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AN INDIAN ENTREPRENEUR ESTABLISHING BUSINESS IN EUROPE

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An Indian Entrepreneur Establishing Business in Europe

ABSTRACT

- Title:** An Indian Entrepreneur Establishing Business in Europe
- Course:** Master Thesis EFO705 in International Business and Entrepreneurship, Swedish credit points (15 ECTS)
- Authors:** Xiaoran Wang and Amit Vaghela
- Tutor:** Leif Linnskog
- Problem:** How did Mr. Deepak Soni establish and develop his company Anora Pvt Ltd in Poland, a company operating in the branch of textile and clothing? From this research problem, the dissertation will be focused on the internationalization.
- Purpose:** The aim of thesis is to understand and describe the way an Indian entrepreneur succeeded in establishing and developing a viable business in Europe, i.e. to understand and describe how Mr. Deepak Soni established and developed Anora Pvt Ltd in Poland, a company operating in the branch of textile and clothing.
- Method:** This dissertation is based on qualitative study for the researchers to study the internationalization process of Anora, Ltd in Europe. Qualitative study is better for us to look into the internationalization process of Anora and fulfill our purpose.
- Theories:** Uppsala-Model, Network Theory, and International Entrepreneurship build the theoretical frame of reference.
- Target Group:** Our research findings will be submitted to the company Anora, Poland and to students and researchers as we will provide important information regarding their Internationalization Process
- Conclusion:** This paper has offered Anora's empirical findings. During the analysis part, with the help of theories we choose, we have had better understanding of internationalization process. Moreover, we have successfully achieved the aim to understand and describe the way an Indian entrepreneur succeeded in establishing and developing a viable business in Europe. Moreover, Researchers have displayed the components in the model refined, commitment, knowledge, relationships and entrepreneurship are not isolated, and each of them has interplayed with others. For researches in internationalization process in future, we recommend researchers should considerate all components as a whole rather than insularly thinking over only one components.

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1: INTRODUCTION OF ANORA, LTD AND ITS BIRTH PLACE

Poland has a rich tradition of textile culture, both in the crafts and industry. Starting in Lodz, the Polish textile routes lead to prosperity (Frank, Alena and Youcef, 2002). Lodz has been recognized as a city since 1423, although it has a history for 6 centuries. Its economic growth can be stemmed from 19th century. Within several years a small village was suddenly got changed into a large textile centre. Not only Poles but also Germans, Jew, Russians, Italians, French and the Swiss had invested in Lodz. Today, Lodz has become the second largest city, after Warsaw which is the capital of Poland. Although the economic transition after the disintegration of Soviet Union had caused some difficulties for its economic growth. Through the history of Lodz, We can observe that Lodz is a city that has traditional textile industry and is the hub of textile in Poland for a long time. (rootsweb, 2008)

In this background, Anora Pvt Ltd (Hereafter called “Anora Company”) has been established in March 2005, in Lodz, Poland. In Poland Anora Company has become eminent and outstanding in the field of Jeans market, through their accumulated relationships and thorough knowledge of the needs of the customers besides the above two years of continuous development and also thanks to the local governments support. (Phone Interviews with Deepak S. April and May 2008)

Anora Company has been doing a business in the area of trading and distribution of three series of products: Jeans, Yarns and Knitted Garments. These products have always been in demand according to the trend and design which Anora has fulfilled the requirement of their customers in Poland and has raised excellent reputation for their good quality and service. Apart from doing a good business in Poland, Company has clients in other part of Europe also like Germany, Slovakia, Czech republic, Latvia. (Phone Interviews with Deepak S. April and May 2008) the above information is being mentioned in the appendix A and B, which have references of emails and phone interviews.

Nowadays, Anora plans to expand to the Swedish textile market because through its relationship in Sweden, the founders begin to have more knowledge of Sweden market and realize business opportunities. (Email Interview with Deepak S. April 11, 2008)

The company has following divisions:

- (a) The main business is import of Jeans Fabrics from India ‘ Raymond Denim mills’ n and sell to Polish Jeans manufacturers who later sell finish goods (Garments with their brand label) in Polish market + export .
- (b) Trading in Home textile , Yarns and knitted Garments.
- (c) Agent For “ Raymond Denim Mills ”
- (d) Financial risk consultant for other companies

2: INTRODUCTION AND PROBLEM OF RESEARCH

2.1 The Choice of Topic

The president of Anora migrated to Poland from India for a job in Poland based companies, Techno Park and Tetra Pvt Ltd, respectively for 8 years before founding a company Anora. When he worked in these two companies, he was looking after Jeans section in which he acquired a sufficient knowledge about the product, market, and developed a relationship with the customers in textile market. While he was working, he built up his own relationship and the understanding about the social culture and business environment of Poland (Phone Interviews with Deepak S. April and May 2008). His experience is valuable for the researchers who want to step into real world in near future and also dream to found our own international business. Through Anora case, we can take Mr. Deepak's experience as our reference so that when the time of realizing our dream comes, we would lose our heads, because of what we have learnt in Anora case, this is the exact point triggering our interest and let us decide to start our adventure to explore the experience of Mr. Deepak and internationalization process of his Anora.

2.2 Problem Discussion

Anora as a newcomer, number of problems might have occurred in its internationalization process, to begin with, the market have been occupied by existing players. The more companies do business in one market, the less market shares each company has. Therefore, existing players is a little unwilling to accept new comers who could become competitor in the future. So for newcomer, Anora in our case, how does it penetrate into the existing network built by the earlier players? As we know, Mr. Deepak is Indian for whom Poland is foreign country, why does he build his company in such foreign country rather than others. Now that he has chosen Poland as Anora birth place how does an Indian entrepreneur build business successfully?

To answer the question mentioned above, we have formulated one research question: How did Mr. Deepak Soni establish and develop his company Anora Pvt Ltd in Poland, a company operating in the branch of textile and clothing?

2.3 Purpose of Study

The aim of thesis is to understand and describe the way an Indian entrepreneur succeeded in establishing and developing a viable business in Europe, i.e. to understand and describe how Mr. Deepak Soni established and developed Anora Pvt Ltd in Poland, a company operating in the branch of textile and clothing.

2.4 The Choice of Theory

We will relate our case with theories, Uppsala-Model, Networks, and International Entrepreneurship as our core theories.

2.5 Target Group

Our research findings will be submitted to the company Anora, Poland as we will provide important information concerning their internationalization process and also other researchers and scholars have interests.

2.6 Delimitation

First, considering that empirical data about Anora, Ltd, are mainly from Mr. Deepak, the owner of Anora, Ltd, our empirical data and analysis are restricted based only one person's opinions. Different people would have different perspectives on one fact, for the internationalization process of Anora, Ltd, this fact, applying only one's opinion certainly cast negative influence on our thesis.

Second, the choices of theories basically decided from which angles we look so that limited theory choosing would set limitation on the perspectives of us on the internationalization process of Anora, Ltd.

3: LITERATURE REVIEW

In this section, we will introduce the established theories in our research direction, as follows, Uppsala Model, Network theory and International entrepreneurship.

3.1 Uppsala Model

According to the Uppsala-model internationalization of the firm is a process driven by inter-influence between learning about international operations and commitments to international business on. The more knowledge about a market a company has, the more commitment the company would make and vice versa.(Johanson and Vahlne, 1977).

In U model, the basic assumption is the lack of knowledge about foreign markets and operations, the lack of knowledge can be considered as the main barrier to internationalization. In the model, the authors emphasized the importance of the knowledge which can be developed and gained through experience from operations in foreign markets. Foreign business opportunities and problems can be also discovered by the experiences gained from foreign markets and operations. Experience gives the firm capability to see and evaluate new business opportunities and then to reduce uncertainty coming with commitments to foreign markets. And knowledge is accumulated gradually when international expansion occurs incrementally.(Johanson and Vahlne, 2003).

To some extent, experience can be regarded as one type of knowledge, and experience of one is exclusive to others, because each one's experience is different, even the experience is the same, but the different understanding of experience also make the same experience form in one's mind differently, so experiential knowledge recorded by the textbook or articles can not be easily put into practice. Therefore, the one had better experience it himself or herself, so that he or she could form the experiential knowledge.

The U-model was initially conceptualized as an explanation of two empirical finds of the international development of firms, which correspond to the two big events in international business, foreign market entry and foreign market expansion (Johanson and Vahlne, 2003). First, the fact that firm usually enters foreign markets to close and familiar markets to begin with and gradually start foreign operations to more unfamiliar countries can be observed, it a process to make familiar with familiar markets to gain related knowledge then put company itself into less familiar markets. Second, the empirical studies proved that operations in specific country markets are developed gradually too. Together these findings indicated that learning about foreign markets and operations is a critical issue in the internationalization of the firm. (Johanson and Vahlne, 2003)

3.1.1 The importance of experience

There is an only way to learn how customers, intermediaries, competitors, and public authorities act and react in different situations. This way is doing the business in the specific foreign market the company itself. This delicate understanding of the market can not be replaced simply by general market knowledge such as survey, or what the textbook told. This means that it would take time to develop foreign business operational skill and to accumulate knowledge about the foreign market and both that the skills and the knowledge are connected with the specific atmosphere and contexts in which they can be

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developed gradually. (Johanson and Vahlne, 2003)

There are clear differences between the market specific experience and the operational experience. The former is about conditions in the certain market and can not easily be adapted to other markets which are in different legal system, custom and so on. While the latter means ways of organizing and developing international business operations and can more easily be transferred from market to market. More generally, operation experience can be considered as internationalization experience, that is, experience about the use of different modes of operations in the international development of firms (Eriksson, Johanson and Sharma,1997). An important implication of the process view of internationalization is that development, integration, and transfer of knowledge should be regarded as a critical aspect of strategic management of internationalization. (Johanson and Vahlne, 2003)

3.1.2 Incremental commitments and commitment decisions

According to the process view, internationalization is a process of increasing commitments to foreign operations. When firms start business in the foreign markets and learn something from running business, they can absorb something invisible which probably will be very useful for their future. The firm not only builds market specific assets, but also the value of those assets connected to specific markets can be considered as a kind of sensor for the headquarters to help them to evaluate the chances to make profits and lower the risk rate, most important, it can endow the company with the experience and ability to process different conditions, that could be taken as the reference when the company start business in another unfamiliar markets.

Thus, the more knowledge about the markets, the less known risk and uncertainty, the more brave company is to invest, that is the reason why the firms also increase its commitment to those markets by doing business in foreign markets, this means that a firm doing business internationally always increases its commitment to international business and, in particular, those country markets where it is already operating. An important element in internationalization of the firms is, according to this view, the gradual commitments due to current international business activities (Hadjikhani, 1997,cited in Johanson and Vahlne, 2003). Those commitments are also positively affected by demand-driven foreign market expansion. (Johanson and Vahlne, 2003)

There is no doubt that internationalization of the firm is also associated with several paces following with investment decisions. Such commitment decisions could consist of direct investments in manufacturing to make products abroad rather than direct export, new contracts with new distributors and suppliers in foreign markets, cooperative arrangements with other firms, acquisition of firms, and so on. Those decisions, or rather actions, are events that make easier for the company towards increase the firm's international commitment. They are influenced by the firm's earlier internationalization, and the results of those actions rely on the subsequent development processes according to development, integration, and utilization of knowledge. "The actions provide the firm new experiences and affect the gradual commitments that follow." (Johanson and Vahlne, 2003) In one words, each later actions are based on former actions and knowledge, it is a

chain reaction.

The more commitments to the foreign markets, the more dependent on those markets the firm becomes. It becomes dedicated to the markets. This implies that once the firm builds foreign market position, it would have good reason to defend against other competitors and develop and make itself stronger. This means that there is a reason for the firm to make more commitment decisions that defend and develop the firm's position. Thus there is interplay between current activity commitments and special commitment decisions in the future. (Johanson and Vahlne, 2003)

3.2 Network Approach

From the network view on firms and business markets, we can suppose that firms participate in a set of close business relationships with important customers, suppliers, and other business partners, and that business markets are structured as networks of interconnected business relationships. (Johanson and Vahlne, 2003) And each company is a node of the network. The close to the centre of the network, the more important the company is, because once established, these trust-dependent interactions reduce time spent on monitoring and bargaining over agreements (Dyer and Singh, 1998), all players in the network want to reduce the time spending on building trust and risk which to some extent are the costs, so they choose a company having important position and high credibility in the network based on their assumptions, one company would not have the centre position in the network if it is unreliable. Therefore, the center in the network the company is, the more bargaining power it has, because of its fame, other player would initially make business with it.

It highlights the role of relationships in the business world, which are gradually formed in a particular market. "These kinds of relationships can be improved by the interaction between players, during which the parties build mutual trust and knowledge of each other and this interaction means strong commitment to business partners" (Ford, 1998, cited in Johanson and Vahlne, 2003).

Trust can be considered as a critical element of network exchange that, when developed, enhances resource flows (Larson, 1992) when parties trust each other, they are more willing to engage in cooperative activity through which further trust may be generated (Fukuyama, 1995) It is accumulative process which gives possibility to the existence of long term relationship which could exist among supplier, clients, and other players involved in business process.

3.2.1 Network relationship development in internationalization

For new comers, they have some ways to entry foreign markets. Both within country borders and between countries, patterns of connected network relationships exist. It is significant to realize that such patterns can never be seen in reality by an actor, because they do not know there exists and where they can find it, this is caused by the knowledge unparallel between themselves and others. The reason that the phenomena of unparallel knowledge exists is that the lack of communication between them. The actors, just like the stander-by, can know that they exist but not how the network is formed in the specific

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cases. More than the above the way in which the relationships are connected are also matters of illustration and motivation and are visible just for the insider. (Johanson and Vahlne, 2003)

The only way of learning about how such network is structured is to start interacting and communicate with one or several of insiders in the network and therefore the new comer who want to penetrate into the network have a chances to stimulate the insiders to decode how they are strong and how their relationship is built and run and who are the nodes in the network. This is a process of discovering the unknown (Kirzner, 1973; Johanson 2001). This is also a process of learning and preparation for their selves relationships. It is a very exciting process that make domino effects, once the new comer successfully penetrate one network, he also can extend his network to another network through one actor in former network, because the actor is not probably restricted in one network, he can play the role as inter-medium to introduce the new comer to his another network.

Relationship has a very important function that it helps new comers to easily climb over the barriers to entry into the both foreign market and native markets.

However, building and improving of a relationship is based on two-way or even multi interaction rather than a result of unilateral action. Thus, development of a relationship in a foreign market is a complicated, uncertain, and time-consuming and resource-consuming process, so the development of a relationship could need a lot of commitment on the part of the entering firm (Hohenehal, 2001, cited in Johanson and Vahlne, 2003). Another point should be noted that once building a relationship does not mean only one time- off commitment is enough, it also require regular maintenance which also need commitments, the fee of maintenance should be also added to the cost of building a relationship.

“Foreign market entry may as well be the result of initiatives taken by intermediary, a customer, or a supplier in the foreign market interested in developing a relationship with our focal firm”(Ellis, pp.443 – 469, 2000). It is obvious different among companies having their intention to reply to initiatives gotten by other firms, but studies point out that smaller firms generally are more inclined to be active to give response, because small companies are more flexible, there are less hierarchical levels than giant companies, and also small companies are eager to make business with others in order to develop themselves. They cherish every chances of strengthening themselves. Compared with small companies, big companies sometimes are lack of initiatives, because the clients would follow their reputation and initiatively make business with big companies. Therefore, it becomes a habit of the giant.

Foreign market entries may also follow when one of firm’s partners’ demands that the firm comes along with them abroad or the company is also interested in prolonging their network to keep surrounding business in foreign markets. It is interesting to note that companies are human-beings, because some case study showed firm likes intimate relationships with the companies that are internationalizing. Ritzy company intents to use its internationalizing partner as reference, that could help them during the timing of entry

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in to foreign markets comes. It has been especially noticed with respect to service firms (Majkgard and Sharma, 1998).

Qualitative discrepancy exists between foreign market entry and foreign market expansion in the earlier internationalization models, “the network approach to expansion is a matter first of developing the firm’s relationship in the specific market, second of establishing and developing supporting relationship, third of developing relationships that are similar as, or connected to the focal one.” (Johanson and Vahlne, 2003). To support a strategic relationship, the firm might be compelled to develop a relationship in another country, thereby accompanying with strategic relationship and entering into new markets.

3.2.2 Barriers to relationship building

From the business network perspective, entry problems are not related with country markets rather with some certain customers or supplier firms. Since all relevant business data is transmitted through the network relationships and each relationship is very unique due to the characteristics of the relationship partners and the culture of a company and the history of the relationships and the degree of trust. The relationships are only source of everything in business network views. All barriers are associated with relationship establishment and development.(Johanson and Vahlne, 2003)

3.2.3 Relationship commitment and learning

“Relationships develop gradually when the firms learn from interaction with each other and commit themselves stronger to the relationship.” (Anderson and Weitz, 1992). The stronger willing to enhance the relationships, the more commitment the company has to make, this is beginning development because every actor in the network would commit efforts to enhance the network solid. In this process, the relationship partners become gradually familiar with each other and learn about each other’s needs principles, strategies, and business strengths so that it is more convenient for them to cooperate with each other in the future business. It is a time and resource demanding process, just one company can not afford all, once it runs out of willingness of commitment, it could be announced that the relationship has reached the end, but building a new relationship would not avoid time and resource requirement also, in some case, it would cost more than bearing the old relationship. In one sentence, relationship requires that both partners become committed to relationships and give each other benefits.

There are three types of business network learning (Hakansson and Johanson, 2001; Pahlberg, 2001), as follows.

“First, when firms do business in a customer-supplier relationship- they learn something which is partner specific such as the partner’s way of reacting to certain kinds of action or the roles of different individuals in the partner firm or the willingness and ability of the partner firm to adapt in various ways.

Second, when interacting in a relationship two partner firms learn some skills, which may be transferred to and used in other relationships.

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Third, when interacting in a relationship the partner firms learn how to coordinate activities in the relationship with those in another relationship.” (Hakansson and Johanson, 2001; Pahlberg, 2001)

As result of the effects of the three types of relationship learning mentioned above, the fourth type of relationship learning appears.

Fourth, the firm learns how to build new business relationships and to connect this relationship with existing relationship it has. (Chen and Chen, 1998)

3.2.4 Internationalization versus international network development

It seems that the network model does not relate to the process, not like internationalization views. The development process in internationalization theory is hard to follow in some nations. In reality of business world, we can find there is client maintenance as evidence to prove that companies give their efforts to enhance the relationship; there is also other evidence that companies growth based on the development of relationship. But such organizational development is not restricted in some specific markets; it can apply to many situations and markets. “It will more probably be related to particular strategic relationships and sets of connected network relationships”. (Johanson and Vahlne, 2003)

Commitments consist of both continuous as a result of current interaction with specific partners and discontinuous going on various commitment decisions. For example, acquisitions can be considered as a means in order to secure important relationships when they feel themselves are under threaten by other competitors, or even just in order to establish relationships with interesting customers or suppliers (Forsgren, 1989). While this kind of acquisitions are acted, they will bring on discontinuous changes in the business firm network, which may causes growths which have not direct connection with those advised by the internationalization process views. However, the later development will be affected by current activity commitments acting within the structure of the new network relationships the firm will gradually develop in response to the value of those relationships (Johanson and Vahlne, 2003).

Since forming a relationship needs both time and resource demanding, it can be believed that successful entrepreneurship is based on the entrepreneur’s existing network so that the entrepreneurs can use their limited resource or even the resources out of their control to realize their goals with the help of relationships, so through relationships, a company can cut short the so-called development process of internationalization views and does business with less time and resource.

3.2.5 Business experience and networks

Every model and theory has its own preconditions, network model is no exception. The content of internationalization has explained that two different sorts of market-specific experience can be differentiated to business experience and institutional experience (Eriksson, Johanson and Sharma, 1997)

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In accordance with network, business experience relates to the business environment of the firm that consists of the environment which company is doing business with or the company is trying to do business with. Institutional experience involves such components as language, law, regulations, and public and cultures, customs and regulations. Among the components of institutional experience, customs and cultures also constitute psychic distance between different countries. (Johanson and Vahlne, 2003). Psychic distance often related to the barriers to information flows across countries border because of the differences in institutional knowledge, education background, culture and so on. (Hornell et al., 1972, cited in Johanson and Vahlne, 2003)

3.3 International Entrepreneurship

3.3.1 Thinking and acting

Entrepreneur Versatility is an idea of thinking and imagination. If an entrepreneur cannot think and imagine, his narrow mind would keep him away from discovering business opportunities and taking advantage of the opportunities which would set limitation on the growth of the firm. Besides that an entrepreneur did an excellent job in his own field, the more enterprising he is, the more possibility he would seek for finding the business opportunities within the field he can reach. (Penrose, 1959, pp.36)

The efforts of thinking in entrepreneur's mind help him to make judgment on the right timing to enter to the markets and on what is necessary to be prepared and catch up with. An entrepreneur thinking is estimation before acting; thinking involves good sense of business opportunities and the rate of expected success and potential risk and so on. Entrepreneurial thinking depends on the result of previous acting, because whether the previous acting is successful or failed to some extent impact the latter thinking about acting. It is a process in which both two factors thinking and acting interact to each other. (Penrose, 1959, pp.36)

3.3.2 Risk avoider and taker

An entrepreneur suppose that risk of founding and doing business is fully controlled by him, because entrepreneur could employ professional with relative less money compared with costs caused by his insufficient professional knowledge and experience to deal with the events with which he is not familiar, so that the entrepreneur could avoid potential risk (Schumpeter, 1954). He would be charged with risky profits return that could be either positive or negative after he founding his own business rather than gambling. (Kanbur, 1982)

3.3.3 Image Creator

Image could be considered as development route which is like an instruction to direct entrepreneur to develop his company in the future. There are too many options for entrepreneur, but he has to dedicate on only one direction. That is important, because the management inclines to take full advantage of resources which are available to the company. However, the limited resources unavoidably make the limitations on the speed of growth of the company. (Penrose, 1959, pp. 16) For the purpose that entrepreneur would invest his limited resources to one direction for the growth of company to earn as

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much as possible profits, entrepreneur has to concentrate all resources he has on the image in his mind to guide him one direction to develop his company, so that difficulties he might confront with could possibly be conquered by his control of limited resources, such map or “image” as Penrose said indeed determines an entrepreneur’s action. (Penrose, 1959, pp. 16)

3.3.4 Entrepreneur’s ability to raise resource and use existing network

Limited capital are often been a reason for the prevention of expansion of small firms. Many small firms have more chance to be bankrupted and less reputation succeed with raising the capital for their development than a large companies do. However, owing to the entrepreneur’s ability to raise funds for the expansion of the firm and ability to convince others especially the banker, small firms could also get necessary loan. But if this kind of ability is missing in the firm, a company has to live on its own limited fund and profit it generates, and this badly restricted the growth of the firm. On the other hand, if large amount of money with interest is borrowed by the firm, the burden of compensating principal plus interest also limited the latter growth of firm. Entrepreneurs are supposed to borrow very money to achieve maximization of profits. (Penrose, 1959, pp.37)

Using existing network is also required, because new venture appears overnight, and relationship building is time and money-consuming, so existing network built before new venture would play important role in the growth of the firm, especially during the inception of a firm.

3.4 Conceptual Framework:

In this paper we intend to use the Johanson and Vahlne’s network model which developed in 2003 to analyze the internationalization of the firm Anora, Ltd. In Johanson previous work, his thinking is simplified just based on the process of knowledge and commitment, the researchers think although the process of knowledge and commitment is important, there are some missing parts. His work of 2003 is the integrated others’ ideas and evolutionary version that covers all facts that we also think important.

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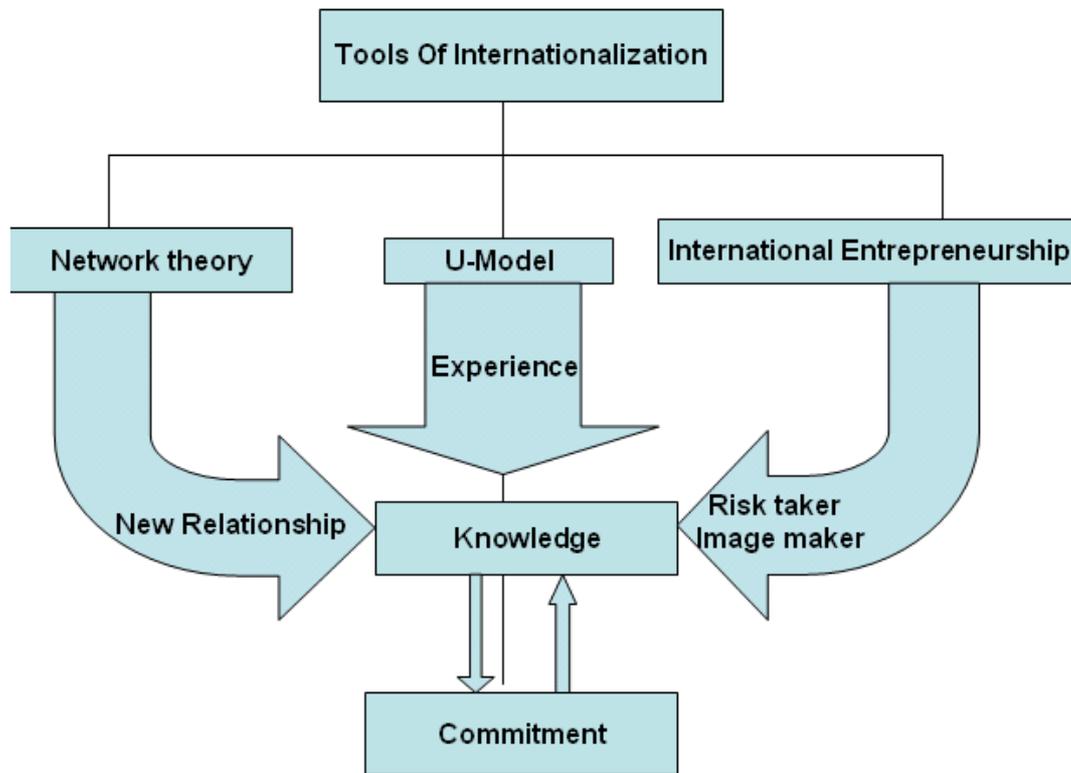


Figure 3.4.1

The model integrates the experiential learning- commitment interacting as the driving forces of internationalization process from the old internationalization process model in 1977 with a similar experiential learning - commitment mechanism focusing on business network relationships. This new model is not just based on the old model, but also adds some characteristics which reflect to important phenomena in the modern international business world such as adding the entrepreneurship views to the internationalization process. In new perspective, we can see the connection between the learning- commitment and relationship, that is, firm learning in relationships, which makes the firm able to enter into new foreign markets in which firm can continue to develop new relationships which also can give it a platform for entering other country markets. Technically, there is no ending for this kind of business expansion.

The model could be helpful to elaborate on at micro-level and connect internationalization process to the individual relationship building realizing the distance can change because of experiential learning and trust building, image creating, risk taking. This model also envelops entrepreneurial process which is with regard to experiential learning and making use of some existing relationships and founding business from scratch.

This model is still focusing on the knowledge as a significant factor of internationalization process, but compared with previous U-model, it offers more means to get the knowledge from through just experience to besides experience, new relationship in new market and the existing relationship which is developed before.

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Through these three ways, a firm can gain knowledge about a new market quickly and good opportunities for international expansion, although the building of business network relationship is a complicated matter, which needs resources and time as well as reflection to the interests of the partners, but for an entrepreneur, this does not matter, because entrepreneurs are good at using limited resource to leverage their business or borrowing resources themselves do not have from others to drive to their goals.

The following model is refined from the model above, the researchers highlight the core of each theory which comprise of the model of Johanson and Vahlne(2003) in order to grasp easily are better keys to analyze the Anora case. In internationalization theory part, we still choose the knowledge-commitment as the significant factor, the knowledge in the following model includes both experiential and objective knowledge. With consideration of entrepreneurship theory which covers very broad fields, it could be difficult for us to further our thesis and take researchers too much time to cover all perspectives of entrepreneurship. According to what we have mastered knowledge about the history of Anora, Ltd and Mr. Deepak's experience, so we just choose a few aspects of the theory to dwell on the Anora case, although it is restricted, these aspects are very suitable for analyzing Anora, such the entrepreneur's ability to raise the resource which he needs to found his business which is mainly based on Penrose thoughts, and using existing relationship to cut short long time of preparation to found the business to realize his goal as soon as possible and also some entrepreneur characteristics that perform on the founder of Anora such confidence, risk taker based on Kanbur's article (1982) and opportunity creator defined in Penrose's book.

The following four factor of our analysis tool is that entrepreneurship, knowledge, commitment, relationship all of which interplay to anyone of which. The integration of four factors is good for the researchers to see the case from different angels and the factor connections between each other and also the missing parts if we just chosen one or two factors.

So based on the consideration above, the refined model is shaped up to help the researchers to understand and analyze the Anora case.

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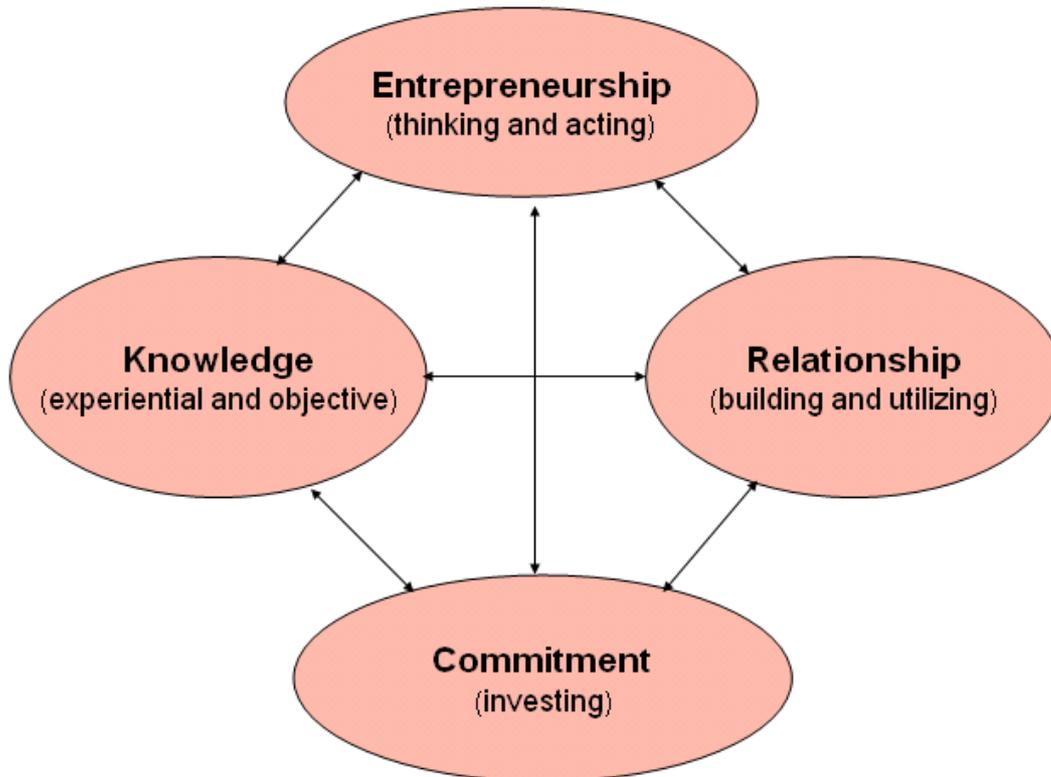


Figure 3.4.2

In this model, there are four components, each of which would interplays with any others. For entrepreneurship and knowledge, Entrepreneur firstly absorbs both experiential and objective knowledge from the fields he or she participates, then entrepreneur would process the knowledge which is entrepreneurship's thinking, once he or she gains enough knowledge, he or she would begin acting which refers to commitment guided by the knowledge he or she gets.

For knowledge and commitment, Uppsala model told us that the more knowledge one knows, the more commitment one would make and vice versa.

Between knowledge and relationship, from network theory perspective, relationship is the most important, because through relationship, one can learn the knowledge rather than he or she participates the activities personally.

It could be implicated that successful entrepreneurship is based on existing network so that entrepreneur can use limited resource, which is the connection between entrepreneurship and network.

Between relationship and commitment, customers' maintenance is good evidence to show their connection in between. Companies have to invest labor and money to improve and maintain relationship with customers. Moreover, through relationship's help, one could make investment on some fields that he or she is unfamiliar with.

4: METHODOLOGY

In this chapter we will introduce how researchers perform research in order to reach our conclusion. We will start by explaining what sort of approach we have chosen.

4.1 Research Approach

Before any research can be conducted, the approach on how to perform the study has to be determined. Different research ideals require different methodology, data technique and research methodology. There are several famous approaches, that is, positivism, interpretivism and realism (Saunders, Lewis, Tronhill, 2007)

According to Neuman(1994), interpretive approach emphasize on practical orientation and touch human feelings, thoughts and their interpretation during research. Interpretation has main role in this approach. Therefore interpretation is based on detailed interaction with target. In our research, we interpret interviewee's thoughts in our thesis, so interpretation is our choice as research approach.

4.2 Qualitative Methods

Qualitative methods would be adopted when there is need of in depth study about behavior and characteristic of research topic. There are several main types of qualitative research as following as case study, participant observation, direct observation, unstructured interviewing. (Fisher, 2007) According to the results of comparison of each type of qualitative research, we choose case study as ours.

4.2.1 Case study

Case study attempts to shed light on a phenomenon by studying indepth a single case example of the phenomena. The case can be an individual person, an event, a group, or an institution. Given the main nature of our task, to investigate the Anora Company, it was clear to us from the beginning that this master thesis is clearly a case study. We are interested in and will investigate mainly one object: the Anora company, deeply and thoroughly.

Considering the purpose of this study, the most suitable and relevant research method is of qualitative nature. Since we will deal with a single case, Anora, the highest degree of accuracy will be achieved through a qualitative approach.

4.3 Data Collection

According to fisher(2007), methods are used for data collection are interviews, questionnaires, panels, observations, documents or databases etc. these methods then major categorize in to two streams which qualitative and quantitative. Surveys, questionnaires, databases are used as quantitative method while interviews, observation etc used as qualitative methods.

In our thesis, the empirical findings are qualitative data, which was collected from interview of the president of the company Mr. Deepak Soni and have use two different sources Email and Phone Interview for gathering information. Which is mentioned in Appendix A, the information which was received through email on April 11,2008,

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whereas in Appendix B the data was gathered through phone interview on April 7th, 24th, 28th and May 6th, 10th 2008 such as chat-logs, and telephone interview, by the founder of Anora, during the same time as the frame of references was developed on the basis of the emails and phone interviews which we have mentioned in the appendix A and B.

4.3.1 Primary data

According to Cooper and Schindler (1998), there are two main types of data, primary data and secondary. Even though both have advantages and disadvantages, they can also support each other when gathered and analyzed correctly. Primary data is information collected for the specific research by the researcher conducting the study, which offers a chance to collect just the kind of data that is needed for the analysis.

There are many methods to gather primary data. Some of them are mail- or internet-surveys, interviews, observations and focus groups. Interviews are the main tool for primary data collection in this study. Generally the interviews can be divided into three main types, which are structured, semi-structured and unstructured interviews. Primary sources are original materials. They are from the time period involved and have not been filtered through interpretation

Structured interviews: This kind of interviews is sometimes called standardized interviews. The questions in such interview are usually very specific and close-ended and the aim of such interview is to give to all interviewees exactly the same context of questioning, ensuring comparability and standardization.

Unstructured interviews: In this kind of interviews, the interviewer has with him/her only a list of issues, often called an interview guide. The style of questioning usually is informal and the content of questions varies from interview to interview. The unstructured interview tends to be very similar to a character of a conversation.

In our primary data collection, we apply the unstructured and structured interviews respectively in before and after beginning of thesis, because before we beginning writing thesis, researchers do not know much knowledge about Anora, we just know something about basic knowledge of it even which we still find something interesting to write, so we ask some general questions to guide some direction that we think maybe helpful and useful to let Mr. Deepak tell us what he think is important data to our guiding question. Then with our knowledge increase, we use structure interviews gradually narrow questions down to something sifted through previous unstructured interviews. The reason we choose both structure and unstructured is that the later can help us to know as more as possible about the panorama, the form specifies our direction and guide interviewee to give more and deeper information to researchers. Primary data has been mentioned in appendix A and B.

Then we interpreted our interview by using story telling technique that is giving readers an image and arousing the interests of readers as if they are really reading a story rather than a thesis. We will present some of the empirical findings which we gathered during

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our interviews through emails and phone calls with the President of the company Anora, Ltd.

In the appendix, we will present parts of the empirical findings which we gathered during our interviews through emails and phone calls with the President of the company Anora, Ltd.

4.3.2 Secondary data

Secondary data is very helpful for us, because it provides the information that is already proved with us. researchers browse the Malardalen University database in which we focused on the article about internationalization, network, entrepreneurship.

4.4 Data Analysis

In deductive approach, already established theories and literature are used as the foundation of the research. And when using the deductive approach, the researcher starts in empirical findings, but do not reject theoretical pre-conceptions. The observations from the studies are compared with the theoretical frame of reference.

In this research we adopt the deductive approach in which we start with considering the theory that could be useful, then we narrow our theories down to established theories in the field of U-model, networking and international Entrepreneurship. This provides a good foundation in forming the interview questions and collecting other empirical data, which will be used to draw the conclusions.

In addition, we used deductive method also because of literature availability and its flexible design. Generally we specify which methods are suitable for which research strategy but according to Fisher (2007), in deductive approach, researchers consider and study. First of all, theory, then generate hypothesis and this hypothesis is tested by the help of empirical data that resulted in conclusion drawn. Conclusion depends on data and information which is available during research (Bryman, 2004)

5: EMPIRICAL FOUNDATION

The researchers divide empirical foundation in three parts, as follow, Anora's birth place, Mr. Deepak's personal working experience in Poland, and Anora, Ltd's history.

5.1 Anora's Birth Place

Poland has joint in European Union in the year 2004. Like other EU members, Poland is bound to get great economic benefits out of joining EU, because the membership in the EU injected new energy into the polish economy. Poland already has a good infrastructure of manufacturing with efficient labors, which have already attracted every big textile company to set up a manufacturing unit in Poland to take advantage of competitive advantage in poland to reduce their cost of production and earn more profit. (Malcolm)

Lodz is located in the centre of Poland. Lodz has a population of around 767,628 and it has a history of known as textile town since long time specifically for yarns and different textile fabrics. Lodz has been known as a textile hub of Poland since long time. During the 19th century it became one of the largest textile centers in Europe and was one of the most famous and largest industrial regions in the country. Although today textiles remains one of the principal industries regions of the province, other industries, such as the chemical, machinery and food-processing, have developed in there in recent year. As Lodz has been rich with the skilled textile workers and small traders who does a trading of garments, textile fabrics and yarns by importing materials from different part of the world.(rootsweb, 2007)

5.2 Mr. Deepak's Personal Working Experience in Poland

Mr. Deepak is initially born and bought up in Bombay (India). He was working as trader back in India before he came to Poland for doing a job. Mr. Deepak had always a dream of working in Europe and always wanted to have his own business in Europe. So as he got the chance to work in Europe without thinking of anything, he grabbed the opportunity and made his dream come fulfilled. His first vocation in Poland was in Warsaw with Techno Park Pvt Ltd in 1998, which was an India owned company and an importer of raw jeans fabric from India and had a distribution channel in Poland an in neighboring country. In this company, he got a designation as marketing manager for textile and yarns for Poland. There were only few employees working at that time where they have to look after every work side by side which includes production, customer service and logistics, which has helped him to develop his own relation with the clients and made him understand about doing the business in Poland.(Email Interview with Deepak S. April 11, 2008)

In the initial period when he came to Poland he has faced the language problem and understanding the new culture but as time went he started becoming familiar with the polish culture because back in his mind he always had thought that he wanted to settle down in Europe. So this belief encourages him to learn language and familiar with the Polish culture as soon and much as possible. (Phone Interviews with Deepak S. April and May 2008) It was his learning phase where he did understanding the environment and legal system of doing a business in Poland and the main thing about the trading

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companies which operates into international market is about understanding the logistic part and customer's need to generate the long term relations

Mr. Deepak has always fulfilled his job honestly and accurately according to the assigned work. In Techno Park, he acquired a sufficient knowledge about the product, market, and developed a relationship with the customers in textile market. While he was working he built up his own relationship and the understanding about the social culture and business environment of Poland. Where he has to deal with the clients by meeting their requirement on time and generating the new order for the company by maintaining the relationship with them and also have to coordinate in India from where they purchase the fabric. So he was developing a relation on both the sides. Through his hard work, he has gained an experience that the foreign market and understanding the culture and how to achieve the targets which has assigned to him, which was most important for him and helped him for his future growth. (Phone Interviews with Deepak S. April and May 2008) As a new comer in the industry there are several problem that an individual has to face to make his own reputation/ image among the other employees and with the client , so that it is a gradually a process of building up an new relationship and creating a trust among other's, which multiplies as time passes.

After spending an three years in Techno park, he had started getting an good offers from other polish company because of his relation with the market and by seeing the growth of techno park, its quite obvious that competitors are always looking for good employees to increase their business and to use the existing network of that individual by hiring the important person of the major competitor to break down the business so as Tetra, Ltd did, they offered very good package to Mr. Deepak an employed him, at this period of time it was first time when he went back to India after spending three years in Poland.(Phone Interviews with Deepak S. April and May 2008)

In his new job he was well aware about the Polish market and countries around Poland, so with the help of his existing network and the already established networks of the polish company, he started performing his job and getting the business for them which helped him to build his entrepreneurial quality and increases his network. Tetra, Ltd was having an operation in Germany, Slovakia, Lithuania and Czech Republic, because every textile company was purchasing yarns and textile fabric from them which they were importing from Raymond Mills India. So it was a process of developing relationships on both the sides. He has to travel to different places to meet the clients and get the new customers. So he had developed a personal contact with the clients which helped him when he established his own company. Over this all period of time he was gaining the business experience and expanding his business network both in India and Poland. (Phone Interviews with Deepak S. April and May 2008)

All in all, While he was working for the previous two companies he had developed an business relation with Indian supplier who were textile fabrics manufacturing that is Raymond Mills Ltd, Who is into manufacturing of raw fabrics for textiles companies and supplies to their buyers and distributors according to their requirements. Raymond Mills Ltd's next step is to introduce its own products to Swedish markets In this way Mr.

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Deepak also developed his relationships with concerned contacts back in India, who in the later stage helped him for his own company to use that relation to grow his own business.(Email Interview with Deepak S. April 11, 2008)

5.3 Anora, Ltd History

As Mr. Deepak knew that Poland was very soon going to enter in European Union and there will no more border restriction between other EU countries, after spending eight years in the same field of business he was quite confidence to run his own company and make more profit for himself rather than working for a company. And also the he has started his social life by getting married so even this was also one of the reason for starting his own company, as a matter of fact there is always an limitations in doing a job, an in this case he was quite confident enough with this field and getting the support of his existing business relationship to start of his own business and also after spending this many years he had received resident permit which was one of the major positive point that he had for starting up his own company. He can easily get the bank loans and also can invest the money in Poland. (Phone Interviews with Deepak S. April and May 2008)

Although everything is prepared, still he was looking for a Polish business partner who is very familiar with legal matters. While he was in Tetra pvt ltd he came in touch with Dorota kumara who is from Poland and was working in a same company. As colleagues in a same company, they became good friends. Mr. Deepak gave him an offer to become a partner in his company with the share of 20% where he has to take care of legal matters and other formalities. In such a way company came into existence by using the experience, knowledge, business relations, commitment and his entrepreneurial quality. (Email Interview with Deepak S. April 11, 2008)

In the initial stages the company started with the trading business of jeans, yarns and knitted garments. These products are always in demand according to the trend and design which Anora has fulfilled the requirement of their customers in Poland and has raised excellent reputation for their good quality and service As Mr. Deepak had strong client base who were supporting him to run his business. The company was having major clients like Westman Jeans, Intex, Sharda textiles, traders of jeans and yarns, Czech Tex which is Raymond Denim Mills's client and of which main business in western and northern European countries. These were a few major clients in the initial stage of who supported Anora to do the business. This all clients were the regular clients for the company from whom a company gets an regular business, out of which few are the big clients who give a big orders to the company whereas others are small but they are regular clients. So this keeps companies turnover going on. Once the things starts getting stable an everything moves smooth always company starts looking for the new opportunity firstly from there existing network and from the previous experience.

Anora was growing day by day as Poland was just enter into EU so opportunity were growing for textile market, because many different chain of stores were entering into the market with new fashions, so to sustain into the market existing company has to become more competitive to exist. As it is the fact that everyone has to grown and explore new market to keep the business running, So as Raymond Denim Mills also wanted to enter

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into the Swedish market as it was a new market for them to do a business an Anora was also intend to enter into the same market from their previous experience and the existent network in Sweden. But what Mr Deepak did was he increased his relationship with one his big client that is Czech Tex, which already had a good client base in other part of Europe specifically in Sweden, Norway and Finland which is also a client of Raymond Denim Mills's. Anora started exploring the network of Czech Tex, which will help them to enter into Sweden and become the big client of Raymond denim mills, which is also interested in exploring the market of Sweden.

Apart from dealing with those clients company started looking for the business opportunity in surrounding areas and country by collaborating with the small traders and making their own agents in different cities and countries like Germany, Slovakia, Czek republic, Latvia, who does a business for them and generates the volume so that company can negotiate nicely from the buyers an can earn more profit.(Phone Interviews with Deepak S. April and May 2008)

The company was successfully been able to generate the good impression in the market by their commitment and loyalty with their clients and as well as with the governments and the banker's. There is regular exports and import activity going on in the company where they have to be in regular touch with the bank managers. Even by seeing the turnover of the company it creates an impression in the bank. Anora was successfully been able to get a business loan from bank which pushed them a lot to increase their business and to commit to the market.

Nowadays, Anora plans to expand to the Swedish textile market because through its customer relationship in Sweden, the founders begin to have more knowledge of Sweden market and realize business opportunities.

The company has a few divisions:

- (a) The main business is import of Jeans Fabrics from India ' Raymond Denim mills' and sell to Polish Jeans manufacturers who later sell finish goods (Garments with their brand label) in polish market + export .
- (b) Trading in Home textile , Yarns and knitted Garments.
- (c) Agent For " Raymond Denim Mills"
- (d) financial risk consultant for other companies (Email Interview with Deepak S. April 11, 2008)

6: ANALYSIS

In this section, we use the theories to analyze Anora case based on the empirical data that is written in the Appendix.

6.1 The Importance of Experience for the Growth of Anora

Experience can be regarded as one type of knowledge about customer's needs, intermediaries, competitors and business operation flows and so on. (Johanson and Vahne, 1977).

In our case study, Mr. Deepak respectively worked for two companies before he founded his own business. The experience in these two companies is definitely helpful for the future growth of Anora. During the time he worked in the company Techno Park. (Phone Interviews with Deepak S. April and May 2008) As results from the scale of the company, each employee has to be so versatile that each one has to know others' work content, in the condition that someone is ill or leave for another company, the company can be operational as usual, rather than one employee leaving causing an entire project to be paralyzed. Therefore everyone in the company has several functions and knows the whole operational process and clients contracts. (Phone Interviews with Deepak S. April and May 2008) Mr. Deepak is one example of an employee possessing this kind of knowledge. Through three years working at Techno Park, he is familiar with every client such as Raymond Denim Mills which has become the main client of Anora and familiar with how the process from orders of clients to signature contracts is carrier out. That is great for accumulation of knowledge and experience. When Mr. Deepak founded his own company, sufficient knowledge of every process allowed him to guide the work of his employees unfamiliar with their work at the beginning. In the period of working at Techno Park, Mr. Deepak built his knowledge of the Poland textile field and knew the companies which had business relationships with Techno Park. (Phone Interviews with Deepak S. April and May 2008).

During his working in Tetra, he found the previous missing part in Techno Park which is knowledge about the suppliers back in the source of textile Techno Park imported from India. In Tetra, he has to enlarge his work content to both contacts with clients in Poland and other countries and mainly suppliers from India, so when he himself runs the business, he won't worry about neither clients nor suppliers who are important for a company, especially, for a trading company itself does not have its own manufacturing factory, trading company's profits is based on the unparallel knowledge between clients and suppliers. Clients know their needs, but do not know who can meet their needs. (Johanson and Vahne, 2003). Reversely, suppliers know what they can produce, but not who need it. Then trading companies play the role as the bridge between clients and suppliers, through buying and selling products and information, the trading company makes a profit. So based on his experience working in two companies, he has acquired operation experience which can be considered as internationalization experience.(Eriksson, 1997)

There is interplay between historical activity commitments and special commitment decisions in modern day commitment decisions. (Johanson and Vahne, 2003) When Mr.

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Deepak founded Anora, he also met with financial problems as many others that want to establish their own company. Certainly, Mr. Deepak successfully conquered financial problems, thereby he learned and had relevant experience. Now, Anora has also stepped into the financial consultation field because of Mr. Deepak's relative successful experience in this field. (Phone Interviews with Deepak S. April and May 2008)

6.2 Incremental Commitments and Commitment Decisions In Anora, Ltd

According to the process view, internationalization is a process of increasing commitments to foreign operations. When firms start conducting business in foreign markets and learn something from running business, they can absorb something invisible which probably will be very useful for their future. The more knowledge a company has about one market, the more commitments the company would make to the market vice versa. (Johanson and Vahlne, 2003)

There is one point that should be noted before we proceed that is, one's time and energy invested in his career is a kind of commitment to the field he works in besides he really invests money to found a company. As we know the founder of Anora Mr. Deepak has worked in two companies, Techno Park and Tetra and lived in Poland for nearly ten years before founding Anora. He spent his ten years which is the most valuable time for a man in Poland where he would make the commitment decision to invest money to found his own company. (Phone Interviews with Deepak S. April and May 2008) Although Mr. Deepak has not built such specific assets as sensor to collect information, there is no doubt he dedicated his time and energy to a specific market, Poland, while he was working, he is in battlefront to evaluate the chances to make profits and figure out how to lower the risk rate, we can consider Mr. Deepak himself as the information sensor. He knew both success and failure of two companies he worked before, it can endow him with the experience and ability to process different conditions. The more knowledge about the markets, the less known risk and uncertainty (Johanson and Vahlne, 1977), the braver Mr. Deepak is to invest, that is the reason why he also finally decided to invest in Anora in the Polish market because he has worked in Poland and in textile for several years. The conditions here could not be clearer for him. (Phone Interviews with Deepak S. April and May 2008)

Investment of his valuable ten years itself is such incremental commitment which we should not ignore. With growth of knowledge in the ten years he worked in the two companies, his idea of founding his own business came to be more mature. From 2005, he built Anora Ltd and at the time he thought he knew everything necessary and therefore his commitment decision was made to found his own company, Anora, Ltd. (Phone Interviews with Deepak S. April and May 2008)

The more commitment to foreign markets, the more dependent on those markets the firm becomes. It becomes dedicated to that market. ((Johanson & Vahnle, 2003). For Mr. Deepak, the more time he spent in Poland and in textile field, the more unwilling he is to leave Poland. From 1997 he first went to Poland till he married, then till he founded Anora, we can see when one built market position, he become to be more dependent on this market, so does Anora. Anora' main business is focusing on Poland, although it also

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has other clients in other countries. Anora takes Poland market as its base, so it won't easily give up this market to other competitors.

6.3 Network Relationship Development in Internationalization

For Mr. Deepak, after he founded Anora, one of the main tasks was to maintain his old clients and guarantee there are source of profits before he can make new contracts. At the early stage of the growth of Anora, its main profits are from one of the old client Raymond Denim Mills who was exact clients of Tetra, Ltd and served by Mr. Deepak when he worked in Tetra. Although Mr. Deepak does not work for Tetra, Ltd any more, but the experience working over there built the friendship between Mr. Deepak and Raymond Denim Mills. They trust each other, so there is very stable business relationship between them, because Mr. Deepak left good impression to them, Raymond Denim Mills was willing to doing business with Mr. Deepak after he founding Anora. Through Raymond Denim Mills, Anora gradually built business with one of top ten textile companies Czech Tex. At beginning, this company just imports small quantity of goods, so Mr. Deepak thought it is just a very small company and did not put it in the main client's lists. (Phone Interviews with Deepak S. April and May 2008)

However, with relationship further development, Mr. Deepak gradually found out this company's main clients are from western countries and eighty percent of its production is exported to other European countries, especially in Sweden where Mr. Deepak want to develop next step because Anora's strategic partner Raymond Denim Mills wants to expand its business into Swedish market. This is a process of discovering the unknown (Kirzner, 1973; Johanson 2001).

The intention of Raymond Denim Mills to entry into Swedish market would compel Anora to enter into Sweden, because Anora's main profits depend on Raymond Denim Mills if which is the root of a tree, Anora is the leaf of the tree, without former, it would be easy for later to survival and grow. Now Raymond Denim Mills, the root wants to move to Sweden, Anora, the leaf, has no choice except following with Raymond Denim Mills and entering to Sweden. The strategic growth in Sweden of Raymond Denim Mills is a challenge and also a chance to grow for Anora.

From this story, there three points should be noted:

First, The only way of learning about how such network is structured is to start interacting and communicate with one or several of insiders in the network and therefore the new comer who want to penetrate into the network have a chances to stimulate the insiders to decode how they are strong and how their relationship is built and run and who are the nodes in the network. "This is a process of discovering the unknown." (Kirzner, 1973; Johanson 2001)

So for Anora, the only way of learning about how such network in Czech Tex is structured is to start interacting and communicate with the insiders of Czech Tex self's network and therefore Anora as a new comer who want to penetrate into the network has to stimulate the insider Czech Tex to decode how it is strong and how its relationship is

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built and run and who are the nodes in the network. “This is a process of discovering the unknown.” (Kirzner, 1973; Johanson 2001). This is also a process of learning and preparation for Anora’s relationships. It is a very exciting process that make domino effects, once the new comer successfully penetrate one network, Anora also can extend his network to another network through one actor Czech Tex in another network, (Phone Interviews with Deepak S. April and May 2008), because one actor is not probably restricted in one network, he can play the role as inter-medium to introduce the new comer to his another network.

Secondly, it is interesting to note that companies are human-beings, because some case study showed firm likes intimate relationships with the companies that are internationalizing. The company’s intent to use its internationalized partner as reference, that could help them during the timing of entry in to foreign markets comes. (Majkgard and Sharma, 1998) It has been especially noticed with respect to Anora case. After Anora knows the network of Czech Tex which could become the bridge to Sweden for Anora, it takes initiatives to make business relationship with it, on the purpose of thinking extending its own network through Czech Tex.

Relationship has a very important function that it helps Anora to easily climb over the barriers to entry into the both foreign market and native markets. However, building and improving of a relationship is based on bi or even multi interaction rather than a result of unilateral action. As we know, Anora is trading company, it means itself does not have its own factory to meet its clients’ demanding. So Anora must have very stable relationship with both suppliers and customers for who Anora build and improve relationship based on multi-interaction to guarantee Anora can import the products from the suppliers and export to the customers. Thus, development of a relationship in a foreign market is a complicated, uncertain, and time-consuming and resource- consuming process, so the development of a relationship could need a lot of commitment on the part of the entering firm (Hohenehal, 2001). Another point should be noted that once building a relationship does not mean only one time- off commitment is enough, it also require regular maintenance which also need commitments, the fee of maintenance should be also added to the cost of building a relationship. For Anora’s founder, a lot of clients of Anora are old clients of Mr. Deepak, they have known each other for several years and become friends personal or share stable business relationships. (Phone Interviews with Deepak S. April and May 2008) The process of founding such business relationship takes several years which is commitment of Mr. Deepak.

Thirdly, to support a strategic relationship, the firm might be compelled to develop a relationship in another country, thereby accompanying with strategic relationship and entering into new markets. (Johanson and Vahlne, 2003)

Foreign market entries may also follow when one of firm’s partners’ demands that the firm comes along with them abroad or the company is also interested in prolonging their network to keep surrounding business in foreign markets. To support a strategic relationship, the firm might be compelled to develop a relationship in another country,

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thereby accompanying with strategic relationship and entering into new markets. (Majkgard and Sharma, 1998, cited in Johanson and Vahlne, 2003) Anora commits efforts to enhance the relationship solid through alter him to adapt the clients' needs. For example, when Raymond Denim Mills, one of main clients of Anora, wants its business to enter into Sweden, Anora wants to compel himself to enter this market too and himself to begin to build the network in Sweden market for its near future entry into the markets. Anora has endeavored to build relationship with Czech Tex which has network in Sweden. (Phone Interviews with Deepak S. April and May 2008) Anora like student thirsty for the knowledge about Sweden market, he considers Czech Tex as his teacher. Anora also like a follower of Raymond Denim Mills, wherever it goes, Anora adapts himself to fit into markets Raymond Denim Mills goes.

6.4 Barriers to Relationship Building

From the business network perspective, entry problems are not related with country markets but with some certain customers or supplier firms, since all relevant business data is transmitted through the network relationships and each relationship is very unique due to the characteristics of the relationship partners and the culture of a company and the history of the relationships and the degree of trust. (Johanson and Vahlne, 2003) The relationship is the only source of information in business network views. For Anora, the barriers to relationship building is, although he has existing relationships in the textile field, how to extend its network based on the existing network. This is a problem that has concerned Anora because existing client networks would be difficult to see from an outsider perspective. (Johanson and Vahlne, 2003). In Anora's case, it takes initiative to contact Czech Tex in order to penetrate into Czech Tex's networks.

6.5 Relationship Commitment and Learning of Anora, Ltd

"Relationships develop gradually when the firms learn from interaction with each other and commit themselves stronger to the relationship." (Anderson and Weitz, 1992). In this process, the relationship partners gradually are familiar with each other and learn about each other's needs, principles, strategies, and business strength so that it is more convenient for them to cooperate with each other in the future business. As we know before, Anora has a strong will to enhance the relationship. Anora commits efforts to enhance the relationship through altering itself to adapt to the clients needs and to learn how to coordinate activities in the relationship with Raymond Denim Mills.

We have written above when Raymond Denim Mills, one main client of Anora, wants its business to enter into Sweden, Anora wants to compel itself to enter this market too and to begin to build the network in the Swedish market for its near future entry into the markets. Anora has endeavored to build a relationship with Czech Tex which has a network in Sweden. Anora is like a student thirsty for the knowledge about the Swedish market, it considers Czech Tex as its teacher. Anora is also like a follower of Raymond Denim Mills, wherever Raymond Denim Mills goes, Anora adapts itself to fit into markets Raymond Denim Mills enters. (Phone Interviews with Deepak S. April and May 2008) There are several benefits that Anora can get. First, once Anora has its own subsidiary in Sweden, Raymond Denim Mills would certainly give its business to Anora, because not only Anora also meets Raymond Denim Mills requirements as same as other

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companies can do, but also Anora has a longer business relationship with Raymond Denim Mills which no other company has, which is the competitive advantage. Second, Anora can also learn the knowledge of the Swedish market that is good for the future development of the company, not just in development in Sweden, but also development in the markets which has similarities with the Swedish market. (Johanson and Vahlne, 2003)

For Anora as a trading company, it is in the middle of the business process between its supplier and its customers. Each company has a different means to do business, so Anora's position has to accustom itself to the means of other companies to make it convenient to do business with them.

6.6 Business Experience and Networks

In accordance with network, business experience relates to the business environment of the firm that consists of the environment in which a company is doing business with or the company is trying to do business with. Institutional experience involves such components as language, law, and public and cultures, customs and regulations. Among the components of institutional experience, customs and cultures also constitute psychic distance between different countries. (Johanson and Vahlne, 2003)

We can easily find that the founder of Anora, Mr. Deepak realized the importance of both business and institutional experience and knowledge. For himself, till now, he has lived in Poland for more than ten years which is a long time to narrow the psychic distance, although it is impossible to cover all psychic distance related to the barriers to information flows across countries, culture and so on, caused by differences in institutional knowledge (Hornell et al., 1972, cited in Johanson and Vahlne, 2003). This at least, helps Mr. Deepak to shorten the psychic distance to a large extent. Mr. Deepak is very familiar with the textile business, because he has worked in this field for nearly 10 years as we have mentioned before. (Phone Interviews with Deepak S. April and May 2008) A foreign businessman could use a viable access to local knowledge rather than learning the knowledge himself. (Andrew et.al, 1997) In our case, although his business experience is very abundant, he still gave 20 percent to Dorota Kumara who is a native citizen of Poland and who is accomplished in legal proceeding (Email Interview with Deepak S. April 11, 2008), because Mr. Deepak although is well aware in business, he is short of knowledge of the law in Poland, therefore, he found a partner who has institutional experience to offset the insufficiency of his own institutional experience (Eriksson, 1997). He understands the combination of other's knowledge and experience with his own, which can accelerate the growth of Anora, Ltd. Employment is the viable access to local knowledge for Mr. Deepak.

6.7 International Entrepreneurship

6.7.1 Thinking and acting

An entrepreneur did an excellent job in his own field, the more enterprising he is, the more possibility he would seek for finding the business opportunities within the field he can reach. (Penrose, 1959, pp.36) In our case, during the time Mr. Deepak worked in two

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companies, he was a hard worker and quick- learner and as possible as he can to figure out the business skills in textile field and became the backbone of the company because of his excellent performance. Then he decided to found his own company because of excellent performance in his field and his enterprising.

Entrepreneurial thinking depends on the result of previous acting, because whether the previous acting is successful or failed to some extent impact the latter thinking about acting. It is a process in which both two factors thinking and acting interact to each other. (Penrose, 1959, pp.36) Through years working in two companies, Mr. Deepak has well known textile field, so when Poland joint European Union, He did not hesitate to quit his job and searched for the opportunities in the field that he knows to found his own kingdom, the idea of founding his company is not the blindfold results, it must have been through deep consideration, then Mr. Deepak put it into reality, because the efforts of thinking in entrepreneur's mind help Mr. Deepak to make judgment on the right timing to enter to the markets and on what is necessary to be prepared and catch up with. An entrepreneur thinking is estimation before acting; thinking involves good sense of business opportunities and the rate of expected success and potential risk and so on. (Penrose, 1959, pp.36)

6.7.2 Risk avoider and taker

Entrepreneur would be charged with risky profits return that could be either positive or negative after founding his own business rather than gambling.(Kanbur, 1982) Mr. Deepak is surely such a risk taker, because he gave up the vocation with rich and generous salary offered by Tetra to found his own business, he invested nearly all his money to build Anora ignoring the risk that returns could be negative, once there was a fiasco encountering with Anora, Mr. Deepak may lose all the saving he has scraped up for 10 years. (Phone Interviews with Deepak S. April and May 2008)

An entrepreneur suppose that risk of founding and doing business is fully controlled by him, because entrepreneur could employ professional with relative less money compared with costs caused by his insufficient professional knowledge and experience to deal with the events with which he is not familiar, so that the entrepreneur could avoid potential risk. (Schumpeter, 1954) After Mr. Deepak founding Anora, he gave twenty percent share to Dorota Kumara who is accomplished in legal proceeding for complementary the shortage of legal knowledge of him, because he realized once some companies take advantage of law loophole or his deficient knowledge of law, company Anora has to face to the risk of loss and risk Anora's reputation. (Email Interview with Deepak S. April 11, 2008) Therefore, Mr. Deepak takes Dorota Kumara as partner to avoid such risk. Although Anora wants to enter Swedish markets to support its strategic partner, Raymond Denim Mills, before it really applies, Anora actively developed its relationship with Czech Tex which is familiar with Swedish market to learn more about the market so that Anora can decrease risk and uncertainty.

6.7.3 Image creator

Entrepreneur would invest his limited resources into one direction for the growth of company to earn as much as possible profits, entrepreneur has to concentrate all resources

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he has on the image in his mind to guide him one direction to develop his company, so that difficulties he might confront with could possibly be conquered by his control of limited resources, such map or “image” as Penrose said indeed determines an entrepreneur’s action. (Penrose, 1959, pp. 5)

In 2004, Poland joint European Union, the gate to western European is opened wider. The larger quantities of goods would be flowed more quickly into the Western Europe. And much more products of rest of the world would flow into Poland at the first stop to proceed raw material processing, then the finished products processed in Poland would be flowed into western markets from Poland, the distributing center, because the tariff to the raw material such as textile and labor costs are relatively lower than other European Union members, and tariff of members between are much lower than to non-European Union members. Based on the reasons related above, there is a dire need of trading company to coordinate business activities and share business information. The year 2005 is good timing and clarion blew to found a trade company for Mr. Deepak. (Email Interview with Deepak S. April 11, 2008)

From Mr. Deepak’s original dream to work and found his own company in Europe and Anora’s development tracks, we can know that he never considered that he would stay or return to the Indian market or any others, but keep on doing business in western markets (Phone Interviews with Deepak S. April and May 2008), we can say his dream to open and expand his business is image in his mind which truly determined his behaviors. Namely, opportunity discovery needs focusing and dedicated to only one goal. Opportunity discovery is the outcome of business activities going around the company (Hohenthal, 2003). However, these activities are formed and predefined in Mr. Deepak’s minds, it is exactly the so called “image creation in the entrepreneur’s mind” (Penrose, 1959, pp.5). To a large extent, Anora’s discoveries of opportunities were the outcome of Mr. Deepak beliefs about the great and potential treasure buried in western markets. It is the opportunity interpretation rather than discovery new opportunities.

6.7.4 The entrepreneur’s ability to raise the resource and use existing network

Many small firms with more chance to be bankrupted than a large company and with limited reputation succeed with raising the capital for their development, because of entrepreneur’s ability to convince bankers to raise money. (Penrose, 1959, pp.37)

As an entrepreneur, Mr. Deepak, the founder of Anora, easily convinced the banker and got the bank loans to cover the gap of founding Anora and raise enough funds to invest in Poland, through tempting foreground of Anora that Mr. Deepak described to the banker and credibility. (Phone Interviews with Deepak S. April and May 2008) For Mr. Deepak, after he founded Anora, one main task is to maintain his old clients and guarantee there are source of profits from old clients before he can make new contracts. At the early stage of the growth of Anora, its main profits are from one old client Raymond Denim Mills who was once the clients of Tetra Company when Mr. Deepak worked in Tetra; Raymond Denim Mills was served by Mr. Deepak. (Phone Interviews with Deepak S. April and May 2008) Through the history of Anora, We can declare if without old clients provided contracts to Anora, Anora would teeter in its business field and suffer from lack of

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business opportunities, which means Anora would be short of flowing capital and has very limited profits, because especially for a trading company, the reputation of it and its clients' trust is much more important than money, if there was not existing network for Anora at incipient stage, who else can give contracts to a market newcomer that they have not even heard of Anora, say nothing of trust Anora. Where the source of profits that Anora can get? The answer could not be clearer, that is nowhere.

7: SUMMARY AND CONCLUSION

The main focus of this work is on Mr. Deepak's work experience and his company Anora's internationalization process. With the help of the model of Johanson and Vahlne invented in 2003 and simplified by the researchers, we have tried to explain how Anora gets internationalized successfully.

Through the simplified model based on Johanson and Vahlne invented in 2003, the researchers has highlighted the core of each theory which comprise of the model of Johanson and Vahlne(2003) in order to better easily to grasp the key to analyze the Anora case. In internationalization theory part, we still have chosen the knowledge-commitment as the significant factor to analyze, the knowledge in the following model includes both experiential and objective knowledge. With consideration of entrepreneurship theory which covers very broad fields, so we just choose a few aspects of the theory to dwell on the Anora case, although it is restricted, these aspects are very suitable for analyzing Anora, such the entrepreneur's ability to raise the resource which he needs to found his business, and using existing relationship to cut short long time of preparation to found the business to realize his goal as soon as possible and also some entrepreneur characteristics that perform on the founder of Anora.

Consideration the limitation of a single-case study of Anora, the purpose of the research contributes to the understanding of Indian entrepreneur establishes and develops a viable business in Europe and to understand an describe how Mr. Deepak Soni established and developed Anora Pvt Ltd in Poland, a company, operating in the branch of textile and clothing. With the help of theories we choose, we have had better understanding of internationalization process. Through the analysis on the Anora, firstly we found out Mr. Deepak's personal work experience and his existing network before he founding Anora play important roles after Anora is founded. His working experience should be considered as his preparation for founding Anora. From this point we have learnt from Anora' case, we speculate that INV does not simply means that a company could be founded overnight, we can not ignore the long period time of preparation for the company before it is really founded. Secondly, we found that during researching in a company, researchers should not separate the focal company from main character who influenced the company's growth largely, because without his or her efforts, a company would not exist, human is the real carrier of knowledge and experience. Moreover, we have successfully achieved the aim to understand and describe the way an Indian entrepreneur succeeded in establishing and developing a viable business in Europe, i.e. to understand and describe how Mr. Deepak Soni established and developed Anora Pvt Ltd in Poland, a company operating in the branch of textile and clothing. Entrepreneurship is the engine for a company or a person to learn knowledge more of which motivated one to make more commitments.

During the analysis part, researchers displayed the components in the model refined, commitment, knowledge, relationships and entrepreneurship are not isolated, and each of them has interplayed with others and what kind of role each component plays in Anora's internationalization process.

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For researches in internationalization process in future, we recommend that researchers should considerate all components as a whole rather than insularly thinking over only one components. This paper has also offered Anora empirical finding and our analysis to other researchers who also have interests on Anora.

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APPENDIX:

In this section we have divided appendix into two different parts, Appendix A and B. For finding out the relevant information regarding our empirical findings we have taken an interview of the president of the company Mr. Deepak Soni and have used two different sources Email and Phone Interview for gathering information. Appendix A has the information which was received through email on April 11, 2008, whereas in Appendix B the data was gathered through phone interview on April 7th, 24th, 28th and May 6th, 10th 2008. We have chosen to include different phone interviews into one appendix because some information has been repeated in one or the other sense. Therefore to make it easy for the readers, we have put all the information into Appendix B to make the information flow step by step to get the correct information.

APPENDIX A

The company history: The Company 'Anora Pvt Ltd.' is established by Mr. Deepak Soni (80% share) and Dorota Kumar (20% share) in March 2005, it is situated in Lodz which is the center of Poland and a hub of the Textile market.

What problem does the president of the company have to face in the past and in the future?

Answer: There is a limited finance, as the company is in import – export business there is limited finance so limited goods can be imported. After importing the goods have to be sold in credit so there is always a risk of recovering money from buyers and if buyers pay late or not on time as per planned, the next booking is suffered as products are seasonal. (Poland has 6 months summer and six months winter and have to plan accordingly)

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In your experience, what problem bothers you very much? What problem is hard to be solved?

Answer: Stability of market, currency fluctuation and To track buyers financial position.

What main business does the company do?

Answer: The Company have few divisions :-(A) The main business is import of Jeans Fabrics from India ‘ Raymond Denim mills’ and sell to Polish Jeans manufacturers who later sell finish goods (Garments with their brand label) in polish market + export .

(B) Book Keeping , Auditing , Accounting , Visa , work permit , Residence permit, all Immigration work for foreigners staying/working in Poland , Tax consulting ,Helping opening new companies in Poland all as per Polish/European Law.

(C) Trading in Home textile , Yarns and knitted Garments.

(D) Agent For “ Raymond Denim Mills ‘

What is competitive advantage of location in Poland as well as your company (such as the tax, policy, labor cost) Introduce the situation of the field where the company lies, it is very competitive?

Answer: (A) In Poland labor cost is cheaper rather than other European countries,

(B) Stocking and warehousing as also cheaper rather than other EU countries

(C) Raymond Denim is a very high fashioned Jeans Fabrics producers and one the best mill which once was one of clients of Tetra during that time I served it. As the products is according to EU Fashion its gives us good push in market . The prices is much competitive then any other European Denim mills.

Could you introduce your business partner?

Dorota Kumara who is native citizen of Poland and who is the charge of legal stuff of Anora. Because I did not know the polish law very much, so i gave him 20% stock share of Anora. He and I once worked in Tetra before Anora being founded.

What strategy does the company apply to enter in a new market?

Answer: (A) Market research like The products requirement in the market , Markets capacity. And then approach with good service.

(B) Buyer cheaper and sell better.

(C) Update fashion by visiting Textile fairs.

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(D)We search buyers from Yellow pages , advertisement , books , magazine , Net surfing , Later contact them by telephone /mail and sampling.

(E)We also prefer some local person as an selling agent for the country.

In consideration of entering in a new market, what aspects should you think about?

Answer: As above.

What does you wish to get from our thesis? or in other words, in your management, which part do you need some academic opinion to enhance your management?

Answer: Country's Product for Importing and Country's products for exporting.

Textiles (Denim Fabrics and Promotional /fashion t-shirts requirements) Buyers Data.

Markets Capacity.

APPENDIX B

Where did you born in India? Where did you complete your studies with which subject?

I was born and brought up In India (Bombay).He has finished my studies in Bachelors of Commerce from Bombay. With the major in Business administration

What was your previous job back in India?

I was working as trader in India before I came to Poland for a job. I always had a dream for working in a Europe. When I found an opportunity for working in Poland, without thinking of anything I grabbed that opportunity and moved to Poland for joining the new job.

In which department did you worked in the beginning and which was the first place in Poland you worked?

My first city in Poland was Warsaw where I got my first job in Techno park pvt.ltd in 1998, where I was assigned as a marketing manager for textile department. The main area of my work was looking for entire related work of textile which includes purchasing, logistics and client relationship. This helped me to gain experience.

Which all difficulty did you faced in the beginning, and how did you managed to solve it?

In initially stage I have faced a problem with language and culture, but as time passed I got familiar with my work and how to deal with it by gaining knowledge and spending time with local people.

Did you change the company in Poland in your entire career?

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Yes, I did change to one more company before starting my own company. During I working Tetra, he found the previous missing part in Techno Park which is knowledge about the suppliers back the source of textile Techno Park imported from India. In Tetra, he has to enlarge his work content to both contacts with clients in Poland and other countries and mainly suppliers of India.

What was the reason for changing a company?

After spending three year in the same company and putting all the efforts.I have started getting an job offers from different companies from Poland out of which Tetra Pvt ltd was also one of them, which was in the same field of business with big network in surrounding countries. They offered me an good salary comparing to previous company due to which I changed my current job, and acquired an new business relationship an knowledge about different country. In my new I have change my location to LODZ which is located in the centre of Poland and also known as textile hub.

Did government play any role in your business?

Yes, I have received an local support from government which helped me a lot to established my business.

What benefits according to you has helped you while you started your own business from your previous experience?

While working in a Tetra Pvt Ltd. I have managed to built up an close business relation with the one of the largest manufacturer of Jeans fabric that is Raymond Textile mills(India) because of my regular conversation with the concern person he become the known person in Raymond Mills. I have gained enough of experience by working in two companies and made myself pretty much familiar with the business in the textile field, so I was sure about what I am doing and what I am going to do. And also, Anora's clients are mainly from my clients when I was working in Tetra and Tech Park.

When do you decide to found your own company?

In 2004 Poland enters into European Union and soon after I decided to establish my own company in 2005 with the name of Anora pvt.ltd in LODZ along with business partner Mr. Dorota Kumar with the profit share of 20%. His work was looking after the legal work for the company.

Does the fact that Poland entry into EU make you have the idea of finding your own company?

In fact, I planned to found my business since I am very young, but at that time, my situation did not allow me to realize my idea. After working in two companies, I have some saving and work experiences which are very necessary. The year 2004 is very important, or we can say it is the time that I think is good timing to found my business.

Could you introduce the situation of Anora in its inception?

In the initial stage of the company there were three employees where everyone was looking for an individual task to make company grow. The company was into the business of jeans textile, yarns and knitted garments.

Who are Anora's main clients?

The main clients of the company were Westman Jeans, Intex, Sharda textile, Cezk textile and Raymond Denim Mills, the latter two are the importance in importance. More than half clients Anora has are my clients during I worked in Tetra and Tech Park.

As we know, Anora is so far so successful, so could you introduce important steps of Anora, or turning point of Anora?

First, it is beginning to found it, it is relative easy for me to get loans from the bank, without it, I would have to pour all my money in it and be short of flowing money, that could be disadvantage for Anora, because Anora would have had enough money to buy more stock even when the price is very competitive, the more quantity you buy, the lower price sellers would give, if we did not have the loan from bank, we can not buy large quantity.

Secondly, after completing successfully one year of the company, on the bases of the business performance one of the major break through a company got was of getting sanctioned of a business loan. This helped me to increase the stock into my warehouse and increased the risk-taking capacity of the company. Anora also has extra money guarantee to consider expansion and subsidiary in other markets.

What is your main market that you export your products?

From beginning till now, Anora's main territory is Poland which is Anora's base. As time passes, my company started developing its network into surrounding countries like Germany, Slovakia, Czek republic by doing a business with agents and small traders.

Just now, you mentioned you want to expand to other markets, could you give some hint?

Swedish market is my priority choice, it capacity to consuming textile is very large, and there is another reason that is Raymond mills wants to expand to this market. I mentioned before, this company is one of the most important clients of Anora, without its help, Anora would have not been through easily at the beginning I found it. It is Anora's alliance or strategic partner and the main source of our profits, it is so important for us, so we will not risk losing it. So now Raymond mills choose Swedish market as next stop, Anora would follow it. Based on years of cooperation with Anora, Raymond's mills would firstly choose Anora as its agent in this market, if we also have relationship and contacts in Swedish market.

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But Anora's main markets do not include Sweden, so how do you solve this problem?

It is not hard to solve, first, I have some business friends who has contacts in there, and besides, one of Anora's client, Czek textile mainly does business in Sweden. Through with Czek textile's cooperation, we have known a lot about Swedish market, we have done the preparation for entering Swedish markets.