The Influence of Network Capabilities on SMEs Internationalization: An Italian Case Study

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Abstract: The main purpose of this paper is to better understand how relationships networks can help SMEs to enter and achieve a good positioning in international markets. An exploratory research has been carried out through a qualitative approach based on the case study methodology. In particular, the case study analysis has contributed to the identification of Italian SMEs strategic orientation to international markets and their approach to internationalization, which is mainly based on corporate ability in social ties’ creation and feeding. Moreover, these ties are at the roots of those knowledge processes that contribute to the development of international business networks. To this end, a literature review has been conducted in order to summarize those emergent perspectives pointing to merge SMEs internationalization in a network perspective and the role that network relationships can assume in knowledge acquiring and development. This analysis has pointed out the need/opportunity to integrate international business studies in a network perspective with those oriented to intercultural relationship management.

Key words: internationalization; SME; knowledge; relationships networks; intercultural relationship management

JEL codes: M16

1. Introduction

During the last decades, deep changes have occurred in global markets leading companies to face several fluctuations related to their strategic and operative behavior. Consequently, to handle the growing complexity of global markets, companies frequently decide to expand their activities in foreign markets, internationalizing their business (Goerzen & Beamish, 2003). In recent times, also SMEs have started to appear in foreign markets, being ever more active in international arena in order to face the high competitiveness of emergent markets. Opening their activity to international markets, SMEs have had to dynamically change (Peter et al., 2015) their mindset and organization. Consequently, despite these companies are characterized by a substantial lack of economic, cognitive and professional/human resources, they have been able to enter international markets changing not only their structural setting, but also their decision-making processes. In fact, SMEs are currently considered even more
relevant in the worldwide economic systems (Shrader et al., 2000; Knight, 2001; Lukács, 2005; Musteen et al., 2010; Cavusgil & Knight, 2015), being deeply involved in international business and participating to different networks to better face the environmental complexity.

Several scholars have focused their interests on the internationalization, which has been investigated according to different perspectives, such as: marketing (Håkansson, 1982; Quelch & Klein, 1996; Craig & Duglas, 2005; Albaum et al., 2008; Berthon et al., 2012), strategic management (Teece et al., 1997; Pearce & Robison, 2000; Freeman, 2010; Hitt et al., 2012; Hill et al., 2014), and entrepreneurship’s role (McDougal & Oviatt, 2000; Oviatt & Mc Dougal, 2005; Jones et al., 2011; Coviello, 2015). In particular, according to management studies (Foskett & Maringe, 2010), internationalization has been defined as “the process of increasing involvement in international operations” (Welch & Luostarinen, 1988, p. 36). This process has been also investigated according to three main dimensions: extent, scope, and speed (Zahra & George, 2002; Gaur & Lu, 2007; Chung et al., 2008; Meyer et al., 2009); the main structural dimensions at the roots of a better understanding of firms’ direction and development towards foreign markets. To make internationalization a real source of viability, SMEs have to face their internal and structural limits, such as the lack of economic, human, and cultural resources, specific skills, and technological tools (Masurel, 2001). In particular, companies should be able to build and maintain close relations with stakeholders even through the participation in social and business international networks. It is clear that these companies can achieve a good positioning in global markets also thanks to the networks’ influence that make them able to overcome a great number of size-related constraints (Loane & Bell, 2007; Sasi & Arenius, 2008), getting those additional resources needed to face global markets hostility.

In the past years, the network perspective applied to SMEs internationalization has been explored according to different business approaches, going from the most traditional ones, to the most recent ones mainly based on the so-called “born-global” approach. In fact, if a “traditional approach to internationalization has been described as a ‘stage’ model, in which a company first grows solidly in its home market, and then starts exploring opportunities for expansion into adjacent countries in the region” (Kudina et al., 2008, p. 40), the born-global one is mainly related to the idea that in several cases SMEs start their international activities from their birth, entering in different countries at once and approaching new markets for both export and sourcing (Chetty & Campbell-Hunt, 2004; Kudina et al., 2008; Madsen, 2013). Following this emerging stream of research, the main purpose of this paper is to better understand how relationships networks can help SMEs to enter and achieve a good positioning in international markets. Consequently, an exploratory research has been conducted through a qualitative approach based on case study methodology. In particular, the case study analysis is headed to identify Italian SMEs strategic orientation, whose approach to internationalization seems to be based on the ability to create and feed social ties. These ties also contribute to the achievement of the knowledge needed to make SMEs able to create international business networks. To this end, a literature review has been conducted to summarize the emergent perspectives pointing to join SMEs internationalization in a network perspective and the role that network relationships play in knowledge acquiring and development. In particular, the analysis of IT Frame has led to a better understanding of the emergent approaches to internationalization, which are not only based on corporate behaviour and strongly influenced by the culture of belonging, but also able to interiorize culture, traditions, skills, and capabilities of foreign markets. Matching the theory and the case study, it has been possible to better define social and business relationships in order to support those strategies here defined “internationalization relational strategies”. Summing up, the literature review and the empirical observation results will contribute to answer the following research questions:
RQ1: Do network relationships influence SMEs' decision in terms of foreign market entry mode?
RQ2: Which network relationships make SMEs able to gain the knowledge needed to successfully approach international markets?

The paper is structured as follows; a first section dedicated to the review of literature on SMEs internationalization and networks' influence, underling the role of knowledge as a fundamental driver for the development of relational internationalization strategies. The second section is dedicated the definition of research methodology and to the empirical research; follows conclusions and implications.

1.1 The Network Approach for SMEs Internationalization

In recent years, the literature on SMEs internationalization has been mainly focused on the investigation of their extensive use of networks (Coviello, 2006; Zain & Ng, 2006; Wright et al., 2007; Musteen et al., 2010; Kontinen & Ojala, 2011). In fact, the network approaches have had a significant role in the development of main theories on business internationalization such as the Uppsala model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), the network model (Johanson & Mattsson 1988), and the Internationalization New Venture (INV) theory (Oviatt & McDougall, 1994). These theories root not only on networks development, but also on their importance in destination markets (Uppsala model and INV theory) and resources' selection to achieve a successful internationalization (Network model). According to this stream of research, the establishment of network relationships seems to positively affect internationalization processes (Johanson & Vahlne, 2003). In particular, some scholars have underlined the growing importance of SMEs participation in different networks in order to gain those technological, productive, and commercial resources needed to access foreign markets (Johanson & Vahlne, 2003; Elango & Pattnaik, 2007). Relationships between SMEs and the several business actors operating in different countries act as a bridge to enter new and foreign markets (Johanson & Vahlne, 1990). However, the network model says nothing about physical distance or the countries a firm is entering into.

In literature, it has been defined two different types of network relationships, the active and passive ones. In particular, the active network relationships are based on seller direct initiatives, while the passive ones are based on buyers’ initiatives (Johanson & Mattsson, 1988). Moreover, active network relationships play a pivotal role in specific activities such as: learning, knowledge acquisition, and foreign expansion (Gilmore et al., 2006; Gabrielson et al., 2008; Bell & Loan, 2010). On the other hand, passive network relationships are usually based on the initiative of different and external actors such as customers, importers, intermediates, or suppliers (Ellis, 2000; Johanson & Vahlne, 2003), who can help firms to enter foreign markets.

Summarizing, the development of these different types of relationships involves different actors (e.g., customers, distributors, suppliers, competitors, non-profit organizations, public administration, etc.) that interact to acquire and share those information necessary to build the knowledge essential to approach foreign markets (Styles & Ambler, 2000; Harris & Wheeler, 2005). Moreover, the entering in foreign markets can be approached according to three different types of network relationships: informal, formal (Coviello & Martin, 1999; Harris & Wheeler, 2005; Rialp et al., 2005; Ojala, 2009), and intermediary (Chetty & Holm, 2000; Ellis & Pecotich, 2001; Havila, Johanson, & Thilenius, 2004; Oviatt & McDougall, 2005). In particular, scholars agree that there is a substantial difference between formal and informal network relationships; thus, if formal relationships are mainly related to business activities between two or more actors participating to a specific network, informal relationships are always based on those personal feelings that, for example, link family members and friends (Coviello & Martin, 1999; Harris & Wheeler, 2005; Coviello, 2006; Ojala et al., 2009). Informal relationships generally arise from social networks, while formal ones are usually generated by business networks, being often emerging from a “formal
organizational policy” (Broadbridge, 1998) or “a conscious effort by decision-makers” (Young & Perrewé, 2000) to find a convergence between actors towards shared solutions. Moreover, formal relationships also contribute to the acquiring of those financial resources that business actors can gain interacting with each other.

Formal and informal network relationships contribute to the identification of those opportunities and information that can have a direct influence on SMEs positioning in international markets. In fact, social ties seem to facilitate the access to fine-grained and tacit information (Uzzi, 1997), while business ties seem to contribute to fill the existing structural gap and provide less redundant information (Granovetter, 1983; Burt, 1992, 2000).

In recent times, business literature has paid a growing attention also to the third type of network relationships: the intermediary ones, characterized by the lack of any contacts between international seller and the buyer. This is possible because these relationships are mainly based on the intervention of a “third party” that facilitates or mediate the network relationship between the buyer and the seller. Consequently, these intermediaries or “brokers” represent the real connection between the actors of different markets, being able to facilitate the development of international business activity between the seller and the buyer (Oviatt & McDougall, 2005). If the literature has underlined the significance of network relationships in internationalization decisions, on the other hand, deeper analysis on how firms can use their network relationships in entering new markets is still required.

1.2 International Networks and Knowledge Acquiring for SMEs Internationalization

According to a traditional approach to internationalization, SMEs’ decisions are based just on personal insights and initiatives, not always supported by a deep knowledge of destination markets. This situation makes SMEs suffering for a long-lasting lack of knowledge about destination markets, which has a direct impact not only on decision-making capability (Evers & O’Gorman, 2011), still unstructured and left to personal initiative, but also on their ability to effectively compete in foreign markets. On the other hand, the network approach looks to internationalization as a learning process through which SMEs can establish and better define their own position on networks they belong (Ovian & McDougal, 1999). “SME’s readiness for involvement in international markets can be interpreted as being a function of its state of informedness on targeted foreign market(s)” (Liesch & Knight, 1999, p. 386). In fact, the importance of network perspective has been considered and analyzed also by a stream of literature that has stressed the significance in knowledge acquiring for better approach international markets (Harris & Wheeler, 2005; Oviatt & McDougall, 2005; Zahra, 2005).

In particular, literature has pointed out not only that SMEs participation in different networks can positively affect their international growth (Andersson & Sundermeier, 2013), but also the importance of entrepreneurs and managers’ capabilities in achieving a successful internationalization, centered on their personal skills, such as culture, experiences, and network of relationships (Makovec Brcenic, 2001; Ruzzier et al., 2006). According to a knowledge perspective, these skills can be considered critical resources for firms’ development, supporting them in entering and surviving in new and foreign markets. Literature has focused its attention not only on organizational knowledge creation (Nonaka & Takeuchi, 1995), but also on individual knowledge achievement and application to firms and in particular to SMEs’ growth (Grant, 1996). The previous statements are strictly related to an important phenomenon, the rising of the so-called “knowledge economy”, according to which knowledge can be considered an important competitive driver. In this context, the internationalization is often read as resulting or deeply influenced by knowledge acquiring processes. However, in literature there is growing evidence that firms and in particular SMEs can gain the knowledge needed to survive and also to internationalize their business participating in social and business networks (Mejri & Umemoto, 2010). Some scholars have defined the so-called network visioning capability as the set of top management’s skills and competencies that make an organization able to
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In a wider perspective, this means that in a sort of virtuous circle, SMEs’ entrepreneurs and managers’ gradual acquiring of knowledge makes them more confident in dealing with internationalization peculiarities and risks (Liesch et al., 2011). Consequently, SMEs knowledge seems to be strictly related to entrepreneurs’ and/or managers’ ability to integrate their awareness about markets (e.g., awareness of stakeholders needs, proximity to emerging markets, insight into commercial potential etc.) and technology with the routines, standards and physical spaces typical of each organization (Thorpe et al., 2005). It is now clear that this knowledge can be mainly acquired through entrepreneurs and managers’ direct participation in international networks (Athanassiou & Nigh, 2000), which act as virtual places in which relationships between global firms and local context take place, making them able to face the complexities of competing in new environments and to overcome the barriers associated with language, culture, business practices, and legislation (Morosini & Shane, 1998; Carpenter et al., 2000), which can have a negative influence on corporate image’s perception and on corporate legitimacy in foreign markets (Musteen et al., 2014).

Therefore, participating in several and denser networks, SMEs seem to be able to refer to abundant information sources and develop a proper cognitive know-how able to support their international activities (Ruzier et al., 2007). To that effect, the network competence can be considered a learning process, able to enhance organizations’ core competences in terms of relational capabilities. Therefore, the knowledge at the roots of network competence is strictly related to companies’ ability to “develop and manage relations with key suppliers, customers and other organizations and to deal effectively with the interactions among these relations” (Ritter et al. 2002, p. 119). In particular, this knowledge can be assimilated to a competitive driver able to distinguish a specific firm from its competitors.

Some evidence have also demonstrated that network competence can have a strong influence on those SMEs that are often small, knowledge-intensive, high-technology oriented, and interested in internationalize their activities straight after their foundation (Madsen & Servais, 1997; Torkkeli et al., 2012; Child et al., 2014). According to the previous statements, a network in its relational dimension can act as “cognitive multiplier” (Rullani, 2010), able to include both exploitation and exploration dimensions in order to make process even more efficient, effective, and promote strategic cognitive asset enhancement.

2. Methodology

This study has been based on a qualitative approach and in particular on the case study methodology (Yin, 1994, 2003), in order to better understand a real example of the network relationships’ development for SMEs’ internationalization through the experience of the Italian IT Frame, which represents the focal point of its relationships’ network. According to Adams (2002), a fieldwork aims to “deeply investigate the main features of a phenomenon” and better understand the dynamics of a specific process (Ryan et al., 2002). Therefore, the case study methodology represents “a research strategy focused on the comprehension of those dynamics characteristic of specific contexts” (Eisenhardt, 1989, p. 532). This approach facilitates the investigation of a phenomenon within its context, collecting data from several and sometimes-different sources, and making also possible to respond to specific research questions mainly (but not exclusively) through qualitative methods and action researches. In particular, the case study selection has been based on the definition of those objectives that are as close as possible to the main findings emerging from literature review. In fact, the paper aims to explore some
specific drivers that help SME in entering and effectively positioning in foreign markets.

Data collection has been based on multiple sources; in particular, secondary sources have been used (e.g., corporate web site, annual reports, and several different corporate documents) in order to store as much information as possible about IT Frame internationalization strategy. Semi-structured interviews were conducted with IT Frame ownership and managers (such as Managing Director, Business Development Manager, and Marketing Manager) to gain a deep knowledge about firm’s international activities and entry modes into foreign markets. The semi-structured interviews were open-ended, in order to ask about theme in questions and then about more detail questions (Yin, 1994). These questions were defined to achieve information about the following dimensions: Knowledge of foreign market, Informal and Formal Partnerships, Network relationships, Network’s capabilities, Network’s competence (Table 1).

The 60-90 min long interviews were digitally recorded and transcribed verbatim using a word processor. Therefore, data analysis has been conducted according to a specific checklist, which contributes to identify and record those events or processes that critically affect internationalization strategies.

### Table 1 Data Classification

<table>
<thead>
<tr>
<th>Location, Networking, and Internationalization actions</th>
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<tr>
<td>Knowledge of foreign markets</td>
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<tr>
<td>Informal and formal Partnerships</td>
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<td>Network relationships</td>
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<td>Network’s capabilities</td>
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<td>Network’s competence</td>
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Source: our elaboration.

### 3. Case Study

IT Frames is Italian firm, build up in 2003 by some entrepreneurs with a deep experience in interior design and furniture. Nowadays, IT Frame headquarter is settled in Italy, in a town nearby Bologna named Funo di Argelato, while its commercial department is located in Milan. IT Frame core business is design, development, and installation of personalized furniture, interior decoration and lighting system dedicated to specific point of sale, show room, bureau, hotel, and private apartments. At the early stage, this company was very small, emerging from the personal initiative of five local craft entrepreneurs, characterized by a strong expertise and know how in the interior design and in particular in carpentry, lacquering and polishing, metalworking, upholstery and lighting engineering.

An open culture full of entrepreneurial spirit in terms of passion for their work, creativity and courage in facing the innovations pushes these five craftsmen to undertake a path of growth. In fact, the winning idea was the development of a relationships network aiming to oversee the whole production chain and, at the same time, to create those synergies needed to place its offerings in foreign markets. In order to overcome the lacking of managerial skills, these five entrepreneurs early decided to be supported in their ambitious business project by a manager experienced in internationalization. The company activities are always characterized by a “tailored” philosophy, according to which each client is presented a customized offering, characterized by exclusive components and a treatment highly adapted to each client needs.

During the startup stage, IT Frame offering was mainly directed to domestic market and to specific business clients such as: high-end retail, Building, HO.RE.CA catering. As reported below, one of the main goals of
ownership has been the enhancement of a close relational path, which has led the company to grow internationally. In fact, currently the company is present in several foreign markets and its offering is mainly dedicated to these countries.

4. Findings

The following sections are dedicated to a deep investigation of IT Frame internationalization process. In particular, it have been analysed the actions and consequent relational strategies adopted by IT Frame to enter and position itself in several foreign countries (e.g., China, Vietnam, United Arab Emirates, USA, Canada, and Mexico).

4.1 Knowledge of Foreign Market

According IT Frame strategic guidelines, at the roots of an internationalization strategy there is the achievement of foreign market knowledge. In fact, according to ownership and managerial board, a good positioning in foreign markets also roots on a good degree of experiential knowledge about their features, trends, and culture. In this way they have tried to reduce the uncertainty that always affects the market entry process in host country. Thus, the entering in foreign countries has been anticipated by entrepreneur and managers several trips, in which they have started to read and understand local context, in terms of traditions, culture, and politic orientation. According to IT Frame managing director:

Running our business, we consider the adoption of an intercultural approach fundamental, because cultural context has a deep influence on the way business activities are thought, acted, communicated and run.

In this context, at operational level IT Frame managers periodically meet with local partners in order to mutually exchange information about the changes and trends occurring in the market in which they operate. In addition to the physical presence, the interaction flow has been supported by a shared informative system, which links in real time all partners belonging to the global network created by IT Frame. Developing intense network relationships, the company aims to ensure a deep and updated understanding of its destination markets.

4.2 Type of Relationship

IT Frame entry strategy in foreign markets has been based on specific direct and combined channels, selected also thanks to some relationships, at first informal and then formal close relationships with local actors. In particular, in Chinese area the company has been able to established informal relationships with local actor (e.g., university, research centers, chamber of commerce, embassy, etc.) in order to achieve a deep knowledge. In fact, the ownership has stated that:

Thanks to regular meetings with local chambers of trade, we managed to be appreciated as people more than as a company. In fact, we have participated to several events, such as: cultural events, conferences and seminars, aiming to spread corporate value and culture and to feed social relationships. Moreover, our company has participated to several actions of cause related marketing, supporting different social campaigns. In particular, we have organized some charity dinners whose proceeds have been donated to LifeLine Espress, a hospital train that provides medical care in remote and poor Chinese areas. We have also been able to gain local authorities’, especially Chinese ones, respect and trust thanks to their visits in Italy, during which they have appreciated our way to conduct business, as well as our commitment and respect for people.

IT Frame has established informal relationships collaborating with “Tongji” University of Shanghai in order to develop several educational projects and master’s degree. It is evident that such collaborations are useful not only to the establishment of skills centers characterized by a technical and scientific know-how and also able to
facilitate the attraction of human resources. Relational investments, characterized by reliability and transparency, in 2009 have led the company to gain the “Top investor in China” award, which has proved for the 2009 the network strong in Asian markets. This prize was promoted by the collaboration between Italian and Chinese organizations and institutions (e.g., cultural organizations, chamber of commerce, government departments etc.). These informal relationships have enabled the establishment of formal relationships with local business actors that have been evolved in specific agreements (e.g., franchising, joint venture, piggyback etc.), enabling IT Frame stable presence on foreign markets. In particular, the above mentioned relationships, at first informal and then formal, have supported IT Frame in opening its business activities to Chinese market of interior design, characterized by a high growth rate due to more demanding customers and to radical change of Chinese culture and lifestyle. In this context, a broker, known during an international exhibition, who offered important suggestions about features and trend of this specific market, supported a significant formal relationship.

According to business development manager:

To enter a market under a strong evolution as China, characterized by consumers who are changing their preference in terms of both wide consumption and niche products, orienting their purchase choices not only to high quality products, we had to understand the needs and the specific requirement at the roots of purchase behavior. The relationship established with a local broker has definitely help us to get in touch with young architects, interior designers, general contractors, and real estate agents.

The relationships established with these professionals according to a collaborative logic have represented an engine of innovation, enabling the company to realize product innovations based on specific market trends. Moreover, the “tailored” philosophy aimed to a great care of clients’ needs has led the company to develop a strong relational capability, which is translated in a value proposition highly service oriented. In fact, according to business development manager:

We consider the care of relationships a fundamental strategic asset.

Therefore, serving foreign clients, customizing its offering according their specific requests in order to be in line with destination markets’ requirements, has led the company to achieve specific skills and competence to constantly innovate its offering. The ability to look to foreign markets, even if in an induced way, has enabled the company to proactively act also in other foreign markets apart from Chinese one. In fact, at the same time IT Frame has open its activities also in other countries such as USA, Canada, and Mexico, creating sales office in order to directly control high competitive markets such as North American ones. The company has also established some commercial joint venture in order to guarantee the widespread and the effective distribution. According to marketing manager:

Our product strategy, based on product customization, need close cooperation with foreign customers and distributors. In fact, we have settled a direct sales office in New York in order to better serve our American clients. In this way, we have been able to achieve a good positioning of our offering, also thanks to the similar historical, cultural, political, and economic background that makes Italian products and style very close to this markets needs and desires.

These relational capabilities has led the company to develop active formal relationships, directly promoted, also in Far East, where it has opened a corporate branch in Shanghai and the establishment of a productive joint venture with local partners in Quama. In particular, IT Frame managing director has stated that:

China represents an important destination market not only for its commercial dimension, but also for the presence of several manufacturing firms characterized by high expertise, especially the carpentry ones, which have led our company to
follow an outsourcing strategy according to which some productive activities has been entrusted to local partners.

In terms of foreign partnerships, IT Frame managing director stated:

As soon as entered in informal relationships’ networks, we understand the importance to be present and directly involved in our destination markets, in order to better understand their lifestyle. We have adopted this approach being conscious about the inner complexity global markets, characterized by different, fascinating, and sometimes unexplored traditions and culture. For example, the integration with the Chinese context there has permitted to strengthen relations of business and, in fact, in 2005 was carried to some logistics and productive joint ventures.

4.3 Network Relationships

In terms of network relationships, IT Frame has developed a specific relational network in order to cover the whole supply chain and, at the same time, to develop those synergies useful to offer to foreign markets a high quality and high valuable offering. Currently, IT Frame has a network configuration, based on 123 Italian and foreign employees’ contribution and an extensive network of structured partnerships. The organizational structure is currently highly specialized and at the same time extremely flexible, having to adapt to the peculiarities, dynamics, and culture of served markets. An Intranet network enables constant information sharing between all company’s branches. At the same time, it has been detected an active behavior on target markets, based on the continuous adaptation of proposed solutions, which are highly customized in terms of tastes and habits. With reference to structured relationships, IT Frame managing director has affirmed that:

Far East and in particular China is very difficult market to enter, because its cultural and economic peculiarities. Consequently, to overcome these entering barriers we have established important cooperation’s relationships at first with social local actors. We have invested an important amount of time and energy in the establishment, development, and care of relationships with local partners, mainly based on mutual understanding. In fact, we believe that close relationships and partnership creation is the necessary condition to gain and feed a good degree of trust between the parties and, consequently, achieve a stable and sustainable positioning in selected markets. In our relationships network, we have established important partnerships with local interior designers and architects in order to make IT Frame offering as respondent as possible with local habits and needs.

The direct involvement of IT Frame property in corporate management has positively affected the development and maintaining of its relational network, making it able to develop an offering based on those elements characteristic of Italian style that foreign markets appreciate, such as: tradition, quality, innovation and innovative design, at the same time cleverly integrated with local markets peculiarities. In this direction, especially in terms of small supplies, IT Frame network relationships has positively influenced the development of a full service on-site, aiming to logistics services efficiency and effectiveness. According to business development manager, this result comes from:

Our earlier and long-term personal relationships with Chinese social and business operators have led our company to sign interesting partnerships with local operators. In this way, our company has interacted and trained local business partners in order to transfer them our way to approach work, merging it with theirs. Consequently, we have been able to entrust and share with them specific core activities of our value chain.

Relationships establishment and the stabilization has led the company to define specific downstream organizational networks, supported by networks of local agents, dedicated to each single local area, which have led to showrooms creation and to a close collaboration with retailers, especially in geographical areas characterized by a remarkable cultural distance.
4.4 Network Capabilities

IT Frame reveals good network capabilities, especially in terms of network positioning and partnership creation, in order to make its internationalization strategies as viable as possible. In fact, the company has entered different local and global networks, achieving a core positioning through an ongoing learning process aiming to share skills, information, and a deep knowledge about destination markets. IT Frame managing director stated:

Corporate plans also include resources exchange; thus, are periodically launched specific call of job rotation, involving our managers and employees coming from all our branches. Thanks to continuous exchanges, we have also been able to share and merge culture and skills in order to make our company able to develop new organizational, technical, and relational capabilities powered by a process of continuous innovation. We also promote intercultural exchange involving managers, who spent some periods of time in headquarter Italy or in other worldwide branches in order to compare and acquire new capabilities.

IT Frame offers its network capabilities to those companies that are interested in engaging an international growth. In fact, the company, acting as a partner, provides not only its skills in terms of integrated and personalized services. In this regard, in Chinese area the company established a joint venture with local partners, offering consulting and training services, mediating between the cultural differences, language, government etc.

4.5 Network’s Competence

In terms of network competence, IT Frame has developed a deep ability to support and manage relations with its foreign key partners (e.g., suppliers, customers, business associations, local institutions, and other organizations) to share information and cooperate in order to achieve shared goals. Participating and, in several occasions, driving network relationships, IT Frame has been able to achieve those knowledge resources needed not only to internationalize its business, but also to face foreign markets hostility and achieve a real competitive advantage. For IT Frames network competence consists in the ability in arranging and facilitating the relationships with different partners in order to create value. In fact, business development manager has stated that:

We consider all our global partners completely integrated in our relational system, sharing with them objectives and risks. In fact, even if our branches have our same vision, they still keep a strategic independent conduct, in order to comply and be in line with the local context in which they work. We can now affirm that our company is used to “think global and act local”.

5. Discussion

This study has pointed out that IT Frame relied heavily on its relational capabilities and in particular it has been able to develop a specific network relationships fundamental to its internationalization process. In fact, the strong relational orientation, enabled the company to sediment network capabilities that led it to achieve a better positioning in its destination markets.

In a conscious and active way (Gilmore et al., 2006; Gabrielson et al., 2008), the company, according to a network logic, has developed relationships in order to access foreign markets, gradually sharing many of its core activities with its global partners. Thus, it has enabled a network production, according to which other local companies have gradually shared that knowledge able to stimulate the emerging of close and stable relationships.

In particular, since from its birth IT Frame has enacted an international growth, based on a serial approach to foreign markets. This approach defined “born global” (Zucchella, 2002; Knight & Cavusgil, 2004) is characterized by the contemporary presence in several markets of segments not necessarily geographically and/or culturally neighboring. In fact, according to the findings, IT Frame has at the same time started its international growth pats both in culturally distant (such as Cina, Vietnam, Corea, etc.) and neighbours countries (such as USA,
However, in terms of foreign countries entry mode, the company has used different types of network relationships. In particular, at first to enter Far East markets, IT Frame has developed informal relationships networks. These relationships have led to the creation and the enforcement of social ties, giving the company credibility in the local socio-cultural context. Moreover, the entering culturally distant markets have been supported also by mediated relationships. This type of relationship has opened the way to Far East markets and has helped company in formal relationships network creation also thanks to local business actors’ support (e.g., interior designers, general contractors, carpenters, etc.). On the other hand, the entering in cultural neighboring markets (e.g., USA, Canada, and Mexico) has been gained also through the establishment of active formal relationships, mainly based on reputation that the company has been able to build respect to their clients. A tailored philosophy, aiming to a deep care about clients’ needs and, consequently, a product strategy based on a high customization, or in other terms service oriented, are the main levers of IT Frame marketing relational strategy. Even if the company has characterized by the peculiarities described before, it has been able to collect and integrate specific knowledge and skills. In fact, IT Frame has a network configuration, based on Italian and foreign employees’ contribution and an extensive network of structured partnerships. The distinctive feature of a network setup is in his peculiar form; thus, according to IT Frame is the core of a close relationships network, in which the knowledge, moving towards competence, is at the root of processes and value propositions. A learning network logic influences these processes, emphasising all those intelligences that populate the network, in other words, all those actors that, even if are geographically distant, but culturally integrated, feel to be a part of the same relational system.

6. Conclusions, and Theoretical and Empirical Implications

This paper has contributed to the enhancement of internationalization studies in a network perspective (Johanson & Mattsson, 1990), underling the role of knowledge as a driver fundamental for the development of relational internationalization strategies.

Even if literature review (Bell, 1995; Coviello & Munro, 1997; Coviello & Martin, 1999; Moen et al., 2004; Sharma & Blomstermo, 2003; Coviello, 2006; Zain & Ng, 2006) indicate that existing formal and informal network relationships drive firms to enter geographically and/or psychically nearby markets, selecting their initial markets and entry modes by following their network relationships; our findings reveal that the entering in foreign markets is not influenced by existing relationships networks, but follows a punctual strategic orientation, based on relational ability to build and integrate specialist knowledge and skills in an intercultural approach (Cedrola & Battaglia, 2012; Caganova et al., 2015). In fact, IT Frame has been also able to achieve a set of specific capabilities also thanks to the inner international orientation of its entrepreneurs and managers, which has contributed to accelerate the entering in foreign markets. However, the entry modes in a specific destination country follow different relational levers depending on the lower or higher cultural distance. According to the previous statements it has been possible to respond to the first research question (Do network relationships influence SMES foreign market entry mode decision?), emphasizing that this question should be contextualized in terms of cultural distance/ neighboring to foreign countries. Moreover, IT Frame proactive behavior in terms of relationships networks development offers interesting insights to respond to the second research question (Which network relationships makes SMEs able to gain knowledge useful to successfully approach international
markets?). Also in this case, the response is confirmed by its contextualization. In fact, in high context cultures, such as the Asiatic one, personal and social ties play a pivotal role; consequently, the company has made significant relational investments in partnerships with local actors. On the other hand, in low context cultures (e.g., USA, EU etc.), according to literature, markets’ resistance is mainly based on the ability in business networks creation. The previous statements are confirmed by the theory according to which social ties facilitate the access to fine-grained and tacit information (Uzzi, 1996), while business ties contribute to fill the existing structural gap and provide less redundant information (Granovetter, 1983; Burt, 1997). However, it is evident that an active internationalization strategy roots on a network competence, that is the ability in arranging and facilitating the relationships with different actors that, even if are geographically distant, but culturally integrated, feel to be a part of the same relational system.

In terms of theoretical implications, the study points out the need/opportunity to integrate international business studies in a network perspective with those more oriented to intercultural relationship management (Moller & Svahn, 2004). On the other hand, in terms of managerial implications, the empirical evidence might represent an ideal model for SMEs that aim to facilitate their internationalization process. Nevertheless, the ability to generalize the achieved results is somewhat limited by the analysis of a single case study.

References
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