Managing an emerging region
A study of how MNCs manage uncertainty in a Southern African context

Master's Thesis 30 credits
Department of Business Studies
Uppsala University
Spring Semester of 2016
Date of Submission: 2016-05-27

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ABSTRACT

Title: Managing an emerging region – A study of how MNCs manage uncertainty in a Southern African context

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Research question: How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community?

Purpose: Provide a deeper understanding of how Swedish MNCs from diverse industrial backgrounds are managing uncertainty when operating in the Southern African Development Community (SADC). This study further aims to add to an acknowledged theoretical gap in international business research by providing a contextual contribution towards the Southern African region to the field of internationalization management.

Method: A qualitative research method including semi-structured interviews was used to gain in-depth understanding of how Swedish B2B MNCs manages uncertainty within SADC markets. For the analysis, a theoretical framework based on uncertainty management, knowledge and network theory was developed into a conceptual model, carried out when gathering empirical data.

Conclusions: The findings suggest that gaining experiential knowledge was vital to reduce perceived uncertainty among Swedish B2B MNCs operating in SADC markets. Experiential knowledge was obtained through operations within the markets, which over time resulted in enhanced market commitments and thereafter increased experiential knowledge. Knowledge was further exclusively shared within networks, where gaining network insidership was essential. To gain network insidership in SADC markets, findings suggest that becoming localized in the market to gain legitimacy is beneficial and achieved over a longer period of time. Finally, findings indicate that South Africa could be used as a gateway into Southern Africa, where firms’ can gain valuable experiences, relationships and an understanding of business practices, which can reduce the perceived uncertainty towards other SADC markets.

Key words: Uncertainty reduction, market commitment, network, knowledge, SADC.
ACKNOWLEDGEMENT

As we are in the midst of coming to an end to this process, we would like to show our deepest 
gratitude to those who have supported us and been a great contribution to the end-result of this 
master thesis. First, we would like to express how thankful we are for the invaluable feedback and 
support our supervisor Cecilia Pahlberg has given us throughout this process, making us 
constantly push ourselves to walk that extra mile. Apart from our main supervisor, PhD Siavash 
Alimadadi has given us brilliant and honest feedback at times when we had lost our way in the 
academic jungle, which we are deeply grateful for. From the Department of Business Studies, we 
would also like to say thank you to Matthias Holmstedt, lecturer at Uppsala University. Even 
though not part of our process writing this thesis, you gave us the initial support and inspiration 
for the chosen subject through long hours of discussion and reflection.

Also, to all participating respondents’ from the firms’ included in this study consisting of Boule, 
SKF, Ericsson, Svenska Cellulosa Aktiebolag (SCA), Scania, Eltel Networks, Hifab International, 
ABB and DeLaval - this thesis would never have been possible to accomplish without your 
contribution, openness and insights! We would further like to thank the organizers of the African 
Business event by Dagens Industri, who provided us with not only invaluable insights of the 
Southern African region, but also a platform for meeting and getting in contact with firm 
representatives, that later became valuable respondents’ of this study.

A warm thank you also goes out to the respondents’ of the pilot study, the three highly competent 
managing directors of the expansion consultancy firm Diamon - thank you for your feedback, 
comments and constructive criticism. At last, our warmest thoughts and deepest apologies to our 
friends and families who have been forced to support and bear with us throughout the many ups 
and downs during our entire education.

Thank you!

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1. INTRODUCTION

At the end of the 20th century, the Economist (2000) announced Africa as ‘the Hopeless Continent’ due to its marginal share of the global economy. From the 1960’s until the end of the 20th century, foreign direct investments (FDIs) had continuously been decreasing, resulting in Africa being neglected in terms of global trade. Consequently, the region was left out with poor growth, economic and political instability and underdeveloped markets (Hillbom & Green, 2010). However, since 2005 the Southern African region has experienced rapid growth in real income per capita of as much as 18% and shown a GDP growth of 4.49%, indicating a vast development within the region (Zedillo, Cattaneo & Wheeler, 2015). In fact, several reports and experts suggest that some Southern African markets are developing into stabilized economies (Dagens Industri, 2016a, KPMG, 2015; OECD, 2015; SvD, 2012; SvD, 2014), whereas markets within a particular regional bloc, the Southern African Development Community (SADC), show significantly high potential in terms of EIPI (Economic & Investment Potential Index) than most other African markets (KPMG, 2015). The SADC consists of a regional bloc of the countries Angola, Botswana, Congo Dem. Rep., Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe (See Appendix I) (SADC.int). These SADC markets have historically portrayed stagnating growth, but have in recent years prospered and received more FDIs than any other region in the African continent (Zedillo et al. 2015). Consequently, a rather hopeful region is appearing within the historically perceived ‘Hopeless Continent’.

With rapid developments among SADC markets, arising opportunities have caught the interest of Swedish firms’, especially due to the increased openness of conducting business in the region (Högberg, 2016). This ease have been acknowledged by The World Bank, who included as much as nine countries from Sub-Saharan Africa in a global top-twenty list of markets who have improved most in terms of their prospering business climate (EKN, 2014). While Swedish firms’ are increasingly showing interest towards SADC markets, Swedish firms’ have already been operating in Southern African markets for many decades and been successful in terms of growth (Business Sweden, 2014). Swedish multinational corporations (MNCs) such as Ericsson, ABB and SKF are examples of MNCs who have been conducting business in the SADC for decades and managed to maintain strong market positions across the entire African continent (ABB, 2016; SKF, 2016; Sweden abroad, 2016). Thus, Swedish firms’ have a long going historical presence in
the SADC in terms of business, despite reports indicating poor growth and unstable economic and political conditions.

While there has been an acknowledged positive development within the SADC, Western firms’ still face barriers regarding the conduct of business in such emerging markets, often stemming from economical, political, cultural and legal aspects (Hilmersson & Jansson, 2012). In practice, these barriers cause high degrees of uncertainty, which Liesch, Welch & Buckley (2011) define as situations where outcomes are unforeseen. Since uncertainty affects the competitiveness and growth of firms’ due to its impact on firms willingness to commit to a foreign market, (Erramilli, 1991) reducing uncertainty is vital for firms in their international operations (Hilmersson & Jansson, 2012). In order to manage such barriers present in emerging markets, Western firms’ often adopt Westernized practices due to their general global governance strategies (London & Hart, 2004). However, since there are significant diversities between markets, knowledge acquired from past experiences in one market might not be applicable in another (Hilmersson & Jansson, 2012). Adopting Western practices is thus not always the most effective strategy to manage and overcome barriers causing uncertainty (London & Hart, 2004). Acknowledging which strategies Western firms’ use in order to manage and reduce uncertainty in emerging markets is thus vital in international business research in order to provide future guidance and recommendations.

Hilmersson & Jansson (2012) argue that uncertainty reduction is necessary to successfully initiate international businesses in emerging markets, considering that these are often characterized by turbulent and continuously changing market conditions. How firms’ manage and reduce uncertainty in emerging markets is thus not only a vital, but also a modern phenomenon to investigate by international business scholars. In research, uncertainty is often understood as a perceptual outcome affected by an individual's ability to accurately perceive uncertainty (Evans & Bridson 2005; Evans & Mavondo 2002; Vahlne & Nordström, 1993). While Erramilli (1991) argue that uncertainty has a significant impact on the actions and strategies that are to be chosen by firms’ in their international operations, the ability to accurately perceive uncertainty is vital for the firm. In relation to Erramilli (1991), firms’ who inaccurately perceive uncertainty thus risk choosing a less optimal entry mode or neglect market any extensive market commitment towards foreign markets due to an inaccurately high perception of uncertainty. Due to this manner, one can argue that it is vital for decision makers to acknowledge, manage and overcome barriers causing uncertainty to enable firms’ to take advantage of the opportunities and potential of growth in foreign markets. In relation to abilities that are to be needed to manage uncertainty, a plethora of
research claim that experiential knowledge, accumulated from market experience, represents a vital component in regards to reduction of perceived uncertainty in foreign markets (Hilmersson & Jansson, 2012; Johanson & Vahlne, 1977; Johanson & Vahlne, 2009).

In research specifically focused towards Africa, Holmstedt (2015) argue that B2B firms’ need to build relationships with already successful customers and maintain these relationships to be successful. Acquaah (2007) and Acquaah & Eshun (2010) further emphasize relationships in a Sub-Saharan African context, more specifically Ghana, by arguing that social capital developed in relationships with top managers at other firms’, bureaucratic official and community leaders are beneficial in terms of reducing uncertainty. Their findings indicate that firms’ use relationships to obtain resources, information, capabilities and knowledge in emerging markets, which are needed to exploit opportunities and reduce threats stemming from the external environment. The importance of networks is further emphasized by Johanson & Vahlne (2009), who argue that firms’ needs to become insiders of relevant networks to be able to reduce uncertainty. By becoming an insider in these networks, the firm is able to obtain essential sources of knowledge that are not shared among outsiders. Consequently, reducing uncertainty stems from a firm’s ability to achieve insidership in relevant networks, since uncertainty often stems from a lack of experience and information, which is a result of outsidership (Johanson & Vahlne, 2009).

Hilmersson & Jansson (2012) further support the previously mentioned authors, claiming that networks and the gaining of knowledge through experience are vital components in order to reduce uncertainty. The authors argue that identifying and understanding networks and other uncertainty reducing components are vital when operating in foreign markets. However, Hilmersson (2011) emphasize direct criticism towards prior research such as from Johanssone and Vahlne (2009), claiming that there is a neglect of researching contextual environments, since research has taken on a more generalized perspective. The author further argues that there is research scarcity regarding how individual firms’ are gaining experiential knowledge and accessing insidership in order to successfully operate in foreign markets. In line with Hilmersson (2011), Acquaah (2007) further criticize prior research regarding how firms’ operate strategically specifically in an African context. This accumulated criticism thus welcomes contextual contributions for future research of how individual firms’ operate in an African context.

Since there are acknowledged gaps in previous international business research regarding uncertainty reduction and the conduct of business in Southern Africa, this study aims to
investigate how Swedish MNCs reduces uncertainty when operating in the hopeful SADC region. Thus, the objective of this study is to consequently fill the knowledge gap from both an academic and practical perspective by adding to the understanding of uncertainty management. This is done through giving the phenomenon a contextual contribution towards markets within the SADC.

1.1 Research question

*How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community?*

1.2 Purpose

The purpose of this study is to provide an understanding of *how* Swedish MNCs from diverse industrial backgrounds are reducing uncertainty when operating in SADC markets. This study further aims to add to a theoretical gap within international business research by providing a *contextual* contribution towards the Southern African region to the field of uncertainty management.
2. THEORETICAL FRAMEWORK

In this chapter, relevant prior research is presented regarding firms’ internationalization process and the vital concepts for reducing uncertainty when operating in foreign markets.

2.1 Internationalization of the firm

In international business research, there are diverse theoretical perspectives regarding the conceptualization of the internationalization process, consisting of the economic and behavioural approach. The economic approach emphasizes the firm and its environment, while the behavioural approach highlights individuals within the firm and the impact of learning. (Benito & Gripsrud, 1992) The economic approach assumes that individuals’ have full access to information, resulting in a completely rational decision-making process, where these are able to make optimal decisions (Buckley, Devinney & Louviere, 2007; Dunning, 1988). However, the behavioural approach studies the behaviour of firms’ and assumes decision-makers to be bounded rational. The approach emphasize that individuals’ are often not able to make optimal decisions due to a limited access to information and knowledge, while also being affected by their cognitive biases stemming from their personal beliefs and perceptions of reality (Andersson, 2000; Benito & Gripsrud, 1992). Thus, the economic approach provides a rather static explanation to the internationalization process of firms’ in relation to the more dynamic behavioural approach, since the economic approach assumes decision makers to be able to make the same optimal decision in a given situation. This study has chosen to adopt a behavioural approach to understand how firms’ manage uncertainty, since bounded rationality is assumed to have significant impact on how individuals within firms’ perceive and manages uncertainty.

Johanson & Vahlne (1977) are advocates of the behavioural approach and emphasize bounded rationality as a significant factor affecting firms’ internationalization strategies and market selection in their Uppsala Model. The authors argue that psychic distance, a barrier for information flow from and to distant markets stemming from a set of macro level factors, is a predictor of firms’ internationalization strategies and market selection. Especially since high degrees of psychic distance is argued to cause high degrees of market uncertainty. Psychic distance is argued to be affected by factors such as differences in language, education, business practices, culture and industrial development. To overcome the barrier of psychic distance and thus reduce uncertainty, the authors argue that firms’ are in need gaining market experience known as experiential knowledge that can only be acquired through operations in the foreign market. However, contradicting research from authors such as Madsen & Servais (1997) and
Forsgren (2002) criticize the Uppsala model for not being able to fully explain the internationalization process of firms’ and how firms overcome uncertainty in foreign markets. Consequently, Johanson & Vahlne (2009) revised their Uppsala model by arguing that reduction of uncertainty in fact stems from firms’ ability to become insiders of relevant networks in the local market. Since experiential knowledge and the ability to achieve insidership in relevant networks are relevant components regarding uncertainty reduction in foreign markets, this study aims to investigate these theoretical concepts further in the context of the SADC.

2.1.1 Springboard Strategy

In research from Pla-Barber & Camps (2012), the authors argue that European MNCs are using what is called a ‘Springboard strategy’ when internationalizing to foreign markets. The authors found that firms’ are using Spain as a springboard country to expand into Latin America to acquire knowledge and experiences from the Spanish business environment through their subsidiaries. By doing so, firms’ enhanced their learning by obtaining knowledge and experiences from operating in the Spanish market, which is significantly similar to the Latin American market. In turn, generated experiences and knowledge could at a later stage be used when initiating international operations towards target markets in Latin America. Consequently, relevant knowledge and experiences, applicable in similar contexts, can be acquired in springboard countries and used to reduce perceived uncertainty towards target markets. While Johanson & Vahlne (1977) argue that market-specific knowledge (e.g. characteristics of the customers, personnel, market systems, business climate) can only be generated through experiences in a specific market, the springboard phenomenon provides an additional aspect to their research. In fact, the springboard strategy indicates that firms’ are able to reduce psychic distance towards a target market by gaining experiential knowledge from operating in a market significantly similar.

2.2 Perceived uncertainty

In efforts of expanding across borders, uncertainty prevails a vital function in the internationalization process among firms’ and explains to a large extent the behavioural aspects of internationalization (Johanson & Vahlne, 1977). The source of uncertainty has been argued to stem from lacking experience of foreign markets in terms of economical, political, cultural and legal aspects (Hilmersson & Jansson, 2012), and certain levels of uncertainty reduction are needed in order for firms’ to implement a legitimate international venture (Johanson & Vahlne, 1977). While actions based upon uncertainty are scrutinized, there are still gaps in the conceptualization
of the phenomenon that generates a limited understanding of what uncertainty consist of and how it is managed, even though the perception of uncertainty management is considered vital. Research from Liesch et al. (2011) highlights this issue by thoroughly investigating the conceptualization of uncertainty. Their results show that uncertainty portray lacking aspects in terms of knowledge, the degree of experiences among organizational decision-makers and the access to network. The authors further illustrate that there are differences between concepts of risk and uncertainty, where a distinction between these concepts is commonly neglected and both practitioners and academia often portray these as synonyms of the same phenomenon. Liesch et al. (2011) refer risk to actions based upon decisions where outcomes and associated possible loss can to a large extent be calculated, while uncertainty faces those who encounter ambiguous situations where outcomes are unforeseen. The authors further argue that learning and international experience can have a significant effect on individuals’ ability to cope with risks, which affects the degree of perceived uncertainty. Perceived uncertainty can thus be associated with the human ability of not being able to process all information available and associated outcomes due to bounded rationality. Therefore, the perception of uncertainty is not static, since the human ability to perceive uncertainty is possible to change and improve to become more accurate.

A concept commonly used to examine markets degree of uncertainty is psychic distance, which international business scholars have used to explain, and at times predict, firms’ International Market Selection (IMS), FDI and market entry modes (Benito & Gripsrud, 1992; Forsgren & Hagström, 2007; Johanson & Vahlne, 1977). Throughout its existence, the concept has been under continuous development from its traditional definitions. Johanson & Wiedersheim-Paul (1975) defined psychic distance as of being a barrier for information flow from and to distant markets, stemming from a set of macro level factors hindering information to flow unimpeded such as differences in language, education, business practices, culture and industrial development. According to Johanson & Vahlne (1977), firms’ experiences high degrees of uncertainty within markets characterized by significant differences in terms of these barriers. Consequently, these barriers affect firms’ decisions regarding which markets to enter and how they internationalize and operate in such markets. To overcome these barriers and reduce psychic distance, the authors argue that firms’ are in need of gaining experiential knowledge from operating within a specific market.

More recent definitions of psychic distance are emphasizing individual's perception of the concept, rather than taking a static macro level approach to understand the phenomenon. For
instance, Evans & Mavondo (2002) and Evans & Bridson (2005) divided the concepts into the two terms "psyche" and "distance" in order to illustrate the differences of the phenomenon. "Psyche" was referred to the mind and soul, while "distant" was referred to similarities or differences regarding the extent of separation between two points. The definition stated by Evans & Mavondo (2002:517) concluded that psychic distance is “the distance between the home market and a foreign market, resulting from the perception of both cultural and business differences”. Thus, their definition emphasizes individuals’ minds and relates psychic distance, and market uncertainty, to an individual’s attitude towards a market. Thus, psychic distance can be understood as a perceived degree of a home and foreign market’s diversity, providing a rather dynamic and subjective conception. However, other scholars are questioning the impact of psychic distance on firms’ internationalization process. For instance, research has indicated that performance does not necessarily correlate with the degree of psychic distance, meaning that there is no guarantee that firms’ perform better in closer markets, rather than distant markets (Evans & Mavondo, 2002; O’Grady & Lane, 1996). Such findings contradict traditional research regarding psychic distance, which has been coined under the term ‘The psychic distance paradox’ (Dikova, 2009; O’Grady & Lane, 1996). According to O’Grady & Lane (1996), a perceptual perspective, giving attention to management decision processes, is needed to avoid potential negative consequences of the psychic distance paradox.

2.2.1 Uncertainty reduction

Johanson & Vahlne (2009) argue that knowledge is essential in terms of reduction of uncertainty and can be gained by accessing local strategic networks. Uncertainty reduction is also researched by Hilmersson & Jansson (2012), who studied factors causing perceived uncertainty and how these are reduced. Their research examines the relationship between institutional distance, knowledge and uncertainty and how these aspects are affecting the management of reducing uncertainty when operating in turbulent emerging markets. While many aspects have a perceived effect upon reducing uncertainty within firms’, a plethora of research claim that gaining international experience and accumulate knowledge represents vital components in order to accomplish reduction of uncertainty. For instance, Hilmersson & Jansson (2012) claim that the most critical factor of reducing uncertainty consist of gaining experiential knowledge from operating in the local foreign market. The authors further argue that uncertainty is reduced more efficiently through experiential knowledge than information.
2.3 Knowledge

In the behavioural approach, acquiring relevant knowledge is argued to be vital since the degree of obtained knowledge significantly impact firms’ internationalization processes and how firms’ manages uncertainty (Fletcher, Harris & Richey, 2013; Johanson & Vahlne, 1977). Johanson & Vahlne (1977) argue that knowledge is a driver to internationalization and have significant impact on firms’ IMS, but there are distinctions between certain kinds of knowledge. The authors distinguish between objective knowledge and experiential knowledge, whereas objective knowledge concerns general knowledge that can easily be taught. Experiential knowledge is instead argued to concern knowledge that can only be taught through experience when operating within a certain market. Consequently, experiential knowledge is generated through a firm’s commitments to a market (e.g. the size of market investments regarding marketing, organization, personnel and other areas) and the more integrated these commitments are with other parts of the firm, the higher its degree of commitment to the market.

Regarding how experiential knowledge is obtained, Hilmersson (2011) builds upon findings from Johanson & Vahlne (2009) and emphasizes how this process is incremental and positively correlates with the duration in the local market. The author further claims that experiential knowledge positively affects market commitment, since knowledge stemming from local experiences generates a perceived confidence in operating in foreign markets. This consequently increases incentive to increase a firm’s commitment. Furthermore, the author argues that business network knowledge is a crucial kind of knowledge, since it considers knowledge of the business network in the local market. This is argued of being obtained through market experiences and is beneficial in order to achieve reduction of uncertainty, since networks are sources of knowledge that is shared exclusively among firms’ inside the network. Furthermore, the author argue that relationships are developed incrementally, where involved parties gain an understanding of each other and their surroundings as the relationship develops. Hilmersson (2011) thus show in his research how deep-going relationships are affected by firms’ experiential knowledge.

Holtbrügge & Schillo (2011) argue that objective knowledge, also known as explicit knowledge, consists of information that can be retrieved and transferred easily both in internal and external channels of the firm. In their research, the authors portray how experiential knowledge, which can be referred to as tacit knowledge, is intangible and accumulated from personal experiences of individuals and can thus be captured amongst these. Thus, one can argue that experiential knowledge is more complex to obtain than objective knowledge due to its tacit characteristics.
According to Johanson & Vahlne (1977), firms’ are in need of gaining experiential knowledge to overcome information barriers in foreign markets. If a firm’s experiential knowledge is limited, their market commitment becomes less intensive due to a higher degree of market uncertainty (Johanson & Vahlne, 1977). Experiential knowledge is thus an essential source of knowledge since it must be gained successively from on-going operations in a foreign market (Hilmersson & Jansson, 2012; Johanson & Vahlne, 1977). Hilmersson & Jansson (2012) argue in line with Johanson & Vahlne (1977) by stating that a crucial kind of knowledge stems from experiences generated from operations in foreign markets. The authors further argue that experience is a more successful tool in regards to reducing uncertainty than through information. Thus, experiential knowledge can be argued to be more important than objective knowledge in terms of reducing uncertainty. Another aspect regarding the vital nature of knowledge is discussed in research from Drogendijk & Barkema (2007), who focus upon how firms’ are managing experiential learning in foreign markets. Assimilating new knowledge is vital for firms’ to further develop successful international operations and stems from the ability of learning and to complement previous obtained knowledge within the firm (Drogendijk & Barkema, 2007). The authors further argue that organizational learning management generates most efficient outcomes when newly acquired and accumulated experiential knowledge are obtained and applied towards prior knowledge from the initial stage of the internationalization process. Thus, newly acquired knowledge can fill the knowledge gap from the pre-stage of firms’ international operations.

2.4 Networks
Johanson & Vahlne (2009) revisited their previous research regarding firms’ internationalization and instead emphasized the salience of networks by arguing how crucial these are for firms’ in foreign markets. The authors explain that foreign markets consist of complex webs of networks, where parties are connected to each other through relationships. To become successful in foreign markets, the authors stress that it is vital for firms’ to become insiders of relevant networks by developing relationships with external parties, since essential information and knowledge is exclusively shared within these networks. If a firm would not achieve insidership in a relevant network, the authors claim that there is a risk of forming outsidership, in terms of liability of foreignness. This would consequently affect firms’ international operations in foreign markets negatively, since information and knowledge shared within the network would not be accessible. The vital nature of networks has been increasingly emphasized in research during the last decades. Forsgren, Holm & Johanson (2005) further claim that networks are enablers for organizational
internationalization since networks facilitate access to local knowledge and resources only accessible for those included in the network. Chetty & Blankenburg Holm (2000) use social exchange theory to define networks as “a set of two or more connected business relationships, in which each exchange relation is between business firms’ that are conceptualized as collective actors”. Thus, the authors acknowledge networks as collaborations with two or more partners, which can consist of suppliers, business partners, allies and customers. Chetty & Blankenburg Holm (2000) further claim that more intense usage of collaborations among firms’ generate trust and that firms’ with more proven success records are re-defining their networking strategy by extracting most value from it. This is implemented by collaborating with several parties simultaneously in order to generate a more nuanced and solid network.

Research from Forsgren et al. (2005) focus upon the interaction in business relationships and how these are developed incrementally over a longer period of time. The authors argue that it requires mutual effort from all parties involved to develop business relationships and the more developed these relationships are, the more opportunities there will be to share and gain knowledge between each other. Consequently, firms’ involved in business relationships can identify bottlenecks and lacking routines, which can be used to increase their efficiency. Forsgren et al. (2005) argue that business networks consist of a web of connected relations and that firms’ propelling new international alliances in terms of networks often have the objective of uncovering information and resources regarding regions in the international arena. This information and resources are argued of being most successfully obtained through networks beyond domestic borders. The authors further present that when striving towards identifying new opportunities, there are clear incentives to develop these supporting relationships further. Especially since these relationships are facilitators for knowledge transfer opportunities and thus increased organizational efficiency.

The salience of gaining insidership is further supported by Hilmersson & Jansson (2012), who argue that international experience is gained from network relationship processes, necessary for reducing uncertainty in foreign markets. However, while relationships are vital for foreign expansion, Forsgren et al. (2005) stress that there are also barriers of operating in these markets due to the complexity of forming relationships with relevant suppliers and customers. If then networks are scrutinized and relevant parties amongst for example customers and suppliers are identified, firms’ can potentially overcome market entry barriers. If a proper network structure thereafter can be achieved, Liesch & Knight (1999) claim that these relationships can generate flows of information between involved parties. Networks can consequently become a facilitator of
an improved learning curve and knowledge formation of the firm. However, even though there has been a strong emergence of network theories in academia, Hilmersson (2011) criticizes prior network research by claiming that there is an apparent lack of understanding in terms of how individual firms’ gain insidership and enter networks in foreign markets.

2.4.1 Networks in emerging economies
Acquaah (2007) and Acquaah & Eshun (2010) all acknowledge the importance of relationships and networks in emerging economies by providing a contextual contribution towards Ghana. Acquaah (2007) argues that relationships are essential to reduce uncertainty in Sub-Saharan Africa, where uncertainty often stems from ineffective market-supporting institutions. In his research, Acquaah (2007) found that managers within Ghana used relationship to obtain resources, information, capabilities and knowledge needed to reduce threats stemming from the external environment and to exploit opportunities. Acquaah’s (2007) findings indicate that social capital developed from social networking relationships with government officials and top managers within other businesses are advantageous for firms’ in emerging economies. Acquaah & Eshun’s (2010) found that relationships developed with top managers at other firms’, bureaucratic official and community leaders are significant predictors to organizational performance. However, the authors argue that relationships developed with political leaders may burden the firm and does not have a significant positive effect on performance. While Acquaah’s (2007) study focused on Ghana, the author claims that the findings can to some extent be generalized to other Sub-Saharan African markets, due to similarities regarding economic and environmental conditions and collectivistic cultures.

2.4.2 Market commitment through entry modes and nodes
In the process of conducting business in a foreign market, Wooster, Blanco & Sawyer (2016) emphasize how firms’ face a challenge regarding leveraging a balance between its flexibility and control over future foreign business operations. Brouthers & Brouthers (2000) claim in their research that one of the initial aspects of deciding when entering new markets is the extent of percentage in ownership the firm ought to have over foreign processes, which describes the phenomenon of choosing a suitable market entry mode. Although the adoption of relevant entry modes can significantly affect the possible outcome of conducting business in the foreign market, research from Deutschmann (2014) portrays a lack of a holistic overview of best practices.
Identifying the most suitable entry modes for firms’ to apply when entering foreign markets is thus needed for an academic perspective.

León-Darder, Villar-García & Pla-Barber (2011) present how high levels of host country uncertainty leads to less commitment in the market to minimize potential risks. In turn, firms’ tend to strive towards finding collaborative ventures with partners in the local market in terms of an arm’s length connection to the market through exporting via agents or distributors. When entering new international markets, the degree of perceived uncertainty can thus impact the choice of entry mode, which is often the case in distant markets where previous experiences are less applicable (Erramilli, 1991). For instance, Erramilli (1991) show how high levels of uncertainty are often catalysts for implementing ventures with local parties or an export distribution model, while low uncertainty levels often result in wholly owned ventures and intensified control over business operations. The author further emphasizes on how firms’ that are operating and gaining experience in the market experience higher confidence in terms of market commitment. For instance, by adopting entry modes such as joint ventures or wholly owned ventures, increased market commitments to the local foreign market are generated. Duarte & García-Canal (2004) discuss the choice between joint ventures and acquisitions to obtain necessary resources and knowledge to overcome local diversities in terms of culture, tastes and business practices. The authors argue that firms’ can either acquire a local firm to gain full access to local knowledge, resources and legitimacy or cooperate with a local partner through a joint venture to combine firm-specific assets. Forsgren (2002) further emphasize the use of local acquisitions to obtain necessary market knowledge, which in turn can speed up the slow process that occurs when learning through one’s own experiences. Therefore, acquisitions are often related to firms’ need of gaining market knowledge and access to the acquired firm's network.

In research from Agarwal & Ramaswami (1992), the most common entry strategies amongst firms’ consist of exporting, licensing, joint venture and sole venture, which all differ due to both firm-specific internal and external factors. The choice of entry differs in both structure and outcome, where exporting generate low levels of control and thus low return on initial investments, while a sole venture gives the firm access to a higher level of control over processes and operations. Consequently, when adopting a sole venture, investments and control levels are high, while local flexibility is low. Meanwhile, when implementing a joint venture, the control is
reduced, while market knowledge can more easily be accessed through collaboration with the partner.

While the question of entry mode focus upon the level of control of operations in foreign markets, Hilmersson (2011) criticizes the static nature of entry mode research. Due to the development of the firm and with its process, international business ventures involve changes both strategically and operationally, which often are neglected in the adaptation of entry modes. To provide a more nuanced understanding of how firms’ operate in foreign markets, Jansson (2007b) made a contribution by emphasizing the phenomenon of entry nodes, which is defined as essential social positions in networks that firms’ can enter. The author argues that entry nodes can explain how firms’ chooses markets, since firms’ are choosing markets based upon the accessibility of networks, rather than the choice of appropriate geographic locations. Entry node structures often take two different forms by being either dyadic or triadic, where the first encounters direct establishment with use of a subsidiary, while the latter takes on an indirect approach of involving a third party, such as an agent, for establishing business. Furthermore, the entry node concept has a holistic perspective of viewing the relationship of the firm both before and after the establishment in the new foreign market, while entry mode strategies often focus upon the actual establishment in the new market. From this point of view, entry mode strategies are adjusted from the formation of relationships and entry nodes, thus being subordinate to entry nodes. Johanson & Vahlne (2009) further acknowledge this behaviour by arguing that a reason for firms’ to go abroad can stem from a partner’s willingness of the focal firm to follow into a market where the firm is present or about to operate. Following partners can thus enable the firm to demonstrate its commitment to the relationship and maintain valuable partnerships. This has been further argued for by Johanson & Vahlne (2013), who argue that the choice of location might stem from relationship building and that firm-specific characteristics of partners and that this is what really matters in terms of market selection.

2.5 Conceptual framework
In order to generate a holistic overview of the concepts and their connection to each other, we have conducted a conceptual model applied for this study. The conceptual model is based upon previous well-established internationalization research, with an emphasis towards findings from both the original and revisited internationalization model from Johanson & Vahlne (1977; 2009). The conceptual model further takes in consideration the advancements of research by adding the
aspects of entry nodes and springboard theory as vital concepts for explaining the reduction of uncertainty in a volatile region.

The conceptual model below is based upon a firm's market commitments within a market, which affects the level of knowledge within the firm, consisting of both objective, experiential and business network knowledge. With an increasing knowledge base, market commitments will consequently enhance, thus portraying interplay between market commitment and knowledge. When gaining knowledge about the foreign market over time, the firm can increase its confidence towards the market. This then develops incentives to commit more intensively by for example initiating joint ventures or wholly owned subsidiaries in comparison to adopting a distribution or agency strategy. By localizing efforts through continuous market commitment towards the foreign market, knowledge is generated in terms of experiences, an understanding of the local foreign market, what strategic relationships to enter and how these ought to be accessed. Simultaneously, the insidership when entering networks generates local knowledge, experiences and an understanding of other relations to initiate through the threads of the prior relationship. With the efficient usage of these concepts when operating in the foreign region, the perceived uncertainty towards the foreign market can be efficiently reduced within the firm.

Conceptual framework (Own construction)
3. METHOD

Throughout this chapter, method choices will be presented in order to show the continuing implementation of the study after conducting relevant theories for the conceptualization of answering the research question.

3.1 Research design

When aiming towards creating a clarification of a given situation and thereafter offer a course of action that future research can develop, Zikmund et al. (2012) describe this process as the usage of exploratory research. Due to the adoption of research at an early stage of describing a phenomenon, it is a first step of later shedding light and an understanding that other researchers can further develop to provide other perspectives of scrutinizing the given phenomenon. This study has taken an exploratory approach in order to generate a contextual perspective when exploring the phenomenon of uncertainty reduction. This is achieved by studying Swedish B2B MNCs operating in the SADC, a region often neglected in prior business studies and thus generating a theoretical contextual gap.

In order to gain an understanding of how Swedish B2B MNCs are managing reduction of uncertainty when operating in SADC markets, this study has adopted a qualitative research method. According to Eriksson & Kovalainen (2015), qualitative research method is appropriate when researchers are concerned with investigating a given phenomenon that focus upon respondents’ subjective point of view. Although qualitative research generates social aspects of the research question, results stemming from a qualitative method often display more loose measurements. However, such an approach generates an in-depth understanding and new contextual perspectives. Bryman & Bell (2015) further develop the conceptualization of qualitative research as being focused towards the meaning of words in relation to the quantification of the surrounding environment, which is the main objective when adopting quantitative methods in research. Since there has been a scarcity in previous research regarding uncertainty reduction towards specifically Southern African regions, this study brings new contextual contributions and perspectives of the phenomenon through insights from organizational key figures within chosen Swedish MNCs operating in SADC markets.
3.2 Data collection

3.2.1 Primary data and secondary data
During the initial phase of this study, external secondary data was collected in terms of organizational reports demonstrating the development and reducing marginalization of the African economy in the global arena but also its vast development. Relevant secondary data was collected as a result from a systematic search through databases, which Ghauri & Grønhaug (2005) present as a necessity in the identification of secondary data when conducting business research. By adopting a systematic process in the secondary data gathering, a more holistic imagery could be generated of the phenomenon being researched.

After gathering the most relevant prior research capturing the framework theoretically to answer the research question, primary data was gathered to further analyze the phenomenon in order to gain new knowledge and perspectives within the frame of the study. The primary data was obtained by the usage of semi-structured in-depth interviews with key decision-makers within each case study firm participating in the study, presented later in the section below. The objective was to retrieve the primary data from interviews by meeting each respondent in face-to-face interviews in order to achieve higher credibility of data. According to Saunders, Lewis & Thornhill (2012), this could generate deeper insights in observations of facial expressions, body language and other aspects that otherwise, through such as telephone interviews would be neglected. Throughout the gathering of empirical data, the aim was to have solely face-to-face interviews to capture the previously mentioned aspects. However, since some respondents’ with key insights in the subject were not accessible for face-to-face meetings, some of the interviews were implemented by using telephone communication (See Case firm overview table, p.21). Primary data was therefore also collected through both e-mail, telephone but further by attending a conference with the theme of how Swedish firms’ can conduct business in the African region called “Affärmöjligheter i Afrika” (2016-04-08), with an attendance list of firm representatives, country ambassadors and trade commissioners. During the event, initial contact could be made with vital respondents’ that met the case study criteria for the study.

3.2.2 Interviews
To be able to capture an understanding of the perception of uncertainty and how it was managed amongst the chosen case firms’, interviews were chosen as a mean to collect data. Interviews can according to Saunders et al. (2012) take different forms in terms of ranging from structured to
unstructured interviews. When using what is called a semi-structured interview, there is a usage of themes that capture the constructs of the study with associated key questions that to some extent varies between interviews. Further, due to the nature of this study, that has adopted a contextually exploratory research approach, semi-structured interviews were an appropriate choice of data gathering technique. With this interview approach, there may be underlying information in the contextual environment that could be extracted and used for further progress of the study.

During the data collection, semi-structured interviews were implemented that originated from theoretical constructs in the form of concepts and with questions that could answer the research question at hand. The interview guide used was also constructed from an interview schedule with initial comments and general question as a start to the interview to create an increased connection between the researcher and respondent. After conducting each interview and thereafter analyzing the extracted data, the interview guide was re-calibrated in order to get a more in-depth and customized perspective towards each case firm. This choice was based upon each respondent's emphasis on different aspects when managing and reducing uncertainty in SADC markets. The respondents’ were later contacted with the revised questions in order to gain a consistency in the overall collected data for the study, in order for all primary data to focus equally on the research question of the study.

3.2.3 Pilot study

In order to secure the level of feasibility for the interview guide carried out to study the chosen respondents’, a pilot study was conducted and distributed amongst three founders of an advisory firm called Diamon AB that support Scandinavian firms’ in their internationalization process. The reason for sending the interview guide during the pre-pilot process of the study was to assess whether the constructs and operationalization was understandable and logically constructed. Due to the high level of competence in internationalization amongst the respondents’ of the pilot study, these could provide valuable constructive feedback that would facilitate the opportunity of re-calibrating the interview guide. With the accumulated feedback from the pilot study, the interview guide could be revised to answer the research question more accurately. The pre-study consisted of three respondents’, all founders and managing directors of the advisory firm with more than 20 years of experience in internationalization processes of Scandinavian firms’. The interview guide was sent out to the respondents’ with background information, purpose and research question in order to provide an initial overview of the subject.
3.3 Case Study

Due to the purpose of uncovering the perceptions of degrees of uncertainty within MNCs, it was necessary to implement a multiple case study in order to gain comparative insights of how these perceptions shared similarities, but also how they differ and how they are managed. By implementing a study of several case firms’, Saunders et al. (2012) claim that a holistic understanding of a complex phenomenon can be generated; from where more generalized conclusions towards future environments with similar characteristics can be drawn. Thus, in order to capture the purpose of the study and gain an understanding of how Swedish B2B MNCs are reducing degrees of uncertainty in the SADC, several case firms’ were identified that could give a range of perspectives in the implementation routes of managing uncertainty in SADC markets.

3.3.1 Case criteria

The different case companies in this study was chosen based on a set of criteria that needed to be fulfilled in order to become a relevant participant, where the criteria were the following:

- The firm is a MNC founded in Sweden
- The firm is operating in at least one or more markets within the Southern African Development Community
- At least one of the founder/s and/or the person in charge of making international business decisions towards the region is available for in-depth interviews

By researching secondary data in terms of organizational reports, electronic magazines, organizational web pages, while also attending an event in Stockholm organized by ‘Dagens Industri’ (Dagens Industri, 2016b), we could identify and contact firms’ fulfilling the criteria of the study.

3.3.2 The case firms

This study includes nine case firms’ that met the above-mentioned criteria for participation, with 12 respondents’ in total. The definition of a MNC is that a firm has operations in terms of export, subsidiaries or any sales activity in foreign regions, outside the borders of the domestic market (Hilmersson, 2011). The case firms’ also offer B2B solutions, which the study puts its emphasis upon. In the table below, all participating case firms’ are presented thoroughly. Moreover, the majority of firms’ were initially contacted through e-mail, where the key figure and potential respondent was directly connected with a standardized intro letter (See Appendix II) that presented the study, its purpose and the reason why the case firm and respondent was contacted.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Employees</th>
<th>Location</th>
<th>Telephone</th>
<th>Interviewer Notes</th>
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<tr>
<td>Boule Diagnostics</td>
<td>380</td>
<td>Boule Diagnostics HQ</td>
<td>Telephone</td>
<td>Per Löfbom, Area Manager Africa &amp; Asia</td>
</tr>
<tr>
<td>SKF</td>
<td>48593</td>
<td>Office, Spånga</td>
<td>Telephone</td>
<td>Martin Dahlberg, Business Development Manager CEE-MEA</td>
</tr>
<tr>
<td>Ericsson</td>
<td>116281</td>
<td>SCA HQ, Gothenburg</td>
<td>Telephone</td>
<td>Fredrik Jejdling, Regional Manager Africa</td>
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<tr>
<td>Svenska Cellulosa Aktiebolag (SCA)</td>
<td>44247</td>
<td>Hifab International</td>
<td>Telephone</td>
<td>Catarina Wickström, VP Marketing &amp; Product Support Tissue</td>
</tr>
<tr>
<td>Scania</td>
<td>44409</td>
<td>Scania HQ, Södertälje</td>
<td>Telephone</td>
<td>Anders Berg, Commercial Director Nampak Tissue/Sancella South Africa</td>
</tr>
<tr>
<td>ElTel Networks</td>
<td>9600</td>
<td>ElTel Networks HQ, Bromma</td>
<td>35 minutes</td>
<td>Lars T Andersson, VP New Markets</td>
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<tr>
<td>Hifab International</td>
<td>4000</td>
<td>Hifab International</td>
<td>Telephone</td>
<td>Establishment Hans-Olov Rauman, Director, Head of International</td>
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<td>Kåre Sundin, Director Hifab International</td>
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<td></td>
<td>4417</td>
<td></td>
<td>Telephone</td>
<td>Tobias Becker, Senior Vice President Director Africa</td>
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<td></td>
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<td></td>
<td>Skype</td>
<td>Monica DeWitt, Managing Director, Local Sales - Sub Saharan Africa</td>
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<tr>
<td></td>
<td>4417</td>
<td></td>
<td>Telephone</td>
<td>Lyndon Gray, Sales Director SSA</td>
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<td></td>
<td>4417</td>
<td></td>
<td>Telephone</td>
<td>Frans Alexander, Technical Manager</td>
</tr>
</tbody>
</table>

**Notes:**
- **Case firm overview (Own construction)**
- **Organization**
- **Employees**
- **Location**
- **Telephone**
- **Interviewer Notes**
Since all subjects within the population of this study did not have the equal opportunity to participate with regards to the above-presented case criteria, non-probability sampling was used. In line with Saunders et al. (2012) that present non-probability sampling as a way of choosing the sample based upon the subjective judgment, we chose our sample from the selected cases from this judgmental aspect.

In order to find more relevant respondents’ to include to our sample, we chose to use what is referred to as snowball sampling by Saunders et al. (2012), where respondents’ were asked whether there are other key decision makers within the firm with insights regarding the firm’s international operations in the SADC. This choice was initiated by the objective of gaining as much nuanced and rich data as possible from each case firm, which Saunders et al. (2012) claim can facilitate an improved sample set for the study. The sample consisted of nine case firms’ with 12 respondents’, where a snowball sampling was used to get in contact with two respondents’ at SCA and three respondents’ at DeLaval. Nine case firms’ was chosen in total since there was a saturation of information after conducting all interviews regarding how Swedish B2B MNCs are managing the reduction of uncertainty in SADC markets. Throughout the process, 22 Swedish firms’ were contacted by telephone and email, with a success rate in terms of replies of 55%. One case firm was also contacted after a conference regarding African business opportunities for Swedish firms’, (Dagens Industri, 2016b). In all, 10 interviews were held, but one firm was excluded later on due to its focus towards the Eastern African regions, although with minor experiences and affairs in the SADC. In an initial stage of the process for this study, there was a focus towards Swedish firms’ uncertainty reduction when entering the SADC. However, due to the majority of firms’ present in the market and available for participating in the study, the focus had to be revised. Given the duration spent in the market, the focus of the study instead gave focus towards uncertainty reduction when operating in the SADC.

3.4 Operationalization

In order to answer the research question, *How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community?* theoretical concepts was broken down from the theoretical framework and put into question in the interview guide. These concepts were meant to bridge the conceptual framework that was generated from the theoretical framework, which to Patel & Davidson (2003) claim is a crucial aspect of operationalizing in business research. In order to create relevant questions for the
The interview guide, the theoretical concepts was broken down into questions asked to the respondents’ in terms of knowledge, uncertainty and network with other supporting concepts such as “entry mode/entry node” to fully answer the research question.

The interview guide (See Appendix III) was constructed to understand how the case firms’ reduce uncertainty specifically towards the SADC. This was implemented based upon the conceptual framework and its key concepts. In the first section of the interview guide, questions was aimed towards portraying a general understanding of the firms’ international experience, the kind of operations these have in the SADC and reasons behind their choice of initiating operations towards the region. Thereafter, the interview focused upon what knowledge that has been essential for the firms’ while operating in the SADC and how this has been obtained. Knowledge research stemmed from Johanson & Vahlne (1977; 2009) and Hilmersson and Jansson (2011) where questions were asked regarding what information and knowledge that were vital when operating in the SADC. Questions regarding knowledge were also coupled with what kind of market commitments the firms’ had made towards the SADC region. Studying the perceived uncertainty was achieved by breaking down concepts by asking questions of how business culture differences, geographical distances and societal diversities had affected the case firms’. It also encountered economical, political and legal aspects. Next section covered the development of relationships and networks, how firms’ go about to develop relationships and access networks and how these facilitate positive business outcomes.

The table below demonstrates the operationalization process where relevant parameters from prior research were conceptualized into indicators, based upon prior research. These indicators were later categorized into questions for the interview guide. As a result, concepts were re-defined and broken down into questions in order for the respondents’ to understand the aim of what it actually entails. Furthermore, it also ensures that the answers from the respondents’ are answering the overall research question of the study.
3.5 Analysis method

After retrieving empirical data from the respondents’ of the study using semi-structured interviews, each interview was recorded and transcribed. The reason for transcribing the interviews was to more efficiently categorize, code and analyze the data. The data was categorized in the three key concepts, in line with the operationalization of the interview guide, and represented:

1. **Uncertainty**
2. **Knowledge**
3. **Network**

The concepts functioned as indicators for the coding process, where the transcribed material generated an increased opportunity of scrutinizing the gathered data. By the usage of colour coding, where each concept represented one colour, the data could in an efficient manner be
categorized and structured for the empirical section. Each concept was coupled to key contexts from the interviews connected to research from the theoretical framework, where uncertainty was coupled with words such as “economical”, “political”, “language”, “culture”, “legal” and “corruption”. Knowledge was coupled with contexts connected to the words such as “experience”, “information”, “learning” and “insights”. Finally, network was coupled with discussions mentioning for example “relationships”, “partners”, and “collaborations”. Saunders et al. (2012) discuss that when using what is referred to as open coding, this has the potential of developing an increased focus towards the research question, which the coding has facilitated during this study.

### 3.6 Method criticism

This study aims towards gaining an understanding of a given phenomenon and has chosen to incorporate a qualitative approach. However, a qualitative approach decreases the generalizability of the results, which the authors of this study have acknowledged and evaluated. Also, the qualitative approach hindered us from being able to measure the respondents’ perceived degree of uncertainty. Furthermore, the chosen data collection technique consisted of interviews, which might have bias effects from the interaction between interviewer and interviewee and can affect the reliability of collected data (Saunders et al. 2012). Thus, collecting data using interviews follows its own certain risks and restrictions.

Some data was also conducted using telephone interviews. In research, a telephone interview do come with its own set of biases, since there is less human interaction and thus a sense of distance between the interviewer and interviewee (Saunders et al. 2012). The interviewer could therefore miss out on body language, limiting interviewee’s abilities to fully express themselves and for the interviewer to observe certain demeanours. Moreover, this paper represents a multiple case study incorporating Swedish B2B MNCs active in various sectors. While this enables a comparison that provides a rather broad understanding of uncertainty reduction in the SADC, it does not generate the same depth as a single case could be argued to withhold (Saunders et al. 2012).
4. EMPIRICAL FINDINGS

Throughout this empirical section, findings from the gathered empirical material in terms of primary data are presented from each of the participating case companies and covers overall aspects of uncertainty, knowledge and networks.

4.1 Boule Diagnostics

Boule Diagnostics AB has been active in the Northern African region for many years, but initiated sales of their products, or so called instruments, in 2011 in regions south of Sahara. Löfbom explained that Boule’s strategy is to export their products through a distribution network that sell to the end-customer, which makes it vital for the firm to maintain a good relationship with their distributors. By using distributors, Boule reduces risks by letting the distributors handle economic transactions with customers and deal with fluctuating currencies stemming from the unpredictable political and economical environment. These conditions cause financial instabilities among local customers within the region, which increases the risks for the firm’s operations. Due to the high-perceived uncertainty in terms of economical and political instability, Löfbom stated "Africa is most likely the last region in the world to start your own branch office in". However, in terms of the cultural environment, Löfbom believed that cultural differences was not affecting Boule's business significantly and that the perception many have of the African culture as of being far different from the Swedish culture is rather misleading. Due to his own experience within the region, Löfbom argued that previously perceived barriers in terms of cultural aspects are not as significant as was first though. Thus, doing regular visits to markets was argued to be essential to understand the market. However, Löfbom stressed that the business culture could be complex since distributors do often not follow sales agreements and that volume of sales does not reach agreed quantities.

Löfbom explained that choosing the right distributors is vital but simultaneously challenging since it is complex to find one that can offer the needed product portfolio, possess market knowledge while also having the right market connections. When choosing distributors, Boule attends business events where distributors present their offerings and is a platform where Boule develops many vital relationships. When Boule finds a partner to cooperate with, Löfbom explained that it is important to maintain a close contact over time in order to understand their needs and support them to generate strong and long-term relationships. Due to the importance of distributors possessing necessary knowledge, Boule provides education worldwide for their distributors, while also doing regular visits to the markets to maintain a close contact. Löfbom further stated "the
distributors’ who operates in the market knows the market. It is hard for me fully understand it from here”.

4.2 SKF
SKF has been present in Southern Africa since 1912 when initially entering South Africa through an agent. Today the company has a subsidiary sales office and a distribution network in South Africa from where the firm manages businesses in countries such as Namibia, Botswana, Mozambique and Zimbabwe. Dahlgren explained that South Africa is their biggest hub where they previously had a production factory for ball bearings. The reason behind placing the factory in South Africa was, according to Dahlgren, that it was strategic since it is more easily to direct and ship goods across the Southern region from there. Dahlgren further argued that SKF is not in a capital-intensive industry, making it less necessary to be legally present in each and every country. Therefore, if SKF is able to find suitable distributors it might be more useful to use these rather than being physically present in markets where the risks of conducting business are higher than what is preferred. Dahlgren stressed that using distributors could be beneficial since there is always a risk with starting up a company in some of the African countries, where the firm does not fully understand how things work in terms of legal, economical and political perspectives. Dahlgren further argued that the economical and political aspects, such as governmental corruption, in Southern Africa are those that provide the most sense of uncertainty, which SKF tries to manage by being cautious, gain experience and gather rich data. However, Dahlgren argued that the cultural aspects are not significantly affecting their way of conducting business. Furthermore, even though there are factors causing uncertainty within SADC markets, Dahlgren argued that the perception of uncertainty towards Southern African regions is rather low due to their long presence in the region, which have generated essential experiences, market knowledge and commitment to the market by establishing local offices.

When previously choosing markets within the Southern African region for further expansion, Dahlgren explained that SKF have departments doing market analysis when entering new markets in order to map the most crucial segments and put efforts into understanding what kind of knowledge they need to gain to be successful. To gain that sort of understanding, Dahlgren stated “we create our own picture by visiting the market, since market research does not provide as an nuanced picture of the market as being there yourself”. If SKF looks at a new Southern African market, Dahlgren explained that they have a well developed process in regards to how to go about
when gathering information to provide a strong business case. Furthermore, Dahlgren explained that the knowledge of the firm and the development of relationships with other established firms’ have been important factors of reducing uncertainty. Especially since the firm can gain knowledge by sharing and gaining experiences within these relationships and do benchmarking of best practices. Furthermore, the respondent gave an example of when SKF recently did an acquisition of a local specialized firm in South Africa to obtain their knowledge regarding lubrication systems and to gain access to their connections and network. In turn, SKF were able to increase its presence in the market and to get new insights in what other strategic relationships there might be to enter.

Dahlgren further explained that SKF have based their production in Europe since it becomes easier to secure quality and have control of distributors from there. However, he stressed that SKF do have a large warehouse in Johannesburg to where they ship goods from Europe and supply close by African markets. Dahlgren emphasized that internationalizing and operating in foreign markets far away has been common practice for SKF for decades. The firm has therefore developed much experience of operating in volatile markets, making SKF more efficient at managing market barriers. Dahlgren gave an example of their presence in South Africa, where SKF today has become rather known as a local firm due to the market duration. The management is local and has built up own know-how in local networks, which Dahlgren argued have decreased the perception of uncertainty significantly. Dahlgren further explained that SKF chose to expand into the African region due to their customer’s choice of establishing, where the customer required the same support from SKF as in previous projects conducted in other markets.

4.3 Ericsson

Ericsson established its presence in Nairobi, Kenya and Cape Town, South Africa in 1896 and has since then created a well-established brand within the Southern region of the African continent. Although, from the apartheid period in the 1960’s up until 1993, Ericsson served the market through an agency system. When sanctions were later lifted in 1993, Ericsson re-invested in the region and established in 1995 a local subsidiary in South Africa. Jejdling emphasized that the Southern African region holds varieties of economic and political uncertainties in terms of macro influences. Local markets are highly dependent upon raw materials such as gold, oil and the fluctuations and depreciation of local currencies towards
other international currencies. This was emphasized further when the respondent stated, "It’s a sensitive market for macro influences. Due to these influences, it makes the market unpredictable where you need to have a thick skin.” Furthermore, Jejdling explained that sources of uncertainty towards the Southern African region in general are based upon the false perception of the African continent, that often is clustered as one market and neglected as of being perceived as 55 independent countries. Monitoring the Southern region from South Africa would in turn be counterproductive, since each market requires a local presence in order to understand the individual conditions that the local markets hold. However, the respondent claimed that since Ericsson has been present within Southern African markets for a longer period of time, it has developed a sophisticated local infrastructure. This has further generated an essential knowledge base and thus reduced complexities regarding the conduction of business in the Southern African region in comparison to smaller firms’ now entering. In turn, Ericsson does not face a significant degree of uncertainty in SADC markets due to their experiences generated over time, despite unstable economic and political conditions in some markets.

There has been a tremendous development of the operations within Ericsson in the region since the establishment of the subsidiary in 1995, where it has become a leading brand in telecommunications that often is perceived more as a local firm amongst the public. Being considered a local player has generated perceived legitimacy among external local partners, beneficial for Ericsson in order to acknowledge and enter new alliances. Furthermore, by establishing a local subsidiary in the region, Jejdling claimed that Ericsson could gain experiences and thus developed an understanding of the market, the local competitive landscape and how to adapt to external changes. To further understand the markets that Ericsson has entered in the Southern African region, Jejdling explained that the firm has departments specialized towards conducting market research. However, experiences have been the most importance source of knowledge for Ericsson in the SADC, which cannot be replaced by in-depth market research, according to Jejdling.

In order to further stabilize operations in the Southern African region, relationships with customers has been fundamental according to Jejdling, who explained how a plethora of market choices has been customer-driven. These relationships have further generated an ease of entering new markets by following customers or other strategic partners already established locally. The creation of relationships with local operators such as Orange has further strengthened the Ericsson
brand, generated new market opportunities and given access to more stable customer relations. This has eventually led to an increase of Ericsson’s engagement in SADC markets.

4.4 SCA

SCA has been present in South Africa since 1994, when entering the market through a 50/50 joint venture with a local well-renowned packaging firm in order to generate valuable market experiences and insights, while the external local firm would gain product innovation knowledge. According to Wickström, South Africa is considered to be stable due to the gained experiences from the joint venture, which has generated an understanding of the market and thus led SCA, as of April 2016, to gain full ownership of operations by establishing a local subsidiary. Neighbouring markets are instead served through a distributing model. Wickström further explained that other SADC markets, beyond South Africa, are considered to withhold great amounts of opportunities, but are still perceived as uncertain due to poor economic conditions, unstable political conditions and an internal lack of previous experiences within these markets. Therefore, the level of uncertainty towards the Southern African region varies between South Africa and other remaining markets.

The most crucial source of knowledge, according to Wickström, stems from experiences in the local market, which can only be retrieved from a local presence. The respondent further claimed that initial knowledge when entering new markets has relied on a highly rational process of scrutinizing the market of interest. This rational process regarded market visits and research conducted through a BI department. However, Wickström stressed that the most insights have been gained from operating in the market, causing SCA to understand the local environment by collaborating with partners such as the external joint venture packaging firm.

Regarding the establishment of partnerships with local parties in terms of the relations within the joint venture, these have been of high relevance for reducing uncertainty in the market since they have generated crucial insights and experiences. These insights and experiences have been gained from knowledge sharing between SCA and the packaging firm in the joint venture, which further generated a vital understanding of how to access new strategic networks when expanding to new markets. However, due to cultural differences in terms of conducting business, Wickström and Berg stated that “trust is good, but control is better” that is executed through compliance, processes and methodologies of doing things.
4.5 Scania

Scania South Africa (Pty) Limited is a local subsidiary to Scania and was established in Johannesburg, South Africa in 1995 with the ambition of functioning as a facility location for assembling and distributing products. Scania had previously been present in the market through a private distributor, but left due to the volatile conditions in the Southern African region. The choice of re-entering the region through South Africa was based on that the country was considered the engine of the Southern region with its developed infrastructure, sophisticated business environment and growing economy. Later on, in the early 21st century, after gaining essential knowledge of the institutional environment, Andersson claimed that Scania exceeded its local ambitions and looked beyond South African borders. By then establishing a South African regional hub, several new markets could be reached and regulated from the wholly owned subsidiary.

Since Scania has been established over a longer period of time in the Southern African region, Andersson emphasized that the market duration has lowered the level of perceived uncertainty and has made Scania become more local in the eyes of the local environment. The market experience has, according to Andersson, given Scania insights in local political regulations, an ability to adapt to the volatile markets, gaining brand legitimacy towards various external partners successively and created continuous commitments to the market. The maintaining source of uncertainty that Andersson still experience in the Southern African region is the legal and political aspect of conducting business by for example avoiding the widespread corruption. While Scania still experience different uncertainties, the firm can due to their duration in the market manage these obstacles in efficient ways. Andersson emphasized this when stating “The region is relatively stable although the economy is not that well-developed, but we are accepting these conditions and are making the best of it. We have been here for such a long time that we know how to handle these kind of things.”

When entering new Southern African markets, Andersson claimed that the gathering of objective market data, in terms of macro related aspects such as economic growth, stability and purchasing power, is vital for verifying the match between Scania and the market. To optimize the conduction of data, Scania has developed their own research department. However, this information is only of interest in the pre-phase of the establishment and does not as effectively reduce the perceived uncertainty towards the market as own experiences. The overall knowledge of the region within Scania is considered high due to their duration in the market, but is simultaneously focused
towards an understanding of South Africa. Other markets in the regional periphery from the hub are more neglected and considered more challenging in terms of conducting business.

The local relationships Scania has developed in the region are correlated to the firm’s time in the market, where it has grown and gotten leverage when establishing new relationships. By gaining understanding of the market and how to screen potential local resellers through deep-going due diligence, Andersson explained that Scania efficiently could get into strategic networks. The due diligences also offers opportunities in new markets by finding economically and legally stable resellers that are representing Scania towards end-customers in the best possible way. Further, resellers have been a vital source of knowledge regarding the local market and an efficient facilitator for maintaining a strong market position and brand perception within the SADC.

4.6 Eltel Networks

Eltel has been present in Africa since the 1960’s and started its penetration into the African continent in Liberia. Rauman explained that the choice of market was mainly based upon that Eltel “followed the money” through customer projects, since many projects were financed through aid. Today, Eltel has an established headquarter in South Africa and much of their projects are financed with the help of the World Bank, The African Development Bank or with own investments through 'Exportkreditnämnden' and 'Svensk Exportkredit'. Rauman explained that Eltel have had a handful of large projects within Africa in for example Botswana, Angola, Zambia and Mozambique. However, since there are political and economical instabilities in countries such as Tanzania and Mozambique, IMF has put a lone seal, which is affecting their business. According to Rauman, Eltel competes with other firms’ through three key factors. First, Eltel compete with relationship where it is important that previous partners indicate positive experiences and have a positive perception of the firm that indicates professionalism. Secondly, if Eltel is able to show that they have access to external financing, their negotiation power grows stronger. Finally, it adds further value that Eltel holds a Western brand in terms of quality, while also showing that the firm is able to provide education, training and work possibilities locally.

According to Rauman, Eltel does not perceive the Southern African region as very uncertain, just different. Rauman explained that when understanding the differences, the uncertainty is not as high as one might think. Rauman stated that: “Eltel have many years of experience from conducting business in Southern Africa and have gained an understanding of the business cultures. I have lived and worked in South Africa for many years and gained most of my
“professional experience from this region”. Rauman further explained that there are economical and political instabilities in some Southern African markets that do cause a sense of uncertainty, but not in all. However, he emphasized that the firm would probably have a harder time conducting business in Norway, since they have no experiences from this specific market. Furthermore, Rauman explained that Eltel is aware of significant differences between African markets and that knowledge obtained in one African market is complex to apply in neighbouring countries.

Rauman stressed that relationships are important for Eltel’s business in the Southern African region and that the firm previously changed its strategy in terms of business in Africa. Rauman explained that the first projects are often costly due to complexities of finding efficient ways of doing things. Rauman further emphasized that it is time-consuming to develop relationship and trust with local partners such as their customers. In turn, it takes time to draw the most benefits out of the capabilities that have been built up at an early stage in the market. Therefore, Eltel now strives towards staying within strategic markets after finishing projects to further make use of efficiencies and partnerships developed with local firms’ and other partners. Although relationships were important for Eltel in terms of conducting business in Southern Africa, Rauman stated that: "In terms of reducing uncertainty, our experience is absolutely vital. You do not reduce uncertainty by knowing people, you do so by being present in the market and gain your own understanding of what is going on".

### 4.7 Hifab International

Hifab International is a part of Hifab AB that focus on international consulting projects in Asia, Africa and Europe since 1965 and has as of today a local subsidiary established in South Africa. Hifab International has had projects in several countries in Southern regions of Africa and Sundin explained that their projects in developing markets mainly consider infrastructure and education. These projects are commonly financed through aid and do not require any own financial investment. Sundin further explained that business within Southern African markets could be complex due to bureaucracy, economic instability, corruption and a rather extreme climate. In order to manage these factors causing a rather high degree of perceived uncertainty, Sundin believed that firms’ are in need of gaining deep market insights, which can be gathered through long-term experience in a market.
Sundin explained how knowledge from operating in specific markets in Africa explicitly stems from experience, which is the key factor to understand the environment. Since Hifab International has operated in Southern Africa with various projects since 1965, the firm has gained deep insights of the region since a larger part of the employees have been operating locally or visited the region on several occasions. Sundin further stressed that through generated experiences and knowledge from conducting business in the region, costs can be reduced since it creates an understanding of local processes and how these can become increasingly streamlined. The importance of experience was further emphasized by Sundin, who claimed that previous experience and knowledge is essential in regards to win negotiations of projects, where significant experiences from previous projects in various markets indicate in-depth knowledge and professionalism of the firm. More importantly, Sundin claimed that there is a correlation between duration in the market and being perceived as a local brand from gaining legitimacy, which is a crucial facilitator of generating a feeling of trust towards the firm among local partners with access to strategic relationships. The duration in the market was also argued to generate knowledge about partners that could be considered beneficial.

Sundin claimed that having local relationships is crucial for firms’ entering Southern African markets, but are built over time and requires well-developed structures for partner screening in order to find suitable partners. After relationships has been established, Sundin further argued that these often provide ease of conducting business in the SADC, since relationships could generate insights in terms of local policies and procedures. Sundin also claimed that relationships with local business customers can often lead to introductions of further connections and relationships, which could generate access to new projects and provide opportunities that otherwise would not have been possible to retrieve. For Hifab International, building long-lasting relations with local institutions, both corporate, freelancing experts and also with their customers are essential local relationships in order to further understand the market and to generate high-quality delivery outcomes.

4.8 ABB

ABB has been present in Africa since 1926 where it established operations in Cairo, Egypt and have since then expanded into several markets across the continent. ABB have a local subsidiary, also known as the hub, in South Africa from where they direct and manage most of its close by operations. In terms of the firms’ perception of uncertainty, Becker believed that there is a degree
of uncertainty stemming from instability in Southern African markets regarding economical and political conditions. However, Becker strongly emphasized the importance of comparing economical and political environments between markets very carefully, due to significant differences across Southern African markets. Becker provided an example of Botswana that in terms of corruption is not only among Africa's least corrupt countries, but also one of the worlds least corrupt. Therefore, Becker pointed towards the importance of observing each and every African market specifically since the degree of perceived uncertainty strongly varies across markets. Becker further recommended that as an international firm in Southern Africa, one should strive towards being in diverse countries that are dependent on different external factors due to the risks associated with economical and political factor. For example, Becker argued that spreading out the risks could be necessary by stating "if you are an oil company present in three oil related countries at the same time where you ride a rollercoaster, it can really hit you".

Due to ABB’s long presence in the region and experiences of conducting business internationally, Becker explained ABB’s perception of market uncertainty towards the region as rather low. Becker stated, "we have seen it all, handled all sorts of traps and obstacles and tried several recipes which we have gotten a lot or learning's from". For example, Becker explained that ABB has from years of presence in unstable markets developed a set of tools and procedures to overcome such obstacles. Therefore, ABB is able to handle complex aspects in terms of unstable economical and political environments within regions such as the Southern Africa, which decreases ABB’s sense of uncertainty. To manage diverse practices and reduce uncertainty in new markets, Becker stressed that ABB often benchmark with best practices among other firms’. Becker further explained that ABB also use an export strategy model when necessary to be able to enter markets where opportunities are present, while a high commitment towards the market is not preferred due to the unstable economical and political conditions.

Becker further explained that when entering a Southern African market, ABB is using departments for conducting business intelligence (BI). However, while the conduction of market intelligence is important, Becker argued that experience is the most essential source of knowledge to truly understand a market. Becker further emphasized that the degree of market commitment also affect how much ABB in fact needs to know about a market, since the more you invest as a firm the more you want to know. Becker stated that "as soon as you want to put assets on the ground it becomes much more important to understand the market than if you just sell something from outside the market”. When looking at new markets within the Southern African region, ABB
have a set of partners within their developed network, such as banks, accounting firms’, auditors and other firms’, where they can gain information and share experiences. Becker argued that such relationships are essential when doing business in Africa in order to obtain information when complementing their own knowledge base. Becker further argued that desktop research can never replace one's own market experiences and stated: "It is not possible to just do desktop work and buy reports. You need to visit the market, setting your boots on the ground, talk with partners and ask for their experiences and recommendations". To gain access to relationships with local suppliers and distributors that could facilitate improved supply chains, Becker explained that it is beneficial to become localized, since it helps to provide an understanding of relevant partners and the network structure. To achieve such outcomes, directors running ABB in South Africa, Namibia and Zambia are 100% local citizens. However, ABB still have high degrees of control over operations abroad to ensure that suppliers and managers follow ABB standards and that the ABB culture is maintained.

4.9 DeLaval
DeLaval have been operating in Southern Africa for 125 years and is as of today conducting local business through its subsidiary office in South Africa, located near the coastal city Durban. DeLaval has a well-established dealer network of 1,800 farmers spread across an area as the size of Europe in the Southern African region. The distribution network consist of six local dealers throughout Africa, where the SADC has dealers established in South Africa, Namibia, Zambia, Zimbabwe and Mauritius. Even though DeLaval have been operating within the South African market for a long period of time, the level of perceived uncertainty towards the region is still considered high. The widespread governmental corruption, economic instability, underdeveloped infrastructure and incomplete value chains are aspects causing uncertainty, especially since DeLaval's dealer network requires well-developed infrastructure and value chains. In many regions, the value chain is often incomplete with missing producers and also sometimes missing retail outlets to sell to, creating complexities of operating within the region. Even though there are experienced sources of uncertainty, the duration in the market have made DeLaval to some extent able to manage uncertainties. When gaining knowledge of new markets, DeWitt claimed that DeLaval has a BI department, but with low focus towards Africa. Instead, information is derived from local Southern African dealers and customer inquiries. When getting inquiries, DeLaval thereafter visit the local market, gather information and from the generated presumptions make an establishment decision.
Further, Gray explained that the modern reason for specifically entering South Africa first was due to the market being considered a "springboard market". A large proportion of Western firms’ perceive it as a gateway to Southern Africa due to the developed infrastructure, institutions, supply chain and access to ports. Gray exemplified DeLaval’s operations in Zambia, a landlocked market, and claimed that equipment was imported from ports of the Durban coast in South Africa to the Zambian market. Therefore, many firms’ initially establish themselves in South Africa to gain experiences, relationships and a stable presence in Southern Africa that can be used to expand up North into new Southern African markets. DeWitt further claimed that South Africa as of today was considered vital but that the future might hold a developed African focus when claiming, “80% of our businesses currently come from South Africa but in the future we hope that 80% of our business stem from Africa.”

Since DeLaval has established presence for a longer period of time in the SADC, the brand has become generally known and gained legitimacy among local dealers and distributors. The firm has therefore been able to develop vital relationships with local dealers and distributor with successful outcomes, where DeWitt stated, “Our distributors has been awesome, delivering thorough insights of the markets!” While these relationships have been vital, DeLaval is staying away from governmental relationships, due to widespread corruption and low trust levels between the involved parties. Thus, by entering distributors relations, DeLaval can facilitate market knowledge and learn from their local experiences when operating in the SADC.
5. ANALYSIS & DISCUSSION

In this combined analysis and discussion section, the theoretical framework gathered is put in relation to the empirical findings from the study, altogether being scrutinized and analyzed.

5.1 Internationalization of the firm and perceived uncertainty

According to Hilmersson & Jansson (2012), uncertainty stems from lacking experiences in foreign markets in terms of economical, political, cultural and legal aspects. While respondents’ claimed that many of these aspects caused perceived uncertainty towards the SADC, findings indicated a similarity among the respondents’ in terms of cultural aspects affecting uncertainty. Cultural diversities were explained to not affect the perceived uncertainty towards SADC markets essentially. In fact, cultural differences were perceived as rather small after operating in SADC markets over time. This finding is in accordance with Liesch et al. (2011), who argue that the human ability to perceive uncertainty is possible to change and improve through learning, since the ability to perceive can become more accurate through experience. For instance, Boule explained that the cultural aspect was initially perceived as high. However, the respondent emphasized that perceptions and beliefs regarding cultural aspects dramatically changed after co-operating with local distributors. Overall, the cultural impact on uncertainty was not significantly apparent among the respondents’.

Furthermore, while respondents’ perceived economical and political aspects as uncertain, some perceived the degree of uncertainty in regards to these aspects differently. In fact, firms’ who had been operating in Southern Africa for a longer period of time did indicate a perception of these aspects as less uncertain. For instance, Boule, who had the least experience of conducting business in the SADC perceived most uncertainty, where Löfbom stated "Africa is most likely the last region in the world to start your own branch office in". Firms’ such as Ericsson, ABB, Scania, SKF and SCA who had been having operation in SADC for decades instead indicated that perception of uncertainty was moderately low. There is thus an indication of a positive relation between the duration in SADC markets and the perception of uncertainty. These findings are consistent with Hilmersson & Jansson (2012), who claim that the most critical factors of reducing uncertainty consist of gaining experiential knowledge from operating in the local market.

However, DeLaval who had been operating in Africa for more than 100 years still indicated a rather high perception of uncertainty. An explanation would be that the perceived uncertainty towards SADC markets is industry specific, where DeLaval sells products to a farmer’s network.
of 1,800 farmers, which require an impeccably efficient supply chain. Since some SADC markets were explained as underdeveloped in terms of infrastructure and value chains, these supply chain inefficiencies can thus cause a perception of uncertainty that is industry specific.

Empirical findings further showed indications of firms’ reducing uncertainty towards markets by the usage of a springboard strategy. As argued by Johanson & Vahlne (1977), firms’ are in need of gaining experiential knowledge in order to reduce psychic distance. However, the authors argue that market-specific knowledge about a market can only be obtained from operating in that specific market. In relation to research from Pla-Barber & Camps (2012), European MNCs have for example facilitated Spain as a springboard country to acquire initial experiential knowledge from the Spanish business environment, necessary to expand into target markets in Latin America. Findings of this study did show a similar behaviour among the case firms’, where South Africa was used either as a hub from where business in Southern Africa was managed, or as a springboard country to reach other markets in the SADC. Consequently, operating in South Africa could reduce the perceived uncertainty towards close by markets by gaining experience from a market significantly similar to the target market. For instance, SKF started operations in South Africa in 1912 and have since then expanded to other SADC markets, where South Africa has thereafter been used to easily direct and ship goods across the Southern region. The firm considered South Africa as the engine of the Southern region, due to its developed infrastructure, sophisticated business environment and growing economy. Consequently, SKF used South Africa as a regional hub through a wholly owned subsidiary to reach and regulate other local markets. SCA have not yet expanded to other market, but established their Southern African presence in South Africa 1994, where they gained valuable experiences and insights through a joint venture. DeLaval considered South Africa as a gateway to a stable presence in the Southern region where firms’ gain experiences and relationships that can be used to expand up north to other Southern African markets. ABB also illustrated South Africa as a hub from where business more easily could be directed to close by market, which further demonstrated South Africa as a distributional hub. The empirical findings thus indicated that findings of Pla-Barber & Camps (2012) could be applied towards Swedish B2B MNCs in the SADC. The findings also indicated that some degree of market-specific knowledge of a certain market could be obtained in a market that is significantly similar, which does not go in line with Johanson & Vahlne (1977).
5.2 Knowledge

Johanson & Vahlne (1977; 2009) portray how knowledge has vital influences on firms’ operating in foreign markets, since knowledge is considered a driver of firms’ development. While there are different kinds of knowledge that can be obtained, accumulated findings from the respondents’ showed a clear usage of both objective and experiential knowledge, only that there is a distinction in regards to when these have been viable. Johanson & Vahlne (1977) state that objective knowledge is extracted from general information regarding markets and can be obtained by acquiring secondary data, while experiential knowledge is obtained by operating in local environments. While objective knowledge is in its nature more easily obtained, Hilmersson (2011) emphasizes that experiential knowledge is positively related to the duration in the market. Amongst the majority of the case firms’, obtaining objective knowledge was exclusively directed towards the pre-phase of the international process. This was gathered in order to get an initial understanding of market specific aspects, such as economic conditions, competitive landscape and to verify the suitability of the market. Case firms’ such as Scania, SCA, Ericsson, ABB and SKF had dedicated BI departments and put major efforts into rational internationalization processes when entering new markets, by conducting objective knowledge. However, the firms’ did not indicate that gaining objective knowledge had any significant reducing effects upon the firms’ perceived uncertainty. These findings are in accordance with Hilmersson & Jansson (2012), who argue that experience is a more effective tool to reduce uncertainty than obtaining information. This was indicated among all case firms’ present with either joint ventures or subsidiaries, which stated that experiences are more crucial than objective knowledge in regards to understand a SADC market. Experiential knowledge can thus be argued to be more essential than objective knowledge in terms of uncertainty reduction in the SADC.

Moreover, another aspect of acquiring knowledge was shown amongst a majority of the respondents’. For instance, findings from Ericsson showed that due to the firm’s time in the market since 1896, the firm had become perceived more as a local firm than a global enterprise. Thus, the firm has due to its market duration obtained knowledge through incrementally gained experiences. This has further facilitated Ericsson to successively interpret, understand, revise and adopt its organizational processes in line with foreign market conditions. This finding corresponds with Drogendijk & Barkema (2007), who argue that experiential learning occurs when previously obtained knowledge within the firm is complemented with newly acquired experiential knowledge. There is also a focus towards firms’ ability of developing processes that can obtain
and apply new knowledge upon prior knowledge, in order to fill knowledge gaps and thus more efficiently conduct business in the foreign market.

According to Hilmersson (2011), *business network knowledge* can be generated from market experiences and is crucial in order to reduce uncertainty. This kind of knowledge is associated with the firm’s ability to understand the local networks in the foreign market. The empirical data indicated that the accumulated pool of gained experiences among the case firms’ showed significant effects on increased knowledge about business networks in the foreign market. This finding indicates that experiential knowledge develops business network knowledge, which supports research from Hilmersson (2011). Since case firms’ such as Scania, SCA, Ericsson, SKF and ABB showed indications of insidership as vital to access networks where knowledge and experiences could be further generated, the findings support the importance of possessing business network knowledge in order to reduce uncertainty in SADC markets. This is especially important since firms’ that are able to identify networks in the local business landscape increases their opportunities of entering these relationships. The strong presence in the local market thus benefits the firm through an extended access to new relations, which a market absence would not generate to the same extent.

Furthermore, empirical findings indicated relations between experiences, market commitment and the perceived level of uncertainty towards the SADC. As presented in the uncertainty section above, Boule perceived the SADC region as rather uncertain. While Boule had implemented exporting through distribution, the firm had not gained significant experiences from the market throughout the process and had therefore not made any larger market commitments. Instead, due to their own limitations in terms of market experiences, Boule put more trust on their distributors to know the markets. This finding corresponds with Johanson & Vahlne (1977) and Hilmersson (2011), who argue that limitation of experiential knowledge causes firms’ to put less intense commitments towards markets. This was portrayed amongst the case firms’ that had committed to the region in terms of subsidiaries or joint ventures, which were through these strategic initiations able to set their “boots on the ground”. Further on, it was revealed that in markets perceived as less uncertain, such as South Africa, larger commitments of localizing the business was made. However, case firms’ such as ABB, who already had significant experiences from other markets where the firm also had larger market commitments, had still chosen to export to markets perceived as more unstable. In markets with subsidiaries, perceived uncertainty was considered low, while agency- or distribution markets were still considered uncertain in regards to market
commitments. Thus, findings portrayed a distinct connection between experience gained, choice of commitment in terms of entry mode and its effect upon decreasing perceived uncertainty.

Further on, in accordance with Erramilli (1991), firms’ that are gaining experiences over longer periods of time are choosing more intense market commitments in terms of entry mode. This could be acknowledged in the case of SCA and its enhanced commitment to the market. The firm initially implemented a joint venture in South Africa in 1994 and 20 years later, after gaining in-depth understanding of the market, bought out the local firm in the joint venture, developed a subsidiary and increased its commitment and local presence. Moreover, while SKF, Ericsson and Scania as of today all have extensive operations in the region, the firms’ have over time continuously increased commitments by first starting off with distribution or agent networks, while later establishing local subsidiaries. Furthermore, as stated by respondents’ from Hifab International, Ericsson and Scania, local presence and experiences gained from operations in the SADC generate what would be referred to as legitimacy. Over time, the firms’ have become increasingly perceived as local firms’ and initiated integration opportunities with local partners. Due to the experiences gained during the time in the market, the mentioned case firms’ could continuously enhance their market commitments and, as of today, consequently become virtually integrated within the region.

5.3 Networks
Chetty & Blankenburg Holm (2000) define networks as collaborations with two or more parties. In terms of network structures and relationships, the kind of partners the case firms’ had chosen to collaborate with differed between the firms’. Boule indicated that the firm had developed long-term relationships with distributors, while SKF mentioned vital relationships consisting of both distributors and other established firms’. Meanwhile, Eltel, DeLaval and SCA developed relationships with local firms’, whereas SCA developed a long-term relationship with a local well-renowned packaging firm through a joint venture. Ericsson had developed relationships with customers and locally based “strategic partners”, such as the local operator Orange. Scania instead collaborated with economically and legally stable resellers, representing Scania towards end-customers, while ABB had a set of partners within a developed network of for examples banks, accounting firms’ and other firms’. Hifab International had developed relationships with local business customers that could introduce the firm to other relationships. The common similarity
among these case firms’ was that their relationships were vital to gain knowledge, information or connections to other strategic partners.

The findings above support Acquaah (2007) who emphasizes that social relationships are essential in Sub-Saharan markets to obtain resources, information, capabilities and knowledge needed to reduce threats stemming from the external environment. The author further acknowledges that social capital developed with managers at other firms’ were more important than those developed with government officials in Ghana. Our findings indicated that relationships developed with external partners mainly consisted of other firms’ and institutions. Relationships developed with government officials or similar political actors were not mentioned among the respondents’ as essential, in terms of facilitating growth to other markets in the region. However, DeLaval claimed that relationships with political parties were avoided due to widespread corruption and low trust levels. This finding indicates that relationships developed with political actors provide less network value in comparison to relationships developed with local firms’, supporting findings from Acquaah & Eshun (2010).

While research from Johanson & Vahlne (2009) argue that developing relationships in foreign markets as vital, Hilmersson (2011) claims that there are scarcities in the process of how firms’ actually enter these relations. Previous research from Forsgren et al. (2005) shows how relationships are incrementally developed and requires mutual efforts among all parties. In line with this research, the empirical findings showed similarities among most case firms’ by indicating that it took a long period of time to build relationships and to access strategic networks. In relation to these research findings, ABB, DeLaval and Ericsson emphasized how their presence in the region generated perceived legitimacy among local players, which also made it easier understanding network structures and acknowledging the most relevant partners to initiate relations with. Furthermore, Scania also indicated that developed local relationships in the SADC were connected to its market duration, where they gained market understanding and how to screen potential local resellers.

The importance of relationships and networks has in prior research been argued to have vital impact on firms’ IMS (Jansson, 2007b; Johanson & Vahlne, 2013), and can be further supported in this study in the context of the SADC. While expanding international operations into geographically distant markets in search of growth is one explanation to firms’ market selection, firms’ also tend to follow certain networks within and beyond borders. According to Jansson
(2007b), firms’ initiate such actions to maintain vital social positions within a network and develop its international relationships even further. By then taking into consideration the business networks of the firm, both prior and during the time in the market, entry nodes can be identified and facilitate firms’ to propel into new markets. Ericsson demonstrated usage of entry nodes since some market choices had been customer driven, where the importance of maintaining relationships was central. Moreover, the developed business relationship with the local operator Orange generated opportunities for the firm to enter new SADC markets, when following the node of the network.

SKF demonstrated usage of both entry modes and nodes to develop relationships and access networks, where the firm recently had acquired a local specialized firm in South Africa to gain access to their connections and network. The acquisition was strategically meant for gaining access to not only the firm’s knowledge but also its relationships, which was essential for SKF to develop new opportunities and expand further. This clearly illustrates the importance of relationships and networks supporting Forsgren (2002) and Forsgren et al. (2005), who argue that networks are facilitators of essential local information and knowledge. Furthermore, SKF’s previous business partners had also affected the market selection of the firm since these demanded the same support from SKF when expanding into Africa as in previously conducted projects. Thus, the findings support Johanson & Vahlne (2009; 2013) who argue that firms’ might go abroad due to a partner's willingness of the firm to follow, and that the firm-specific characteristics of the partner are what really matters in terms of the choice of location. It further supports what Jansson (2007b) explained as an entry node, where firms’ enter markets due to the importance of maintaining a social position within a network. Thus, results indicate that the social position within a network is at times more essential than the geographic position of a market for Swedish B2B MNCs in the SADC.

Johanson & Vahlne (2009) argue in their revisited research that networks are vital for firms’ to become successful in their internationalization process, due to the essential knowledge shared among firms’ within the network. In relation to Johanson & Vahlne (2009), Forsgren et al. (2005) claim that networks are enablers for firm internationalization since networks facilitate access to local knowledge and resources only accessible for those included in the network. The empirical findings indicated that the value derived from relationships in the SADC was essential for the firms’ and that different kinds of relationships provided access to knowledge that would not have been accessible without becoming an insider of the local network. The empirical findings also
showed that through acquiring a local firm in South Africa, SKF obtained knowledge regarding lubrication systems and gained access to the firm’s network. DeLaval instead indicated that the firm gained essential insights from their local distributors and SCA from its joint venture. This is supported by Hilmersson & Jansson (2012), arguing that insight of how market networks are structured is vital for firms’ internationalization processes and their ability to achieve insidership. Forsgren et al. (2005) emphasize that relationships lead to opportunities for internationalization by the sharing of knowledge within the network. In relation, Hifab International could through the access of a relation with local business customers be introduced to further connections and relationships that facilitated access to new local projects that otherwise would not have been possible to retrieve. However, Eltel argued that while relationships had been important for the firm, relationships was not efficient in terms of uncertainty reduction. In fact, the respondent stated, "our experience is absolutely vital. You do not reduce uncertainty by knowing people, you do so by being present in the market and gain your own understanding of what is going on". Thus, while relationships were important among all respondents’ in regards to conducting business in the SADC, Eltel indicated that relationships was not necessarily the most efficient tool to reduce uncertainty. However, the majority of case firms’ indicated that knowledge was a key asset that could be obtained from cooperation in relationships. This comes to show that there is a clear linkage between retrieving knowledge through different kinds of relationships. Consequently, this finding illustrates that the concepts of knowledge and networks in symbiosis are facilitators of reducing uncertainty in the SADC for Swedish B2B firms’.

5.4 Analysis & discussion summary
To summarize, the theoretical framework and empirical findings has been analyzed in order to answer the research question “How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community? The analysis thus culminates in the summarizing table below, portraying a summarizing overview of each firm’s SADC journey. The study can consequently contribute to the previously mentioned gap emphasized by Acquaah (2007) and Hilmersson (2011), giving prior research a contextual contribution to how individual Swedish firms’ reduce uncertainty when operating in the SADC.
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<th>Network/entry mode</th>
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<td>Indication of South Africa used as springboard market through local subsidiary</td>
<td>From agent to local subsidiary and regional infrastructure</td>
<td>Objective knowledge used in pre-phase. Long-term experiential knowledge vital</td>
<td>Customer driven relationships in terms of operators</td>
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<tr>
<td>Svenska Cellulosa Aktiebolag (SCA)</td>
<td>Economical and political uncertainties</td>
<td>Indication of South Africa used as springboard market through JV</td>
<td>Long-term joint venture to wholly-owned operations</td>
<td>Objective knowledge used in pre-phase. Long-term experiential knowledge vital</td>
<td>Joint venture collaboration with local packaging firm</td>
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<td>Scania</td>
<td>Legal and political aspects</td>
<td>Indication of South Africa used as springboard market through local subsidiary</td>
<td>From private distributor to re-entry with local subsidiary</td>
<td>Objective knowledge used in pre-phase. Long-term experiential knowledge vital</td>
<td>Strategic local reseller network</td>
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<td>Elid Networks</td>
<td>Contextual economical and political uncertainties</td>
<td>No indications of a springboard strategy</td>
<td>Established local HQ</td>
<td>Knowledge primarily gained from experiences in the market</td>
<td>Customer driven relationships through projects</td>
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<td>Hifab</td>
<td>Economical and political uncertainties</td>
<td>Indication of springboard strategy</td>
<td>Established local subsidiary</td>
<td>Knowledge primarily gained from experiences in the market</td>
<td>Institutional relationships and local customers</td>
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<tr>
<td>ABB</td>
<td>Contextual economical and political uncertainties</td>
<td>Indication of South Africa used as regional hub</td>
<td>Established local HQ in South Africa and export strategy towards unstable markets</td>
<td>Objective knowledge used in pre-phase. Long-term experiential knowledge vital</td>
<td>Suppliers, distributors, banks and other established firms</td>
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<td>DeLaval</td>
<td>Political, legal and infrastructural uncertainties</td>
<td>Indication of springboard strategy through local subsidiary</td>
<td>Established local subsidiary and distribution network with six local dealers</td>
<td>Knowledge primarily gained from experiences in the market</td>
<td>Distribution network and local dealers</td>
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6. CONCLUSION

The study acknowledged that firms’ obtain experiential knowledge from market commitment in what prior research have termed as springboard countries, affecting the firms’ IMS. For instance, findings indicated that South Africa was used as a springboard country into the SADC, from where firms’ managed operations in other markets in the SADC and gained a stable Southern African presence. While operating in South Africa, firms further obtained experiences, relationships and market knowledge. By gaining an understanding of business practices in South Africa over time, the perception of uncertainty towards other SADC market was reduced.

Findings from the study further portrayed how market commitments towards the SADC region were developed continuously over a longer period of time and stems from the prior knowledge base of the firm. Due to increasing market commitments and localization of the firm in the market, experiential knowledge could be further generated. Consequently, by “setting your boots on the ground”, firms’ could gain experience and market knowledge, which reduced their perception of uncertainty towards markets. This in turn increased their confidence to enhance market commitments over time and thus becoming increasingly local. In consequence, firms’ could generate legitimacy towards local partners, which over time integrated the firm to the local environment and created opportunities of entering new relationships.

Furthermore, the study acknowledged that relationships and networks were vital to achieve reduction of uncertainty in the SADC, since essential knowledge was exclusively shared among partners within networks. When operating within the SADC over time, firms’ could gain business network knowledge and an understanding of what strategic relations to enter, where further valuable experiences and market insights could be generated. The results thereafter indicated that these networks could affect the choice of entering new regional markets, which was illustrated through the phenomenon of entry nodes. The findings further revealed that firms’ often follow previous partners into foreign markets to maintain essential relationships, since these generate opportunities to enter other markets when following the network node. The social position within networks could thus be more essential than the geographic choice itself in the SADC.

We can conclude that gaining experiential knowledge through continuous market commitments and firm localization, in order to access strategic networks, are essential components to reduce perceived uncertainty. Furthermore, firms’ tend to choose their Southern African IMS by starting up businesses in South Africa or by following prior entry nodes. With these findings, we can
therefore answer the research question; “How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community?”

6.1 Contribution of the study
This study aimed towards understanding how individual firms’ are reducing uncertainty when operating in a contextual environment within the SADC region. This was portrayed through individual insights among a set of Swedish B2B MNCs, showing how each have reduced the perceived uncertainty within the firm when operating in the SADC region. Since prior research from Acquaah (2007) and Hilmersson (2011) acknowledged a scarce understanding in terms of how individual firms’ reduce uncertainty in a Southern African context, this study thus contributes to the acknowledged contextual research gap, by adding to the current pool of internationalization research.
7. LIMITATIONS AND FURTHER RESEARCH

This paper incorporated a qualitative research method of key decision makers within Swedish B2B MNCs from diverse industrial backgrounds with international operations in SADC markets for a diverse range of time to enable a comparison. Thus, a rather broad understanding of uncertainty reduction in SADC markets is generated. Generalization of results stemming from this study is for this reason rather limited and should be made with caution. By further using a purposive sampling, results provided by this study are not statistically representative of the entire population, which further causes limitation in terms of generalizing results. However, to accurately answer the research question and to fulfill the purpose of this study, the chosen research method provided in-depth insights needed to study the phenomenon.

It is central to remember that this study was based upon well-established prior research within internationalization business research and offers a contextual contribution. Thus, future research could investigate if results from this study are applicable to other emerging regions or markets comparable to the SADC. Moreover, since this study has chosen to research Swedish B2B MNCs operating in the SADC, future research could investigate how SMEs (small-medium enterprises) are managing uncertainty reduction. Since these firms’ do not usually hold the same financial strength and global structures as MNCs, SMEs might perceive other types of barriers in their internationalization process. This could consequently result in other levels of perceived uncertainty and thus lead to uncertainty reduction in other fashions in comparison to MNCs. Finally, we suggest that future research could investigate whether results stemming from this study are applicable to B2C firms’ operating within the same context, since there might be divergent behavioural processes and perceptions between B2B and B2C firms’ in the SADC.
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APPENDIX I
Overview map of countries included in the Southern African Development Community. Countries in dark- and light green are all included in the region.
APPENDIX II

*Standardized intro letter sent out to potential respondents’, relevant for the realization of the study.*

**Dear X,**

We are two students, Andreas Olofsson and Markus Axelsson that are attending the master program in international business at Uppsala University. We are currently writing our master thesis regarding how Swedish firms’ are handling various aspects of uncertainty when establishing business in Southern African markets.

We would like to suggest that we could have an interview with you regarding X in Southern Africa, where you of course in beforehand can take part of the questions that covers what market knowledge X have, how uncertain the Southern African market is perceived and how you from these conditions have handled the situation.

The interview takes about 40 minutes and you can of course take part of the questions in beforehand. If you are available in Sweden, we can of course meet - otherwise we can have an interview over both Skype and telephone.

Of course you can also take part of the final product that is done in the end of May.

Looking forward hearing from you.

Best regards,

*Andreas Olofsson & Markus Axelsson*

Uppsala University
APPENDIX III

INTERVIEW GUIDE
Research question: How are Swedish business-to-business MNCs reducing perceived uncertainty when operating in the Southern African Development Community?

PURPOSE OF INTERVIEW GUIDE
The purpose of the master thesis is to gain an understanding of how the perceived uncertainty among Swedish firms’ established in Southern African emerging markets are managing the reduction of uncertainty. This interview guide thus fulfill the purpose of answering this research question by gathering qualitative data in terms of interviewing decision-makers involved in the Southern African establishment. The interview guide covers relevant concepts of answering the research question of the study, consisting of knowledge, uncertainty and networks.

1. Could you describe your firm, what is does and in which countries it is established in?
   a. Please describe your role in the organization and in the Southern African market establishment

2. What motivated X to establish presence within the Southern African market?

3. What prior knowledge did X have about the Southern African markets before deciding of establishing business there? In what ways was this knowledge used?

4. In general, how does X go about when gaining information about new markets of interest? (e.g. market research, consulting firms’, market visits etc.)
   a. How did the firm gather research about the Southern African market you are present in, in order to get a solid overview of it before entering? Was the method different from entering other markets?

5. How has X’s previous experiences concerning other foreign establishments been useful when expanding into the Southern African market you are present in?

6. What kind of earlier experiences did X have of the Southern African market from before entering?
   a. If any, how has the firm facilitated this experience for the Southern African establishment?

7. Describe what you (as a firm) have learned from this Southern African establishment process, and if any, in what way has these insights been used? (For example, has these insights been used when conducting business in other international markets?)
8. How do you as a firm perceive the Southern African markets where you are present in, in terms of conducting business?
   *(Easy to manage, difficult of finding suitable partners, high expenses etc.)*

9. What were the overall firm's perceptions regarding the Southern African business culture before, during and after the establishment? In what ways did it change?

10. How has the geographic distance between the home and foreign Southern African markets been affecting the internationalization of DeLaval?
   a. In what ways did cultural and business differences affect your internationalization strategy in the African market you are present in?

11. What degree of perceived uncertainty do you believe X experienced regarding establishing business in Southern Africa?
    *(Uncertain business in terms of trust, infrastructure, social aspects, corruption etc.)*
   a. From what do you believe this degree of uncertainty originated from?

12. To what degree has the perceived uncertainty related to Southern Africa affected the firm’s level of commitment in terms of resources? *(Such as size of market investments regarding marketing, organization, personnel and other areas)*
   a. How has X managed to reduce the given degree of uncertainty?

13. What kind of entry strategy has been used when entering countries in Southern Africa and why?
   a. How have uncertainty affected the choice of entry strategy?

14. What network and relationships did the firm have that made the establishment easier in the Southern African market?

15. How do you build up networks and relations with others in the Southern African market where you are present?
   a. How has the choice of entering certain Southern African regions been affected by the access to various local African partners?
   b. How do you (as a firm) get access to local networks?

16. What have you learned from collaborating with external partners in the Southern African markets?

17. What are the most critical factors of reducing uncertainty?

Thank you!