

# COULD THE ORGANISATION OF EXPORT PARTNER GROUPS BE A GORDIAN KNOT?

## Work-in-Progress

Henrik Virtanen [Henrik.Virtanen@puv.fi](mailto:Henrik.Virtanen@puv.fi) Finland Vaasan ammattikorkeakoulu, University of Applied Sciences

ÅsaHagberg-Andersson [asa.hagberg-andersson@hanken.fi](mailto:asa.hagberg-andersson@hanken.fi) Finland, Hanken School of Economics

## Abstract

Studies of export partner groups have revealed that a fundamental problem exists concerning the limping co-operation between the companies in the groups. Co-operation is strongly connected to the organisation and co-ordination of the groups. A change in organisation also implies that the roles of the actors in the groups change. The purpose of this paper is to further elaborate on the problem and challenge of organising export partner groups. In this study, informants who have worked as export managers in different export partner groups were interviewed. The problems and opportunities connected to organisation as well as the different organisational forms of the groups were subsequently analysed and discussed.

Different organisational forms have different benefits and help the organization in different ways to fulfil its goals. In export partner groups, the final choice of organisation depends primarily on following determinants; 1) the companies' technology, 2) the compatibility between their products and services and 3) the goals of the groups. Previous research has mainly looked upon organisation of export partner groups as a one-dimensional phenomenon. In this paper, the organisation has been discussed as a multi-dimensional phenomenon. Still, the concept of organising could theoretically and managerially further be sharpened.

There is no single 'best' way of organising export partner groups. Every group is unique, with its own constellations of actors, activities and resources. The organisational determinants discussed in the paper give though managerial guidelines when organising groups. The paper elaborates on the organisation of export partner groups, which is one decisive antecedent to successful projects. Stakeholders should take organisation issues into careful consideration, while ignoring them can result in less successful export partner group projects.

**Keywords:** Nets, business networks, export partner groups, organisation of co-operation, SMEs.

## INTRODUCTION

Any change in the competitive environment entails uncertainty and new kinds of challenges. As a result of this the emergence of different forms of networks between companies has grown rapidly. Traditional markets are now being replaced by new kinds of networks which pose new managerial challenges (Möller and Halinen, 1999). Moreover, change and dynamics are central issues in network studies (Salmi, 1995; Håkansson, Harrison and Waluszewski, 2004). A successful company today must be able to identify opportunities and respond to them accordingly in a changing environment. In other words, companies need to develop their dynamic capabilities in order to survive and prosper under conditions of change, i.e. to extend, create and modify the different ways in which they operate (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece and Winter, 2007).

It is well documented that companies form different kinds of networks for different purposes (Möller and Svahn, 2003). Relationships to other actors in a network can be seen as channels to resources (Hammarkvist, Håkansson and Mattsson, 1982) and knowledge (Möller and Svahn, 2006). Furthermore, networks are also formed in order to increase value and promote international competitiveness (Tekes, 2008). All relationships with other actors are filled with opportunities, which are formed by complex interactions as adaptations (Brennan and Turnbull, 1999; Brennan, Turnbull and Wilson, 2003; Hagberg-Andersson and Grønhaug, 2009) and investments within and between the companies over time (Håkansson & Ford, 2002). Moreover, despite the fact that actors can have both common and conflicting interests, the relationships can still be rewarding and effective (Axelrod, 1984).

Within the Industrial Marketing and Purchasing (IMP) group there is an ongoing discussion about the ontological character of business networks. According to one perspective, the overall structure in business networks arises in a self-organising, adaptive manner (Ford and Håkansson, 2006; Wilkinson, 2006). The networks consist of interacting actors responding to each other and to the broader context they operate in. The emerging structure shapes the future development and evolution of the network. This perspective emphasises that the networks cannot be managed or organised by any single actor. According to this line of thought, the creation of networks is practically impossible. When we observe a “new” network, we are observing an isolated part of a pre-existing and wider network (Håkansson, 1982).

Many changes in networks occur due to the importance of renewing existing ways of working or because of a need to respond to change initiated elsewhere in the network (Freytag and Ritter 2005). Möller and Halinen (1999) introduced a distinction between different levels of business networks and relationships: (1) industries as networks, (2) firms in a network, (3) relationship portfolios and (4) exchange relationships. This distinction allows the definition of more limited entities, such as nets, portfolios and relationships.

Möller and Rajala (2007) and Järvensivu and Möller (2009) argue that the key issue is not whether networks can or cannot be managed or can or cannot be created (cf. Ritter, Wilkinson and Johnston, 2004). The key issue concerns the kind of governance or managerial solutions that are most suitable for different types of networks and more limited entities of networks. Networks are being managed, but the extent to which networks can be managed differs from one network to another, along with the managerial tasks employed (Järvensivu and Möller, 2009), vital information exchanged, and to which extent goals are reached (Chetty and Pattersson, 2002).

Companies have direct or indirect relationships to other companies in a network (Håkansson, 1982). Subsequently, some of these companies are chosen for more intensive co-operation. Earlier literature has tended to consider networks as given contexts, rather than a structure, which can be deliberately designed (Lorenzoni and Lipparini, 1999). There is accumulating evidence that actors are intentionally trying to create what in research has been called business nets (Möller and Svahn, 2006), co-operative nets (Nyström and Hanttu, 2007), new service development nets (Heikkinen, Mainela, Still and Tähtinen, 2007), strategic nets (Möller and Svahn, 2003) and value nets (Möller and Rajala, 2007) etc.

The development of a network can follow an evolutionary life-cycle path. In other words, co-operation between actors may evolve from previous business relations and frequent personal interactions over a long period of time (Håkansson, 1982). Co-operation is therefore a natural prolongation of previous activities. Intentional nets, on the other hand, are restricted groups of autonomous but interdependent actors, which are deliberately designed for specific purposes; both strategic and operative in nature.

### **Export partner groups**

Intentional nets may also involve non-profit actors, such as governmental organisations. For an exportpartner group, or in other words an export circle, the term net is usable, as it refers to an intentional net of a restricted group of actors. Exportpartner groups can facilitate co-operation among SMEs with the intention of internationalisation (Nummela & Pukkinen, 2004). The logic behind these nets is that the SMEs should be able to achieve more on foreign markets when acting as a group than as single actors, with resources being pooled and costs as well as risks being shared.

According to the Finnish model, an exportpartner group usually includes four to six SMEs, led by a joint export manager (Finpro, 2009). The aim is to initiate the exports of the companies' complementary products or services to usually one named target market (or a few). The activities of the group are placed in a business-to-business context. The customers on the target market are actors in the earlier stages of the distribution chain, such as other companies, agents, distributors etc. The end customers of the products and services may in some cases finally be consumers.

Despite the potential benefits, co-operation does not always emerge evolutionary. Instead, some level of intentionality is needed. In exportpartner groups, co-operation is facilitated by external actors (e.g. project leaders, export managers, authorities etc.). Furthermore, co-operation facilitation may be needed because of the lack of awareness of the benefits of co-operation among potential group members and/or their inability to find potential partners to work with. Exportpartner groups are organised as projects, and are funded by e.g. international, national, regional and local financiers. The project period lasts for usually one

to three years.

### **Earlier research**

Research on exportpartner groups, to a limited extent, has previously been carried out both in Finland and internationally. However, the idea of exportpartner groups, in the form they are used in Finland, seems not to be that common globally. McNaughton and Bell (2001) report on similar examples of “hard business networks”, i.e. formally brokered networks in e.g. Denmark, Norway, New Zealand and Australia. Export networks of a “softer” type can be found in other countries as well, but these can sometimes comprise hundreds of companies, which means that co-operation in such groups and networks is far less intimate, compared to co-operation in the exportpartner groups in the focus of this study.

Research published on exportpartner groups is therefore limited. Nevertheless, issues of interest in exportpartner group research have included the development of internationalisation capabilities with the help of external agents (Chetty and Patterson, 2002), the role of economic and non-economic relations (Welch, Welch, Wilkinson and Young, 1996), the development and structuring process of groups (Wilkinson, Young, Welch and Welch, 1998) and finally identification of factors influencing the establishment and development of groups (Ferreira, 2003). Moreover, research in Finland has mainly focused on the evaluation of activities and the impact of several exportpartner groups (Nummela, 1999; Nummela and Pukkinen, 2004, Virtanen, 2008), with the exception of Tuusjärvi (2003), who focused on the normative expectations in co-operation, and Nummela and Pukkinen (2006), whose findings indicate that commitment is related to success in exportpartner groups, particularly in terms of financial objectives and impact on the internationalisation process. Evaluative research has also been made by Welch, Welch, Wilkinson and Young (2000) in Australia.

Virtanen’s (2008) study of three Finnish exportpartner groups revealed some problems when it came to the focal groups’ activities and the results of the activities. One fundamental problem was partly concerning limping co-operation. Without co-operation, the idea of exportpartner groups is undermined. Furthermore, although co-operation is strongly connected to the organisation and co-ordination of the groups, is it a Gordian Knot? The Gordian Knot is a well-known legend associated with Alexander the Great. It is often used as a metaphor for a seemingly unsolvable problem, which is finally solved by a simple solution. Alexander the Great attempted to untie the knot. When he could not untie the knot, he sliced it in half with a stroke of his sword. So is there an Alexandrian solution to the problem of organising exportpartner groups? A change in organisation forms implies that the roles of the co-operation facilitating actors and the companies change. The question concerns whether the roles actually change and how? Previously, organisation and the changing roles of actors have not been the focus of other research relating to exportpartner groups.

### **Purpose of the study**

Möller and Svahn (2003) argue for further research on issues of mobilising and co-ordinating groups of autonomous but interdependent actors (cf. Ritter et al., 2004). Therefore the purpose of this paper is to further elaborate the problem and challenge of organising exportpartner groups. Furthermore, the paper aims at extending earlier theory as well as management concepts in the research area, since exportpartner groups are an important economic-political tool in supporting the internationalisation of Finnish SMEs. As a result, research that helps us to develop the activities in exportpartner groups is in that sense

important. Further studies can shed more light on the outcomes and implications for the companies in the groups, as well as for third parties.

The paper is structured as follows. In the theoretical part, the rationale behind exportpartner groups is firstly discussed. This is followed by a discussion of the organisation of exportpartner groups. In section two, the research method is introduced and the empirical findings, conclusions and managerial implications are presented. The paper is closed with a suggestion for further research.

### **CO-OPERATION IN EXPORT PARTNER GROUPS**

Governments all over the world utilise a wide variety of network programmes to encourage export development (McNaughton and Bell, 2001; Welch, Welch, Young and Wilkinson, 1998). The rationale behind this is the belief that stimulating growth through internationalisation and improving firms' competitiveness will lead to prosperous economic development and higher employment. This is also the case in Finland. Furthermore, the creation of networks is, among other things, the main focus when reading the Finnish Ministry of Employment and the Economy's (2007) strategy for support of export and internationalisation of SMEs.

One tool to encourage internationalisation and co-operation between SMEs is the use of exportpartner groups. According to Nummela and Pukkinen (2004), a clear majority of the companies who has participated in Finnish exportpartner groups regard the impact of the participation as significant. This programme is selected as an example of good practice when it comes to supporting internationalisation in SMEs in the EU (European Commission, 2008).

#### **Co-operation motives**

International business means that the SMEs face different problems. The SMEs' limited resources for e.g. research, product development, manufacturing, marketing and export have increased the birth of different types of co-operation constellations in many industries. Ebers (2002) discusses the motives for co-operation, for example cost reduction. Another motive can be better access to markets, technology, larger economies of scale or the possibility of benefiting from economies of scope (Contractor and Lorange, 1988). For the partners, co-operation can be a less risky and capital-demanding alternative, when penetrating new markets. Furthermore, the benefits can also be related to gaining knowledge and learning (Chetty and Patterson, 2002; Nummela, 1999).

The expected future gains keep the parties motivated for ongoing co-operation. Resources are needed from the environment and actors depend on external parties for their activities (Pfeffer and Salancik, 1978). Although resource development has traditionally been thought to occur within companies, to a large extent it also appears to take place between companies (Håkansson and Snehota, 1995). In today's business world, companies might be granted resources if they accept to be involved in intentional nets, e.g. exportpartner groups.

In order to improve their competitive strength the SMEs can try to rationalise the division of work between them and try to put together and develop their limited resources. Through division of work the SMEs can concentrate on their own strengths. When combining and merging each company's strengths, the co-operation partners can offer competitive entirities on the international markets. This is something they hardly achieve alone. The SMEs can also build up temporary co-operation constellations (projects) to rapidly take advantage of

upcoming possibilities on international markets.

In exportpartner groups, co-operation is facilitated by external actors, e.g. project administrators and jointly hired export managers. In the beginning, the facilitators' role is to identify potential members and potential co-operative activities and ensure that the "right" types of SMEs have the opportunity to join the groups. Then the function is to call to meetings, provide a neutral forum for discussions and contact, collect and share information and finally function as a broker to other key external partners. Ferreira (2003) found in his research of Portuguese export networks that the facilitating actors gave substantial support in the establishment process. Their role and especially the export manager's role, capabilities and commitment were judged as essential (cf. Tuusjärvi, 2003; Welch et al., 2000). However, the facilitators can only go as far as supporting the networking process. It is still up to the individual group members to make it work. It seems relevant that special attention should be paid to the roles and activities of the facilitators when government-funded exportpartner groups are in focus.

Although research on co-operation with customers and suppliers is rather extensive, co-operation with complementary companies has been given less attention by academics (Wilkinson, 2006). This is because co-operation with complementary companies focuses on the potential synergy effects between firms who have common interests for markets, customers or suppliers.

### **Organising for success**

According to Möller and Rajala (2007), the management and organisation of nets involves a balancing dilemma. This balancing act will, however, vary over time as circumstances change. The act itself involves balancing with interdependencies and balancing with tight and loose couplings between actors. It also involves the co-ordination of co-operation, work, responsibilities, dispersed resources and roles. A social dimension places emphasis on the need for a trusting culture and a unified net identity. A key issue here is to share the benefits of the activities, in order to commit the net members and counteract opportunism.

The mix of competitive and complementary companies in an exportpartner group is problematic (Wilkinson et al., 1998). Finpro (2009) recommends that the SMEs should come from the same line of business, but not compete with each other. On the other hand, if the companies are too far from each other when it comes to products and services, it is difficult to achieve any synergy effects. Striking the right balance is important. Exportpartner groups can be described as horizontal co-operation constellations between complementary companies, and not between competitors. Strong compatibility is an antecedent to co-operation, which creates better results in an export partner group (cf. Nummela and Pukkinen, 2004). With different niches, different products and services and different customers, i.e. with different points of interest, the need for and benefit of co-operation is undermined. This also means that the idea of export partner groups is undermined.

With compatibility in mind, Virtanen (2008) suggested alternative forms for how to organise export partner groups. A *market-oriented* organisation form is commonly used in many export partner group projects, with focus on joint target *markets*. In export partner groups organised according to this form, the companies are aiming at different customers on the target markets. The problem with this organisation is that the companies do not necessarily have to co-operate since they have different customers. The common denominator is that the

companies belong to the same group, they have employed a joint export manager and they are aiming at the same market. In the most important activity, or selling, they are acting alone.

A suggestion for overcoming the problems caused by a lack of compatibility and co-operation is to organise the export partner group according to the customers, i.e. a *customer-oriented* organisation form. In the customer-oriented organisation form the group members are, with the aid of the joint export manager, aiming at the same customers or group of customers. The main focus is shifted from joint markets to joint *customers* (on the same or on different markets). A *system-oriented* organisation form takes the idea of the customer-oriented approach a bit further. In such a group, the majority of the members function as suppliers to a main firm, i.e. a hub-firm. This organisation is similar to traditional supplier-buyer networks, with the main characteristics of an export partner group included. This form of organisation places focus on the opportunity to sell whole *systems* or projects to the customers.

Not only do the customer and system-oriented organisation forms place different demands on the compatibility of the companies and their products, they also place different demands on the necessity to co-operate. In a customer-oriented approach, the group members still do not necessarily need to co-operate, but the situation creates more natural opportunities for co-operation to take place. By comparison, in a system-oriented export partner group the members are forced to co-operate intensively and strong compatibility between the members is a selection criterion for the group.

The suggested organisation forms are probably not ideal for all types of export partner groups. However, other organisation forms may be relevant, depending on the goals of the export partner groups, e.g. learning. Virtanen's (2008) working model is normative and not further empirically tested. The model sketches up three different forms, but with reality in mind, one can suppose that e.g. combinations of forms or other constellations ought to be identified.

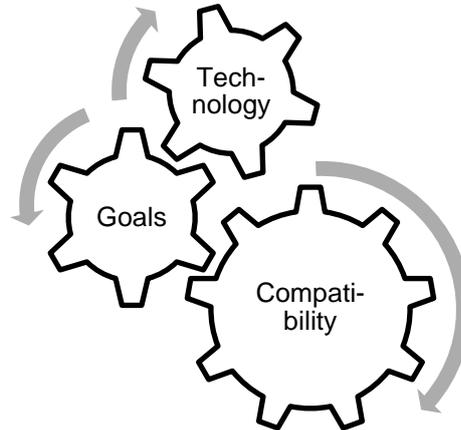
## **THE STUDY**

The purpose of this paper is mainly explorative, which supports the choice of a qualitative research approach. Qualitative data is rich and holistic, with a strong potential for revealing complexity, nested in a real context (Miles and Huberman 1994). In the study, five informants who have worked as export managers in different export partner groups were interviewed. Moreover, the informants had experience of different group organisational forms. Their missions as export managers were in export partner groups within the areas of products and equipment for professional use at sea, boat building, paper machinery and hydraulic systems, excavators and equipment for excavating, environmental technology, fitness equipment and food products.

In the interviews the export managers' role and their view of the companies' role, vis-à-vis the organisation of the groups, was further elaborated. The interviews dealt with two main themes. First, they started with a discussion around the success factors in organising export partner groups and the export managers' and companies' role in contributing to success. The second theme in the interviews dealt with moving from one organisation to another with a view to the changing conditions, success factors and roles of the actors. It was apparent that the organisational challenges are different in different export partner groups. The interviews took about one and a half hours to complete and were recorded for further analysis.

### Determinants for organising export partner groups

The problems and opportunities connected to the organisation and different organisational forms of the export partner groups were discussed with the export managers. In an export partner group, the final choice of organisation depends, e.g. on the companies' technology (line of business), the compatibility between their products and services and the goals of the group.



**Figure 1:** Determinants for organising in export partner groups

The goals of the group place a demand for compatibility between the companies' products and services. If the aim is to sell to joint customers, for example, the compatibility has to be relatively high. The technology used on the other hand affects the goals. In low-tech businesses the opportunities and demand for co-operation in production, for example, are lower.

*Market orientation* is relevant when the aim of the export partner group is mainly to penetrate new markets and increase export volume, and not to establish deeper co-operation between the SMEs in the group. The companies should produce their own products or services, i.e. market orientation of an export partner group is not suitable if the group partners are suppliers. In other words, market orientation is relevant if the products and the technology are simple. Therefore co-operation in production and product development, for example, is not needed. An example falling into this category would be an export partner group in the food industry.

*Customer orientation* is more efficient than market orientation since the export manager can focus on joint customers. It is beneficial if the customers are also located in the same market because of the changing cultures and conditions when moving from one market to another. The choice of SMEs to the group is important. Competitors cannot participate in the same group since the aim is to find joint customers. Customer orientation is most suited for complementary companies. Moreover, customer orientation is beneficial in the same situations as market orientation, i.e. establishment of deeper co-operation is not on the agenda.

*System orientation* in an export partner group is most suitable within the fields of high-tech and knowledge-intensive industries. In these industries we can detect a significant growth in networking activities, and participation in an export partner group is a possible alternative.

Networking is due to the fact that no actor alone can master all the technological bases needed in creating value for the end customers. In other words, the products, services or solutions must be combined. An example would be an export partner group around renewable energy sources. System orientation is more challenging than market or customer orientation, since the potential customers' needs and the potential networking SMEs must be thoroughly recognised beforehand. In practice, system-oriented export partner group projects usually partly build on existing networks.

A possibility with *open* export partner groups was discussed with the export managers as one alternative form of organisation. This would imply that some SMEs could leave during the project period and that other SMEs would join and continue within the group when the others leave. Companies who identify mutual synergy effects and produce compatible products and services have the most potential for co-operation. In this way the group could be an arena for further co-operation between the companies, the customers and other co-operation facilitating actors in longer-lasting relationships after the project.

If co-operation is the aim, then a short project period is an obstacle. In practice, this means that changes in the constellations can happen after the project is over. With a three year project period, the idea with open export partner groups during the project is not relevant for system oriented groups, since the build up of the network needs time. Market and customer-oriented export partner groups, where co-operation is looser, gives a better opportunity for the idea with open groups. In such groups it is easier to change constellations when the bonds between the companies are looser.

### **Roles in export partner groups**

Simply speaking, the export manager's role in an export partner group is to actively work with pre-sales preparations or to function as a door opener; the rest is up to the companies. However, this role changes slightly depending on the organisation of the group. If the products are technologically simpler, e.g. in market-oriented export partner groups, the role is more oriented towards selling. In such situations knowledge of the product technology is not needed and the main obstacle in the selling process is to get the customers to accept the products. As the technology becomes more complex, e.g. in system-oriented groups, the need for specific knowledge increases and the time from first customer contact to final deal increases substantially. Then the role of the export manager becomes more of a social character; to continuously interact with the customers and to build up trust for the products and the sellers. In system-oriented groups the export manager is also more preoccupied with net-building and getting the co-operation between the companies to work.

The role of the export manager also slightly changes depending on how many culturally and contextually different target markets the export partner groups are working on, especially if the group is led by one export manager. A possibility in this case is to increase the local presence on the target markets, by involving local export assistants with local expertise and connections to the export partner groups. Although this approach demands more resources, it would support the export managers, especially on complex markets in transition, such as in East Europe and Asia.

The export managers mentioned a tight timeframe as one practical problem in export partner group projects. A maximum three year project period is often too short to get the expected results. A continuation of additional years is nearly always needed in order to

achieve results, especially in high-technological system-oriented export partner groups. This is because it usually takes time to start a business relationship, to develop it and to reach a deal. If the time expires for the export partner group there might not be enough time to reach a deal, at least during the project period.

The export managers wished they had more support from the companies. First of all, the export managers are in need of more resources and input from the companies. They need more knowledge, e.g. about products, from the companies in the groups, because they are dependent on the expertise. This support is needed in order to increase the export managers' credibility as a door opener abroad towards the customers. The companies do not always understand this need and they do not always have time for the project, which causes frustration among the export managers. The companies may think that the export manager should move forward at a faster pace according to another rhythm, and they expect results without their input or activity towards the customers. The export manager often feels that there is not enough time and patience for the work that has to be done.

A second important supporting actor is the project control group. The control group is often consisting of members from the project owner, the project financiers, the local chamber of commerce etc. The export managers mentioned that the composition of the group could rather consist of outside experts. These outside experts would add more expertise, e.g. technical and marketing expertise to the group, and this would again increase the export managers' credibility towards the customers.

## **DISCUSSION AND IMPLICATIONS**

Research into networks has tried to label them depending on their function or value. Möller and Svahn (2006) discuss different types of ideal intentional nets for value creation. These nets are categorised into mature and stable nets constructed for carrying out current business; local and incremental development nets focusing on renewal of current business; and finally emerging nets. These nets have different aims, for example the rapid creation of radically new technologies. They also have different value production characteristics. Möller and Svahn (2006) conclude that these intentional nets differ from evolutionary networks in terms of their governance.

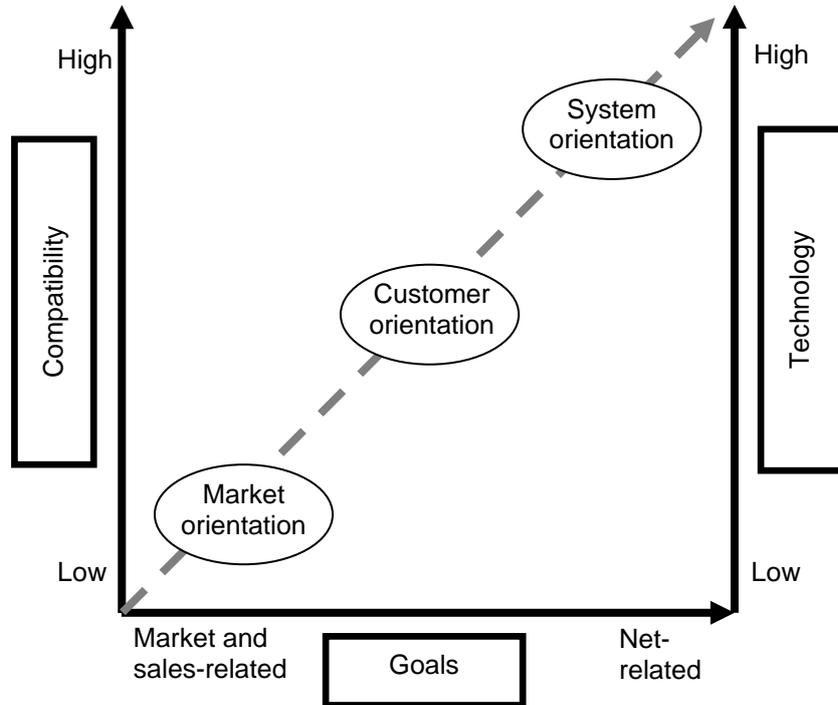
The focal nets, especially system-oriented export partner groups, we identify mainly as business-renewal nets. In business-renewal nets, the typical goals are the renewal or improvement of existing offerings and business processes and to produce customer-driven solutions. Co-operation is required when resources and competencies involved in renewal are dispersed among several net partners. Renewal nets are typically organised as multi-party projects (Möller and Rajala, 2007). An implication of the study is that co-operation in the studied nets usually needs more time for interaction between the export manager, the customer and the actors in the group in order to achieve the desired goals. These results are also in line with the results of Chetty and Pattersson (2002), who stress the importance of formation and maintenance of these types of groups and nets.

### **Organisation as a multi-dimensional phenomenon**

An implication of the study is that the different organisational forms in an export partner group have different benefits and fulfil different goals. In other words, there is not a single best way of organising export partner groups. Therefore, in this case there is no Alexandrian

solution to the Gordian Knot, i.e. the problem of how to organise. The determinants for successful organisation are the companies' technology (line of business), the compatibility between their products and services and the goals of the group.

The three organisational orientations should not be considered as a nomothetic three-dimensional phenomenon, rather as organisation possibilities ranging on a continuum from market orientation on one end to system orientation on the other. Every export partner group is unique, with its own constellations of actors, activities and resources.



**Figure 2:** Organisation orientation and determinants for organisation

A summary of the connections between technology, compatibility and goals in relation to organisation orientation is illustrated in Figure 2. The model does not primarily focus on all constellations, and is simplified, since a combination of three determinants provides more alternatives than illustrated in the figure. Net-related goals merely imply co-operation in production and product development activities, which is possible also in low-tech industries and in situations where compatibility is low. The need for the possibility and the value of such co-operation in such constellations in this area is low or even non-existent. At the other end of the scale, a combination between high-tech and high compatibility connected to market and sales-related goals is possible, but then the opportunities are not fully exploited. An implication is that the choice of organisational form is dependent on the group members and their resources and which activities emphasis should be placed on during the years that the export group is active.

Nummela and Pukkinen (2004) classify export partner group projects into two categories; a supply-based approach and a demand-based approach. The theoretical categorisation is two-dimensional, but in reality it is continuous, ranging from a purely supply-based approach to a purely demand-based approach. A supply-based approach implies that the group formation is guided according to the companies' products and services and what they can offer on potential markets. The demand-based approach starts from a detection of customer demand

on the markets. The group formation is guided according to this demand.

The supply- contra demand-based continuum can roughly be compared to the market contra system-orientation continuum. Market-oriented groups are more supply-oriented as long as the goals in such groups are connected to penetrating new markets and increasing exports for existing products and services. System-oriented groups are more demand-oriented. The goals are connected to net-building and business renewal. Typical goals for the business-renewal net are to offer demand-driven solutions (Möller & Rajala, 2007).

### **Roles and activities in relation to organisation**

The changing role of the export manager and examples of activities in different export partner groups are summarised in Table 1. When moving from market penetration and sales-related goals to net-related goals, the role changes from door opener to co-ordinator and idea generator. However, the companies' own activity is still crucial (Virtanen, 2008). The export manager's role is simply to act as a facilitator and broker. The export manager can only support the activities and it is up to the companies to make it work and close the deals.

**Table 1:** Activities and the role of the export manager in different export partner groups

	<b>Definition</b>	<b>Cooperation activities</b>	<b>Export managers role</b>
Market orientation	Focus is on joint target <i>markets</i> for the partners	E.g. joint fact-finding trips, joint marketing and participation in trade fairs and exhibitions	Most focus on sales preparation
Customer orientation	Focus is on joint <i>customers</i> for the partners	The above-mentioned examples with addition of e.g. joint customer meetings	Most focus on sales preparation and co-ordination of sales to joint customers
System orientation	Focus is on partners joint <i>system offerings</i> to customers	The above-mentioned examples with addition of e.g. joint product development	Most focus on netco-ordination and interaction with customers, e.g. building up trust

McNaughton and Bell (2001) conclude that many export-supporting programmes have originated and been developed in small open economies with location disadvantages (e.g. New Zealand and Finland). Empirical evidence suggests that Finnish export partner groups have fairly well succeeded in supporting internationalisation among group members. According to Nummela and Pukkinen's (2004) research, participation in an export partner group increases both export volume and export regularity. Another positive impact is an increase in internationalisation capabilities. However, the positive changes are not due to participation per se, since the group members' own activity is decisive. In this context, export partner group programmes offer useful insights to policy makers in other countries, with the same challenges as Finland, for example.

### **Further research**

Organisation issues are important. The determinants for organisation in export partner groups are the companies' technology, the compatibility between them and the goals of the group. The constellation of determinants, guides which organisation orientation is relevant. Policy makers should be aware of this since ignoring organisation issues can result in less successful

export partner group projects.

In the future, the concept of export partner groups could be further sharpened. Central development areas are still the choice of organisational form and the choice of the target group. SMEs are in different phases in their internationalisation process and have different needs when it comes to export-enhancing services. In this paper, the organisation of exportpartner groups has been discussed. One line of further research could be of a pragmatic benchmarking nature, e.g. to actually evaluate different organisational forms and the results of them. Previous evaluation research has looked upon export partner groups as a one-dimensional phenomenon. Another area of further research could explore the time aspect of export partner groups – what should be a suitable time limit for this kind of work – and how could the work within these groups still be further developed.

## REFERENCES

- Axelrod, R. (1984), *Från konflikt till samverkan*, SNS Förlag, Kristianstad.
- Brennan, R. & P. Turnbull (1999)“Adaptive Behaviour in Buyer-Seller Relationships”, *Industrial Marketing Management*, 28(5), pp. 481-495.
- Brennan, R., P. Turnbull & D. Wilson (2003)“Dyadic Adaptation in Business-to-Business Markets”, *European Journal of Marketing*, 37(11/12), pp. 1636-1664.
- Chetty, S. & A. Patterson (2002)“Developing Internationalization Capability through Industry Groups: The Experience of a Telecommunications Joint Action Group”. *Journal of Strategic Marketing*, 10(1), pp. 69-89.
- Contractor, F.J. & P. Lorange (eds.) (1988),*Cooperative Strategies in International Business*, Lexington Books, Lexington.
- Ebers, M. (2002), *The Formation of Inter-organizational Networks*,Oxford University Press, New York.
- European Commission (2008), *Supporting the Internationalisation of SMEs. Good Practice Selection, Official Publications of the European Communities*, Directorate-General for Enterprise and Industry.
- Ferreira, L.M. (2003)“Walkshoes and Ivory Trade: Two Export Networks in Portugal”, paper presented at the 19<sup>th</sup> IMP Conference, Lugano, Switzerland, September 4-6.
- Ministry of Employment and the Economy (2007), Viennin ja kansainvälistymisen edistämisen (vke) kansallinen strategia. Available on URL:[http://www.tem.fi/files/24452/Vke-strategia\\_05\\_12\\_2007.pdf](http://www.tem.fi/files/24452/Vke-strategia_05_12_2007.pdf). Reference 11.10.2010.
- Finpro (2009).Available on <URL:<http://www.finpro.fi>>. Reference 12.1.2009.
- Ford, D. & H. Håkansson (2006) “The Idea of Business Interaction”, *IMP Journal*, 1(1), pp. 4-20.
- Freytag, P.V. & Ritter, T. (2005) Dynamics of Relationships and Networks – Creation, Maintenance and Destruction as Managerial Challenges, *Industrial Marketing Management*, 34(7), pp. 644-647.
- Hagberg-Andersson, Å. & K. Grønhaug (2010) “Adaptations in a Supplier-Manufacturer Network”, *European Journal of Marketing*, 44(1/2), pp. 34-41.
- Heikkinen, M., T. Mainela,J. Still & J. Tähtinen (2007) “Roles for Managing in Mobile Service Development Nets”, *Industrial Marketing Management*, 36(7), pp. 909-925.
- Helfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M.A., Singh, H., Teece, D.J. and Winter, S.G. (2007), *Dynamic Capabilities. Understanding Strategic Change in Organizations*, Blackwell Publishing, Malden.
- Hammarkvist, K-O., H. Håkansson & L-G Mattsson (1982), *Marknadsföring för*

- konkurrenskraft*, Liber, Malmö.
- Håkansson, H. (ed.) (1982), *International Marketing and Purchasing of Industrial Goods. An Interaction Approach*, John Wiley & Sons, Chichester.
- Håkansson, H. & D. Ford (2002) "How Should Companies Interact in Business Networks?", *Journal of Business Research*, 55(2), pp. 133-139.
- Håkansson, H., D. Harrison & A. Waluszewski (ed.) (2004), *Rethinking Marketing. Developing a New Understanding of Markets*, John Wiley & Sons, Chichester.
- Håkansson, H. & I. Snehota (1995), *Developing Relationships in Business Networks*, Routledge, London.
- Järvensivu, T. & K. Möller (2009) "Metatheory of Network Management: A Contingency Perspective", *Industrial Marketing Management*, 38(6), pp. 654-661.
- Lorenzoni, G. & A. Lipparini (1999) "The Leveraging of Interfirm Relationships as a Distinctive Organizational Capability: a Longitudinal Study", *Strategic Management Journal*, 20(4), pp. 317-338.
- McNaughton, R.B. & J. Bell (2001) "Competing From the Periphery: Export Development Through Hard Business Network Programmes", *Irish Marketing Review*, 14(1), 43-54.
- Miles, M.B. & A.M. Huberman (1994), *Qualitative Data Analysis*, 2<sup>nd</sup> Edition, SAGE Publications, Thousand Oaks.
- Möller, K. & A. Halinen (1999) "Business Relationships and Networks: Managerial Challenge of Network Era", *Industrial Marketing Management*, 28(5), pp. 413-427.
- Möller, K. & A. Rajala (2007) "Rise of Strategic Nets – New Modes of Value Creation", *Industrial Marketing Management*, 36(7), pp. 895-908.
- Möller, K. & S. Svahn (2003) "Managing Strategic Nets: A Capability Perspective", *Marketing Theory*, 3(2), pp. 201-226.
- Möller, K. & S. Svahn (2006) "Role of Knowledge in Value Creation in Business Nets", *Journal of Management Studies*, 43(5), pp. 985-1007.
- Nummela, N. (1999), *Vientiyhteistyön onnistuminen ja siihen vaikuttavat tekijät – tutkimus Finpron vientirenkasta*, Turun kauppakorkeakoulun julkaisuja, Sarja B5/1999, Turku.
- Nummela, N. & T. Pukkinen (2004), *Nopeammin, tehokkaammin ja kauemmas? Vientirenkast kansainvälistymisen tukena*, Kauppa- ja teollisuusministeriön tutkimuksia ja raportteja 1/2004, Helsinki.
- Nummela, N. & T. Pukkinen (2006) "What Makes Export Co-Operation Tick?" Analysing the Role of Commitment in Finnish Export Circles", *Journal of Euromarketing*, 16(1/2), pp. 23-35.
- Nyström, A-G. & N. Hanttu (2007) "Establishing a New Business Area through Cooperative Nets: The Case of Finnish Mobile TV", paper presented at The 23<sup>rd</sup> IMP Conference, Manchester, United Kingdom, 30<sup>th</sup> August – 1<sup>st</sup> September.
- Pfeffer, J. & G. R. Salancik (1978), *The External Control of Organizations. A Resource Dependence Perspective*, Harper and Row, New York.
- Ritter, T., I.F. Wilkinson, & W.J. Johnston (2004) "Managing in Complex Business Networks", *Industrial Marketing Management*, 33(3), pp. 175-183.
- Salmi, A. (1995), *Institutionally Changing Business Networks. An Analysis of a Finnish Company's Operations in Exporting to the Soviet Union, Russia and the Baltic States*. Doctoral Thesis. Helsinki School of Economics and Business Administration.
- Tekes (2008) *Sara – Value Networks in Construction 2003-2007*. Tekes technology programme report 1/2008.
- Tuusjärvi, E. (2003), *Multifaceted Norms In SMC Export Cooperation: A Discourse Analysis of Normative Expectations*. Doctoral Thesis. Helsinki School of Economics and Business Administration.

- Virtanen, H. (2008), *Promoting Export Cooperation – Experiences from Three Export Partner Groups*, Vaasan ammattikorkeakoulu, University of Applied Sciences, Other publications C2, Vaasa.
- Welch, D., L. Welch, I. Wilkinson & L. Young (1996) “A Network Analysis of a New Export Grouping Scheme: The Role of Economic and Non-Economic Relations”, *International Journal of Research in Marketing*, 13(5), pp. 463-477.
- Welch, D., L. Welch, I. Wilkinson & L. Young (2000) “An Export Grouping Scheme”, *Journal of Euromarketing*, 9(2), pp. 59-84.
- Welch, D.E., L.S. Welch, L.C. Young & I.F. Wilkinson (1998) “The Importance of Networks in Export Promotion: Policy Issues”, *Journal of International Marketing*, 6(4), pp. 66-82.
- Wilkinson, I.F. (2006) “The Evolution of an Evolutionary Perspective on B2B Business”, *Journal of Business & Industrial Marketing*, 21(7), pp. 458-465.
- Wilkinson, I., L.C. Young, D. Welch & L. Welch (1998) “Dancing to Success: Export Groups as Dance Parties and the Implications for Network Development”, *Journal of Business and Industrial Marketing*, 13(6), pp. 492-510.