

Developing Interaction Capabilities of Small Export Suppliers in term of Export Involvement

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*Cagri Talay C.Talay@2008.hull.ac.uk United Kingdom Hull University Business School
http://www.hull.ac.uk*

Dianne Dean d.m.dean@hull.ac.uk United Kingdom Hull University Business School

The University of HULL, England

ABSTRACT

Purpose of the paper and literature addressed: The purpose of this paper is to empirically investigate the developing interaction capabilities of small export suppliers in term of export involvement and how they influence their relationships with importers. Prior studies in the business to business marketing (Johnsen and Ford, 2006) and in the international marketing (Lages et al., 2009 and Pagano, 2009) have explored that relational capabilities are important, which influence the positions and strategies of international firms within their network. However, there has been lack of empirical research in the area of developing relational capabilities of small export suppliers in term of export involvement and their influence on relationships with importers.

Research Method: It has investigated developing interaction capabilities within 10 small export suppliers in Turkey regarding export involvement. It is purposed to contribute to the knowledge of relational capabilities from international relationship perspective.

Research Findings: The research findings have revealed that the level of export involvement with importer much depends upon the interaction capabilities held by small export suppliers. Developing interaction capabilities draw importers' attention and provide opportunities to small export suppliers for being nominated and offered a better positioning in importers' networks.

Main Contribution: The paper contributes to the knowledge of interaction capabilities from an international perspective, export involvement of small export suppliers in particular. In addition, the paper suggests how small export suppliers can increase the level of export involvement by developing interaction capabilities through the enhancement of relationships with importers. The theoretical contribution will be the specific interaction capabilities, which are significant in export involvement stages, controlled by small export suppliers.

Key Words: interaction capabilities, export involvement, small export suppliers, import relationships, Turkey

INTRODUCTION

IMP researchers have drawn attention to firm level capabilities and network level capabilities in their studies by highlighting the important functions of capabilities both individual and organizational levels that enable firms to make positive differences for their survival and taking advantages of opportunities (Camison and Villar, 2008; Johnsen and Ford, 2006; Teece et al., 1997; Tikkanen, 1998 and Ritter, 1999). Furthermore, researches in the strategy field have identified various types of capabilities embedded within company practices and focused on the influence of capabilities on competitive advantage and performance related issues. ‘Absorbing, coordinating and integrating’ resources from counterparts will help to develop capabilities (Ethiraj et al., 2005; Sirmon et al., 2007; Teece et al., 1997). However, only acquiring resources does not help for achieving competitive advantage. If sequential activities in which resources are acquired and capabilities are developed transformed into competitive advantage, it will result in achieving greater performance for firms (Simon et al 2007). Therefore, Teece (2010 p.9) categorized capabilities in relation to strategic importance; ‘sensing’ (identification and assessment of opportunities), ‘seizing’ (mobilization of resources to address an opportunity and to capture value from doing so), and ‘transforming’ (shaping and reshaping the organization and its markets).

Relationship marketing theory has highlighted a distinct understanding in capabilities. Interactions with external actors through resources and activities help to develop capabilities in long time relationships (Hakansson and Snehota, 1995). Capabilities stem from interdependent relationships and they are not simply organizing and managing activities and resources unilaterally but they are connected with counterparts’ activities and resources bilaterally (Hakansson and Snehota, 1995, Alajoutsijarvi et al, 1999).

Capabilities have been examined by management researchers. The resource based view was one of the leading perspectives which have examined capabilities in relation to resources and their contribution to strategic management (Ethiraj et al., 2005; Grant, 1991; Makadok, 2001; Prahalad and Hamel, 1990 and Teece et al., 1997, 2009). However, these views have not focused on development of capabilities. However, few attentions have been paid in the relationship marketing view on capability development in terms of interactions in inter-organizational relationships (Lorenzoni and Liparani, 1999; Johnsen and Ford, 2006, 2007; Philipsen et al., 2008). Neither resource based view nor relationship marketing studies have paid enough attention to international perspectives of capability development between export-import companies. Leonidou and Kaleka (1998) has examined the numerous relationships characteristics of export firms in relationships with import companies in term of export company involvement and found that relationship characteristics differ according to the extent of involvement into export. Recent attempts of Lages et al., 2009 and Pagano, 2009 has revealed that relational capabilities are important determinants of export performance and purchasing activities. However there has been little research conducted upon the capability development of small export companies during the export development stages; therefore this paper seeks to address this gap in the literature.

LITERATURE REVIEW

Makadok (2001) argued that capabilities are distinct type of resources that enhance to productivity of other resources within a firm. A similar approach can be seen in (Barney, 2002) who suggested that capabilities are also the internal attributes of a firm that enable the firm to control and exploit other

resources within the firm. In strategic management literature the definition of capability is broad due to its distinctive nature. For instance, in the literature capabilities have been defined as core capabilities (Leonard-Barton, 1992) organizational capabilities (Knight and Cavusgil, 2004) transferable capabilities (Camison and Villar, 2008) and dynamic capabilities (Teece, et al., 1997). However, it is evident that these studies have focused on inside company capabilities with less consideration of how these capabilities influence of inter-organizational relationships. Moreover, no attempt has been paid at the level of international business relationships in association with capability development. Therefore, the focus of this study is on the level export involvement of small companies and their relationship approach to relational capability development that may provide opportunities for small export companies to involve interactions in customer relationships more efficiently.

Capability development is a bilateral activity through interactions between companies and that cannot be considered as unilateral activity (Hakansson and Snehota, 1995; (Alajoutsijarvi et al., 1999). Through interactions with counterparts resources are gained, combined and transformed into valuable products thus, 'any firm should be able to describe what it has the capability to do in terms of the needs of its counterparts' (Johnsen and Ford, 2006 p.1003). Furthermore, relationships have important effects on the technical competence development, productivity, innovativeness and competitiveness. These all represent the dimensions of the firm capabilities, therefore a firm's capabilities can be described as the success of combining relationships with counterparts and others (Hakansson and Snehota, 1995).

In the international business relationships literature, the network model of internationalisation was introduced by Johanson and Mattson (1988) observed the firms relationships to study internationalisation process. This model helps to understand different dimensions of internationalisation of small firms and has drawn researchers' attention to the external influences and interactions in their international business relationships. Nevertheless, internationalisation has been viewed as a chosen strategy that is based on the examination of the firms' capabilities, resources and opportunities, this strategy is likely to shape the form of firms and the implementation of market relationships to the unique character of each individual market and its own distinguishing conditions rather than following a prescribed path of international market development (Johnsen and Johnsen, 1999). The unique character of each individual foreign market may affect the manner of the small firm's internationalisation and its relationships with foreign buyers. On the other hand, these relationships may contribute to the small firms' capability development through interactions with foreign buyers. Therefore, Johnsen and Ford (2006) have expressed the importance of understanding interaction capability development and the contribution to the relationships with other firms and to the firms' knowledge. Johnsen and Ford (2006) argued that company's relationships affect its capabilities and its capabilities affect its relationships'. With this in mind, Leonidou and Kaleka (1998)'s research on international buyer-seller relationships revealed that relationship characteristics are changing in term of the degree of export involvement. Moreover, a large case study of Ford et al., (1987) has revealed that exporters are willing to accept the control of their import customers in the early export stages. This control could be decreased after establishing more satisfactory relationships. Therefore, changing relationship characteristics in relation to different degree of export involvement will have a bearing on capability development of export companies in international relationships.

In this study, export involvement stages of firms and their relational capability development has been built on interaction capability framework of Johnsen and Ford (2006)

Relational Capabilities

Knowledge based capability is embodied in employee knowledge and skills (Leonard-Barton, 1992). Nelson and Winter (1982) viewed that path dependent knowledge is the foundation stone for firms and firms are heavily dependent on this basis. Therefore, knowledge is built up through 'learning by doing' by individuals in routines that are connected to the actual firm activities and processes (Ethiraj et al., 2005). On the other hand, individuals are playing important roles to craft and convert knowledge, which is derived through relationships, into knowledge assets and technologies. Thus the knowledge that is generated by the individuals within firms is tacit and it is hard to copy (Teece, 1998). In contrast, explicit knowledge is easy to implement in relationships, knowledge exchange is highly individualized and transferred through human interactions (Nonaka, 1994). Therefore, these competencies are important underlining for the companies which are looking for distinguishing suppliers with qualified employees these are able to understand customer needs and wants and able to apply knowledge in relationships (Ford et al., 2002).

Technology based interaction capability and knowledge may be embedded in technical systems and procedures relating to accumulating, codifying and structuring the tacit knowledge in people's heads over a period of time. This knowledge constitutes both information and procedures and their development (Leonard-Barton, 1992). It is important to coordinate diverse production skills and integrate multiple streams of technologies because core competencies are also collective learning in the organization (Prahalad and Hamel, 1990). However, Teece (1998) highlighted that technological capabilities can bring great deal of opportunities for the firms when they are considered by their counterparts as important players, who can offer distinctive technologies. Therefore, Hakansson and Snehota (1995) argued that business relationships are undeniably important contributors for building technical interaction capabilities.

Leonard-Barton (1992) defined the managerial system capability as 'formal and informal ways of creating knowledge through sabbaticals, apprenticeship and relationships with partners and controlling knowledge through incentive systems and reporting structures'. In the relationship view, understanding managerial system capabilities seems more complicated because the substance of relationships namely the actor bond, activity links and resource ties (Hakansson and Snehota, 1995). Therefore, managerial system capabilities and their development may involve all these aspects. Hence developing managerial system capabilities in relationships are vitally important for the focal company because they are valuable assets to create efficiency and innovativeness (Ford et al., 2002). It is also important for smaller firms in order to develop managerial interaction capability for relationship planning and strategy development to operate effectively in relationships with larger customers (Johnsen and Ford, 2006).

'The value assign within the company to the content and structure of knowledge', every company has their own way to collect knowledge and control knowledge as a result of distinct norms and values that constitute corporate culture therefore this situation has been seen as a capability that is unique to a company (Leonard-Barton, 1992). It is evident that capabilities are connected with values and norms within a company, 'The norms serve as rules and guidelines for the ongoing exchange processes' (Hakansson and Snehota, 1995). There is close contact between capabilities and culture that cannot be duplicated as a result of their social complexity and tacitness and it is a significant area to understand the capabilities in relationships (Foss, 1999). Because culturally dominant customer might be influential on a small company's culture. Furthermore, the capability to manage cross-cultural relationships in developing cultural interaction capabilities in network relationships will bring success to a small company in its internationalisation process Ford, (1980 cited in Johnsen and Ford, 2006).

Export Involvement

In order to explore foreign market opportunities exporting has been considered as an easy option for many firms. The removal of government-imposed barriers and recent technological developments in manufacturing, transportation and digital communications, have enabled small firms to access customers, suppliers and collaborators in international markets (Wright and Dana, 2003). In addition, fast internationalising firms with lack of resources have made use of business networks to overcome their internal resource constraints therefore; business networks are considered as important determinants which influence the process of SME internationalisation (Chetty and Wilson, 2003). Moreover, an SME's position in its network context, for instance, 'how resources are used and developed in cooperation within the network', have implications for the SME's strategy development and they are important for capability development within the organization (Tikkanen, 1998). Hallen and Sandstrom (1991) pointed out that exporting cannot be seen just as economic activity on the other hand, it includes various behavioural interactions between exporters and importers. They are also interdependent each other's resources, knowledge and capabilities thus it is important to understand exchanges in relationships (Styles and Ambler, 1994). Furthermore, Johnsen (2007) suggested that small size firms may develop their capabilities and resources by involving international markets.

Research on export involvement and initiation stages and export development has highlighted that relational variables such as distance, commitment and uncertainty affect export companies in customer relationships and the degree of involvement in export influence the relationship characteristics between exporters and importers Leonidou (2003); Leonidou and Katsikea (1996) and Leonidou and Kaleka (1998). The recent work of Cieslik et al., (2010) has pointed out that early involvement in export has negative influence on small export companies and they encountered difficulties in managerial capabilities to cope with customer relationships however, they build knowledge more efficiently than the exporters' experienced late involvement into international markets. In addition, lack of human and financial resources and geographical distances likely to cause risk to the survival of these exporters. It has been pointed out that relational capabilities are important determinants of export performance and purchasing activities however, neither resource based view nor relationship marketing studies have paid enough attention to international perspectives of capability development in international relationships between companies Lages et al., (2009) and Pagano, (2009).

In this paper, the focus is the development of interaction capabilities of small export companies in relationships with importers. Therefore, Interaction capability development framework of Johnsen and Ford (2006) has been drawn and applied in the case of export involvement stages as early and late involvement of small exporters in the textile industry, including human, managerial, technical and cultural interaction capabilities (Appendix3). The importance of this choice, which is the development interaction capabilities framework of Johnsen and Ford, is lying in the heart of different relationship types suggest different ways of interaction so that capabilities are functioning differently and developed differently. In this case, export involvement in term of involvement stages indicates that two different stage of export involvement has different implications on capabilities development. Due to the purpose of this study, methodology has been adopted and designed in order to explore this phenomenon will be explained below.

METHODOLOGY

Researchers' work in relationship marketing and networks has indicated the fact that the case study approach is the most suitable. (Ford et al., 2003; Johnsen and Ford, 2006). Particularly, in this study multiple case study approach has been adopted to investigate relational capability development of exporter companies in terms of export involvement stages and their continuous business relationships with importers (Yin, 2003). Furthermore, Easton (1998) suggested that case study is appropriate approach to investigate complex business relationships. In order to generalise the findings and

provide validity and credibility within the study, twenty interviews with ten case companies has been conducted. The cases are all textile and garment exporter in Turkey. They export variety of markets and involving export at different stage in their business life.

The case companies were separated into two groups as early involvement (6 companies) and late involvement (4 companies) cases. Therefore, unit of analysis based on each company and cross case comparison between these two groups. This was the pre-request condition to ensure credibility and validity of the study. Qualitative data collection has been conducted through primary data; interviews and secondary data; official statistics and the documents that were provided by the case companies. Pilot interview was conducted to guide rest of the interviews. Semi-structure interviews were considered as an appropriate strategy to collect the data because the research is aimed to be qualitative and exploratory. Semi structured interviews were considered as providing exploratory discussion which means that the researchers had an opportunity to chance the form of the question in term of the interview atmosphere. As a result the author was able to discuss related other sub subject that was not realised before the interview held in this case pilot interview had helped to structure more appropriate questions for next interviews. According to Robson (1993:p42) exploratory questions means of “asking questions” and understanding “what is happening”. Moreover, it is possible to shape the interviews; for instance interviews can be divided into two parts. First part was prepared questions and second part was semi structure questions. The advantages of semi-structure interview is producing efficient data which deal with topic in detail and semi structure interview provides elasticity and enable the researcher mistakes can be corrected in the interview as well as it allows the chance for the researchers to explore answers and meanings.

Pilot interview and nine case study interviews was conducted with different level respondents within the case companies (see appendix 2) and was tape recorded. The interviewees’ suggestions and personal relations were also used to reach other case companies to have interviews. Furthermore, the companies had to represent as actors or members of particular business networks in relation to be fit for the notion of this research. Therefore, following criteria pursued to choose case companies.

1. Companies need to be in the textile industry
2. Companies need to be member of (ITKIB) General Secretariat of Istanbul Textile &Apparel Exporter Association.
3. Companies need to involve international business as suppliers, contracted manufacturer, Independent exporter and subsidiaries.
4. Companies need to employ maximum 250 employees.

Data analysis for this research based on individual case companies in other words unit of analysis focused on individual export companies and their relationships with importers at different stages. However, due to the fact that credibility is one of the most important tenets in empirical research the data analysis was conducted within-cases and cross-cases. Within-case analysis responses from interviews were analysed and cross-case analysis was conducted by comparing the case in order to indentify similarities and dissimilarities in patterns, strategies and actions among the cases.

Yin (2003) stated that data analysis implies ‘searching, categorising and tabulating’. It is seems the best to analyse qualitative data from cases through matrices. Miles and Huberman (1994) declared that qualitative data analysis focuses on data in the form of words and consists of three concurrent flows of activity namely **data reduction**; the process of ‘selecting; focusing, simplifying, abstracting and transforming’ unprocessed data. It is part of data analysis sharpens sorts, focuses, discards and organizes data. **Data display**; taking the reduced data and displaying in an organised compressed way so that conclusion can be drawn easily and lastly **conclusion drawing verification**; deciding

what things mean nothing regularities, patterns, explanations, possible configuration, causal flows and propositions.

The collected data was transcribed and translated from Turkish to English and into text format for analysis. Thematic analysis was employed for this study to produce codes in order to reveal collected data, categorise them into relevant fields and themes in order to verify reliability and validity as well as answer for decision making processes and approaches (Straus, 1987). During data analysis the codes were developed case by case in order to show the unit of analysis as a whole (Appendix 1) and coding process was aided by Nvivo 9 qualitative data analysis programme was used to ensure credibility.

Findings from Data Analysis

Interaction Capabilities

Human Interaction Capability

Exporters that involved export in their early stage of business life had limited employee interaction capabilities with their customers. Therefore, by realizing this weakness in employee capabilities, export companies had attempted to improve interaction capabilities through top management individuals. However, under competitive circumstances of international business most early involve textile companies also hired specialist export agents but it appeared that this attempt did not serve their employee interaction capability development. Later stages in customer relationships, these exporters had more chance to developed employee interaction capabilities by focusing on frequent contact with the related departments of customer companies and putting more effort to production related issues to meet customer requirements.

If we have any order from foreign companies, first we ask foreign agents to search for us and get contact with them on behalf of our company then personal relationships comes (Company 3).

On the other hand, export companies that involved export in their late stage of business life had developed employee interaction capabilities and substantial amount of experience in customer relationship management. They did not have difficulties to contact with customers and conduct relationships but employee interaction capabilities were developed in more structured ways by company policies and regulations. Moreover, employees had more chance to involve customers relations as a team rather than individually therefore, employee interaction capabilities were developed in customer relationships with a team based approach. In addition, in both exporters type, the case companies did not demonstrate employee interaction capabilities that is able them to involve strategic decision making mechanism in customer relationships.

Managerial Interaction Capability

Early stage export companies with lack of managerial capabilities and newness in export had to rely on their customers' decisions and plans. Standardized relationships with customers offered limited opportunities to developed managerial capabilities in relationships moreover, limited involvement in managerial issues provide some conflict.

X countries retailers require high quality products from us at the European Union standards and requirements of employee rights, working conditions, production standards and they check our

processes strictly but they don't want we reflect those things, which cost our company financially, on our sales prices. Our prices are almost on the same level or little bit higher than China's manufacturer although we apply all quality standards in our company. This is not fair to our company (Company 4)

On the other hand, late stage export companies appeared more experience in customer relationship management and they had more opportunities offered to involve joint projects by their customers. Personal and informal ways was not followed by these exporters rather they preferred more formal ways and making record of every action with customers. Joint project involvement was as a team base therefore, managerial interaction capability development seemed as a group dynamic within late stage export companies. In addition, it was apparent that new offers and innovative activities provide more opportunities for late stage exporters to developed managerial interaction capability in customer relationships.

We talk to them almost every day during the period of making their orders. For example; they ask for colours and tones, collections, samples and some production details but we maintain all this knowledge exchange by my company team. We prefer to have formal relationships with the foreign buyers I am sure so they do because when we have their order via formal inform, we make a trade contract with them and take responsibility (Company 8).

Technological Interaction Capability

Early stage export companies developed their technological interaction capabilities through customer relationships. Customers were the main source provided opportunity for developing technological capabilities but with lack of experience and developed technical capability set within these export companies their capability development was fast in order to maintain their survival and mainly customer specific.

The flexibility is the most important strength in our firm. Our firm is able to adapt itself into fast changing conditions especially in the process of manufacturing and loading of goods thus we have to make decisions so fast. Taut competition in the international business teaches you how to be a survivor (Company 1)

On the other hand, late stage export companies had already developed technological capabilities for their domestic business however; they needed to developed new technical capabilities for satisfying foreign customers. Therefore, their technological capability development appeared that adapting and replacing existing capability set with new capability set. Late stage exporters had some difficulties in this transformation as a result of institutional presence of these companies seemed the barriers and still holding domestic market shares and maintaining business activities resisted these companies to developed technological capabilities quickly. Furthermore, technological capability development also depended upon employee retention in both types of exporters. Because technology based interaction capability and knowledge may be embedded in technical systems and procedures relating to accumulating, codifying and structuring the tacit knowledge in people's heads over a period of time. This knowledge constitutes both information and procedures and their development (Leonard-Barton, 1992). Therefore, the longer employees stay in a company, the higher technological capability development achieved.

Actually doing trade with European companies does not teach us a lot of things. Zipper production is a very technical matter. The thing is important for us testing our experience. For us, an important thing is to sell something to high-level brands (Company 10).

Cultural Interaction Capability

Early stage export companies were heavily influenced by their customers' norms and values but they did not resist these influences otherwise they would be unable to survive and maintain their export. Moreover, by learning and accepting customers' values and norms provided better opportunities for early stage export companies to find different customers in the same export markets. Therefore, cultural interaction capability helped those exporters to enlarge customer portfolio in the same market. On the other hand, limited experience of cross-cultural relations early stage exporters fail to understand customers' values, therefore, standard relationships and transactional behaviour took place in the relationships as well as block these exporters to enlarge their customer portfolio in the market.

I do export into three continents and learning lots of things about these different market customers' cultures. For instance; if I sell to a single foreign market I cannot improve my understanding in cultural issues but I am exporting three different markets Specialisation and vision growing than I ever expect. It is a big motivation and encouragement for further steps for my company. Internationalisation is not doing export and selling foreign customers it more than this (Company 6).

On the other hand, developing mutual culture was not an easy task for late stage export companies as a result of their established company culture over the years. However, they were aware of customer cultural values and norms. Thus their approaches seemed more professional and tolerant. It was apparent that in some extent they were more influential over customers.

I can say that in both markets Russia and Arabic countries, we are dominant player on production, design and modelling the goods because our long term experiences in this sector put us on a higher position therefore, our norms and values are respected and shared by our customers (Company 9).

Conclusion

This study investigated interaction capability development of small textile export companies and their expansion in customer relationships in term of export involvement (early and late involvement). The position in customer relationships at the different stage of export involvement was influenced by interaction capabilities that has been developed by the export companies. These increased the strength of relationships with customers and provided solutions for the difficulties in customer relationships. Developed interaction capabilities served in different ways to export companies in customer relationships. The findings related with the research of (Leonidou and Katsikeas, 1996; Leonidou and Kaleka (1998) who suggested that the degree of involvement in export influence the relationship characteristics between exporters and importers and the recent work of Cieslik et al., (2010) has pointed out that early involvement in export has negative influence on small export companies and they encountered difficulties in managerial capabilities to cope with customer relationships however, they build knowledge more efficiently than the exporters' experienced late involvement into international markets. In addition, lack of human and financial resources and geographical distances likely to cause risk to the survival of these exporters.

Early stage export companies with limited resources and less experience in international business, they just focused on surviving and maintaining their relationships with customers consequently, small exporters accepted necessary changes and adaptations which are prerequisite of importers in relationships. Technological interaction capability was vital that was supported by human interaction capabilities but this was limited with the top management individuals' involvement within export companies. Cultural interaction capabilities were developed by the obedient attitude and acceptance.

Later stages of their export involvement, the companies gained more confidence and trust in customer relationship, however, interaction capabilities become customer specific and it seemed that limit their vision to have different customers from different export markets.

Late stage export companies with moderately high level resources and more experience in domestic markets but less experience in international markets, focused on seeking higher level acceptance and consideration by their customers, therefore, exporters found difficult to develop interaction capabilities in customer relationships. Technological capabilities were more on adjustments and changes rather than serious development activities. Human interaction capabilities provided opportunities to make frequent contacts with related departments in customer companies and involving joint projects. Therefore, these two sets of interaction capabilities also offered to gain experience in managerial relationships. Moreover, cultural interaction capabilities provided deeper understanding in customer relationships and being tolerant in conflicting situations by discussing and establishing consensuses.

In both types of involvement in export brought difficulties and challenges for export companies but developing interaction capabilities in those areas provided more opportunities and long term vision in customer relationships. Therefore, small company managers should be aware of the importance of interaction capability development that provides opportunities to involve in customer relationships effectively by understanding customers needs and expectations and let them eliminate positional disadvantages which is related to export involvement stages of their companies. Moreover, in different export markets, the relationship patterns should be understood carefully by the export managers to develop effective interaction capabilities in long term business relationships. This study was conducted in small export companies in textile industry in Turkey where is hot spot for many textile producer and exporter and they export textiles and garments to various export markets ranges from high competitive to less competitive export markets and developed and developing country markets therefore; it is suggested that future researchers should focus interaction capability development in different industry context and different international business involvement that are pursued by the small size companies. Country of origin and country of image has not been addressed in international relationships of companies in this study thus it will help to understand cultural interaction capability development in particular.

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Appendix 1 Comparison and Analysis of Export Company Capabilities

Capabilities	Company 1 (Early involvement)	Company 2 (Early involvement)	Company 3 (Early involvement)	Company 4 (Early involvement)	Company 5 (Early involvement)	Company 6 (Early involvement)
Human interaction Capability	Good production experience of employees and having slow updated knowledge in mind Good knowledge of export procedures but lack of customer management skills and observation of industry and markets	Knowledge of INCOTERMS in mind of employees but limited understanding of international marketing aspects. Experience of raw material purchasing and domestic supplier data based knowledge and textile production	Knowledge of textile manufacturing and design in employees' head developed IT skills but limited customer communication ability and information sharing. Limited foreign language ability among employees	Knowledge of manufacturing and transformation of textile production processes Trained staff for technology use and updated knowledge provided regularly Market observation ability but only top management have interaction with customers	Strong background in production processes and fibre knowledge INCOTERMS and export procedures are employees mind but Limited marketing and international business knowledge	Combined knowledge of production and raw material purchase and processes Foreign language ability of responsible top management employees and IT skills are widely developed among employees when dealing with export procedures and process but restricted employee interaction in customer relationships
Technical Capability	Moderate knowledge of conducting R&D and applying new techniques in sewing Improving efficiency in manufacturing IT skills and able to	Developed IT skills and application of technical processes through customer wishes. Being able to offer new designs and flexible adaptation for customer requirements	Combined production ability with quality awareness to meet customer expectations Developed capabilities in designing and quick changes Knowledge of INCOTERMS	Developing knowledge of technology applications in new areas and product adaptation abilities through customers leading Understanding quality	Making quick changes and adaptations for customer requirements in production line Being able offer cost efficient techniques Using customer	Advance technical knowledge in employees' head Fast and flexible production techniques and focusing on tailor made production and designs Knowledge of computer aided customer tracking systems and raw material supply

	analyse technical issues and costs of production Technical translation for production but customer dominance on technical issues	and advance problem solving abilities	and export custom procedures	enhancement by drawing on divers raw material purchasing experience of employees	tracking systems on IT Need more contemporary technical knowledge in machinery	systems but over reliance of customer leadership.
Managerial Capability	Structured management system; assessing performance of firm and employee motivation Lack of strategy management ability Able to overcome customer concerns and delivery system of goods	Following structured plans Dominant position for production processes and production focused management Being able to establish limited customer trust at organizational level	In house focus rather than customer relationships Limited leadership abilities Responsive to customers but evident weakness of involvement decision making processes Personal approaches rather than organisational	Adequate management skills in short term decisions, production, employee management, delivery systems and customer complaints Collectivist approach in the company Lack of skills on inter-organizational relationships therefore standard relations with customers	Hierarchical management in the company and owner dominance is evident but employee trainings are ad-hoc there is no sign of structured plans Customer relations are managed by personal approaches and informal ways	Dominant management system in the company and supply management but limited involvement strategic relations with customers Need better divers customer relationship management experience
Cultural Capability	Demonstrating trustable image of firm in customer relationships Timely responses to customers and flexibility Accepting customer standards concerns and focusing on these issues by	Customer understanding and meet expectation and being able to manage long term customer relations with divers customer in divers export markets Limitations of institutional presence of company put	Limited understanding of customer values and norms Lack of knowledge in international marketing and textile industry however, more attention paid in company culture and practices	Need developing skills for customer relationships and have understanding international business experience	Limited Understanding of customer expectations and ethical consideration different attitude to customer relations between top management personalise versus corporate	Limited cross cultural experience but well managed existing customer relationship by communicating frequently and making business visits need developing divers customer understanding ability

	highlighting honesty and transparency	extra pressure for the company for trust building in customer relationships				
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Capabilities	Company 7 (Late involvement)	Company 8 (Late involvement)	Company 9 (Late involvement)	Company 10 (Late involvement)
Human interaction Capability	Knowledge of organic fabric and fibre production and market experience in employee minds Team level approach to deal with customers High level technical training and continuous development	Long term experience of textile production Structured production processes and employee training followed lack of foreign language and international business experience.	Combined knowledge in knitting and its applications for machinery use Being able to do technical translation for product department and analysing market conditions and customer expectations Developed foreign language ability and more opportunities for employees to involve projects with customers	Long term experience of manufacturing and materials Trained employees in Chemicals and different material processes Being able to demonstrate new product ranges Team work is applied in customer relations
Technical Capability	High level investment in R&D, machinery and employees for organic fabric. Relying on employees and technology equally Being able to offer new product ranges	Developed production methods and applications Limited innovation and production integration Need competitive customer requirements related technological knowledge	Flexible production techniques Ability for innovation activity in the company and offering cost efficient products to customers	Effective communication technology use Developed Chemical laboratory and equipment use by specialist staff Technical translation for production department for customer orders
Managerial Capability	Key customer management focus Individualistic approach for investment decisions but team approach in customer relationships Low level dependency on customers for strategic direction of company	Efficiency in implementation of customer standards and flexibility Dominant decision maker for short term decisions Evident weakness of customer relationship management and lack of ability of direct relations Owner dominancy within the company	Hierarchical management style in company Proactive approach in customer relations in order to avoid market uncertainties	Integrated inter departmental employee management and trainings Limited involvement in strategic decisions in customer relationships no hierarchical structured in the company effective up down employee relations
Cultural Capability	Clear understanding of customer expectations and values	Inside house focus and beliefs and norms were dominant in the company rather than customer	Being able offer exclusive services for customer privacy high level of understanding	Institutional presence in the company limited the understanding

	Demonstrating honesty and commitment and expressing interest in innovation in customer relationships	values developed cross cultural issues in customer relations	Need to consider customer expectations and developed ethical consideration in the company	of customer values and expectations being unable to offer sufficient amount of privacy in customer relationship need quick improvement.
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Appendix 2 Interviewees List

Company	Export Supply Chain Position	Product Type	Key Informants
Company 1	Manufacturer/Finished Goods	Knitting	1. Export Manager 2. Production Manager
Company 2	Manufacturer/Finished Goods	Ready Wear	3. Export Finance Manager 4. Production Manager
Company 3	Manufacturer/Finished Goods	Ready Wear	5. Account Manager 6. Owner/Director of Production
Company 4	Manufacturer Finished Goods	Ready Wear	7. Owner/Director of Export Sales 8. Purchasing Manager
Company 5	Manufacturer of Finished Goods	Ready Wear	9. Owner/Director of Purchasing 10. Export Sales Manager
Company 6	Manufacturer/Finished Goods	Ready Wear	11. Owner/Director of Production 12. Export Marketing Manager
Company 7	Manufacturer/Semi-Finished Goods	Fabric	13. Export Marketing Manager 14. Production Manager

Company 8	Manufacturer/Semi-Finished Goods	Fabric	15. Owner/Director 16. Export Manager
Company 9	Manufacturer Finished Goods	Ready Wear	17. Owner Director of Production 18. Export Sales/Marketing Manager
Company 10	Manufacturer/Semi-Finished Goods	Zip	19. Owner/Director of Export 20. Production Manager

Appendix 3 Interaction Capability Framework of (Johnsen and Ford, 2006)



