); Harris & Wheeler (2005); Hadley & Wilson (2003); Johanson & Vahlne (2003); Johanson & Vahlne (2006); Scott-Kennel & Enderwick (2004); Sharma & Blomsermo (2003); Zhou et al. (2007);	10

Table 4 Country of Origin

Country of Origin	Articles	No. of Articles
Developed / Open Market	Axelsson & Johanson (1992); Björkman & Kock (1995); Blankenburg Holm et al. (1999); Bridgewater (1999); Chetty & Blankenburg Holm (2000); Coviello (2006); Coviello & Munro (1995); Coviello & Munro (1997); Ellis (2000); Gilmore et al. (2006); Harris & Wheeler (2005); Hadley & Wilson (2003); Johanson & Vahlne (2003); Scott-kennel & Enderwick (2004);); Sharma & Blomstermo (2003); Welch et al. (1998)	16
Emerging / Transitional Market	Chen & Chen (1998); Elango & Pattnaik (2007); Ellis (2000); Zhou et al. (2007)	4
No Specification	Johanson & Mattsson (1998); Johanson & Vahlne (1990); Welch & Welch (1996); Johanson & Vahlne (2006)	4

* If there are different focal firms from different hosting countries included in one article, this article will be listed in corresponding category accordingly.

Table 5 Type of Focal Firm

Type of Focal Firm	Articles	No. of Articles
Primary Industry (Food Production & Distribution)	Gilmore et al. (2006); Welch et al. (1998)	2
Secondary Industry (Manufacture, Consumer product,)	Axelsson & Johanson (1992); Chetty & Blankenburg Holm (2000); Elango & Pattnaik (2007); Ellis (2000); Harris & Wheeler (2005); Bridgewater (1999); Hadley & Wilson (2003)	7
Service Industry (Software, Medical, Accounting, Tourism)	Axelsson & Johanson (1992); Coviello (2006); Coviello & Munro (1995); Coviello & Munro (1997); Sharma & Blomstermo (2003) ; Johanson & Vahlne (2003); Bridgewater (1999); Harris & Wheeler (2005)	8
Not Specified	Björkman & Kock (1995); Blankenburg Holm, Eriksson & Johanson (1999); Chen & Chen (1998); Scott-kennel & Enderwick (2004); Zhou et al. (2007)	5

Table 6 Markets Entered

Type of Market Entered	Articles	No. of Articles
Developed / Open Market	Axelsson & Johanson (1992); Blankenburg Holm, Eriksson & Johanson (1999); Chen & Chen (1998); Chetty & Blankenburg Holm (2000); Coviello & Munro (1995); Gilmore et al. (2006); Harris & Wheeler (2005); Johanson & Vahlne (2003); Scott-kennel & Enderwick (2004);); Sharma & Blomstermo (2003); Welch et al. (1998)	11
Emerging / Transitional Market	Axelsson & Johanson (1992); Björkman & Kock (1995); Bridgewater (1999); Chen & Chen (1998); Chetty & Blankenburg Holm (2000); Coviello & Munro (1995); Johanson & Vahlne (2003); Welch et al. (1998)	8
No Specification	Coviello (2006); Coviello & Munro (1997); Elango & Pattnaik (2007); Ellis (2000); Hadley & Wilson (2003); Zhou et al. (2007); Johanson & Mattsson (1998); Johanson & Vahlne (1990); Welch & Welch (1996); Johanson & Vahlne (2006)	10

* If there are different focal firms from different host countries included in one article, this article will be listed accordingly in corresponding categories.

Table 7 Methods Applied

Method	Articles	No. of Articles
Case Studies	Axelsson & Johanson (1992); Bridgewater (1999); Chetty & Blankenburg Holm (2000); Coviello (2006)*; Coviello & Munro (1995); Coviello & Munro (1997); Gilmore, Carson & Rocks (2006); Harris & Wheeler (2005); Johanson & Vahlne (2003); Sharma & Blomstermo (2003); Welch et al. (1998)	11
Interviews	Björkman & Kock (1995)	1
LISREL	Blankenburg Holm, Eriksson & Johanson (1999)	1
ANOVA, MONOVA	Chen & Chen (1998); Hadley & Wilson (2003)	2
Multiple Regression	Elango & Pattnaik (2007); Zhou et al. (2007)	2
Survey	Ellis (2000)	1
T-test	Scott-kennel & Enderwick (2004)	1
Conceptual paper	Johanson & Mattson (1988); Johanson & Vahlne (1990); Welch & Welch (1996); Johanson & Vahlne (2006)	4

* Also employed social network software UCINET

Table 8a Network Theories Applied

Theories	Articles	No. of Articles
Business network theory	Axelsson & Johanson (1992); Björkman & Kock (1995); Bridgewater (1999); Chen & Chen (1998); Chetty & Blankenburg Holm (2000); Coviello & Munro (1995); Elango & Pattnaik (2007); Gilmore et al. (2006); Hadley & Wilson (2003); Harris & Wheeler (2005); Johanson & Mattsson (1988); Johanson & Vahlne (1990); Johanson & Vahlne (2003); Johanson & Vahlne (2006); Welch & Welch (1996); Welch et al. (1998);	15
Social network and social exchange theories	Coviello (2006); Sharma & Blomstermo (2003)	2
Combination of business network theory, social network theory and social exchange theories	Blankenburg Holm et al., (1999); Coviello & Munro (1997); Ellis (2000); Zhou et al. (2007)	4
Other approach	Scott-kennel & Enderwick (2004)	1

Table 8b Other Theories Applied

Theories	Articles	No. of Articles
Uppsala Model	Bridgewater (1999); Coviello & Munro (1997); Elango & Pattnaik (2007); Ellis (2000); Harris & Wheeler (2005); Johanson & Vahlne (1990); Johanson & Vahlne (2003); Sharma & Blomstermo (2003); Welch & Welch (1996)	9
FDI & Internalisation Theory and the Eclectic Paradigm	Bridgewater (1999); Chen & Chen (1998); Johanson & Vahlne (1990); Scott-kennel & Enderwick (2004)	4
Born Global and International New Venture	Coviello (2006); Sharma & Blomstermo (2003); Zhou et al. (2007)	3

Table 9a Network Related Topic

Topics	Articles	No. of articles
Foreign market entry decision & process	Axelsson & Johanson (1992); Björkman & Kock (1995); Bridgewater (1999); Chetty & Blankenburg Holm (2000); Coviello & Munro (1997); Johanson & Vahlne (2003); Welch & Welch (1996)	6
Development of resources and knowledge	Elango & Pattnaik (2007); Gilmore et al (2006); Harley & Wilson (2003); Harris & Wheeler (2005); Johanson & Vahlne (2003); Scott-Kennel & Enderwick (2004); Sharma & Blomstermo (2003); Welch et al. (1998); Zhou et al. (2007)	9
Relationships and networks	Björkman & Kock (1995); Blankenburg Holm et al. (1999); Chen & Chen (1998); Chetty & Blankenburg Holm (2000); Coviello (2006); Coviello & Munro (1997); Elango & Pattnaik (2007); Ellis (2000); Harris & Wheeler (2005); Johanson & Vahlne (2003); Scott-Kennel & Enderwick (2004); Zhou et al. (2007)	13

Table 9b Other Topics

Topics	Articles	No. of Articles
Entrepreneurs' role	Chetty & Blankenburg Holm (2000); Coviello & Munro (1995); Gilmore et al (2006); Sharma & Blomstermo (2003)	4
Emerging market	Elango & Pattnaik (2007); Zhou et al. (2007)	2
FDI	Chen & Chen (1998); Scott-Kennel & Enderwick (2004);	2
Theories comparison	Bridgewater (1999)	1
Role of government agency	Welch et al. (1998)	1