

# Organizing for success: Finnish export partner groups in focus

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## Abstract:

*Studies of Finnish export partner groups have revealed that a fundamental problem exists concerning the limping cooperation between the small- and medium-sized enterprises (SMEs) in the groups. Cooperation is strongly connected to the organization and coordination of the groups. Different organizational forms imply that the export manager's role likewise differs. This paper examines the organization of export partner groups and the role of the export manager in relation to the organizational form and how this can enhance cooperation between the participating SMEs. Individuals who have worked as export managers were interviewed. In export partner groups, organization depends primarily on the companies' technology, the compatibility between their products and services, and the goals of the groups. Different organizational forms have different benefits, and the export manager's role concerning sales preparation and coordination, as well as management of other net activities, varies accordingly to the organizational form.*

## Key words:

*Export partner groups, intentional nets, management in nets, SMEs.*

## 1. Introduction

In a fast-changing competitive environment, the fundamental logic of value creation has changed (Normann and Ramírez, 1993). New organizational forms or networks have arisen to cope with the new environmental conditions (Achrol, 1997; Miles and Snow, 1986), for example with the aim to promote internationalization in small- and medium-sized enterprises (SMEs) (Chetty and Blankenburg Holm, 2000; Freeman *et al.*, 2006; Ghauri *et al.*, 2003; Tang, 2009). Governments all over the world have for a long time utilized a wide variety of network programs to encourage export development in SMEs (Freixanet, 2012; Haddoud *et al.*, 2017; McNaughton and Bell, 2001; Welch *et al.*, 1998). The rationale behind this is the belief that stimulating growth through internationalization and improving SMEs' competitiveness will lead to prosperous economic development and higher employment. It has been evidenced that internationalization improves SMEs' competitiveness, productivity and survival (Pattayak and Thangavelu, 2014; Wagner, 2013). Creation of networks is, among other things, the main focus when reading the Finnish Ministry of Employment and the Economy's (2015) strategy for support of export and internationalization of Finnish companies. McNaughton and Bell (2001) conclude that many export-supporting programs have originated and been developed in small open economies with location disadvantages (e.g. New Zealand and Finland). One tool to encourage initiation of exports, growth, and cooperation between SMEs in Finland is the use of export partner groups (Finpro, 2015). The idea behind them is that SMEs should be able to achieve more on foreign markets when acting as a group than on their own, with resources being pooled and costs and risks being shared.

Research on export partner groups, to a limited extent, has previously been carried out both in Finland and internationally. How-

ever, the idea of export partner groups in the form they are established in Finland seems to be not that common globally. McNaughton and Bell (2001) report on similar examples of "hard business networks" (i.e. formally brokered networks) in countries like Denmark, Norway, New Zealand, and Australia. However, in "hard business networks" it is not that unusual that all companies, both large companies and SMEs, from a specific region or from a specific industry are invited to participate. The networks sometimes comprise up to hundreds of companies (see e.g. Jansson and Boye, 2011), and many times they do not focus on initiating exports per se, rather on improving the companies' capabilities and on organizing supporting services (European Commission, 2008). Cooperation in such networks is far less intimate, and of different nature compared to cooperation in Finnish export partner groups, which usually includes four to six SMEs (Finpro, 2015). These other kinds of "hard business networks" are managed by network brokers, but they do not actually function as export managers.

Published studies on export partner groups (i.e. Finnish export partner groups or of equivalent character) are therefore limited. Nevertheless, subjects of interest in existing export partner group research have included the development of internationalization capabilities with the help of external agents (Chetty and Patterson, 2002), the role of economic and noneconomic relations (Welch *et al.*, 1996), the development and structuring process of groups (Wilkinson *et al.*, 1998), and 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 export partner groups (Nummela and Pukkinen, 2004; Virtanen, 2008), with the exception of Tuusjärvi (2003) and Tuusjärvi and Möller (2009), who focused on the multiplicity of norms and expectations in cooperation, and

Nummela and Pukkinen (2006), whose findings indicate that commitment is related to success in export partner groups, particularly in terms of financial objectives and impact on the internationalization process. Evaluative research has also been made by Welch *et al.* (2000) in Australia.

Previous studies shed light upon group development processes and activities in export partner groups. A variety of issues still exist regarding research. Möller and Svahn (2003) argue generally for further research on issues of mobilizing and coordinating groups of autonomous but interdependent actors (see also Chetty and Pattersson, 2002; Pittaway *et al.*, 2004; Ritter *et al.*, 2004). In addition, Johnston *et al.* (2006) argue for increasing the knowledge and nature of business networks for practitioners. According to Nyström (2009), research on networks focuses on the reason and means of establishing business relationships. Little attention is directed toward organizational issues.

Virtanen's (2008) study of three Finnish export partner groups revealed some problems when it came to the focal groups' activities and results. One fundamental problem was partly concerning limping cooperation (see also Chetty and Pattersson, 2002). Without cooperation, the idea of export partner groups is undermined. Without cooperation, the potential to increase exports and market shares is also undermined. In business-to-business networks, cooperation is usually considered as a prolongation of frequent interactions between the actors (Ford and Håkansson, 2006; Håkansson, 1982; Wilkinson, 2006). In export partner groups, on the other hand, the settings for cooperation are intentionally designed through various organizational forms. However, when organizing export partner groups, the degrees of freedom are constrained, since there are strict rules and limitations on company size, group size, goals, activities, etc. to meet the requirements for project financing. In

research on intentionally designed nets, constraints are not considered (e.g. Möller and Rajala, 2007; Möller and Svahn, 2003).

A question, taking constraints into account, is how organization and coordination of the groups can enhance cooperation in order to make use of the potential. In an export partner group, the export manager acts as a hub, coordinating activities and cooperation. The export manager's role is therefore also relevant to focus upon. It is important for managers of different types of networks to be clear-eyed when analyzing their role within each network (Borders *et al.*, 2001), especially in different contexts. Different organizational forms imply that the role of the export manager likewise differs when moving from one organizational form to another. The question concerns whether the role actually differs and how. Previously, organization and the role of the export manager have not been, to a greater extent, the focus of research relating to export partner groups. Previous research has mainly looked upon the organization of export partner groups as a one-dimensional and not a multidimensional phenomenon, that is, organization has been treated as a given context and not as a setting that can be intentionally designed in order to enhance cooperation.

In this study, we examine the organization of export partner groups, the role of the export manager in relation to the organizational form, and how this can enhance cooperation between the participating SMEs. This is of interest explicitly for actors coordinating (including export managers) and financing export partner group projects but also implicitly for SMEs, who naturally hope for beneficial results from their participation.

The paper is structured as follows. In the theoretical part, the ontology of networks and the rationale behind export partner groups are firstly discussed. This is followed by a discussion of the organization of export partner groups. Next, the research method

is introduced and the empirical findings are presented. This is followed by a discussion of the results, conclusions and managerial implications. The paper is finished with a discussion of the limitations of the study and suggestions for further research.

## 2. Theoretical discussion

We argued above in the introduction that management (i.e. organization and coordination) in export partner groups is affecting the potential to enhance cooperation and export promotion. Consequently, this section starts with a discussion on management in networks, focal networks and intentional nets in order to position the concept of export partner groups within the research field.

### 2.1. The ontology of business networks

Within the Industrial Marketing and Purchasing (IMP) group, there is an ongoing discussion about the ontological character of business networks. According to the markets-as-networks perspective, the term *network* entails a borderless, self-organizing system that emerges in a bottoms-up, adaptive manner from direct and indirect local interactions (Ford and Håkansson, 2006; Håkansson and Snehota, 1995; Wilkinson, 2006). The networks consist of interacting actors responding to each other and to the broader context they operate in. Change and dynamics are central issues in network studies (Salmi, 1995; Håkansson *et al.*, 2004). The emerging structure shapes the future development and evolution of the network.

This macro-level perspective emphasizes that the networks cannot be managed or organized 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 preexisting and wider business network (Håkansson, 1982). Many changes in networks occur because of the importance of renewing working methods 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) markets as networks, (2) companies in a network, (3) relationship portfolios, and (4) exchange relationships. This distinction allows the definition of more limited entities of a network, such as focal networks, portfolios (nets), and relationships.

The markets-as-networks perspective provides a theory for understanding management of relationships and individual companies in a network context, as well as for understanding the evolution and management of focal networks and so called intentional nets in the macro network they are embedded in (Möller, 2013). Actors in a network have limited ability to make sense of borderless networks, due to the actors' cognitive capacity and limited resources (Möller, 2013). The term *focal network* refers to the fact that actors are dealing primarily with other actors they are able to perceive and regard as relevant, together forming the focal network (Alajoutsjärvi *et al.*, 1999). Objectives of the focal network perspective are to understand how these networks evolve and how companies try to position themselves and adapt their roles within the networks (Möller, 2013).

Earlier literature tends to consider networks as given contexts, rather than a structure that can be intentionally designed (Lorenzoni and Lipparini, 1999). The development of a network follows an emerging life-cycle path. In other words, cooperation between actors may evolve from previous business relations and frequent personal interactions over a long period (Håkansson, 1982). Cooperation is therefore a natural prolongation of previous activities. *Intentional nets*, on the other hand, are restricted groups of autonomous but interdependent actors, which are intentionally designed and mobilized for specific cooperative purposes, both

strategic and operative in nature. The roles and responsibilities of the actors are jointly agreed upon. In research they have been labelled business nets (Möller and Svahn, 2006; Nyström, 2009), new service development nets (Heikkinen *et al.*, 2007), strategic nets (Möller and Svahn, 2003), and value nets (Möller and Rajala, 2007).

Intentional nets are restricted entities of focal networks. The notion of intentional nets contrasts with to the ontological view of networks as emerging and non-manageable. The organization and management of intentional nets is influenced by the value creation logic of those nets (Möller, 2013). Intentional nets may also involve nonprofit actors, such as governmental organizations. For an export partner group, the description of an intentional net is usable, as it fulfills the definition of restriction and intention.

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 (see also Ritter *et al.*, 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).

## 2.2. Export partner groups as intentional nets

Being an international business, gives companies different problems. The SMEs' limited resources for research, product development, manufacturing, marketing, and export have increased the birth of different types of cooperation constellations to facilitate the partners' internationalization (Chetty and Blankenburg Holm, 2000; Freeman *et al.*,

2006; Ghauri *et al.*, 2003; Tang, 2009). Cooperative relationships are filled with opportunities, which are formed by the partners' adaptations (Brennan and Turnbull, 1999; Brennan *et al.*, 2003; Hagberg-Andersson and Grønhaug, 2009), their investments in the relationships over time (Håkansson and Ford, 2002) and their dynamic capabilities to extend, create, and modify the ways in which they operate (Helfat *et al.*, 2007).

Ebers (2002) discusses the motives for cooperation, for example cost reduction. Another motive can be better access to external resources, markets, technology, larger economies of scale, or the possibility of benefiting from economies of scope (Contractor and Lorange, 1988; Håkansson and Snehota, 1995). For the partners, cooperation 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; Möller & Svahn, 2006).

Despite the potential benefits, cooperation does not always emerge evolutionary. Instead, some level of intent is needed. The establishment of export partner groups, is initiated and facilitated by external actors (e.g. project leaders, export managers, authorities, etc.) and the participating companies together. The Finnish export partner group program was launched in 1993 and some 300 groups have subsequently been established involving about 1000 Finnish SMEs (Finpro, 2015). This program is selected as an example of good practice when it comes to supporting internationalization in SMEs in the EU (European Commission, 2008). Export partner groups are organized as projects and are funded by international, national, regional, and local financiers. The project period lasts for usually one to three years.

A group usually includes four to six SMEs, and is led by a jointly hired export manager. The aim is to initiate exports of the companies' complementary products or ser-

vices to usually one (or a few) named target market(s), in other words to build new sales and marketing channels. To some degree, an antecedent to exports is the willingness to grow (Ruzzier *et al.*, 2006). Therefore, export partner groups also may enable an increase in the companies' market shares. Another aim is to enhance cooperation between the SMEs, for instance in procurement, product development, and production. The activities of a 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.

Empirical evidence suggests that export partner groups have fairly well succeeded in supporting internationalization among Finnish SMEs. According to Nummela and Pukkinen (2004), a clear majority of the companies that has participated in export partner groups regard the impact of the participation as significant. Participation in an export partner group increases both export volume and export regularity. Another positive impact is an increase in internationalization capabilities.

Nummela and Pukkinen (2004) classify export partner group projects into two categories: a supply-based approach and a demand-based approach. A supply-based approach implies that the group formation (e.g. which SMEs participate) is guided by 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 by this demand. According to Nummela and Pukkinen (2004) Finnish export partner groups have usually been supply-based, while examples of demand-based groups are found in, for instance Australia.

Also, Möller and Svahn (2006) classify dif-

ferent types of ideal intentional nets for value creation. These nets are categorized into mature and stable nets, constructed for carrying out current business; local and incremental development nets, focusing on renewal of current business; and emerging nets. Emerging nets have different aims, such as the rapid creation of radically new technologies. They also have different value creation characteristics. A synthesis of Nummela and Pukkinen's (2004) and Möller and Svahn's (2006) classifications is that a plausible aim for supply-based export partner groups is to carry out current business, while demand-based export partner groups may even focus on renewal and eventually on creation of new technology. That is the case in theory. In practice, with the temporary nature of export partner group projects, aiming higher than renewal of current business may be difficult.

### 2.3. Organizing in export partner groups

According to Möller and Rajala (2007), management and organization 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. In loosely coupled arrangements, the need to balance shared objectives against the need to preserve autonomy is relevant (Johnston *et al.*, 2006). The balancing act also involves coordination of cooperation, work, responsibilities, dispersed resources, and roles. A social dimension places emphasis on the need for a trusting culture and a unified net identity. Tuusjärvi and Möller (2009) contend that cooperating companies need to be aware of three sets of interests: 1) self-interests for each partner, 2) the partners' core strategic interests to be safeguarded, and 3) the partners' shared interests, reflecting the unity of the cooperation. 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 export partner group is problematic (Wilkinson *et al.*, 1998). Finpro (2015) recommends that SMEs and their products and internationalization targets should complement and not compete with each other. On the other hand, if SMEs are too far from each other when it comes to products and services, it is difficult to achieve any synergy. Striking the right balance is important. Export partner groups can be described as horizontal cooperation constellations between complementary companies and not between competitors. Strong compatibility is an antecedent to cooperation, which creates better results in an export partner group (see also Nummela and Pukkinen, 2004). With different niches, different products and services, and different customers, in other words, with different points of interest, the need for and the benefit of cooperation are undermined. This also means that the idea of export partner groups is undermined.

Different types of network configurations have a strong impact on choices that companies make to attract and screen the right type of customers (Fjeldstad and Ketels, 2006). Export partner groups can be perceived as value constellations, where the reconfiguration of roles and relationships among the group members mobilizes the creation of value in new forms and by new actors (Fjeldstad and Ketels, 2006; Normann and Ramírez, 1993). Virtanen's (2008) evaluative research of export partner groups in the Finnish context revealed that the groups did not fully reach their potential. Using the terms of Normann and Ramírez (1993), the value constellation and the enabling of the value creation process need further sharpening in export partner groups. One line of thought in Virtanen's (2008) discussion is to focus on organizational issues, specifically in export partner groups set up according to the Finnish model.

Virtanen (2008) suggests alternative forms of organizing export partner groups. A market-oriented organizational form is commonly used in many export partner group projects, with focus on joint target markets. In export partner groups organized according to this form, SMEs are aiming at different customers on the target markets. The problem with this organization is that the companies do not necessarily have to cooperate since they have different customers. The common denominator is the group they belong to, they have employed a joint export manager, and they are aiming at the same market. In the most important activity, which is selling, they are acting alone.

A suggestion for overcoming the problems caused by a lack of compatibility and cooperation is to organize the export partner group according to the customers, that is, a customer-oriented organizational form. In the customer-oriented organizational form, SMEs 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 organizational form takes the idea of the customer-oriented approach a bit further. In such a group, the majority of SMEs functions as suppliers to a main firm, that is, a hub firm. This organization is similar to traditional supplier-buyer networks, with the main characteristics of an export partner group. This form of organization places focus on the opportunity to sell whole systems or projects to the customers.

Not only do the customer- and system-oriented organizational forms place different demands on the compatibility of the companies and their products but they also place different demands on the necessity to cooperate. In a customer-oriented approach, SMEs still do not necessarily need to cooperate, but the situation creates more natural opportunities for cooperation to take place.

By comparison, in a system-oriented export partner group, SMEs are forced to cooperate intensively, and strong compatibility between the companies is a selection criterion for the group.

The suggested organizational forms are probably not ideal for all types of export partner groups. However, other organizational forms may be relevant depending on the goals of the export partner groups, such as learning. Pittaway *et al.* (2004) conclude that their extensive literature review highlights that there is no consensus about the optimal network configuration. The optimal design for a network is contingent on the actions that the network seeks to facilitate. Virtanen's (2008) working model is normative and not more empirically tested. The model sketches up three different forms, but with reality in mind, one can suppose that combinations of forms, ought to be identified.

Virtanen's (2008) model does not discuss the roles of the export managers to a greater extent, especially when it comes to how the roles differ in different organizational forms. This has neither been in focus in other research relating to export partner groups. On a general level, one can conclude that the export manager, in the beginning, is involved in the process of identifying potential SMEs for participation and potential activities for cooperation and to ensure that the "right" types of SMEs have the opportunity to join the group. Then the export manager's function is to call to meetings, provide a neutral forum for discussions and contact, collect and share information, and 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, especially the export manager's capabilities and commitment were judged as essential (see also Tuusjärvi, 2003; Welch *et al.*, 2000).

As concepts, market orientation and cus-

tom orientation are receiving considerable attention in general marketing literature. In this paper, Virtanen's (2008) concepts are therefore renamed, in order to avoid confusion. The denotation of the concepts in general marketing literature are different, and in the discussion below, the organizational forms are respectively named market-focused, customer-focused and system-focused.

The review of the literature presented above indicates that the organization of intentional nets (export partner groups) needs to enable the value creation process, and the activities should be managed accordingly. The review suggests the following tentative framework (Figure 1).

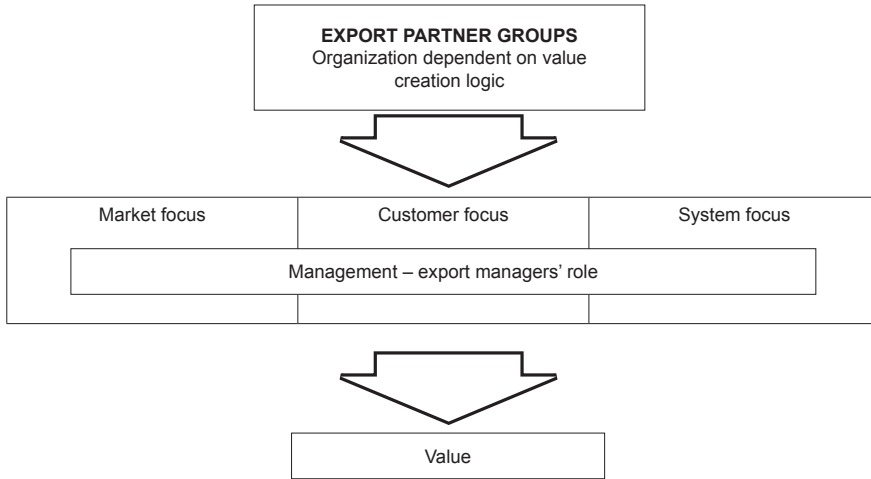
### 3. The study

The purpose of this paper is mainly explorative, which supports the choice of a qualitative research approach (Deshpande, 1983). Qualitative data are rich and holistic, with a strong potential for revealing complexity, nested in a real context (Miles *et al.*, 2013). Maxwell (1996) continues by claiming that qualitative studies are also very useful to identify unanticipated phenomena and influences and to generate empirically grounded theories and models. The most recurrent critique against qualitative studies is the absence of the possibility to generalize the results from them. On the other hand, Gummesson (2000) opines that generalization is not always necessary or even desirable. Nongeneralizable results may be interesting in order to understand specific phenomena in their context. Because of the explorative character of this study, our aim is not to generalize the results in relation to a population. Instead, a generalization of the phenomenon in focus to a theoretical framework is the aim.

In the study, in-depth interviews were conducted with five individuals who have worked as export managers in different export partner groups. The informants were carefully chosen. They had experience acting



Figure 1: A framework for the study



as export managers in nine different export partner groups in total. Moreover, the informants had experience of different group organizational 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.

Interviews can have different levels of structure (Ghauri and Grønhaug, 2010). While a fully structured interview has a rigorous set of predetermined questions, a semi-structured interview is open, allowing new ideas to be brought up during the discussion from the informants' responses. In the study, we used a semi-structured interview. An interview guide was prepared beforehand (see Appendix). The initial themes and open-ended questions were mainly raised to start the discussion, after which probing was used to uncover the opinion of the informants. Focus was put on deep knowledge instead of

shallow generalizations. The flexibility of the interview guide helped us tailor the questions to the context of the export partner groups in focus and to the informants' experiences. Nevertheless, the chosen themes and probing questions were focused so that interview sessions would not be too long.

In the interviews, the export managers' role and their view of the SMEs' role, vis-à-vis the organization of the groups, were further elaborated. The interviews dealt with two main themes. First, they started with a discussion around the success factors in organizing export partner groups and the export managers' and companies' role in contributing to its accomplishment. The second theme in the interviews dealt with moving from one organization to another with a view to the changing conditions, success factors, and roles of the actors. It was apparent that the organizational challenges are distinct in different export partner groups.

A part of the interview was based on a specific technique. In the discussion around the organizational forms suggested by Vir-

tanen (2008), we started with a blank paper. We were interested in the informants' interpretations. No restriction on the interpretation dimension was set in the study. On the paper, we gradually drew a sketch of the three organizational forms and asked the informants to comment as the sketch evolved. This sketch was used as a springboard to discuss the organization of export partner groups, as well as the role of the export managers coordinating them. All in all, the interviews took about one and a half to two hours and were recorded for further analysis.

Our sampling of informants followed the suggestions in qualitative studies. The informants were well informed, which resulted in well-elaborated answers, that is, thick descriptions. Analysis and collection of data ran parallel to each other (Glaser and Strauss, 1967). We ended our sampling when we were of the opinion that one more interview would not significantly contribute to our understanding of the concepts in focus. The fifth interview added only marginal new information. The previously interviewed informants had already mentioned most of the aspects the fifth informant discussed.

We followed the suggestions of Malhotra *et al.* (2012) on how to create a fruitful interview process. We settled a date and time that suited the informants. We explained the importance of our study. Time for the interviews was sufficiently reserved, and none of the interviews were interrupted or speeded up because of lack of time. The interviews took place in the offices of the informants or in other facilities isolated from disturbing elements in the surroundings. The informants had a very positive attitude to being interviewed, and they were highly motivated. Every interview was transcribed as soon as possible after the interview sessions. The interviews were fully transcribed for each informant. In qualitative studies, it is recommended to write memos during the collection of data (Miles *et al.*, 2013). Memos were

written during the interviews and during the transcription. They included intuitive ideas, preliminary thoughts, and assumptions. They were later used to confirm the final interpretations and conclusions.

The interviews were preceded by informal discussions, and they continued in almost every situation after the interviews. The informal discussions dealt with topics like interesting questions around export partner groups and the organization of them. The discussions confirmed the information gathered in the interviews. The informal discussions were also important in order to build up an open interaction and trusting relations between the informants and the interviewers. The interviews and the informal discussion acted also as a catalyst for the informants. A usual feedback from the informants was that the interviews and discussions aroused new thoughts and ideas about the themes dealt with in the study.

The analysis started with reading through all transcriptions in order to get a general grasp of the data. After that, the data were coded into categories of themes. We used content analysis, with our preunderstanding as guidance for initial coding, to summarize the meaning of the organizational forms of export partner groups and the changing roles of the export managers (Tesch, 1990). Coding was done mainly in two phases. After the first reading, a preliminary coding of the data was done. This was followed up with a second reading to control and complement the coding. Then the evolving frame of reference was compared with theory. Both researchers were present at the interviews, and we initially analyzed the data separately. Only minor interpretation differences were found.

#### 4. Results

The informants had relevant experience of functioning as export managers in nine different export partner groups (Table 1). The problems and opportunities connected to the

Table 1: A summary of the informants' experience

	INDUSTRY/AREA	FOCUS
<b>Informant A</b>	Boat Building	Market
	Boat building	System
	Equipment for professional use at sea	Market
<b>Informant B</b>	Excavators and equipment	Market
<b>Informant C</b>	Fitness equipment	Market–customer*
	Fitness equipment	Market – customer*
	Food products	Market
<b>Informant D</b>	Paper machinery and hydraulic systems	Market – customer*
<b>Informant E</b>	Environmental technology	Market – customer*

\* For some of the companies in the group, the customers were the same, but not for all

organization and different organizational forms of the export partner groups were discussed with the informants.

#### 4.1. Determinants for organizing export partner groups

In an export partner group, the choice of organization depends mainly on the companies' technology (line of business), the compatibility between their products and services, and the goals of the group.

*“Of course, how you organize is dependent on what you want to achieve. Is it, for instance, sales, cooperation, benchmarking, or learning?” (Informant B)*

*“If cooperation is on the agenda, it implies that the companies, first of all, have to be compatible with each other, that is, compatible especially when it comes to products and technology. This gives them a proper reason to cooperate. Otherwise, cooperation is, of course, possible, but it will be more superficial.” (Informant D)*

The informants stress that the choice of organization of the export partner group is firstly dependent on what you want to achieve with the activities. The goals of the group, on the other hand, place a demand for compatibility between the companies' products and

services. If the aim is, for instance, to sell to joint customers, the compatibility has to be relatively high. Thirdly, the technology used, affects the goals, or what is possible and relevant to try to achieve with the export partner group. In low-tech businesses, for example, the opportunities and demand for cooperation in production are lower, and the goals of the group may focus on other results than, for instance, initiating intense cooperation.

*Market focus* is relevant when the goals of the export partner group are mainly to penetrate new markets and increase export volume and not to establish deeper cooperation between the SMEs in the group. Synergistic benefits are connected to the market, such as joint participation in trade fairs and joint fact-finding trips.

*“This form of organization is common in Finnish export partner groups. You want to penetrate a new market yourself or find potential dealers for your product.” (Informant B)*

The companies should produce their own products or services; that is, market focus of an export partner group is less suitable if the SMEs are suppliers. In other words, market focus is relevant if the products and the technology are simple, which facilitates the export manager's sales preparations. An ex-

ample falling into this category would be an export partner group in the food industry.

*“For me, as an export manager, it’s easier to find customers if the products can be characterized as finished goods. If the products are, for instance, components, it’s trickier since I have to know the potential buyers’ manufacturing methods, their technology, their end users, etc. That takes time when the market is new.” (Informant C)*

Customer focus is, according to the quote below, more time efficient than market focus since the export manager can focus on joint customers. Synergies achieved through customer focus are, for example, opportunities for SMEs to jointly offer complete bundles of products or offer wholesalers a selection of products they can include in their range of products.

*“Well, it would certainly help me to allocate my time when I don’t have to focus on many different customers, from different industries and countries, with different demands and problems. The companies are sometimes jealous of each other and suspect that I use more of my time with some of the companies than the others. They feel that they are sidestepped and would like to see me more focusing on their problems. To be fair, sometimes if I work more with one company than another, it is due to their own activity.” (Informant A)*

In the latter part of the quote, the informant is talking about perceived unfairness in market-focused export partner groups. In a customer-focused group, the export manager is allocating time to joint customers, which would ease the problem. It is beneficial if the customers are located on the same market because of the changing cultures and conditions associated with moving from one market to another. The choice of SMEs included in the group is important. It is recommendable that competitors do not participate in the same group since the aim is to find joint customers. Customer focus is most suited for complementary companies, for instance,

within the business of fitness equipment.

System focus 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 exists because no one actor 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 focus is more challenging than market or customer focus, since the potential customers’ needs and the potential networking SMEs must be thoroughly recognized beforehand. System-focused export partner groups are usually initiated by the SMEs participating, that is built around the companies seeking to complement their network of subcontractors.

*“In practice, system-focused export partner group projects should partly build on existing networks.” (Informant A)*

In an export partner group, the set of companies participating is fixed during the project period. A possibility of an open participation as an alternative was discussed with the informants. 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 that do not provide value within a group have a high risk of being bypassed either by other SMEs within the group or by alternative SMEs seeking competitive advantage. Companies that identify mutual synergic effects and produce compatible products and services have the most potential for cooperation. In this way, the group could be an arena for further cooperation between the companies, the customers, and other cooperation-facilitating actors for longer-lasting relationships after the project.

If cooperation 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. With a three-year project period, the idea of an open participation is not relevant for system-focused groups, since the buildup of the network needs time. Market and customer-focused export partner groups, where cooperation is looser, give a better opportunity for the idea of open groups. In such groups, it is easier to change constellations, as the bonds between the SMEs are looser.

#### 4.2. Export manager's role

Simply speaking, the export manager's role in an export partner group is to actively work with presales preparations or to function as a door opener; the rest is up to the companies. Identifying potential customers and establishing contacts to them is the main task. However, this role changes slightly depending on the organization of the group. If the products are technologically simpler (e.g. in market-focused export partner groups), the role is more oriented toward being a complementary resource as seller. In such situations, full knowledge of the product technology is less important, and the main obstacle in the selling process is to get the customers to accept the products.

*"A simpler product means that even I can get a grasp of it, which means that I can speak so nicely about it that the customer eventually will buy it from the company. I can't answer all questions when a product gets more complex. In that situation, my role is more to discuss and drink coffee with the potential buyers in order to build up trust for the companies and their offerings." (Informant D)*

As the technology becomes more complex (e.g. in system-focused groups), the need for specific knowledge increases, and the time and the complexity of the negotiation process 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-focused groups, the export manager is also more preoccupied with net building, planning of joint offerings and getting the cooperation between the companies to work.

The export manager's role varies slightly, dependent on how internationally experienced the participating companies are. Unexperienced companies need different kind of support, and they are much more dependent on the export manager's competence. In most extreme cases, this could jeopardize the functioning of the export partner group, since the starting point of the export partner group program is to support and work with export activities and the focus is not on pre-export capability and competence development only. It is relevant to discuss if the export partner group program is actually the right supporting program for companies that has not already done their homework.

*"I've worked with so many different companies. Some need a lot of basic guidance, and you have to start with developing their competence, capabilities and other stuff. Often they don't have any material in English or even an English website. The situation is totally different with those who already are experienced." (Informant E)*

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 such a 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.

*"In Lithuania, we hired a local guy, and he helped me a lot with understanding the local circumstances and reaching the right persons." (Informant E)*

The informants mentioned a tight time frame as one practical problem in export partner group projects. A maximum of three years as the 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-tech, system-focused 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 informants wished they had more support from the companies. First of all, the export managers are in need of more resources and input from the SMEs. They need more knowledge (e.g. about products) from the companies in the groups, because they are dependent on their expertise. This support is needed in order to increase the export managers' credibility as a door opener abroad toward the customers. As noticed in the quotes below, the SMEs do not always understand this need, and they do not always have time for the project, which causes frustration among the export managers. The SMEs may think that the export managers should move forward at a faster pace according to another rhythm, and they expect results without their input or interaction with the customers. The export managers often feel that there is not enough time and patience for the work to be done.

*"I'm not so sure that the companies always know or recognize what their task is and what my task is." (Informant B)*

*"It strikes me that the companies' expectations are sometimes unclear. Some are very active—serving me with information, asking questions, and generally pulling me by the sleeve—and some don't even have any persons responsible for exports when entering a project." (Informant A)*

Another important supporting factor is the project control group. The control group often consists of members from the project owner, the project financiers, the local chamber of commerce, etc. The informants 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) to the group, and this would again increase the export managers' credibility toward the customers.

*"I wish that at least some of the members in the control group would be real experts from a business point of view and not appointed for other reasons." (Informant D)*

## 5. Discussion and conclusions

Research on networks has tried to label them depending on their function or value. Möller and Svahn (2006) identifies nets constructed for carrying out current business, nets focusing on renewal of current business, and nets aiming at rapid creation of radically new technologies. We identify the focal export partner groups mainly as nets for carrying out current business and for renewing business, especially in system-focused export partner groups. The main goal in market-focused (and customer-focused) export partner groups is to find new markets and customers for existing products. In business-renewal nets, the typical goals are the renewal or improvement of offerings and business processes and the production of customer-driven solutions, which are similar with system-focused export partner groups.

Cooperation is required when resources and competencies involved in renewal are dispersed among several net partners. Renewal nets are typically organized as multiparty projects (Möller and Rajala, 2007). An implication of this study is that cooperation in the analyzed groups usually needs more time for interaction between the export managers, the customers, and the SMEs in the groups in order to achieve the desired goals. These results



are also in line with the results of Chetty and Patterson (2002), who stress the importance of formation and maintenance of these types of groups and nets.

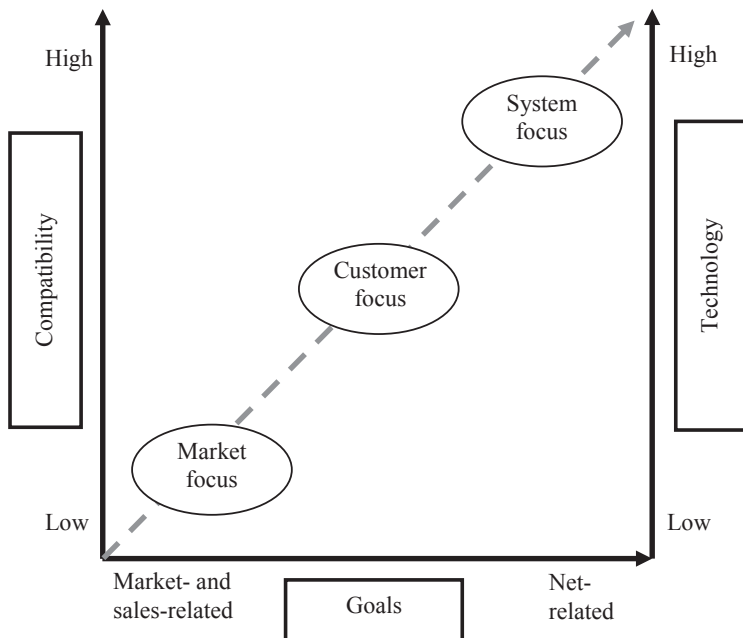
5.1. Organization as a multi-dimensional phenomenon

Another implication of this study is that the different organizational forms in an export partner group have various benefits and fulfill distinct goals. In other words, there is hardly a single best way of organizing export partner groups. In the interviews, when the three organizational forms were discussed, it was concluded that the informants considered combinations of them as possible in practice. The three organizational forms should not be considered as a nomothetic, three-dimensional phenomenon as is Virtanen's (2008) starting point. They should rather be seen

as organizational possibilities, ranging on a continuum from market focus on one end to system focus on the other. Every export partner group is unique, with its own constellations of actors, activities, and resources.

A summary of the connections between technology, compatibility, and goals in relation to organizational focus 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 cooperation in, for example, production and product development activities, which is possible also in low-tech industries and in situations where compatibility is low. The need for and the value of such cooperation in such constellations in this area are low or even nonexistent. At the other end of the scale, a connection

Figure 2: Organization focus and determinants for organization



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 organizational form is dependent on the SMEs and their resources and which activities should be emphasized during the years that the export partner group is active.

Nummela and Pukkinen's (2004) classification of export partner groups into supply-based and demand-based groups is comparable to the categorization in Figure 2. Their theoretical categorization is a dichotomous, two-dimensional categorization and is therefore a simplification of the actual situation in export partner groups. With further insight from this study, the categorization is in reality continuous, ranging from a purely supply-based approach to a purely demand-based approach. The supply- contra demand-based continuum can roughly be compared to the market- contra system-focused continuum. Market-focused groups are more supply-based as long as the goals in such groups are connected to penetrating new markets and increasing exports for existing products and services. System-focused groups are more demand-based. The goals are connected to net building and business renewal. Typical goals for the business-renewal net are to offer demand-driven solutions (Möller and Rajala, 2007).

The notion of the determinants for organization (i.e. technology, compatibility and goals) provides a basis for examining and understanding export partner groups and their value creation logic. We argue that our model of different organizational forms presented in Figure 2 captures the complexity and variety of export partner groups in a more valid way than previous classifications (c.f. Nummela and Pukkinen, 2004; Virtanen, 2008). The model relies on a contingency principle by postulating that the determinants for organization and the actors involved influence the choice of eligible organizational form in

different export partner groups and managerial capabilities required (see also Möller, 2013).

## 5.2. Export managers' role in relation to organization

The different roles of the export manager and examples of activities in different export partner groups are summarized in Table 2. Since the aim of most of the export partner groups is to increase sales, the export manager's main role is naturally to work with operational marketing and sales preparation activities. In other words, the role is to act as an additional marketing resource and to communicate the needs of potential customers to the participating SMEs. The objective is to detect potential customers and directly create customer contacts or indirectly by building sales channels and looking for partners, such as agents on the target market.

When moving from market penetration and sales-related goals to net-related goals, the role changes from door opener to, additionally, coordinator (e.g. coordinating the value constellation according to the possibilities the compatibility of the SMEs give) and idea generator (e.g. pointing out new venues for value creation). However, the SMEs' own activity is still crucial. The export manager's role is to act as a facilitator and broker, but the export manager can only support the activities, and it is up to the companies to make it work and close the deals.

In the examined export partner groups, the export manager was based in Finland, except for one case, where the export manager was based in Finland, but a local export assistant was appointed on the target market. This solution opens up new avenues, with focus on roles. A local export assistant can help with assessing the risks and the adaptations needed on the local target market, defining market-specific targets and operations, defining market-specific competitive advantages and segments, and gathering information

about the market and potential local cooperation partners.

As stated earlier in the description of Finnish export partner groups, empirical evidence confirms that they have been fairly successful in increasing the participating SMEs' export volume, export regularity, and internationalization capabilities (Nummela and Pukkinen, 2004). The export managers' activity is essential in achieving positive results (Ferreira, 2003). However, positive results are not because of participation or the export managers' activity *per se*, since the companies' own activity and commitment and how they perceive their own role is also significant.

Previous research on export partner groups has not, to a greater extent, examined the export managers' roles in relation to a multidimensional organizing of the groups (see Ferreira, 2003; Nummela and Pukkinen, 2004; Virtanen, 2008). In this study, we contend that different organizational forms have different value creation logics, and the export managers' roles concerning coordination and management of the value creating activities, varies accordingly to the organizational form.

### 5.3. Managerial implications

Export partner groups are an important economic-political tool in supporting the internationalization of Finnish SMEs (European

Commission, 2008). We know that we also have an ongoing discussion about effective use of national resources and the results from this study is an input into this development discussion. In this context, export partner group programs offer useful insights to policy makers in other countries with the same challenges as Finland. SMEs face internal and external challenges because of the economic situation on the turbulent global market. Well planned programs that can redeem the challenges and aid SMEs are most certainly needed in this situation.

From a managerial perspective, our key point is that export partner groups require different types of organizational arrangements and managerial capabilities. The determinants for organization are discussed in the paper. The constellation of determinants guides which organizational focus is relevant. Policy makers should be aware of this, since ignoring organization issues can result in less successful export partner group projects. The SMEs intended for participation must be chosen accordingly to the determinants in order to have an impact on results desired. Compatibility is also a matter of group size. The level of heterogeneousness is increasing simultaneously with group size. Cooperation adds to the foundation for achieving long-term results, even beyond the specific objectives, which were the reasons for starting an export partner group project. A careful choice

Table 2: Activities and the role of the export manager in different export partner groups

	DEFINITION	COOPERATION ACTIVITIES	EXPORT MANAGER'S ROLE
<b>Market focus</b>	Focus is on joint target markets for the companies	For example, joint fact-finding trips, joint marketing, and participation in trade fairs and exhibitions	Focus mostly on sales preparation, that is identification of potential customers and establishment of customer contacts
<b>Customer focus</b>	Focus is on joint customers for the companies	The above-mentioned examples with the addition of joint customer meetings	Focus mostly on sales preparation and coordination of sales to joint customers
<b>System focus</b>	Focus is on the companies' joint system offerings to customers	The above-mentioned examples with the addition of joint product development	Focus mostly on net coordination and interaction with customers (e.g. building up trust)

of organization and SMEs and a precisely targeted goal that addresses the needs of the companies, can enhance a self-organizing and self-sustaining process not depending entirely on ongoing facilitation.

The export manager's role, activity, and commitment are not the only factors creating results. The companies' own activity and commitment is equally important. In addition, the role of the export manager should be clarified in order to avoid irrelevant expectations from the SMEs. The export manager's role is mainly to work with presales preparations and net coordination; the rest is up to the companies. In an export partner group, the export manager is the main actor facilitating cooperation between the participating SMEs. However, the export manager can only go as far as supporting the cooperation-building process. The export manager cannot control the relations and interaction between the SMEs, and it is up to them to make it work. Recognition of this limitation should not be taken as a sign to tone down the importance of facilitation. It is relevant that special attention should be paid to the role and activity of the export manager when government-funded export partner groups are in focus. We can continuously develop the structure and processes that we work accordingly to with nationally targeted resources. It is not acceptable to waste resources.

#### 5.4. Limitations and further research

The study recognizes the importance of organization of export partner groups and of the export managers' facilitation of cooperation between the participating SMEs. Its contribution to the current export partner group research is a presentation of a new model of organizing export partner groups. The model supports a multidimensional approach toward researching organization and the export manager's roles in export partner groups. Focus in this study has been on Finn-

ish export partner groups and the results are generalizable accordingly to that program.

The model has some limitations that should be noted. Organization can be perceived as a structure or as a set of processes. The model focuses more on structures than on processes, especially on processes of noneconomic nature. Personal interaction, informal relations, social bonds, trust, and commitment act as a glue holding structures together and would also provide a focus for management. Another limitation is the model's focus on sales and organizing cooperation in sales, which naturally is the aim of most export partner groups. Other aims are thus relevant, including learning, capability development, benchmarking, etc. A third limitation of the model is of temporal nature. It describes organization as a deliberate design, managed by a broker or facilitator, but the transition to self-organized and self-sustained cooperation after the project period is not taken into account.

Research on organizational issues in export partner groups needs to be clearly extended by a more widespread research. In the future, the concept of export partner groups could be further sharpened. Central development areas are still the choice of organizational form and the role of the export manager. SMEs are in different phases in their internationalization process and have different needs when it comes to export-supporting services. One line of further research could be of a pragmatic benchmarking nature, such as to actually evaluate different organizational forms and their results. Another area of further research could explore how the export manager's role is affected by being in different cultural contexts. The temporal aspects for organizational efforts and how cooperation in the transition from "project" to "post-project" time could be further facilitated, would also be interesting to investigate.

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## Appendix: Interview guide

### Background

- Work experience as export manager and experience of different types of export partner groups

### Export partner groups in general: The tasks of the export manager

- Which factors enables success in export partner groups? (All factors)
  - Resources, time, group constellation, cooperation, the export manager/role, the companies/role, other actors, target market, etc.
- Which factors enables cooperation in export partner groups? (All factors)
  - Interdependence, resources, compatibility, roles, communication, commitment, organization, etc.
- Which factors enables success in the export manager's work? (Specifically connected to the export manager's activities)
  - Knowledge of target market/markets, customers, languages, line of businesses, international business, the export manager's relations, networks, etc.
- How should the concept with export partner groups be further developed?

### Experiences from the latest export partner group/project

- What worked well in the XX export partner group/project?
- What did not work so well in the XX export partner group/project?
- How has cooperation (between the companies, the export manager, etc.) progressed after the XX export partner group/project?
- How did the companies benefit from participating in the XX export partner group/project?

### Organization of export partner groups

- What is the export manager's role in export partner groups?
- What is the company's role in export partner groups?
- What is the project administrator/coordinator's role in export partner groups?

*Draw the three different organizational forms on a blank paper. Discuss it as the sketch gradually evolves.*

- How do you perceive the export manager's role in each organization?
- How do you perceive the companies' role in each organization?
- How do you perceive the other actors' role in each organization?
- What kind of benefits do you recognize for the export manager in each organization?
- What kind of challenges do you recognize for the export manager in each organization?
- Do you identify any other concerns or benefits? (Not necessarily connected to the export manager's activities)

### Other comments

- Is there anything else that could be developed (or studied) in connection to the themes discussed?



**Lahjoittaminen on tulevaisuuteen sijoittamista – Liikesivistysrahasto tukee apurahoin liikkeenjohtoa palvelevaa tutkimusta, koulutusta ja julkaisutoimintaa.**

## *Aims and Scope*

The Nordic Journal of Business is a scholarly journal that publishes original scientific research in all fields of business studies. Different aspects of business theory and practice related, among others, to accounting, corporate governance, entrepreneurship, finance, information systems, international business, management, and marketing are within the scope of the Journal.

The Nordic Journal of Business welcomes submissions of high-quality empirical and theoretical papers that contribute to knowledge of business theory and practice. The Journal is primarily interested in contributions based on the foundational disciplines of business studies, but we also encourage creative approaches and multidisciplinary research that reflects the intricate real-life relationships between functional areas of business. While the Journal provides an international forum for business research, submissions that focus on Nordic research problems or use data from Denmark, Finland, Iceland, Norway, and Sweden are particularly encouraged.

## *Editorial Policy*

The Nordic Journal of Business features:

- Empirical and theoretical research articles
- Survey and review articles
- Research notes

The core of the Journal comprises empirical and theoretical research articles. Comprehensive survey and review articles as well as short research notes will also be considered for publication. The Journal regularly publishes special issues that focus on specific research topics. All submissions are subject to initial editorial screening and are subsequently double-blind refereed by two reviewers who are recognized experts in the field of the manuscript.

## *About the Journal*

The Nordic Journal of Business is an open access journal published four times a year by the Association of Business Schools Finland. The Journal was founded in 1952 and was formerly known as the Finnish Journal of Business Economics. Its audience includes scholars and researchers at universities and business schools, as well as executives and other practitioners interested in the application of research to practical business decisions.

## Instructions for Authors and Style Guidelines

The Nordic Journal of Business (NJB) is a scholarly journal that publishes original scientific research in all fields of business studies. The Journal welcomes submissions of empirical and theoretical papers that contribute to knowledge of business theory and practice. All submissions are subject to initial editorial screening and are subsequently double-blind refereed by two reviewers who are experts in the field of the manuscript.

NJB publishes (i) empirical and theoretical research articles, (ii) survey and review articles, and (iii) research notes.

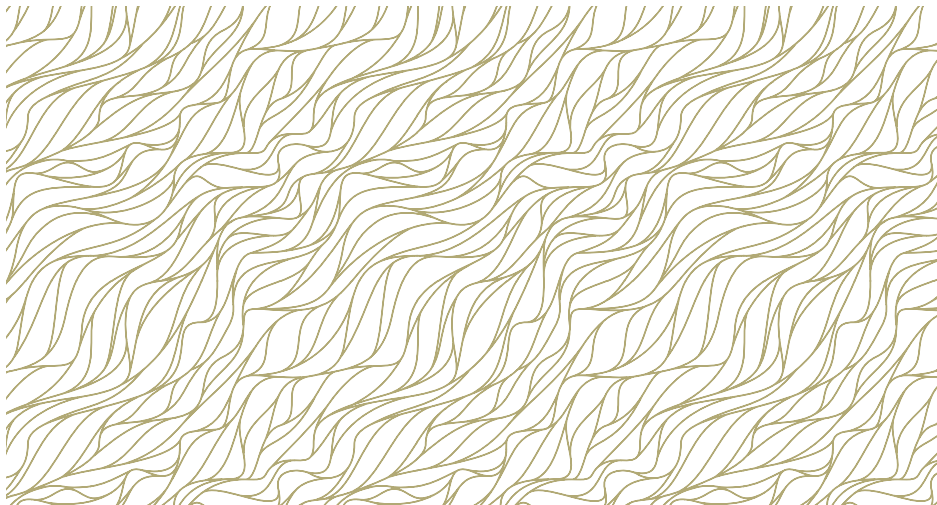
Research articles communicate original scientific research. All submitted research articles are subjected to a double-blind peer-review process. The maximum length of research articles is 10,000 words and double-spaced manuscripts should not exceed 50 pages including the abstract, main text, references, tables, and figures. Survey and review articles are peer-reviewed communications which aim to analyze, synthesize, and sum-

marize recent research topics and themes. The maximum length of survey and review articles is 8,000 words and double-spaced manuscripts should not exceed 40 pages including the abstract, main text, references, tables, and figures.

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- 2) There is no submission fee.
- 3) Manuscripts must be written in English.





- 4) Manuscripts should be double-spaced with wide margins and 12-pt font size.
- 5) The title page should contain (i) the title of the manuscript, (ii) author names, professional titles, and institutional affiliations, (iii) an abstract of less than 150 words, and (iv) postal and e-mail addresses of the authors and full contact information for the corresponding author. The title page should be submitted as a separate PDF or Word file.
- 6) The first page of the manuscript should contain (i) the title and (ii) an abstract of less than 150 words and should not contain any author information in order to ensure anonymity during the peer-review process.
- 7) The title of the manuscript should be concise and informative.
- 8) The abstract should contain less than 150 words. The abstract should concisely explain the purpose of the paper and summarize the main findings and conclusions. The abstract should be able to stand alone.
- 9) The main text of the manuscript should be divided into clearly defined sections and subsections which should be numbered consecutively throughout the manuscript. It is advisable to keep the structure of the manuscript as simple as possible.
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