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**Cooperation with competitors and internationalization: Evidence from the West coast of  
Finland**

**Cooperation with competitors and internationalization: Evidence from the West coast of  
Finland**

Vladimir Vanyushyn, Maria Holmlund\*, Sören Kock

**ABSTRACT.** Firms' cooperation with customers and suppliers has received a great deal of attention while business relationships with competitors have not been recognized in internationalization studies. This study focuses on SMEs and cooperation in business network by comparing firms that are engaged in cooperative arrangements with firms that are not on how they rate export motivations, evaluate the relative importance of various cooperation objectives, and examines the potential relationship between export motives and cooperation objectives. Findings from a survey of Finnish SMEs suggest that firms regard cooperation with competitors as a noteworthy internationalization motive. The structure of various cooperation goals is examined and then related to the export motives.

**KEYWORDS.** Cooperation, co-opetition, internationalization, SME, Finland

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## **Executive Summary**

The idea that competitors can sometimes cooperate and probably benefit from such cooperation entered the world of academia in the mid-90s. This simultaneous process of cooperation and competition acquired the name of 'coopetition'. However, little is known about this phenomenon. What motivates firms to cooperate with their competitors? Is there a pattern or hierarchy among the motives? How does cooperation with competitors contribute to the international operations? These are the key questions that a study by Vanyushyn, Holmlund, and Kock seeks to answer.

The authors depart from the motivational factors framework. This framework seeks to identify a range of motives or objectives that can contribute to a firm's decision to go abroad or to collaborate with a competitor. After reviewing literature on the internationalization of SMEs, previous research results on the role of networks and cooperative arrangements, and case studies the authors formulated 16 motives that can influence export and 16 objectives for possible cooperation with competitors.

The data for this study were collected via a mailed questionnaire. We received answers from 143 CEOs of small and medium-sized SMEs in the Vaasa Province, located on the west coast of central Finland, a region with a strong entrepreneurial tradition. All of the firms have had sales abroad. Fifty five firms, or over 38 percent, reported to have actively cooperated with competitors; 88, or over 60 percent, did not have any such relationships with their competitors. These two groups of firms were not different in general characteristics such as age, size, and sales.

All responding firms agreed that the most influential motives in their export were, in order of decreasing importance: the management's interest, small domestic market, inquires from buyers, and idle production capacity. Cooperating firms, however, assigned higher ratings to technical advantages, demands from a partner, inquiries from buyers, and cooperation itself. The top four objectives for getting involved in cooperation with competitors were finding new customers, decreasing marketing costs, increasing productivity, and obtaining new knowledge.

The results of the study also suggest the presence of some strong relationships between cooperation objectives and export motives. Such a finding reflects the idea that an internationalization process requires three conditions: the capability to go abroad, the motive to go abroad, and the awareness of a particular market opportunity. Valuable inputs to these conditions can come from the as yet not well understood phenomenon of a firm's cooperating with its competitors.

## **INTRODUCTION**

The phenomenon and especially the process of internationalization have attracted extensive attention from the research community over the years, yielding a wide range of models and approaches that account for various aspects of firms' international operations. Based on the number of reported conceptual and empirical studies it can be concluded that a great deal is known about the process of companies becoming international. It is apparent that reported studies have predominantly investigated individual firms, meaning that these have been considered to act as autonomous stand-alone entities. On the other hand, the fact that most companies operate in a context and are strongly linked to other companies has received considerably less attention. Companies deliberately and forcibly operate in a network setting which is intrinsic to how they internationalize. This justifies attention to different network effects (e.g. Holmlund and Kock, 1998) as well as the impact of co-operative arrangement when doing business in foreign markets (e.g., Coviello and McAuley, 1999; Babakus et al, 2006). Findings from resultant studies shed light on many structural and dynamics aspects related to for example how companies develop positions in foreign networks while interacting with and benefiting from relationships with mainly customers, suppliers and distributors and, to some extent, authorities and third parties.

What has merely to a marginal extent been recognized and examined in these international network studies is to what extent companies deal with and benefit from horizontal collaboration, that is, from cooperation with competitors, often referred to as cooptation [1]. As Padula and Dagnino (2007: 48) observe: "Whereas various strategic management studies have already recognized the importance of cooptation [...], most of these contributions have not gone beyond naming, claiming, or even evoking it". Causes for this may be that these relationships are more difficult to get empirical access to, are

considered as illegal, harmful or rare, and that network studies on internationalization do not distinguish between relationships with different company types.

That companies may have relationships with companies that simultaneously are competitors is a fairly recent notion. As some scholars (e.g. Bernal et al, 2002; Chetty and Wilson, 2003; Luo, 2004) have earlier affirmed, even though horizontal collaboration in internationalization may be quite common and ‘competitors may be the best source of complementary resources or up-to-date information in rapidly changing business environment’ (Chetty and Wilson, 2003: 66), it is clear that such collaboration has not yet attracted wide and systematic attention. Chen (2008: 290) in a recent articles adds that: ‘It is my belief that ample research opportunities exist if one adopts a more expansive framework—namely, a both/and (in addition to an either/or) perspective—built on the premise that two opposites may in fact may be interrelated or interdependent and that together they may form a new theoretical construct or phenomenon’. Another aspect is what Forsgren and Johanson (1992) highlight: competitors in the domestic market cooperate in foreign markets and become suppliers and customers to each other. Factors influencing cooperation between competitors could be many such as intra-national relationships, narrowness of the home market, and common goals in foreign markets. In some countries it seems to be quite natural that competitors cooperate such as Japan, Holland, and Switzerland. There are some, albeit very few studies (Johnsen and Johnsen, 1999; Chetty and Blankenburg Holm, 2000; Bernal et al, 2002), on the extent and role of cooperating with competitors for internationalizing. This indicates a research gap and a need for more studies.

The current study focuses on small and mid-sized enterprises (SME). That the cooperation-exporting link, including cooperation with competitors, has previously gained comparatively limited attention in this setting seems remarkable for many reasons. First, while cooperation in the case of large corporations often occurs through formal joint venture

contracts or alliances' legal forms (Dussauge and Garrette, 1999), for small firms networking is frequently cited as a major way to operate and grow. Networking would most likely also involve cooperating with companies that can be considered to be competitors. Simultaneously SMEs are getting increasingly involved in international activities (Coviello and Munro, 1995; Babakus et al, 2005). These two observations combined indicate that the cooperation-export link inherently presents a vast number of areas in need of more understanding and research. Second, studies have found that exporting benefits from international experiential knowledge and that experiential learning is superior when the socialization context is individual and formal and the socialization content is sequential and fixed (Oviatt and McDougall, 1994; Michailova and Wilson, 2008). These conditions are characteristic of SME cooperative arrangements and therefore of interest to explore further. Third, co-operation between competitors is of interest to authorities because they devote attention and grant funding to for example different export circles and currently need more tools to support and manage them (Nummela and Pukkinen, 2006).

The purpose of this study is threefold: (1) to evaluate the influence of cooperation on the exporting decisions and to examine how different export motives can be used as predictors of the engagement into cooperation; (2) to formulate and evaluate the relative importance of various cooperation objectives; and (3) to examine the relationship between export motives and cooperation objectives.

SMEs are international players particularly in countries that have fairly limited domestic market size, lengthy international trading history, technologically oriented products, reasonable domestic competition, organized company financial support systems, companies with willingness and ability to expand internationally, and low barriers for transcending country borders. This study is about one of the Nordic countries, Finland, and the

internationalization pattern of SMEs in a particular region which is known for its strong entrepreneurial tradition and long international trading history.

The remainder of the paper is structured as follows. First, we review previous studies that deal with the business relationships in internationalization and cooperation and competition in business relationships. Then we describe the method and findings from the survey. Finally, conclusions together with implications and further research ideas are discussed.

### ***THE SIGNIFICANCE OF BUSINESS NETWORKS IN INTERNATIONALIZATION***

It is by no means a new notion that networks are a crucial, even the most crucial, factor for small companies and entrepreneurs in developing their business. Cooperative relationships are formed for many reasons: for example, as a result of access to information, resources, markets and technologies (Gulati et al, 2000), but also competitive intensity itself (BarNir and Smith, 2002) as well as to protect market positions (Dyer and Singh, 1998). When it comes to internationalization, the surrounding network has been found to have many different functions for a company embedded in it. It can be a driving force as when firms, for example, follow customers abroad or provide structures to overcome resource deficiencies which for a small-sized company may be particularly significant. Furthermore, collecting, evaluating and processing information and market knowledge relevant for internationalization (e.g. Andersen, 2006; Coviello and Munro, 1997) and exposure to new opportunities occur through the network. Many networks effects take place at company level whereas others, for example the role and impact of social contacts (e.g. Holmlund and Kock, 1998; Forsgren, 2002), appear at an individual level. Other effects have been found to be direct such as increased profit and volume or indirect referring to expanded business opportunity, innovation, market access, and market knowledge (Walter et al, 2001). These effects are the

reasons for companies entering different forms of co-operation with other companies in the surrounding network, including competitors.

Studies focusing on why companies form alliances but not specifically with competitors from the same country as the current study (Palmgren and Pajarinen, 2005) have reported that the main reasons for entering into cooperation with other companies are as follows: sharing costs and risks, shortening innovation times, pooling complementary resources, and influencing markets and position. These are in line with findings from other countries. For alliance and competitor co-operation alike the complementary assets (Teece, 1986) can be considered the most relevant factor, i.e. external assets which nonetheless are important for the commercialization and need to be combined with in-house capabilities.

### ***Cooperation and competition in business relationships***

Some initial research has been conducted on relationships between competitors in horizontal settings. For an extensive recent review of co-competition studies see Chen (2008). Studies by Easton and Araujo (1992) within the IMP [2] framework and Bengtsson and Kock (1999; 2000) combining traditional literature on competition with the IMP tradition found that competitors interact with each other, both in cooperation and competition, in multifaceted ways. Bengtsson and Kock (1999) suggest four different types of relationships between competitors depending on how firms interact with each other: competition, coexistence, cooperation, and co-opetition. In an internationalization setting these could be used to imply for example different starting points, scope of co-operation, and degree of mutual goals and conflicting interests. Relevant for the current study as a book on co-opetition in international settings but for large-sized multinationals, chapters in Luo's book (2004) focus on co-opetition on a larger scale, MNE units and their global stakeholders such as global competitors, foreign governments, corporate members, alliance partners, and foreign

suppliers. With a resource-based view, Gnyalwali and Madhavan (2001) suggest that cooperative relationships consist of three flows: asset, information, and status. They use these to develop a framework to be tested on how different structural factors affect action and response in a cooperative business relationship. Morris, Kocak, and Özer (2005) in a small-sized company setting find that mutual benefit, trust, and commitment are key aspects of cooperative relationships. Dussauge and Garrette (1999) study the outcomes and duration of strategic alliances among competing firms and find that cooperative relationships change over time as the complementarity shifts over time and as the partners acquire capabilities from one another.

Granovetter (1973) found that strong ties exist in cliques whereas weak ties bridge cliques, and therefore weak ties are often the drivers for macro-sociological phenomena. This would have direct implications for relationships between competitors combining different business nets. Co-operating with competitors should arguably strengthen each partner's business. While these relationships offer a great deal of opportunity they may simultaneously be inherently tense and thus sensitive to change, more so than customer relationships. Managing them by mastering simultaneous competition and co-operation is therefore most central but complicated. Key issues would concern, for example, what information is to be shared, what are joint priorities, how joint and the firm's own goals are balanced, and how resources and costs are shared. Social relationships between individuals have been found to be of the utmost significance, and so have being open, building trust, and showing commitment. Smaller companies should have not only the incentives but also the prerequisites for this as they are less constrained by formal policies. Nalebuff and Brandenburg (1996) point out that competition requires a strong role for the territorial institutions in fostering network/firms' capabilities. This also concerns operations in international markets.

***SME network internationalization explicitly including competitors***

Chen (2008) in his extensive review of coopetition studies report none in an international setting. There are very few internationalization studies, most of which are qualitative case studies (Johnsen and Johnsen, 1999; Chetty and Blankenburg Holm, 2000; Bernal et al, 2002) that explicitly include competitors when focusing on SME network cooperation. Table 1 summarizes the aim, empirical setting, and the main findings of these studies.

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Table 1 about here  
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It can first of all be noted that no purely conceptual studies are found aiming at theory development as such. Instead, nearly all studies rely on a single case study illuminated with empirical data from interviews with key persons, and observation to some extent combined with secondary data. The studies' approach is typically explorative, and the data are allowed to generate key themes and findings in the analysis and, subsequently, conclusions and implications. There is no clear cross-referencing and they overlap in focus which is to reveal the dynamics in a business network increasing its international operations. It may be difficult to distinguish between network effects from different types of relationships as those with competitors are not treated separately. The findings concern formed local networks or networks in a particular industry. In these settings the aim is often to pool resources, exchange information, and provide various areas of support. Moreover, the networks tend to be established and led by a company or authority in order to improve competitiveness on a network level or support local entrepreneurial activities. The focus is clearly related to the research approach - to select and explore a single case and develop in-depth understanding of it. Nonetheless, the findings from the earlier research suggest and list the kinds of benefits that the companies receive from the collaboration and the reasons for these benefits.

### ***The motivational factors framework***

One of these approaches that recurrently emerges in the literature on exporting and firm internationalization is what can be called a motivational factors framework, originally devised by Czinkota and his colleagues (Czinkota, 1982; Czinkota and Tesar, 1982; Ursic and Czinkota, 1984) and later revised and augmented (Pope, 2002; Holmlund et al, 2007). This approach seeks to identify a range of motives that can contribute to a firm's decision to export. A variety of different categorizations has been proposed based on for example whether export incentives attract companies to go abroad or push them to do so, i.e. push and pull or proactive and reactive factors (Bilkey 1978; Hollensen, 1999), and whether the factors are internal or external to the firm (e.g. Katsikeas and Piercy, 1993). Stewart and McAuley (1999) suggest that export triggering factors are first categorized as internal or external, and then separated into proactive and reactive. In general, the export motives range from profit maximization to the relative contribution of such factors as the management interest, inquiries from buyers, tax benefits, or idle production capacity. Stimuli are considered significant, both company internal such as excess capacity and external such as foreign enquiries, but not in themselves sufficient conditions for exporting. Instead studies have reported that it is the company's assessment of risks, costs, and profit which is most likely to create a distinction between exporters and non-exporters.

Despite the large number of motives studies in the field of international business, there are none that have explicitly applied the same approach to studying cooperation. This is rather surprising, given that the intrinsic export motives logic can be applied to studying cooperative arrangements: one would assume that firms that engage in cooperative relationships pursue certain objectives, of which the most overarching ones would be for instance market learning and long-term profit. This objective would then branch into more specific goals, such as

obtaining new technology, reducing costs, sharing risks or gaining access to a new market. Moreover, given that cooperating has been acknowledged as an important issue in a small firm's international involvement, it would be of interest to evaluate the contribution of cooperation and competition to internationalization.

### ***METHOD***

The data for this study were collected via a mailed questionnaire. The questionnaire was sent to SMEs in the Vaasa Province on the west coast of central Finland, a region with a strong entrepreneurial tradition. All firms in the region fell within the limits of small and medium-sized firms based on the European Community standard. In order to reach the firms we used the local export association's database to which nearly all small- and medium-sized exporting firms in the region belonged, and we received 576 firms' contact information. Thus, our sample virtually corresponds to the total population of target firms in the region.

The items in the questionnaire were based on the literature on the internationalization of SMEs and previous research results on the role of networks and cooperative arrangements [3]. The questionnaire contained two major components. The first one sought information on what motivational factors, including those related to cooperation, had influenced a firm's exports. The respondents were asked 'to what extent has exporting been affected by the following?' and then provided with a list of 16 factors presented in the first column of Table 2. The typical list (see Pope, 2002 for a review) of export motives was expanded to include cooperation-related ones: 'cooperation with competitors/business colleagues'. The scale used for assessing the factors influencing export ranged from 0 to 5, where 0 reflected no effect and 5 very strong effect [4]. The second component evaluated the importance of cooperation objectives. The question was phrased as 'How important are the following goals when cooperating with competitors?' followed by 16 goals presented in the first column of the

Table 4. Questions were supplemented with the ‘others’ and ‘not relevant for us’ categories in case the options did not match the firm’s situation.

The questionnaire was pre-tested in order to clarify the wording and order of the questions. The questionnaires were mailed to a test group of respondents. Prior to the mail out the respondents were informed by telephone about the test and whether they were able to accept or decline the task. As a result of the test, the questionnaire was slightly modified and two questions were clarified. After this the final version of the questionnaire was sent out, together with a cover letter and a pre-paid return envelope. The respondents were the firms’ contact persons with the export association, a CEO, or a person in charge of internationalization. In order to correspond to respondents’ language in this bilingual region, the questionnaire and the cover letter were in both Finnish and Swedish. One week later a follow-up letter with a second questionnaire and a pre-paid return envelope was sent out to the firms. In total 143 respondents returned correctly and completely filled out questionnaires (out of 576), which corresponds to a response rate of 24.8 percent. Such a response rate can be considered satisfactory compared to the response rates achieved in comparable studies: 23 percent in Karagozoglu and Lindell (1998), 20.5 percent in Fletcher (2001), and 24 percent in Pope (2002).

To assess the potential non-response bias, we compared the profile of the responding firms with the general profile of SMEs in Finland. The size, industry affiliation, turnover, and age distribution of the responding firms roughly correspond to the internationalized small and medium sized firm sector in Finland in general (Korhonen, 1999).

## ***RESULTS***

First, we examined the export motives for the entire sample of firms. The second column of Table 2 reports the overall mean, in the descending order, for each motive for all

responding firms. While the cooperation motive with a mean of 1.61 is not on the top of the list, we can conclude that cooperation with competitors is a motive to be reckoned with.

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Table 2 about here  
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Then, the sample was divided into two groups: cooperators, firms involved in cooperative arrangements, and non-cooperators, firms that are not involved in any such arrangements. A comparison of the firms' characteristics in Table 2 suggests that the two groups of firms were not different in terms of age, size, turnover, or international involvement measured as export expressed as percentage of sales and import expressed as percentage of sourcing.

There were surprisingly few differences between cooperators and non-cooperators in their evaluation of the exporting motives. Statistically significant differences were present, rather predictably, in their evaluation of cooperation factors. Technical advantages, demands from a partner, inquiries from buyers, and tax issues were also significant - firms engaged in cooperative arrangements rated these factors higher than non-cooperators. There is no apparent imbalance of proactive and reactive factors evident, though reactive factors seem to be of more importance to cooperators. Table 3 reports the results of canonical discriminant analysis and reinforces the conclusions reached above. Given that the size of the standardized coefficient shows the discriminating power of a variable, we can conclude that the ranking of the distinguishing motives between cooperators and non-cooperators is as presented in Table 3.

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Table 3 about here  
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Table 4 reports the means, standard deviations, and correlations of cooperation objectives. The variables are presented in the order of descending perceived importance: the

most important goal for cooperation is finding new customers; the second is decreasing marketing costs and so on and so forth. The correlation matrix presented in the same table suggests the presence of a deeper structure among the goals, such as expansion, knowledge, optimization and cost reduction. However, the small sample size – 55 firms – precludes the formal application of factor analysis.

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Table 4 about here  
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Finally, an examination of the correlations between export motives and cooperation objectives shows a large number of high and significant relationships. The export motive ‘profitability possibilities’ is positively correlated with 10 out of 16 cooperation objectives, ‘economies of scale’ with 7, ‘idle production capacity’ with 8. On the other hand, cooperation objective ‘decreased R&D costs’ is correlated with 7 export motives; ‘increased income’ and ‘gain larger market share’, and ‘launch new products’ with 5 each. Table 5 reports an abridged version of the full correlation matrix. Again, while the sample of 55 firms does not allow for testing various measurement or structural models, the patterns present in the data suggest that such models can be gainfully applied.

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Table 5 about here  
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### ***DISCUSSION AND IMPLICATIONS***

The notion of simultaneous cooperation and competition in business relationships is new and needs more understanding. The current study sheds light on the topic in a SME internationalization setting. Besides contributing with empirical insights into the role of cooperation with competitors, which to date is an under-researched area (e.g., Padula and

Dagnino 2007), the study also sheds light on SME internationalization from a network perspective.

To the best of the authors' knowledge, this study is the first attempt to quantitatively examine the phenomenon of cooperation with competitors, sometimes referred to as cooptation (Bengtsson and Kock, 1999), and to link this phenomenon to export behavior. A well-established motivational factors framework (Pope, 2002) was used to examine firms' export behavior; the underlying logic of the framework was then applied to the existing qualitative case studies examining cooperative arrangements with competitors (Bernal et al, 2002; Chetty and Wilson, 2003) and allowed us to generate a list of cooperation objectives.

The results from our sample suggest that over 38 percent of all firms engaged in export activities reported that they actively cooperated with competitors. While not being dissimilar from non-cooperators in general characteristics, such as age and sales, the cooperators turned out to be different in the structure of the export motives. Statistically significant differences exist in how these firms evaluate inquiries from buyers, possession of technical advantages, demands from partners, and dealing with taxes.

The top four objectives for getting involved in cooperation with competitors were finding new customers, decreasing marketing costs, increasing productivity, and obtaining new knowledge. A further examination of the correlations among 16 goals suggests the presence of a deeper goal structure that includes expansion, knowledge, and optimization. While we were not able to fully explore this possibility because of the relatively small number of cooperators in the sample, future research can proceed in this direction with the purpose of identifying the factor structure within the multitude of the cooperation objectives.

Our data also suggest the presence of some strong relationships between cooperation objectives and export motives. Such a finding reflects Reid's (1983) suggestion that the

internationalization process cannot start until three necessary conditions prevail: the capability to go abroad, the motive to go abroad, and the awareness of a particular market opportunity. As company cooperation with other companies including competitors will impact all of these conditions, paying attention to it will increase knowledge about the internationalization process.

More insights are needed on these issues because of the limited number of previous studies and because such findings will in turn inspire new studies. Knowing more about these issues will contribute to knowledge of how and why companies decide to export which not only is a key internationalization research area but also considered to be the most crucial for a firm' success (Ellis, 2000). Implications relate to revealing how competitors can support SMEs' internationalization and suggesting key areas for authorities to stimulate entrepreneurship and international activities.

Cooperation between competitors in order to strengthen competitiveness on the international arena can occur in many different ways. Easton (1990) distinguishes between formal and informal co-operation between competitors. The former is overt, planned, managed or capable of being so, while the latter is individual, random, and unplanned. The cooperation can in other words be based on serendipity or be a conscious goal for some or all involved companies. It can furthermore occur between two competing companies or in a network where companies, including competitors, participate. It could additionally be free from outside intervention by authorities but it can also be initiated and supported by them. The network can in addition operate with a company coordinating it from the inside, but most often it would operate without a 'spider' with a controlling position. All situations have their pros and cons for the companies and are based on more or less voluntary acting and separate from alliances typically formal and based on contracts. (Nummela and Pukkinen, 2006) Parallel striving, a notion put forward by Easton and Araujo (1992) can be used to explain

what cooperating competitors do: striving side by side in different tracks but towards their own goals.

This study has a number of limitations that need to be addressed. While within the EU there are many regions that resemble the one discussed in the study, our findings might be country- or even region-specific. The ad hoc nature and a relatively small sample size undoubtedly narrowed the scope and limited the range of analytical tools that can be applied. Future research might thus focus on different regions and countries, consider different cooperation modes and export motives, and possibly apply a longitudinal design. Insights gained from the qualitative investigations would also advance the understanding of the area further.

The bulk of our effort was directed at identifying and integrating the cooperation and internationalization of SMEs. Disentangling and isolating a particular set of relationships, especially in the context of an international firm, can prove to be a challenging task. In this paper, this task was accomplished via the motivational factors framework, which is applicable to both the phenomena of transcending national boundaries and cooperating with competitors. Undoubtedly, other approaches are viable and will result in further insights. This study examined the inter-organizational level. Further studies can examine individual, intra-organizational, and even wider network levels.

#### NOTES:

[1] Cooperation with competitors is sometimes described in the literature by the term cooperation, which implies simultaneous competition and cooperation. In this paper, we use the more conservative expression “cooperation with competitors”.

[2] Industrial Marketing and Purchasing Group, <http://www.impgroup.org>.

[3] Questions and motives reported in the tables and text are exactly as they appear in the questionnaire.

[4] Unlike the 6-point 'strongly disagree-strongly agree' scale that has a meaningful midpoint (a point below which a respondent disagrees with a statement), the scale used in this study does not provide a meaningful interpretation to a midpoint

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Table 1. Studies on SME network internationalization explicitly including competitors

Study	Aim and empirical setting	Main findings
Johnsen and Johnsen (1999)	Examines why SMEs may consider networks as a means to developing international markets. One empirical case study of a formed network in the knitwear industry.	Competitors are means for informally exchanging access to and information on potential opportunities, foreign markets and customers as well as specific export orders. Competitor cooperation is a catalyst for becoming export interested but seen as a necessary evil.
Chetty and Blankenburg Holm (2000)	Provides insight into the dynamics of how firms internationalize in a small open economy where government export promotion programs encourage collaboration. Four cases in longitudinal SME case study conducted in 1992 and 1995.	Networks including competitors can help firms expose themselves to new opportunities, obtain knowledge, learn from experiences, and benefit from the synergistic effect of pooled resources.
Sadler and Chetty (2000)	Shows how firms use network relationships to overcome barriers to exporting and also to identify export opportunities. Survey of exporting (not all SME) companies.	Business relationships have an influence on both a firm's decision to select certain foreign markets, and markets not formerly considered as export destinations. Several relationships, notably those with competitors, have an influence on a firm initiating export activities.
Chetty and Wilson (2003)	Explores with a resource-based view the role of network relationships in SMEs internationalization. First a multi-industry survey and then a case study of one company's internationalization process.	The willingness to access external resources, especially from horizontal or competitor-based networks, may be a defining aspect of the international firm. For international firms, horizontal networks represent the principal source of external physical, organization, technical and reputation resources while, for domestic firms, the more critical network for these resources was socially/vertically related to the firm.
Bernal et al (2002)	Explores how a network comprising competitors operates with a focus on the relevance of relationship and network theory to the behavior in business networks. One empirical case study of freight forwarders.	Through the network, companies gain access to international contacts and information, overcome resource limitations, provide opportunities for developing and maintaining business connections as well as opportunities to exchange information on products, markets, development opportunities and competition. Competitive advantages such as flexibility, cost savings, greater coverage, and improved business confidence. Sense of trust important.

Table 2. Means and results of t-tests on the export motives of cooperators and non-cooperators<sup>a</sup>

	All firms (n=143)	Cooperators (n=55)	Non-cooperators (n=88)	Mean difference	P
<b>Export motives</b>					
The management's interest	3.77	3.70	3.81	-.11	.55
Small domestic market	3.66	3.46	3.79	-.34	.12
Inquiries from buyers**	3.07	3.49	2.81	.68	.01
Idle production capacity	2.90	3.07	2.80	.28	.28
Profitability possibilities	2.82	2.95	2.74	.20	.41
Following an important buyer	2.59	2.75	2.48	.27	.34
Unique products	2.56	2.75	2.43	.32	.27
Following competitors	2.26	2.35	2.21	.14	.59
Demands from a partner**	1.78	2.15	1.55	.60	.04
Technical advantages**	1.66	2.00	1.44	.56	.05
Cooperation with competitors/ business colleagues**	1.61	2.49	1.06	1.43	.00
Economies of scale	1.60	1.84	1.45	.39	.18
Support from regional association or equivalent	1.53	1.74	1.39	.35	.15
Closeness to buyers or/and harbours	1.34	1.38	1.31	.07	.79
Cooperation with suppliers**	1.30	2.00	.86	1.14	.00
Tax issues*	.99	1.27	.82	.45	.06
<b>Characteristics of firms</b>					
Foundation year	1969	1971	1968	3	.46
Firm size (# of employees)	47.4	41.20	50.75	-9.55	.45
Turnover	42.81	36.12	46.33	-10.21	.47
Export as a % of sales <sup>b</sup>	36.30	33.72	37.64	-3.92	.42
Import as a % of sourcing <sup>b</sup>	13.92	8.57	16.69	-8.12	.20

\* Difference is significant at the 0.1 level (2-tailed).

\*\* Difference is significant at the 0.05 level (2-tailed).

<sup>a</sup> To what extent has exporting been affected by the following? Mean responses on a six-point scale 0 = no effect to 5 = very strong effect

<sup>b</sup> Mann-Whitney U test

Table 3. Results of Canonical Discriminant Analysis: Cooperators vs. Non-cooperators

Standardized Canonical Discriminant Function Coefficients	
Cooperation with competitors/ business colleagues	.828
Tax issues	.393
Inquiries from buyers	.302
Technical advantages	.210

Wilks'  $\Lambda = .753$ ;  $\chi^2 = 38.090$ ;  $df = 4$ ;  $Sig. = .00$ . 72.5% of original grouped cases correctly classified; an improvement over proportional chance criterion  $C_{pro} = 52\%$ .

Table 4. Means, S.D., and Correlations of Cooperation Objectives<sup>a</sup>

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Find new customers	3.67	1.16	1														
2 Decrease marketing costs	3.52	1.27	.32*	1													
3 Increase productivity	3.47	1.06	.57*	.24	1												
4 Obtain new knowledge	3.41	1.15	.07	.22	.26*	1											
5 Increased Income	3.37	1.37	.54*	.15	.44*	.06	1										
6 Gain larger market share	3.25	1.35	.51*	.35*	.28*	.13	.49*	1									
7 Use resources better	3.24	1.38	.21	.39*	.54*	.38*	.21	.17	1								
8 Find new markets	3.20	1.23	.41*	.31*	.23	.00	.24	.46*	.07	1							
9 Decrease general costs	3.00	1.35	.30*	.34*	.41*	.25	.37*	.22	.54*	.00	1						
10 Strengthen firm's image	2.97	1.26	.34*	.44*	.22	.39*	.31*	.25*	.38*	.19	.28*	1					
11 Adapt new technology	2.90	1.13	.22	.33*	.14	.52*	.16	.08	.36*	.03	.45*	.44*	1				
12 Decrease R&D costs	2.90	1.35	.43*	.43*	.46*	.39*	.52*	.43*	.53*	.29*	.64*	.46*	.46*	1			
13 Launch new products	2.80	1.47	.54*	.47*	.42*	.34*	.37*	.55*	.34*	.36*	.47*	.47*	.28*	.63*	1		
14 Project/system sales	2.55	1.58	.12	.23	.22	.16	.12	.03	.35*	.02	.37*	.39*	.32*	.31*	.20	1	
15 Coordinate procurement	2.16	1.35	.10	.44*	.17	.39*	.07	.15	.44*	.27*	.57*	.27*	.46*	.50*	.37*	.29*	1
16 Combat competition	2.05	1.33	.06	.42*	.15	.28*	.09	.15	.42*	.05	.18	.21	.16	.19	.16	.40*	.19

\* Correlation is significant at the 0.05 level (2-tailed).

<sup>a</sup> How important are the following goals when cooperating with competitors? Mean responses on a six-point scale 0 = not important to 5 = very important

Table 5. Correlations between Cooperation Objectives and Export motives

Export motive \ Cooperation objective	Increase income	Decrease R&D costs	Launch new products	Find new customers	Decrease marketing costs
Idle production capacity	.353**	.425**	.230*	.233*	.284*
Profitability possibilities	.278*	.375**	.314*	.197	.280*
Small domestic market	.418**	.260*	.179	.427**	.173
Cooperation with competitors/ business colleagues	.385**	.355**	.137	.233*	.187
Support from regional association or equivalent	.124	.361**	.227*	.041	.127

Note: An abridged version of the correlation matrix is reported. A full matrix is available from the authors

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).