

Working Together Locally-Performing Better Internationally: Alliance-FSAs-SME Internationalisation

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Abstract

The present study directs towards investigating the impact of local alliance on global performance of SMEs. In order to explore such impact, a conceptual three stage model has been developed covering three main variables: strategic alliance, developing firm specific advantages (FSAs), and internationalisation. Qualitative and explorative descriptive studies on fifty SMEs of Khulna city, Bangladesh were carried out to detect the key underlying variables exist in the context. From the data recorded and archived a total of ten variables covering various types of strategic alliances were developed, in the next stage a total of 20 FSAs were identified which can be obtained through such alliances and in final stage again ten variables were detected that describe different internationalisation competencies which can be developed through building those FSAs. This study contributed toward developing a model for successful alliance-FSAs-internationalisation framework from the observations of the respondents firms.

Keyword: Alliance, FSA, SME Internationalisation

Introduction

Walking down the road side on a busy highway of any suburban place of Bangladesh, a common picture for observation is that of few local semi-skilled labourers in various workshops doing similar things. The picture is identical in big towns such as the capital city Dhaka. If you visit those places and thousand other places (urban,

sub urban, metros) even today you will find no difference. This identical picture sometimes represents wonderful work harmony but only observing that scenario might be bit myopic. Sometimes, thoughts arise whether it could have been better if they could have developed some sort of interlink among them. That interlink yet again could have helped them in multiple ways including developing old yet everlasting theory of great Adam Smith which is work specialisation and standardisation, developing economies of scale, enhancing internationalisation capability through capacity building and so on. This lot of “could have’s” urges to go for thorough review of literature and works in this field and enlightened about what we really know about the field of research regarding alliances among small and medium enterprises and various advantages of that practices. There are lot of research works which are undertaken about strategic alliances and the impact of such alliances on the performances of small and medium enterprises. Those research works mainly highlighted how those types of businesses can be benefitted from such alliances and in what ways. In addition there are also few research works done in related fields about different kinds of strategic alliances and networking, and types of such networking which are most effective and in which particular types of businesses. However, we really do not know how such alliances can help in building FSAs (firm specific advantages) which now is considered obligatory particularly for international operation. In addition there is also scarcity of research work in establishing the interrelationship among strategic alliance, developing FSAs, helping SMEs in internationalisation, and performing better in international business. This paper

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tries to mitigate such gaps by undertaking a qualitative research work.

Research Questions

Through this study we will be able to learn few new things by mitigating above mentioned gaps in literature. In order to achieve such ambitious goal this study has set following research questions: how alliances help in building FSAs and what are those possible FSAs; how developed FSAs can assist SMEs to operate successfully in international business, and what are the possible benefits that can be developed through FSAs developing and ultimately helping in international set-up.

Literature Review and Conceptual Framework

The general definition of relationship between various business strategies and organisational success has altered a lot in recent years (Fazzari & Petersen, 1993). In western countries every firm is trying hard to adopt and get a successful entry into the new structure of this relationship (Gibb, 1993). It is widely believed and also outcomes of a number of research papers prove that solely providing salary to employees and few other benefits and operating in traditional ways won't ensure best corporate performances of the business firms (Gadenne, 1998). It requires something extra. According to the basic scientific outcome in the field of business and strategic management, strategies in doing business should be diversified and multi-dimensional. It should cover all the necessary aspects including operation, positioning, competitors, promotion, and so on (O'Dwyer, 2009). Thus, the strategies of SMEs also should go under that notion and it should consist of different aspects as doing modern business is hard and the cases for SMEs are harder. This concept gives rise to the concept towards effective strategy for doing business in this hyper-competitive business environment. Now, the next phase of concern in making strategy effective is what the role of new and modern strategies (Rajapatirana, 1997). Strategic networking among SMEs is certainly a modern tool and this study focuses on the effectiveness of that particular study in ensuring sustainable business success through internationalisation of operation. In addition it will also uncover the moderating role of developing FSAs in that relationship (Kim & Nugent, 1999).

Definition of Core Concepts

SME

Globally the SMEs are referred on the basis of two principal criteria: volume of turnover and number of person employed in that particular organisation (Wiklund & Shepherd, 2004). The European Commission has elaborated SMEs as those particular businesses that possess less than 500 employees. It also made some sub-categories of the broader concept of SMEs into small-enterprises with employees in the range of 10-99 and medium-enterprises with personnel in the range of 100-499 (Ahmed, 2001).

Strategic Networking

Strategic networking among business firms is widely defined as the process by which those firms came together to form a strategic partnership in various aspects of their business (Bari, Heema, & Haque, 2005). This includes setting uniform price, sharing important machineries, forming joint project, creating joint lobbying groups, devising area of operation, carrying out joint advertising and promotional campaign, sharing important technological and infrastructural tools etc. (Barnett & Storey, 2000). Such networking is widely accepted and seen mostly among firms of same types and this is frequent when sharing and networking helps those firms to establish more competitive advantages and also minimising risks (Anderson, 1982).

Strategic Networking among SMEs

Strategic networking among SMEs is certainly not a rarity in modern times (Ghosh & Kwan, 1996). It can be seen among SMEs in western countries and even the firms of developing countries are also coming into close network of each other. Strategic networking among SMEs assists small and medium operators in many ways (Barnett & Storey, 2000). It helps to form different joint strategic groups and ventures and also helps in risk management in many ways. SMEs certainly do not possess same capability of doing business in comparison to larger firms (Cuba, DeCenzo, & Anish, 1983). Therefore, this type of networking assists them in maintaining common strategic as well as operational capabilities and ultimately helps them to prepare themselves in a better way to compete

with the larger ones. Thus, the importance of such networking is quite evident in modern literature of SMEs and entrepreneurship development (Barnett & Storey, 2000).

Sustainable Success in Business Operation among SMEs

The major problem faced by most of the SMEs across the world is the sustainability of their business success. It is easier to obtain quick success initially but it is always difficult to maintain it (Cuba *et al.*, 1983). SMEs tend to obtain quick sales initially but always find it hard to keep the momentum and survive and compete for longer term. According to many research studies in this field, the factor accountable for such failure tend to focus on issues like strategic disadvantages, lack of financing, poor complete position, strength of larger firms, failure to cope with the attacks of the market leaders, and also lack of trust among same group of operators (Bari *et al.*, 2005). Therefore, in order to obtain sustainable success it is required for SMEs to enable themselves with more updated and modern strategies for business operation. There is little doubt over the fact that strategic networking among themselves is certainly one of the most updated tools (Ghosh & Kwan, 1996).

Firm Specific Advantages (FSAs)

FSA (firm specific advantage) is the implicit and explicit property attributed and obtained specifically by individual organisations. This includes benefits and competitive advantages of multinational enterprises which typically include elements such as product differentiation ability, superior marketing and distribution skills, trademarks or brand names, access to raw materials, economies of scale, access to capital, intangible assets such as proprietary technology, patents management skills, the ability to achieve vertical and horizontal integration, patented R&D knowledge etc.

Earlier Studies

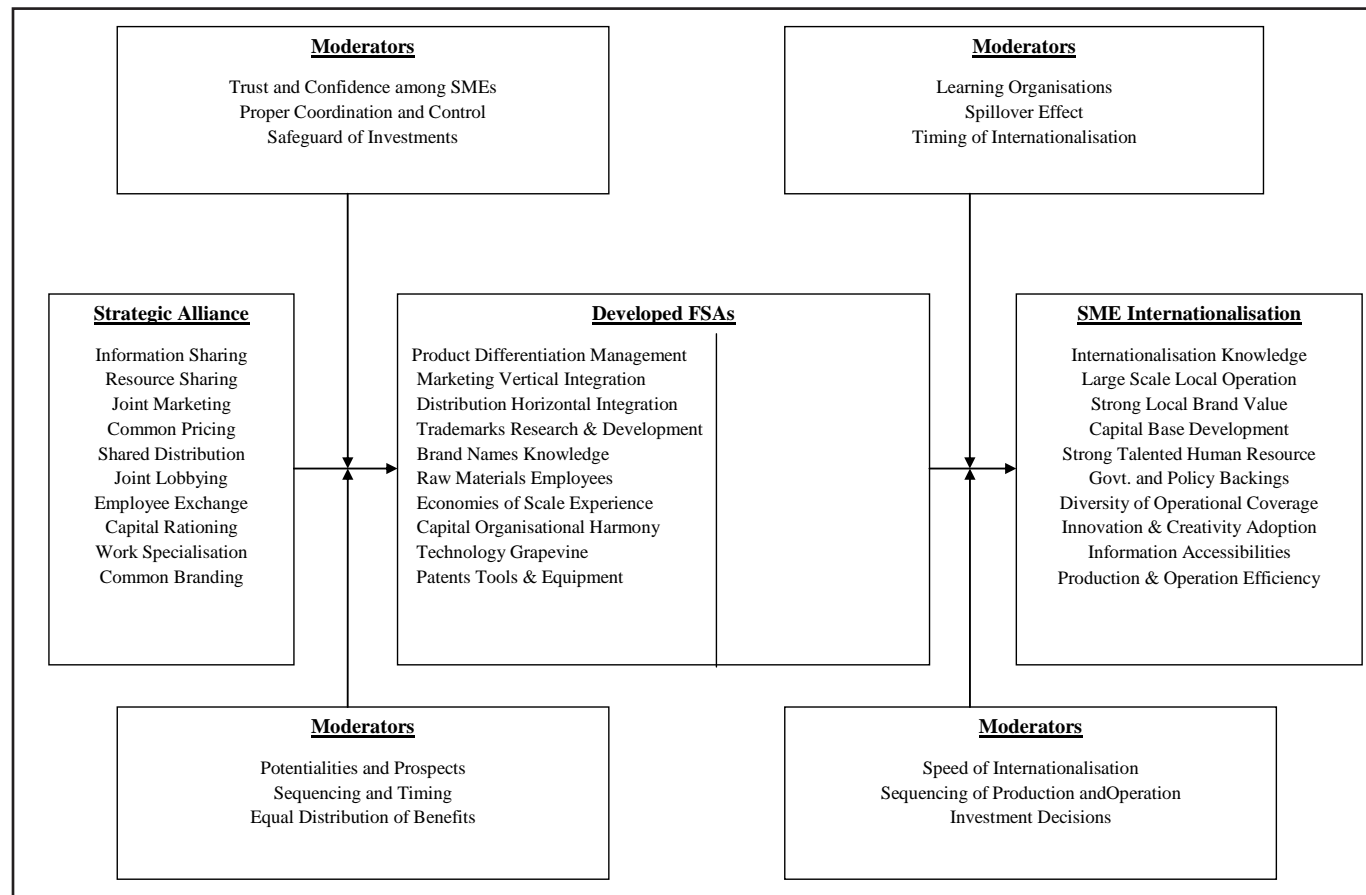
From the very basic point of view it is obvious that there should be and is relationship between Strategic

Networking among SMEs and Sustainable Success in Business Operation among SMEs (Levy, Loebbecke, & Powell, 2003). If SMEs create a fruitful and trustworthy network, that will automatically increase their success rate and as a result sustainable business success will be resulted (Hallberg, 2001). The theories of strategic management and also SME operation do support this notion as well. According to many researchers (Little & Mazumdar, 1987; Hallberg, 2001) in this field, strategic networking enhances capacities of the SMEs and thus results in typical improvement in their business conduction methods and thus brings operational excellences. Few researchers (Hallberg, 2001; Levy *et al.*, 2003) also believe that such networking makes the SMEs united and helps to resist various upcoming as well as ongoing threats in better ways. There are a number of studies across the planet directed towards finding out advantages of strategic networking and factors that boost SME's success. In their studies McMahon (2001) and Teruel and Martínez-Solano (2007) have identified that strategic networking always create trust and cooperativeness among SMEs and thus results in greater business success. Research works (Bakht, 1988; Ayyagari, Thorsten, & Asli, 2003) in the field of strategic management of small and medium firms outlined that the success rate of small and medium size firms is affected by the degree of mutual understanding among those firms in same area and market of operation. In their studies Asheim (1994) and Ahmed (2001) identified that if strategic networking among firms is backed by suitable macro and micro environmental factors, it results in huge positive boost up for the firms. From the above studies it is obvious that there is relationship between Strategic Networking among SMEs and Sustainable Success in Business Operation among SMEs. But, there is gap in the literature regarding how such alliances can help in building FSAs (firm specific advantages) which is now considered obligatory particularly for international operation. In addition there is also scarcity of research works in establishing the interrelationship among strategic alliance, developing FSAs and helping SMEs in internationalisation and also performing better in international business.

Conceptual Model

Fig. 1: Conceptual Model



Fig. 2: Alliance-FSA-Internationalisation Model

Methodology

For this study descriptive case study and observation methods have been used. A list of 50 manufacturing, retail, service and other SMEs was observed and details have been collected. In addition most of those firms were in close proximities. Selecting proximate organisation made it easier to observe possible linkage among them in order to relate it with development of FSAs and in second cycle developing internationalisation competencies through those FSAs. Interview and observation methods were used for data collection and information was both recorded and written. Afterwards data were structured and analysed for interpreting the established conceptual framework of relationship among strategic alliance, developing FSAs and SME internationalisation competencies, and success probabilities. In next steps variables were detected from the recorded data and putting those variables in the conceptual model for describing the relationship and discussing the multidimensional and networking relationship among the three key variables in the context.

Through this way the proposed research questions are answered and by this process a model about the entire context has been established. The model is termed as “Alliance-FSA-Internationalisation” model which covers all the variables and relationship among them has been interpreted in an organised way to elaborate the all the underlying relationships for answering the research questions.

Discussion

Following the research methods the discussion of this paper was done. As mentioned earlier, from the interviews, observations, and recorded data a networking model has been developed for describing and interpreting the relationship among different identified variables. Such establishment of network helped immensely to describe and figure out the entire scenario in just one single model and also assisted a lot in interpreting research outcome. The model is actually describing the outcome of research questions and objectives in double

cycle relationship which is described in the conceptual model following the literature review section. In the double cyclical relationship, in first stage the relationship among identified variables of strategic alliance and FSAs development has been described. The moderators of this relationship have also been detected and installed at the appropriate place and context between those two main variables. In the second cyclical relationship of the model, the relationship between developed FSAs and SME internationalisation has been explained. The moderators of this relationship between dependent and independent variables are also installed and explained along with the identified sub-variables of developed FSAs and SME internationalisation. After the identifications of variables and installing moderating variables, different independent and dependent variables have been exposed and their roles for describing the answer of the research questions and hypothesis have been clear and obvious for further explanations.

Developing FSAs through Strategic Alliance: Enhancement of Competencies through Working Together-Preparing for the Deadly Battle of International Business

It is a widely accepted proposition that the firms of developing countries and also from the emerging countries are suffering mainly from firm specific advantages (FSAs) as they lack in terms of creativity, innovation, and also from adoption of technologies. But, research works do suggest that in contrast they get benefitted from having country specific advantages (CSAs) due to larger population, big market, and also of bounty of natural resources. This discussion opens the door of further analysis and put immediate focus on the importance of developing FSAs for the firms of emerging and developing countries. Now, the burning question in that particular context is that how such competencies and advantages can be developed. Well, there are few ways and this study focuses on developing FSAs through strategic alliances among small and medium enterprises. Going one step further this study also uncovered how such development of FSAs can help the SMEs in internationalisation and help them to operate more proficiently in the international set up.

In the first place of discussion and analysis, it is necessary to describe the variables of strategic alliance as this research start from there. From, the response of

SME owners and literature review, ten sub-variables of strategic alliance have been identified. Such identification is also benefitted greatly from the mixing of previous studies with the random and unstructured responses from the SME owners. Those sub-variables are Information Sharing, Resource Sharing, Joint Marketing, Common Pricing, Shared Distribution, Joint Lobbying, Employee Exchange, Capital Rationing, Work Specialisation, and Common Branding. In the strategic management research of small and medium enterprises, information sharing has been described as the process of sharing and conveying important business related information among competing firms. This ensures free flow of information across all the firms and thus increase the information accessing power of all the firms and most importantly equally. Through this process all the SMEs upgrade and modernise themselves as they are now having more information related with their operation never before. Therefore, information sharing is a key player for developing firm specific advantages through the strategic alliances of small and medium enterprises of any country or region. It is widely known and well accepted notion that small and medium firms always have scarcity of resources in compare to the larger ones. Thus, they normally suffer from inadequacy of resources and lags behind in terms of competencies both in international and domestic territory. Now, the next important concern here is that how such inefficiency or inadequacy can be eliminated or somewhat minimised. One viable option is definitely strategic alliance. SMEs form such alliances and share their resources. Their problems can easily be minimised as all the SMEs normally have different types of tools, machineries, and other resources and if they share those things then that can help them a lot. In this study on the SMEs similar outcome has been identified. Resource sharing through strategic alliances can ensure development of FSAs for all the SMEs and most importantly up to greater effectiveness than normal modes of operation.

The marketing campaign and procedure of small and medium enterprises seldom is equipped enough to compete with the larger firms of the business segment. Thus, they face strong difficulties to compete with them and such lack of efficiencies can minimise joint operation. Joint marketing can make the marketing system and the value delivery system all the more proficient than individual ones. Through this process smaller firms can develop more FSAs and enable themselves to operate more confidently in international market.

“Smaller entities can form large fort together and by this can fight with monster and sometimes can invade as well into others territories”

While competing with each other particularly in the domestic territory, all the firms including SMEs normally followed individual pricing strategies. This is because of their differences in operation and also diversified product or service delivery system to end users. On the contrary, when these firms comes in a common platform by forming strategic alliances, they go for shared or common pricing strategies which enables themselves to compete together. In that process they become allies, not traditional foes or competitors. Such formation rather gives them joint competitive advantages from the customers. Such advantages are ensured by the fact that through shared pricing strategies producers set themselves in a better bargaining position in compare to the customers. In this study it has been detected that all the SMEs understand about this concept although never practiced. However, most of them showed positive attitude towards this. Few owners also possess some sorts of distrust and reservation about this as they feel this will reveal their secrecy and make them exposed to everybody. However, our study findings reveal that such shared pricing will benefit most and through that more capacities will be installed for the SMEs. As a result they will be able to develop more and more FSAs and enable themselves to operate in international market in far better ways.

The distribution network and efficiency is always one of the most important factors for every type of business firms including SMEs. One important concern here is that SMEs particularly from the developing and underdeveloped parts of the world often lack strong distribution network and also value delivery network. The core reason behind that they do not have proficient financial backings to develop such things. As such they often lose the race with the larger corporations even in domestic market. This situation get worsen when they enter into the foreign market as developing foreign distribution network is even more difficult. This study on SMEs of Bangladesh exposes the fact that such deficiencies can be mitigated up to greater extent if those firms can form joint distribution network. The joint distribution of SMEs will always be more competent and extended in compare to the individual one. This will elaborate their reach. The SMEs will be able to extend their market even to the remote part of their domestic territories and also to the more destinations in international set up.

“Raising voice together makes both voice and claim stronger-the situation is more replicable for smaller parties who find it difficult to make their presence felt to the relevant decision makers”

Government support is essential in every sphere of operations irrespective of the background, business types, and region of operations. Such support is of more significance for SMEs as they need those backings badly to be some sort of equal stance in compare to larger firms in the same market place. In order to receive and ensuring such supports it is often essential to lobby to the respective government authorities. This current study identified and reveals that those lobbying get more effective and receive momentum if done in a joint venture. Therefore, it is essential for the SMEs to come into a strategic alliance and go for lobbying together for ensuring governmental support. Those supports can really help them to build strong foundation in the domestic set up. They can develop more and more FSAs from those points and ultimately can go for internationalisation for gaining more and more international success. Employee exchange and sharing of the SMEs makes their workforce more diversified and effective. That make ensure they get rid from the lack of human resources. If the workforce of different SMEs comes together and helping out each other's operation then those SMEs really can develop more synergy from their operation and ensure lower level of per unit cost and more profit. Such sharing often brings them almost at the same level of big organisations as the number of workforce increases through employee exchange sharing of small and medium enterprises. In the next phase such sharing developed more FSAs and makes the SMEs again capable enough to compete in the international market place.

Financing is always the biggest problem for the small and medium enterprises as they always suffers from proper and adequate financing resources. Such constraints restrict them from operating in larger scale and also inhibit innovation and creativity generation and adoption. There are number of research works carried out in this area and suggested few options to eradicate this sever pending problems. One of those suggestions is capital rationing or in other words forming of joint capital and financing resources for those firms. This ongoing research on the SMEs of Bangladeshi SMEs also detected identical outcomes. Those SMEs were found to be aware about the procedure of rationing of capital. They also responded

positively and acknowledge the fact that they are severely constrained by lack of funding. Our study also suggesting that if such joint formation of capital is possible then those SMEs can develop a number of FSAs which they never ever experienced.

In the introduction section of the paper it has been outlined about experiences of observing workers working in a workshop nearby the roads in sub-urban areas of Bangladesh. This picture is not a scarce one and if we go deep into the picture more interesting things will come out. In those workshops and also in hundreds and thousands of other small and medium enterprises of Bangladesh everyday a lot of activities take place. There is very little number of workers who actually carry out all the activities of those smaller firms. That simply indicates that they perform all the tasks in the production line and sequence. One thing is absence from such operation which we popularly known as one of the very basic of scientific management are the job or work specialisation. As scholars suggested such specialisation always improves the output level and production efficiency a lot in compare to no specialisation. But, the problem for most of SMEs is that they cannot afford such specialisation as they do not have manpower available to carry put the operation on that manner. The bottom line is that that problem can only be eliminate do they can operate jointly. That will ensure that they will have lot of workers in their armory. Then in the next stages those workers can be trained to perform specialised tasks and productivity can be ensured. In our study on the SMEs of Bangladesh same picture have been identified. The target SME owners reveal that they are accepting this concept. One problem is that they are quite reluctant to trust each other completely. However, this study explored that if those mistrust can be eliminated and strategic alliances can be formed a quite number of FSAs can be developed and in that process those SMEs can go for internationalisation and operate more efficiently.

“A strong unique combined brand is thousand times more lethal than hundreds of separate individual brand as it conveys stronger message and easily access consumer’s trust and loyalty”

During the data collection on the SMEs of Bangladesh it has been observed that those SMEs will be immensely benefitted if they just come under a common umbrella and form a strategic alliance and in along with that declared a common brand for similar and related types

of operations then their brand value and brand image will enhanced a lot in compare to the their individual positions. Such common and combined brand is definitely stronger and also of greater appeals in compare to the individual smaller brands which actually have closer to zero significance in terms of brand appeal to the average customers. Therefore, without any doubt it will create a lot of firm specific advantages (FSAs) for those SMEs and will enhance their capabilities in international business setup.

Developing FSAs through Strategic Alliance- Only Possible and Success are Guaranteed if Supported by Few Important Moderators

The first task of this research study was to identify the ways and avenues of strategic alliances that can contribute towards developing FSAs for the SMEs. Therefore, after collection of data through the interview and observation technique, identification of the variables for strategic alliances has been done. Those ten variables describing various forms of strategic alliance have been described in the previous section. One important concern here is that, in the next cycle of the developed conceptual model for describing the relationship among different construct, interpretation of the moderating variables exiting in between dependent and independent variables is of huge significance. In this section the same thing will be done. Description of the moderators for ensuring alliance resulted the development of FSAs will be interpreted clearly.

It is a well-known fact that an alliance just in names is of no value and use if few things are not ensured. Along with that every alliance and alliances in every industry is not same potential and therefore will not be able to gain similar success in international business. Therefore, the role of moderators is the key here. First important moderators in this relationship are trust and confidence among the SMEs. In every relationship building and alliance formation trust is always the key. If those SMEs who are forming such alliances do not trust each other, then such alliance building is of no use. That will make lot of confusion and distrust and also mismanagement among those SMEs. Alliances backed by trust and confidence will always be successful one and that will ensure that firms through forming alliances will be able to develop a lot of FSAs. One thing is very common in the literature

of strategic alliances that few alliances often failed by lack of proper coordination and control. This is simply because joint operation is always harder to control and coordinate in compare to the individual one. Therefore, building team is essential and also establishing chain of command among the participating SMEs is needed. It is also necessary to build a joint management team for monitoring and directing the operation and controlling the developments and deviations. Only then the real result of strategic alliances will be ensured and the ultimate goal of developing more and more FSAs will be achieved. In this research the participating SME owners feels that such coordination and control is the key. Along with that they also believe that it is difficult to control and coordinate everything and will take a lot of time to ensure everything falls on the track.

As every joint venture conducted with joint financing it is hard to ensure that everybody participating in it is absorbing the liabilities and responsibilities in good faith. Therefore, one problem always arises about securing the investment of different organisation SMEs or large or of different stature. The participating SMEs in this research also possessing identical perception about this issue. Their response is bit reserved as far as joint financing and also about its effectiveness. Therefore, this study suggests that in order to make strategic alliances more effective and for ensuring alliance resulting FSAs, it is important to safeguard the investment of the SMEs in the joint venture. As described in the introduction section of this section, every industry, every sector is not of same potentiality. In some cases one industry may be a huge success domestically but may not do the same in international business. Along with that for some business individual operation is better than the strategic alliances. This is simply because all types of businesses are not suited with joint operation as innovation adoption and other things get hampered by strategic alliances. Therefore, potentialities and prospects of every industry and also of strategic alliances are a key moderator exists in between strategic alliance and FSA development. Early identification of key industries which have the most potentialities and prospects is the key for ensuring strategic alliances resulting successful development of firm specific advantages for the small, and medium enterprises. Most often than not internationalisation is done in phases and as such proper sequencing is the key in those cases. Sometimes, the success of SME internationalisation largely depends on proper phasing of operation which means to decide

the timing of internationalisation. That simply indicates whether to go for early internationalisation or stage by stage internationalisation. In deciding so it is again critically vital to phasing out the sequencing and timing of operationalisation of strategic alliance. Timing and sequencing of strategic alliance will ensure the development of proper firm specific advantages and ultimately proper sequencing of internationalisation will result ultimate success of SMEs in the international setup. The final moderator between the relationship of strategic alliance and FSAs is the equal distribution of benefits among the participating SMEs in those alliances. Only equal distribution of benefits including profit will ensure successful strategic alliances which will ultimately resulted in development of more and more FSAs as mentioned in the earlier sections.

Strategic Alliance Coupled with Effective Roles Performed by Moderators-a Deadly Combination-will Developed Numerous FSAs at the End

In the above two sections, different forms of strategic alliances backed by different moderators are discussed. This analysis reveals that different types and forms of strategic alliances and those alliances supported by the existence of moderators will result in number of importance and determining firm specific advantages (FSAs) for the SMEs of developing countries like Bangladesh. In this study such detection has been done from the responses of the SME owners. The identified FSAs are Product Differentiation, Management, Marketing, Vertical Integration, Distribution, Horizontal Integration, Trademarks, Research & Development, Brand Names, Knowledge, Raw Materials, Employees, Economies of Scale, Experience, Capital, Organisational Harmony, Technology, Grapevine, Patents, Tools & Equipment.

Investigation on the SMEs of different types participated in this study reveals that if they come up with strategic alliances and also coupled with the supports of mentioned moderators this will ensure the fact that their product offering will be of larger depth and also of greater variety. This is because those SMEs which will be in the joint venture or strategic alliance will come together. By that their individual product will come in combination and simply that will ensure greater variety. Along with that strategic

alliance coupled with the support of moderators will also enhance the quality of management of the firms in compare to the earlier position. The individual management for the participating firms will come together and forms a joint management which will be without any doubt of greater efficiency and also of larger in size. That new management will be more capable of making innovative and creative management decision making for quick up gradation of the business and also for modernisation for making it more robust and most importantly ready and capable for operating internationally. Not only management, marketing capabilities will also be improved a lot by such joint venture as different sub campaigns of marketing campaign such as pricing, advertising, sales promotion, branding, distribution etc. will be improved a lot. The study on the SMEs reveals that the firms are operating in the same line of operation. That means some SMEs are suppliers as well as distributors of few other SMEs. That means if they come up with a strategic alliance they will be able to integrate vertically and by that will gain a key core competency because, such vertical integration will make their operation more reliable and efficient. In that situation they will not be required to depend on anybody for the raw materials and suppliers. Such vertical integration will also increase the quality of their product as the supplies are found to be and expected to be much better in compare to the previous situation. This study also found that numbers of SMEs are also competing with each other in relatively smaller segments. If they can form alliance as suggested then they will not compete with themselves. Rivals will become allies and such alliance will give them more bargaining power over the customers. These types of horizontal integrations are also of immense benefit for few specific types of SMEs like smaller hotels, small tour operators, vendors, restaurants etc. This ongoing research also exposes the fact that most of the SMEs which participated in the study do not have the luxury of enjoying too many patents. This clearly indicates towards lack of innovation and creativity which is obligatory for international operations. If they form alliances and start trusting each other then they will certainly be able to develop more patents, trademarks and innovation of their own and therefore will be much more capable to operate in international setup.

Continuous and spontaneous research and development activities are must for modern firms including SMEs. But, the problem often exists in the fact that they do not have the budget or financing capabilities to carry out such

research and development activities. Strategic alliances backed by the moderators certainly will enhance their financing capabilities and allocation for those activities. This study also reports identical outcome through the investigation on Bangladeshi SMEs. Along with that strategic alliance will also increase the experience, knowledge and employees of the SMEs. Joint operation will make them work together and thus all the employees will come in the same platform to perform. That will make the manpower extended and competitive. This will ensure better competencies for those SMEs for operating in international business set-up. This study also reports that the SMEs in Bangladesh and also in every country are not similar in terms of their experience. Few are operating for years and in contrast few are relatively new in operation. Strategic alliance of different sorts will make the trade-off among those SMEs experience and the inexperienced will get advantages from experienced firms and at the end all the SMEs will be benefitted. The case is similar for the competencies of knowledge as well. A lot of SMEs in the study are manufacturing firms. It has been observed that they do not have the capabilities to purchase the new big machineries and equipment and often failed to upgrade the technologies. That inhibits the required development, large scale operation, and production efficiency. As mentioned in this section strategic alliance will resulted in better financing capabilities. The bottom line is that through better financing options those SMEs will be able to purchase larger machineries, other required tools and equipment and also will be able to upgrade their technological competencies. Hence, the operation will be elaborated and will make them more capable internationally if supported by the existence of the moderators.

Information and communication capabilities are the two most essential ingredients for modern business operation including those of the SMEs. Developing grapevine for ensuring free flow of information through both informal and formal networks is the key for ensuring information access. Hence, strategic alliance will increase the networks and communication personnel; this will make a wider and strong grapevine of communication resources and will make the SMEs more accessible to information regarding their operations and decision making. One of the largest and strongest entry barriers for the SMEs is the competitions and threats they faced from the larger corporations like different MNCs. The case is identical for the SMEs of the Bangladesh as a lot of string and

dominant MNCs operate successful in the country. It is a well-known fact and also highlighted in different economics and international business articles that MNCs always get preferential and substantial benefits from the economies of scale. This is because they operate in a large scale and been always been able to spread fixed costs and therefore reduce per unit cost. SMEs often suffer from higher per unit costs as their operation is at smaller scale and fixed cost is often higher. Thus, this study and earlier study exposes that they seldom get the benefits of economies of scale. This picture can be reversed if those SMEs form strategic alliances. Then they will be able to operate at larger scales and thus will also be able to spread the fixed cost and thereby reduces per unit cost. By this process strategic alliance backed by the moderators will ensure the development of economies of scale for the SMEs.

Developing Internationalisation Competencies through Strategic Alliance to FSAs Development-only Possible and Chances of Success get Accelerated if Supported by Few Important Moderators

Similar to the first cycle of the developed model describing the relationship between strategic alliance and development of FSAs, the second cycle describing the relationship between developed FSAs and SME internationalisation also needs to be supported by few important moderators. This is for ensuring successful transformation of the developed FSAs for ensuring best possible internationalisation competencies and ultimately gaining success in international market place. Those moderators are Learning Organisations, Spillover Effect, Timing of Internationalisation, Speed of Internationalisation, Sequencing of Production and Operation, and Investment Decisions. Every organisation is not a learning one. Those organisations are the learning organisations which are always ready to learn from the new situations and also ready to make necessary adjustments and transformation from every possible situation. This is a very important moderator in between the relationship of FSAs development and SME internationalisation because as mentioned earlier, international market is very volatile in nature. Such volatile market place requires robust and ever learning firms. Only those types of firms will be able to change themselves accordingly from every possible situation. Only then, the developed FSAs will be

lethal weapon for the successful internationalisation. For example, SMEs developed a FSA of better distribution competencies through the development of FSAs and then they go for international operation. But in order to be successful in the international market those SMEs need to be learning organisations. Only then they will be able to modify themselves and operate successfully in international environment.

“Only those teams were successful who learned from each other, mitigate their limitations, enhanced their competencies through spreading success mantra openly and without any discriminations”

The second important moderator in the second cycle of the relationship of the developed model through the open ended qualitative responses of the SMEs is the spillover effect. As an expert management professor will prescribe this for every successful human resource management and organisational behaviour while teaching, this effect is of immense value for successful SME internationalisation. Such spillover effect followed by strategic alliances of SMEs will circulate the best practices among the SMEs very quickly. This will ensure that they are learning from each other and somewhat reducing their weaknesses which they use to have while operating individually. Therefore, it is a key moderator between the relationships of FSAs development and SME internationalisation.

Timing and speed of internationalisation are also two key moderators in the relationship. Sometimes firms developed FSAs but fail to use it in proper times. That means unable to exploit from that by failing to go for internationalisations in appropriate times. Along with timing speed is also important as different SMEs and different businesses require different speeds for internationalisation. In some cases fast and prompt internationalisations are required and in contrast situation slow and sequential internationalisations are essential. Whatever the scenario is, it is vitally important to select the best possible method as this will ensure that developed FSAs do not go in vain and contribute toward successful operationalisation in international business for the participating SMEs in the strategic alliances. This current study on the SMEs of Bangladesh reports identical outcome. Investment decision or capital budgeting decision is also essential to make in internationalisation process to ensure the fact that developed FSAs are getting proper backings from financing sources. That will ensure the perfect scaling of

operations and will contribute towards perfect operation. The final moderator in the relationship is sequencing of production and operation for internationalisation. This is vital internationalisation and also suggested in different internationalisation model. Sometimes, few firms prefer direct export and in the last stage go for direct FDI after practicing other options like joint venture, franchising, licensing etc. These largely depend on the type of destinations also as per the competencies and resources of concerned organisations. Therefore, proper sequencing is essential for converting FSAs development towards success in international business for SMEs.

Strategic Alliance Resulting FSAs and Backed by Viable and Proper Moderators-the Ultimate Success Mantra for Effective Internationalisation Competencies

This section of the study consists of the final discussion about the development of internationalisation competencies through strategic alliances and development of FSAs. The research on the target SMEs reveals that in final cycle of the developed model SMEs will be able to develop different internationalisation competencies. Such competencies will be developed firstly through alliance and then through FSAs development and definitely supported by different important moderators. Those internationalisation competencies are Internationalisation Knowledge, Large Scale Local Operation, Strong Local Brand Value, Capital Base Development, Strong Talented Human Resource, Govt. and Policy Backings, Diversity of Operational Coverage, Innovation & Creativity Adoption, Information Accessibilities, and Production & Operation Efficiency. As suggested by the first conceptual model of this study, strategic alliance of SMEs will ensure development of few key firm specific advantages (FSAs). Those FSAs backed by few key moderators will ensure internationalisation competencies. First of the developed internationalisation competencies is the international knowledge. Developed FSAs like grapevine and information competencies will make sure that SMEs participated in the strategic alliance is sharing the information with each other. This will enhance their information access and thus will make them aware about the international operation. Therefore, they will have more international knowledge which will help them immensely in operating international market. Along with that developed FSAs (through alliance) like joint

management, marketing, distribution, economies of scale, larger capital, vertical and horizontal integration will enable those firms to operate in larger scales in local market. Strong and extended local operations will make the SMEs more capable and also in better position to go for international operations. Along with that this will also established a string local brand image and they can exploit to create good brand value in international marketplace. Developed FSAs like trademarks, patents, organisational harmony, research and development will contribute towards developing international business efficiencies like diversity of operational coverage, innovation, and creativity adoption. This will make the firms certainly more capable to face the music of international business. Along with that they will also be able to develop a strong and talented base of human resources which are ready to go for challenging international business operation. Finally, FSAs like tools and equipment and technology will enhance the production and operational efficiency and thus will develop themselves more capable for international business.

Conclusion

Internationalisation of small and medium enterprises is one of the highly popular topics of research in the field of international business and entrepreneurship. Apart from that internationalisation of firms from the developing and emerging parts of the world is attracting even more focus. Thus, it is important to identify the best possible ways and methods for such internationalisation along with required competencies. Such evaluation needs to be done in sequencing activities directed towards developing successful internationalisation framework and model. This study has done the same by developing the alliance-FSAs-SME internationalisation model and thus prescribed how successful SME internationalisation can be done through alliance developing and also establishing key FSAs from that. By that process, it has contributed significantly in the existing theory of SME internationalisation by adding networking model which suggesting successful SME internationalisation model by constructing strategic alliance.

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