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Strategies to overcome the liability of outsidership in geopolitical projects: the case of German firms in the Chinese belt and road initiative in Africa

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Abstract

Purpose – Building on the revised Uppsala model's perspective on firm internationalization, which has been extended by network theory, we explore how firms overcome their liability of outsidership in the multi-stakeholder networks of geopolitical projects. We apply our theoretical assumptions in the context of the Belt and Road Initiative (BRI) in Sub-Saharan Africa (SSA).

Design/methodology/approach – We conducted a qualitative analysis of 20 semi-structured interviews with managers of German firms along the value chain of infrastructure projects in SSA.

Findings – Our findings show that Chinese firms are regarded not only as competitors but also as customers, particularly after network entry. We propose a four-tiered approach of entry nodes and processes showing how non-Chinese firms build enduring network relationships to overcome their liability of outsidership, thereby benefiting from BRI-related networks in SSA.

Originality/value – This is a pioneering study applying the revised Uppsala model to business networks in the multi-stakeholder and multi-country setting of geopolitical projects. Contrary to public opinion, we posit that in these geopolitical projects, it is not only firms from the sponsor government that benefit. Based on our "outside-in" perspective, we make clear that outsider firms may find business opportunities in geopolitical projects if they successfully build network relationships with insiders.

Keywords Uppsala model, Internationalization, Networks, Belt and road initiative, Sub-Saharan Africa, Market entry

Paper type Research article

Introduction

Numerous geopolitical conflicts and developments, including the war in the Ukraine (Evenett and Pisani, 2023), China's rise in the global order (Grosse *et al.*, 2021), US-China rivalry (Li *et al.*, 2022a), the renegotiation of trade agreements (Casadei and Iammarino, 2021) as well as rising populism, protectionism and nationalism (Evenett, 2019; Meyer and Li, 2022), create the current disruptive and turbulent international business (IB) environment which increasingly affects firms (Bussy and Zheng, 2023; Ciravegna *et al.*, 2023). Competing geopolitical projects are a distinct form of these geopolitical developments, particularly the EU's Global Gateway Initiative and the US-led Build Back Better World Initiative, all of which are portrayed as a response to China's Belt and Road Initiative (BRI) (Abels and Bieling, 2024). Such geopolitical projects are a large-scale and strategic effort by a country to extend its influence across borders multidimensionally (e.g. in military, economic, political, and cultural terms). While historically military power and alliances have been of utmost importance, nowadays economic instruments such as

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trade and investment are prioritized to strengthen infrastructure connectivity and gain strategic access to trade routes (Beeson, 2018).

The BRI is a multi-billion USD geopolitical project initiated and promoted by the Chinese government to intensify relations with participating countries in multiple dimensions, namely policy coordination, unimpeded trade, infrastructure connectivity, financial integration, and people-to-people exchanges. In this context, the Chinese government advises Chinese firms, particularly State-Owned Enterprises (SOEs), to invest and do business in countries along the BRI (Züfle, 2023a). This geopolitical project entails a strong role of the Chinese government but also governments from other countries to promote (joint) business engagement in countries along the BRI, particularly energy and transport infrastructure projects (Li *et al.*, 2022b; Schulhof *et al.*, 2022; Zhang, 2019) in emerging markets (Heim *et al.*, 2024; Hoon and Zhao, 2023; Carlowitz and Züfle, 2025). To date, the Chinese government has organized three conferences in Beijing in 2017, 2019, and 2023. The results are published in communiqués and lists of deliverables, which reveal specific funding commitments and detailed collaboration projects.

Previous IB research uncovered essential aspects of Chinese business activities in markets along the Belt and Road Initiative, particularly the exports and investments of Chinese firms and their Corporate Social Responsibility (CSR) policies in the context of specific investment projects (Cai *et al.*, 2023; Chang *et al.*, 2022; De Beule and Zhang, 2022; Huang *et al.*, 2022; Li *et al.*, 2019; Mukhtar *et al.*, 2022; Sheetal *et al.*, 2023; Yang *et al.*, 2022). There is, however, limited knowledge of what the presence of Chinese firms in the context of BRI projects in emerging markets such as Sub-Saharan Africa (SSA) means for non-Chinese firms – we refer to them as outsiders – and how they might even benefit from this geopolitical initiative (Gyamerah *et al.*, 2023; Khan *et al.*, 2024; Li *et al.*, 2022b; Zhang, 2019).

In addition to this contextual gap in the literature, from a theoretical perspective, we observe a need to theorize geopolitical projects and their implications for outsider firms in international business and marketing research. In particular, it needs to be theoretically explored what geopolitical projects mean for firms' entry into and development of emerging markets that are not originating from the country of the sponsor government. We ground our paper in the revised Uppsala model of firm internationalization, which has been extended to incorporate network theoretical aspects (Johanson and Vahlne, 2013). The (revised) Uppsala model is among the preeminent theories on firm internationalization; recent theoretical advances and open questions are part of an ongoing discussion (Eduardsen *et al.*, 2022; Liesch and Welch, 2024; Verbeke, 2025; Weerasekera *et al.*, 2025). International marketing research has yet to understand and examine the process of transitioning from outsidership to insidership, as well as how outsiders can explore business opportunities within rather closed network structures (Johanson and Johanson, 2021; Lagerström and Lindholm, 2021). Additionally, recent research has emphasized the need for contextual diversity by expanding the focus of studies on overcoming the liability of outsidership in less-developed markets (Weerasekera *et al.*, 2025; Zhou, 2024).

By applying this theoretical lens to the geopolitical BRI, we argue that Chinese firms have established a strong network in the infrastructure sector across Sub-Saharan African countries. This network is composed of large SOEs that typically are the general contractors in turnkey projects, numerous Chinese material and equipment suppliers, the local Chinese embassies in African markets, the Chinese state apparatus as well as the contracting African authorities (Benfratello *et al.*, 2023; Mazé and Chailan, 2021; Wang *et al.*, 2022). Through the lens of the revised Uppsala model, we aim to investigate the strategies of firms not originating from the country of the sponsor government's geopolitical project, specifically China, as they transition from outsidership to insidership. We therefore raise the following research question:

RQ. How do outsiders overcome the liability of outsidership in geopolitical projects?

To answer our research question, we contextualize our research by examining the outsider strategies of German firms within the Belt and Road Initiative in SSA. We focus on Sub-Saharan African markets as they are considered the next, perhaps the last, frontier for international business expansion (Adomako *et al.*, 2024; Boso *et al.*, 2018). They hold enormous business potential with their young and entrepreneurial population, rising middle class, growing consumption, rapid urbanization as well as abundant natural resources (Amankwah-Amoah *et al.*, 2018; Asongu *et al.*, 2018), which makes the question of market entry and development in the face of a strong Chinese market presence even more relevant.

We contribute to the literature in three ways. First, to the best of our knowledge, this is a pioneering study that applies the revised Uppsala model to business networks in a multi-stakeholder and multi-country setting (China, Germany, and African countries) related to geopolitical projects. Second, within the closed BRI-related networks in SSA, we uncover the multifaceted role of Chinese firms as both competitors and customers. Based on our "outside-in" perspective, we demonstrate that outsiders must successfully establish network relationships to explore and exploit business opportunities within emerging markets, as part of geopolitical initiatives. Third, we explore ways in which non-Chinese firms can overcome their liability of outsidership by examining different entry nodes in China and the SSA, which helps explain how they establish enduring network relationships based on relational norms, such as trust and commitment, to develop joint insider strategies.

The paper is structured as follows: In the following section, we discuss the revised Uppsala model to firm internationalization and apply it to the BRI. Then, we unfold our qualitative methodology. Subsequently, we present our findings and discuss them in light of the existing literature. Ultimately, we will conclude and provide avenues for future research.

Literature review

The revised Uppsala model and firm internationalization

The theoretical approach to firm internationalization, as described by the Uppsala model, has evolved over time. The original model viewed internationalization as a gradual and incremental process aimed at overcoming the liability of foreignness, including cultural differences, institutional and psychic distance, as well as specific government regulations and business environments (Almodóvar and Rugman, 2015; Yamin and Kurt, 2018). All this results in additional costs associated with doing business in foreign markets (Johanson and Vahlne, 1977). Theoretical advances incorporated business network theory and entrepreneurship theory, which resulted in the revised Uppsala model. It now considers internationalization as a firm behavior aimed at overcoming the liability of outsidership by establishing and strengthening network relationships in a foreign market (Johanson and Vahlne, 2003, 2006, 2009, 2013). This implies a theoretical shift from the original model's rather atomistic and firm-centric perspective to a focus on the network position of the internationalizing firm (Eduardsen *et al.*, 2022; Yamin and Kurt, 2018). Business networks are, therefore, the key aspect of the revised Uppsala model. Initially, as a foreign firm, being a network outsider is the key impediment to successful internationalization, while, in turn, insidership in local networks provides relationship-specific knowledge and business opportunities (Johanson and Johanson, 2021; Li and Fleury, 2020; Verbeke, 2025).

According to the revised Uppsala model, the *network structure* is understood as a web of linkages between a focal firm and other stakeholders. Such networks can be either open or closed: while open networks are loosely coupled with information exchange between various actors, members of closed networks are more tightly connected and focus on social exchange, trust, and shared norms. The closed network features a high level of integration among partners who share direct and strong relationships, whereas the open network has rather indirect linkages with weak ties. A firm's *network position* must be viewed in relation to the existing web of linkages and indicates whether a firm is an outsider or an insider. In foreign markets, the closer a firm is intertwined with the local network, the higher its insidership level (Hilmersson and Jansson, 2012). In this network structure, the *entry nodes* are the insiders to whom outsider firms reach out to become part of the network. In foreign markets, entry nodes can include local firms such as suppliers or distributors, customers, political stakeholders, or government agencies (Guercini and Milanesi, 2019; Hilmersson and Jansson, 2012; Weerasekera *et al.*, 2025).

The network *entry process* of a firm that initially lacks an adequate local network position is determined by both outsiders' efforts to overcome the liability of outsidership and insiders' acceptance of their network entry. If outsiders, i.e. the internationalizing firm, assess the cost of overcoming the liability of outsidership as reasonable, they focus on specific entry nodes to strengthen their network position and gain legitimacy in the network. This network legitimacy evolves in the relationship-building process and refers to the other members' assessment of the entrant firm's acceptance, credibility, and desirability (Lagerström and Lindholm, 2021; Zhou, 2024). The entrant firm is undertaking considerable investments and managerial efforts, such as sharing knowledge and technology to develop relationships and create commitments to other network members, either through formal cooperation or informal everyday interactions (Blankenburg Holm *et al.*, 2015; Li and Fleury, 2020; Liesch and Welch, 2024). However, apart from the outsider's efforts, network insiders must also be willing to develop relationships with outsiders. This is less likely for closed networks as the entry of new members might affect the insiders' relationships within the network and, thus, may deter insiders from building relationships with outsiders. In open networks, there is generally more flexibility in cooperation strategies (Yamin and Kurt, 2018). The speed of the entry process is determined by whether the insider addressed is a peripheral or core network member. Entering the network with the support of a core member could improve the reputation of an entrant firm and shorten the period needed to overcome the liability of outsidership. However, it may be associated with considerable investment in relationship efforts (Hilmersson and Jansson, 2012; Johanson and Johanson, 2021; Yamin and Kurt, 2018). Once an outsider firm has entered a business network, it enjoys various benefits that insiders typically do. It has access to tacit and context-specific knowledge, such as information about business and institutional conditions in foreign markets (Lagerström and Lindholm, 2021). Based on access to exclusive information, firms identify business opportunities in networks. The insider position is further strengthened by continuous mutual learning processes and the development of trust and commitment between network members (Li and Fleury, 2020).

Application of the revised Uppsala model to the belt and road initiative in Sub-Saharan Africa

The network related to Chinese infrastructure projects in Sub-Saharan African countries in the BRI context spans across countries and continents. On the one hand, it encompasses Chinese SOEs, suppliers, and government institutions. On the other hand, it includes stakeholders located in Sub-Saharan African countries, including various Chinese stakeholders with onsite presence and African contracting authorities. While previous studies often focus the analysis of the network solely on specific foreign markets, based on the thorough examination of literature, we conceptualize a cross-country network that is particularly relevant in the context of geopolitical projects (Figure 1).

Another critical characteristic to understand network structures and dynamics in geopolitical projects like the BRI is the solid and proactive role of the sponsoring government, in our case, China, in supporting national firms, particularly SOEs. Although the Belt and Road Initiative is, at its core, a political project (Lewin and Witt, 2022), we argue that Chinese firms are considered crucial enablers for geopolitical goals, as was shown in previous research that has underscored the vital role of firms within the Forum on China-Africa Cooperation (FOCAC) in making China's geopolitical outreach to the African continent a success (Züfle *et al.*, 2024). We particularly argue that the Chinese SOEs are the key network actors of infrastructure projects in Sub-Saharan African countries, as they are bidding for

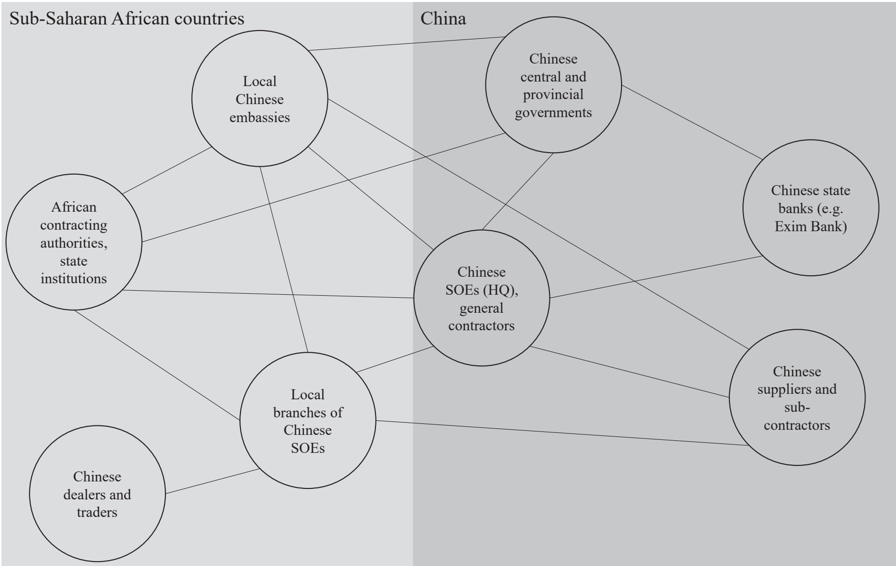

Figure 1. Network in BRI infrastructure projects in Sub-Saharan African countries. Note: Displayed are only the strongest and most direct relationships within BRI-related infrastructure projects. Source: Authors' own work

infrastructure projects. If successful, they typically serve as the general contractors, taking responsibility for the engineering, procurement, and construction work (Züfle, 2023a).

In China, the SOEs primarily engaged in the BRI are closely tied to the Chinese central government, and in some cases, to provincial governments (Jones and Zeng, 2019). The highest political leadership, such as the Politburo of the Chinese Communist Party and its Standing Committee, sets policy priorities and the direction for geopolitical projects (Jakobson and Manuel, 2016; Hayes, 2020). The Chinese central and provincial governments provide political backing for SOEs to secure infrastructure projects. The Chinese state institutions, for instance, enter into intergovernmental agreements with African host governments through transnational intermediary platforms, such as the FOCAC (Züfle *et al.*, 2024). The state apparatus, particularly the Ministry of Foreign Affairs, the Ministry of Commerce, and the National Development and Reform Commission, promotes the BRI by shaping relations with foreign governments that have endorsed the BRI on a daily basis. Special coordination bodies, such as the Foreign Affairs Commission, chaired by President Xi Jinping, oversee the implementation of the BRI and coordinate activities among various political stakeholders (Yu, 2018). Additionally, Chinese state banks, such as the China Exim Bank, are closely tied to the Chinese government and SOEs, as they provide loans for infrastructure projects (Morgan and Zheng, 2019). Informal relationships, known as Guanxi, are a strong mechanism for the functioning of this network between SOEs and the party-state apparatus. Guanxi refers to stable relationship networks between SOEs, government institutions, and political party bodies, characterized by rotations, personnel exchanges, and multiple functions (Milhaupt and Zheng, 2015). In China, the SOEs collaborate with suppliers and subcontractors on national projects. Based on these business relationships, Chinese SOEs employ an "allied fleet strategy" integrating various Chinese subcontractors in a hierarchical power structure to bring them to infrastructure projects in Africa, thereby building a closed network for the projects. For Chinese subcontractors and suppliers, partnering with SOEs offers the advantage of accessing attractive African markets by "going out together" (Wang *et al.*, 2022).

In African countries, four types of network actors are observed in the BRI-related infrastructure business: local branches of Chinese SOEs, Chinese embassies, African contracting authorities, and Chinese dealers and traders based in Africa. The local branches of the Chinese SOEs reach out to local state authorities to ensure successful bidding in tenders and coordinate project implementation (Jones and Zeng, 2019). The Chinese embassies in African markets not only support SOEs in accessing large infrastructure projects but also identify and contact potential Chinese subcontractors for specialized tasks such as design, finance, construction, logistics, transportation, or services (Wang *et al.*, 2022). The onsite Chinese dealers and traders are typically private firms that sell machinery and equipment for infrastructure projects.

We examine how non-Chinese firms overcome their liability of outsidership to enter BRI-related infrastructure projects in SSA. While there is a widespread perception that BRI-related networks in the infrastructure sector of Sub-Saharan African countries are relatively closed (Wang *et al.*, 2022), we argue that among the various network actors, some entry nodes can be identified. Prior research has provided anecdotal evidence of collaboration between Chinese general contractors and MNEs or large international firms from Italy or France in Africa (Zhang, 2019). To substantiate prior international business and marketing research on the role of international firms in the BRI (Li *et al.*, 2022b), we take a nuanced view of what the initiative means for non-Chinese firms and how they can overcome their liability of outsidership to become insiders, which goes beyond occasional and irregular business relationships.

Methodology

Research design and setting

Some authors identified the BRI as a complex project whose implications for non-Chinese firms have yet to be conceptualized and understood (Li *et al.*, 2022b). In addition, as the relationship between outsider strategies and firm networks in geopolitical projects has yet to be systematically examined, an inductive and theory-building approach is regarded as most suitable (Siggelkow, 2007). It is equally appropriate for the study of complex phenomena (Suddaby, 2006) as it enables an in-depth understanding of the research context while being firmly embedded in theoretical assumptions (Birkinshaw *et al.*, 2011; Siggelkow, 2007) – in our case, the revised Uppsala model's approach to firm internationalization. While the literature review served as the basis for identifying significant constructs from the revised Uppsala model, we had no predetermined ideas about how outsiders behave in geopolitical projects, such as the BRI.

We conducted research on German firms involved in the African infrastructure sector to examine their strategies for engaging with the BRI as outsiders. The case of German firms is selected for three reasons: First, the governments of China and Germany have neither signed a BRI MoU nor concluded an agreement on third-party market cooperation, encouraging and promoting firms from both countries to collaborate in third markets like SSA. Second, German firms are well-known for their cutting-edge technology and products, and we argue that they are most likely to overcome the liability of outsidership in BRI infrastructure networks, as insiders may value their contributions to the network. Third, the German research context reflects the authors' background. They have gained experience in the German industry and can understand the subject areas, which is paramount for making sense of the data. Both authors speak German as their mother tongue and are familiar with German business activities in Africa. This supports the research efforts, as the authors could assess the authenticity of the interviewees' responses (Langley, 1999). We focus on Africa, as more than a third of BRI-partnering countries are located on the continent (Kluiver, 2024). Chinese firms have established a strong presence in Africa within the context of the BRI, while also building on their long-standing engagement and the political flanking of the Chinese government (Züfle *et al.*, 2024). We chose infrastructure as it is the preeminent sector of Chinese business activities in Africa, and massive investments in transport, energy, and telecommunications infrastructure are regularly made by Chinese firms (Züfle, 2023a).

Data collection and analysis

The researchers employed purposive sampling, as it was intended to investigate the different stages of the lifecycle of infrastructure projects in African markets. The selection strategy was guided by the snowball principle to find relevant experts (Fletcher and Plakoyiannaki, 2011) along the supply chain of infrastructure projects. A strong focus was on German firms' supply into infrastructure projects, particularly cutting-edge technology, machinery, and equipment. To sample firms with the highest possible theoretical relevance for our research question (Glaser and Strauss, 1967), we purposefully sought German firms with solid experience in Africa, meaning they had all been operating in Africa for more than five years. This sample criterion is a necessary prerequisite to generate insights from existing managerial experiences. Therefore, we considered them well-suited and knowledgeable for an interview on the competitive situation and experiences with Chinese firms in Africa. They typically had experience in multiple infrastructure projects. We included firms of different sizes to find potential similarities and differences between their outsider strategies. Most firms either belong to the "Upper German Mittelstand" with an annual revenue amounting to 50–1,000mn € (Venohr *et al.*, 2015) or MNEs with an annual turnover greater than 1bn €. All of them are operating across various countries in Sub-Saharan Africa. We did not focus on individual countries, as infrastructure projects are typically large and tend to be few simultaneously in one country. This would have limited the sample size to a non-relevant number, while also making it challenging to ensure the anonymity of firms and managers.

In total, we conducted 20 semi-structured interviews with managers of German firms between April 2022 and April 2023. The interviewees hold various positions within their respective firms, including CEO, Sales Director for Africa, and Project Director of Infrastructure Projects in Sub-Saharan African markets (see Table 1). We categorized the interviews into four clusters along the value chain of infrastructure projects: (1) Planning, Inspection, and Quality Control (5 interviews); (2) Funding and Insurance (2 interviews); (3) General Contractor (2 interviews); (4) Technology, Material, and Machinery Supply (11 interviews). We decided to utilize semi-structured interviews because they enable consistency in questions and ensure comparability between firms, while also allowing for the emergence of novel and unanticipated issues (Myers, 2008). The guideline comprised five sections, covering information on firms and experts, Chinese business potentials in Africa, networks in the infrastructure sector, including key stakeholders, ways to capitalize on business opportunities in the infrastructure sector, business behavior of Chinese firms, and concrete cases of business relationships with Chinese firms. To accommodate respondents' ideas, the order of questions was kept flexible. As a result, we remained open to novel topics throughout the entire data collection process and continually refined the interview guidelines. We developed a German and English interview guideline and asked experts which language they would be more comfortable using for the interview. The transcriptions of the interviews conducted in German were then translated into English using the DeepL software to ensure that all documents were in English for the multi-staged analysis.

We initiated the analytical process concurrently with data collection by employing an open coding technique (Strauss and Corbin, 1998). After transcribing the interview, we used the software MAXQDA to label each passage with provisional codes. The codes were generated inductively directly from the data. This process was later elevated to a more conceptual level by clustering first-order concepts. Based on the constant comparative method (Glaser and Strauss, 1967), we compared the data in various ways. First, we investigated the consistency of each interview by comparing the statements across different parts. Second, we juxtaposed interviews from different phases of the infrastructure lifecycle to compare the perceptions of managers in similar positions within the value chain, such as technology, material, and

Table 1. Overview of interviewed managers

#	Position	Firm revenue 2022	Gender	Value chain of infrastructure projects	Citation
1	CEO	>1bn €	m	Supply	#SU01
2	Project Director in African country	50–1,000mn €	m	Planning, Inspection and Quality Control	#PI01
3	Sales Director Africa	>1bn €	m	Supply	#SU02
4	Project Director in African country	50–1,000mn €	m	Planning, Inspection and Quality Control	#PI02
5	Project Manager in African country	50–1,000mn €	m	Planning, Inspection and Quality Control	#PI03
6	Sales Director Africa	50–1,000mn €	m	Supply	#SU03
7	Country Director	50–1,000mn €	m	Planning, Inspection and Quality Control	#PI04
8	Regional Manager Africa	>1bn €	m	General Contractor	#GC01
9	Project Director in African country	50–1,000mn €	m	Planning, Inspection and Quality Control	#PI05
10	Sales Director Africa	>1bn €	m	Supply	#SU04
11	Regional Director Africa	<50mn €	m	Supply	#SU05
12	General Manager	>1bn €	m	Supply	#SU06
13	Project Manager	>1bn €	m	Supply	#SU07
14	CEO	<50mn €	f	Finance and Insurance	#FI01
15	Project Manager	>1bn €	m	General Contractor	#GC02
16	Country Director	>1bn €	m	Supply	#SU08
17	Managing Director MEA	>1bn €	m	Supply	#SU09
18	Director	>1bn €	m	Finance and Insurance	#FI02
19	Sales Manager Africa	>1bn €	m	Supply	#SU10
20	Sales Director Africa	>1bn €	m	Supply	#SU11

Note(s): The following abbreviations were used for in-text citation: SU (Supply), PI (Planning, Inspection and Quality Control), GC (General Contractor), and FI (Finance and Insurance)
Source(s): Authors' own work

machinery supply. Third, we contrasted the findings from all firms to examine our first-order concepts. As a result of these different comparison approaches, connections between the fragmented codes of various interview transcriptions were discovered. The iterative process of comparing data, codes, and categories was conducted until saturation was achieved (Locke, 2001). The corresponding author primarily conducted the coding, while the second-order themes and aggregated constructs were continuously discussed among the co-authors throughout the entire data analysis process. In line with consensual coding, when differing interpretations arose, the coding scheme was discussed and adjusted (Cohen, 1960). In addition, theoretical memos were recorded to relate the insights from the interview data to the extant literature, aiming to strengthen the validity and conceptual level of inductive theory-building, as well as to reflect on key theoretical assumptions of the revised Uppsala model (Glaser, 1978).

In the final step of the analysis, we clustered the first-order concepts based on their meaning and related them to one another, as well as to the existing literature and theoretical assumptions. This in-depth contextual analysis allowed us to identify the second-order themes (Gioia *et al.*, 2013), which we further abstracted into three aggregated constructs (see Figure 2), namely (1) the multifaceted role of Chinese firms in Sub-Saharan African infrastructure projects; (2) entry nodes and process; (3) building of enduring network relationships. Along these constructs, the core findings explaining how outsiders aim to

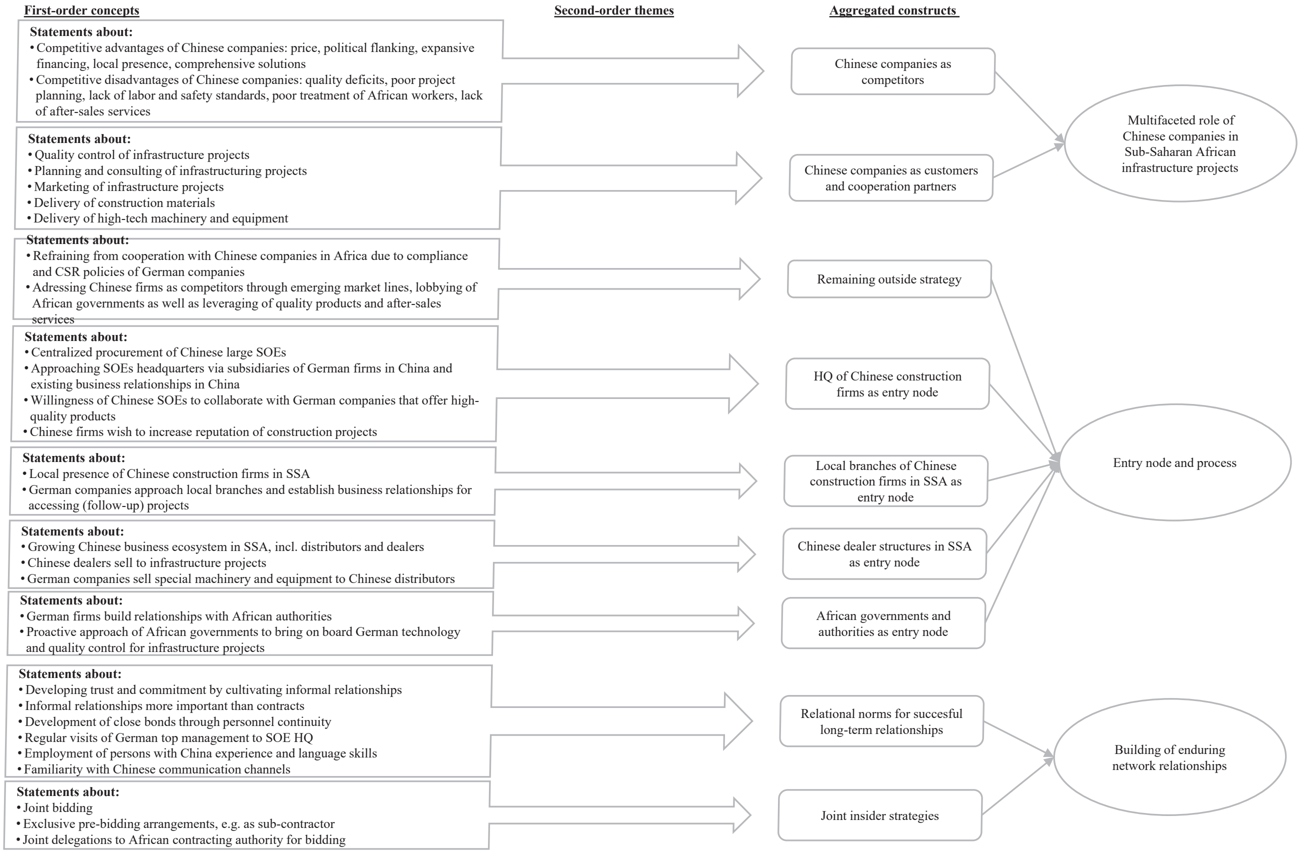

Figure 2. Data structure: first-order concepts, second-order themes, and aggregated constructs. Source: Authors' own work

overcome the liability of outsidership in BRI-related infrastructure projects will be presented in the following section.

Findings

The multifaceted role of Chinese firms as competitors and customers

According to all experts, Chinese firms are strong *competitors* in the SSA region. They possess numerous competitive advantages: First, price is the most significant competitive advantage, as all experts underscore. In the construction industry, Chinese firms win international bids from the World Bank or African Development Bank by offering substantially lower prices (#GC01; #SU01; #SU02; #SU05). Second, the experts referred to the political flanking of Chinese firms by Chinese government institutions. Particularly large SOEs follow a government mandate to invest and conduct business in SSA in line with the overall political objectives of the BRI. Chinese firms benefit, for instance, from exhaustive assistance offered by the local Chinese embassy or receive guarantees for up-front financing and default insurance for their Africa business (#FI02; #GC02; #PI04; #SU01; #SU02). Third, the Chinese government's expansive financing of business activities over the past fifteen years has been a propelling force behind the increased business presence in Africa. Chinese state banks, such as China Exim Bank, typically provide loans to African governments with "no strings attached", meaning without preconditions like the rule of law, good governance, or democracy (#FI01; #FI02; #GC01; #PI05). Fourth, the increased local presence of Chinese construction companies promotes the establishment of networks with African government officials. Many experts referred to the non-compliant behavior of Chinese firms during the tender process as a contributing factor to the high success rate of Chinese bids (#FI01; #GC01; #PI01; #SU05). Apart from that, smaller, private Chinese firms localize their business operations in African countries. This allows them to manage orders as subcontractors for major construction projects by purchasing and delivering construction materials and equipment (#SU04).

Apart from the advantages, the experts elaborated on the competitive disadvantages of Chinese firms in SSA. First, almost all experts referred to quality deficits. These are particularly evident in the case of high-tech products, special machinery, and the high-quality implementation of infrastructure projects. According to various experts, the low quality, albeit some improvements can be seen over the last five years (#PI01), is often caused by the mentality of Chinese firms to deliver per the customers' requirements, standards, and price levels (#SU01; #SU02; #SU06). Second, some experts have noted that Chinese firms often lack effective planning for large construction projects. These include, for example, overly ambitious feasibility studies, which result in a lack of profitability during the operating phase (#SU07). Third, several experts highlighted a lack of labor and safety standards, as well as poor treatment and payment of African workers (#PI02; #PI03). Fourth, the experts highlighted the lack of after-sales services, including warranties and maintenance for harbor and airport equipment. Therefore, African customers often find it challenging to preserve the Chinese-built infrastructure (#SU02; #SU06; #SU10).

Chinese firms are also often *customers* in the infrastructure sector of Sub-Saharan African countries. Experts note that there are various business constellations within the infrastructure project business. The most common constellation is that a Chinese general contractor hires a German subcontractor (#SU02; #SU06). However, one expert also mentioned a case in which a European general contractor awarded a subcontract to a Chinese firm (#PI04). In larger projects, business potential for German firms can be found in the planning and consulting of infrastructure projects to ensure quality, since Chinese consulting firms are primarily contracted in projects financed by Chinese state banks. Construction supervision encompasses the control of compliance with internationally recognized standards, as well as the testing and evaluation of social and environmental impacts. Additionally, construction supervision often involves marketing projects and communicating with clients in Africa. African contracting authorities sometimes entrust the supervision of infrastructure projects to German firms as a hedging strategy against low quality (#FI01; #PI01; #PI03; #PI04). In addition, Chinese firms are customers of international manufacturers, whose products are often produced in China, regarding special machinery and equipment as well as materials with high technical requirements in case they do not possess the technical knowledge or machinery themselves (#GC01; #PI05; #SU01; #SU02; #SU04). Specific examples include generators, transformers, and switchgear for energy infrastructure projects, as well as specialized building materials and asphalt paving machines used in the construction of transportation infrastructure. Most of these products fall into the high-price segment and are used in safety-relevant project stages that require specialized knowledge, which only a few competitors worldwide possess. Special dam projects were mentioned by the experts, where the quality is highly safety-relevant to avoid the bursting of the dam (#GC02; #PI01; #SU02; #SU05; #SU07; #SU08). Apart from project business, German product or material manufacturers successfully sell to Chinese dealers in SSA. The Chinese dealers can sell locally sourced materials, spare parts, as well as smaller tools and equipment to the Chinese-led infrastructure projects, which, according to some experts, would otherwise not be possible directly (#SU01; #SU04).

Entry nodes and processes

The differentiation between Chinese firms as competitors or customers also determines the entry nodes and processes. For German firms that have entered into cooperation with Chinese firms, various entry nodes into the business network in the infrastructure sector of Sub-Saharan African countries can be distinguished. First of all, a presence in China is indispensable as procurement for projects in SSA is often centralized: “If you want to sell to Chinese Africa projects, you need to have contacts and a network in China” (#SU01). Through their subsidiaries in China, many of the interviewed MNEs attempt to establish contact with the headquarters of Chinese firms, particularly general contractors, to sign contracts for project business in Africa. Through its long-standing presence in China, the company has established or expanded its contacts with large construction firms (#GC02; #SU04; #SU06; #SU10, #SU11). In contrast, upper Mittelstand firms, which often do not have a subsidiary in China, rely on top management journeys to strengthen their business relationships with Chinese SOEs (#PI01). Second, German firms enter the business networks by cultivating relationships with Chinese firms in Sub-Saharan African markets. Numerous experts emphasize the importance of maintaining a local presence in SSA to deal with Chinese customers effectively. German suppliers of services, equipment, and machinery establish business relationships with the SOEs’ local branches and the local Chinese dealer networks (#PI03; #SU02; #SU06). Third, local African contracting authorities are another important entry node. The German and Chinese firms are brought together by African government agencies that aim to ensure the quality of the infrastructure project (#PI01; #PI02). As evident from the various entry nodes, investments in relationship-building with Chinese firms are necessary to gain access to the business network. The entry process was more straightforward for some MNEs that had a Chinese joint venture partner in China. With their partners, they often moved together to Africa. This also implies that the initiative for the collaboration in African markets came from both German and Chinese firms (#PI01; #SU07; #SU10; #SU11).

Besides those German firms attempting to become insiders, others decided to conduct business as outsiders and not attempt to enter the BRI-related networks due to compliance issues or insufficiently competitive product offerings (#GC01). They try to gain access to the tenders by directly engaging with African governments and authorities. Often, they also focus on offering reliable after-sales services and creating a competitive product portfolio for emerging countries (#SU03; #SU06; #SU07; #SU08; #SU09).

Building enduring network relationships

Regarding the long-term establishment of network relationships, we found that investment in relationships and the development of trust and commitment are essential for enduring entry into the Chinese business networks in the Sub-Saharan African infrastructure sector, which extends beyond occasional or singular cooperation cases (#SU01). To gain insider status in the network, informal relationships (Guanxi) are of utmost importance. According to various experts, it takes around three to five years to establish a relationship with Chinese firms, characterized by high levels of trust and commitment. To achieve this, numerous German firms ensure continuity in contact persons for their Chinese partners and customers (#PI01; #PI05). Additionally, employees with experience in China and proficiency in the Chinese language are employed (#PI02; #PI04; #SU05). One firm reported that it hired an African employee who had studied in China and speaks fluent Chinese, thereby bringing a significant amount of China expertise to the German firm's subsidiary in SSA. He is the point of contact for cultivating business relationships with customers from China conducting infrastructure projects in SSA (#SU04). Once such a trustworthy relationship is established, numerous experts pointed to follow-up projects with Chinese customers in African countries (#PI01; #PI05).

Once German firms have become insiders in the network, they pursue a strategy of maintaining the network relationships with large SOEs and their decision-makers. One strategy German firms employ is that their top management travels to China once or twice a year (#PI01). Linked to that, business ties are often utilized to initiate common bids for Africa projects. For international tenders, "pre-bidding" agreements – i.e. agreements to jointly bid for tenders – are evolving as a promising business approach. These agreements are often concluded between Chinese general contractors and German firms as exclusive subcontractors or suppliers. Such joint bids also result in joint delegation trips by Chinese and German firms to African countries, where they present the bid to the African client. However, as some experts emphasized, jointly and successfully completed projects are a prerequisite for such common bids (#SU06; #SU07; #SU10).

Discussion

International marketing in emerging markets amidst geopolitical projects

By applying the revised Uppsala model (Johanson and Vahlne, 2009, 2013) to geopolitical projects, we make several theoretical contributions to the field of international marketing, specifically regarding market entry and development in emerging markets, as well as overcoming the liability of outsidership. Despite the frequent assumption of a closed network in geopolitical projects, our findings identified various entry nodes into the BRI-related infrastructure networks in SSA. The experts confirmed the strong network of Chinese actors in the infrastructure sector in Sub-Saharan African countries, thus corroborating the relevance of our research question on the existence of an outsidership situation for non-Chinese firms. Our research particularly finds empirical evidence for the "allied fleet strategy" argument (Wang *et al.*, 2022). We have demonstrated that in this geopolitical initiative, the firms of the sponsoring government receive substantial state support through political backing, upfront financing, and extensive funding, thereby confirming the findings of previous studies (Benfratello *et al.*, 2023; Mazé and Chailan, 2021). The allied fleet strategy and massive support of Chinese firms by state institutions indicate a closed network structure (Hilmersson and Jansson, 2012). The closed network structure and limited participation of non-Chinese firms in BRI infrastructure networks are also confirmed for market entry and development, as well as project business in other world regions (Reconnecting Asia Project, 2020). However, we contribute to the literature by demonstrating that outsider firms can gain access to even relatively closed networks and capitalize on business opportunities in Chinese-run infrastructure projects in Sub-Saharan African countries. To enter these closed networks, investments in relationship-building with different entry nodes improve the willingness of insiders to accept outsiders into the network. We showed that due to the high costs associated with network entry, a few German firms chose to remain outsiders (and not participate in BRI projects), as Chinese firms are perceived as competitors. In contrast, the vast majority of firms aim to enter these networks, in which Chinese firms are regarded as customers.

We further contribute to the literature by demonstrating that outsider firms can enter networks of geopolitical projects sponsored by a government from another country (in our context, China) by focusing on specific entry nodes and cultivating long-term relationships (see Figure 3). We thus present empirical evidence to substantiate the influence of geopolitics on market entry and development in emerging markets. In the context of BRI-related infrastructure networks, we argue that the entry nodes for German outsider firms are located in both China and SSA. First, a presence in China is established and utilized to access the headquarters of Chinese SOEs, where strategic decisions and centralized procurement of infrastructure projects in SSA are made. Second, a presence in SSA is necessary to organize project bidding and implementation with the local branches of Chinese SOEs. Third, a local presence enables the sale of smaller machinery and equipment to Chinese traders and dealers. Fourth, a local presence is vital for reaching out to contracting African authorities to award (sub-)contracts in BRI infrastructure projects to German firms. Our research demonstrates that the four entry nodes required to overcome outsidership encompass both Chinese firms and African political stakeholders, thereby substantiating prior research on the diversity of network actors (Guercini and Milanesi, 2019; Lagerström and Lindholm, 2021).

A distinction based on the size of the firms has to be made regarding ways to overcome the liability of outsidership. It became clear that German MNEs with established subsidiaries in China already possess strong business relationships, either with joint venture partners or other Chinese customers. Additionally, establishing a business presence in China and fostering communication and trust with Chinese firms facilitates a smoother network entry. Therefore, we would coin such German MNEs “partial outsiders” as they already enjoy access to Chinese firms for their business in China. Consequently, we hypothesize that they will find it much easier to jump on the bandwagon of BRI-related infrastructure projects in Africa, as they can leverage their existing contacts in China. Conversely, we would regard upper Mittelstand firms that do not have a local business presence in China as “complete outsiders”. For them, it is even more relevant, yet also more challenging, to cultivate business relationships, such as by fostering top management ties to overcome the liability of outsidership. From this, we derive the proposition that an outsider firm’s size and global set-up are key determinants of the difficulty of overcoming the liability of outsidership, as the number of available entry node options in infrastructure networks in Sub-Saharan Africa is more limited.

Another theoretical contribution refers to substantiating our understanding of the insider-outsider dynamics in the revised Uppsala model. By showing four nodes to transition from outsidership to insidership in the infrastructure business of geopolitical initiatives, we expand

Figure 3. Four-tiered approach for overcoming the liability of network outsidership in the BRI. Source: Authors’ own work

on prior literature. We find empirical evidence in line with other studies that insiders must be willing to engage in relationships with outsiders (Yamin and Kurt, 2018). In the context of the BRI, we substantiate prior findings by demonstrating that African contracting authorities seeking to ensure high-quality infrastructure projects often hire German consultants for quality control in projects led by Chinese general contractors. In addition, Chinese firms, which usually do not possess the knowledge and advanced high-tech and quality products, are granting network entry for outsiders, e.g. for advanced materials, machinery and equipment, or specialized services. As argued by previous research (Blankenburg Holm *et al.*, 2015), German firms invest in the relationship by sharing knowledge and resources with network insiders to sustain a long-term network entry. In line with previous research that has underscored the role of trust and commitment in network relationships (Li and Fleury, 2020), we provide empirical evidence, finding that German firms attempt to establish trustful relationships with Chinese firms based on close social bonds (“Guanxi”) between top managers. In the context of business in the infrastructure sector in Sub-Saharan African markets, informal networks (Horak *et al.*, 2022; Minbaeva *et al.*, 2023) appear to play a crucial role in strengthening these social bonds and fostering enduring network relationships.

Managerial implications

Our findings on overcoming the liability of outsidership in geopolitical projects and addressing the various entry nodes hold managerial implications. However, not all nodes are equally suitable for all German firms, which depends on their size and the role that the Chinese firms allocate to the German firms in the infrastructure project (supplier of equipment, planning, etc.). Only if there is a customer relationship between the German and the Chinese firm are attempts to overcome the liability of outsidership noticed. Depending on the type of business, product, and offering, it may be beneficial to prioritize specific entry nodes (see Figure 3). In a multi-billion-dollar project-related business, for instance, the headquarters of Chinese SOEs would typically be the starting point. In contrast, the local branches of SOEs, as well as Chinese dealers in African markets, serve as key entry nodes for materials and products that are operational expenditures of infrastructure projects, as they regularly supply Chinese projects. African governments are the priority regarding the specification of relevant criteria in tenders. Since there might be some overlap between these entry nodes in the respective business, it is helpful to address them with varying intensity, depending on the German firm’s portfolio and size.

Conclusion

Employing the revised Uppsala model’s approach to firm internationalization, we make several theoretical contributions. First, to the best of our knowledge, this is a pioneering study that applies this theoretical lens to a network-based, multi-stakeholder, and multi-country setting in geopolitical projects, examining how outsiders in such a complex context can overcome their liability of outsidership. Second, within the closed BRI-related infrastructure networks in SSA, we reveal the multifaceted role of Chinese firms, both as competitors and as customers. We, therefore, posit that in geopolitical projects, not only do the firms of the sponsor government benefit. Based on our “outside-in” perspective, we make clear that outsider firms may find business opportunities in geopolitical projects if they successfully build network relationships with insiders. Third, to overcome the liability of outsidership in closed networks, we demonstrate the route to insidership by identifying four central entry nodes that, depending on the outsider firm’s company size, industry, and offerings, should be addressed either fully or partially. In addition to building enduring network relationships, informal relationships are essential for fostering long-term trust and commitment, as well as gaining exclusive information as a network insider.

We see ample room for future research to examine our results in other contexts. First, concerning the country context, BRI-related infrastructure networks are not limited to SSA but can also be seen in other emerging markets, such as Central Asia, Southeast Asia, Eastern Europe, and Latin America. Our findings could be substantiated by other studies on whether Western firms can overcome the liability of outsidership in these markets within China's signature geopolitical project, potentially identifying context-specific differences. Second, regarding the firm size, we focused on established brands that are well-known for quality "Made in Germany". We argue that SMEs may find it more challenging to enter these cross-national networks due to their limited presence in China and Africa. Future research should examine how SMEs can overcome their liability of outsidership to enter BRI-related infrastructure networks and how they organize the entry process. Future studies can, therefore, test our hypothesis that large firms have meaningful advantages in overcoming their liability of (partial) outsidership in geopolitical projects. Third, regarding non-Chinese firms, we acknowledge that we only examined the strategies of German firms to overcome the liability of outsidership in China's BRI. To validate the relevance of our four identified entry nodes, managers from other Western firms could be interviewed to sustain our findings. In addition, future research could also investigate how local African firms may overcome the liability of outsidership in geopolitical projects targeting the continent. Recent research suggests that local African firms may participate as investors, suppliers, and project management experts in the BRI, particularly if African contracting authorities require local content provisions in infrastructure projects (Züfle, 2023b). Fourth, while the focus of our paper was to examine how outsiders can become insiders in geopolitical projects, we acknowledge that it would be interesting to gain a deeper understanding of the inside-out perspective. As we have demonstrated, without approval from the entry nodes, it is unlikely to become an insider. Therefore, future studies might focus on the motivations of insiders to allow outsiders' entry into the network in the infrastructure sector in Sub-Saharan African countries. Ultimately, we see great merit in comparing the network entry opportunities and process of different geopolitical projects addressing the African continent (Züfle and Carlowitz, 2025) or other world regions, including the Belt and Road Initiative, the EU's Global Gateway Initiative, or the US-led Build Back Better World Initiative. Future research may explore whether not only firms of the sponsor government(s) benefit, but also outsiders may move to insidership. This would significantly contribute to a nuanced understanding of the consequences of geopolitical projects for firms' internationalization, particularly in terms of market entry in emerging markets, in the field of international business and marketing research.

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