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The Role of Networking in the Company's Internationalisation Process

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<p>Abstract</p> <p>Technological developments and declining barriers between countries make it necessary for companies to evolve constantly. Products are no longer just products or a combination of a service, an experience, and physical goods. Thus, companies should master various different areas in order to be able to create a competitive advantage and differentiate themselves from other companies. The company rarely has the resources to cover all the functions itself and outsourcing value-added operations can also be more profitable due to financial efficiency.</p> <p>This thesis focuses on the study of networking and especially on its role in the internationalization process. The primary aim of the thesis is to create a tool for companies helping them move in the networking process. The author's studies in international business administration at Savonia University of Applied Sciences provide an opportunity to give a perspective from the studies of internationalization. A qualitative research approach was adopted in the study, in which the topic was supported on the basis of previously written material, which was supported by an interview survey. The results of the written research and the results of the interviews were compared in the section, which made it possible to assess whether the research was mutually supportive.</p> <p>In conclusion, the thesis provides substantiation for the fact that networks support the internationalization process of companies. Effective networks do not form by themselves; thus networking must be continuously developed. The company itself must be able to determine the networking needs and it can be supported through such research. Networking brings economic benefits to the company when they are able to create added value for customers. Moreover, by creating added value, the company is also able to stand out from other companies, which further helps it succeed in the international market as well.</p>			
Keywords Networking, Internationalization, Networking process,			

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1 INTRODUCTION

The business environment is constantly becoming more complex. End customers are having an increasing impact on product development and their requirement to drive companies to offer wider product packages. Products are not just products but consist of product, service, and software elements. This in turn requires companies to be able to combine areas of expertise managed by many different companies. Design, production, technology, commercialization, customer channels, marketing and customer relationship management are areas that a company should dominate. (Möller, Rajala, Svanh 2004, 17.) Managing these requires the company to increase cooperation and coordinate expertise. The matter increases the need to develop strategic network planning.

Networks between suppliers and buyers have been recognized in surveys since 1980. Thus, it is not a question of a new issue, but we can already talk about a long-term trend, both from the perspective of companies and in the world of science. Indeed, we are living in an era where traditional markets have been replaced by interconnected business networks and government and science agencies. (Möller, Halinen 1999, 414.) The isolation of states brought by the Covid 19 pandemic can cause a completely novel of time to internationalizing companies' as well as to the importance of networks.

Internationalization provides companies with opportunities to grow their business. However, because internationalization consumes a lot of company resources, it is good to be able to identify the proper tools and instruments for a successful internationalization process. The purpose of the thesis is to create a tool and aid for internationalising companies so that they understand the role of networks in the internationalization process. The aim is to help leverage the right networks and create a foundation for strategic networking planning. Thus, companies are given the prospect of efficient use of networks in the internationalization process. Networking can be considered one of the most important tools of our time.

In the theoretical study, the theory of networking and the main issues that affect an internationalization process are reviewed. The thesis aims to study the structure and drivers of networks and how they can be utilized in the internationalization process. To support theoretical research, an interview study is conducted to help provide a basis for comparison between theory and practise. In the empirical study section, the interview material is discussed, and a summary of the findings is created. The results section reviews the research results and research material and draws conclusions. In the last section, the results of the whole thesis are summarized. The results also assess the reliability of the work and consider one's own learning in the thesis process.

2 THEORY OF NETWORKING

This chapter focuses on networking theory. Academic literature and research data have been used to understand networking as a topic. The aim of the networks is to share know-how and resources in order to achieve synergy benefits. The purpose of networks is to create a value creation model and a collaborative relationship between companies that shares resources and information. By combining the expertise and resources of the actors, the aim is to gain synergy. (Valtioneuvoston kanslia 2019, 13) Regardless of the size of the company or the scope of its business, all its transactions; both financial and non-financial require interaction between communities. The interaction between companies and organizations is also emphasized because companies are run by people. Thus, business is always also affected by the social and personal relationships and influences between people. (Ratajczak-Mrozek 2017, 4.) The magnificence of impact on networks on a company's operations depends on how the company can manage them.

Companies operate in networks whose business ideas and goals can differ very much from each other. Through networks, companies seek competitiveness, improved productivity, and the development of new business models. We are talking about the network economy because networking is such an integral part of business. Networking is also a powerful tool for targeting new markets. In this way, the competitiveness of the business can also be increased, and business areas can be developed. (Valkokari, Hyötyläinen, Kulmala, Malinen, Möller, Vesalainen 2009, 11.)

Strategic networks can create value for a company. Information technology enables increasingly faster access to and sharing of information. Utilizing this matter will strongly shape industries and competition between them. Changes in technology development and the expansion of goods and services are driving companies to outsource parts of their business. The core product, additional services, maintenance, and financial services create value functions that increase the need for integrator companies due to the need to outsource companies. This in turn leads to a reduction overlapping industries, making companies more interdependent. Therefore, it leads business networking. (Möller etc. 2009, 3.)

There is interdependence between business organizations because their existence depends on the exchange of economic topics with others. Håkansson and Snehota (1995, 25.) have considered the definition of relationships between firms. They find that the relationship is reciprocal interaction of two bound between the parties, which extends on both sides. Although the relationship originally arose for an indefinite reason, it is reinforced by interdependence due to dependence. Once interdependence arises, the need for it usually also increases. This can have both positive and negative implications for companies. Relationships have a history and a future, so over time a chain of interactions emerge that creates interdependence between companies.

Networking is a process that takes time and resources. It is based on trust between people or organizations and is a useful creation process. The process involves starting, maintaining, and using networking. The network must benefit both parties. Networking is possible to learn at both the individual and organizational level and it creates value for all parties. (Baber 2015, 22-23.)

Strong dialogue and responsibility are prerequisites for the network to operate. Dialogue refers to advanced interaction, together thinking, which presupposes equality. Equality is a collaborative relationship that respects the views of others and seeks to create something new. Taking responsibility, on the other hand, requires self-direction and an effort to build trust. Trust is the most important factor in creating a good and functioning network. (Valtioneuvoston kanslia 2019, 21.)

2.1 Drivers of Networking

As mentioned earlier, the business environment is constantly becoming more complex. End customers are having an increasing impact on product development and their requirement to drive companies to offer wider product packages. Products are not just products but consist of product, service, and software elements. This in turn requires companies to be able to combine areas of expertise managed by many different companies. Design, production, technology, commercialization, customer channels, marketing and customer relationship management are areas that a company should manage. Managing these requires the company to increase co-operation and co-ordinate expertise. Thus, it increases the need to develop strategic network planning. The need for network co-operation arises when it comes to serving common customers, streamlining operations, responding to, or seeking solutions to current phenomena, or seeking to implement a specific strategy or vision. (Kyhäräinen, 2019.)

In a globalized economy, the aim is to find more sophisticated ways of working through division of labour and specialization, and networks are seen as a good competitive factor. (Powell 1987: 67–70) Global competition, as well as customer demands for a more tailored set of products and services, also place their own demands on the development of companies. This puts pressure on companies to reduce costs and improve quality. (Möller, Halinen 1999, 414.) Examples of what companies are looking for in their networks include: increasing operational efficiency, increasing operational flexibility, pooling resources for market power or market expansion, developing the business process offering and creating new technology and new business ideas. (Möller etc. 2009, 24-25.) For several years now, the globalization of the market has influenced the willingness of companies to use networks to help develop their business.

The removal of regulatory barriers, and thus increased global competition, reinforces the need for a company to maximize operational efficiency. Global customers demand competitive prices and more flexible delivery times. As a result of long-term total quality management, quality is already taken for granted. In order for a company to be able to respond to global competition, they need to

network with other players so that each member is specialized in components, parts, and services to each one's strongest core competencies. Reducing delivery times through efficient logistics and quality management covering the entire supplier system create added value for the company. With the help of the value networks, the company can offer better products and services to the end user cost-effectively and with shorter delivery terms. (Möller etc. 1999, 414.)

The aim of the networks is to share know-how and resources in order to achieve synergy benefits (Valtioneuvoston kanslia 2019, 13). Networks involve the co-operation of independent self-interest organizations and all parties also have their own partners. Consequently, the operation of the networks are subjects to a market mechanism, pricing, demand, and supply are determined by the market. On the other hand, network management also uses coordination mechanisms typical of company management. However, the issue is to identify the key principles of networking. Thus, it is possible to make decisions about the degree of networking between different operating models and to consciously choose the management methods of the network. (Valkokari etc. 2009, 12.)

Network behaviour has emphasized the development of an actor in a network position through either direct or indirect business relationships (Thornton, Henneberg, Naudé, 2013). Blois (1972) has concluded that exchange interactions between firms can be fruitful as follows: when organizations see their interactions as relationships themselves or when interactions between firms create the types of operating environments between which interactions can be described as relationships. (Håkansson, Snehota 1995, 25.)

Cost efficiency, shortening operating times, high and consistent quality, modernizing business processes and developing new business are the benefits that networking seeks. Thus, networks also have a strong role to play in building the future. Networking is a challenging and difficult to manage discipline because it contains so many different features. This also makes it difficult to formulate a strategy from a management perspective. Partnerships between individual companies can be seen as a basic unit of networking. Companies can have different strategical networks, but also value networks and business networks. These create business networks that also develop industry-specific macro-networks and network economies. (Möller etc. 2009, 8.)

The figure below shows the formation of the network. Network development begins when the need for networking is recognized. The existing network will be modified as necessary to meet the requirements. The network must specify the objectives of the networking and consider the roles of the parties. A strategy must also be created for the network to guide operations and monitor progress and the achievement of goals. The network may face development needs from both internal and external sources of change. The aim of the change is to remain a competitive network. As long as the network is able to add value to its parties, it is also viable. (Valkokari, Airola, Hakanen, Hyötyläinen, Ilomäki, Salkari 2006, 16-17.)

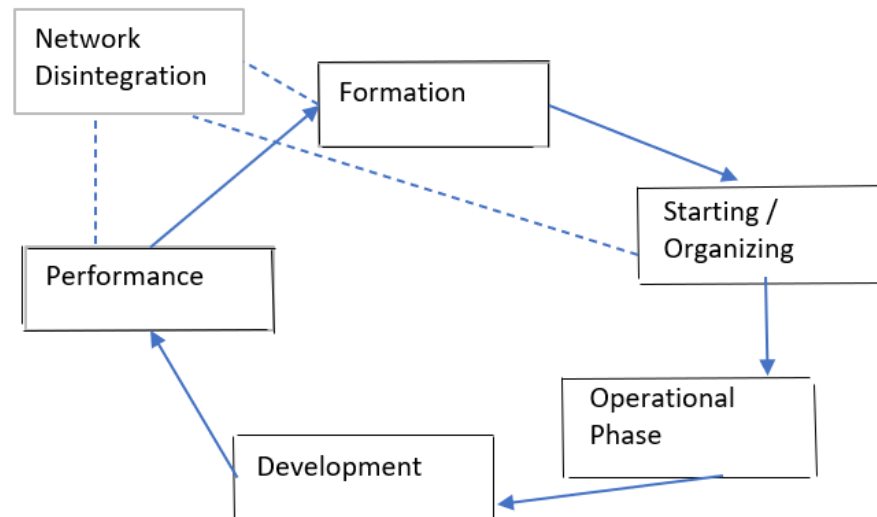


Figure 1. Network life cycle model (Adapted and translated: Valkokari etc. 2006, 16).

2.2 Drivers for Internationalization

The following section discusses internationalization and the related process that companies go through when entering new markets. In a globalized world, companies are increasingly dependent on international markets. Nonetheless, each company has its own interests in pursuing the international market. The intensification of the domestic competitive situation is driving companies to look for customers and markets in new areas. Operating in more than one market also adds value to the company and reduces the risk to one market. However, a company must always have a need when entering a new market, because internationalization consumes plenty of company's resources. The company must carefully map the market that will bring the best benefit to the company. As internationalization is an investment for a company, its advantages and disadvantages must be carefully weighed, and the operating model chosen. After this, the operating model will be used to conquer a new market area. (Pöyhtäri, 2018.) A carefully chosen operating model and its strict to help the company cope with the adversities that arise in the internationalization in the process.

Cranmer (2011) wrote in the *International Business & Economics Research Journal* that early theories in economics explaining internationalization in the business world have its origins in Hymer's (1976) theory. The theory explains the company's specific differences that enable a company to operate in an international environment. The conditions come from the company's overwhelming advantage, which allows the company to face the threats and disadvantages faced in new markets. Cranmer also cites Dunning's theory (1981), in which eclectic frameworks with location knowledge is added to the earlier theory. In 1993, Dunning added, as drivers of internationalization, the motive of seeking resources, increasing efficiency, and finding new market areas.

Ratajczak-Mrozek (2017, 163) addresses that Fletcher and Barret (2001) have stated traditionally thought that in the process of internationalization, a firm has a need and a desire to focus on foreign markets. This is called external internationalization. External connections are networks that are sources outside the company. Welch and Luostarinen (1993), on the other hand, state that today internationalization is not just an activity directed outward from the company. Foreign procurement is a great example where a company ends up being a target for internationalization without international customers.

We can say for sure that today companies operate in an internationally networked business in an environment that transcends cultural and national borders. In the international environment, the company's growth of new concepts and interpretations. Nummela (2010, 2-3.) summarizes the three main factors of modern business as drivers of international growth. These can be the transition to a service-based economy, a change in the role of location and the development of online services, and the increase in technology. The customer's role in creating end value with the service provider is significant. According to Nummela, the boundary between the physical product and the service is blurred, as most of the products sold also contain elements of service and expertise. Thus, in a globalized world, a company must be able to be close and understand its customers.

2.3 Types of Business Networks

In order to provide a more comprehensive perspective when assessing and describing the evolution of networks, it is useful to use more theoretical perspectives. The literature describing networks can be divided into economic theoretical, social psychological, and business management. This thesis has focused on business management-based networking. This supports the integration of the author's knowledge gained through international business studies into this the thesis. The competence, capabilities, business needs, values and competitive situation of the company and its networks have a significant impact on the structure of the network (Liu, Brookfield 2000). The structure of the network may vary according to the needs of the product or the customer, so the change is present throughout the life of the network.

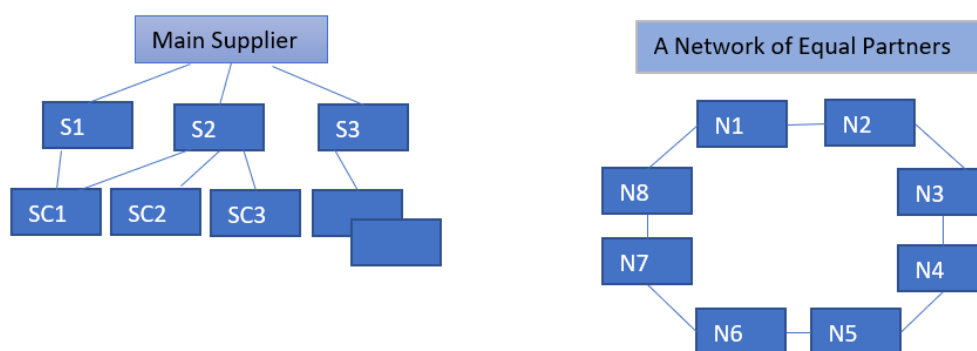


Figure 2. Main types of network structures (Adopted and translated: Valkokari etc. 2006, 9).

Inter-network structures consist of decision-making bases and guidance between actors, as well as issues of power and responsibility. Hierarchical and equal networks differ in both their tasks and their goals. Delivering a product or service as part of a value chain is the main task in a hierarchical network. In an equal network, a business network forms a dynamic partnership. In this case, changes in the business of one network member always create a greater reaction. (Valkokari etc. 2006.)

Misner, Ph. D, and Hilliard (2017.) have appointed different networks as follows:

Casual Contact Networks, Strong Contact Networks, Community Service Club, Professional Associations, and Online / Social Media Networks. Casual Contact Networks include professional groups that allow for overlaps between different expert groups. A good example is chambers of commerce, where it is possible for a company / entrepreneur to network with different professional groups. Strong Contact Networks are individual professionals or professional groups with strong mutual networks. For example, if a restaurateur wants a new look for their business space and a good interior designer can be found in the networks, it is natural that their own networks are contacted first. The fewer members of a particular profession in the network, the more likely it is your services that are needed. The Community Service Club covers all informal or occasional business networks. The biggest challenge is that the network often includes many practitioners of the same profession, so competition is more likely. Professional Associations usually belong to a specific limited industry. The goal is to find potential customers and target countries by joining the networks in your own industry. This makes the participants together stronger players in the market.

2.4 Networking process

When forming a network, their benefits and added value are defined through objectives. Functions that transcend organizational boundaries can best be organized by defining value chains. (Laamanen, Tinnilä 2009, 32.) As in all processes, networking must also be managed to achieve the desired goals (Väättäinen 2011, 65). The control factors for networks arise from the tasks and goals chosen for them. A company may have a single service in mind, such as centralized procurement. The driving force behind a network usually arises from broader market boundary conditions such as higher volumes, quality control or security of supply. If networks are to gain a competitive advantage in the market of the future, they must be strategically designed. (SKO.)

Gebert-Persson, Mattsson and Öberg (2014). have considered in their theoretical review the content and operation of networks in the picture below. Substance ratios are three independent layers. The layers of matter are made up of business relationships and the interaction between them is in the development of relationships. Layers are used to assess, predict, and explain the significance of a relationship to activities, links, bonds, and resources. The basis of relationships between different actors is based on interaction between layers. The function that affects the interaction depends on

the factor that affects the relationship; active links in business-to-business interactions, the importance of a bilateral relationship influencing policies, resource relationships as well as the links between actors; as well as to third parties who are directly or indirectly involved in the centralized relationship. Conditioning between the functions and layers of relationships enables the network structure, operating model, network structure and dynamics, and resource development.

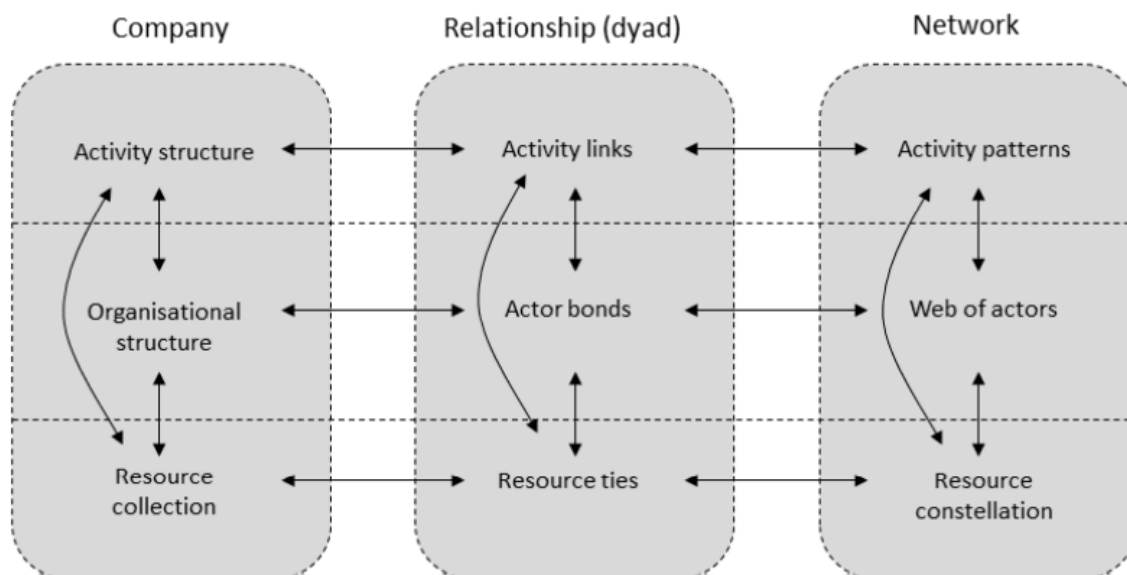


Figure 3. ARA- model (Håkansson and Snehota 1995, 47)

Ratajczak-Mrozek (2017, 154-156.) presents Johansson and Mattson's (1988) theory of networks. Joining a foreign network often brings the opportunity to directly expand into new markets or buy business in new markets. The organisation's past international activities affect the internationalization process. When choosing a network model, the company must take into account its own assets and market forces. The company's domestic market position, position in the network and the importance of the position also reflect the degree of integration when networking in new market areas. The production network consists of distribution and manufacturing chains.

Johansson and Mattsson (1988) have structured the network models into four different groups:

1. Early Starter
2. Lonely International
3. Late Starter
4. International Among Others

Early Starters have limited ties to overseas markets and units. Thus, the company does not have enough information about foreign markets that could facilitate the transition to new markets. It is not yet possible to get support from the network through experience. International expansion often begins with actors other than the company itself. It is safest for such a company to start internationalizing in a market like the domestic market, and as knowledge, sales volume and resources increase, it is possible to start investing more widely. As the company develops and its degree of internationalization

increases, it will move from Early Starter to Lonely International. The network itself is not very international as Lonely International. Joining a foreign network often allows for acquisitions or immediate direct expansion. Connections to foreign networks can thus be established as a kind of exchange for knowledge of the domestic market. However, enlargement is less dependent on the similarity of the market to the domestic market, as the networks are already stronger.

In the case of Late Starter, the company has no direct relationship with foreign markets, its degree of internationalization is weak. However, the company's stakeholders such as operators, customers and competitors are already internationalized. However, Late Starter can take advantage of the internationalization of other stakeholders in its home network. By participating in joint projects, the company can achieve a position where its own internationalization process is possible. In the case where both the company and the networks are naturally international and the constant internationalization mainly means marginal changes in market share, the organization is listed as International Among Others. The diffusions occurring in the market are under the influence of the company and thus it also accelerates the development of the International Among Others company. The international network is already strong, making it easier for a company to be a part of joint ventures, mergers and acquisitions. The company's network connections and the envisioned network drive affect the company's internationalization process. However, there are other challenges associated with the process that the company must overcome. (Johansson, Mattsson 1988.)

2.5 The Importance of Networks

The most important questions in business research have always been to identify the efficiency of economic activity and the development of its forms. Through the internationalization of business, companies have sought competitive strength and new market areas through strategic alliances. Research and development activities with pilot customers and key suppliers became more common as technological development accelerated and at the same time became more complex (information and electronics technology). This provided the basis for the view of the three basic forms of carrying out economic activity, which can be seen in the figure below.

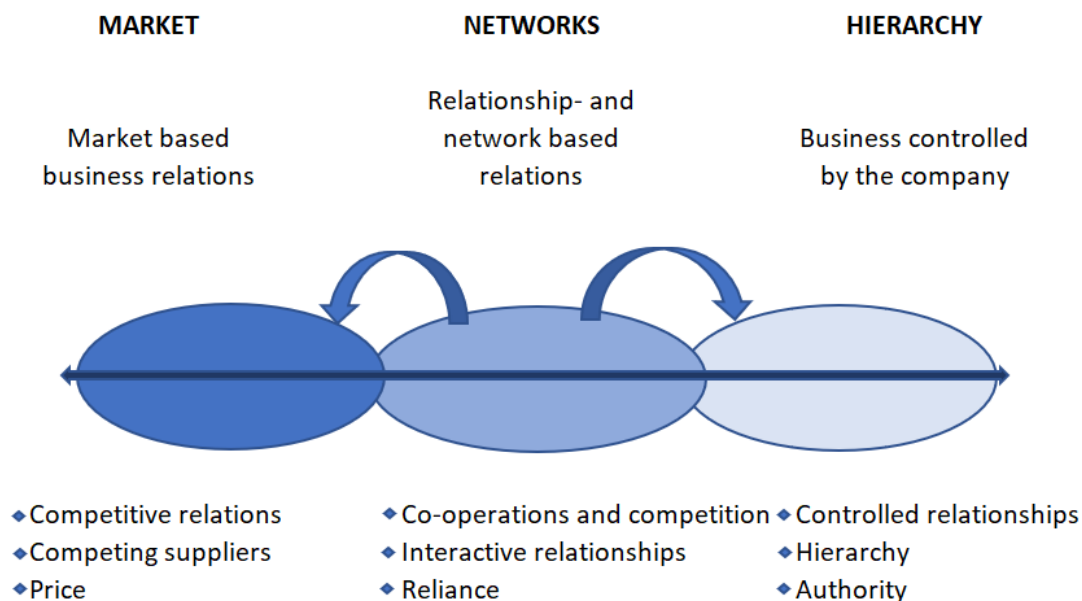


Figure 4. Basic forms of business implementation (Adapted and translated: Möller etc. 2009, 16.)

Möller, Rajala and Svahn (2009, 16.) segregate networks as follows: market-based business relationships, ownership-based organized business (so-called hierarchy), and network relationships based on interaction and collaboration, the basic unit of which is bilateral business relationships. From the figure below, it can be observed that in market-based business relationships, the main emphasis is on competitive relationships and thus on competing suppliers. Tough competition forces the parties to be cost-effective, which in turn pushes prices down without compromising on quality and delivery terms. In networks, the main emphasis is on co-operation and competition against competitors outside the network. Interactive relationships and trust are key in a strong network. In a hierarchy, for example in an ownership-based organization, business relationships are controlled by the company (for example, subsidiaries). Hierarchy and authority are the main focus in the value chain to make business run most economically efficiently.

Communication technology enables the rapid transmission and exploitation of information, business and competition are increasingly globalized and product life cycles are shortened. This has a major impact on the structure of industries and competition. The rising costs of technology development and the expansion of products and services offered to end customers, together with the changes mentioned earlier, have forced companies to focus on their core capabilities. This in turn leads to the outsourcing of value operations in companies, which in turn enables the emergence of new service providers. Rarely it is profitable for a company to cover its value chain independently, without external service providers. With the help of strategic networks, reform and co-ordination have quickly become key activities in all sectors of the economy. (Möller etc. 2009, 17-18.)

As companies rely on each other's core competencies, the connections between them become more diverse and thus more interactive. This is how business is networked. Increasing networking is leading to interdependence. If a company does not have alternative suppliers or customers,

dependence can also be a risk for the company. As the company becomes more international and the business grows, the organization must also develop more strategic relationships with political and social institutions and actors. As the trend shows that societies are also networked, economic, political, and social networks that are interconnected or overlapping are playing an increasingly important role in society. The company must therefore be able to establish relationships with both municipal decision-makers and EU-level actors, depending on the scale of its operations. (Möller etc. 2009, 18.) A company can save its resources and get the best return on its investment by networking with other companies (Connolly, 2013).

2.6 Global Value of Networks

The coronavirus has caused massive economic effects around the world. This has been estimated to reverse the direction of globalization so that states become more self-sufficient and independent. The stagnation of air traffic as well as the shortage of components has led companies to evaluate their own value chains from a completely new perspective. This may lead companies to look for partners closer to their own market. One of the downsides of globalization is the rapid spread of the pandemic around the world. However, decentralized production and the world market have also guaranteed security of supply in the event of a crisis. With the stagnation of local production, it has been possible to solve the problem by producing more elsewhere. (Taskinen, 2020.)

Competition is shifting from inter-organizational competition to inter-network competition which creates the conditions for creating better competitiveness through networks (Valkokari etc. 2006, 7). This also affects the business of internationalizing companies and puts pressure on more efficient networking. Baber (2015, 135.) address in the 2013 Corporate Board publication that in the business, change should never be a surprise. There is a constant change in products / services, target markets, business objectives, schedules, structures, division of labour and location, teams, and management policies. Thus, building relationships is necessary and even essential to run a business effectively. Networking creates new value for the company. Networking works at the individual level so that a person can do their job better and thus also has a positive effect on the efficiency of the entire organization.

In a network, the parties may have competing goals, but through the purpose of the network, the parties are committed to a defined or undefined outcome. The trust of the network is the core of the co-operation, as it enables the organization to be prepared for higher risk-taking as well as weaken vulnerability. With the help of trust, an organization can make profitable innovations as well as come up with ideas outside the box. High trust is therefore a necessity, as it makes a company more willing to take risks and be vulnerable. At its best, network-based collaboration can help make better use of expertise and resources, engage, break down barriers, and reduce duplication. (Baber 2015, 137.) Respect, trust, and pleasantness are vital in a partnership relationship. (Lehavi 2017, 42).

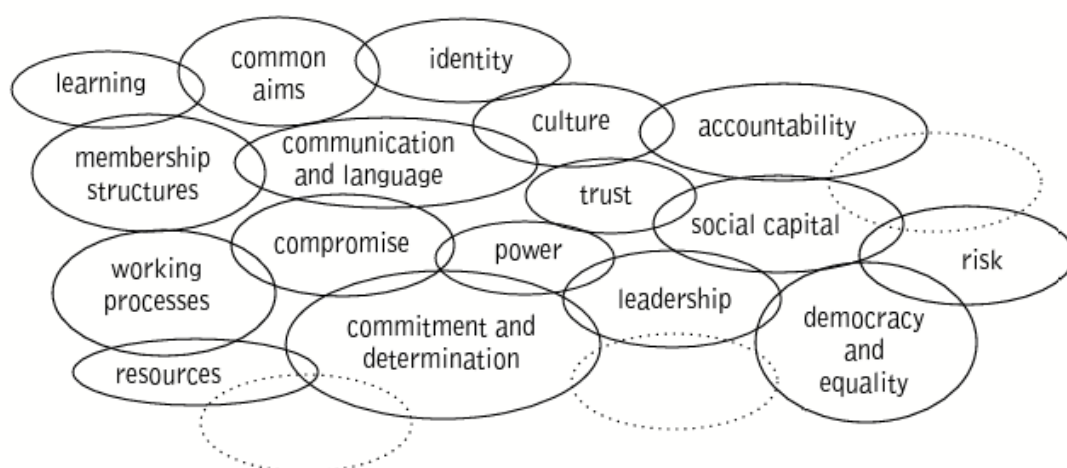


Figure 5. Themes in collaboration practise (Huxman, Vangen 2005, 12).

There are many factors that affect networking and its success. Huxman and Vangen (2005, 12) have created the above picture in which themes are superimposed because in many cases things affect in layers, not just individually. These themes are relevant to all members of the collaboration, and it has been found that the most successful networks identify and take them into account when creating a collaboration. The themes provide a basis for reflection on managing collaboration, but it is not intended to define how things should be done. Each part of the network supports each other so that common goals can be achieved.

2.7 Networking as a Strategic Decision

In this part it will be gone through strategical planning in the networking process. Explained is the perspective is strategic planning in general as well as a part of networking. Strategic planning is a forward-looking process that is shaped by the data being analysed from the past and present. Analysing trends and scenarios identifies future needs such as the nature of the competition, the demand for the product / service and the potential for growth. (Hunter, 2013.) An international strategy defines the value-added functions produced by a company worldwide. The strategy allows the company to allocate existing resources and implement valuable partnerships or networks abroad. The strategy also defines how a company participates in key markets and gains a strong position compering to its competitors. (Cavusgil, Knight, Riesenber 2020, 335.) Strategic decision-making defines a company's long-term performance and is therefore a really important element for a company's growth.

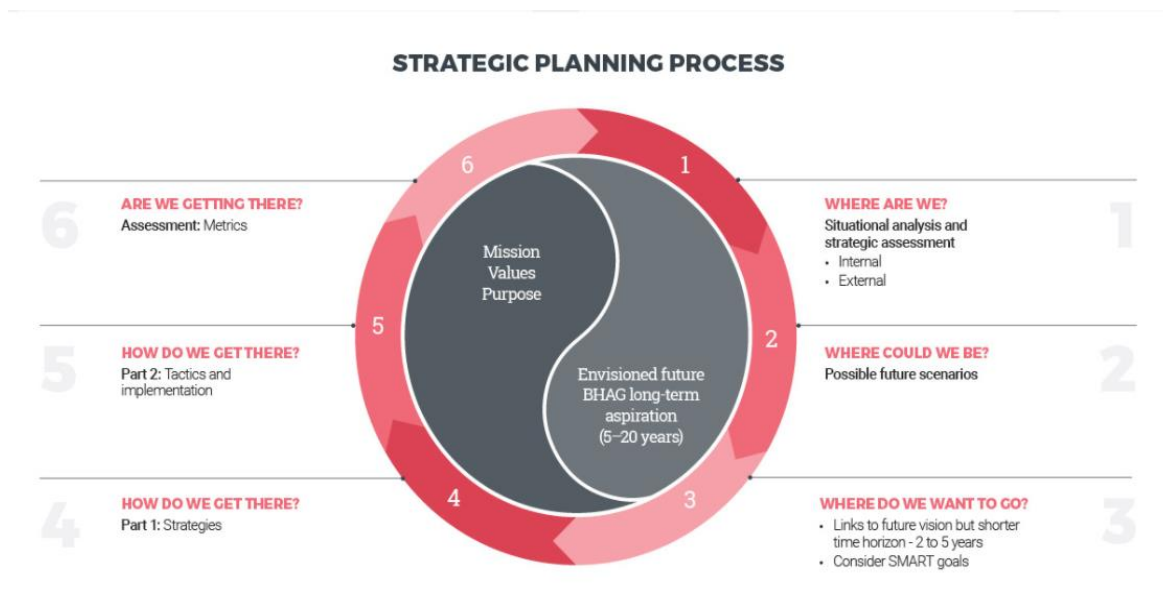


Figure 6. Strategic Planning Process (Cubbon, 2017).

From the figure above, we can see the strategic planning process created by University of British Columbia. The strategy process consists of six steps. In the first stage, the company must analyse external and internal situation-specific strategies. This can include existing resources and networks. In the second phase, future goals and scenarios are planned and analysed. Thirdly, the near future is envisioned. Fourth, strategic tools are designed to achieve the goals. Fifth, practical tools and tactics are used to achieve the goals. And the last or sixth point is monitoring the results. The result is a balance with the company's mission, vision, and purpose, as well as long-term goals for the future. (Cubbon 2017.)

Making clear choices in a multi-annual target strategy is a prerequisite for a company to be able to create functional goals, vision, tasks, and values. This will help the company identify concrete tools to make the vision a reality. In the first stage, it is good to carry out studies and situation analysis that answer the question - Where are we? Stakeholders and customers are an important part of clarifying the situation. The second stage proposes strategic options and seeks to answer the question - Where could we be? The mission and vision of the organization are reviewed and even reformed, creating progressive, aggressive, and conservative alternatives. Benchmarking and gap analysis are good tools for this step. Stakeholder surveys, their engagement and internal interviews are essential tools in the process. The aim is to explore alternatives. The second phase strategy can also answer the third phase "Where do we want to go?" To choose the future direction of the organization, considering economic factors, capacities and skills, political environment, destination maturity, stakeholders and the balance between risk and return. Once the goals of the organization are clear, effective strategies can be created based on them, which will help us answer the question "How do we get there?" Internal and external stakeholders are an important part of the strategy to be able to anticipate future risks in practice. Tactics are used to monitor and evaluate progress, and to find opportunities to develop and grow visions beyond. (Cubbon, 2017.)

If a company wants to get economical results from networking, it must also be strategically planned. The time spent on networking does not directly bring a revenue to the company, so the economic benefit is obtained by efficient use of the networks. (Connolly, 2013.) In order to create a common vision of the network's existence and basic tasks, it is important to form a common meaning already at the starting stage. Conceptual steps such as in the start-up, innovations and re-development phase, the strategic vision of the network is of particular importance. In this way, a common vision can be created for the network and operations can be developed efficiently. By directing the network, a competitive advantage can also be created, as it can be used to combine know-how, create new business opportunities, lead the network's strategy, and commit the network to working towards common goals. (Valkokari etc. 2006, 34.)

Developing an efficient and effective network can be a multi-year process. The more precisely the company is aware of the purpose of the network, the more determined it is built, the more successful the network can become. The development of basic networks is a process in which several interconnected measures must be implemented. From the image, Phase model of basic business network construction (page 19), we can see the phase model for building the network. It consists of the creation of the Industry Value System Analysis, the Objectives and Structures of the Network, the Business Idea and Partners of the Network, and the Organization and management model of the Network. In addition to building the network, analysis is needed from the perspective of both the core company and the various partners. Along the way, changes and fine-tuning are also needed, as well as the replacement of inefficient members or the replacement of outgoing members if necessary. In the analysis of the value creation system, the main goal is to find out how the value system can be developed to be more efficient than at present. In defining the goals of the network, the current status analysis clarifies the development goals on the basis of the identified threats and opportunities.

The specification of the business idea of the network and the selection of partners take place with the defined goals, and the structure of the business network needed to achieve them. Based on the value system network, it is possible to determine the nature of suppliers and channels. The organization's existing suppliers and channels form the basis for the selection of network partners for the reform method. The organization of the network and the development of a management model are a prerequisite for successful operations. Central to the development of a management model is evaluation; how much responsibility should be centralized and how much decentralized. It would be good to create a management model that combines the advantages of both centralization and decentralization. (Möller etc. 2009, 56-65.)

The network management guide created by the Finnish State Chancellery (2019) advises to evaluate co-operation with the help of the following questions:

- What are the benefits of networking for target groups (customers, etc.)?
- Can participating in the network reduce duplication of work, find new resources or learn lessons?
- Does the network have the potential to produce broadly impressive results?

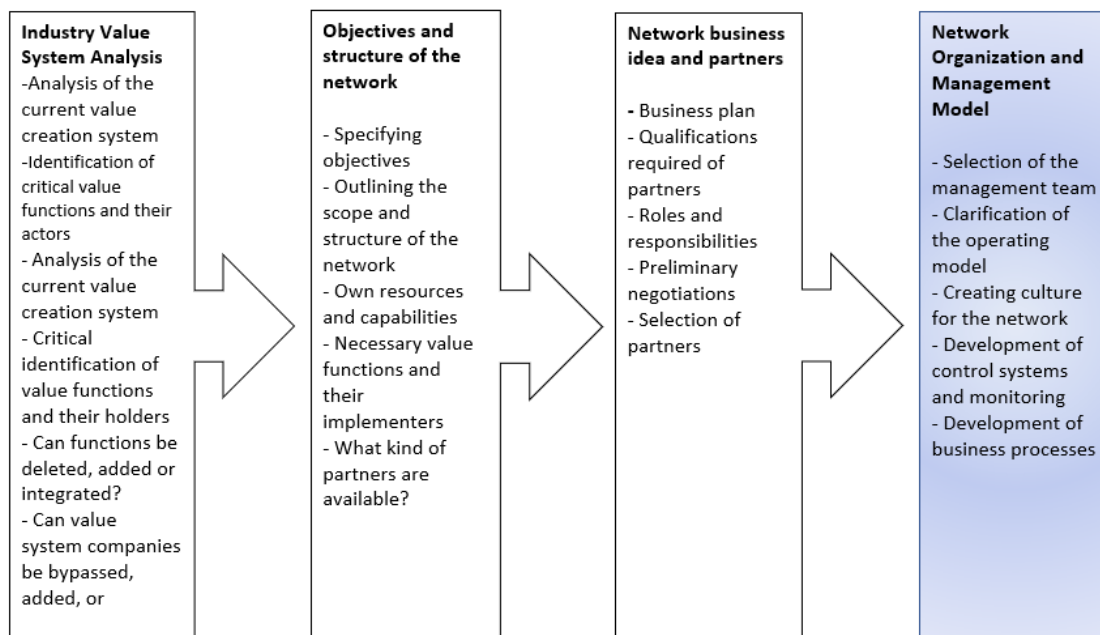


Figure 7. Phase model of basic business network construction. (Customized and translated: Möller etc. 2009, 56).

As we can see from the figure above, the industry value system analysis has four steps. First, the company should analyse the effectiveness of its current value system. Useful as well as useless parts of the value chain must be identified. Based on these analyses, decisions are made to integrate or disintegrate functions. In order for the network to be as efficient as possible, it may be necessary to remove some of the functions and add suppliers to some. Determining the goals and structure of the network starts by specifying the goals of the network. The scope and structure of the network should be outlined to identify potential threats and opportunities. Identifying company's strengths and capabilities will help clarify your own position in the network and, moreover, the value of the network. This also reveals the company's value functions and their implementers. On the basis of existing actors, a new, more efficient network can be developed. The business idea and partners of the network are defined once the members of the network have been outlined. A business plan is created for the network or its mission. At the same time, the characteristics required of partners are needed to define an efficient value chain. Roles and responsibilities are clearly specified so that network members have a clear picture of their role in the value chain. Preliminary negotiations are then held, and the organisation's partners are selected.

The organization and management model of the network is the most important part of the functioning of the network. The selection of the management team and the specification of the operating model help to clarify the roles and responsibilities of the operational processes. Clarifying the operating model will also help to create a culture for the network. In order to test and monitor the objectives and functionality of the network, control system and monitoring models must be created. As stated earlier, the only lasting thing is change, and therefore the value chain must be able to develop throughout its life cycle. By monitoring the efficiency of operating processes, it is also possible to develop them as needed.

How well the different value functions and the capabilities they require can be defined is central to building strategic networks. Precise definition of value systems reduces uncertainty and thus facilitates network construction and management. Correspondingly, a value system that is more difficult to define increases uncertainty and thus makes network construction more difficult and riskier because its real value is more difficult to determine. (Valkokari etc. 2009, 65-66.)

2.8 Network management

Leadership plays a key role in leveraging networks. The starting point of the network structures can be considered where its leadership is located (Kenis, Provan 2009). Power is most distributed among those with knowledge and relationships, and networks involve normal concepts and forms of power that affect human interactions. The distribution of power may be based on agreed roles in the network, but there may be preconceived notions of dominance within the network. Thus, when managing a network, one must be aware of the manifestations of power as well as their effects. The dominance of an individual network member can negatively affect the commitment and responsibility of other actors. Management is a prerequisite for the network to function and create added value. Leadership takes the network towards the goals set for it. Specific features of the operation of the networks such as; voluntariness, reciprocity and equality are different from the activities of an organization. Therefore, leading a network is different from leading a hierarchical organization.

The voluntary, equality and reciprocity of networks creates a particularly sensitive basis for external incentives and the use of power. Excessive external interference or control can even completely block network operation. The management of the network therefore contributes to the functioning of the network and thus to its ability to generate value and achieve the objectives for which the network was created. Responsibility and leadership must come from the members of the network themselves. Within the network, working methods and conditions for producing common results should be agreed and implemented collectively. Leadership development is an ongoing process due to the changing and mobile nature of networking. However, it is difficult to fully ensure the effectiveness, quality, and efficiency of operations through structures and processes, as personal factors related to the human community always influence the processes and can be difficult to identify and therefore prevent.

Indeed, the Network Management Guide (Valtioneuvoston kanslia 2019, 16.) lists that, in addition to the process, the network should also have the ability to identify challenges and obstacles, the courage to highlight them, a preliminary understanding of where the challenges may arise, and the will to find solutions. This presupposes that the network is from time to time able to critically evaluate its activities, by standing above its day-to-day activities to assess the situation.

Functionality can be assessed from the following perspectives:

- Does the network generate the desired synergies and added value?
- Do the structures help to achieve the desired result?
- What is the effectiveness of co-operation and the quality of interaction?
- How committed are the members of the network and whether self-direction works?

However, there has been no consensus in network management research on how network management works in practice and how it succeeds. However, the network manager is responsible for guiding and evaluating operations, the most important thing is to support the functioning of the network. (Kattainen 2016, 27.)

3 EMPIRICAL RESEARCH

The purpose of this thesis is to study the need of networking for internationalising companies. The theory section went through networking as a concept and tool for companies. In this section, it has been conducted interview research on the subject. The purpose of the interview is to examine the experience of internationalized companies in networks and how the interviewees have taken them into account in the internationalization process. Qualitative research has been chosen as the research method for the thesis. The small number of cases to be investigated precludes statistical research methods, which has led to the study of concepts. Qualitative research is a methodological trend in scientific research, where the starting point is to understand the quality, properties, and meanings of an object holistically. (University of Jyväskylä, 2015.) In qualitative research, one of the main factors is to deepen knowledge of an existing phenomenon. Qualitative research should be used as a basis for direct experience, but theories and hypotheses that can be explicitly tested must also be considered. (Trockhim, 2020) Benchmarking and classification concepts are tools in qualitative research (Tuomivaara 2005, 32). Therefore, in addition to the research, the thesis has resulted in a research interview for a small group of entrepreneurs.

In the interview, the researcher participates interactively in the production of the material. As a data acquisition method, the interview methods are classified according to the researcher's role in the interaction method. Interviews also have different structures and implementations, which are classified according to the interview practice. According to the interaction between the interviewee and the interviewer, the interview methods can be classified as follows: structured, form interview, semi-structured, thematic interview, and unstructured, open or in-depth interview. The form of the interview can be a group interview, a thematic interview, or an expert interview. Forms, audio recordings, videos, or written notes can be used to record the interview. (University of Jyväskylä 2020.)

The interview material is small, as only three interviewees participated. The interviewees have been selected according to the fact that their organizations have business operations in Finland as well as in another country. Thus, their skills and knowledge support the research of the thesis, the role of networking in the internationalization process. The purpose of the interviews was to find out the companies' awareness of their own networks and how strategically they are currently utilized. This interview has also been conducted in a semi-structured way, as the questions have been drafted based on a specific theme. One of the interviews was conducted orally and the other two interviewees answered questions via email. In the interview case, the interviewer has taken notes, while in an email interview, the responses came directly from the interviewee. All respondents answered the same questions. Interview questions as well as the answers, can be found at the end of the report. Interview material was collected during March and April 2021.

As mentioned earlier, the purpose of the interview is to find out the companies' awareness of their own networks and the utility of the networks. At the beginning of the interview, shortly has been told about the topic of the thesis, so that the interviewees understand the type of research for which material is being collected. There are six questions asked, the first three focusing on the networks themselves and the last three on networks in the process of internationalization.

3.1 Objectives of the Thesis

The starting point of the thesis has been the author's own interest in the topic. While working in different companies, I have noticed that extensive networks bring new opportunities to the company so that the company can offer its customers something different and thus stand out from the competition. The purpose of this work is to study network formation and networking drivers. The author is particularly interested in how companies identify their own networks and how they can be managed.

The thesis examines the answers to the following questions:

What is networking?

What is the value of networks?

How do companies leverage their existing networks?

What is the role of Networking in a company's internationalization process?

The thesis focuses on scientific materials concerning internationalization and networking. Networking is approached especially in the form of business management, strategic planning, and its management. Strategic planning is an important part of the internationalization process, which is why I have chosen this research direction. The material of the thesis is approached with qualitative research, and as part of the research, interviews with a small number of internationalized companies is also conducted.

The purpose of the thesis is to understand networking as a concept and to find out its significance for companies. As the author has focused on internationalization in her bachelor's studies, the thesis has also focused on internationalising companies. The goal is to create a report that would help internationalizing companies leverage their networks economically. Because networking is a very broad concept and can be explored from many perspectives, focusing on internationalizing companies is also a limiting factor in this work. Finnish start up investor and entrepreneur Väisänen (2018) declares that the hemlock of Finnish companies is growth-indifference. In Finnish culture, tearing competition is avoided and domestic competitors in the industry often ally, preventing outside competition. These trading tools do not compete internationally. Networks are part of the internationalized business world and researching the topic from different perspectives is relevant to the author. Research conducted by different generations can also bring a new perspective to the subject, as the world is constantly changing and so are the needs and drivers of networking.

3.2 Interviews

The first interviewee is Henri Savolainen. Henri works as a design manager at Hovako Oy. The company mainly operates in Finland and has also expanded its operations to Estonia. Questions concerning networking have been raised regarding operations when the company has expanded from Finland to Estonia.

The next interviewee is Ahmed Ahmed, an entrepreneur from Timber Greenwood Oy. Timber Greenwood is an export company whose business is a timber agency. The company therefore, exports sawn timber from Finland to the Arab countries. Questions for networking have been raised regarding operations in which the company has expanded its operations to new countries.

The third interviewee is Tita Tajakka-Hotti, Commercial Director of Oy U-Cont Ltd. U-Cont is an export company that manufactures fuel tanks and distribution stations. Questions have been asked about their export operations from Finland to abroad.

In the first question, interviewees were asked to think about existing networks and how they work. All interviewees identified that they have networks and found them useful. Henri Savolainen (2021) felt that the networks were useful because the internationalization had been successful. Ahmed Ahmed (2021) felt that the networks were operational because they benefited the company's purchasing and sales channels from operation and expansion. Tita Tajakka-Hotti (2021), the development of networks is topical even if the existing networks are working.

The second question was asked; whether networks are strategically designed and how. The first interviewee replied that the networks are to some extent strategically designed. Another interviewee replied that networks are not strategically planned but networking is an ongoing process in his company. When a certain kind of need arises, company's own network is mapped out to find a suitable partner. The third respondent states that networks are designed through a sales and sourcing strategy. As the company is updating its strategy, especially in terms of sales, the related network is being reviewed.

The third question concerned the objectives of the networks. The main goal of the first company's networks is to facilitate business and create new opportunities. Networks also grow themselves. The networks of another company are enabling the implementation of the company's strategy, for example the widest possible product portfolio and services are created for customers. In the third company, the aim of the networks is to promote sales, gain sales and require business continuity and development. The goal of the procurement is a functional and cost-effective network as well as strategic partners that can be used to carry out product development.

The fourth question asked about the benefits of the company's existing networks in the networking process of the new market area. The first company saw the benefit as obvious in order for the

networking to succeed because the old network had information that the company itself did not have. Another company replied that the existing network has made it easier to find reliable partners and helps the company to grow and enter the business of larger players. Networks also help to be aware of important events in the field and thus allow them to network with other actors in their field. That is, when you know the right people, they will help you find things that will benefit you. The third respondent states that the old networks make it possible to find new partners in various fields. Old networks also help with business development. References from an existing network are also important.

The fifth question clarified; whether the company is networked with companies in the new market area. The answer of the first company is that to some extent. Another company replied that this is true, as the company would be at risk of dealing only with certain actors. A third company replied that they are currently in the process of updating their market strategy and the mapping of networking and partners is in the planning stage. Covid-19 has brought its own challenges to the company. The subcontracting field is also constantly being mapped and efforts are being made to find new players.

The last question explores the importance of networks in expanding into a new market area. The first interviewee states that networks were of great importance, as without them expansion would not have been possible. The second respondent sums up that the networks have provided work experience and information from business areas in which the entrepreneur himself has no experience. The networks have thus greatly helped to expand into new business and market areas. A third respondent is on the same lines, saying that without networks, access to new markets would be impossible.

4 RESULTS

This section reviews the purpose of the thesis and considers how the theory supports the chosen topic. In the results, we dip deeper into the results of the study, while summarizing the information studied. The aim of the study has been to find the importance of networking in the company's internationalization process. The theory section dealt with information about networks, their drivers and significance for the companies. The theory examined the value of networking for companies, strategic networking, and network management. The theory intends to be supported by an interview study looking for companies who have already gone through internationalization. This aims at an entity in which theory is supported by research. However, the number of interviewees remained rather small, but the most important thing the author considers is that the expertise of the interviewees was high.

4.1 The Benefits of Network for Organizations

In the interviews it was asked about the networks and how companies see that they work. We can see that companies recognized their existing networks and found them useful. One interviewee also identified the need for networks to be developed. As all the companies interviewed have been successful in expanding abroad, we can conclude that the networks have been beneficial to the companies. Networks are designed for respondent companies according to their needs. And one respondent had noted that networking was an ongoing process. From this, we can also say that it is important for companies to interact with other actors in the field, thus it makes networking easier when need arises. In terms of resources and financial benefit, it is also important for a company to identify those areas of its operations where networking is most beneficial.

Technology and globalization have given consumers almost unlimited opportunities to consume globally. As stated earlier, products are no longer just products, but wholes of goods, services, and software elements. This creates pressure on companies to offer wide range of expertise and assortment. On the other hand, companies also have greater opportunities to share resources and expand outside their own markets. Removing regulatory barriers between many countries will increase competition, but at the same time create growth opportunities. Thus, there is a need for networking between companies when they have a need to serve common customers, streamline operations, implement a company's vision or strategy, or face current phenomena. In a globalizing economy, companies can use networking as a tool for specialization to meet customer needs while increasing costs. It can be said that networking plays an important role in business development and future planning.

In an internationalized world, companies are also increasingly dependent on international markets. The reason may be, for example, the heating up of the competitive situation in the domestic market, in which case the company must look for new customers and markets outside

the boundaries of the existing market. The value of a company also increases as it thrives in more markets. As risks are spread across several markets, the risk factors of the company's operations are also balanced. (Central Finland Chamber of Commerce, 2018.) Thus, the company's operations do not depend on the functioning of only one market. Companies need to internationalize if the current market is too small, and this might stop the company's growth opportunities. Lack of resources such as technology, manpower or material can also create the need to expand the market. Whatever the reason for the company's internationalization, the company will not be able to implement it alone. As an investment, internationalization is often a resource-consuming process and therefore it is good to assess the risks as well as possible. Internationalization as part of a network brings the company more resources of information to minimize risks.

4.2 Networks as a Part of Strategical Planning

When asked about the purpose of corporate networks, firms had clear goals for networks. Facilitating company operations and creating new opportunities, implementing company strategy such as wider supply to customers, increasing sales and guaranteeing the company's operations. So, companies need networks for various purposes. Thus, what added value the network brings to the company depends entirely on the purpose of the network. Clearly, networks are seen as generating added value for the company, as additional resources enable the company to generate added value for the end user as well. The networks have thus provided companies with more resources and thus made the business profitable.

A company can be driven by internationalization by a variety of factors. These factors also affect the size of the investment. As a company internationalizes and makes effective investment, all available resources are needed to minimize risk factors. Strategic planning and identifying opportunities and threats are then key for success. The success of strategic planning is greatly influenced by how the company can identify the existing and missing resources of the organization. Networks enable a company to identify missing factors and thus reduce risk.

The strategy enables the company to create workable goals, and missions, vision and value. In this way, the company is also able to concretely create the necessary tools, making the vision concrete. The benefit of networks at this stage is to provide the company with information from which it can create a workable strategy. An effective strategy will help reduce the risks inherent in targeting new markets. The biggest risk factors are related to the market area's economy, politics, culture and social differences from the domestic market. Strategic planning helps a company clarify its goals and thus find the right tools and partners to achieve those goals. Co-operation must be mutually beneficial and the value base of companies should be clear to all parties. For example, improper communication can inadvertently cause great financial damage to another network member.

In managing risks, it is essential to identify risks and carefully plan and monitor operations. This allows the company's resources to be used cost-effectively. Strategic planning can be used as a tool

planning and monitoring. Once a company recognizes its need for internationalization, it becomes possible to choose a strategy to act on. The process evaluates competitors, products or service demand and need in the market. The need for networks enters the picture immediately at the strategic planning stages.

As can be deduced from the strategy presented on page 16, stakeholders and networks play an important role in planning the company's strategy. They help create pragmatic and experiential practices that help an organization achieve its goals. Stakeholders and thus networks also play a key role in monitoring the achievement of objectives. In the internationalization process, strategic planning has an important role in enabling a company to allocate its limited resources correctly. Compared to the domestic market, the risks in the foreign market are higher, in which case they should be identified particularly accurately, and efforts should be made to prepare as well as possible. The role of networks in determining risks is also significant if the company has no previous experience in the relevant market

4.3 The Objectives of the Network

For the companies that responded to the survey, the main goal of the networks became to facilitate operations and create new opportunities. The networks made it possible to offer customers a wider product portfolio and additional services, but also the development of new products. Supporting sales, developing the company, and even securing the company's existence were things that the respondents listed. It was possible to make the production of the product more cost-effective and efficient through networks.

Even if companies understand what networks can enable, the use of networks can still be inefficient. Lack of information on the economic exploitation of networks can lead to inability to exploit networks efficiently. In this way, financial benefits of networks are not achieved. Apparently, setting a goal for the network also allows functions to be efficiently allocated to the required resources. Goals can be used to cut down on unused and inefficient parts of the network and focus on those that really help achieve the desired results.

The structure of the networks varies according to the product and the needs of the customers, thus a change in the structure of the network is constantly present. This makes networks difficult to manage. Thus, planning networks can be challenging, but not impossible. The starting point for planning can be the purpose for which the network is built. The structures of networks depend on its function and structures. Issues of power and responsibility between networks defines its structures. In an equal network, all network members are on the same starting line in decision-making, while in a hierarchical network, the one with the most resources or information is able to determine the position of the network members in the value chain. In both cases, added value is created for each organization in the network according to what their personal goal is. Each member of the network has their own tasks, which together enable the development of resources and thus,

create added value for both companies and the end user.

Joining a foreign network can directly bring an opportunity for internationalization. If a company has strong resources and know-how through domestic networks, it will also strengthen its position in foreign networks. Strategic alliances bring competitiveness and efficiency to new markets.

Competition against other players is facilitated when there are other players around who help make the operation cost-effective. It is far from always worthwhile to produce value chain functions independently precisely because of cost efficiency. It is more profitable for a company to focus on its core competencies than to cover all operating chains independently. In order to minimize operational risks, the company's network should be extensive in order to reduce dependence on, for example, one supplier.

4.4 Networks in Support of Internationalization

Companies clearly saw the help of existing networks in the internationalization process as positive. The networks provided information on new markets and allowed the existing network to be expanded. Networks were seen as an effective way to find reliable partners that enable business growth. Networks thus save the company's resources by reducing the risks of internationalization. In this way, resources can be used more efficiently. The information brought about by the networks has helped the company to develop its business and thus create added value for customers. The creation of new networks in a new market area was seen as reducing risk. For example, when a company has more than one supplier, it reduces risks in a situation where the supplier is unable to supply the required products. The existence of networks was considered by all respondents to be a major reason for the success of the internationalization process. Through their own resources and networks, the networks also enabled the internationalization of the respondent companies.

The purpose of networks is to share resources and create synergies between companies. Resources can be knowledge, manpower, culture, language skills and communication, identity, market power, social capital, common goals, or anything that a company that shares, seems useful to itself and at the same time someone else can benefit from. This will create the power, trust and added value that will help grow the business of the network parties. A strong business creates a competitive advantage that helps the company grow.

4.5 Networks in the Process of Internationalization

When asked whether companies have networked with companies in the new target country, the answers were positive. The reduction of networks was seen as a risk for the company, so developing the network would be important. One company was going to design and develop networks, but Covid19 had made networking more difficult. Continuous networking can help companies overcome

unexpected situations. Companies need to find new channels and ways to network with other players. In the process of internationalization, respondents saw the importance of networks as important. Without networking, internationalization would have been difficult, even impossible. The networks brought with them experience and information that the companies did not have on their own.

Developing an efficient and effective network is a multi-year process. For many companies, it is also an ongoing process as customer needs and desires are constantly changing. Co-operation between networks does not always bring the desired result, and in that case, there must be the readiness and courage to modify the network. The process of developing networks is to create a common vision, create a value base, develop a business idea, and refine management and monitoring of results. I would see that monitoring results plays an important role in analysing the effectiveness of the network. Of the networks from which the best results can be obtained, it would be effective to take the operating model elsewhere as well, so that unprofitable operations do not arise. Strategic planning and an effective monitoring process are key elements in creating a functioning network. Of course, the easier it is to determine the value of a network, the more effectively its value to the company can be measured.

At this stage, we can already conclude that networking is a strong tool in the company's internationalization process. As stated earlier, networking aims to create value for a company by creating synergies between network members that share limited resources. The network creates added value for the company when it is able to provide additional services or products to the customer. No company can operate alone, and the utilization of networks has a positive effect on the value of the company. However, since interaction with other companies is essential, it would make sense to be done in terms of financial profitability.

Trust between members is an important element in creating a functioning and effective network. Trust affects the commitment and responsibility of network members, which in turn directly affects the efficiency of the network. Defining the roles and leadership of network members is key to building trust. Defining leadership is also important because leading a network is different from leading an organization. In a hierarchical organization, management aims at the company's values, vision and productive goals. In the network, activities are based on voluntariness, reciprocity, and equality, in which case the vision, values and result cannot be unambiguously defined. This also supports the fact that the methods and conditions of operation in the network should be agreed as precisely as possible in order for the operation to be able to produce results. Management evaluates the goals set for the network and monitors their implementation, and thus moves the network towards the goals set for it.

Internationalization gives the company the opportunity to better serve customer needs and expand the market. However, as noted earlier, the internationalization process consumes a lot of company resources. Therefore, the company must have a need to expand, for example, additional resources that cannot be utilized in the current market. The Theory section presents Pfeffer's and Salancik's

dependency theory, which is based on the fact that resources are always limited, and it makes companies dependent on their environment. If a company does not have access to the resources it needs, the conditions for the company's existence are difficult to control. The success of a company also depends on how capable it is of sourcing external resources. However, efficient use of resources is key factor when measuring a company's ability. When a company strives to produce a wider and higher quality service package with limited resources, strategic planning plays a key role. The company must identify its competence potential and existing resources to be able to develop a strategy. When planning a strategy, it is essential to assess the level of competence and the need for development. This makes the allocation of resources and the implementation of the strategy work so that the company can operate profitably and develop. In the network, companies' resources are used efficiently. If the company's resources are not fully sufficient for internationalization, networking can lead to bigger investments.

5 CONCLUSION

In this section, the conclusions of the thesis research are made. The reliability of the work is also discussed, and last but not least, my own learning during the process is assessed.

The network is a modern tool to increase the added value of companies. The strategic use of networks helps a company to use limited resources efficiently, which in turn helps the company to achieve financial balance. Wider resources reduce company risk and increase opportunities for greater investment. The business of a growth-oriented company is constantly changing, which also causes constant change in the networks. With a strong network, that is, greater resources, expertise, and trust, companies are better prepared to take greater risks. Higher risk taking can take a company's product or service to a whole new level, which would not have been possible without extra knowledge and resources.

As an investment, internationalization is often using plenty of company's resources. Limited resources pose challenges for investment. The company must therefore have a need, for example extra resources, to start the internationalization process. Simply, companies that seek new markets alone have a lower chance of success than companies that seek to market through a network. Local knowledge and customer understanding facilitates integration into a new market area. Networks enable additional resources and bring with them information and local knowledge that a company might not otherwise have. The need to serve customers so that the company's resources are used efficiently can be seen as drivers of networking. This in turn increases the company's financial balance.

The benefits of the network for companies cannot be unequivocally demonstrated, but the benefits depend on where each company needs the network. The company itself must therefore have clear goals so that it can also set objectives as part of the network. In particular, networks aim to create added value so that a company can compete with other players. The fiercer the competition in the industry, the more important it is for a company to be able to stand out in order to succeed. The importance of the network in the internationalization process can be seen as a way to stand out. However, the role of networks in risk management can be considered equally important. The better the business risks are handled, the more balanced the economic predictability is.

Networks are an integral part of a company's operations today. It is more financially profitable for a company to make targeted use of the network. With the help of the network, the company can increase its competitiveness by improving its services and expanding its offering. The company will thus be able to strengthen its position against its competitors, which will facilitate the transition to a new market.

5.1 Reliability

This thesis has been carried out as an independent study, in which the topic was approached by studying existing studies and on the basis of these a theoretical part was created. Scientific research is seen as reliable and credible when it is conducted with the utmost care, honesty and accuracy (Tutkimustieteellinen neuvottelukunta, 2012). In the theory part, mainly scientific publications have been used and this supports the reliability of the data. There are various publications on the subject, but the difficulty was how to choose the announcements that scientifically support the topic of this thesis.

As noted earlier, qualitative research has been used as a tool in this thesis. The research material used in qualitative research may open up to the researcher in different ways, depending on the tools used in the research (Sarajärvi, Tuomi 2018, 13). Because of this, it can be challenging to do academically quality research. The reliability of a study cannot be directly established by reliability or validity (Koskinen, Alasuutari, Peltonen 2005, 254-255). Therefore, the aim of this study has been to open up the reasons for the selection of the study material in order to increase the reliability of the study. Individuals whose companies already have experience of the internationalization process were asked to participate in the survey. In this way, it was possible to examine whether they have identified their networks in their internationalization process and been able to take advantage of them. The small number of interviewees brings unreliability to the veracity of the study. The layout of the questions can also be unclear, in which case the interviewees do not necessarily understand the purpose of the question and thus the veracity of the answer remains invalid.

5.2 Learning Process

I would see that in the thesis process it is important to be able to utilize what has been learned in earlier, but at the same time to be able to absorb something new. Mastering extensive written material is challenging, and especially so that the written outcome is clear and easy to read. This work was especially aided by the fact that he had previously written more extensive reports. Previous experience made it easier to get information when you knew how to use the right search channels.

Many different studies have been done on networking, but the most difficult issue was to find suitable materials for this thesis. It was therefore necessary to learn to apply and analyse the data in order to be able to obtain a professionally valid work on the thesis. Learning took place throughout the writing process and the more you read about the topic the clearer you were able to think about the thesis as a whole. The most difficult part of the thesis was the analysis of theory and interview research so, that the outcome would be academically reliable. Learning during the thesis has been multi-layered, as many things need to be mastered when writing an extensive report. Indeed, learning is an ongoing process that progressed from the initial introduction to the verification of the correctness of the resources.

While doing my thesis, it was great to see how much of this topic has been addressed. What makes networking interesting is that the topic may seem quite abstract, making it a challenging topic to explore. Networking takes place both as individuals and as companies and is, after all, an everyday thing in people's working lives. As further research, it would be interesting to dive deeper into the economics of networking and to examine how companies have been able to assess the economic benefits of networking.

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APPENDIX 2: INTERVIEW QUESTIONS

The Role of Networking in Company's Internationalization Process

Networks and networking are a natural part of a company's business today. I am writing my final thesis and the topic is the networking role in the company's internationalization process. I need interview material from companies that have already gone through the internationalization process and therefore I would ask you to answer a few questions. The answering would help me to expand the material of my thesis and thus create a more practical overview of the topic. If you wish, you can answer the six questions below or we can arrange an interview time for me to record the answers up.

Strategic networks can create value for a company. Regardless of the size of the company or the scope of its business, all its transactions; both economic and non-economic require interaction between communities. The interaction between companies and organizations is also emphasized because companies are run by people. Thus, companies operate in networks whose business ideas and goals can differ widely from each other. Through networks, companies seek competitiveness, improved productivity, and the development of new business models. We are talking about the network economy because networking is such an integral part of business. Next, I will ask questions about your company's networks.

1. Do you think your company's networks are giving benefits to your business? Why?
2. Has your company strategically planned its networks? How?
3. What are the goals of your company's networks? Why?

When your company expanded into a new market:

4. Were existing networks useful in the networking process? Why?
5. Did your company network with companies in the new market area?
6. What role did networking play in the process as your business expanded into a new market? Why?

Thank you for your time!

Henri Savolainen:

1. Onko yrityksellänne mielestänne toimivat verkostot? Miksi?
 - a. Yritykselläni on toimivat verkostot, koska kansainvälistyminen on onnistunut.

2. Onko yrityksenne strategisesti suunnitellut verkostojansa? Miten?
 - a. Verkostoja on jossain määrin strategisesti suunniteltu. Ne ovat huomattavasti helpottamassa kansainvälistymistä.

3. Mitkä ovat yrityksenne verkostojen tavoitteet? Miksi?
 - a. Verkostojen tavoitteena on luoda helpottaa bisnestä ja luoda uusia mahdollisuuksia. Verkostot myös laajentavat itse itseään.

Kun yrityksenne laajensi uudelle markkina-alueelle:

Oliko olemassa olevista verkostoista hyötyä verkostoitumisprosessissa? Miksi?

- b. Olemassa olevat verkostot helpottivat verkostoitumista paikallisiin verkostoihin, koska olemassa olevilla verkostoilla oli paikallistuntemusta, jota meiltä puuttui.

Verkostoituiko yrityksenne uuden markkina-alueen yrityksiensä kanssa?

- c. Jossain määrin kyllä.

Mikä merkitys verkostoitumisella oli teidän yrityksellenne liiketoiminnan laajentuessa uudelle markkina-alueelle? Miksi?

- d. Verkostoitumisella oli suuri merkitys. Ilman verkostoitumista laajentuminen ei olisi ollut mahdollista.

Ahmed Ahmed:

1. Do you think your company's networks are giving benefits to your business? Why?
 - Totta kai, verkostoilta saa paljon tukea yrityksen eri osa-alueisiin. Verkostot auttavat muun muassa uusien myynti ja ostokanavien hankinnassa. Myös yrityksen kasvattamisessa ja laajentamisessa verkostoilla on oma osansa.
2. Has your company strategically designed its networks? How?
 - Verkostoitumista ei yleensä suunnitella vaan tutustun eri alan yrittäjien kanssa aina kun mahdollista. Kun uusia toimijoita tarvitaan, käydään läpi ihmisiä, joita olen tavannut. Verkostoitumisen aktiivisuus riippuu välillä myös siitä paljonko resursseja yritys pystyy siihen sillä hetkellä käyttämään.
3. What are the goals of your company's networks? Why?
 - Yritykseni strategia on että asiakkaille pyritään tarjoamaan mahdollisimman laajat tuotteet ja palvelut. Verkostot auttavat toteuttamaan tämän.

When your company expanded into a new market:

4. Were existing networks useful in the networking process? Why?
 - a. Verkostojen avulla on helpompi löytää hyviä, luotettavia liikekumppaneita. Verkostot myös ovat myös auttaneet kasvattamaan liiketoimintaa ja pääsemään sisään isompien toimijoiden liiketoimintaan. Verkostojen avulla olen myös saanut tietää alaan liittyvistä tärkeistä tapahtumista, jotka ovat auttaneet puolestaan verkostoitumaan muiden alan liikeharjoittajien kanssa. Verkostot siis todella auttavat yrittäjää löytämään itseään ja liiketoimintaa hyödyttäviä asioita.
5. Did your company network with companies in the new market area?
 - Totta kai yritykselle on iso riski ripustautua vain yhteen toimijaan uusilla markkinoilla, joten se tarvitsee hyvät verkostot myös kohdemassa.
6. What role did networking play in the process as your business expanded into a new market? Why?

- Verkostot ovat antaneet minulle kokemusta tästä työstä ja muilta liiketoiminta-alueilta joilla minulla ei ollut kokemusta. Se auttoi minua pääsemään sisään markkinoille.

Tita Tajakka-Hotti:

1. Onko yrityksellänne mielestänne toimivat verkostot? Miksi? **Yrityksellä on toimivat verkostot, mutta verkoston aktiivinen kehittäminen ja kasvattaminen on ajankohtaista ja työstämme asiaa parhaillaan strategiatasolla.**
2. Onko yrityksenne strategisesti suunnitellut verkostojansa? Miten? **Myynti- ja hankintastrategian kautta. Parhaillaan käynnissä strategiapäivitys varsinkin myynnin osalta. Tässä kohtaa käymme läpi eri verkostoja.**
3. Mitkä ovat yrityksenne verkostojen tavoitteet? Miksi? **Myynnin edistäminen ja liiketoiminnan jatkuvuus ja kehittäminen, kauppojen saaminen. Hankinnassa toimiva ja kustannustehokas verkosto, sekä strategiset kumppanit, joiden avulla voidaan tehdä tuotekehitystä.**

Kun yrityksenne laajensi uudelle markkina-alueelle:

4. Oliko olemassa olevista verkostoista hyötyä verkostoitumisprosessissa? Miksi? **Vanhojen verkostojen kautta pääsemme etsimään uusia yhteistyökumppaneita eri osa-alueille. Lisäksi vanhat verkostot auttavat uuden liiketoiminnan kehittämisen osalta. Myös referenssit ovat tärkeitä jo olemassa olevalta verkostolta.**
5. Onko yrityksenne verkostoitunut uuden markkina-alueen yritysten kanssa? **Markkinastrategian päivitys on parhaillaan käynnissä ja verkostoituminen ja yhteistyökumppaneiden kartoittaminen on parhaillaan aktiivisesti suunnitteluasteella. Covid-19 on tuonut tähän omat haasteet. Alihankintakenttää kartoitetaan jatkuvasti ja pyritään löytämään myös uusia toimijoita.**
6. Mikä merkitys verkostoitumisella oli teidän yrityksellenne liiketoiminnan laajentuessa uudelle markkina-alueelle? Miksi? **Suuri merkitys, sillä ilman verkostoitumista uusille markkina-alueille pääsy on mahdotonta.**