

Breaking Boundaries: A Study on the Innovative Network Strategies of Canadian SMEs Expanding into Unfamiliar Markets

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Article abstract

Small and medium-sized enterprises (SMEs) rely on network ties to facilitate overseas expansion. However, the expansion may be hindered when geographical and institutional distance is great, and boundaries of network connections are reached since the information from those networks may be distorted and lack objectivity. Nevertheless, Canadian SMEs with native-born owners have succeeded in expanding into geographically and institutionally distant markets despite possessing no pre-existing ties. Drawing on insights from institution- and network-based views, we investigate this understudied issue through a generic inductive interview of six Canadian SMEs that have either expanded into or plan expansion into the United Arab Emirates in which they had no pre-existing ties. Results reveal that all firms understood that institutional differences affect the business environment. They embarked on a distinct networking approach, focusing on broadening their existing network in the early stage and making full use of outsourcing networking activities. The research helps pave the way for further clarity and understanding of the dynamic nature of international entrepreneurship when relating to distant yet commercially attractive markets.

Breaking Boundaries: A Study on the Innovative Network Strategies of Canadian SMEs Expanding into Unfamiliar Markets

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ABSTRACT

Small and medium-sized enterprises (SMEs) rely on network ties to facilitate overseas expansion. However, the expansion may be hindered when geographical and institutional distance is great, and boundaries of network connections are reached since the information from those networks may be distorted and lack objectivity. Nevertheless, Canadian SMEs with native-born owners have succeeded in expanding into geographically and institutionally distant markets despite possessing no pre-existing ties. Drawing on insights from institution- and network-based views, we investigate this understudied issue through a generic inductive interview of six Canadian SMEs that have either expanded into or plan expansion into the United Arab Emirates in which they had no pre-existing ties. Results reveal that all firms understood that institutional differences affect the business environment. They embarked on a distinct networking approach, focusing on broadening their existing network in the early stage and making full use of outsourcing networking activities. The research helps pave the way for further clarity and understanding of the dynamic nature of international entrepreneurship when relating to distant yet commercially attractive markets.

Key Words: SME internationalization; early-stage networking; network broadening; outsourced consulting; United Arab Emirates (UAE)

INTRODUCTION

In today's rapidly globalizing world, the labyrinthine realm of international business becomes a crucible of survival and prosperity. However, the venture into distant markets is a balancing act on a tightrope strung with the uncertainties and unconventional norms of engagement, where the perils of escalating commitments loom large (McDougall & Oviatt,

2000; Shane & Venkataraman, 2000). The repercussions of wrong decisions while internationalizing could be exceedingly detrimental for a small and medium-sized enterprise (SME) expanding into geographically and institutionally distant markets (Sandberg, et al., 2019; Stahl et al., 2016).

Intensive research into the firms' international expansion behavior has notably emphasized how Western-borne firms

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may overlook certain overseas geographies due to the relative difficulty of access to these markets, whether real or perceived (Sui & Yu, 2013). To overcome these barriers, a sequential entry pattern is introduced by emphasizing successive entry into distant markets with minimum psychic and cultural distance, so that companies can intensify their commitments with growing experience and knowledge (Johanson & Vahlne, 1977; Sui & Yu, 2012).

Studies have also shown that SMEs can successfully internationalize to distant markets by gaining network ties and leveraging them to overcome challenges (Adler & Kwon, 2002; Coviello & Cox, 2006). The reliance on network ties is salient with immigrant-owned SMEs, whereby the shortfall in firm resources and reach to expand into distant markets is offset by network ties based on their connections to international markets, either through language, cultural, or ethnic ties (Morgan et al., 2021; Sui et al., 2015). However, successful empirical cases exist in which SMEs enter geographically and institutionally distant markets even without pre-existing networks (Sui & Tapp, 2016). It still needs to be determined what the exact process these SMEs took, from the initial recognition of the opportunity to their strategic decision of internationalization.

This study dives into this specific facet of international entrepreneurship (IE) to gain insights into how firms navigate international opportunity development, from its inception to establishing a presence in distant and unfamiliar markets. Our research tries to answer the key question: *how do Canadian SMEs owned by native-born expand into geographically and institutionally distant markets without pre-existing network ties? Specifically, what was their exact process, from initial opportunity recognition to internationalization strategic decision-making?*

In this research, the United Arab Emirates (UAE) is selected for its geographical and institutional distance from Canada. In the absence of language, cultural, and social ties with host countries that may help facilitate the expansion, how exactly the Canadian SMEs embarked on such markets is not apparent. Our study helps bridge the research gap by building a holistic view of the patterns and approaches and investigating these firms' internationalization process from their nascent stages to establishing their footprint. We review examples contrary to the immigrant cases to eliminate potential idiosyncratic factors in immigrant instances that may explain their internationalization, such as pre-existing cultural, language, or national ties. The generic inductive interview (Liu, 2016; Merriam, 1988; Wang et al., 2023), a qualitative approach with the aim of understanding the phenomenon, process, or perspectives and worldviews of the participants, is used to find the emergent patterns, themes, and differences among multiple cases. The findings emphasize

the importance of early-stage network broadening and the maximum use of outsourced networking activities. The study contributes to an increased understanding of the dynamic character of IE in relation to far-off but lucrative markets.

THEORETICAL BACKGROUND

A systematic review that mapped out the evolving research trends on SME internationalization highlights the focus and importance of social networks in explaining internationalization phenomena (Ribau et al., 2018). However, what also came to light is the limited exposure to markets with unique social and cultural characteristics, especially those distant and unfamiliar markets without pre-existing network ties. Further investigation from diverse perspectives is necessary to expand the research on SME internationalization. We seek to develop an institution-based and network-based framework and explore the bridge role outsourced consulting plays in helping Canadian SMEs be familiar with and build connections with the local environment.

Institution-based Views

The institution dimension helps broaden the lens to examine the speed of internationalization (Deng et al., 2018; Peng et al., 2009). Institutions are defined as the constraints devised by humans that structure political, economic, and social interaction (North, 1990). Businesses are impacted by the institutional environment of a place (D'Angelo, 2016; Rose & Lahiri, 2022). Due to different cultural, economic, and societal factors (Kostova & Roth, 2002), the characteristic of uncertainty is severe in institutionally distant markets, thus leading to the liabilities of smallness, foreignness, and outsidership that SMEs must face (Lindsay et al., 2017). Exposing to continuous and unpredictable changes can make firms, particularly SMEs, vulnerable and susceptible to failure (Acs et al., 1990).

Entrepreneurs' activities are determined by the game's rules in the context of institutions (Boettke & Coyne, 2009). Within a specific institutional framework, senior managers and firms sensibly pursue their interests and make strategic decisions (Peng et al., 2023). When expanding into institutionally distant markets, SMEs must adapt to the market environment and host country's institutions to succeed, or else face exclusion. The level of institutional development strongly negatively affects the level of foreign affiliate performance (Chan et al., 2008). Nevertheless, despite real or perceived barriers to entry due to institutional distance, research suggests that uncertainty in a new market may provide not only risks but also opportunities (Tracey & Phillips, 2011). Prior studies also revealed that entrepreneurs from countries with weaker institutions, not complete or unstable, mostly

in developing countries, might be aware of the loopholes in norms and rules and turn them into opportunities (Fuller, 2010; Khanna et al., 2005; Mesquita & Lazzarini, 2008). To seize opportunities, many SMEs still choose to expand into distant markets, with some ultimately succeeding (Luo & Tung, 2007). However, an explanation gap exists on how these SMEs achieve this.

It is notable that institutions can be categorized into formal and informal types (Casson et al., 2010; Chen et al., 2009), and both may exert different effects on firms' decisions in international business (Chan & Makino, 2007; Peng, 2002). While formal institutions are defined as written (or codified) rules or constraints, such as contracts, property rights, and agreements, informal institutions are typically defined as unwritten but socially shared rules and constraints that create social behavior expectations, such as norms, customs, traditions, sanctions, and reward structures (Helmke & Levitsky, 2004; North, 1990). To SMEs in the process of internationalization, the informal constraints might be more severe.

Network-based Views

The network-based view proposes the notion that firms enter new markets by leveraging their existing network ties (e.g., suppliers, partners) to gain both formal and informal sources of information (Baum et al., 2023), references, and referrals, along with other resources (e.g., Andrade-Rojas et al., 2021; Etemad, 2007; Kamakura et al., 2012). Prior studies show that knowledge of distant market opportunities is acquired through existing interpersonal links rather than systematic market research (Ellis, 2011; Hite, 2005). Market selection and entry strategies have also been shown to be frequently sourced from informal and formal networks instead of strategic decision-making on behalf of managers (Coviello & Munro, 1995; Sui et al., 2019). Thus, networks are proposed as the basis for entrepreneurial action (Aldrich & Zimmer, 1986), and the ecosystem's form and evolution are fundamentally reliant on networks (Scott et al., 2022).

Prior research suggests a substantial pattern of path dependence, with new ties often local to entrepreneurs' existing networks and hierarchical and geographic positions (Hallen et al., 2020). But studies also show that there are different types of network development in the early stages of opportunity exploitation (Zheng et al., 2020), such as network-broadening actions (adding new interpersonal ties) and network-deepening actions (managing existing interpersonal ties) (Vissa, 2012), which lead to, respectively, relatively weak and strong ties (Sigfusson & Chetty, 2013). Research shows that wider and more diverse networks are more efficient and less restricting than smaller and denser networks (Burt, 2000). Meanwhile, deeper and denser networks tend to create

a constraining effect that reflects the entrepreneurs' cognitive state (Zahra et al., 2005).

When larger companies utilize their greater resources, institutional strength, and enhanced market visibility to facilitate entry into distant markets, SMEs usually do not possess the same inherent characteristics and, therefore, have greater obstacles to overcome (Fletcher & Harris, 2012; Westhead et al., 2001). Usually, SMEs form new network ties during expansion (Johanson & Mattsson, 1987; Johanson & Vahlne, 2009), and the ties strengthen through progressive interaction between the SMEs and host-country partners. However, there remains a gap in understanding how SMEs initiate and cultivate these networks, especially in the absence of pre-existing ties.

The Interaction of Institution and Network Views and the Bridge Role of Outsourced Consulting

Some research studies claim that institutions and social networks interact. For instance, Kiss and Danis (2008) argue that a country's level of institutional development affects entrepreneurs' composition of social networks. Ties, strong or weak, positively affect the speed of a new venture's internationalization, but the extent of the effect depends on a country's institutional development level. SMEs' knowledge, utilization, and access to institutional networks affect their entrepreneurial activities in international business (Oparaocha, 2015). While institutions shape the contacts and structures of social networks, social networks can also shape the capabilities of institutions and organizations for institutional innovation (Oppen, 2023).

In this context, SMEs with no pre-existing network ties and cultural and language connections with the distant market, and not familiar with that market's institutional environment, can seek to be "highly networked with external providers of requisite resources and information" (Luo & Child, 2015, p. 398). Comparing the characteristics of network broadening and network deepening, companies may choose to strengthen their positioning through network-broadening initiatives during the early stage of the internationalization process (Hallen et al., 2020). This could be done by hiring a specialized consultant familiar with the market and geographic area.

Consulting is one of the relationship strategies that firms use when considering entering and developing distant markets (Welch, 2005). Consultants such as management consultancy firms or freelance consultants provide valuable expertise in navigating the intricacies of distant markets, helping firms align their strategies with institutional requirements. As hosts of new networks, they can mitigate potentially confounding causal factors (language, culture, etc.), highlighting the importance of bridging (Szulanski & Jensen,

2006). Specifically, a consultant's work increases innovation inputs and outputs through information and knowledge and legitimacy support and confirmation (Back et al., 2014); a consultant can also assist in many ways such as the attraction of prospective clients and evaluation of their assets, due diligence, value creation, and asset exit support (Zakharov & Mirzoyan, 2017).

Despite its role as a bridge to fill institutional voids and pave the way for firms' successful internationalization in new markets (Fletcher & Harris, 2012), outsourced consulting has potential downsides. For example, it has been criticized for providing predefined solutions regardless of the rapidly changing environments (Czerniawska, 2004). Prior research also suggests that consultants should pay attention to cultural differences and not suppose techniques or interventions work the same way worldwide (Gibson, 1998).

The interplay between the network-based and institution-based views becomes evident as we examine the role of outsourced consultants in the internationalization journey of SMEs. The two perspectives are not mutually exclusive to one another but are complementary lenses bridged by consulting, helping us gain a clearer and more comprehensive understanding of the IE expansion phenomenon into distant markets.

METHODOLOGY

Country Selection

To further examine SMEs' internationalization decisions in institutionally distant emerging markets, the UAE, consisting of several modern city-states such as Abu Dhabi and Dubai, provided the research setting in this research.

The choice of the UAE as the western SMEs' initial expansion to the Middle East appears to be a purposeful decision. For many years, the UAE has been using its natural resource wealth to develop infrastructure and attain economic growth. Meanwhile, the government continuously implements incentives to attract foreign companies and investments. Opportunities exist for foreign companies in a range of industries, including financial and trade services, tourism, entertainment, manufacturing, education, and health services (Akoum, 2008). It has the region's most competitive and foreign direct investment-friendly environment (Abbas, 2021). Indeed, the UAE's appetite for external investors has been on the rise as they push forth their efforts to diversify away from hydrocarbon extraction and export dominance in the region's economy (Tuama, 2018). In addition, the UAE instituted a new policy allowing 100% foreign ownership to selected companies and industries (The United Arab Emirates' Government portal, 2024), a drastic change from the prior restricted system. Importantly, the country has

progressed dramatically since its inception insofar as its institutions are concerned. During the past 40 years, the UAE's strong human rights record and political stability have helped this country grow as a tourism hub and a regional headquarters for reputable and well-known multinational companies (MNCs) (Tahir, 2018). As such, the UAE acts as an ideal initial expansion point given its relatively lower risk and psychic distance than other lucrative markets in the region (Johanson & Vahlne, 2009; Zaheer, 1995).

Recent research also shows that the SME sector makes up about 95% of all businesses in the UAE (Tirupathi et al., 2020), which is similar to Canada since, in 2022, Canadian small businesses (1-99 employees) constituted 98% of all businesses (Statistics Canada, 2023). In 2021, the UAE was Canada's second-largest merchandise trade partner in the Middle East and North Africa (MENA) (Government of Canada, n.d.). However, despite strengthening bilateral trade relations and attraction, a recent study targeting the Middle East emphasizes the lack of meaningful and noteworthy research focused on this region (Aziz, 2018).

Case Selection

We use purposeful sampling to select information-rich cases that are of central importance to the purpose of the study. Purposeful sampling, also known as judgment sampling, is a selection of a participant based on that participant's characteristics (Etikan et al., 2016), and might be applied to a qualitative evidence synthesis (Suri, 2011) to maximize the quality of the synthesis with the resources at hand.

We confirm all inclusion criteria were met, to ensure a higher level of validity (Saunders et al., 2009). The inclusion criteria are as follows:

- (1) The participant must be a native-born Canadian who owns, founded, and/or manages an SME based in Canada.
- (2) The participant has expanded or intends to expand their business into the UAE.

We examine cases owned by native-born Canadians, not immigrant-owned businesses, because the immigrant background is perceived as enabling firms' global expansion (Bolzani & Boari, 2018; Head & Ries, 1998); controlling the business owner's place of birth in Canada would help eliminate the potential idiosyncratic factors that boost immigrant-owned firms' internationalization. In addition, the companies' practice related to the UAE is required so that they can have first-hand information and feelings on this topic.

Data Sources and Collection

Data were collected via semi-structured interviews and open-ended questions to allow a diverse set of raw data to emerge.

We utilized semi-structured interviews as they typically provide the flexibility to adapt and refine the questions to probe for further information based on participants' responses, and provide rich qualitative data for analysis (Kallio et al., 2016). This allowed for uncovering unexpected insights and digging deeper into specific areas of interest as they emerged during the interviews. A survey was also administered using software offered by Qualtrics and served as a complementary data collection method.

Recruitment of participant companies for this study involved a combination of formal and informal networking approaches. Initially, formal networks such as trade commissions, chambers of commerce, and industry associations were explored as potential sources for identifying eligible SMEs that match the designated inclusion criteria. These formal channels provided some initial leads and insights into prospective participants. However, the recruitment process eventually included informal networks through personal and professional connections. These informal connections established a level of trust and rapport, which can be crucial in gaining access to SMEs that might be initially hesitant to engage in research. The Research Ethics Board (REB) protocol application (REB 2021-318) was approved by the REB of Toronto Metropolitan University (formerly Ryerson University) on November 15, 2021. All the participants provided appropriate informed consent. The interviews were conducted from November to December 2021.

Six Canadian SME owners/entrepreneurs were selected for the study since they all recognized UAE market opportunities and had selected an international partner to support their expansion. Five of them were born in Canada. The one exception is the owner of Company B, who was born in the United Kingdom but grew up in Canada. Given the similarities between the Canadian and British cultures, and the fact that the entrepreneurs had lived all their lives in Canada, they were deemed fit for the established selection criteria. The sample size is appropriate for this study due to two reasons. Firstly, we used open coding line-by-line, which was done through NVivo, a qualitative data analysis software offered by Lumivero, to reduce subjectivity and allow for a more thorough examination of the data (Price, 2010). A total of 46 codes emerged following the complete coding process. However, most (approximately 90%) of the codes emerged following the first four interviews. Therefore, we conclude that data saturation occurred following the fourth case examination and coding exercise (Guest et al., 2006). Secondly, we used a generic inductive approach in this study. The data analysis focused on important themes and interpretations by comparing cases to each other; when there is limited potential for the data to reveal new knowledge or insights, data collecting should end (Liu, 2016). In summary, the sample size

was big enough to obtain sufficient responses for our data analysis since the concern is more about gathering in-depth information rather than quasi-measurement.

The interviews were subject to SMEs' founders/owners, managing partners, and/or chief executive officers (CEOs) via Zoom, each from 30 to 50 minutes. Participants must have been involved in overcoming the network access void necessary for UAE expansion. As such, the interview process was conducted two-fold: an initial retrospective interview to understand the chronological sequence of events and history of the firm, followed by a secondary interview whereby participants were asked questions relating to entrepreneurs' specific actions taken to overcome the challenge of nonexistent network access. Furthermore, questions were asked to examine the gradual steps or adaptations/evolutions that are used to create new channels for network access.

Senior managers were initially asked to describe their companies' internationalization histories and descriptive details about each distant market entry (the date and mode of entry, proportion of export sales, etc.). The focus is to chronologically capture the internationalization process, allowing for a closer look into how and why each specific step took place and the subsequent results, including any obstacles or turning points. With these data, the role of networks and related activities was collected and examined in line with the overall research question. To avoid reliability and validity errors, the questions avoided events from a distant past and focused on concrete details rather than opinions and abstract concepts (Miller et al., 1997). In addition, data collection (interview process) and analysis took place concurrently, allowing the underlying theory to be further developed while the data grew, thus exposing new potential questions and reformulating old ones (Sinkovics et al., 2008).

It should be noted that, given the nonnumerical nature of the extracted data via verbatim interviews, results and the subsequent analysis cannot be tested statistically to ensure validity. Therefore, the process can be described as highly subjective (Eisenhardt, 1989). Several measures have been taken to limit the occurrence of subjectivity, such as maintaining neutral questions and ensuring a non-leading manner while encouraging participants to provide factual accounts of past events, along with frequent clarifications requested throughout the interview further encouraging participants to provide timelines, specific examples, etc. Furthermore, the interviewer took care in avoiding value judgments or personal opinions/commentary throughout the interview process to ensure participants were not influenced/swayed in any way. In addition, techniques such as data triangulation were employed to validate the data provided (Triangulation, 2014). We shared the synthesized results with the participants involved in the interviews, which allowed participants to

review and provide feedback on the accuracy and alignment of our findings with their experiences. Any discrepancies or clarifications were addressed through this iterative feedback loop. Additionally, we collected data from multiple sources, including the relevant publicly available information about each respective participant’s firm, to verify our findings.

RESULTS AND FINDINGS

Within-case Analysis

Table 1 presents an overview of the case companies on a within-case basis.

Company A

The company serendipitously recognized opportunities to expand to the UAE. This led to an early-stage (idea conception) networking process employed to accrue contacts, references, and information. A local consultant was hired as an intermediary and focal point for UAE operations.

Company B

The competitors’ expansion into the Middle East triggered Company B’s search for opportunities in that area. The company sought support from the UAE consulate in Toronto and the Canadian embassy in Abu Dhabi, UAE, but opted not to hire consultants to aid with the networking activities for cost consideration.

Company C

The company found an opportunity to diversify with export partners in the UAE. To take advantage of the lucrative market, the company hired a local business development representative in Dubai to serve as a local intermediary between Company C and local clients.

Company D

The company had yet to expand its business into the UAE but was planning to do so with a target for Q4 2022. They had hired a local consultant based in Dubai to perform various tasks on behalf of the company.

Company E

The company developed a mobile application that was rapidly developed in the UAE and nearby Kuwait markets. A third-party consultant was hired and later offered full-time to join the company as the technical director based in Abu Dhabi.

Company F

Before official entry, the company gradually communicated with local partners and conducted several visits to the UAE.

TABLE 1 Overview of Case Companies

Firm	Industry and Description	Company Headquarters/ City of Incorporation	Headcount	Consultants Hired?	Firm Age	Founder/CEO Citizenship and Place of Birth	Founder/CEO Ethnicity	Status of Activity in UAE	% Revenue Generated in UAE
A	Information technology; B2B	Halifax, NS, Canada	1-10	Yes	8 years	Canadian; Charlottetown PEI, Canada	White	Active	100%
B	FMCG, beauty care products; B2B	Mississauga, ON, Canada	1-10	No	9 years	Canadian/British; Leeds, United Kingdom	Arab/West Asian	Active	26-50%
C	Food service; B2B	Halifax, NS, Canada	51-100	Yes	15 years	Canadian; Halifax, NS, Canada	White	Active	26-50%
D	Information technology; telecom B2B	Charlottetown PEI, Canada	11-50	Yes	11 years	Canadian; Charlottetown PEI, Canada	White	Planned	0-25%
E	Information technology; B2C	Toronto, ON, Canada	1-10	Yes	3 years	Canadian; Montreal, QC, Canada	White	Active	100%
F	Industrial/energy/utilities; B2B	Toronto, ON, Canada	11-50	Yes	3 years	Canadian; Laval, QC, Canada	White	Planned	0-25%

CEO, chief executive officer; UAE, United Arab Emirates.

They hired two technology consultants who were familiar with the UAE market, with the first consultant's contract terminated after 2 months due to differences with the owner.

Across-case Analysis

Based on the data collected through the interviews, an across-case analysis was conducted to identify the common patterns and major differences. Several related themes have been uncovered, including the early-stage networking activities conducted, outsourcing of networking activities to an external consultant, and emphasizing network-broadening activities to expand the network.

Early-stage networking

According to Johanson and Mattsson (1987), a company's success in expanding into new international markets is more reliant on its network than on the specific market and its cultural traits. With the contacts and aid from new partners in new markets, businesses can expand from local to international markets. Given that all firms did not possess any significant pre-existing ties to the target market, the UAE, the interview data reflect their efforts to engage in networking activities before any official expansion into the country.

Examples are as follows:

Even before we reached out to our local Dubai partner we got introduced to, I spent a lot of time figuring out who the real players are in the local scene, mainly by getting all [kinds of] referrals from diverse sources and trying to meet as many as possible. (Company A)

I had to be smart about getting to know the right people before we put any time and money in, careful preparation and getting into new circles was the challenge. (Company B)

Lots of opportunities, yes, but because of how different things are done there, [I] started speaking with people familiar with where to go and whom to speak to before jumping in headfirst. To understand the lay of the land, more or less. I wanted to get a feel for it myself before delegating it later on. (Company C)

I'd say that we had to start making connections early on, it happened in parallel with our planning and strategizing activities. (Company D)

The fellow we worked with in Dubai [was] basically our eyes and ears for the first few months while we were doing our homework onshore [in Canada]. A feedback loop was created on a weekly basis meeting online. We

got introduced to our first major account this way. (Company E)

We felt that we had to act fast to grab a piece of the rapidly growing market, so we hired the first local guy on a six (6) month contract, which fell through after a couple of months, which was O.K because we found a more reliable replacement pretty quick... we needed their expertise to show us the ropes earlier rather than later when it would [be] too late to change course. (Company F)

Outsourcing of networking activities

The interview data also show that five out of six firms decided to outsource their networking activities to professional consultants familiar with the UAE. Engaging outside consultants can bring capabilities the company lacks or has not fully developed (Marchesnay, 1988), thus sparking relations with national and international entrepreneurs (Donckels & Lambrecht, 1995).

The sales and marketing consultant [freelancer] sits in Dubai without office space needed. Basically, his daily tasks are as though he is remotely following up on all the [processes] for setting up shop in DMCC [Dubai-based commercial free zone] and the [administrative] staff focusing to get us more visible in front of the big players out there. (Company A)

It didn't make sense for me or one of [management team] to keep flying out there, so initially, it was more of a logistical decision [to hire a contracted consultant]. More important than that were the contacts we expected [the consultant] to bring to the table and brief us on the information needed. (Company C)

The local [freelancer] was a no-brainer, for the cost and their network. There was no way we were going in there blind. Definitely wanted to have a reliable and trustworthy ally on the ground. (Company D)

We hired the local expert on a consultant basis, and he was basically our rep on the ground while we were away. (Company E)

The business development engineer [consultant] had to be an integral part of the team, we knew from day one that we'd need outside help to paint a clear image. (Company F)

Even Company B, the only company whose founder opted to conduct the networking process themselves due to the cash

constraint, admitted the advantages of outsourcing networking activities.

Considered getting a consultant but cash flow was a major consideration, in hindsight, it might have been better to have one. (Company B)

Emphasis on network broadening

Companies engaging in network-broadening activities create new economic exchanges (Vissa, 2012). In this research, network-broadening actions were performed to gain access to new connections since each company's existing network did not possess the suitable characteristics to propel its expansion into the UAE markets. The objective was to enhance their understanding of their respective industries and markets within the UAE.

Company A emphasized the difference between network broadening and network deepening.

More and more I felt we got [additional] details on the type of tenders and scope of work when we spoke to newer [unfamiliar] people, so, definitely asked [the consultant] to check out different events and functions than the usual spots, like that [specific large project] wouldn't have been known had we not met with [local agent/business representative] who was on the registered vendors' list. (Company A)

Company C felt that expanding its existing network had to occur in Canada and the new market (UAE).

At a certain point, we realized that the number of people familiar with that part of the world is limited to certain circles who work there, we've exhausted our contacts and figured that we best speak with new business networks and associations at home while getting referrals over there [the UAE]. (Company C)

Company E described its networking strategy as starkly different than previous efforts.

Heading over there [the UAE] needed a different approach, so we pushed to get out of our comfort zone and make major strides towards creating new links; basically, new connections that I wouldn't have normally associated with or known about. (Company E)

Company B, who opted to conduct all networking and related activities alone, also focused on network broadening as the preferred approach to unravel novel information and cues to navigate the new market further.

[I visited] big box stores as well as smaller chains to get acquainted with the supply chain situation. [I] also found out a lot more from the lesser-known shops on the merchandising background operations and who the main suppliers were, and, where the stock is procured from. Definitely keep up with building up my network across the different supply chain webs. (Company B)

Companies D and F, still in their planning phase to expand into the UAE, maintained the importance of network broadening as the more logical approach toward a successful entry into the UAE.

Though I know a lot of people in this industry, we are "nobodies" over there [UAE/Middle East], so I made an effort to get to know the new circle of people. (Company D)

My existing roster of contacts was helpful to a limited extent. I had to get out there and add new contacts and try to leverage our technical know-how with their relationships and connections. (Company F)

Summary of findings

After examining all firms' inputs, we identified distinct patterns and themes that characterized the internationalization process the firms embarked on from a network-based lens. There were several minor differences in their approaches that were mainly in the areas of specific tactics used. However, common trends were evident across the cases regarding the internationalization approach and associated networking activities, outlined in Table 2.

DISCUSSION

Canadian SMEs face unique challenges and opportunities when expanding into geographically and institutionally distant markets, particularly when lacking pre-existing network ties. In the case of UAE, early-stage networking, network-broadening activities, and the strategic engagement of consultants serve as intertwined and pivotal elements shaping the internationalization trajectories of SMEs.

All companies displayed significant gaps in their knowledge of the UAE market and lacked the understanding necessary to establish a footprint overseas. Nevertheless, all studied cases recognized lucrative opportunities to expand their business to the UAE and took specific measures to fill in the knowledge gaps and address the lack of access to the required networks.

TABLE 2 Patterns and Differences Across Cases

Patterns	Differences
Early-stage networking	
<ul style="list-style-type: none">■ All firms acknowledged the institutional distance between Canada and the UAE.■ All firms highlighted the importance of getting networking done at an early stage to mitigate perceived risks of outsidership and lack of understanding of the UAE.	<ul style="list-style-type: none">■ Networking approach and methodology differed across the cases.
Outsourcing of networking function	
<ul style="list-style-type: none">■ Five out of six cases utilized the expertise of consultants to help and guide the companies on their expansion initiatives.■ All the consultants were kept on board throughout the process, taking multiple roles based on their technical knowledge, market knowledge, cultural understanding of the region, and prior experience in negotiating deals.	<ul style="list-style-type: none">■ One firm opted for conducting networking activities internally due to cash flow considerations.
Emphasis on network broadening	
<ul style="list-style-type: none">■ All firms focused mainly on expanding their networks rather than deepening existing networks.■ All firms realized that new connections were necessary to exploit their targeted opportunities.	<ul style="list-style-type: none">■ The specific method or means to engage in the network-broadening activity differed from firm to firm, whereas the overall strategy of broadening the network over deepening the existing network was evident.

UAE, United Arab Emirates.

Early-stage Networking Approach

The early-stage networking activities were noteworthy observations across all cases in this study and led us to infer that this was a necessary set of actions required to gain useful information and help expand the network of connections each firm sought to acquire. Indeed, all interviewed firms made a specific note about their focus on networking activities before any commercialization activities took place in the UAE, noting that this was a critical element of their strategy, given their lack of comprehensive understanding of the target market. It is also noteworthy that the early networking activities by most firms took place on both the home front and in the UAE since they all felt that a multi-direction approach made more sense to gain greater access to the desired network of connections. This was also regarded as an initiative to gain knowledge through experiential learning during this early-stage internationalization process (Blomstermo et al., 2004; Sui et al., 2023).

Each firm highlighted the need to position itself appropriately through enhanced knowledge and visibility within the new network. This could avoid costly but less-than-ideal investment in specific relationships with potential partners and clients due to inappropriateness or misunderstanding. Indeed, all firms held off on escalating commitments of any sort before finding their appropriate footing within the newly acquired network.

However, there were clear variations in the early-stage networking activities evident among the companies. For example, Company A strategically engaged in proactive relationship-building with local industry associations and government entities before entering the distant market. This approach was driven by a desire to gather critical market-specific knowledge and establish trust-based relationships. In contrast, Company B adopted a more cautious approach, focusing on initial market research and entry planning before actively seeking network ties. This divergence in early-stage networking strategies is rooted in varying risk perceptions, knowledge needs, and market entry timing, perhaps also related to the different industry backgrounds in which the companies operate.

Outsourced Consultants Approach

Most firms (five out of six) leveraged the expertise of an outsourced consultant based in the UAE. The specific mandate outlined to the outsourced consultant varied slightly from firm to firm, but a common theme across the cases was their desire for the consultant to help drive the networking activities and help add novel connections that they would not have normally been capable of acquiring. The common element across all hired consultants was that they were hired based on their knowledge and understanding of the UAE’s marketplace and each respective industry. This approach

is aligned with contemporary research exploring external consultants, as SMEs can attain a great level of new market knowledge through a consultant who acts as a host of new networks (Fletcher & Harris, 2012). Indeed, given the regulatory obstacles and institutional differences between Western and UAE markets, outsourced consultants with familiarity, expertise, and knowledge within the target market appear to play a pivotal role in identifying the appropriate strategy for the Canadian SME.

Although the studied firms varied in size, their sizes did not significantly impact their choices of consultants as the diversity and flexibility role that consultants play can bridge a wide range (Bessant & Rush, 1995). The challenge was mainly in selecting the right consultant whose mindset was aligned with the company's vision and mandate. In this study, four out of five firms found their consultants via a web search.

However, the engagement of consultants varied, reflecting differences in how and why the companies sought external expertise. For example, Company E, recognizing its limited knowledge of the distant market, actively engaged consultants early in the process to navigate regulatory complexities and cultural nuances. In contrast, Company F was more confident in its network-based resources and understanding of the institutional context and therefore opted for a more selective and occasional consultant's support, without a dedicated requirement to have them ever-present. These distinctions in the utilization of consultants' services stem from variations in the company's perceived knowledge gaps, risk aversion levels, and strategic priorities.

Network Broadening Approach

In this research, the network-broadening approach was chosen as it was evident from the gathered data that acquiring new relationships from novel sources was the primary focus of all companies, instead of digging deeper into their own circles. Indeed, the objective of the cases at hand was to unearth novel pieces of information through connections that were outside of their conventional circle.

According to network theory, markets are viewed as a web of connections between many stakeholders. In international business, major network partners act as the first catalyst for choosing a foreign market as well as the entry strategy (Coviello & Munro, 1995). As a result, the type of connections made with other players in the market affects and frequently determines the course of potential strategic choice (Coviello & Munro, 1995). Vissa's (2012) study provides the differences between network broadening and network deepening. Network deepening emphasizes reliance on referrals for partner selection. In contrast, although network broadening has disadvantages, such as weakening ties, it spans larger social circles and fills in "structural gaps" in the network (Vissa, 2012).

However, it is necessary to stretch the use of a given mode, due to the heterogeneity of industries, although doing so may need significant ingenuity in market, network, and policy responses (Welch & Welch, 2004). Additionally, research suggests that people's social status is a factor affecting network-broadening behavior and the size of social networks (Cao & Smith, 2021). All these lead to uncertainty about the effects of network broadening, and demonstrate how IE can take many different forms and be understood from a wider perspective.

IMPLICATIONS, LIMITATIONS, AND CONCLUSION

Theoretical Implications

The study seeks to understand how Canadian SMEs owned by native-born successfully internationalized into unfamiliar and institutionally distant markets without pre-existing ties. The literature review demonstrates that theoretical propositions based on the processes and antecedents behind network activities and SME adaptations to market where no network ties exist have yet to be adequately discussed (Jack, 2010; Kenny & Fahy, 2011). Our research provides stronger and higher-resolution explanations for unique SME internationalization phenomena that occur when conventional network-deepening methods, such as referrals, are unavailable. Furthermore, a firm's network relationships and adaptation to institutional contexts may influence the decision to engage an outsourced consultant. This highlights the potential synergy between consultants, network resources, and institutional adaptation in shaping a firm's internationalization strategies.

Policy and Practical Implications

The research will also have implications for entrepreneurs and policymakers. The role of networks is critical in understanding and explaining IE phenomena. However, a more specific focus must be placed on the type of networking activities and the role of additional network nodes within an organization. Our study found it useful to link Canadian SMEs with formal and informal groups and associations that aim to facilitate exchanges across different regions. The early-stage network broadening activity was crucial for helping shape the SMEs' understanding of the UAE and forming new, albeit nascent, relationships with connections in the UAE and at home.

Limitations

Our research only covers a specific region, the UAE market. Therefore, the extent to which the insights can be generalized to other situations remains to be verified in future studies.

Given that there is research showing that globalization has peaked and is on the retreat (Madhok, 2021), conducting a comparative analysis of how the network actions can adapt to this change and what form it will assume in the future in distant markets is worthwhile.

Other limitations include but are not limited to: In light of the relatively limited sample size comprising the case companies in this study, an opportunity for further research expansion emerges by including larger sample sizes and incorporating statistical data to validate the findings. Given the research's emphasis on the internationalization processes of native Canadian entrepreneurs, it is suggested that scholars and researchers engage in comparative studies that contrast the internationalization patterns and processes of immigrant-owned SMEs with those of native-born owners. Such investigations hold the potential to clarify the role of inherent ties to target markets in facilitating international expansion into unfamiliar territories.

Furthermore, while the findings offer insights into the roles of consultants in the internationalization strategies of SMEs, we acknowledge that further research is needed – specifically, we must dig deeper into what determines the decisions to engage or not engage consultants and how these decisions influence their internationalization processes. To address this gap, a deeper analysis of the factors influencing the choice of consultants is required, including the firms' network structures and the institutional contexts in which they operate. Additionally, an exploration of the consequences of consultancy engagement is needed to identify common patterns and unique variations among firms with consultants.

Conclusion

Canadian SMEs face unique challenges and opportunities when expanding into geographically and institutionally diverse markets, particularly when lacking pre-existing network ties. We discovered that early-stage networking, network-broadening activities, and the strategic engagement of consultants serve as intertwined and pivotal elements shaping the internationalization trajectories of SMEs. This research underscores the nuanced roles of these components in strategic orientation and international market entry, illuminating the symbiotic relationship between networking and international market penetration, thereby contributing to the evolving tapestry of IE literature and practice.

This study is poised to bridge the knowledge divide between ambitious Canadian entrepreneurs and the rewarding, yet relatively unexplored, markets of the Middle East and the Eastern Hemisphere by delving into the interplay between different strategies and their subsequent outcomes. This exploration is instrumental in demystifying the intricate

dynamics of IE, offering a clearer perspective on the machinations of venturing into commercially promising yet distinct markets. Additionally, our findings highlight Canadian policymakers' importance in enhancing the visibility of diverse networks.

CONFLICT OF INTEREST DISCLOSURES

No potential conflict of interest was reported by the authors.

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