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## Preface

Small and medium-sized enterprises (SMEs) are highly significant in both developed and developing countries as a proportion of the total number of firms, for the contribution they can make to employment, and for their ability to develop innovation.

The internationalization of SMEs is an increasing global trend and attracts the interest of not only academic researchers, but also policy-makers, as it is seen as an important means of enhancing the long-term growth and profitability of SMEs. Governments are interested in setting up support programmes which enable firms to increase their export sales, given the positive effects that increasing exports has on the economic growth and competitiveness of countries.

SMEs suffer from a number of major internal barriers to export related to their limited resources and lack of competences necessary to meet the challenges of the new business environment. This is particularly true of SMEs in developing countries, where relatively few entrepreneurs have international experience or a high level of management education. Compared to those in developed countries, firms in developing economies have fewer managerial resources and fewer private or public support services. Both these factors negatively affect their ability to go international.

It is widely acknowledged that firms are able to increase their export potential by leveraging on networks or collaborative strategies. Export consortia represent specific network arrangements, based on domestic collaborative relationships, which are well-suited to the characteristics of SMEs. Export consortia generally involve SMEs which are characterized by complementary and mutually-enhancing offers, and may be sales- or promotion-oriented. Consortia of SMEs can facilitate solutions to export problems and enable the loosening of the constraints related to the investments needed to penetrate foreign markets. However, the successful management of cooperation among SMEs in the form of export consortia makes it necessary to pay careful attention to the distinctive features of these networks.

Although the importance of cooperation for the international competitiveness of small firms in both industrialized countries and developing countries is widely acknowledged, the interest of academic research in export consortia has until recently been very limited. They continue to be almost completely unexplored in academic publications. Export consortia appear to be one area of professional practice that management research has not been able to analyze, despite its

economic relevance and social implications. This publication aims to fill this gap in management literature.

The book analyzes export consortia from the strategic management perspective. It builds on an empirical analysis of nine export consortia promoted by UNIDO (United Nations Industrial Development Organization) in developing countries between 2004 and 2007: four in Peru, three in Morocco, and one each in Tunisia and Uruguay. Besides reviewing the academic literature and discussing models for the management of export consortia, the book is based heavily on actual export consortium experiences, in order to combine a rigorous research approach with a more pragmatic view of the phenomenon.

The material presented here will be of interest to a variety of different readers.

Scholars in the field of management represent our primary target. We include a literature review which combines the topics of SME internationalization, strategic networks and alliances, and the issues which relate specifically to SME alliances in the form of export consortia.

Entrepreneurs and executives involved in the internationalization processes of SMEs will find useful business models and management tools for the successful design and implementation of export consortia. This is also the case for management consultants who support the international expansion of SMEs, and whose role is often crucial in the start-up of export consortia.

Insights into the functioning of export consortia may also be of interest to policy-makers and institutions that develop support programmes for the growth of SMEs in developing countries. Given the relevance of internationalization as a driver of competitiveness at both micro and macro level, policy-makers from developing countries are increasingly interested in setting up appropriate systems of incentives and support services that can enable firms to grow and be successful in foreign markets. For this reason, there is considerable benefit to be gained from a deeper understanding of export consortia and a better comprehension of the mechanisms that favour the successful management of cooperation among SMEs.

The book is divided into five chapters. In Chap. 1 we provide an overview of the different research streams that have addressed the issue of SME internationalization. Building on a review of export literature and studies on SME internationalization, we discuss the factors affecting the international development of SMEs as well as the barriers which block or hinder them from initiating or increasing export activities. We then focus on SMEs in developing countries. Empirical evidence from modern global manufacturing systems and increasing economic integration shows that the internationalization pathways of SMEs from developing countries may be more heterogeneous than those assumed by traditional models, which were defined in the context of mature developed economies.

Chapter 2 deals with networks. Network-based research shows that the internationalization process of firms is driven largely by network relationships. Joining a network can be even more important for SMEs, as they face a variety of internal constraints due mainly to a lack of financial and managerial resources. In this chapter we introduce the main concepts related to inter-firm networks and focus on the strategic issues involved in building a network of SMEs. After defining

strategic networks and presenting the different types, we analyze how a network may become an additional source of competitive advantage for the small firms involved. We then discuss to what extent trust among entrepreneurs is able to consolidate and ensure the continuity of the network. Finally, we analyze the crucial role that third parties, acting as ‘network facilitators’, may play in promoting and strengthening relationships among entrepreneurs.

Chapter 3 focuses on export consortia, which are a particular form of inter-firm network, based on domestic collaborative relationships, and dedicated to fostering the internationalization of SMEs. In this chapter, we present different types of export consortia, describing their features as well as highlighting their advantages and disadvantages compared to other kinds of network. From a dynamic perspective, the possible life-cycle of a consortium is also described. Data on the diffusion of export consortia are also presented, as well as a description of the UNIDO programme to assist developing countries and transition economies in establishing export consortia.

In Chapter 4, we show the empirical evidence which forms the basis of the book. Our analysis covers nine export consortia supported by UNIDO in developing countries between 2004 and 2007. After detailing the objectives and methodology of the empirical investigation, we present a concise version of the nine case histories compiled during the research in order to describe the main features of each of the export consortia analyzed: origins, membership, strategies and goals, governance structures, organization and management systems.

In Chapter 5, a framework for analyzing the management of export consortia is described along with several tools designed to enable firms to formulate and implement effective consortium strategies and monitor performance. Our framework focuses on six activities related to the setting-up and management of export consortia: managing the strategic alignment of member firms; formulating a consortium strategy; designing the consortium’s organizational structure; designing leadership and governance systems; leveraging on strategic resources and distinctive competences, and measuring consortium performance.

This book is the result of a research program developed jointly by the authors, who contributed equally to both the development of the core ideas and the research activity. Primary responsibility for the writing of the different sections was divided as follows:

Fabio Antoldi wrote Chap. 2, Chap. 4 (Sects. 4.6, 4.7, 4.8, 4.9, 4.10), Chap. 5 (Sects. 5.4, 5.6, and 5.7); Daniele Cerrato: Chap. 1, Chap. 4 (Sects. 4.1, 4.2, 4.3, 4.4, and 4.5), Chap. 5 (Sects. 5.3 and 5.5); Donatella Depperu: Chap. 3, Chap. 5 (Sects. 5.1 and 5.2).

Export consortia are likely to become more widespread in the future. A more in-depth knowledge of the important issues related to the strategic management of export consortia is therefore fundamental in order to be able to design and manage these network arrangements effectively, and to successfully manage cooperation among SMEs.



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