



ABSTRACT

<input type="checkbox"/>	Bachelor's thesis
<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctoral dissertation

Subject	International Business	Date	6.12.2020
Author	Rami Neziri	Number of pages	85 + appendices
Title	SPORTS SPONSORSHIP AS A MEANS OF INTERNATIONALISATION Creating business opportunities within networks		
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The objective of this study was to examine the effect sponsorship networks have on the internationalisation process of B2B companies by utilising the ARA model. The chosen research method was a multiple case study, and the research data was gathered by conducting semi-structured interviews with representatives of each case company. The case companies were Finnish companies operating in various B2B industries and each company had some form of international presence prior to this study.

The results show that sponsorship networks facilitate the internationalisation of B2B companies in many ways. Relationships with different actors resulted in the actors learning about each other and themselves resulting in an improved understanding of international business opportunities. The exchange of various types of knowledge concerning, for example, market-specific knowledge, technological knowledge, or knowledge about customers, was also a crucial component in these relationships and enabled the companies to explore and exploit opportunities. This knowledge also resulted in the companies adapting their activities to facilitate better exploitation of international business opportunities. The networks also increased the credibility of the case companies, which acted as an important facilitator of new international opportunities. Furthermore, the credibility was sometimes the result of other actors associating certain aspects of the sports organisation to the case companies. Through the networks, the case companies were also able to develop entirely unique resources which led to them being a preferred partner to other international actors within the network.

This study contributed to the existing theory by expanding the network approach to sponsorship into the context of internationalisation, and many findings from earlier empirical research were supported. In addition, many managerial contributions were formulated from the viewpoint of the company and the sports organisation. Companies should seek to leverage the network by accessing important resources and developing their own activities, while sports organisations should utilise the range of their network as a selling point while also developing it. Further research should seek to examine the internationalisation of a single company more closely to enable the evaluation of this study's findings as a part of a complete internationalisation process. In addition, future research should also aim to test the findings and theories using quantitative methods.

Key words	sponsorship, networks, internationalisation, ARA model
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<input type="checkbox"/>	Kandidaatintutkielma
<input checked="" type="checkbox"/>	Pro gradu -tutkielma
<input type="checkbox"/>	Lisensiaatintutkielma
<input type="checkbox"/>	Väitöskirja

Oppiaine	Kansainvälinen liiketoiminta	Päivämäärä	6.12.2020
Tekijä	Rami Neziri	Sivumäärä	85 + liitteet
Otsikko	URHEILUSPONSOROINTI KANSAINVÄLISTYMISEN KEINONA Liiketoimintamahdollisuuksien luominen verkostoissa		
Ohjaajat	KTT & Ph.D. Kari Liuhto, DI Anna Karhu		

Tämän tutkimuksen tavoite oli tarkastella sponsoriverkostojen vaikutusta B2B-yritysten kansainvälistymiseen hyödyntäen ARA-mallia. Tutkimus toteutettiin hyödyntäen useaa tapaustutkimusta, ja tutkimusaineisto kerättiin suorittamalla teemahaastattelu jokaisen tutkimuksen kohteena olleen yrityksen edustajan kanssa. Tutkimuksen kohteena oli kolme suomalaista yritystä eri aloilta, ja jokaisella yrityksellä oli jonkinlaisia kansainvälisiä toimintoja jo ennestään.

Tutkimuksen tulokset osoittavat, että sponsoriverkostot voivat edesauttaa B2B-yritysten kansainvälistymistä monin eri tavoin. Verkoston toimijat oppivat kriittisiä asioita itsestään ja muista toimijoista solmimiensa suhteiden ansiosta, mikä johti parempaan käsitykseen kansainvälisestä liiketoimintamahdollisuuksista. Erilaisen tiedon vaihto toimijoiden kesken oli myös keskeinen osa näissä suhteissa ja ne auttoivat yrityksiä tunnistamaan ja hyödyntämään kansainvälisiä mahdollisuuksia. Tämä tieto edesauttoi myös yritysten toiminnan kehittämistä, mikä mahdollisti liiketoimintamahdollisuuksien paremman hyödyntämisen. Verkostossa toimiminen kasvatti myös yritysten uskottavuutta, mikä omalta osaltaan edesauttoi kansainvälisten liiketoimintamahdollisuuksien syntymistä. Tämä uskottavuus saattoi pohjautua urheiluorganisaation piirteisiin, joita muut toimijat assosioivat myös yritykseen pelkästään toimijoiden välisen suhteen takia. Tutkimuksen yritykset pystyivät myös kehittämään harvinaisia resursseja toimimalla verkostossa, mikä teki heistä houkuttelevan yhteistyökumppanin muille verkoston toimijoille.

Tämä tutkimus edisti nykyistä sponsoroinnin verkostoteoriaa käsittelemällä aihetta kansainvälistymisen näkökulmasta. Tutkimuksen tulokset tukivat suurilta osin useita sponsoroinnin ja kansainvälistymisen aikaisempia empiirisiä tutkimuksia. Lisäksi tutkimus johti useisiin käytännön toimenpide-ehdotuksiin. Yritysten tulisi hyödyntää verkostojen tarjoamia resursseja ja kehitysmahdollisuuksia, kun taas urheiluorganisaatioiden tulisi käyttää verkostotoimintaa myynnin välineenä samalla pyrkien kehittämään sitä. Jatkotutkimusten tulisi tarkastella kansainvälistymistä tarkemmin yhden yrityksen näkökulmasta, jotta tämän tutkimuksen johtopäätöksiä voidaan analysoida tarkemmin osana kokonaista kansainvälistymisprosessia. Jatkotutkimuksen tulisi myös pyrkiä testaamaan näitä johtopäätöksiä ja tässä tutkimuksessa esiteltyjä teorioita käyttäen kvantitatiivisia menetelmiä.

Avainsanat	sponsorointi, verkostot, kansainvälistyminen, ARA-malli
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**UNIVERSITY
OF TURKU**

Turku School of
Economics

SPORTS SPONSORSHIP AS A MEANS OF INTERNATIONALISATION

Creating business opportunities within networks

Master's Thesis
in International Business

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6.12.2020
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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

TABLE OF CONTENTS

1	INTRODUCTION.....	7
1.1	The impact of sponsorship networks	7
1.2	Earlier empirical research on sponsorship and business networks	8
1.3	Research objectives and structure of the study.....	13
1.4	Key definitions.....	14
2	NETWORK BASED INTERNATIONALISATION.....	16
2.1	Business networks	16
2.1.1	Actors.....	20
2.1.2	Resources	23
2.1.3	Activities.....	27
2.2	Internationalisation in networks	30
2.2.1	Actors.....	33
2.2.2	Resources	34
2.2.3	Activities.....	36
3	METHODOLOGY	40
3.1	Research approach	40
3.2	Case selection.....	41
3.3	Data gathering.....	44
3.4	Data analysis.....	47
3.5	Trustworthiness of the study	49
4	EMPIRICAL FINDINGS.....	52
4.1	Description of case companies	52
4.2	The influence of sponsorship networks on internationalisation.....	56
4.2.1	Actors.....	56
4.2.2	Resources	61
4.2.3	Activities.....	66
4.3	Summary of the main empirical findings	69

5	CONCLUSIONS	73
5.1	Theoretical implications	73
5.2	Managerial recommendations	74
5.3	Limitations and suggestions for further studies.....	75
	REFERENCES.....	78
	APPENDICES	86
	Appendix 1 Pre-interview guide.....	86
	Appendix 2 Interview questions.....	88
	Appendix 3 Supplementary data.....	90
	Appendix 4 Coding process and basic themes	91

LIST OF FIGURES

Figure 1	Five approaches to sponsorship	9
Figure 2	The detailed ARA model	17
Figure 3	The different layers and levels of network analysis.....	18
Figure 4	The resource portfolio of the company	24
Figure 5	An individual activity in its context.....	28
Figure 6	The revised Uppsala model of internationalisation	32
Figure 7	Four situations of internationalisation in the network model	38
Figure 8	Network boundaries through a focal dyad perspective.....	43
Figure 9	The visualisation of the thematic network	49
Figure 10	Visualisation of the key relationships for iLOQ.....	53
Figure 11	Visualisation of the key relationships for High Peak.....	54
Figure 12	Visualisation of key relationships for Piironen.....	55
Figure 13	Summary of the main empirical findings.....	72

LIST OF TABLES

Table 1	Earlier empirical research on sponsorship and business networks	12
Table 2	Resource categorisation in the resource-advantage theory.....	25
Table 3	Interview information	45
Table 4	Operationalisation table	46
Table 5	Case company information	55

1 INTRODUCTION

1.1 The impact of sponsorship networks

At the end of the day, marketing is about emotions. In order to associate themselves positively in the minds of people, enterprises go beyond traditional means of marketing and seek to appear where emotions are abundant. Sports generate a wide array of emotions on the individual as well as the collective level. Thus, sports sponsorships as marketing tools play an important strategic role and offer undisputed benefits (Dolphin 2003). Sports sponsorship can be broadly defined as an arrangement where a business organisation exchanges money or goods for the right to associate itself with the sports product, thus resulting in a commercial advantage for both parties (Shank & Lyberger 2014). Sports sponsorship agreements offer companies an opportunity to link their brand with a meaningful part of their target audience's life. The financial investments that organisations spend on sports sponsorships has demonstrated sustained growth for over twenty years surpassing other methods of traditional advertising. In 2008, the sports sponsorship market was valued at \$43 billion. In 2018, the industry was valued between \$55 and \$65 billion and is expected to be worth \$86 billion by 2025, which means that experts expect the market to have doubled in value in just seventeen years. While traditional media spending demonstrates an annual growth of approximately two percent, sponsorship spending is doubling down with annual growth rates exceeding five percent. (Marketwatch 2019; RTR Sports Marketing 2019.)

While common consumer brands, such as Coca-Cola and Panasonic were sponsoring the 2020 Olympic Games, distinctly B2B companies like Atos and Dow Chemical are also among the official partners (Tokyo 2020). The logic behind the willingness of business-to-consumer (B2C) brands to sponsor sports teams, organisations, or events is clear. Sponsorships offer a unique medium for enhancing image awareness and increasing sales for consumer brands. For multiple decades, this has been the focal interest of sports sponsorship research. (Cornwell & Maignan 1998; Walliser 2003; Ryan & Fahy 2012.) However, the B2B networking generated by professional sports teams has received little attention, and the motivations of B2B companies to engage in sponsorship arrangements are more implicit than in the case of companies focused on the consumer market (Wagner 2017).

One important motivation for B2B brands is the possibility to access the sponsorship network and utilise the potential relationships included in it. The National Association for Stock Car Auto Racing (NASCAR) is a central motorsport organisation in the United States, and it has approached this issue by formalising the network building process that entices many B2B enterprises to sponsor these organisations in the first place. This led to the formation of the Fuel for Business Council. As a clear example of actions taken by

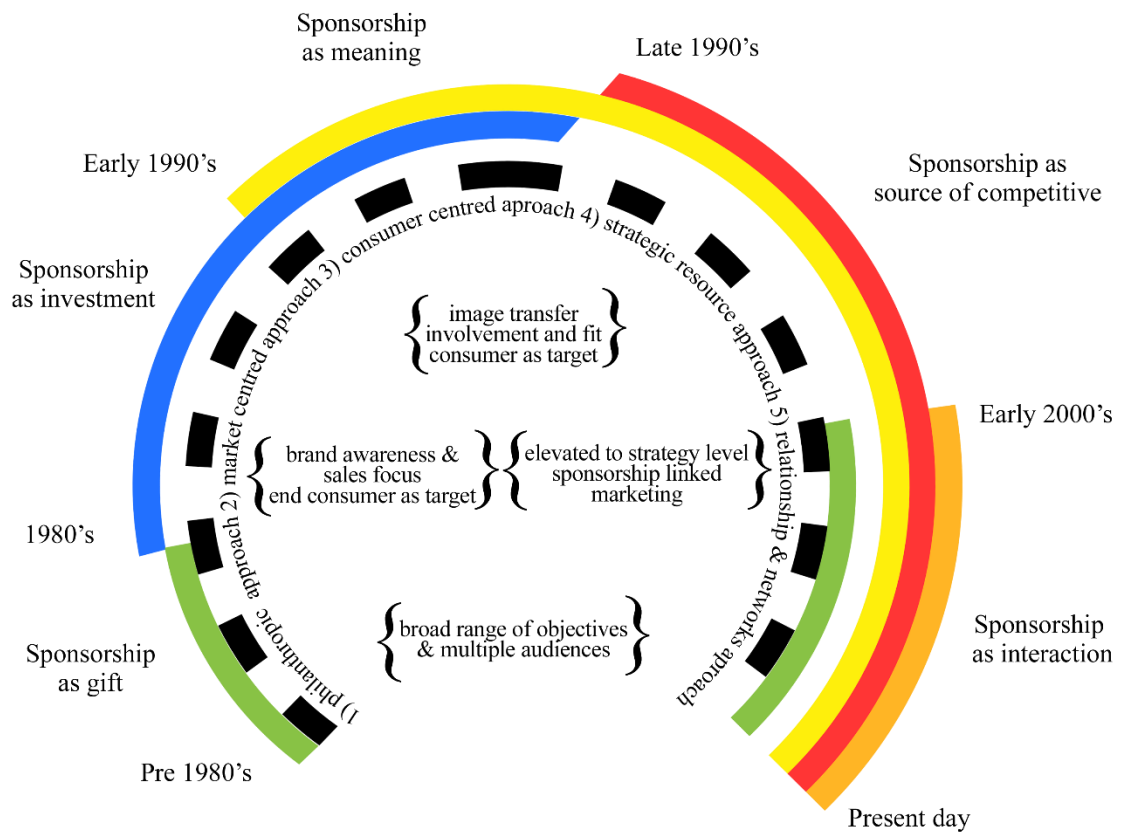
the council, official NASCAR partners participate in multiple collective meetings throughout the racing season to grow their business with their fellow sponsors. (Forbes 2013.) In addition, B2B companies that are sponsoring Formula 1 racing teams state that the opportunity to do business with other similar sponsors is a clear motivation to continue the sponsorship arrangement with the team (Cobbs 2011).

Networks can also be of great importance to internationalisation, as they can help in gaining credibility, acquiring market knowledge and customers, and overcoming resource limitations in the foreign market (Vasilchenko & Morrish 2011). However, despite the recent increase in B2B sponsorship research, the research concerning how sponsorship networks can help these B2B companies internationalise is highly scarce. Due to the clear empirical evidence concerning how business networks can help companies internationalise, sponsorship networks could potentially offer similar benefits. Thus, the importance of this study is highlighted by the novel approach to both sponsorship and business network research, and the growing sponsorship market. The topic is not salient only to the companies entering sponsorship networks with an international motivation, but also to the sponsored entities, because one crucial motivation for companies to enter sponsorship agreements is the potential to generate business within the network (Wagner et al. 2017). The sponsored entities must develop new and enticing ways to attract new sponsors, as many sports organisations rely on sponsorship funding to function. Thus, if a sports organisation can realise the potential benefits in its network and cognitively facilitate business and internationalisation facilitation, it can seek to utilise this in attracting new sponsors.

1.2 Earlier empirical research on sponsorship and business networks

The objectives and main findings of earlier empirical research concerning sponsorship and business networks is compiled in Table 1 at the end of this section. According to Ryan & Fahy (2012), the history of sponsorship can be divided into five distinct approaches with each era containing differing priorities and objectives concerning the sponsorship function of the company. These include the philanthropic approach, the market-centred approach, the consumer-centred approach, the strategic resource approach, and the relationships and networks approach. These are graphically illustrated in Figure 1.

Figure 1 Five approaches to sponsorship



Source: Ryan & Fahy (2012, 1139).

The roots of sponsorship research in the 1970's and 1980's demonstrate sponsorship as a philanthropic activity with little commercial rigour. Decisions were subjective and ad hoc in nature, often depending on the decision makers own preferences. Gradually, the commercial interest towards sponsorship grew, and a more market-oriented approach towards sponsorship emerged. For the first time, clear objectives for commercial activity were at the forefront of the sponsorship function. Evolving through the growing interest towards the strategic importance of sponsorship and its utilisation as a competitive advantage, the most recent stream of literature focuses on the network approach on sponsorship. The importance of the network approach is highlighted by the acknowledgment of the effects of interorganisational relationships on sponsorship success. In addition, the growing complexity of the sponsorship environment warrants the use of approaches more suited to analysing the collaborative capabilities within sponsor relationships. (Ryan & Fahy 2012.)

Olkkonen (2001) led the network approach on sponsorship research by displaying how network analysis can be utilised in the sports sponsorship context. He studied the sponsorship relationship between Nokia and the International Ski Federation and

determined that the interorganisational network approach offers a valuable and comprehensive theoretical tool within sponsorship networks. By analysing the network actors, resources, and activities, the approach offers a clear picture of the dynamics within the focal net and thus supports decision-making concerning the network. Moreover, by understanding the network, companies also gain crucial information about their attractiveness and that of others, which in turn supports their network decisions.

Furthermore, more recent qualitative studies by Cobbs (2011) and Cobbs & Hylton (2012) have demonstrated the importance of sponsorship networks for B2B sponsors to facilitate cooperation and business development within the racing industry. Cobbs (2011) studied two Formula 1 racing teams, Williams and Toro Rosso, and their respective networks of corporate partners. The study's findings generated multiple research propositions that concern the functioning and evolution of sponsorship networks. First, corporate partners which approach sponsorship with a relational orientation will value a network with a greater network range as more valuable, i.e. the network will be more attractive to potential sponsors if it has a larger number of actors. Second, a network will be seen as more valuable and attractive if the network members possess multiple direct relationships between each other. If the network members have many ties among themselves, this serves to demonstrate that the sponsored entity can facilitate cooperation between the sponsors, thus providing value to companies with a relational objective. Third, the sponsored enterprises will sacrifice their own power and position within their network to reach their sponsors' relational objectives. If the sponsored enterprise can facilitate cooperation between network members, its value slowly deteriorates because the network members are no longer in need of the relationship building role the sponsored enterprise offers. Fourth, in order to mitigate this deterioration of power and position and grow its network, the sponsored enterprise will engage in informal information exchange with current sponsors in order to identify new potential network members.

Cobbs & Hylton (2012) continued the analysis of sponsorship networks by studying two distinctly different forms of sponsorship networks within the racing industry. While Formula 1 sponsorship networks are relatively informal in nature, NASCAR has an official group dedicated to generating new business between its official corporate partners. The sponsors within NASCAR's network are demanded to attend official meetings multiple times a year and interact with each other with the objective of generating business opportunities. Both organisations are heavily dependent on sponsors in order to keep functioning. Thus, they must be able to provide adequate value to retain their current sponsors and attract new ones. For B2B sponsors, this means being able to grow and manage the network in order to facilitate cooperation between different network members. The study concluded that both informal and formal arrangements can help facilitate cooperation and new business between sponsors, as network members in both

organisations state that they have benefitted from being a part of the network by doing business with other members.

Morgan et al. (2014) examined sports sponsorship alliances in terms of their relational dynamics by conducting a qualitative study involving one sports organisation and four of its sponsors. In terms of interorganisational factors, they concluded that the B2B relationships between the sponsor and the sponsored entity involve multiple forms of formal and informal governance mechanisms. Personal relationships and trust between individuals also play a crucial role both in terms of actual operations but also on the perception that both parties have of those operations and the people involved. The perception of others is also highlighted by the consensus among the partners concerning the alliance as a co-marketing effort in which each company has an effect on market performance. Maintaining confidence between partners through informal means of governance was also found to be crucial in order to reduce possible tensions and create value for each party.

In a study of sponsorship networks surrounding two Danish sports teams, Wagner et al. (2017) discovered that the utilisation of sponsorship operations to advertise an organisation or their product was not of great importance to more than half the respondents. The motivation has shifted from pure advertising to a more network-oriented approach, as most companies communicated the importance of using the network to make business deals was of great importance. However, the business generation was not limited to the level of motivations, as they also found that the analysed networks did indeed drive business between the network members, and that other network members are seen as preferred business partners.

Table 1 Earlier empirical research on sponsorship and business networks

Author	Objective	Method	Main findings
Olkkonen (2001)	Demonstrate the ability to use the network approach in sponsorship analysis	<ul style="list-style-type: none"> • Single case study • Nokia and its sponsorship network 	<ul style="list-style-type: none"> • The network approach is an appropriate tool for examining the actors, resources, and activities in sponsorship networks.
Cobbs (2011)	Discover motivations of B2B sponsors for operation in sponsorship networks	<ul style="list-style-type: none"> • Illustrative case-based approach • Examination of two F1 teams: Williams and Toro Rosso 	<ul style="list-style-type: none"> • Network range and density affect the attractiveness of the sponsored company. • Sponsored companies will sacrifice social capital to meet their sponsors relational targets. • Sponsored companies will grow their sponsor portfolios by engaging in informational exchange with current sponsors. • Introducing new sponsors builds trust and commitment in the current portfolio and maintains the sponsors power within the network.
Cobbs & Hylton (2012)	Illustrate how Formula 1 and NASCAR facilitate relationships between B2B sponsors	<ul style="list-style-type: none"> • Two case study • Examination of Formula 1 and NASCAR 	<ul style="list-style-type: none"> • Both organisations rely heavily on sponsors to function. • Network facilitators must provide value for B2B sponsors through network building. • Both organisations can facilitate business relationships between B2B sponsors.
Ryan & Fahy (2012)	Perform a literature review and distinguish between sponsorship approaches	<ul style="list-style-type: none"> • Literature review • 141 academic journals from 1970 to 2010 	<ul style="list-style-type: none"> • Identified five approaches to sponsorship research. • Highlights the current importance of the network approach.
Morgan et al. (2014)	Gain a better understanding of sport sponsorship alliances as B2B relationships	<ul style="list-style-type: none"> • Single case study • Interviews with one sports organisation and four sponsors 	<ul style="list-style-type: none"> • Both formal and informal methods of governance play a crucial role in sports sponsorship alliances. • Trust and personal relationships play a crucial role in mitigating tensions and creating value.
Wagner et al. (2017)	Companies' motivations for sponsorship and potential network benefits	<ul style="list-style-type: none"> • Quantitative study • Online surveys • Two cases • Networks of Danish sports clubs 	<ul style="list-style-type: none"> • Business logic was the main motivation for sponsorship. • Sponsorship networks facilitate business between the members. • Network members prefer to do business with other members.

Despite the growing amount of research concerning sponsorships, the vast majority of earlier empirical research and attention has focused on the objectives of sponsors towards consumers (Walliser 2003). As a result, the entire category of B2B sponsors has received little attention, despite them being a salient contributor to the overall sponsorship amount globally (Cobbs 2011). Studies by Cobbs (2011), Cobbs & Hylton (2012), and Wagner et al. (2017) all demonstrate the importance of sponsorship networks in facilitating cooperation and generating new business between B2B companies.

However, even though B2B sponsors and the network approach to sponsorship has gained increasing attention, earlier empirical research has not analysed the effects of sponsorship networks on the internationalisation of the network members. The benefits that networks potentially offer for internationalisation have been clearly demonstrated by multiple studies (Holm et al. 2003; Johanson & Vahlne 2009; Vasilchenko & Morrish 2011; Schweizer 2013; Almodóvar & Rugman 2015). As one of the main objectives of B2B sponsors is networking and generating new business within the network, these networks could possibly lead to benefits in the internationalisation of these companies. Thus, the existence of a significant gap in the research is evident.

1.3 Research objectives and structure of the study

The research gap concerning internationalisation within sponsorship networks presented in the earlier section offers an opportunity to contribute novel insight into multiple fields of research. This study analyses the relationship between business networks and internationalisation in a completely new context, while simultaneously contributing to the scarce academic research concerning B2B sponsorship relationships. The main research question of this study is: *How can sponsorship networks facilitate the internationalisation of B2B companies?*

To better understand the complex relationships inherent in this phenomenon, the main research question will be further divided into sub-questions in order to answer more specific parts of the effect of sponsorship networks on internationalisation according to the theoretical model of this study. The sub-questions are the following:

1. *How do different actors within the network influence the internationalisation process of B2B sponsors?*
2. *How do different resources within the network influence the internationalisation process of B2B sponsors?*
3. *How do different activities within the network influence the internationalisation process of B2B sponsors?*

This study is concerned with the prerequisites and mechanisms that effect and enable the internationalisation of B2B sponsors in sports sponsorship networks. The research questions are formulated by utilising the theoretical model presented in section 2.1. As the research questions demonstrate, the focus of this study is on uncovering the main components enabling and developing the cooperation process taking place between two B2B organisations within the same sports sponsorship network. By analysing these components, the researcher can make sense of the relevant business relationship and the mechanics that possibly lead to the utilisation of these relationships and networks in the internationalisation process.

This study is divided into five chapters. The first chapter defines the background and context of the topic of this study and highlights its importance and potential contributions to academic research and managerial practice. This chapter also defines the research questions that the study seeks to answer, and defines the key concepts used in the study. The second chapter is concerned with defining the theoretical framework used to analyse the cases and derive meaningful conclusions from the gathered data to answer the research questions. It will focus on building a comprehensive theoretical foundation based on extant academic literature and earlier empirical research conducted on business networks, internationalisation, and sports sponsorship. The third chapter describes the methodology used in this study. It shows the research approach used, and the choices made in the data gathering and analysis phases. The fourth chapter includes the empirical findings and analysis of the gathered data. The fifth and final chapter is concerned with the discussion and conclusions. The final chapter also includes the evaluation and limitations of the study, as well as recommendations for future research.

1.4 Key definitions

Despite the strategic importance of sponsorship and some recognition of salient components within sponsorship, a conclusive definition of sponsorship has not emerged. Most definitions include the concepts of the sponsor providing assistance, financial or other, in order to reach some defined objective. In short, sponsorship is a business transaction. (Dolphin 2003.) Providing some clarification, Shank & Lyberger (2014) define sports sponsorships as arrangements where a sponsor, e.g. a business organisation, exchanges money or goods for the right to associate itself with the sponsored entity resulting in commercial advantage for both parties. The definition of sponsorship is not of crucial importance for this study, as the mechanisms of the actual sponsorship arrangement between the sponsor and sponsored entity is not under research. The focus is on the relationship between different people and organisations within the same network. Thus, the definition formulated by Shank & Lyberger (2014) is used in this study, mainly to define the boundaries of the sponsorship network.

Business relationships can be defined as a process involving continuous interaction and exchange between at least two actors in the business network (Holmlund & Törnroos 1997). They develop over time as a chain of interaction episodes which lead to mutual commitment and interdependence. Business relationships share common structural characteristics. First, business relationships involve continuity and evolve gradually over time. Second, business relationships are usually very complex. Business relationships involve multiple people from different organisations and organisational levels. Third, business relationships are characterised by symmetry, as the parties involved seem to be quite balanced in their resources and capabilities. Finally, informality seems to be common within business relationships. (Håkansson & Snehota 1995.) In this study, the terms relationship and business relationship are used as synonyms to refer exclusively to business relationships where an exchange of resources takes place.

Relationships can also be connected to other relationships. For example, a supplier's relationship to its customer can be connected to the customer's relationship to its own customers. The connectedness of different relationships forms an aggregated structure that constitutes a business network. (Håkansson & Snehota 1995.) More precisely, a business network can be defined as a web of connected relationships where an exchange in one relationship is connected with exchange in another (Johanson & Vahlne 2009).

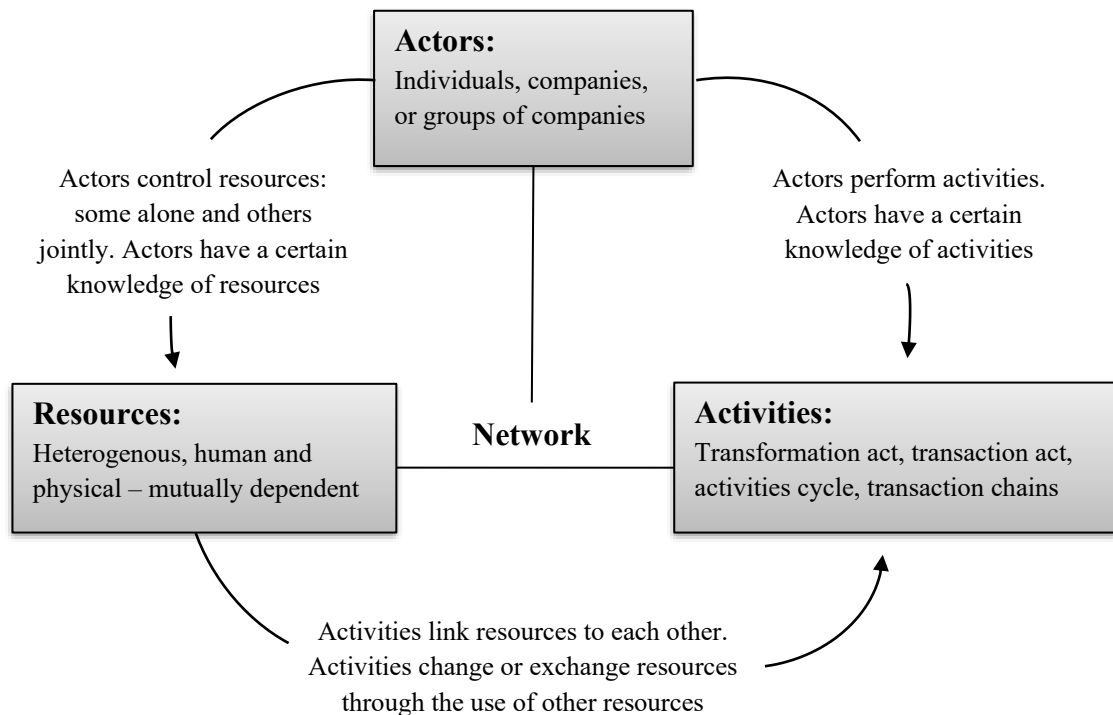
Due to the lack of a clear definition in academic literature, the definition of a sponsorship network is derived from the concepts of business networks and sponsorship. Within the field of network research, a focal dyad perspective focuses on the relationship between two main actors and the actors associated to them (Halinen & Törnroos 2005). Thus, this research defines and focuses on a sponsorship network through the focal dyad approach involving the sponsored entity and the sponsor that exchanges resources, financial or other, for the right to associate with the sponsor. In addition, the relationships of the sponsoring company to other actors that are enabled through the sponsored entity, whether realised or potential, are also included in the definition of the sponsorship network. This clarification and confinement is done in order to realistically limit the scope of this study.

2 NETWORK BASED INTERNATIONALISATION

2.1 Business networks

Businesses seek to develop relationships with one another to raise value by coordinating activities. However, business relationships do not exist in isolation, but are connected to other relationships. Through this relationship development, businesses organise their actions to form an unbounded business network structure of interdependent activities. (Holm et al. 1999.) Because different businesses within the business network are more or less connected, the network enables a single business to leverage a larger collection of resources and activities than it could in isolation. However, generating change within a network is not solely the decision of one single business, but rather the result of collective change within the network. Thus, business networks are a source of opportunity and restriction to a single business. (Håkansson & Ford 2002.) To facilitate a deeper understanding of the different elements existing within networks and the emerging business relationships between network members, the ARA model presented by Håkansson & Snehota (1995) forms the central theoretical background for this study. The model is based on research in the development of ideas to describe B2B marketing conducted by an important network of researchers, the Industrial Marketing and Purchasing Group (IMP). Despite nearly 40 years of development, it is not clear whether the academic contribution by IMP can be classified as a theory of internationalisation. (Persson et al. 2015.) However, the model is suitable for analysing the current state and development taking place in networks in an extensive manner. Furthermore, the suitability of the ARA model is demonstrated in multiple case studies in the international network context (e.g. Olkkonen 2001; Lurdes Velude & Macbeth 2004). In addition, the used model is further enriched by relevant internationalisation literature to support its suitability for analysing the effect of networks on internationalisation, thus supporting the objective of this study. The detailed ARA model is depicted in Figure 2 below.

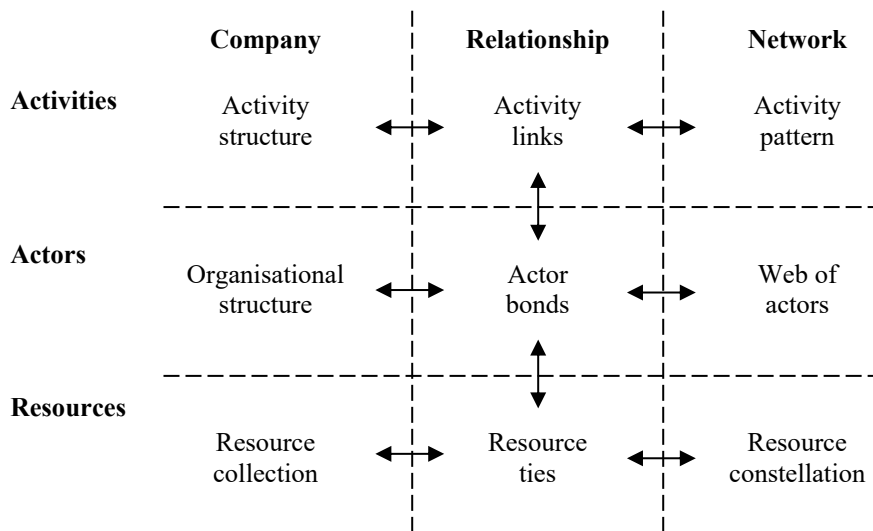
Figure 2 The detailed ARA model



Source: Håkansson (1987, 17).

The ARA model distinguishes three different substances or layers within a business relationship: actors, resources, and activities. Actors can be for example individuals, companies, or groups of companies. Resources possessed by actors can be of various nature, for example manpower or knowledge. Similarly, activities performed by actors are numerous. These include for example technical, administrative, and commercial activities. The interplay between these three layers of relationships is what drives the development of a business relationship and the network. Within the network, actor bonds express how actors are connected to each other and the trust and understanding concerning the relationship. These bonds arise when two actors direct some degree of interest towards each other. Resource ties demonstrate how the different resources possessed by organisations are tied together and new resources are developed within the relationships. Activity links state how activities of different organisations are linked together. (Håkansson & Snehota 1995.) All three layers have meanings in three different contexts. First, the layers influence the single company under analysis. Second, the layers affect the business relationship between two companies. Finally, changes in the three layers can lead to different reactions and outcomes in the whole network. (Håkansson & Snehota 1995.) This interplay between the different layers and levels of analysis is illustrated in Figure 3 below.

Figure 3 The different layers and levels of network analysis



Source: Håkansson & Snehota (1995, 45).

In every single substance layer, the level of analysis determines what is being researched. Activities can exist within companies as activity structures, between companies as activity links, and within networks as activity patterns between multiple companies. The same applies for actors and resources. The presented scheme itself does not offer much explanatory value, as it is intended to direct the attention of analysis to the right direction. It does not explain what results different processes produce, but it offers a guideline to determine the type and direction of the effects. (Håkansson & Snehota 1995.)

Actors also have relationships within and are dependent on various different networks, which is referred to as embeddedness. Relationships can be embedded in different network environments and embeddedness is highly influential in explaining change and development in business networks. Through economic activity, companies are embedded in business networks, but simultaneously they are also embedded in various other network structures as a part of the business network. Seven different types of network embeddedness can be distinguished. (Halinen & Törnroos 1998.)

- 1) Temporal embeddedness refers to the time dimension of networks. In addition to natural or physical time, the temporal aspect of embeddedness recognises the existence of relational time specific to the network, i.e. the network has its own past, present, and future, and thus time is culturally bound. (Halinen & Törnroos 1998.)
- 2) Spatial embeddedness is concerned with how networks are located and how it effects interaction (Fletcher & Barret 2001). Spatial embeddedness describes the geographical dimension of the network. Actors can be simultaneously embedded

in different local, regional, national, and international networks. (Halinen & Törnroos 1998.)

- 3) Social embeddedness is concerned with the social constructs that the business is embedded in. As businesses are formed by individuals, social relationships are inevitable in business networks. In addition, people's own personal networks are likely to influence business decisions. (Halinen & Törnroos 1998.) Social networks are important for the creation of trust between actors, which in turn enables commitment. The management of atmosphere also plays a crucial role in networks as it can be an important ingredient in the formational stage of a relationship. (Fletcher & Barret 2001.)
- 4) Political embeddedness refers to the fact that business takes place in a politico-social environment where political processes by different actors shape the evolution of the network. In some networks, political representatives also play a crucial role. (Halinen & Törnroos 1998.) Political representatives play a significant role especially in a situation where the network or relationship is characterised by differing political environments, for example by two economies with radically different levels of government intervention. Political networks may also be associated with institutional networks which can include, for example, environmental agencies and media. (Fletcher & Barret 2001.)
- 5) Market embeddedness is concerned with how companies can simultaneously operate in multiple markets with differing characteristics, such as different products and services offered or different clientele (Halinen & Törnroos 1998).
- 6) Technological embeddedness covers the ways in which companies are bounded by the technological environment of the network, and how this technology shapes the company's actions (Halinen & Törnroos 2001). Technology offers competitive advantage in various industries and it can be improved through cooperation between companies possessing different, yet complementary skills. However, the importance of technological networks varies depending on the industry at question as it poses different challenges and opportunities linked to the nature of the product or service. (Fletcher & Barret 2001.)

Embeddedness can also be examined by analysing vertical and horizontal embeddedness. Actors in the network can be connected with different vertical levels, which describe vertical embeddedness. First, on the geographical level, actors may operate in local, regional, national, or international networks. Second, on the channel structure level, actors may operate in customer, distributor, manufacturer, or supplier networks. Lastly, on the business setting level, actors may operate in individual, department, company, or industry networks. On the other hand, horizontal embeddedness refers to relations between actors within one of the levels in vertical embeddedness. For

example, multiple relationships existing within one geographical area illustrates horizontal embeddedness. (Halinen & Törnroos 1998.) Each business relationship and net has its own business context and is characterised by various forms of network embeddedness. Examining the different types of embeddedness enable the analysis of business relationships in a more holistic nature, and the development of business relationships over time. (Halinen & Törnroos 1998; Fletcher & Barret 2001.)

The presented scheme itself does not offer much explanatory value, as it is intended to direct the attention of analysis to the right direction. It does not explain what results different processes produce, but it offers a guideline to determine the type and direction of the effects. The importance lies in the fact that changes in any substance layer in any level can affect every company in the network, every relationship in the network, and the network as a whole. (Håkansson & Snehota 1995.) The decisions made concerning business relationships must be made with other ongoing relationships in mind, because cooperation in relationships is more successful when both companies are willing to integrate their respective business network to the relationship. (Holm et al. 2003.) The three substance layers of actors, resources, and activities are next examined individually.

2.1.1 Actors

Actors in networks can be individuals, groups of individuals, parts of a company, whole companies, or groups of companies (Håkansson & Johansson 1992). More generally, actors can be divided into three different categories which collectively also constitute distinct sub-layers of the business network. First, company actors engage in production activities, and all company actors collectively constitute the production network layer of the business network. Second, resource actors engage in providing company actors with important resources, which they do not possess themselves. The resource actors and company actors combined constitute the resource network layer within the business network. Finally, human actors represent individuals who possess knowledge, act as representatives of their organisations, and make decisions. All the human actors collectively constitute the social network level. (Holmlund & Törnroos 1997.)

Actors can be defined to possess five distinct characteristics. First, actors in networks perform and control activities. They determine which activities are performed, how they are performed, and which resources will be utilised in the activities. Second, actors develop relationships with other actors through the process of exchange, which enables actors to gain access to each other's resources. Third, actors base their actions on the control of these resources through direct control in ownership, or by indirect control in relationships. Fourth, actors are goal oriented, with the general goal being to gain control over the network. This assumption is derived from the fact that by obtaining network control, actors can utilise that control to reach other goals. Fifth, the knowledge that actors

possess about activities, resources, and other actors in the network is not evenly distributed. Some actors have more knowledge than others. This knowledge accumulates through activities in the network and the knowledge of nearer parts of the network is usually greater than knowledge of more distant parts. (Håkansson & Johanson 1992.)

As stated earlier, bonds between actors arise when they show some level of interest towards each other, thus resulting in mutual commitment and priority (Håkansson & Snehota 1995). The relationships between the actors in networks can begin as purely social, as there is no commercial activity or economic exchange taking place between them. However, purely social relationships also offer benefits for the internationalisation process, and social relationships and networks can gradually evolve into business relationships and business networks. (Vasilchenko & Morrish 2011.) Bonds between two actors can be connected to other bonds within the network, thus forming the collective structure, named as a web of bonds. Due this connectedness, changes made in one relationship can have a significant effect throughout the network. (Håkansson & Snehota 1995.) In addition, some relationships within networks are more crucial than others. The importance of a relationship depends on the connections that it offers to other relationships and how much the relationship affects the company's own internal activities. (Håkansson & Snehota 1995.)

It is important to note that actor bonds are born from bonding between individuals and by transferring this relationship to the collective level. As individuals are restricted by bounded rationality and their inability to process all the knowledge available to them, the actor bonds are always characterised by a certain degree ambiguity. (Håkansson & Snehota 1995.) This informality is what separates business networks from more formal modes of cooperation, where actors can possess common strategic goals (Chetty & Holm 2000). Actor bonds affect the way in which situations are interpreted and the assumed identity of other actors. The assumed identities affect every action and counteraction taken within the relationship, and the identities evolve over time as continuous exchange results in learning. However, no relationship can fully erase all uncertainties and relationships are always based on some degree of trust. Interaction between two actors is dependent on their other relationships, and the interaction also affects the perception of others about the relationship and the actor. Thus, each actor in the relationship inevitably, at least partly, represents the other actor as well. Bonds between actors form the overall network structure, and these bonds are under continuous change stemming from learning and perceptions (Håkansson & Snehota 1995).

Actor bonds have three meaningful effects within the context of business relationships. First, actor bonds enable mutual learning and development. Second, actor bonds enable the actor to appear as an interesting potential partner to other actors. In order to be approached, the existence of current bonds and their success need to be apparent. This is

highlighted by the importance of customer testimonials and referrals and company image in the process of evaluating possible suppliers. Finally, the third effect concerns the ability to mobilise other actors to achieve desired outcomes. (Håkansson & Snehota 1995.) However, an actor seeking to instigate change or mobilisation within the network is always dependent on the approval and actions of other actors. Networks are outcomes of the deliberations, aims, and actions of a number of actors and no one actor is likely to have control over the network. As such, in addition to providing development possibilities and resources, networks also act as restrictive mechanisms affecting the possible action of a single company. However, the inability to have total control over the network is beneficial, as the existence of a dominating network member would lead to a situation where the only knowledge and innovation would stem from this member. (Håkansson & Ford 2002.) By making commitments within the relationship, i.e. agreements between actors to carry out future activities, actors enable cooperation in relationships but also the fulfilment of individual goals (Lenney & Easton 2009). Cooperation is necessary in developing relationships, so the actions of one actor are never independent from other actors. Actor bonds enable the actor to utilise other actors in order to get what it wants from those relationships, for example, access to resources which are otherwise unavailable to it. (Håkansson & Snehota 1995.) In addition, current relationships can act as important bridges to new relationships, for example by developing technologies in current relationships which can be used in novel ones (Ford et al. 2002).

Relationships between actors vary in how strong (close) they are, and this strength is also under continuous change resulting from interaction (Håkansson & Snehota 1995). Actors develop weak or strong bonds to a relatively small number of other actors within the network, for example suppliers or customers (Håkansson et al. 2009). However, both are necessary. The existence of strong bonds is necessary for an actor to be able to influence its position within the network, but they require large investments. Thus, actors can only maintain a limited number of them simultaneously. Conversely, the function of weak ties is to enable the actor to receive information from multiple areas of the network. Because weak ties require smaller investments, the number of them can be much larger. Another function of weak ties is their potential to develop into strong ties in the future. (Håkansson 1987).

Forming actor bonds with new network members is characterised by high costs, as the actor must first find a potential counterpart and, following this, suffer the costs associated with the absence of knowledge and understanding formed in previous relationships. Thus, change in the network must often be accomplished with current network members with whom the actor has already made investments into the relationship. (Håkansson & Ford 2002.) The representational nature of actors is thus a significant source of change in networks, as actors possess specific knowledge and contacts accumulated during their

time in earlier networks, and have strategic goals concerning the future, and the goals are often unidentical (Håkansson & Snehota 1995; Halinen & Törnroos 1998). In addition to actual bonds characterised by actual interaction, two actors can become connected when only a perceived connection exists. Thus, even perceived connections can influence the network. (Håkansson & Snehota 1995.)

2.1.2 Resources

Business relationships involve some form and degree of resource exchange. Some resources are exclusive to only certain actors, and relationships enable actors to obtain scarce or rare resources they would otherwise be unable to access. (Håkansson & Snehota 1995.) Furthermore, actors are unable to utilise their own resources if they do not use them in conjunction with resources of other actors (Håkansson & Ford 2002). As a result, the access to internal and external resources limits what an actor can do, and how it is used by others as a resource provider (Håkansson & Snehota 1995). Resources can be controlled directly by a single actor or jointly by multiple network actors. Resources can also be controlled indirectly by forming a relationship with the actor or actors directly controlling the resource. Due to the complex nature of networks and the existence of actors on different organisational levels, actors can have differing opinions concerning who has control over specific resources. (Håkansson & Johanson 1992.) Resources can be accessed through different methods within networks. Rusanen (2014) identified four different ways in which companies were able to access resources for service innovation. First, the absorption of resources refers to companies collecting information in a unilateral manner. Second, resources can be accessed through acquisition, where the ownership of resources is exchanged in market transactions, simultaneously transferring the ownership and the risk of the resource. Third, resources are accessed through sharing when actors exchange confidential information or other resources. Finally, resources are accessed through co-creation, which take place in intense interaction where tacit resources are combined to develop new transformed resources.

In short, a business relationship between two companies will connect their resources resulting in the eradication of the distinction between internal and external resources. The result of resource ties between actors can be significant because relationships can affect how existing resources are perceived, utilised, and developed. In addition, resource ties can lead to the formation of novel relationship-specific resources or the recognition of new uses for existing resources. (Håkansson & Snehota 1995.) The usefulness, characteristics, and value of a resource is determined thus only in interaction with specific counterparts and in combination with other related resources within the network (Håkansson et al. 2009). The purposive use of resources is highlighted by their use to fulfil commitments to other actors within the network. As a result, some resources are tied up

commitments of different lengths, which determines when they will be available for other purposes. In addition, commitments themselves can be seen as resources, as a company is able to draw upon them to reach a certain goal. (Lenney & Easton 2009.)

There is no standardised categorisation of resources, although the distinction between tangible and intangible resources is the prevalent separation in academic literature (Galbreath 2005). Dubois et al. (2002) divide resources into products, production facilities, business units, and business relationships. Products and production facilities are technical and physical assets, which are parts of organising resources, i.e. business units and business relationships. Business units and relationships are also resource units themselves, and they contain human resources, knowledge, and different routines in addition to the technical resources. This distinction highlights the embeddedness of resources, i.e. different levels of resources within this model can be embedded in others (Håkansson et al. 2009). Perhaps a more detailed yet simple distinction is made by Galbreath (2005), who makes a distinction between resources that are assets and resources that are skills. Assets describe what the company has, and skills describe what the company does. The distinction between a company’s tangible resources, intangible resources, and capabilities are illustrated in Figure 4 below.

Figure 4 The resource portfolio of the company

Resources that are assets <i>What the company has</i>		Resources that are skills <i>What the company does</i>	
Tangible	Intangible		
Factors that can be observed, are financial in nature, have physical properties and can be recorded on the company’s balance sheet.	Non-physical factors that are used to produce goods or provide services or are otherwise expected to generate future economic benefits for the company.		Factors that enable companies to choose, develop, implement, and realise value-creating market strategies.
<i>e.g. land, buildings, financial investments</i>	<i>e.g. reputation, culture, patents</i>		<i>e.g. manager expertise, employee know-how,</i>

Source: Adapted from Galbreath (2005, 981).

Tangible resources are assets and include those containing financial or physical value, and they can be measured in the company’s balance sheet. Thus, raw materials, facilities, and external financing are suitable examples of tangible resources. Conversely, intangible resources include those that are not physical or financial in nature. They are also rarely

included in the balance sheet. Intangible can be assets or skills depending on their characteristics. (Galbreath 2005.) Intangible resources which are assets include, for example, intellectual property rights, contracts, and databases. Intangible resources that are skills, i.e. capabilities, include, for example, know-how of employees and suppliers, and company culture. (Hall 1992.)

Hunt & Morgan (1995) provide a significantly more categorised and distinct division between different types of resources in the resource-advantage theory. They divide resources into seven categories, which are financial, physical, legal, human, organisational, informational, and relational. These resources are summarised in Table 2.

Table 2 Resource categorisation in the resource-advantage theory

Resource type	Resource examples
Financial	Cash reserves, access to financing
Physical	Plant, equipment
Legal	Trademarks, licences
Human	Skills and knowledge of individuals
Organisational	Competencies, culture
Informational	Knowledge resulting from consumer and competitor intelligence
Relational	Relationships with suppliers and customers

Source: Adapted from Hunt & Morgan (1995, 981).

Certain resources contribute more significantly to company success than others, even though both tangible and intangible assets contribute substantially to company success (Galbreath 2005). Every change to the resources within a network will have positive and negative effects resulting in tension in related resources. Change in resources induce costs, but also effect the cost of other resource combinations. The value of intangible resources lies in their flexibility, as they can be used to integrate more inflexible tangible resources together. (Håkansson et al. 2009.)

For example, reputational assets are some of the most important assets for a company, offering positive effects on both financial and social performance (Galbreath 2005). Reputation relates to the way a company's past actions and future prospects form its overall appeal to others when compared to competitors (Fombrun 1996). Reputation

affects the way a company's communications are received and interpreted. It can also improve new product adoption and act as a proxy for high quality. (Herbig & Milewicz 1995.) In addition, cluster reputation has been proven to facilitate successful internationalisation (Zyglidopoulos et al. 2006). Cluster are geographical concentrations of companies from a specific field (Porter 1998). Despite the definitional difference between clusters and networks, the mechanism by which this internationalisation facilitation takes place seems relevant to business networks as well. Cluster reputation helps companies, for example, attract skilled managers with international experience and contacts, because the cluster offers opportunities for professional development, even if the individual company does not. Cluster reputation can also act as a proxy for company reputation, thus mitigating the need for an internationalising company to establish the needed reputation to operate in foreign markets from scratch. (Zyglidopoulos et al. 2006.) The importance of reputation is heightened by the fact that because reputation as an intangible asset is not easily replicated, the improvements in performance seem to be persistent in the long-term (Roberts & Dowling 2002).

Similarly, credibility is defined as the believability of company's intentions. A company is credible when its past actions can be used to predict its actions in the future. (Herbig & Milewicz 1995.) In term of internationalisation, networks can help companies gain credibility in the local market through various ways. By forming partnerships or utilising endorsements, companies can form a presence in the local market without the significant financial commitments that would incur from individual action. (Vasilchenko & Morrish 2011.)

Capabilities or skills also have a crucial positive impact on company performance (Galbreath 2005). Capabilities refer to the competence in designing and handling activities as well as controlling and utilising resources. Capabilities impact the internal context of a company and the way the internal activities and resources are linked to those of other companies. The capabilities of a company are dependent on its collection of resources. Thus, expanding the resource base of a company through relationships in business networks is beneficial to the development of its capabilities. (Håkansson & Snehota 1995.)

Relationships facilitate the connection between the knowledge of two companies. It is thus in relationships where the formation of new knowledge also takes place. (Håkansson & Snehota 1995.) Knowledge is an important resource during the internationalisation process. Belonging to a network gives a company access to confined knowledge which increases organisational learning and enables the identification and exploitation of opportunities. (Johanson and Vahlne 2009.) Different actors in the network, for example partners in foreign markets, are important providers of local knowledge that is crucial for strategic decision-making (Vasilchenko & Morrish 2011).

2.1.3 Activities

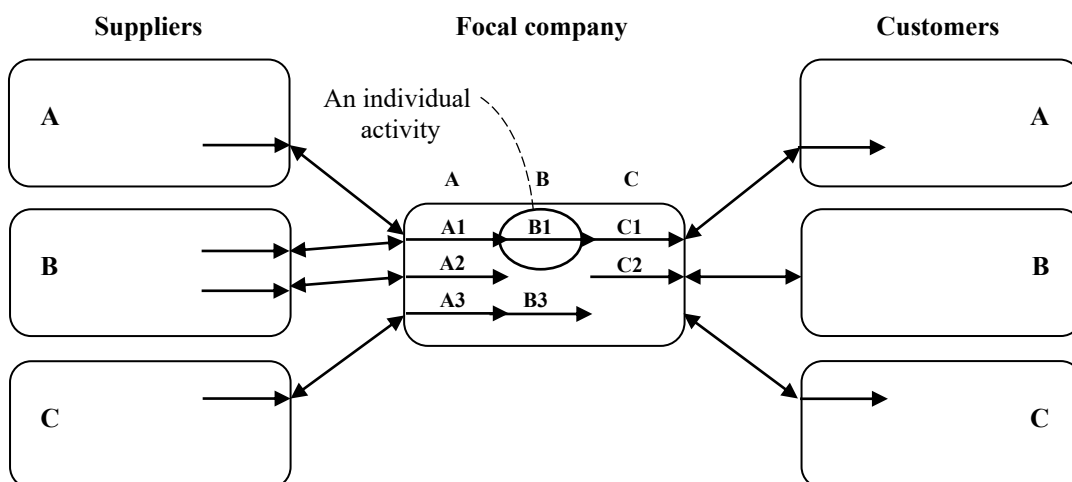
Activities are sequences of acts performed to reach a purpose. Examples of activities are purchasing, product development, production, and selling. (Håkansson & Snehota 1995.) Activities occur in networks when resources are combined, developed, exchanged, or created (Håkansson 1987). Resource combining occurs when two or more actors combine their resources to produce a certain outcome. When heterogenous resources are combined, the resulting new knowledge enables the discovery of new combinations. (Håkansson & Johanson 1992.) Resource development refers to the activity of changing the features of a certain resource or somehow modifying the use of a current resource (Håkansson & Snehota 1995; Gadde et al. 2012). Resource exchange activities refer to activities performed between actors (Dubois 1998). Resource creation occurs when new resources are created by one or multiple actors from existing resources to be used by other actors (Håkansson & Snehota 1995). Resources and activities are thus interconnected through the utilisation of different types of resources. Resources can be inputs or outputs depending on whether they are required for, or are the result of, activities. On the other hand, enabling resources make it possible to perform activities which turn inputs into outputs. Enabling resources can be, for example, manpower, facilities, and knowledge (Bankvall 2014).

On a higher level, activities can be divided into two overall categories. Simply observed, activities can be described to be internal or external to the company. Examples of internal activities are production, research, and administration, whereas external activities include, for example, financing and sales. However, this distinction can be misleading, as this perspective dismisses the interrelatedness of activities between different actors. (Håkansson & Snehota 1995.) More descriptively, activities can be divided into transformation and transfer activities. Transformation activities involve the process of changing resources in some way and they are controlled by a single actor. Transfer activities involve the change of resource control from one actor to another and they link transformation activities of different actors together. Thus, transfer activities directly affect and are affected by the business relationship. (Håkansson & Johanson 1992.) As activities are linked to each other, they form more or less repetitive activity cycles, where the distinct activities are repeated. Transformation and transaction activities are both needed to form a complete activity cycle. (Håkansson 1987.) On the other hand, Dubois (1998) divides activities into transformation (production) and transaction (exchange) activities. Transformation activities are those taken on by individual actors to reach an end product, and transaction activities occur with multiple actors to facilitate exchange between them. Thus, although the two views share similar characteristics, Håkansson & Johanson (1992) seem to focus on the resource perspective, whereas Dubois (1998) focuses on the perspective of actors.

Actors perform activities within their own organisation in a specific way. This distinctive way of performing activities is defined as the activity structure of the organisation. The business relationship between two companies can cause some previously undertaken activities to be adapted or shared, and new activities to be developed in order to adjust to the relationship. This leads to the emergence and existence of activity links between two companies, where their more or less internal activities become interconnected. If two activities cannot be directly linked, a specific linking activity can be created. Because the relationship exists within a larger business network context, the activity links also have a salient effect on the collective activity pattern of the network through activity chains, where activities performed by one actor build on activities by other actors to an undetermined extent. In short, an activity chain includes the sequence of activities preceding and enabling a certain activity, and the aggregated structure of all the activities within the network form its activity pattern. (Håkansson & Snehota 1995.) The bonds between different actors in the interdependent activity structures result in the activities becoming more efficient, and the structure becoming more stable through repetition (Håkansson 1987). As a result of this increased efficiency, the relationships become more valuable (Holm et al. 1999).

The method by which activities are divided within a network at any specific time can be seen as given, but the existing division of labour is only one of many possibilities. Activity structures and chains taking place within and between companies need to be coordinated, and this coordination requires knowledge related to these connections. Linked activities and activity structures, and the division of labour resulting from them, can be analysed by the horizontal interdependences and vertical interdependences of the activities (Dubois 1998). This concept is visualised in Figure 5.

Figure 5 An individual activity in its context



Source: Dubois (1998, 33).

Interdependence between activities can be analysed by distinguishing between three interrelated dimensions. First, vertical interdependence is created when individual activities are parts of activity chains that involve multiple actors. In Figure 5, this is illustrated by the activities taken by supplier A prior to the activities A1, B1, and C1 in the focal company, and the activities taken by customer A after the activities of the focal company. Second, horizontal interdependence is created when various similar activities relating to different end-products are connected. In Figure 5, this could be visualised by activities B1 and B3 using some common resources. Finally, an individual activity within one actor is connected to all those activities carried out by the actor. In Figure 5, all the activities taking place within the focal company (A1-C2) are related by their own internal vertical and horizontal interdependence. Resulting from these intra-company and intercompany linkages, interrelated activities are closely connected through their sequential nature and common resource utilisation. Due to this mechanism of interdependence, activities are constantly both the subject to and a cause of change within the network. (Dubois 1998.)

Another typology of interdependencies is presented by Håkansson et al. (2009), who distinguish between serial interdependence, dyadic interdependence, and joint interdependence. Serial interdependence refers to a situation where one activity cannot be performed until another activity is completed. Dyadic interdependence concerns situations when the outputs of one activity are used as inputs in another activity and vice versa. Finally, joint interdependence occurs when the performance of an activity is dependent on another activity because both of them are related to a third activity. Bankvall (2014) extends the notion of activity interdependence by emphasising the interaction between activities and resources. He divides interdependence into four different categories, which somewhat follow the logic formulated by Håkansson et al. (2009). Interdependence can be characterised as input-output related when an activity produces outputs that are used as inputs in other activities. Joint origin of inputs describes a situation where two activities require inputs that are outputs of a common third activity. Conversely, joint direction of outputs is defined as a situation where two activities produce outputs to be used as inputs in a common third activity. Finally, interdependence in the form of shared capabilities occurs when two activities require a common enabling resource to be performed. (Bankvall 2014.)

Due to activity interdependencies, changes within one actor rarely affect the resources and activities of just that actor (Bankvall 2014). The activity linking between two actors requires and results in adaptation, for example adjusting activities in logistics or information exchange. As a result, actors perform activities that are the same for several counterparts or activities that are adapted for specific counterparts. This results in important economic effects, as the combination of standardised activities and adapted

activities enable positive economies of scale simultaneously with effective customer solutions, having a positive effect on revenues. These adaptations are an important source of change within the network, as they effect all the actors linked to that activity. (Håkansson & Snehota 1995.)

2.2 Internationalisation in networks

The term internationalisation can be described simply as “*the geographical expansion of economic activities over a national country’s border*” (Ruzzier et al. 2006, 477). There are multiple alternative theories explaining why and how internationalisation occurs. Much internationalisation research has focused on the sequential nature of the process resulting in the emergence of staged theory. Despite its many proponents, staged theory is in lack of agreement on the content and number of the stages involved in internationalisation. (Woods 2001.) The Uppsala stage model constructed from the extensive research on the experiences of Swedish manufacturing companies suggests that companies increase their commitments in foreign markets as their experiential knowledge of said markets increase. This is to reduce risks associated with operating in unfamiliar foreign markets with high psychic distance. The psychic distance of a specific market is defined as the sum of factors preventing the flow of information to the company, i.e. preventing it from gaining country-specific knowledge. These can include, for example, differences in language, regulations, and business practices. (Johanson & Vahlne 1997.)

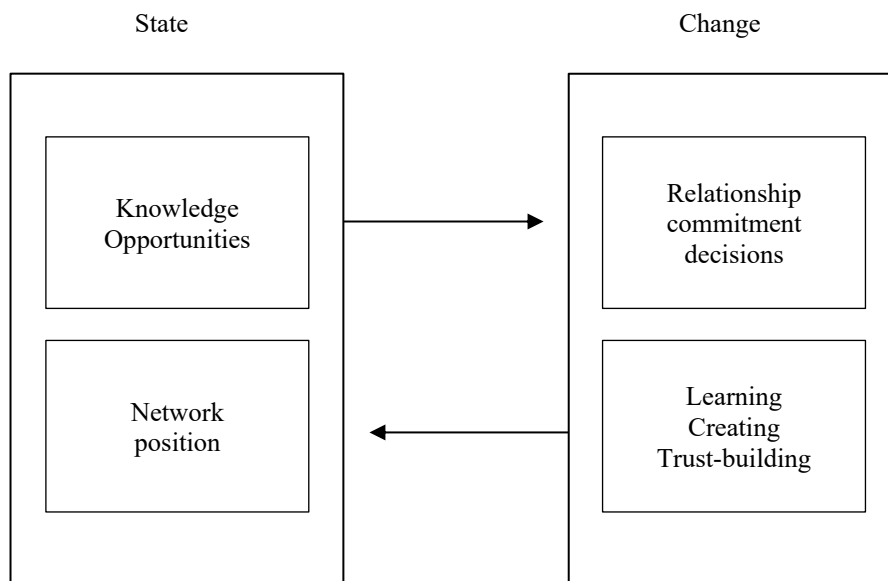
Rather than making substantial investments at one point in time, companies make incremental increases in commitment, for example by moving from a sales agent to a sales subsidiary and possibly foreign production, after gaining experience from foreign markets and their own capabilities. (Johanson & Vahlne 1977.) Companies in mature and less dynamic industries often do follow an incremental internationalisation process (Andersson et al. 2004). However, these previous theories explaining company internationalisation as path-dependent or incremental processes do not entirely explain all the unexpected variances present in modern internationalisation. Some companies, especially SMEs, actually decrease their international involvement and some companies, known as born globals, operate internationally from conception. (Jaw & Chen 2006; Schulz et al. 2009.) The Uppsala model has received much criticism, for example, for being too narrow in defining knowledge and being deterministic in nature (Welch et al. 2016). In addition, the staged theory models of internationalisation can be criticised for their incapability to explain the progression of the company from one stage to the next (Woods 2001).

Network theory has emerged as a significant theory explaining internationalisation (Hohenthal et al. 2015). Internationalisation through networks is concerned with organisations building on existing relationships and the creation of new relationships in

international markets, thus shifting the attention from the organisational or economic level to the social level. To ensure successful internationalisation, organisations may have to break existing relationships and create new ones. (Wall et al. 2010.) If a company is unable to access the network, it is unable to develop a business (Johanson & Vahlne 2009). Multiple studies have examined the significant effects that networks have on internationalisation in various industries and target markets (e.g. Guercini & Runfola 2010; Vasilchenko & Morrish 2011; Schweizer 2013; Almodóvar & Rugman 2015).

Vasilchenko & Morrish (2011) developed a network-based internationalisation model explaining the exploration and exploitation of internationalisation opportunities. They constructed a model that enables internationalisation through two different forms of relationships and networks. First, informal relationships in social networks enable international opportunity exploration by facilitating deliberate foreign market entry or through serendipitous internationalisation triggers. Second, partnerships within business networks enable the effective exploitation of international opportunities by helping the companies gain credibility in the local market, acquire knowledge concerning local markets and customers, and overcome resource limitations. Schweizer (2013) developed a model which describes how SME's can overcome the liability of outsidership to facilitate internationalisation. By first realising its unfavourable network position, the company can identify the relevant network for its internationalisation or, in the absence of such a network, it can strive to create one. After identifying the network, the SME must re-bundle its resources, i.e. configure the resources in such a way that they facilitate operating in the preferred network, which enables the SME to access, manage, and leverage opportunities identified within the network. The revised Uppsala model also includes the effect that networks have on internationalisation. Similar to the original Uppsala model, the revised version consists of two stage variables and two change variables, both sides affecting each other. (Johanson & Vahlne 2009.) The theoretical model is presented in Figure 6.

Figure 6 The revised Uppsala model of internationalisation



Source: Johanson & Vahlne (2009, 1424).

The first state variable is knowledge, with opportunities being the most important subset of knowledge. Other subsets of knowledge include knowledge of, for example, needs, capabilities, and strategies. The second state variable is network position. The model describes internationalisation as an outcome of a company's actions to improve its position in the desired international network by strengthening or protecting its position in the market. The first change variable is relationships commitment decisions. Within networks, companies make decisions regarding relationships or networks of relationships. They choose to either increase or decrease their commitment to these relationships. Commitment decisions can also be made to support and protect existing relationships. The second change variable includes learning, creating, and trust-building and refers to the processes taking place within the day-to-day activities of the company. The existing base of knowledge, trust, and commitment act as important facilitators in the progression of learning, creating knowledge, and building trust in the future. (Johanson & Vahlne 2009.) All the presented models explaining the effect of business networks on internationalisation have differences and similarities. For example, the model of Schweizer (2013) focuses more on the identification of relevant networks and aligning the resources of the company with its objectives concerning those networks. In contrast, the models of Johanson & Vahlne (2009) and Vasilchenko & Morrish (2011) more clearly describe the process associated with actually initiating international operations. In addition, unlike the other two presented models, Vasilchenko & Morrish (2011) include the effect of serendipitous events, disregarding the internationalisation phenomena as purely a logical process.

However, some aspects are important facilitators of internationalisation in all the models. Chandra & Wilkinson (2017) explain relationships and networks to influence internationalisation mainly in two central ways, which can be divided into international market opportunity recognition and exploitation. They see factors such as learning, trust-building, opportunity portfolio development and network repositioning to have an impact on the internationalisation process within networks. In the next sections, the important internationalisation factors recognised in the aforementioned literature will be discussed in conjunction with each component of the ARA model.

2.2.1 Actors

Internationalisation can be seen as a result of a company's decision to make different commitment decisions in different levels. First, internationalisation can result from the development of already existing relationships. Second, internationalisation can result from establishing new relationships with companies that are similar to its current partners. Finally, internationalisation can result from establishing new relationships with companies that are connected to its current partners. (Johanson & Vahlne 2003.) Conversely, relationship decisions can also be seen as stemming from internationalisation. Companies make changes to business relationships in order to adapt to the new international business network. Thus, the company can develop new relationships, strengthen current relationships, or end existing relationships in order to change the business relationships to fit the needs of its internationalisation strategy. (Guercini & Milanesi 2019.)

The first relationships within foreign markets seem to have an increased importance for companies, as these first relationships can act as important entry nodes to new markets and new customers within the network (Hohenthal et al. 2015). The relationship between two actors can be informal or formal, resulting in the emergence of social and business networks for the company. Furthermore, relationships have the ability to develop towards either direction, as social relationships can become business relationships and vice versa. (Vasilchenko & Morrish 2011.) Both informal and formal relationships between actors facilitate internationalisation. In addition, when there are few or no existing formal or informal relationships, companies can utilise mediated relationships with certain actors, such as governmental organisation, to facilitate networking in distant markets. (Ojala 2009.)

When the actions of two actors are not connected, the situation is defined as a structural hole. Though the actors are not connected, this does not necessarily mean that they have no knowledge of each other. The existence of structural holes offers a competitive advantage for an actor who can act as broker between different actors, thus bringing them together and filling the hole. (Burt 2001.) Certain companies can also actively aim to fill

these recognised structural holes within the network (Johanson & Vahlne 2009). When the relationship of two actors is linked to a wide business network, the actors are able to place confidence in developing the relationship (Holm et al. 2003). As such, networks where multiple actors are involved and where cooperation between the actors is intense might seem more attractive to potential members of the network (Cobbs 2011).

Trust and commitment between actors serve as enabling factors to multiple aspects within the network. This is also affected by the degree to which two actors find opportunities appealing. In situations where market knowledge is scarce and hard to acquire, trust and commitment can also be utilised as substitutes for knowledge. (Johanson & Vahlne 2009.) Because business relationships always inevitably include a certain level of ambiguity, they always require some level of trust and commitment between the actors. Trust is required to generate commitment between the actors and trust is only built over time. (Håkansson & Snehota 1995.) The amount of commitment given to a relationship is also influenced by the level of understanding of the relationship, and high levels of commitment result in the relationship becoming beneficial to both actors. This occurs because by committing to the relationship and understanding each other, the international actors are able to discover and place confidence on ways to develop the relationship. (Holm et al. 2003.) In general, companies least committed to relationships will affect them negatively through restricting its development, whereas companies that are more committed will have positive development effects (Håkansson & Ford 2002). Furthermore relationships between actors are influenced by the uncertainty faced by the company within the foreign market. As such, knowledge concerning the foreign market and knowledge concerning customers within that market have an effect on how relationships are configured within the network, and higher levels of knowledge favour the use of direct dyadic relationships. (Sandberg 2014.) Having strong dyadic business relationships with, for example, customers and suppliers, has an overall positive effect on international performance. However, the heterogeneous nature of business networks can also have negative effects on performance, possibly due to complications arising from differing motives and aspirations between network members. (Almodóvar & Rugman 2015.)

2.2.2 Resources

Business networks enable enterprises to overcome various types of resource limitations during the internationalisation process. By using opportunities and methods arising from within the network, internationalising companies find novel and resource-saving methods to facilitate the expansion to foreign markets, for example by forming partnerships. (Vasilchenko & Morrish 2011.) In addition, when companies seek to internationalise, they also reconfigure their existing resources to better facilitate establishing a position

within a network relevant to their internationalisation (Schweizer 2013). Knowledge is an important resource that companies are able to acquire by operating within the network, and the development of knowledge in turn affects the internationalisation process. (Johanson & Vahlne 2009). There are various important types of knowledge that influence the internationalisation of companies. First, experiential knowledge can be divided into three categories. Foreign business knowledge refers to the experiential knowledge about clients, markets, and competitors. Foreign institutional knowledge is defined as experiential knowledge concerning governments, institutional frameworks, rules, norms, and values. Finally, internationalisation knowledge concerns knowledge accumulated concerning the actual internationalisation process, i.e. how experienced the company is in all the operations involved in the process. This internationalisation knowledge is not country specific. Rather, it affects future expansions into all possible markets. (Eriksson et al. 1997.) In addition, internationalisation knowledge is not contingent upon the number of markets the company operates in but rather the diversity of those markets (Hadley & Wilson 2003). In a business relationship, companies also learn about each other's needs, resources strategies, and business contexts (Johanson & Vahlne 2003). Through this accumulated relationship-specific knowledge, the ability of business partners to utilise each other improves (Håkansson & Snehota 1995). As such, a clear distinction can be made between relationship-specific psychic distance and country-specific psychic distance. (Johanson & Vahlne 2003.)

Because a certain degree of knowledge is only accessible to network members, strong relationships allow companies to build on the collective knowledge of the network (Johanson & Vahlne 2009). Business partners in foreign markets can offer companies important knowledge concerning for example regulatory issues or industry-specific knowledge of competitors. Increased knowledge enables the company to anticipate and address internationalisation problems beforehand and react accordingly to mitigate the effect of these problems. (Vasilchenko & Morrish 2011.) In addition, business relationships result in the generation of relationship-specific knowledge about each actors' capabilities and resources (Johanson & Vahlne 2009). While central actors within the network can provide the company important knowledge concerning internationalisation thus helping them mitigate the effects of psychic distance, such central actors can also limit the internationalisation process by restricting the amount of knowledge and possibilities of new interactions available to the company (Guercini & Runfola 2010). If the company is not overly reliant on business networks in foreign markets, it can benefit from the market presence and recognise further international business opportunities (Hietala et al. 2019). Internationalisation opportunities can also emerge from social networks, which are often formalised into business relationships to facilitate the exploitation of the identified opportunity (Vasilchenko & Morrish 2011).

In addition, cluster reputation has been proven to facilitate successful internationalisation (Zyglidopoulos et al. 2006). Clusters are geographical concentrations of companies from a specific field (Porter 1998). Despite the definitional difference between clusters and networks, the mechanism by which this internationalisation facilitation takes place seems relevant to business networks as well. Cluster reputation helps companies, for example, attract skilled managers with international experience and contacts, because the cluster offers opportunities for professional development, even if the individual company does not. Cluster reputation can also act as a proxy for company reputation, thus mitigating the need for an internationalising company to establish the needed reputation to operate in foreign markets from scratch. (Zyglidopoulos et al. 2006.) The importance of reputation is heightened by the fact that because reputation as an intangible asset is not easily replicated, the improvements in performance seem to be persistent in the long-term (Roberts & Dowling 2002). Similarly, credibility is defined as the believability of company's intentions. A company is credible when its past actions can be used to predict its actions in the future. (Herbig & Milewicz 1995.) In terms of internationalisation, networks can help companies gain credibility in the local market through various ways. By forming partnerships or utilising endorsements, companies can form a presence in the local market without the significant financial commitments that would incur from individual action. (Vasilchenko & Morrish 2011.) However, even though partnerships with certain actors can improve legitimacy and reputation in foreign markets, the association with those actors can also have negative effects, as negative aspects relating to the partners are potentially associated with the company as well (Morrish & Earl 2020).

2.2.3 Activities

The current activities undertaken by a company result in learning, creating knowledge, developing internationalisation opportunities, and building trust, which in turn facilitate internationalisation in many ways. Through its current activities, a company is thus able to position itself favourably within an international network. (Johanson & Vahlne 2009.) Each company has positions in the network which depict its relations to other companies, that stem from previous actions undertaken by the company and other actors within the network. This position defines the development possibilities and constraints of the company within the network. (Johanson & Mattsson 1988.) The company has three possibilities to improve or protect its network position. First, the company can establish relationships in new foreign national nets, i.e. networks delimited by national borders. This is referred to as international extension. Second, the company can develop its positions and resource commitments in networks where it already has an established position, i.e. international penetration. Finally, the company can increase the coordination

among its own positions in different national nets, i.e. international integration. (Johanson & Matson 1988.) It is important to note their sequential nature, as a company can first act through international extension by starting operations in a new market, then act through international penetration when it increases its commitments in that market, and finally act through international integration when it expands and coordinates its activities in multiple foreign markets (Fletcher & Barrett 2001). Furthermore, the company's positions prior to internationalisation can influence the process (Johanson & Matson 1988).

Existing business relationships can have a salient impact on target market and entry mode selections because they enable the exploration and exploitation of opportunities (Johanson & Vahlne 2009). In addition, especially concerning entrepreneurs, social relationships have a significant impact on international opportunity exploration. The utilisation of these relationships can vary between using existing relationships to explore and validate the viability of international opportunities to actively seeking new relationships with the goal of exploring and pursuing foreign expansion. As such, entrepreneurs existing networks and resource commitments will impact the choice of target markets (Johanson & Vahlne 2003). Even more crucial is that collaboration within social relationships generates the potential for these informal social relationships to transform into business relationships. (Vasilchenko & Morrish 2011.) As a more extreme situation, if the company recognises the benefits of a network but a suitable one does not exist, the generation of a completely new network is possible (Schweizer 2013). However, the impact of networks on these internationalisation activities can be hindered by the large psychic distance associated with the intended foreign markets (Ojala 2009).

Because internationalisation can be dependent on networks and relationships, the focal company's foreign expansion process is facilitated by its important partners committed to developing its business through internationalisation. This can happen by virtue of accumulating knowledge through the network, which enables the exploration and exploitation of international opportunities. In addition, the company may be pulled into the foreign market by an important partner already in the market, which wants the company to follow. (Sharma & Blomstermo 2003; Johanson & Vahlne 2009.) The more international experience the company has, the more likely it is to actively seek out opportunities for international expansion. In a situation where the international experience of a company is low, the significance of other actors pulling the company into international markets increases. (Hilmersson & Jansson 2012.) Network internationalisation situations can be further divided into four distinct categories, where international characteristics of both the company and the market environment have an effect. (Johanson & Mattsson 1988.) The four situations are visualised in Figure 7.

Figure 7 Four situations of internationalisation in the network model

		Degree of internationalisation of the market (the production net)	
		Low	High
Degree of internationalisation of the company	Low	1 The early starter	3 The late starter
	High	2 The lonely international	4 The international among others

Source: Adapted from Johanson & Mattsson (1988, 298).

These situations concern the notion that a company's development is dependent on its assets and the assets in the network, and those assets are structured differently based on the level of internationalisation of the company and its network. Thus, they describe the explanations and motives behind the three activities of international extension, international penetration, and international integration. (Johanson & Mattsson 1988.)

- 1) When the degree of internationalisation of both the company and market is low, the company is described as an early starter. In this situation, the company, its competitors, suppliers, and other companies in the market have few and unimportant relationships abroad. Thus, the company is unable to utilise foreign market knowledge. Due to this, as the previously mentioned stage models would suggest, the company first expands into nearby markets using, for example, agents rather than subsidiaries. The consequential learning enables the gathering of knowledge and further commitment decisions and expansion into more distant markets.
- 2) In a situation where the company is highly internationalised, but the market is not, it is considered a lonely international. Due to previous internationalisation experience, the company's accumulated knowledge and resource adjustment capability improve the likelihood of success in future expansions abroad, but due to operating in various foreign markets, international integration, i.e. increasing integration between positions in different national nets, is vital. Because other actors in its market have little internationalisation experience, the company is not dependant on the initiatives of others concerning internationalisation. In fact, the company itself can give other actors access to new national nets.
- 3) The late starter describes a situation where a company's domestic network includes highly internationalised customers, competitors, and suppliers. Thus, internationalisation can result from the pull factors generated by relationships in

the domestic market, especially complementary suppliers. The late starter is at a disadvantage due to its lesser market knowledge and the previously established foreign network will be challenging to penetrate.

- 4) The international among others concerns a situation where both the company and its market are highly internationalised. Due to demanding and complex nature of operating in multiple national nets, the importance of international integration is highlighted. Its positions in internationally linked networks give it access to external resources, i.e. it is more likely to purchase components and sub-assembly rather than manufacture them. In the case of the international among others, the ability to adjust to and influence the allocation of activities in international networks.

However, the classification made by Johanson & Mattsson (1998) does not take into full consideration external factors that drive international expansion, such as intense competition in the domestic market, or the individual company and decision-maker characteristics that influence the internationalisation process. For example, decision-makers can overlook internationalisation opportunities or cognitively choose to ignore them. (Chetty & Holm 2000.) In an international environment, the form of activity the company chooses to engage in is dependent upon the circumstances within the company and the evolution of the domestic and international market. Thus, careful consideration must be placed on the willingness to change actions according to changes in these contexts. To be flexible in a dynamic network environment, companies must be ready to adjust the form of their international involvement, for example from outward-driven activities to import-led activities. (Fletcher & Barrett 2001.)

3 METHODOLOGY

3.1 Research approach

This study follows a qualitative research approach. Qualitative research methods are used to gain deeper understanding of a certain phenomenon. Because qualitative research in sports focuses mainly on human behaviour, qualitative research can uncover changing trends and values of the different market segments that are being studied, such as sponsors and consumers. (Ljubica & Šerić 2018.) Because the area of interest in this study is the creation, evolution and utilisation of dynamic relationships in sponsorship networks, a qualitative approach is deemed appropriate to uncover complex correlations between actions, attitudes and behaviours between different stakeholders in the puzzling game of professional sports.

In order to gain a deep understanding of the phenomenon within the resource constraints of this study, a case study method is utilised. Case studies are comprehensive qualitative studies of a single entity, for example a programme, a situation, or any other social unit, and they are used to generate an in-depth view of a phenomenon using multiple sources. Although case studies receive criticism for being anecdotal in nature and not offering any evidence to support generalisations, this is ultimately not their main objective. The main interest lies in understanding how the specific and unique case works. This unique nature of a chosen case is what makes it interesting and worth studying from the researcher's point of view. (Krishnaswami & Satyaprasad 2010; Eriksson & Kovalainen 2016.) Furthermore, this study analyses multiple cases to ensure the empirical evidence is based on various variations of the same phenomenon, thus leading to a more robust set of empirical evidence (Eisenhardt & Graebner 2007). By utilising a multiple-case study, the researcher is able to test the different settings under which the findings can be replicated, thus providing greater confidence in the findings. (Yin 2011).

Halinen & Törnroos (2005) determine case studies to be most suitable for analysing business networks, but also identify four main problems that need to be addressed. First, the problem of complexity arises from the multidimensional nature of networks which complicates the rich description of all relevant components. In this study, the problem of complexity is mitigated by the strong theoretical background, which enables the researcher to understand the network from multiple perspectives and dimensions. Especially the recognition of different types of embeddedness within networks enables the researcher to specify different levels of analysis and make informed decisions regarding the focus of the study.

In addition, following the advice of Halinen & Törnroos (2005), careful consideration was taken when choosing the relevant informants and a rich case description is offered to ensure adequate understanding of the studied network. Second, the time dimension of the

research is problematic due to the dynamic nature of networks. They face continuous change, and this element requires the researcher to emphasise the past, present, and future nature of the network to gain full understanding. Due to time and resource constraints, the researcher was unable to utilise longitudinal study processes. In order to gather some information concerning the temporal changes in the network, the informants were asked to analyse the past, present, and future nature of the network, and the significant events relevant to them that shaped the network's development.

Third, the problem of comparability is inherent in network case studies, because of the complex and context-related nature of networks. However, this study is not centrally focused on providing a comparable case which could be used in theory development. Because an intensive case study aims to gain a deep understanding of only one or a few situations, the research focuses on only few sponsorship networks. Even though studying the evolution and current state of sponsorship networks through an intensive case study approach might not offer much room for generalisations, the novel approach within the field of sports sponsorship and business network research makes the research valuable.

Following the additional recommendations of Vissak (2010) on conducting international business case studies, the complexity of this research is also lessened by clearly identifying the purpose of the research and the analysed unit. Case studies should start with a goal of either developing new theory or testing existing new ones. From the beginning, the aim of this thesis has been to test the existing theories of business networks and internationalisation in the sponsorship context. Careful consideration was also given to the selection of the case network in this research, and a deeper analysis of the case selection is provided later in Chapter 3.2. Furthermore, cases should be illustrated by figures, tables, or quotes from the interviews. Following this, the researcher has attempted to reach a sufficient, but not excessive, simplification of complex theories and phenomena using visual illustrations. In the data analysis phase, the relevant and interesting parts of the interviews are also presented. Lastly, the researcher should make comparisons with the current and previous research to highlight differences and similarities. The researcher has provided examples of relevant studies and literature wherever it has been possible and serves a sufficient demonstrative purpose.

3.2 Case selection

Three case companies were selected for this study. They were High Peak, iLOQ, and Piironen. Further descriptions of the case companies are provided at the beginning of Chapter 4. The selection of the case companies was based on the process of purposive sampling. Purposive sampling refers to choosing cases which can be assumed to clearly illustrate the aspects that we intend to research (Silverman 2009). Case selection is an integral part of the research process. The selection of a case should not necessarily be

made to ensure generalisability, as the goal research is to fully understand that one particular case., i.e. to maximise what we can learn. (Stake 1995.) However, the selection of appropriate cases is often problematic, especially in the field of international business, due to the complex nature of the studied phenomenon. In addition, the embeddedness in various different geographical and institutional settings exacerbates this complexity. (Poulis et al. 2013.) To mitigate the effect of these challenges, purposeful sampling proves useful. In addition, various other methods provided support to the selection to ensure the validity of the choices made

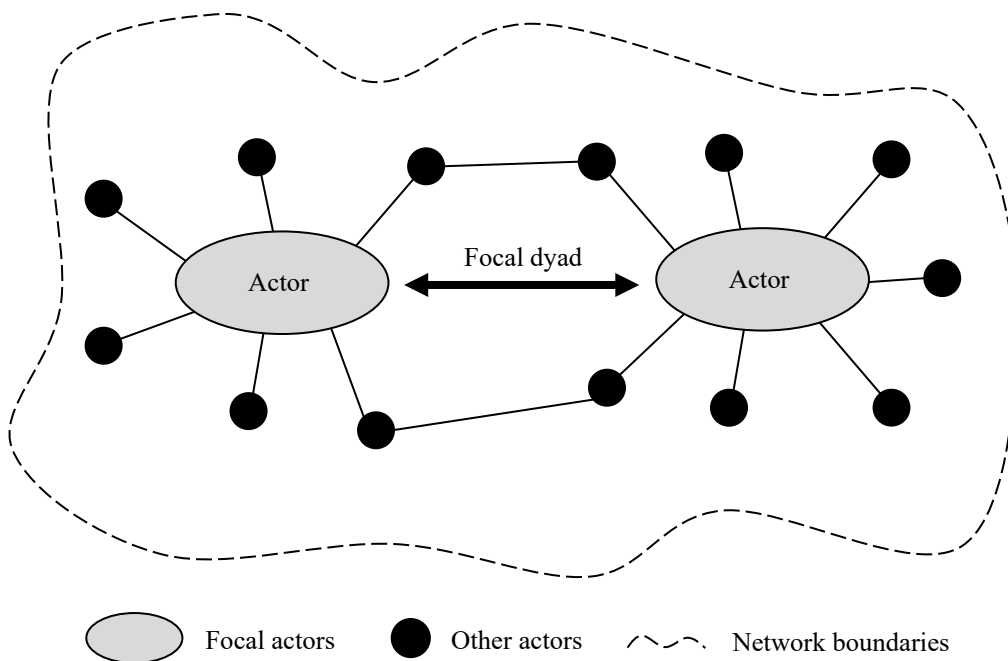
This study utilised the methods proposed by Poulis et al. (2013) for ensuring proper international business case selection. First, the researcher utilised the accumulated practical knowledge gained from his own experience and the experiences of his personal network. Thus, the direct observations concerning sports sponsorship aided in determining salient determinants of the industry context and excluding non-fitting companies. Second, the case selection was supported by the use of secondary data, which helped, for example, in determining the scope of international operations of companies in potential case companies. In addition, secondary data was used to determine, to what extent, potential case companies had utilised networks in their operations. Thus, the secondary data also facilitated the use of purposive sampling. As Eriksson & Koistinen (2005) point out, the researcher can begin the research process with a general interest towards studying a certain phenomenon without the knowledge of particular actors, events, processes, or phenomena that will be the focal point. In these situations, the secondary data will aid in the development of methodology and case selection.

While selecting potential companies for this study, the researcher focused on determining which of them had relevant cooperation with sports organisations with international outreach to ensure sufficient data for analysis. This offered the researcher with a preliminary method of determining networks where the relevant data to answer this study's research questions might be observed. Overall, the term exploration would most suitably describe the process of finding the final case companies. Finding each of them was a result of luck and labour, as information concerning sponsorships and partnerships with sports organisations was extremely vague and hard to find. For example, the researcher decided to contact iLOQ after reading an article concerning their sponsorship with Kimi Räikkönen (10.fi 2020). On the other hand, the decision to contact High Peak originated from exploring the World Rally Championship (WRC) website, where High Peak is listed as one of their partners. The decision to explore the WRC website stemmed from the researcher prior knowledge concerning the importance of networks in motorsport sponsorships, which is also demonstrated by academic research (Cobbs 2011; Cobbs & Hylton 2012). Again, this led the researcher to an online article explaining the effect that operating within networks had on High Peak's

internationalisation (Y-studio 2018). Among the case companies, many differing arrangements with the sports organisation were found. For example, High Peak pays for the license of a sports organisation to be able to manufacture and sell products associated with the sports organisation. However, the existence of these differing arrangements within this study is not seen as a major problem, as they all inevitably match the definition of Shank & Lyberger (2014), who define sports sponsorships as arrangements where a sponsor, e.g. a business organisation, exchanges money or goods for the right to associate itself with the sponsored entity resulting in commercial advantage for both parties. The aspects of this definition are evident in the case of High Peak, Piironen, and iLOQ.

Determining the network boundaries is crucial for managing the scope of the study and defining the case, what belongs to it, and to its context. To ensure a constant definition of what constitutes the network under research, this study utilises the perspective of the focal dyad in determining the network boundaries, which is visualised in Figure 8. (Halinen & Törnroos 2005.)

Figure 8 Network boundaries through a focal dyad perspective



Source: Adapted from Halinen & Törnroos (2005, 1289).

This study analyses networks by determining its boundaries through a focal dyad perspective, where the relationship between the case companies and the sports organisation they are associated with is seen as the focal dyad in question. As a result, the focus will be on the connection of each case company to the sports organisation, and the connection to other partners of the sports organisation. As such, the However, it is

important to recognise that individuals view networks from their own point of view, which depends on their personal views and dispositions (Halinen & Törnroos 1998). As a result, focusing on a view of one focal dyad will not provide a clear and adequate picture of the network (Ford et al. 2002). However, to mitigate this would require interviewing multiple actors within each network, which is out of the scope of this study. In addition, the fact that the cases are of companies from very different backgrounds and networks also widens the analysis of the overall phenomenon at the minor expense of each network. However, having multiple cases from varied backgrounds can also offer multiple benefits, as the evidence is based on different situations of the same phenomenon, thus leading to a more robust set of empirical evidence. (Eisenhardt & Graebner 2007.) Overall, the researcher does not see this trade-off crucially lessening the value of the study, although it should be considered while formulating the conclusions and limitations. As a final note, the necessary preliminary selection of the network boundaries is rather adaptive. Most importantly, the researcher has aimed to use this principle of a focal dyad perspective in the case selection phase, the data analysis phase, but does not aim to influence the perceptions of informants in the data gathering phase.

3.3 Data gathering

The primary data in this study was gathered by conducting semi-structured interviews with willing and suitable representatives of each B2B company. To collect in-depth information about personal experiences and opinions, interviewing is the preferred method of data collection (Krishnaswami & Satyaprasad 2010). According to Rowley (2012), interviews are used in qualitative research to further the understanding of, for example, opinions, attitudes, or processes. Furthermore, she states that interviews are a preferred data collection method when the research objectives centre on understanding experiences and processes, there is insufficient known about the subject to be able to draft a questionnaire, and the potential interviewees might be more receptive to an interview than other data gathering approaches.

Semi-structured interviews enable the researcher to analyse the situation in advance but remain flexible enough to ensure all relevant topics are discussed. The flexible and open-ended questions in semi-structured interviews provide the interviewee the opportunity to present his or her own views concerning the topics of discussion. (Krishnaswami & Satyaprasad 2010). This enables the researcher to mitigate the effects of inadequate prior understanding of the phenomenon and derive additional implicit information from the interviewee. All the interviews were conducted remotely by utilising different communication software. Each interview was also conducted in Finnish to ensure full understanding of each discussed matter. The details of each interview are provided in Table 3.

Table 3 Interview information

Company	Person interviewed	Sports organisation	Type of interview	Date	Duration (minutes)
iLOQ	Joni Lampinen, Chief Marketing Officer	Kimi Räikkönen	Microsoft Teams interview	30.10.2020	53
Piironen	Pasi Aaltonen, Vice President	Jokerit	Zoom interview	21.10.2020	34
High Peak	Sami Eljaala, Business Director – Retail and Merchandise	AKK Sports Oy, WRC Promoter GmbH, IMG/Endeavor	Phone interview	21.10.2020	52

The first interview was conducted with Pasi Aaltonen, the Vice President of Piironen who was also responsible for their partnership with Jokerit within the Jokerit International Partner Program (JIPP). The second interview was conducted with Sami Eljaala, the Business Director of Retail and Merchandise within High Peak and a key figure in their cooperation with sports organisations such as AKK Sports Oy and WRC. The last interview was conducted with Joni Lampinen, the Chief Marketing Officer of iLOQ, who has utilised partnerships for growing businesses, expanding new markets and building global brands. Due to time constraints, one interview was scheduled to last approximately thirty minutes. This led to the prioritisation of questions in the interview guide to ensure that all key themes would be discussed. It is expected that the latter interviews in the research process will be more successful than the first ones (Hart 1991). This was evident in this study as well. However, the development of the interview process consisted mainly of improvements in the conceptualisation of theoretical issues. In the third interview, the researcher could present the theoretical issues in more understandable terms to the interviewees. The researcher does not see this as hindering the validity of the first interviews, but simply as highlighting the iterative nature of the research process that results in learning on part of the researcher as well.

The information needed to prepare for the interview was compiled into a pre-interview guide and sent beforehand to the interviewees to ensure their adequate understanding of the topic. The pre-interview guide is presented in Appendix 1. The interview topics and questions were constructed by utilising the theoretical literature on internationalisation and the ARA model. The operationalisation table in Table 4 describes the objectives, theories, themes, concepts, and interview questions used to conduct the interviews and guide the data analysis phase.

Table 4 Operationalisation table

Research question	Sub questions	Themes	Concepts	Concepts in Literature	Interview questions
How can sponsorship networks facilitate the internationalisation of B2B companies?	How do different actors within the network influence the internationalisation process of B2B sponsors?	Key actors in internationalisation	Relationship development	2.1.1, 2.2	7, 8, 9, 10
			Trust	2.1, 2.1.1, 2.2	10, 12
			Perception of actors	2.1.1	7, 11
	How do different resources within the network influence the internationalisation process of B2B sponsors?	Key resources in internationalisation	Tangible resources	2.1.2, 2.1.3	13, 14, 15, 17
			Intangible resources	2.1.2, 2.1.3, 2.2	13, 16, 17
			Knowledge	2.1.2, 2.1.3, 2.2	18
			Credibility	2.1.1, 2.1.2	19, 20
	How do different activities within the network influence the internationalisation process of B2B sponsors?	Key activities in internationalisation	Activity links	2.1	21, 22, 25, 26
			Adapting activities	2.1.3	21, 22
			New activities	2.1.3	21, 22, 23

In addition to having the primary data from interviews, case studies often utilise other types of supplementary data for cross-checking content, and case studies including several data sources are often seen as more diverse, rich, and accurate. These secondary data sources can vary immensely in nature, but can include, for example documents, surveys, and observations. (Eriksson & Kovalainen 2016.) The different types of supplementary data used in this study are described in Appendix 3.

In addition to the interviews conducted with the representatives of each sponsoring company and the focal sponsored organisation of the network, some third-party publications were used to gather information and understand certain phenomena and relationships in the network context. These include various forms of data and information that the researcher determines to be of adequate trustworthiness, for example several news articles concerning key moments in the internationalisation of the case companies. In addition, supplementary information was gathered from the company websites and from existing interviews that were conducted with representatives of the companies. The interviewees were also asked to draw a simple network visualisation including the key actors and resources of their respective network. However, this was not mandatory and was presented as something to do if adequate time was available to the interviewees. In the end, one of the three case companies provided the network visualisation before the interview. However, during the data analysis phase, simple network visualisations were formed in cooperation with each interviewee.

3.4 Data analysis

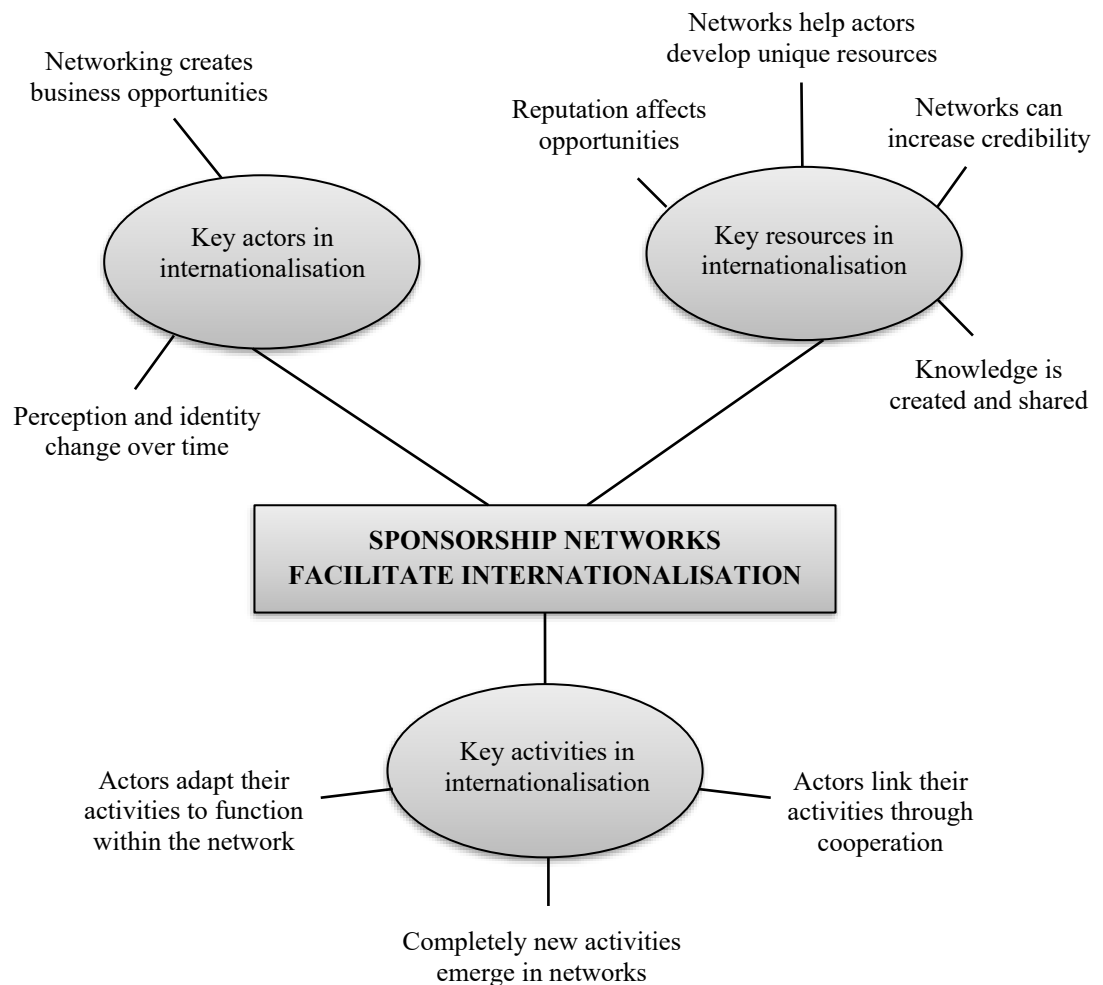
There is no formal approach to choosing the right method of data analysis, and in qualitative research, there are few standardised analysis methods. (Puusa 2011). The actual analysis work began with the researcher transcribing the interview tapes. By personally transcribing the interviews, the researcher becomes more familiarised with the gathered data (Seidman 2006). After all the material was transcribed, the researcher utilised the method of thematic networks analysis, which aims to uncover salient themes within the gathered data and help in structuring and depicting these themes. Thematic networks analysis starts with coding the material to reduce the amount of data. (Attride-Stirling 2001.) Although all forms of qualitative analysis involve some degree of interpretation, approaching the data analysis phase through coding is more of a descriptive approach. It focuses on what is said and handles the data as factual information. (Eriksson & Kovalainen 2016.) Coding can be divided into methods based on the gathered data or previous research and theory. In the first instance, the coding is based on all the gathered data within the research and requires the researcher to explore the data extensively before proceeding to the coding phase. In the latter, previous research and theory concerning the subject is used as a guide during the coding process, which in turn requires strong prior

theoretical knowledge concerning the subject. (Eriksson & Koistinen 2005.) In addition, the coding process can share characteristics of both approaches (Attride-Stirling 2001). For this research, codes were constructed by utilising salient constructs within extant literature, as well as recurring themes within the gathered data. The aim was to develop codes that would be distinct enough to avoid redundancy, and pervasive enough to enable meaningful analysis. The coding process was performed using the NVivo 12 software, due to it being available for the researcher to use via university license. The interview transcriptions were reviewed after creating codes in the NVivo software and specific segments of text were then included in a certain code. After the first coding process, the code categorisation was refined, and all the transcriptions underwent another round of assigning parts of text to specific codes. After an iterative process where certain preliminary codes were discarded as redundant or insignificant due to their lack of meaning within the interview data and some similar codes were grouped together, the final coding scheme emerged and contained a total of 19 unique codes. For example, the following text segment was assigned to the code credibility:

“We have acquired a lot of new customers who have nothing to do with our merchandise operations, but who see us as a good and reliable actor in a benchmarking sense. Meaning that if WRC is partnering with them, then they must be good or reliable, and that has resulted in more sales which has in turn increased our resources.” (Business Director of Retail and Merchandise of High Peak)

After the initial coding process, the aim is to identify meaningful themes that effectively group the appropriate coded text sections together, which is followed by constructing the thematic networks based on the identified themes on three enveloping levels. The first identified themes serve as basic themes. The process of transforming initial codes into basic themes is illustrated in Appendix 4. Subsequently, the identified basic themes are then grouped into larger groups that serve as organising themes. By analysing these groups, each organising theme is named appropriately, and by deducing the unifying aspects between each organising theme, they are further grouped into global themes. These global themes should serve as claims or propositions describing what the organising themes are about. They encapsulate the main point of the text. (Attride-Stirling 2001.) The final visualisation of the thematic network is illustrated in Figure 9.

Figure 9 The visualisation of the thematic network



After the construction of the visualisations in the thematic networks analysis process, the next step is exploring the thematic network and identifying and interpreting meaningful patterns within the data. During this process, the thematic network acts as a tool guiding the analysis at this stage. The aim is to combine the findings in each thematic network with the research questions and extant theory forming them into a complete story providing a description for the main research questions. (Attride-Sterling 2001.) The aim is to provide a meaningful explanation for case by clarifying the particular patterns or relations emerging from the text (Eriksson & Koistinen 2005). This important novel information can be found emerging from patterns of relationships within and between different cases and the logic behind them (Eisenhardt & Graebner 2007).

3.5 Trustworthiness of the study

Evaluating a study is concerned with ensuring the scientific nature of the research conducted. Research can be evaluated in several ways ranging from classic criteria stemming from quantitative research to alternative approaches which are more suitable

for research approaches that do not rely on a realist or critical realist philosophy. (Eriksson & Kovalainen 2016.) The basis for evaluating qualitative research is the ability of the researcher to ensure the trustworthiness of the interpretations made in the study.

The trustworthiness of qualitative research can be evaluated by examining the concepts of credibility, transferability, dependability, and confirmability (Guba & Lincoln 1986). Credibility is concerned with how well the different parts of your research support your findings. Credibility is evaluated by examining the researcher's expertise, how well the data supports the claims, and how well can a replication of the study generate the same interpretations. (Eriksson & Kovalainen 2016.) Even though the cases in this study were chosen using purposive sampling, their different natures lend some support to the study's credibility. By having cases with differing backgrounds, the findings are also based on more varied empirical evidence. This enables the comparison of findings across different cases and diminishes the possibility of simple idiosyncrasies in one particular case. (Eisenhardt & Graebner 2007.) Case studies that utilise data triangulation, i.e. the use of multiple data sources to enable cross-checking content, are considered more accurate, convincing, and diverse, and are seen to provide a more objective description of events (Eriksson & Kovalainen 2016). Triangulation can be in the form of triangulation of methodologies, which often involves utilising both qualitative and quantitative approaches within the same study (Deacon et al. 1998). Other forms of triangulation in case research can include the triangulation by using multiple theories, researchers, methods of data gathering, and methods of data analysis (Eriksson & Koistinen 2005). As mentioned earlier in Chapter 3.3., the researcher has aimed at utilising triangulation by using many forms of secondary data, for example news articles and financial data, to provide further support to the analysis process. The network visualisations provided by the case companies also aided in the analysis process by providing another class of data. However, their overall simplicity due to time constraints does ultimately diminish the importance of this data class somewhat. In addition, the theoretical foundations of this study are based on two complementary research streams, as the ARA model and the theory of internationalisation in networks both provide a different perspective.

Dependability is concerned with the research process, and examines the traceability, logic, and documentation of the process. All these activities support the trustworthiness and transparency of the study. Whereas dependability was concerned with the quality of the process in the study, confirmability focuses on evaluating the quality of the end-product. Confirmability is concerned with ensuring that the data and interpretations made by the researcher are not purely imagination. Other people must be able to understand the links and connections made between the findings and conclusions, and the data. (Guba & Lincoln 1986; Eriksson & Kovalainen 2016.) The process concerning the planning and execution of this study have been described in detail to ensure full transparency. The

focus has been not only on the final product of the process, but also on the iterative steps that took place during the research process. The researcher has disclosed the logical findings and narrated the development of the research questions, the theory, the generation of themes, and the data collection and analysis process. In addition, concrete evidence in the form of tables and figures have been provided where the researcher has seen them to contribute to the trustworthiness of the study.

Transferability is evaluated by the degree of similarity the study possesses with other studies in the same field of research, to show some connection between the findings of the evaluated study and other previous work. (Eriksson & Kovalainen 2016.) The evaluation criteria of transferability can be met by producing thick descriptive data (Guba & Lincoln 1986). To a certain degree, the researcher concludes that the choice to use a qualitative case study approach was driven by the use of a case study method in multiple studies concerning the effects of networks in sports sponsorship. (e.g. Olkkonen 2001; Cobbs 2011; Wagner 2017) and internationalisation (e.g. Vasilchenko & Morrish 2011; Schweizer 2013; Holm et al. 2015, Morrish & Earl 2020).

In addition, the theory used to interpret the data, and connect the research problems, themes, and findings together was based on strong academic research conducted previously by other researchers. As stated in Chapter 2, the ARA model is suitable for analysing networks in the international context. In addition, previous studies have utilised the same model in similar research settings producing reliable results (e.g. Olkkonen 2001; Lurdes Velude & Macbeth 2004).

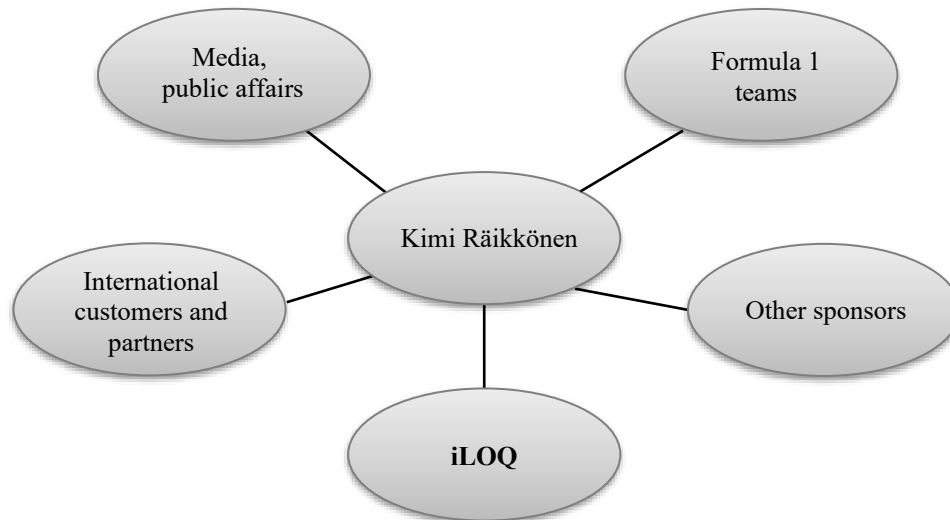
4 EMPIRICAL FINDINGS

4.1 Description of case companies

iLOQ is a rapidly growing Finnish company that is leading the technological revolution in the digital locking industry in residential, commercial and industrial buildings. iLOQ solutions are based on technologies developed and patented by the company, enabling electronic and mobile locking without batteries or cables. iLOQ replaces mechanical and electromechanical locking systems with environmentally friendly solutions that solve the problems of lost or copied keys, reduce lock maintenance and minimise lifecycle costs. It currently has its own sales organisations in Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, and Sweden, and delivers products or services through its reseller and partner network to about thirty countries. The majority of resellers are located in the Nordic countries and Europe. iLOQ describes itself as a growth company and is expanding its business to new markets and segments and builds their brand reputation to enable internationalisation in the coming years.

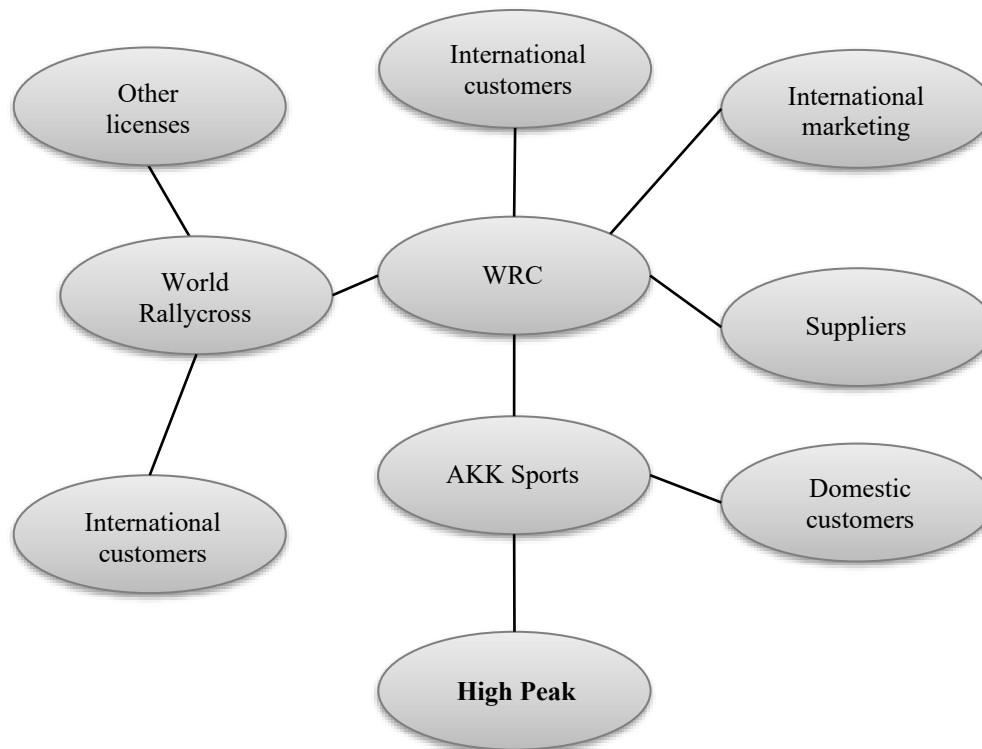
iLOQ has used partnerships to implement its growth strategy and achieve business targets. They have used partnerships with multiple sports organisations, both individual athletes and large sports events, such as the Champions Hockey League and motorsport athletes. Nowadays, the main partnership is with the Finnish F1 driver Kimi Räikkönen, who drives for the Alfa Romeo team. The main goal of the partnership for iLOQ is to help in their business expansion to new markets and act as an engine for growth. They use the partnership to gain their position within the new markets and generate attention among key decision makers and stakeholders. However, iLOQ also focuses heavily on quantifiable measurements in their sponsorship operations, rather than seeing the partnerships as purely marketing and branding efforts. The benefits of the sponsorship arrangement must be clearly demonstratable, both in terms of generated sales and more soft measurements, such as increased customer satisfaction and NPS (net promoter score). The visualisation of the key relationships for iLOQ developed through the sports entity are illustrated in Figure 10.

Figure 10 Visualisation of the key relationships for iLOQ



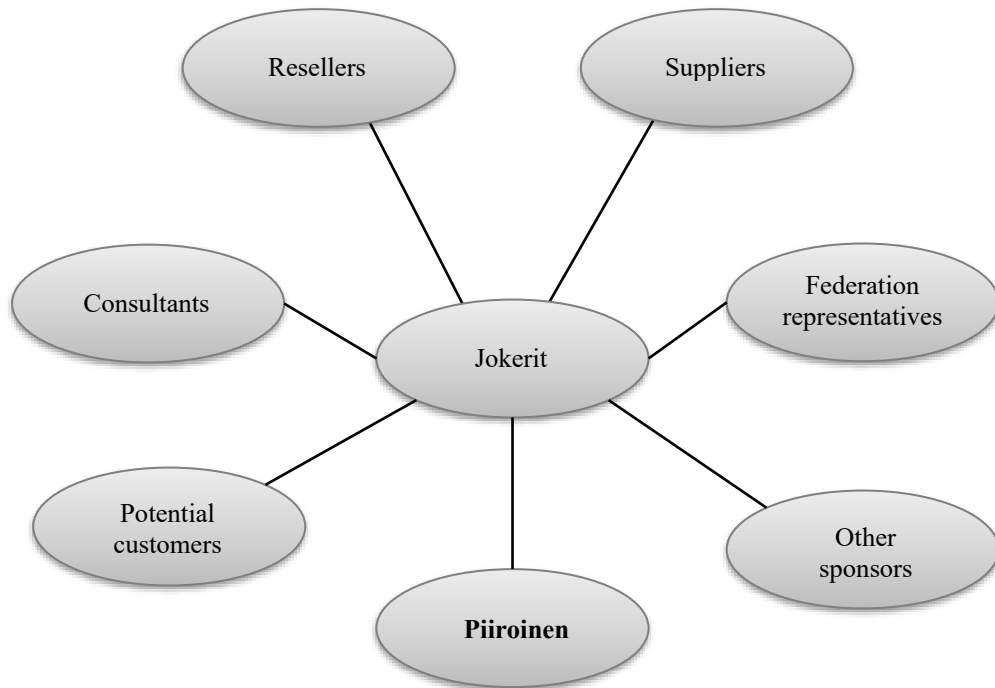
High Peak is a Finnish company founded in 1998, and it operates in the gift and promotional product market. In 2014, the company expanded its operations into fan and event merchandise by cooperating with Red Bull in the Red Bull Crashed Ice event held in Finland. This meant that the traditional model of buying products from suppliers and selling them to companies was accompanied by a new business model where High Peak designed and manufactured products affiliated to the licensee's brand, and also had to sell them to consumers. This new business model soon expanded into the international market through their cooperation with AKK Sports Oy regarding the merchandise of Neste Rally held in Finland, and the larger cooperation concerning the license to design and manufacture the merchandise of WRC. The network of High Peak with AKK Sports Oy and WRC also led to partnerships with multiple other actors within the motorsport world, for example the World Rallycross championship (World RX) and multiple teams and individual events within the sports from multiple different countries, such as Germany and the United Kingdom. In these license agreements, High Peak pays a fee that allows them to design, manufacture, and sell products associated with the sports organisation. In addition, a percentage of sales is paid to the sports organisation as well. The visualisation of the key relationships for High Peak developed through the sports entity are illustrated in Figure 11.

Figure 11 Visualisation of the key relationships for High Peak



Piironen is a Finnish family-owned company founded in 1949. Piironen Group consists of two legal entities, Arvo Piironen Oy and Metalli-Piironen Oy. They manufacture design furniture, auditorium furniture and seating systems. Their internationalisation started with design furniture and slowly expanded into the other product lines. Especially in the auditorium furniture and seating system markets, international operations often consist of individual projects rather than ongoing sales abroad. The company has had projects around the world, but their motivation for partnering up with Jokerit was the desire to initiate their operations in China, a market previously unfamiliar to the company. They have had operations throughout the world and other countries in Asia as well, but through this partnership, they were hoping to open and generate sales in a completely new foreign market. In the past, Piironen has partnered with other sports organisations as well, for example hockey teams in the Finnish national league, but the motivations and goals of earlier partnerships have not been as clearly formulated towards internationalisation as with Jokerit. Unlike other Finnish hockey teams, Jokerit plays in the KHL which has teams from Belarus, China, Finland, Kazakhstan, Latvia, and Russia (KHL). Ultimately, the partnership with Jokerit did not directly result in the expansion of their international sales but was a major learning experience that the company sees as benefitting them in the future if they choose to expand to China or other similar markets. The visualisation of the key relationships for Piironen developed through the sports entity are illustrated in Figure 12.

Figure 12 Visualisation of key relationships for Piironen



All the case companies had already established themselves within multiple foreign markets. For Piironen and iLOQ, this was the consequence of conscious efforts towards internationalisation. High Peak's internationalisation was initiated by a more random series of serendipitous events, but following that, High Peak has knowingly aimed at increasing their international presence. Even though High Peak has sales in multiple countries, they regard Finland as their main operating area. The basic information regarding each case company is compiled into Table 5.

Table 5 Case company information

Company	Industry	Revenue in 2019 (million euros)	Main operating area
iLOQ	Security systems service activities	61.1	Europe
High Peak	Retail sale of gift articles and hobby materials	10.0	Finland
Piironen	Design and auditorium furniture, seating systems	11.0	Japan, Northern Europe, United States

Next, each component of the ARA model is analysed individually. However, the interaction between actors, resources and activities is inevitable in networks and will thus lead to some overlapping in the analysis phase. In the final part of the analysis phase in Chapter 4.5, the interaction between the different substance layers of the ARA model will be discussed together while also presenting the key empirical findings regarding each substance layer.

4.2 The influence of sponsorship networks on internationalisation

4.2.1 Actors

The notion that networks are an important means of doing business, especially in international markets today, was widely shared by the companies included in this study. Sponsorship networks offer companies a platform where they can acquire and develop contacts with other actors within the network. The potential to develop these contacts into meaningful business relationships is one clear incentive for companies seeking internationalisation to participate in the network in the first place, and sports organisations seeking for sponsors must be able to demonstrate the benefits that their network offers in terms of access to these important actors. In addition, contacts are perhaps the benefit that can be most concretely defined and demonstrated to B2B companies when sports organisations seek sponsors, as it is the aspect that the case companies highlighted as the most important and evident thing they have to gain from the network.

“A leading motocross team from the United States was in contact with us. I started the conversation by saying that expanding there is not right now quite relevant to us, but maybe in a year it could be. And also, we have to have a strong business angle in this, so who are the people you know from this and this business area and this and this state in the US?”

“And it is not about expecting that our partner sells for us, but if the partner has some relationships, he will also connect people together... the same thing that happens everywhere else.” (Chief Marketing Officer of iLOQ)

All the case companies identified the focal relationship with the sports organisation as the main source of contact to other key actors. The development of a relationship with an actor can occur in many ways. Sometimes the process follows a formal procedure, and sometimes more informal and random events and processes take place. Within the case companies, Jokerit provided Piironen with the contact information of potential clients in China as a relatively formal process, as the objectives of the partnership arrangement were clearly defined. In contrast, the internationalisation process of High Peak can be traced

back to 2014, when they first partnered up with Red Bull in a completely new business segment. After the successful launch of their new merchandise business, High Peak decided to partner up with the Finnish AKK Sports Oy who organises the Finnish event of the World Rally Championship, Neste Rally. After the successful start of their partnership in 2016, the WRC organisation decided to contact High Peak to let them know of how impressed they were with how they had handled the event, and encouraged High Peak to participate in a tender for their merchandise license, which they eventually won. In the case of Piironen, despite the more formal process of initiating relationship development through Jokerit, the influence of more informal social interactions also played a significant role in developing relationships with other actors within the network.

“Then another thing was with the Finnish companies [as compared to the Chinese client contacts]... when you got to the hotel and went to the bar, that is where a truly crucial turn of events could take place.” (Vice President of Piironen)

iLOQ takes advantage of both informal and formal methods when they seek to develop relationships with international contacts acquired through the network. As a more formal way of networking, all the sponsors of the sports organisation spend time together discussing and developing ways to utilise the partnership, and also explore possible avenues of cooperation. In addition, during the race events, more informal networking takes place within the Formula 1 environment, where people from all over the world get to know each other. Formula 1 markets its hospitality services with a clear incentive to explore different business opportunities by implying that the hospitality area known as the Paddock Club is a place where some of the most legendary agreements in business have taken place, and that it is the optimal location to build new relationships and forge new ideas (Formula 1). Like all the case companies in this study, iLOQ also sees this networking potential as being an integral part of the international sponsorship network they operate in.

“You now as an example, that it does not have to be a directly buying customer, but it can be some other type of contact that has the potential to contribute to our business. It can be potential buyers, potential partners, it can be a component supplier in some way... these people in F1 network have shared some new high-technology information so far only used in F1. Our R&D is probably quite interested in it. Different types of contacts and networking. That is the biggest thing.” (Chief Marketing Officer of iLOQ)

Actors within sponsorship networks can be of many types, as sports organisations have relationships with, for example, suppliers, customers, marketing agencies, and investors.

Of course, to the sports organisation and the company, these actors can have similar or differing roles. For example, WRC acts as the governing organisation for the motorsport event series that AKK Sports Oy is associated with, whereas from the perspective of High Peak, both of these actors could be described as clients. The development and change in the perception and identity of the companies themselves as well as other actors in the network played a crucial role in the companies' international operations. By belonging to the network, the companies developed a new understanding of their own identity and business and also gained a better understanding on the perception that other actors have of them. By operating within the network, the case companies refined their understanding of what operating in international markets can require, which lead to changes in their overall thinking. High Peak started its internationalisation within the network, and they describe themselves as lacking the knowledge and confidence regarding international operations at the time, which led to them following the instructions of other international actors. Through experience, they noticed that they could actually succeed in the international market, and this internationalisation knowledge led to an increased belief in their own way of doing things. However, by learning about barriers to operating in certain countries, some of the case companies were forced to consider the applicability of their current business operations in their target markets abroad. The realisation that their way of doing things might not necessarily be the best possible solution in unfamiliar markets enabled them to adapt their actions to fit the new market environment.

“[Contemplation about their manufacturing and exporting] This opened our eyes to the fact that maybe that is not the case and you have to figure out alternative routes. Then there were also the marketing and communication things. That when you leave Finland, our way of doing things might not be the right way after all.” (Vice President of Piironen)

In addition to themselves, the case companies also noticed a significant change in how they perceived certain other actors within network. To improve the way in which the network and the relationships within it are utilised, High Peak actively seeks to understand the business of its partners better. By understanding the needs, different sports, and fans of WRC, High Peak is able to gain a better understanding of how they can in turn utilise the relationship for their own benefit, for example, by utilising the marketing channels and brand of WRC. In the case of Piironen, the changes in the perception of other actors resulted in a clearer view of potential business opportunities with those actors, because the understanding that Piironen has of those actors' businesses increased.

“For sure. We have learned more and become familiarised with people and we have a better understanding of opportunities. Also, of opportunities that could come to us. If one hockey rink supplier sells rinks... or a lighting

system supplier. They are involved in the same projects as us.” (Vice President of Piironen)

Conversely, all the case companies highlighted the effects that the network had on the perception that other actors have of them. By associating themselves with the sponsorship network, and especially the sports organisation, the case companies were able to attach certain attributes of the sports organisation to themselves, which had a significant effect on international business opportunities. Moreover, the way in which other actors see the company did not necessarily have any rooting in reality, but the attributes of the network or the sports organisation were often presumed to hold true in the case companies as well. As the sports organisation in each case was financially larger than the case company, the case companies themselves appeared larger than they were to other actors within and outside the actual network in many ways. For example, the ability of Piironen to communicate their involvement in winter sports and being partnered up with a KHL team had a big impact on Chinese contacts. This association effect seemed to act in a linear fashion in terms of how the case companies saw its importance, i.e. the case companies were more inclined to highlight the importance of this association effect more if they also highlighted the financial efforts needed to be part of those sports considerably. The value derived from that association effect emerges from the collective attributes of the whole network, as the investments of other actors into the network constitute the aspects that make it so attractive, i.e. financially competitive.

“And then these funny things happen that the sales director of one of the world largest football team calls me and says that he wants to invite me to their stadium. He tells me things and tries to find out business opportunities between us, and I ask him if he knows how big iLOQ is. He just says what do you mean? You are a big company... you are in Formula 1 and partners with Kimi right? And I just said that our yearly revenue is the same as the value of your main partnership with a flight company or a beer brand.”

(Chief Marketing Officer of iLOQ)

“I don’t know if this is a direct answer to your question, but we have gained a significant amount of new clients that have nothing to do with that fan merchandise thing, but who see us as a good and reliable actor in this benchmarking sense. If WRC cooperates with them, then they must be good or reliable. And that has generated more business which in turn has increased resources.” (Business Director of Retail and Merchandise of High

Peak)

The case companies also recognised the existence of some critical moments that had a heightened impact on their relationships with some significant actors within their respective networks. The beginning of a relationship was seen as a crucial time for the case companies, as the creation of a mutually benefitting relationship was usually the goal for both parties involved in the relationship building process. First impressions were seen as being extremely important due to the effect they could have on the entire future of the relationship. In addition, the fact that these relationships often develop over a long time was seen as effecting how the entire process was approached. Honesty and trust were seen as important prerequisites of a successful business relationship along with the clear understanding of what both parties can offer and expect to gain from the relationship. The transition from a personal relationship on an informal level to a business relationship can take a long time. Furthermore, the representative of iLOQ highlighted that the contacts they are able to develop into business relationships most often follow a top-down approach, where chief executives were responsible for initiating the relationship building process, from which it is lowered to the more operative level.

The impact of trust also arose as a meaningful factor within the networks. Trust was seen to act as an assurance of good intentions and efforts to develop the relationship in a direction benefitting both parties. Trust enabled the issues in the relationships to be handled effectively, due to it diminishing the need for the partners of the case companies to monitor every move the companies made. The fact that High Peak's partners can rely on them controlling their brand with care and consideration is a crucial aspect of their relationship, and this trust was seen as a prerequisite for any business to happen between the actors. In addition, changes in the amount of trust had a potentially critical effect on the relationships and mitigating the negative effects of certain incidents required large amounts of effort. The knowledge of the network and its actors affects the way in which actors are perceived and situations are interpreted, and sometimes this led to differing interpretations of the same events.

“There have been some issues arising from cultural differences that we have had to deal with. For example, I have answered an email from a German person to whom I have written to like anybody else in Finland. Then, after a few months, I find out that he has interpreted it as extremely rude or something like that. That I am not interested in the issue or I am rude or this sort of thing. Like I am not interested. That was certainly not the case, but the way in which I have written my email in English... he has interpreted it in this way. So that's kind of... That kind of caused a crack in the trust. This is how I see it. Trust and personal relationships are even more important in the big world than in Finland.” (Business Director of Retail and Merchandise of High Peak)

Among the case companies, trust was created by different processes. Sometimes trust required more formal approaches, and the case companies were required to provide financial reports and audits. In addition, when utilising the brand of the actor within the business relationship, precise plans on the planned designs, manufacturing processes, and sales operations were required from High Peak by the owners of the brand rights. However, sometimes trust was created by more informal activities and was closely related to the notion of credibility. The partnership with the sports organisation itself was also seen to create some amount of trust between different actors, but this emerged as a phenomenon that could be described as a more external form of trust, in contrast to trust developed within relationships between two different actors. Because the case companies were involved with sports organisations that are perceived as trustworthy, the case companies themselves were implicitly determined to be more trustworthy.

4.2.2 Resources

Resources obtained from the networks enabled the case companies to pursue their internationalisation efforts, as they were seen to affect opportunity exploration and opportunity exploitation both in the domestic and international markets. Many types of resources within the network context were important to the internationalisation of the case companies, but intangible resources arose as exceptionally important in this study. Moreover, knowledge, credibility, and relationships in particular arose in each interview as resources that had a significant impact on the international operations of each respective company.

By operating in the network, each company was able to obtain knowledge that they defined as being important to their internationalisation. The nature of this knowledge differed between situations, and some clear distinction between different types of knowledge can be categorised. First, the companies highlighted the importance of market-specific knowledge pertaining to a particular geographical area, and how this knowledge was obtained through the experience gathered within the network. By partnering with Jokerit in their export efforts towards China, Piironen was able to accumulate important information regarding the Chinese market and the possible barriers to trade that exist in the area. They set out to expand to China based on the assumption that about two thousand new ice hockey rinks would be constructed due to the upcoming Beijing Winter Olympics. In addition, other companies involved in the JIPP network had already successfully formed business relationships with actors in Russia. (Jokerit 2017). However, by developing relationships with local actors in China, they were able to learn that the actual number of rinks important to Piironen was closer to two hundred, because most of these rinks would be training rinks with no need for seating systems. In addition to the market-specific knowledge concerning China, they felt that they were able to

extrapolate that information to pertain to a larger geographical area near China, which might be due to them having previous experiences in that area. Thus, a process of combining the new information gathered in China with the existing information from nearby areas could have led to a situation, where the amount of total knowledge is greater than the knowledge of the two markets separately.

Concerning knowledge and international experience, to gain experience, one must first operate in foreign markets, which can be a difficult process when no prior international knowledge exists. In the case companies, this lack of market-specific knowledge was mitigated by the local knowledge provided to them by other network actors who had experience from operating in those particular markets. In addition to the market-specific knowledge that Piironen gathered through their own experience, other network actors provided them with knowledge concerning their own fields of expertise. For example, knowledge shared to them by a law firm about intellectual property rights brought the importance of the matter to their awareness. In addition, Piironen also highlighted the importance of knowledge provided to them by potential customers in the target market, as these are the actors that they are trying to entice to buy their products. Thus, their expectations of what they want Piironen to offer was central to the company's learning process. This knowledge sharing between actors also happened, for example, through support in actual international operations in the case of High Peak, or as preliminary exploration of opportunities or challenges as provided in an example by iLOQ.

"For example, this person who is in charge of all the events around the world works for WRC. He has been in a key role in enabling us... that we have been able to set up sales in Chile or Spain or Australia in the first place. Without that network of contacts, you could imagine that it would be useless to just fly to Chile and try selling t-shirts, if you don't have things set up and people connected through the network." (Business Director of Retail and Merchandise of High Peak)

"And then we have a meeting with all the partners and get to know each other and discuss possibilities for cooperation. You can exchange information, for example, about manufacturing some material or if we could potentially do business together. Someone can also ask for help regarding their expansion to Sweden. Like we have to expand to Sweden, so has anybody ever done it or does anybody have any contacts for it." (Chief Marketing Officer of iLOQ)

iLOQ on the other hand utilised the high technical competence present in Formula 1 racing by staying informed about the latest technological advancements taking place, for

example, in the area of component materials. By gaining knowledge of other actors' experiences utilising a certain technology or material, iLOQ is able to learn from the experiences of other actors without needing to take certain risks without any prior information concerning those technologies or materials. Thus, technical knowledge is also a crucial form of knowledge developed and shared between network actors. Piironen displayed similar utilisation of new technological knowledge in their own product development by partnering up with another partner of Jokerit, who helped them in creating a software to complement a seating system they provided to an international customer in Latvia. Whereas iLOQ and Piironen developed this technical knowledge by combining new knowledge with their existing resources, High Peak also gained technical knowledge by cooperating with WRC in developing a completely new business model concerning the sale of WRC products in their online store. Operating in this novel field forced them to develop competencies and knowledge previously unfamiliar to them. Operating within the network enabled the creation of this knowledge and partnering up with other network actors in selling their products online further advanced this knowledge. After the successful launch of the WRC store, other actors within the network soon followed requesting High Peak to sell their products online as well. By developing this unique resource within the network, High Peak was able to create competitive advantage, which led them to be a preferred partner for multiple other actors within the network. This resulted in them having business relationships with many international actors within the network further expanding their international operations.

“Because WRC is such a powerful brand in the rally world, and the WRC online store is built by us and owned by us, so it’s kind of... if your products are not in there, you don’t have much visibility in the rally world. And that proved to be an important tool in networking for us, because we had that WRC online store and that was a big reason why it was natural for these manufacturers and teams to negotiate and cooperate with us.” (Business Director of Retail and Merchandise of High Peak)

As already discussed in Chapter 4.2, credibility was recognised by each case company as an important resource that they were able to gain from the network. Credibility helped the companies overcome the limitations that their scarce resources would otherwise have on their internationalisation. By associating themselves with a notable sports organisation in their respective sports, the companies were able to significantly increase their credibility in a short period of time. They were thus able to compete more efficiently with competitors in the international market that possessed much larger resource collections. Closely related to reputation is the notion of reputation, which also emerged as an influential aspect regarding the effect of networks on internationalisation. As discussed

in Chapter 2.1.2 concerning resources, reputation relates to the way a company's past actions and future prospects form its overall appeal to others when compared to competitors (Fombrun 1996). In the networks of the case companies, reputation gained by cooperating with one actor influenced the appeal of the companies to other network actors, both domestic and international. Successes in one relationship made the case companies appear as preferred partners to other actors as well. This exchange of information was seen to happen even between different parts of the same company, when one part of the company becomes partners with a network actor and provides qualifications to other parts of the company concerning that actor. High Peak highlighted the effect that information sharing between actors has on the effect of reputation.

“I am completely convinced that they called to Finland from Austria [Red Bull headquarters], asking what kind of a company this High Peak is. In that way the Red Bull connection came full circle. We had been involved with servicing Red Bull in Finland for many years with good success and managed to get great results. I believe that it had a big impact on the internationalisation through WRC.” (Business Director of Retail and Merchandise of High Peak)

The network also offered resources associated with more common marketing efforts that promoted the internationalisation of the case companies. In iLOQ, the existence of a strong and diverse partner network is crucial to their success in a new foreign market. This is one avenue where the brand of the sports organisation is utilised in many ways. iLOQ must get the right distributors as their partners to increase sales and gain market share internationally. To succeed in raising awareness and enticing potential partners to work with them, they use the brand of Kimi Räikkönen, for example, in driving participation in customer and partner events. In addition, Kimi is actively featured in different forms of media in order to increase the attention that iLOQ gets in the new market areas. In raising awareness, other network actors more central to the target market are also utilised. For example, iLOQ has published a video featuring a prominent German sports personality, Kai Ebel, who also shares the company's marketing material on social media and has promoted the company in the German market. For High Peak, other network actors have assisted them in their own marketing efforts.

“Well I mean... like I drew there [the network illustration] on the top right from WRC to one o'clock, we have gotten suppliers and international marketing help and international marketing people who have helped us and sparred us. They would not have helped and sparred us for free if we didn't

have this WRC connection and if the contact hadn't come from them.”
(Business Director of Retail and Merchandise of High Peak)

Most evidently, the case companies also regarded the relationships within the network to be important resources central to their internationalisation. All the companies stated contacts as being the most important resource they acquired from their respective networks that would otherwise be unavailable to them, which stems from the fact that all the case organisations were completely commercial in nature. Their main objective is to generate sales, and various types of contacts is seen as a key component in this process. The importance of these contacts to the sales process is highlighted by the difficulties companies face in gaining access to important decision-makers in international markets.

“If you just start calling and saying that you are Rami to the marketing team of Neste, I do not think you could even contact them by phone. Let alone they give you an appointment or give you an hour for a meeting with you. You cannot do that nowadays. That is kind of why the network and knowing people... that seems to be the only way to move forward in business. And it is even more brutal in the international side. You must know people, and some way you must be able to say that I got your number from this and this person. Cold contacting is quite weak, so it is significant in international markets also.” (Business Director of Retail and Merchandise of High Peak)

The case companies did not recognise immediate tangible resources gained from the network, but some indication arose to suggest that operating within the network allows the companies to generate tangible resources in the future enabled by some events occurring within the network. Thus, resources in the immediate relationships with other actors within the network could be seen to facilitate the generation of tangible resources in further operations, either in cooperation with other actors or individually by the focal company. This is evident with High Peak and iLOQ. High Peak gained multiple additional customers by working with WRC and the sales generated by those customers have in turn increased their financial resources. In addition, the fact that they are partners of large sports organisations, such as WRC, enable High Peak to be a significantly larger customer to its own suppliers. As a result, High Peak is in a position to receive better prices from these suppliers due to their increased sales volume. iLOQ also pays close attention to new business generated through the network and this is monitored on a monthly or quarterly level by various metrics dedicated to different market areas. Within the company, the sponsorship is managed as an important method of lead and sales generation and the results of the sponsorship are regularly reported to the board. However, both companies

also emphasised the fact that their operations are financed by cash flow generated by their existing business, and internationalisation has not been the result of outside investors.

4.2.3 Activities

The network has led to various forms of activities that had an influence on the internationalisation of the case companies. Some existing activities were developed or adapted individually or in cooperation with other actors, and some completely new activities also emerged as a result of operating within the network. Resource combining and exchange activities between actors occurred in many ways within the network, most notably through combining and exchanging knowledge. As already discussed in Chapter 4.3, other network actors are seen as important sources of knowledge, and this knowledge is acquired in both formal and informal ways. The case companies themselves participated in informal knowledge exchange by developing their relationships with different network actors. These relationships could be business relationships or purely social relationships when no clear business transactions took place between the actors, but still they exchange information regarding, for example, certain projects.

“[As an answer to what cooperation with other actors they had] Some software projects, or maybe we have been in closer contact with some hockey rink supplier or lighting system supplier. We have discussed the background information regarding some projects or discussed our views on new ventures. Those kind of things.” (Vice President of Piironen)

iLOQ takes advantage of the technological knowledge possessed by actors within Formula 1 and uses this knowledge to find new opportunities to develop their own products. As a more formal method of knowledge exchange, the sports organisation can gather all of its sponsors to discuss possible avenues of cooperation. During this time, important knowledge is also shared between the actors, for example, concerning the utilisation of the partnership with the sports organisation. More central to internationalisation, the actors also share information concerning different international markets, thus offering that experiential knowledge gained by one actor to be used by all the other actors. Through this exchange, iLOQ is able to access a much larger collection of knowledge than it would individually be able to gather, thus reducing the risks associated with entering completely unfamiliar foreign markets.

For High Peak, the knowledge exchange that took place between other network actors was also crucial in internationalisation, as examined in a situation where two actors other than High Peak exchanged information regarding the past experiences the actors had doing business with High Peak. Changes and developments in one relationship thus have meaningful consequences for every actor and every relationship within the network.

“Well the beginning of it [internationalisation] was significantly influenced by AKK, because without them there would be no internationalisation. The terms that we have been in with AKK and what kind of message.. they [WRC] have probably asked AKK what kind of a company we are and what kind of a person I am and so forth.” (Business Director of Retail and Merchandise of High Peak)

Marketing activities are also immensely important to iLOQ, especially when they start expanding into a new foreign market. They focus on promoting fast expansion and setting up of commercial activities in new foreign markets, and in this, the new country organisation and their new local partners play a salient role. By utilising the brand of Kimi Räikkönen in their marketing efforts, they are able to raise much more awareness than without partnering with such a significant sports brand. The presence of Kimi is seen as a valuable resource which is exchanged with other actors within the network, for example, customers, resellers, and media partners, to raise awareness and provide visibility. The value of this resource and activity is highlighted by the fact that it is something that only iLOQ is able to offer them, which makes it unique and exclusive. The cooperation in marketing activities is thus seen as a central activity that is utilised in internationalisation.

” It is faster for us to break into new markets, start doing sales, build reseller network and commercial activities when marketing communications is done together with Kimi. Through cooperation you get a lot more done and earn more attention that you would get just as iLOQ without Kimi.”
(Chief Marketing Officer of iLOQ)

Resource development took place in instances where the case companies in some way changed the use of their current resources. This happened as an answer to changes within the business environment when the companies expanded from their domestic or current international markets into completely new foreign market areas. For example, Piironen was forced to change their approach to marketing in the Chinese market, as they realised their current methods were not suitable for operating within this new foreign market. For instance, the activity of translating their marketing materials into Chinese was a completely new activity to the company, which forced them to make adaptations to their existing processes. Furthermore, they realised that it would not be enough to simply translate their original materials to Chinese, as multiple aspects that are central to their marketing in other areas, would not be sufficient in the Chinese market.

“I had a PowerPoint presentation for example... a PowerPoint presentation in Chinese and those flyers and rollups. We went through some trouble, because it is not like you just translate the Finnish or English presentation

into Chinese and that is it. We had to think about it in a completely new way. For example, when we tell them that we have this many square metres in our production plant and a hundred employees. In fact, we had to leave that out, because in the eyes of the Chinese, those square metres are not much, and a hundred employees is nothing.” (Vice President of Piironen)

iLOQ on the other hand developed its own activities by taking advantage of the aspects where Formula 1 teams are exceptionally good at. In addition to exchanging knowledge relating to the use of some new materials and overall R&D, iLOQ also utilised this knowledge to improve its time to market, i.e. they are able to learn how Formula 1 teams are able to adapt so quickly to new race environments and requirements, and expand these experiences into their own business. In High Peak, this adaptation of activities emerged as a result of the higher level demanded of their business operations when partnering with large international partners such as WRC. In addition, the increased business volume required them to recruit more employees (Aamulehti 2018), which naturally had an effect on the way activities are performed within the company. This adaptation of activities and the development of the company’s resources had an effect in further internationalisation, as the company already had the knowledge of the requirements they would face when partnering up with, for example, the British company owning the rights to the World Rallycross Championship.

“This [the new merchandise business model] is a completely different thing. The network and international markets have required us to understand the business on a whole new level, and WRC being a German company... even if we here in Finland think we are organised and punctual, Germans are just slightly more precise. If I say that it is next Tuesday at ten, then it is at ten and not five past. So, things are quite a bit more lenient in Finland. And I do not mean either one is better, but Britain and Germany have instilled more precision into us, which has raised the level we demand from ourselves.”
(Business Director of Retail and Merchandise of High Peak)

The case companies also performed resource creating activities where they combined their resources with those of other actors to produce completely new resources to be used by other actors. This resource creation happened in cooperation with the sports organisation as well as with other network actors. As mentioned earlier, Piironen cooperated with another actor within the network and produced a new software to compliment a seating system it provided to its existing customer. The two actors combined their knowledge and resources thus creating a completely new product. High Peak on the other hand cooperated with WRC to build an online store where the

merchandise of WRC is sold. This was a completely new activity for High Peak which enabled them to promote their internationalisation by partnering up with other actors concerning the sales of their respective products online as well. Furthermore, the entire internationalisation process of High Peak was initiated by venturing into a completely new business environment in cooperation with the Finnish subsidiary of Red Bull. By creating their merchandise business for the partnership with Red Bull, High Peak eventually became partners with AKK and ended up expanding into international markets through this network. However, internationalisation was not a clear goal for High Peak when they started their cooperation with Red Bull. Internationalisation was seen more as a coincidence enabled by their partnership with AKK, which eventually led them to become partners with the international sports organisation WRC.

Although adaptations in existing activities and the creation of completely new activities happened within the network, in some instances the effect of the network was not seen as having a major effect on the companies' activities. For example, Piironen has previous experience in various foreign markets, so they are not new to the internationalisation process.

“[When asked how the network affected their operations] It helped it in a way, but it was by no means ground-breaking. No turnarounds were made because of it, but it did help things. – – Even though China is a new market area to us in that project, it was not an unfamiliar area to us in that way. I mean we were not involved with ice hockey for the first time.” (Vice President of Piironen)

In addition, Piironen did recognise some activities that would require adaptations if they wanted to pursue further internationalisation into China, but the company decided not to engage in these adaptations as other business goals were seen to precede the export efforts in China. Thus, they felt that this particular project did not shape the way they do things in a significant way.

4.3 Summary of the main empirical findings

The actors, resources, and activities within the case networks were connected through relationships born between different network actors. The most important actors from the viewpoint of the case companies were the sports organisations. The sports organisations possessed most of the resources seen as important in the internationalisation of the case companies. Most importantly, the sports organisations were able to provide the case companies with important contacts to actors within the foreign markets that the companies were trying to expand to. These contacts could be in the form of potential clients, marketing people, or distributors for example. This exchange of knowledge was

a central activity that enabled the internationalisation of the case companies, as without these salient contacts within the target markets, internationalisation efforts would be much more difficult. The important role of networking and having an existing connection to support that process was seen as vitally important, especially in international markets. The opportunity to utilise the sports organisations contacts in generating new business within the preferred target market was sometimes seen as the most important aspect in the relationship with a sponsor.

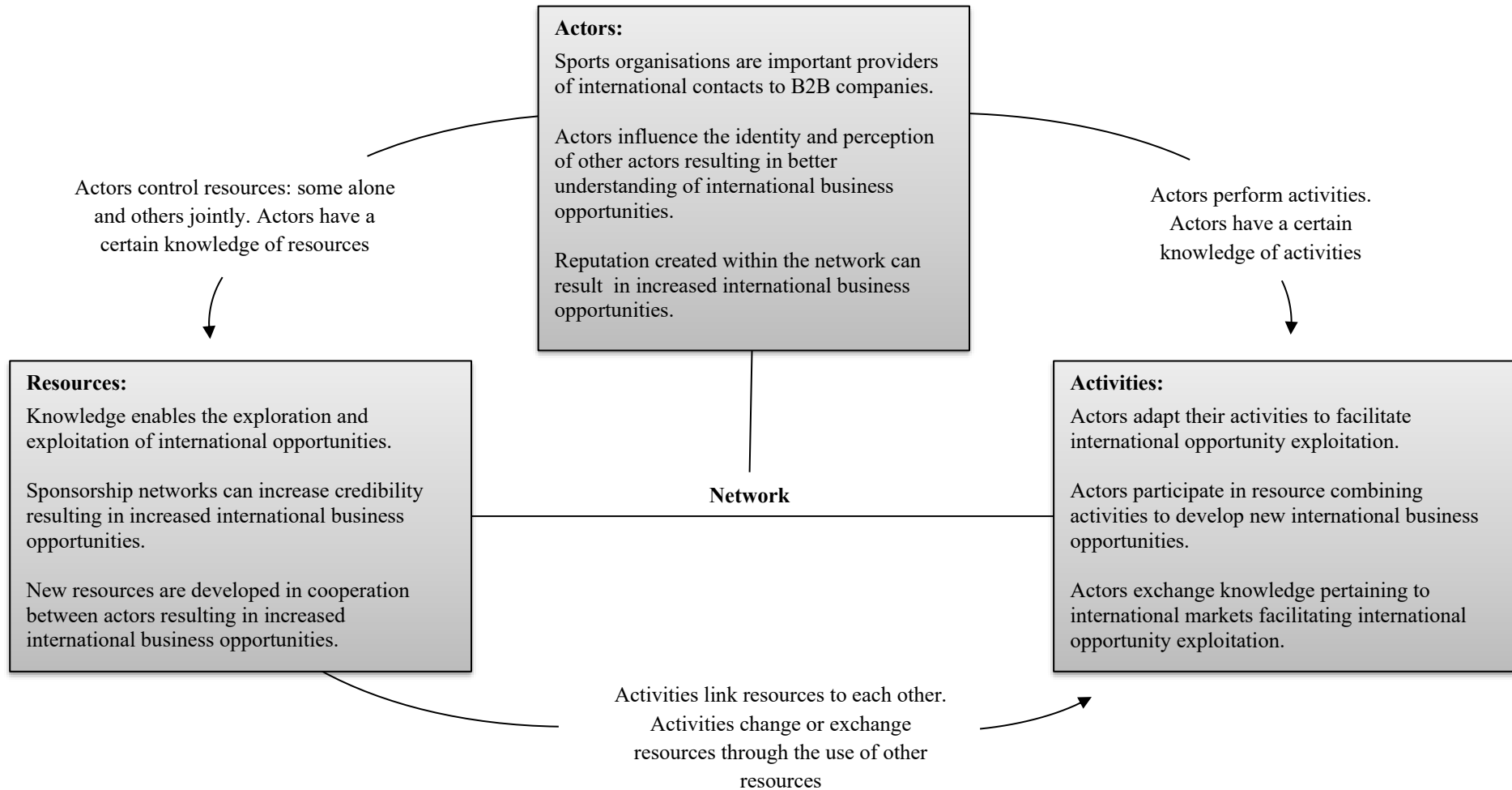
In addition to the sports organisation directly providing contacts, more informal and serendipitous events and processes also led to the formation of crucial relationships for the case companies. For iLOQ, the act of networking is a process that is expected to provide quantifiable results, whereas High Peak was able to form relationships through unsolicited contacts from other international network actors. The entire internationalisation process of High Peak could also be seen as a serendipitous event initiated by a single contact from Red Bull. In addition, Jokerit could be compared to an export organisation in this context, as they actively gathered partners who required help in their expansion to China, which was the explicit goal of the program. Thus, many different types of catalysts to relationship formation were present within the three cases. However, it is not possible to say if one form has more significant effects than others, even though the more the case companies considered networking as a strategic goal, the more they seemed to actively participate in it in both formal and informal ways.

The focal relationships between the sports organisations and the case companies facilitated internationalisation also by increasing the perceived credibility of the case companies. By associating themselves with the sports organisation or the wider network, the case companies were able to attach certain positive attributes to themselves that did not necessarily have any real foundation in reality. This led the case companies to appear as more attractive partners to other international actors, which led to the expansion into certain foreign markets, for example, when international actors contacted them concerning business opportunities. This effect was crucial especially to iLOQ, which operates in an international market with multiple large and highly established companies competing for the same customers but was also a central aspect in the internationalisation of High Peak as well. Operating in the network also affected how the companies perceived other actors and themselves. Through learning that occurred within relationships, the case companies were able to create a better understanding of possible business opportunities. This exploration of international business opportunities led to some new international activities to be performed, for example, when Piironen partnered up with another network actor to develop a new application to complement a seating system they delivered to a customer in Latvia.

Relationships to other actors born through the sports organisation were also important sources of knowledge. The exchange of knowledge occurred in relationships with, for example, potential customers, existing customers, and other partners of the sports organisation that the case company itself had no formal relationship with. By interacting with customers, the case companies were able to learn about the needs and requirements of these actors, which led to adaptations and developments in the activities and resources of the case companies. These adaptations enabled the case companies to utilise their relationships more efficiently. Knowledge was also shared between different actors regarding different foreign markets. By exploring potential problems and opportunities in those markets, the case companies were able to mitigate the effects of poor prior market-specific knowledge and also explore potential business opportunities. Sometimes this knowledge also led to a decrease in commitment to a certain market, as new knowledge proved the market to be less attractive than before.

Certain relationships within the network also resulted in the creation and utilisation of unique resources that facilitated internationalisation by making the owner of those resources a preferred partner to other network actors in foreign markets. For High Peak, this meant that owning the WRC online store resulted in multiple other international actors wanting to partner up with High Peak regarding their own online sales. The most important empirical findings of this study are summarised in Figure 13 by adapting them to the ARA model.

Figure 13 Summary of the main empirical findings



5 CONCLUSIONS

5.1 Theoretical implications

This study serves as a significant contribution to the expansion of sponsorship network research into the context of internationalisation, and by utilising this novel approach, many of the earlier empirical findings in sponsorship research were evaluated within international markets. Most importantly, the potential to do business with other network actors and acquire important contacts for the process of business development was seen as a central aspect in operating within international sponsorship networks, which supports the findings of earlier empirical research conducted by Cobbs (2011) and Wagner et al. (2017). This study also recognised the effect that operating in sponsorship networks can have on the company's image and identity when the attributes of, for example, the sports organisation, are associated with the sponsoring company as well, which is similar to the effect that business clusters have been shown to have on reputation, offering positive results for internationalisation (Zyglidopoulos et al. 2006). Similarly, this study also recognised the important effect that sponsorship networks can have on the company's credibility as it is perceived by other actors, which also acts as an important facilitator of internationalisation, as also recognised by Vasilchenko & Morrish (2011) in their study of entrepreneurial networks' effect on internationalisation.

Furthermore, multiple other theoretical findings and propositions concerning network internationalisation were supported. First, the effect of different types of knowledge was central to the internationalisation of the case companies within the sponsorship network, which supports the studies of Johanson & Vahlne (2009), Vasilchenko & Morrish (2011), and Hietala et al. (2019), just to name a few. In addition to utilising formal and informal relationships, this study also observed a sports organisations adopting an approach of an export organisation, as Jokerit explicitly set out to help its chosen partners in their expansion to China. This finding is similar to the proposition of Ojala (2009), who found that companies might use these mediated relationships in internationalisation when they have few existing formal or informal relationships in the market. In a more informal way, the approach of iLOQ could also be described as utilising a mediated relationship, as one important goal for them within the sponsorship is to expand to new markets. Interestingly, sponsorship networks seem to be rather unique in internationalisation research, as their main goal is often not in the business domain. Sports organisations must balance between financial stability and success in their respective sports, so the trade-off between network development and focus in the sports side could cause some problems.

Continuing with the viewpoint of the sports organisation, this study also developed the theoretical literature concerning the importance of maintaining a wide network of contacts and acting as a platform for sponsors to develop their businesses, which allows them to

present themselves as preferred partners (Cobbs 2011; Cobbs & Hylton 2012). Moreover, Cobbs (2011) proposed that the attractiveness of a sponsorship network is dependent on the amount of sponsors the sports organisation has, but the results of this study suggest that all contacts potentially facilitating the business development of the sponsoring company are important in the attractiveness of a sports organisation. This can most likely be attributed to an inherently different research focus, where Cobbs (2011) made his propositions purely based on sponsors of sports organisations. However, the notion of including different types of partners in the evaluation can offer a more comprehensive view of the possibilities of the relationship.

Concerning the theoretical models utilised in this study, even though the ARA model has been used in some academic studies concerning networks in the international context (Olkkonen 2001; Lurdes Velude & Macbeth 2004), this study has used it successfully in the context of three different sponsorship networks, thus contributing to the knowledge of its use in various different network situations. Furthermore, few or no empirical studies have previously attempted to explain internationalisation in sponsorship networks, thus making this an important preliminary exploration into finding suitable theories and models. This study provided some tentative evidence to suggest that the factors used in network internationalisation models can accurately explain internationalisation within sponsorship networks as well. Most importantly, learning within relationships and knowledge emerged as highly influential aspect affecting internationalisation.

This research approached the networks by focusing on the relationships between the case companies and the sports organisations associated with each company, as well as the relationships the case companies created to other actors through the sports organisations. As such, the business creation between different sponsors alone was not the focal point, but the cooperation between any actors associated with the sports organisation that had a meaningful effect on the internationalisation of the case companies. While earlier research (Cobbs 2011; Wagner et al. 2017) has examined the sponsorship network mainly as the relationship of the sponsors with one another, this study saw it as all the contacts accessed through the sponsored organisation, thus still focusing on the sponsorship phenomenon. As a result, this study adopted a slightly modified viewpoint of a sponsorship network, which currently lacks a clear definition, thus possibly providing some preliminary empirical evidence to support the formation of one such definition.

5.2 Managerial recommendations

This study highlighted multiple aspects that organisations on both sides of the sponsorship arrangement need to take into consideration. Concerning companies, managers should seek to strategically evaluate possible partnerships with sports organisations to effectively leverage all the resources available through the networks of those organisations. Even

though internationalisation in sponsorship networks can happen through serendipitous events or more formalised processes, the range of contacts that the sports organisation is able to offer to the company is an important antecedent of successful internationalisation. Thus, managers should place careful consideration into evaluating the possibilities for international market opportunity exploration and exploitation within the network. Most importantly, managers should participate and foster the sharing of knowledge concerning multiple aspects of business, for example, internationalisation knowledge, market-specific knowledge, and technological knowledge, because these are important facilitators in the recognition and exploitation of international market opportunities.

Managers should also recognise the importance of leveraging the image and identity of the network, but most importantly the sports organisation. By associating themselves with a sports organisation possessing certain attributes, the sponsoring companies can attach these attributes to themselves. In this way, companies can overcome crucial resource limitations in their internationalisation, for example, by appearing much larger than they actually are, thus increasing their credibility and attractiveness to other actors. In this way, companies can significantly affect the international market opportunities available to them. This also heightens the importance of strategically evaluating possible sponsorship targets in terms of their image, as the positive effects of the image transfer between the sports organisation and the company can be significant.

To the sports organisation, this means that their managers should actively seek to facilitate cooperation between different partners, as the role of the sports organisation as a bridge connecting different actors together was seen as the most valuable aspect within the network. In addition, sports organisations should promote this contact building aspect of their business as an important selling point to attract new sponsors into their network, thus further increasing the value they offer to existing sponsors. Finally, sports organisations should aim to understand the perception that external actors have of them, as this perception can be associated to its partners as well. Thus, by developing certain attributes in its image and reputation, the sports organisation can affect the opportunities available to its sponsors.

5.3 Limitations and suggestions for further studies

This study utilised a multiple-case study approach and was exploratory in nature. The interviews were conducted with three organisations, all of which had very different arrangements with their respective sports organisation partners. One case company followed a clear sponsorship arrangement with an individual athlete, another was part of a more internationally motivated partner program with a hockey team, and the third had a license agreement with a motorsport organisation. Thus, the varying nature of the organisations and the sponsorship arrangements combined with the inherent limitations

of a case study approach effect the generalisability of this research. In addition, the study followed a method of purposive sampling which was further affected by difficulties in finding even three companies that fit the purpose of this study. The processes described in this study may potentially influence a large number of companies, but information regarding the details of sponsorship activities are not easily available. Thus, identifying potential case companies proved difficult and led to the identification of only three case companies. However, the researcher does believe that the data gathered from the three case companies did lend sufficient support to the findings made in this study, acknowledging that the aim was not to make generalisations regarding theory but to explore a relatively unresearched stream of network and sponsorship literature.

Furthermore, this study utilised semi-structured interviews as a method of collecting the primary data. However, this style of data gathering relies on retrospective sensemaking, thus making the opinions or comments of the interviewees prone to bias (Eisenhardt & Graebner 2007). In addition, this study focused only on the positive effects that sponsorship networks can have on internationalisation. Combined, these aspects may construct an optimistically positive picture on the effects of sponsorship networks.

Finally, the fact that this was an exploratory study combined with limited resources, the researcher must highlight the caution that was taken while formulating the findings, and the caution that the reader has to take when drawing his or her own conclusions. The researcher has aimed at making only judgements supported by the data, but simultaneously this has led to the lack of understanding into the actual procedural nature of some themes, as it was not always possible to further investigate certain topics. This is also taken into consideration in suggestions for further research.

Because this was an exploratory study on a subject with little existing research, future studies should seek to elaborate and verify the multiple findings from the perspectives of both the sponsor and the sports organisation. The ways in which networks facilitate the internationalisation of B2B companies could be examined by a longitudinal study that focuses more on the entire internationalisation process of a single B2B company. This way, the different facilitative aspects could be examined more closely and more clearly as a part of the internationalisation process of the company. In addition, each component of the ARA model could be examined individually to gain a deeper understanding of, for example, the effect that different activities have on the internationalisation of B2B companies.

One main finding in this study was the ability of the case companies to increase their credibility by associating themselves with the sports organisation. This effect had a significant impact in each case and offers interesting avenues for further research. The theory of cluster reputation closely relates to the findings within this study, and more information could definitely be gained by focusing on this subject in order to build and

test a rigorous theory on how taking on the attributes of a sports organisation can affect the international operations of a company through increased credibility and other factors as well using both qualitative and quantitative methods.

In addition, sports sponsorship is just one form of sponsorship, and future research could focus on sponsorship networks in a different context, for example culture or education. Because organisations in these different fields can possess very different attributes, studying the effects of sponsorship networks in these contexts could provide very different and interesting results. Lastly, the five research propositions of Cobbs (2011) concerning the possible effects of, for example, network range and network density, gained some preliminary support in the international context in this study. These findings should be researched more closely by utilising quantitative methods to further test the theory specifically in terms of internationalisation.

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APPENDICES

Appendix 1 Pre-interview guide

The purpose of this Master's thesis is to examine how B2B companies like yourself can benefit from the networks of sports organisations in internationalisation. Your contribution to this study will consist of one interview lasting approximately one hour. In addition, you should provide an informal visualisation of the sponsorship network, which will be explained in the next page. All the gathered information will be treated with confidentiality and in good manner.

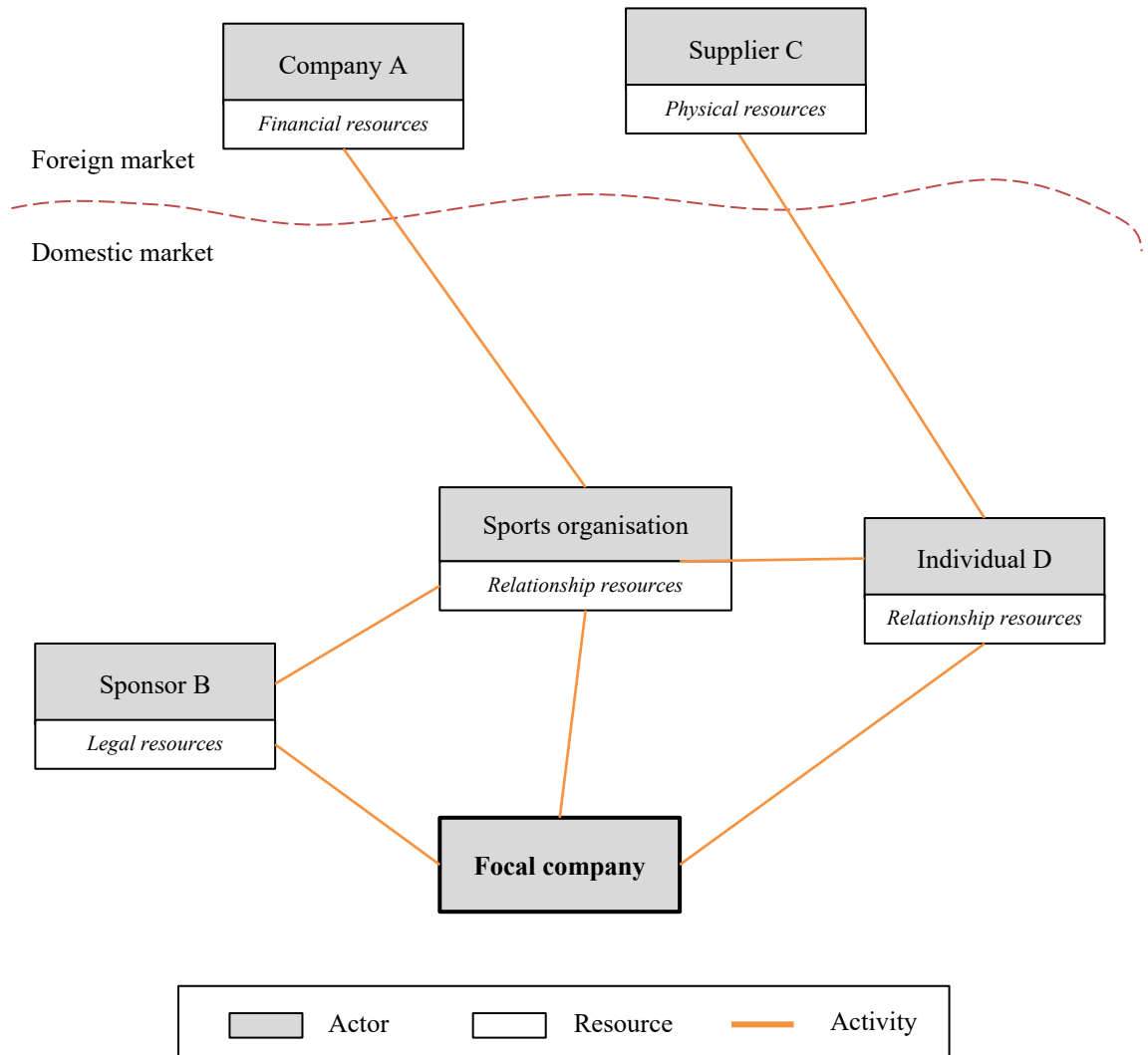
The expectation is that sponsorship networks provide sponsors with multiple connections and resources that help them expand into international markets. The research will provide organisations participating in sports sponsorship with meaningful propositions on how to utilise these networks to facilitate internationalisation. In addition, you will gain detailed information regarding the interaction and business development occurring in your particular network.

The main themes of the interview will be:

- 1) Personal and company background
- 2) The key network actors influencing your internationalisation.
- 3) The key resources affecting your internationalisation. What is your company able to access through the network otherwise unavailable to you?
- 4) The key activities influencing your internationalisation. How has the network affected your company's way of doing things?

Finally, please draw a preliminary network visualisation which is intended to illustrate the structure of the network in terms of key actors, resources, and activities relating to you and your organisation. In this study, a sponsorship network includes the sports organisation, the sponsors, and the connection of the sponsors to each other.

The visualisation does not need to be technically accurate, as it will just act as a guiding principle in the interview, during which the visualisation will be elaborated if needed. It is probably easy to start by identifying the most suitable actors within the network and the connections between them.



If possible, please send a scanned version or a picture of the preliminary network visualisation to the researcher before the interview, thank you.

Best regards
Rami Neziri

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Appendix 2 Interview questions

Personal and company background

- 1) Could you briefly tell me what your company does?
- 2) How have the company's international operations developed in the past?
- 3) Could you briefly summarise your company's current international operations?
- 4) How has your company aimed to increase its international operations?
- 5) How has the company been or is currently in cooperation with sports organisations?
- 6) What are the company's motivations for this possible cooperation?

Actors

- 7) Which actors in the network have influence the company's international operations?
How have they affected them?
- 8) How did the relationships to these actors originate?
- 9) How have they developed after the beginning of the relationship?
- 10) Could you describe the moments or aspects that have been crucial in the development of these relationships?
- 11) How has your company's perception of these actors changed in the past?
- 12) What has been the effect of trust in these relationships?

Resources

- 13) What is your company able to access through the network otherwise unavailable to you?
- 14) Which tangible resources have affected your company's international operations?
- 15) How has the network affected these resources?

- 16) Which intangible resources have affected your company's international operations?
- 17) How has the network affected these resources?
- 18) What is the possible effect of knowledge gained from the network on your company's international operations?
- 19) How would you describe the effect of credibility on your company's internationalisation?
- 20) What have been the networks possible effects on your company's credibility?

Activities

- 21) How has the network affected your company's way of doing things?
- 22) What effect has this had on your company's international operations?
- 23) Could you describe the possible new activities born because of the network?
- 24) How have these possible new activities affected your company's international operations?
- 25) How has your company cooperated with other actors within the network?
- 26) How has this cooperation affected your company's international operations?

Appendix 3 Supplementary data

Case company	Material	Description	Publication/ search term
iLOQ	Formula 1 website	The website of the Formula 1 Paddock Club. Presents the networking aspects of the race events.	Formula 1
	Interview of Chief Marketing Officer	An interview with Joni Lampinen concerning the sponsorship agreement of iLOQ with Kimi Räikkönen	10.fi
Piiroinen	Jokerit press release	A press release announcing the involvement of Piiroinen into the partner program	Jokerit
	KHL website	The official KHL website used to determine the geographical opportunities presented by the league	KHL
High Peak	Interview of Business Director	An interview with the Business Director of High Peak concerning their deal with WRC	Y-studio
	News article	A news article describing the experiences of High Peak working with WRC	Aamulehti

Appendix 4 Coding process and basic themes

Codes	Coding rule	Sample text section	Basic themes
Contacts	Contacts or relationships via the sports as a resource	“These people in the network have shared some new high-technology information so far only used by them. Our R&D is probably quite interested in it. Different types of contacts and networking. That is the biggest thing.”	Networking creates business opportunities
Networking	Networking as a goal-oriented activity	“A leading motocross team from the United States was in contact with us. I started the conversation by saying that expanding there is not right now quite relevant to us, but maybe in a year it could be. And also, we have to have a strong business angle in this, so who are the people you know from this and this business area and this and this state in the US?”	
Social relationships	Networking with no business relationship	“Then another thing was with the Finnish companies [as compared to the Chinese client contacts]... when you got to the hotel and went to the bar, that is where a truly crucial turn of events could take place.”	
Trust	Direct reference to the word “trust”	“This is how I see it. Trust and personal relationships are even more important in the big world than in Finland.”	Perception and identity change over time
Perception of others	Changes in perception of others	“For sure. We have learned more and become familiarised with people and we have a better understanding of opportunities. Also, of opportunities that could come to us. If one hockey rink supplier sells rinks... or a lighting system supplier. They are involved in the same projects as us.”	
Self-identity	Change in self-perception	“Maybe you believe in own opinion more and you are able to say things more directly and demand certain things. Because when we went to the international side, we were total rookies in it. – But after a while, we noticed that we weren’t that bad in it after all --”	

Reputation	Direct reference to the word “reputation” or reference to effects resulting from success within network	“We ultimately decided to accept the challenge and do the 2016 Neste Rally. And considering the tight schedule, it went really great and we managed to get really great looking products there. That proved to be the thing after which WRC contacted us.”	Reputation affects opportunities
Reference	Actors share knowledge of working with other actors	“I am completely convinced that they called to Finland from Austria [Red Bull headquarters], asking what kind of a company this High Peak is.”	
Unique resources	Development of new resources	“Because WRC is such a powerful brand in the rally world, and the WRC online store is built by us and owned by us, so it’s kind of... if your products are not in there, you don’t have much visibility in the rally world. And that proved to be an important tool in networking for us, because we had that WRC online store and that was a big reason why it was natural for these manufacturers and teams to negotiate and cooperate with us.”	Networks help actors develop unique resources
Credibility	Direct reference to the word “credibility”	“Well like I said, it has increased our credibility. It’s hard to define if your credibility has increased yourself, but this feedback comes from different stakeholders.”	Networks can increase credibility
Image	Additional component of credibility, relates to how the sports organisation affects how the company is perceived	“We have acquired a lot of new customers who have nothing to do with our merchandise operations, but who see us as a good and reliable actor in a benchmarking sense. Meaning that if WRC is partnering with them, then they must be good or reliable, and that has resulted in more sales which has in turn increased our resources.”	

Knowledge creation	Actors combining their knowledge to develop new knowledge	“They have a few things that they are really strong at. One is the testing and utilisation of new materials. So, we have done this kind of R&D type of cooperation.”	Knowledge is created and shared
Knowledge sharing	Actors sharing knowledge	“I got to know the other Finnish companies within this project. I gained a network of my own. We have shared information afterwards and generated some new ideas as well.”	
Learning	Experiential learning of individual actors	“[When asked if they expanded into the foreign market] Well the answer is no, we did not. But at the same time, we found out multiple barriers to our expansion.”	
Activity adaption	Changes made in activities	“[Contemplation about their manufacturing and exporting] This opened our eyes to the fact that maybe that is not the case and you have to figure out alternative routes. Then there were also the marketing and communication things. That when you leave Finland, our way of doing things might not be the right way after all.”	Actors adapt their activities to function within the network
Activity requirements	Changes made due to requirements of the network	“Well, the fact that we have received a whole new level of operational requirements from there that we have to be able to match has had an effect.”	
Product development	New product development	“I had trips to China at the same time, and we talked with one software company and I told them that I have this problem with another customer... it doesn't have anything to do with hockey... I need to come up with this solution. He said that he'll think about it and the next morning he said that he might have an idea for this. And he had a lot of ideas.”	Completely new activities emerge in networks
New activities	A novel activity within the network	“It was kind of a new thing for us, because for twenty years we had just manufactured items and sold them to business clients. We had not sold to consumers, but we thought we would still go ahead...”	
Cooperation	Two actors work together	“It is faster for us to break into new markets, start doing sales, build reseller network and commercial activities when marketing communications is done together with Kimi.”	Actors link their activities through cooperation