

“We open doors others do not!”: Position and power of foreign institutional networks



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Purpose

Difference between the home and host country socio-political environment is a defining factor in how easy it is for firms and other organizations to adapt into new markets. Foreign institutional actors (INAs), such as in Embassies and Chambers, can act as a liaison and legitimacy providers, offering major source of support (Andersson and Sundermeier 2019; Bembom and Schwens 2018).

The aim of this study is to advance our knowledge of how the position, they gain from their organization's legitimacy and status, is displayed, maintained, and perused in the context of a bureaucratic host environment. Japan is chosen as a host market, because it is the EU's second largest trading partner in Asia and remains a challenging market for Westerners due to complex market entry barriers.

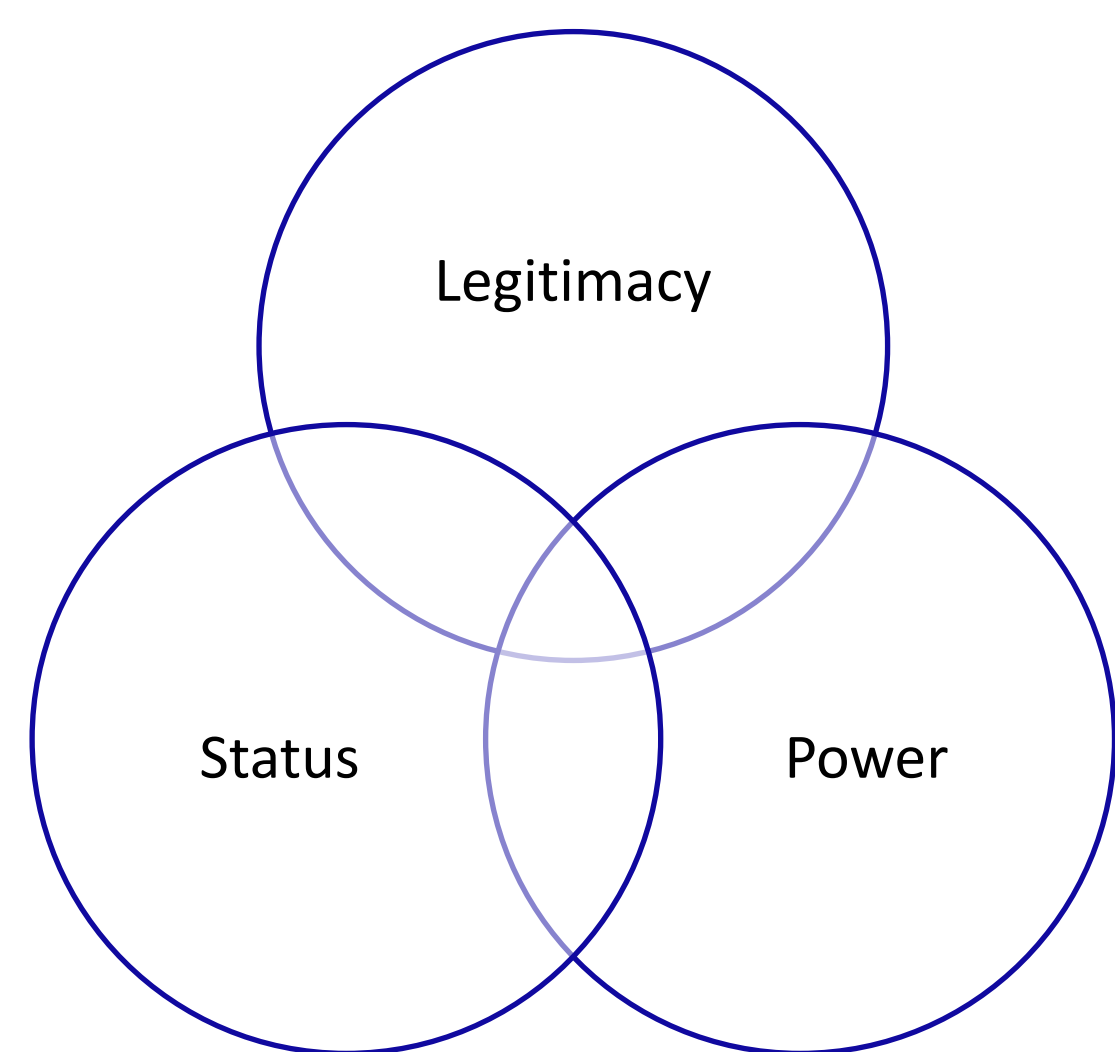


Fig. 1 – Interrelation between three concepts that explain the position of INAs.

Methods

Qualitative research

- ✓ 18 In-depth semi-structured interviews with elite actors from the institutional networks.
- ✓ Most interviews conducted on site in Japan, focusing on Icelandic, Danish and Swedish INAs.
- ✓ Fieldwork commenced in 2016 (pilot), but majority of interviews conducted in 2018-2019.
- ✓ Flexible, abductive, and emergent research approach (Charmaz 2014; Dubois and Gadde 2002; Glaser 2005)

Phases	Participants: Institutional actors (INAs)	Coding development
Phase I	Interview Guide I: Nordic Embassy: INAE1, E2, E3, E4 Nordic Chamber of Commerce: INACC5, CC6, CC7	Initial coding
Phase II	Interview Guide I: Nordic NGO: INA8 EU NPO: INA9 and JPN NPO: INA10	Focused coding
Phase III	Interview Guide II: Embassy/Chamber follow-ups: INAE1-E4 — INACC5-CC7	Theoretical coding

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Results

Two categories were identified with observed interconnectivity as INAs gain their power from the position of their organization: *position* and *power*.

Position: Foreign organizations gain legitimacy by conforming to host country's preexisting rules and regulations. It is the authority's acceptance of the status of INAs and their organizations in the hierarchy that sets them apart from other entities (firms) and gives them leverage.

Position	Definition - subcategories	Illustrative example
Acceptance	Acknowledgement of <i>legitimacy</i> and <i>status</i> of foreign INAs and organizations within host society (“open doors”)	“chamber of commerce is an entity that has so much function in countries such as Japan. There they have a position in the society” (INAE4)
Transferred acceptance	Acknowledgement covers the <i>physical location</i> of embassy, transfers acceptance to those located there and events on premises	“getting to be partially under the roof of the embassy is certain bona fide” (INAE1)
Leverage	Foreign INAs use their acceptance as <i>leverage</i> to assist firms gain access into host environment	“we can really make a difference that it's not only an unknown [country origin] company...we're the commercial office at the embassy of [country origin]” (INAE2)

Power: INAs power is wielded through legitimized position and depends on their status and rank in the hierarchy. Their power is also based on their central network position, enhanced by their networking, gaining contacts into society and the bureaucratic, establishment.

Power	Definition - subcategories	Illustrative example
Legitimate power	Power the INAs gain from their organization's position (<i>legitimacy</i> and <i>status</i>). Elevated position of ambassador and embassy. (“power card”).	“The ambassador, embassies have weight in Asia, we open doors others do not!” (INAE4).
Social power	Power can also be <i>acquired, maintained, and enhanced</i> by networking; actively developing contacts with strategically important network relations.	“the aim is of course to, to build up some relations that can somehow be useful for [country origin] companies.” (INAE3)

Conclusions

The study found that the structural position and power of foreign institutional networks in hierarchical and bureaucratic host environment opens doors, unobtainable for foreign firms and other stakeholders. It empowers their leverage to reach authorities, press and power players.

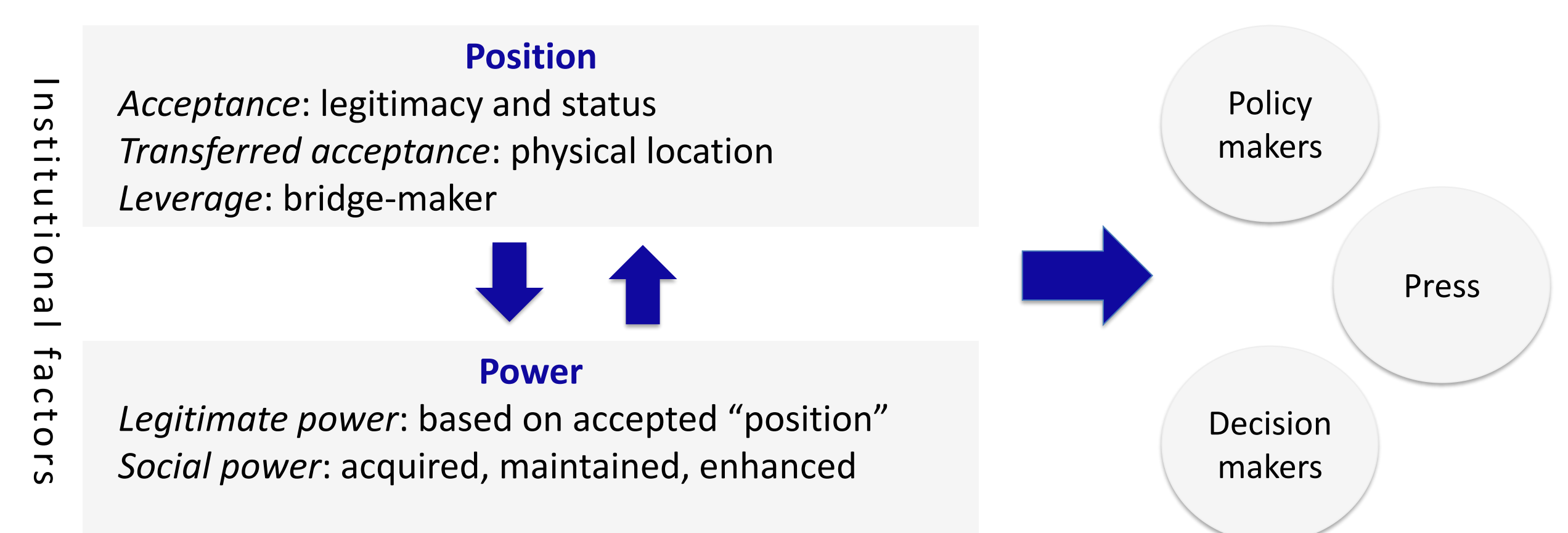


Fig. 2 – Empirical model: Position and power of institutional networks in Japan.

Contribution:

- ✓ Advances burgeoning research of foreign institutional (support) networks in market entry research, by increasing knowledge of INAs structural position.
- ✓ Institutional theory and other: Demonstrates interrelations and overlap between three interdisciplinary concepts: 1) organizational legitimacy, 2) status (Bitektine, Hill et al. 2020; Deephouse and Suchman 2008), and 3) power (Scott 2008).

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