

## **DEVELOPING A NETWORK POSITION IN ESTONIA: THE CASE OF STATOIL**

Pervez N. Ghauri and S. Benjamin Prasad

Against the backdrop of the liberalization of the Baltic States and its impact on international business, this paper investigates the business entry of a Norwegian firm in Estonia. The network approach amplified at Uppsala (Sweden) serves as the framework to partially explain Statoil's entry strategies and its efforts in establishing a position in the Baltic region. While the narrative illustrates the entry and position development strategies of the firm, the findings reveal that the most critical success factors in this case were (a) the development of relationships with different stakeholders in Estonia, (b) the influence by the third parties and, (c) Statoil's networking with the mass media. These findings are consistent with the Scandinavian perspective of industrial networks and provide insights to firms eager to capitalize on the infrastructure development potential in the emerging economies.

### **I. INTRODUCTION**

The liberalization of the Baltic States--Estonia, Latvia, and Lithuania--has been of particular interest to Nordic firms that have long considered the region to be in the domain of their extended and natural market. This liberalization is tantamount to a new dimension in the international business expansion of the Nordic firms. We assume that these firms would have a comparative advantage, thanks in part to a short "psychic distance between firms and foreign markets."<sup>1</sup>

In order to seize these market opportunities, the Nordic firms have had to forge new relationships. This called for a fresh perspective of their international operations. In fact, the challenge is not merely one of establishing business relationships with a foreign partner, but also one of developing new industrial and market structures that are mutually beneficial to the Nordic firms as well as for local economic and infrastructure development.

Network models relate to those approaches where firms engage in relationships with other actors in their environment [18]. During the past decade, several studies [13, 16, 24] have shown that especially the Scandinavian firms develop and maintain long-term relationships with their suppliers, distributors, and even with their competitors. More significantly, they utilize this network of relationships to generate their competitive advantage.<sup>2</sup> Furthermore, there is evidence to suggest that industrial network relationships have indeed played a major role in the internationalization and technological development of many successful companies [15, 17, 19]. The main purpose of

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this paper is to report in some detail the findings of the field study of how Statoil overcame the hurdles and established its competitive advantage in Estonia. The paper is organized as follows: I. The Network Approach; II. Method; III. The Model; IV. Statoil in Estonia; and V. Discussion and Conclusion.

## II. THE NETWORK APPROACH

As noted earlier, we shall employ the network approach as the theoretical framework for the case study. This approach was developed through empirical studies in Scandinavia and several studies have advocated this particular approach in international business [11, 12, 15, 17, 23]. The central tenet of the network approach is that firms are linked to each other through relationships with their suppliers, distributors, customers, and even with their competitors to exchange information, technical knowledge, financial resources, and marketing know-how. In order for an effective exchange of these resources to be consummated, the firms have to nurture and develop a trustworthy relationship with other actors in the network. Furthermore, in order to develop mutual trust among actors/firms, each firm has to adjust and to adapt to the other with regard to products, production systems, and related key functions. Most importantly, the firm has to develop personal relationships with individual managers from the other organizations. How do these complex processes (comparable to "business political behavior" [2] come about? As Johanson and Mattson [17] emphasize, the firms have to make investments in these relationships, just as they need to do in research and development, which tend to become additions to the intangible assets of the firm.

The process of relationship development, the exchange process, and the factors influencing these relationships are reported in several studies [1, 6, 11, 25]. Developing a new network of relationships entails that the firms as well as other actors of the network have to readjust their already existing relationships.

Consequently, the networks become rather stable but flexible structures open for further adjustments. However, networks may have either "tight" or "loose" structures,

In a "tight" network, actors/firms would have very close and strong interdependence relationships. In the "loose" network, on the other hand, the firms/actors would have arms-length relationships without strong interdependence. Some networks tend to be "tight" because of personal relationships among individuals from different firms, and are prone to reconfiguration as, for example, when one or several individuals leave a member organization or change their positions. Although, in general, the relationship between the firms is the most important bonding factor in the structure of a network, in some contexts, a third-party relationship can also emerge as crucial. For example, government authorities as rule makers or regulators, banks and insurance companies as bond holders may assume the

role of a crucial actor in a network. Such a role is often pivotal in the emerging markets.

Accordingly, firms strive to develop a paramount position for themselves in a given network. The position of a firm, in a given network, is dependent on whatever relationships it has with other actors in the network and how strong these relationships are. It is, therefore, in the vital interest of the firm to spend its managerial time, energy, and resources to foster these relationships with a view to establishing mutual trust. Once a firm has established such a relationship, it can be a valuable asset for the firm. In other words, the firm could treat it as a source of its competitive advantage. The higher the mutual trust, the tighter the network, and also the higher the barrier to entry, as evident in the context of Japanese "Keiretsu" and Korean "Chaebol" [22]. These Asian networks are *relational*, rather than *contractual*, interfirm business relationships.

### III. METHOD

The field study, premised on the holistic method, assumes that actors in the process of relation development behave according to a perceived opportunity structure. Because the actors would not have perfect information on the eventual consequences of their relationships, they strive to initiate and develop a position in a network--position development--and hence they invest time and resources in forging these relationships. To understand the factors that influence such a position development and why some actors succeed in this deliberate endeavor and others do not, a holistic case study method is the most useful. The idea is not merely to study big establishments and success stories but to understand the process of how and why.

The holistic method used can be characterized as inductive and qualitative. It is inductive because the the domain of the problem, namely the position development in the Baltic States, entails new factors and dimensions of international business that cannot be studied with the help of existing theories of entry strategies. Furthermore, the market structure and factors in the Baltic region have not been adequately described or analyzed. It is qualitative because we have taken a longitudinal approach covering the moves of Statoil, and the focus of this paper is on one major aspect, the relationship development, which does not lend itself to quantification.

The case study method is considered most suitable for this type of study. As put forth by one author [26,p.7], a case study is an empirical inquiry that "investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and content are not clearly evident and in which multiple sources of evidence are used." And, it is also said that the case study method is research strategy that focuses on understanding the dynamics present in a single setting [8]. Moreover, case studies can employ an embedded design, i.e., multiple levels of analysis in a single study. This strategy is

recommended when "how" and "why" questions are asked about an event over which the researcher has little control.

The case method is often criticized for its lack of rigor, its limitations of scientific generalization, and its time-consuming nature [26]. Hence, our research goal is not to generalize but to understand, describe, and analyze the process of position development, not unlike facing strategic change in the context of a single venture capital firm [10]. It is, however, hoped that firms facing similar situations (entering or developing a position in a particular market) would be able to benefit from the insights of this field study.

In Norway, during 1990-91, we gathered the preliminary information on all firms that were in the process of entering the Baltic States. There were some twenty-five firms negotiating planning to enter the Estonian market. Among these, Statoil, a Norwegian oil and gas company, had come the farthest in the process of establishing a business in Estonia. The data collection was done in three phases: 1) document analysis--scanning the files and other print material made available, including discussions in the mass media; 2) a situation analysis for the particular industry in Norway and in Estonia; and 3) interviews with executive personnel at Statoil's Swedish subsidiary who were instrumental in this relationship or position development.

Statoil (Norway) has been engaged in the process of establishing a unit in Tallinn, Estonia, since October 1990. In March 1991, a contract was signed to establish "Eesti Statoil" as a wholly-owned subsidiary. This paper covers this process from the beginning through the finalization of the contract, and the problems that emerged after the contract through December 1991.

Statoil was selected for the field study as it was the only firm in Norway that had progressed in the process of establishing a business in a Baltic State. Moreover, it was willing to give access to some in-house materials and executives. The case was of particular interest for academic inquiry as the parent firm, headquartered in Stavanger (Norway), was entering a foreign market with the assistance from its subsidiary in Sweden. In other words, the instrumental role was played by Statoil, Sweden. We, therefore, decided to interview the executive in Sweden who was designated to manage the new business in Estonia. He subsequently became the manager responsible for the relationship development in Estonia.

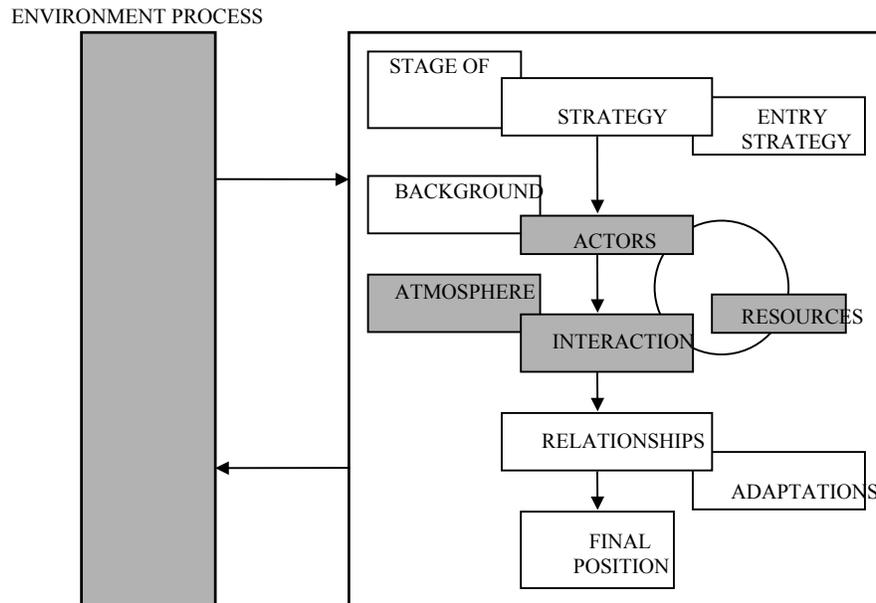
#### IV. THE MODEL

The model depicted in Figure 1 serves both as a framework for information gathering and as a means of interpreting the findings. An analytical approach is used to draw the inferences using the model as a basis. As noted by Yin [26, p.18], "An essential feature is comparison of the emergent theory or hypothesis with the existing literature. This involves asking: what it is similar to, what it contradicts, and why?"

The process model illustrates the factors, or the variables, that were involved in the process of position development in a foreign country using the

network approach as shown in Figure 1. The shaded parts show the core structure of the network relationship development process. This is the most dynamic part of the process. The other parts are background factors influencing, or moderating, this process and its outcome.

**Figure 1. The Process of Position Development in a New Market**



The model begins with an overall strategy of the firm including goals and objectives which, together with the environment, lead to a choice of the entry strategy. However, it is the shaded, and especially the circular, part of the process that is considered to be the most dynamic. Thus, the continuous process leads to new relationships and different positions in the network. Hence, the position is always dynamic and is subject to changes over time.

### **The Environment**

The environment represents the larger social system determining the influences including the political, economic, legal, market and cultural forces. Each firm or organization operates within such an environment and subject to its forces. Our focus is more on the organization and its relationship with the external environmental forces than on the internal factors within an organization.

### **Strategy and Stages of the Process**

By strategy, we mean the process of adapting the pattern of activities and objective of an organization to its external environment. As the external environment always changes, the strategy has to be a continuous adaptive process [17]. This also means that a company seeking to expand its activities into a new market has to consistently reconsider its strategy. Establishing a new customer relationship requires an *ad hoc* commitment of a large amount of human and financial resources, often greater than is required for maintaining existing relationships [7].

### **The Actors and the Background Factors**

The process of relationship development would not only depend on the elements of the firm's strategy and its interaction as noted above but also on the characteristics of the parties, individuals, and organizations involved. Characteristics such as technology, organizational size and experience, and the personalities of the individuals involved play a vital role.

### **Resources**

In a network, each actor controls some of the resources directly and some others indirectly through dependence relations with other actors. The dependence relations are an outcome of the bonds between the actors and their relative importance to each other [4]. Resources such as goods, financial capital, technology, personnel, and marketing know-how are important; but the importance of these resources varies at different periods of time and in different contexts. However, the network theory holds that the most important resource at all times is perhaps the position a firm has developed in its network [14].

### **Interaction and the Atmosphere**

Interaction is inevitable in the process of relationship development as it allows the firms to make better use of each other's resources, products, information, and services. Interaction and cooperation are used to demonstrate intended presence in the counterpart's network. Firms with strong positions in their network will seek cooperation with prestigious firms, in which case interaction involves the degree of cooperation/conflict, distance, power/dependence, and expectations of the parties [3, 11].

### **Relationships and Adaptations**

Relationships are complex, dynamic, multi-level, and continuous over time. They consist of a web of interactive relations between individuals in two organizations, relating both parties, and entailing adaptations and the

establishment of routines on the part of both [16]. There is a degree of coordination in the exchange activities and, a change in one relation may affect changes in all the other activities of a firm. These relationships and adaptations are critically important for a firm, as they affect its productivity, control over the environment, and development of its competitive strength. Adaptation is an important aspect of relationships and is an attribute of relationships and social exchange processes between companies [15]. One vital form is that of role relationship, which is critical to the development of a cooperative interorganizational relationship. In the empirical context of Japanese investment in the United States, it is noted [5] that Japanese firms are likely to use sequential entry and expansion over time because of their unique cultural and institutional environment.

### **Position**

The position of a firm in a network can be defined as its role and importance in the network and the strength of the relationships it has with other firms in the network [18, 23]. According to Thorelli [25], the position is based on six areas concerning a firm and its relationships: the power, the economy base, the technology, the expertise, the trust, and the legitimacy. It is, however, a relative concept, as no two parties' positions are alike; they are evaluated and perceived by another party on the basis of previous experience and present expectations. As evaluation and perception depend upon the interaction and relationship, it is considered to be an outcome of these two. This position is explained in terms of macro and micro positions. The micro position is the bargaining position of a party vis-a-vis one specific counterpart, while the macro position reflects the role and importance of a firm in the network as a whole [18].

## **V. THE CASE OF STATOIL IN ESTONIA**

Statoil is a Norwegian oil company that has been engaged in the oil and gas business for more than a quarter century. As a resource-driven multinational firm, it continually explores new markets. Sale of crude and refined oil is its main business, and Northwestern Europe and the Baltic region are considered by Statoil as its natural market. The following background of the decision of Statoil is reconstructed on the basis of personal interviews with a Statoil regional manager in Norway and a project manager in Sweden.

### **Background Factors**

During the process of independence, the Estonian Government officials contacted Statoil and urged it to consider entering their country, as Estonia had no domestic oil production but had relied on the Soviet Union. In essence, Estonia wanted to have a guaranteed source of oil supply because of its strained relationships with the then Soviet Union. A transportation link had to be

established first. A ferry boat line was set up between Tallinn (Estonia) and Stockholm (Sweden) as a joint venture project between Sweden and Estonia. (See the map of Europe and of Estonia). A petrol (gasoline) tank was specifically planned on the ferry. At this point in time, Statoil's head office from Norway started taking a keen interest in the Estonian market potential.

In May 1990, the first meeting between the executives of Statoil and the Estonian Government (the Prime Minister Edgar Savisaar) took place in Tallinn. The initiative for this meeting came from Estonia. At that time, however, Estonia was not independent of the law of the Soviet Union. From the perspective of Statoil, this fact was a major constraint. Statoil, at this stage, nonetheless attempted to find a local partner for a joint venture but failed to find a suitable party. Subsequently, Statoil began to consider establishing a wholly-owned subsidiary in Estonia.

After a few weeks, an informational meeting was held. The Estonian Government and Statoil presented their respective plans. At this meeting, the Prime Minister, the Vice Prime Minister, the Minister for Economy, representatives from Tallinn City, the Mayors from other larger cities, and some officials from the foreign office were present.

In June 1990, Norwegian Statoil authorized its Swedish subsidiary to handle this project and appointed Mr. Sverker Liljefeldt as the person in charge (or Project Manager). In January 1991, Statoil became the first foreign firm to apply to the Estonian Government to establish a wholly owned subsidiary. The approval came on March 18, 1991. After this approval, Eesti Statoil Estonia was established in Tallinn and Statoil Sweden tried to enter into negotiations with Tallinn City for the establishment of an office and the construction of the first two petrol stations. But the city officials were not interested in talking to the Swedish group and demanded meetings with top management of Statoil from the Head Office in Norway.

According to Mr. Liljefeldt<sup>3</sup>, "They wanted to talk to Mr. Harald Norvik, the President and Chairman of the Statoil group, and not with the Swedish group. At the time we did not quite understand their attitude, but later we suspected that there was something fishy. The people, occupying important positions, wanted to meet with top management so that they could do some personal business."<sup>3</sup>

### **Strategy**

Statoil's overall strategy was considerably different in this market entry process than in its normal internationalization process. Here, the initial market entry in the Baltic region was regarded as a good stepping stone to learn more about the emerging Eastern Europe. No market research, or any other formal business analysis, had been undertaken. According to Einer Slagstad<sup>4</sup> of Statoil Norway, "We decided that Estonia is not a major market and we should try without giving a very strong emphasis; if not successful, we would move on to another market in Eastern Europe."<sup>4</sup>

The total investment was considered to be 70 million Swedish Kroner (SEK). It was considered a high risk project, according to Mr. Liljefeldt, "This is not a short-term project; we know that we will not make money for a long time, but we still want to be here. We do not think that it will be good enough to wait and come here in five years' time."<sup>3</sup>

### **Interaction, Relationships, and the Position**

In May 1991, Statoil applied to rent sites (property) in Tallinn to establish the first two petrol stations, but they had not received any answer from the authorities. Eesti Statoil had selected two pieces of vacant land and got the construction plans approved by the Architecture and City Planning Department. However, they needed also to have the permission of the local government.

An office had been opened, with Mr. Sverker Liljefeldt as the managing director and two staff assistants. The plan was to start with two petrol stations in Tallinn City but the long-term objective was to establish fifteen to twenty petrol stations in Estonia by 1996 with a two-pronged sales strategy: selling primarily western quality petrol (i.e., unleaded) to tourists and businesses for hard currencies and local quality (leaded) petrol to local people for local (Estonian) currency. Since the independence of Estonia came earlier than anticipated, the company thought it could achieve the above objective much earlier.

The problem was, however, that those who came to power were the same people who held key offices before Estonia obtained political independence. Their thinking modes remained the same as before manifesting old-fashioned bureaucratic ways. There still remained significant problems concerning currency convertibility, the legal system, property rights, democratically constituting the parliament, and so forth. In this unchanged atmosphere, evaluation of different products and services was almost impossible. Liljefeldt lamented, "Sometimes, it is very difficult to convince these people that we are not cheating them because there is not a mechanism to compare the prices and values of different things."<sup>3</sup> Nevertheless, as the managing director of *Eesti Statoil*, he had the responsibility of negotiating and muddling through while the parent firm in Norway had the final say in the matter.

The context which Liljefeldt faced was by no means clearcut. A number of individuals and small groups had become involved in the process. In addition to the Swedish and Norwegian Ambassadors, there were representatives of the Swedish Export Council; and even the office of the Swedish Foreign Minister. The Estonian side was represented by the Director General of Foreign Economic Affairs, the Foreign Minister; and the head of the Foreign Trade Department. In addition, there was a small but powerful group, especially in Tallinn, that was interfering with the process of negotiation, and give-and-take. While the majority of people in Estonia desired Statoil to establish its business in anticipation of deriving long-term benefits for the

economy as a whole, the small dissident group was out to gain short-term personal benefits. At least that was the general impression we could gather in our interviews.

The competitor for Eesti Statoil was Eesti Kutus, the government-owned oil marketing company with 100 petrol stations. It also had a joint venture operation with Neste--a rival of Statoil. Unleaded petrol was scarce in the country. Liljefeldt reported at the time, "It is possible that another oil company is trying to enter this market, and they will be successful if they want to play with this group's rules."<sup>3</sup>

As far as resources of the negotiating parties were concerned, what was clear was that Statoil controlled financial, technical, and material resources while Tallinn City controlled the property rights. It appears that both parties possessed some crucial information considered as privilege and not shared with the other.

During 1992, Eesti Statoil was working intensively with Tallinn City and the Estonian Government. However, much of the interaction was with the third parties. The firm was also attempting to establish a number of relationships and goodwill with other actors in the local network. Through these relations the company obtained the information it needed. As put by Mr. Liljefeldt, "There is no planning ahead at all. Now we work each day to improve our position through collecting information and lobbying. These relationships and contacts are the only source of information, as no other communication system is in function. The position of the particular group (the old gang) is weakened every day. People are beginning to fear that Statoil might just retreat. Estonia needs us more than we need Estonia."<sup>3</sup>

Eesti Statoil had been trying to find other alternatives to solve this deadlock. For one, the company offered to recalculate the present value of the rent for the entire period and invest that money in a project beneficial for the city, such as, for example, a water purification system. But this offer was also rejected. The city government insisted that a partnership should be established with Cartex, a fictitious company nominally registered and set up by the dissident group.

At this juncture, there was an apparent coalition between the City officials and the dissident group. In its turn, Statoil proposed to lease a parcel of the land in Tallinn for twenty-five years and a second site for ten years and expressed its willingness to pay a much higher rent than the local rate. What it offered was comparable with Swedish cities such as Norrköping and Linköping. The City officials claimed that there were no provisions on the books that allowed renting government property to foreign companies. However, if a partnership had been offered to Cartex (the company reportedly owned by these officials), another type of an arrangement was possible, they proposed. Eesti Statoil tried to lease other properties, not owned by Tallinn City but by the central government of Estonia-- a plausible alternative in light of the type of contacts and relationships Statoil had established. However, this option had to be kept as a secret from the Tallinn City officials. Finally, in 1992 the

Estonian government offered the land to Statoil so that it could implement its plan of setting up its first two petrol stations.

## VI. DISCUSSION AND CONCLUSIONS

*Prima facie*, the details of Statoil's venture in the 1990s in Estonia provided above might convey the impression that it was a unique case. In point of fact, we believe it is illustrative of the types of problems that firms could encounter while entering the Baltic States. As narrated, Statoil of Norway had to deal with Estonian governmental units at two or three levels and at least one local private group.

While interacting with one or more parties, in itself, is not unexpected in international negotiations, what evidently made the situation murky were three major developments: (1) the same people who had controlled the political and legal forces before the country's independence, were in power at the time of negotiations. Even though Estonia was said to be on the road to free-market economics, their motivation to enforce the new legislation, and thereby foster foreign direct investment had been remiss. (2) The dissident group in Tallinn demanded an equity type partnership while Statoil would not give away ownership in the project as a payoff to receive the permission to lease land and other property. This could be inferred from sentiments expressed in the interviews: "Yes, we are willing to adapt to the local environments; but it seems that the only adaptation we can make is to accept a joint venture with Cartex. They have nothing to contribute except land, which, by the way is not theirs."<sup>3,4</sup>

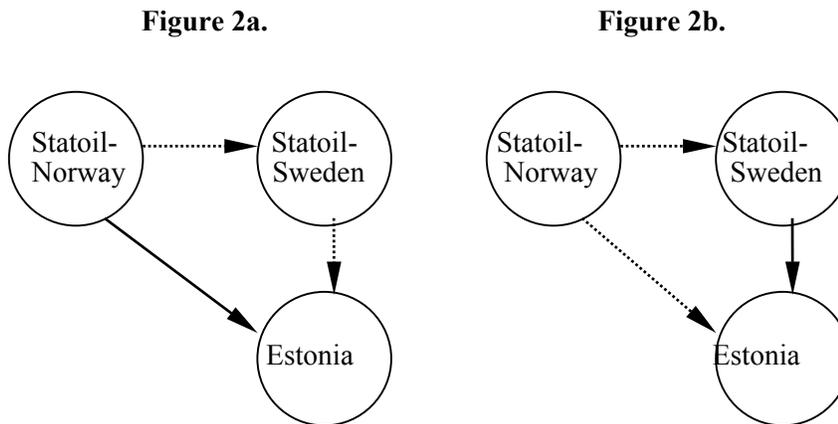
(3) The details of the case of Statoil in Estonia was openly discussed in the mass media, and it was stated that the situation was very pathetic as the internal forces in the country were working against its development and that the state was blackmailing itself.

In sum, this case illustrates that the characteristics of different actors involved in the process are very crucial for the relationship development. The third parties, especially the dissident local group, played a paramount role; here the network approach was quite useful. The Prime Minister of Estonia had to be involved in the final stage of the process. The Swedish and Norwegian Ambassadors, the Swedish Foreign Minister, and the Export Council from Sweden rendered their active support to Statoil. On the Estonian side, in addition to the Prime Minister, others involved included the Foreign Minister, Director General of Foreign Economic Affairs, and the Head of the Foreign Trade Department.

Superimposing the network approach on the major actors and events in this case indicates the following emerging aspects of conducting international business. (a) Statoil, in the early stages, that is, before Estonia's independence, with its Head Office in Norway, authorized its Swedish subsidiary to manage this internationalization process. It was recognized by the head office that its Swedish subsidiary had better networking capabilities than itself. As illustrated (Figure 2a), the process initiated by the Head Office (Norway) was taken over

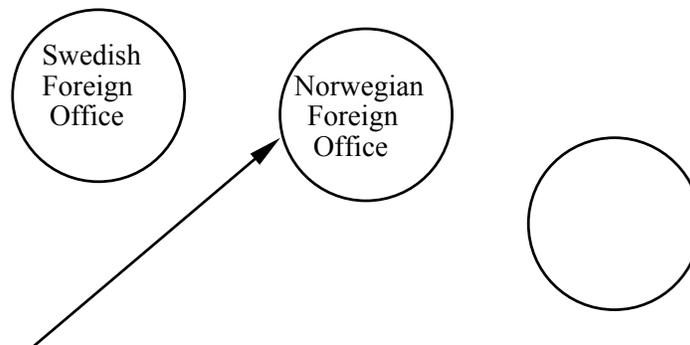
by the Swedish subsidiary in the later stages (Figure 2b). The solid line stands for the instrumental role.

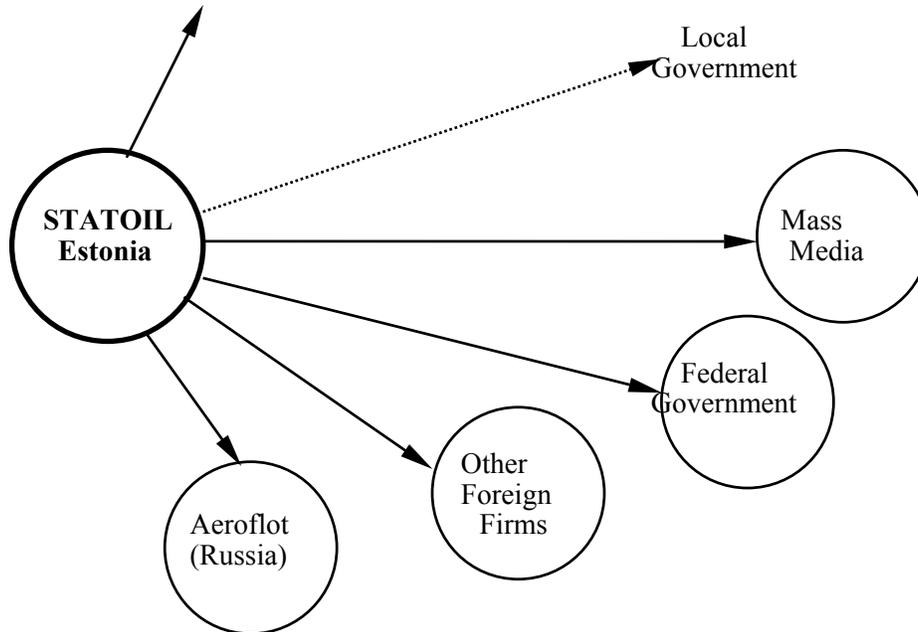
**Figure 2. The Process of Position Development in Estonia**



Another issue of significance to multinational firms, as revealed by this case, is that the political system in these states is slow to change despite economic pronouncements. Nonetheless, the widening role of the mass media in both Scandinavia and the Baltic States is noteworthy. The accusations about corruption and irregularities were openly discussed in the mass media, both in Sweden and in Estonia. Details were reported in several newspapers and magazines<sup>6</sup> that Statoil refused to rent land because of the private motives of the City officials of Tallinn. The mass media had also demanded more insight into the Statoil case so that the public could see the irregularities exercised by those in power. Thus, in the final stage of the business deal, Statoil ended up working more closely with other actors in the network than with the most relevant party. Statoil's networking is illustrated by Figure 3.

**Figure 3. Networking by STATOIL in Estonia**





According to Statoil, the only solution to the dilemma was to develop a network of relationships with different parties and government units with the objective of developing a favorable opinion in Estonia through mass media. In this respect, Statoil was quite successful in its endeavor. This approach was considered a valuable source of information on Estonia. Many Swedish and Norwegian industrial firms intending to establish business relationships in Estonia began contacting and seeking advice from Statoil. In the latter part of 1992, Statoil was planning to open its third petrol station.<sup>7</sup>

One conclusion that can be drawn from this field study is that while business opportunities, especially for the resource-driven multinationals from industrialized nations, abound in the emerging economies, traditional modes of planning to enter may not be sufficient. With effective networking with the government, mass media, and other actors in a particular network, multinational firms can survive the ordeal and establish fruitful new business ventures. This observation is consistent with the thesis that "informal constraints that are culturally derived will not change immediately in reaction to changes in the formal rules" [20].

#### ACKNOWLEDGMENTS

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venture, and to Rose M. Prasad (Central Michigan University) for enhancing the clarity and the syntax of the paper. The errors and omissions are those of the authors.

### NOTES

1. "Psychic distance" can be simply put as one's perceived proximity in spite of significant differences between one's sociocultural environment and that of a foreigner.
2. Our usage of the term "competitive advantage" is similar to Michael Porter's [26] construct of "distinctive competence," which refers to the resources that are not easily tradable or imitable. Yet, it should be noted that in the case of Statoil, corporate attempts to create a network was tantamount to creating a new resource that was not easily imitable.
3. From notes based on two interviews with Sverker Liljefeldt, (Sweden) who served as Project Manager Eesti Statoil, Tanninn, Estonia.
4. From notes based on an interview with Einar Slagstad, Regional Manager, Statoil, Stavanger, Norway.
5. From notes based on an interview with Kent Wennstrom, Journalist, Sveriges Radio, Stockholm, Sweden.
6. Many newspapers covered the events during 1991, including (captions shown in English): "Why Not Statoil," Eesti Express, Tallinn, October 1991; "Eesti Statoil Start-Up Delayed," The Baltic Independent, October 1991; "Who Is Directing the Events in the Estonian Gasoline Market?" Kaubaleht, November 1991; "Hard Resistance to Statoil: The Quarrel About a Piece of Land Hinders Investment into Estonia." Aftenposten, November 1991,
7. A number of local government officials, including those who were demanding partnership from Statoil, had been removed from their positions; and the new local government was very cooperative with Statoil. This new situation provided the company not only with alternatives but also with a stronger position vis-a-vis the City officials thanks to network relationships nurtured and developed during the process.

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