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**PROMOTING EXPORT COOPERATION – EXPERIENCES
FROM THREE EXPORT PARTNER GROUPS**

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ABSTRACT

Export partner groups or export circles can facilitate cooperation among SMEs with the intention of internationalisation. The logic behind export partner groups is that companies should be able to achieve more on foreign markets when acting as a group and not as single companies, with resources being pooled and costs and risks being shared.

Making export partner groups work and getting the partners to achieve goals of internationalisation is essential. A potential problem with export partner groups has much to do with the groups' composition and functioning. Other problems can occur e.g. due to the companies' lack of resources and interest for growth and cooperation. Further, the situation on the target markets also affects the results of export partner groups.

The purpose of this study was to evaluate three export partner groups, including altogether 18 SMEs involved in the project. The research approach was qualitative. The evaluation focused on results and value created for the participating companies in the export partner groups. The evaluation also pinpointed possible problems and questions that are necessary to take care of in the export partner groups and also pinpointed issues for further research. The evaluation process was divided into two different phases; one evaluation during the project and one evaluation after the project.

The study shows that the results of the groups and the companies' commitment were dependent on the following factors: (1) the companies' time and resources, (2) the export manager's role, activity and commitment, (3) realistic expectations and rapid achievement of tangible results, (4) a careful scanning of the target markets and (5) the compatibility of the companies which supports cooperation. The factors are connected both to the companies and to the organisation and coordination of the groups, and can be considered as areas of improvement.

Positive results from the groups' activities were that: (1) the members' export planning have improved and their export knowledge have increased, (2) new cooperation constellations with partners coming both from inside and outside the groups have emerged and finally (3) the number of requests for offers and deals have increased for many of the companies during or after the project period.

Keywords: Export partner groups, export circles, export cooperation, internationalisation, SMEs.

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ABSTRAKT

Exportringar eller exportcirklar kan underlätta samarbete mellan sm-företag som har intentioner att internationalisera sin verksamhet. Logiken bakom exportringar är att företagen, genom att sammanslå resurserna och dela på kostnaderna och riskerna, borde uppnå mera på utländska marknader, när man agerar som grupp och inte som enskilda företag.

Att få exportringarna att fungera och att få gruppmedlemmarnas målsättning i internationaliseringen att uppfyllas är viktigt. Ett potentiellt problem med exportringar har mycket att göra med gruppens sammansättning och funktion. Andra problem kan uppstå, t.ex. beroende på företagets brist på resurser och intresse för tillväxt och samarbete. Situationen på målmarknaderna påverkar ytterligare exportringarnas resultat.

Syftet med denna studie var att evaluera tre exportringar, med sammanlagt 18 sm-företag involverade i projektet. Forskningsansatsen var kvalitativ. Evalueringen fokuserade på resultat och värde för de deltagande företagen i exportringarna. Evalueringen identifierade möjliga problem och frågor som bör lösas i exportringar, samt gav även förslag till fortsatt forskning. Evalueringsprocessen indelades i två faser; en evaluering under projektets gång och en evaluering efter projektet.

Studien visar att gruppernas resultat samt företagets engagemang var beroende av följande faktorer: (1) företagets tid och resurser, (2) exportchefens roll, aktivitet och engagemang, (3) realistiska förväntningar och ett snabbt uppnående av påtagliga resultat, (4) en noggrann undersökning av målmarknaderna och (5) kompatibilitet mellan företagen, vilket understöder samarbete. Faktorerna är kopplade både till företagen och till organisationen och koordinationen av ringarna, och kan ses som utrymmen där förbättring kan ske.

Positiva resultat av gruppernas verksamhet var att: (1) medlemmarnas exportplanering har förbättrats och deras exportkunskap har ökat, (2) nya samarbetskonstellationer med partners både inom grupperna och med partners utanför grupperna har uppkommit och slutligen (3) antalet offertförfrågningar och affärer har ökat för många av företagen under eller efter projektperioden.

Sökord: Exportringar, exportcirklar, exportsamarbete, internationalisering, sm-företag.

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1 INTRODUCTION

Governments all over the world utilize a wide variety of programmes to encourage export development (see e.g. European Commission's [2008] report on examples of good practice in the EU). This is also the case in Finland. Creation of networks is among other things in main focus when reading the Finnish Ministry of Trade and Industry's (2004) strategy for support of export and internationalisation of SMEs.

In Finland, export partner groups, or in other words export circles, are quite a common type of cooperation between SMEs. Export partner groups can facilitate cooperation among SMEs with the intention of internationalisation (Nummela & Pukkinen, 2004). The logic behind export partner groups is that companies should be able to achieve more on foreign markets when acting as a group and not as single companies, with resources being pooled and costs and risks being shared. This idea is so far so good in theory. The group members must recognize the potential benefits gained from cooperation, and the benefits must be experienced as valuable or important. The benefits must outweigh the costs and efforts made. Otherwise cooperation will not develop.

Research on export partner groups has previously, to a limited extent, been carried out both in Finland and internationally. The idea of export partner groups, in the form they are used in Finland, seems not to be that common globally. Research published on export partner groups is therefore limited. Export partner groups as a phenomenon can though be compared with other types of cooperation, both vertical (see e.g. Baird et al., 1994; Holmlund & Kock, 1998; Welch, 1992) and horizontal cooperation (see e.g. Kaufmann, 1995), with the aim to increase exports and internationalisation in SMEs.

Issues of interest in export partner group research have been e.g. development of internationalisation capabilities (Chetty & Patterson, 2002), the role of economic and non-economic relations (Welch et al., 1996), the development and structuring process of groups (Wilkinson et al., 1998) and finally identification of factors influencing the establishment and development of groups (Ferreira, 2003). Research in Finland has mainly focused on evaluation of activities and impact of several Finnish export partner groups (Nummela, 1999; Nummela & Pukkinen, 2004).

On a comprehensive level research has also focused on discussing and evaluating other types of governmental export promotion programmes and activities, not focusing on export partner grouping schemes only (see e.g. Crick & Czinkota, 1995; Kotabe & Czinkota, 1992; Wilkinson & Brouthers, 2006).

Export partner groups are an important economic-political tool in supporting internationalisation of Finnish SMEs. Research that further evaluates the activities in export partner groups is in that sense important. The purpose of this study is to evaluate three export partner groups, organised and administered in a project at Vaasan ammattikorkeakoulu, University of Applied Sciences. The evaluation focuses on results and value created for the participating companies in the export partner groups.

The evaluation will also pinpoint possible problems and questions that are needed to take care of in the export partner groups and it will also pinpoint issues for further research.

The report is structured as follows. In the theoretical part, internationalisation in SMEs and the reasons behind cooperation in this process are firstly discussed. This is followed by a discussion of the concept of export partner groups and their potential benefits and problems. A framework for evaluating the export partner groups is presented. In section two, the export partner groups in focus in this study are presented. The research method used in this study is introduced in section three. The empirical findings are then presented. The report is closed with conclusions, managerial implications and suggestions for further research.

1.1 Internationalisation in SMEs

The SMEs' role in the Finnish economy is significant. According to the latest statistics from year 2006 SMEs account for 99.8 percent of the total stock of companies in Finland and they employ 61.9 percent of the total stock of employees in the private sector (Statistics Finland, 2008). According to Suomen Yrittäjät and Finnvera (2008) about two thirds of the new work places has since 1994 been established in the SME sector.

The Finnish SMEs are still very domestic market oriented. According to Suomen Yrittäjät and Finnvera's (2008) statistics the share of SMEs who are exporting (direct export) is 21 percent. In addition to this 17 percent of the SMEs are involved in export activities as a part of other companies' export (e.g. as sub-supplier). Within the traditional brick and mortar industry the direct export share is bigger (36 %) while in e.g. the service sector the export share is lower (17 %). There is space for an increase in the SMEs' international business, if the resources allow this growth. Cooperation with others is one solution to the problem with lacking resources.

You can certainly identify SMEs who are not interested in internationalisation. According to a study by Virtanen et al. (2002) such factors as e.g. lack of resources and/or knowledge, the product is not suitable for export and finally the companies' business is in such a phase or of such scale that willingness for internationalisation is lacking (cf. Miesenbock, 1988). A conclusion is that these SMEs simply are not willing to grow or change their business.

The Finnish market is small and open for international competition. This situation implies that the Finnish SMEs are forced to improve their competitive advantage and cost efficiency both domestically and internationally. Many industries are dominated by companies who are active on many markets. They have successively established their business on more and more markets and successively strengthened their positions on each market. Companies have internationally gained more and more ground and at the same time suppliers, competitors, distributors and customers have also gone through the same process.

An increasing dependency on international networks affects as well large as small actors. Especially in industries with fierce competition, the companies, and in particular the SMEs, are forced to grow in order to cope with the increasing competition. A limited Finnish market means that growth actually only can occur through an increasing internationalisation. Larimo and Arola (1998) go so far in their speculations that they claim that internationalisation is the best or even the only way to secure the Finnish SMEs' future.

To be forced to react is not the only motive for internationalisation. Even such proactively tempting factors as e.g. larger markets with larger yield and growth possibilities, in combination with the managers' higher level of education and experience from other countries and cultures, creates an increasing willingness to enlarge the international business. The possibilities given by new ICT technology should not either be forgotten.

1.2 Cooperation in SMEs

According to Kotabe and Czinkota (1992) the growth in firm size appears to be a necessary condition for increased export commitment. In addition, the managers' commitment to exporting manifested in travel experience and interest in foreign cultures appears to be a force that gets companies involved in export business. Commitment to exporting is an antecedent to commitment to export cooperation (Nummela, 2000).

Companies can on their own enter international markets and be successful. Ohmae (1989:147) declares that *"...you can do everything yourself - with enough time, money and luck"*. According to this statement cooperation is the fastest, least risky and most profitable way to internationalise your business.

International business means that the SMEs face different problems (see e.g. Ghauri et al., 2003). The SMEs' limited resources for e.g. researching, product development, manufacturing, marketing and export have increased the birth of different types of cooperation constellations in many industries. Through cooperation the partners can achieve economies of scale needed to keep up the competitive strength. Through cooperation the partners can also achieve synergy effects. For the partners, cooperation can also be a less risky and capital demanding alternative, when penetrating new markets. The benefits can also be related to gaining knowledge and learning (Chetty & Patterson, 2002; Nummela, 1999).

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

1.3 The concept of export partner groups

The Finnish concept of export partner groups has more taken a *supply-based* than a *demand-based* approach to the formation of the groups (see figure 1). According to Finpro (2008) an export partner group usually includes four to six partners. The aim is to initiate exports of the partners' complementary products or services to usually one named target market (or a few).

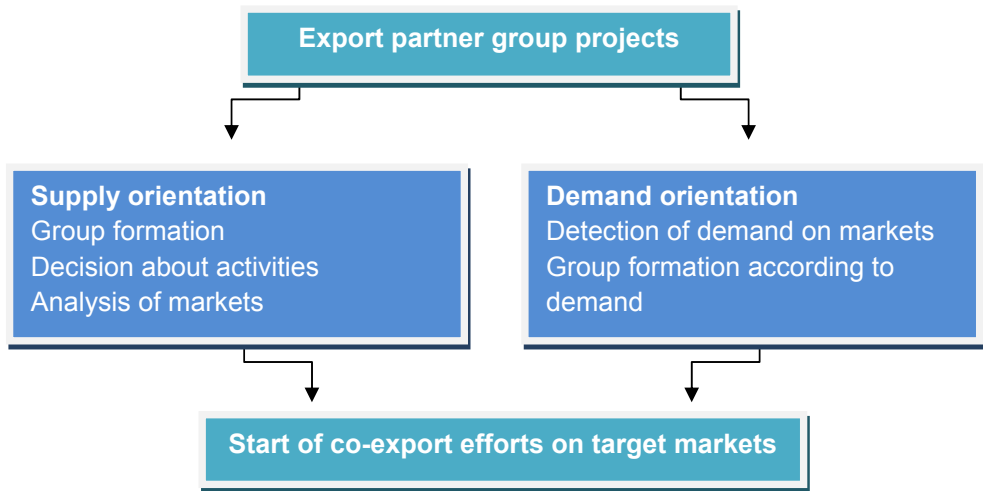


Figure 1. Classification of export partner group projects (Nummela & Pukkinen, 2004:17)

Another common feature in export partner groups is that the partners share the costs for a joint export manager. In some cases the task of the export manager can be divided between two persons, one from the partners' home country and the other acting on the target market. In the group, the firms can play equal roles, or one firm can step forward and act as an active hub in the group.

Export partner groups are organised as projects, and are funded by e.g. international, national, regional and local financiers. The project period lasts for usually one to three years. Finpro alone has since 1993 run approximately 400 export partner groups with over 1,500 participating companies (Finpro, 2008). Finpro is the largest actor but not the only one in Finland involved in export partner group organisation (see appendix 1 for further information about export partner group activities).

According to Nummela and Pukkinen (2004) a clear majority of the companies who has participated in Finnish export partner groups regard the impact of the participation as significant. This programme is selected as an example of good practice when it comes to supporting internationalisation in SMEs in the EU (European Commission, 2008). Some criticism has however reached over the news threshold (MOT, 2008). In the television programme the criticism was pointed towards e.g. one export manager and his role and work in an export partner group in 2003, as the company who

brought forward the criticism felt that they, for the participation fee, had not at all obtained any tangible results.

The mix of competitive and complementary companies in an export partner group is problematic (Wilkinson et al., 1998). Finpro (2008) recommends that the partners should come from the same line of business, but not compete with each other. On the other hand, if the members are too far from each other when it comes to products and services, it is difficult to achieve any synergy effects. Striking the right balance is important. A sorting and structuring process should according to Wilkinson et al. (1998) be allowed. The members of the export partner group will over time learn more about the other members and the activities of the group and, as a result, they may leave or stay.

Factors affecting success in export partner groups are according to Nummela and Pukkinen (2004) categorised in table 1. In addition to these factors, Ferreira (2003) also found out in his research of Portuguese SME export networks that the partners' consensus when it comes to choice of target market, market objectives and long-term perspective on the activities, are factors that play an import role in the functioning of the network.

Table 1. Factors affecting success in export partner groups (Nummela & Pukkinen, 2004:16-17)

Factors associated with the company:	Factors associated to the group:	External factors:
<ul style="list-style-type: none"> • Financial situation • Personal resources • Product • Commitment to internationalisation and cooperation 	<ul style="list-style-type: none"> • Size, composition and cohesion of the group • Bonds between members • Role of group convenor/export manager • Prior acquaintance • Results of the group 	<ul style="list-style-type: none"> • Situation on the target market

1.3.1 Group functioning

Making export partner groups work and getting the partners to achieve goals of internationalisation is a major issue. A potential problem with export partner groups funded by governments has much to do with the network functioning. The make-up of the group, especially the fit between people, organisations and companies is important. It is not easy to build consensus in, and commitment to, a group that is formally and intentionally created. There is a danger that incompatible and unwilling actors are pushed together. In the end much energy is wasted on coping with problems and not with opportunities.

Removing elements of competition in the group does not automatically eliminate problems in group functioning. According to Welch et al. (1996) a significant issue in getting firms to work together is the nature of pre-existing relations and networks. Their research on Australian SME export grouping schemes show the importance of informal interpersonal relations in group functioning and in outcomes from group activities. In cooperation people are put together. Therefore a social fit, e.g. mutual trust between the individuals is important.

In a study of EU-financed SME business networks in Sweden, Ahlström-Söderling (2002) found that networks that emerge spontaneously around a desire to take advantage of a business opportunity have a greater probability to survive over a longer period. The reason for this is that the need for co-operation is real and not externally created. The probability to survive for formal export partner groups, as a counterpart to informal networks, seems to be lower.

According to Welch et al. (1996) export partner groups exhibit a high failure rate, although the concept of “failure” in this context can be discussed. “Success” is often measured as continuity of the group. A more meaningful test of success is to measure the long-term direct and indirect benefits that arise from the activities of the export partner group, even after the group no longer exists as a formal project. Formal networks can act as a trigger for, or facilitator of, informal networking. Informal networks develop a life of their own and are not necessarily dependent on the formal network, which may have been the initial ground. Interaction between actors in the project creates value not only during the project but also afterwards, at least for the actors who continue networking.

1.3.2 Cooperation facilitating actors

Despite the potential benefits, cooperation does not always emerge organically. Instead some form of intentional creation is needed. In export partner group projects cooperation is facilitated by external actors (e.g. project leaders, export managers, authorities etc.). Cooperation facilitation may be needed because of the lack of awareness of the benefits of cooperation among potential group members and/or their inability to find potential partners to work with.

Wilkinson et al. (1998) use a dancing metaphor when describing the role of external facilitating actors in export partner groups. Facilitating actors arrange the dance party, they invite the partners, they play the music in order to get the partners to dance and afterwards it is up to the partners if they want to continue to dance on the same or another dance floor or if they go separate ways.

In the beginning, the facilitators’ role is to identify potential members and potential cooperative activities and ensure that the “right” types of SMEs have the opportunity to join the group. Then the function is to call to meetings, provide a neutral forum for discussions and contact, collect and share information and finally function as a broker to other key external partners.

Ferreira (2003) found in his research that the facilitating actors gave substantial support in the establishment process. Their role was judged as essential. The facilitators can play a useful role in trying to create a cooperative spirit in the groups. But the facilitators can only go as far as supporting the networking process. It is still up to the individual group members and their willingness to cooperate to make it work. One can certainly find examples of cooperation networks, which have functioned and will function tremendously well without external support, but there are also examples with limping cooperation. It seems obvious that special attention should be paid to the roles and activities of the facilitators when government funded export partner groups are in focus.

2 THE RESEARCH CONTEXT

Due to different SME export promotion programmes in the EU, some regional border crossing cooperation projects have emerged. One example can be found in Ireland and Northern Ireland (InterTradeIreland, 2007). Another example is the project in focus in this study. These examples are still rather exceptional. In a majority of all types of export grouping schemes worldwide, the partners come from the same country.

Kvarken Business Partners (KBP) was a project that endeavoured to increase the commercial know-how within the Kvarken Region, by developing and using assembled competence and by networking (Kvarken Business Partners, 2007). In practice the aim of the project was to improve co-operation in the region and to create a joint interface towards customers within or outside the region by different promotion activities.

The Kvarken Region consists of the counties Ostrobothnia, Southern Ostrobothnia and Central Ostrobothnia in Finland and the County of Västerbotten and the municipality of Örnsköldsvik in Sweden. The location of the Kvarken Region is illustrated in figure 2.



Figure 2. The location of the Kvarken Region

The project started in 2003 and came to an end in the fall of 2007. The KBP-project was organised and administered at Vaasan ammattikorkeakoulu, University of Applied Sciences (Unit of Research and Business Services). Other partners in the project, from both sides of Kvarken, were the regional financiers, the Chambers of Commerce, the Trade Associations representing SMEs and two other partners providing services, support and information to help companies enter the international market.

Three field-specific networks, which formed the export partner groups, were established in order to fulfil the aim of the KBP-project. Export cooperation can be classified according to the depth of it and the integration of activities (Ferreira, 2003). A range of classifications from short-term cooperation (e.g. joint participation in trade fairs) to cooperation that require long-term commitment and adaptation (e.g. joint system deliveries of complementary products) can be identified. The export partner groups reported in this study can be classified as having a longer term nature.

The activities of the export partner groups and their export managers were roughly the same in each group. The groups did themselves decide the target markets and the activities. Internal meetings, establishment of customer contacts, marketing and fact finding trips, arrangement of seminars, participation in trade fairs and exhibitions, preparation of joint marketing material and brochures, benchmarking and preparation of offers are some examples of the activities mentioned in the final project reports (Asplund, 2007; Viljamaa, 2006; Östermark, 2007). Development of the members' export plans were also on the agenda. Some of these activities finally resulted in actual individual or joint deals with customers.

2.1 The Wood industry group

The first export partner group started in 2004 and came formally to an end in the spring of 2006. The export partner group consisted of companies in the wood industry exporting to Ireland. The five companies are producing complementary wooden components to houses, such as planed and sawn timber, doors, kitchen cupboard doors, door and window frames and stairs. Two of the companies are from Sweden and three of them have Finnish nationality. The export manager of the group was located in Finland. Two persons functioned as export manager in this group, since there was an unplanned exchange of persons roughly in the middle of project period. The first export manager was a native Irishman, the second was a Finn.

One of the companies in the group was larger than the other. According to the statistics gathered at the time for the study they had a turnover around 20 million euro and the number of employees was approximately 175. The rest of the group members had a turnover reaching from 1.7 to 5.4 million euro and the number of employees reaching from 20 to 60.

2.2 The Technologies for land and sea group

The second export partner group, named Technologies for land and sea, also started in 2004. The official end date for this group was in spring 2007. The target markets for the group were in the northern part of Central Europe and in other parts of Scandinavia. The group comprised eight leading companies, three from Sweden and five from Finland. The group consisted of companies supplying products and equipment for professional use in specific customer segments like sea rescue, coast guard, clearing of oil pollution on land and at sea, but also for customers with special transport needs on land, at sea and in difficult terrain. The export manager was Finnish.

In this group the companies were on average smaller compared to the companies in the Wood industry group. At the research moment, six of the companies could be characterised as small companies with a turnover reaching from 0.2 to 1.2 million euro. Their number of employees was around 10 or less. Two of the companies were larger both measured by turnover (2.65 and 6.65 million euro) and by number of employees (approximately 25 and 50).

2.3 The Environmental industry group

The third export partner group had a running time from 2005 to spring 2007. The companies in this group represent the environmental industry. The aim of the group was to do business on the Lithuanian market. Five companies belonged to the group. Three of the companies are Finnish and two come from Sweden. The companies are offering environmental technology for recycling, waste handling, water and air cleaning and bio fuel production. The task of the export manager was in this group exceptionally divided between two persons, one export manager from Finland and one local export assistant from Lithuania. The export manager from Finland had an office in Vilnius, so he worked also partly in Lithuania.

Two of the companies in this group were smaller than the other. At the research moment they had a turnover ranging from 0.45 to 2 million euro. Both companies had 4 employees. The rest of the companies had a turnover reaching from around 9 to 30 million euro and a number of employees reaching from around 25 to 60.

2.4 Comparison of the groups

There were minor differences between the three export partner groups. Naturally, the line of business was different between the groups and therefore also the target markets differed. The activities of the export partner groups and their export managers, and the size of the companies participating were roughly the same in each group. The proportion between Finnish and Swedish companies was also roughly the same in each group.

The major differences were that the group size in the Technologies for land and sea group was larger, that there was a change of export managers in the Wood industry

group and finally that two key persons were responsible for the export management in the Environmental industry group.

In table 2 the three export partner groups are summarised and compared:

Table 2. A summary and comparison of the export partner groups

	Wood industry	Technologies for land and sea	Environmental industry
Project period	2004 – 2006	2004 – 2007	2005 – 2007
Number of companies in the group	3 companies from Finland 2 companies from Sweden 5 in total	5 companies from Finland 3 companies from Sweden 8 in total	3 companies from Finland 2 companies from Sweden 5 in total
Company size	Turnover from 0.7 to 20.0 million euro	Turnover from 0.2 to 6.65 million euro	Turnover from 0.45 to 30.0 million euro
Target markets	Ireland	Northern part of Central Europe Scandinavia	Lithuania
Export managers	Export manager located in Finland	Export manager located in Finland	Export manager located in Finland with office also in Lithuania Export assistant located in Lithuania
Nature of group members	Heterogeneous Wooden components to houses, i.e. planed and sawn timber, doors, kitchen cupboard doors, door and window frames and stairs Mainly different customers	Heterogeneous Products and equipment for sea rescuing, coast guarding, clearing of oil pollution on land and at sea and transportation on land, at sea and in difficult terrain Mainly different customers	Heterogeneous Environmental technology for recycling, waste handling, water and air cleaning and bio fuel production Mainly different customers
Major changes in the group	Change of export manager	None	None

3 THE RESEARCH METHOD

The purpose of this study is to evaluate the export partner groups in focus. The evaluation focuses on:

1. Results and value created for the participating companies in the export partner groups
2. Possible problems and questions that must be taken care of in the export partner groups
3. Issues for further research

Altogether 18 SMEs were involved in the export partner groups. The export partner groups represent three cases, i.e. the research design can according to Eisenhardt (1989) be characterised as a multiple case study approach. The case study method and the purpose of the study support a choice of a qualitative research approach (Eisenhardt, 1989). A qualitative research approach is recommended when preference is given to deep understanding over surface generalizations (Maxwell, 1996). A feature of qualitative data is its richness and holism, with a strong potential for revealing complexity, nested in a real context (Miles & Huberman 1994).

How to interpret and assess validity and reliability in qualitative research (see e.g. Janesick, 1994) and case studies (see e.g. Gummesson 1988) has been discussed. One result of this discussion is that new concepts have to be introduced. One of these concepts is trustworthiness (credibility), a concept emphasized in this study. The research process from problem recognition to conclusions is long. The decisions made during this process will influence the trustworthiness of the presented results. Some decisions that the researcher has to make are related to the method.

Of importance is to convince the reader that the results are trustworthy and stands on an empirical foundation. Direct quotations from the informants are included in the text to support the conclusions. A content analysis to summarize how the informants evaluated the participation in the export partner groups and how they interpreted different problems and issues is used. Both within-case and cross-case analyses are carried out (Eisenhardt, 1989). The discussion is contrasted and compared with existing theories and results from other similar studies.

In order to fulfil the purpose of the study the evaluation process is divided into two phases. Since the results of participation in an export partner group are not necessarily detectable immediately, a longitudinal research approach is relevant. The first evaluation took place during the project, i.e. during the period when the companies were active in the formal export partner groups. The second evaluation was carried out about a half to one year after the project formally ended.

3.1 The first phase of the evaluation process

The first evaluation was carried out at the turn of the year 2005 and 2006. The information sources were an interview guide with discussion themes, personal interviews (see appendix 2), and documents (complemented the data from the interviews). The interview guide was sent to the informants in advance. The purpose of the interview guide was to present the discussion themes in order to raise interest and in order to prepare the informants for the interviews. The interview guide was used as a base for further discussions during the personal interviews. The open ended nature of the interview guide and the interviews did not constrain the answers of the informants. The interview guide worked as a basic checklist, ensuring consistency in the topics covered in the interviews.

The suggestions of Malhotra and Birks (2003) on how to create a fruitful interview situation was followed. Personal interviews are, e.g. dependent on the time schedule of the informants. Information gathered from interviews when the informants are in a hurry or do not feel engaged in the study, will be abrupt. This was not a problem, since the informants were all interested in taking part in the study due to the fact that they had been intensely involved in the export partner groups during the project period. These are circumstances which resulted in well-elaborated answers, i.e. thick descriptions.

Probing is according to Malhotra and Birks (2003) of critical importance in obtaining meaningful responses and uncovering hidden issues. In the interviews brief “yes” and “no” answers were followed up with probing questions. Probing questions were also asked in issues that seemingly interested the informants and in issues that needed clarification. The interviews were carried out at the offices of the informants. The interview context was free from interference. The interviews were tape recorded and transcribed for analysis.

3.2 The second phase of the evaluation process

The second evaluation was carried out during spring and fall 2007. The purpose of the second evaluation was to track changes in the companies export activities which could be connected to the participation in the export partner groups. An e-mail survey was chosen as research method for the follow-up study, since the research questions were rather limited (see appendix 3). An accompanying letter signed by the chairman of the control group of the project and the project manager was attached to the e-mail.

The answers were returned from 14 companies. Despite several reminders, four of the companies did not respond to the survey. All the companies from the Environmental industry group responded to the follow-up survey. Two from the Wood industry group and two from the Technologies for land and sea group left the questions unanswered.

4 RESULTS

The data collected from the interviews are mostly qualitative, except for demographic variables of the companies and their export activities. Since the data in this study is qualitative and since the research population is small, the comparisons made between the three export partner groups are not intended to be statistically significant. They should more be interpreted as indications that differences possibly exist.

4.1 Description of export activities

For most of the companies participating in the KBP-project, the concepts of export partner groups and export cooperation were rather new. Three of the companies (16.7 %) had earlier participated in other export partner groups and three companies had experience of other type of export cooperation. These six companies belonged either to the Wood industry or the Environmental industry group. A majority of the companies (66.7 %) had no previous experience of export cooperation or had no information about previous export cooperation.

Previous cooperation experience

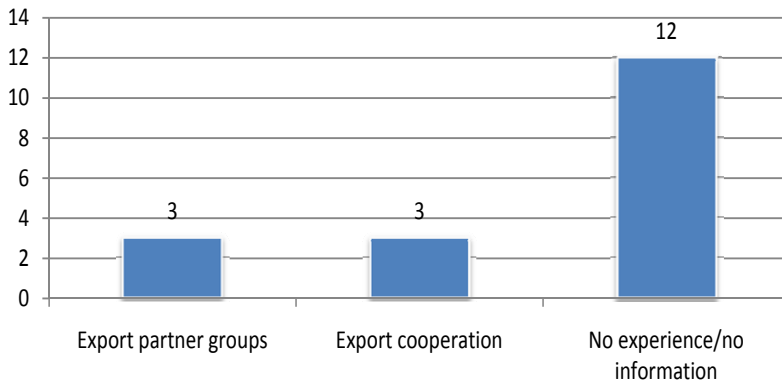


Figure 3. The companies' previous experience of export cooperation (n=18)

The members of the three export partner groups can be described as more or less experienced exporters. In the companies, doing it the hard way has been the motto to gain export knowledge and experience. Six of the companies (33.3 %) have also been in touch with export promoting authorities or organisations to get help and advice. Nine of the companies (50.0 %) had started their export recently, i.e. during the last ten year period before the project. The other had started their export earlier. Information about the exact starting time is lacking from one of the companies.

Start of exports

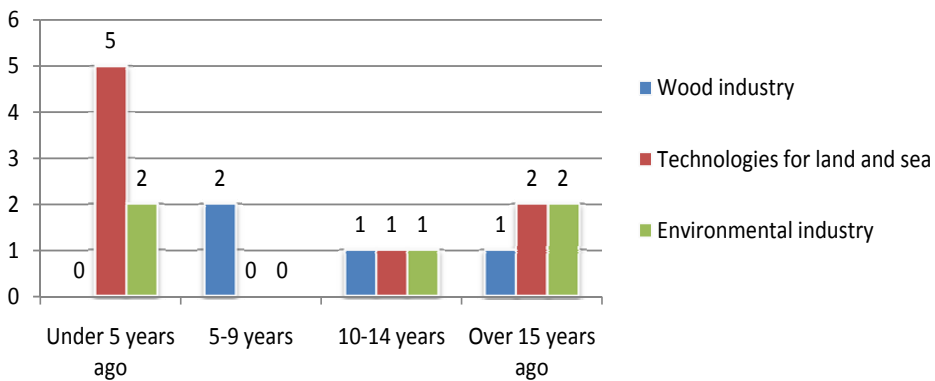


Figure 4. The companies' start of export to foreign markets (n=17)

On average the export share of the turnover in the companies was 31.2 percent. The variation was large, ranging from almost none to 95 percent. The companies' perceptions of their export knowledge and experience are related to the export shares. Eight of the companies (44.4 %) with smaller export shares (less than 20 percent) rated their knowledge and experience as limited. The companies with larger export shares did not experience the same problems.

Export share of turnover

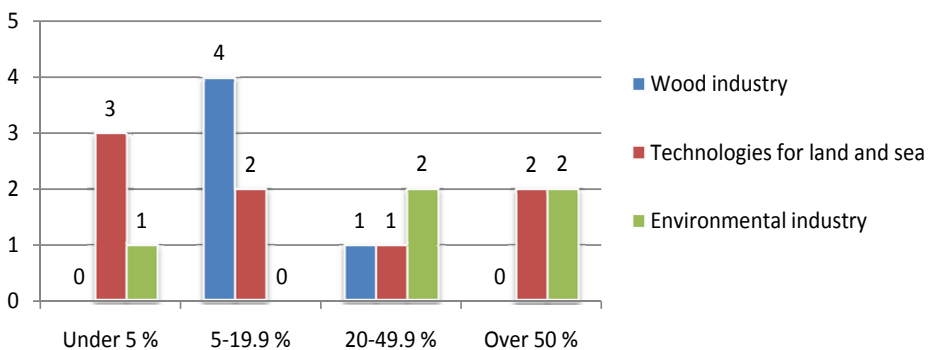


Figure 5. The companies' export share of turnover (n=18)

Half of the companies (50.0 %) could be described as having regular exports, while the other half exported more irregularly, i.e. a couple of deliveries per year abroad. Two companies (11.1 %) had little experience about the regularity of their exports, since they had started recently. Export regularity was not entirely connected to when the companies had started their exports (figure 4). Both "old" and "new" exporters were found among those nine companies who stated that their exports are regular (figure 6).

Export regularity

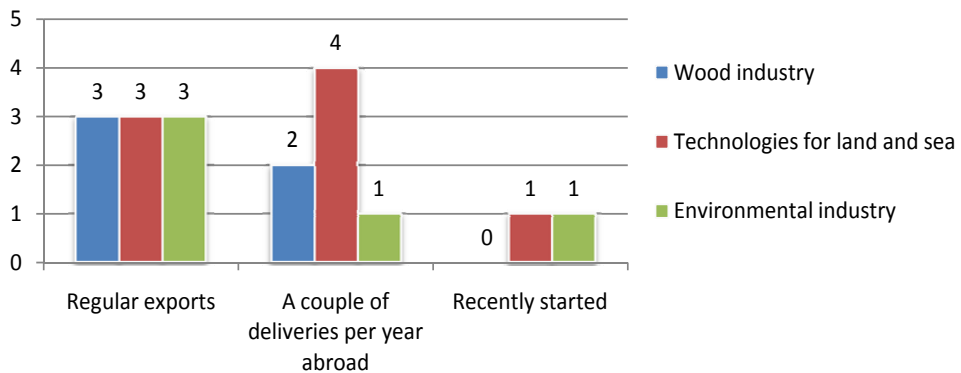


Figure 6. The companies' export regularity (n=18)

A conclusion drawn from the figures presented above is that the Technologies for land and sea group was the most heterogeneous or divided group. The group consisted of both novice and experienced exporters, which also was reflected in export shares and export regularity.

When it comes to export markets some differences between the companies and the groups were noticeable. The companies in the Wood industry group mostly have their main export markets in the Nordic countries, and also in e.g. Japan, where wood as a building material is used. The companies in the Technologies for land and sea group mostly have their main export markets near their home country, i.e. in the Nordic countries. In the Environmental industry group the markets are more scattered around the world, probably due to the niche characteristics of the products. The target markets of the three export partner groups were rather new for the companies belonging to respective group.

The companies experienced different, more or less high obstacles in their export activities. The obstacles can be divided into three categories:

1. Lack of personnel, resources, capacity, time and knowledge, e.g. knowledge of languages
2. High costs, especially high freight costs due to the distance to the main markets
3. Problems in finding potential customers and suitable partners, e.g. agents

Many of the obstacles are naturally related to small company size. The companies had a very small or non-existent organisation for exports. In some of the companies they did not have appointed persons responsible for export activities, which would solve some of the problems.

Willingness to grow was a common feature among all the companies in the export partner groups. Words as growth, increasing turnover, development, leading compa-

ny, stability were expressed in the interviews to describe the goals in the future. When it comes to export, the main goals were both quantitative, e.g. growth in export share and number of export markets, and qualitative, e.g. growth in knowledge.

4.2 Evaluation of the activities of the export partner groups during the project

The reasons why the companies took part in the project can be divided into three main categories. The goals in the first category can be described as more short-term, while the two last mentioned categories are of a more long-term nature. First of all, about one third of the companies mentioned short-term increase in sales and exports as a reason.

“The goal is to increase our exports” (respondent R, Environmental industry group)

“We want to increase our export shares and we saw a chance to participate in an export partner group” (respondent A, Wood industry group).

The second category of reasons was to find new potential markets, customers or partners (e.g. agents).

“We want to look on new markets, Ireland seemed interesting” (respondent E, Wood industry group).

“We want to find new contacts in the Baltic countries, a potential dealer for our products” (respondent P, Environmental industry group).

And finally, the possibilities to learn more about the market and export activities and to exchange thoughts with the other companies were rather often mentioned in the interviews.

“We wish to learn more about the market, the business and the business culture” (respondent C, Wood industry group).

“An export partner group can offer considerably more than my own thoughts. It is important to meet and exchange thoughts” (respondent L, Technologies for land and sea group).

The companies were of the opinion that the task of the joint export manager is mainly to work with pre-sales preparations. In other words, the task is to advice the companies, to find and establish contacts to, and visit, potential customers. The rest of the sales work is up to the companies. The division of work was clear for all the members in the export partner groups, and any obvious problems associated with that did not arise. It is though still relevant to point out that a consensus about roles is negotiated about beforehand (cf. Asplund, 2007).

The evaluation of the export managers' work is related to which export partner groups the companies participated in. In average the members of the Technologies for land and sea group were most satisfied. According to them, their export manager was very committed to the task and very active. The members in the Wood industry group were, compared to the other groups, most dissatisfied and wished that their export manager would have been more active.

A problem in the Wood industry group was that the first export manager quit during the project. Time was lost and the second export manager who started his work roughly in the middle of the project period could not easily continue from the point where the previous export manager had left it. He was also, besides his own job, only working part-time in the project. In the Environmental industry group, the members were rather positive to the accomplishments of the export manager. The group was aiming at a new underdeveloped market, which means that the export manager's efforts take time to become visible.

The companies were rather critical to their own activity in the export partner groups. The problem was to find time and to allocate resources for the work in the export partner groups.

“The miserable result is also due to us. We have not fully informed ourselves about the prerequisites and furthermore we haven't had enough personnel to really work for it” (respondent N, Environmental industry group).

“We haven't really had time to commit ourselves. We don't have the capacity either” (respondent I, Technologies for land and sea group)

About one third of the companies mentioned this problem. This is a matter of examining one's conscience before entering such a project. Small companies have small resources and few employees.

The companies felt that they were more committed and active when they saw the benefit of participating in the project, e.g. when offer requests dropped in.

“You must realise that you can earn money from it, with commitment you gain a better insight into the benefits for your business” (respondent H, Technologies for land and sea group).

The companies were asked if a higher self-financing part in the project would activate them. The idea is that commitment and activity would rise with higher stakes. The companies were slightly hesitating. They saw that activity is not a matter of how much you pay for the participation in the project; it is rather a matter of time. A higher fee is per se not a motivator. It works more as an entry barrier, sorting out the companies who are not willing to invest time and money.

Another problem, which was mentioned by many companies, was the compatibility or lack of it between the companies' products and interests. This is in the end a matter of organisation of the group.

“We have few touching points, different niches, products and customers, few collaboration possibilities and synergy effects, few possibilities for joint deals” (respondent C, Wood industry group).

“An export partner group should have a smart, narrow segment. Now it’s too wide and shattered and we pull to different directions. It’s not enough with the same target market” (respondent B, Wood industry group).

“When you are in an export partner group the work load should be divided, one hub-firm and several subcontractors beside” (respondent M, Technologies for land and sea group).

A company in the Technologies for land and sea group also mentioned that there were too many members in that group.

“There are absolutely too many companies involved” (respondent M, Technologies for land and sea group).

This was the largest group with eight companies. The size of the group is related to compatibility. A larger group is usually more heterogeneous.

Cooperation between the members within each export partner group was rated as non-existent or rudimentary. Some of the companies had found some partners from the same group. The companies had hoped for more e.g. production cooperation, more dialogue and more information exchange. The problem was that the companies came from the same industry, but they were still aiming at different niches, had different products and customers. With different points of interest, the need for and benefit of cooperation is undermined.

“We don’t cooperate since we have totally different products” (respondent N, Environmental industry group).

“We hoped for more cooperation... You organise something that isn’t natural and then it doesn’t work” (respondent B, Wood industry group).

“We have no real cooperation, we tried to get the other companies interested in our products, but we haven’t got any response” (respondent O, Environmental industry group).

The concrete results are reflected in the companies’ opinions when it comes to the experienced benefits gained from the KBP-project. Almost all the companies were of the opinion that the benefits from the KBP-project have emerged as expected or slower as expected. The companies did not expect quick results, but in the interviews many of them still judged the benefits in relation to some kind of tangible result or deal.

“We wished that we the first year would have made at least a handful of deals...” (respondent A, Wood industry group).

“You hope for concrete orders, but we have learnt that you usually don’t get them. You need to give them time and to adjust according to the conditions” (respondent D, Wood industry group).

Some of the companies reached that level during the project and made some deals. For most of the companies the benefits were an increase in contacts to customers and partners, an increase in visibility through participation in trade fairs and exhibitions and finally an increase in knowledge about exporting and the target market of the group.

The results are not only depending on the activities of the companies and the export managers. Especially in the Wood industry and the Environmental industry groups the situation on the target markets somewhat reflected the results. In the Wood industry group it was according to the final project report discovered that the price level was lower on the Irish market (Viljanmaa, 2006). Also an adaptation of the products was desirable in order to meet the needs and demands of the Irish customers.

The Lithuanian market is difficult for the companies in the environmental sector. The market for such products is underdeveloped and the Western technology is too advanced (Östermark, 2007). The prices are therefore also on the higher side. The need for environmental products is low and the customers should be convinced that such a technology is needed.

“Our thought was to glance further east, since they are new EU-countries. The markets are there but the question is how to get in. We have a product that is not interesting. Purifying of air, what is that? Waste and trash is easier. But this country has, like other EU-countries, to follow directives which will be enforced in October this year. But the question is if they are going to follow them” (respondent N, Environmental industry group).

The job of the export manager was more of an educational nature, i.e. to learn Lithuanian companies and authorities about Western environmental technology without having for the time being possibilities to buy it. Lack of reference installations made the selling job harder, and it was financially impossible to bring potential customers to Finland or Sweden in order to become acquainted with such installations.

One benefit of the KBP-project was an improvement of the companies’ export planning. About half of the companies mentioned that planning of exports became more systematic due to the participation in the export partner groups. A majority, i.e. five of the companies with these opinions came from the Technologies for land and sea group.

Another benefit with the participation in the export partner groups is connected to learning. Not only learning about new markets, how to operate on new markets, exports, export planning and export procedures, but also learning from each other and interaction with other group members was considered as equally or even more important.

“The project is good. You can meet other entrepreneurs and interact with them and you can learn from each other” (respondent K, Technologies for land and sea group).

“To visit each other facilitates cooperation a lot. You can even learn about production and such things. I feel it’s really essential to meet outside the formal group meetings, evening activities are important” (respondent F, Technologies for land and sea group).

“In the long run it’s very important to get information from each other, or to know when something is going on, so you can contact the other companies to see if there is any potential for our products” (respondent O, Environmental industry group).

In the interviews the companies were asked to suggest ways to develop the activities of the export partner groups. Four main themes emerged in the answers. First of all the compatibility and adaptability between the products and the companies were discussed. It is possible to reach for larger contracts when the companies and their products complement each other and they can deliver to the same customers. Secondly the companies wished for more cooperation between the members, more informal and formal meetings and exchange of information. The third suggestion is related to group size. From the answers it is detectable that the Technologies for land and sea group, with eight companies, was experienced as being on the larger side. And finally some of the companies also thought that the number of joint trips to visit customers and to participate in trade fairs and exhibitions could be increased.

About half of the companies answered a straight yes to the question if they were interested to participate in a new export partner group if such an opportunity was given to them. The other half was hesitating or could not give an answer. Reasons for a yes-answer were that the companies identified potential new interesting markets and customers and they also experienced that the KBP-project had given them some positive results. The hesitating companies were in general concerned about their resources.

“We don’t have any resources in the form of sellers working with exports. With the experience we now have, I know that the company should push things forward in order to make real progress and in order to utilize the export manager in the export partner group as efficiently as possible” (respondent A, Wood industry group).

“We don’t have the capacity now, and time... We try to have more to fall back on but it can’t get too big, because it can mean too radical changes” (respondent G, Wood industry group).

Participation in an export partner group demands time and other efforts. The companies were of the opinion that lack of time and resources implies inefficiency. Weak input is equal to weak results and therefore not worth the effort.

Since the export partner groups in the KBP-project were border crossing, one could expect that problems related to cultural differences could arise. This was however not mentioned by any of the companies. Only the geographical distance was mentioned by one of the companies. The cultural differences between Finnish and Swedish companies are not necessarily that large, especially when the Finnish companies come from the bilingual (Swedish and Finnish speaking) area of Finland. All the managers representing the Finnish companies in the export partner groups spoke Swedish fluently or had it as their mother tongue.

4.3 Evaluation of the activities of the export partner groups after the project

The number of requests for offers has after the project period increased for some of the companies. Of the 14 companies who answered the questionnaire in the second phase of the evaluation, half gave a positive answer to the question while the rest have not experienced any noticeable increase, not at least after the project.

“A small increase during the project period, but after that we cannot see such an increase” (respondent F, Technologies for land and sea group).

The companies who have noticed an increase in requests for offers represent all export partner groups. Significant differences between the groups are not observed. There is though a slight overrepresentation of companies from the Technologies for land and sea group, when it comes to who has given a positive answer to the question. Four of in total seven companies who have noticed an increase come from this group.

To some extent, some of the requests for offers have also led to deals. Six of the companies announced that the number of deals (due to the project) has increased. It should be noticed that an increase in sales is not that clear shortly after the project period.

“Yes, but it’s difficult to say” (respondent I, Technologies for land and sea group).

“We have had one deal on the target market, but we have continued to work on getting more” (respondent Q, Environmental industry group).

With some exceptions, the same companies who experience an increase in number of requests for offers also experience an increase in number of deals, which is natural. In opposition to the results regarding number of requests for offers, there were no company from the Wood industry group who stated that the number of deals have gone up after the project period. When reading the results, you should remember that two (of in total five) of the companies from this group did not answer the evaluation questions in the second phase.

New cooperation constellations have emerged after the project period in all export partner groups. Ten companies answered this question affirmatively. The new cooperation constellations can be described as dyads or triads, i.e. more intensive cooperation between two or three companies. All members of the export partner groups have

not continued to cooperate with each other, instead the companies who have identified potential cooperation opportunities, have also seized them.

“The contacts in the group are roughly on the same level as earlier, but with some of the companies we have more intensive contacts (company R). Our company has also a cooperation partner for future projects (company O)” (respondent Q, Environmental industry group).

Any significant difference between the export partner groups is not detectable, on the contrary, new cooperation constellations have more or less, to the same extent, emerged in all groups.

Cooperation has also emerged between companies from the export partner groups and partners outside the groups. Six companies are involved in such new cooperation constellations. These kinds of results should not be neglected, i.e. a positive result is that an export partner group also creates cooperation with other partners than the group members. It is foremost cooperation with local dealers that has emerged in the KBP-project and this has led to increasing sales for some of the companies on the target markets for the export partner groups.

“The sales have increased in Oslo since we got a new dealer there” (respondent I, Technologies for land and sea group).

“We have got a good contact on the target market, who can be a good cooperation partner in the future” (respondent Q, Environmental industry group).

New cooperation constellations with partners outside the groups have to a lesser extent emerged than new cooperation constellations between former group members.

The companies were asked if they had made any other changes in their export activities, e.g. new employments and organisational changes after the end of the project period. Six of the companies announced that some changes have been made.

“Yes, more critical evaluation and better pre-planning of new export projects” (respondent A, Wood industry group).

“We have realised that more knowledge is needed in our organisation and we have among other had some contacts to the Swedish Trade Council” (respondent F, Technologies for land and sea group).

“At least one new employment, which is connected to the project” (respondent G, Technologies for land and sea group).

Earlier we had no exports, but today we have better contact channels and therefore more export chances” (respondent H, Technologies for land and sea group).

Primarily the changes have to do with new employments and that the companies more and more have started to scrutinize and plan their export activities. Changes can be identified among companies from all export partner groups, i.e. they are not dependable only on the activities of each group.

A closer check of which companies have made some kind of changes, reveals that the majority came from the category of companies with irregular and lesser export activities, which in this study means that their export shares were below 10 percent of the turnover. Company size however had no relation with change behaviour.

In export partner groups the actors can have different goals with the activities. One goal can be to raise the level of the companies' export knowledge. A majority (10 out of 14) answered that their export knowledge has increased during the KBP-project.

“Definitely, my understanding of the problems has increased, and I feel that I have learnt much from the export manager” (respondent H, Technologies for land and sea group).

When it comes to knowledge diffusion, the other companies' role should not be forgotten.

“The exchange of knowledge, thoughts and analysis about exports with the other companies was very important” (respondent Q, Environmental industry group).

The increase in export knowledge is not related to which export partner group the company participated in. The companies who answered positively came from all groups. Especially in the Technologies for land and sea group they focused on export knowledge as a part of the activities of the group, since all companies who answered the e-mail survey from that group were definitely of the opinion that their export knowledge has increased.

A check of which companies experienced an increase in export knowledge, reveals that the majority again came from the category of companies with irregular and lesser export activities. Whether the companies experienced an increase in export knowledge or not, was not related to company size.

5 CONCLUSIONS

According to Nummela and Pukkinen (2004) factors affecting success in export partner groups can be divided into three main categories (for a more thorough presentation see table 1):

1. Factors associated with the companies and their resources
2. Factors associated with the group and the activities
3. Factors associated with the external environment (mainly on the target markets)

Accordingly, the conclusions in this report are categorised in line with the mentioned categories.

5.1 Conclusions about factors associated with the companies

Participation in an export partner group is not dependent on export experience; it is also dependent on interest in a specific market. This is in line with Nummela and Pukkinen's (2004) results from research of Finnish export partner groups. They found that the level of international business expertise of the companies varied considerably. Participation can help to overcome the obstacle to find potential customers and suitable partners, e.g. agents.

Both large and small companies can participate in an export partner group. Those companies that benefit most of participation are companies that can be categorised as less experienced exporters, measured both in export shares and export continuity. This is especially the case when the goals of the export partner group are to focus on export planning and knowledge. Even more experienced exporters can get benefits from participation in an export partner group, if the goals of the group are to generate more business and to promote more cooperation

Participation alone does not create the results wished for. In order to make the most of the participation in an export partner group, the SMEs must have time and resources for planned activities. Commitment is also important. From Nummela and Pukkinen's (2004) results one can read that the companies that were most negative to their own input in the export partner groups, gave the reason that they were less committed due to lack of resources and time. It seems beneficial that the SMEs at least have some person responsible for export activities before taking part in an export partner group.

5.2 Conclusions about factors associated with the group

The results of participation in an export partner group are not necessarily visible immediately, i.e. during the project period or shortly after the project period. Even though many of the companies did not expect that their participation in the KBP-

project would increase their sales or exports, it was already mentioned in the interviews in the first phase of the evaluation (during the project period). From the answers from the second evaluation (after the project period) you can again read that many of the companies had expected more, when it comes to an increase in requests for offers and deals. A balance between long- and short-term results seems adequate. Wilkinson et al. (1998) makes the same conclusion from research of Australian export partner groups.

The group members need to recognise that the benefits are not in terms of short run business success but also in terms of enhancement of international competitiveness, which includes e.g. learning and knowledge creation. Instead an increase in requests for offers and sales possibly comes later, which some of the companies already had achieved at the time for the study. Some kind of tangible results must though emerge rather quickly during the project period in order to keep up interest (cf. Nummela & Pukkinen, 2004). Commitment to the group and the joint activities is a matter of seeing the benefits.

Different activities were carried out in the three export partner groups during the project period, and the activities were led and managed by different export managers. If you only look upon the number of requests for offers that have been dropping in after the project, you can notice that the companies that have experienced an increase come from all export partner groups. A conclusion of this is that the export manager's work do not only affect the results, even though his or hers input is important (cf. Ferreira, 2003). Equally important is the companies' own activity and commitment (cf. Nummela & Pukkinen, 2004). It is also important that the products meet a demand on the market and that the products are adapted to this demand.

The goals of the export partner group do not have to be connected to increased exports; the main point is that they are clear and compatible with the companies' own goals. A short project period means that the expectations should be put on a right level. Ferreria's (2003) research of Portuguese export networks confirmed that consensus about the choice of target markets, objectives and a long-term perspective on the results play an important positive role in group functioning.

Experiential learning is a main idea in models that conceptualise the internationalisation process of the firm as an organisational learning process. The best known such model is perhaps the Uppsala model of internationalisation of the firm (Johanson & Vahlne, 1977; Johanson, & Wiedersheim-Paul, 1975). A main assumption in the model is that market knowledge is acquired and firms learn primarily through experience from business activities in a given market.

Participation in export partner groups is one path to experiential co-learning (cf. Chetty & Patterson, 2002). The prerequisites and possibilities for co-learning should therefore not be forgotten when organising export partner groups. Interaction and bonds between the members, group size and compatibility between the firms and their products are some examples of factors which affect the possibilities for learning.

The role of the export manager and his or her input when it comes to selling should be clarified. According to Ferreira (2003) the export manager's role is essential (cf. Nummela & Pukkinen, 2004). The export manager's role is to actively work with pre-sales preparations. The role is to give advice, to find and establish contacts to, and visit potential customers. From there on it is up to the companies. In addition to the companies' commitment, the export manager's commitment is equally important.

In the export partner groups a reorganisation should be allowed, which can even be the case during the project period. Wilkinson et al. (1998) refers to this as business dancing. Those companies who identify mutual synergy effects and manufacture compatible products are those with most potential for cooperation. This process of sorting out can happen during the project period, i.e. the organisation of the group can change. Those companies who find the benefits of participation as limited are allowed to abandon the ship, while new companies can step onboard.

The presumption that all companies in the export partner groups should continue to cooperate with each other after the project period, and that this is the way to measure success in export partner groups is unrealistic (Welch et al., 1996). This study shows that some of the companies have continued to cooperate after the end of the project period. This study also shows that some of the new cooperation constellations have emerged after the project period, with partners from outside the groups. When it comes to cooperation, once again you can emphasise the companies own activity in searching for cooperation opportunities and in interacting with other companies.

5.2.1 Market oriented organisation of export partner groups

The issue of lack of compatibility between the companies products and interest and the experienced lack of cooperation between the companies in the KBP-project, gives thoughts on how to successfully organise an export partner group. Nummela and Pukkinen's (2004) results indicate that compatibility and intensive cooperation create better results. Compatibility and cooperation is mainly a matter of organising the export partner group.

The *market oriented* organisation form used in the KBP-project, and also a commonly used form in other export partner group projects is described in figure 7.

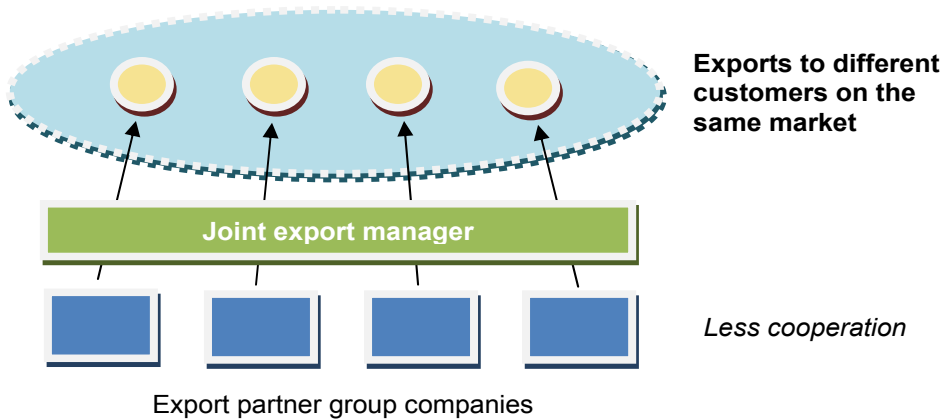


Figure 7. A market oriented organisation form for export partner groups

The problem with this organisation is that the companies do not necessarily have to cooperate since they have different customers. The common denominator is that the companies belong to the same group, they have employed the same export manager and they are aiming at the same market. In the most important activity, or selling, they are acting alone.

5.2.2 Customer or system oriented organisation of export partner groups

A suggestion for overcoming the problems with lack of compatibility and cooperation is to organise the export partner group according to the customers, i.e. a *customer oriented* organisation form, which is described in figure 8.

In the customer oriented organisation form the group members are aiming at the same customers. The main focus is shifted from common markets to common customers (regardless of markets).

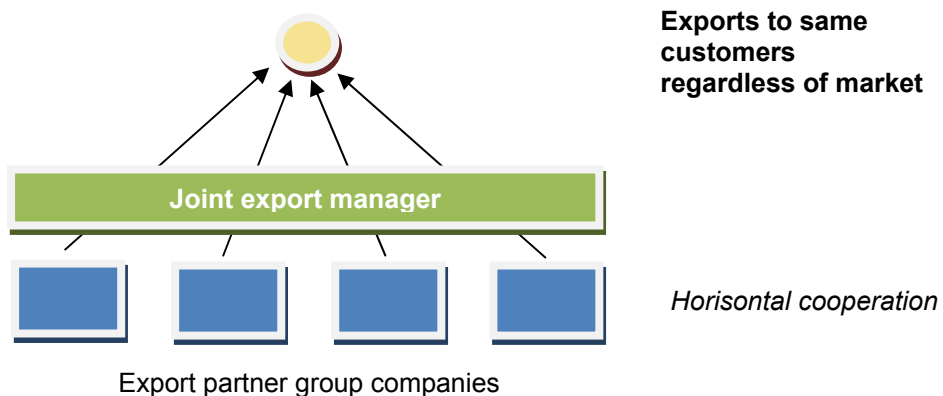


Figure 8. A customer oriented organisation form for export partner groups

A *system oriented* organisation form takes the idea of the customer oriented approach a bit further. In such a group, a majority of the members function as suppliers to a main buyer, i.e. a hub-firm. This form of organisation gives the group the opportunity to sell whole systems or projects to the customers. The primary intention in the Technologies for land and sea group was to create a system oriented form of organisation of the export partner group (Asplund, 2007). In the end the organisation somewhat slipped from this original thought.

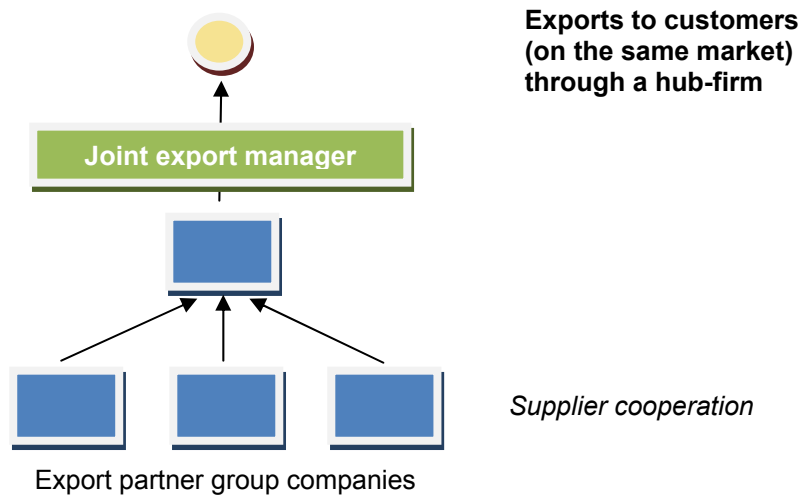


Figure 9. A system oriented organisation form for export partner groups

The customer and system oriented organisation forms put different demands on the compatibility of the companies and their products and they also put different demands on the necessity to cooperate. In a customer oriented approach the group members still do not necessarily need to cooperate, but the situation creates more natural opportunities for it. In a system oriented export partner group the members are forced to cooperate intensively and strong compatibility between the members is a selection criterion for the group. The work of the export manager also somewhat changes when moving from a market oriented approach to a customer or system oriented approach.

Demands on compatibility limit the group size. According to Ferreira (2003) a small group size have a positive impact on group functioning. The above suggested organisation forms focus more on customers and cooperation. When discussing organisation forms, the non-economic relations should also not be forgotten (Welch et al., 1996). The suggested organisation forms are probably not ideal for all types of export partner groups. Other organisation forms may be relevant, depending on the goals of the export partner groups, e.g. learning.

5.3 Conclusions about factors associated with the external environment

A careful scanning of the target markets is eligible. The target markets' price and quality levels, used technology, demand on refinement level and local adaptations, trade conditions etc. are factors that need attention (cf. Nummela & Pukkinen, 2004). The issue is to find right markets for the right SMEs with the right products or services.

Scanning is emphasised in the start-up phase of the export partner group, which means that the composition of the groups should more be demand- than supply-oriented (see figure 1). A demand-orientation means that the starting point is the customers' needs. After that the companies who can fulfil these needs are searched for. A supply-orientation on the other hand means roughly that you first put the group together and then start looking for customers.

6 SUMMARY

In empirical evaluations of the effects of different export promotion activities and programmes, the respondents tend to neglect the efforts of others and emphasise their own active role when it comes to success in exporting (Nummela & Pukkinen 2004). This may be due to the gap between the SMEs and the authorities, i.e. the entrepreneurs feel that the export promotion providers do not understand their business and the problems connected to it. This is a challenge in export partner group research since the impacts of a project not necessarily emerge during or shortly after the project.

6.1 Summary of results from the Kvarken Business Partner project

In an export partner group, different factors affect the results of the group and the activities. In this study the KBP-project has been in focus and the results summarised in this chapter are accordingly based on the export partner groups in that specific project. The summary is divided in two parts; first of all the positive results are presented and secondly the improvement areas are presented.

In the study following results can be considered as the main positive results of the KBP-project:

- A clear improvement of the participating companies' export planning is noticeable. The planning process has become more systematic. After the end of the project e.g. some new employments and organisational changes have occurred in the companies.
- The companies experienced that they have gained more export knowledge. Also co-learning from each other and interaction with other group members was considered as important.
- Many new cooperation constellations, mostly dyads or triads have emerged within the export partner groups after the project. All members of the groups have not continued to cooperate with each other; instead the companies have intensified their cooperation with certain partners.
- A considerable number of new cooperation constellations have also emerged between companies from the export partner groups and partners outside the groups.
- About half of the companies have experienced an increase in requests for offers and an increase in the number of deals shortly after the project. For the other companies it was not at the time for the study yet possible to detect a significant increase.

In the study the following results can be considered as the main improvement areas in the KBP-project:

- About one third of the companies were of the opinion that they were not active enough in the export partner groups. The problem was to find time and to allocate resources for the activities.
- Many companies rated the cooperation between the members within each export partner group as weak. Some of the companies cooperated with partners from the same group, but the companies hoped for more. One problem was a weak compatibility between the companies' products and interests within the groups. They were aiming at different niches, had different products and customers.
- The companies did not expect a quick increase in sales and exports, but many of them still expected some kind of tangible result during the project period.
- In the Wood industry and the Environmental industry groups the situation on the target markets somewhat reflected the results. On the target markets the price level was lower and an adaptation of the products could have been carried through. On e.g. the Lithuanian market some of the companies' technology was too advanced and expensive at time for the project.

The export managers' commitment, activity and work was in the evaluation rated both positively and slightly negatively, dependent on which export partner group the companies belonged to. According to the members of the Technologies for land and sea group, their export manager was very committed to the task and very active. In the Environmental industry group, the members were also rather positive to the export manager's and export assistant's work. The members in the Wood industry group were slightly dissatisfied and wished that their export manager would have been more active. The results of the evaluation are much due to the unfortunate change of export managers in that group in the middle of the project period.

6.2 Summary of conclusions

Some of the conclusions made in this study are dependent on the group members' activities and input and some are connected to organisation and coordination of the groups. Improvement can accordingly happen on both sides in an export partner group project. The use of export partner groups as an economic-political tool to enhance SMEs' internationalisation is functioning. Improvement of the concept is still eligible.

Both large and small companies, experienced and less experienced exporters can participate in an export partner group. A carefully planned and compatible aim of the group is the selection criteria for who is going the benefit most of the participation. The concept of export partner groups is most relevant for companies that can be categorised as less experienced exporters, measured both according to export shares and export continuity.

Companies that on their own are not capable to continue exports after an export partner group project are not suitable for participation. The companies should in their organisation at least have some person responsible for exports before taking part. Without commitment, i.e. time and allocated resources for planned activities, the results will be weak. Weak results lead to less commitment and activity, which again leads to even weaker results. The negative circle is self-reinforcing.

The export manager's commitment and activity is not the only factor creating results in export partner groups, even though the input of time and effort is important. The companies' own activity and commitment is equally or even more important. In addition to that, the role of the export manager should be clarified, in order to avoid irrelevant expectations from the companies' side. The export manager's role is to actively work with pre-sales preparations; the rest is up to the companies.

The results from participation in an export partner group are not necessarily visible immediately, which the group members ought to be aware of. It is relevant to put the expectations on a realistic level. A balance between long- and short-term results is adequate. It should be recognised that the benefits are not in terms of short run business success but also in terms of increasing international competitive strength. However, some kind of tangible results, e.g. requests for offers or something to work on must emerge rather quickly. Tangible results keep up commitment to the group and the joint activities. Tangible results are in the end partly dependent on the fact that the companies and the export manager have done their homework, e.g. a careful scanning of the demand on the target market.

In the start-up phase of the export partner group a careful scanning of the target markets is relevant. The target markets' price and quality levels, used technology, demand on refinement level and local adaptations, trade conditions etc. need attention. To summarise; the customers' needs are in focus. This means that the formation of the group more and more is moving away from a supply-orientated to a demand-orientated formation approach. It is relevant that the products and the services meet a demand on the market and that the products and the services are adapted to this demand.

Compatibility between the companies' products, services and interests, which enhance cooperation, is a matter of organising and reorganising the group. With different points of interest, the need for and benefit of cooperation is undermined. A possible reorganisation in the export partner groups should be allowed. Companies who identify mutual synergy effects and produce compatible products and services have most potential for cooperation. A customer or system oriented organisation form demands compatibility and enhances cooperation more than a market oriented organisation approach. Compatibility is also a matter of group size. The level of heterogeneity is increasing simultaneously with group size.

Learning is one important activity in export partner groups. Not only knowledge of e.g. export procedures and markets is important, but also the prerequisites and possibilities for co-learning through e.g. benchmarking, joint fact finding trips, joint visits

to customers, joint participation in trade fairs and exhibitions, informal meetings and discussions, events of more social nature etc. should not be forgotten.

6.3 Suggestions for further research

Since the results of participation in an export partner group are difficult to detect immediately, during the project or a short while after, a suggestion for further research is to use more longitudinal research approaches when answers about impact are desirable. One difficulty is that a long time gap can blur the relation between participation in an export partner group and potential success on the export markets.

The occurrence of cross-border export partner groups seems to increase. The cultural aspects of group functioning could be one research area of interest. This study has not revealed any significant results in connection to that. It was, however, not the purpose of the study.

A suggestion for further development of the export partner group concept and also a suggestion for further research is to test and evaluate which form of organisation is more relevant. In this study alternative organisation forms are discussed, but the question if they give more relevant results is still unanswered. Different forms of organisation fulfil different goals. Therefore the criterion for results should be put in relation to the goals.

In this study exchange of information among members in an export partner group, benchmarking and co-learning emerged as a topic for further research. Participation in an export partner group can function as an important tool for experiential co-learning. The prerequisites and possibilities for co-learning in export partner groups should therefore be further studied. Co-learning is one issue of organising. Interaction and previous acquaintance between the members, group size and compatibility between the members and their role in the concept of learning could be studied further.

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THE BENEFITS OF AN EXPORT PARTNER GROUP AND THE GROUP FORMING PROCESS (FINPRO, 2007)

The benefits of an export partner group for the companies

- Finding new customers and business opportunities
- Value for customers and cooperation partners from the joint activities and products
- Work contribution of an experienced export manager in addition to the company's own resources
- Finpro's external views and experience
- Experience and learning by doing together
- Cost-effective way of entering new markets
- The export partner group can also evoke co-operation in procurement, product development, and production
- The SMEs get through Finpro an export promotion subsidy to cover the costs for the participation in the export partner groups from the Ministry of Trade and Industry.

Notice: The Ministry of Trade and Industry has ceased operations as from 1 December 2007. Its responsibilities have been transferred to the Ministry of Employment and the Economy that started its operations as from 1 January 2008.

Division of the export partner group process

Main activities and issues:

Preparation phase

- Clarifying of the core idea
- Mapping of companies and their compatibility
- Mapping of target markets
- Recruitment and orientation of export manager
- Preparation of plan of action and budget
- Companies' commitment and decision to start the group

Implementation phase

- A six months market analysis phase (if needed)
- 3 x 12 months of export partner group activities
- Further plans

Post-project phase

Possibilities for organisation of the exports in the companies (in the former group):

- Export manager (own or joint)
- Extended contract with the group's former export manager
- Joint venture company for exporting and marketing
- Local agents and own support persons for exports in the companies
- Distribution and after sales networks selling to final customers on the target markets
- Licensing
- Franchising
- Project exporting
- Subcontracting
- Local main suppliers/subcontractors
- Some other cooperation partners
- Foreign direct investments

INTERVIEW THEMES IN THE PERSONAL INTERVIEWS

1. Background facts of the company

- a) Establishment year
- b) Number of employees
- c) Turnover
- d) Products
- e) Goals for the future

2. Export activities

- a) Year of start of exports
- b) Export shares
- c) Main export products
- d) Main export markets
- e) Description of export regularity
- f) Export goals for the future
- g) Main obstacles/problems in exports

3. Competitive advantages

- a) Competitive advantages compared to competitors
- b) Weaknesses
- c) Evaluation of own knowledge and experience when it comes to export activities
- d) Evaluation of company resources when it comes to export activities
- e) Evaluation of personnel's knowledge and experience when it comes to export activities
- f) Acquisition of relevant own and personnel's knowledge and experience when it comes to export activities

4. Previous experience of export cooperation

- a) Previous participation in export partner groups
- b) Previous experience of other types of export cooperation than export partner groups

5. Evaluation of Kvarken Business Partner export partner group

- a) Reasons for participation in the export partner group
- b) Goals with participation in the export partner group
- c) Achievement of goals so far in connection to participation
- d) Benefits so far in connection to participation
- e) Timeframe for achievement of benefits
- f) Comparison to time before export partner group participation
 - o Change in turnover from exports – impact of participation
 - o Change in number of export markets – impact of participation
 - o Change in number of export customers – impact of participation
 - o Change in planning of export activities – impact of participation
- g) Problems in connection to the activities of the export partner group
- h) Evaluation of the project coordinator's input and role in the export partner group
- i) Evaluation of own input in the export partner group
- j) Evaluation of other group members' input in the export partner group
- k) Evaluation of cooperation between the companies in the export partner group
- l) Evaluation of the export manager's input in the export partner group
- m) Export manager's role
- n) Suggestions for improvement in the activities of the export partner group
- o) Further participation in other export partner groups

QUESTIONS IN THE FOLLOW-UP SURVEY

1. Have the number of offer requests which can be connected to the project increased?
2. Have the number of deals which can be connected to the project increased?
3. How has cooperation between the members in the group changed after the project?
4. Has the project led to cooperation with other partners than the original members of the group?
5. Has there been any other change in your export activities which can be connected to the project?
6. Has your export knowledge increased due to participation in the project?