

# Chapter 32

## Information Management for Network Transformation in Industrial Enterprises Associations: The Case of the Internationalization Process

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### **ABSTRACT**

*There is no doubt that nowadays internationalization is increasingly attractive for companies that want to become more competitive. However, many small and medium enterprises (SMEs) still are resource-constrained, lacking adequate information and facing problems to establish and manage relationships to operate in a sustainable way in international markets. Despite receiving some support from governments and from other institutional entities, these difficulties faced by SMEs call for a stronger support, which can be played by industrial enterprises associations (IEAs). This chapter brings the perspective of five different companies that are associated with IEAs. The main objective is to have their opinion about the role of IEAs as information managers and promoters of collaborations, mainly for internationalization processes. Another objective is to understand the acceptance by these companies regarding the use of collaborative platforms, managed by IEAs, for supporting their information and collaboration management activities.*

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## INTRODUCTION

Small and medium enterprises (SMEs) are one of the main driving forces in economic development, representing in many economies all over the world an important pillar of growth and employment (London, 2010; Sommer & Haug, 2011). Globalization of markets and the consequent rise of competitive pressure lead SMEs to look at internationalization as a main priority to sustain their business (Costa, Soares, & Sousa, 2016a). However, only a few number of firms have been succeed in internationalize to foreign markets (Rodriguez, Barcos, & Álvarez, 2010). In comparison to multinational enterprises (MNEs), SMEs are typically regarded as resource-constrained, mainly lacking market power and adequate information and knowledge to operate in a viable way in international markets (Hessels & Terjesen, 2010).

To compensate the lack of information about foreign markets, SMEs can form collaborations and establish network relationships with different types of entities, such as suppliers (Hultman, Johnsen, Johnsen, & Hertz, 2012), customers (Cannone & Ughetto, 2014), competitors (Casillas, Acedo, & Barbero, 2010), foreign firms (Castellacci, 2014), institutional agencies (Santos-Alvarez & García-Merino, 2010), and government bodies (Child & Hsieh, 2014). Collaborations can be established between firms to complement core competencies, providing complementary and attractive products or services to markets and increasing competitive advantages to internationalize (Spence, Manning, & Crick, 2008). Networks are valuable sources of information about market conditions and information sharing is then crucial in collaborations to create trust and synergy to sustain relationships. Therefore, successful collaborations require using a collaboration-based mentality instead of a conflict-based one, with information sharing and not information controlling (Spence et al., 2008).

Despite of this, SMEs still face difficulties in managing both collaborations and information generated in a collaborative network context (Costa et al., 2016a). Due to the imperfect access to information, internationalization can be a risk for SMEs, representing extra costs associated with the collection of foreign market information and seeking and evaluation of partnerships (Hessels & Terjesen, 2010). Internationalization requires large amounts of information but many firms have a lack of suitable tools for managing information and knowledge from partners or from previous experiences (Rodriguez et al., 2010). When moving into new international markets the information processing demand increases and become more complex (Hsu, Chen, & Cheng, 2013), requiring suitable management approaches and information technologies tools to better predict and evaluate problems arising from internationalization strategies. Additionally, among all difficulties in managing internationalization information (Costa, Soares, & Sousa, 2016b), SMEs face significant barriers related to the lack of contacts and lack of adequate institutional support (Djordjevic, Sapic, & Marinkovic, 2012; London, 2010). Moreover, in Portugal, although representing 99% of the total number of enterprises, only 20% of SMEs are performing internationalization processes (Banco de Portugal, 2015).

These difficulties faced by SMEs in managing internationalization processes, with specific emphasis on managing information and on creating collaborations, call for a strong facilitating role that can be played by industrial enterprises associations (IEAs). IEAs can have an important role in fostering more collaborations among their associated companies, by disseminating opportunities and acting as an intermediary for establishing good relationships (Costa, Soares, & Sousa, 2015). Some previous studies have been studying the role of institutional networks in internationalization processes of SMEs, e.g. Oparaocha (2015), Makhmadshoev, Ibeh, and Crone (2015), and Gardó, García, and Descals (2015). However, these studies are not specifically focused on IEAs, i.e. results are concentrated in understanding the institutional network support of governments and other supporting agencies in general.

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