Sustainable International Joint Ventures
The case of M&D Bygg

Master’s thesis in Business Administration
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Diana Raquel Rosales Buchard

and

Andrea Kreiner
In memory of

Raquel Buchard
Armando Buchard
Engelbert Gosch
Elisabeth Mayr
Abstract

Purpose - The purpose of this thesis is to explore and describe the opportunities and challenges that can arise when integrating corporate social responsibility (CSR) awareness, in the building of an international joint venture as an entry more to developing countries -low and middle income countries, in terms of the contribution to the economic, social and environmental development of these countries.

Theoretical framework – The literature used as a base for this academic paper includes concepts and theories on international joint ventures and corporate social responsibility (CSR). Consequently, from all those theories, the authors build the concept of sustainable international joint venture (SIJV), which is the theoretical base of the paper. The SIJV concept focuses on the integration of CSR awareness to the different components (environment, individuals, process and organization) of international joint venture, in order to contribute to the sustainability of the local context where the joint venture is created.

Methodology – For the purpose of this research, a holistic single case study is implemented. The case study is about the international joint venture M&D Bygg created in Kenya between the Swedish company, Mattias Bygg AB, and the African company, M&D Home. To approach the case study, four face to face, 3 skype/online interviews and one telephone interviews were conducted based on semi-structured interview questions.

Findings – The empirical findings of the case study comply with the concept of sustainable international joint venture proposed by the authors in the theoretical framework. However, in some component, the authors found additional aspects that should be taken into consideration when building an international joint venture. For instance, in the individuals stage, the findings showed that “the supporters” is a new category that should be addressed and in the process stage, besides the “negotiation of the agreement”, another category about ”external financing”.

Conclusion – CSR awareness is a needed linking aspect that need to be transversally included in every component of a joint venture formation. This means that the environment, individuals, process and organization of the joint venture, need to be linked by the common interest adding economic value to the partners involve and at the same time, to the society. This in the end, contributes to the economic, social and environmental sustainability of the host country.
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Introduction

In this chapter the authors will introduce the main aspects and definitions of international joint ventures and corporate social responsibility—CSR. In the same way, the problem statement, purpose, research questions, delimitations and disposition of the paper are presented.

1.1 Background

The new era we are living in—globalization—has brought many challenges in the social, political and environmental global scenario. The changes in the global environment have fostered the interest of the corporations to commit with CSR principles (Lim & Tsutsui, 2012), which has established the base for the business’s relationship with society. Accordingly, one of the challenges of this new business-society relationship is how international companies can adopt a proactive position in the sustainability. In particular, the phenomenon of international joint ventures between companies located in high income countries and low income countries is a relevant research topic for sustainability approaches. According to the classification done by The World Bank (2013), based on the gross national income (GNI) per capita, the low income countries have $1,025 or less and the high income countries have $12,476 or more, for the year 2011.

Consequently, as part of their corporate social responsibility strategies, companies should consider sustainable modes to internationalize by the creation of value for the companies and the host country (Porter & Kramer, 2011). For this research purpose, the authors will focus on the joint venture as a mode of internationalization and its relationship to corporate social responsibility, in regards to the creation of sustainability in the context where it is developed.

In order to give a better understanding of the main areas studied, it is important to first give an overview of the two research areas: joint ventures, as an internalization process implemented by companies to enter to new markets and corporate social responsibility, as the corporate strategy companies implement today to address sustainability.

1.1.1 International Joint Ventures

The number of established international and domestic joint ventures started to increase significantly in the middle of the 1980s (Walters, Peters & Dess, 1994). This development stands in big contrast to the declining popularity that alliances faced in general during that period of time. Therefore international joint ventures - which were mainly chosen to enter foreign markets - were the only exception to a general downward trend in international business modes (Sim & Ali, 1998).

Some authors define joint ventures as a type of strategic alliances (e.g. Lu & Beamish, 2006), but the more popular view in research literature is that joint ventures and strategic alliances have similar but not identical characteristics. “Joint ventures entail creating a third-party legal entity, whereas strategic alliances do not” (Walters, Peters & Dess, 1994). This clear distinction between those two terms is supported by other authors (e.g. DePamphilis, 2012, Beamish & Inkpen, 1995).

More accurate is a categorization of joint ventures as a cross-border partnership. Kam-balame & Cleene (2006) differentiate between three different types of cross-border partnerships. In the company and issue-specific partnership, one company tries to address a spe-
cific problem by forming a partnership with an NGO or another organization with relevant experience in the problem area. The collective, issue-specific partnership, on the other hand, consists of a number of companies and NGOs who face the same problem and try to solve it through this partnership. The third type of partnership is characterized as collective and sustainability-focused, therefore creating value to the companies involved and to the core business itself by solving a common problem (Kambalame & Cleene, 2006).

In the context of continuing globalization, the aspect of internationality becomes also an important characteristic when defining joint ventures. “A joint venture is considered to be international when at least one of the partners has its central office outside of the country where the joint business is set up, or where a significant amount of activity is carried out in more than one country.” (Benavides-Espinosa & Ribeiro-Soriano, 2012). Industries that worked with international joint ventures in recent time were, for example, high-technology, chemical, mining, pharmaceutical and biotechnology (De-Pamphilis, 2012).

Within this paper the authors will focus on international joint ventures that act in a collective, sustainability focused way and represent a partnership consistent of multiple companies from at least two different nationalities whereby one nationality is a developing country. This definition is connected with the definition of the third type of partnerships according to Kambalame & Cleene (2006) as well as with the definition of international joint ventures according to Benavides-Espinosa & Ribeiro-Soriano (2012).

Our approach on international joint ventures supports the network view, which emphasizes the need of a company to work within and with its economic environment. It is impossible for an organization to remain in business without creating a lasting network of partnerships that enable business activity (Chen & Chen, 2002).

1.1.2 Corporate Social Responsibility –CSR-

It is well known that the attention that CSR has gained in the last years is caused more as a way, for instance, for companies to survive reputation crisis or because they realized the public was having a negative response to a business responsibility they were not considering (Jones, Pollitt & Beck, 2007). Nevertheless, companies are more aware of the need to shift from only taking the economic responsibilities of the business into account, to also including the social and environmental responsibilities in terms of the impact that their operations have on the society. This balance between the environmental, economic and social aspects is the base of the concept of sustainability (Corral & Granados, 2010).

In general, companies are more concerned about the degree of their company’s success, which is defined as the sustainability of their practices (Corral & Granados, 2010). In order to address this issue, they (the companies) have started to implement CSR practices.

However, CSR is not a new topic, in fact it has been of important discussion in the last 50 years (Carroll, 2008). Although it has been heavily debated in the last years, it is not easy to find a universal definition to this concept since it is influenced by the local culture, context and traditions (Gjolberg, 2009). Some of the definitions of CSR found in the literature are:

- “The firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It means that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do” (Davis, 1973, p.312).
- “The economic, legal, ethical and philanthropic responsibilities of companies” (Carroll, 1999).
"Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that: contributes to sustainable development, including health and welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior and is integrated throughout the organization and practiced in its relationships" (Guidance on Social Responsibility ISO 26000, 2010).

Going beyond the benefits that CSR brings to the company such as better reputation, attracting and retaining talent, increment of employee motivation, efficiency and cost savings in the value chain (Sprinkle & Maines, 2010); CSR should be led by companies as a creation of value that will encourage the integration of business and society in a more sustainable manner.

In this sense, within this paper the concept of CSR awareness, which was developed by the authors of this thesis and will be used to refer to the existence of a social responsible mindset that is implicitly or explicitly expressed in the daily practices of the organization.

1.2 Problem statement

While the internationalization process of companies is well researched (e.g. Johansson & Vahlne, 1977; Andersen, 1993; Malhotra & Hinings, 2006), the research literature on international joint venture hardly focuses on the different stages of the process.

Instead, authors look at the antecedents, governance structures or outcomes of international joint ventures individually (Buchel, 2000). There are few authors that investigate the entire process, like Buchel (2000), or focus on the description of the concrete process of establishing an international joint venture, like Tallman & Shenkar (1994), Mueller (2009) and Beamish & Inkpen (1995).

Within this paper, the authors will look at the process of establishing an international joint venture in the light of the role of companies’ CSR awareness as a new variable. Therefore, this paper intends to approach two gaps within the current research literature on international joint ventures:

- the scarce literature on the process of establishing international joint ventures
- the relationship between CSR and sustainable international joint ventures

In conclusion, the problem contemplated in this thesis is how CSR can be connected to the establishment process of a joint venture as a way to enter low-income countries, highlighting sustainability as an output and its relationship within this market entry mode.

1.3 Purpose

The purpose of this thesis is to explore and describe the opportunities and challenges that can arise when integrating CSR awareness in the internationalization process. As an exploratory study, this thesis intends to find out what is happening concerning an specific situation in order to have a clearer understanding of a problem. Furthermore, this study will provide a profile of the situation and therefore also be descriptive (Saunders et al., 2009).

The focus will lie on the process of creating a joint venture between two companies whereas one is originated in a high-income and the other in a low-income country. Thereby, the research is based on a case study of an international joint venture, exploring the CSR
awareness, embedded in the partnership mechanisms between the foreign and host company, and its effect on the establishment of a sustainable market entry mode.

1.4 Research questions

The research questions within this paper are closely connected to the presented literature review (Yin, 2003) and combine the two areas of research, international joint ventures and CSR. According to the purpose and problem addressed within this thesis, the following research questions apply:

- How does CSR awareness relate to the building of a sustainable joint venture?
- How do the different actors involved in the process of building a joint venture contribute to establish a sustainable entry mode in a low-income country market?
- What are the characteristics that constitute the process for establishing a sustainable joint venture?

1.5 Delimitations

This study is limited to the different stages of the formation process of an international joint venture and not to any other internationalization mode. Instead of focusing on the entire implementation stages of the joint venture, the authors will research the formation stage. The scope of research will go beyond the formation stage and look at the process until the first evaluation after the joint venture is created.

Although the studied case involves a joint venture creation by small and medium companies (SMEs), the size of the companies is not a core discussion of the paper. Furthermore, the authors propose a model for sustainable international joint venture that might need to be adapted due to the characteristic of the individual contexts of the studied case.

1.6 Disposition

In order to provide the reader with a better understanding about the structure of the document, this disposition section is included presenting the main chapters of the paper:
2 Theoretical framework

This chapter provides a literature review with the discussion of main theories of the areas researched in this thesis. The process of creating an international joint venture and the aspects of corporate social responsibility are discussed, as well as the model of sustainable international joint ventures which was developed by the thesis authors and will be the theoretical base of these research.

2.1 The process of international joint venture creation

From a general perspective, the process of creating an international joint venture is a special case of venture creation. Therefore, some research literature does not focus especially on the creation of international joint ventures, but instead on the creation of international cooperative ventures. Since the international joint venture is the most common representative within this group, the findings of those researchers can help the understanding of international joint venture creation and therefore, will also be discussed in greater detail within this section (Tallman & Shenkar, 1993).

Therefore, this section will start with giving an overview of international venture creation in general and then focus on literature that especially focuses on international joint venture creation.

2.1.1 General approaches on venture creation

Important learnings about the establishment of joint ventures can be found in the more general literature about the formation of cooperative ventures, of which the international joint venture is one specific type (e.g. Fornell, Lorange & Roos, 1990). Thereby, the following definition applies: “New venture creation is the organizing (in the Weickian sense) of new organizations.” (Gartner, 1985).

In general, the models developed to describe the process of international cooperative ventures can be grouped in two different categories: the oligopoly models and the internalization models.

Models that follow the basic assumption that multinational enterprises (MNEs) develop international cooperative ventures in less developed countries in order to strengthen their market power at home, are oligopoly models. In this sense, one of the major drivers for the creation of an international corporate venture are the lower costs in the host country. Furthermore, certain factors, like the structure of the industry, the competition and governmental policies, can leave no other option of entry mode for the MNE. However, in general, within oligopoly models ICVs are considered to be a temporary solution of market entry (Tallman & Shenkar, 1993).

In contrary, internalization models assume that international corporate ventures are created to address imperfections within markets of intermediate goods (e.g. knowledge skills). In this case, the main drivers of international corporate venture creation is the cost reduction of transaction and governance. Since both models, the oligopoly as well as the internalization model, consider non-equity cooperative ventures as pure market transaction, they focus on equity joint ventures (Tallman & Shenkar, 1993).

Another approach of cooperative venture creation is discussed by Fornell, Lorange & Roos (1990) who in this context emphasize the importance of three theoretical constructs:
internal push: individuals within the company drive the decision of foreign market entry
analytical scope: decision-makers analysing the intended project before its acceptance
stakeholder strength: acknowledging the importance of stakeholders, identifying and analysing the relevant stakeholders

Fornell et al. (1990) connect those three constructs and emphasize their interdependence as well as their influence on the performance of the created cooperative venture.

To explain the new venture creation Gartner (1985) is connecting four dimensions (see Fig.2-1):

- environment - the context surrounding and impacting the new venture
- individuals - people participating in creating a new venture
- process - the stages of creating a new venture
- organization - the venture that was created

Another approach to the establishment of an ICV is the one developed by Tallmann and Shenkar (1993), named “the ICV tree” (see Appendix 1). Although the model focuses on multinational companies, it has important implications for any type of company that seeks to enter a foreign market. Thereby, the process of the ICV tree follows three major stages (Tallmann and Shenkar, 1993):

- Stage 1: To cooperate or not to cooperate?
- Stage 2: Contract or Equity?
- Stage 3: Specifying the terms of the relationship

At the beginning of the ICV creation process is the question whether a company wants to enter a foreign market and if yes, which entry mode they will choose. These decisions are addressed in the first stage of the ICV tree by the decision makers of the company. Their personal preferences for target markets will influence the choice as much as the company’s strategy, culture, politics, the commonly used entry mode of the company, the perceived resource constraints and the participating stakeholders (Tallmann and Shenkar, 1993).

After the decisions makers have chosen the entry mode (in the case of this thesis the international joint venture), they have to start the partner selection process which is an intermediate step between stage 1 and 2. The stage 2 then starts with the decision whether the company wants to do a contractual or an equity joint venture. Thereby the main difference is that the contractual joint venture is more specific in terms of duration and purpose. Within the second stage the main concerns are the resource considerations, trust for-
mation, international strategy and structure of the venture partners, organizational cultures of the partners and the national culture of the partners. The last stage of the ICV tree focuses on the distribution of ownership shares and the specific issues the partners commit to (Tallmann and Shenkar, 1993).

2.1.2 Approaches on international joint venture creation

The establishment of an international joint venture is a managerial, multi-step decision process (Tallmann and Shenkar, 1993). This process can be conceived as a stage process (e.g. Tallmann and Shenkar, 1993) or as an interrelation between certain core elements (e.g. Luo, 1999). Thereby some research literature does not stick to the establishment of international joint venture as such but instead describes the whole process from the establishment to the liquidation (e.g. Buchel, 2000). Furthermore, some authors focus on research about very specific issues concerning the establishment process of IJV, like the negotiation process of agreements (e.g. Sarkar, 2010, Luo, 1999) or the establishment of trust between the partners (e.g. Muller, 2009).

Within the process of joint venture development, Buchel (2000) describes the initial stage of a joint venture as the formation stage which ends with the signing of the joint venture agreement. The next stage is called adjustment stage and ends with the evaluation of the process. After the evaluation stage another adjustment stage starts, which in turn lasts until the next evaluation. This way the adjustment and evaluation stage create a circle which is broken when the joint venture is liquidated. The pattern of the joint venture development is illustrated in Appendix 2 (Buchel 2000).

Luo (1999) defines antecedents, concurrent and consequent factors as important elements of international joint venture creation. Environmental, organizational and individual antecedents thereby influence the concurrent factors, namely specificity, issue diversity, contractual obligability, to a degree that depends on the individual relation. The concurrent factors in turn have an impact on the consequent factors which are sequential and include the international joint venture formation (immediate consequence), the international joint venture process performance (intermediate consequence) and the international joint venture overall performance (ultimate consequence). The described antecedents and factors influence each other and are thereby interrelated on a complex and multidimensional way (Luo, 1999).

2.2 Corporate Social Responsibility (CSR)

For this thesis’ purpose, the authors will consider the definition of CSR as “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It means that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do” (Davis, 1973, p.312).

CSR has brought challenges to the business regarding its commitment to engage in activities that go beyond the legal compliance, and assume roles that were previously occupied by the public sector such as education support and community governance, in order to create a positive impact in society (Jenkins, 2009).

According to Carroll (1991), CSR should be addressed from a multidimensional perspective composed by four kind of social responsibilities that business need to approach: economic, legal, ethical and philanthropic. This is known as “The pyramid of CSR model” (see Fig.2-2).
Figure 2-2. The pyramid of Corporate Social Responsibility (Carroll, 1991)

- **Economic responsibilities**: Business organizations were created as an economic entity that provide goods and services to the society. The profit motive is their base.

- **Legal responsibilities**: Society does not expect that companies operate only according to the profit motive, but it is also expects the compliance with the laws and regulations of the context in which the companies operate. Firms needs to pursue their economic purpose within the framework of the law.

- **Ethical responsibilities**: Composed by the standards, norms and expectations that reflect a concern for what is considered by the different stakeholders as fair, just or respectful with the stakeholders’ moral rights. This responsibility pushes the legal responsibility to expand while at the same time placing higher expectations on business persons to operate in levels above than the required by law.

- **Philanthropic responsibilities**: Relate to the corporate actions that are in response to society’s expectations that businesses be good corporate citizens. The main difference between philanthropic and ethical responsibilities is that the former is not expected in a ethical or moral sense.

These dimensions are also contemplated in the main theories of corporate social responsibility -CSR.
2.2.1 Theories on CSR

According to Garriga and Melé (2004) the different approaches focus on one of the following aspects of social reality: economics, politics, social integration and ethics. Hence, these authors group the theories in four groups: instrumental, political, integrative and ethical theories, which are explain in Table 2.1.

Table 2.1 - Corporate social responsibilities theories and related approaches (Garriga & Melé, 2004), p.63

<table>
<thead>
<tr>
<th>Type of theories</th>
<th>Instrumental theories (focusing on achieving economic objectives through social activities)</th>
<th></th>
<th>Politic theories (focusing on a responsible use of business power in the political arena)</th>
<th></th>
<th>Integretive theories (focusing on the integration of social demands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approaches</td>
<td>Maximization of shareholder value</td>
<td>Strategies for competitive advantages</td>
<td>Corporate constitutionalism</td>
<td>Integrative Social Contract Theory</td>
<td>Corporate (or business) citizenship</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Long-term value maximization</td>
<td>Social investments in a competitive context</td>
<td>Assumes that a social contract between business and society exits</td>
<td>The firm is understood as being like a citizen with certain involvement in the community</td>
<td></td>
</tr>
<tr>
<td>Approaches</td>
<td>Issues management</td>
<td>Public responsibility</td>
<td>Stakeholder management</td>
<td>Corporate social performance</td>
<td></td>
</tr>
<tr>
<td>Characteristics</td>
<td>Corporate processes of response to those social and political issues which may impact significantly upon it</td>
<td>Law and the existing public policy process are taken as a reference for social performance</td>
<td>Balances the interests of the stakeholders of the firm</td>
<td>Searches for social legitimacy and processes to give appropriate responses to social issues</td>
<td></td>
</tr>
</tbody>
</table>
In addition to these theories, the institutional theory has been used by Matten and Moon (2008) to explain the existence of explicit and implicit CSR. “Explicit CSR” refers to corporate policies that take responsibility for some societal interest. This kind of CSR is based on voluntary programs and strategies implemented by companies to address issues perceived as part of the social responsibility of the corporation. “Implicit CSR” is more related to the role of companies within the formal and informal institutions for the interests of society. In other words, it is more about values, norms and rules that constituted requirements for the company to address stakeholder issues.

In this sense, explicit CSR is applied more by companies established in liberal market economies that leave a larger share of corporate social responsibility to the discretion of companies. In contrast, companies that are located in environments where the economies are regulated by institutional and legal frameworks, are encouraged to assume an implicit CSR without explicitly communicating their contributions to the society (Gjolberg, 2009). As an example, in US companies exert an explicit CSR since there is a bigger scope of social issues that can be addressed by them due to the fact that the government has been less active in that field. On the contrary, in European countries, the tendency has been more on the adoption of implicit CSR by the companies since governments have engaged more in addressing economic and social issues. This, however, is changing and today Europe, especially the Western part, is engaging more in the practice of explicit CSR since the context has change regarding in terms of the economic and political systems implemented by governments (Matten & Moon, 2008).

According to Garriga and Melé (2004), the current CSR theories have four main aspects:

- Meeting objectives that produce long-term profits
- Using business power in a responsible ways
- Integrating social demands
- Contributing to a good society by doing what is ethically correct

### 2.2.2 Arguments for CSR

The main benefits that have been related to CSR are:
• Long-run self-interest: According to Davis (1973) the firm that is sensitive to its community needs will have a better community to conduct a business. Hence, labour recruiting will be easier, the turnover and absenteeism will decrease. Attracting, motivating and retaining talent is an important benefit of CSR (Sprinkle & Maines, 2010).

• CSR efforts may lead to efficiencies and cost savings in the value chain (Sprinkle & Maines, 2010).

• Public image and viability of business: Social goals are becoming a priority for member of the public, so the firms that want to capture a favorable image need to show that they support these goals (Davis, 1973).

• Competitive advantage: CSR gives companies the opportunity to manage risk, enhance brand perception and improve stakeholder needs. Moreover, the perception on CSR affect the brand image, the willingness of consumers to buy brands or sponsor retailers, and the financial performance of the organizations (Marín, Rubio & Ruiz de Maya, 2012).

2.3 Sustainable International Joint Ventures

By combining the areas of CSR and joint ventures, this thesis will propose the concept of sustainable international joint ventures as an alternative for creation of shared value for the international company and the host country. The sustainability definition will be based on the concept of the “triple bottom line”, which is defined as the balance of three different aspects: the environmental, social and economic (Corral & Granados, 2010).

In this sense, companies through the implementation of CSR can introduce joint ventures in a way that creates profits while contributing to the protection of the environment and the social development. The authors will refer to “sustainable international joint ventures” as the international joint ventures that are based on the existence of CSR awareness, which is articulated to the different stages of the joint venture formation and that has as an objective, to generate economic value for the organization and, at the same time, contribute to the sustainability of the host country.

The basis of sustainable international joint ventures is CSR awareness. This awareness should thereby exist during the creation as well as during the development process of the joint venture. Within this paper the authors will show that this awareness is the “missing link” between common international joint ventures and sustainable international joint ventures.

Although the focus of this research paper is the formation of sustainable international joint ventures, the authors will give an overview of the process until the first stage of the adjustment stage – the first evaluation – in order to assess the CSR influence on the project so far. This concept is based on the joint venture development process by Buchel (2000) and illustrated in Appendix 3.

Within this section, the authors of this thesis will describe their model of sustainable joint ventures which combines key variables of international joint venture literature under the following key dimensions: environment, individuals, process and organization. Thereby, this model integrates the framework for describing new venture creation developed by Gartner (1985) and will add CSR awareness as a new dimension.
2.3.1.1 Environment

Gartner (1985) defines environmental variables as rather fixed and influential to the creation of the new venture. Within this paper such variables include the culture, language and currency of the host country as well as the distrust of the local community towards the market-entering, foreign company.

Language and culture are two of the major international barriers that joint venture partners face. Employing local managers can help to address those barriers as far as local people with the needed skills exist. Otherwise or additionally, it might make sense to work together with local consultants. They can be especially useful regarding local laws and regulations (Walters, Peters & Dess, 1994).

Furthermore, companies that enter foreign markets often face resistance from the local community simply because the companies are not local themselves. This initial rejection can be addressed by local partners, the employment of local people as well as producing and marketing locally (Walters, Peters & Dess, 1994).

Connected to this is another common problem for companies creating joint ventures abroad: the danger of doing business in an environment with a different currency. Reinvesting profits shows the local community the commitment of the company and, at the same time, alleviates the danger of devaluation of the foreign currency. Additionally, the company should look for possibilities to hedge their profits. In any case the company needs to do extensive research on the possible host country before entering the new market in order to minimize the risk of the planned venture (Walters, Peters & Dess, 1994).

2.3.1.2 Individuals

The parties involved in the establishment of an international joint venture create the basis of the partnership. Thus, the initial idea to establish an international joint venture is coming from decision makers of the partner companies and driven by individual motivation. The initial idea to establish an international joint venture is thereby, coming from decision makers of the partner companies and driven by their individual motivation. In general, decision makers within a company have many options of how to enter a foreign market. Besides IJVs, there are other options to choose from, e.g. export, licensing or wholly owned subsidiaries (Tallman & Shenkar, 1993).

In order to develop an international joint venture, the senior management of the involved companies need to take an active part. Without lasting public and unambiguous endorsement from the top, the venture lacks the needed motivation and drive to succeed in the long run. Since the whole venture is dependent on the individual actions of managers in different hierarchical levels, a good reward system should be in place within the partner companies. This also implies holding managers accountable for their mistakes (DePamphilis, 2012).

Furthermore, a successful international joint venture requires that the needs of all parties are addressed equally. This is only possible when every party involved in the agreement is willing to share the necessary strategic information. This is the first situation where the parties are urged to prove their trust in each other and the venture itself (Walters, Peters & Dess, 1994).

Since trust is a long term issue, the lasting commitment of the partners needs to be assured. This can only be achieved when all involved partners benefit from the outcome of the ven-
ture in similar degrees. When, in contrary, one company feels that it sacrifices more (e.g. resources, competitive advantage) than it gains from the cooperation, it will start to withdraw itself from its responsibilities.

Mostly, the individual behind a venture creation is an entrepreneur (Gartner, 1985). However, the authors of this thesis also consider other actors as important for the formation of a sustainable joint venture, like for example local institutions of the host country and consultants. This notion is supported by the network view which emphasizes the need of a lasting network of partnerships in order to remain successful in business (Chen & Chen, 2002).

2.3.1.3 Process

Within this section the authors of this thesis will explain which stages can be found within the process of establishing an international joint venture. Thus, the proposed stages are based on the international corporate venture tree developed by Tallmann and Shenkar (1993).

2.3.1.3.1 Stage 1: Partner selection

One of the most critical variables for a international joint venture is the selection of the right partner. Therefore the mother company needs to invest a reasonable amount of time in the selection process. After all, the other company should bring skills and/or knowledge to the partnership that is of great value and can lead to a sustainable competitive advantage. Additionally, the chosen partner should be committed to the international joint venture (Walters, Peters & Dess, 1994). This commitment refers to the contribution of resources, time and people, the partner is willing to make (Benavides-Espinosa & Ribeiro-Soriano, 2012).

Another important aspect is the synergy that can be created between the partners “skills and weaknesses”. The access to new distribution channels, new knowledge and/or new products and services will then create a more efficient venture. Although differing companies can create bigger synergies that can benefit the venture, they at the same time can create a disadvantage when it comes to cooperation. Companies with similar background, usually have less difficulties with cooperating, which remains a crucial element during the whole lifetime of the established venture. If the cooperation starts to slack, the result is poor communication and the probability that the goals of the international joint venture are reached, decrease significantly (DePamphilis, 2012).

2.3.1.3.2 Stage 2: Trust building

Since trust is something that builds over time, the trust building at the start of an international joint venture should be supported by control mechanisms. These controlling systems hamper the partner’s possibilities to act in an opportunistic way (Benavides-Espinosa & Ribeiro-Soriano, 2012). In order to establish a control mechanism, the companies need to set clear goals and milestones for the sustainable international joint venture in the agreement (Walters, Peters & Dess, 1994, Benavides-Espinosa & Ribeiro-Soriano, 2012).

Still, building trust among joint venture partners cannot and should not, solely depend on control mechanism. In order to create a basis of trust, the parties can collaborate in smaller projects which are easy to coordinate between the partners and lead to fast results. In this way, the partners can test their ability to work together without risking significant losses in case of failure (Walters, Peters & Dess, 1994). As soon as a certain level of trust is reached
in a partnership, those control mechanisms can be sequentially removed or eased (Be-

Another issue connected with control is that of property. When, for example, two com-
panies start an international joint venture and distribute their power 50/50 the decision-
making process could be hampered due to the impossibility of majority decision (Be-
avides-Espinosa & Ribeiro-Soriano, 2012). To avoid this kind of blocks and inertia, some
researchers suggest to assign the main decision authority to one specific partner (Walters,
Peters & Dess, 1994).

Distrust between foreigners is especially evident in connection with negotiation situations,
where differences in culture can become a big hurdle to success. In order to overcome this
obstacle, the partners need to build a basis of mutual trust. In this sense, intercultural un-
derstanding and international business communication skills are becoming increasingly i-
mportant for big as well as for small and medium sized companies that want to enter foreign
markets (Mueller, 2009).

2.3.1.3.3 Negotiating the agreement
Negotiation can be defined as “a decision-making or problem-solving process, accomplished jointly by two or
more parties” (Luo, 1999, p.141). This process of negotiating an agreement between two com-
panies becomes more complex in an international context. Potential conflicts can arise
when partner companies differ in their national and organizational culture, and when the
partners try to enforce their individual benefits. However, when cross-cultural differences
are addressed with cultural intelligence the diversity between the partners can create com-
petitive advantage due to the unique combination of resources (Sarkar, 2010).

The purpose of the agreement of an international joint venture is to create clarity among
the partners. Therefore, such an agreement needs to represent certain closeness to the cor-
porate strategies of the partner companies. Additionally, the agreement needs to clarify
which partners are required to add which assets and which resources to the international
joint venture. In order to avoid unclear role definitions of the individual partners, a clear
and detailed description of the different responsibilities need to be stated in the agreement.
Every agreement should, likewise, include the possibility to renegotiate or restructure the
venture if necessary (Walters, Peters & Dess, 1994).

Besides clear definition of partner roles and responsibilities, DePamphilis (2012) points out
that the definition of a clear purpose of the international joint venture is important. With-
out a well-understood purpose, milestones are harder to reach, responsibilities remain un-
clear and results may become harder to evaluate (DePamphilis, 2012).

Additionally, the willingness to commit to a venture sometimes differs in regards to the
time frame. One party might seeks to pursue the international joint venture long-term,
while the objective of the other party is a fast financial return and exit from the agreement
(DePamphilis, 2012). Hence, the prospective time commitment of the parties also need to
be agreed on and made clear in the agreement of the international joint venture.

Should the market conditions be bad, the performance forecasts wrong or the partner’s
abilities less compatible than expected international joint ventures might fail. In order to be
prepared for this scenario, the parties should have a definite exit strategy in the venture
agreement declared from the beginning. Agreeing on the ownership of the assets and on
the acquired knowledge is essential to end the venture in a peaceful way (Walters, Peters & Dess, 1994).

2.3.1.3.4 Creating sustainability
The overall goal of any venture creation should be a sustaining business. Hence, for the research purpose, the authors of this thesis will focus on sustainability from two perspectives: the balance of the economic, social and environmental dimension, and the building of a long-term partnership.

In relation to this, the achieved outcome of an international joint venture could include "learning and adopting the generative processes that resulted in innovative solutions, pride in the social value attained by the initiative (immediate relief and sustainable, scalable solutions), enhanced corporate reputation, increased organizational capacity to innovate, possible new products and services for commercialization, and the pride and identity employees feel being associated with a company that makes an effort to improve the world" (London, 2012, p. 224).

Technological sophistication and market orientation of the international joint ventures, also have a significant impact on the success or failure of the venture. Furthermore, they found that the parents’ horizontal linkage to the joint venture and the overall control by the parent plays a supporting role for the success of the venture as well (Sim & Ali, 1998). Therefore, these issues should be addressed within the agreement as well.

In this manner, one major reason for instability in an international joint venture is the seeking of local knowledge by the foreign company. If an agreement with a company of the host country is only sought after because of local knowledge transfer, then this agreement becomes unimportant to the foreign company as soon as the needed knowledge is acquired. Local companies should, therefore, choose their partners wisely while foreign companies should aim at maintaining a lasting partnership. The local company might also have the power to inhibit the learning process of the foreign company, in order to maintain the agreement but this path might not be the best solution. Determining from the beginning which other qualities than local knowledge, the local company can bring to the partnership is a better way to ensure a stable and sustainable agreement (Beamish & Inkpen, 1995).

2.3.1.4 Organization
Every joint venture underlies certain individual factors in terms of cultural background of the partners, the individuals involved in the process as well as time, law and organization frame the conditions (Mueller, 2009). Being aware of this situation at the start of an international joint venture is important in order to avoid an “us versus them situation”. The key is the development of a shared culture within the joint venture, that considers the element of people within the venture and provides a clear vision for them (Walters, Peters & Dess, 1994).

The creation of a common joint venture culture is thus, a matter of time and thrives from the individual cultures involved in the joint venture. The resulting joint venture culture can be seen as a special form of sub- or intermediate culture, which is the result of a adaptation process between the partners, who try to “disprove” the heterosterotypes associated with their country and culture (Mueller, 2009).

Another area where synchronisation processes are needed at the beginning of a joint venture are the following: the decision making processes, the division of labour, the definition
of the role taken within a job, language, focus on customer, reliability within the production timeframe, the collision of individualistic and collective behavior (Mueller, 2009).

The authors of this thesis define the organization as the outcome of an internationalization process of a joint venture, which is made sustainable by adding the component of CSR awareness which will be further explained in the next section.

2.3.1.5 CSR awareness

In the literature, one of the definitions of awareness is: “an understanding of the relevance of information to one’s goal” (Talaei-Khoei, Ray, Parameshwaran & Lewis, 2012). Consequently, CSR awareness can be defined as the understanding of the importance of CSR practices and initiatives to approach sustainability. This can also imply “having an awareness of the impacts of the business, and wanting to have a positive impact on a wide range of stakeholders through the business decisions that are made” (Jenkins, 2009, p.21).

According to this, it is relevant to mention that CSR awareness will not concentrate, in this thesis, on the existence of formalized business strategy integrated to the core business, but on the existence of a social responsible mindset that is implicitly or explicitly expressed in the daily practices of the organization and which, contribute to achieving economic, social and environmental sustainability (Jenkins, 2009). This implicit or explicit existence will be analyzed in the frame of the corporate social responsibility institutional theory (Matten & Moon, 2008). Besides, Carroll’s “Pyramid of CSR” will be applied to determine in which social responsibility dimension -economic, legal, ethical and philanthropic- the companies are, regarding their practices (Carroll, 1991).

2.3.1.5.1 Importance of CSR awareness

CSR awareness is especially relevant for companies when entering developing countries since they, have the power to promote practices that contribute to economic, social and environmental development through their CSR practices. Additionally, developing countries expect the involvement of the international companies in the development of their community (Jones, Pollitt & Beck, 2007). Consequently, CSR awareness is a prerequisite to contribute to the sustainability of the host country in the process of creating the joint venture and during its development.

For the purpose of addressing the problem of this thesis, the joint venture is an appropriate business type for international collaboration. When the partners of the international joint venture are willing to put engagement and commitment in the development of a CSR awareness, innovative solutions might be found that could also apply to other situations. Additionally, the joint venture will over time generate team problem-solving skills (London, 2012). This way generative learning can be achieved which seeks to “solve unstructured, complex problems for which there are no single right answers” (London, 2012, p. 220).

In order to identify the CSR awareness of the companies involved in the joint venture, the authors will support on international CSR frameworks to determine which kind of practices the swedish and the african company of the studied case are approaching.

2.3.1.5.2 Measuring CSR awareness

One of the consequences of the global context is that the businesses realized about the importance of establishing worldwide standards for responsible suppliers, manufacturing and operating practices. The world mindset was thinking more globally about not only its prob-
lems but also its capabilities to address the development issues (Post, 2012). In this sense, in 1999 international strategies were created such as the United Nations Millenium Development Goals -MDG- and the United Nations Global Compact. The authors will work with the MDG to address the CSR awareness of the companies involved in the studied case.

The MDG are the result of an agreement of all world’s countries and all the world’s leading development institutions, to commit in eight different goals (see Fig.2-3) which have the target date of 2015 (United Nations, 2013).

![Millenium Development Goals](http://www.un.org/millenniumgoals/)

**Figure 2-3.** The eight Millenium Development Goals


### 2.4 Challenges for sustainable international joint ventures

In general, potential conflict is triggered by the context of the venture agreement itself or by the specific characteristics of the partner companies. Disagreement between equal share partners is, thereby, one reason for conflict within an international joint venture (Benavides-Espinosa & Ribeiro-Soriano, 2012).

Although the stability of a joint venture is not guaranteeing its success, the possible danger of instability should be considered. Instability in joint ventures arise due to the fact that there is more than one parent company involved. Additionally, the joint venture over time might create characteristics of its own that differ significantly from the parent companies. Therefore, the management of joint ventures requires the coordination of very different skills, knowledges and objectives. The possible consequence is an instability that further results in an unplanned equity change, a major reorganisation or a premature termination of the venture. Although instability and its consequences are not necessarily an indication for an unsuccessful venture, it can still be used to assess and evaluate the overall performance of a joint venture (Beamish & Inkpen, 1995).

The biggest challenge for companies that want to act on their CSR awareness in a global context, is that they seek to deal with very complex and interrelated issues. A company might fail in its attempt to solve a global problem in the right way and lose its credibility. That happened for example to the large, state-owned, Swedish energy company Vattenfall which tried to address the global warming issue. The company started a signature campaign in order to call decision maker’s attention to the topic. Thereby, Vattenfall stepped away from its business focus and in the role of a civil sector actor. People and NGOs were irritated by this ambiguous messages the company was sending, and therefore, they did not
understand the reason why Vattenfall started the campaign. Adding up to the problem was an unclear marketing campaign which kept addressing the problem from different viewpoints (Trapp, 2012).
3 Research methodology

This chapter discusses the research approach, the research strategy, the data collection, data analysis and the basic information of the case studied within this thesis.

This study is circumscribed under the modality of qualitative research, in which: "[...] is sought to understand the motives and beliefs behind the actions of people, privileges techniques for the collection and generation of information favoring intersubjective relationships, the perspective inside the stakeholders who live and produce sociocultural reality." (Galeano, 2004, p.19. Translation by authors).

Moreover, an interpretive philosophy has been adopted since it provides a deep insight into “the complex world of lived experience from the point of view of those who live it” (Schwandt, 1994 cited in Díaz, 2009, p.43), which fits to the research strategy and purpose of the thesis.

3.1 Research strategy

The authors have implemented a single holistic case study as research strategy (Saunders, Lewis & Thornhill, 2009). The objective of a case study method is to investigate a particular phenomenon within its real life context providing the researchers with a multiple sources of evidence (Saunders et al, 2009) such as documents, artifacts, interviews and observations (Yin, 2003). In this types of research, the interpretations of the researchers play an important role (Díaz, 2009).

The case study was chosen because it can best serve the matter researched, regarding the investigation of how the joint venture was established and extract implied learnings for theory and practice. This choice is also related to the extent of control that the authors of this paper had over the behavioural events of the investigated matter (Yin, 2003). Hence, the process of establishment of an international joint venture between the involved owner companies and the project coordinators was a process the researchers of this paper had no control over. In addition, the process was initiated before the authors started their research and will continue after the research has finished.

This paper will develop theory based on the collected and analyzed data, and therefore, follows an inductive approach (Saunders et al., 2009). This approach is concerned with the context in which the events are taking place, hence it is appropriate for working with qualitative data as is the case in this research (Saunders et al., 2009).

3.2 Data collection

In case studies, the data can come from different sources of evidence. The most important ones are: documentation, archival records, interviews, direct observation, participant observation, and physical artifacts (Yin, 2003). These sources of evidence can be categorized in primary and secondary sources.

3.2.1 Primary data

Yin (2003) argues that one of the most important sources of case studies are interviews which are usually guided conversations rather than structured questioning. Interviews are the primary source of this research. The case has been approached by establishing contact with one of the coordinator of the project. An informal interview was held in order to get a general perspective of the case main objectives and actors involved. Consequently, this in-
formation was used as an input to the formulation of questions for the nexts interviews (Anderse & Skjoett-Larsen, 2009). This contact person was a bridge to contact the different parties involved in the project.

Since there are different actors involved in the process, including project managers, company owners, investor, Swedish and African NGOs and swedish consultants, the interviews are focused on capturing the different points of view and angles of the case, with the main objective of identifying the different stages in the process of establishing the joint venture. Therefore, the authors decided to use semi-structured interview questions (see Appendix 4) which were adapted to the interviewees role in the establishment of the joint venture, e.g. owners, financial institution, consultants, supporting organization. The semi-structured interviews allow the researcher to have a list of questions or themes to cover, but that might vary from interview to interview (Saunders et al., 2009).

Consequently, before the interviews were conducted, the interview guide was designed and discussed by the authors (Saunders et al., 2009). Nevertheless, in the different interviews, there was room for the discussion of issues that were not in the interview guide, but which the authors have found relevant to gather a better understanding of the case (Anderse & Skjoett-Larsen, 2009).

### 3.2.2 Secondary data

The secondary data used was documentation related to the project applications, action log of meetings and supportive information about the programs developed by non-profit organizations in Kenya, which were directly involved in the formation of the joint venture (see Appendix 8).

According to Yin (2003), documents play an explicit role for the data collection in a case study. These documents supported the corroboration of the information provided by the different sources and were also helpful for the verification of the correct titles and names of organizations or people involved in the project, which might be mentioned in the interview (Yin, 2003).

### 3.2.3 Creating validity, reliability and quality

In general, qualitative research, especially case studies, face more criticism than other types of research (Yin, 2003). However, the authors of this thesis provide the needed internal and external validity, reliability and quality of this study by the choice and length of the conducted interviews, the chosen method of interviewing as well as by the reliability of the supporting material, namely the CSR self-evaluation tool and the secondary data.

In total, seven participant interviews were conducted of which four were done face-to-face, two via Video-Skype and one via telephone. Thereby, participant interviews are defined as those where the interviewer leads the interview and the interviewee responds to the questions (Saunders et al., 2009). The timeframe of the thesis did not allow a second interview with each of the involved parties. However, all of the important actors were interviewed once and gave the presented case study the needed scope of different viewpoints. Therefore this this is able to explore and describe the presented case in detailed and comprehensive manner.

In this sense, the average length of each interview was one hour. All interviews were done individually except for the interview with the two african partners of the joint venture. Due
to a single chance of interviewing them face-to-face this interview was done as a group interview with an expanded time frame to 90 minutes (Saunders et al., 2009) (see Appendix 6). Additionally one internet - mediated questionnaire was conducted with one of the project coordinators (Saunders et al., 2009) (see Appendix 5).

In the interviews, the authors tried to identify the main aspects that could indicate CSR awareness. Herewith, the companies owners answered to a self-evaluation tool (see Appendix 6). This self-evaluation captures their CSR practices through different questions categorized according to the different dimensions of CSR (economic, social, environmental, labour practices and human rights). The tool uses a 0% -100% rate, where "0" means that the aspect is not taken into the company and "100" means that the company has it and it is fully developed and functioning in the company. This tool was not developed by the authors, but previously implemented by one of them in an academic project which undermines its validity and creditability. The original language of the tool is Spanish and was translated by the authors into English for this thesis purpose.

In order to create representative findings the authors support their primary data collection with secondary data which was collected from the different interview parties (Saunders et al., 2009).

3.3 Data analysis

The interviews were recorded and later transcripted, in order make a detailed analysis of the information gathered with a qualitative focus. The interviews were analysed through a template analysis (Saunders et al. 2009).

The interview transcripts, the internet - mediated questionnaire, the data from the self-evaluation tool and the secondary data were coded. Coding, thereby, is the first step to a rigorous analysis and interpretation of the information (Saldana, 2009). The codification of the information allows to arrange things in a systematic order to make things part of a category. Based on the categories established after the coding process, the authors conducted the analysis of the information connecting it and adapting it to the theoretical framework developed.

3.4 Case study

To fulfill the purpose of this paper the authors will describe and analyze the internationalization process of the swedish company Mattias Bygg AB and explain the theoretical implications of this case.

The case of the swedish building company Mattias Bygg AB was chosen because it is a relevant example of a company entering a new market through creating a joint venture with african local partners. The joint venture, which was created on the 1st of September 2012 in Nairobi, Kenya, is named M&D Bygg which is a combination of the two partner companies involved in the creation, M&D Homes and Mattias Bygg. Both of those companies are building companies and are owned by Margarete Karangatha, David Ndungu (M&D Homes) and Mattias Lagermo (Mattias Bygg). The third partner company involved in this project is MMID, an architecture company, co-owned by David Ndungu. Due to its minor role in the creation as well as management of the joint venture, the company MMID is not explicitly consider within this research. However, since David Ndungu is a co-owner of MMID the company was implicitly part of this study.
In sum, the major objective of this project is to “transfer competence from Mattias Bygg to M&D Homes to a point where M&D Homes is operating effectively, efficiently and profitable” (Project application to Swedfund, 2012). The transfer of the knowledge to one of the host company, M&D Homes is based on construction technology, project management and management foundations to establish a sustainable, stable and growing enterprise. This will ensure that the joint venture M&D Bygg gains competitive advantage and at the same time creates value and sustainability in the host country, Kenya.

Thereby, the created joint venture, M&D Bygg, is the result of a process that involved the contributions of different additional actors, such as the swedish government investment company Swefund, the swedish NGO NavPartners, the African NGOs The Navigators and EPTF, which have been working in Africa for many years and a Swedish consultant team.

3.4.1 Mattias Bygg AB

In 1995, Mattias Lagermo founded the construction company Mattias Bygg AB. The company mission, thereby, is focused on the gain of the customer’s confidence with high competence and commitment, providing solutions based on customers needs and wishes. The company has 19 employees, the so-called ground staff, and operates in the municipality of Tranås, Jönköping County as well as in the area around it. The company is build on ethics and trust, and it values good customer relations and quality. The experience of the owner – the Mattias Bygg AB is already his fourth company – has enhanced the fast growth of the company which became the biggest among its local competitors.

The company is located in the south of Sweden, which is the third largest country in western Europe with 450,000 km² and 9.6 millions inhabitants (Sweden.se, 2013). According to the United Nations Development Program - UNDP - (2013), the life expectancy is 81 years old. The government structure is a constitutional monarchy with a parliamentary democracy and in terms of religions, Sweden is one of the most secular countries in the world.

3.4.2 M&D Homes

The company M&D Homes Ltd focuses on constructing high-quality residential and commercial buildings in Kenya. The name of the company, M&D, is the short form of “Multiply & Divide”, and refers directly to the company vision - creating “a home for every family in Kenya”. Credibility and trust are the core values that support the company’s mission of “to serve the Kingdom of God through Real State Development” (M&D Homes, 2013).

The Republic of Kenya is a low-income located in the East of Africa. The largest city is its capital Nairobi. Kenya has 40 millions inhabitants, where the majority is located in the rural areas. The country covers an area of 582,646 km² and is divided into 47 administrative counties according to the new constitution (UNDP Kenya, 2013). According to the United Nations Development Program -UNDP- (2013), the poverty rate in the country is 45,5% and the life expectancy rate is 62 years.
4.1 Sustainable International Joint Ventures

M&D Bygg is the name of the joint venture created between the Swedish company Mattias Bygg AB and the African company M&DD Homes. The project started on the 1st of September 2012 and will last 18 months in total. The findings of the case study were put in relation to the different components of the joint venture formation process regarding the environment, the individuals, the process, the organization and the CSR awareness, as well as the challenges of the process.

4.1.1 Environment

In the studied case, the authors identified 3 main aspects as part of the environment: country, culture and industry.

4.1.1.1 Country

The initial choice of the Swedish partner to only consider partners from Kenya is connected to the favourable circumstances of the country. The communication with locals is easier because English is one of the official languages. Furthermore, the country provides a certain hub of people who are potential objects for investments. Certainly, the project coordinators are also aware of drawbacks that countries like Kenya have, especially concerning economic dangers due to political instability. Still, the economic situation in Kenya is very attractive for companies like Mattias Bygg AB that want to start a business abroad. In relation to this, Elis Peterson, part of the project coordination team, expresses that Kenya is “the 5th fastest growing economy in the world. They are where Malaysia and Thailand were 20 years ago”.

In this sense, it is important to mention that Africa follows an economic pattern which can be also observed in other parts of the world. Economic development is not equally experienced within a country, instead regions are the usual centers of economic growth (Florida, Gulden, Mellander, 2008). This applies also for Kenya where Nairobi is the main cluster of development. Accordingly, Wanjau Nduba says that “Nairobi is quite fast growing. In the last few years there are multinational companies that are moving into Nairobi”.

In general, the uncertainty about the context has been minimized by the fact that Swedish organizations have been working in the African context, and many forms of cooperation have emerged. This has provided a previous knowledge about the Kenyan environment and also, has fostered the visits of the African partners to Sweden.

4.1.1.2 Culture

Sweden and Kenya are two very controversial countries and cultures, which implies a certain need for adaption among the partners. Thereby, having the awareness of these differences is a first necessary step. The cultural difference is definitely an aspect considered by the African partner, as Margaret Karangatha puts it: “We are from different culture, so here is a meeting of cultures that find a common place and be able at the end of it to deliver something that responds to our customers”. Mattias Lagermo explains is to have the “whole picture” clear and consider the cultural differences: “If’s another country, another culture, another language, another type of food.”
4.1.1.3 Industry

The case of an international joint venture in the building industry, as M&D Bygg, is unusual, at least from the perspective of Swedish companies. More popular is the construction of factories in foreign countries, especially to produce metal work, woodwork, plastic or car components. While the manufacturing industry is able to create hundreds of new jobs by setting up one factory, the building industry usually is only able to give jobs to a selected number of people.

Furthermore, Elis Peterson expresses that the building market is different between Sweden and Kenya in terms of the competition scenario: “The surprise for me was the bias market in Nairobi, much more than here. You have to compete for your selling. We are not even used in Sweden to that situation.”

The explanation for this, according to Elis, is that Kenya is a complete capitalistic market. On the contrary, Sweden has had a lot of socialism since many years, especially in the building industry where there has been always a lack of apartments because of the subsidies that the government gives to people, which increases the number of people looking for places to live in.

4.1.2 Individuals

There were many different people with different roles involved in the process of creating the joint venture M&D Bygg. The authors identified the decision makers and their main motivations to get involved in the project, but also identified some other persons and organizations that had a role as supporters of the creation process of the joint venture.

4.1.2.1 The decision makers

Mattias Lagermo, who describes himself as a “doer” and “practical man”, has a rich experience as an entrepreneur. He started his first company with 18, followed by three others, the last one being Mattias Bygg AB. Thereby, he is driven by his deep values in everything he does. For example, on his first trip to Kenya, Africa back in the year 2002, Mattias recognized the need of the local people and felt the need to act: “Let’s talk about water. The water is the whole world’s problem. I decide before I be fifty I want to buy a water hole to the people in Massailand.”

In the end he was able to reach his goal ten years earlier than thought. On his celebration for his fortieth birthday Mattias Lagermo collected money from his friends in order to finance the needed water hole. This successful initiative encourage Mattias to strive for more. In this sense, Mattias points out that: “It’s very good to collecting money to every part of helping organization … but the best it must be to start a company to give them jobs.”

Also the African partners had a history that implies a certain drive for change and community support. As part of the board of EPTF, David Ndungu visited Sweden in 2001 and had a first interaction with a Swedish consultant Jorgen Lindh of NavPartner. This consultant identified the potential opportunity to develop a project together through the partnership with a Swedish building company, with the purpose to start a learning process that could benefit the African company. The perspective provided by this consultant, allowed the African company to understand that building houses is a business that goes beyond cement and water, that is also about the way of getting the funds, the people and how to make it sustainable. After this first visit, the company owned by David, M&D Homes, started a process of business integration with NavPartners, which consisted of a training and financial help to support the start-up business.
4.1.2.2 Motives

Driven by his interest, Mattias Lagermo runs a lot of projects within his Swedish company himself. However, as an entrepreneur he feels the urge to do something new the whole time. The project of M&D Bygg is another of many first time experiences for him: “I think that every kind of project I step in is kind of a process and growing that I have new ideas and to be the first…”

The motive to establish the international joint venture thereby was double: He wanted to build a new company and at the same time, help people in Kenya. However, the company established in Kenya is not just an investment for him. He states clearly that he wants to take an active role in what creates with this international joint venture.

“I just do not want to give to poor people but I want to help them to get out of poverty through having work.”

(statement of Mattias Lagermo in a newspaper article, translated by Jenny Jakobsson).

Elis Peterson sums up the driving forces of Mattias Lagermo to start this joint venture in the following way: “Adventure, doing something good and maybe some money.”

From the point of view of M&D Homes, according to David Ndungu, the initiative of starting the project came from the Swedish partners driven by the interest to create a partnership with a developing country. One of the major motives for the African partners to take part in this initiative, has been the desire to explore how things -business- are done in Sweden and to apply that knowledge to the Kenyan context, in order to make a difference for the local community challenges. Margaret Karangatha corroborates this by saying that the main objective is to impact the local community of Kenya while developing a business mindset. She adds that the motive to start this process of partnership is also related to the knowledge that can be acquired and consequently expand the business and make it profitable.

4.1.2.3 The supporters

The building process of the joint venture has been supported by a group of organizations and people that have been working in the Swedish and African context in the last year, and that have participated in building the bridge between the two companies that formed the joint venture. The main organizations part of these process are:

- NavPartners: a Swedish non-profit organization with focus on poverty alleviation in Africa.
- The Navigators Africa: a faith based organization with the main objective of bringing development through communities and leaders across all levels in a sustainable way.
- Economic Project Trust Fund –EPTF: an enterprise development organization that focuses on the empowerment of entrepreneurs through training, funding and mentoring to transform the local communities.
- Swedfund: government organization with the purpose of providing risk capital, expertise and financial support to invest in emerging markets.

A more detailed background of these organizations is given in the Appendix (see Appendix 11).

Furthermore, the experienced project coordinators, Jorgen Lindh and Elis Peterson, supported the creation of the venture M&D Bygg. Elis has coordinated similar project in the Ukraine and gained experience about the African context while working for five years with
small industry development in Tanzania, a project supported by a Swedish development organization called SIDA. Furthermore, Elis has great knowledge about the Swedish financing possibilities for projects like the M&Đ Bygg venture. Jorgen Lindh works for the NavPartners organization and therefore, he was the needed link to the African and Kenyan context.

Additionally two consultants were contributing to the joint venture creation of M&Đ Bygg. Robert Larsson, an independent consultant, assessed the business plan of the project. Kalle Skoglund, on the other hand, supported the assessment of the planning process between the african and swedish parties and deals with subcontractor details.

4.1.3 Process

The stages of the process found were partner selection, trust building, negotiation of the agreement and creating sustainability. In addition, a new stage that is given parallel to the negotiation stage was found in the case studied, named financing the joint venture.

4.1.3.1 Stage 1: Partner selection

The possibility to connect with the african partner was based on an informal networking that brought to Mattias Lagermo and Jorgen Lindh, from NavPartners, together. Hence, NavPartners was one of the first actors that contributed to begin this process of creating the joint venture. NavPartners has been working in developing countries for many years, focusing on development processes with an emphasize on entrepreneurship and learning. As Elis Peterson expresses: “These NavPartners, they have trained some 2000 people in entrepreneurship.”

In relation to this, Nils Lindh says that: “NavPartners has been facilitating in a way the connections but then the motivation has been within Mattias, within Elis and within my dad [Jorgen]. And then, I would say, they have attracted some other people also into this.”

According to Margaret Karangatha, the activities of NavPartners allowed to bring like-minded people together to engage in corporate work, and this was relevant since

“you can be able to impact the community, can be able to help, but help in a way that you are helping those people to help themselves. In that way it stays longer and also spreads more. To be able to do that, there has to be a similar passion with the people”.

Together with this African scenario, the Swedish partner Mattias Lagermo had taken the decision of establishing a new company in Kenya. After Jorgen, a trip to Kenya was organized in order to find a suiting partner for the project. In march 2011, the kenyan organization EPTF had announced the visit of the Swedish partner and thereby, attracted african companies which were also interested in a cooperation. Mattias was accompanied by seven people who had worked as coordinators in similar projects before, including Elis Peterson. Together, they interviewed around 30 potential african partners from the Nairobi area within five days. All the interviewed Kenyans had been part of an educational program of EPTF, in cooperation with NavPartners, and owned successful and growing businesses. Therefore, they had the basic business skills and knowledge that Mattias Lagermo was searching for in his future partner.

On the one hand, the interviews served to inform the african parties in more detail about the planned project and on the other hand, they also aimed at asking some questions about the individual business practices. The questions asked, helped the african parties to think outside of the box and look at their business in a new way. The interviewers were also giving direct advice to the african company owners.
After the interviews, eight companies fitted the company profile of Mattias Lagermo. Elis Peterson explains that the criterias were based on the company`s performance registered in its records, profitability aspect, confidence in the owner and personal chemistry. Further, he adds: “I think our interest is more in what we say `teenage companies` where they start to grow and employ people than just in microcredits.”

The owners from eight african companies came to Sweden 3 months after the interviews in Kenya, including David Ndungu and Margaret Karangatha. Elis Peterson explains how the final decision about the selection of the partner was made:

“They were around Sweden, looked at different projects, different builders. This was more common, we looked at business in different kinds of way. That was also one way to find out if these people had a common interest, if they were good together”.

In total, the pre-process of planning the project consumed 1000 working hours for Jorgen Lindh and Elis Peterson. Finally, the decision was to start working with M&D Homes, owned by David Ndungu and Margaret Karangatha. One important criteria of selection was the connection of the two owners of M&D Homes with the EPTF. Since they were considered as “seniors” due to their experience they were not part of the EPTF training for start-ups, however, they had received continuous advice during the establishment and development of their company.

4.1.3.2 Stage 2: Trust building

The trust building stage has been supported by the cooperation established between the Swedish NGOs with African institutions. The fact that NavPartners, EPTF and The Navigators Africa are working together in development programs in Africa, gave the Swedish partner a first insight of the context and the potential challenges they could find. Also, the African partners had the opportunity to visit Sweden and establish different networks. In relation to this, Wanjau Nduba from EPTF expresses:

“Before the linkage, we created a platform that M&D Homes and Mattias company met. I think it provided the trust that was required, the recommendation and actually the partnership was formed in the business of Mattias company to the EPTF businesses. There was a learning journey that Nils had started with NatPartners in Sweden and M&D Homes people were there, I was there and there was a discussion”.

This perspective is supported by Elis Peterson, who considers that “for creating a business the most important thing is trust people, confidence in people.- You build on people, human resources.”

4.1.3.3 Stage 3a: Financing the project

Part of the process of establishing the joint venture M&D Bygg was financing the project. After bringing the right partners together the swedish project coordinators applied for funding at SwedPartnership, a sub-department of the swedish organization Swedfund. Mattias Bygg had to fulfill strict criteria in order to get its project approved (see Appendix 9). The company was checked in terms of its number of employees, its economic stability and its number of operating years in Sweden. Furthermore the project needed to follow environmental and social responsibility in order to be financed by Swedfund. As Robert Larson, independent consultant of Swedfund explains:

“We have strong demands of the company that they are living up to good environmental behaviour and that they treat their staff in a decent way.” (Robert Larson, independent consultant)
In order to check on those key criteria, Robert Larsson met up with Mattias Lagermo in Tranås and evaluated the suitability of the project, and the suitability of the company to successfully implement it. On the basis of the consultancy report of Robert and the independent assessment of the company Goodpoint, which is specialized on assessing environmental and social issues, Swedfund gave its approval to the project.

Swedfund, in general, finances 40% of the project costs and transfers the first half of the money after the approval and the second half after the end report is sent in. Since the project coordinators did not ask for payment of their hourly commitment, the money could be used for other expenses, like for example travelling costs. Therefore, the actual expenses for Mattias Bygg were limited to the working hours of the owner Mattias Lagermo.

By accepting the financing of Swedfund, Mattias Bygg committed to a constant reporting process every 6 months, which will end with the final report after the project is finished. After the reported end of the project, Swedfund will check-up on the project in Kenya and assess it according to two criteria: the technology knowledge transfer and the machinery implemented and used. If the final report project is positive, the money lend by Swedfund will turn into a gift.

4.1.3.4 Stage 3b: Negotiating the agreement

It is common to find projects in Kenya developed with a Swedish partner, but in this case the way of partnering is different, in the sense that the project is more focused on a business front. The negotiation process of the joint venture creation, among other things, implied decisions on the percentage of shares every partner would have.

Accordingly, the shares of the joint venture -M&D BYGG- in Kenya were spread among its owners according to their financial investment. Consequently, the african building company, M&D Homes, owns 50%, the african architecture company, MMID owns 30% percent and the swedish building company Mattias Bygg owns 20%. While Mattias Lagermo is the sole owner of Mattias Bygg, David Ndungu is involved in M&D Homes as main owner with his wife Margaret Karangatha and in MMI as a minority owner. The structure of the joint venture is explained in Appendix 10.

4.1.3.5 Stage 4: Creating sustainability

The main objective of a sustainable joint venture is to contribute to the context where it is established. In other words, the purpose to create an international joint venture should not just focus on entering a market but also on staying in that market and contributing to its sustainable development. Or as Elis Peterson puts it: “When I went to school we said that one good job will create improvement for five other people … and I think it is even more in Africa because so many people depend on one person.”

In that sense, the international joint venture created by Mattias Bygg and M&D Homes could become a role model for others if it succeeds in its goal to make lasting change in the host country. In relation to this, Nils Lindh from NavPartners adds that “We would certainly like to see it happen in all of Africa … companies taking responsibility for the community development.” The sustainability aspect, according to Nils, is then an important challenge that needs to be considered, but that can be properly managed if there is commitment between the partners involved and if the relationship is based on trust and transparency.

For Elis Peterson, one key element to ensure this sustainability within the company is a good board of the company. In this context, he focused his attention on three major con-
cepts which are connected to economical, social and environmental issues and need to be transferred to the board of the joint venture. Elis states: “We put three big ones (concepts), one is good ethics, the other thing is sustainability and number three is profitability.”

Since the board is more trained in environmental issues than, for example, in profitability, the training needs to establish some kind of balance. To foster this change, new members in the board might be needed. There has been a special board meeting in order to discuss the responsibilities of the board and to present the action plan for the board which is followed up constantly.

“The board is an organization you [usually] answer in front of, they are like a teacher you give them an answer … I want to change that … I want a board to be a working part of the company […] the board should be the cheapest and best consultant to have in the company.” (Elis Peterson).

Other values that the swedish company seeks to transfer are connected to the overall goal of creating a company that is transparent and has zero corruption. In order to reach these high goals, the follow up process is integrated in the day-to-day business of the joint venture. During the planned visits of the African partners in Sweden and the planned visits of the Swedish partner in Kenya, the building of technology, the knowledge transfer, the training in quality and a detailed follow up takes place. For this purpose, Mattias Lägermo is supported by a consultant specialized in building, Kalle Skoglund, who constantly compares the African planning with the Swedish planning in order to optimize the process. So far Kalle visited Kenya twice and Mattias visited three times.

In light of the above, building a sustainable joint venture can be a challenging process but at the same thing, brings benefits to the companies and to both countries as Elis Peterson expresses: “Hopefully he-Mattias Lagermo- will be part owner of a profitable company.” For the Kenyan context, Elis Peterson also sees major benefits:

“I have a vision of providing a kind of pipeline for Swedish investors in Kenya […] I think in a few years ahead the situation in Kenya will be good enough for any investors, then they should not not invest because they do not know about it.” (Elis Peterson).

4.1.4 Organization

The main goal of the joint venture M&D Bygg is to create a sustainable profitable company, which can make use of the swedish way of planning and the swedish quality in order to have a competitive advantage in the kenyan market. In other words, the main objective of the joint venture is to “have transferred competence from Mattias Bygg to M&D Homes to a point where M&D Homes is operating effectively, efficiently and profitably by 28th February 2014” (Application form to Swedfund, 2012, p.1).

Furthermore, one important part of the knowledge transfer is the know-how of buying the ground and selling the built appartements. The main customer group are middle class and wealthy inhabitants who can afford quality housing for a price between 700.000 and 1.000.000 SEK. The problem in this context is the loan system in Kenya. The interest rates fluctuate a lot, but are usually very high, around 26%, and the repayment schedule is quite tight with usually 10 years.

In this sense, this kind of partnership is different to the ones the individual partners did before, because it goes beyond training and financial help, as explained by David Ndungu:
“We have moved beyond that -receiving training and financial help- to create a direct partnership where we will build a company with Mattias Bygg. The objective is that his company will be able to transfer knowledge to our company so that we can be able to deliver a product that has the highest quality possible”

Finally, about the partnership base, Elis Peterson says that “we want to see an African company with Swedish quality and planning that will give them good advantage to compete with other Kenyan companies”.

4.1.5 CSR awareness

The cooperation between different organizations such as NavPartners, EPTF and the Navigators has been relevant not just in terms of training on entrepreneurship to help the creation of businesses that make money, but also that contribute to society. As Wanjau Nduba explains:

“EPTF’s objective through what I call the movement of entrepreneurship development is helping to bring hope and creating opportunities through the establishment of partnerships between those that have ideas and are looking for ways of developing them. We do not just focus in business to make money but also in creating business that are good for the society. So, one of the things that we do is CSR training”.

The CSR training program started 3 years ago and was developed with the cooperation of a Slovak organization named Integra. The main motivation to start this training was to face one of the biggest challenges companies face in Africa, corruption and injustice. Regarding the objective of the training, Wanjau expresses:

“One of the product that we offer is the whole idea of CSR training and capacity building of awareness that we bring to the clients and the businesses that we have helped to stand. So that the enterprises have a transformation agenda or they are good to society, to customers, that they add value to the society not only in terms of the bottom line with cash”.

In words of Wanjau, EPTF is a leader organization in training of SMEs in Kenya in terms of CSR strategy. The M&D Homes owners were part of this training and this has made them more familiar with the concept and the main impact they want to generate with the business. In words of Margaret Karangatha “this business has been done with ethical aspects in mind. Not just delivering the project but also how are we delivering it”.

In relation to the importance of the CSR awareness for the building of this partnership, Wanjau Nduba explains that the foundation of the partnership like the one established between the African and the Swedish companies is CSR. His explanation is based on the following comment:

“The whole idea of trying to set up a partnership that brings about openness of the process, commitment to helping out in the community or setting up a company that is straight, that is not corrupt, that is fair, that gives fair wages and treats the employees in a right way. So, I would say a CSR strategy, a company that is good is really the basis upon we have established ourselves”.

Margaret Karangatha agrees with Wanjau in relation to this aspect:

“We are trying to bring in the aspect of CSR. Our target was, though we have a profit motive, what is that we can do to impact our needed environment, our needed people. So that people have a decent means of life. Together we can do an impact in our community”.

In this sense, the CSR awareness component is important since it gives the partnership not just a profit purpose in which the transfer of knowledge only focuses on technical or management aspects, but also in values and in how to create an impact for the local community. For Wanjau, this is what makes the partnership special:
“Most of the companies, especially from Sweden, incorporate the whole idea of CSR very strongly, it is a value, it is in the DNA. And most of the companies in Africa are trying to just arrive, make money. So the partnership actually does bring the CSR part. If you have a good product, a quality product, you can price it with a good price and you can have an impact in the community or resources to invest in the community. To introduce CSR strategy not just as a cost thing but something that really will benefit M&G”.

In relation to this, Nils Lindh from NavPartners comments that his expectations with this partnership is that the collaboration with Sweden will add more value to the local community in Kenya. Finally, Wanjau expresses that CSR aspects are a relevant part in this partnership and adds that in the last meeting with Swedish consultants in Kenya, one of the mostly discussed topics was how to transfer know-how to incorporate CSR strategy into the business process of the joint venture M&D Bygg, and also to improve this aspect in Mattias Bygg AB and M&D Homes companies.

4.1.5.1 Measuring CSR awareness

Wanjau Nduba explains that when companies, like M&D Homes or even Mattias Bygg AB, involve in a partnership like this one, they do not consciously say that they want to contribute to the MDG. At the same time, such companies do not know how to measure their impact in an international framework, like MDG.

4.1.5.1.1 Mattias Bygg AB

In the case of Mattias Bygg AB, according to the self-evaluation done by its CEO Mattias Lagermo, the average of each dimension of CSR is explained in Table 4-1.

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<th>Table 4-1 Dimensions of CSR Mattias Bygg AB</th>
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<td><strong>ECONOMIC</strong></td>
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<td><strong>ENVIRONMENTAL</strong></td>
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<td><strong>LABOUR PRACTICES</strong></td>
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In the Labour Practices dimension, which has the highest percentage, the main aspects highlighted by the company were the existence of a benefit program for employees, health and safety promotion at work, expansion of coverage of health system affiliation, training for workers and salary equity. In relation to this, Mattias adds: “I invest in my people. I give them good equipment and a good salary. They have been working in my company for many years. It is also the feeling we have in the company that we like to be in the company”. Also, Mattias explains that besides the corporate health affiliation, the company offers financial help for employees to go to the gym.

In relation to the hiring of minority population, such as people with disabilities, Mattias Lagermo explains that taking into consideration the type of job done in a building company, the hiring of someone with disabilities is not possible.

For the case of the environmental dimension, the company focuses on the avoidance of contaminants that can affect the atmosphere, reduction of the pollution generated by the company and training programs on recycling and pollution. Mattias expresses that the company proposes the use of eco-friendly products and they have information for all of
the company regarding the risks of the products used and how to sort all the waste of their activities.

For the economic dimension, the company generates employment to members of the local community and hiring of local suppliers. In the social dimension, the company explains that it articulates with local authorities, supports telecommunication programs in the community and children education programs. Accordingly, the company has collective agreements and it is affiliated to the Swedish construction industry, which is the only aspect in the dimension of human rights that the company points out.

In general the company Mattias Bygg AB is build on trust in two different ways. First of all, the customers must trust in the good quality that Mattias Bygg AB delivers and secondly, the employees must trust in a good and safe work environment in order to deliver this quality. In relation to this, Mattias Lagermo explains: “If we have a bad recommendation, I can not stand here and say I do a good thing. [...] To create a good name you must do … many good things”

Thereby, the deep values of the company were recently awarded with a special certification. This so called “R” certificate (Recommendation certificate) can only be received by companies that follow high ethical standards. The validity of the certificate is guaranteed through its selection mechanism. The company is not able to apply for this certificate, instead people that are not directly involved with the company (e.g. non-employees) have to recommend the company.

According to this information, the contribution of this company to the MDG is given in Table 4-2.

| 1. Eradicate extreme poverty and hunger | ODM1 | 47.63% |
| 2. Achieve universal primary education | ODM2 | 30.00% |
| 3. Promote gender equality and empower of women | ODM3 | 20.00% |
| 4. Reduce child mortality | ODM4 | 14.29% |
| 5. Improve maternal health | ODM5 | 0.00% |
| 6. Combat HIV/AIDS malaria and other diseases | ODM6 | 50.00% |
| 7. Ensure environmental sustainability | ODM7 | 38.46% |
| 8. Global partnership for development | ODM8 | 66.00% |

4.1.5.1.2 M&D Homes

The mission of M&D Homes is to enhance the quality of housing in Nairobi, Kenya. In order to achieve this goal, the company also has to live up to a lot of legal requirements as
Margaret Karangatha expresses: “We work well with the authorities to ensure adherence to legal requirements.”

Besides sticking to legal regulations of the local community, M&D Homes also provides services and starts initiatives, which are not required by law. All in all, the company is very well connected to the local community and economy. The majority of its suppliers are local, and the created employment influences the local labour market in a positive way. Furthermore, the local infrastructure is enhanced by the building projects done by M&D Homes. Safe drinking water and sanitation are provided to the local community by for example digging boreholes for water usage for the occupants of the newly build apartment houses. In the words of Margaret Karangatha “We develop the roads leading to our projects. We also connect water and electricity for the premises.”

Due to the fact that M&D Homes provides quality housing, the characteristic of the product does not enable serving the market of the poor, though. Furthermore, the criteria of gender equality is hard to fulfill since workers within the building industry need to fulfil certain requirements and possess specific skills. Anyhow, M&D Homes seeks to provide equal opportunities for representatives of both sexes. Margarete points out: “We do not discriminate when recruiting workers.”

Employees of M&D Homes find themselves in a work environment that supports its people by providing insurance cover, on the job training and lunch. However, clear expectations are also set concerning the employees behaviour, for example sexual harassment or domestic violence are not accepted. Culture and faith determine the mutual understanding for and the behaviour towards each other.

Furthermore, M&D Homes is strictly against child labour and supports NGO as well as community initiatives that support child protection. The company additionally actively supports the local education by engaging in the local schools and paying the school fees for some needy families. Also the transfer of business knowledge is supported by the company, as stated by Margaret Karangatha “One of our directors is involved in leadership development programs for NGOs.”

Besides the social aspect the company is also very aware of their responsibility towards the environment. They avoid pollution, plant trees on their premises and invest in innovative processes like the usage of solar water heating. Additionally, M&D Homes follows the relag requirements for the environment which is certified with the locally known Nema Licence. The importance of environmental friendly behaviour is something the company also wants to implement in the mindset of its people, in the words of Margaret: “We encourage our workers to be mindful of the environment and these in turn pass on the message to their families.”

In sum, of the company M&D Homes has highly developed CSR dimensions, as illustrated in Chart 4.3. Especially the Labour Practices and the Human Rights have a high emphasize within the company, closely followed by Economic and Environmental focus.
According to this information, the contribution of this company to the MDG is given in Table 4-4.

Table 4-4 Relative contribution to MDG M&D Homes

| 1. Eradicate extreme poverty and hunger | ODM1 | 35,53% |
| 2. Achieve universal primary education | ODM2 | 25,00% |
| 3. Promote gender equality and empower of women | ODM3 | 67,00% |
| 4. Reduce child mortality | ODM4 | 40,00% |
| 5. Improve maternal health | ODM5 | 0,00% |
| 6. Combat HIV/AIDS malaria and other diseases | ODM6 | 33,75% |
| 7. Ensure environmental sustainability | ODM7 | 39,23% |
| 8. Global partnership for development | ODM8 | 73,00% |

4.1.2 Challenges of the creation of Sustainable International Joint Ventures

Mattias Bygg AB and M&D Homes have faced different challenges in the process of creation of the joint venture M&D Bygg. In the case of Mattias Lagermo, a big challenge was finding the right balance between his commitment in Sweden and his new commitment in Kenya. Although the business in Tranås is going well the owner emphasizes how important it is to continually improve your business. In this sense, time management is an important skill, which goes by hand with training the Swedish management team skills, in order to be able to succeed in Kenya and at the same time continue growing in Sweden. In relation to this, Mattias stresses: “This year I can do this project. I can go to Africa every second week. The business go well here without me but I have many projects. So I must follow but I can also transform this kind of job to my project leaders.”
For M&D Homes, one of the main challenges is related to the change of mindset of their people. As David Ndungu explains: "In terms of quality, that is hard to achieve and that is our goal. I think the challenge is how to get good people, train them and keep them". Moreover, David says that a personal challenge for him, since he has been always more focused on the architectural aspects, is to look at the business in a more holistic way, meaning that "we are not building for ourselves, we are building for people and I think that probably for me a challenge is to look at it more in a business like way", he stresses.

Margaret Karangatha adds that another challenge is to keep within the funding of the project, which implies that in every stage they have to check whether they are keeping in line with the level of development and within the money for that stage.
5 Analysis

In this chapter the authors will analyze the empirical finding of the case studied, explained in chapter 4, connecting them to the theoretical framework.

The empirical findings gathered in the case study, let the authors to the conclusion that the creation of a sustainable international joint venture should take into consideration components illustrated in Figure 5-1. The basis of the model is the integration of CSR awareness as a component that is transversally linked to the stages of the process of creation of the joint venture. This process is initiated by the mother company, which consist of decision makers who follow individual motives and are supported by external actors.

These interrelations are embedded in the environment, which consists of country, culture and industry of the partner companies. These component, together, provide the context for the different stages of the process, which at the end will formed the organization in the forma of a joint venture.

![Figure 5-1. Model of Sustainable International Joint Ventures (Kreiner & Rosales, 2013)](image)

5.1 Environment

In general, the environmental variables (Gartner, 1985) need to be kept in mind for the partner selection and also for the negotiation of the joint venture agreement. Otherwise, a different perception on CSR awareness could be misinterpreted into a lack or overemphasis of the awareness. Since the Swedish partner had difficulties in expressing what he implicitly feels is right, the African partners might had difficulties in understanding the CSR focus without explicit mentioning it. Since sustainability of an international joint venture is based on the CSR awareness of both partners, the project’s success depends also on the awareness of different perceptions on CSR.

Although, the Kenyan institutional environment does not foster or constraint CSR practices by foreign or local companies, (Muthuri & Gilbert, 2011), M&D Homes has been positively influenced by local NGOs such as EPTF and NavPartners. This fact is explained by Muthuri and Gilbert (2011) in their institutional analysis of CSR in Kenya, where NGOs have played a vital role in the institutionalisation of CSR practices.

Two of the variables that needs to be considered during a sustainable joint venture creation, is the country context and its culture. When working together with people from other cultures, the known heterostereotypes are usually disproved by the part that is attributed with this specific stereotype (Mueller, 2009). By disregarding the stereotype of the other culture, the Swedish and Kenyan partners were able to avoid prejudice and focus on the project itself and its individual circumstances. Sim & Ali (1998) further argue that the par-
ents’ joint venture experience, parents’ complementary resources and the cooperation between parents has a strong influence on the success of the joint venture. In the case of M&D Bygg, the experience of the project coordinator Elis Peterson were as important as the input from the local organizations NavPartners and EPTF.

Another environmental aspect in this context is the language (Mueller, 2009, Walters, Peters & Dess, 1994). Since the partners have different mother tongues, in-depth communication becomes a challenge. This has effects on the partner selection and negotiation, but also on the knowledge transfer in general.

In sum, the partner selection stage as well as the negotiation stage incorporated indirectly the environmental background of the partners and the host country. One main criteria of partner selection was the CSR awareness of the African partner and their interest on creating a profitable and sustainable company that creates a positive impact in the local context.

5.2 Individuals

While Gartner (1985) and many other researchers (e.g. Brockhaus, 1982), point to the sole importance of entrepreneurs, within this paper, the authors claim that many individual actors need to contribute in order to establish a sustainable international joint venture. Besides the entrepreneur, especially local partners are, thereby, considered important (Walters, Peters & Dess, 1994) in order to prepare the context for partnerships like the one between the Swedish and the African company.

In the case of M&D Bygg the selection process was significantly supported by NavPartners and indirectly, also by EPTF, which set up the needed CSR awareness in the mindset of the M&D Homes owners.

Another important external actor was Swedfund who finances the and supports the implementation of projects that are based on a social, environmental and economic perspective. The importance of Swedfund is not based on the money given to finance the project but also in the values approach they give to the project regarding transparency and zero/corruption, which are requirements of this organization.

5.3 Process

According to the findings to the empirical findings, the stages indentified in the process of creation of a joint venture are: partner selection, trust building, negotiating the agreement, external financing and creation of sustainability.

5.3.1 Partner selection

Based on theory, the first stage for an international joint venture is the partner selection (Tallmann and Shenkar, 1993). According to the findings within the case study, this stage is especially important when a company wants to create a sustainable joint venture. Mattias Lagermo invested a reasonable amount of time in the selection process of his partners. Besides looking for the necessary skills, knowledge and commitment (Walters, Peter & Dess, 1994), the synergy between the partner’s skills and knowledge was a big focus (DePamphilis, 2012).

Out of around 30 entrepreneurs, 8 candidates that best fitted the overall profile regarding the industry, the company’s performance the profitability aspect, the confidence in the
owner and personal chemistry were selected. Among those candidates were David Ndungu and Margaret Karangatha, who both had been participating in EPTF’s programs, especially the training on CSR practices. EPTF considered it as important to do this training since Kenya has a lot of problems with corruption and in words of Wanjau Nduba, this is one of the biggest challenges an entrepreneur faces in Africa, especially in the building industry where you need many licenses from the city and the government.

In a next step, the candidates were invited to Sweden to discuss further details of the planned project. In this meeting, Mattias Lagermo could analyse which partners best understood the purpose of the project and therefore, had the mindset to partner with him. The interviews were done in March 2011 and the visit to Sweden in August 2011, which indicates that the selection process as a whole took several months. Another indicator for the length of this process is the amount of working hours that the project coordinators, Elis Peterson and Jörgen Lindh, put into the project (1000 hours in total). By choosing M&D Homes, the swedish company found a partner that had the right balance between differences and commonalities (DePamphilis, 2012).

5.3.2 Trust building

The work of the local NGOs in Kenya, and their cooperation with Swedish NGOs in the last years, have built the base for the trust building in the formation of the joint venture. As a consequence, with the right local advisors, the trust building (Walters, Peters & Dess, 1994, Benavides-Espinosa & Ribeiro-Soriano, 2012) already starts during the initial stage of partner selection. Therefore, stage 1 and stage 2 of the presented model are overlapping within the time frame of the establishment of the sustainable international joint venture. Thereby, the first level of trust is developed between the Swedish partner, Mattias Lagermo, and local consultants that have been working in Africa, mainly NavPartners. This made Mattias Lagermo more informed about the Kenyan context. Another local partner that receives initial trust from Mattias Lagermo is the EPTF, a fund partner of NavPartners that operates in Africa. This already existing connection between Sweden and Africa, added up to the decision of Mattias Lagermo of establishing a new company in Africa, formed the base for the beginning of the partnership.

Furthermore, in order to establish trust, Benavides-Espinosa & Ribeiro-Soriano (2012) suggest the implementation of control mechanism. These mechanisms are mainly provided by the conditions of Swedfund to finance the project. The regular reporting throughout the project makes it possible to look at the set milestones and evaluate their achievement. Having such milestones in place, and following up on them during the project, is considered important by Walters, Peters & Dess (1994) as well as Benavides-Espinosa & Ribeiro-Soriano (2012). The removal of such control mechanisms later in the process is suggested by Benavides-Espinosa & Ribeiro-Soriano (2012) although this might not always be possible.

In the case of M&D Bygg, the constant reporting is part of the financing agreement and therefore needs to stay in place. Furthermore, the follow ups that are done by the project coordinators might not be reasonable to stop due to their ability to contribute to continuous learning during the project lifetime. Defining fixed moments of evaluation is also supported by Buchel (2000), who integrates the evaluation as a recurring circle within the adjustment stage of a created venture.
5.3.3 Negotiating the agreement

During the negotiation stage, the details about the organization which is supposed to be created, are settled. Part of the negotiation process is the issue of distributing power by ownership shares (Benavides-Espinosa & Ribeiro-Soriano, 2012). Walters, Peters & Dess (1994) warn of potential blocks within the created joint venture due to the lack of a majority ownership. Within M&D Bygg the shares were distributed according to the money invested in the joint venture. In that way, M&D Homes is the majority owner with 50% whereas the other 50% are distributed between Mattias Bygg and the African architecture company MMID. Although Mattias Bygg owns 10% less than MMID, Mattias Lagermo is one of the main decision makers of the joint ventures besides David Ndungu and Margrete Karangatha.

According to this, the participation of Mattias Bygg AB in the joint venture is not based only on a profit objective, but more on the cooperation purpose of the partnership that create economic value and also value for the society, by taking into consideration its needs and challenges (Porter & Kramer, 2011). Mattias Bygg AB main intention when deciding to establish a new company in Africa was to contribute to social development of the country and this is why, he tried to find a partner company that could benefit from the partnership.

5.3.4 External financing

While the company owners were navigating through the negotiation, the project coordinators, parallel, started to focus on the financing of the project. Besides the owners investments, the project coordinators sought to get governmental funding through the Swedish organization Swedfund. Since the financing of a joint venture was considered by the authors of this thesis as an integrated part of negotiating the ownership share, financing was not integrated as a separate step within the presented model.

Hence, the external financing was a huge part of the creation process of M&D Bygg and influenced the creation, as well as the implementation of the project significantly. In order to acknowledge the importance of the external financing within the process, the presented model needs to integrate the external financing as a separate step, which is done parallel to the negotiation process. This financing is important in terms of the travelling expenses that need to be considered for the transfer of knowledge and provision of new technology.

The parallel stages of negotiating and financing also show the importance of the individual actors that contribute to the process within their different roles. While the decision makers of the companies focus on negotiation of the agreement, the project coordinators look for additional ways of financing. Thus, the individual groups involved in the project complement and support each other’s actions.

5.3.5 Creating sustainability

After settling the negotiation and financing the international joint venture is created. Although the sustainability was an implicit part of the creation process of the venture, especially through the CSR awareness, the creation of a lasting venture actually starts by looking at the created venture. Especially at the beginning there are a lot of problem areas that need to be faced.

Muller (2009) states the following conflict areas that can arise after the international joint venture was created: the decision making processes, the division of labor, the definition of
the role taken within a job, language, focus on customer, reliability within the production
timeframe, the collision of individualistic and collective behavior. Although at the begin-
ning cultural differences can hamper the solving of those problems, after some time there
tends to be some kind of synchronization process as explained by Muller (2009).

5.4 Organization

The involvement of the joint venture partners does not end with the establishment of the
created joint venture, M&D Bygg, but instead there arises a increasing need for commit-
tment and corporation, which could especially at the beginng be a challenge.

At the same time, those challenges, if they are overcome, generate learning and develop the
experiences of both parties involved. The Swedish part will gain knowledge about the local
culture and market of the host country, (Beamish & Inkpen, 1995) and the African part
might gain skills in the business and create a profitable business, which can have a positive
impact for the sustainability of the local communities.

These processes cannot be confirmed to 100% by this study since the venture project is
still continuing, but the indications found within this paper point in this direction. One
proof of this is that part of the knowledge transfer is focused on creating a sustainable
business, that contributes to the economic, social and environmental development of the
local context. In addition, in the meetings organized between the Swedish coordination
team of the project and the African partners involved, is based on how can they create a
good company that contributes to the local society and at the same time creates economic
value for the shareholders.

5.5 CSR awareness

In this sense, the CSR awareness of the Swedish and African partners are different. This
difference is based on the context of each partner regarding the country features, which can
have an influence on the explicit or implicit CSR awareness (Matten and Moon, 2008).
When interviewing the Swedish and the African partners of the joint venture, the authors
of this thesis found a very explicit CSR awareness within the African partners and a very
implicit CSR awareness within the Swedish partner. This impression was further confirmed
when analysing the CSR self-evaluation tool.

In the CSR development aspect, both companies, Mattias Bygg AB and M&D Homes,
have as highest dimension the Labour Practices and one could say that there are not many
differences in the percentage that every company got in the other CSR dimensions. How-
ever, in the process of filling the tool, Mattias Lagermo considered that many questions did
not apply to the Swedish context because many of the things are already solved and this is
also related with the institutional development of the country, where the government has a
social background.

Likewise, in the information provided in the interview, Mattias Lagermo does not use a
CSR approach to embed the practices he does and that are creating a positive impact for
society. In other words, he does not use a CSR language to communicate the practices of
the company, which is one of the characterisitic of an implicit CSR approach (Matten &
Moon, 2008).

In the case of M&D Homes, the self-evaluation tool was answered with more specific ob-
servations about their contribution to every dimension. This corroborates the CSR lan-
The language that was also used by the African partners in the interview, which is also related to the use of an explicit CSR approach (Matten & Moon, 2008) and that can be explained for the Kenyan context, where there are many needs that have to be addressed and where business plays an important role for this purpose.

In this sense, it was interesting to see the way that each company perceived itself regarding the different dimensions of CSR. The role of the self-evaluation tool was more focused on giving the authors the possibility to corroborate the perceptions of the interview regarding the CSR awareness and which type of practices they describe.

Moreover, the difference in the type of CSR awareness is deeply rooted in the environmental background of the partners, especially the country and culture (Walters, Peters & Dess, 1994). The Swedish culture, like many European cultures, has a very socialistic point of view and therefore is not labelling every social action as CSR. Within the African context, on the contrary, companies need to take more responsibility and be more proactive to overcome the challenges of the local community. Hence, there is the need of an explicit CSR. The understanding of the difference in the CSR approach is relevant to base the partnership and the foundation of the joint venture.

The CSR awareness of the partner companies is further illustrated by the fact that both companies received local licenses due to their deep values regarding social and environmental issues. In the case of Mattias Bygg, the company received the R-certificate which is a recommendation awarded by people not directly involved in the company. In the case of M&D Homes, the company received the NEMA License which awards the special considerations of environmental issues in the local community.
6 Conclusion

In this chapter the authors will give the main conclusions of the research by answering the main questions of the study, based on the empirical findings.

In order to provide the main conclusions of this academic paper, the research questions will be answered below.

- How does CSR awareness relate to the building of a sustainable joint venture?

Taking into consideration the important role that companies have, nowadays, to promote practices that contribute to the economic, social and environmental sustainability of the developing countries, the CSR awareness is a needed linking aspect that need to be transversally included in every component of a joint venture formation. This means that the environment, individuals, process and organization, need to be linked by the common interest of generating a positive impact in the local context.

In the case of the formation of the joint venture M&D Bygg, the sustainability aspect was embedded in the different stages of the process. Thereby, both partners had as a main motivation to contribute to the development of the local context. The actions of both parties were based on their CSR awareness, which is explicitly expressed in the case of the African partner and implicitly assumed in the case of the Swedish partner.

Consequently, the companies involved have an awareness of the impacts of their businesses on society, and take this as a base, for the decision making process to establish their partnership. The overall goal of the joint venture, for both partners, is to have a positive impact on the different stakeholders they have and that are influenced by their business decisions.

Furthermore, the fact that there is a transfer of values, such as transparency and zero corruption, which provide a solid base to make the joint venture sustainable regarding the commitment and trust based relationship between the partners that will help to the building of a long-term relation.

In sum, CSR awareness has been the driving force of the joint venture creation and at the same time, an objective that the joint venture seeks to achieve in order to create economic value for the actors involved while adding value to the context where the venture is developed.

- How do the different actors involved in the process of building a joint venture contribute to establish a sustainable entry mode in a low-income country market?

The main actors behind the joint venture creation were the owners of the partner companies whose individual motivation fostered the process. However, within this case study it could be shown that other actors are also important. In the case of M&D Bygg the project coordinators, consultants, the Swedish organizations (Swefund, NavPartners) and the local African partners (Navigators, EPTF) have contributed significantly to the creation of the sustainable international joint venture.

The special circumstances of operating in a low-income country market made it necessary for the Swedish partner to seek help and advice from experts regarding the best practice in this special case. The actors involved in the pre-process were essential to find a joint-
venture partner, which shared a common sense of the business idea, company values and underlying CSR awareness. Furthermore, the supporting actors established the needed level of trust between the involved partners by basing the cooperation on deep values and understanding for each other, and therefore, creating the right circumstances to follow through with the creation of the sustainable joint venture.

In sum, the local institutions (i.e government, cooperation agencies, NGOs) play an important for the building of a context prepared to establish joint ventures based on the balance of the social, economic and environmental dimensions, either by supporting with resources the process, or by creating the CSR awareness and appropriate skills in the context.

- *What are the characteristics that constitute the process for establishing a sustainable joint venture?*

The main characteristic of a sustainable joint venture is the integration of the CSR awareness to every component, meaning that adding value to the companies involve and to the local society, is the based for every decision taken in every stage of the process. Moreover, one of the main objective of the joint venture needs to focus on the transfer of knowledge, not only technical knowledge about the business, but especially in values that have a positive impact in the local society. This is especially important for the case of companies entering developing countries, where is common to face problems of corruption, for instance, and where the CSR practices are not institutionalized by the context.

As already explained above, the creation of a sustainable joint venture implies the existence of different actors that prepare the context to respond to the requirements needed to partner in such initiatives. Part of this preparation consists on the flexibility that organizations need to have in order to take advantage of the learning process caused by the joint venture, not just in terms of business knowledge, but in how to contribute to the sustainability of their contexts.

Altogether, the process of establishing a sustainable joint venture is very dependent on the special circumstances of the case which leads to the limitations of this research.

### 6.1 Future research

The proposed model of sustainable international joint ventures is based on one single case study and therefore, needs to be further tested in other cases of interest. A wider research in the form of a multi-case study across different industries could further clarify the applicability of the suggested model with all of its components. Thereby, minor adaptations might be reasonable in order to acknowledge the individuality of each joint venture creation.

Furthermore, it would be interesting to research whether the model of sustainable international joint ventures also applies in a domestic context and/or can be applied to other types of market entry and internationalization modes (e.g. strategic alliances).

Especially, CSR awareness, as a newly created dimension should be included in further research in order to test and further elaborate its effect on sustainability of ventures.
6.2 Limitations

The individual characteristics of the partner companies and the country contexts create a very unique combination of variables which is common within single holistic case studies, which make generalizations of the findings very difficult.

Despite the short timeframe of this thesis, the authors were able to interview all important parties involved in the process. However, it was not possible to talk with each party more than once and make a follow up of the different reports of the process to assess its evolution.

Furthermore, the timeframe of the studied case is longer than the timeframe of the thesis, therefore, the authors of this thesis were not able to study entire the implementation of the project and make sure conclusions about the impact and sustainability of the joint venture, regarding the social, environmental and enconomic impact, and the long-term relationship.
List of references


Appendix 1 - "The ICV tree"

The entrepreneur locates a business opportunity
The entrepreneur accumulates resources
The entrepreneur markets products and services
The entrepreneur produces the product
The entrepreneur builds an organization
The entrepreneur responds to government and society

Figure 2. Variables in new venture creation.
Appendix 2- The pattern of joint venture development
Appendix 3- Focus of research
## Appendix 4- Questions of interviews to companies

<table>
<thead>
<tr>
<th>COMPANIES AND PROJECT COORDINATOR</th>
<th>SWEDFUND CONSULTANT</th>
<th>NGO’s PROJECT MANAGERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>How did you get involved in this project?</td>
<td>What was your exact task in the project?</td>
<td>Can you tell us about the projects XXX does in Africa?</td>
</tr>
<tr>
<td>What is your main motivation to be involve in this project?</td>
<td>How did you get involved in the project?</td>
<td>Which kind of skills do you transfer to the entrepreneurs you are training? Are you focused in a specific industry?</td>
</tr>
<tr>
<td>How was the process in general?</td>
<td>Did you have experience with this kind of projects before (international joint ventures, Africa context)?</td>
<td>In the training you give to the african entrepreneurs, do you transfer awareness about ethical and transparent behavior, and sustainability -economic, social and environmental development- as important aspects to run a business?</td>
</tr>
<tr>
<td>How did you get in touch with the partner (Mattias Bygg)? Did you have a previous knowledge of the Swedish business practices?</td>
<td>Where you the only consultant involved in the project? If not, who else was involved and how far did the cooperation go?</td>
<td>What is the main contribution you have achieved with your projects? How do you measure the impact your organization has?</td>
</tr>
<tr>
<td>How is the coordination team of this project conformed?</td>
<td>How would you define corporate social responsibility?</td>
<td>Do you follow an international framework to direct and measure your work in the African context? For instance, the UN Millennium Goals, ISO standards or any other principle of CSR?</td>
</tr>
<tr>
<td>Have you done a project like this before?</td>
<td>What is your point of view on corporate social responsibility? Is it needed in today’s business context?</td>
<td>How has been the relationship between your organization and local/global institutions to initiate projects? Which were the main challenges to build and sustain these relationships with local/global institutions?</td>
</tr>
<tr>
<td>Are the establishment of joint ventures between African and European companies common in Kenya?</td>
<td>How would you describe M&amp;D Homes as well as Mattias Bygg in terms of corporate social responsibility? Do those companies show social responsible behaviour, if so how?</td>
<td>How would you describe the context in which the joint venture was started regarding the economic and politic situation of Kenya? What is special about the context in Nairobi?</td>
</tr>
<tr>
<td>Do Kenyan companies use Joint Ventures to enter new markets or mostly to develop their capabilities in their local markets?</td>
<td>How important would you say is the awareness of corporate social responsibility when doing business in developing regions like Africa?</td>
<td>What was the main contribution of EPTF for the creation of an alliance between Mattias Bygg company and M&amp;D company? How big is the involvement of EPTF during the project implementation?</td>
</tr>
<tr>
<td>How the project so far influenced your</td>
<td>What would you say are the</td>
<td>Have you any perceptions about</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>business in terms of capabilities, practices, mindset?</td>
<td>most important success factors for a joint venture like the one created by M&amp;D Homes and Mattias Bygg? Where do you see challenges? (also in regards to corporate responsibility)</td>
</tr>
<tr>
<td>Which are the different stages (past and future) of the project?</td>
<td>How was defined the structure of the joint venture regarding the percentage of participation of each company?</td>
</tr>
<tr>
<td>Which are the main challenges you have faced so far?</td>
<td></td>
</tr>
<tr>
<td>What is the main benefit of this project for your company?</td>
<td></td>
</tr>
<tr>
<td>What do you consider is the main impact of this project for both parties involved?</td>
<td></td>
</tr>
<tr>
<td>What are your core values?</td>
<td></td>
</tr>
<tr>
<td>Have you reevaluated your core values during this process?</td>
<td></td>
</tr>
<tr>
<td>One of the &quot;key concepts&quot; of the project relates to &quot;Sustainability economically, socially and environmentally&quot;, is this already part of your core values regarding the way you do business?</td>
<td></td>
</tr>
<tr>
<td>How do you perceive CSR?</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 5- Online questionnaire

1) Which are the main activities developed by NavPartners in Africa?

2) In the learning community approach you send us there are interviews mentioned that were conducted in Kenya, where you also part of those interviews? If yes, what was your personal experience? What maybe surprised you when meeting with the local people?

3) The draft of this community approach is from 2009. What would you say is the development process so far? Is their a progress compared to 2009?

4) The curriculum you sent us was very interesting to read. Could you tell us how people in the local community are made aware that this education possibilities exist? Are there criteria for people being accepted to the classes? What kind of characteristics do the attendants of those classes usually have? How is their religious context?

5) Who are the teachers of those classes? Swedes? Locals? Both?

6) How do you see the local woman`s role in creating sustainable development in Africa?

7) Which are the main impacts you have identified from the projects NavPartners is leading in Africa?

8) How would you describe the Kenyan context in terms of the institutions contributions to sustainable development?

9) Is NavPartners putting a special emphasize on corporate social responsibility in its own organization (with its employees)? How do you define sustainability?

Specifically questions about the project

10) How would you describe M&D Homes as well as Mattias Bygg in terms of corporate social responsibility? Do those companies show social responsible behaviour, if so how?

11) How important would you say is the awareness of corporate social responsibility when doing business in developing regions like Africa?

12) What would you say are the most important success factors for a joint venture like the one created by M&D Homes and Mattias Bygg? Where do you see challenges? (Maybe in regards to other cases you have seen)

13) What do you consider will be the main impacts of this project? According to your experience in the Kenyan context, do you think it will be sustainable in the long term? What is needed to make it sustainable in the long term?

14) How important would you say are learning communities for joint ventures like M&D Homes?
## Appendix 6- Interviews information

<table>
<thead>
<tr>
<th>Organization</th>
<th>Name</th>
<th>Role</th>
<th>Date</th>
<th>Type interview</th>
<th>Length</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish consultant</td>
<td>Elis Peterson</td>
<td>Project coo-dinator</td>
<td>04/03/2013</td>
<td>Personal</td>
<td>1h 19m</td>
<td>Jönköping, Sweden</td>
</tr>
<tr>
<td>M&amp;D Homes</td>
<td>Margaret Kangathara</td>
<td>Manager Co-owner</td>
<td>15/03/2013</td>
<td>Personal Online self-evaluation</td>
<td>1h 29m</td>
<td>Jönköping, Sweden</td>
</tr>
<tr>
<td>M&amp;D Homes</td>
<td>David Ndungu</td>
<td>Architect Co-owner</td>
<td>15/03/2013</td>
<td>Personal Online self-evaluation</td>
<td>1h 29m</td>
<td>Jönköping, Sweden</td>
</tr>
<tr>
<td>Mattias Bygg</td>
<td>Mattias Lägermo</td>
<td>CEO Founder</td>
<td>15/03/2013</td>
<td>Personal Online self-evaluation</td>
<td>50m</td>
<td>Tranås, Sweden</td>
</tr>
<tr>
<td>NavPartners</td>
<td>Nils Lindh</td>
<td>Project Manager</td>
<td>18/04/2013</td>
<td>Personal Online questionnaire Skype</td>
<td>1h 19m</td>
<td>Jönköping, Sweden</td>
</tr>
<tr>
<td>SwedFund</td>
<td>Robert Larsson</td>
<td>Project consultant</td>
<td>29/04/2013</td>
<td>Phone</td>
<td>35m</td>
<td>-----------------</td>
</tr>
<tr>
<td>The Navigators Africa</td>
<td>Wanjau Nubu-ba</td>
<td>Coordinator for Entrepreneurship Development</td>
<td>13/05/2013</td>
<td>Skype</td>
<td>45m</td>
<td>-----------------</td>
</tr>
</tbody>
</table>
# Appendix 7 - Self-evaluation tool

<table>
<thead>
<tr>
<th>CORPORATE SOCIAL RESPONSIBILITY DIMENSION</th>
<th>Nº</th>
<th>ASPECTS</th>
<th>SELF-EVALUATION (from 0% to 100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC</strong></td>
<td>1</td>
<td>Given the realities of the region, do you generate direct employment to members of the local community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Do you hire local suppliers?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Does your company promote linking suppliers to credit programs?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Does your company develop new products for poor people?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Does your company facilitate access of poor people to your current products?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Does your company develop activities (entrepreneurship) to promote income generation in the local community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Does your company develop activities to promote income generation especially for women in the local community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Is your company articulated to a public program that promotes income generation?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Does your company develop public infrastructure investment for the community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Does your company develop training programs on entrepreneurship and income generation?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>Does your company support NGO or community initiatives on leadership?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Does your company support NGO or community initiatives on entrepreneurship?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Does your company support NGO or community initiatives on education?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Does your company avoid the consumption of contaminants that affect the atmosphere?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Does your company participate in reforestation programs?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Does your company support programs for access to safe drinking water and basic sanitation for the local community?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Does your company support with resources (physical, financial, human) the expansion of water and sewerage for local poor communities?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>Does your company promote the expansion of credit opportunities and housing allowance?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Does your company develop programs to reduce the pollution generated by the company?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>Does your company invest in innovative processes to improve the use of natural resources?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Does the company have environmental licenses and basic sanitation according to law?</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Does your company participate in public environmental initiatives to discuss environmental issues in the community?</td>
</tr>
<tr>
<td>23</td>
<td>Does your company develop training programs on Pollution?</td>
</tr>
<tr>
<td>24</td>
<td>Does your company develop training programs on Recycling?</td>
</tr>
<tr>
<td>25</td>
<td>Does your company develop training programs on decrease of pollutant of the ozone layer?</td>
</tr>
<tr>
<td>26</td>
<td>Does your company support NGO or community environmental initiatives?</td>
</tr>
<tr>
<td>27</td>
<td>In addition to law requirements, does the company have a benefit program for employees?</td>
</tr>
<tr>
<td>28</td>
<td>Does the company implement a program to promote health and safety at work?</td>
</tr>
<tr>
<td>29</td>
<td>Does the company promote the expansion in the coverage of health system affiliation?</td>
</tr>
<tr>
<td>30</td>
<td>Does the company have a program to complement the training of their workers and / or improve their skills?</td>
</tr>
<tr>
<td>31</td>
<td>The hiring policy involves minority population? (i.e. people with disabilities)</td>
</tr>
<tr>
<td>32</td>
<td>The company counts with a policy for the participation of women in management positions and salary equity</td>
</tr>
<tr>
<td>33</td>
<td>Health programs are developed by the company for the employees family</td>
</tr>
<tr>
<td>34</td>
<td>The company supports programs to develop families skills to protect the life and health of newborns</td>
</tr>
<tr>
<td>35</td>
<td>In the company there are clear policies that workers know to punish sexual harassment and labor?</td>
</tr>
<tr>
<td>36</td>
<td>In your company training programs on risk prevention at work and at home are developed</td>
</tr>
<tr>
<td>37</td>
<td>In your company training programs on health and hygiene are developed</td>
</tr>
<tr>
<td>38</td>
<td>The company is supporting NGO or community initiatives on health and basic sanitation</td>
</tr>
<tr>
<td>39</td>
<td>The company has a union or collective agreements</td>
</tr>
<tr>
<td>40</td>
<td>Does the company develop any initiative to prevent children exploitation in the organization or community?</td>
</tr>
<tr>
<td>41</td>
<td>Does your company develop training programs on gender equality?</td>
</tr>
<tr>
<td>42</td>
<td>The company is supporting NGO or community initiatives on gender equality</td>
</tr>
<tr>
<td>43</td>
<td>The company is supporting NGO or community initiatives on gender equality on childhood protection</td>
</tr>
<tr>
<td>44</td>
<td>The company supports vaccination campaigns and / or child nutrition programs</td>
</tr>
<tr>
<td>45</td>
<td>The company provides access to childcare for children of employees</td>
</tr>
<tr>
<td>46</td>
<td>The company develops programs for prevention and control of AIDS</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>47</strong></td>
<td>The company provides training on diseases (especially malaria and dengue)</td>
</tr>
<tr>
<td><strong>48</strong></td>
<td>The company supports programs to improve access to education for children in the community</td>
</tr>
<tr>
<td><strong>49</strong></td>
<td>Does the company support the education of employees' relatives?</td>
</tr>
<tr>
<td><strong>50</strong></td>
<td>Does the company promote volunteer programs for employees to support work in local schools?</td>
</tr>
<tr>
<td><strong>51</strong></td>
<td>The company promotes the development of programs to share business management skills with school principals</td>
</tr>
<tr>
<td><strong>52</strong></td>
<td>The company gets involved in alliances with community institutions</td>
</tr>
<tr>
<td><strong>53</strong></td>
<td>The company is articulated with local authorities</td>
</tr>
<tr>
<td><strong>54</strong></td>
<td>The company operates a policy of transparency in management</td>
</tr>
<tr>
<td><strong>55</strong></td>
<td>The company supports telecommunications programs in the community (internet, radio, landline, mobile, public television)</td>
</tr>
<tr>
<td><strong>56</strong></td>
<td>Training programs on domestic violence are developed by the company</td>
</tr>
<tr>
<td><strong>57</strong></td>
<td>Training programs on sexual and reproductive health are developed by the company</td>
</tr>
<tr>
<td><strong>58</strong></td>
<td>Training programs on anticonception methods are developed by the company</td>
</tr>
<tr>
<td><strong>59</strong></td>
<td>The company develops training programs on Teen Pregnancy</td>
</tr>
<tr>
<td><strong>60</strong></td>
<td>The company supports NGO or community initiatives on abuse and violence</td>
</tr>
</tbody>
</table>
## Appendix 8- List of secondary data

<table>
<thead>
<tr>
<th>Name of document</th>
<th>Content</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of the M&amp;D Homes and Mattias Bygg AB development project for Swedfund</td>
<td>Information about the project main objectives, project components and expected products. Provided the authors of the thesis with a detail information about the case.</td>
<td>Swedish consultant part of project coordination team</td>
</tr>
<tr>
<td>Action log and summary of visit of the Swedish partner to Kenya in December 2012</td>
<td>Objectives of the visit, topics addressed and outcomes. This document provided more insights about the main activities developed and components of the transfer of knowledge</td>
<td>Swedish consultant part of project coordination team</td>
</tr>
<tr>
<td>Action log and summary of visit of the African partner to Sweden in January 2013</td>
<td>Objectives of the visit, topics addressed and outcomes. This document provided more insights about the main activities developed and components of the transfer of knowledge</td>
<td>Swedish consultant part of project coordination team</td>
</tr>
<tr>
<td>Swedfund International AB company presentation</td>
<td>Mission of the Swedfund, type of projects developed by them, requirements for application and process of selection of project to invest in</td>
<td>Swedfund official website</td>
</tr>
<tr>
<td>Drafting a learning community approach - a work paper on sustainable business and entrepreneurship development through the Navigators Kenya and EPTF in 2009-2011</td>
<td>Compilation of the “learning process” develop by EPTF and NavPartners in Kenya</td>
<td>Nils Lindh</td>
</tr>
<tr>
<td>Entrepreneurship curriculum for EPTF</td>
<td>Components included in the training program on entrepreneurship.</td>
<td>Nils Lindh</td>
</tr>
</tbody>
</table>
## Appendix 9- Swedfund investment process

<table>
<thead>
<tr>
<th>Initial evaluation</th>
<th>Concept clearance</th>
<th>Due diligence</th>
<th>Screening</th>
<th>Board decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial screening</td>
<td>Evaluation of the investment in relation to Swedfund’s investment criteria.</td>
<td>Independent evaluation of the project</td>
<td>Deeper analysis of the investment.</td>
<td>Final decision by Swedfund’s board.</td>
</tr>
<tr>
<td>• Country</td>
<td>• Market</td>
<td>• Market</td>
<td>• Market</td>
<td></td>
</tr>
<tr>
<td>• Company</td>
<td>• Economy</td>
<td>• Economy</td>
<td>• Economy</td>
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</tr>
<tr>
<td>• Partners</td>
<td>• Partners</td>
<td>• Partners</td>
<td>• Partners</td>
<td></td>
</tr>
<tr>
<td>• Swedfund’s part</td>
<td>• ESG</td>
<td>• ESG</td>
<td>• ESG</td>
<td></td>
</tr>
<tr>
<td>1 w.</td>
<td>3 w.</td>
<td>10 w.</td>
<td>12-14 w.</td>
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</table>
Appendix 10- Structure of the joint venture: M&D Bygg
## Appendix 11- The supporters of the process

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NavPartners</td>
<td>A Swedish non-profit organization created in 1997 with the aim of working on poverty alleviation in Africa, through the facilitation of learning communities for the building of capacities within organization and systems; and for the creation of businesses through the training on entrepreneurship and other business support, especially to the youth (NavPartners project application). NavPartners has established partnership with The Navigators Africa to support the development of its programs.</td>
</tr>
<tr>
<td>The Navigators Africa</td>
<td>It is a faith based organization part of the worldwide Navigators partnership that has a presence in 151 countries. One of its main objective is to bring development through communities and leaders across all levels in a sustainable way. The organization targets vulnerable youth, women, families both in rural and urban poor to create opportunities and leadership development. The Navigators work in 27 African countries in Sub-Saharan Africa and they have 150 members of staff. The organization has gained experience in the development of micro enterprise development initiatives in many countries and has a key role in facilitating the startups of new initiatives (NavPartners project application). These also include micro-credit initiatives.</td>
</tr>
<tr>
<td>Economic Project Trust Fund -EPTF-</td>
<td>Created in 1991 by the Navigators Kenya, EPTF is an enterprise development organization that focuses on the empowerment of entrepreneurs through training, funding and mentoring to transform the local communities.</td>
</tr>
<tr>
<td>Swedfund</td>
<td>Owned by the Swedish government and established in 1979 by the Swedish with the purpose of providing risk capital, expertise and financial support to invest in emerging markets such as Africa, Asia, Latin America and Eastern Europe. Currently, Swedfund has its main office in Stockholm and a regional office in Nairobi, Kenya.</td>
</tr>
</tbody>
</table>