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MASTER THESIS

**THE INVOLVEMENT OF ENTREPRENEUR'S NETWORKS IN
OPPORTUNITIES EXPLORATION AND EXPLOITATION OF
INTERNATIONAL NEW VENTURES**

A case study of two Vietnamese International New Ventures

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ABSTRACT:

The role and importance of entrepreneur's network for International New Ventures (INVs) are highlighted in much research. However, there is a lack of more profound studies on how different perspectives of network influence INVs. Therefore, this thesis aims to develop a deeper understanding of the multiple aspects of entrepreneurs' networks involvement in INVs with regard to opportunity development process. Theoretical framework constitutes of three aspects of entrepreneur's networks: type, strength and functions of relationships, put in the context of entrepreneurial opportunity's exploration and exploitation. The theoretical framework is empirically examined through two cases study of two prominent business models in Vietnam economy: State-owned company and Private-owned company. Lastly, empirical part validates and contributes to a better understanding of the framework, hence, answers the research question.

It is found that entrepreneurs utilize social network as the most efficient means of rapid internationalization. While entrepreneurs' weak relationships positively impact business opportunities exploration, strong relationships greatly affect business opportunities exploitation. This study also uncovers more clearly the functions of networks in various critical activities related to opportunity exploration and exploitation.

KEYWORDS: Entrepreneurs, International New Ventures, Opportunity exploration and exploitation, Network.

1. INTRODUCTION

1.1. Background of the study

When Marco Polo came back from his Asian voyage, he would never have thought that 750 years later the route that he used to walk alone from Europe to Asia would be so crowded. As borders between countries are being gradually lessened and distances are being eliminated by technological advances, logistics, as well as the convenience of travel, firms' markets are increasingly across nations (Andersson & Wictor 2003). There is a fairly recent identification of firms that tend to internationalize in a fast and early manner. Research on this phenomenon only began in the late 1980s after the emergence of such firms introduced in popular business presses (Thai & Li 2008: 72). This phenomenon has been studied under several terms: International New Ventures (INVs) (Oviatt & McDougall 1994), instant internationals (McAuley 1999), or born globals (Knight & Cavusgil 1996). Regardless of the specific term being used, these firms are characterized as having a global mindset from inception and prior to internationalize (Oviatt & McDougall, 1997; Knight & Cavusgil, 1996). It is noted that traditional theories such as the process of firm internationalization (Johanson et al 1977: 24) or stages of internationalization (Bilkey & Tesar 1977) fail to explain internationalization behavior of those firm. Moen (2002: 157) emphasize the importance to study the phenomenon as stated below:

“The importance of such firms in terms of innovation, employment and economic growth, the challenges facing the managers in such firms – and finally the limitations of existing theory – make research focusing upon this phenomenon important.” (Moen, 2002:157)

Basically, the early and rapid internationalization of those firms is explained by the capability to discover opportunities regarding innovative products and new markets (Knight & Cavusgil 2004). In line, Oviatt and McDougall (2005) developed a model, which indicates that INVs are associated with successful development of entrepreneurial opportunities. The model also presents several key factors, which impact speed and timing of internationalization of INVs, consisting of technology, competition,

entrepreneurial actor perceptions, knowledge, and network relationships. Even though network is not the only enable factor impacting the international development of INVs, they are highly regarded as beneficial resources used by entrepreneurs in order to realize their visions (Andersson & Wictor 2003). Thus, a better understanding of how networks involve in development of entrepreneurial opportunities of an INV is considered being necessary for both theoretical and practical stances. The development of entrepreneurial opportunities refer to process starting by how entrepreneur creatively imagine combinations of firm capabilities and market opportunities to explore entrepreneurial opportunities, then strategically develop actions to exploit those profit opportunities and achieve market outcomes. (Oyson & Whittaker 2010:1). This constitutes the foundation for this study, focuses on the network of entrepreneurs in INVs in relation to opportunities' exploration and exploitation, which leads to firm's presence in foreign markets.

1.2. Identification of research gaps

While INVs have received attention from numerous researchers; a need has been identified to conduct research on the entrepreneurs leading INVs. Even though there are studies concentrating on INVs and the entrepreneur's network relationships, research on the role of network as enable factor in the rapid internationalization of INVs is still limited. (Freeman, Hutchings, Lazaris & Zyngier 2010: 82). For example, Mort and Weerawardena (2006: 567) conduct a case study of six Australian INVs in low- and high-tech industries to explore "the centrality and scope of impact of networking" in early and rapid internationalization of those firms, but focus only partly on how network capability enables identification and exploitation of market opportunities. On the other hand, Dominginhos (2002) conducts in-depth case studies of Portuguese INVs to study the role of entrepreneurs in the process of identifying and developing opportunities. The author studies entrepreneurs as discovers in relation with the importance of their prior knowledge, not on their networks. Additionally, in an article on entrepreneurial opportunities, Gaglio and Winter (2009:318) state that there is little empirical evidence regarding the role of networks in opportunity recognition, which results in limited understanding of this research area during the 2000s. They mention that:

“We have evidence that the entrepreneurs believe that their social networks are very important to the development of their opportunities [...] but we do not have any insights into what these networks actually do for the entrepreneurs, whether all networks and network members contribute equally, and whether or when entrepreneurs’ interaction with networks create problems.” (Gaglio & Winter 2009:318)

Thus, there is a need to study on how the entrepreneur’s networks involve in process of opportunity development. To my knowledge, only studies of Vasilchenko and Morrish (2011) and Söderqvist (2011) are specific about generating a rich understanding on the role of *entrepreneurial relationships* in exploration and exploitation of internationalization opportunities of *International New Ventures*. However, Vasilchenko and Morrish (2011) focus on one aspect of network regarding to types: social and business networks. Thus, they suggested for further research into other aspects of network regarding to the connections between and among actors within a network. Furthermore, Söderqvist (2011) also called for research in context of different countries in order to validate the results, which are drawn from his or her study of five Finnish new ventures.

Regarding research context, only few studies about network approach to internationalization of INVs have conducted in the context of emerging and newly industrialized economies (in summary table by Mort et al 2006: 553-557). In contrast, this phenomenon have been mainly researched in developed countries, thus it is questionable whether the research’s results are applicable in the context of developing countries. Therefore, further studies in different context are needed to contribute to research area of INVs with empirical evidence and knowledge related to the role of entrepreneur’s network.

Furthermore, it is acknowledged from empirical evidence that entrepreneurs in transitional economies can take a number of competitive advantages from their network relationship. However, study of this topic in context of transitional economy still remains foreign to research attention (Tatiana, Ivan & Bojidar 2010: 257). Tatiana et al. (2010) fulfill this gap by conducting a large sample research (n= 623) on the role of network in internationalization of Bulgarian new ventures. They called for future studies, which can provide a “fine-grained analysis” of the different or similar effects of

network in different institutional and cultural context (Tatiana et al 2010: 263). Additionally, most of the studies in this topic are undertaken in knowledge intensive firms such as software and biotech (refer to table 3), which have advanced technological capabilities.

Based on the discussion above, it is clear that there is a need for studies in which multiple aspects of entrepreneur's networks are analyzed in order to achieve better understanding how they are involved in exploration and exploitation of opportunities of INV. Especially, it is necessary to conduct the studies in the research context of transitional economies and in less knowledge-intensive firms in order to validate results of prior studies, which mostly focused on developed economies and intensive knowledge firms.

1.3. Research question, objectives, and scopes of the study

The overall purpose of this study is to enhance our understanding of the involvement of entrepreneurs' networks in opportunity exploration and exploitation of International New Ventures. And thus, **research question of the study is:**

How do entrepreneur's networks involve in opportunity exploration and exploitation of international new ventures?

In order to answer the research question and to achieve the purpose, three objectives are set. **The first objective** of the study is to define opportunity, which is mainly focused on entrepreneurship literatures, and then identify activities involved in opportunity's exploration and exploitation. The purpose is to critically understand the role of entrepreneurial opportunities, which is approached to explain early and fast internationalization of INVs.

The second objective is to critically review and analyze previous studies of entrepreneur's network in relation to the early and rapid internationalization of INVs. Prior research is mainly of the opinion that entrepreneur's network is crucial for INVs. However, there is a lack of more insightful studies regarding the way different aspects of entrepreneur's network influence INVs (called for by Andersson & Wictor, 2003:266

and Coviello, 2006:727). Therefore, the second objective is set, aiming to identify and develop a deeper understanding of multiple perspectives of networks, which entrepreneurs of INVs utilize during their internationalization.

The first and second objectives are done to develop a concrete theoretical framework, which is then used for further analysis empirically. Thus, *the third objective* is to empirically examine the theoretical framework through case studies, and then to present major findings of the entire research, as well as discuss theoretical and practical contribution of this study and suggestions for future research.

Furthermore, it is necessary to determine scopes of this study in order to indicate its main focus. In regard to entrepreneur' network, it is acknowledged that different actors may be linked to each other within the network, but only relationships directly link with the lead entrepreneur, who are founder or manager, are studied in this thesis. One illustrative example is the case of a government institution introducing an international supplier to the lead entrepreneur. The relationship between government institution and supplier is not focused on this study. Instead, the relationships between the lead entrepreneur and the government institution, as well as between the lead entrepreneur and the supplier are studied.

In regard to research context, this study is conducted in two prominent business models in Vietnam economy (State owned enterprises SOEs and Private owned enterprise POEs) to analyze the different or similar effects of network in different contexts. INV is a new research area in Vietnam as most of the literature focus on developed and industrialized economies, and lack of empirical evidence and attention to developing and emerging countries (Thai et al 2008: 73). To fulfill the gap, this thesis empirically examines the theoretical framework in two different contexts of POEs and SOEs, two major ownership types that have been the focus of current enterprise management research in Vietnam. Vietnam is an interesting case as it is experiencing numerous changes after a transitional period from centrally planned economy to market economy starting in 1986. Since then, it has opened the door for many Vietnamese firms to conduct business across nations, even at or shortly after inception. Those firms face challenges that may not occur for firms from developed economies (Thai et al 2008:73). Thus, studies of the topic in context of Vietnamese economy will bring a unique

contribution.

1.4. Understanding of main concepts in the study

In order to have better understanding of early rapid internationalization of new firms, three different research areas are approached. These research areas are: Entrepreneurships and International Entrepreneurship, International New Ventures, and Network. An understanding of these areas constitutes background to answer the research questions of the study. These areas are briefly discussed in the following sections. Furthermore, it is stated the delimitations of the study, which is not focused within this research context.

1.4.1. Entrepreneurship and International Entrepreneurship

The contribution of **entrepreneurship** to national growth has been acknowledged in the literature (Audhesh & Trang 2012:19). In terms of definition and domain, entrepreneurship had been described by Covin and Slevin (1991: 7) as “dimension of strategic posture represented by a firm’s risk-taking propensity, tendency to act in competitively aggressive, proactive manners, and reliance on frequent and extensive product innovation”. Therefore it can be understood that entire organization can behave entrepreneurially. In another way, Shane and Venkataraman (2000:218) view entrepreneurship in relation with opportunities. They interpret that the field of entrepreneurship “involves the study of sources of opportunities; the process of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them”. Collectively, entrepreneurship’s theme are characterized as innovation, opportunity identification, risk acceptance, flexibility, vision and growth as a form of reward. (Belinda 2009: 15).

Entrepreneurship is often considered as small business management and the concept of owner management or self-employment (Belinda 2009: 9). Carree, van Stel, Thurik and Wenneckers (2002: 272-273) argue that “business ownership is not synonymous with entrepreneurship”. Entrepreneurs can be distinct from small business owners by their specific behaviors, which are characterized by willingness to innovate and accept risk,

considering profit and growth as principle purpose, and managing business practices strategically (Carree et al. 2002: 272). In this thesis, entrepreneurs are understood as individuals who have capability to identify opportunities and mobilize necessary resources to take advantage of the opportunities.

A further distinction is made in the literature regarding different levels of entrepreneurship. At the individual level, research pays attention on the nature and characteristics of entrepreneurs, focusing on capability to identify and develop opportunities, respond to environmental changes, and take strategic actions to achieve performance (Shane & Venkataraman 2000). At firm level, entrepreneurship refers to “entrepreneurial philosophy” inspired in an entire organization's operations (Covin & Selvin 1991: 8) to achieve “flexibility and innovativeness” (Carree et al. 2002: 272). At this level, entrepreneurship is often researched in term of corporate entrepreneurship, and extended to concepts such as strategic entrepreneurship, entrepreneurial posture or entrepreneurial orientation. These concepts expose the level of organization’s embracement as well as occurrence frequency of innovation and pro-activeness in their operations. (Belinda 2009: 12).

In contrast, Drucker (1985) did not distinct entrepreneurship between different levels or contexts such as large corporation or self-business driven by individuals. Specifically, Drucker (1985: 165) emphasizes:

“It makes little or no difference whether the entrepreneur is a business or non-business public service organization, not even whether the entrepreneur is a government or non government institution. The rules are pretty much the same. In every case there is a discipline we might call entrepreneurial management.”

Therefore, one may argue that the concept of entrepreneurship is not bound to any context or level. Because of this nature, this thesis uses the concept to refer entrepreneurial activities in both private-owned enterprises (POEs) and state-owned enterprises (SOEs), two major ownership types that have been the focus of current enterprise management research in Vietnam. Thereby, POE’s founders and SOE’s

managers, who behave entrepreneurially to achieve greater economic prosperity, are considered as entrepreneurs. Entrepreneurs, founders and managers will be used interchangeably in this thesis.

International Entrepreneurship (IE)

In terms of economic integration, globalization is one of the driving forces behind the fast development of international business environment (Andersson & Wictor 2003). Traditionally, firms start their internationalization after long-established period on the domestic market (Johanson & Vahlne 1977). However, globalization has opened doors for firms to internationalize in a faster time frame. A particular phenomenon has been observed that dynamic and highly entrepreneurial SMEs seem to be able to conduct international business practices almost at founding or very early thereafter (Oviatt & McDougall 1994, 1997; Madsen & Servais 1997). The phenomenon has received a large research attention in term of international entrepreneurship, which is the intersection between international business research and entrepreneurship research (McDougall & Oviatt 2000). One of the most frequently used definitions of international entrepreneurship is: “a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations” (McDougall and Oviatt 2000: 903). In 2005, McDougall and Oviatt have revised and updated their definition to:

“International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services.” (Oviatt & McDougall 2005:540)

This definition shows great similarities with the interests of this thesis, emphasizing on the discovery and exploitation of international business opportunities. Thus, basically IE is understood as a process of an entrepreneur discovering opportunities and developing actions to conduct business activities in foreign markets.

1.4.2. International New Ventures (INVs)

An emerging topic in the field of IE is currently focused on firms, which are small start-ups internationalizing at or very early after inception (Oviatt & McDougall 1997; Madsen et al 1997; Knight & Cavusgil 1996). Labels of international new ventures (INVs) and born-globals are the most commonly used in previous studies. However, the concept of Born Global is criticized that the word “global” is overstatement of “the nature of international reach” by new and small firms (Hordes, Clancy & Baddaley 1995). Therefore, the concept **International New Ventures** (INVs) is utilized in this present study.

Some researchers characterize INVs based on a certain *time period* from start to conduct international business activities and a certain amount of *international sales*. However, those criteria are ambiguity and variety between researchers. For example, Oviatt et al (1997) defined INVs as starting international activities within limit of six years from establishment. Madsen, Rasmussen and Servais (2000) refer INVs to firms that have a share of foreign sales of at least 25% within three years after inception. Andersson and Wictor (2003) also used a time limit of three years.

A specific time limit for international sales is not a good criterion for INVs since newly established firms may not have any sales if their product is still under development. Therefore this study defines INVs does not specify a time limit for determining what a short time period from inception means, instead focuses on internationalization of firms as entrepreneurial behavior. Oviatt et al (1994: 49), who first labeled this type of firms, defined INVs as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. This definition corresponds to the study’s concentration since it refers to entrepreneur’s factors. According to the definition, the international ambition and global mindset at the inception are regarded as a specific feature of INVs (Oviatt et al 1994; Coviello & Munro 1995; Knight et al 1996 & Andersson et al 2003). A global mindset implies to “management’s pro-activeness, commitment and international vision” (Nummela, Saarenketo & Puumalainen 2004:56). Knight et al (1996) even

emphasize that the most distinguishing characteristic of INVs is that they are established and driven by entrepreneurial visional entrepreneurs, who consider the world as a borderless market from the inception. This is strengthened by Oviatt et al's statement "To be global one must think globally" (1995: 35).

1.4.3. Network

"No man is an island" _ John Donne

In the 17th century, there was a famous line "No man is an island, written by "English poet John Donne. Probably, he was forecasting the future of social innovation.

"No business is an island" _ Hankansson & Snehota 1989

In the 21st century, the same is true in a business context with the complexities of business and their relationship with the communities on both local and global level. The fact is obvious that no business can succeed on its own. The idea that no business works in the entire of itself or "no business is an island" is now widely accepted in the literature as well as in practice. (Hakansson & Snehota 1989). Instead, all businesses are involved with many segments of society.

Relationship is significant for every single business. Without other people, business becomes meaningless. In contrast, good relationships can be a useful instrumental in the success of a business. For example, China seems to be very attractive market, but also very challenging because hardly any company set up or business deal can be done in China without the help of personal connections. As such, building and maintaining a good relationship are often perceived as one of the most important things in doing business. However, a look beyond ordinary customer and supplier relationship into a larger network structure is necessary. It is because "the competitive environment of firms is undergoing a fundamental change, traditional markets are being rapidly replaced by network" (Möller & Halinen 1999: 413).

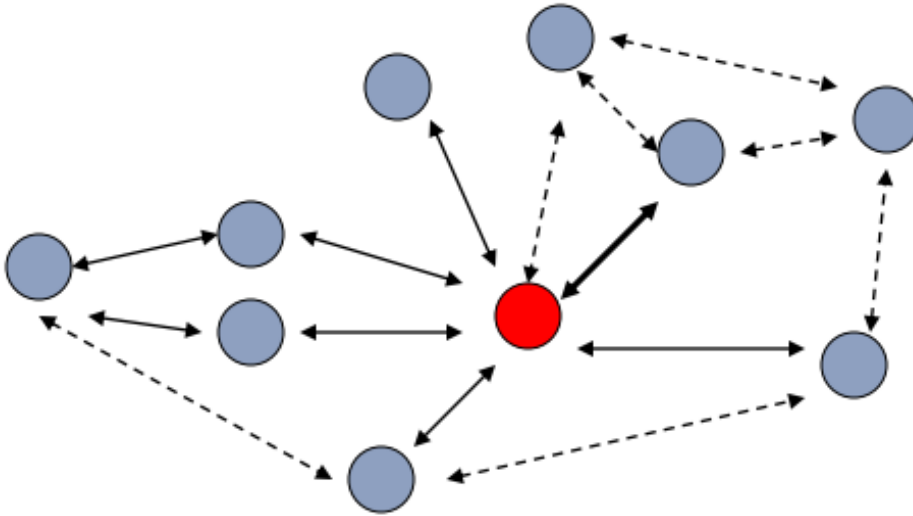


Figure 1. “No business is an island” (Håkansson & Snehota 1989)

Networks, in the context of business studies, have received large amount of attention in the literature and become increasingly common in the conversations between managers themselves (e.g. Möller & Halinen 1999; Håkansson & Ford 2002). One reason for the increased interest is network has been gradually replacing the traditional relationship as mentioned previously (Möller et al 1999: 413). Additionally, many observers perceive network as being able to provide a view of the world, which is close to the ‘real world’ (Axelsson 1992). However, the definition (to what a network is) delimitates what relationships are involved in the network. Generally, network is defined as collections of linked nodes connected by some sets of relationships (Cook & Emerson 1978: 725; Hoang & Antoncic (2003). For the purpose of this thesis, a need to understand networks in the context of internationalization is highlighted. Therefore, a definition from Zain and Ng, (2006: 184) is chosen. They defined:

“A network is the relationships between a firm’s management team and employees with customers, suppliers, competitors, government, distributors, bankers, families, friends, or any other party that enables it to internationalize its business activities”

This definition is suitable for this thesis due to two main reasons. Firstly, it includes

three basic elements: *relationships*, relationships between managers and other actors, and their *impacts* to *internationalization*. Secondly, this definition clearly indicates different kinds of actors involved in business activities, which opened an interesting idea for the author to study deeper in classification of networks and examine how different type of networks influence exploration and exploitation of international opportunities of INVs. It is noted that network is constituted by two or more relationships; therefore the terms relationships and network are used interchangeable in this thesis.

As mentioned earlier, only actors who directly connect to entrepreneurs, who are founders or managers of INVs, are studied in this thesis. Therefore, the figure 1 is modified to fit with the context of this thesis.

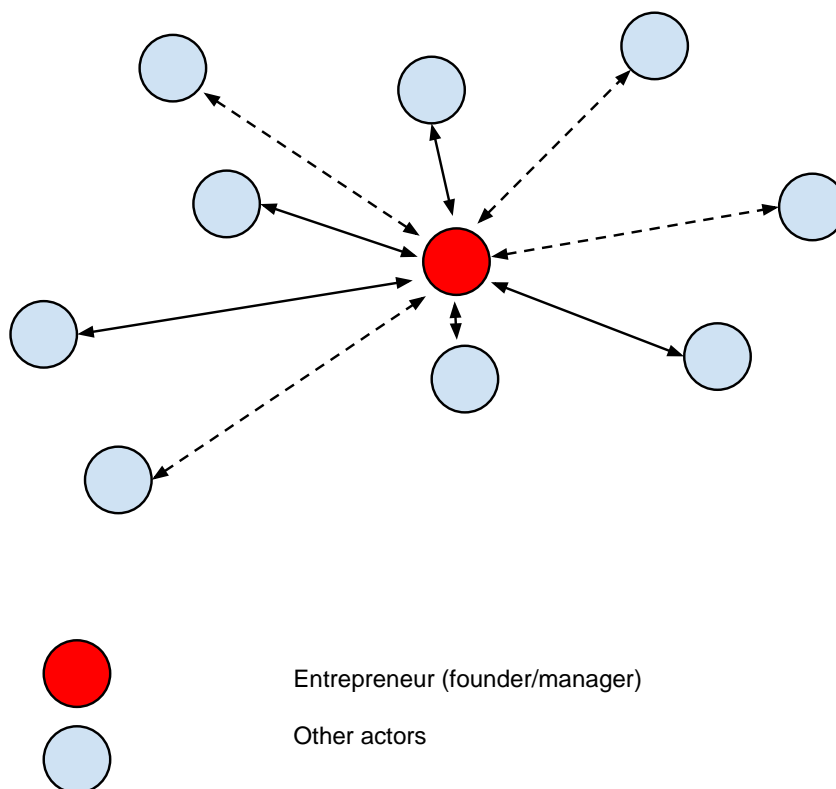


Figure 2. Illustration of an entrepreneur's network

To conclude, this study bases on three relevant research areas to develop its theoretical framework, in the belief that this will constitute a better background for answering research question than the disintegrated explanation on specific components. It is acknowledged from relevant literatures that entrepreneurs of INVs have more influence on firm culture and competences than any other people (McDougall, Oviatt, & Shrader 2003). Organizational behavior is promoted and inspired by actions of people who act on behalf of the organization (Mainela 2002: 17). This is particularly true in Vietnamese hierarchical business culture, in which subordinates are expected to act on superior's orders. Typically it is the founder or manager who decides to internationalize from his or her inception, not the 'firm's'. Entrepreneurs are also responsible for the timing and speed of INVs. To explain this, Oviatt et al (2005: 541) have proposed a model consisting of a number of enabling factors for fast and early internationalization. The backbone of this model is the entrepreneur who has capability to identify and exploit opportunities. Among other enabling factors (technology, competition, entrepreneur's knowledge), entrepreneur's network is a moderating force and is chosen for further study in this thesis. Thus, this study focuses on the INVs' entrepreneurs and their network relationships. The aim is to achieve better understanding on how opportunities exploration and exploitation are supported or constrained by entrepreneur's networks.

1.5 Structure of the study

In this section, the overall structure of the study is briefly explained. The first chapter is an introductory chapter, in which the background of the study is described, followed by justification of the researcher (including theoretical and contextual justification), setting research questions and objectives, as well as discussion on scopes and delimitations of the thesis.

Chapter two and three present the theoretical part. Chapter two introduces the opportunity- based approach of International New Ventures (INVs). This chapter firstly explains the role of opportunities to enable the fast and rapid internationalization of INVs, and then describe activities involved in opportunity exploration and exploitation. Chapter three follows to discuss the involvement of multiple aspects of entrepreneurs'

network to those activities. These chapters end with a theoretical framework, which presents the involvement of entrepreneur's network in opportunity exploration and exploitation of international new ventures

Research methodology of the study is described in chapter four. This chapter discusses five layers of a researcher onion, from research philosophy and approach to research design (consisting research strategy and research method choices), and follow by data collection procedures. Reliability and validity of the study are also discussed.

Chapter five and six constitute empirical part of the study. Data gathers from the interviews with case study firms' managers or founders and other relevant document are presented and analyzed according to theoretical framework. The last chapter summarizes and concludes the entire study, in which propositions are developed based on the major findings, the theoretical and managerial contributions of the study are discussed, and lastly limitations of the study and suggestions for future research are presented.

2. OPPORTUNITY-BASED APPROACH TO INTERNATIONAL NEW VENTURES

The conventional approaches traditionally emphasize the process of internationalization (Johanson et al 1977: 24) and stages of internationalization (Bilkey et al 1977). However, INVs are able to skip internationalization stages, even becoming global at inception. In this study, the early and fast internationalization of INVs is interpreted by an opportunity-based approach to international entrepreneurship. Firms can internationalize earlier and faster if their entrepreneurs are able to recognize profit opportunities and develop strategic actions to turn them to market outcome internationally.

Before going further to opportunity-based approach of INVs, It is necessary to understand first what an opportunity is.

2.1. Understanding of opportunity

From different perspective, **opportunities** have been defined in a various ways. Webster's New Dictionary (2003) defines opportunity as "a combination of circumstances favorable for the purpose", covering to three main elements: a combination of circumstances; the combination of circumstances that are favorable; and favorable for the purpose or a good chance. In the context of an entrepreneurial opportunity, the combination of circumstances can be favorable for the purpose of 'formation of economic value', such as: creation of "future goods and services" (Oviatt et al 2005:540); introduction of "new goods, services, raw materials, markets and organizing methods" (Eckhardt & Shane 2003: 336; Shane, 2000: 451); creation of "future economic artifacts" (Venkataraman & Sarasvathy 2001: 652). Stevenson and Jarillo (1986), in turn, illustrate them as "a desirable and feasible" future condition that is different from the current condition. In this study, opportunities refer to both the initial business idea that lead to firm's establishment as well as those that improve the condition of an existing firm.

Since opportunities are available in both national and international markets (Zahra, Korri & Yu 2005), research of opportunities in the international setting have attracted more attention among researchers in the field of IE. **International opportunity** is defined here as “the chance to conduct exchange with new foreign partners” Ellis (2011: 101). Exchange can be conducted with customers, distributors, licensees, franchisees, contract manufacturers, joint venture partner, and so on. According to Geursen and Dana (2001) international business opportunities have benefited from advanced communication technology. It helps to increase the ease of monitoring international market events, as well as developing and maintaining international relationships.

Decades ago, Drucker (1985) classified opportunities into three different categories: the creation of 1) new information, 2) the exploitation of market inefficiencies, and 3) advantages occurred from changes of political, regulatory, or demographic. Recently, Andersson, Blankenburg Holm and Johanson (2005:29) based on two well-known economists to divide opportunities into 1) market opportunities and 2) technological opportunities. Market opportunities refer to “exchange of resources between at least two actors”. Technological opportunities refer to new ways of combining resources such as “new products or services, new raw materials, new methods of production, and new ways of organizing”.

Opportunities are further studied in relation to exploration and exploitation activities. **Opportunity exploration** refers to identification of opportunities, which includes activities such as “search, discovery, creation and running across problems”. Although opportunities may indeed available, entrepreneur needs to explore and understand their value in order to allocate resources to exploit those (Shane & Venkataraman 2000). **Opportunity exploitation** includes activities furthermore followed in order to develop an identified opportunity, consisting “refinement, evaluation, implementation and commercialization” (Bengtsson, Eriksson & Kock 2005). Importantly, Zahra et al (2005: 140) emphasize that the opportunity is actually created only during the process of exploiting and becomes meaningful only when it leads to formation of a new exchange (Ellis 2011: 101). Thus, opportunity exploration and exploitation are not separate process, but intertwining. However, it is noted that entrepreneur does not

exploit all opportunities that he or she has recognized. There are also opportunities that are explored but not developed, that is, no act followed these opportunities.

2.2. INVs through opportunity exploration - exploitation lens

International opportunities are approached to explain the unsystematic internationalization behavior of INVs (Chandra, Styles & Wilkinson 2009; Oviatt et al 2005; Zahra et al. 2005). Chandra et al (2009: 31) and Oviatt et al (2005: 541) claim that opportunities may lead firms to internationalize earlier and faster, presenting phenomenon of INVs. For example, a domestic firm with existing capabilities may decide to pursue an unsolicited export order, then start entering foreign market arena. Cost-advantages and availability of specialized resources can be a trigger for a manufacturing company to initiate foreign production facility. In line, Crick and Spence (2005) conclude that an international opportunity is an enabling factor for rapid internationalization. Acknowledging the fundamental role of opportunities in international entrepreneurship, Vasilchenko and Morrish (2011: 92) suggests that **internationalization may be conceptualized as the process of exploration and exploitation of international entrepreneurial opportunities**, leading to international appearance. Throughout the process, entrepreneur is the main influencing factor, who recognizes opportunities, and then makes the decision to exploit them. This approach can be conceptualized through Figure 3.



Figure 3. Opportunity based approach of INVs (modified from Oyson & Whittaker 2010:9)

According to conventional approaches of internationalization, the process and stages of internationalization are emphasized. For example, Johanson and Vahlne (1977: 24) indicated that internationalizing firms generally begin by “exporting to a country via an agent, later establish a sales subsidiary, and eventually, in some cases, begin production in the host country”. Bilkey and Tesar (1977) offered a six-stage model that present how firm begin to internationalize, starting from an unsolicited export order, then gradually increasing involvement in exporting to psychologically more distant markets. On the other hand, the opportunity-based approach focuses on the entire process starting from identifying opportunities, deciding which opportunities to exploit, and developing strategic actions to turn opportunities into market outcomes internationally (opportunity exploitation). Thereby, the choice of foreign markets is determined by the locus of the entrepreneurial opportunity, for example internationalization will take place in the country where a potential export order comes from.

2.2.1 Opportunities exploration

There are several factors having impact on entrepreneur’ capability to identify opportunities. They are knowledge and cognitive properties (Shane et al 2000), entrepreneurial alertness, personal traits, and social networks (Ardichivili, Cardozo & Ray 2003).

Since individuals view the world differently based on their particular way of gathering and interpreting information, they recognize different opportunities (Ardichvili et al., 2003; Sarasvathy, Simon & Lave 1998). Except for chance, Shane (2000) and Shane et al (2000) have proved that “*prior knowledge in association with high-level cognitive capabilities*” plays an important role in opportunity recognition. Prior knowledge assist entrepreneurs to identify information related to aspects already known (Ardicivili et al., 2003) for example market specific knowledge gained through previous experience in a particular market. On the other hand, cognitive capabilities imply an ability to gather information and turn to new ideas (Shane et al 2000). *Entrepreneurial alertness* is one specific characteristic an entrepreneur, referring to his or her capability of foreseeing profit opportunities (Kirzner 1997). The entrepreneurs successfully discovery opportunities when they always “spontaneously on the lookout for hitherto unnoticed

features of the environment (present or future), which might inspire new activity on his part” (Kirzner 1997:72). Personal traits imply to optimism and creativity. Optimism is seen to be necessary for entrepreneur to strengthen their confident and belief to take challenges and see opportunities instead of risks and threats.

Although the role and importance of all mentioned factors is acknowledged, this study is limited to focus only on the network perspective. It is noted from earlier research that entrepreneurs can discover international opportunities through their network relationships (Andersson & Wictor 2003 Ellis 2011, Sing 2000). The underlying assumption of this thesis is that people can observe the same idea, but may not develop into the same opportunity. It is because they are different not only in perceptions, intentions, and previous knowledge, but also bound by different personal context constituted by relationships with different actors. Network perspective will be further discussed in the next chapter.

2.2.2. International market entry (exploitation)

Once entrepreneurs have discovered opportunities, exploitation activities are furthermore followed, consisting of “refinement, evaluation, resource mobilization, and commercialization” (Bengtsson et al 2005). Two elements, which have impact on the decision to which opportunities are worth to develop, are the nature of the opportunity and individual differences (Shane et al 2000). The first concern is determined by several aspects such as the expectation of return, costs requirement, length of life, as well as estimated demand. The latter concern implies to perception of risk that entrepreneurs are willing to take since risk-seeking behavior forms an important segment in international entrepreneurship process (McDougall et al 2000:903). It is also emphasized in earlier studies that the general mindset of entrepreneur in INVs tends to be open for greater risk-taking behavior than ones in other SMEs. Low risk- aversion is encouraged by strong financial reserves, extensive network relationships with resource providers, belief in being able to reach difficult goals, as well as previous entrepreneurial experiences. (Shane et al 2000). Once again, only networks are extensively discussed in this thesis.

In short, the opportunity-based approach considers internationalization of INVs as an international opportunity exploration-exploitation process, the entrepreneurs as a key driving force, and their network as a main influencing factor (Vasilchenko et al 2011: 92). It is noted that an insufficient resource and information is perceived as a huge obstacle to identify and develop profit opportunities to actual outcomes (Vasilchenko et al 2011: 92). Hence, entrepreneurs' networks are utilized as tools for opportunity evaluation, resource mobilization, as well as gaining legitimacy. Thereby, the international entrepreneurship process of INVs is “essentially channeled, directed, facilitated” (Vasilchenko et al 2011: 92).

3. THE INVOLVEMENT OF NETWORK IN OPPORTUNITY EXPLORATION AND EXPLOITATION

It is highlighted from previous chapter that entrepreneurs can heavily rely on their network relationships to explore profitable opportunities. Additionally, those relationships are regarded as effective channels to mobilize complementary resources, gain support, and establish business relations, which are vital part of opportunity exploitation (Greve 1995: 18). Therefore, being part of a closed network with a high degree of relational embeddedness can contribute with possibilities to achieve necessary knowledge and resources (Andersson et al 2005: 13-14).

In this chapter, thus, focuses on developing a deeper understanding of different aspects of the entrepreneurs' networks in relation to opportunities identification and exploitation that lead to international market entry.

3.1. Multiple aspects of networks utilized by entrepreneurs

Responding to calls from earlier studies, this study considers network from multiple perspectives: type of network, strength of ties, and functions performed by network in relation to opportunity exploration and exploitation. Each aspect will be further discussed in the following sections.

3.1.1. Types of networks

Relationships have been mainly classified into two main categories: formal and informal networks (Ojala 2009; Birley 1985; Coviello & Munro 1995/1997; Dubini & Aldrich 1991; Hoang & Antoncic 2003; Rialp et al 2005; Stephanie A. Fernhaber & Dan Li 2013). However, the literature related to these types of networks is somewhat confusing. For example, Birley (1985: 109) explained formal network includes "all the local, state, and Federal agencies such as banks, accountants, lawyer, realtor, the local Chamber of Commerce, and the Small Business Administration". Informal network is built by relationships with family members, friends, previous colleagues or previous employers, and acquaintances. Recently, Stephanie et al (2013: 319-320) define

informal and formal network in a narrow notion. They indicated that geographically proximate firms, supporting organizations represent key informal network relationships while alliance partners, joint ventures represent formal network relationships.

After reviewing relevant literatures, this thesis uses terms of business and social network instead of formal and informal network due to two reasons. Firstly, despite vagueness, a common implication in the current literature is that formal network relates to business activities, in which products or services are exchanged by money or barter, and informal networks are constituted by social links and friendships with family, friends, acquaintances, business partners or colleagues at previous workplaces, and even financial advocates (Ojala, 2009; Coviello & Munro 1995/ 1997). Secondly, the names of business and social networks are clearly distinct and expressive, thus making it easier for readers to differentiate.

Besides business and social networks, several researchers (Ojala 2009; Chetty & Blankenburg 2000; Havila, Johanson, & Thilenius 2004) have also emphasized the role and importance of intermediaries. According to Oviatt and McDougall (2005: 545), these brokers function as bridges to connect sellers and buyers across nations, and then consequently promote international business activities.

These three different network types in the context of internationalization will be further discussed.

Social network

Social network has been named differently such as social ties, interpersonal relationships, personal connections, social relations, and relational networks. Among them, social network is commonly used because it is formed by individuals who are connected through social exchanges. (Lianxi, Wei-ping & Xueming 2007: 677). However, it is argued that when those individual interact, not only social exchanges take place, but also information and business exchanges do (Bjorkman & Kock 1995: 521). In business context, it is natural that people sometimes create and maintain their social

contacts in order to subsequently take advantages brought by these contacts in form of information and/or business (Bjorkman et al 1995; Birley 1985). In this thesis, social network, thus, is placed in a broader notion which includes “the totality persons connected by social relationships” (e.g relationships with friends, relatives, acquaintances, and employees) (Björkman et al 1995: 521) that contribute to facilitate business exchanges.

In Asian economies, social network is highly regarded as significantly beneficial source e.g., Guanxi in China, Kankei in Japan, Immak in Korea or Blat in Russia. Thus, building and maintaining personal connections is considered to be a “pre-emptive strategy to access information and deploys the relevant resources in a timely and flexible fashion” (Lianxi Z et all 2007: 676). Thereby, it can be said that the root of INVs might already be originated from an existing network even before firm is officially established (Madsen & Servais 1997: 573). Such networks are identified as connections and friendships developed based on goodwill and trust.

Business network

Although social network is mostly studied to interpret the fast and early internationalization behavior of INVs, the role of business relationships has also been highlighted in the literature. Business networks are webs of business relationships. Traditionally business relationships only imply to relationship between customers and suppliers. However, suppliers and customers are also connected with other actors. To capture this fact, business networks are described as a web of interconnected relationships (Chetty & Blakenburg 2000: 336). In the literature business network has been defined in different ways as shown in below table.

Table 1. Definitions of business network

Authors/year	Definition of business network
Emerson 1981 (cited by Anderson et al 1994: 2)	“A set of two or more connected business relationships in which each exchange relation is between business firms that are conceptualized as collective actors”. These actors are understood as competitors, suppliers, customers, distributors, and government
Huang <i>et al.</i> (2011: 4)	Focused his study on the influence of business networks on start-up innovation and performance and defines business networks as “complex webs of interdependent exchange relationships among firms and organizations”.
Hankanson and Ford (2002: 133)	“A structure where a number of nodes are related to each other’s by specific threads. Both the threads and the nodes in the business context have their own particular content. Both are “heavy” with resources, knowledge and understanding in many different forms. This heaviness is the result of complex interactions, adaptations and investments within and between the companies over time.

Network has a center figure, presenting connections between either individuals or organizations. However, those above definitions only emphasized relationships between firms and ignored those between individuals. In this thesis scopes, an entrepreneur’s network is highlighted since it is entrepreneur, not firm, who recognizes and develops opportunities (Chetty et al 2000). Thus, business network is defined in this study as a web of two or more relationships, in which economic exchanges happen between the entrepreneurs and other organizations or individuals. The relationships can be in many forms such as customers, suppliers, service providers, or government institutions

Coviello and Cox (2006: 115-116).

A business network can be differentiated from a social network by nature of their ties. While a social network is established by friendship ties, a business network is constituted by instrumental ties, which are expected to have financial gains. Thereby, entrepreneurs develop a goal-oriented cooperation through formal agreements with their business partners, aiming to a mutual exchange of resources and/or efforts to resolve problems (Phelan, Tefvik, Dan 2006: 19).

Intermediary

A clear interpretation is needed to understand the phenomenon of intermediary. According to Ahn, Khandelwal and Wei (2011:76) intermediaries are firms tagged by names of “importer”, “exporter”, and/or “trading”. Similarly, Wilkinson and Brouters (2006: 233) refer intermediaries to international not-for-profit trade and export associations, distributors, sales subsidiaries, agents and various types of export intermediaries. In another way, Forsgren and Johanson (1992: 78) defines intermediary as “important non-business actors that are not directly related to a specific purchase or sale, but who act as vehicles for information, communication, and influence”. The later definition is regarded as being suitable for the context of this research as exportation significantly contributes to Vietnam economy, non-business organizations such as trade associations, trade fairs and exhibitions organizers play important role in assisting firms in their export activities.

To summary, relationships are classified into three different types of network: business network (involve form of repeated economic exchange), social network (developed from personal relationships), and intermediary (non-business organizations that connect buyers and seller). It is noticed that the boundary between those categories is not always clear. Interactions happened in social network may have impact on business-related issues, regardless of whether monetary values are exchanged or not (Björkman et al 1995: 521). It is common that individual tend to firstly build social relationship before develop into business relationships. (Bjorkman et al 1995). An illustrative example is that the possibility of achieving business deals is higher and easier for entrepreneur if he

or she manages a good social relationship with the central decision maker. On the other hand, friendship ties could also be developed from business network. For example, mutual trust and commitment between business partners might increase after long period, in which partnership on a more personal basis might occur naturally. Another interesting observation is that each type of network might link to another type. For instance, one of government institutions' primary networks is business associate. Thus, when a firm links with the institution, it is automatically linked with the institutions' primary networks. These networks act as the firm's secondary networks.

Taken as a whole, those three types of networks can (and do) have overlapping role. They mutually effect and compliment the partnership. It indicates that entrepreneurs should not consider only one particular type of network, instead the interconnectedness between three types of networking may provide sufficient support as demonstrated in figure 4:

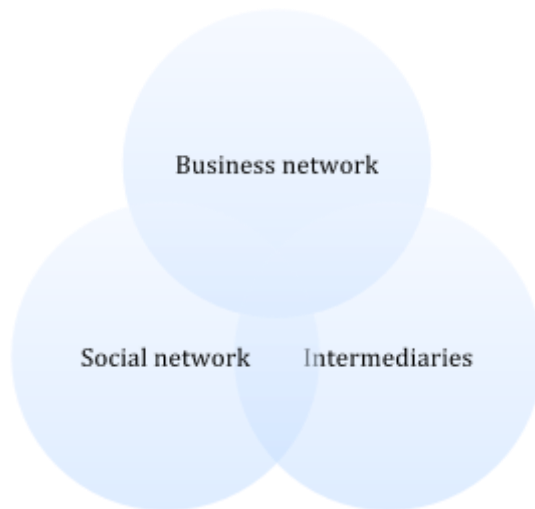


Figure 4. Illustration of the interconnectedness between the three forms of networks

The thesis assumes that a particular relationship can be classified into more than one category (social, business, or intermediary) based on situations during opportunity exploration and exploitation activities. Thus, those three categories are not mutually exclusive and therefore not perfect. The next section further classifies those networks based on their functions in hope to increase our understanding about true network's meaning.

3.1.2 Functions performed by networks

“Resource poverty” is proved to be one of the main reason lead to high rate failure of small businesses at their infancy stage or within a few years of inception. However, there are still small firms, which are able to overcome their constraints by taking advantages offered from their network relationships. It is often highlighted in literature that entrepreneurs of INVs use their networks as tools to overcome early internationalization threats, leading the firm to present in international market right at inception phase. (Mort et al 2006: 551). However, different actors in the entrepreneur’s network might perform different functions. Thus, it is necessary to clarify what exactly networks contribute to international entrepreneurship process of INVs in order for entrepreneur to utilize them effectively. In a recent study, Seerat, Mujahid and Sheraz (2011) identify four main functions of network as shortly explain below.

Discussion network

The name already can express their function. Basically, this network refers to discussion between people in their networks about various issues related to establishing and running a business (Greve & Salaff 2003: 6-7). In particular, discussing different aspects of foreign opportunities such as how and from where to obtain resources (information, property, capital, and credit) encourage entrepreneurs to move from the motivation level to develop actions needed to turn those opportunities into market outcomes (Chetty & Patterson 2002; Greve et al 2003)

Information network

Transmission of knowledge or information through social exchanges has been found as the central foundation of social network theories (Lianxi et al 2007: 676). The information rooted in network can motivate entrepreneurs to conduct international business activities. To be specific, a source of information about foreign markets is considered as an asset (Ellis, 2000), which often helps entrepreneurs to overcome barriers to exports (Pervez, Clements & Goitom 2003), and assist them to select right and profitable market (Coviello & Munro 1997). It is, thus, significant for entrepreneur to acquire trusted and valuable information through their networks, and then transform

that information into strategic actions.

Advice network

Advisors can be the “relatives, former employers, coworkers and any government official from chamber of commerce and any government regulatory authority” (Seerat et al 2011: 38-39). Those people have extensive experiences, critical judgments and interpretations. It comes naturally that whenever founders or managers face with uncertain situation, they will approach their known and experienced relationships’ advices in order to avoid or minimize risks. The obtained advices also can encourage entrepreneurs to see challenges as opportunities instead of threats and risks, and then make effective financial or non-financial resource commitments (e.g. entry mode) to exploit profitable opportunities. (Seerat F. et al 2011: 39).

Resource acquisition network

A chance to access resources from external is very important for internationalization (Chetty & Wilson 2003: 77). Therefore, entrepreneurs actively contact their networks to obtain certain tangible and intangible resources. Their networks contribute with access to limited resources at lower cost, not otherwise available (Dubini & Aldrich 1991: 308), access to well-established distribution channels (Coviello & Munro 1997), potential buyers (Bjorkman et al 1995), and local market knowledge, to obtain business information (Chetty & Patterson 2002), and to establish relations (Turnbull & Cunningham 1996).

Even though it is not possible to determine with surely that what network functions are more valuable than others for INVs in process of identifying and developing opportunities. This sector has provided a clear direction for entrepreneurs to classify networks based on various network performances, thus benefiting from supports provided by their network partners.

3.1.3. Strength of network ties

Decades ago, Granovetter (1973: 1360-1361) introduced a popular concept of ‘strong and weak ties’. The concept implies that actors (individuals or institutions) in the network are linked to each other by either strong ties (bonds) or weak ties (bridges). A table below provides a summary of how earlier studies have defined and measured strong and weak ties.

Table 2. Definitions for strong and weak ties in previous research

Author(s) / (year)	Strong tie	Weak tie	Measurement of tie's strength
Granovetter (1973)	Relationships with high frequency contact, which is at least twice per week.	Weak ties refer to relationships having less contact, which is more than once a year and less than twice a week.	Amount of time of contact Strength of emotional Closeness Mutual services.
Lin, Ensel and Vaughn (1981)	Friends, relatives, and neighbors	Acquaintances and friends of friends.	Either with a perceived strength (e.g., closeness of relationship) Or type of relationship (e.g., family connections, friends, and acquaintances)
Marsden and Campbell (1984)			Emotional intimacy Duration and frequency of contact A role category (kin-ship, neighbor, co-worker, friend).

Dubini and Aldrich (1991) (cited by Söderqvist & Chetty 2013)	The relations that based on mutual trust and emotional intimacy.	“A superficial tie not yet based on strong trust, casual relations with little emotional investment”	
Brüderl and Preisendörfer, 1998	Life-partner, kin, friends, and relatives.	Business partners, acquaintances, employers and co-workers at previous workplaces	Type of relationships (social or business relationships)
Singh (2000)	Family members, friends, close colleagues.	Acquaintances and colleagues who have low frequency interactions.	Frequent contact, Trust and emotional bonds Mutual understanding
Hite (2003)	High-embeddedness ties: “demonstrates combinations of personal relationship, dyadic economic actions, and social capital”	Weak ties was remained outside the focus of this research	
Söderqvist and Chetty (2013)	“Close, based on trust, mutual respect, commitment, deep knowledge and experience of each other.”	A weak tie is adopted from Dubini and Aldrich (1991)	Closeness Develop and maintain mutual respect and commitment Experience and knowledge about each other.

According to table 2, several studies determine the strength of ties based on types of relationships (e.g. Lin et al 1981, Brüderl et al 1998, Hite 2003, Singh 2000). Strong ties tend to be with kin, friends, relatives and neighbors who have high frequency of interactions. Weak ties are, however, associated with acquaintances or friends of friends, even with business partners. In contrast, there are studies indicating that both strong and weak ties can be found in different types of relationship: from social to business networks. The research of Hite (2003: 31) proved that embedded ties (strong

ties) can be found in both context of personal network and in economic interactions, which refer to business network. Additionally, it is not always the case that actors in social networks are connected by strong ties. An example by Hofferth, Boisjoly and Duncan (1999) explained that relationships between individual and family members or friends could be weak in some occasions if they do not provide support that is needed in order to build and maintain a strong relationship.

Based on previous research, Kontinen and Ojala (2011) synthesized a number of indicators to determine strength of ties: closeness, trust, mutual respect, and commitment. Among them, closeness which implies to the emotional intensity of relationship is regarded as best reflects strength tie (Marsden et al 1984: 482, Söderqvist et al 2013: 539). Indicators such as frequency of interactions and duration of relationships were also commonly used as determination of tie strength in previous studies. However, in a favour of closeness, the measurement of relationship's strength by using those indicators can be misleading. Using frequency as indicator relationship's strength tends to overestimate the strength of relationships with neighbors or co-worker, while using duration as strength measurement overestimates the strength of ties between relatives (Marsden et al 1984: 499).

This thesis then employs a modified definition provided by Söderqvist and Chetty (2013: 539); a strong tie is defined as one, which is *close*, based on *trust, mutual respect and commitment, deep knowledge and experience* of each other. A weak tie is defined by Dubini and Aldrich (1991) (cited by Söderqvist & Chetty 2013: 539) as “ a superficial tie not yet based on strong trust, where the parties do not know each other well and are not emotionally close”.

To summary, the figure demonstrates three aspects of networks which are utilized by founder or manager of INVs. Types of networks are classified into: business, social, and intermediaries. Functions performed by networks are discussion, information, advice, and resource acquisition. Lastly, an entrepreneur connects to each particular actors (firms or individuals) by either strong or weak ties.

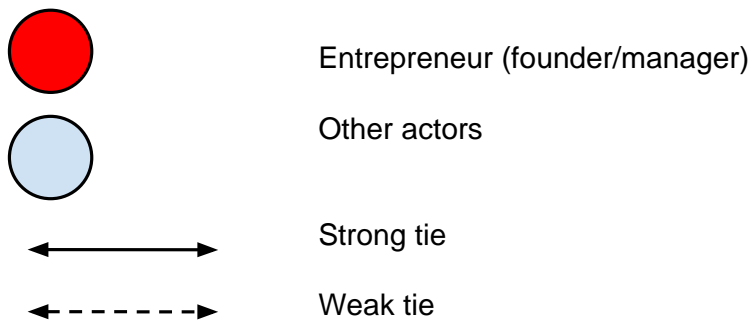
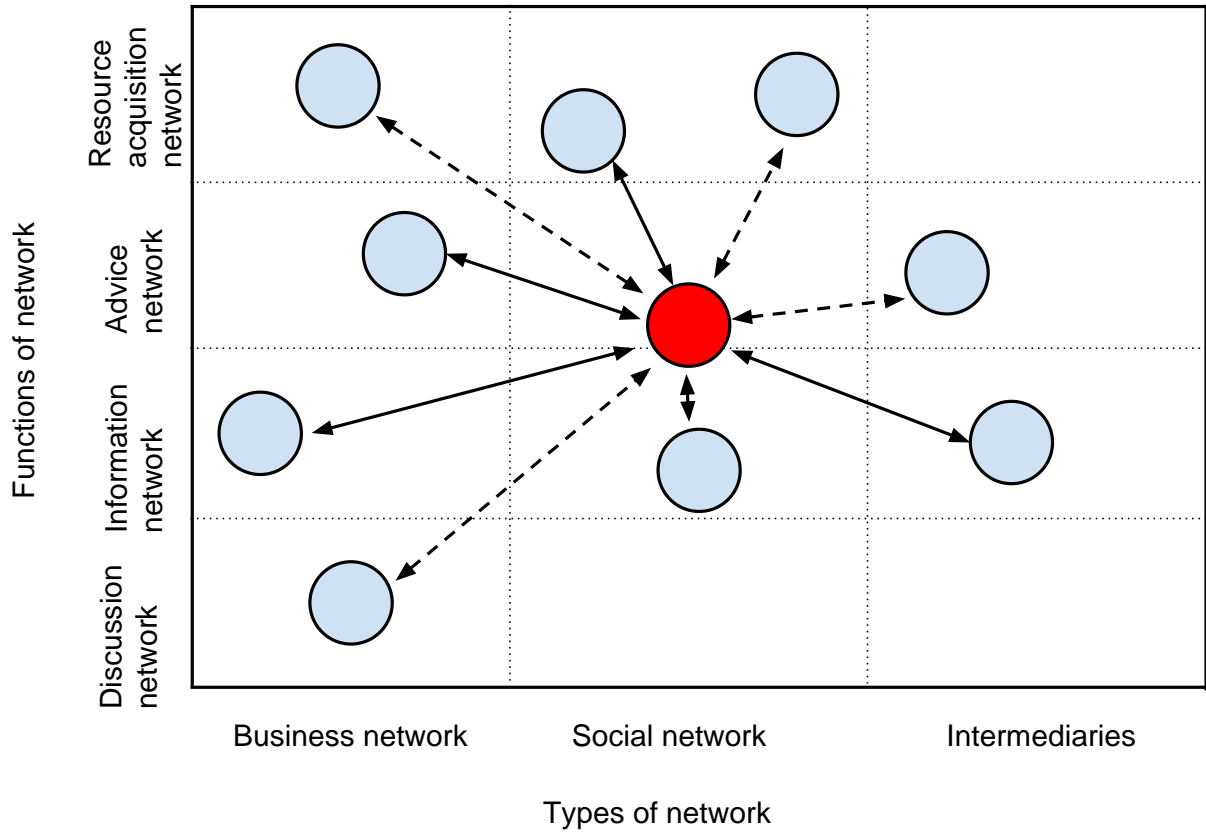


Figure 5. Illustration of networks utilization by entrepreneurs

3.2. A network approach to opportunity exploration and exploitation

The crucial role and importance of an entrepreneur's network has been highlighted in previous literatures within research area of international entrepreneurship. In relation to opportunity, the size and strength of entrepreneur's network positively affect the number of opportunities that entrepreneurs can discover, as well as effectively assist entrepreneurs to mobilize necessary resources to exploit them (Chetty et al 2013; Singh 2000). In line, Elfring and Hulsink (2003) advance the existing insights by conducting depth case study of three high-tech start-ups from the Netherlands. Since the authors managed to have interviews with founders and senior managers, who deeply understand firm's critical events and situations, they found a new and valid angle that emphasizes benefits of a mixture network consisted of strong and weak ties for opportunity recognition (Elfring et al 2003: 420). Their proposition was reformulated in their follow-up study in 2007, a study of larger sample consisting of 32 case studies (Elfring & Hulsink 2007).

On the basic of the literate review on table 3, it indicates that there is a positive relation between networking and start-up success. Given this argument, it implies that entrepreneurs must not simply involve in network activities, but should consider them as beneficial sources (Johanson & Mattsson 1988). Among others, it is highlighted that network might contribute with greater chance for entrepreneurs to obtain information on new opportunities (Burt 2004; Granovetter 1973) and opportunities for enhanced access to resources needed for developing strategic actions, which then able them to turn opportunities to market outcome internationally (Chetty & Wilson 2003; Elfring et al 2003).

Table 3. Literature on INVs and network approach to internationalization.

Author(s)/ Year	Objectives	Research Methodology	Key research findings
Coviello and Munro (1995)	<p>To explore how network relationships impact on:</p> <ul style="list-style-type: none"> - Foreign market development - Marketing-related activities across nations 	<p>Data needed for empirical investigation was collected through two channel:</p> <ul style="list-style-type: none"> - Case studies of four entrepreneurial firms in the New Zealand software industry. Interviews were conducted with the key decision makers in each of the firms - The second database was from structured mail survey, which was sent to smaller and younger firms in the same industry. 	<p>Network relationships with other firms assist small firms to overcome their weakness areas of “marketing infrastructure and capability”.</p> <p>Network relationships are regarded as enable factor to rapid access and entry into new market.</p> <p>Market opportunities can arise in network relationships (both formal and informal), which then impact on foreign market selection and entry initiatives.</p>
Hills , Lumpkin and Singh (1997)	<p>The research aimed to explain how opportunities are discovered by “solo entrepreneurs” (who had developed the business idea on their own) and “network entrepreneurs” (who obtained business idea from their social network). Three objectives</p>	<p>From 1994 to 1995: five focus groups were held with 47 business owners, discussing opportunity recognition and other related issues, aiming to design questionnaire.</p> <p>Mail survey was sent to 1,500 organizations in the seven-county Chicago area. 190 entrepreneurs responded to the survey.</p>	<p>Based on Granovetter’s (1973) distinction between strong and weak ties, the study’s findings advanced the argument that weak ties are positively related to the amount of ideas and opportunities identified. Thus, entrepreneurs who have extensive networks consisting of weak ties are likely to</p>

	<p>were set in order to achieve answer:</p> <ul style="list-style-type: none"> - Investigate the variety and quantity of opportunity exploration behaviors - Measure alertness of entrepreneur. - Conceptualize opportunity exploration as a process. 		<p>identify more opportunities, whereas strong ties are regarded as being inefficient.</p>
Jenssen and Koenig (2002)	<p>The study attempted to explore how differences in the social network in relation to strength of ties affect access to different kind of resources.</p>	<p>Interviews were conducted by mail and telephone with 100 Norwegian entrepreneurs who had established a new business.</p>	<p>The study reinforced the important role of social network in entrepreneurial success, which was proven in previous studies.</p> <p>Furthermore, the results indicated that entrepreneurs tend to approach their strong ties for valuable information and motivation, while rely on their weak ties to have access to finance.</p>
Chetty (2003) cited by Mort et al (2006: 556)	<p>To examine the role of business network in the rapid international growth of small medium sized firms.</p> <p>To explore how important network plays as facilitator and/or inhibitor, which contribute and/or against</p>	<p>Historiography's case study:</p> <p>Phase 1: 12 firms were chosen as being successful on the basis of their history. Two interviews were conducted in each firm (20-30 min and 90 min) with one exception, the Managing Director or Chief Executive Officers (CEOs).</p>	<p>Firms need to establish a web of relationships with other firms. These networks assist firms to overcome the challenges of limited resources such as financial and human resources, and market knowledge.</p> <p>New opportunities, technology,</p>

	business success.	Phase 2: Four firms were chosen from 12 firms in the first phase. Interviews was conducted from 1-3 hours with CEOs	<p>market knowledge and information can be obtained through a network of relationships.</p> <p>Business networks also enable firms to internationalize in a faster manner. Thus, firm need to search for potential international partners in order to achieve benefits from subsequent collaborations</p>
De Koning cited in Ardichvili et al., 2003).			<p>Entrepreneurs utilize their networks in a larger extend in order to discover profit opportunities transferred from information, and especially test their idea.</p> <p>The involvement of social network, which have four elements as shown below, contribute to the success of opportunity exploration:</p> <ul style="list-style-type: none"> - Network of weak ties, which offer general information for answering general question, or lead to identification of opportunities. - Action set refers to recruitment of people, who are able to provide resources for exploiting opportunities - Partnerships imply to start-up

			<p>team members.</p> <ul style="list-style-type: none"> - Inner circle: the set of people, which have long term and stable relationship with entrepreneur. <p>The lack of any of these elements reduces probability of such success.</p>
Elfring and Hulsink (2003)	<p>This study distinguished three entrepreneurial processes of INVs: discovery of opportunities, securing resources, and obtaining legitimacy, and then further explore and examine:</p> <ul style="list-style-type: none"> - How strong and weak ties influence these three processes. - And whether the degree of innovation, that is “incremental or radical innovation”, impacts on the way network ties support entrepreneurial processes. 	<p>A qualitative, exploratory case study of three (former) high-tech start-ups from the Netherlands: two ICT- companies (the Wageningen-based Noldus and the Amsterdam-based Digicash) and one biotechnology company (Pharming from Leyden).</p> <p>Interviews and discussions were conducted with founders, senior manager (two interviewees per each case), and other key people.</p> <p>Second database came from company reports in newspapers and trade journals, and analysis of company briefings and industry data.</p>	<p>They concluded, “the network of an entrepreneur is a source of information helping the entrepreneur to locate and evaluate opportunities”.</p> <p>In pursuing incremental innovations: weak ties are crucial to discover opportunities; whereas strong ties are tools to gain more legitimacy.</p> <p>In pursuing radical innovations: a mixture of strong and weak ties is valuable for opportunities identification and for gaining legitimacy.</p>

Elfring and Hulsink (2007)	<p>To discover distinct patterns of network development.</p> <p>To explore how the development of network ties is influenced by initial founding conditions and post-founding entrepreneurial processes.</p>	<p>Their research was explorative in nature and rooted in interpretative methodology.</p> <p>Founders of 32 IT start-ups in The Netherlands were interviewed. Semi-structure interviews, on average, lasted between 60 and 90 minutes.</p> <p>A secondary data was gathered from multiple sources such as articles in newspapers and trade journals, company reports, and internet visits</p>	<p>The utilization of strong or weak ties during the emergence phase is depended on the type of firm and the degree of innovation (incremental versus radical innovation).</p> <p>Results indicated that weak ties are mainly utilized in independent firms. In contrast, in spin-offs and incubate focus on strong ties for incremental innovations, and a mixture of strong and weak ties for radical innovations.</p>
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Although opportunities may exist in different forms in market arena, they become meaningful only if an entrepreneur is able to explore and identify their value for further business actions (Shane et al 2000). According to Ozgen and Baron (2007), Shane (2000), and Shane et al. (2000), information is highlighted as a central role in opportunity identification, and entrepreneurs depend on their network ties to have access to such information (Singh, 2000). Elfring et al (2003: 412), Coviello (2006), Johanson et al (1988), and Ojala (2009) also emphasized the functions of business network and social network as sources of valuable information, which contribute with reference of knowledge related to international opportunities. This is also in line with a statement of Ellis (2000) that opportunities in foreign market are commonly obtained through existing network ties. In the real business practices, Tapio Majaniemi, one of the founders of Vacon OY, shared with International Business students in University of Vaasa (2013) in his lecture that opportunities for foreign expansion of Vacon are gained through managers' formal networks with previous business partners, and through informal networks with trusted friends. Besides business and social networks, intermediaries in forms of professional forums (Ozgen et al 2007) and trade exhibitions (McAuley 1999; Reid 1984) have also been regarded to be helpful provider of information that can support entrepreneurs in opportunity recognition. The unique role of exhibitions and fairs and the likes is consistent with the finding of Reid (1984) and McAuley (1999), stating that more information related to international opportunities can be acquired through participation in foreign trades and exhibitions than through any other information sources.

Besides type of network, strength of network ties is also researched to have a better understanding of their involvement in opportunity exploration, Hills et al. (1997) conducted a large mail survey of 1,500 organizations in the seven-county Chicago area. The survey offered a rich discussion related to opportunity recognition based on results drawn from analyses of 190 mail survey respondent entrepreneurs. Among others, one highlighted finding implies that weak ties are "positively related to the amount of ideas and opportunities identified". Thus, entrepreneurs who have extensive networks constituted by weak ties are likely to identify more opportunities, whereas strong ties are considered to be inefficient.

The strength of network ties also results in different kinds of information and resources they provide. Strong ties tend to offer emotional support and encouragement, whereas weak ties are able to provide new information. New information may enhance entrepreneur's perception of opportunities and thereby promote his or her intention to start a business or to improve current business situation of an existing firm. Therefore, weak ties are highly regarded for creating diverse opportunities more than strong ties. (Granovetter 1973, Singh 2000). This is explained that entrepreneurs interact with their weak relationships only infrequently; hence those relationships are able to share a variety of new ideas and new information, that might not be provided by strong ties (Granovetter 1973). Strong ties are criticized for being excessively strong, leading to "lock-ins", "constrained ways of behavior", as well as limiting access to only similar kinds of resources (Grabher 1993). However, entrepreneurs still benefit from strong ties in various ways. The emotional closeness and trust between entrepreneurs and their strong ties increase willingness of those ties to offer assistance, intention to give advice and expensive information (Singh 2000). To summarize, strong and weak ties have both advantages and disadvantages for opportunity exploration. Entrepreneurs tend to utilize their networks in a large extent during the opportunity exploration process to gather different information and test their ideas (De Koning (cited in Ardichvili et al. 2003). Singh (2000) also stresses that an ideal mixture of those ties could lead entrepreneurs to reach more successful new venture opportunities than either or none.

Profitable opportunities can be identified; insufficient resources are perceived as a huge obstacle to turn those opportunities to actual business actions (Vasilchenko et al. 2011: 92). In order to overcome the challenge, entrepreneurs of INVs heavily depend on their networks to enlarge the firm's resources base and constitute a variety of resources (money, social support, product ideas, markets and information) (Greve & Salaff 2003; Hite 2003). Especially, there are some resources that only network can help start-up firm to have access. These include reputation (Witt 2004), other valuable relationships, the firm's attractiveness, and legitimacy (Milanov & Fernhaber 2009). Thereby, Oviatt and McDougall's research on INVs (1994: 55) emphasized that existence of network constitutes one of "the most powerful resource-conserving alternatives to internationalization".

It comes naturally that whenever a firm lacks resources, its founders or managers will approach their network, especially strong ties since these ties are enthusiastic to support them without expectations. However, entrepreneurs have access to only limited resource through those ties, while a variety of resources is necessary for a firm growth, especially during the early stage. To fulfill the limitation, weak market- based ties, which imply to “calculative network relationships”, are able to provide resource in larger extent and mitigate more environmental uncertainty. Consequently, there is an observation that the involvement of entrepreneur’ network develops from mostly strong ties towards more weak ties as firm develops, depending on resource needed in different growth stages. (Hite & Hesterly 2001: 278-279). A similar result is found in a qualitative study on 29 entrepreneurs conducted by Butler and Hansen (1991). They propose that entrepreneur’s networks extend from consisting mostly personal connections during emergence towards more business –related relationships during the early growth stage. Therefore, it indicates that social networks are vital part of opportunity identification in the emergence phase. Their role and importance are no longer highlighted in the start-up phase; instead business networks become significant for developing strategic actions to pursue opportunities. Business networks then perform in creating links between the firm and other business actors (e.g competitors, suppliers), and in assisting marketing activities. Therefore, entrepreneurs need to pay attention on selection of initial partner in an early stage of development, especially concentrate on partners who have a central position in large networks. Relationships with those partners allow them to have access network resources in the long-term. Hite (2005:113) also emphasizes the brokerage function of networks in the start-up phase by stating: “the network ties of an emerging firm can provide the conduits, bridges and pathways through which the firm can find and access external opportunities and resources”. It is also noticed that the crucial involvement of existing networks for opportunities exploration tend to decrease after the initial entry into foreign markets (Crick & Spence 2005). Hence, this would suggest that entrepreneurs should actively develop new relationships in order to continuously identify and implement new opportunities.

3.3. Chapter summary

In order to constitute a theoretical framework, relevant theories are approached through combination of research in entrepreneurship, INVs, and networks. This thesis positions internationalization of INVs in opportunity exploration-exploitation process, aiming to investigate how entrepreneur-centered networks impact international entrepreneurship of INVs. In this process, entrepreneurs are considered as key driving forces and their networks are regarded as the main influencing factor (Vasilchenko et al 2011: 92). Through managing networks, opportunity exploration and exploitation activities are “essentially channeled, directed, facilitated, or inhibited” (Vasilchenko et al 2011: 92). Figure 6 illustrates the setting of this research, which is further empirically applied to analyze the studied interest in two Vietnamese INVs.

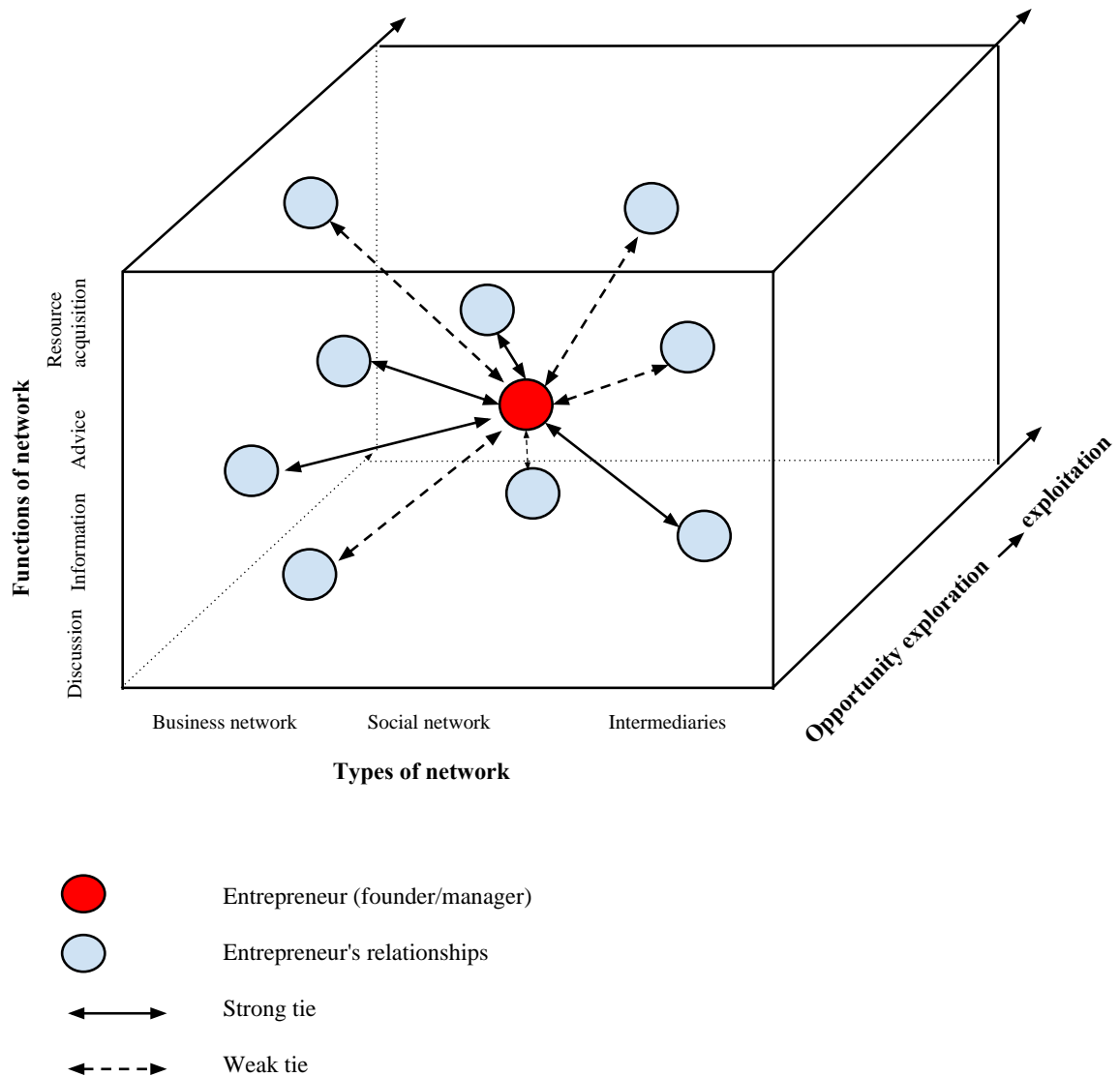


Figure 6. The involvement of entrepreneur's networks in opportunity exploration and exploitation process.

In line with existing research, social, business, and intermediary relationships are acknowledged to be involved in the entrepreneurial process. However, it has shown that social, business, and intermediary relationships are largely intertwined within a network. Therefore, this thesis is guided by the assumption that it is not possible to them as totally distinct and separate. Instead, in this thesis, entrepreneur's network is further classified based on two other aspects: strength of ties and functions of relationships in hope to increase understanding about true network's meaning.

As discussed earlier, entrepreneurs of INVs tend to take advantage of various network forms throughout the different stages of the firm development with regard to opportunity exploration and exploitation. Therefore, the theoretical framework demonstrates that every single relationship, which directly connects with entrepreneur of INVs by either strong or weak ties, is presented in three dimensions: their *types of relationship*, *functions* they perform, and their *involvement* in which activities during opportunity's exploration and exploitation process. The framework is further investigated by a case study in context of two Vietnamese International New Ventures. The case study is done in order to achieve a deeper understanding of how exactly entrepreneur's network involve in different activities during the development of entrepreneurial opportunities. Since there has been no research on network ties in relation to international opportunity recognition in the context of Vietnamese economy. Thus, an empirical examination of the theoretical framework in this context will bring valuable results.

4. RESEARCH METHODOLOGY

A research is “a focused and systematic enquiry that goes beyond generally available knowledge to acquire specialized and detailed information, providing a basis for analysis and elucidatory comment on the topic of enquiry” (White 2003: 21). Thus, defining research question or research problem is always starter of any research. Then, data collection procedures such as conducting questionnaires, interviews, and observation as well as making use of secondary data are employed in order to obtain needed data for analysis. According to the metaphor of the “Research Onion” (Saunders, Thornhill & Lewis 2009: 108), these practices only present “the core of the research onion” which needs to be considered in relation to “the outer layers of the research onion”.

“Research onion” provides a clear framework for the most suitable methods and strategies to address a research. Six different layers in research onion will promote knowledge to answer a research question. Each element in layers will be discussed in order to give an overall view of method chosen and the reason for that choice of the present study.

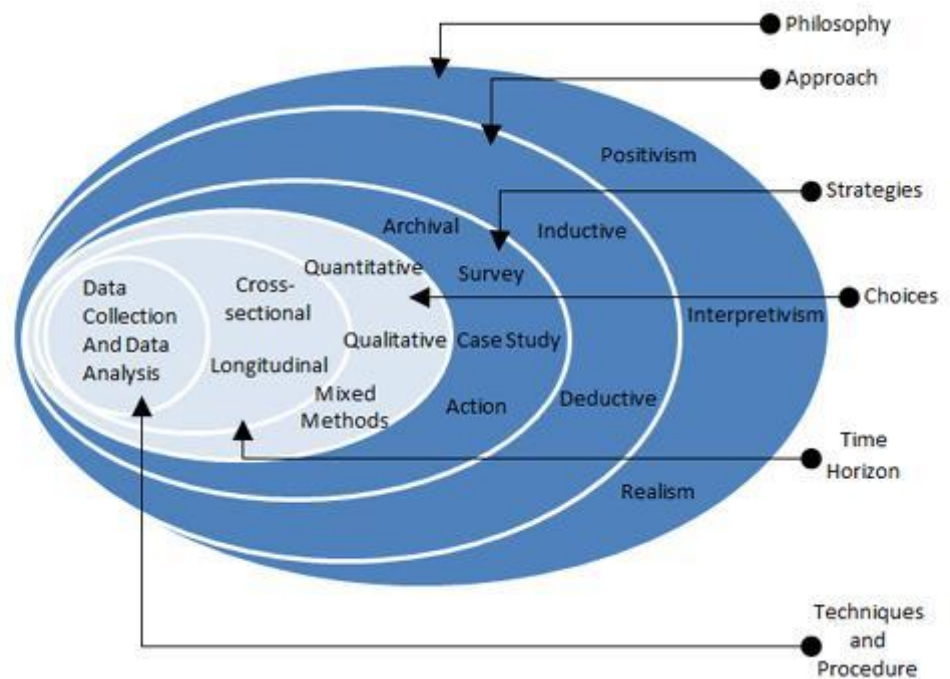


Figure 7. Research Onion. Adapted from (Saunders, Thornhill & Lewis 2009, 108)

4.1 Research philosophy

“How research is, and should be, done is a function not only of the research topic but also of the values and beliefs of the people doing the research” (Easton 1995:411-412). It contains important assumptions about the way researcher view the research. There are several views about research including: positivism, realism, interpretivism and pragmatism.

In philosophy of positivism, researcher work with observation and prediction of outcomes in order to provide “law- like generalizations”. If researcher is expected to gain rich insights into subjective meanings than providing “law-like generalizations”, she or he adopts the philosophy of interpretivism. On the other hand, researchers reflecting the philosophy of pragmatism concentrate on practical consequences withdraw from research’s findings. Realism is a combination of positivism and interpretivism as it views the world in three components: the reality, the actual, and the empirical. It can be explained that “*that what the senses show us as reality is the truth: that objects have an existence independent of the human mind*” (Saunders et al. 2007, 104). Realism is further distinguished between two forms of realism: “direct realism” which claims that what we see and experience can describe things accurately, while “critical realism” argues that what we see and experience only give us sensations which presents of what is reality, not the thing directly.

For the purpose of this study, critical realism is found to be the most suitable philosophy. According to critical realism, real thing can be discovered however knowledge of that reality is uncertain and must be critically evaluated in order to develop theory (Easton, 1995). In this research context, the involvement of entrepreneur’s relationships in business opportunity exploration and exploitation may exist as the reality, but knowledge of this phenomenon is only based on perceptions and/or pre-understanding of the researcher and the entrepreneurs. According to Keat and Urry (1976:37) (cited by Söderqvist 2011) “*The question of what exists, or can intelligibly be said to exist, must be kept distinct from that of what we can observe, or know with a high degree of certainty*”. Therefore, the knowledge is critical and needed

to be evaluated. In this study, the knowledge is examined through critical events during the cases' international entrepreneurship, focusing on business opportunity exploration and exploitation, in order to gain better understanding of it within the research context, and furthermore, to give explanations of how and why relationships are involved in the activities. Additionally, the study enhances the certainty and value of the knowledge by going further than the individuals' perceptions to make critical analysis and comparison of data from different cases and sources.

4.2 Research approaches

The second layer of research onion refers to research approach. It defines the connection between literature review and empirical study. There are two different approaches involved in this layer, namely deductive and inductive approach. While deductive approach is consistent with the formation of a hypothesis from the theory and tests it through research, inductive approach collects data and formulates theory as a result of data analysis. A combination of both approaches is also a possible choice (Saunders et al. 2009: 124-127). Generally, the deductive approach has been chosen as the most appropriate approach in many master theses, even it has been criticized for only testing theories, not generating or developing new theories. Induction approach is able to fulfill the limitation, but this approach is not suitable for this study.

This study does not employ inductive approach because theories do exist from before, even not so much on the specific phenomenon in focus in this study. The aim of this study is to constitute more suitable theoretical framework based on existing theories, in a way that explain better the studied phenomenon in context of two case firms. This study starts with literature review on three relevant research areas: (international) entrepreneurship, International new ventures, and network. During three and half months, the theoretical framework is finalized as presented in this study. Then, the study further conducts an empirical case study based on the framework in order to compare and contrast objectively the reality and the theories state.

Thus, testing of the existing theoretical premises is regarded as a central part of

deduction approach in this thesis. This approach allows the researcher to move from general theoretical framework to empirically test statements derived from existing theories through a case study. (Saunders et al. 2009).

4.3 Research design

The outer two layers (research philosophies and research approach) have been demonstrated as the issue underlying the choice of data collection method or methods. It follows by uncovering the next two layers: research strategies, research choice. These two layers can be seen as focusing on the research design process (Saunders et al. 2009: 136).

4.3.1 Research strategy

Research strategies are used to investigate a research questions and objectives. Some of strategies are experiment, survey, case study, action research, grounded theory, ethnography, and archival research (Saunders, Thornhill & Lewis 2009: 142-150).

In this study, case study method is the preferred strategy to answer “how” and “why” research questions which aim to explain a “certain phenomenon” (Yin 1994). The thesis’s intention is to gain more knowledge of how exactly network relationships of entrepreneurs involve in business opportunity exploration and exploitation throughout the critical events of INVs. In line with advice from Dubois and Gadde (2002: 555) that case study strategy is able to contribute “unique means of developing theory by utilizing in-depth insights of empirical phenomena and their contexts.”

In order to increase analytic benefits in the overall results, multiple cases are employed in this study. It is because single- case studies are criticized to be weak as the notion of putting “all your eggs into one basket”. According to Yin (2003: 53-54), the analytic benefits not only become more powerful if the study includes more than one cases (even two cases), but also be able to strengthens the external validity of the findings. This practice is also supported by Carlsson (2005:100) that “through multiple case-studies

one can accumulate supporting evidence which can continue until ‘theoretical saturation’ has been obtained”.

4.3.2 Research method choices

Traditionally, research methods are often divided into two main groups: qualitative and quantitative methods. They are basically different from the aspect of data collection techniques and data analysis procedure. Quantitative methods, such as surveys and experiments, concentrate on what can be measured. It involves collecting and analyzing objective (often numerical) data that can be controlled into statistics. The aim is to get a wider perspective. In contrast, qualitative methods aim to gain deeper knowledge by concentrating on the perceptions of people involved, such as interviews, focus groups, site visits and observations (Ghauri & Gronhaug 2010: 104).

As discussed by Söderqvist (2011: 55), challenges may occur when inquiring the network relationships. An interviewee may have difficulties in explaining and describing their relationships, or he/she is not willing to talk about his or her relationships. A qualitative research method is seen as appropriate for this study to handle these challenges. By using this method, the researcher has chance to create trust and flexibility to probe initial participant responses, which encourages them to go more deeply into issues. In contrast, there is high possibility that the mentioned challenges may affect the participants’ responses in quantitative methods. For example, the participant may skip questions if they feel do not want to answer. Additionally, the use of open-ended questions in qualitative method gives the participants opportunity to respond in their own words, resulting rich and explanatory answers. This study is therefore conducted based on qualitative research method, aiming to enhance our understanding of the role of the entrepreneurs’ relationships for opportunity development in terms of their involvement, content of relations, and their importance.

4.4 Data collection

The data collecting process contains four phases. Each phase is described below.

Phase 1: Literature reviews

This study starts with literature review of three relevant research areas: entrepreneurs, INVs, and multiple aspects of entrepreneur's networks in order to construct a theoretical framework for the study. They include recommended textbooks from school courses and academic and business articles. After three and half month of reading relevant materials, the researcher narrowed thesis area and generated a final thesis topic, which is the involvement of entrepreneur' networks in business opportunity exploration and exploitation of INVs. The theoretical framework was developed, and then further utilized in empirical part.

Phase 2: Selecting case firms

Following sampling strategy recommended by Patton (2002:238), the researcher samples cases "on the basis of their potential manifestation or representation of important theoretical constructs". In this thesis, the studied phenomenon of interest is the entrepreneurs' networks in regard to opportunity-based international entrepreneurship of INVs. Based on theoretical part, cases selected for the empirical part of this study should have following characteristics:

- Unique business ideas and innovative products, services or technologies (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996).
- An international intention and ambition from inception (e.g. Oviatt & McDougall, 1994)
- Additionally, the study also investigates the use and effects of networks in two major organizational contexts in Vietnam economy: State Owned Enterprises (SOEs) and Private Owned Enterprises (POEs). Therefore, case companies have to be one SOE and one POE.

The initial intention of the researcher to conduct this study was based on personal interest toward empirically observation of one small private firm in their international entrepreneurship process. Thus, it is naturally that this firm became one of studied cases (case P), representing for POEs. While four SOE companies were identified by the researcher as qualified to be used for this study, especially they have similar products with case P, all of them replied that they would not be able to participate since they were too occupied at the moment. With help of Viettrade association, the researcher had access to two other companies, eventually one of them was interested in the study's topic and agreed to participate in interviews, representing for SOE (case S).

Phase 3: Conducting interviews and collecting supporting documents

Ghuri and Gronhaug (2010) explained that focus group, observations, and interview as three techniques commonly utilized in qualitative methods. When possible respondents are very small in number (two respondents per case company), a group discussion and observation are unsuitable. (Saunders et al. 2009: 324). Therefore, interview technique was chosen to collect information needed for this study.

In addition, supplementary documentation (business plans and other archival data such as data sheets of case company's production, financial, and participation in trade fairs and the likes) provided by the founders or managers was regarded as very useful in providing additional information. Especially, business plans extensively contribute to the analyses with not only description of the case companies and entrepreneurs' background, but also explanation of their initial intentions and motivations to conduct international business activities at early inception. Those documents were sent to the researcher via email.

Interviewees are two founders of firm P and two managers of firm S, who are responsible for the general management and have experienced the firm's international entrepreneurship process from the beginning. People at case firms' managerial level are commonly involved in interview procedure employed in research on network dynamics of INVs as shown in summary table 3 in theoretical chapter. As case firms are both small, thus most things actually happened around founders or managers. Therefore, it is

noted that interviewees have sufficient knowledge and experience, which are required for the purposes of this study.

Due to geographic distance, the interviews were conducted via Skype and Face time and recorded for future analysis. Interview procedures were further divided into three round consisting of six interviews within two weeks. Three interviews were arranged for each case firm, in which both two founders or entrepreneurs were interviewed at the same time. The semi-structured interview is regarded as the favored method to conduct qualitative data collection. A set of questions was sent to the interviewees 4 to 10 days before hand, thus they have chance to review questions before going to the interviews. According to Yin (2003: 89), the semi-structured interview not only provide a clear set of instructions for interviewers to guide the conversation “in a fluid fashion”, but also provide flexibility for participants in answering questions.

The first round: Interviews were conducted on the dates of November 30th 2013. Three given questions were asked in order to gather basic information related to the initial business idea, the process of starting it, and the entrepreneurs’ view on conducting business across nations (Appendix 3- Interview guide I). Especially, the last question was inspired by a study of Söderqvist (2011) that talks about critical events during firm’s growth. In this question, the interviewees were asked to identify events, which they perceive as critical events for the firm’s entrepreneurial process. Those events can be related to “products, product development, technology, customers in domestic or abroad, financiers etc.” (Söderqvist 2011: 64-65). Additional questions were asked to probe initial participant responses, which then provide rich interpretations. Overall, the interviewees were a very open and having positive attitude, they seem to be more like telling about stories of the firms than giving answers. Each interview ranged from 3 hour 25 minutes to 3 hours 50 minutes.

After the first round, supplement document such as business plans and other relevant document was asked for and sent to the researcher via email. In particular, both firms were able to provide its business plan, which was earlier used for investment proposal and fund raising, as well as for the entrepreneurs in managing business and budgets. For case S, a presentation, which managers were presented in one seminar, was also given.

For case P, photos and archive document about their participation at trade fairs were collected. The initial purpose of collecting those documents was to discover possible important relationships and to compare and contrast with the stories shared during the first round of interview. The documents are highly regarded as they provide a behind-the-scenes look.

The second round: The second round of interviews were conducted one week after the first round on 07 and 08 December 2013. The interviews lasted from 4 hours to 4 hours 30 minutes. From the beginning, the interviewees were introduced to the concentration of this study, which is about their relationships dynamic in discovering and developing business opportunities. The critical events identified during the first interview were used as a frame of the interviews. Bases on the interview guide for interview II, the interviewees were asked about the involvement of relationships in each critical event in depth and reach discussions. Questions were mainly focused on identifying people related in each event, describing of those relationships and their involvement. (Appendix 3- Interview guide II).

The initial plan was to design only two rounds of interviews. However, while analyzing the second interviews, the researcher noticed overlap in types and functions of few relationships. Thus, the third round of interviews was conducted as unplanned to clarify the ambiguities and unclear points found in the second interviews.

The third round: Short interviews were conducted in 15 December 2013; each interview lasted for 20 to 45 minutes. The aim of this round was to make clarification for ambiguity points from the second interviews and as a support in the analysis and interpretation of research results.

All interviews were recorded and checked immediately. The recordings were very important while analyzing the data since it is allowed the researcher to review the content of the interviews thoroughly, as well as aid in direct quoting. Following suggestion from Stake (1995: 71) regarding consistent analysis, the content of the interviews was broken down and examined in accordance with the theoretical

frameworks developed during the literature reviews. The intention of analyzing data was to compare and contrast with previous research's findings and to search for "patterns and consistency". Stake (1995: 77).

4.5 Validity and reliability

As a part of the thesis, validity and reliability of the collected data need to be considered, along with ethical concern and accessibility issue (Saunders et al. 2009: 9). Validity refers to research approach, which is employed to generate valid data (Lancaster 2005: 72), reliability simply implies to the results' consistence (Saunders et al. 2009: 149). This study implements case study tactics introduced by Yin (2003: 34) in order to improve the quality of case study research, as well as eliminate some certain obstacles.

Table 4. Implementation of case study tactics introduced by Yin (2003: 34)

Tests	Case Study Tactic	Research Phase in which tactic occurs	Action taken in this research
Construct validity	Use multiple sources of evidence	Data collection	Data gathered from interviews, supplementary documentation (business plans and other archival data such as data sheets of case company's production and financial)
	Establish chain of evidence	Data collection	Interviews are recorded and concise transcribed immediately after each interview Clear sections on multiple evidence sources

			Citation of documents and interviews are appropriately presented.
	Have key informants review draft case study report	Composition	The final draft version based on case studies are sent to informants to review on 06/01/2014
Internal validity	Do pattern matching	Data analysis	Patterns occurred across two studied cases
	Do explanation building	Data analysis	Propositions are developed based on findings
	Do logic models	Data analysis	Not performed in this study since it requires time series analysis
External validity	Use theory in single cases	Research design	Not performed due to exploratory nature of the study. Theoretical framework is developed based on combination of relevant theories, and empirically utilized in study of cases.
	Use replication logic in multiple-case studies	Research design	Two case firms studied using replication logic throughout all layers of research onion
Reliability	Use case study protocol	Data collection	The designed data collection procedure is identical in both cases. Same set of interview questions were sent to informants

			beforehand
	Develop case study database	Data collection	Interview records, written transcripts, other notes and documents provided by informants via email are all archived.

There are four main threats of reliability: subject or participant error (occurs when research conducted in different times), subject or participant bias, an error in observation (resulted by different ways of conducting research between researchers in one research), and observer bias. (Saunders et al. 2009: 149-150).

There also are available threats to internal and external validity. Internal validity refers to what the results “affect by the manipulation of the independent variable instead of the confounding variable”. Threat of internal validity included history (for example, special events happened during time of the research may have an impact on the results), repeatedly testing (which may lead to bias since participants may remember their initial answers or know that they are being tested), maturation (sudden changes during the research), mortality (participants drop out of the studies), and selection bias (subjects are not chosen randomly). (Saunders et al. 2009: 149-150). The external validity, on the other hand, is related to generalizability of the results. Although a case study or study of small sample is criticized that it may not be able to build theory, it aims to explain this certain phenomena due to exploration nature of the study. (Saunders et al. 2009: 157-158).

In order to increase validity and reliability of this study, the researcher tried to eliminate possible threads. All entrepreneurs were voluntarily to be involved in the interviews and showed their positive attitude and interest toward the research’s topic. The interviews were conducted in the weekends based on participants’ preferences since they have free days and feel more comfortable to answer interview questions. The interviewees’ mother tongue, Vietnamese was used as the interview language. Even the researcher and

interviewees have the same language, but researcher often repeat what the interviewees said in order to eliminate misunderstandings. Especially, the researcher paid attention not to interrupt and influence interviewees' answers. Direct quotations were carefully translated from Vietnamese to English, even been double checked with another person. In addition, transparency of the study was considered. Thereby, data collection procedures have been documented, interviews were recorded, and concise transcript, note and relevant documents have been archived.

One challenge in conducting this study is certainly that some of the critical events were happened years ago. It is impossible for entrepreneurs to remember everything in detail. Therefore, the researcher asked for supplement document such as business plan and archive data in order to acquire the most precise picture. Moreover, the same questions were asked to all founders or managers who deeply understand their firms' stories in order to guarantee the correct answer. Inconsistency and ambiguity in answers from previous interviews were all re-checked in following interviews. It is noted that consistency and reliability of the answer could be enhanced if the author could arrange separate interviews with each of managers or founders using replication logic. However, there is also an advantage when managers or founders were both presented in the same interview because they were able to give not only arguments either agree or disagree with other one's answers, but also give extraordinarily informative. Thereby, the information given by one participant were checked and confirmed immediately by other participant.

Using multiple studied cases and having a well-designed research method can considerably enhance the external validity of research (Yin 2003: 37). Thereby, the external validity of this study is increased since it involves more than one case study (n=2). As mentioned, a case study does not aim to have generalized results or conclusions. Analytic generalization is, however, possible for case studies. The case studies are able to generalize from data to theory, for example, by comparing and contrast results with previous studies, or by developing propositions. (Saunders et al. 2009). Thereby, this study attempts to produce analytic generalization. The research problem was carefully studied from relevant theoretical areas before data collection

procedures, so as data was collected to be used for comparing it to previous studies. Thus, results drawn from particular cases will contribute with a broader significance of findings to existing research.

5. OPPORTUNITY EXPLORATION AND EXPLOITATION ACTIVITIES DURING CASE FIRM'S DEVELOPMENT

According to Patton (2002: 27), the cases' description is needed in order to give readers "the opportunity to get into the setting". This chapter provides brief descriptions of two case companies, the entrepreneurs (managers or founders), as well as the critical events of business opportunity exploration and exploitation. For case study approach, data analysis of critical or major events is a common procedure (Patton, 2002:439). Thus, two cases are further described in a large extent through the critical events happened during their international entrepreneurship. As mentioned, this is inspired by a similar study conducted by Söderqvist (2011) that used critical milestones to describe five Finnish cases in depth and detail, especially making chronological listings of critical events is found to be very useful. Major concepts used in this empirical part are briefly explained below.

Firms and entrepreneurs: To maintain anonymity, firms and managers or founders are named by fictitious names. Firm S refers to state owned enterprise company. Sam and Shane are two main managers of firm S. Meanwhile, P represents a privately owned enterprise company. Paul and Paris are two founders of the firm P.

Relationships: All relationships that mentioned by interviewees are also maintained anonymity. The name of each relationship is made up by letter and number. For example, in a name S1, the letter S means that the relationship belongs to firm S and the number 1 means the first relationship mentioned by interviewees.

Critical events: The events are named by letters and number. For example, SE1 denotes the first event happened in firm S's development, SE2 denotes the second events of firm S, and so on.

Critical events are determined by the interviewees, which they considered to be important for the firm's international entrepreneurship, in particular for opportunity exploration and exploitation. In the reflections of time in the international entrepreneurship process, Jones and Coviello (2005) and Söderqvist (2011:31) further distinguish events into entrepreneurial and internationalization events. While

entrepreneurial events refer to the exploration and exploitation of the initial business opportunity that leads to firm's establishment, internationalization events imply to the exploration and exploitation of opportunities to conduct international business activities such as international sales, sourcing and cooperation with foreign partners. In this study, internationalization events and entrepreneurial event are assumed to be similar since the initial business idea was originated from international business opportunity which indeed a trigger for entrepreneurs to start their firm for mainly exporting.

Before going further to case companies' description in detail, a short explanation about ownership styles of the studied cases is necessary. As mentioned in introduction and case selection parts, the study investigates the use and effects of networks in two major organizational contexts in Vietnam economy: State Owned Enterprises (SOEs) and Private Owned Enterprises (POEs). These types of firms will be explained in following section, presenting general idea about specific characteristic of two case companies.

5.1. A brief overview of the development of ownership types in Vietnam

Vietnamese's government has approved a strategy of gradual integration into the world economy. The "Doi Moi" renovation policy was implemented in 1986, marking the transition from a centrally planned system to a market-oriented one. The implication activities included: "opening doors to the world economy and liberalizing domestic trade, reforming state-owned enterprises, diversifying ownership and entrepreneurial development, reforming Vietnam's financial system with an orientation to a market based system, and attracting foreign investment as essential to foster the country's economic growth." (Ho 2003: 1). Since then, private entrepreneurship started to flourish. The spirit of entrepreneurial occurred and significantly contributed to high economic growth. Facing competition from POEs, SOEs start concern profit-and risk-taking behaviors. To survive, they begin to operate on a profit-oriented basis, like individually owned firms do. (Liu, Manolova & Edelman 2009).

5.1.1. Private-owned enterprises (POEs)

During the past decade, the emergence of more dynamic and stronger POEs sector is one of the most remarkable achievements of Vietnam's economic transition. Even the Vietnamese Communist Party (VCP) has acknowledged that the development of this sector plays important role in changing the economic situation to a large extent. (Katariina 2007: 1-2).

Many POEs were born due to the Vietnamese nationwide economic reform in 1986 and (Pham & Vuong 2009). Those enterprises are established by individuals, alone or with two or more family members or friends jointly (Ho 2003: 3). The founders are very active in capture the opportunities arising from economic environment changes, and develop strategic actions to reach highly regarded economic achievements (Vuong & Tran 2009: 56).

Small-Medium Enterprises (SMEs) is defined differently in different countries based on its economy's characteristics. Since this thesis limits its scope to Vietnamese SMEs only, the official definition by the Vietnamese government (Government Decree 90/2001/ND-CP dated November 23, 2001) is applied. The definition is stated as follows:

“SMEs are independent production and business establishments which make business registration according to the current law provisions, each with registered capital not exceeding VND 10 billion (equivalent to US\$ 621,774.547) or annual labor not exceeding 300 people. On the basis of the concrete socio-economic situation of each branch or locality, in the course of implementing the support measures and programs, both or either of the above-mentioned criteria on capital and labor may be applied in a flexible manner.” (Thai et al 2008: 8).

5.1.2. Entrepreneurial Orientation in State-owned enterprises (SOEs)

SOEs are wholly or partially owned by the central or local state. In Vietnam, SOEs still contribute a significant share to the overall economic development. However, SOEs are criticized as poor financial and operating performer due to having of lack of good

management, high fixed cost, weak legal system, complex and opaque bureaucracy, lack of access to investment capital, the absence of a competitive environment, and limited access to effective information channels, plus other conflicting objectives of these enterprises (Thai 2008). In order to lessen these weaknesses, corporate entrepreneurship orientation is quickly recognized as a weapon. Thus many SOEs implement both “attitudes and skills” of entrepreneur into their culture and activities (Thornberry, 2001 cited by Harry, Shazali & Chin 2006: 2). Entrepreneurial orientation can be demonstrated as “the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions” (Rauch, Wiklund, Lumpkin & Frese 2009: 762).

In the Vietnamese debate, SMEs are often considered as POE, large firms are generally implied to SOEs. However, there are still numerous small local SOEs. This kind of enterprises was the main focus in the national SOE restructuring program in the 2000s, which aim to “gather momentum”. The restructuring seems to be actually transforming the role of local SOEs in the economy into one that is more suited to a market economy. (Futaba I. 2009:1). Therefore, this thesis is limited to study only small enterprises, which can be either POEs or small local SOEs.

Summary

Facing a highly turbulent and fast growing market environment, two major types of firms (SOEs and POEs) in Vietnam are encouraged to implement entrepreneurial actions in order to achieve greater economic prosperity. According to the institutional theory, SOEs and POEs are different in backgrounds and abilities to access “institutional and market resources”. To be specific, SOEs enjoy government’s institutional supports and authority power, while POEs may face liability of newness and lack of support from those institutions. (Tang & Tang, 2010). In study conducted in the context of Chinese enterprises, Heng, Jigang and Yang (2011: 3894) conclude that POEs and SOEs need to develop and maintain strong market and network capabilities in order to fulfill their “aim of entrepreneurship”. It is also noted that moderating effects of market capacity and network on the entrepreneurial orientation are different between POEs and SOEs. Since VietNam economic model is similar to that of Chinese, it is assumed that these effects are also present in the Vietnamese context. However, this

thesis is limited to study only the role of entrepreneur's network in relation to the entrepreneurial orientation competitive advantage linkage, market capacity is not discussed.

5.2 Description of case S (State-Owned firm)

In implementation of the government directive on increasing procurement of exporting, S1- one of the biggest state owned company in Vietnam - was promoted to export agricultural products into international markets since 1995. In the spirit of openness to the world, S1 has been proactive in identifying international opportunities and executing a number of projects to exploit potential opportunities. Thereby, firm S was officially established in 2001 in An Giang province - Mekong Delta, as their subsidiary company, with a main task of exporting rice husk pellets. Firm S is driven by Sam and Shane.

The business opportunity: Working for S1 as a manager at one rice mill complex, Mr. Sam had noticed a critical environmental issue with rice husks disposal. Annually, millions of tons of rice husks are generated each year from 700 rice mills in Mekong Delta, Vietnam. A substantial amount of them was illegally disposed of to the environment, causing water and air pollution. Mr. Sam judged that one business opportunity for the firm S was to transfer the rice husk into biomass pellets, which is potential product idea for export.

During the same period, Mr. Shane started developing rice husk pelletizing technology in the beginning of the 1990s. Therefore he is considered founder of this technology in Vietnam. His pelletizing machinery could produce pellets from rice husk with capacity of 120 tons per day. If burnt, rice husk combustion rate can increase to above 95% after being pelletized. Furthermore, rice husk pellets burn cleaner since the ash content is less than 9% of rice husk. Lastly, it is more convenience to store rice husk pellets in large quantity. Therefore rice husk pellets have high commercial potential. The market gap was identified as biomass for generating electricity in power plants. This is where firm S aimed to be positioned.

The entrepreneur: Mr. Sam and Mr. Shane are two key drivers of firm S. Even though

the firm is a small local state-owned company, both Sam and Shane are qualified as entrepreneurs. Sam has a business education background but lacks technical education. He has the skills and initiative necessary to bring good new ideas to market. For him, the most important thing is the potential economic profits firm S could earn. Previously, Sam had had long working experience for S1- one of the leading exporters of agricultural products in Vietnam. Thus, Sam has experience and knowledge of international business practices and has thus developed his network relationships with players within the industry. Shane has previously worked as researcher at a technology faculty of one university in Hanoi, Vietnam. Technology development is his strength and passion. Even though Shane did not have experience as an entrepreneur, he is sensitive about new technology and willing to make trials. Thus, he helped firm S to achieve greater economic prosperity through technological innovation and efficient operation.

The international ambitions: As the product was a niche product, firm S had international intention from the inception. Although domestic market contributes to firm S but very small part, the firm's managers considered internationalization as main focus. Their products have been exported to several foreign markets from the beginning. In fact, high demand from international customers and retailers had motivated the startup.

5.2.1 Critical events during the development of firm S

SE1. Developing network at S1 from 1994-2000

S1 is one of the biggest state-owned companies, specializing in trade, import - export of food and agricultural produces. Working as manager at one of S1's rice milling complex, Sam actively developed a broad network with actors within agricultural products industry both nationally and internationally.

SE2. Realizing the increasing environmental pressure

Determining to grow and realizing the increasing environmental pressure caused by rice husks disposal from firm S1's rice mills, Sam eagerly sought a treatment for tons of rice husk pellet to reduce water and air pollution.

In 2000, by coincidence Sam happened to know Shane who successfully developed a rice husk-pelletizing machine through a friend S3, a retired director of an energy company. Knowing that rice husk pellet is an industrial biomass used for producing electricity and heat, Sam contacted Shane and S3 immediately for more information about the new invention and national and international biomass markets.

SE3. Mentally decide to build a rice husk pelletizing plant

Sam found producing rice husk pellets a very interesting business idea, and pellet international market very attractive. It is not only a product with commercialization potential and high profits, but also an environmental saver. It burns like coal and it costs less; it is also a sustainable source of energy: while the supply of fossil fuel is limited, the supply of rice sustains with rice farming. After careful considerations, Sam made an initial suggestion to Shane that they could jointly start building a rice husk pellets factory.

SE4. Approach S3, business plan positively received

Sam contacted S3 again in order to consult his opinion regarding the viability of his business idea. The idea was very positively received and S3 encouraged Sam to propose his business plan to mother firm S1. Sam and Shane felt that they were ready build a pelletizing plant.

SE5. Development of business plan

A business plan was needed in order to propose to mother firm S1. S3 offered to assist in the development of the plan since he could contribute with his experience and knowledge of doing business in energy industry.

SE6. Negative answer from Chairman of Management Board at S1

Even though everything seemed positive in the beginning, the investment proposal was put on hold. Sam believed that possible reason was that the Chairman of Board of

Management at S1 wanted to prioritize two other projects related to rice and flour mills. Those projects belonged to the Chairman's relatives who were directors of two subsidiaries.

SE7. Positive decision regarding investment

After over a year of waiting, Sam and Shane were invited to present the business plan (mostly about market information and technical information) in front of the board of management and finance departments. Eventually, firm S was established as a subsidiary of S1 under Decision No.312/TTg of the Prime Minister. Finance was granted for their business plan. Sam was appointed as director and Shane was appointed as manager of technology department. Sam emphasized that his personal relationship with manager of the finance department had a positive impact on the decision.

SE8. Legal permission to build a factory of the firm from local administration

In July 2001, the firm S was legally allowed to build a rice husk pellet plant. Sam emphasized that it was not easy to get permission from local administration to open or build factory. He had to seek help from his father S6, who used to work for a government institution, to approach local administrators for permission.

SE9. Employees

When additional capacity was needed for development of pelletizing technology, firm S decided to recruit employees. Shane had access to prospective students doing their diploma work from the technology faculty of his university, S7. Two students, who had shown commitment and good skills, had been offered work for technology department. This is a good HR strategy to recruit skilled employees and keep them loyal to the company.

SE10. Recruitment of mentors

To have more support in both technical and market issues, Sam decided to hire two mentors as part-time employees. The expectation was principally that the mentors can contribute to firm S's networks with their knowledge, especially their current connections and introduce its products globally by spreading the word when

communicating with potential player in international trade fairs and exhibitions.

SE11. First domestic order

Only few months after the pelletizing factory was built, Shane's previous schoolmate, S12 currently working for a small-scale power plant, contacted him. The friend asked whether rice husk pellets could be used as co-fuel in power plants. The answer was yes and they received the first order from S12. The solution worked well and firm S received additional orders from S12. The entrepreneurs had gained many lessons and much experience from problems and challenges while working with S12, which helped them well prepared before entering foreign markets.

SE12. Product introduction at trade fairs

Through trade promotion agency S13, firm S had a chance to attend Renewable Energy Exhibition in 2002 in India. This exhibition attracted more than 300 exhibitors worldwide. For Sam, the main intention of their participation was to generate awareness of the product. Also, he thought that trade fair is always an effective channel to gather contact of potential customers and retailers to develop networks.

SE13. Contacted by potential retailers, customers

As a consequence, more than 10 potential foreign retailers, customers contacted firm S by e-mail, Skype, and telephone. Sam found these inquiries a positive sign of the interest in their product.

SE14. The first international contract with S15

In a seminar organized by Chamber of Commerce, Sam participated to present rice husk pellets. The manager of one Korean power plant, S15, was impressed with the product. The first order was received after three weeks of discussions. The product's quality was highly appraised. The feedback was indeed a triggering factor for entrepreneurs' consideration to entering other countries. After Korea, the Netherlands was identified as another potential market, and firm P had access to potential customer through mentor S3. Until now, they have been exporting to the Netherlands, South Korea, France, Mexico, and China.

SE15. Identification of side opportunity

In one event organized by a local business association S16 in 2012, Shane happened to sit next to a businessman who was running a large-scale farm. They started to talk about environment issues. Suddenly, Shane came up with an interesting idea about producing pellets from crop residues for animals feeding. Thereby, another potential product idea was developed, and both local and foreign factory farms became their next target customers.

5.2.2 Opportunity exploration and exploitation activities of firm S

According to Söderqvist (2011), critical events are classified into two groups of activities opportunity exploration and exploitation based on the overall content (table 5). The critical events (SE1, SE2 etc.) are put in chronologic order, which means that SE1 was the first critical event mentioned by the entrepreneurs, following by SE2, SE3, and so on. From the below table, it clearly indicates that exploitation activities are not always actions that follow up opportunity exploration. It is consistent with literatures of this field that opportunities can occur during the process of exploitation.

Opportunity exploration in case S involved three activities of entrepreneurial insight, opportunity identification and entrepreneurial preparation. Sam is an entrepreneurial-minded person as he always observes ideas to be developed into opportunities. At his previous workplace he had identified a problem (water and air pollute resulted by millions tons of rice husk) and a solution for this problem was turned into business opportunity (exporting rice husk pellets for generating electricity at power plants). Except for this original business opportunity, other opportunities in the case S consist mainly of identifying and having access to potential local and international customers and retailers. The side business opportunity, which expands the core product, was identified through discussion with other business actors.

Opportunity exploitation in case S was a process consisting of seven main activities. It started with evaluation of the business opportunity and preparation of the business plan for investment proposing to mother firm S1. Since firm S is protected and subsidized by its mother firm, they did not experience the financial constraints. After registration, the

firm recruited employees and mentors, and then product development started. After all, firm S was ready to introduce their product to international buyers by participating in a trade fair. Everything went smoothly and positively with support of the mother firm S1 and other entrepreneurs' network relationships.

Table 5. Opportunity exploration and exploitation of firm S

Exploration activities	Exploitation activities
<p>Entrepreneurial insight</p> <ul style="list-style-type: none"> • Being entrepreneurial- minded (SE1) <p>Entrepreneur preparation</p> <ul style="list-style-type: none"> • Development of network (SE1) <p>Opportunity identification</p> <ul style="list-style-type: none"> • Identification of problem (SE2) • Identification of international market potential (SE3) • Having access to Potential customers and retailers (SE11, SE12, SE14) • Identification of side opportunity (SE15) 	<p>Evaluation of business opportunity</p> <ul style="list-style-type: none"> • First external evaluation (SE4) • Development of business plant (SE5) <p>Application to establish subsidiary: Contact, application, financing decisions</p> <ul style="list-style-type: none"> • Negative (SE6) • Positive (SE7) <p>Legal permission from local administration to build pelletizing plant (SE8)</p> <p>Employees (SE9)</p> <p>Recruitment of mentors (SE10)</p> <p>Introduction of product at trade fair (SE12)</p> <p>Contact and order from international buyers (SE13, SE14)</p>

5.3 Description of case P (Private-Owned firm)

Firm P was registered in June 2003 in Mekong Delta, currently producing 50 400 tons of rice husk pellets per year. This company was established by a pair of husband (Paul) and wife (Paris), each of them has responsibilities in a different area. The founders are strongly enthusiastic about the possibility of doing business overseas. They believe that expanding abroad could secure a better future for case company and gain higher profits. Therefore, they made the first attempt to foreign market very early, one year after the production start up.

The opportunity: The business opportunity was actively searched, as Paul had been always eager to establish his own business.

Thank to his schoolmate, Paul discovered the potential of exporting rice husk pellets. First of all, rice husk pellet enjoys a significant market for renewable biofuels, as countries seek alternatives to reduce dependency on deposit energy sources such as coal and oil. Second, the product also enjoys government's support due to its renewable characteristics as Vietnamese government has funded researched on rice husk pellet production technology as well as provided low interest loans.

The market gap was biomass for heating system at farms. This was where firm P aimed to be positioned. Paul explained that two main competitors (including firm S) was targeting at power plants, it is necessary as a new and smaller player to identify new segment in order to get into the industry without competing with existing players.

The entrepreneurs: Firm P was established by a pair of husband and wife, Paul and Paris. They met in university in the 1990s when they both studied foreign trade program. The two founders have very similar backgrounds with regard to business education, and ambition of running their own business.

Previously, Paul worked as director for a fertilizer NPK state owned company. From his position, he built up a considerable contact network that can be used for the new firm.

His wife, Paris has much more experience of being an entrepreneur because she was one

of three founder of Handicraft Company. She has extensive experience of different tasks such as general management practices, market research, product development, and customer services. Most lately, before starting firm P, she decided to sell her shares at Handicraft Company to another person and jointly establish firm P with her husband. In firm P, the responsibility areas was splitted as Paris handles marketing issues, Paul is responsible for product development and testing.

The international ambitions: the entrepreneurs had international ambitions from the inception. Similar to firm S, international market demand was the main motivation for the entrepreneurs to start the firm. However, due to lack of finance, they had to focus on domestic sale in the beginning in order to gain enough capital. As both founders always had a very open attitude towards internationalization, the domestic market was seen as too small and not a viable option to focus on. Thus, after one year, they decided to expand their business internationally as initial planned. They quickly received order from their first foreign buyer and this buyer has also functioned as an agent for international sales. After three years, their products have been sold to several foreign markets.

5.3.1 Critical events during the development of firm P

PE1. *Developing network at P1*

From 1990 to 2001, Paul worked for firm P1, a fertilizer NPK state owned company. But he had always been planning for his own business. He understood that relationship was very important and pre-requisite to establish a private enterprise. Thus, he actively developed a board network while working at P1.

PE2. *Product idea*

Having entrepreneurship spirit, Paul actively searched for business opportunity. He was more interested in exploring new product ideas than exploring business ideas.

Paul accidently met P2 who lived in the Mekong Delta. P2 suggested that Paul should find more information about rice husk pellet since the national and international market demand of pellet was increasing while only two pelletizing factories existed in Vietnam.

Paul had good feeling toward this product idea and decided to find more information from the Internet. Paul realized high potential of this product idea, which is greatly demanded and supported.

PE3. Paul and Paris mentally take the decision to start a firm

Recognizing high demand and profitable of biomass pellets in both domestic and international market, Paul and Paris decided to capture this opportunity and establish firm P. They believe that expanding abroad could secure a better future for firm P and higher profits. However, due to lack of capital, they decided to firstly build a small-scale factory with one pelletizing machine, to supply rice husk pellets for domestic buyers. Neither of them wanted to take bank loans, instead they decided that they would first seek for the help from family, and closed friends.

PE4. Legal registration of the firm

Firm P was legally registered in 2003. The entrepreneurs mentioned this event to emphasize that firm P was now officially established.

PE5. Approaching local factory farms for testing product

The initial plan of the founders was to supply pellets for local power plants. However, Paul realized that firm P could not compete with other pelletizing factories (including firm S) who were currently providing pellets for power plant, instead Paul would try to sell pellets to factory farms for heating.

Through another friend, the entrepreneurs had a chance to approach two biggest factory farms, P8 and P9 in Mekong Delta. They were impressed and willing to try rice husk pellets as replacement of coal used at farms' heater system. Test result showed that pellets have superior burning capability than coals. P8 and P9 became their important domestic customers. These customers did not only help firm P in earning profit, but also in testing product before it made the first attempt to foreign market.

PE6. Decide to expand business to international market

Domestic sales quickly increased after only one year. Thus, they aimed to increase the production of rice husk pellets from a daily capacity of four tons of rice husk pellets. Both founders wanted to invest in new equipments in order to expand abroad as per original plan.

PE7. Negative answer from financiers

Immediately after the decision to expand the firm, Paul and Paris prepared a business plan and contacted potential financiers. However, they all rejected their loan request because Paul and Paris did not have enough real property to secure the loan. Even though government had released support program to help entrepreneurs in renewable energy sector, both founders could not have access to these financial packages.

PE8. Financial support from local investor P11 and SaiGon Entrepreneurs Club P12

Paul and Paris decided to present their business plan to a local investor P11. This local businessman was well known as founder of a successful company in Mekong Delta region. Luckily, P11 believed in the potential of the innovative product and offered loan with same interest rate with banks.

At the same time, their mutual friend P10 thought this business plan sounded promising and recommended them to contact P12 – Sai Gon Entrepreneurs Club – to seek for more financial support and assistance for business plan development. Things went smoothly and firm P was granted financing in the form of a loan from one club member and subsidy from P12.

PE9. Analysis of competitors

Information about competitors was actively discovered by many different ways, mainly by searching on the Internet. Especially, Paul contacted professor P13, one of main authors of “Global Pellet Market” annual report via emails. Paul had collected invaluable information on competitors’ strengths and weaknesses. Most of them have problem with the high amount of ash/Si content in rice husk pellets. Also, Vietnamese

suppliers had quality issue and price CIF ARA.

PE10. Product development

The entrepreneurs immediately started to invest in product development to eliminate the current weakness of rice husk pellets. They collected information on technical solutions from different sources especially from experts of energy institution P14, main customers (P8 and P9), as well as supplier P5.

PE11. Recruitment of marketing person

In summer 2005, trade promotion agency P15, in cooperation with SIDA and Swedish Energy Agency, organized information workshop about energy and sustainable growth. During the workshop, Paul and Paris were impressed by P16 who speak English frequently and had good contact with foreign visitors. Immediately, they approached P16 and invited her to work for them as a marketing representative. However, P16 was working as full time for the Netherlands Development Organization in Vietnam, so she only agreed to work as part time for firm P. For the entrepreneurs, P16 is considered as a great asset.

PE12. Product introduction at trade fair

Their product was introduced at “Energy and Sustainable product” annual trade fair organized by trade promotion agency P15. Luckily, only two firms (including firm P) with similar products were presented at the fair. The product was well received and raised great interest from both local and international visitors. Trade fair helped Paul and Paris to identify some potential foreign customers and retailers, however the progress was not as quick as desired.

PE13. First international order

One of Paris’s relatives, P17 who resides in Poland visited Vietnam in late 2005. He suggested that they would expand their business abroad since wood pellets are very popular in Poland for household heating system. P17 talked about rice husk pellets when travelling around Poland on his business trips. Thereby, firm P received their first

international order from a large-scale factory farm P18. This also turned out to be the case that this buyer later on became an agent for international sales.

PE14. Possible new large international buyer

The Dutch organization in Vietnam (P19) published a research titled “Renewable Energy in Vietnam” in 2006. After that, two Dutch pellets traders contacted them for rice husk pellets suppliers in Vietnam.

Paul obtained contact details of one of these two traders (P20) through P16, and in return he offered P16 high commission possibilities if firm P succeeded in getting a new buyer. Paul and Paris decided to visit P20 in the Netherlands during their summer holiday. Paris gave a presentation of their product and then discussions with questions and answers were held. Negotiations continued after their visit, the result was positive and firm P got a contract for large order of rice husk pellets.

5.3.2 Opportunity exploration and exploitation activities of firm P

Similarly to firm S, opportunity exploration in firm P involved three activities of entrepreneurial insight, opportunity identification and entrepreneurial preparation. In contrast to firm S, initial international opportunity identification was a conscious and planned activity involving the search for new product idea. Rice husk pellets were highly perceived as potential product for manufacturing. Two founders strongly believed in the opportunity and the inspiration for starting a new firm in order to exploit opportunity. In addition to the initial business opportunity, opportunity identification involved access to potential national and international buyers through relationships and participation in trade fairs, exhibitions, and the likes.

Opportunity exploitation in firm P consisted of nine main activities. Due to financial limitation, entrepreneurs had to arrange finance through close relationships with friends and family to firstly establish firm mainly for domestic sales, then test products with local customers before going abroad. More critical activities happened when the entrepreneurs decided to expand their business to exploit the initial international

business opportunity. They continued developing a business plan for fund raising, and for analyzing international market demand and strengths - weaknesses of other rice husk pellet exporters in order to create competitiveness. To increase awareness of international buyers, firm P sought for a professional marketer to strengthen the workforce. Lastly, participation in trade fairs was also considered as a critical event since it increased international awareness, offering a chance to identify potential customers.

Table 6. Opportunity exploration and exploitation of firm P

Exploration activities	Exploitation activities
<p>Entrepreneurial insight</p> <ul style="list-style-type: none"> • Being entrepreneurial- minded (PE1) <p>Entrepreneurial preparation</p> <ul style="list-style-type: none"> • Development of network (PE1) <p>Opportunity identification</p> <ul style="list-style-type: none"> • Identification of product idea (PE2) • Identification of market gap (PE5) • Identification of international customers (PE12) • Having access to potential customers (PE13, PE14) 	<p>Evaluation of business opportunity</p> <ul style="list-style-type: none"> • Evaluation of demand (PE2, PE3) • Analysis of competitors (PE9) <p>Fund – raising</p> <ul style="list-style-type: none"> • Seeking helps from family and closed friends (PE3) <p>Legal legislation (PE4)</p> <p>Test product (PE5)</p> <p>Decision to expand business (PE6)</p> <p>Fund – raising again</p> <ul style="list-style-type: none"> • Contact, application, financing decision negative (PE7), positive (PE8) <p>Product development (PE10)</p> <p>Recruitment of professional marketer (PE11)</p> <p>Introduction of product at international trade fair (PE12)</p>

The main opportunity exploration and exploitation activities derived from the critical events are summarized in the below table. When comparing those activities of both firms, it can be seen that they have similar activities in a large extent, only few unique activities that happened in either firm P or firm S.

Table 7. Summary of opportunity exploration and exploitation in both case firms

	In common to all cases	Unique to one case (S or P)
Opportunity exploration activities	Entrepreneurial insight Entrepreneurial preparation Opportunity identification <ul style="list-style-type: none"> • Identification of market gap • Identification of international customers • Having access to potential customers 	Identification of problem (S) Identification of side opportunity (S)
Opportunity exploitation activities	Evaluation of business opportunity Fund – raising Legal legislation Recruitment of capable employees Introduction of product at international trade fair Contact and order from international buyers	Application to establish subsidiary (S) Test product (P) Fund – raising again (P) Product development (P)

6. THE INVOLVEMENT OF NETWORK IN BUSINESS OPPORTUNITY EXPLORATION AND EXPLOITATION

Network relationships are analyzed based on the entrepreneurs' perspectives. 36 unique important relationships were captured during the interviews, presented in appendix 1 and 2. However, one particular relationship can be mentioned in more than one event, thus the total amount of relationships involved in business opportunity exploration and exploitation are 50 relationships in both studied firms. Those relationships are either old relationships such as relationships with family members, schoolmates, old acquaintances, and business partners created by the entrepreneurs earlier at previous workplace or new relationships which are formed during company development.

This chapter analyses multiple aspects of relationships in relation to their involvement in the studied firms' business opportunity exploration and exploitation. The critical events during firm international entrepreneurship identified in previous chapter are used as a frame to dig deeply the involvement of networks in each event

6.1 Analysis of multiple aspects of networks

Based on the theoretical part, each of relationships is analyzed in multiple aspects in terms of type of relationships, strength of relationships, and function of relationships.

6.1.1 Types of networks

Each critical relationship described by entrepreneurs is evaluated and classified into three types of network: business, social, and intermediary. A total of 36 relationships were found in both cases. Only intermediary relationships were clearly mutually exclusive. Among others, there were 5 relationships that involved both social and business exchanges. This is similar with the results based on semi-structured interviews with 50 Chinese and non-Chinese employees in a convenience sample of 24 Scandinavian companies, conducted by Bjorkman and Kock (1995). To be specific, social and business networks can (do) overlap. The entrepreneurs even regard personal

relationships as prerequisites for most information and business exchanges. Thus, the last interview was arranged in order to get more information from the entrepreneurs in order to determine those five relationships as either more business than social relationship or more personal than business relationship.

Table 8 provides examples of how the entrepreneurs described their relationships, and shows the number of relationships in each firm according to types. Besides intermediary networks, social networks include social and more social than business relationships, business networks include business and more business than social relationships. All these relationships were considered as being important for critical events. As shown in the table, more relationships were involved in the private firm P (n=20) than the state-owned S (n=16) during their international entrepreneurship.

Table 8. Different types of networks used by entrepreneurs of each case

Type of networks defined in this thesis	Descriptive words captured from interviews	Number of relationships in		
		Firm S	Firm P	Total
Social relationships with friends, relatives, acquaintances, and employees) who contribute to facilitate business exchanges.	Sharing personal information and interests			
	Relationships based on friendships			
	Being family, school mates	8	11	19
	Emotional supports			
	Playing sport together			
	Frequently meeting outside			

	business context			
Business relationships, in which economic exchanges happen between the entrepreneurs and other organizations or individuals	Mostly concerned to business related issues			
	Frequently contacting via phones, emails	5	6	11
	Meeting within business context, however sometimes they also meet in private but also for business discussion			
	Rarely talking or sharing personal issues			
Intermediaries are “important non-business actors that are not directly related to a specific purchase or sale, but who act as vehicles for information, communication, and influence”.	Trade promotion agencies			
	Trade fairs organizers	3	3	6
	Chamber of commerce			
	Business forums or entrepreneurs club			
Total		<u>16</u>	<u>20</u>	<u>36</u>

Social relationships have been actively involved in critical events and constituted the largest group of relationships (19 out of 36 relationships). They are mostly originated from relationships with family members, schoolmates, and colleagues from previous workplace (n=17). Only two new relationships (n=2) established by private firm P for the purpose of firm development are business related acquaintance (P13) and marketing employee (P16), whom Paul and Paris approached for product knowledge and

international marketing competency.

Business relationships represent the second largest group (11 out of 36 relationships). While social relationships are mainly old ones, business relationships are often new and are results of formal search by the entrepreneurs (7 out of 11 relationships). They are domestic and international customers, suppliers, and investor. Especially, only one out of six business relationships of firm P's founders is already existed in their network, the rest (n=5) are newly created. It is because biomass product is a brand new business area for them. Thus, they had to proactively search for actors and develop relevant networks within the industry. In contrast, firm S's entrepreneurs enjoyed more benefits from their old business relationships (two out of five), especially business relationship with mother firm S1, from the beginning of their business.

Intermediary relationships account for only a total of six relationships for both firm S and P. None of entrepreneurs of firm P had contacted with these actors prior to firm's establishment. Thus, all of those relationships are new established relationships of firm P's entrepreneurs. In contrast, as Sam had long experience of working for state-owned company, thus it is undoubtable that he had built and maintained relationships with those trading intermediaries. Although intermediary relationships have had limited involvement in critical events, they have been considered to be very important for firms' development, especially in opportunity identification.

In general, the basis of data analysis indicates that social relationships are used to a larger extent in firms' international entrepreneurship than business and intermediary relationships, especially during the early development stage. This tendency shows truer in the case of private firm P than in state own firm S since their social relationships amount are almost double than business relationship.

6.1.2. Strength of networks

As mentioned in the theoretical part, strength is another aspect of relationship. The strong levels of critical relationships also affect business opportunity's exploration and exploitation. Thus, each relationship's strength is determined and classified as either strong or weak ties based on the entrepreneurs' explanations during the interviews. Similar to types of networks, some determinant factors, which explain the strengths of ties are captured and shown in table 9. The number of relationships for each case according to each level of strength is also indicated.

Table 9. The strength of networks for each case

Strength of relationship defined in this study	Descriptive words captured from interviews	Number of relationships in		
		Firm S	Firm P	Total
Strong ties are close, based on trust, mutual respect and commitment, deep knowledge and experience of each other.	Being good and close	8	9	17
	Open, can talk and share most of the things, both personal and business life			
	Feeling reliable to work with			
	Showing commitment			
	Actively involve to solve problems			
	Willing to help unconditionally Creating and maintaining mutual			

	trust and respect			
	Being inspiration source			
Weak ties are defined as “ a superficial tie not yet based on strong trust, where the parties do not know each other well and are not emotionally close”.	Not close			
	Meeting occasionally, even faceless	8	11	19
	Being contact only when needed			
	Not important, can be replaced			
	Not much mutual commitment			
Total		<u>16</u>	<u>20</u>	<u>36</u>

Strong relationships account for 17 out of 36 relationships. Only four (n=4) strong relationships were utilized in opportunity exploration. The major part was effectively utilized during opportunity exploitation phase. The result shows consistence with Oviatt et al. (2005: 545) findings that strong relationships are more frequently involved in the start-up phase of firm’s development. In this phase, the entrepreneurs are mostly dependent on strong relationships with family members, friends, and business partners in order to mobilize resources needed to develop strategic actions for opportunity exploitation.

An illustrative example of strong tie is found when Sam talked about his relationship with S4, a manager of financial department at mother firm S1:

“He is my good friend and colleague who understands me extremely well. We graduated from the same business university and used to work for the same company. It was very pleased and fun to study and work with him. We can totally trust and respect each other’s opinions. Whenever, I face any difficulties, he is the one I approach for both emotional support and advice since he has extensive experience of running business. “

Similarly, Paul explains the strong of business relationship with P5, a rice-milling owner who later became supplier as below:

“P5 was my business partners when I worked at NPK Company. He is a very nice person. It was very natural that he became my supplier after I launched my new firm because his rice mill produces tons of rice husks. He gives good prices and we have been able to trust their deliveries .Our relationship becomes closer because we talk regularly, honestly and involve actively for mutual benefits”.

Interestingly, eight (n=8) of 17 strong relationships were newly established business relationships. The entrepreneurs quickly develop relationship with new customers and suppliers into strong relationship and are willing to invest time and resources in order to maintain good relationships. Thus, two observations can be drawn from the results. First, it can be stated that strong relationships do not need to be old ones. Second, important business relationships are strong ones, which also mean that weak ties only contain social and intermediary relationships.

Weak ties are not more numerous than strong ties in both firms. From the entrepreneurs’ response during the interviews, it is noticed that relationships can be weak, but important, especially in opportunity identification because they are often diverse sources of novel information and resources. They constitute 19 out of 36 relationships. In particular, the data indicates that most of weak relationships (n=14) were old relationships. No new weak relationship was found in firm S, only five (n=5) relationships were newly formed by the entrepreneurs of firm P. So once again, the results imply that the founders of private firm P had to be more active in search for and building relationships with actors in relevant network for the development of their firm, while state owned firm S can enjoy benefit from their old relationships.

Shane explains an illustrative example of weak relationship.

“I searched information about pellets in the Internet and got to know that P13 were

doing research about international pellet markets. Immediately, I contacted him for more information of the product and market via emails. [...]. He provided quite lots of valuable information and suggestion about potential market, in return I gave him information about Vietnam's rice husk pellets industry which partly contribute to his report. But we have never meet each other, only contact via emails”.

6.1.3 Functions performed by networks

The entrepreneurs seem to utilize different functions of relationships in the critical events during the firms' international entrepreneurship. Data analysis shows that the entrepreneurs extensively utilize their networks in different situations, which helped them in gaining their desired results. When analyzing these relationships, functions performed by actors in networks are classified into four categories: discussion, information, advice, and resource acquisition. One may argue that information is one kind of resource such as material, finance, and human resource. However information is so crucial as a network function, thus it is placed in a separate category. The labels for these four functions are derived from the entrepreneurs' explanations. It is noted that one actor can perform more than once functions. Thus, among 36 different relationships involved in critical events relating to exploration exploitation of the business opportunity in both cases, seven relationships (S3/9/10/11/16 and P12/15) have performed two different functions and thus in total 43 relationships have been involved.

Table 10. Different functions performed by networks

Functions of networks	Descriptive words captured from interviews	Firm S	Firm P	Total
Discussion	Regular meeting to: Share business ideas Discuss challenges faced during operation Propose solutions to overcome problems, or eliminate negative impacts.	2	0	2
Information	Markets and customers information New regulation of government Foreign trade information such as tariff regulations, standard norms for security, modes of payment, and delivery terms. Information of available trade fairs Information on financial aids	6	10	16
Advise	Approaching advisor on planning and construction a pellet factory Asking opinions about technical issue Seeking advice on financial plan	1	1	2
Resource	Financial, raw material, and human resources Broaden networks Access to potential national and international buyers and retailers Access to international distribution channel Knowledge about market and products Trustworthiness and reputation	12	11	23
Total		<u>21</u>	<u>23</u>	<u>43</u>

Resource network constitutes the largest group of relationships with 23 out of 43 relationships. These relationships proved more diverse and greater in number and helped entrepreneurs acquire necessary resources such as finance, human resource,

access to potential customers, access to established channels in international markets, and additional relationships in foreign markets. The data analysis indicates that state-owned firm S tends to acquire necessary resources through their old relationships since 11 out of 12 relationships are old ones. On the other hand, private firm P has almost equal amount of old (n=5) and new (n=6) relationships serving as resource acquisition networks.

Information network constitutes the second largest group of relationships, consisting of 16 out of 43 relationships. The entrepreneurs describe these relationships as a source of concrete information about biomass products, players in biomass and biofuel market, and target market information. Nine out of those relationships are newly relationships (n=9), which resulted from an active search by entrepreneurs.

Advice network are found in only 2 relationships. Advisors are old (n=2) relationships. Entrepreneur considers their advice important for evaluating business opportunities and technical issues. Advisors are mentor who have extensive experience of doing business domestically and internationally within the industry, and expert working at energy institutes who have extensive technological knowledge. Indeed, through advice network, entrepreneurs do not only gain better insights of the products and markets, but also improvements of both products and existing standards.

Discussion network have been found only in firm S and involved in critical events to a very limited extent. They are accountable for two out of 36 relationships. However, these relationships are considered to be decisive relationships in opportunity identification of firm S. Both the initial opportunity and the side opportunity of the firm were discovered through discussions with others in relevant network. Sam explained: *“This local business forum (S16) is a great place for small businesses to network, share, discuss, and polish our business ideas. We are all kind of ambitious and determined people, being together once per month. When we meet, we discuss about several business related issues [...], and problems we face. [...]. Their problems can become our opportunities [...] and we might become business partners.”*

In general, it is observed that resource acquisition and information relationships are used more extensively in critical events of firm development than other functions of relationships. Furthermore, it is evident from the data analysis that the entrepreneurs tend to approach their existing relationships when acquiring resources while developing new relationships to acquire information.

6.2 Networks' involvement in opportunity exploration

During business opportunity exploration phase, social and intermediary relationships are involved almost equally while business relationships are less involved. Figure 8 indicates clearly a tendency that the entrepreneurs have utilized their relationships mostly for acquiring information and resources during the opportunity exploration phase. Based on the observed tendency, it is necessary to discuss and analyze how exactly relationships of entrepreneurs involve in business opportunity exploration in term of information and resources acquisitions.

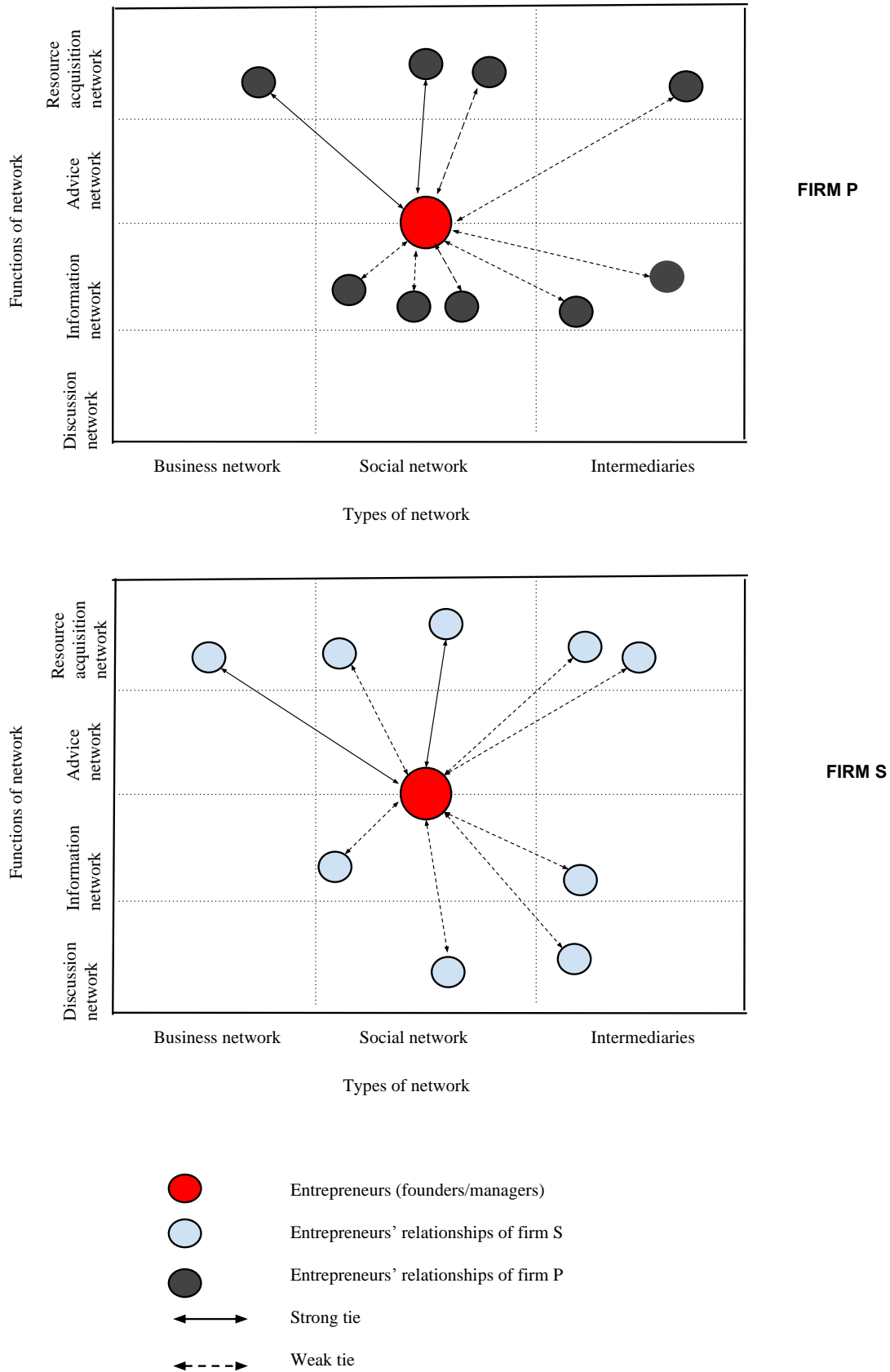


Figure 8. Illustration of the networks' involvement in opportunity exploration

6.2.1 Network as a source of resources

Above figures show that resource acquisition relationships have been the most beneficial source for international opportunity exploration, not only in entrepreneurial preparation but also in opportunity identification. For the entrepreneurial preparations, a social relationship with previous workplace P1 and a business relationship with mother firm S1 had created good condition for the entrepreneurs to establish and develop relationships, which they would need when starting firm P and S. For the opportunity identification, relationships offered the entrepreneurs different kinds of resources: access to niche technology, access to potential national and international customers, and access to international marketing and distribution channel.

The most important relationship involved in opportunity exploration of firm S is from Sam's personal relationship with S3 who was a retired director of an energy company, later became mentor of firm S. Through S3, Sam got *access to the pelletizing technology* developed by Shane, who later became co-founder. For Sam, S3 was importance because he did not only broke Sam to the father of rice husk pelletizing technology in Vietnam, but also contributed to Sam's entrepreneurial insight, which support for his belief in the opportunity. S3's encouragements and positive comments about business plan were indeed a critical trigger for Sam to make a decision to build a rice husk pellets factory. Sam explains:

“ I knew S3 long time ago through our mutual friend. Honestly, S3 is the main actor behind the fact that I started this whole project. He was the one who give me the weapon to solve our problem regard to environmental pollution caused by husk from S1' rice mills. Without his positive attitude and great introduction of pelletizing technology from the very beginning, I'm not sure that I would even find such a great business opportunity”. (Sam 2013)

Additionally, existing relationships have been contributing *access to national and international potential buyers* as well as with *the provision of international visibility*. In this respect, a friend (S9) from Shane's school who was working at a large power plant is a good example because S9 was the bridge between firm S to potential

customers at power plants in Mekong Delta region. Similarly, through relationship with P4, who used to be a customers of Paul at his previous workplace, firm P had access to two biggest factory farms (P8 and P9) in the region to approach their opinions about using rice husk pellets as fuel or co-fuel for their farm's heating system. Both of them were very impressed about the product idea and expressed willingness to take a try. Paul explained:

“In the beginning, we had to rely on our relationships to have access into the market. We already determined that factory farms are our main targets. However, It would take time and resource to convince potential farm owners; either you have to be able to really impress them with the product's benefit or you offer really competitive prices. We chose shorter way to approach potential buyers through our friends who used to be my customers at previous workplace since they have very good connections with local factory farm owner.” (Paul 2013)

Intermediary network such as relationships with national and international trade fairs organizers and trade promotion agencies are also considered as an efficient channel to approach potential customers, especially international customers. Sam and Shane emphasized that participation in trade fair organized by Chamber of Commerce S13 was the best chance to make the firm S and their product more visible internationally. In the international trade fairs, they had chance to communicate with potential cooperators from different countries. The meeting with the future business partner S15 was described thus:

“We met our biggest Korean customer in one trade fair. He seemed very impressed with our product functions. [...] He was running a medium-scale power plant and our product meet their demand perfectly. We had good conversation during the fair. We saw a green light when he emailed me soon after the fair, and our cooperation started soon after that.” (Sam 2013)

Similarly, firm P also participated in international trade fairs and exhibitions organized by trade promotion agency P15. Unfortunately, no international contact was made for the fairs. Their opportunity to access to potential international customer indeed came

from the entrepreneurs' relative (P17) who lives in Poland. P17 was really active in unofficially marketing rice husk pellets when being contact with foreign potential buyers. Eventually, P17 helped firm P to have contact with Polish customer P18, who later on *acting as the firm's marketing and distribution channel*. This has opened up doors to international market opportunities for firm P in the biomass industry because P18 is a large-scale factory farm with good reputation in Poland and good relationship with other potential buyers. After having a pleased cooperation with P18, the entrepreneurs of firm P are able to convince other factory farmers in turn to trust and use their products. Paul explained that they prefer to utilize existing relationships to approach potential new buyers. He said:

"In order to have new international customers, we have tried two ways, either participating to international trade fairs or exhibitions which is really depend on luck, or going through existing relationships which is our preference way."(Paul 2013)

6.2.2 Network as information providers

In today's knowledge-based society, information has become a decisive resource. Relationships form significant platforms for exchanging *information about market demand and needs*. The results presented in figure 8 shows that relationships are more actively utilized for firm P (n=5) than for firm S (n=2) to obtain information for business opportunity exploration. Interestingly, information is only gathered through weak ties consisting of social and intermediary relationships, no business relationship was performed as information provider.

Social relationships provided firm P valuable information about both domestic and foreign market demand for such products that the entrepreneur intended to produce. This was of particular relevance since the initial business opportunity of firm P was not based on a recognized problem as firm S's was, but based on the market information gathered from the founder's friend. The initial opportunity was identified when a schoolmate P2 shared to Paul valuable information that current supply of rice husk pellets did not fulfill the national and international market demand. This was partly due to the existence of only two pelletizing factories in Vietnam at that moment. Paul was

impressed with the information and decided to seek more relevant information.

For firm S's entrepreneurs, *market information can be in the form of regulatory issues or industry-specific knowledge*. A friend (S9) shared with Shane information, which he obtained from a seminar about environmental issues organized by An Giang Committees together with one Netherland Organization in Vietnam. Through information given by S9, Shane saw "great opportunities in the Netherlands pellets market" since the Netherlands committed to reduce greenhouse gas emissions regarding to their commitment to Kyoto Protocol. In 2011, the Netherlands government clearly intent to mandate eventually co-firing of biomass at all coal- fired power utilities. Hence, some industry experts predict that the country would need to import biomass in the future in order to meet these guidelines. Immediately, Sam approached mentor S3 since he knew S3 had good relationship with one big power plant in the Netherlands, luckily S3 was willing to introduce firm S to this plant.

Interestingly, through another kind of relationship, the entrepreneurs of firm P also received similar information about potential market Netherlands. As being new player, their information about prospective customers was insufficient. Paul and Paris actively searched for more information from the Internet, and they found that P13, a Dutch researcher, was currently conducting an annual report of global pellets industry. They decided to contact P13 via emails. In a short discussion with P13 via emails, P13 mentioned that the Dutch market is one of two markets (UK and the Netherlands), which experience the strongest expected growth of pellet demand for power production until 2015, approximately 1, 5 Million tons. While the demand for biomass pellets for co-firing may grow in the coming years in the Netherlands, it would be mainly for large-scale co-combustion with coal to meet the Government's renewable energy target. From this, one can see that firm P conceived of the Netherland as a potential market due to high demand of pellets for generating electricity. However, business opportunity in the Netherlands was indeed appeared through founders' relationship with intermediary P19. Paris described the importance of the intermediary for their firm as follows:

"Intermediaries are extremely important since they are able to provide us information of potential foreign customers. Information is always important, and not all information can be found from public sources or the Internet. [...]. We used to cooperate with the

Netherland not-for-profit development organization in Vietnam in one project in Mekong Delta. As return, they shared valuable information that two Dutch traders were searching for rice husk pellet suppliers. [...]. So basically, P19 show us where to start, furnish us information about target markets, and then link us with potential business partners.” (Paris 2013)

For firm P, the entrepreneurs have utilized this organization as a mean of finding information of the right targets, and offering valuable information of market demands, which encourage the entrepreneurs in making decision to attempt the Dutch’s pellets market.

6.2.3 Network for discussion

Even though only two relationships perform discussion functions, which constitute the smallest group, but they are all decisive relationships of firm S. To accommodate this, the entrepreneurs emphasized the importance of specialized events organized by government ministries, aiming to assist state owned enterprises in their operation. Therefore, only firm S had chance to access these kinds of relationships for business discussion purpose. However, private enterprises have been recently allowed to attend those events. In particular, through relationship with government ministry S2, the entrepreneurs of firm S were frequently invited to specialized seminars or workshops to discuss problems appear from their business operations and propose solutions to mitigate or eliminate negative consequences. In one seminar regarding to air and water pollution caused by rice husk from rice mills in An Giang Province, the initial business opportunity of firm S was identified, which was to transfer the rice husk into biomass pellets, a profitable product for exporting.

Another important relationship of firm S for side opportunity recognition was with business association S16. The association invited all entrepreneurs in the region to an annual meeting from which Shane had chance to meet an owner of big scale factory farm. They were enthusiastic discussing about environmental issues, a great product idea was created after dinner, which was pellets from crop residuals using for animal feeding. Immediately, the product idea was turned to potential business opportunity. In

short, relationships with business association and government ministries are an expensive means for the identification of business opportunities of firm S. Through those relationships, the entrepreneurs can obtain valuable *discussion which lead to creation of new product ideas*.

6.3 Network's involvement in opportunity exploitation

Relationships have been actively involved in all opportunity exploitation activities in both studied firms, except for legal registration in private firm P. In particular, the relationships have been beneficial in a number of ways in different exploitation activities such as offering market and technical knowledge, assisting firms to overcome resource limitations (finance, human, and raw materials), as well as providing information and advices for development of business plan as presented in figure 9.

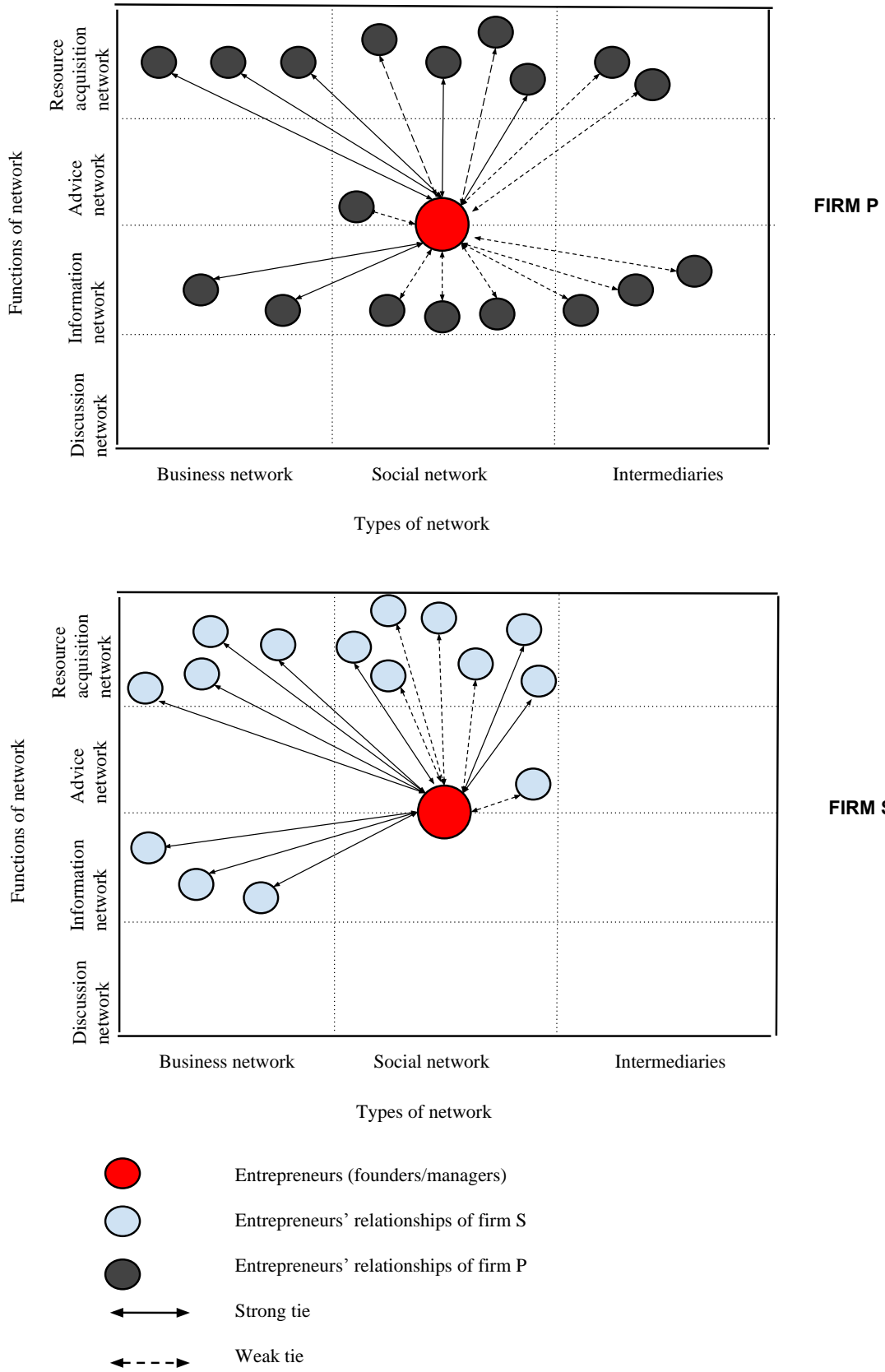


Figure 9. Illustration of the networks' involvement in opportunity exploitation

6.3.1 Network as a source of resources

While analyzing the data from respondents, it is clearly indicated that the entrepreneurs have utilized relationships in different networks for evaluating business opportunities and developing business plan. Relationships have contributed not only with relevant *market knowledge*, but also with *technical knowledge*. To be specific, the entrepreneur's relationships contributed to writing business plan procedure with the biomass market knowledge and to plan and construction pelletizing factory with technical knowledge. Sam and Shane were very appreciated with helps offered by mentor S3 while they were preparing a business plan to propose to mother firm S1. The plan was considered as giving "business trustworthiness", which materialize an business idea by presenting several key elements such as estimation of market shares, costs and incomes as well as identification of strengths, weaknesses, opportunities and threats (SWOT). Sam emphasized that:

"We have indeed a very good cooperation with S3. His knowledge about energy industry and his professional way of working have indeed added value to our business plan. I was very impressed when he gave us a SWOT analysis. To be honest, I did not know the concept SWOT before. But indeed, his SWOT analyze really worked when I present our business plan to S1". (Sam 2013)

Another mentor S8 also provided very valuable technical knowledge on planning and construction a pellet factory. Based on S8's suggestion, Sam decided to invest heavily in production technology to reduce production cost and enhance product consistency. New energy-saving vehicles were installed to reduce energy consumption; also lubrication technology was applied to protect motors and increase their runtime – up to 25% – while maintaining product consistency.

While firm S enjoyed the external evaluation of business idea, as well as gained market and technical knowledge from relationships, the entrepreneurs of firm P acquired *knowledge about competitors and products* in biomass industry through P13. As firm P was not the first rice husk pellets supplier, thus those knowledge was very important for firm P to improve their product's quality, and then create their competitiveness to get into international market. P13 has extensive background in chemistry and

environmental science. He particularly interested in fuel supply strategies for large-scale biomass plants. P13 found that rice wood pellets suffer from a higher level of ash content, moisture content, and sulfur contents. Those characteristics are disadvantageous in small burning contexts. Therefore, Paul and Paris focused on product development to reduce the current weaknesses of rice husk pellets. As a result of close cooperation with their supplier P5, P5 actively involved in the product development process, which eventually helped firm P to achieve competitive advantage. Closer discussions were also held with two biggest local customers (P8 and P9) to seek for their opinions about the product's issue, and listened to their suggestions. Paris mentioned that:

“Our suppliers and customers indeed actively participate in our product development. We feel that our suppliers listen very carefully to our needs and we also listen very carefully to our customers. We are pleased that they are very co-operating to solve our problems rapidly. For us, that is very important.”

Additionally, the entrepreneurs of both firms dynamically develop and rely on their network relationship to ***overcome limited resources in product commercialization***. There are three kinds of resources limitations identified while analyzing data: ***financial, human, and material resources***.

As finance was the biggest limitation for firm P in the beginning of firm's establishment, the entrepreneurs had to heavily rely on closed relationships with family and friends (P6 and P7) to borrow money to build pelletizing factory. Paul explained, *“when we don't have sufficient financial resources, we firstly approach helps from our relationships; otherwise we are not able to pursue opportunities. My close friends and my family offered us financial support unconditionally during the start up phase of our firm”*.

However, when Paul and Paris wanted to expand their business to international market, the closed relationships was not able to provide them a necessary financial resource. Luckily, firm P received assistance from other weak relationships in both social and business network. The benefits include “access to network [...] discussion and advising partners [...] loans and other financing forms [...] and credibility which creates more

chances of getting financing” (Paul, 2013). In this respect, P11 who is very successful old businessman in Mekong Delta is a very good example. The entrepreneurs of firm P came into contact with P11 through their mutual friends. P11 was very impressed with business plan given by Paris, and was willing to offer firm P a loan with the same interest rate with banks. Interestingly, firm P then received a subsidiary from SaiGon Entrepreneurs Club and other financial supports, when they saw that P11 highly regarded the potential of the business idea. This also turned out to be the case that P11 has contributed not only with financial support and emotional encourage, but also assisted firm P in business management. Paul and Paris feel very satisfied to have contact with B16. Paul explained:

“P is an old man but very open minded person. Even I am younger than him but he allows me to discuss and argue freely without being critical. [...]. He is the most active member in Saigon Entrepreneurs Club, who helps new small firms during their start-up. For us, he is a good role model. His good reputation and extensive business experience have brought our firm trustworthiness which gives more chances for us to get other types of financing support.” (Paul 2013)

In contrast, Sam pursued the initial business opportunities through mother firm S1 by establishing a subsidiary S. Thus, firm S did not experience the same financial issue as firm P did since it is supported by strong mother firm S1. However, in this case, a proposal of establishing subsidiary of S1 is considered to be problematic for Sam’s intention. The Chairman of mother firm S1 took decisions that were more in line with his own interests than in the interest of firm S1 when he put his relatives’ business plans as priority. It was considered to be drawbacks for the exploitation of the initial business opportunity. However, Sam eventually received approval to start firm S after one year. In this case, Sam believes that close friendship with manager of finance department S4 indeed positively effect to the official decision.

Another resource that firms can acquire through network is human resource. Since firm S is located in agricultural area, it is tough for the firm to recruit talented individuals who willing to move from metropolitan areas. However, through the social relationships with colleague and acquaintances from Shane’s previous workplace, a technology university S7, firm S can access into a pool of potential technical students who eagerly

seek for a job without demanding. This is also the main recruitment method of firm P as Paris emphasized that firm P could find very good and trusted candidates through their current employees' recommendation. Paul also mentioned that those candidates tend to stay longer and perform better once they are hired through referrals.

Illustrative example of how potential employees are found through relationships is found in both firms. Having a good personal relationship with S3, firm S could invite him to work as mentor, and through Shane's university S7, firm S could approach another mentor S8. Their mentors' technological and business knowledge, as well as their previously developed network connections are highly appreciated in contribution with access to potential buyers and retailers. Sam emphasized that:

“Personal networks are very important when it comes to recruiting people [...] because that gives you information that can be trusted. Thanks to our connections for introducing us great mentors. We are more than satisfied to have them.” (Sam 2013)

Similarly, Paul and Paris came into contact with P16, a very talented marketing person through trade agency P15. During the introduction of their product at an industry trade fair, target customers from the Netherlands were very impressed by P16 as a marketing representative of firm P. This was considered as very important since it gave firm P more reliability to have an experienced marketing person who deeply understands the target market's business culture to be at their stand presenting the company's product. This raised interest and curiosity in the product.

Lastly, network may contribute to the firms with a source of raw material. Despite the massive domestic supply of rice husks, production of rice husk pellets is dependent on the harvesting of rice, which is affected by weather. Flood season in Mekong Delta has occurred unpredictably due to the construction of dams in China and Thailand. The lack of water causes soil depletion, which in turn significantly reduces crops. Although, this macro factor is the biggest threat to production of rice husk pellets, firm S has secured a large and consistent supply of rice husks, as they are protected by the mother firm S1, which specializes in sourcing and exporting rice. Similar to financial resource, firm S does not experience problem in obtaining material. In contrast, firm P has to actively develop and maintain good relationships with their biggest supplier P5 in order

to have good prices and availability of raw material. Paul said:

“Our approaches to supplier are needed to secure more flexible payment terms or bulk discounts. Interestingly, our supplier P5 used to be my favorite customer at previous workplace. It comes naturally that we can easily get along and understand each other. I think it is because we communicate frequently via email, phone, or face-to-face contacts. We know what we expect and negotiate a deal that’s mutually beneficial. [...]. Meeting outside business context such as going for lunch and meeting for coffee is also a way to maintain good relationship with P5.” (Paul 2013)

6.3.2 Network as information provider

As mentioned in exploration phase that even the entrepreneurs might identify several potential opportunities, more information related to market demand, is needed in order to decide and evaluate which opportunities are worth to pursue. Beside widely available information obtained from for example through the Internet, the entrepreneurs from both cases consciously develop their networks to gather information about foreign markets during their evaluation of international opportunities and development of business plan. The information is about international business activities in general and more exactly about target countries. Entrepreneurs tend to rely on different types of network to *familiarize to particular foreign markets*, and *enhance understanding about institutional and cultures differences*.

In order to gain that kind of information, firm P’s entrepreneurs heavily relied on its social network and partly on intermediaries as explained by Paul:

“Any piece of information about specific market is always very important. We try to gather needed information as much as possible from circle of acquaintances, friends, and friends of friends [...]”.

Additionally, trade promotion agencies assist firm P in their international expansion, with concentrate on exchange *information, interpretation about possible trade barriers*

such as tariff regulations, standard norms for security, modes of payment, and customers' preference delivery terms. For example, agency P15 recommended that rice husk pellets be currently quoted using Incoterms FOB, which limits the seller's responsibility (risk and cost) to the port of loading. Those have negative impacts on the entrance of rice husk pellet to the Dutch market, which has little experience with the product. Therefore, firm P arranges transportation and quotes using CIF term, which increases customers' satisfaction and creates competitive advantage to compete existing competitors. Paris mentioned

“No matter how big and large experienced an businessman is, it is not easy to make decision for the first action to penetrate foreign market. We always gather the relevant information needed prior to going to any specific market. For this, export promotion agencies help us to do so.” (Paris 2013)

In contrast, firm S's managers gained information about potential customers in Korea and the Netherlands through their business partners who have already been doing business to these countries. In particular, information about those markets comes from their suppliers of raw material. However, the information is limited in specific country's economic situation and business culture. These suppliers are mainly exporting rice and other agricultural products, thus no information has been received about how much rice husk has been sold to some specific countries. Sam intended to gain this kind of information in order to indirectly evaluate the business activities of competitors. However, he explained:

“Although our suppliers are not able to provide needed information about other rice husk pellet suppliers, but still we get some information about our target markets from them such as their sales, financial situations, or what kind of delivery terms are suitable for our exporting, and other similar information, which makes for us possible to estimate the markets differently.” (Sam 2013)

Lastly, figure 9 shows that most of relationships acting as information provider are found in firm P (n=8), only three relationships (n=3) are in firm S. It is partly explained

as firm P's entrepreneurs needed to utilize their network to gather information about the availability of financial supports, while firm S did not experience challenges in fund raising activities. Thus, entrepreneurs of private firm P were more actively in utilize their relationship for financial search than the one of firm S. Thereby, information of the availability of government or business associations' financial assistance programs was considered to be very supportive for them during fund raising procedure, especially when they received negative decision from financiers. Additionally, founders of firm P did not have experience of conducting business across nations as firm S's manager had. Therefore, more information was needed in order to have better evaluation of opportunities before firm P developed actions to exploit them. Obviously, firm P's entrepreneurs had initially identified available potential in international market, yet the company itself did not have sufficient financial resources and appropriate information to pursue the opportunity.

7. CONCLUSIONS

Answering research question of “How do entrepreneur’s networks involve in opportunity exploration and exploitation of international new ventures?”, this thesis aimed to enhance our understanding of the multiple aspects of entrepreneurs’ networks involvement in INVs with regard to the opportunity development process. The study is conducted as responses to the calls for more research on international entrepreneurship opportunities recognition (Ellis, 2008; Oviatt & McDougall, 2005; Zahra et al., 2005) and on the importance of entrepreneur’s networks in recognizing those opportunities (Ellis, 2000, 2008; Singh, 2000).

The theoretical frameworks was constituted based on three aspects of entrepreneur’s networks, consisting of type, strength and functions of network in relation with the entrepreneurial opportunity’s exploration and exploitation activities. The framework, then further empirically studied through a case study of two companies. Findings drawn from case study indeed contribute to network approach to internationalization of INVs in the context of transitional economy. It also contributes to research on opportunity exploration and exploitation of INVs.

This chapter will firstly discuss the most important findings drawn from data analyses, then theoretical and practical contributions, and lastly limitations & suggestions for further study.

7.1 Discussions on the most important findings

In this thesis, the involvement of entrepreneurs’ networks in opportunity-based approach to international entrepreneurship of INVs is examined in three importance aspects: types of network, strength of network ties, and functions of network. During data analysis, interesting findings emerge as these three aspects are analyzed simultaneously. The most important findings will be discussed further to develop propositions about the involvement of entrepreneurs’ networks in relation to opportunities exploration and exploitation.

7.1.1. The most important findings about types of networks

The entrepreneurs utilize social network as the most efficient means of helping their firms to internationalize more rapidly, especially in the early stage of the international entrepreneurship. Indeed, it has been proved in the study that business network may not be a vital part for INVs' internationalization, but the social ones. Collected data indicates that social relationships are accountable for the biggest part of entrepreneurs' relationships involved in opportunity exploration and exploitation (9 of 36 relationships or 53%)

When further examining appendix 1 and 2, the relationships (P1, P2... and S1, S2...etc.) are chronologically cascaded, meaning that the involvement of relationship P/S1 happened before P/S2 and P/S2 before P/S3 and so on, thus one trend is observed that the amount of social relationships involved is likely to decrease as firms develop. In contrast to the decrease of social relationships, the use of business and intermediary relationships increase. Especially, no social relationship was found in firm S's later stage of development. Although social networks are very important for opportunity identification in the emergence phase, business networks become more significant for strategically exploiting the opportunity. Networks then are considered as bridges to link firms with other actors (e.g. competitors, suppliers, customers), and to assist firms' marketing activities.

In addition, the findings show that entrepreneurs build additional relationships internationally through only few specific relationships in order to effectively access international customers. For example, firm S only use their business mentors' international networks to build new relationships with power plant customers in the Netherlands; firm P rely on a good relationship with a Polish customer to approach other Polish factory farms.

Based on the above discussion the following propositions, which are related to types of networks involved in opportunity exploration and exploitation of studied firms, are developed:

Proposition 1a: Social network ties are a more important source for opportunity exploration and exploitation than other types of network.

Proposition 1b: The entrepreneur's networks develop from consisting mostly social relationships to more business relationships during firm's international entrepreneurship process.

Proposition 1c: It is the matter of the quality of relationship, not the quantity: "right people and firms at the right time".

7.1.2. The most important findings about strength of networks

In term of strength of relationships, weak ties were mostly used in exploration of business opportunities (14 out of 18 relationships). This study analyses strength of the relationships that were involved in exploring business opportunities, and found that they are mostly weak relationships among friends, acquaintances, and trade intermediaries. This can be explained by notion of the 'strength of weak ties' of Granovetter (1973) as the entrepreneurs interact with weak ties only occasionally; hence weak ties are able to offer diverse information that might not available through an entrepreneur's strong ties. As such, one could have assumed that opportunity identifications, consisting of identification of product ideas, information of market gaps and market demands, and access to potential national and international customer are connected with weak ties.

In addition, it is found that strong relationships are assumed to be unnecessary for the opportunity exploration process because they did not provide any new opportunity at all. On the contrary, strong relationships are perceived as important in opportunity exploitation, which could be explained by the willingness to offer assistance and the high credibility characterized by strong ties. In this study, strong relationships are found to be valuable because they provide information of target markets, involve in development of product, and assist firms to overcome limited resources such as financial and raw material resources during the exploitation of business opportunities. It

comes naturally that whenever firms lack resources, entrepreneurs approach their networks and especially strong networks since they are willing to help without expectations. Thereby, two firms in study did not experience drawbacks of strong relationships; instead they enjoy the benefits contributed by strong ties.

Interestingly, no relationship in business network (both new and old relationships) is a weak tie in this study, indicating that type and strength of relationships are not related. Thus, the strength of relationship should not be determined based on types of relationships; for example, families or friends do not guarantee strong relationships. The entrepreneurs might have frequent contact with some relationships over a longer period of time, but they do not consider them as strong relationships. In contrast, the entrepreneurs developed their new business ties with important customers and suppliers into strong ties very quickly. They invest time and efforts to maintain the strength as long as their business partners maintain commitment and trust. Hence, it is proposed that the strength of relationships is determined on the basis of subjective measurements of commitment and trust in relationships rather than statutory criteria of frequency and duration.

Based on the above discussion, the following propositions related to strength of networks involved in opportunity exploration and exploitation of studied firms are developed:

Proposition 2a: While strong ties are considered as unnecessary in the opportunity exploration, weak ties positively impact the identification of business opportunities.

Proposition 2b: The entrepreneurs do not experience drawbacks from strong ties; instead they benefit from them during opportunity exploitation.

Proposition 2c: The entrepreneurs develop important business relationships into strong ties very quickly and then invest time and resource to maintain the strength level.

Proposition 2d: Frequently contact and duration of relationship do not guarantee a

strong relationship; instead trust and commitment are the main determinants.

7.1.3. The most important findings about functions of networks

The role and importance of entrepreneur's network has been highlighted in previous studies (Burt 2004; Elfring & Hulsink 2003; Johanson & Mattsson; Granovetter 1973; Oviatt & McDougall 1994). This study reinforces the idea that information and resource acquisition are the most frequently called functions in both exploration and exploitation business opportunities of the INVs.

The entrepreneurs consider gathering information as a key in international entrepreneurship process. Especially, the information about foreign market demand was not only a trigger for firm P's founders to establish the firm, but also a pull motivation for firm S to attempt new foreign markets. They heavily rely on their relationships to gather information about market research information which identify and define market opportunities and threads, competitors' information such as their financial performance, strengths and weaknesses, information about economic trends and situations of target countries, as well as product information for developing and creating product's competitive advantages. However, there is a clear point that the entrepreneurs of private firm P had to gather more information through more relationships (n=13 relationships) than state owned firm S (n=5 relationships). The main reason behind is that Sam has extensive experience of exporting since he worked for mother firm S, while Paul and Paris did not have international experience before starting firm P. Thus, more information related to foreign markets and exporting procedures is needed for firm P's entrepreneurs in evaluating the opportunities and making decision.

In regard to resource acquisitions, it is acknowledged that networks effectively help firms overcome resource limitations in finance, human, and raw materials. One intangible resource that is frequently mentioned by the entrepreneurs is access to prospective customers. Entrepreneurs in case firms rely extensively on relationships to access potential buyers and retailers, particularly the international ones. It is noticed that

the entrepreneur discovered similar opportunities, they identified and accessed to different groups of customers and/ or customers in different countries through helps of their relationships. Hence, even producing rice husk pellets is the core business of both firms, the entrepreneurs decided to penetrate different market segments and/or different countries. Firm S had chance to approach customers in power plant segment through their friends who currently work for power plants, thus power plants in both national and international market became their target customers. In another way, Paul and Paris discovered their target customers as factory farms segment from suggestion of one customer at previous workplace. Thereby, network relationships guide firms in their determination of target customers and in the choice of foreign markets.

This study reveals also more exactly the contribution of relationships in various critical activities related to opportunity exploration and exploitation as shown in table 11. However, no distinct pattern emerges in relation to the types of relationships, meaning that all kinds of relationships can perform as information providers and resource acquisitions. The only observation is that social relationships are able to perform more functions than others. Those relationships can perform all the four functions (discussion, information, resource acquisition, and advice) in opportunity exploration and exploitation. On the other hand, intermediary network can only offer three kinds of supports (excluding advice) and business network can offer only two kinds of functions (information and resource acquisition).

The above discussion leads to the following propositions, which are related to functions of networks involved in opportunity exploration and exploitation of studied firms, are developed:

Proposition 3a: Entrepreneurs consciously rely on their networks, mostly for gathering market information and various resources needed for internationalization.

Proposition 3b: Information and resources are available in all types of networks from business to social to intermediary network.

Proposition 3c: When entrepreneurs lack international business experience, they tend to rely heavily on their networks to gather more information about foreign markets.

Proposition 3d: Social network can perform more functions and offer more benefits than any other types of network do.

Proposition 3e: Networks impact entrepreneurs in their choices of segments and foreign markets.

7.2 Theoretical contributions

The study makes a contribution to interpretation of the unsystematic internationalization behavior of INVs by investigating how entrepreneur-centered networks facilitate INVs. Unlike tradition approaches, this study considers internationalization of INVs as the process of exploration and exploitation of international entrepreneurial opportunities, leading to presence in foreign markets earlier and faster. An entrepreneur is a vital part throughout the process; he or she explores entrepreneurial opportunities, and then makes the decision to exploit them. In this process, the entrepreneur is thus acknowledged as a key driving force and his or her network is a main influencing factor.

Acknowledging the important role of network, this study responds to the call for more researches on developing a deeper understanding of entrepreneurs' networks involvement in the opportunity exploration and exploitation, which have been limited in previous studies. In particular, Vasilchenko and Morrish (2011) called for further research into the connections between and among different actors within a network. Gaglio and Winter (2009:318) and Andersson and Wictor (2003:266) request more research that distinguishes between different types of networks and how they influence INVs. Thus, the unique contribution of this study is to develop a well-constructed theoretical framework combining multiple aspects of entrepreneurs' networks consisting types, strengths, and functions in relation to activities of opportunity exploration and exploitation. Especially, the theoretical framework is examined through case study of

two small firms, where all critical events during firm's international entrepreneurship process happen around founders and managers. All founders and managers of studied firms were able to participate in this study. Thus, this study is able to offer detailed insights into the involvement of network in each critical events of firm's international entrepreneurship process in terms of types, strengths, and functions of networks.

In many studies, researchers have classified networks into two main types: formal and informal networks (Ojala 2009; Birley 1985; Coviello & Munro 1995/1997; Dubini & Aldrich 1991; Hoang & Antoncic 2003; Rialp et al 2005; Stephanie A. Fernhaber & Dan Li 2013). However, the literature related to these types of networks is somewhat confusing. This study integrates existing theories and examines them through real-world experience of entrepreneurs to present a clear classification of networks, consisting three different types: social, business, and intermediary networks. Those networks are further analyzed for their influence the INVs in opportunity exploration and exploitation. The results drawn from the analyses can be either supportive or opposite to other studies within the research area. One illustrative example is that social relationships are proven to be more important for INVs than other types of relationships in this study. However, the argument is opposite to the results of Söderqvist (2011)'s research in a study using in-depth interviews with five Finnish INVs. Söderqvist (2011) found that Finnish entrepreneurs seem to heavily rely on business relationships in larger extent in both opportunity exploration and exploitation than other kinds of relationships. In another study consisted of eight Finnish family firms operating in the French market, Tanja (2011) found supports for argument that intermediaries dominate international opportunity recognition. The different findings may be explained by different research contexts. In a similar research context of a transitional economy, Tatiana et al. (2010) conducted a survey instrument based on 623 entrepreneurial ventures in Bulgaria. They found an identical finding that founders of INVs tend to use their personal relationships as advantages while searching for opportunities abroad. In a study based on a qualified sample of 163 SMEs conducted in China which has similar cultural dimensions with Vietnam, Lianxi Zhou et al. (2007) also find that *guanxi* (personal relationship) is undoubtedly one of the most influential terms used to explain the rapid internationalization of INVs. It indicates that the research in different research context is

necessary to validate the results of previous studies. To my knowledge, research on the studied phenomenon tends to focus on firms from developed countries, while research in the context of transitional economies has so far remained outside the focus of research attention. Therefore, this study offers a unique contribution since there has been no research on network ties in international opportunity recognition in Vietnam.

As also mentioned previously, this study response to the call of Vasilchenko and Morrish (2011) and contributes to theory related to the strength of network ties. The findings of this study reinforces Granovetter's (1973)'s claim on the strength of weak ties in providing novel information which is extremely important for opportunity identification, as well as advances Elfring et al (2003, 2007)'s views on the contribution of strong network ties with opportunities for enhanced access to resources needed to enable entry into international markets. However, this study extends the understanding about strength of relationships by revealing that the possibility to develop new business relationships (with customers and suppliers) into a trustworthy one is particularly important for the entrepreneurs in their international entrepreneurship process. The entrepreneurs highly regard value of those relationships and invest effort to maintain the strength of such ties. Thus, the strength of relationship is not built by duration and type of relationships, but by mutual trust and commitment.

Lastly, this study reinforces the role and importance of entrepreneurs, which is highlighted in previous studies (Burt 2004; Elfring & Hulsink 2003; Johanson & Mattsson; Granovetter 1973; Oviatt & McDougall 1994). However, relationships' functions are found in this study as being more extensive than shown in previous research. The insights into the contribution of relationships are deeply discussed in term of information, resources acquisitions, as well as advice and discussion. This study uncovers also more exactly the functions of relationships in various critical activities related to opportunity exploration and exploitation as shown in table below.

Table 11. Summary of the involvement of networks in various critical opportunity exploration and exploitation activities.

	FUNCTIONS PERFORMED BY ENTREPRENEUR'S NETWORK			
OPPORTUNITY EXPLORATION ACTIVITIES	PROVIDING INFORMATION	RESOURCE ACQUISITIONS	DISCUSSION	ADVICES
<i>Entrepreneurial preparation</i>		Development of network from previous workplaces (S, P)		
<i>Identification of opportunity</i>	Information of product demand, market gap (S, P) New regulation of government (S, P)	Access to niche technology (S) Access to potential national and international buyers and retailers (S, P) Access to international distribution channel (P) International visibility (S, P)	Identification of problem (S) Identification of new product idea (S)	

OPPORTUNITY EXPLORATION ACTIVITIES				
<i>Evaluation of opportunity and development of business plan</i>	Information about target market (S, P) Foreign trade information such as tariff regulations, standard norms for security, modes of payment, and customers' preference delivery terms (P)	Market insights (S) Knowledge about competitors and products (P) Technical knowledge (S,P) Manufacturing knowledge (S)		Advice on planning and construction a pellet factory (S)
<i>Fund raising</i>	I Information on financing opportunity and guidance for financial application (P)	Support by government and mother firm (state owned company) (S) Access to network of potential financiers (P) Loans and other forms of financing (P) Trustworthiness which improve chance to receive finance (P)		Financial advice (P)
<i>Recruitment</i>		Access to competency candidates (S, P) Additional capacity (S, P)		

<i>Product development</i>	Information of desired product characteristic (P)	Technical knowledge (P)		Technical advice (P)
<i>Product introduction at trade fairs</i>	Information of available trade fairs and the likes (S, P)	The trustworthiness to have an experienced marketing person who deeply understands the target market's business culture. (P) Reputation of mentors which increase the trustworthiness of the firm (S)		

7.3. Managerial contributions

As consequences of the study's findings, a number of managerial implications are derived. The founders or managers of INVs need to value the role and importance of networks. In particular, it is important to emphasize that the entrepreneur's network relationships are essential for them in order to identify opportunities and mobilize necessary resources to exploit opportunities. This study shows that networks are potential sources, providing an extensive variation of benefits. Each network type contributes with its own value to the activities; therefore the mix of network types is regarded as an ideal strategy to maximize the benefits. However, it is noted that no standard format of the ideal mixture of networks can be observed since it depends on the firms' business activities and surrounding business context.

The second implication concerns strength of network ties as entrepreneurs should concentrate on actively approaching their weak ties to discover new business opportunities. This study shows that the novel information on business opportunities can be provided by weak ties while this kind of information is not generated from strong ties. Therefore, the entrepreneurs should develop their weak ties and utilize them as effective channel to discover opportunities, which then enable INVs to enter foreign markets faster and earlier.

Additionally, the entrepreneur should pay attention in involving experienced, trustworthy businessmen who acts as mentors and professional marketers. These people are able to provide special benefits that entrepreneurs cannot get elsewhere, including reputation, trustworthy and credibility, and attractiveness, which are found to be very important during exploring and exploiting opportunities. Especially, entrepreneurs should regard the importance bridging function to other firms or organizations that are of entrepreneurs' interest.

Furthermore, entrepreneurs need to invest time, resources, and effort to develop and maintain good relationships with customers and suppliers. A healthy relationship with

suppliers and customers will create mutual benefits. Beside financial benefits, those relationships can make significant contribution to product development with their technological know-how and industry trends insights, which then create competitive advantages for the firms. By maintaining good customer relations, a firm also can keep customer loyalty and enhance its reputation and reliability and in return create better chance for firm to access new customers.

This study also emphasized the role and importance of intermediaries. Trade fairs and exhibitions offer a good platform for entrepreneurs to learn about market and main players in the industry and to connect with existing and prospective buyers. Another option for networking could be export-promotion agencies, business associations, and other relevant government institutions. Especially for the entrepreneurs who lack of experience in doing international business, those organizations are reliable source of necessary information about foreign markets and financial incentives, which then assist firms in their exporting activities, as well as help reduce bureaucratic delays.

7.4. Limitations and suggestions for further research

Even though this study has made contributions to theory and practice on the involvement of entrepreneur's network relationships in business opportunity exploration and exploitation, it still contains limitations which offer opportunities for further study and investigation.

The studied firms are restricted to a single sector of manufacturing industries in Mekong Delta region of Vietnam. The involvement of relevant relationships in international entrepreneurship process may be experienced differently in other business sectors. Therefore, one possible direction for future research is to extend this study to other research context. Future research could apply this study's methodology to a multiple case studies in different business sectors for example involving firms from sales and services, agriculture, and/or knowledge-based industries.

Additionally, the number of firms involved in this study (two firms) might not be sufficient for results generalization. Therefore, additional case studies are needed to

reach theoretical saturation and reoccurring patterns. Eisenhardt (1989, cited by Söderqvist 2011:62) advises that the number of cases using in the case study method should be between four and ten cases. It is difficult to develop “compelling theory” by analyzing less than four cases and to control the data while analyzing more than ten cases.

Furthermore, there is limitation to qualitative method. The method is specific to the cases’ setting in this study and might not generalize to other settings. Therefore, the study’s outcomes can be valid for entrepreneurs of the studied firms, but it is not possible to draw a wider conclusion applied for all other firms. The propositions generated in previous sector thus need further quantitative testing. It suggests another option for further studies that is to conduct a similar study in a large sample, employing quantitative method to test the propositions statistically.

It is important to acknowledge that networks also contain negative effects which are considered as drawbacks for INVs. However, the author hardly identifies disadvantages of network while analyzing the interviews. It might partly due to the reason that the entrepreneurs were not willing and confident to reveal this kind of information while being interviewed. Additionally, conducting interviews online through VOIP systems like Skype and FaceTime due to geographic distance can be perceived as confronting because this gave the author less chance to inspiring the entrepreneurs to go deeper to the issues. Therefore, future research should eliminate this limitation by for example organizing face-to-face interview or conducting quantitative research to guaranty anonymity, which then might offer interesting findings in relation to drawbacks of relationships.

As mentioned in the theoretical part, entrepreneurs might recognize a number of opportunities; however they do not pursue all of them. Thus, there are also opportunities that are identified but no action followed. Apparently, this study focuses only on opportunities that were actually exploited. Therefore, there is room for further research to study on opportunities that are discovered, but not exploited, and the mechanisms of choice.

In conclusion, research on the involvement of entrepreneur’s networks in Vietnam is

still remained outside the focus of research attention, which creates broad opportunities for further study. The mentioned suggestions might be helpful for other researchers who are interested in deepen the topic further, whether in Vietnam or in other contexts.

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9. APPENDICIES

APPENDIX 1. Important relationships captured during the interviews with firm S's managers

Name	Explain	Type	Strength	Function	
S1	Mother firm	Business	Strong	Resource	Old
S2	Government ministry	Social	Weak	Discussion	Old
S3	Sam's friends/ Mentor	Social	Strong	Advice/Resource	Old
S4	Financial manager at S1	Social	Strong	Resource	Old
S5	Employee at S1- Finance department	Social	Weak	Resource	Old
S6	Sam's father	Social	Strong	Resource	Old
S7	Shane's university	Social	Weak	Resource	Old
S8	Mentor	Social	Weak	Resource	Old
S9	Friend working at power plant	Social	Weak	Information/Resource	Old
S10	Supplier	Business	Strong	Resource/Information	Old
S11	Supplier	Business	Strong	Resource/Information	New
S12	Domestic power plant	Business	Strong	Information	New
S13	Trade Agency	Intermediary	Weak	Resource	Old
S14	Chamber of Commerce	Intermediary	Weak	Information	Old
S15	International customer	Business	Strong	Information	New
S16	Local business association	Intermediary	Weak	Discussion	Old

APPENDIX 2. Important relationships captured during the interviews with firm P's founders

Name	Explain	Type	Strength	Function	
P1	Paul's previous workplace	Social	Strong	Resource	Old
P2	Paul's high school classmate	Social	Weak	Information	Old
P3	Previous customer	Social	Weak	Information	Old
P4	Previous customer	Social	Weak	Resource	Old
P5	Rice mill	Business	Strong	Resource	Old
P6	Close friend	Social	Strong	Resource	Old
P7	Family member	Social	Strong	Resource	Old
P8	Customer	Business	Strong	Information	New
P9	Customer	Business	Strong	Information	New
P10	Paul and Paris's mutual friend	Social	Weak	Information	Old
P11	Local investor	Business	Strong	Resource	New
P12	Sai Gon Entrepreneur Club	Intermediary	Weak	Resource/ Information	New
P13	Researcher in Netherland	Social	Weak	Information	New
P14	Energy Institution	Social	Weak	Advice	Old
P15	Trade promotion agency	Intermediary	Weak	Information/Resource	New
P16	Marketing employee	Social	Weak	Resource	New
P17	Paris's relative in Poland	Social	Weak	Information	Old
P18	Polish customer	Business	Strong	Resource	New

P19	The Netherland development organization in Vietnam	Intermediary	Weak	Information	New
P20	Pellet trader in the Netherlands	Business	Strong	Resource	New

APPENDIX 3. Interview guides

The first round interview guide

Firm's general information

When was it established? Can you tell the story behind it?

Who are the main drivers?

Internationalization

Can you tell me about your firm's international activities?

When and why did you have the intention to go abroad?

Why did you decide to go abroad?

Key milestones:

Can you please tell me about events/activities that you think it is important for the development of your firm? Those events can be related to business idea, product development, employees, partners, financing, etc....

The second round interview guide

Based on all critical events, which we wrote down in the first interview, the following questions were discussed:

Tell me about these key milestones:

What happened in this event? When was it?

Why do you think is it important for your firm's development?

Who were involved in the event? (Individuals, firms, organization's)

How did you know this person/firm/organization?

What was the nature of the relations between you and them?

How did this person/firm/organization involve in this event? Did you know

what kinds of benefits you would gain from these relations?

How important is the relationship, for example can this relationship be replaced?

Have you experienced any problems in the relationship?

Is there anything else that you consider to be critical about networking during internationalization of your firm that I haven't asked?

Thank you for your time!