Using academic networks to enter the Southeast Asian markets

Practice and ethical aspects based on the case study of ASEA-UNINET

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Abstract

As the Southeast Asian markets offer great possibilities for European companies to export their goods to, these companies need to focus on how to enter the market. Cultural differences as well as language and geographical barriers need to be overcome. Special needs in these markets include the importance of network relationships to connect people and ensure trust in countries with weak law enforcement. Academic networks started to use their members' knowledge of multiple cultures to guide and consult companies in entering foreign markets. In doing so, these intermediaries can help connect to business networks in the target markets. This piece of research studies the academic network ASEA-UNINET in its attempt to assist European companies in entering Southeast Asian markets. In four personal interviews, two cases were highlighted, where companies gained unique access to local businesses. However, the use networks might include favourism, which is the reason why ethics is discussed as well. While this study is supposed to give a typical example of the topic and lay the foundations for further research, the two cases discussed show several advantages gained by the use of the academic network. Negative ethical implications could not be identified in these two cases. Nevertheless, it has to be pointed out that managers should consider the implications to all stakeholders on an individual basis. Ethical discourse and discussion should be induced for each case, so as to ensure that the decisions are motivated by morally sound behaviour.

Keywords

Academic network, Southeast Asia, ASEAN, market entry, business network, personal relationships, business ethics, immigrants.

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1 Introduction

Globalisation has increased the need for organisations to enter new markets and expand their market shares. The modern communication and transportation technologies make it possible for even small companies to enter partnerships with foreign companies, capture new markets and utilise cost-saving production methods.

European companies face big challenges in their home markets. During the recent recession, in particular, market growth almost came to a standstill. In the attempt to find promising new markets, the potential of Southeast Asia has recently received more attention. Alongside the huge Chinese market, there are smaller markets, many Europeans do not think of when talking about Asia. Nevertheless, the annual growth rates and market potentials are enormous, especially compared to the European Union. While the EU is home to approximately 500 million people, the ASEAN region has a population of roughly 600 million people. The annual growth rate of the ASEAN economies is 5 – 7%, while the EU has suffered negative or very low growth rates averaging around 0.3% in 2012. (CIA - The World Factbook 2014)

Some of the scarcest resources in today's economy include the ability to locate suitable foreign partners and to maintain business relationships across linguistic and cultural boundaries. (Rauch 2001) Other barriers in entering new markets include financial risks and ethical errors. Western organisations are often talked about for their unethical behaviour in markets of less developed countries. (Porter & Kramer 2006) Managers may face a need to use bribery and other "unethical behaviours". Recently, Western society has become extremely keen on discovering any bribes Western organisations use to influence decision-makers in foreign countries. Bribe flows are often discovered and highlighted in the media. The national and multinational corporations using these bribes then face severe scandals that can ruin the performance of the company. Thus, the multinational corporations have to consider ethical and social issues including corruption, marketing practices, employment conditions, and the effects on the local natural environment. (Bardy et al. 2012, Donaldson 1989, Porter & Kramer 2006)

Something many Westerners forget is that friendships, personal connections and a wide personal network are crucial in numerous cultures. (Chan et al. 2002) In Western cultures business people are required to sign contracts and deliver according to schedule, while collectivist cultures require mutual trust, arising from friendship ties, to start doing business with each other. These friendships are often developed out of networks where an

intermediary introduces two people to each other. (Chung 2011) Business networks and a high profile in the market have to be developed over a long period, bearing both high financial costs and a relatively long time span.

To reduce the time needed to develop these business network contacts and enter a new market, companies can try to find a partner and start a cooperation of some sort. By doing so, the network and the profile of the partner in the market can be utilised alongside sharing other resources. Partnerships with local businesses thus provide a well-established way to enter new markets. The theory of partnerships is well researched, including the cultural aspects of various countries. Many authors discuss the advantages and risks of teaming up with locals. (Armstrong & Kotler 2009, Bardy et al. 2012, Chua et al. 2008, Ellis 2000, Gould 1994, Hansen 1999, Lovett et al. 1999, Rauch 2001) Some authors in the academic literature even consider the ethical implications of partnerships, (Bardy et al. 2012, Finkelman & Lopez 2012, Khatri et al. 2006, Lin-Hi 2008, Lovett et al. 1999, Pearce & Robinson 2000) but what is often overlooked is how these partnerships are created, or in other words, how the two parties to the partnership come into contact in the first place. For Chinese culture, Guanxi is considered to be crucial and for other cultures, bribery is frequently discussed, too. However, when trying to avoid bribery, but still creating personal relationships, companies can use intermediaries to get in touch with decision-makers. I will analyse the literature on networking, business relationships and cultures to see what authors have found to be ethically justifiable, while providing a good business performance.

1.1   Background

An academic network of European and Asian universities, which focuses on master and doctorate student exchanges, as well as exchanges of researchers, is frequently approached by European companies from various industries to advise and guide them in entering an Asian market. The representatives of the academic network ASEA-UNINET are mostly professors, who have strong network ties to politics and the economy of their home country. Many Asian students who used this network for studying abroad in Europe also have powerful positions in Asian companies. With their personal network and their knowledge of Western cultures, these graduates are ideal intermediaries for connecting European companies to Asian partners when trying to enter new markets. As the academic network maintains a database, including the alumni's contact details and current professions, the academic network is able to connect European companies to alumni. The former students can then guide the European companies in entering an Asian market and help them to connect to local companies by using their personal networks. The former students will act as

intermediaries to connect the European company to a suitable partner in Asia. In the process of introducing a European company to a former student, privacy is an important matter. Thus, before handing over any contact information to the European company, the alumnus or alumna is asked if he or she is interested in the case and if he or she is willing to provide consultation.

The representatives of the network are another type of consultants the ASEA-UNINET can offer. These network representatives frequently meet to discuss research cooperations and other network activities. At such meetings, as well as in the projects and cooperations, many of the representatives work together with each other, linking European and Asian universities. They create new knowledge in their field, develop trust in each other and learn about each other's culture. As the universities frequently conduct research together with local companies, the network members develop relationships with business organisations in their home countries. These relationship ties and the trust developed can be shared and thereby offer unique competitive advantages for businesses in entering new markets.

The academic network ASEA-UNINET is now interested in analysing the advantages and implications of sharing their relationships to help businesses enter a foreign market. Their idea is to offer this consultation not just on request, but to market it more formally as a service to companies. (B. M. Rode, personal communication, 2013)

1.2   Research problem

Holtbrügge and Baron (2013) highlight the importance of the institutional context when a firm enters a new market. The formal forces in the institutional context include laws and rules made by the economic, political and legal systems. Informal forces include values and norms that affect all stakeholders and hence the company. Hofstede (2001) considers the national culture to be crucial, as cultural factors deeply affect management, managerial costs and uncertainty. Foreign companies operating in countries with weak regulatory structures often face a lack of reliable information, underdeveloped legal systems and widespread corruption. (Holtbrügge & Baron 2013) Networks and personal relationships make it possible to connect on a personal level and enter trade partnerships based on mutual trust and friendship. Asian people especially require strong personal ties to create trust. (Lovett et al. 1999) Many Asian business men and women focus on long-term relationships and business deals with close, long-term cooperation. (Lovett et al. 1999, Luo 2007, Meyer & Skak 2002, Pearce & Robinson 2000) The literature discusses topics like the need for business networks in Southeast Asia and Guanxi, a Chinese cultural phenomenon with the core idea of

forming a close-knit network of personal relationships among individuals, creating some sort of obligations for exchanging favours as well as developing trust. (Chan et al. 2002, Chua et al. 2008, Chung 2011, Ellis 2000, Holtbrügge & Baron 2013, Khatri et al. 2006, Lovett et al. 1999, Luo 2007, Pearce & Robinson 2000, Ramasamy 2006) While these topics are important for European companies to consider when entering the Asian markets, the impacts of academic networks regarding their entrance to new markets could not be found in the literature. The academic network ASEA-UNINET frequently offers consulting to European companies with the goal of helping these companies to develop business relationships and enter the Southeast Asian markets. The requirements for this consulting and relationship-building should be researched. Many articles about Guanxi focus on the ethical implications of this cultural phenomenon, including corruption. (Chan et al. 2002, Chung 2011, Lovett et al. 1999, Pearce & Robinson 2000, Ramasamy 2006) This is an indication that negative impacts of the use of personal relationships to enter foreign markets should be briefly analysed, to see if they should be researched in more detail in a following study.

1.3   Aim

This study attempts to find factors that European companies consider important when entering the Southeast Asian market, using relationships with members of the academic network ASEA-UNINET for developing business relations in foreign markets. The ethical implications, both positive and negative, should be identified and briefly analysed. Due to time and resource limitations, a generalisability of the study is not targeted, but the study should rather give a typical example of the topic and lay the foundations for further research.

The purpose of this study is to

- Explore the advantages of using academic networks to get in touch with powerful people who consult and guide a company into a new market
- Critically review the ethical implications for the parties directly involved and the target market when entering a market using influential people.

2   Theoretical framework

This chapter reviews the existing literature by different authors and attempts to find the state of the art theory. First, the importance of networking is explained, including its advantages and costs, followed by kinds of relationship. Thereafter, ethics and CSR are discussed before the impacts of immigrants are highlighted and the latest theories are examined. Finally, a chapter summary is provided.

2.1   Network and networking

Brass et al. define a network as "a set of nodes and a set of ties representing some relationship, or lack of relationship between nodes". (2004, p. 795) Nodes in a network can be individuals, organisations, or even non-human elements. (Melé 2009) The foundation of a network lies in the way nodes are interconnected. While other forms of organisation use central nodes as hubs for the connection and information transfer, connections in a network are directly between two nodes. There is no clearly visible hierarchy. Probably the closest example of a network is the society surrounding an individual. Many of our friends know each other and talk to each other. Often we were not even introduced, but still know each other. Although we might consider ourselves as central to all your friends, another person can see himself or herself as having a central role, too. Thus, there are numerous central roles, all depending on the point of view. This makes it difficult and complex to grasp the borders of a network. As a result, the size of unstructured networks depends on one's point of view. When considering social network platforms on the Internet, it is easy to say how many nodes exist in this network. However, real-life business networks are interrelated. One can say that each national market is a network. At the same time each industrial cluster is a network as well. Some organisations in such a cluster may be active in markets of other countries and thereby build a connection to the local network of this foreign market. Exporting firms often build trade networks to share experience. Firms have a network of suppliers and customers. The number of networks is infinite.

Meyer and Skak (2002) define business networks as long-term business relationships including at least two partners. Business networks smooth the process of internationalisation as they facilitate information flow between the partners and grant access to complementary assets. Thus, they are excellent sources of competitive advantages for organisations. Close relationships with suppliers and customers may make it hard for competitors to access the market. New competitors can often easily imitate a product or a service, but they can hardly imitate a network including its existing set of relationships. Thus,

strong relationships with suppliers and customers secure the position in the market. (Melé 2009)

2.1.1   Gains of using networks

The literature lists a number of benefits from networking. (Ahuja 2000, Armstrong & Kotler 2009, Dyer & Hatch 2006, Elg & Johansson 1996, Gould 1994, Luo 2007, Ramasamy et al. 2006) To give a clearer overview, they can be grouped into four categories, namely: savings, knowledge creation, gaining competitive advantages and using complementary resources.

'Savings' includes a number of gains where a company can reduce costs by maintaining a strong network, including customers, suppliers, and other stakeholders. The costs of advertising to attract new customers can be reduced if existing customers are connected in a network and know the organisation. If the organisation is well-known, customers approach the company on their own and need not be attracted through advertising, which can lower the budget needed for the latter and therefore lead to a price reduction in the product. When there is a close relationship with customers, individualisation might be possible, which in turn makes customers happy. Using direct communication to their customers, the organisation gains close insights into what customers want and thereby reduces the need for costly market research. They can offer better solutions and improve their products to their customers liking. (Armstrong & Kotler 2009, Gould 1994)

'Knowledge-creation' is an important gain of networking, especially when entering a network with suppliers or even with competitors. The specialised form of research networks or consortia focuses solely on knowledge-creation. (Dyer & Hatch 2006) When discussing the definition of networking some authors include networking within an organisation as an important matter, especially for internal knowledge-creation. If the relationships between departments and between employees are strong, intraorganisational knowledge creation can be intensified. (Hansen 1999, Tsai 2001) Competitive advantages, reduced development cycle times and lower development costs as well as shared risks are among the gains achieved by using networks to create knowledge and do research, regardless of whether internal or external networks are used.

The third group of advantages, 'gains in competitiveness', can be achieved through strong network relationships. (Dyer & Hatch 2006) Competitive advantages come as a result of cost savings, creating the possibility to reduce sales prices, increase profit margins and improve knowledge-creation. The latter gives the opportunity for lower costs and reduced cycle times of innovations. (Ahuja 2000, Dyer & Hatch 2006) Ahuja points out that indirect ties in a

network already give advantages, and many more advantages can be gained from direct ties. Direct ties have a profound impact on a company's innovativeness.

'Using complementary resources' carries huge potential for international businesses. Resources in this context can be anything from market information and details, access to the market and network of the market, to production and knowledge resources and assets. (Luo 2007, Meyer & Skak 2002, Ramasamy et al. 2006) Some authors include using network partners with complementary resources as a form of knowledge-sharing, which is certainly the case if one focuses on the benefits of spreading risks and costs, gaining access to new research results, and acquiring key technologies. (Ramasamy et al. 2006)

However, talking about marketing and distributing a product together with another product, it is not necessarily knowledge-sharing, but a form of entering the market. As studies have shown, this can offer great possibilities, especially for a foreign market entry. (Elg & Johansson 1996, Schuster & Holtbrügge 2012) This becomes real for organisations with limited resources and international experience, for example, if they do not have the manpower to cover a new market. (ibid)

A lack of a direct relationship with another node, often called a structural hole, is easy to overcome if a firm is well-established in a network. (Burt 2004, Melé 2009) Through an intermediary, the two nodes can be connected and enter a direct relationship. Latter is when the intermediary bridges the structural hole between two actors and helps to create a direct relationship. Network members who are strong connected to their network and have many direct relationships can use these relationships to their advantage. When bridging structural holes and creating direct relationships between other members, they can sell their consultation and help. (Ahuja 2000, Nann 2010, Ramasamy et al. 2006) Furthermore, the two newly-connected members can enjoy a competitive advantage, if their competitors have not yet connected to new markets and companies.

The number of benefits to be gained is substantial. The above gives an overview of the most important and commonly-listed owns. What becomes difficult to measure is the financial benefit these gains can bring a player in a network. This is due to the difficulty of quantifying many of these gains. It can hardly be measured how a company would perform, if certain network connections did not exist. Furthermore, the advantages of single relationships are impossible to measure. Dyer and Singh (1998) point out that all gains are relation-specific. As it is difficult to see the border of a network and since networks are connected to other networks, it is hardly possible to find two networks that look alike. While this lack of

similarity results in difficulties imitating a network, which is an advantage, measuring any gains of a network relationship by comparing with others is impossible due to the lack of similarity. Thus, any comparison is unreliable or impossible. While many gains can be achieved by using networks, nobody can guarantee specific gains, as all situations are different. Furthermore, networking comes with costs, which are discussed in the next section.

2.1.2   Expenses of networking

The extensive list of gains makes it easy to say networking is vital for organisations. This might be true, but expenses should also be considered. Besides the financial, material, and human resources, knowledge, time, and the maintenance of existing relationships are probably the most important costs of networking. (Melé 2009) Networking means that numerous relationships exist with other participants in a network. This might sound easy, but as we know from personal relationships with friends, investments have to be made. While financial resources for meetings, consulting costs, and materials are needed, time plays a vital part in personal relationships. Frequently interacting with a partner keeps the relationship going. If there is no interaction, the relationship might break up and the connection is lost. Interaction needs time to communicate, to share opinions and to work together. (ibid) The literature often discusses the costs of creating and maintaining relationships. Research in advertising has found that it is cheaper to keep an existing customer than to get a new one. Therefore, creating personal ties is vital. (Armstrong & Kotler 2009, Chua et al. 2008, Zang 1999, Zang 2000)

The risks of networking are most often to be found in cooperations. Market entry together with complementary products or partners can reduce risks and costs and offers easier access to a foreign market. However, it needs mentioning that this often includes risks. (Elg & Johansson 1996, Luo 2007) Utilising other companies' distribution channels can work well if products are complementary. But by so doing, a company is limited to offering complementary products and cannot widen their portfolio where it affects the partner. (Elg & Johansson 1996) Another threat needs mentioning, especially with Chinese partners. Luo (2007) reported on some multinational corporations, who entered partnerships with Chinese partners to access the market. However, these partners often could not deliver or even lacked the complementary resources and contributions promised. Some multinational corporations had to buy out their partners to regain control of the sales and distribution activities in the market. Thus, they lost valuable time and had to face the unplanned costs of buying out the partner.

2.1.3   Personal ties

No business transaction can be completed without a relationship. A relationship, no matter of what kind, forms the basis of communication and enables a transaction. These relationships can be between firms or individuals. When the relationship is between two individuals, we can speak of personal ties. Business in many economic areas and cultures depends on personal ties, especially in collectivist cultures. (Khatri et al. 2006) Personal ties are crucial in most Asian cultures. (Chua et al. 2008, Holtbrügge & Baron 2013, Zang 1999, Zang 2000) The main reason is because they enable the development of trust between individuals. (Chung 2011) Widely-researched in business literature is the Chinese concept of Guanxi as a network of personal ties. (Chan et al. 2002, Chung 2011, Khatri et al. 2006, Lovett et al. 1999, Pearce & Robinson 2000, Ramasamy 2006) While Western cultures focus on written business contracts and governmental laws that ensure that everything agreed in a contract is fulfilled, countries with less strict law enforcement require personal trust between the partners of a business deal. (Finkelman & Lopez 2012, Holtbrügge & Baron 2013, Rauch & Trindade 2002) The organisations as business partners require this trust from each other as organisations, but frequently also through strong personal relationships between the individuals of these two business partners, who form and agree to the deal.

In Chinese Guanxi, a vast network of relationships creates trust. This has two main reasons. Firstly, when a participant in a network is trying to establish a new relationship with another participant in the network, being introduced by an intermediary, a member of the network who already has a relationship with both participants is vital. In this introduction, the intermediary guarantees the trustworthiness of both participants with his own reputation. Any misconduct of one of these participants would destroy his reputation in introducing trustworthy people. (Pearce & Robinson 2000)

Secondly, when any participant loses trust in another participant due to misconduct, he or she will share this among all members of the network. This way, the participant who did not honour an agreement will have serious difficulties to regain the trust of other participants in the network. Hence, not honouring an agreement will lead to enormous difficulties for future business. Knowing this threat, participants will try to honour their agreements. The loss of face when doing wrong, as it is called in Chinese, ensures participants in a network that other participants can be trusted. (Rauch & Trindade 2002)

2.2   Intentions of networking

Chua et al. (2008) discussed the importance of trust in networking. They found that trust depends on the intentions of participants in a network. If these intentions cohere, trust can easily be achieved. They categorise intentions into cognitive-based intentions coming from the head and affect-based intentions coming from the heart. Chua et al. explain the social-psychological intentions of cognitive-based trust as a cumulative and instrumental assessment, while the intention of affect-based trust includes empathy, self-disclosure, and agreement and consensus. In short cognitive-based trust comes from the head, whereas affect-based trust comes from the heart. The reason for discussing these intentions is because they affect the kind of network that a person is involved in.

2.2.1   Kinds of personal ties

Chua et al. (2008) discuss trust as a willingness to become vulnerable towards another person although uncertainty exists in matters like motives and prospective actions. Trust is especially important when valuable resources are exchanged and it facilitates greater cooperation. In their study they separate and clearly distinguish cognition-based trust and affect-based trust. Cognition-based trust is judging another person or organisation by competence and reliability, while affect-based trust comes from the heart and focuses on the welfare of the partner and an intrinsic value of relationships. The latter is claimed to be more emotional and enduring. Relational ties are based either on one or a mixture of both these forms of trust. When analysing the network ties of managers, the researchers found different relationships to obtain different resources from partners. These ties can go from friendship ties offering socio-emotional support to career advice or task advice, where facts and resources are the goal. Accordingly, different ties require a different type of trust. Chua et al. distinguish friendship ties, task advice ties, economic resource ties, and career guidance ties.

Friendship ties start with an attraction and grow with increased interaction. They facilitate open communication, resource-sharing and cooperation. Mutual care, social comfort and enjoyment make friendship ties good for heart and soul, hence the well-being of a person. Emotional attachment, intimacy and altruistic behaviour create strong bonds between the two persons. Thus, friendship ties are affect-based. The elements of friendship ties lay the foundations for affect-based trust. However, while individuals can be good friends with each other and trust each other, when it comes to intimate matters, cognition-based trust including a history of positive and negative interactions is not a necessity. On the contrary, people often do not want to lend money to a friend for whom they have strong affect-based trust. Silver (1990) claims that true affect-based trust in the Western sense involves

separating it from instrumental issues. Managers rarely develop affect-based trust in their positive relationships with partners of economic exchanges. Instead they take a pragmatic view of the relationship based on cognitive trust.

Task advice ties are ties for information and guidance to help solve problems. They focus on the expertise of others, thus cognition-based trust. The information about a partner's reliability and competence is shared in a network. This way the partner seeking advice can check the reputation of the person he or she is trying to seek guidance from. This reputation will help to decide if this person is a suitable and trustworthy guide. In task advice ties a socio-emotional connection or friendship does not necessarily develop. The focus of the relationship is purely for work purposes.

Economic resource ties focus on acquiring resources, including funding new projects and creating new businesses. When working together and sharing resources, trust is of the utmost importance because the risk and the threat of exploitation are severe. Increased trust between the two parties reduces the need for detailed specification and monitoring of contracts. As with task advice, the information about trust, competencies and experience is frequently shared among a network of business contacts, where negative experiences travel fastest. Hence, the incentive to behave in a trustworthy way is crucial if future economic relations with this partner and others in the network are favoured. This makes this form of trust a calculated and instrumental form, so it is cognition-based trust.

Career guidance ties include mentoring, coaching and sponsoring. As they combine instrumental and socio-emotional elements, career guidance ties are probably one of the most complex forms of social exchange. Two categories, namely, giving emotional support and sharing skills and knowledge, can be distinguished. Emotional support focuses on affect-based trust where similar to friendship ties caring, emotional support, and confirmation are given. Sharing skills and knowledge focuses on career matters like experience, competence, access to valuable information and even the sharing of contacts. The difference between economic resource ties and career guidance ties is the frequent lack of contracts ensuring trust in the latter. On the contrary: sharing contacts especially demands trust beyond legal securities. This form of guidance is cognition-based trust.

When studying ASEA-UNINET and their attempt to guide European companies when entering the Asian market, task advice or economic guidance will be the most frequently-used forms of ties. But some relationships might have friendship ties or even a mentoring function, like for example career guidance ties. The different forms of ties and their

connection to trust are important to consider, because the relationships with each other and inside the network develop over time. At first they are rather lose, but with increased interaction they can become stronger and might change. As cultures perceive trust differently, differences in ties might arise.

2.2.2 Cronyism

Considering the differences between Asian and Western business cultures, Khatri et al. (2006) highlight the fact that collectivist cultures require stronger personal relationships in business. One aspect of networking, not often discussed in Western business literature, is cronyism or crony capitalism. (Boatright 1999, Khatri et al. 2006, Lovett et al. 1999) Cronyism is when partners are chosen on specific attachments with no regard to their professional ability to fulfil a certain task. (Lovett et al. 1999) Usually, this is accompanied by reciprocity of exchange relationships. Khatri et al. (2006) define decisions of who to give a valued resource to, as based on cronyism when four aspects apply. Firstly, party A makes the decision as a favour to party B, but does not know when this favour will be returned in the future or if this favour is a return for a previous favour by party B, given this favour is implicit and without specified terms. Secondly, the favour is valuable and either tangible or intangible to party B. Thirdly, party A and party B belong to the same social group, e.g. family, network, or another group. Fourthly, the exchange between party A and party B is at a cost of a party C, who either has an equal or superior claim to receive the valued resource. Lovett et al. (1999) see trust apparent when three factors are in place, namely: integrity, benevolence and ability. The latter is lacking in cronyism.

While Guanxi may lead to favours and cronyism, the relationship between Guanxi and cronyism is not inevitable. This is primarily because decisions in a Guanxi network do not need to be at cost of others. Guanxi focuses on respect and affection for each other. (Khatri et al. 2006) As long as ability is a more important matter in decisions than specific attachments, cronyism can be avoided. (Lovett et al. 1999)

One way to avoid cronyism is not using networks and relationships. Boatright (1999) points out that while human beings need relationships, ideally business does not need them. In the ideal business situation, every party involved knows all details of a decision. However, this can never be true, as the environment and as such decision criteria, change frequently. Furthermore, not all information is available to everybody, so the ideal state of affairs can never been achieved. Other negative implications of networking include corruption and gift-giving. (Finkelman & Lopez 2012) While their use is considered unethical in Western societies, some cultures still frequently use these concepts. They are either accepted,

tolerated, or fought against in a society. How far the use of gift giving is ethical depends on how ethics is defined. In the following this is discussed in more detail.

2.3   Ethical implications

The importance for companies to consider the topics of ethics and corporate social responsibility (CSR) is growing exponentially and includes their "license-to-operate". (Lin-Hi 2008) First and foremost, ethics deals with the question of what rules to comply to. As pre-modern approaches to philosophy and ethics consider (universal) standards as given, ethics is considered to be rule-based. Following these rules means limiting business options, which in turn increases costs and reduces profits. This is especially the case when managers only consider short-term effects. (Bardy et al. 2012, Porter & Kramer 2006, Porter & Kramer 2011)

A second area of problems is the differences between cultures concerning their ethical standards. (Hofstede 2001) When entering foreign markets, the local ethical standards of a target market have to be considered, as they might differ profoundly from the home market. Some organisations think that in the globalised market Western standards can be implemented worldwide. This may be true when dealing with multinational corporations. However, the precise standards depend on local norms based on the culture, local economy, and religious differences. Before acting ethically is possible, the organisation has to know and understand the local culture and be aware of its values. Any social order in a host country must be based on some existing order and cannot just be implanted by a foreign investor. (Bardy et al. 2012) Only if they do comply with local standards, foreign businesses contribute to local social development and poverty alleviation, which is one important goal of CSR.

Thus, especially when trying to enter a market, focusing the local people and local companies, and adapting to their culture play a significant role in the success of this operation. Even without considering ethics, there are huge costs and risks when entering a new market, so some companies save costs by leaving ethics out of their minds. But frequently these companies face the costs of this decision years later. Either they are not accepted in the market, due to the negative implications of their actions, or they are criticised in other markets because of not complying internationally with the ethical standards of these other markets. As a result, companies try to ensure ethics by creating rules that employees need to follow. (Clegg et al. 2007)

2.3.1   Rule-based ethics

Developing and implementing ethical rules in the form of codes of conduct and value statements are among the most frequently used actions to deal with ethics. (ibid) Thereby, organisations create rules based on universal moral codes including legal, ethical, economic and discretionary elements. (Bardy et al. 2012) One important aspect of these rule-based ethical systems is the reason why they are created. Most companies only create these rules for public relations reasons and for trying to make their company "look good". By marketing their ethical actions they strive for legitimising their business actions. Bardy et al. (2012) point out that any attempt to focus on corporate social responsibility and ethics must meet social awareness expectations. While compliance with such rules is enforced, this does not guarantee morally good behaviour. Instead, the theoretical normativism often makes people follow rules and focus on them, while they forget to think about what they are actually doing. Fearing criticism or punishment for not obeying rules, they merely evaluate their actions based on the set of rules given. Hence, a code of conduct does not guarantee actions to be morally sound. (Clegg et al. 2007)

Due to cultural diversity and the fact that each situation where decisions have to be made is different, it is impossible to ensure the absence of ethical misconduct when following this set of simple rules. The ethical implications of any decision are case-specific and the environments, in which they are taken, are in continuous change. Thus, even the cultural values that are the foundation of the rules can change with their environment. Simply put, there is no one best way that should be followed. (ibid)

Instead, local cultural values and norms, as well as implications to all affected stakeholders should be considered. One way of so doing is by focusing corporate social responsibility (CSR).

2.3.2   Corporate social responsibility (CSR)

When putting the focal point on CSR, ethics is not solely following rules, but joining the process of creating those rules. These rules include some moral standards that should be kept, including environmental pollution, child labour, human rights violations, social standards like job security and the fight against corruption. Furthermore, CSR means that companies should contribute to economic development and improving the quality of life for the workers, the local community and, ideally, the wider society. (Lin-Hi 2008) Bardy et al. (2012) define moral standards as basic rights of freedom, free speech, movement, and non-discrimination as "universal". In this context "universal" means that these standards are

similar all over the world, no matter what culture or industry people are in. CSR, therefore, has to combine universal standards and local norms.

What companies need to focus on is to avoid falling back into the rule setting- and rule-applying mode, used when simply creating codes of conduct. (Clegg et al. 2007) Lin-Hi (2008) sees the importance for organisations not just in acting "morally", but also in focusing on the legitimate interests of all stakeholders. This social contract perspective must view the relations between society and the organisation as a combination of applying the rules of the game and playing the game. (ibid)

It has to be pointed out here that creating rules and focusing a rule-based ethics is not outdated. Instead, rules should guide employees and especially managers, who have some degree of freedom in managing their conduct. (Clegg et al. 2007) Porter and Kramer (2006) explain that managers should analyse the prospects of ethics and corporate social responsibility using guidelines to evaluate business considerations. The benefits for society can then be transformed to business and financial benefits for the organisation. Nietzsche (1969) pointed out that ethics is directly linked with power relations. Brass et al. (1998) found that the higher the position of an employee, the less his supervision. Thus, these employees and managers have to be guided in their conduct to apply ethical considerations. The need for this is also highlighted by Chan et al. (2002). They found that younger managers and those of privately owned companies, especially, companies where there is strong pressure to achieve business goals, are more likely to conduct unethical activities to gain profits. Thus, it should be a task of the activities of CSR to educate managers in how to include ethical considerations in their decisions and motivate them to do so.

2.3.3   Incentive-based ethics

Many countries and cultures have different rules, hence few ethical rules are truly universal. To face the different ethical standards among cultures and focus on long-term profits, Bardy et al. (2012) and Homann (2002) present the idea of an incentive- and advantage-based ethics. They claim that ethics in the age of globalisation should not focus on following rules, but on developing rules, and incentives. Advantages should form the basis of moral foundations. Bardy et al. (2012) define moral as "doing good", while creating an order in a society or market would be "ethics".

However, CSR frequently only focuses on requiring proof for not conducting morally concerned actions, including environmental pollution, child labour, deterioration of social standards like job security, human rights violations, and corruption. To avoid illegal conduct,

private firms should take on a role of corporate citizens by embracing their legal rights and duties. (ibid) They even should interact with politics and help in rule-finding and rule-setting processes. However, many managers do not do that yet. They still see ethics as a systematic constraint on their activities. Boatright (1999) argues that managers must change their view and see ethics as an "authoritative guide", in which respecting the rights and concerns of all stakeholders is given importance in leaders' considerations. Being a moral manager and actively including moral considerations should be the goal. But this needs to be learned, because it is a cognitive matter. (ibid)

When the stability and development of the local culture and protection of the environment are ensured, people will consider this company as a caring company and favour buying their products. Boatright (1999) sees a need to include ethics, as an "authoritative guide" in the thinking of a manager, where all affected parties should be a concern to the leader's operating consciousness. Thus, instead of just evaluating profits, leaders ought to include ethical thinking and evaluating all impacts for people affected into their conscious and even unconscious considerations. This should not be too difficult for, as Bardy et al. (2012) point out, that most managers focus utilitarian ideas in their decisions. Hence, when ideally using the utilitarian concept for evaluating options, they would favour ideas that create the greatest net gain for all concerned parties. However, one should point out here that it is often difficult to measure the gains of all stakeholders. Environmental affects, in particular, and long-term social implications are difficult to predict and hardly possible to quantify. For the moral market model, Bardy et al. suggest a concept focusing on "social income", which tries to value benefits in monetary form. Some authors call these benefits "incentives" implying not only economic benefits, but also social standing and individual identity. (Lin-Hi 2008) Naturally, if benefits are seen in a wider sense, they vary from case to case, depending on context, the parties involved and the local culture. Corruption, marketing practices, employment conditions, and effects on the natural environment are among the most crucial social issues multinationals need to stress in their strategies to enable a better chance for the long-term success of their business (Bardy et al. 2012, Donaldson 1989).

2.3.4   Ethics as practice

To know how to deal with the ethical pluralism and wide range of possible choices and decide which option to choose, Clegg et al. (2007) argue for seeing ethics as a practice. Decision-makers need to recognise the complexity and disorder of each situation. Discourse can provide a patterned way to do so. Considering the negative implications of a central control of ethics by creating rules, Clegg et al. argue for creating discourse and discussing

ethical considerations. Ethical responsibility is thereby based on reflecting on ones own decision and historically investigating events that made us what we are. Discourse invokes the process of finding ones own identity in the decision-making process. Using discourse avoids the use of a right-wrong ethics, where morally sound decisions cannot be assured.

However, making a difference involves moral responsibility. (Nietzsche 1969) Bauman argues that "being moral means knowing that things may be good or bad. But it does not mean knowing, let alone knowing for sure, which things are good and which things are bad". (Bauman and Tester 2001, p. 46) This means that knowing the implications is the first step and this is moral, but the difficulty is the second step, when putting something into action, where there is no consensus of the problems and dilemmas. Clegg et al. (2007) see ethics as the practice of choice and evaluation, using models that are fixed and re-fixed.

Melé (2003) and Boatright (1999) describe something similar with ethics of virtues. Virtues ease moral reasoning and help make sound ethical judgements. The singularity of each action is considered and combined with practical wisdom. According to Melé, practical wisdom stems from personal experience and reflecting on past actions, combined with learning from other people and the practical wisdom collected over the history of humankind.

2.4   Impact of immigrants

Cultural differences include many management and negotiation practises. Psychological management methods, in particular, are based on local cultures, so they differ distinctly. Actions and methods that achieve positive results in one culture can have an opposing effect in another. Also the use of customs, idioms and certain words may be different and it can be offensive. (Fulkerson 2012)

In his attempt to study the effects of immigration on bilateral trade flows, Gould (1994) studied empirical evidence of US bilateral trading in the 1980s. His idea was that immigrants bring wide knowledge of their home country's language, culture, market and especially contacts, and access to the home-country's business network. Thus, if any company of the host country wants to enter the market of an immigrant's home country, some immigrants might be ideal consultants who can help the company in establishing trade relationships, marketing the products and negotiating and ensuring the enforcement of trade contracts. The latter is especially important when formal trade contracting is not well institutionalised in the immigrant's home country. If this is the case, the immigrant's business network in the home country can be utilised to create trust among the contacts of the network. Strong social ties and the trust developing from these ties reduce the need for institutionally enforcing

trading contracts. By doing so, the transaction costs can be reduced considerably. As the immigrant ideally speaks both languages and knows both cultures, he or she can help to overcome communication barriers by working as an intermediary and teaching non-immigrants in the host country the home country's language and cultural insights. (ibid)

Gould found that even small numbers of immigrants already facilitate exports to their home countries. By utilising the immigrants' knowledge of the market, companies can reduce costs of information gathering and time for studying the market potential. To overcome cultural differences in preferences and uses of a product, immigrants' experiences in product differentiation help creating and marketing products in ways and styles that people in their home country prefer.

To affect imports Gould (ibid) found that a larger community of immigrants of a specific home country or continent is needed. Small numbers of immigrants seem to adapt more to the host country's environment and products. But a larger community has a strong need for products from its home country to improve their life. (White 2007)

To enhance trade and facilitate cultural knowledge sharing, immigrants can help in establishing relationships with their home countries' business networks, setting up contracts, saving time and money creating relationships, and creating effective marketing strategies. They can teach language and cultural knowledge to overcome communication barriers. Thus, positive effects can be found for all stakeholders, including the non-immigrants in both countries and the immigrants themselves. The non-immigrants in the home country of the immigrant benefit from the imported goods and products they can buy. Host-country residents benefit from the positive effects of exports, including the creation of jobs. The immigrants themselves benefit from their integral position in linking the two cultural groups of the different countries. But to make all of that happen, Gould points out that immigrants need to be integrated well into the host country's society. If there are strong ties between immigrants and non-immigrants, both can benefit from each other. Other matters which influence the effects of immigration on bilateral trade include the size of the immigrant's community, the educational level of immigrants and the length of stay, hence how well they are integrated in terms of personal ties and language. (Gould 1994)

People linked in the same social cluster tend to share their insights and have the same information about new opportunities. If these people can build bridges to other clusters, business opportunities can be created and shared. Ellis (2000) points out that social structure affects competition. Being able to build bridges to other clusters, companies get the

possibility to exploit unique entrepreneurial business opportunities. No matter if the relationship is strong or weak, Burt (1992) reasons that exclusively bridging these structural holes or gaps between two different business networks generates information benefits.

In their attempt to find possibilities to connect to the business networks of foreign markets, European companies can utilise academic networks. Students who study abroad for a while learn the typical features of their host country and culture and develop relationships in their host country. With their cultural knowledge and relationships they can easier connect to the country they studied compared with other people in their home country. This is the link of Gould's study to academic networks. Facilitating academic exchange is not just exporting knowledge and therefore developing a country. Stronger effects can be reached when integrating these exchange students or researchers and former students into the business and political networks. With their cultural insights they can guide companies in entering the home country markets of these immigrants or temporary immigrants. In studying a multicultural intervention programme trying to integrate international students in the Australian culture, Sakurai et al. (2010) found that students participating in the programme developed considerably more social ties compared to nonparticipants. The programme for international students included social tie development, cultural orientation and psychological adjustments. Months after participating in the program, students who attended it showed quite a strong interest in the Australian culture and developed a greater number of friends, especially locals (Australians), resulting in strong social network ties being built around them. In the same period of time, the nonparticipants tended to weaken their local cultural orientation and emphasised more their own cultural orientation.

2.5   Choice of entry mode

Holtbrügge & Baron (2013) differentiate the choice of entry mode into three parts, namely: activity mode, ownership mode, and establishment mode of the foreign operations. A company has to decide what activities it wants to conduct abroad. These can range from export to local production, which includes high resource commitment. Ownership mode can vary from running the foreign firm as a subsidiary to sharing the risk and getting other investors or partners on board, preferably locals. Local partners can give the advantage of higher acceptance in the market. The establishment mode comprises the decision of whether to buy a local company or make green-field investments. Holtbrügge and Baron see green-field investments as a good choice when it is difficult to evaluate the local firms, but frequently foreign firms face pressure from host country governments, especially when the institutional conditions are weaker, thus causing high investment risks.

2.6   State of the art

Business networks can help to overcome informal trade barriers created by the weak international legal institutions and lack of law enforcement in a country. For example, if there is a larger project, some companies do not start formal public tenders, but just communicate their need in a network and select one of their network contacts as a supplier of what they are asking for. Anybody not connected to the network around this company would not have a chance to know that this company is trying to buy something from this person or that the company might want to sell.

According to Ellis (2000), multiple studies of overseas Chinese people show that they create formal or informal groups in their host countries to connect business people from their home country and business people from their host country. Such groups are a kind of nodes used for information exchange. Hence, these networks can increase international trade and make possible community sanctions when one person in the network violates contracts. How this works is simple. Negative information about any member in the network is spread quickly. Ellis points out that in the Chinese network nobody will do business with a guilty and blacklisted party. It is worse then being sued, especially when there is weak law enforcement. (Rauch & Trindade 2002)

In China's rise to become a major world power, Lovett et al. see a need for Western companies to learn from the Orient and "to conduct transactions through trust-based agreements and long-term networks of relationships." (1999, p. 243) This would give companies more freedom and flexibility to make important decisions fast, instead of wasting time on long negotiations.

Ramasamy (2006) points out that most Chinese business deals rely on business networks to create connections and bridge structural holes. These business networks open the possibility for creating relationships with new partners. Verbal agreements and reputation of members in the network are central elements. Ramasamy sees trust and sincerity as important qualities of humans. If two people trust each other, knowledge exchange can be discussed and negotiated in oral agreements, reducing time and resources needed for setting up and agreeing to contracts. (Chung 2011) Instead of written contracts, Ramasamy points out the need of a balance between trust and frequent communication. Both have to be apparent in a beneficial knowledge exchange between the two firms. For negotiating agreements, Ramasamy indicates the different ways the Chinese negotiate with partners. If mutual trust is high, they negotiate as gentle persons, but if mutual trust is low, the Chinese become

strategists. When they act as strategists, they focus solely on their benefits, while in negotiating as gentle persons they focus on mutual benefits and ensuring that both partners keep their face.

Pearce & Robinson (2000) highlight the importance of Guanxi in negotiating business deals with the Chinese. They point out that the Chinese focus on long-term goals, which is why they take a long time to gather information about their potential partner and evaluate their partner's trustworthiness. For many Western managers this might seem ineffective and they become impatient. Pearce & Robinson also found that most business deals are clinched at the dinner table. Furthermore, they highlight the advantages of personal relationships in resolving disputes. While Westerners insist on contracts and law enforcement, Guanxi relationships use trust and communication to resolve disputes, and in rare cases, if needed, share the lack of trustworthiness of a partner in their network.

Chan et al. (2002) highlight the fact that commercial law has been underdeveloped in China, because its inclusion in negotiations implies bad faith. Hence, business partners, who favour written contracts over oral agreements, might be considered unfaithful. This is similar to gift-giving. While Westerners perceive gift-giving as bribery, the Chinese view it as an acceptable and necessary way to create and cultivate mutual trust and long-term relationships. Since global trade between western countries and Southeast Asian countries has increased strongly in the last view decades, Chan et al. see the two business cultures influencing each other. Westerners adapt and adopt the importance of networks for their business transactions and the Chinese agree to create and stick to written contracts.

Ellis (2000) points out the importance of networks in entering a new market in Asia. The ethnic Chinese networks have the strength to provide information across many countries and industries. Unlike private intermediaries, they offer the possibility to connect to a vast number of nodes and share large amounts of information. However, this is only possible if each member of the network is connected to multiple nodes. Thus, when a new member is trying to get into the network, and this new member is accepted, a process of building up relational ties to other nodes in the network needs to be initiated.

Social ties can be vital for screening and evaluating new potential partners. Knowing the reputation of the potential partner before starting to negotiate and combining this information with the experiences about the potential partner's trustworthiness as perceived by others in the network, provides a substantial foundation for mutual trust. Hence, in international business especially, social engagement is necessary to determine the

trustworthiness of potential partners before commencing negotiations. (Ellis 2000) People who trust each other are more willing to negotiate and cooperate. (Chua et al. 2008, Chung 2011)

Knowing the differences in cultural norms around the world is crucial when negotiating in an international context. Different cultures require distinct ways of how to talk and negotiate. (Bardy et al. 2012, Fulkerson 2012) Gould points out a vital effect of trust: "trust through immigrant contacts can decrease the costs associated with negotiating trade contracts and ensuring their enforcement". (1994, p. 303) This is especially the case for trade between developing and developed countries, since developing countries often lack the institutionalisation of trading contracts and law enforcement.

2.7   Summary

The concept of networking has been discussed, including the advantages of this form of communicating and creating relationships. Certainly, there are some expenses, but the ability of networks to create trust and reliability is an important matter when doing business in countries with weak law enforcement. Another aspect important to creating relationships is the type of personal ties. A distinction has been made between friendship ties, task advice ties, economic resource ties, and career guidance ties.

It is crucial to consider the ethical implications of networking, as frequently personal ties are considered to facilitate corruption and other unethical practices, like influencing decisions or bending some laws in order to increase profits at the cost of others. This section of the thesis has argued for an incentive- and advantage based ethics, where ethics should not be based on a set of rules. Instead, individual considerations of all aspects and implications of decisions should be facilitated by discourse and discussions. This has to be done separately for each case.

Last but not least, the role of immigrants in the process of internationalisation was discussed in order to understand the importance of cultural knowledge spread by academic networks when students get the opportunity to study in another culture and use their knowledge and expertise to link these two cultures as consultants for companies that try to access foreign Southeast Asian markets.

3   Methodology

The set-up of the research is focused on in this chapter. As the case study was based on the academic network ASEA-UNINET, the sample was drawn from previous consultations by network members. Qualitative research with semi-structured interviews is presented and defended. After an explanation of the research methods used, the operationalisation gives an overview of the guiding questionnaire for the interviews. Then arguments are set out for the validity and reliability of the sample before a short summary concludes the chapter.

The sample was drawn from a small number of experts and businesses that used ASEA-UNINET's consulting or were included in this consulting process. Together with the contact at ASEA-UNINET, the researcher selected a manager of a European pharmaceutical company that used ASEA-UNINET to access the Indonesian market, a professor guiding a European chemical company in the entrance to the Thai market, an Austrian economist who has guided many companies to enter various Southeast Asian markets, and an Austrian diplomatic representative who was also involved in helping Austrian businesses to get a foothold in Southeast Asian markets. For the semi-structured personal interviews, German was used as the working language. The interviews took between 30-60 minutes and were recorded as an audio file. A set of predefined questions ensured the interviews were well structured and acquired the information needed to answer the research questions. All the questions were open-ended to give the interviewees room for detailed answers.

3.1   Research method

When talking about research methods, Bryman & Bell (2007) distinguish various kinds of research methods and designs. The structure of a research study is represented by a design, which operates as a guideline for the execution of the research method and analysis of the data gathered. One example of a research design is a case study, where a specific case, for example an organisation, a community, or a person is focused on and thoroughly analysed. After selecting a case to analyse, specific research methods have to be selected to collect data. (ibid)

The research strategy in this study was qualitative and the chosen case was the academic network ASEA-UNINET. Hence, the research design was a case study, focusing on this academic network and trying to validate the research questions proposed. For collecting data the method of conducting interviews based on a predefined semi-structured questionnaire was found most suitable. The advantages of a semi-structured questionnaire include that it

ensures the researcher plans the interviews thoroughly and covers all points he or she planned to investigate.

3.2   Qualitative and quantitative research strategies

In any research study qualitative or quantitative strategies can be used to collect data. (Malhotra 2010) Qualitative strategies are applied when researchers use exploratory research methods. This means scholars base the research on small samples, providing an insight into the case and understanding the problem's context. It is possible for scholars to observe and study their targets thoroughly. On the other hand, quantitative strategies seek to quantify data and apply statistical analysis. Malhotra suggests using qualitative research strategies prior to using quantitative strategies, when a new research study is carried out. He also suggests qualitative research to explain the findings obtained from quantitative research.

The interviewees in this study were experts in the field of this research. They used academic networks to create relationships with new markets. As the researcher's personal knowledge of this process and topic was limited, it was important to study the views and ideas of the interviewees regarding the topic. By so doing, the study was not limited to the factors discussed in theory. Instead, interviewees could feel comfortable explaining their views and experiences. If areas without research were uncovered, these could be discussed and added to the theoretical models. To make that research possible a qualitative research strategy was chosen. The interviewees were asked a set of open-ended questions in personal interviews. The data collected provided an indication of how managers see the importance of academic networks when entering new markets. The results and findings of this research can form the basis for much more in-depth studies in the future.

3.2.1   Population and sampling

In this study the focus was put on European-based organisations attempting to enter the Southeast Asian market and using academic networks to develop local contacts and establish their business overseas. Since there were not many academic networks that publicly discussed offering this kind of consultation, it was difficult to study such cases and research this consulting business. Additionally, not many companies wanted to talk about how they enter new markets, as it is often part of their strategy and thus should be kept a secret. Furthermore, this study focuses on the implications and ethics of that process. This was a sensitive topic for most companies. Thus, they might have refused to talk about ethics and mistakes they might have made. The number of companies consulted by academic networks

is probably quite small. At least it was difficult to find academic literature on this kind of networking.

The cooperation of ASEA-UNINET made it possible to study consultation by academic networks to enter new markets. The firms included were from various industries, thus offering the opportunity to disconnect the current study from any specific industry. Instead, the study was limited to the Southeast Asian market, as ASEA-UNINET links universities from this region and European universities.

The interviewees included four experts. The first interview partner was an ASEA-UNINET professor who connected a European chemical company to the Thai market. The second interview partner was a manager and owner of a European pharmaceutical company trying to enter a research partnership with an Indonesian pharmaceutical company. He used consulting by members of the ASEA-UNINET network in Indonesia. The third interview partner was a former economist with a long working history in Southeast Asian countries. He used to connect European and Asian companies. The fourth interview partner was an Austrian diplomatic representative in Southeast Asia consulting Austrian businesses in Thailand, Vietnam, Laos and Cambodia.

The interviewees have known cases of foreign market entry from the beginning – when the firm approached ASEA-UNINET – until the end (if there was one) – where the firm entered the market and stayed. All the interviewees were hand-picked by the researcher and the contact from the ASEA-UNINET, based on their experience and field. Certainly, the sample was a small one, but the various fields of the experts provided views on the topic of using academic networks to enter new markets from the view of an academic network, a company, an economic point of view and a political perspective.

3.3   Data collection

Data collection can use primary or secondary data collection methods. As Malhotra (2010) explains, in primary data collection, data is collected specifically for the research at hand. Hence, research needs can be focused on. Secondary data is obtained from other sources, for example other studies. Among other disadvantages, secondary data was frequently gained for another focus and does not fit the research in the best possible way. The necessary translations will reduce its reliability. (ibid)

As primary data has a higher validity and gives a more realistic result, this study used primary data collection for gathering empirical information. The design of the questions was

based on the focus of the research. This facilitated data collection. Considering the specific case of research and the limited previous research studies in the field of consulting by academic networks, hardly any secondary data was available or accessible for the researcher.

3.4   Interview guidelines

Kinnear & Taylor (1991) suggest trying to use data from secondary resources, including internal and external sources of the organisation. If required information is not available on these channels, the next step is collecting it by using telephone, e-mail, or personal interviews. Interviews can be structured, unstructured or semi-structured (a mix of the first two). When conducting structured interviews, the interviewer aims to provide a similar questioning context in each interview by adapting the interview schedule. (Bryman & Bell 2007)

In qualitative research, interviews tend to be less structured and interviewers should have a keen interest in interviewees' positions and points of view. (ibid) Follow-up questions offer a good chance for the interviewer to get rich and detailed answers. However, flexibility is needed to ask the right questions at the right moment and guide the interview in a direction where all questions necessary for the research are asked and answered. This study used personal interviews during the research. After designing the questionnaire, it was discussed with the academic supervisor how to ensure the questions cover all topics needed for the research. The contact from the academic network ASEA-UNINET provided feedback regarding questions the interviewees from industry might not answer, as they were too straightforward and how these questions could be rephrased to get answers. By checking each question's open-endedness, it was ensured that interviewees could talk freely about the topic and that qualitative answers were triggered. The reason for creating a questionnaire, even when conducting personal interviews, comes from Malhotra's (2010) suggestion that predefined questions ensure that the topic is well covered and the right answers are induced. Especially when the target person is not familiar to the interviewer, there is a big chance that questions which are not clearly thought through might induce the wrong answers.

3.5   Operationalisation

The interviews were recorded as audio files and later transcribed and used for further analysis. The language of the interviews was German. For the analysis the interviews were coded using the program "TAMS Analyzer" (see references). The relevant answers were grouped and linked to theory, before analysing the implications of the findings.

The questions in use and their relation to analysed theory are explained in the following paragraphs.

3.5.1   Target group of questionnaire

A minimum of four interviews of experts on entering new markets in Southeast Asia was set for the study. Questions about motives, the use of networks and ways to establish new contacts in the market were asked. Did they ever feel uncomfortable with certain procedures they used / had to use? Were they curious about how their contacts operated? What were the ethical thoughts behind these procedures? Qualitative interviews of approximately 30-60 minutes with open-ended questions gave detail about these things. The questions were structured, but answering went with the flow of talking and additional follow-up questions were asked during each interview. The answers were then structured and analysed.

3.5.2   Questions

The order of the questions gave comfort to the interviewee by structurally guiding him into the topic. The interviewer could adapt the structure ad hoc and include additional questions. To provide reliable information for further analysis all the questions of this questionnaire were supposed to be answered by the end of the interview.

3.5.3   Warm-up

Creating the mood could be achieved ad hoc by pleasantly socialising. Then, the warm-up questions started the interview. If there was the wish to keep names in secret, company names would be changed for privacy reasons. The warm-up questions included company name, employee position, number of years in this business, and number of years working for this company. They evaluated the person's experience. The questions "number of years in business" and "number of years working for this company" might help in seeing a difference between senior managers and junior managers. In Guanxi relationships Chan et al. (2002) found that younger employees and those of privately-owned companies, especially when they are under pressure, are more likely to conduct unethical activities to gain profits.

3.5.3.1   Market details

Getting to know the previous knowledge of the market and the plans were the goal of this section of the interview. Questions included the targeted market, feelings about this market, previous knowledge regarding the market and reasons why this market was chosen. The idea was to find out what the interviewees knew about the market, for example how to behave in the market and what they thought about before entering, including ethical and unethical matters and the need to use bribery and/or personal contacts.

3.5.3.2   Team

When working in teams, individuals control each other to some extent. Brass et al. (1998) point out that the higher the position of an employee, the less the supervision. Hence, in order to act ethically the employee needs a profound moral grounding. If this does not exist, withstanding the incentives to become unethical might be difficult or impossible. When working in a team, frequent discussions and properly defined rules on how far the team would go can prevent unethical actions. Questions in the questionnaire for this research included the set-up of the team, the issues discussed in the team and limitations the team set in how far they would go in using unethical procedures. The answers triggered included the team's view on ethics. Smith (2005) discussed moral markets and moral managers where everybody should think about the implications for all stakeholders when carrying out an action. "Limitations on how far they would go with ethically questionable practices" was the last question including what procedures (for example bribing and influencing officials) the team decided to avoid. When delegating, managers do not necessarily know every step an employee or a consultant may take to make something happen. Thus, it was important to ask what the interviewees knew about the actions of their subordinates and how much they considered negative implications of these actions for the organisation.

3.5.4   Contact development

After an analysis of the background, target market and team, the next area was crucial for this study. The use of contacts to enter the market was questioned. Not just the Chinese Guanxi network, but many collectivist cultures require relationships and trust to do business. (Khatri et al. 2006) The first question targeted the requirements to enter the specific market as known and understood by the interviewee. Some hints by the interviewer regarding the relationships needed were crucial. These included contact with local firms, officials and other local stakeholders. As existing relationships save the cost of creating network ties (Ahuja 2000, Burt 2004), the following question focused on the existing contacts of the interviewee and contacts of the company. Chua et al. (2008) discuss cognition-based trust and affect-based trust of individuals in relationships and categorise this trust in friendship, task advice, economic resource and career guidance ties. Depending on the ties specific forms of trust, help and resources are provided by the two parties. Hence, the type of relationships was supposed to be described by the interviewees. Among others Ahuja (2000), Burt (2004), Melé (2003) and Nann et al. (2010) discuss the issue of structural holes as a difficulty. A structural hole means being in a network but not having a direct relationship with another specific individual in the same or in another network. The scholars point out that people who manage to develop a relationship out of this gap are extremely successful. Thus, it should be

verified how the interviewees managed to approach additional contacts and in what ways the academic network helped them. A question on how they got in touch with the academic network could provide details about the networks and connections they used to establish the new relationships.

3.5.5   Using contacts

The questions about using contacts focused on how the contacts helped, what actions were taken and what the interviewees knew about the actions taken. The advantages of using contacts were the target of the first two questions: In which way did the established contacts positively or negatively influence entering the new market? What resources have been saved or would have been additionally needed without these established contacts?

Finkelman & Lopez (2012) discuss matters like gift-giving, adapting to ethical laws and norms, conducting unethical behaviour and avoiding being caught, adapting weak standards when it comes to securing the health of employees and their wages, and what to do when unethical conduct is noticed at a subcontractors (for example addressing it, or pretending not to know about it). Melé (2009) and Boatright (1999) discuss virtue-based ethics as doing something good while still making profits. Ethics is thus not based on a set of rules, but virtues, for example trying to avoid any harm. Bardy et al. (2012) discuss a similar matter when they talk about moral standards and working together with the people from the target market to help develop and try to avoid victimising others. Fulkerson (2012) points out that the use of psychological management methods that work in one culture can create serious difficulties in another and might have negative implications. He also stresses that a person should use certain etiquette. Furthermore, a business partner might not be familiar with certain idioms and uses of words in another culture and might find that offensive. Questions about using contacts included: Did you ever feel uncomfortable with certain procedures you used / had to use (Corruption, procedures, culture)? Have you always known what your contacts did when working for you? Did your contacts use their contacts or did they use financial incentives to get things done? What did your contacts tell you about that matter when you addressed it?

These questions gave a practical insight into what managers thought of and what needs they envisaged when trying to enter a new market.

3.5.6   Ethics

Ethics and CSR are frequently seen as costs and barriers for companies. (Bardy et al. 2012, Porter & Kramer 2011) The pertinent question was: What is the view of the individual / team

in this case and what is their view of ethics? Asking first the negative and later the positive implications of ethics, the interviewees should remember the positive effects better from the interview. Bardy et al. (2012) suggest that for long-term profits investments into ethics and corporate social responsibility are important. Certainly, one idea was to evaluate if companies see it the same way.

3.5.7   Finish

The last part of the interview focused on summarising the interview and asking about problems encountered in the process. This should induce a short reflection and possible improvements for future market entries. This is why the questions included: "What new markets are planned to be entered next" and how the interviewee would improve the process of entering the market.

3.6   Validity and reliability

The small number of interviews raises questions about the validity and reliability of this research. The intention of this study was to analyse the effects of using academic networks to enter the Southeast Asian markets. Certainly, a greater number of interviews would have increased the validity; however due to access difficulties – there were hardly any academic networks that were open to talk about their consulting cases – it was impossible to increase the number of interviews. Therefore, this study should give a typical example of the topic and highlight some insights. It should be what actors in these networks consider before taking action. To raise validity and get a broader picture, four experts with different working experience in the field were interviewed, giving them a chance to explain the topic from various points of view and thereby get a more holistic view. This broader picture gathered by interviewing experts from differing fields combined with qualitative research questions designed to trigger new insights, could help determine what aspects of the topic are considered relevant and what should be further researched. Thus, this study is intended to give a clear example of insights into the topic, but not as a study to be generalised. Follow-up studies with more interviews are needed to be able to generalise the results.

Using the interview guidelines ensured that the topics planed for the research were covered in the interviews. However, different interviewers might have triggered different answers by influencing the interviewed experts in some way. This could have been the wording of questions or follow-up questions, as well as any feelings transmitted by body language or any relationship with this person.

As this study is qualitative, which includes interpreting data, in this case 30-60 minute interviews, different researchers might have highlighted different key points in the answers of the interviewees. However, as the research tried to bring all aspects into discussion, the process of highlighting the key points, writing them on post-it sheets and grouping them, was a process with considerable reproducibility.

3.7   Summary

The qualitative research design included four interviews with a length of 30-60 minutes each. These interviews followed a pre-defined interview guideline with questions set for each topic to make sure all areas of research would be covered. All interviews were transcribed. A clear process of highlighting the key points in each interview and grouping these key points to sections, combining them with theory and describing them in the empirical analysis guided this study.

Although the number of interviews was small, the different fields of the topic were covered and the clear processes used for analysis argue for good reliability and validity. Overall, the goal of the study was to give a clear example of insights into the topic and highlight what actors in the process consider before taking action. Any possibility for generalising this study is not given at this point. Instead, this study lays the foundation for further research.

4   Empirical analysis

This empirical analysis discusses the answers grouped in relevant topics and related to theories. It explains why Southeast Asia is a promising market and what European companies are required to do to fulfil the needs of the markets. Next, the emphasis is on how networks and personal ties help to access the markets and what problems might arise in so doing. Ethical considerations, which came up in the cases, are discussed in this section. Then, the requirements for the negotiations and the importance of cultural knowledge are explained. In conclusion, the advantages of academic networks are highlighted.

The four interviewees in this study have different expertise in the topic of the research.

- Interviewee 1 is a professor at an Austrian university who acts as an intermediary between a Thai university and a European Chemical Company with the focus of marketing new products and production processes in Thailand.
  From now on this interviewee is referred to as "professor".
- Interviewee 2 is the owner and manager of a European pharmaceutical company planning to enter new markets in Southeast Asia.
  From now on this interviewee is referred to as "manager".
- Interviewee 3 is an Austrian economist expert with a long working history in Southeast Asian countries. The interviewee has a history in linking European and Asian companies.
  From now on this interviewee is referred to as "economist".
- Interiviewee 4 is an Austrian diplomatic representative in Southeast Asia.
  From now on this interviewee is referred to as "diplomat".

4.1   Southeast Asia – a promising market

The experts interviewed confirm promising possibilities in the Southeast Asian market. The consumer market, especially, is rapidly growing due to the raise in the middle class in the Southeast Asian societies. (diplomat) More and more people can afford a higher standard of living and they prefer to buy foreign consumer products. Their demand for high quality products produced by European companies is astonishing, as we see from the sales figures of European cars in Asia. (manager) The diplomat spots the best and risk-free market entrance in just selling consumer products. However, whilst agreeing to the market potential the economist highlights the high costs of entering an Asian market. It takes personnel

specialised in working this market due to the language and time barriers as well as the geographical distance.

Besides the growing consumer market the economist and the diplomat see a solid potential for niche products. In particular, small, highly specialised European companies could utilise huge potential in the Asian markets. Many small and medium-sized enterprises in Southeast Asia are expanding and investing in new machines and technologies. European companies can help them to surpass their huge, often international competitors by offering products of higher quality and individuality. One example is the professor's consulting project that targets small and medium food processing companies in the Thai market, trying to help them improve the hygiene in their processes. While most large production facilities follow strict protocols of hygiene, as they are part of multinational corporations, smaller family-owned businesses still lack international standards, but try to adopt them and surpass the multinationals with a higher quality. Entering this market segment, the main barrier limiting European companies is the time and cost of evaluating the options in the market and planning the entrance. What the manager, the diplomat and the economist suggest, is first to study the market potential and then try to connect to the market via the Chamber of Commerce and the local embassies in the markets targeted.

Regarding the sales of standardised industrial equipment, the economist and the professor can tell from their experience that the market is highly competitive with many international vendors. Thus, they suggest before going to Asia European companies should first penetrate their European home markets. However, they point out that niche products offer the chance for successfully penetrating the market. The diplomat on the other hand sees great chances in Asia for "often very small companies in Austria, which are highly specialised and offer precisely such customised solutions that an entrepreneur there needs to be successful. However, these specific solutions can only be successful in Asia, if one has the right entrance to the market." (diplomat) These and other requirements for the market are discussed next.

4.1.1   Requirements for entering the Southeast Asian market

It is not just knowledge of international business that companies require for entering new markets, but country-specific expertise is a crucial prerequisite. (Fulkerson 2012, Lovett et al. 1999) Countries with deficits in law enforcement and collectivist cultures, in particular, require personal relationships and trust. (Khatri 2006) Entering the Southeast Asian markets, European companies face some barriers. Southeast Asia has a huge number of small and medium-sized organisations. Most of them are family owned. As law enforcement in Asia is not as well established as in the Western countries, many companies require personal ties

to their business partners to ensure trust. (Ellis 2000, Rauch & Trindade 2002) Personal ties and network ties, especially, offer the advantage that every piece of negative information is shared in the network and tends to blacklist people who do wrong. As nobody would conduct business with a guilty party, everybody does their best to be honest and trustworthy. However, if one is not part of the network, there is no guarantee of being trustworthy and honest. (Rauch & Trindade 2002) Hence, a barrier to European companies is the lack of personal ties and relationships when entering the market.

Another reason for the need of personal ties is rooted in the lack of industrial sector orientation of Asian business persons. The diplomat wants European companies to understand the lack of focus of Southeast Asian companies. As there are hardly any regulations concerning the requirements to start a business in a certain industry, many investors follow their gut feelings and start operating in markets, where they see a potential. Often, this leads to the company's branches working in industrial sectors, which for a European business person seem to be competing with each other. The main evaluation criterion for selecting new business opportunities is their return on investment. If an Asian business person, especially of Chinese origin (economist), has money available to invest, then he or she will invest in the business with the highest return on investment. Bringing in investment capital is therefore a good way to be easily accepted as a business partner. If a Western company wants to invest in a local business and brings investment capital and know-how, agreeing to a deal will be rather simple. However, the importance of personal ties and strong relationships cannot be stressed enough. (Chua et al. 2008, Holtbrügge & Baron 2013, Zang 1999, Zang 2000) Depending on the business interest, political ties are useful especially. The diplomat explains this need with the strong relations between politics and the society. Societal interests are more closely related to political interests than in Western societies. One reason for the strong involvement in politics is the lack of law enforcement in some Asian countries.

4.2   Linking networks

Besides their strong connection to politics, Asian businesses are network-oriented. As Burt (2004) found, businesses that can connect to ties outside their own network gain competitive advantages. Burt (1992) introduced the concept of creating these links between networks as bridging structural holes. A structural hole exists when two members of a network or of different networks are not directly connected. If a connection can be established, advantages for both partners can be achieved. Members of a network, who have many strong ties to other network members, can act as intermediaries and create connections to two of their

partners, who do not share a direct connection. (Ahuja 2000, Burt 2004, Melé 2003, Nann 2010, Ramasamy 2006)

When talking about entering the Southeast Asian markets, the diplomat immediately pointed out: "Access is the key to success." (diplomat) The interviewees listed different ways to connect to local businesses: Official representatives of the home country including embassies and Chambers of Commerce can make introductions. Academic networks including professors and alumni, as well as non-political associations can act as intermediaries and introduce Western business partners to Asian business persons. Last but not least, businesses can connect via business networks and direct relationships.

All interviewees agree on the importance of the Chamber of Commerce as a good starting point for entering the market, especially when trying to sell a product. Academic networks should be considered, especially for innovative products and research collaborations. (manager, professor)

4.2.1   Where to meet in networks

Personal networks take time and frequent interaction to maintain. (Melé 2009, Ramasamy 2006) To keep in touch with his contacts, the manager prefers to meet at international conferences and dine together when in the same town. Pearce & Robinson (2000) pointed out that dinner meetings are promising for relaxed discussions and for the clinching of business deals. The manager further stressed the importance of personally meeting people before entering a relationship to see if there is a certain "chemistry" between two business people. As it does not facilitate personal trust, virtual communication over the Internet is not a proper start for a relationship, especially when deeper contact and trust is required.

Burt (2004) pointed out the advantages of having personal ties, especially with other networks. These advantages were validated in the interviews with the manager's phrase "One lives from his contacts" (manager). Another important matter in relationships is privacy. Being able to keep know-how in a relationship brings both trust and a competitive advantage when partners share information not everybody else has. Together they can utilise this information and stay ahead of competition in developing and marketing new products. (Ahuja 2000, Dyer & Hatch 2006)

Among the problems of creating personal relationships with companies in Southeast Asia are language and cultural barriers. (Bardy et al. 2012, Fulkerson 2012) In particular, when trying to invest in new facilities, dealing with provincial authorities regarding legal matters often

requires knowledge of the local language and culture. (Gould 1994) "Without the local way of thinking, one will not be successful." (diplomat) A relationship with a local consultant assisting the process (economist) or at least assistance from the embassy (diplomat) can help to overcome this barrier.

4.2.2   Trust

Creating trust is important when considering networks and network relationships. (Chua et al. 2008) To overcome the weak enforcement of laws, networks can ensure the adherence of agreements. (Ellis 2000) In business networks the knowledge of somebody violating an agreement travels fast. Having violated an agreement, a business person is blacklisted in the business network. According to Rauch & Trindade (2002), this is worse than being legally sued, as nobody wants to do business with a guilty party. Hence, trust can be assured by being well-connected in a network. All interviewees agreed to the importance of trust in relationships. The manager remarked that he relies on network trust when deciding what people he starts relationships with. He gave an example of how he reduces his large number of daily requests for interviews and personal discussions. To do so, he uses the recommendations of his business contacts to distinguish between useful interviews and interviews that are not worth his time. He told the interviewer that without the suggestion of his friend and contact person in the ASEA-UNINET, he (the manager) would not have agreed to a personal interview. Knowing that none of his business contacts would recommend him an interview partner that was not worth the time spending on the interview, allows him to rely on their opinions in making his selection. The network relationships with family members are among the most valuable and reliable ties. The economist and the diplomat stress that in many Asian countries businesses are run by family structures. According to the economist, business people of Chinese origin are an important group, running businesses in most of the Southeast Asian countries. Most of these Chinese people rely heavily on family structures. Entering these structures is not so easy, but as soon as one of the family members establishes trust, others in the family will rely on this external business partner and trust this new partner too.

4.2.3   Kinds of personal ties

Chua et al. (2008) defined four different types of personal ties. While friendship ties are almost entirely based on affect-based trust, task advice and economic resource ties use cognition-based trust as a foundation. A mixture of cognition-based trust and affect-based trust is found in the rare form of career guidance ties.

The experts interviewed talked about their own ties and how European companies can access the networks of Asian markets.

The manager described his experience entering the Indonesian market for research purposes in trying to create task advice ties. His connection to the academic network ASEA-UNINET is a long-lasting friendship and probably to some extent a career guidance tie. Since his study time, the manager has friendship ties to professors in the ASEA-UNINET. When talking about the possibilities of research in Indonesia, one of these professors offered help in searching for a suitable partner – this can be seen as an act of career guidance. A friend of one of these professors in Indonesia was a former politician who also used to be a member of the academic network, hence another friendship tie in this case. After introducing the manager to the former politician, the latter agreed on helping the manager in the task of finding a suitable partner for his research. The former politician had good knowledge of the companies in the industry. After studying the profile of the manager's company and understanding which partner the manager was looking for, the former politician could make a recommendation of suitable partners. The limited action to the specific task leads to the conclusion that this relation between the manager and the former politician was a task advice tie. However, considering the return on "the favour" of consulting - the former politician was not paid, but offered his help as an act of friendship towards one of the professors - the manager returned a personal favour of high value to the former politician, making the tie seem a little bit like an economic resource tie. Nevertheless, as they did not mutually use any resource, this is not an economic resource tie, but a simple task advice tie.

In a nutshell, this case used friendship ties between one professor and the manager as well as between the one professor and the former politician. The structural hole of no connection between the manager and the former politician was bridged by one professor introducing these two, who then formed a task advice tie for this specific case. Last but not least, the action of the one professor can be seen as a career guidance tie towards the manager, who used to be a student of his.

The case described by the professor was initiated by a task advice request from a European chemical company to the academic network. To enter the Thai market, the company's idea was to run workshops together with a Thai university and teach local small and medium-sized enterprises in how to increase the hygiene in their production. Using the connections from the academic network, the professor introduced the company to the board of a Thai university, who agreed on organising and marketing these workshops. Together with other European companies as well as professors from Thai and European universities, they

planned to talk about hygiene and food processing, show machines and resources, and explain the need for hygiene. The ties found in this case include task advice ties between the professor and the company as well as the professor and the Thai university. The ties developed between the university and the company could be described as an economic resource tie. Both utilised the same resources, namely the workshops, and could benefit from this usage. The Thai university could strengthen its relations with local businesses and the European company got introduced in the Thai market. Other examples of economical resource ties are the relations with additional European companies that gave speeches and displayed their products. Being strategic partners to the chemical companies, these additional European companies similarly utilised the workshops to market their products and show the fit of their machines to the chemical company's products. Task advice ties were used to European diplomatic representatives in Thailand like the Chamber of Commerce and local embassies. These institutions knew the market and were able to help marketing the workshops. Diplomatic representatives could help introduce these companies to the European companies, which was needed, especially since many small and medium-sized enterprises were resistant towards universities (professor). Additionally some European funds for fostering exports could be utilised.

When discussing beneficial ways of entering the Southeast Asian markets, the diplomat and the economist suggested connecting via embassies and the Chamber of Commerce, as these institutions have strong ties to the local economy and local politics. These ties are mostly task advice ties, which can lead to economic resource ties when a connection is developed. Another approach to the market is marketing a product together with a complementary product of either a foreign or a local producer. This tie would certainly be an economic resource tie, as both share a resource and benefit from this same resource. An example of marketing together was the cooperation between the European chemical company and European manufacturers of equipment when representing their companies at the workshops in Thailand and jointly marketing their products.

The manager explained an important kind of relationship found in research collaborations with universities. Students can be connected in a network of universities and companies and can thereby benefit from practical research cases given by the companies, additional research funds and job opportunities. The latter can be seen as a form of career guidance ties, if a strong personal relationship is developed. For companies, researching together with universities means researching new fields and thereby staying ahead of the competition. These cooperations would fall into the category of economic resource ties. The relationship

with the university further offers a chance to access the numerous research networks universities have with each other, which would again be economic resource ties, or if a company just contracts a group of researchers to study something specific it might be just task advice ties.

4.3   Advantages of networking

Among the main advantages of networking, various authors see the positive effects of accessing a market together with a partner who offers a complementary product. (Elg & Johansson 1996, Luo 2007, Meyer & Skak 2002, Ramasamy et al. 2006, Schuster & Holtbrügge 2012) The economist highlighted this choice of entry as an option with low costs and low risks. But for entering the Chinese market, especially, he suggests using international companies to jointly market products together. The professor explained one example of this in his case of the workshops organised at the Thai university. The European chemical company was looking for manufacturers of equipment designed to use the chemical company's products and invited these manufacturers to jointly exhibit their products at the workshops.

Knowledge creation is a major advantage of networking as described in literature by Dyer & Hatch (2006). In the interviews the relationships of businesses with universities and students were highlighted as important. (manager, diplomat) Economic resource ties in the form of research cooperations are promising. (manager) These ties give the company access to the worldwide research networks universities have with each other. Within these networks the most well-known academic experts are connected and jointly conduct basic research companies can profit from. Ahuja (2000) talked about gaining competitive advantages from using networks of research. The case highlighted by the manager confirmed what Ahuja pointed out. Especially when the company involves itself in programmes to conduct basic research, the new findings can positively influence competitiveness. The example of the manager's pharmaceutical company trying to access research networks in Southeast Asia, a continent with many unexplored plants and substances that could be used in pharmacy, is an example of competitive advantages gained by being active in research networks. Moreover, the connection to students is positive and the company can introduce itself to possible students and ideally select the best to be employed after their graduation, even before they can think of applying to other companies.

Savings are among the most visible factors of networking, although they are often difficult to quantify. (Armstrong & Kotler 2009, Gould 1994)

In the case described by the professor 6-12 months could be saved when entering the market by using the academic network to create relations and cooperate with the Thai university to run workshops. The company first tried to enter the market without the relationship with the university, but decided after months of unsuccessful action to request help from the ASEA-UNINET. Almost immediately when the professor approached the Thai university, they agreed on meeting the owner of the chemical company. This first personal meeting was already the starting point for the planning of the first workshop.

Even more promising was the case of the manager. Shortly after the initial discussion with the former politician and handing over a profile of the European company, the former politician introduced the European manager to three different Indonesian companies that seemed to be suitable partners. After evaluating these suggested partners, the manager found that one of them was an ideal candidate. Being introduced by the former politician, the manager of this candidate's company invited the manager of the European company for a business dinner to discuss cooperating. The European manager was astonished by the generous offer and called it an amazing opportunity to have dinner together. Pearce & Robinson (2000) found that many business deals are clinched at the dinner table. Certainly, as the manager explained, this type of high-level entrance by immediately talking from manager to manager, or in this case even from business owner to business owner is not possible without strong ties and trust in all network ties. For the manager it is hardly possible to quantify the time and cost savings, as this high-level access would not have been possible without strong ties in the network.

It is not just saving time or having access to other contacts in a network, but intermediaries with a large number of contacts can also help to choose the right person or company to enter the market with. This is similar to Kotler & Armstrong (2009), who argued that close relationships with customers save time and effort needed to offer what these customers need. When he knows enough experts, an intermediary can introduce an interested party to specific members of the network. This is what was done when the chemical company approached the ASEA-UNINET. Through another contact in the ASEA-UNINET network the chemical company was introduced to the professor. With his experience of the field and his contacts to professors at Asian universities he could easily link the chemical company to the Asian market. And as he acted the whole time as an intermediary between the Thai university and the European chemical company, he could bridge the cultural and language barriers. Gould (1994) and Ellis (2000) have already described this bridging of barriers. As they stated, ideal intermediaries are those immigrants who know both cultures.

Bridging cultural and language barriers was described as a major advantage of using network contacts that know both cultures. In particular, immigrants who have strong ties to their home country's market can offer excellent opportunities to export products from their host country's businesses. (Gould 1994) The professor explained, for example, the hesitation of Thai small and medium-sized enterprises when a European economic delegation wants to visit. Quite often, for some reason, such an enterprise cancels a visit at short notice. When one knows the culture, one realises that the main reason behind this cancellation is that this company's managers feel ashamed of the low standards in their company. If one uses a local intermediary who has a strong relationship with this company, the intermediary can talk about this matter with the company owner and avoid short notice cancellations. Ideally, this intermediary can encourage the company to accept visitors who advise the company and bring in new knowledge. This was done when the Thai university invited local small and medium-sized Thai companies to participate in the workshops.

The diplomat pointed out the positive aspects of having relationships with diplomatic representatives and local authorities. Especially when dealing with investment plans and regulations, these contacts can help to ease the process of handling all public matters. When dealing with locals, a local intermediary is necessary to understand culture and meanings of actions. This can save huge amounts of time.

4.4   Expenses of networking

First and foremost, the cost of creating personal relationships has to be pointed out. It is often difficult to get access to people who can help connect to business people in various markets, or in other words to close the structural holes in their own network. (Armstrong & Kotler 2009, Chua et al. 2008, Zang 2000) To a certain extent the local embassies and the Chamber of Commerce can help connecting. As they are mainly financed by politics or trade unions, companies usually face few costs to access the help of these institutions. The costs of creating new relationships in the two cases described in the interviews included payments to the ASEA-UNINET, which uses the money to finance student and research exchanges and thereby increase their network and give young students the chance to go abroad.

If network ties already exist, one of the most important aspects of networking is the maintenance of personal ties. (Melé 2009) Time and frequent meetings are needed to keep in touch with other individuals. To maintain frequent face-to-face contact, especially in the international settings, the time and space differences are barriers difficult to overcome. Considering the busy schedules of managers, they cannot fly around the world simply to

discuss the latest news, while having a cup of tea or coffee. The manager pointed out that attending international conferences and using business dinners is his approach to keeping in touch with his international network partners.

Entering a market together with a partner who offers complementary products eases the marketing and distribution of products. However, Luo (2007) warns that Chinese, especially, often enter partnerships promising to bring in valuable resources to the alliance, but then actually lack these complementary resources or simply do not deliver them. If the two partners have then signed an agreement of exclusivity in handling the market, the foreign company is not allowed to handle the market itself. At the same time, weak international law enforcement makes it hardly possible to force the partner into acting in favour of the agreement.

The economist, who suggested foreign companies should enter partnerships with other foreign businesses and avoid partnerships with locals, especially in the Chinese market, agrees with this. The manager explained a problem in business cooperations and pointed out that differences in the intentions of partners bear a risk. While the ideal situation is that both partners share the same intentions, the manager pointed out a case where the secret intention of one of his former partners was to sign exclusive agreements with the goal of blocking the manager in his actions. The exclusivity agreement prevented any actions of ones own in this partnership. Hence, the manager stressed that even a signed contract might not help in such a situation. However, network ties with the advantage of sharing the bad experience could have prevented this situation. (manager)

An additional cost barrier is the use of intermediaries to connect to another network member. These intermediaries can be hired as consultants, who charge a consultancy fee for their work or, better, they can be friends who help as an act of friendship. Ideal intermediaries both know cultures and have network relationships in both. (Gould 1994) As the academic network ASEA-UNINET's work includes offering Asian students scholarships for studying for a master's or doctoral level programme in Europe, the network needs financial resources. Hence, when helping a company and introducing a possible local network member in the targeted Asian market to act as a consultant, the academic network usually requests money to finance scholarships for future students.

4.5   Cost of going to Asia

Besides the network costs, various other difficulties in entering the Asian market can be found. An important factor is the cost of approaching the market. Due to the time and space

difference between Asia and Europe, specialised personnel have to be recruited to run this market. (economist) These personnel can either be located in Europe and start working early in the morning to be able to get in touch with Asians or be sent to work in Asia and supervise the actions in the market. The latter is a cost-intensive way, but according to the economist, it is the most promising way. As one reason he points out the need to supervise locals. Supervising locals is an important matter, as many cultures have a different attitude towards doing business. (Bardy et al. 2012, Lovett et al. 1999) Europeans are known as hard working people who require others to work as hard as they do. Foreign employees might use company money to buy their own dinners and enhance their personal life styles, especially when it is not their own money. (economist)

Time pressure can be a result of strict time management in European companies. (Pearce & Robinson 2000) Many cultures, including many Asian cultures, require enough time to develop friendships and slowly organise events and cooperations. (Chung 2011) The professor pointed out that his project faced severe difficulties scheduling the workshops. The European company used to plan the programme and speakers of the workshops at short notice, as they tried to finance the trips for these people by governmental export sponsorship, which had to be allocated first. The Thai university then had difficulties inviting participants, as information about programme and speakers was crucial for the participants to decide if they would come.

Consulting costs were a reason for the manager to decide not to use a cultural consultant in the negotiation process with the suggested Indonesian partner. It remains unclear why negotiating this business transaction suddenly stopped – the manager explained that the Indonesian company suddenly stopped replying messages. According to the manager, the negotiations focused on the last topics in need of discussion and came to a section, including finances, where the pressure in the negotiation was severe. This sudden break in the negotiations, including losing time and money spent on the relationship and the transaction, is an important risk to analyse and plan. A cultural consultant acting as an intermediary or at least as a mediator in the negotiations could have saved the deal, especially when considering cultural differences as a reason for this break.

4.5.1   Problems

A difficulty that the professor had to resolve – and a reason why he demanded being the intermediary in all communication between the chemical company and the Thai university – was the bargaining about the contribution fee to the university. The university was the organiser of the workshops and offered these on their own premises. Thus, the chemical

company was basically just a participant, so it had to pay a participation fee that was to be negotiated first. The professor had to step into this negotiation and take over the communication between these two partners to explain the cultural differences and overcome cultural and language barriers. For the professor, the problem was rooted in the impatience of the European managers and their difficulties in articulation. Simply put, they were too direct in their negotiations and had trouble expressing themselves in words that prevented misunderstandings. This is something Hofstede (2001) pointed out. Different cultures have dissimilar values and differing forms of communication and their use of language. Gould (1994) sees here the advantages of consultants, who know both cultures and explain the troubles and differences to the business people involved. Usually, the people involved do not plan to hurt each other, but conflicts are merely a matter of misunderstanding that can be resolved when understanding the culture and values behind the words said or actions taken.

Differing impressions and misunderstandings do not necessarily stem from words, but may originate in the practice of business trips. Some cultures have a – rather traditional – practice of "rewarding trips" that are given to employees. The economist reported cases of business delegations that were sent to Europe on business trips. While the European network partners assumed this as an interest in doing business and tried to use the opportunity to strengthen the relationship to the decision makers, the participants of these trips were employees without any decision-making power. They got this trip as a reward in order to get the chance to travel to Europe as a bonus for something they might have done or a position they got in the company. In such cases, the economist suggested the European companies should not have false hopes when a business delegation is supposed to visit and to keep them happy, because otherwise the bad news of bad treatment will be reported back to the decision makers.

Pearce & Robinson (2000) discuss the ineffectiveness of Chinese network partners in establishing relationship ties. While Western business people try to briefly get to know each other and quickly negotiate formal agreements, Chinese business people take time to get to know each other personally and develop trust. As soon as trust is established, they accept to negotiate verbal agreements or agreements with limited written contracts in a short time, mainly based on trust. However, the long time used to get to know each other is often hindering Western business people. They get stressed, pressure their Asian partners and thereby reduce the chance to develop full trust. The cultural problems arising in negotiations are discussed later in the chapter on negotiating.

4.5.2   Country implications

Certain issues have to be kept in mind when doing business with other cultures. Indonesia, for example, used to have many monopolies to control the market. Especially during the Suharto regime, companies were either state owned or belonged to powerful people close to the dictator. They had a monopoly, particularly when they were exploiting natural resources or exporting other goods. Changing this economic situation is in progress, but requires time. (economist)

The diplomat and the economist stress that any development in a country has to start with an agricultural reform. This was already the case during the industrial revolution in Europe, where a main reason for producing machines was to reduce labour needed in agriculture. Most of the Southeast Asian countries, especially Indonesia and the Philippines, have not yet experienced an agricultural revolution.

The most common barriers to overcome when entering a market: Indonesians lack a clear strategy. Each new day is different, meaning that what happens today could totally change until the next day. (economist) This makes it difficult to plan ahead with Indonesian people. Chinese people on the other hand have clear strategies and have long-term planning, however, they might have secret plans to maximise their profits at the cost of a partner. Among other considerations, the latter is one major reason for foreigners deciding to avoid cooperations with Chinese businesses. The economist advises foreign companies to enter business partnerships with other foreign companies when entering the Chinese market. Furthermore, to avoid any possibilities for pressuring or blackmailing, he suggests renting infrastructure in China. In the case of problems this will ease relocating to other facilities.

4.6   Business ethics

Discussing the field of ethics, the first two notable responses in the interviews where: "Different culture – different leadership" (economist) and "Yes, corruption is a big problem" (diplomat, economist). Various authors discuss the need to learn about the business partner's culture and adapt to it. (Gould 1994, Hofstede 2001, Holtbrügge & Baron 2013, Lovett et al. 1999) Certainly, Western business people cannot enter an Asian market without getting to know the local culture. (Silver 1990) Regarding the second response about corruption, Finkelman & Lopes (2012) point out that especially cultures with high power distance and collectivist societies accept corruption and use personal connections or go-betweens to get things done.

4.6.1 Corruption

The diplomat confirmed what Finkelman & Lopes (ibid) pointed out about using the ethical standards of other countries. Wherever somebody tries to act based on the European legal system, differences between the cultures will become obvious and frequently develop into problems in the communication. This leads to difficulties either before setting up the cooperation or as soon as problems arise in the communication. The economist presented an example of such legal differences. When a European company enters a joint venture with an Asian company, owning 51% of the joint venture does not necessarily mean having absolute decision-making power. It is not just that the Asian partner might demand power; it can also be that after sharing know-how, the European partner gets pushed out of the joint venture ensuring the Asian partner to collect all the profits. Legal enforcement in this case will often be limited and unreliable due to being biased by friendship ties or corruption. This is why the diplomat suggested signing a code of arbitration and agreeing to use EU rights to settle disputes. According to him, any business person who wants to be serious and strategic would agree to this kind of contract. This is contrary to what Chan et al. (2002) pointed out. They belief that some Chinese people share the opinion that focusing on written contracts based on commercial law are a sign of bad faith. Western business people often view this action as a form of corruption, thus, they need to evaluate if they want to adapt to the Chinese way or stick to their culture and focus on written contracts.

Furthermore, it must be pointed out that most Southeast Asian countries have noticed the problem of corruption and work hard to eliminate this form of influence. Both the diplomat and the economist highlighted this. An essential step in eliminating corruption is to introduce and enforce anti-corruption laws. On the other hand, and even more important, is raising the wages of public officials. Considering the low wages of many public servants, officials often need to accept bribes to earn enough money to support their families. Thus, if they get paid a fair wage for their work, bribes won't be an essential part of their earnings. This could change public opinion towards bribes, so bribes wouldn't be tolerated. Corruption can then be fought against. (diplomat, economist) Nevertheless, some people will always be "criminal". Thus, every nation, including Western nations, needs to continuously fight corruption as it can never be totally eradicated. (diplomat)

The economist found two main reasons why companies still use corruption. Firstly, especially when trying to build factories quickly, local authorities can speed up time-intense legal processes. The second use of corruption is when a company plans illegal or at least

ethically questionable practices. This has mainly to do with influencing buying decisions and anything that destroys the environment. (economist)

Porter & Kramer (2006) point out that focusing short-term profit is contrary to a long-term strategy. Corruption is one aspect of focusing on short-term profits, especially profits for the individual. If huge short-term or one-time contracts are negotiated, it often happens that people accept or even demand bribes. In particular, public tenders invite corruption and financially influencing decision makers. The economist stresses that one goal of the decision-makers is often to keep the contracts in the country, sometimes for the worse of the public, when a product is bought that is not just more expensive, but also of lower quality then other products offered. It is this form of corruption that Western companies need to worry about. While probably ethically questionable, one way of dealing with this issue is that a company uses a local intermediary and offers a generous consulting fee for the help. Managers can then avoid asking what the intermediary did to make a deal happen. (economist) While among managers tolerated, this procedure might be in a legal grey zone in Western laws. From an ethical point of view, it is hardly possible to justify.

Instead, Bardy et al. (2012) and Donaldson (1989) highlight the need for long-term strategies multinationals should care for when entering new markets. They argue for being aware of ethically questionable practices, including corruption, environmental issues, and employment conditions. Multinationals should focus on being socially responsible and creating social awareness for their good behaviour. By so doing they can develop and maintain a strong position in the new market. The manager's goal for his pharmaceutical company is focused on long-term success. "It is not that we want to sell a complete railway network. We just want contacts and partners for cooperation." (manager)

The risk of bribery and being influenced by short-term decisions is further reduced in the manager's case by negotiating from business owner to business owner. Both focus long-term profits of their companies, so they will not take incautious, selfish decisions, where they make personal short-term benefits at the cost of bad decisions for the company's future.

4.6.2 Environment

Environmentally questionable practices as reasons for corruption mostly include cases where companies produce in ways that harm the environment. Hereby, it has to be noted that many governmental officials have limited possibilities to influence the situation. The economist explained the case of a company producing leather. The production processes have intense water consumption and require the heavy use of chemicals. Disposing of the

wastewater untreated into the next river seriously harms the local environment and has negative impacts on the local people and agriculture. However, if the mayor of the city where the factory is located closes the company, it will reopen the next day using a different name, but the same people. If he succeeded in closing the company, which is unlikely, there would be hundreds more of unemployed workers. Thus, the mayor has to decide either to accept the environmental pollution or close the factory. The ethical question is what to focus on: reducing environmental pollution or avoiding the loss of jobs.

To avoid any activity from government officials regarding environmental issues, some companies bribe them even before any of these questions described in the case above arise. Thus, they avoid any of these "useless" processes like the one described.

4.6.3   Long-term strategy

The absence of corruption is visible in the two consulting cases of the manager and the professor. The manager pointed out that his goal was to enter a research partnership and corruption would not contribute to the benefits. His idea of a research partnership is that both partners should funnel their research budget and try to develop new products they could penetrate the market with. He does not see any negative ethical implications, especially not for research networks, because research requires openness and using the resources that are available somewhere. For his case, the goal of research is jointly using the know-how of businesses in other countries and studying new plants in rain forests somewhere in the world and how they could be used in pharmacy.

The professor seemed to describe a perfect example of organising workshops when explaining his case. While the Thai university used their connections to organise and market the workshops, businesses presenting themselves had to pay a participation fee, including the European chemical company, and visitors had to pay an entrance fee. Additionally, some sponsors showing advertisements and governmental funds for international cooperation could be allocated. From an ethical point of view, this was a perfect interaction of universities and local as well as international businesses.

Many managers favour utilitarian ideas. (Bardy et al. 2012) When making decisions they prefer solutions that create the greatest benefit for all parties concerned. The ideal process of using utilitarian ideas is to analyse the impacts on all stakeholders. If this is done, the decisions that have the best outcome for all should be favoured. The existence of utilitarian ideas in the cases described in the interviews cannot be validated with the information given.

While they are not clearly visible in the interview, denying their non-existence is also impossible, due to the little information gathered from each of the cases.

Nevertheless, both cases have positive impacts on the social income for the societies concerned. Hence, the cases are examples of foreign companies taking on the role of good corporate citizens in another country. (Bardy et al. 2012) In both cases the projects did not show clear evidence that ethical implications were considered or quantified in monetary forms, as Bardy et al. suggested for social income. Educating small and medium-sized enterprises in workshops on how to improve the hygiene in their production can certainly be seen as an advantage for the society. And since environmental laws are quite strict in Europe, European products most probably will not cause environmental pollution when used in cleaning production equipment in food processing. Thus, the case of the professor does not seem to exclude the environment. Instead, it highlights the positive effects of entering a market and educating the local businesses and cooperating with local universities.

While not discussing concepts of corporate social responsibility in the interview, the manager's case focuses long-term relationships for the research of new pharmaceuticals together with local companies in foreign markets. Doing so, they involve the local culture and local experts in their actions and improve the education and research system in their country. This is certainly a good example of focusing long-term profits based on good relationships in a new market and benefits for the local society.

Ethics is often seen as an economic constraint to businesses, especially when it is formulated in a set of rules that need to be obeyed. (Bardy et al. 2012, Porter & Kramer 2011) This was something not mentioned in any of the interviews. Boatright (1999) argues for viewing ethics as an authoritative guide, where the rights and concerns of all stakeholders should be given consideration in the leader's decisions. But what many companies develop are codes of conduct, which include precise rules of what is allowed and what is forbidden. These precise guidelines are constraints on business decisions. Managers therefore worry about how to deal with the constraints, instead of thinking about the impacts to stakeholders and trying to find the best solution for everybody. Acting as a moral manager and including moral considerations should be the goal. (Bardy et al. 2012) Boatright (1999) and Melé (2009) discuss these moral considerations as virtue-based ethics, where doing something good is combined with making long-term profits. These long-term profits can be seen in both cases. The European chemical company with its actions induced workshops to educate Thai businesses in how to improve their production processes and in turn – hopefully – entered the market and developed long-term relationships with local companies who use their

products. Even more long-term focused are the profits for the manager's pharmaceutical company. They start research collaborations to find new resources for developing new products, both for the home market in Europe and for the Asian market. With their collaboration they ensure jobs in research and probably also in production in both the Asian and the European market.

4.6.4   Other ethical considerations

Differences in the management methods were highlighted as a problem in ethical considerations. (Fulkerson 2012) An action that should be analysed in more detail is the trouble the chemical company had with the Thai university when negotiating the participation fee for the workshops. The managers of the European chemical company did not try hard enough to adapt to the Thai way of negotiations, but used their European etiquette and manners of direct discussions, which caused difficulties in the negotiations with the Thai university. The professor had to intervene and explain to both parties the cultural differences and he had to step in and handle the communication to even out these cultural dissimilarities. Fulkerson (2012) sees it as a need of ethics to try to understand a partner's culture in cooperations in order to avoid such cultural dilemmas.

The ethical implications of using relationships to develop all these cooperations explained in the cases needs to be questioned. Certainly, corruption and bribery were not necessary in these cases. Thus, the situations described were examples that such influencers are not a necessity in doing business in Asia. Furthermore, the positive impacts of knowledge exchange and the effects of long-term relationships have to be stressed. The long-term focus of relationships and profit generation as well as the help in developing the countries and industries are a sign of good virtue. However, the question is how far this use of relationships is part of the concept of cronyism. (Khatri et al. 2006) Here, it has to be pointed out that the projects involved accessing new markets by trying to find partners and customers for long-term business relationships. The concept of cronyism is mainly used similarly to that of corruption. However, cronyism does not need to involve the direct flow of money in the form of bribery. Hence, based on the interviews, the existence of cronyism in the cases described has to be rejected.

An implication worth discussing is the "payment" of the former politician in the case of the manager. As the former politician's help finding suitable partners and introducing the manager to these partners was an act of friendship, the manager rewarded this act with a personal favour. Certainly, a personal favour is something worth questioning, as it might be part of the concept of cronyism (ibid), but in this case the implications have to be looked into.

It was a task advice without the motive of hurting anybody. And nobody in this case had any loss. In contrast, both the Indonesian company and the European company had the option to discuss cooperating. As there was not a tender for buying a product, but just the willingness of two partners to cooperate for the greater good, no stakeholder was harmed in any way that could be seen ethically unjust.

Summarising the difficulty of the topic of ethics, Clegg et al. (2007) and Dyer & Singh (1998) point out that each case is different in its nature and has different implications. It won't be possible at any point to know all details of a decision, but still all stakeholders should be considered. Clegg et al. (2007) therefore define the practice of ethics as evaluating each case and each implication individually, inducing discourse, discussing and justifying decisions taken. They stress that consensus might not be possible in all decisions.

Analysing the interviews, the question whether older managers or younger managers practice more unethical actions, based on Chan et al. (2002), could not be answered.

4.7   Negotiating

Multiple factors are crucial for running successful negotiations. Among other factors, the composition of the negotiation team, the time horizon, culture and the individual importance of all people included require careful planning before and rethinking while the negotiations are in process. (economist)

The economist points out the importance of the time horizon. Especially when a negotiation party A reveals their time planning and the time when they want to sign a deal, the other party B could use this information for their advantage. When B have planned enough time itself, it can apply a strategy to slow down the negotiation process with the goal of pressuring A to agree to a solution with more advantages for B, just to sign the deal within the time frame A has planned. Thus, it might be advantageous to plan enough time and to not communicate the exact time horizon scheduled. This is what Ramasamy (2006) explained when describing how Chinese business persons use strategy in negotiations. When they do not have strong friendship ties, especially, they try to pressure the negotiation partner in signing unfavourable deals that could bear costs to the partner. However, Ramasamy pointed out that strong friendship ties reduce this strategic abuse of a partner and the Chinese focus on avoiding any harm to the strong long-term relationship. Lovett et al. (1999) argue that most Asian business persons favour long-term relationships with mutual trust. They point out that the Chinese often take quite long time in the first negotiations for evaluating their potential business partners and developing trust. However, as soon as a strong relationship

is created and especially when two business people have developed mutual trust rooted in previous business deals, forming new business deals can be achieved within a short time of negotiations.

Cultural norms and procedures are important to consider in negotiations. This has multiple reasons. Cultures use different ways of talking and negotiating. (Bardy et al. 2012, Fulkerson 2012) Knowing these norms and ways of acting in a culture shows familiarity and thereby creates trust in a relationship. The professor explained in his case that their negotiations had three parties. There was the Thai university planning the workshops, the European chemical company including a consultant from European politics, and the professor as an intermediary. With his cultural knowledge and deeper understanding of both parties, the professor could mediate the negotiations and help the two other parties to overcome their cultural barriers.

Immigrants and other experts who know both cultures and cultivate strong relationships to members of the other culture are ideal intermediaries, who can help overcome the cultural barriers. (Chua et al. 2008, Ellis 2000, Gould 1994, Sakurai et al. 2010) This is something that might have been beneficial in the manager's case. The manager pointed out that in his negotiations there was just his company and the selected Indonesian company. As both companies have many similarities, he expected this fact to ease negotiations. However, the contact stopped due to details that are unclear to the researcher. A cultural consultant could have mediated and avoided this stop, if the reasons included cultural barriers or differences in understanding each other (especially regarding the meaning of specifics). The manager, however, argued that considering his international experiences, he had substantial cultural knowledge himself and therefore did not need any consultant. In the managers case, the former politician was just used as an intermediary to bridge the relationship between the two companies in the first place, but it was not planned to hire him as a mediator in the negotiations, which might have been a mistake in this case leading to the break in the contact.

Another factor worth considering is the role of individuals in negotiations. When signing purchasing agreements, especially, it is crucial to understand each individual's role in the decision-making process. There might be decision-makers, who are hardly noticed in negotiations, while other members "just talk", but have actually limited or no decision-making power. Especially when gifts or favours are necessary, it is vital not to miss hardly noticeable individuals in the background who are crucial. Sometimes the only way to see this is by noticing how the members of the other negotiation team treat each other during the process of negotiation. (economist) Some researches point out the need of Guanxi and to a

certain extent the need for gift-giving when negotiating in Asia. (Chan et al. 2002, Pearce & Robinson 2000) However, it was also pointed out that Asian cultures are in a process of change due to the increasing number of relationships with Western businesses, as well as, especially, due to the fight against corruption, which is getting increased public attention. Hence, the question for the need of gift-giving is not clearly answered.

4.8   ASEA-UNINET

Academic researchers have pointed out that immigrants facilitate exports to their home countries. (Ellis 2000, Gould 1994, Sakurai et al. 2010, White 2007) The experts interviewed confirmed this. The diplomat explained two ways of looking at giving Asian students the chance to study for a degree in Europe. When living and studying for a while in Europe, they can take knowledge of their field back to their home country. This has positive effects on developing the country, where both universities and businesses can utilise the knowledge. Thus, it can be seen as some kind of foreign development aid, as well as an ethics of virtue. (Melé 2009) Nevertheless, the more important effects concern the relationship between the two countries and their cultures. While living in Europe, students can share their own culture and positively influence the local culture. After getting to know the European culture and combining their own and the European culture, they go back to their home country and spread knowledge of other cultures they have experienced. The effects of doing this can be seen particularly in fighting corruption and making public administration more transparent.

After studying in Europe and considering that they know their own culture, they are the best-qualified people for communicating European cultural values and explaining these to their fellow countrymen and women. The diplomat already saw positive impacts of this way of "marketing Austria" in Thailand, where the image of Austria changed from just the nation of "Mozart and Lipizzaner" to seeing Austria as a modern and success-oriented country with strong industry and good education. However, Gould (1994) points out the need for integrating immigrants into the host country's culture. If they are not well-integrated, they won't develop social ties. Sakurai et al. (2010) validated the need for integration in their study. Personal ties are vital, especially for creating network relations.

There is a strong need for personal network ties in Asia. (Chua et al. 2008, Holtbrügge & Baron 2013, Zang 1999) Considering this need for personal relationships to enter the market, students who studied in Europe are considered as promising intermediaries for linking Asian and European companies. (diplomat) The economist also highlights the positive impacts of foreign graduates who studied in Europe when entering the Southeast Asian markets, but he

points out that people from different cultures vary in how fast they are adapting to the new culture in their host country and learning major aspects of this culture. He pointed out that Chinese people, especially, do not have this natural goal of adapting quickly, but often take one or two generations to change their own culture. Considering this argument, the positive effects students can bring to their home countries depend on how much their home country's culture is willing to adapt.

The diplomat pointed out another weak point. In businesses where family ties are necessary, especially, students from families with little or no influence in their country often do not have the contacts to access the network of decision makers. They might be ideal experts of the local industry and for expertise in their field, but do not have the network ties necessary to link businesses on high level within a short amount of time. Linking businesses on a high level depends both on strong family ties and a person's occupation.

As clear signs of the usefulness of the contacts developed by academic networks, the two cases explained in the interviews show that European industry has very much to gain. The two cases validated the use of relationships to bridge cultural barriers and connect to businesses across cultures. The manager pointed out that besides the help in his plan to access the Indonesian market, the academic network gave and still gives him access to research cooperations and academic experts, who can research for his company. This is why the manager supports the academic network by frequently financing and awarding ground-breaking research and hiring foreign students for internships or permanent positions in his research department. Thus, the academic network is his access to the upcoming researchers in the world. Though the savings achieved in these two cases were not quantified monetarily, they are impressive, as already the amounts of time saved in both cases shows. The chance for savings was also pointed out in the literature. (Ahuja 2000, Burt 2004)

However, the experts stress for simple help to enter the Southeast Asian market, institutions like the Chamber of Commerce and local embassies already exist. Thus, this should not be the main goal of ASEA-UNINET when offering assistance to European companies. Instead, ASEA-UNINET should focus on connecting universities and help linking companies to university networks to do ground-breaking research worldwide. One way of so doing are the workshops explained in the professor's case. These workshops offered unique access to Thai companies, who could use good help.

The diplomat pointed out that the help of people who understand both countries is crucial and he explained that in Thailand the Austrian embassy used to keep a list of Thai alumni

from Austrian universities and share these contact details with companies that tried to enter the market and were in need of personal relationships and an intermediary providing these. These personal connections to local business people are of high value. Thus, the experts point out that foreign politics should support and foster student and researcher exchange and all accompanying actions to support European industry in building up relationships for foreign exports and imports. While educating foreign students and sharing knowledge can be seen as developing other countries, the relationships developed will ease communication and cultural understanding. (Meyer & Skak 2002, Rauch 2001)

5   Conclusions

This empirical analysis shows great potential for European companies in the Southeast Asian market. Consumers in a growing middle-class demand Western products of high quality. However, when entering this market, European companies will face many barriers, including cultural differences, language barriers, and geographical distance. The representatives of academic networks can help overcome these barriers. Those alumni and employees, who lived and studied for a while in Europe, can utilise their cultural knowledge of their home country and their host country to act as intermediaries and avoid cultural misunderstandings.

Another advantage academic networks offer when entering a new market is the access to the local networks. Southeast Asian businesses are well connected and rely on personal relationships to ensure trust. Even though political and economic representatives in the target market, including embassies and the Chamber of Commerce, can already help to connect to companies, academic networks have direct personal access to the managers with decision-making power. As a result, this saves time and money when trying to get in touch with business people. Using personal ties, companies can enter long-term relationships based on personal trust.

Analysing the ethical implications of using networks, the cases described in the interviews showed no evidence of unethical behaviour. Aspects like cronyism and other forms of favours with negative implications to others were not found. On the contrary, these cases highlight the absence of corruption and the creation of long-term relationships with local businesses and their positive impacts on the local business and society. This fosters economic development and strong relationships between the countries. The cases described focused entering the market and creating long-term relationships, which need to be based on trust, integrity, and mutual benefits. However, traces of an incentive-based ethics, where considerations of the impacts of actions on other stakeholders are part of decision making, could not be found. Ethical implications should not be based on rules, but considered individually for all stakeholders in each separate case.

6   Reflections

Studying the advantages and implications of using academic networks when entering the Southeast Asian market was certainly an interesting but difficult task to do. While the main drivers to focus this topic were its actuality and the lack of research in the field, precisely these factors were causing the most trouble for the work. With the limited knowledge of the topic at the start of the research and the lack of academic literature, it was difficult to find an ideal angle from which to analyse the topic. Hence, from an academic point of view, this study should lay the foundation for future research in the topic of using academic networks. There are many articles on cultivating relationships in Southeast Asia, especially in the Chinese market, but how Western companies can effectively access these networks is hardly researched. Studies of the positive impacts of immigrants and exchange students were highlighted by Gould (1994) and Sakurai et al. (2010), but these researchers seem to be examples of the very few academics that focused the positive impacts of people with broader cultural backgrounds when developing network relationships in other markets.

The second obstacle was the accessibility of information in the academic network. Certainly, analysing the activities of just one academic network limits the research and prohibits generalising the findings. This is true for this study, especially, since just four interviews were conducted. Nevertheless, different fields of the topic were covered by the diversity of experts. Overall, the goal of the study was to give a typical example of the topic and highlight what actors consider before taking action. This study lays the foundation for further research.

6.1   Proposal for future research

First and foremost, greater numbers of interviews have to be conducted, to get a more general picture of the topic. Certainly, this calls for extending the study to analyse other academic networks. Country specific implications and probably even country comparisons might be interesting topics to study. Definitely more analysed should be the ethical considerations and impacts in the use of academic networks to enter new markets. As this study was limited to Southeast Asia, other emerging markets, especially in Asia, Africa, and South America should be focused on.

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