

Waheed Akbar Bhatti

**Relationship
Learning in
Inter-Firm
Conduits**



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Julkaisun nimike Oppiminen yritysten välisissä vuorovaikutussuhteissa		
Tiivistelmä <p>Väitöskirjassa tutkitaan oppimista yritysten välisissä vuorovaikutussuhteissa. Oppiminen on tärkeä tiedon kehittämiseen liittyvä komponentti yritysten kansainvälistymisprosesseissa. Teoreettisena lähtökohtana hyödynnetään ns. Uppsala-mallia. Tutkimuskysymyksenä on ”Kuinka suhteissa tapahtuva oppiminen vaikuttaa yritysten kansainvälistymiseen ja miksi se on kriittistä?” Väitöskirja koostuu yhdistelmäosiosta, kolmesta julkaistusta artikkelista ja yhdestä konferenssiartikkelista. Tutkimus lisää ymmärrystä, kuinka alihankkija-asiakas -vuorovaikutussuhteessa tapahtuva oppiminen voi auttaa tunnistamaan mahdollisuuksia sekä hyödyntämään niitä markkinoiden kasvattamiseksi. Tutkimuksen kvalitatiivinen teema-analyysi perustuu pitkittäisaineistoon, joka on kerätty alihankkijoiden välisestä vuorovaikutuksesta neljässä monikansallisessa yrityksessä ja neljässä pk-yrityksessä. Yritykset edustavat sekä valmistavaa teollisuutta että palvelutoimialoja. Väitöskirjassa paneudutaan siihen, kuinka oppimista tapahtuu alihankkija-asiakas -suhteissa, ja miten hankittu tieto vaikuttaa alihankkijan arvonluontiprosesseihin tarjoaman kautta.</p> <p>Väitöskirja tukee kansainvälisen liiketoiminnan tutkimusta tuottamalla uutta tietoa erityisesti mikrotason ominaisuuksista keskittymällä oppimiseen yritysten välisissä suhteissa ja siinä tapahtuvaan tiedon jakamiseen. Tulokset auttavat oivaltamaan, kuinka yksilön oppiminen voidaan nähdä tärkeänä keinona ymmärtää asiakkaiden tarpeita ja tyydyttää ne sopivalla tavalla. Tapaustutkimukset osoittavat, että vuorovaikutussuhteessa tapahtuva oppiminen ohjaa tiedon kehitysprosessia sekä edelleen sitoutumiseen ja sen toteutumiseen liittyviä päätöksiä. Asiakkaiden kanssa tapahtuva sosialisatio tasoittaa tietä kokemukselliseen oppimiseen, joka tarjoaa uusia näkökulmia tiedon kehittämiseen. Tulokset vahvistavat, että tiedon kehittämisprosesseja ja sitoutumista tapahtuu molempien osapuolten toimesta. Tämä on tärkeä tekijä ymmärrettäessä kuinka yritysten kansainvälistyminen etenee: molempien osapuolten pitää sitoutua ja työskennellä yhdessä prosessin tavoitteiden saavuttamiseksi.</p>		
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Abstract <p>This dissertation investigates learning through relationship interactions, an essential component of knowledge development in the internationalization process of firms, employing the Uppsala model as a theoretical lens. The research question is, 'How relationship learning influences the internationalization of firms and why is it critical?' The dissertation comprises an integrative part, three published articles, and a conference paper. This research extends the understanding of how relationship learning through supplier-customer interactions can identify opportunities and exploit them for growth in the market. The qualitative thematic analysis of longitudinal data collected on supplier interactions from four multinational firms and four small and medium-sized enterprises in the manufacturing and service industries. It explores how learning takes place in a supplier-customer relationship and how acquired knowledge contributes to supplier processes for value creation through their offering.</p> <p>The dissertation contributes to the international business literature by studying micro-foundation level characteristics focusing on learning through knowledge sharing in inter-firm relationship interactions. This study helps to understand how the individual learning is an important means to, understand the customer needs and satisfy them. The case analyses demonstrate that relationship learning guides processes of knowledge development, and consequently the commitment decisions and their implementation. Socialization with customers paves the way for experiential learning that provides an insightful perspective for knowledge development. The study results highlight the importance of trust-building. It is evident that trust-building is an essential input in the commitment process. The results substantiate that the knowledge development processes and commitments take place at both ends of the relationship. This is a core element in understanding why the internationalization of organizations is an incremental process: both parties involved must engage and mutually work towards the process.</p>		
Keywords Relationship learning, Knowledge development, The Uppsala internationalization process model		

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1 INTRODUCTION

1.1 Research Background and Problem Area

Internationalization is a gradual process in the firms' international expansion (Vahlne & Johanson, 2017), or "the geographical expansion of economic activities over a national country's border" (Ruzzier, Hisrich & Antoncic, 2006, p. 477). This process is similar to the strategy theory concept of geographic diversification, which comprises cross-border growth into new markets (Hitt, Hoskisson, & Kim, 1997), driven by risk division and growth ambitions (Grant, 2008). The internationalizing firm through a combination of these decisions engages in economic activities across borders, wherein internationalization is strategic relationships involving various dimensions of activities (Melin, 1992). Learning is closely intertwined with the internationalization. Learning is acquiring new knowledge, which is considered as potentially useful (Huber, 1991) regardless of whether it is an unintentional or intentional acquisition. More importantly, learning takes place if it changes firm behaviors through integration and processing of new knowledge.

The acquired knowledge contributes to the firms' existing knowledge and its resources (Penrose, 1959). The knowledge supports development and changes in resources with the perception of how the firms' external environment is constructed and how it responds to it. Therefore, learning influences the possible range of firms' actions (Huber, 1991; Penrose, 1959), for example, knowledge concerning identified opportunities as the foundation for decision making (Johanson & Vahlne, 2009). In the extant literature, the development of experiential learning from market operations has been viewed as the primary source of new knowledge for the internationalizing firm (Eriksson, Johanson, Majkgård, & Sharma, 1997; Vahlne & Johanson, 2013). As experiential knowledge is acquired through performing activities, it is frequently situation specific. The transfer of such learning to others, i.e., bearer of the knowledge, the knowledge itself and the situation wherein it is acquired, cannot be disconnected (Penrose, 1959).

Research recognizes the crucial role of knowledge and learning in the internationalization process of firms. For instance, Wiedersheim-Paul, Olson, and Welch, (1978) discuss firms' pre-export activities as an initial step towards internationalization; Sharma and Johanson (1987) examine role of firms' relationship networks on their internationalization; Kogut and Singh (1988) study

influence of culture on entry mode choice; Eriksson et al., (1997) study experiential knowledge cost in the internationalization process; Chetty and Agndal (2007) explore how relationships influence change in internationalization strategy in entry mode and of markets; Lindstrand, Eriksson, and Sharma, (2009) study usefulness of knowledge shared by firms' client. Also, Barney, (1991) highlights knowledge as a useful source of competitive advantage. This leads Grant, (1996) to conclude that the primary responsibility of the firm is integrating the expert knowledge of its individuals.

Also, the evolution of the firm depends upon learning and effectively internalizing knowledge. Hence, the growth opportunities emerge from a combination of various sources and types of knowledge (Hedlund, 1994). Furthermore, research on international new ventures by Oviatt and McDougall, (1994, 1997, 2005) entrepreneurship research on network processes (Slotte-Kock & Coviello, 2010) creating innovations with customers (Coviello & Joseph, 2012) and internationalization process theory (Uppsala models 1977, 2009, 2013, 2017) emphasize that learning and knowledge gathering have a strong influence on commitment decision making in the internationalization process of firms.

In the dynamic environment of the knowledge economy, firms continuously face different challenges (Nielsen & Michailova, 2007). A precise and experiential knowledge strategy is required to deal with them successfully. The knowledge strategy is crucial as it helps to achieve firm objectives through effective and efficient utilization of firm processes (Maier & Remus, 2002). Now the question arises how knowledge is created? In agreement with Schumpeter (1934), argue Ghoshal and Moran (1996) that all resources including knowledge are crafted through generic processes of exchange and combination. Further, Nahapiet and Ghoshal (1998: p. 248) state, "yet to be widely scrutinized ... there may be still other processes for the creation of new knowledge (particularly at the individual level)"; however they accept combination and exchange as among central mechanisms for knowledge creation.

Kumar and Ganesh (2011) clarify that in knowledge management human and technological perspectives are not in conflict with each other. They point out that it is not only crucial for the growth of firms to transfer and integrate acquired knowledge but also to learn and share through interactions. Knowledge management deals with various tasks firms undertake in daily routines. They include exploring, utilizing and sense-making of knowledge for opportunity identification. It is essential to focus on learning agents, to understand firms'

sense-making, individuals, who share and learn through interactions within and outside the firm (Jonsson, 2015).

This learning through interactions helps identify customer needs and growth opportunity as a driver of firms' internationalization. Research streams studying firms' internationalization behavior identify learning and market knowledge as influential determinants of internationalization process (e.g., Johanson & Vahlne, 1977; Johanson & Vahlne, 2009; Vahlne & Johanson, 2017; Knight & Cavusgil, 2004; Oviatt & McDougall, 1994, 2005; Slotte-Kock & Coviello, 2010). While existing literature emphasizes the importance of learning, there are calls to deepen further understanding of how learning takes place in inter-firm relationships (Cano-Kollman, Cantwell, Hannigan, Mudambi & Song, 2016). However, the internationalization models that emphasize market knowledge acquisition fail to explain firms' learning process (Forsgren, 2002). Therefore, there is a growing research interest in means of knowledge acquisition (Cohen & Levinthal, 1990), but there has not been enough investigation on it, in context of firms' internationalization (Johanson & Vahlne, 2009; Hohenthal, Johanson, & Johanson 2014). Below, I will discuss the research problem areas relevant to the present dissertation.

The international business research stream has studied knowledge transfer within the multinational enterprise (Kogut & Zander, 1993; Michailova & Mustafa, 2012) or the characteristics of multinational enterprise knowledge transfer between units (Simonin, 1999; Szulanski, 1996). Griffith, Cavusgil, & Xu (2008) identified research themes for future works in internationalization. However, there are scarce works on multinational enterprise learning types (Oviatt & McDougall, 2005, Jonsson, 2015). Moreover, the existing literature on learning co-evolution in relationships seems nonexistent. Therefore, literature needs more evidence on how firms acquire knowledge and identify opportunities in the internationalization process (Vahlne & Ivarsson, 2014). The organizational learning theory points out that capitalizing on identified market opportunities firms can be involved in exploration and exploitation learning types (March 1991). However, if this is the case, no significant effort has taken place to investigate the characteristics of these types and how they can generate learning for the firm (Dimitratos, Plakoyiannaki, Thanos, & Förbom, 2014b).

This dissertation builds on the identified research gap in the recent studies on internationalization and multinational firms. Andersson, Dellestrand & Pedersen (2014: p. 97) state that, "it has not been our intention to shed light on the organizational processes that connects to knowledge transfer and learning.

Instead, we leave those issues for future research.” Hence, the understanding of learning and sharing in relationships through co-evolution will be beneficial (Vahlne & Ivarsson, 2014). Knowledge sharing and learning through interactions are crucial for consistent growth in international markets. Dimitratos, Amoros, Etchebarne, and Felzensztein, (2014a) suggest research on learning through relationships. The managers’ actions and decision making connect various activities in the firm through knowledge management. The decision making includes how to acquire knowledge, its sense-making, how to use, and create value through it. Therefore, there is a need to explore further how firms take these decisions; hence, research should focus on the individuals’ sharing experience and acquired learning through interactions (Jonsson, 2015).

Additionally, Cano-Kollman, Cantwell, Hannigan, Mudambi and Song (2016, p. 257; 259) highlight the following critical questions to be addressed: “How is knowledge carried and inter-connected across space? How effective are these conduits?” In addition, they claim that the “conduits [connections] through which knowledge travels remain unexplored.” Learning remains a research priority in firms’ decision making (Marketing Science Institute 2016) as supplier-customers relationships interact through complex journeys and paths. Also, the literature requires more evidence on how firms learn, acquire new knowledge and identify opportunities in their markets (Vahlne & Jonsson, 2017).

The literature discusses firms’ knowledge acquisition concerning international customers, partners, institutions and their means and ways of doing business. On the one hand, there are studies providing insights discussing international new ventures, which are mainly small firms that internationalize their operations from the inception (Oviatt & McDougall, 2005). On the other hand, there are very few studies exploring how multinational firms learn from their relationships (Eriksson, Majkgård, A., & Sharma, 2000; Vahlne, Ivarsson & Johanson, 2011; Dimitratos et al., 2014b). Saka-Helmhout (2011) acknowledges the important role of interacting individuals in learning; similarly, Dimitratos et al. (2014a) stress investigation of the human agent’s role in firms’ learning.

Further, Williamson (1996) points out that the interplay of its micro and macro features continuously influences firms’ working. A better understanding of internationalizing firms’ evolution is only possible if the nature of interplay is analyzed and developed in detail. It is crucial to comprehend the individual driving the firm, to understand the internationalization behavior (Covello et al., 2017). This shifts the research focus to micro foundation level. Over three decades ago, Simon (1985: 303) recommended allocating more attention to “the nature of the

human beings, whose behavior we are studying.” This plea has been resonated by contemporary scholars (Barney & Felin, 2013; Foss & Lindenberg, 2013; Van de Ven & Lifschitz, 2013).

The research on micro-foundations discusses locating reasons for a phenomenon by analyzing it at a level below the phenomenon (Foss & Pedersen, 2016). The reasons of a phenomenon may interrelate to influence or to mediate, or to moderate other phenomenon influencers, or to influence (directly or indirectly) other outcomes located at levels above the baseline phenomenon (Felin, Foss, Heimeriks, & Madsen, 2012). One should understand the micro-foundations of a phenomenon theoretically and empirically to comprehend its nature truly. This generally means understanding of organizational actions and interactions at the micro level; that is, behaviour of individuals in units, departments, and organizations – influence macro-level concepts; that is routines, processes, capabilities, competitive advantage and performance (Baer, Dirks, & Nickerson, 2013; Buckley, Chen, Clegg, & Voss, 2016; Felin, Foss, & Ployhart, 2015; Foss & Pedersen, 2016).

The micro-level features and actions of individuals are tightly entangled with organization-level outcomes, as argued by Kano and Verbeke (2015). Similarly, Vahlne and Johanson (2017) acknowledge that firm-level evolution is cumulative of changes at the individual level. However, they have not formally discussed individual influences as such (Coviello, Kano, and Liesch, 2017), and suggest that they “have mostly treated the milli-micro level as a black box” (Vahlne & Johanson, 2017: 5). While Vahlne and Johanson (2017: 12) also stress that it is these processes that bring change to the Uppsala model (one which moves through “various stages of the firm’s internationalization, from an early international expansion to globalization”), “the ‘people-driven’ dynamics of these all-important processes remain opaque” Coviello et al. (2017: 1157).

Based on the above discussion, Table 1 summarizes the critical research works in last five years identifying research opportunities on the role and influence of knowledge in the internationalization process of firms. These works are empirically analyzed using qualitative and quantitative methods. They identify and recommend future paths of exploration and advancement opportunities for existing knowledge.

Table 1. Studies on Learning and Commitment to Internationalization

Author	Research Focus	Relationship Examination	Sample	Data Collection Method	Analysis Method	Future Research Recommendations
Vahlne and Johanson, 2017	Ambidexterity as a dynamic capability in the globalization of the multinational business enterprise (MBE): Case studies of AB Volvo and IKEA	Adding dynamic capability of ambidexterity Uppsala globalization process model capabilities	2 Swedish Case Studies	Qualitative	Comparison of case study results	How ambidexterity approaches (structural and contextual) are important for a firm to become a sustainable global firm. What roles are pivotal to each ambidexterity type?
Coviello et al., 2017	Adapting the Uppsala model to a modern world: Macro-context and microfoundations	Macro-context and microfoundations	The Uppsala Model 2017	Vahlne and Johanson, 2017	Critical Analysis	The role of the individual as a core micro-foundation of the internationalization process
Cano-Kollmann et al., 2016	Knowledge connectivity: An agenda for innovation research in international business	Knowledge and Innovation Conduits	Analysis of recent research	Literature review	Based on exiting research identification of future research paths	Knowledge interconnection across space and effectiveness of knowledge conduits
Kohtamäki and Rajala, 2016	Value co-creation in B2B systems	Co-creation and coproduction	Analysis of recent research	Literature review	Based on existing research identification of future research paths	Systemic, networked perspective for co-creation research. Search for the commonalities in the different instances of co-creation rather than on explicating the differences in what we know.
Jonsson 2015	Knowledge Sharing through practice and logic	Knowledge sharing in practice	1 Swedish Case Study	Qualitative	Ethnography	Focus on three logics to explain how knowledge sharing takes place and motivating employees to share knowledge.

Andersson et al., 2014	Subsidiary locations contribute to Competence development of sister units within MNE	Location and Competence Development	2107 European Subsidiaries 7 Countries	Qualitative	SEM (LISREL)	The mechanism that facilitates or impedes the knowledge learning and transfer process in a subsidiary and its environment.
Dimitratos et al., 2014	Modes of Learning in MNE subsidiaries	Learning modes of MNE subsidiary at host country.	Subsidiary Case Study	Qualitative	Comparative Method Nudist software	Entrepreneurial and Marketing Learning Performance + investigation of learning agents
Hohenthal et al., 2014	The relationship between experience and business relationship value in the foreign market	Early expansion in foreign market networks	1807 Swedish Danish New Zealand	Quantitative	SEM (LISREL)	Knowledge about network actors and relationships is vital for understanding network development
Najafi-Tavani et al., 2014	Knowledge-based and network-based activities as determinants of subsidiary influence.	Knowledge-based and network-based activities as internal factors	184 UK Subsidiaries	Quantitative	SEM (LISREL)	Study of internal and external factors of the subsidiary for a broader view of its influence.
Vahlne and Ivarsson 2014	Globalization of MNEs	Globalization process of MNEs	17 Swedish	Qualitative	Interpretation of interviews and annual reports	How multinational learning can strengthen capabilities through local environment.
Fang et al. 2013	Technological and marketing resources improve subsidiary performance	Knowledge and subsidiary performance	572 Japanese MNE	Secondary	SEM (PLS)	If technological and marketing knowledge flow took place. In-depth empirical analysis of processes behind transfer and integration of knowledge.
Vahlne and Johanson, 2013	Evolution of Multinational Enterprise (MNE)	Uppsala Model	Multinational Firms	Theory	Theory Development	Evolution: From Internationalization to coordination in networks

1.2 Research Question and Objectives

In response to the afore-mentioned research deficiencies, this dissertation aims to extend the international business literature by focusing on the supplier-customer relationship and exploring supplier side learning, although learning takes place on both ends of the relationship. This thesis intends to bring forward an improved understanding of relationship learning as a building organizational dynamic capability helping firms identify not only customer needs but also market growth opportunities. The primary research question of this study is

How relationship learning influences the internationalization of firms and why is it critical?

This research aims to deepen the understanding of how through learning in relationships firms can identify opportunities and exploit them for growth in the market. The broader intent is to contribute to the comprehension of the learning process through knowledge sharing in inter-firm relationship interactions. The objectives that this study aims to achieve through the research question are (1) to explore how an individual learns through interaction in inter-firm relationships, (2) how a firm internalizes and interconnects the acquired knowledge specifically in supplier-customer interactions, across its processes for value creation through its offering¹. (3) The study also seeks to identify the patterns and knowledge sharing process in inter-firm relationship learning, as well as to unravel the underlying micro foundation mechanisms. (4) How the sense-making of acquired knowledge can translate into identification and exploitation of growth opportunities in same or new relationships.

My thesis argues that we have to go beyond learning, in general, to comprehensively understand how inter-firm learning influences their internationalization process. This study explores the process of firms' learning through their interaction with customers and how this learning influences their internationalization. Accordingly, the work intends to find how the individual thinks about learning in relationships and, more specifically, what learning opportunities and activities they consider beneficial in this process. How do individuals approach and view the interaction that is related to their job? What are the responsibilities and tasks they perform? Depending on how each answers' to these can have varying learning outcome. The study expects to provide an enhanced ground for explaining knowledge acquisition, opportunity identification

¹ The study uses the notion of 'offering' to indicate products, services or a combination thereof.

and opportunity exploitation decision making in the internationalization processes.

The role of the manager in relationship interactions, as the learning agents are critical as the interacting individual, “who does” the learning in firm holds importance. The market knowledge is essential in the internationalization process of the firm. It enables growth not only in existing markets but also in expanding into new ones. Regular interaction strengthens the relationships as they are an essential source of knowledge. The unit of analysis in this research is learning by individuals through inter-firm relationships. Cano-Kollmann et al. (2016, p. 260) state that, “there is a growing recognition that as companies fine-slice their activities and disaggregate their value chains, subsidiaries and suppliers increase their contributions to knowledge creation and transfer, creating a world of increasing knowledge connectivity.”

Hence it becomes all the more important to explore in the present era of digital transformation and market evolution and how the firm internationalization process shapes its future. As the earlier theoretical discussion illustrates, an individual has multidimensional roles, covering diverse responsibilities in a particular firm. The term individual learning underscores the focal role of learning in the interaction process, and this is where this dissertation chooses to place its focus.

This dissertation comprises four articles, out of which three are published in peer review journals and fourth presented at a conference. The first article presents a conceptual perspective. The second article explores learning in large multinational firms, the third article question explores learning in small and medium enterprises, and the last article question presents a comparative perspective of learning in inter-firm relationships among large multinational firms and small and medium enterprises. This dissertation comprises three articles and an essay (Table 2), each of them contributing to the overall aim of the present dissertation.

Table 2. An overview of the articles and essay included in the dissertation

	Article 1	Article 2	Article 3	Article 4
Title	The effect of experiential learning on subsidiary knowledge and performance	Identifying Customer Needs through Knowledge Sharing in Inter-Firm relationships	Relationship Learning through Inter-Firm Conduits in Finnish SME's	Relationship Learning as a Dynamic Capability in Internationalization Process
Authors	Bhatti, W. Larimo, J., and Coudounaris, D.	Bhatti, W.	Bhatti, W.	Bhatti, W.
Objectives	1	2, 3	2, 3	2, 3, 4
Research Question	How does Firm manager's experiential learning in host country networks impact technological and market knowledge and consequently Firm's performance?	How knowledge sharing in inter-firm relationships influences firms' offering?	How relationship learning through knowledge sharing contributes to firm's offering through value creation?	How learning takes place in a supplier-customer relationship and how acquired knowledge contributes to organizational processes for value creation through their offering?
Research Design	Conceptual	MNE Case Studies	SME Case Studies	MNE-SME Studies
Publication	2016 Journal of Business Research 69(5): 1567-1571	2017 Journal of Promotion Management 24(5): 1-13.	2018 Journal of Small Business & Entrepreneurship	2017 Vaasa International Business Conference, 25th - 27th August 2017 Vaasa, Finland

The descriptive and exploratory nature of the study's research question suggests a qualitative approach. This research employs a case study method to answer the study research questions. The study questions and the research objectives

determine the research methodology (Denzin & Lincoln, 2000; Flick, 2014; Piekkari, & Welch 2004; Silverman, 2013; Yin 2003), which is a case study in this work. Denzin and Lincoln (2000) suggest that it is best to follow a qualitative approach to provide profound descriptions and explanations of the study research question to describe the processes and meaning of a somewhat unexplored area empirically. The research is expected to provide an exciting insight into the learning similarities and differences (if any) in the studied large and small firms. A qualitative investigation is conducted to explore the topic further and more in-depth. The primary focus will be on learning of individuals in inter-firm relationships through interviews. Fletcher and Harris (2012) highlight customers, suppliers, business partners, institutions and competitors in external networks as potential sources of learning, with this work's learning focus on an essential partner of them all, the customer. It is expected that the interviews will help understand the firms' learning process and how they internalize and utilize the acquired knowledge. Therefore, the research findings will extend the existing knowledge through case firms' examples and suggest managerial implications on how to learn, adopt in their daily operations and identify opportunities through interactions with customers.

1.3 Positioning of Study

This thesis lies at the intersection of resource-based view (RBV), internationalization theory and dynamic capabilities view. This positioning (Figure 1) allows for contributing primarily to international business research. When reading research on the internationalization process and why some firms fail when entering international markets, a commonly highlighted conclusion is that firms fail to understand new markets. Therefore, I deem it essential to link these streams of literature and present a micro foundation level perspective on internationalization; micro-foundation learning influence on macro foundation level decision making in the firms. Kano and Verbeke (2015) emphasize that micro foundation level individual actions and their characteristics be intertwined with macro-level outcomes. Coviello et al. (2017, pg. 1156) call for identifying firms' internationalization causes at the lower level, 'the people making strategic decisions that impact the organization.'

To effectively compete in a hypercompetitive global environment, firms are required to almost always make modifications to their strategies (Danneels, 2011) that often include reorganizing organizational resources (Floyd & Lane, 2000). Scholars have focused on the dynamic capabilities view to explain this ability by

firms to modify their internal resources to match the external environment. The dynamic capabilities view (Eisenhardt & Martin, 2000; Helfat 1997; Helfat & Peteraf 2003; Teece, Pisano & Shuen 1997) that is rooted in and an extension of the resource-based view (RBV) emphasizes the dynamic and temporal approach to the reconfiguration of resources (Helfat & Peteraf, 2003, 2009), while the RBV primarily addresses a firm's existing resources and their causal and hierarchical effects (Schindehutte & Morris, 2009). The treatment of the dynamic capability of a firm is as an organizational characteristic embedded in activities or processes in the strategic learning framework. These capability-building activities, (as the Eisenhardt and Martin, 2000 definition appears to stress) are very close to organizational learning dynamics with both an incremental (single-loop learning or continuous improvement) and a radical nature (double-loop learning or strategic change). Thus, while prior studies suggest that learning plays a significant role in the creation and development of dynamic capabilities (e.g., Eisenhardt & Martin 2000; Zollo & Winter 2002), learning is also considered a dynamic capability in itself, rather than an antecedent of it (Ambrosini, Bowman & Collier 2009). The work of Teece et al. (1997) argues that dynamic capabilities comprise four main processes, of which learning is one (the others being reconfiguration, leveraging, and integration). The emphasis of this study is within the behavioral paradigm, i.e., with the focus on individual learning through interactions with customers. One of the most cited works within the behavioral paradigm is the Uppsala Model of Internationalization by Johanson and Vahlne (1977) and further revised in 2009, 2013 and 2017. Sometimes it is also referred to as the learning approach as experiential knowledge is the core of the Uppsala model (Fletcher, 2001). RBV is an umbrella under which firms operate. The micro-level actions influence macro-level outcomes. This work positions itself under RBV, contributing directly to internationalization and dynamic capabilities literature and indirectly to resource-based view.

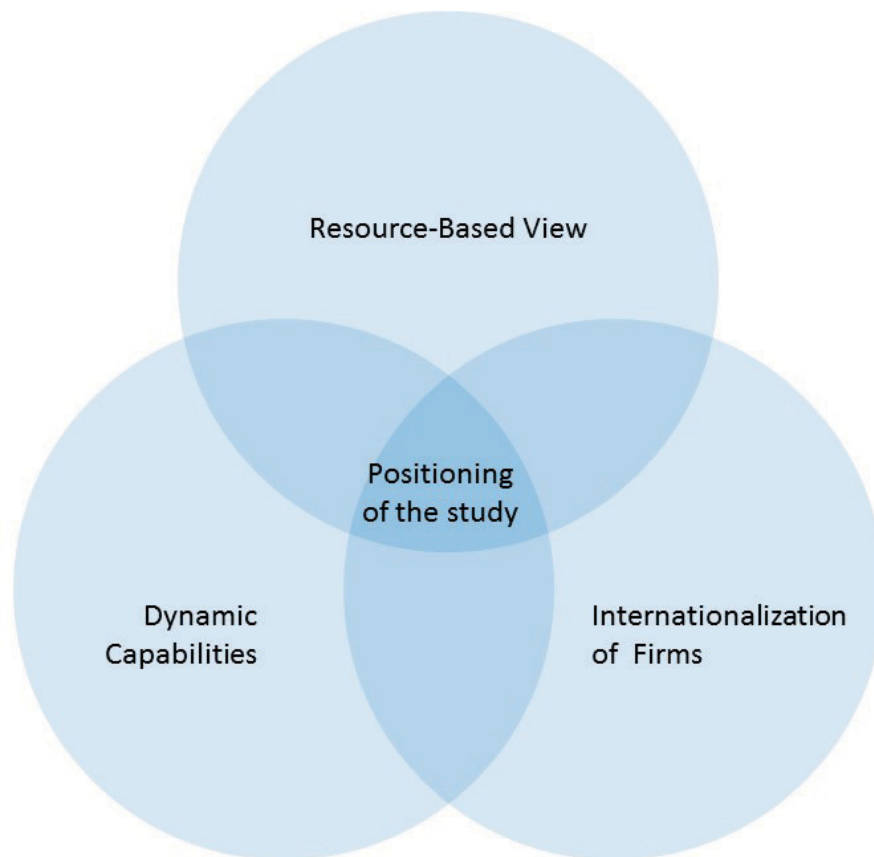


Figure 1. Positioning of the Study

This dissertation explores how individual learning through firms' process adds to its' knowledge of customer needs. This is important to understand as micro-level interactions at firms consequently influence its macro-level factors. The interactional outcomes through individual actions ultimately connect and transform identified opportunities into international growth. This learning takes place through several relationships, but, the key is to focus on individual learning agent that is the 'individual' who is learning in relationships?

Regarding this research, the individuals interacting with customers are the firms' learning agents. March, (1991) identify two types of learning namely, explorative and exploitative. The first type concerns learning processes, new skills, and alternatives. The other is an incremental development of technology, approaches, and competence hence leading to an innovative service or product.

The behavioral paradigm provides a platform to understand internationalization process dynamics, which focuses on the changes in attitudes and behavior which firms' experience in their internationalization. The literature calls for more studies to extend understanding of firms' internationalization process, on how and if firms

learn through their interactions and experiences from supplier-customer interactions. For this purpose, this study focuses explicitly on supplier side learning. This focus is critical as it unfolds customer needs, opportunities that influence strategies to address those needs and how and which opportunities to exploit through growth in existing relationships or new ones.

1.4 Intended Contribution of Study

Fletcher and Harris (2012) acknowledge the vital role of learning and knowledge in the internationalization process of firms; they present a framework to understand knowledge acquisition processes by examining Scottish internationalizing case firms. They recognize that SMEs may not have useful networks or relevant experience for internationalization, so they depend on other sources such as consultants and or recruitment for the indirect international experience. As learning and knowledge acquisition takes place at both ends of the interacting relationship (Vahlne and Bhatti, forthcoming) however this work focuses on supplier side learning. First, this research contributes to existing literature on international business by exploring how the firm learns through individuals' interaction in inter-firm relationships. This firms' learning takes place in different parallel relationships, but for the sake of doctoral research, the first contribution focuses on supplier side learning in a supplier-customer relationship. The purpose is to disclose how the supplier relationships evolve through inter-firm learning.

Eriksson (2013) recommends an in-depth empirical analysis to provide a better understanding of the learning and internalization of knowledge. There is conceptual work on experiential learning but not enough empirical evidence to support it (Vahlne and Johanson 2009); this empirical gap is intended to be filled by this research. This research empirically intends to contribute by conducting a longitudinal qualitative study investigating the relationship learning of MNEs and SMEs in their pursuit of the internationalization process (Johanson & Vahlne, 2009). Schleimer and Pedersen (2014) recommend exploring potential learning paths among external and internal partners. The second contribution of the work is the identification of how new learning is taken care of by firms as per its business model and in the process, bridging the knowledge gaps. The qualitative longitudinal data collection highlights the process of how the individual learning adds to firms' knowledge of customer needs.

Fang and Zou (2009) highlight that strategy literature has extensively covered the effect of dynamic capabilities on performance; however, in a marketing context,

there has been scarce research. They suggest further investigation of how customer relationship processes affect firm performance and its competitiveness. They also suggest exploring process differences between organizational structures in integration and development of capabilities. The third research contribution is to explain how managers through effective utilization of learning opportunities and knowledge internalization processes can influence firm performance. The broader intent is to contribute to the comprehension of the learning process through knowledge sharing in inter-firm relationship interactions.

The key implication of this study is how Firm manager's experiential learning bridges the Firm knowledge gap and develop opportunities for growth in the same or new market. This study attempts to connect the dots on how micro foundation level interactions influence the macro foundation level decision making in MNE and SME firms. By doing so, it will expand existing research on relationship learning in supplier-customer relationships and provide potential avenues for further theoretical development. Moreover, by capitalizing on rich interview data, this dissertation expects to work towards enhancing convergence of practitioner and academic perspective, and by generating insights and theory, which are relevant to both of them alike (Corley & Gioia, 2011).

1.5 Structure of the Thesis

The structure of the dissertation is in two parts. The first part begins with a research background and problem area, presenting study objectives and research questions. The introduction presents positioning of the study along with intended contributions of the work. The further theoretical chapter presents the theoretical framework of the study. The research design and methodology chapter follow it, wherein the details on the rationale for method choice, data collection, and providing analysis. This part ends with article summaries and final discussion chapter presenting an integrated view of contributions, future research areas and limitations of the study.

The second part consists of three published articles and one essay presentation at a conference. Each is presented in the same format as it has been published or accepted for presentation at the conference. The first article is conceptual co-authored work, published in the *Journal of Business Research* in 2016. The second article 2 published in the *Journal of Promotion management* in 2017. The third article published in the *Journal of Small Business and Entrepreneurship* in 2018. The second and third articles are solely authored. The essay is a sole-authored presentation at an international conference held in Finland.

2 THEORETICAL FRAMEWORK

In this chapter, the theoretical framework is presented for this dissertation. It is not easy to enter new markets. When we browse the internationalization literature, an obvious challenge is to understand markets knowledge and learning, hence expansion internationally. To develop an understanding of learning in inter-firm relationships and internationalization, this work theoretically builds on resource-based view, dynamic capabilities and internationalization theory of the firm. In line with the earlier discussion about the positioning of this thesis, this chapter will deal with these three aspects.

2.1 Resource-Based View and Dynamic Capabilities

The seminal work of Penrose (1959) laid the foundation for future research on resource-based theory (RBT). It brings to light the processes through which firms' grow and limit their growth. It provides an understanding of what constraints firm's growth. Penrose recommends that firms shall be defined as administrative frameworks, which coordinate individual and group activities, and as resource bundles. She argues that a firm's growth can be limited by the opportunities created through the resources that are under the control of its administrative framework that coordinates their use. Her research firstly contributes to the resource-based theory, by arguing that the firms' resource bundle is heterogeneous. Therefore, firms are all fundamentally different. Secondly, she highlights the influence firm broaden resources such as management group, and the entrepreneurial skills have on the firms' competitiveness.

The work of Penrose (1959) initiated many other key studies including Wernerfelt (1984), Rumelt (1984), Dierickx and Cool (1989), and Barney (1986; 1991) among others. Wernerfelt (1984) presents the concept of the theory of competitive advantage based upon resources developed by the firm and or resources it acquires to implement the market strategy. Wernerfelt's views are complementary to Porter (1980)'s theory which is based on a firm's product market position. It is due to these reasons he refers to his work as the resource-based view. Wernerfelt (1984) identifies firms' resources as its strength and weakness. He claims that product market positions influence resources portfolio controlled by the firm, and therefore, competition in its product market position may be regarded as competition in its resource positions. A key contribution of Wernerfelt's work to RBT is an identification that specific resources enable the firms to acquire competitive advantage by implementing their product market strategy.

Rumelt (1984) brought forth a strategic theory that focuses on the firm's ability to very efficiently generate economic rents compared to other types of the governance structure. Rather than minimizing transaction costs and opportunism, Rumelt (1984) explains firms' existence from rent generation perspective instead of minimizing opportunism and transaction cost. Just as Penrose (1959), works of Rumelt (1984) say that the firm consists of a unique set of resources and relationships. With the passage of time, competitive position and environment change may reduce the economic worth of resources and firms' relationships, the responsibility of management is to revise and renew them.

In agreement with Wernerfelt (1984), Barney (1986) advises on the potential to develop a theory of performance based on the resources which firm controls. Barney (1986) presents the idea of strategic factor market, wherein acquiring resources required to operationalize a product market strategy. Barney debates that firms need to develop competitive imperfections in their strategic factor markets, to achieve above-average returns. As per Barney, diverse anticipations of future resource values among firms are the main reason for competitive imperfections in the strategic factor market. Firms can realize better expectations of future resource values through analyzing their skills, capabilities and the competitive environment.

Dierickx and Cool (1989) advance Barney (1986)'s thesis, by arguing that essential resources be amassed instead of acquisition in strategic factor markets. As stated by Dierickx and Cool, acute and strategic resources are those assets which are non-imitable, non-tradable, and non-substitutable. Dierickx and Cool's intellectual viewpoint extended by Barney (1991). Barney (1991) conceptualizes that specific resources are all those attributes, assets, capabilities, processes, knowledge, which are utilized by the firm to improve its operational effectiveness and efficiency and also to plan and execute their strategies. However, not every resource is helpful in achieving effectiveness and efficiency. Barney, (1991) says that to deliver some degree of sustainable competitive advantage, these resources have to be simultaneously rare, inimitable, valuable, and non-substitutable (VRIN framework).

Further, Barney (1991) categorizes resources as physical capital, organizational resources, and human resources. They are divided into tangible and intangible resources with physical capital as tangible whereas intangible and imperfectly imitable consist of human and organizational resources. Firm resources facilitate it in implementing strategies, which help exploit internal strengths and to react to potential environmental opportunities in the meanwhile neutralizing any external

threats and eluding internal weaknesses. The intangible resources consist of firm attributes, capabilities, information and knowledge, processes. The knowledge-based view emphasizes on the firms' knowledge as a crucial intangible resource, which can be utilized and exploited through tools of firm-specific capabilities. Barney, (1991) identifies knowledge as the strategic intangible resource wherein lies the firms' competitive advantage. Hence, the sustained competitive advantage is the principal concept in the resource-based view.

The Porter (1980) competitive forces remained the dominant paradigm during the 1980s. This perspective, embedded in the structure-conduct-performance model of industrial organization (Mason, 1949; Bain, 1959), highlights the firms' actions that can be undertaken to build defensible postures against the competitive forces. Shapiro (1989) identifies the second approach, known as strategic conflict approach; it is close to Porter's perspective as it focuses on entry deterrence, product market imperfections, and strategic interaction. This approach utilizes the method of game theory and, therefore, implicitly regards competitive outcomes as an effectiveness function, which helps firms compete through the control of information, pricing strategies, signaling, and strategic investments. Both these approaches, competitive forces and the strategic conflict approach, seem to share the opinion that rents flow from the privileged product market positions.

Another perspective or approach highlights building firms' competitive advantage by capitalizing its entrepreneurial rents that stem from major firm-level specific advantages. These perspectives emerge from an old debate of organizational strengths and weaknesses. New evidence has infused life in them suggesting firms build lasting advantages only through effectiveness, efficiency, and with progress in organizational economics and research on organizational and technological change become operationalized in strategy questions. One component of this academic literature, frequently discussed as the 'resource-based perspective,' underlines firm-specific assets and capabilities and the existence of isolating processes or routines as the primary determinants of its performance (Penrose, 1959; Rumelt, 1984; Teece, 1984; Wernerfelt, 1984). This perspective accepts but does not try to explain isolating mechanisms nature which enables entrepreneurial rents and sustainability of competitive advantage.

Teece et al. (1997) develop the 'efficiency-based perspective' wherein efforts are made to identify those dimensions of firm-specific capabilities, which may be a source of advantage. It also explains how amalgamations of resources and development of competencies can be, nurtured, deployed, and protected. It is stated as the 'dynamic capabilities' perspective to emphasize utilizing firms'

existing external and internal specific competencies to manage itself in changing environments. Origins of this approach stem from works of Schumpeter (1942), Penrose (1959), Nelson and Winter (1982), Prahalad and Hamel (1990), Teece (1976, 1986, 1988) and in Hayes, Wheelwright, and Clark (1988). As these studies highlight developing management capabilities, functional and technological skills, that are difficult to imitate. By integrating and drawing on research in areas such as human resources, and organizational learning, intellectual property, the management of R&D, manufacturing, product and process development, technology transfer.

These areas usually seen as outside the traditional borders of strategy, much of these research findings have not been integrated into existing stream of economic approaches to management issues. Consequently, dynamic capabilities have emerged as a potential integrative means to understanding new sources of creating competitive advantage. The resource-based views firms with superior structures as profitable not for their strategic investments, which may discourage entry and raise prices beyond long-run costs but for their low costs or offering higher quality or service or product performance. This perspective focuses on the rents acquired through scarce firm-specific resources instead of the monetary profits through product market positioning. Competitive advantage rests 'upstream' of product markets and lies in the firm's difficult-to imitate and unique resources.

One can find the resources approach has been suggested by the earlier researchers Andrews, Christensen, Guthet, and Learned, (1969) identify that *'the capability of an organization is its demonstrated and potential ability to accomplish against the opposition of circumstance or competition, whatever it sets out to do. Every organization has actual and potential strengths and weaknesses; it is important to try to determine what they are and to distinguish one from the other.'* Thus, what a firm can do is not only a function of exploitable opportunities it meets; it also hinges on the set of resources the organization can gather. Andrews et al. (1969) propose that the significant factor in growth or organizational success is in its capability to explore or create a competence that is competitively distinctive. This study also brings forward the limitations on firm behavior and, especially, notes that it shall not be expected that management 'can rise to any occasion.' The discussed insights appear to accept the resource-based perspective that has since appeared strongly; however, they failed to bring forth a theory or systematic framework for examining business strategies. Certainly, Andrews (1987: 46) points out that 'much of what is intuitive in this process is yet to be identified.' Unfortunately, the literature on capabilities hindered for a few decades.

The new stimulus has been given to the resource-based perspective by recent theoretical progress through conceptual and empirical literature which highlights the significance of firm-specific antecedents while explaining firm performance. Cool and Schendel (1988) present significant and systematic differences of performance among firms, which belong to the similar strategic group. Rumelt (1991) has pointed out that intra-industry profit differences are higher than inter-industry profit differences, strongly signifying the importance of firm-specific antecedents and the comparatively less importance of industry effects. Jacobsen (1988) and Hansen and Wemerfelt (1989) findings supported by Rumelt (1991).

The implications comparison of resource-based view and competitive forces for the strategic practice is revealing. From the competitive forces perspective, an entry decision is usually pursued as (a) choose an industry (established on its 'structural attractiveness'); (2) pick an entry strategy grounded on assumptions about competitors' adopted strategies; (3) if not already acquired, possesses, or otherwise obtained the necessary assets for competing in the market. From this viewpoint, the process of developing and identifying the required assets is not usually problematic. The process comprises nothing more than selecting rationally amongst well-defined options of investment alternatives. If the required assets are not already acquired or owned, they can be procured. The resource-based view is strongly in opposition to this conceptualization.

From the resource-based viewpoint, firms are heterogeneous regarding their resource capabilities. Additionally, resource benefactions are 'sticky.' As a minimum in the short run, firms are somewhat stuck with the resources they possess and possibly will have to survive with what they lack. There are three reasons for the stickiness. First, business development is viewed as an incredibly complicated process, simply put, firms lack the structural capacity to quickly develop and nurture new competencies (Dierickx and Cool, 1989). Secondly, a few assets are merely not readily exchangeable, for example, reputation (Dierickx and Cool, 1989) and the tacit know-how (Tece, 1976, 1980). Thus, resource endowments cannot equilibrate through factor input markets. Lastly, even when an asset could be acquired, firms may only gain little through it.

Barney (1986) highlights that, if a firm is lucky and possesses excellent information, or both, the value it pays in a competitive dynamic market it will fully exploit the benefactions from the asset. Assuming that in the resources viewpoint firms possess sticky and heterogeneous resource bundles, the entry decision route proposed by this perspective is as follows: (1) identifying your unique resources; (2) deciding on which markets these resources can produce the highest rents; and

(3) deciding on whether the rents from these assets are highly effectively utilized by (a) integration into associated market(s), (b) by selling the pertinent intermediate output to interrelated firms, or (c) by selling the assets themselves to a firm in associated businesses (Teece, 1980, 1982).

The resource-based view puts both diversification and vertical integration into a new strategic light. Both could be viewed as means of securing rents on scarce, and firm-specific resources whose services are hard to trade in intermediary markets (Penrose, 1959; Williamson, 1975; Teece, 1980, 1982, 1986, Wernerfelt, 1984). The empirical findings of Wernerfelt and Montgomery (1988) on the relationship between performance and diversification confirm this proposition. It is apparent that the resource-based view emphasizes developing strategies to exploit current firm-specific assets. However, the resource-based viewpoint also invites to consider managerial strategies to develop new capabilities (Wernerfelt, 1984). Indeed, if controlling the scarce resources is a potential source of economic rents, then it follows that matters such as managing knowledge and know-how and skill acquisition (Shuen, 1994) and learning turn out to be fundamental strategic issues. This work believes it is in the second dimension, involving learning, skill acquisition, and buildup of intangible and organizational assets (Itami & Roehl, 1987), which is wherein this study believes remains the highest potential for contribution to internationalization process of firms.

Teece et al. (1997: 516) define dynamic capabilities on the one hand as “the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments.” Christensen (1996: 114) defines capability as a lower-order functional, technical capacity to mobilize resources for productive purposes. On the other hand, competence defined as “higher-order managerial capacity to mobilize, harmonize and develop resources and capabilities to create value and competitive advantage.” He names overall corporate management as one example of competence. This suggests that a firm's competence exist at resources, capability and organizational levels. At the resources level, the firm can possess such resources that are capable of generating competitive advantage when combined. At the capability level, the firm can create, combine, or alter resources combinations to develop specific capabilities. Further, at this level, it is the ability of the firm to under the processes required to create, combine, or alter resources. At both of these levels, the capacity of a firm is considered to be a lower-order capacity. At the firm level, however, a firm can mobilize and then manage a combination of different resources as well as a combination of capabilities for some activity or a task. This capacity is higher order in nature and is usually termed as the competence of a firm. Therefore, the

capability of a firm is not always given, but rather, firms develop it deliberately by learning to create combinations of resources (Prahalad and Hamel, 1990). Thus, resources, capabilities and the competence are interdependent.

2.2 The Internationalization of Firms

Internationalization-process theory illustrates the process of firms' behavior when they approach international markets. Firm's internationalization behavior is described by proposing numerous process based means each having a different origin. Viewing through the lens of product life-cycle, Vernon (1966) explains that its products' maturing process follows the firm's internationalization process. Sometimes this process is also known as "Innovation-related model of internationalization" (Andersen, 1993: pg. 212). The idea that mature markets where initially sales have been made are best suitable places for product development. After achieving economies of scale at a later stage in the product-life cycle, firms can expand themselves by tapping the opportunities in international markets. Further development in the product-life cycle help firms in finding ways to attain lower production cost and sales decline in the last stage when markets get mature.

The process-based models of internationalization view this process from different perspectives (e.g., Cavusgil, 1980; Johanson & Vahlne, 1977). For instance, the stage models reflect a firm's internationalization process through its slow movement towards a foreign market. On the other side, the Uppsala model highlights the internationalization process as a step-wise development process. According to Andersen (1993), this concept of internationalization process theory is also recognized as U-model of internationalization. During advancement in Uppsala internationalization process theory, the strategic decision making relied upon different sources. Initial works directed towards internationalization process were based on market commitment (e.g., Johanson & Vahlne, 1977). The role of knowledge as an uncertainty reduction tool in a condition when there is cognitive remoteness of firms' home market from the host market, influenced the extent of the market commitment. Reduction in perceived uncertainty results in a gradual increase in commitment. Psychic distance results in obstacles that a firm overcomes while operating in the foreign market as its operational or experiential learning, in that market helps in reducing uncertainty.

The interaction between learning as a facilitator in market commitment and psychic distance as an obstacle leads to a continuous process of internationalization, commencing in neighboring markets to the home market. To

conclude, the state and change attributes are central to the Uppsala model where the state attribute refers to the market commitment and market know-how while the change attribute deals with commitment choices and current activities. The emphasis in later studies is on networks and relations instead of market commitment (e.g., Johanson & Vahlne, 2009) but the significance of the knowledge is still there. Firms with expanding to foreign markets have to make some decisions, and this draws attention to the importance of understanding the nature of the knowledge and its role in the organization because “decision-making has always been about processing knowledge” (Spender, 1996, p. 45).

Dimitratos, Johnson, Slow and Young (2003) add that international business literature recognizes that firms operating internationally experience a ‘liability of foreignness.’ However, they state that this liability seems more crucial for the smaller firms due to their ‘liability of smallness.’ Normally SMEs were considered not to advance beyond exports in their internationalization journey. As identified by Caves, (1982) and Oman (1984), most constellation and investment (C&I) means of foreign market servicing, such as franchising, licensing, joint-ventures, subsidiaries and strategic alliances were linked with large international firms’ behavior. Hence international business literature restricted the term ‘multinational’ to the large firms’ international activities.

Dimitratos et al (2003) report that there have been growing number of SMEs cases achieving international existence through C&I means. Oviatt and McDougall, (1994) confirm growing number of international new ventures in the 1990s. Knight Madsen, Servais, P. and Rasmussen (2000) are in agreement to that and state that these firms service their respective market through subsidiaries and specially alliances and inter-organisational networks. This literature provide evidence of international new ventures in the Europe and USA markets. International entrepreneurship has since its beginning, highlighted the individual managers’ importance in the internationalization of their firms (Oviatt, Maksimov, & McDougall, 2011). Jones, Coviello, and Tang’s (2011) reviewed entrepreneurship literature over 1989–2009 reflecting on the nature of the individual and his knowledge, cognition and behavior is generally recognized as influential.

Previous international market experience produces international opportunities through both careful discovery and search (Chandra, Styles, & Wilkinson, 2009); it is essential since it comprises a problem-solving process of linking existing firm resources as well as skills with new outcomes. International work experience and technical knowledge, both, influence performance (Bloodgood, Sapienza, & Almeida, 1996; Kocak & Abimbola, 2009). Jones et al. (2011) present cross-

country comparisons of individuals that depict their behaviors, characteristics, perceptions, and traits, to vary across borders (Gupta & Fernandez, 2009; Lussier & Pfeifer, 2000). In contrast, few works comparing cultures found that individuals can carry similar values across cultures (McGrath & MacMillan, 1992), while differing from other managers (Ardichvili & Gasparishvili, 2003).

Underpinning individual influence on internationalization is individuals' personal experience; Jones and Casulli (2014) identify that despite growth in attention towards role of experience in internationalization literature, not many works have looked into "the "black box" of the logic of experience to understand the reasoning with which it is applied. (p. 46)" Experience is essential, as through it we understand about the world we live in as well as how to reason our way through daily worldly challenges (Goffman, 1974; Morris, Kuratko, Schindehutte, & Spivak, 2012). Experiencing arises by living through a few situations of life and our senses feel through that process (Morris et al. 2012). Experience is a conscious process that involves involvement and awareness, for example, by being, living, doing, and observing, an occurrence as it unfolds (Lamb, Sandberg, & Liesch, 2011). Experiential knowledge acquired from the experiencing process may be current, "in the moment" (Morris et al., p. 11), or earlier, where knowledge from past is recalled and proposed to a problem or a new event (Kahneman & Tversky, 1973; Shane, 2000). Experience that is once lived, and unless it is externally codified (e.g., written for use in a future reference), is stored in human memory. It is essential because while human memory has rich capacity for storing experiential knowledge, such a knowledge cannot be readily reachable, and may need triggers to extract and process it for making it useful (Kokinov & Petrov, 2001).

Previous knowledge i.e. experience is broadly accepted as influential in the firms' internationalization as a capability or intangible resource of the firm, or the individuals in the firm, that may influence the internationalization decisions. Such knowledge empowers the interpretation of acquired information (Grégoire, Barr, & Shepherd, 2010). In a situation wherein uncertainty, risk, and complexity, disposable information is incomplete and high number of environmental aspects, the calculation to reach at the appropriate decision is infeasible (Simon, 1972). In such conditions, as in matters like internationalization, individuals normally depend on previous experience to manage the novelty and complexity (Figueira-De-Lemos, Johanson, & Vahlne, 2011). Senior managers frequently have substantial influence on decision-making (Hambrick & Mason, 1984); and tend to approach international activities as per their own prior experiences to make a decision (Boter & Holmquist, 1996; Michailova & Wilson, 2008; Reuber & Fischer, 1997, 2002). In these circumstances, managers' experience partially

counterbalances for deficiencies and a lack of information in processing objectively (Markman & Moreau, 2001). In case of small firms, especially, the decision maker has a strong influence and a force in initiation and driving the process of internationalization (Dimitratos, Petrou, Plakoyiannaki, & Johnson, 2011; Michailova & Wilson, 2008), and experiential knowledge is essential for internationalization operations (Fletcher & Harris, 2012; Fletcher & Prashantham, 2011; Johanson & Vahlne, 1977; Madsen & Servais, 1997). Welch and Welch (2009) identify a firm's experiential knowledge as an inheritance from its earlier activities in international networks. Experiential knowledge acquired through direct engagement in international activities includes positive outcomes as well as mistakes, and emerges from living the international experience. Experiential knowledge is also acquired indirectly through network partners and direct involvement, and differently impacting internationalization (Fletcher & Prashantham, 2011).

In short, it can be deduced that to further explain the internationalization process of firms, different complementary theories have been developed like theory on international new ventures (e.g., Oviatt & McDougall, 1997) and born globals' (e.g., Knight & Cavusgil, 2004). Along with stage theory, the theories mentioned above primarily demonstrate various impressions detected in the initial stages of internationalization process. Nonetheless, international entrepreneurship theory (e.g., Oviatt & McDougall, 2005), address international opportunities, surpasses the explanation of early stages and internationalization process theory (Vahlne & Johanson, 2013, 2017) both emphasize that learning and knowledge gathering have a strong influence on commitments decision making in the internationalization process of firms. There will be a detailed discussion of the internationalization process in the coming sections.

2.2.1 The Internationalization of MNEs

The major international business stream investigating learning is linked to the Uppsala model (Johanson and Vahlne, 1977, 2009; Vahlne and Johanson, 2013, 2017). According to this perspective, the firm incrementally grows as it acquires knowledge of the market. Thus, the driving force in the internationalization process of the firm is the knowledge that can be gained through experience from its activities abroad and participation in networks. This market knowledge leads to learning and, in turn, increased resource commitments in the international marketplace (Johnson, Yin, and Tsai, 2009). Previous research emphasizes the importance of learning (Cohen and Levinthal, 1990) and the role of networks in creating access to knowledge and facilitating the learning process (Tsai, 2001;

Oliver, 2001; Lane and Lubatkin, 1998; Ahuja, 2000; Ahuja and Katila, 2004). Cohen and Levinthal (1990) identify the importance of the firm's capabilities to exploit and assimilate information in product and service generation (Cohen and Levinthal, 1989).

Most of the works focus on specific firm variables such as strategic intent (Hamel, 1991), organizational capabilities (Lyles and Salk, 1996), partner selection (Tiemessen, Lane, Crossan, & Inkpen, 1997) or trust (Aulakh, Kotabe, and Sahay, 1996; Inkpen & Beamish, 1997; Liu, Ghauri and Sinkovics, 2009). Whereas, some studies focused on knowledge sharing studying multinational enterprises (e.g., Minbaeva Pedersen, Bjorkman, Fey, & Park, 2003; Szulanski, 1996; Szulanski, Cappetta, & Jensen, 2004). While researchers argue that knowledge sharing is especially essential for value creation (Capron, 1999; Haspeslagh and Jemison, 1991; Schoenberg, 2001), and is comparatively easier to manage in multinational enterprise or alliances instead of mergers and acquisitions. However, quality or level of social relationship between interacting relationships (sender or receiver) is crucial in type and level degree of sharing, between alliance partners (Simonion, 1999) or multinational enterprise (Minbaeva, 2007).

2.2.2 The Internationalization of SMEs

Large firms have been the focus of attention in several earlier studies on the firms' internationalization (Johanson & Wiedersheim-Paul, 1975). This holds not only in case of transaction theory but Uppsala model as well. The researchers then shifted their attention afterward. In a modern-day world, internationalization of small firms plays a vital role in internationalization relative to large corporations. Recent studies draw interest towards an important aspect and give evidence that firms internationalize themselves in the early stages of their life. For instance international new ventures theory and born global theory by Oviatt & McDougall (1994) and Knight & Cavusgil, (2004) respectively.

The studies on SMEs internationalization have identified some particular characteristics. SMEs are characterized as firms with insufficient resources (tangible, intangible and human) which implies that they have a scarcity of slack resources. Many researchers call attention to the progressive aspects of internationalization in the form of early or late internationalization (e.g., Knight & Cavusgil, 2004; Kuivalainen, Saarenketo, & Puumalainen, 2012; Oviatt & McDougall, 1994; Saarenketo et al., 2004). Many studies have attained the attention of researchers not only towards the balance between international scope and scale but towards the speed with which a firm involves internationally

(Kuivalainen et al., 2012). Both of these are the attributes of internationalization patterns. Other studies interrelate the speed at which a firm expands internationally with its point of international takeoff (Hilmersson, Johanson, Lundberg, & Papaioannou, 2017).

Most of the times, the role of top management teams and individual entrepreneur has been the center of discussion in studies on internationalization of small firms. Casillas Moreno, Acedo, Gallego, and Ramos (2009) pointed out that entrepreneur's experience before the international venture is an essential factor that helps in increasing the probability of internationalization at a faster pace. The literature on firms' internationalization process concludes all the discussion on an important point, i.e., irrespective of what the firm size and its internationalization pattern is, the focal point is learning that is key to the internationalization process. This perception demands to reconsider the theory concerning organized learning.

2.2.3 Knowledge Development Channels

The firm relationships and its network display a type of organizational appearance, which is above the aggregate individual firm level. This brings forth interesting questions, "If such an organisational form exists, then what kind of problems and issues does it pose for companies and how can they respond?" (p. 1), "What kind of special opportunities and restrictions does a network bring to a company?" (p. 2) (Håkansson & Ford, 2002). A multifaceted business environment or market can be viewed as a network wherein the nodes represent business units – service and manufacturing firms and the relationships among the firms as the threads. The nodes and threads both have their particular business content. Nodes and threads are "heavy" with knowledge, resources, and understanding in numerous different configurations (Håkansson, 1997).

Managerial questions concerning opportunities and threats faced by the firm ascribe to the "variety" and the "heaviness" of the network. Variety implies that a firm shall continuously interact to develop and learn the way it is embedded within its relationships as well as the network. It demands fresh situational conceptualizations, its relationships, and related business units. Heaviness reiterates the change in costs, importance of resource utilization, which are already available to the firm in its existing relationships. The tangible relationships existing between firms, which are connected to form a "quasi-organization" have received research attention for over the past 25 years (for example, see Iacobucci, 1996; Laage-Hellman, 1997; Ford et al., 1998; Naude and Turnbull, 1998; Sheth and Parvatiyar, 2000). The relationships are expected to be long-term and

complex, and their present form is the result of Firms' previous interactions among the business units (Håkansson & Ford, 2002).

Johanson and Mattsson (1988) state that supplier-customers need extensive knowledge about one another that requires a long-term relationship, for inter-firm communications, information exchange developing a social bond. These relationships provide multifold knowledge including, dealing with growing technological dependence, addressing need development as well as tailoring offering to address specific customer needs. However, the answers to managers' questions concerning these interactions will rely on specific context and situation (Håkansson & Ford, 2002). The firms are involved in the exchange of product and services and relationships within the network are changing with change in dependence. The model of industrial markets as implied by Johanson and Mattsson (1988) implies that firm's activities are cumulative processes wherein relationships are continuously developed, maintained, and at times broken to reposition itself in the network.

2.3 Organizational Learning in the Internationalization Process

Organized learning has distinctive implications for internationalization of firms. Firstly, there is a strong need to explain learning and knowledge broadly, i.e., to explain knowledge and to learn in an organizational setting. Subsequent section will discuss the particular role played by knowledge and learning in the firms' internationalization process.

2.3.1 What is Knowledge in Organizations?

Nonaka, Toyama, and Konno, (2000) define, knowledge as "justified true belief" is a product of humans' interaction. This leads us to believe that it is particular to the perspective and must be put into that perspective otherwise it will remain as just information. The situation in which knowledge is created and utilization concerns both time and space (Hayek, 1945) which suggests that it is essential to take local conditions into account. As knowledge is context specific, changing its context may threaten the truthfulness of the knowledge that was created in a particular context, and this may make that knowledge less valuable or fallacious. Studies have indicated that knowledge application from one specific context to another is coupled with challenges (e.g., Kostova, 1999; Szulanski, 1996).

Especially in the case of experiential knowledge, as it cannot be detached either from context or from that particular individual (Penrose, 1959).

Spender (1996) suggests that pluralist epistemology is appropriate to understand knowledge rather than solely relying upon the positivist approach. A critical knowledge differentiation is between know-what and know-how. Later is the outcome of experience whereas former deals with knowledge about objects created through the systematic reasoning. The epistemology that researchers usually employs is Polanyi's (1966, pg. 4) idea of explicit and tacit knowledge that rests upon the notion that "we know more than we can tell." Since then many seminal works have used this notion of Polanyi (e.g., Kogut & Zander, 1992; Nonaka & Takeuchi, 1995). The specific aspect is identical to the concept of know-what whereas the tacit aspect deals in know-how that is created through experiences, even though subconscious knowledge is a component of tacit knowledge.

Systematic and formal knowledge like data or specifications is commonly referred to as explicit knowledge. The explicit characteristics of knowledge empower sharing and communication between individuals. On the other side, tacit knowledge is nested in actions and values. Therefore, it is of personal and hard to communicate. Nonaka and Takeuchi (1995) argued that the tacit knowledge encompasses two aspects: a technical aspect that relates to the concept of know-how and a cognitive aspect that is responsible for capturing views and mental models. Experiential proficiencies are grasped by the technical dimension of the tacit knowledge, but cognitive dimension brings to light the thought of surrounding world because it is an impression of "our image of reality (what is) and vision of the future (what ought to be)" (p. 8). These characteristics differences lead us to believe that explicit knowledge deals with objective knowledge as compared to tacit knowledge which is subjective. Whenever subjectivity of thoughts and experiences are systematically transformed into symbols or words so that others can comprehend it quickly, it has been converted into explicit knowledge.

Just as tacit and explicit knowledge are distinguished from each other, knowledge can also be categorized into its subsets. For instance, an important distinction for this study is between know-how and information, which describes procedural and declarative knowledge (Kogut & Zander, 1992). Information is the "knowledge which can be transmitted without loss of integrity once the syntactical rules required for deciphering it are known" (p. 386). Nonaka et al., (2000) elaborates that information is objective and it needs to be put into a specific scenario to

transform into knowledge. Subsequently, for information to become knowledge, it must be integrated with the acquirer's experience.

Contrary to this, know-how discusses how something is done, embedded in the idea of acquired experience (Kogut & Zander, 1992), i.e., to acquire experience by doing. Fletcher and Harris (2012) applied this concept in the international processes and categorized knowledge into objective knowledge which exhibits attributes of explicit knowledge, and experiential knowledge resembling tacit knowledge. It has been demonstrated that no dimension of knowledge is sufficient when used individually to create knowledge. Knowledge is generated due to the "interactions between tacit and explicit knowledge, rather than from tacit or explicit knowledge alone." (Nonaka et al., 2000, p. 8). As a result of this, interactions between individuals and sometimes between organizations are crucial for knowledge generation. Nevertheless, situations decide which knowledge is essential for the time being. The subsequent subsection stresses the importance of knowledge type in the context of internationalization.

2.3.2 Knowledge in the Internationalization Process

From the perspective of a firm's internationalization process, knowledge has a very distinctive role. It is proposed that in the internationalization process, knowledge has two main elements: the market knowledge and processual knowledge. Market knowledge is concerned with the understanding of accessible country market whereas processual knowledge tells about how a firm can internationalize. Processual knowledge originates from all preceding internationalization activities (e.g., Fletcher & Harris, 2012). Following paras further discusses these components of knowledge in the context of the internationalization process.

Market knowledge is further categorized into two categories: (a) Business knowledge i.e. knowledge about participants of markets and its conditions (Chetty, Eriksson, & Lindbergh, 2006; Eriksson et al., 1997; Eriksson et al., 2000), business network knowledge (Hilmersson, 2014) or network experiential knowledge (Blomstermo et al., 2003; Hilmersson & Jansson, 2012), and (b) Institutional knowledge i.e. knowledge about market institutional context (Chetty et al., 2006; Eriksson et al., 1997; Hilmersson, 2014) or societal knowledge (Hilmersson & Jansson, 2012). Business network knowledge is the knowledge of participants in the local domain, i.e., competitors, customers, and suppliers. Sometimes a local business network also involves potential customers. Knowledge about business network refers to the knowledge related to the local business

culture, needs and wants of local customers, potential customers, competitors and environment of a particular market in which firm want to do business.

On the other side, institutional knowledge relates to the knowledge about the local institutional environment. It is the knowledge of a country or market environment like culture, norms, political system, laws, regulations and system of government. Institutional setting may vary from country to country (Kostova, 1999; Kostova & Roth, 2002), therefore when internationalizing firms, may encounter numerous institutional settings. Internationalization knowledge also referred to as process knowledge is actually “the accumulated internationalization experience gained by a firm in its international operations” (Eriksson et al., 1997, p. 349), also expressed as internationalization experiential knowledge (e.g. Blomstermo et al., 2003) experience that an internationalizing firm gains from its earlier internationalization and firm’s proficiency in selection of entry mode, and to carry out search i.e. practices and processes for learning (Erikson et al. 1997) in various foreign markets (Chetty et al., 2006). This helps in making decisions concerning internationalization activities which are required due to advancement in experiential knowledge. Furthermore, Fletcher, Harris, and Richey Jr., (2013) elaborated that internationalization knowledge is believed to be an application of learning capability indispensable for a firm to expand internationally.

Internationalization knowledge describes the process through which a firm nurtures its ability to learn about overseas markets, also called double-loop learning (e.g., Argyris, 1976). Contrary to this, market knowledge deals in single loop learning that builds knowledge and follows a bounded accumulation process. The double-loop learning identifies where and how a firm can learn in the market, thus driving a firm’s learning of market knowledge into the future. Fletcher et al. (2013) differentiate various aspects of internationalization knowledge. They argued that (1) market entries belongs to “knowledge to develop market entry strategies in new territories and how to implement market entry decisions” (p. 51), (2) localization is “knowledge to source competitive knowledge, evaluate necessary and available capabilities to develop competitive strategies, and implement appropriate competitive and/or collaborative strategies in new territories” (p. 51), and (3) international enterprise relates to the “knowledge to source and evaluate information about international challenges, different ways in which international firms can be structured and managed, and how to implement internal structures and procedures for international business performance” (p. 51).

Experiential knowledge has been identified as key to the internationalization processes (Forsgren, 2002) and non-experiential knowledge is found to be less

valuable (Eriksson et al., 1997). However, there are scholars who are of opinion that solely experiential knowledge is not sufficient in helping build understanding of the internationalization process and recommend call for broader diversity in research (e.g. Brennan & Garvey, 2009; Bruneel, Yli-Renko, & Clarysse, 2010; Forsgren, 2002; Park & Harris, 2014; Petersen, Pedersen, & Sharma, 2003). Therefore, this research recognizes that even experiential knowledge is crucial for making decisions in internationalization, but one cannot deny the significance of information (objective knowledge) as a vital source for learning. The need to be always in communication with network partners especially customers keeps updated on developing changes and needs and requirements to address them through efficient and effective solutions better. To conclude, the internationalizing firm must keep a balance between knowledge of both categories for fruitful learning.

2.3.3 Learning in the Internationalizing Firm

Similar to the expertise and knowledge related to the firm's internationalization process discussed earlier, there are specific aspects of firms' learning in the internationalization process that should be taken in perspective. Internationalizing firm's learning is partially organized learning about the internationalization process and partially general organized learning. Discussion concerning these two aspects is as follows.

The usual learning process in firms in the acquisition, it's sharing, and interpretation (sense-making) by participating individuals or actors in the firm transforming it into the organizational learning. There is a need to consider social and cognitive elements to capture learning in the organization (Crossan & Berdrow, 2003). The firms' learning is not a single-level construct but multi-level that integrates individual, group and the organization. Ideas are herein communicated and the common theme is generated through structured and organized interactions in relationships between individuals that share what they understand and later on it is developed into institutionalized practices (Crossan, Lane & White, 1999). Therefore, the way a firm learns is quite different from that of individual's learning because learning in the firm is a social process that takes place due to the individuals' interactions while remaining in the boundaries established by the firms. Nevertheless, firms' and individual learning are related to each other via the social process. When individuals interact in a group, their collective actions are interconnected and assembled into unified mind which "is distinct from an individual mind because it inheres in the pattern of interrelated activities among many people" (Weick & Roberts, 1993, p. 360).

Consequently, knowledge in a business enterprise does not belong to the knowledge of individual merely but is taken on a shared basis. Many scholars mentioned individual intuition as a vital source of knowledge (Nonaka & Takeuchi, 1995; Spender, 1996) that is categorized as entrepreneurial intuition and experiential intuition (Crossan & Berdrow, 2003; Crossan et al., 1999). It is claimed that institutionalized firm knowledge has taken its foundation from individual intuition which resides in organizational practices and procedures. This asserts that a firm cannot learn by itself. Instead it is the individual that carries knowledge interacts with others and integrates via diverse modes of knowledge adaptation into the organization (Nonaka & Takeuchi, 1995; Nonaka et al., 2000). Thus, firms' knowledge is dependent on individuals for its knowledge within the organization and individuals are at the center of firms' knowledge. In addition to this, it is due to the collaborative and integrative efforts of the members through which knowledge can become organizational.

Organized learning is a process wherein meaning is concurrently generated individually as well as socially, hence regarded as social interaction process. Consistent with the reasoning of Nonaka and Takeuchi (1995), a firm can be considered as a 'pattern of communicative interaction between interdependent individuals' (Stacey, 2003, p. 7). One condition for the knowledge to be organizational is that, knowledge 'must become embedded in the images of organization held in its members' minds and/or in the epistemological artifacts (the maps, memories, and programs) embedded in the organizational environment' (Argyris & Schön, 1996, p. 16). From the viewpoint of organizational memory which is embedded in routines, physical objects (Argyris & Schön, 1996) and procedures (e.g. Levitt & March, 1988; Walsh & Ungson, 1991), organized learning can be elaborated by Stacey (2003) as 'changes in organizational routines and strategies' (Stacey, 2003) and by Levitt & March (1988) as the 'encoding inferences from history into routines that guide behavior' (p. 320).

The changes comprising organized learning are the outcome of individual and social processes of interaction which results in meaning creation in the individual and social 'sphere,' in a method identical to individual learning. Instead of the general debate on organized learning, here this dissertation focuses on inter-firm interactional learning influencing the firm's internationalization process as it is more particular and specific than organized learning. Hence a firm must pay particular attention to learning in developing its internationalization process followed by developing market knowledge and internationalization knowledge.

One of the key components of the internationalization process is learning. Activities in which a firm currently involves are the source of learning for it and thus enables a firm to enhance its knowledge about the market (Johanson & Vahlne, 1977) which ultimately increases firm's ability to identify opportunities (Johanson & Vahlne, 2009). Experiential learning is central to the learning in the internationalization process that is acquired by involvement in the local market or its participation in the local business network (to learn by doing). Knowledge accumulates over time (Cohen & Levinthal, 1989, 1990) and evolves with the new experiences and by integrating new knowledge. In short, learning occurs when the interpretation of information acquired from inside the firm and from the external network is integrated and its sense-making play a vital role in achieving successful learning (Johanson & Vahlne, 1977).

As explained by Spender (1996, p. 48) "learning is the process of experiencing and analyzing or the process of communicating the knowledge previously generated by others." According to (Kogut & Zander, 1992), the firm's combinative capability is its ability in integrating knowledge gained from internationalization activities with knowledge at hand, nurturing firms' learning capability. To understand the learning process in internationalizing firm, the integration between previous experiential knowledge and freshly acquired knowledge is essential to consider. Therefore, as Huber (1991) said learning involves attainment of new knowledge from different sources that are both internal and external to the firm. Huber (1991, p. 90) highlighted that new knowledge could be acquired from five key sources: "congenial knowledge, experiential learning, and vicarious learning grafting, and, searching and noticing."

When individual knowledge that exists before the organizational birth is blended with the knowledge that develops in the course of the organization formation, it is regarded as congenial learning. As knowledge is cumulative by nature, congenial knowledge is also likely to put an impact on future learning but is peculiarly related to early stages of organization. Other four knowledge sources are equally applicable during the life of the organization. Experiential knowledge deals with the enhancement of direct experience. This experience can be either systematic and intentional or random and unintentional. Vicarious learning, on the other hand, involves acquiring experiential knowledge from bodies outside the organization such as networking with professionals and consultants. This type of learning can be attained through specific activities like imitating those organizational behaviors that appear to be successful, contrary to the sources mentioned above, grafting includes the attainment of new knowledge either by the acquisition of an organization or by appointing new employees. In short, the

purpose of grafting is to assimilate new knowledge sources into the organization. Lastly, an extensive scanning of the environment surrounding business, dedicated and in-depth searching for information or keeping track of business performance is referred to as searching and noticing.

The concept of four sources given by Huber's (1991) has been applied by Fletcher and Harris (2012) within the domain of internationalization to acquire a continuous stream of knowledge. They incorporate four knowledge sources into a matrix with dimensions related to objective versus experiential knowledge and internal versus external knowledge. This approach segregates the knowledge sources for a firm approaching foreign markets. The source for experiential knowledge that is internal to the organization, developed in a way a firm executes its operations in overseas markets is known as direct experience. Past moves and actions taken by a firm are advantageous as they guide in decision making for the future. Both vicarious learning and grafting are combined and categorized as an external source for experiential knowledge also referred to as indirect experience.

In other words, external sources are incorporated as an additional source of experiential knowledge for the organization. Indirect experiences can be developed by observing the activities in which competitors are involved, forming strategic alliances, hiring experienced personnel, etc. The internal source of objective knowledge which depends upon the efficient use of information that is already at hand is labeled as internal information. Saying differently, bringing together the chunks of information results in the creation of new knowledge, that needs codification, and sharing. Finally, an external source of objective knowledge is known as external search. This requires a thoughtful search for information published by some external bodies like trade associations or chambers of commerce. To summarize, the idea by Fletcher and Harris (2012) is appropriate for this research on account that it better grasps the concept of structuring sources for knowledge acquisition for internationalizing firm.

Referring to the discussion made above, it can be deduced that learning is cumulative (Cohen & Levinthal, 1989, 1990) and stresses upon examining the connection between prior knowledge and experience (Kogut & Zander, 1992; Spender, 1996) or the evaluation pattern of intersection between market experience (external) and firm experience (internal) (Johanson & Vahlne, 1977). Learning occurs when new market-related knowledge is translated concerning the existing experiential knowledge that resides inside the internationalizing firm, i.e., learning takes place whenever ongoing work is linked with the firm's prior experience (Lindstrand, 2003). It is quite challenging to interpret market specific

knowledge for deployment in various foreign markets due to its unique nature (Choi & Lee, 2003), therefore to learn market specific knowledge is a prerequisite for entrance into the foreign markets.

While entering the foreign market the firms' existing capabilities and knowledge are often not enough and or applicable, and hence the firm needs to acquire new knowledge as well as capabilities to succeed (Johanson and Vahlne, 1977, 1990; McDougall and Oviatt, 1996; Sapienza et al., 2006). Accordingly, the international business literature has growingly focused on the fundamental question of how internalizing firms accumulate the skills and knowledge required for international growth (Lu and Beamish, 2004; Nadolska and Barkema, 2007; Petersen, Pedersen, and Lyles, 2008). The literature on international entrepreneurship attempting to explain this particular phenomenon, focused on the elements, antecedents, and outcomes of internationalizing new firms (cf. Keupp and Gassmann, 2009; Zahra and George, 2002).

For smaller firms their founders' whose knowledge base acquired in past, through their pre-start-up international experiences (Oviatt and McDougall, 1994; Sapienza et al., 2006), can assist firms lacking the experience, for internationalization. Huber (1991) identifies this type of learning as congenital learning that arises from the knowledge stock brought into an organization upon its founding via its founders' experiences can have an effective influence on organizational strategy (Boeker, 1989; Feeser and Willard, 1990). Founders retain in their memory previous actions and their outcomes that result in generalizations and interpretations, which may be drawn upon in decision-making (Kim, 1993).

In the internationalization context, inter-organizational learning works have identified and explained the organizational factors and performance outcomes of acquired knowledge across a broad range of cross-border inter-organizational arrangements (Lyles and Salk, 1996; Lane et al., 2001; Simonin, 2004). Still, only recently have the scholars started to focus on the role of learning from the firm's broader network partners—as against IJVs, formal alliances, or headquarter-subsidary relationships can play in internationalization (Chetty and Blankenburg Holm, 2000; Johanson and Vahlne, 2003; Oviatt and McDougall, 2005). Research proposes that the network relationships may well influence international market entry and selection decisions, in addition to facilitation in growth (Coviello and Munro, 1997; Johanson and Vahlne, 2003; Yli-Renko et al., 2002).

Scholars studying how firms incrementally internationalize have identified, absorptive capacity, diversity, and depth of experience (Eriksson & Chetty, 2003); potential influences on acquiring foreign market knowledge, including social

capital (Ling-yee, 2004); and also mutual commitment and networks (Chetty & Eriksson, 2002). They have not tried to identify different means of learning and their influence on the process of internationalization. Particularly, Johanson and Vahlne's (2003, 2006) adaption of the Uppsala model included vicarious learning through networks as alternative influencer on internationalization, but they stressed the importance of experiential learning. In comparison, the research on early and rapidly internationalizing firms challenges the dominance of experiential learning, pointing out the learning difficulty by doing while also quickly entering numerous international markets. Many studies report Firms' examples that resolve this challenge by employing Huber's knowledge-acquisition processes, including congenital learning (e.g., Bengtsson, 2004; Casillas et al., 2009; Oviatt & McDougall, 1994, 2005; Saarenketo et al., 2004; Weerawardena, Mort, Liesch, & Knight, 2007); vicarious learning (e.g., Fernhaber & Li, 2010); grafting (e.g., Fletcher & Harris, 2012; Gabrielsson et al., 2008; Loane et al., 2007); and searching and noticing (e.g., Casillas et al., 2009; Fletcher & Harris, 2012; Li et al., 2004). Pellegrino and McNaughton (2015) reviewed this literature in detail.

The retrospective history reveals that the rapid internationalizing firm acquires industry knowledge, their products, and the international markets before and during their creation, that helps the founders identify and implement a strategy that involves developing offerings for the niche international markets. The initial knowledge acquired for their internationalization was predominantly through congenital learning from several external sources such as founders, and people or other firms involved in their creation process. These explanations are consistent with previous literature that congenital learning influences their rapid and early internationalization (e.g., Bengtsson, 2004; Casillas et al., 2009; Oviatt & McDougall, 1994; Oviatt & McDougall, 2005; Kuemmerle, 2002; Saarenketo et al., 2004; Weerawardena et al., 2007). However, congenital learning has not always been enough, and resource rich firms pursued learning through experience and searching from the earliest stages.

In addition to this, the firm may interpret prior knowledge that is demonstrated in systems, practices, routines, etc. to use in foreign markets. Though this could call for adaptation, it can diminish the requirement of new knowledge and replace new learning in a focal market. In other words, it is the idea of taking concepts and practices successfully in one foreign market and its application in the market where a firm enters. Each additional entry to the foreign market reveals an exercise of international expansion. The purpose of firm internationalization is to allow itself to grow internationally. Apart from this, firms also approach international markets to increase competition, to sustain its size in recessions and to diversify

their investment portfolio by selling products and services to many markets concurrently. Adapting all these approaches are associated with the firm's growth.

2.4 International Opportunities as a Conceptualization of International Growth

Many researchers have highlighted international opportunities as an essential feature to understand the internationalization process, specifically to influence additional commitment (Johanson & Vahlne, 2009), and enhancing international growth (Ellis, 2011). As pointed out by Mainela, Puhakka, and Servais, (2014), opportunity realization is the core element of the firm's international growth. This relation is used to conceptualize internationalization performance in markets that the firm has already entered. During the early stages of entry into the foreign market, it is pertinent to face challenges of outsidership and newness of the market under consideration. Though a firm has to encounter these threats for over a more extended period with the passage of time, the focus of decision making shifts from firm's entrance issues to ones related to strengthening relationships and its growth.

2.4.1 The Origins of Opportunities in the Internationalization Process

Exploration and exploitation of opportunities provide building blocks for entrepreneurship theory. Eckhardt and Shane (2003, p. 336) define opportunities as "situations in which new goods, services, raw material, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships." The essence of opportunity is reflected in the idea of bringing novelty, as newness and formation provide a stable base for opportunities. Besides this, opportunities can be regarded as a potential for bringing newness and novelty even though their potential may not be realized. If a firm is successful in carrying out the potential, then economic benefits realized by a firm (Mainela et al., 2014) can influence firm's profitability and competitive advantage (Alvarez & Barney, 2007).

In explicit terms, international entrepreneurship concentrates on activities across the border that results in value creation for an organization like "...innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations" (McDougall & Oviatt, 2000, p. 903). Consequently, much attention has been paid to the international entrepreneurship that resulted in the evolution of this concept. International entrepreneurship has

evolved into corporate entrepreneurship and takes a comprehensive view of businesses. Whether a business is the sole point of attention or social aspects of entrepreneurship are the focal point for debate, the key is to consider the significance of opportunities identification and their exploitation in foreign markets (Ellis, 2011; Zahra, Sapienza, & Davidsson, 2006). Mainela et al. (2014) following this argument, define an international opportunity as a "...situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestations of economic activity" (p. 120).

Opportunities seem like an essential component of the business, but the question is: where from do such opportunities originate? Different scholars gave dissimilar opinions regarding the origin of opportunities, generally denoted as Kirznerian vs. Schumpeterian opportunities (Dutta & Crossan, 2005; Mainela et al., 2014), which segregate opportunities in terms of objective or subjective opportunities (Companys & McMullen, 2007; Dutta & Crossan, 2005; Mainela et al., 2014; McMullen, Plummer, & Acs, 2007). Kirznerian opportunities create equilibrium in the market comparable to Schumpeterian opportunities that generate imbalances in the market by disturbing the current market equilibrium. The premise for the Kirznerian opportunity is prevailing market disequilibrium, which is first determined, and afterward, firms gain benefit by filling the gaps. For instance, fulfilling an existing market demand. Market moves towards equilibrium whenever the actors concentrate on market demand that has to be satisfied by presenting solutions of the current market needs.

Considering the existence of opportunities in the world for the purpose to discover them advocates the Kirznerian view (objective perspective) of opportunities (Wood & McKinley, 2010). This highlights that it is the actor who recognizes the market opportunity and satisfies the market need by understanding the available market information. Contrary to this view, Schumpeterian opportunities are based on the belief that the effect of prevailing market equilibrium can be offset through creative destruction. Putting differently, novelty and creativity in ideas not only present new solutions to old problems but are also a source of creating new customer base which ultimately disturbs the existing market equilibrium. This reasoning is built on the grounds of constructivist (Wood & McKinley, 2010) and subjective (Companys & McMullen, 2007; Dutta & Crossan, 2005; Mainela et al., 2014; McMullen, Plummer & Acs, 2007) approach to view opportunities where skill like innovation and creativity in ideas are central to the successful businesses.

Although there are two different schools of thoughts regarding antecedents of business opportunities as discussed above, there are other arguments which propose that iterative development process concerning discovery and creation as components provides the basis for the origination of growth opportunities (Alvarez & Barney, 2007; Dimov, 2007). This approach contends that although a firm may identify the opportunity successfully, exploitation of that opportunity involves creative process during which the product or service is modified according to that specific opportunity. Social interaction is key to this approach; it is a tool that helps in the development of entrepreneurial opportunity (Dutta & Crossan, 2005). This asserts the part that the firm plays in assisting social arenas as a platform for developing opportunities. Inconsistent with the view of Spender (1996) and Crossan, Lane, and White, (1999) regarding organizational knowledge, the current notion emphasizes on multilevel approach for opportunity development by giving value to the social aspects.

Sarasvathy (2001) and Sarasvathy, Dew, Velamuri, and Venkataraman, (2003) provide justifications for the starting point of opportunities, and in line with their logic, Johanson and Vahlne (2009) argue that international opportunities are an iterative combination of both elements. Therefore, they explain that identification and creation are the basis for the development of international opportunities in an iterative manner. Even a firm may discover few aspects of an opportunity, the rest of them may be generated because of initial identification. As a result, the final opportunity may be distinct in comparison with the first opportunity and any transitive stage of opportunity during the process of development.

2.4.2 The Realization of International Opportunities as a Manifestation of Growth

Elaborating the discussion on ‘the manifestation of opportunities into new economic activity,’ highlighted by Mainela et al. (2014), views the acting on a perceived opportunity as a central element for international entrepreneurship and especially for international opportunities. This suggests that the potential opportunities are not crucial to consider instead those opportunities should be taken into account that has the possibility of converting into new economic activity. This reasoning is by the argument of McDougall and Oviatt (2000, p.903) that opportunities can “create value in organizations.” It is interesting to grasp the concept opportunities as a substantial element in firm value creation and its growth. However, opportunity recognition helps in understanding what lies at its back.

International opportunities stimulate economic growth by fostering new economic activities. Even if potential opportunities may grab the firm's attention but a firm may not be able to gain material benefit out of them because such opportunities will fail when it comes to creating value for firms. The focal point is "the only meaningful opportunity is the one that leads to the formation of new international exchange" (Ellis, 2011, p. 101). Hence, Realization of international opportunity act as a vehicle to encourage growth and thus is given much importance because of its ability in affecting performance in the internationalization process.

Organizational learning is vital in capturing opportunities. Knowledge is given much attention to opportunities visualization (Schweizer, Vahlne, & Johanson, 2010) and their recognition (Chandra, Styles, & Wilkinson, 2009). Mainly, the phenomenon of capturing opportunities is dependent upon the interactions among individual actors or interacting participants that bring forth knowledge development. It is proposed that "market-derived opportunities will be discovered and created at the boundary of the firm where the necessary relationship experience exist" (Johanson & Vahlne, 2009, p. 1420). This highlights the significance of knowledge as well as that of social interaction in opportunity identification. Consequently, knowledge and firm environment for learning and internal knowledge sharing, are essential ingredients that determine the firms' manage sense-making and exploitation of identified opportunities. As discussed earlier, knowledge is an outcome of social interaction (Nonaka & Takeuchi, 1995) that involves knowledge sharing to generate collective, integrated activities and unified collective mindset (Weick & Roberts, 1993).

New opportunities may arise during looking for new knowledge (Chandra et al., 2009). It is suggested that international opportunities are path-dependent. Thus firm's current knowledge base have an impact on international opportunities (Chandra et al., 2009; Hohenthal et al., 2003). Following this line of reasoning, hunting for knowledge diversity brings different opportunities as "diverse and different knowledge structures will augment the organization's capacity for making novel linkages and associations..." (Cohen & Levinthal, 1990, p. 133). In addition to this, accumulation of knowledge also makes knowledge path-dependent.

The focal point is, due to the relation between international opportunities and prior development, international opportunities can be regarded as path-dependent. Nevertheless, the greater the extent to which the ways of knowledge acquisition are diverse, the higher will be the probability of that firm to become a proactive firm. This, in turn, enhances the possibility to locate for novel and

distinct relations that are less associated with the path that is taken so far. This advocates the idea learning strategy may affect the way a firm realizes diverse international opportunities.

3 RESEARCH DESIGN AND METHODOLOGY

In this chapter, the research design and methodology present the considerations made for the study. The purpose is to introduce the reader to the research motives for the chosen research design for study. It is essential to introduce the reader to the considerations made in data analysis. The aim is to provide clarity in illustrating how the conclusions are inferred from the data.

3.1 Rationale behind Methodological Choice

It is critical to begin the discussion on what implications the objectives of the study anticipate from the research design, to provide a rich discussion on the methodological approach and chosen research design path. As Silverman (2006: 113) highlights, “everything depends on your research topic; methods in themselves have no intrinsic value.” It is not easy to define ‘knowledge’ per se, as there are different perspectives on ontology and epistemology. This affects how and if, one can study knowledge and how knowledge can be shared in relationships, and even more so when we know, the sharing has taken place. When defining the epistemology of possession and the epistemology of practice, Cook and Brown (1999) stress studying knowledge (both tacit and explicit) possessed by individuals and organizations, as well as exploring how knowledge is shared and utilized in practice. To study *how* knowledge is shared across organizations and utilized in practice for growth calls for a qualitative approach. When designing an explorative study, one can opt for the quantitative and qualitative method, however, compared to former the later provides more potential to investigate *why* and *how* questions (Eisenhardt, 1989; Yin, 2003). The research question and the objectives of the study determine the choice of research methodology (Yin, 2014). It is best to follow a qualitative approach to empirically test a potential unexplored area and attempt to provide rich descriptions by answering the study research question.

This work intends to develop existing literature on understanding relationship learning as a dynamic organizational capability that needs to be seen as a process developing over time. The interactions in inter-organizational relationships identify customer needs leading to recognition and exploitation of identified potential opportunity for growth [internationalization] that by definition is a phenomenon that evolves over time. This dissertation theoretically builds on Vahlne, and Johansson’s the Uppsala Model (2017) and for empirical data on multinational firms and small and medium enterprises longitudinal case studies to answer the study research question. The application of the Uppsala model on

longitudinal cases is not for the first time as this has been done previously (Vahlne & Ivarsson, 2014). As the earlier theoretical discussion illustrates, an individual has multidimensional roles, covering diverse perspectives in each firm. The term individual learning underscores the focal role of learning in the interaction process, and this is where I choose to place the focus of this research. Accordingly, I want to find out how the individual thinks about learning in relationships and more specifically, what learning opportunities and activities they consider beneficial in this process. How individuals approach and view the interactions in relation to their respective job. What are the responsibilities and tasks they perform? Depending on how each respondent answers' to these can have varying learning outcome.

As discussed above, although knowledge is difficult to study the goal of developing or increasing an understanding of a phenomenon rather than testing or verifying a hypothesis has particular implications for how knowledge is shared across organizational boundaries. A good starting point can be expanding on what is meant by understanding, and what implications it has for methods and their choice. Rennstam (2007) points out understanding as a complicated concept whereas, Schwandt (2000) elaborates that it can be equivalent to interpretation where different interpretations are welcome. Thus, the study contributes to developing an understanding of the process of learning through knowledge sharing in interactions between relationships by addressing the research question. The first article conceptualizes learning in firms' external network. The second article presents evidence from large multinational firms and third article on small and medium enterprise firms on their learning and its utilization through knowledge integration. The essay discusses how in both types of firms' sense-making and integration of acquired knowledge takes place as well as decision-making on opportunity identification and exploitation by aligning offering with customer needs.

Saunders, Lewis, and Thornhill, (2012) highlight the essence of addressing research philosophy in academic dissertation suggesting being aware of formulating personal assumptions and beliefs. This work follows, the positioning and identification of the research philosophy by the Saunders et al., (2012) research onions' outer layer. Accordingly, it is the first issue to be resolved in the research methodology of any dissertation. The understanding of research positioning helps the researcher in the identification of various designs and research approaches as well as in deciding on the one that is best suited or appropriate for study purpose (Easterby-Smith, Thorpe, & Lowe, 1991).

3.2 The Study Research design

Research paradigm is a determining factor in the selection of research methodology to collect study data appropriately and effectively. Johnson and Christensen (2012), identify it as a point of view, based on the set of practices, concepts shared assumptions and values. It consists of two notions that are related to the function of the researcher and the nature of the world. They suggest that research paradigm's purpose is to carry out research effectively. The main paradigms in academic research are, namely positivism, critical, and realistic or interpretivism.

The positivist approach or positivism is a quantitative approach, positioned on the assumption that the measurement of any unit of investigation shall not be carried out subjectively but always objectively. In this approach, Bertram and Christensen (2014) point out that researchers' objective is to avoid being biased by not permitting their beliefs and values to interfere with the study. The two main consequences of positivist's approach are researchers' independence from the subject and hypothesis formulation for testing. Easterby-Smith et al., (1991) explain that this approach rests on elemental laws and causal relationship and normally reduces the investigation in smaller factors to facilitate analysis. The approach implies that world exists out in the open and therefore the relationships are measurable and for that data collection is carried out through experiments and observations. The critical approach or paradigm views reality as embodied by cultural, economic, social, political, and other potential dynamics. Therefore, individuals' claims about worldview are always subjective and influence their values and status in society. They build on the notion that all knowledge is value-dependent and subjective, the research findings are influenced by the researchers' values (Riege, 2003). The researcher aims to bring social change to benefit those groups in society who have less power or opportunities available to them. Bertram and Christensen (2014) argue that the researcher recognizes that the starting point is normally their values and this approach believes that world depicts an unequal power distribution in relations. Therefore individuals always view things subjectively and differently, so it is difficult to remain neutral or be in an objective position. This approach gets criticism for its elitism. Moreover, criticism, on the critical approach is for the political agenda and the researcher's failure in remaining objective and neutral (Mack, 2010).

The realistic or interpretive approach is also mentioned as the inductive or phenomenological research; it adopts that the reality cannot figure objectively and has to be socially and holistically constructed. The realist scholars aim to

understand and explain a phenomenon. They do not pursue to determine any elemental laws or external causes (Easterby-Smith, 1991; Remenyi, 1998). Most qualitative techniques are based on a realistic approach. It prioritizes study respondents understanding and interpretations of a phenomenon as well as their actions (Matthews & Ross, 2010). The objective of this approach is to understand the meaning that informs about participant human behavior. There are several probable interpretations of situations and occurring events. Therefore, the data interpretation drives the research results (Guba & Lincoln, 1994). Alvesson and Sköldböck (1994) agree on a possibility to interpret qualitative data and advocate employing an interpretive approach; this will help to identify patterns that will develop or increase understanding of how knowledge development process across organizations leads to opportunity exploitation in the organizations' internationalization process. Keeping this argument in view, a qualitative methodology is employed to achieve study objective of acquiring a thorough understanding of the learning and knowledge development process. As Stake (2010) rightly points out, possibly the essential and significant difference between quantitative and qualitative research methodology is the variance concerning aiming for explanation or understanding.

This work is laid out in the realistic or interpretive paradigm, that “assumes that reality as we know it is constructed intersubjectively through the meanings and understandings developed socially and experientially” (Guba & Lincoln, 1994, in Lincoln, Lynham, & Guba 2011, p. 102), and suggests that there are “multiple realities”. In contrast to that, the positivistic paradigm, regularly utilized in the natural sciences, presents a definition of reality as being objective, which is identifiable, indisputable, and a measurable reality (Lincoln, Lynham, & Guba, 2011). It emphasizes on describing and explaining in clear frameworks and is mainly determined by a deductive approach wherein quantitative data regularly form the core. Traditionally in the social sciences, qualitative studies have often been seen skeptically, whereas viewing quantitative researchers as more appropriate (Rasmussen, Ostergaard, & Beckmann, 2006). From the critics' viewpoint, qualitative research methods are insufficient as they are not dedicated to accurate and objective research investigations. Mainly, the interpretational practice of qualitative research methods is unnerving for the positivists, and they emphasize that qualitative researchers not be able to validate their truth statements (Denzin & Lincoln, 2011). The opposition reveals a positivistic opinion that believes research must be subject to the statistical analysis and verifications. Consequently, there has been a trend to attempt to “quantify” the qualitative research methodology (Flick, 2014).

The scholarly works on firm's internationalization have been subject of positivist research (Zou & Stan, 1998; Coviello & McAuley, 1999; Aspelund, Madsen, & Moen, 2007; Rialp, Rialp, & Knight, 2015). In recent works, qualitative research as a methodological approach, including case studies, has established itself in international business research (Piekkari, Welch, & Paavilainen, 2009; Welch, Piekkari, Plakoyiannaki, & Mantymaki, 2011). Miles and Huberman (1994) recommend having a theoretical foundation that helps the researcher to be more precise in carrying out the empirical work. In addition, Bryman (1995) recommends it as the theoretical framework will aid the researcher in devising guidelines for conducting the research. This opens up the methodological approach for a broader perspective to supplement the existing, substantial quantitative, research. The research design for this thesis has been developed in various steps, which can be explained as an iterative process. It was initiated with an exploration of literature on knowledge sharing, learning and existing research on internationalization. This is the deductive portion of the research process. It is essential to get a pre-understanding of what knowledge is (or can be) in internationalization research.

3.2.1 The Multiple Case Approach

Piekkari, Welch, and Paavilainen, (2009, pg. 569) define case studies as “a research strategy that examines, through the use of a variety of data sources, a phenomenon in its naturalistic context, with the purpose of ‘confronting’ theory with the empirical world.” Yin, (1984) suggests focusing on a single case or choose multiple cases, and one can use various levels of analysis. A shortcoming of a single case is their incapacity to generalize the findings; this is true only if we talk about statistical generalization, in case studies, it is an analytical generalization that is used. Also, compared to single case study multiple cases can offer more evidence and subsequently lead to more confidence in their results (Yin, 2014). That is why multiple cases are used in the present study and from two groups' large multinational firms and small and medium enterprise firms. Qualitative methods are suitable for analyzing and understanding opinions and the perceptions of the respondents, capturing both emotional and cognitive characteristics (Rasmussen, Ostergaard, & Beckmann, 2006). The case study methodology combines the existing theoretical knowledge into new empirical findings based insights (Eisenhardt, 1989), and is appropriate for explanatory and exploratory issues (Yin, 1984).

3.2.2 Case Selection

This study uses an explorative approach for how suppliers learn to understand customers' needs and address it through value creation process in their offering (Lehrer, Ordanini, De Fillippi, & Miozzo, 2012; Tuli, Kohli, & Bharadwaj, 2007). Moreover, firms from different industries (manufacturing, and service industry) are used to allow for comparison and more generalizability beyond that from a single case study, thus allowing better understanding and finer distinctions of how the learning in study sample firms can vary in different conditions (Miles & Huberman, 1994; Yin, 2014). Marshall (1996) argues that “appropriate sample size for a qualitative study is one that adequately answers the research question” (p. 523). Although there is no “ideal” number of cases firms, Eisenhardt (1989) observed that “a number between 4 and 10 cases usually works well” (p. 545). In the same work, Eisenhardt (1989) cautions fellow researchers against using ten or more cases, as “it quickly becomes difficult to cope with the complexity and volume of the data” (p. 545). In the present research, eight case study firms were chosen. The criterion employed for selection of study case firms was that they are identified as being, in the process of internationalization.

The study employs a purposeful sampling approach to recruit managers with substantial experience of customer interaction (Töllner, Blut, & Holzmüller, 2011; Tuli et al., 2007), using personal contacts as well as accessing professional network platform, i.e., LinkedIn. The study adopts the official definition of the European Commission, according to which an SME is a firm that employs fewer than 250 people and balance sheet total of below €43 million or its annual turnover is less than €50 million. (European Commission 2017 Retrieved from http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en). The main features are deciding if an organization is an SME is, balance sheet or turnover and number of employees as shown in Table 3.

Table 3. European Commission SME description

Company Category	Number of Employees	Balance Sheet	or	Turnover
Medium-sized	< 250	≤ € 43 m		≤ € 50 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Table 3 details the range of companies chosen for participation in the study. To maintain the ethical integrity and to protect each participating firms interest (Kirkup & Carrigan, 2000) the names of respondents and firms are disguised. According to Statistics Finland (the national authority for statistics in Finland), a vast majority of Finnish firms, based on the number of people employed, are SMEs (99.8 percent) (The Federation of Finnish Enterprises 2017). The proportion of small firms (i.e., firms that employ less than 50 people) is as high as 98.8 percent of all firms in Finland. The chosen small and medium enterprise case firms in the sample belong to 6.5 percent of the total operating firms in the country (Table 4).

Table 4. Number of SME Firms in Finland

Company Category	Number of Employees	Number of Firms	Percentage
Medium-sized	< 250	2,728	1.0%
Small	< 50	15,725	5.5%
Micro	< 10	264,519	93.3%

The study sample consists of managers from four multinational firms operating in different industries (manufacturing, and services) with international market growth. The chosen firms are well established and have a strong global presence, hence providing a valuable learning platform to achieve study objective of inter-firm learning through knowledge sharing. The annual revenue of case firm A, operating in the services industry is above € 25000 million. The case firm B, C, and D operating in manufacturing have a revenue range of € 400 million to above € 8000 million (Table 5).

The study sample consists of SME managers from four firms operating in different industries (manufacturing, and services) with international market growth or growth potential. The chosen firms are all Finnish fully-owned firms. The annual revenue of case firm E, operating in the services industry is € 7 million. The case firm F, G, and H operating in manufacturing have an annual revenue from a range of less than € 5 million to €10 million (Table 5). The study employs a purposeful sampling approach to identify individuals who regularly interact with customers (Tuli et al., 2007). This research focuses on managers who can contribute to the research by sharing their experiential learning. The study respondents are middle and senior managers with minimum industry experience of five years, but in my study sample, average experience is ten to twenty years. These individuals are the

key contacts for direct communication in inter-firm relationships, and they are knowledgeable about the customer and own offerings (Tuli et al., 2007). The interviewed managers are at different levels and hence can provide a broad view of acquired learning and knowledge sharing experience.

Table 5. Overview of Chosen Case Firms and Interviewees

		Multinational Firms				SME Firms			
	A	B	C	D	E	F	G	H	
Revenue (2017)	25,000 M	8,000 M	5,000 M	400 M	7,00 M	10,00 M	5,0 M	5,0 M	5,0 M
Employees	100,000+	50,000	15,000+	2,000+	200+	150+	60+	20+	20+
Industry	services	manufacturing	manufacturing	manufacturing	services	manufacturing	manufacturing	manufacturing	manufacturing
Job Title	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager	Senior + Middle manager
Experience		10 to 20+ years in the industry				8 to 20+ years in the industry			
With Firm		8+ to 20+ years				6+ to 12+ years			
Customer Interaction		5 years (minimum)				5 years (minimum)			
Number of Interviews	4	4	4	3	4	3	4	4	4

The data sample firms are at different stages of internationalization, multinational firms are established, and small and medium enterprise firms are expanding. The two groups (Table 4) provide interesting opportunity for the learning patterns in both groups. However, the comparison is not the intention of the study but presenting learning patterns to enhance understanding of tools to employ when pursuing internationalization. To grasp the phenomenon (how learning takes place in relationships), it is essential to have reliability and present learning perspective of a more extensive network of different actors across multiple levels in the firm. The respondent sample is composed of in-depth interviews with managers from four firms each from MNE and SME background operating in various industries with consistent global growth.

3.3 Research Data Collection

As the process moves into the data collection phase, this process can be described as of inductive nature.

3.3.1 Data Collection Process

This study employs qualitative research approach based on case firms exploring for answers through semi-structured in-depth interviews. The study collects empirical data through episodic interviews (Flick, 2014). The episodic interviews are those normally that address two types of knowledge namely episodic and semantic. The episodic knowledge is structured closer to an individual's experiences and is linked to robust circumstances and situations. The semantic knowledge is formed on assumptions, concepts, and relations that are generalized and abstracted from them. For the earlier, the sequence of the situation in its context is the focal element around organizing acquired knowledge. In the semantic knowledge, concepts assumptions and their relations to one other are the essential elements. The episodic interview produces context-specific details in the shape of a narrative as they are close to the experiences and their generative context than other presentational forms (Flick, 2009). Episodic knowledge gained in the data collection process by asking the participants to recount subjectively situations of their everyday professional lives to illustrate answers to the questions (e.g., situations wherein specific sharing by client lead to your learning and new knowledge acquisition). The episodic interview does not stylize experiences artificially as a narratively whole. Instead, it begins with episodic-circumstantial patterns of experiential knowledge (Flick, 2014). Specific attention in the interview

is given to events or episodes wherein the study respondent has had experiences which appear to be relevant to the study questions.

As stressed by Littig (2009, p. 100), “while experts [specific knowledge holders] commonly are people in positions of power: [they] do not necessarily have to be the people who make the high-level decisions at the top of an organization. Ultimately, anyone who is responsible for and has privileged access to the knowledge of specific groups or people or decision-making processes can be seen as an expert.” Bogner, Littig, and Menz (2009) argue that “in relative terms, talking to experts in the exploratory phase of a project is a more efficient and concentrated method of gathering data than, for instance, participatory observation or systematic quantitative surveys” (p. 2). In cases where “experts are seen as ‘crystallization points’ for practical insider knowledge,” they may even be “interviewed as surrogates for a wider circle of players” (Bogner, Littig, & Menz, 2009, p. 2). Moreover, they are particularly helpful at accomplishing a higher degree of specific knowledge, which is otherwise difficult to obtain (Bogner, Littig, & Menz, 2009). In other words, “experts serve as informants and possess knowledge otherwise not accessible to researchers” (Littig, 2009, p. 100). The study respondents are experts [in a sense] based on their experience, in their dealing with customers and well versed in learning in interactions.

The respondents are informed about the research and what it intends to understand, i.e., experience-based learning of respondent from interactions in networks. This will help in gaining an understanding of both ‘micro positions’ (the firms and their dyadic relationships) and ‘macro positions’ (the firms and their role in the network) (Halinen & Törnroos, 2005). The study focused on individuals who are regularly interacting with their organizations’ external network partners and hence can contribute to the research, by sharing their learning. Each respondent had a minimum of five years of customer interaction experience. The middle and senior managers were respondents. The individuals were at different career stage having different exposure regarding experience and job responsibilities. These were the boundary spanning individuals between parent and client firm who were knowledgeable about customer requirements and viewpoints of their customer solutions (Tuli et al., 2007).

3.3.2 Study Interviews

In light of previous studies, it was decided to conduct in-depth semi-structured interviews as the method of data collection. The in-depth semi-structured interviews permit the exploring researcher to present respondents with research

questions of exploratory nature (Johnson & Rowlands, 2012); they provide best means of extracting memories, experiences and gaining a broader and deeper meaning of acquired knowledge and its learning process (Rasmussen, Ostergaard, & Beckmann, 2006).

In preparation for interviews, reviewing information about the firms (e.g., web pages, annual reports, and social media). Furthermore, an interview guide was used flexibly to ensure key topics were covered in the interviews while also making space to explore any new themes or probable issues that may emerge during the interviews. In “the structured interview,” wherein the interview questions are pre-determined, sequenced and standardized in advance with no further addition of questions. Hence all respondents have presented the same questions in the similar order. The justification is that this makes it possible to have comparable responses from a large respondent sample. Whereas, the semi-structured interview helps the researcher to determine the knowledge acquisition and its learning process through interaction with the respondents. The absence of a fixed structure provides a useful means for exploration of a less studied area or topic, but making data coding and its comparison more difficult.

My dissertation explores the process of learning in inter-firm relationship, “by tracing it backward into the past (retrospective studies), by following it forward into the future (Longitudinal case studies), by examining how it is constituted, or by doing all of these at the same time” (Langley, 2009, p. 413). The main priority in my data collection process is to acquire a better understanding of the learning process of firms: how an individual learns in interactions, internalization of acquired knowledge (Figure 2 below). The follow-up interviews intend to know how they pursued the identified opportunity through sense-making of acquired knowledge. The majority of scholars pursuing longitudinal case studies follow the retrospective approach in data analysis; they look at data as one unit and examine how the studied process evolved up to the time where researcher left the study. Therefore, although the collection of data is employing prospective approach, retrospection is the analysis lens to study the phenomenon (Langley, 2009). Hurmerinta, Paavilainen-Mäntymäki, and Hassett (2016) illustrate the internationalization process of firms in the Uppsala model from the time-philosophical lens. The Uppsala model also known as a learning process wherein firms gradually acquire experience and knowledge accumulation of transaction and in international opportunities (Andersen, 1993).

The interviews with experienced individuals provide me the opportunity to gain valuable insight into the knowledge sharing, integration, and development process

over a period. The interviews were carried out in two phase. The first phase took place in 2016 focusing on how learning through knowledge sharing took place in interactions with customers. The internalization of acquired knowledge and its sense-making to understand and align customer needs with offering and identification of growth opportunities. The follow-up phase was carried out in 2017, focusing on how case firm pursued the identified opportunities. If the case firm decided to pursue them and why and if they decided not to, in that case why not to exploit the opportunity. The interviews last 52 minutes to 112 minutes with an average of 76 minutes were recorded and transcribed verbatim immediately after each meeting (20 pages on average). The interviews were guided by an interview guide avoiding academic jargon, permitting respondents to share experiences in their words (Coviello, 2005). The study participants answer the questions, which focus on the background of the individual, present responsibilities in the organization, and knowledge sharing experience in their interactions with customers or suppliers. The questions (Appendix 1) were shared via email ahead of the interview date to enable them to provide healthy feedback and quote relevant examples. All conversations were conducted either in person or on Skype. The permission is taken from the respondent to record interviews in advance. Extensive notes taken during the interview, are all written the same day or following day (if traveling). The recorded interviews were transcribed using a professional service to ensure proper transfer of responses to text form for analysis.

In the process of asking questions, I was conscious of not imposing any opinion and attitude on the respondents. Throughout the interview process, I tried to give verbal and nonverbal support to stimulate conversation and invite respondents to share the learning process in interactions with the customer (Barlow, 2010). As the conversation progressed, the interviews evolved, and interviewees were on the whole very motivated and contributed valuable information. Also, in the follow-up stage, the interviewees were encouraged to provide insights into exploiting identified growth opportunities leading to firms' internationalization.

Academic literature has shown a keen interest in positions of interviewer and interviewee (Welch, Piekkari, Penttinen, & Tahvanainen, 2002), and it is recognized that researcher characteristics can influence the nature of the interview. For example, the age, gender, and researcher power can all influence on the interviewee's willingness to participate as well as on the nature of their sharing (Breakwell, Smith, & Wright, 2012). This was beneficial for me as I have multi-year professional experience, working in similar positions of interaction. It was especially beneficial as I had multi-culture working experience as well as client

interactions myself. So, this put me in a better position to explore, how the study respondents interactions progressed in relationship sharing. Therefore, the experienced individuals' interviews enabled me to explore and gain insight in areas which otherwise I would not have become acquainted with.

3.3.3 Anonymity

To maintain the ethical integrity and to protect each participating firms' interest (Kirkup & Carrigan, 2000) the direct quotes are disguised in respondent and firm names. The agreement with the case firms was that their identities would be anonymized. Subsequently, details about the case firms, the interviewee individuals, their names, the city or country, and specific details of products will not be revealed, or have been changed. This was essential because few of the case firms were initially unwilling to participate or to elaborate on the learning experiences through interactions with customers until they were guaranteed complete anonymity. For instance, during the interview, the director of a case firm B had to be reassured of anonymity before further elaborating on knowledge integration and its sense-making for opportunity identification and exploitation process.

At the end of the interview session with respondent from firm A, the interviewee asked me "we are anonymous right?" after he assurance of anonymity, he continued his talk about knowledge sharing hindrances with the bureaucratic process within large firms. Another interviewee from same firm A laughed and said "and we are anonymous?" after he shared critically the extra paperwork involved. Though a few of the interviewees required anonymity assurance during the interviews, none of them requested for an explicit formal agreement on sharing confidentiality. Instead, interviewee participation was established on informed consent (Kvale & Brinkmann, 2009). As an academic researcher and the data collection for study purpose as a whole, I viewed this as a token of their goodwill and trust towards me and academic research.

3.4 Process of Data Analysis

The aim was to define a dataset that provided rich material, contained in a manageable number of texts for a thematic analysis to be carried out without computer-assisted coding. Also, I was concerned about reducing variables relating to specific work and also to keep the phenomenon under study (i.e., learning in supplier-customer interactions in large and small firms) tightly defined. This

means that I can interpret the analyzed results of my data's thematic analysis, especially the variations of identified themes and inter-relationships between them, as necessary about the studied phenomenon and those that otherwise could relate to the variables. In other words, the collected data needs to be comparable to be appropriate for carrying out analysis.

The collected dataset text is analyzed using data-driven, or an inductive thematic analysis in a process wherein many reiterative stages are involved. I describe this analysis process in this section. The sequence of stages in this thematic analysis is as follows:

- Segmenting all the interview recordings in the study dataset into meaningful units (transcription through professional services).
- Coding of meanings in the dataset segments.
- Generating themes of inclusive orders (*thematizing process*) by analyzing and the combination of codes and identifying first-order themes.
- Clustering the first-order themes that result in second and third-order themes (named concepts and themes).

The following sections discuss how the analysis proceeded in each of these stages.

3.4.1 Segmenting Texts into Meaning Units

The first step was to carefully read all transcribed word file texts to identify relevant parts and replies that deal with my study questions - text segments, also "meaning units" (Meier, Boivin, & Meier, 2006) or called "extracts" (Braun & Clarke, 2006). These meaning units vary in length ranging from phrases, single sentences, too many sentences or even paragraphs. The most identified meaning units were in passages presenting interaction cases and knowledge emerging from the discussions. In the course of this careful reading phase, I made an important discovery. I recognized that in addition to thinking about my topic as a phenomenon, I needed to think of it as an event, and mainly as an event occurring in the beneficial process. Also, I would like to explain that this thinking approach as it influenced the manner in which meaningful segments of data text are identified—I became conscious to references to time and ongoing process—and how it led me to the identification of meaning in the text coding stage (see below).

In research study employing interview transcripts, Cayne and Loewenthal (2006) describe a process of discriminating “naturally occurring units of meaning within each transcript” (p. 120). I do not accordingly argue that the identified units of meaning are “naturally occurring,” but I determine them through careful attention to the respondent descriptions and expressed views by acknowledging my response. This step of identifying text material or segments produce pieces of transcribed data wherein meaning, interpretation, identification, and coding will be generated. Therefore, at this point, then, it was essential to read and perceive meanings carefully, reading between the lines and picking up not only the content of what respondents said but also how they expressed it, what terms and metaphors they used if any (e.g., KPI – key performance indicator). I highlighted the transcription text segments by using different color highlighter markings them and by underlining them in digital copies. If specific phrases or metaphors already stand out, I marked these directly in the text.

3.4.2 Identifying Meanings - Coding

This identification of meaning establishes the transcribed data for analysis, through a process of thematic analysis, hence identifying meanings in text segments. In this subsection, I describe the mechanics of this crucial step, but I begin with a discussion of some conceptual issues about how to think about coding as a step in a thematic analysis and why I proceeded the way I did. My emphasis in this process of determining text meanings relied on the respondent’s (his or her) interactional (customer) experience, the experience of sharing in the relationship and the description of learning, its internalization in the firm and subsequent decision-making on it. These are the core areas defined by my research questions. I focused on the respondent’s experience and developed a responsive and receptive manner to identify meaning and discard the categories that facilitate me to identify text segments. The selected segments had to address the asked questions, but understanding their meaning has a different objective. I erred a little on the side of recording beyond being sparse; this means that without second-guessing when I “heard” the data text segment speak to me in a particular way. This is what Braun and Clarke’s (2006) provide significant advice to employ during the process to code for as many possible themes as possible.

As discussed earlier, several scholars employing thematic analysis and associated phenomenological methods stress the significance of bracketing to deal with bias at this stage (Ahern, 1999; Bazeley, 2009). Cayne and Loewenthal (2006) describe few phenomenological types of research closely affiliated to thematic analysis and develop three “cornerstones” of such works focus on experience: 1) *bracketing*

preconceptions—or “setting aside judgments, presumptions and theories including personal theories...in order to remain open to [one’s] experience as it is given” (p. 119); 2) *horizontalization*, i.e., treating each part of information with equal attention and instead of quickly assigning importance to some and 3) *description* instead of analysis from a specific theoretical perspective.

Two of these key elements, horizontalization, and description, are significant to my inductive thematic analysis— in the bottom-up approach that assigns meanings to the text segments which are postulated as located, implicitly or explicitly, in the data text itself. The other, bracketing, is a phenomenological notion that some scholars argue applies to any interpretive methodology. It is interesting, however, that in a later publication Cayne and Loewenthal (2007) revise their viewpoint on bracketing and taking a clear relational and hermeneutic perspective. As I discussed previously, the critical issues in dealing with prejudice and potential bias within an analytical approach are self- reflection, openness, and self-awareness to an open conversation with the other, wherein pre-conceptions are neither imposed nor set aside, but are taken as part of the ongoing conversation. Furthermore, with added insights gathered from relational methodologies in the analysis, Cayne, and Loewenthal (2007) stress purposeful usage of researcher’s personal experience in understanding the study subjects that enable new knowledge and creativity to emerge that is objective and valid.

The coding process was data-driven or inductive (Boyatzis, 1998; Braun & Clarke, 2006). This suggests that the meaning identification emerge from the data text and are not pre-determined based on any theory or concept. The data-generated meanings or codes are then compiled together where they will be defined and reapplied in a second systematic coding step. I recorded codes separately, accompanied by a reference to the text segment in which I identified the meaning. This involved in many cases a quotation or paraphrase that provided the context of the meaning or code I recorded. In the following step, the first-order themes analysis, I found that having the separated context available on the code sheet was fruitful in clarifying the code and giving it a specificity, which was grounded in the original data text.

Braun and Clarke (2006) caution against losing meaning or codes context and advise to keep some immediate meaning or code data. The information I recorded on the code sheet together with the code helped maintain the advised consistency. This step prevented the possibility of hurriedly grouping similar meanings as single code and applying the meaning. In other words, it addressed potential prejudice and backed the horizontalization above. As Braun and Clarke (2006)

highlight, while coding is component of thematic analysis, meanings or codes are not yet the actual units of analysis (those will be the themes); in fact, they help organize the data into meaningful units. This meaning identification process resulted in several code sheets. I kept the identification process as much original as possible preserve contextual meaning as possible through the chosen codes. The differentiation and comparison of codes, relations of differences and similarities among them, to be addressed at the next step, when they are pooled into first-order themes. This decision is in line with my methodological design that is an interpretative approach. The comparison of all similar codes takes place simultaneously in this approach. This helps bring forth a diversified development of themes.

I believe it is the deliberate intent of a data-driven method to keep the text meanings alive that are being identified in text meanings as codes. I feel the emerging themes can only have importance if the textual meanings that constitute them reflect respondents' statements and, consequently, they gain significance as themes by combing the meanings. St. Pierre (2013) postulates a robust assessment of coding as per catalog of categories, per contra derived. She debates that this manner of coding which this dissertation adopted— that is engaging with the subject matter instead of a sheer sorting and labeling—is a kind of reading, a way of thinking about the data and interpretation, which is contributing, to analysis. This is particularly true when the data are carefully selected from the text that intends to express complex thought and experience.

There can be an objection to that the meanings I extracted from study data text that I call *codes* shall not be termed as codes since a critical step is skipped. This step is the definition of codes in a coding framework after initial readings of data transcripts and before any codes are assigned. The coding frame is mainly essential when the collected data's thematic analysis is theory-driven (Attride-Stirling, 2001). In combined thematic analyses or data-driven analyses, the coding frame also assists as a “conceptual tool” that can be regularly applied (Joffe, 2012). In contrast to this view, Pollio and Ursiak (2006) do not employ the term code but “thematic meanings ... mentioned by the participant” for this stage of specifying meaning. They did not develop a coding frame but reviewed a higher order of themes relying upon the thematic meanings against original text.

Similarly, Braun and Clarke (2006), who present guidelines developed principally for single researcher projects, also skipped this step. The level of consistency established in a research team through the coding frame process is carried out in a single mind in a project managed by a single researcher. Moreover, this is, in fact,

strength for a data-driven thematic analysis, when the analysis intends to exhibit what kind of patterns and themes exist across a dataset of texts describing interactional experience by study respondents. I follow Pollio and Ursiak's view, and as I will demonstrate below, I carried out a back-and-forth process wherein I checked meanings or codes for a final time against the original texts and assured internal consistency when I analyzed first-order themes.

3.4.3 Identifying First - Order Themes

In this sub-section, I explain the thematic analysis by identifying, first-order themes or first level of themes. I illustrate the process mechanics by providing a detailed example of how the identification of a first-order-theme emerged from several codes. My narration presents the process as it proceeded and, therefore, I start with describing thematizing, which provided me significant learning. After completing the coding process entirely, I began combining codes in a pattern followed by previous researchers employing thematic analyses. These studies combined meanings or codes according to specific categories that defined their commonalities. This is determined by a careful grouping of codes that refer them to or address similar activity or issue (Attride-Stirling, 2001; Frith & Gleeson, 2004; Pollio & Ursiak, 2006). Following that, I grouped codes by the emerging category patterns from respondents' interaction experience. The physical process of themes generation meant to take all my code sheets and spread them out. The sheets are sorted into piles, by taking each code sheet individually and try to match it with one or more others. Staying consistent with my adopted differentiated coding approach as previous works advised, I resisted the temptation to bracket different codes together quickly. Instead, I continued differentiation at this step, which meant groups of piles containing only a few sheets or even a single one. I had a sense of what combined the codes into each group I allocated a preliminary theme to that group by sticking a post-it note onto the top sheet.

Following the methodology I drawn above, I placed code sheets on the floor wherein areas represent the defined categories. For example, all the codes relating to the customer were placed in an open area, pre-supposing that these sheets have something in common even if these do not belong to the same group or pile. Likewise, I inclined to put code sheets concerning experience or market, and so forth. In the process of doing this, however, I became aware of metaphors or similarities of expressions, and codes in general that overlap these categories or expected groups.

Let me explain this first thematizing process through the example of a set of codes that constitute the first-order theme *documentation*. (Appendix 2 provides a full list of all 81 first-order themes.) The study respondents shared their experiences of the reporting process, which included observation, experience, feedback, notes, memos, memorized discussions, translating into reporting into internal company system. They varied in companies on how they are reported, and to whom and where. The updating of interaction in the company system in individual relationship files. These instances are not all examples of code sheets that resemble “documentation,” nor did I cluster these all sheets indicating documentation under the same first-order code. A code concerning “service experience” relating to offering experience, for example, was grouped with “business development.” Also, where documentation referred to dealing with “extra work,” I clustered these code sheets with two larger set of codes, “experience” and “job description.” However, after additional analysis stages “documentation” presented a quality of experience overlapping several aspects concerning my topic and as a frequent pattern of meaning, and hence it constituted a first-order code or theme.

After observing such links, which comprised commonality or similarity as well as contrasts among codes, I started the analysis again differently. Then I clustered them without categories. Like Braun and Clarke (2006) and Pollio and Ursiak, (2006), I also duplicated the code sheets where necessary when I placed them in different sets or groups. Some code sheet piles still combined codes because they related to the same issue, for example, the first-order theme “experience, feedback” concerns to the performance role (that it conveys something). Nevertheless, I also generated piles and first-order codes, which are more focused on the *experience of quality* in the coded material, with less regard towards the experience to which the quality mentions. In the list of first-order themes in Appendix 2, about 40% are themes expressing a quality of experience or a thing.

This was a physical process involving allocating and re-allocating the code sheets and sorting the piles considering new emerging themes, i.e., every new pile that emerged meant a reconsideration of already, existing piles (new tentative themes) had to be probably changed. Consequently, I had to bundle and unbundle existing piles, separating them out and bundling them differently. By carefully placing them, indicated a potential interlink of clusters or piles, a likelihood that they are related, the nature of that might emerge later in the process.

This first step of first-order code identification lasted over several days and weeks. It was essential to allow the codes time to sink in, and mentally processing them and going back to the task with a fresh perspective. Over time, I was able to

memorize many codes as well as preliminary themes, placed in various the code sheet piles. Somewhat more analogous to psychotherapy work instead of a social science data analysis, I could allow the real time to sink in and permitting my unconscious to visualize the connections and differentiations creatively. The exact precision came into the process via scrutiny of identified codes against the text segment context (transcribed interviews) and the ones recorded on the code sheets. This averted the associative process of theme generation to takeoff, so to speak, by staying grounded within the code meanings, i.e., interpretation of the respondent statements.

This process of group codes is reflecting how the interrelationships generated in the first-order themes. As in a respondent sentence, the meaning of an emerging theme is not only its analog (here the identified code) but also with its relationships with other prospective themes (words in a sentence/theme in a context). In the example above, sorting out “service experience” from “customer satisfaction” or “feedback” and other closely related codes such as “offering solutions” is part of this theme semantics. Similarly, in the careful analysis of these relations between first-order themes, I generated themes such as “business development,” “environment,” “perception,” “pricing perspective,” “target pricing”— but not “creativity” as it was too embodying a concept. As it became apparent, these differences counted in the following analysis stages and in determining higher order themes.

Once all codes sheets allocations were done, then I reviewed all the initial first-order codes. This review involved further reassignment and deletion of some themes. To me, it seems this checkup of codes against the respondent text is the ensuring step of trustworthiness. In other models of thematic analysis, it is provided by coding frame when the initial codes are rechecked about transcripts before application of final codes. At the end of the review process, I put each pile of code sheets with the label of the first-order code back into boxes and wrote each first-order code onto separate small white cards. As the list of all first-order codes in Appendix 2 shows, I retained some codes which are phrases and metaphors as first-order themes where fitting.

3.4.4 Identifying Second – and Third – Order Themes

The analysis proceeded with a grouping of first-order codes into a higher, more encircling themes. This subsection explains the process, and as earlier, I briefly describe how I began by following a clustering model that has key implications for the results of the study analysis. This subsection ends with figures showing how

the clustering of first-order code analysis lead to my conceptualization of main themes, i.e., final concepts and themes of study data analysis.

Braun and Clarke (2006) explain this process as “combining,” and there are other examples of thematic analysis that promote a model of “theme hierarchy” depicting a funneling process wherein the higher-order theme emerge to encapsulate the lower-order identified codes (Meier et al., 2006, pp. 118-119). I will call this method a linear process of analysis. Eventually, this linear process guides the researcher to sort out into a group based on commonality or similarity among the codes or themes. In recent works on thematic analyses, I found that Attride-Stirling (2001) and Pollio and Ursiak (2006) employ a different model of thematic analysis. These scholars carried the code analysis regarding interrelationships, especially of clusters and, in the case of Attride-Stirling, as thematic networks (Figure 3). To me, a network or a cluster is a more congruous illustration of a theme as an idea or as a pattern portraying meaning (Braun & Clarke 2006). A pattern becomes clear, as the first-order code interrelationships are interpreted and analyzed. I started the process of theme identification by clustering the interrelated first-order codes.

This clustering of themes is according to a relation – which I clustered first-order codes according to a relation or an activity that linked them, a sense showing they belong together gradually grew more evident. This could not only be a similarity but a contrast, a contradiction or a tension—in other words, a relation instead of commonality. The clusters that emerged consisted of different numbers of code sheets, some were large, and others small, yet few consisted of a single or only two cards. This process brought forth some codes which were general and others which were specific. The emerging groups indicate links between the meanings suggested by clusters by placing them carefully. The disclosure by Cayne & Loewenthal’s (2007) on exploring the unknown through contemplation was inspiring. I could utilize my own professional experience of similar interactions in my research study by permitting my unconscious to do this work. I followed the associations as they came up, clustering and re-clustering codes without thinking about the whole thematic analysis process as a problem to solve but instead as a process in which to get a visualization of interlinked events. Also, the first-order codes written on the sheets had a history, due to me they draw out the unbidden interactional visualizations that gave rise to them.

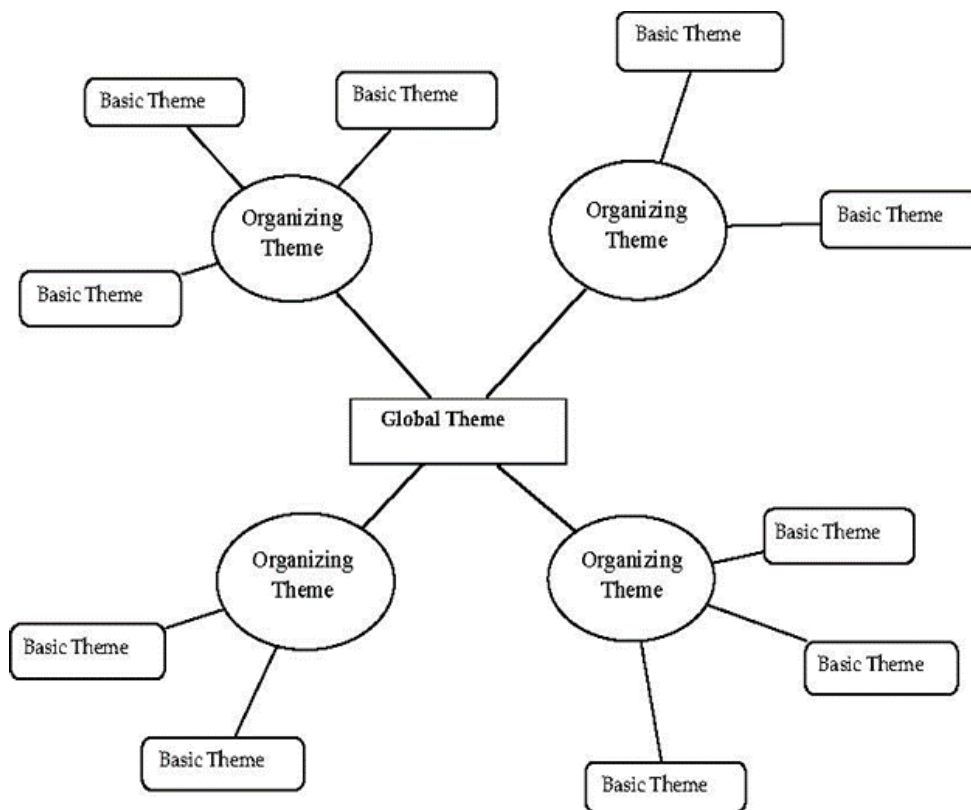


Figure 2. Attride-Stirling's (2001) Model of a Thematic Network Structure

Next, I mapped out each first-order theme cluster as a diagram on paper and followed by mapping these into broader clusters and their interrelationships. I was guided in this by the process by Attride-Stirling's diagram (2001, p. 388). The figure 2 reproduced below is from her work on the thematic network. I would like to clarify that my work follows only the process and structure of her model but neither any details of her coding nor adoption of her chosen themes.

Following this network model means that I analyzed second- and third-order themes with the help of a clustering process instead of separating and subsequently arranging into pyramids or scales of theme levels. Again, this allowed me to notice some coinciding characteristics of themes and identified next order themes on those bases. The model facilitates few relationship patterns between first-order themes revealing, not only similarities but also oppositions, tensions, and contradistinctions. Perhaps a somewhat similar approach is visible in Pollio and Ursiak's (2006) work on the experience of thinking. The study theme of "control" identified experiences of "being controlled," of "letting go of control," and of "being in control," as the sub-themes referring to different interpretation or meanings but they are all related to control theme. I will show in the analysis results that it was essential in my analysis not to include such diverse meanings in

an identical theme as the authors do, but try to capture the dynamic which is created by the differences and tensions in the emerging higher order themes. Altogether, my data analysis produced 11 themes at third-order level. They are all analyzed using the clustering process, as I described above.

The final step in clustering of first-order codes in identifying third-order themes was reviewing them against text segments and the original codes. This resulted in further fine-tuning, in renaming and some reallocations of themes. In the final analysis and careful reviewing of all third-order themes I decided on two categories of these third-order themes, eight concepts [to differentiate major and sub-theme], and three dynamic themes. In this section, I narrated the thematic analysis as a method, how I conceived it and for the study of how I carried it out. The results of the thematic analysis are now presented below where I describe each major theme and the meaning pattern each identifies.

3.4.5 Emerged Themes and Concepts

In the following section, I present the results of my study data's thematic analysis. These results provide descriptions of how each emerged theme captures the learning experiences of study respondents in the interactions. The knowledge internalization, and how organization reflects on acquired knowledge and concerns by addressing them. Altogether, my thematic analysis identified 11 third-order or major themes. These were then revised into eight of them, being sub-themes or, as I decided to name them, Concepts for clarity and differentiation purpose and singling out the remaining three as major themes for their dynamic character and qualities. As the previous section demonstrated, the methodology I applied posits the thematic analysis as a tool employing clustering analysis of meanings that emerge in clusters of inter-related concepts (as I choose to call them) that consecutively categorize and, on additional analysis, identify the major themes. A network of inter-related concepts or subthemes, therefore, constitutes these major themes. These results below present a summary of these networks as well as the narrative descriptions of the meanings captured by the three themes.

The study data's thematic analysis results deliver an interpretation that tells the story as the data tells while "providing sufficient evidence of the themes within the data—i.e., enough data extracts to demonstrate the prevalence of the theme" (Braun & Clarke, 2006, p. 93). Similarly, Joffe advised, "in the name of transparency, researchers need to present systematically a sufficient portion of the original evidence in the written account to satisfy the skeptical reader of the relation between the interpretation and the evidence" (2012, p. 219). Meier et al.

(2006) whose thematic analysis resulted in a single, compound theme submitted extensive direct quotations of session material in support of several levels of subthemes. Below is the description of a major theme, which includes: a) an introduction to the major theme, b) a table showing the clusters and network of concepts that comprise the major theme, and c) a description and discussion of the major theme network, including data excerpts.

Appendix 3 illustrates how a network of a third-order or major theme is created. It is a table of first-order code or theme clusters which, together constitute the three concepts (second-order), namely Listening, understand and customer need identification constituting the network of the major theme Relationship Learning. The major theme relationship learning captures connections among subthemes or concepts as I choose to call them which convey a set of meanings related to a) the usefulness or otherwise speaking about interaction— how and whether the customer shares anything of his or her offering experience to the interacting individual or supplier firm representative; b) to various forms of tools or methods employed to acquire knowledge, such as being a consultant not a salesperson, being attentive and caring; and c) concept relating to learning identification, such as self-care, restraint, and concern for the patient and the therapeutic process.

Relationship Learning

Ballantyne and Varey (2006), found that interactional communication not only generates knowledge but also is instrumental in strengthening the relationship. Sammarra and Biggiero (2008) suggest that perceptual measures are equally as necessary as more objective ones. Inter-firm knowledge sharing may be analyzed not only at the firm level but also at the individual level. Individuals are firms' critical knowledge repositories and learning agents. How interpersonal interactions between the sharing and acquiring firms take place affects the overall learning process. Selnes and Sallis (2003) verify that two-way communications increase learning, which positively affects the relationship performance. The manager of MNE-B shared his interaction experience "*start with listening to customers and understanding what their needs and wants are and concerns about your product.*" The director from Firm G states that "*sometimes in sharing, the customer's intention is not to tell you something, but they happen to mention only something ... wherein we find a business opportunity.*" Argote, McEvily, and Reagans, (2003) identify sharing among relationships as a critical factor in mapping the knowledge management context.

Based on organizational learning theory, Selnes and Sallis (2003:80) define relationship learning as “a joint activity between a supplier and a customer in which the two parties share information, which is then jointly interpreted and integrated into a shared relationship domain-specific memory.” They have conceptualized relationship learning that takes place between suppliers and their customers. Grant (1996) identifies the features of the sharing and the acquiring firm, the knowledge attributes, and emphasizes that the process of knowledge transfer be critical in developing firms’ learning capabilities, which can lead to competitive advantage. These relationship interactions lay the foundation for sharing and new knowledge generation. The customer feedback perspective of sharing described by Firm G manager is: *“There are two types of feedbacks that come. One is from your existing customer who is using a product or the service and he says that this needs to be improved. The other is when they are satisfied with the service or the product, but they suggest improvements.”* Hansen (1999) finds that frequent communications lead to a productive working relationship.

The study respondents are unanimous in the view that they must focus on essential information on their customers’ needs and experience of the offering. It is imperative that firms keep track of their learning and monitor “not only *how much* improvement takes place but *how long* it takes” (Sinkula, 1994, p. 36). Relationship learning improves supplier understanding of customer needs and aids in providing solutions efficiently (Kohtamäki and Partanen, 2016). The results show that open communication is a key to developing a personal relationship. There is a consensus among respondents that attentively listening to clients allows understanding of both present and future needs. Being honest with customers helps strengthen trust. The degree of sharing is dependent upon comfort level in a relationship. It is essential to develop a personal relationship in inter-firm interactions that may eventually lead to the regular sharing of opportunities. The results of the study resonate with Easterby-Smith, Thorpe, and Lowe, (2008), who suggest that there is growing evidence of firms’ knowledge and learning processes as facilitators of competitive advantage. Ray Stata, chairman of Analog Devices, argues that the “rate at which individuals and organizations learn may become the only sustainable competitive advantage” (Stewart, 1991, p. 54).

The root of the knowledge development process is attentive communication, which nurtures the relationship. Interactional social exchange uncovers customers’ operations and the usage of the organizational offering. Furthermore, the customers raise issues and share input on offering improvement. However, the level of sharing is dependent upon mutual trust among the relationship partners. The customers share information about needs, trends, competitor offerings and

institutional changes, all of which present opportunities. Awareness of customer offering utilization provides learning about their needs (existing and upcoming). The theme relationship learning consists of *Listening, Understanding, and Customer need identification* as shown in figure 3. Hence, relationship learning (figure 3) yields knowledge about the customer's operations and market. This enables the acquisition of knowledge that can be translated into value. This organizational capability can be utilized in all organizational relationships. The visible learning difference between the MBE and SME is the ability to be attentive to the customer and successfully interpret what is being said and not said, and this develops with experience. In case of the SME, its role may be that of a supplier of parts rather than end-to-end products or services, which limits the relationship – its responsibilities are limited to specifications and timely delivery.

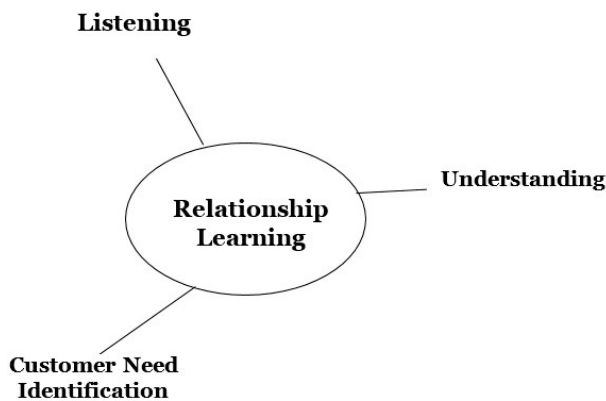


Figure 3. Concepts comprising the Theme Relationship Learning

Knowledge Integration

Absorptive capacity is a crucial factor in being able to recognize the acquired knowledge value and to integrate and utilize that knowledge (Cohen and Levinthal, 1990). The acquiring firm's absorptive capacity influenced by its culture, experiential learning and knowledge retention capabilities (Lane and Lubatkin, 1998). Szulanski (1996) shows that the knowledge acquisition/integration process can be complicated and should not be taken for granted. At the same time, the sharing firm needs to have the absorptive capacity to harness the potential value to be gained from sharing knowledge and requires intra-firm sharing capability if the shared information is to be integrated efficiently. Absorptive capacity and intra-firm sharing capability are interrelated in the sense that a firm that is good

at absorbing acquired knowledge will also be able to integrate it within its boundary.

Appendix 4 provides detail of first-order code or theme clusters which, together constitute the three concepts (second-order), namely *Evaluation*, *Sense-making and Opportunity identification* constituting the network of the major theme Knowledge Integration (figure 4). The major theme knowledge integration captures connections among subthemes or concepts as I choose to call them which convey a set of meanings related to a) the usefulness or integration of learning, among intra-departmental, and inter-departmental interaction— concerning how to address customer sharing and concerns; b) brainstorming and analysis of market intelligence, studying behaviour and trends; and c) this activity is critical as it leads to identification of growth possibilities and how to align the future offering in terms of existing relationships and new ones.

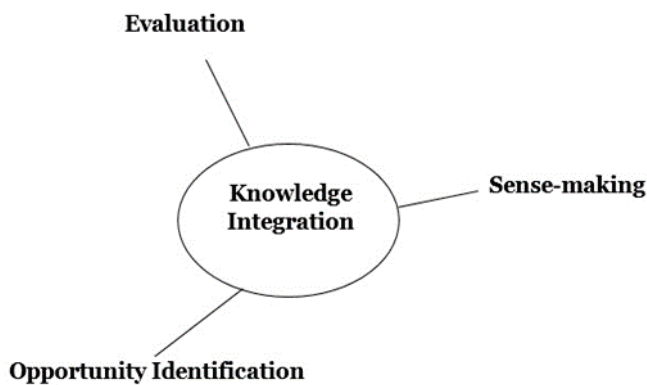


Figure 4. Concepts comprising the Theme Knowledge Integration

Based on acquired knowledge the manager product development of MNE-B shares that one way forward is “*by using analytics in big data to study the internals and externals and segmenting customers based on it.*” The data analytics will evaluate the customer and firm offering behavior and identify profitably and not so profitable relationships. This investigation will assist in determining how well the firm is meeting those needs. The findings from consumer data will help management in orchestrating a development plan to address identified customer needs. The change is never easy and to reduce ‘internal resistance’ as director MNE-B said “*It requires much internal training; many workshops to show these opportunities are for real... So, it changes mindset internally for our people first and then to bring it to the outer world, to have change management in the*

business.” A senior manager in Firm E says: *“We have on a regular basis ... internal meetings ... for example, we have a meeting every third week where we have ... people from sales and marketing, product management, customer support, project management, and also production. Therefore, we have the whole representation, and we gather to review market updates, progress and feedback. We have certain meetings scheduled [to] discuss changes required; change is not natural and technical people resist and argue against it. We have good sharing, and then we decide on how to address the latest happenings and customers’ feedback.”* The internal discussions review and evaluate shared information on customer needs and offering utilization. The evaluation allows for sense-making of how the customer needs and purchase trends have progressed, as well as the profitability of a particular relationship. Analytics facilitate determining how well the firm is meeting those needs. The review process will help orchestrate an offering development plan to address identified customer needs.

It is crucial for firms to have an internal sharing system in place. Sharing will ensure prompt distribution of acquired knowledge and steps to address it. Critical sense-making of shared information leads to evaluating the client’s way of working, the offering utilization pattern and the identification of potential opportunities. A few firms also share good and bad learning examples in meetings on a regular basis. An efficient integration system has a follow-up program in place. The system keeps management updated on how the relationship is developing financially and the profitability of a particular relationship. Van Wijk, Jansen, & Lyles, (2008) indicate that intra-firm sharing comprises a stronger contributor to performance outcomes than inter-firm sharing. The authors believe that sharing with firm departments is relevant, more exploitative and able to generate the required results. The findings of Mason and Leek (2008) suggest that inter-firm knowledge flows are predominantly horizontal, while intra-firm knowledge flows are mostly vertical.

In parallel to the above, research has established that intra-firm sharing is a stronger contributor to performance outcomes than inter-firm sharing. Knowledge transfer in intra-organizational relationships tends to make a more substantial contribution than inter-organizational transfer. However, our results expand on this and show that inter-organizational relationship learning lays the foundation for the knowledge development process, through which effective evaluation and sense-making creates new knowledge for potential exploitation in the future. Once experienced, this learning can easily be replicated across relationships, thereby helping the organization in relationship network expansion. Thus I believe that sharing with firm departments is relevant, more exploitable and able to generate

the required results. The documentation and sharing of information acquired from the meeting with the customer take place internally as a routine procedure. The method and means of sharing vary across organizations, but all companies hold internal meetings to deliberate on the acquired learning. MNCs focus more on data analytics, evaluate the customer and firm offering behavior, identify profitable and not so profitable relationships, and highlight patterns and trends in them. Data analytics assist in determining how well the firm is meeting those needs and facilitate the orchestration of a development plan to address identified customer needs. Evaluation allows for sense-making of how the customer needs and purchase trends have progressed, as well as the profitability of particular relationships. Data analytics assist in determining how well the firm is meeting those needs. The review process will help orchestrate an offering development plan to address identified customer needs. SMEs provide parts or smaller products, and hence the adjustments and revisions are more accessible and less time-consuming than at MNEs.

Value Creation

Appendix 5 provides constituents of a third-order or major theme value creation. It is a layout of first-order code or theme clusters which, together constitute the three concepts (second-order), namely *Management decisions and Need-based Solutions* constituting the network of the third major theme Value Creation (Figure 5). The theme value creation captures connections among subthemes or concepts as I choose to call them which convey a set of meanings related to a) output of knowledge development process, that brings forth feedback on acquired learning, its fit with the firm offering and what options appear from this process for future growth; b) the critical role of management in deciding which choices to make and which to give up, how to readjust (if required) strategy and future course in view of change. These decisions will influence and lead to a change in commitment in their relationships new or existing, when exploiting opportunities for growth, leading to internationalization. The market dynamics have changed the traditional roles. The involvement of senior management is instrumental in succeeding when the firm has to address these issues, and director MNE-A shares their successful knowledge integration and utilization approach “*that is why we like to have this kind of information going all the way to the top. In really progressive companies, the top executives are usually willing to do what they have to do to address this. Changes in go-to-market strategy or even reallocating*

budgets to things that were not previously budgeted. Senior-level executives can do that; mid-level executives cannot.”

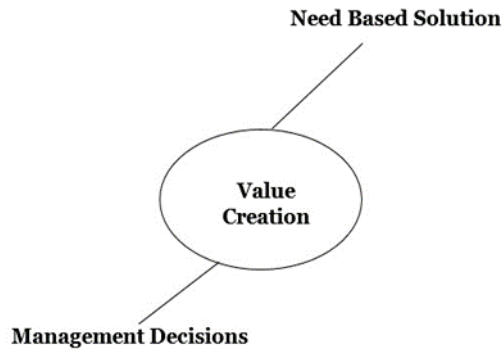


Figure 5. Concepts comprising the Theme Value Creation

The development of the ability to offer solutions on a continuous basis is not possible without developing flexible internal mechanisms, also emphasized by vice president MNE-C *“Process management which is evaluations and feedback, questioning and answering. Moreover, you can give people a goal to drive innovation who can tap customer feedback and test and experiment with things that address customers’ needs in the way. You can give them bonuses and incentives to do that and if you do not do that they are not awarded for not taking any chances.”* The marketing manager MNE-B elaborates on market opportunities, *“yes the world is moving towards greener society, but actually that brings us more opportunities than with if we should stand only in the fossil fuel market because our type of products, power plants we are providing to the market can be a very good complement and actually assisting creating more green projects.”* So, the question for the top management is explained by the director of MNE-B *“...what sort of value can we bring to the market. What is the customer need?”* Therefore, we as a firm decide, *“instead of conventional power plants, also add engine power plants which would instantly switch on and off to meet the need for renewable energy backup solution.”* This approach not only helped in their growth but the process of successfully creating a new market segment.

The ease in communication as highlighted by a manager from Firm G saying, *“I do not think the sharing part is so difficult for us because we communicate quite well internally.”* The manager from Firm H elaborates on approaching market opportunities: *“We have a matrix for every department, a well thought out strategic planning of marketing activities and budgeting and then activities that*

lead us to achieve the target that we had set.” A key feature of value creation is that it takes place through ongoing interactions with suppliers and customers (Van der Valk and Wynstra, 2012; Vargo and Lusch, 2008) where “the core of interaction is a physical, virtual, or mental contact” (Grönroos and Voima, 2013: 140). The results of the study are in agreement with the earlier research findings. The development of the ability to offer solutions on a consistent basis is not possible without developing flexible internal mechanisms, says the manager of Firm E: “*We need to plan and develop our services in line with client needs and offer efficient and timely solutions.*” Sawhney (2006) observes that a solution is a customer-tailored and integrated offering of services and products to address customer needs.

Careful deliberation follows acquired knowledge evaluation, and finally, the solutions are planned to align with customer needs. The customer is always the priority, says director from Firm G: “*It is important that in [the] present scenario we think out of our comfort zone, involve our clients in solution planning, prototype testing. The customer-focused strategy is the key. If we [are] not able to do that, our offerings will not be aligned with the customer needs.*” All respondents emphasize the role of senior management. Director at Firm H states in affirmative that “*senior management is influential in achieving success by leading the way when issues need to be addressed and prioritizing solutions*” and manager from Firm E asserts that “*senior management usually reacts more positively. They see the information may be a possibility and maybe in product development, they may see it as a must or something that will take resources so then they tend to ... be quite critical to change [for some time].*” The results reaffirm Kohtamäki and Partanen’s (2016) finding that being flexible in offering solutions is beneficial in addressing client needs. In practice, a firm’s relationship learning via knowledge sharing, knowledge integration and sense-making of acquired learning must enable it to efficiently create value through its offering and reap desired benefits through it. The role of management is instrumental as they decide on and prioritize the solution offering. The involvement of the client in customizing the offering solution process is not only helpful but also contributes to the implementation of joint learning on both sides of the relationship.

4 ARTICLE SUMMARIES

4.1 Strategy's effect on knowledge sharing in host country networks

The importance of knowledge in international business is established; however, scholars call for more evidence on learning in multinational subsidiaries in host country networks. This research addresses the call and answers the question: How does experiential learning by subsidiary managers in host country networks influence technological and market knowledge and consequently subsidiary's performance? The goals this work aims to achieve through the research question are i) to examine the learning in subsidiaries in host country networks, and ii) to examine the learning enabling mechanisms of technological and market knowledge.

This research presents a conceptual experiential learning model (ELM) in host country networks. The study concentrates on technological and market knowledge learning from host country networks. The novelty of this study is its focus on the manager as the learning agent. The manager's experiential learning adds to subsidiary knowledge, helping improve trust and understanding in network relationships which can lead to identification and exploitation of those opportunities. The unit of analysis is individual learning and how individual learning translates into subsidiary knowledge through internalization. The role of managers, as learning agents, that is, "who does" the learning while interacting in the external network, in a subsidiary holds importance.

This international business study contributes to the literature by exploring the interplay between knowledge strategy and manager's experiential learning in host country networks and how they affect firms' learning. Secondly, the study explicitly focuses on two learning types, namely technological and market knowledge through manager's experiential learning. Thirdly, by analyzing how learning and new knowledge acquisition from host country networks affect firm performance. The studying the effect of environment on individual's learning and voluntary knowledge sharing. This will give insight and learning potential from slightly less studied perspective. The examination of experiential learning in different environments helps identify learning and knowledge acquisition commonalities between managers and network actors. The acquisition of learning will bridge the organizational knowledge gap.

The study recommends future research on firms operating in developed and emerging markets. As for the managers, due to the highly dynamic and changing global environment, challenges are to optimize the mechanisms in the study model. The key implication of this study is how experiential learning fills the subsidiary knowledge gap. Hence managers should not only adopt new courses of action while providing stability in activities that are already proven to add value. The intends to provide managers a learning model for not only effectively addressing subsidiary knowledge gaps but also identifying opportunities leading to enhanced commitment and improved performance.

4.2 Identifying customer needs through knowledge sharing in inter-firm relationships

The sharing of knowledge and learning in inter-firm interactions influence organizational growth in the dynamic market environment. The manager connects different activities that he carries out regularly through knowledge management. These decisions include how to acquire knowledge, how to use, and create value through it. Research identifies a need to gain further understanding of how organizations take these decisions; hence research should focus on the individuals' sharing experience and acquired learning through interactions.

This article presents evidence from large multinational firms in identifying customer needs through knowledge sharing in inter-firm relationships and offering value-based solutions to address them. The research goes beyond the network relationship metaphor by studying supplier-customer relationship with a focus on supplier firm members as the learning agent. This study answers the question: How does relationship learning through knowledge sharing contribute to firm's offering through value creation? The research goals are to explore (i) how an individual learns through interaction in inter-firm relationships and (ii) how a firm internalizes and interconnects the acquired knowledge across its processes for value creation through its offerings.

The employs qualitative methodology to acquire empirical evidence from four large multinational case firms through twelve episodic interviews. This study makes two contributions. Firstly, it presents evidence on how relationship learning functions as a conduit for customer needs identification through the sharing of knowledge in the organizational value chain. Secondly, it emphasizes the significance of management role in prioritizing value appropriation opportunities through sense-making of acquired knowledge. This accordingly aids in aligning organizational growth strategy in the particular environment.

The results identify that being focused and receptive to the customer; firms understand customer needs. The value addition process through solution determines the respective roles of suppliers and customers. The success of the knowledge exchange process is not possible without the involvement of senior management, which addresses and prioritizes solutions. The results provide managers, a practical framework to benefit from value chain conduits and accordingly decide how to target and align the value appropriation strategy in their environment. The results show consistency with recent research that understanding customer needs is a crucial conduit for opportunity identification. They unfold from working closely with clients and offering need-based solutions, at times by adding services to the product. With the discontinuous change in market competition, this provides new means for economic benefits through the value-based solution. The findings present practical implications for the manager change the way they approach the client; instead of being a salesperson, be a partner or a consultant to the customer. It can help bridge an innovative expertise gap through knowledge sharing.

4.3 Relationship learning through inter-firm conduits in Finnish Small and Medium Enterprises

The study sets out to understand how SMEs learn through inter-firm conduits and carry the acquired knowledge through their processes. This research answers the question: How does knowledge sharing in inter-firm relationships influence the firm's offering? This study seeks to shed light on (i) how an individual acquires knowledge through interactions with the customer and (ii) how a firm integrates the acquired learning across its routines for value creation through its offerings. The study focuses on supplier-customer relationships and presents evidence of supplier knowledge acquisition through learning using data from twelve episodic interviews from four Finnish SMEs.

The results validate the findings of previous works that value co-creation should amalgamate customer routines and experiences and relationship learning provides the bridge to connecting those processes in value co-creation. The acquired knowledge sense-making routines help understand customers' way of working and how to align the offerings with their needs. The results are limited as they only examine the processes and activities in relationship learning mentioned by the interview respondents as relevant to knowledge sharing in an inter-firm relationship context.

This study makes three contributions. Firstly, it advances international business knowledge literature by identifying the customer as a core conduit of learning in the SMEs' value chain. Secondly, it contributes to the recognition of relationship learning as a means to understand customer needs, their way of working and the task they use the offering to perform. Lastly, it provides insight into SME knowledge integration processes to address the identified customer needs through value co-creation in its offering. The novelty of this work lies in studying individual learning in supplier-customer relationships to understand customer needs and transform acquired knowledge into organizational processes for value creation. This is critical to understand as micro-level interactions at firms influence its macro-level factors, with individual actions ultimately connecting and transforming opportunities into international growth.

Customer involvement in the offerings process strengthens the relationship and helps generate steady growth. The findings yield practical implications for managers by providing a value-enhancing solution wherein to address customer needs; it should begin with understanding customers' way of working, their problems and the job they intend to perform. The interacting individuals shall develop open communication in a bid to understand needs, their way of working, their problems, and the work they intend to perform. However, awareness of customer needs alone is not sufficient to achieve firm goals without the involvement of management, which prioritizes and takes timely decisions.

4.4 Relationship learning as a dynamic capability in internationalization process

Organizations seeking internationalization focus on understanding customer needs and identify opportunities. The possibilities are arising from working closely with clients and offering need-based solutions. This research focuses on scholarship opportunity ripe for exploration: how organizations identify customer needs through relationship learning and make decisions to satisfy them through their offering. As this study is interested in developing our understanding of relationship learning as a dynamic organizational capability that can be viewed as a process that develops over time. The inter-organizational relationships interactions identify customer needs leading to recognition and exploitation of identified opportunity for internationalization that by definition is a phenomenon that evolves. This research theoretically relies upon the Uppsala Model 2017 and empirically on MNE and SME longitudinal case studies.

This study adopts a longitudinal approach interviewing twenty-four managers from four MNEs and four SMEs operating in different industries during the year 2016 and six follow-up interviews in 2017. This paper aims to explore the influence of relationship learning as part of dynamic capability in the internationalization process in the Uppsala model (Vahlne & Johansson, 2017). The study performs a qualitative thematic analysis by comparing relationship learning in the multinational enterprise, and small and medium enterprises.

This study makes three contributions. Firstly, it advances the international business literature by identifying relationship learning as a means to understand customer needs, and the purpose the offering is used to satisfy. This learning brings knowledge of customer needs, awareness of offering utilization pattern, and their future needs. Secondly, it points out the customer in the organizations' value creation chain as the core path of learning. The organizational ability to design an offering based on relationship learning will open innovative growth opportunities to build new as well as strengthen existing business relationships. Thirdly, this study identifies relationship learning as a potential dynamic organizational capability that can facilitate the internationalization process.

The study respondents assert that customers' sharing relevant information varies with the level of trust in a relationship. The results validate that strengthening the learning capabilities through behavioral and skill change is critical. Few firms have ongoing development programs in place to train and guide employees through the change process. The involvement of customer fosters value creation by not only their sharing but also involving individuals who contribute to their knowledge and expertise in the provider firm processes. Inter-firm knowledge sharing may not only be analyzed at the firm level but also at the individual level. Individuals are firms' critical knowledge repositories and learning agents. How interpersonal interactions between the sharing and acquiring firms take place affects the overall learning process, hence eventually firms' internationalization process over time.

5 DISCUSSION AND CONCLUSIONS

5.1 Theoretical Contributions of Study

The goal of this dissertation was to extend understanding of international business literature by focusing on learning through knowledge sharing in inter-firm relationships interactions especially supplier-customer relationships. The focus was on supplier side learning, although learning takes place at both ends of the relationship. As highlighted in the introduction chapter, several calls are stressing the need to research how learning takes place in relationships. This dissertation primarily focused on exploring how relationship learning as a dynamic capability of the firm can lead to the identification of customer needs and growth opportunities in existing or new relationships. It is inevitable to comprehend how and if firms learn from their interactions in relationships, i.e., take a micro foundation perspective on internationalization, To develop internationalization process understanding.

Fang and Zou (2009) studied the development of dynamic marketing capabilities in IJV's and explored their influence on competitive advantage and performance. Their empirical results supported the relationship. Fletcher and Harris (2012) suggest the investigation of how small firms develop internalize and convert learning into capabilities to internationalize, and what role knowledge plays in their internationalization process. Fletcher and Harris (2012) identify the importance of and access to firms' internal information. However, they recommend examining the process employed for the assimilation of that knowledge. Fang, Wade, Delios, and Beamish, (2013) explore knowledge transfer between parent firms and foreign subsidiaries for international expansion. To extend existing literature, they recommend a qualitative investigation to explore knowledge transfer, reconfiguration, and integration across firm units. This will provide an understanding of processes and reasons for knowledge transfer and integration in an international context. This work is in agreement with Gupta and Govindarajan (1991, 2000) on successful and efficient transfer if sender knowledge resources are valuable and the knowledge recipient carries the ability to absorb it, then the absorbed knowledge can be efficiently utilized by the recipient. To extend existing literature, they recommend a qualitative investigation to explore knowledge transfer, reconfiguration, and integration across firm units. This will provide an understanding of processes and reasons for knowledge transfer and integration in an international context.

My study builds on the identified research gap in the recent studies mentioned in Table 1. Andersson, Dellestrand, and Pedersen (2014: p. 97) state that, “it has not been our intention to shed light on the organizational processes that connect to knowledge transfer and learning. Instead, we leave those issues for future research.” Hence, the understanding of learning and sharing in relationships through co-evolvement will be beneficial (Vahlne & Ivarsson, 2014). Knowledge sharing and learning through interactions are crucial for consistent growth in the international market. Therefore, there is a need to explore further how firms take these decisions; hence, research should focus on the individuals’ sharing experience and acquired learning through interactions (Jonsson, 2015). Additionally, Cano-Kollman, Cantwell, Hannigan, Mudambi and Song (2016, p. 257; 259) highlight the following important questions to be addressed: “How is knowledge carried and inter-connected across space? How effective are these conduits?” Also, they claim that the “conduits [connections] through which knowledge travels remain unexplored.” Learning remains a research priority in firms’ decision making (Marketing Science Institute 2016) as supplier-customers relationships interact through complicated journeys and paths. Also, the literature requires more evidence on how firms learn, acquire new knowledge and identify opportunities in their markets (Vahlne & Jonsson, 2017).

Dimitratos et al., (2014b) propose empirically testing individual managers, as learning agents in the process of experiential learning. Firstly, this research contributes to explaining how managers through effective utilization of learning opportunities and knowledge internalization processes can influence firm performance. The finding of this study is the firm manager’s experiential learning helps bridge the firms’ knowledge gap. Their ability to be responsive, listen attentively and understand the customer process helps, find solutions to address their needs. Firms’ carry different relationship roles in the international value chain; hence, their opportunity-seeking initiatives can be external or internal. A Firm’s individual, direct relationships with the external network can be a beneficial source of learning. Therefore it must provide resources and social opportunities for employee interaction and relationship building in the respective networks. The justification for such provisions is that individuals’ embedded in a relationship (learning agents) are capable of gathering information and learning from network relationships. The closeness of learning agents in network relationships provides a better understanding of needs: the ability to fulfill the firm objectives and making efficient market decisions. This knowledge will enhance the possibility to create value through a combination of resources and activities and creating an “opportunity space” (Blankenburg, Eriksson & Johanson, 1996). This learning holds crucial importance as it can provide a sustainable competitive advantage in

the existing or new market. The efficient knowledge management helps firms', as it is crucial to understand its knowledge handling, sharing, using and development that will eventually influence the performance outcome.

In their counterpoint, Coviello et al. (2017) identify individual decision maker's role as fundamental in interpreting firms' internationalization process, i.e., "core micro foundation in the internationalization process" (pg. 1151). Therefore improved understanding of 'individuating' by creating and exploiting opportunities and 'transacting' to influence exchanges required to grasp those opportunities. My dissertation is a pioneer work responding to Coviello et al. (2017) focusing on micro-foundation level inter-firm exchanges, explaining how relationship learning is a means of building dynamic capability influencing the firms' internationalization process as conceived in the work of Vahlne and Johansson (2017). The dissertation explains learning through individual interactions by employing qualitative thematic analysis studying relationship learning in large multinational firms and small and medium enterprises. The research helped identify how inter-firm learning evolves in the supplier relationships. The acquired learning deals with existing and future needs, as well as creating awareness of customers' offering utilization pattern. The boundaries between customer environments, services, and products offered are fading. The causal digitalization effect is rapid evolution and clients seeking immediacy and personalization as the international business landscape undergoes disruptive change.

Research (Huikkola, Ylimäki, & Kohtamäki, 2013; Kohtamäki & Rajala, 2016) suggests that manufacturers seeking servitization should focus on downstream customer-focused activities. My study results confirm their suggestion and assert that understanding customer needs allows firms to identify business opportunities. These opportunities arise from working closely with clients and offering need-based solutions by adding services to the product. With growing competition, eroding prices, and commoditization, this idea provides new means for reaping higher profits and creating differentiation via value-based solution. My study results point out that customers sharing relevant information varies with the level of trust in a relationship. My dissertation case study firms validate Davies, Brady, and Hobday's (2006) viewpoint that strengthening the learning capabilities through skills and behavioral change is critical because it leads to improved service and solution offering (Kastalli, Van Looy, & Neely, 2013).

This dissertation responds to future research recommendations presented by Cano-Kollman et al. (2016), Coviello et al. (2017), Jonsson (2015), and Vahlne and

Jonsson (2017), identifying exploration on learning in relationships. The second contribution is identifying the process wherein firms take care of new learning to bridge the knowledge gaps. The qualitative longitudinal data collection highlights how individual learning through firms' processes adds to its' knowledge of customer needs. The individual level interactions are important to understanding as micro-level interactions at firms consequently influence its macro-level factors. The interactional outcomes through individual actions ultimately connect and transform identified opportunities into international growth. The results show that the firms' ability to design an offering based on relationship learning is bound to unfold strong growth opportunities leading to strengthening not only existing business relationships but also making a name in the market as well. The successful firms are using their consumer data to explore and deeply analyze trends and change in behavior and emerging needs. The data mining has provided insight for revisiting strategy as the identification of consumer preferences and different consumer segment behavior. The in-depth analysis identifies those segments or groups in the consumer base that are to be targeted differently for a more productive relationship as well as for the application of a non-consumer group attraction strategy.

Barney and Felin (2013) raise the question of how the micro-macro factor link continues to be a topic of interest and debate. Gavetti's (2005) view of micro-foundations centers on the application of individual-level concepts, such as learning and cognition, to the firm level. Whereas Eisenhardt, Furr, and Bingham (2010), oppositely, build their arguments of micro-foundations on simple rules and the role of structure in dynamic environments. Barney and Felin (2013) present micro-foundations viewpoint as "while micro-foundations can be construed in many ways, we argue that aggregation is the sine qua non of micro-foundations, particularly in the domain of management, organization theory, and strategy. Thus, the organizational analysis should be fundamentally concerned with how individual-level factors aggregate to the collective level." (p. 145) in line with March (1962) earlier seminal behavioral works' focus.

Barney (1986) advises tracing the origin of firms' competitive advantage to unique information. The emphasis on firms as unique knowledge or information possessors, of course, is somewhat shorthand in meaning as firms are made up of individuals. Nelson and Winter (1982) clearly stated that knowledge and information are not in possession of the firm per se, instead of the individuals within it. The cumulative knowledge held by individuals adds up to firm-level knowledge. Hence, Barney and Felin (2013) suggest, "we think that further understanding organizational capability and heterogeneity ought to rest on

questions of micro-foundations: how capabilities are built, how the matching of individuals with organizations occurs, the role of specific actors in building capability, and other, more general questions related to aggregation.”

Thirdly, this study identifies relationship learning as a dynamic organizational capability that can facilitate the internationalization process through opportunity identification. In the Uppsala globalization model, the explanatory strength of dynamic capabilities has increased due to the inclusion of ambidexterity (Vahlne and Jonsson, 2017). Time is explicit in the Uppsala model, points out Hurmerinta, Paavilainen-Mäntymäki, and Hassett (2016) however highlighting that how firm commitment to internationalizing this determinism is not visibly pronounced. A sequence of activities initiating from market knowledge to commitment to relationship /s or market. The authors urge international business researchers on the need for out of box thinking, as the present-day market is ever more disruptive, sophisticated and growing unpredictable. They advocate employing a dynamic approach as discussed in the work of Welch and Paavilainen-Mäntymäki (2014), by focusing on ongoing events and activities to expand process understanding.

This dissertation is an attempt to delve, “micro-processes of internationalization, breaks down the phenomenon into more finely grained processes. Micro-processes that have been investigated include inward–outward connections, which allow firms to use relationships and knowledge gained through importing....” (Welch & Paavilainen-Mäntymäki, 2014, p. 14) as in this case learning through supplier-customer relationship. This is in line with Buckley and Chapman (1997) viewpoint, a micro process is essential, since internationalizing may only involve a single product, function or division instead of a whole firm. Welch and Paavilainen-Mäntymäki (2014) fine slice, it for the future research, advising by not treating the firm as a single unit, researchers can find various internationalization tracks ongoing in different time frames in different relationships or markets pursuing different pace and entry modes.

Firms’ intending to internationalize, have to nurture relationship development capability (Figure 3). This work agrees with Chini (2004) advice to conceptualize knowledge sharing process of firms it is pertinent to study under which circumstances the knowledge is shared. There has been a criticism of the Uppsala model being simple and not expanding on how knowledge is shared and its nature. This dissertation addresses that objection and explains through analytical generalization based on its data sample, how sharing of knowledge takes place in inter-firm interactions, integration of acquired learning and its utilization for exploiting growth opportunities in the international market. Day (1994) raises

valid questions, “Why do firms lose touch with their markets? Why are they surprised by shifts in customer requirements, slow to react to emerging competitors, and unprepared to use innovative channel arrangements?” (p. 9). These questions take the discussion on learning and as Day (1994) pointed out learning is not merely "taking in information" (p. 9).

My dissertation explains in figure 6 below how relationship learning can identify growth opportunities for internationalizing firms, the opportunity realization or commitment regarding the Uppsala Model (2017) offers an attractive way forward. It presents a possibility wherein a process may be involved which brings forth an idea discovered through learnings’ its sense-making in knowledge development stage evolving into an opportunity. The identification of international growth opportunities leads to the evaluation of value appropriation potential of those opportunities. This decision-making by management connects the strategic choice to a commitment to existing or new relationships to facilitate international growth.

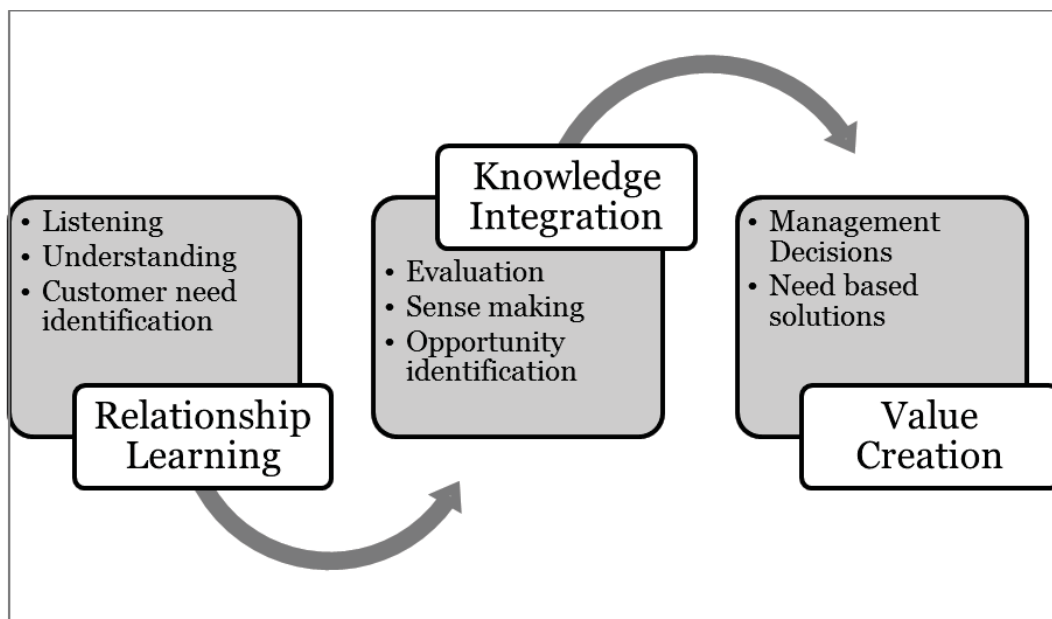


Figure 6. Opportunity Identification to Exploitation through Relationship Learning

These results (Figure 6) provide valuable insight into firms’ market knowledge, changing trends and consumer preferences and decision-making. It is essential for firms to stay updated on consumer needs and evolving market trends, failing to do so will influence not only missing emerging opportunities but also their market share as well. In the present global scenario, the rapid advancements require more vigilance and knowledge updating to stay competitive. Those firms, which are

actively pursuing learning and continuously integrating knowledge, stand out through performance. They are prepared to and have routines and processes in place to address market changes. They have created a system of opportunity identification as part of growth strategy and its capitalization through effective decision-making.

Learning means much more than that, and involves a process, wherein the interacting individual understands customer requirements by asking the questions, absorbing them and relating to their offering. The learning helps to understand customer product or service utilization purpose, issues (if any), suggestions and changing requirements. It may seem simple but it is not so in practice, listening to understand and responding to resolve is an ability that requires patience and practice to nurture. This is a hallmark of successful firms, prepares them for anticipated change, and strategize in time to address it adequately. Internationalizing firms encourage innovative thinking, invest in research and development as well as employee training. These initiatives help effectively in sense-making of acquired knowledge for identification of growth opportunities. The robust sense-making facilitates change and adaptability to fresh ideas and emerging themes. These practices vary across multinational and small and medium enterprises due to different role context in their value chain.

The customer involvement facilitates in offerings' value creation not only through their sharing but also by occasionally involving their expert individuals in the provider firm processes. The inter-firm knowledge sharing can not only be analyzed at the firm level but also at the individual level. Individuals are firms' important learning agents and knowledge repositories. How interpersonal interactions between the sharing and acquiring firms take place affects the overall learning process, hence eventually firms' internationalization process over time. The results reveal that socialization with individual customer lays the foundation of experiential learning which provides the crucial impetus for organizational development. This acquired knowledge can be influential in internationalization (commitment decisions in existing or new relationships). The study results affirm that the customer is the primary source or conduit for organizational learning and development in its value chain. Hence organizational ability to work out offering based on relationship learning can unfold international growth opportunities to strengthen existing or nurture new relationships.

To sum up, the commonalities and differences in learning among case groups, developing a personal relationship, paying attention to client communication and understanding their working are essential basics in the effective knowledge

sharing. It is critical to internalize acquired knowledge and evaluate it effectively; the sense-making process helps align customer needs with the organizational offering. The leadership role of management in prioritizing solutions paves the way for the smooth and efficient delivery of the offering to customers. The regular educational and technical training of employees enhances their ability to identify opportunities and market needs. The evolving market environment requires adding services to products as a growth strategy. The involvement of customers in solutions not only provides valuable input but also brings forth a closer working relationship and increased commitment. The creation of value through customized solutions can bring suppliers higher economic returns in the shape of value appropriation. Based on study results it is analytically generalized that these steps have helped the case organizations to exploit the identified opportunities through relationship learning profitably and to grow internationally.

5.2 Practical Implications

This dissertation illustrates that it is essential to understand that relationship learning in supplier-customer relationships is influential in the internationalization process. This learning contributes to firms' experiential knowledge. This acquired knowledge not only helps in new relationships but also strengthens existing ones. The interacting individuals who are boundary spanners on both ends of the relationship need to be more responsive and pay attention not only to what is being shared but also what is not. The attentiveness to understanding customer purpose to utilize product or service is instrumental in sensing new opportunities. The acquisition of market knowledge is crucial in today's dynamic environment wherein continuous learning, and knowledge integration is vital to not only maintaining growth in existing relationships but also in expansion into new ones.

The practical implication for firms is that they must develop relationship learning as a growth-enhancing capability. They must develop open communication with customers to understand their needs, their way of working, their problems, and the work they intend to perform. A practical knowledge integration system must be in place to address those needs. It is essential to incorporate new learning, enact it, and adopt new individual roles in the offering through value co-creation processes. However, awareness of customer needs alone is not sufficient to achieve firm goals without the involvement of management, which prioritizes and takes timely decisions. The research results indicate that the clients at times lack awareness of some needs, which is in line with research (Nordin and Kowalkowski,

2010; Tuli et al., 2007). Need identification can increase customer involvement in the value co-creation process, and the supplier-customer can collectively bring forth value-enhancing solutions. This awareness will help in developing a practical approach to managing inter-firm relationships and achieving firms' value appropriation goals.

The study findings bring forth a new perspective for managers; to nurture relationships, they should try to be a partner or a consultant to the customer, instead of being a salesperson. On the other hand, relationship learning not only identifies customer needs but can also bridge the expert knowledge gap by working closely with the customer. The acquired knowledge helps put routines in place to address the customer needs. Finally, inter-firm relationship interactions provide an opportunity to meet performance goals via value-based solutions by addressing customer needs. In the increasingly interdependent and globalizing environment, managers need to think and plan around dynamic relationships.

As new knowledge is often conflicting, a significant issue in the successful learning process is individuals' ability to provide a meaningful interpretation of acquired knowledge (Thomas, Clark & Gioia, 1993). This requires changing existing ways of understanding and sense-making, and development of new means. This involves training, educating the staff and updating systems with time, which is not possible without active the involvement of top management. The study results show presenting failure as a learning tool that brings positive influence and is a potential source of altering processes for replacing obsolete with newer ones. The open sharing policy and facilitation of constructive criticism promote a culture of alternative explanations that help in the successful interpretation of and sense-making of acquired knowledge.

Many firms face difficulty in overcoming internal resistance and develop their capabilities to address environmental change. Leadership role and its attitude are instrumental in addressing this resistance and encouraging innovative ideas generation, assimilation of different opinions and continuous acquisition of knowledge through learning to stay competitive. Finally, to benefit from the strategic knowledge, top management role is critical for rapid and thorough implementation ensuring retention of value to the firm in light of continually evolving market environment.

5.3 Study Limitations and Future Research Avenues

The feeling of ambivalence often accompanies arrival at the end of a research study. When can one stop and when can one claim to have achieved research goal? It reminds me of IKEA founder Ingvar Kamprad's quote that most things remain undone also applies to my research. This dissertation is a composite of articles and an essay, discussing the relationship is learning through inter-firm interactions in multinational firms and small and medium enterprises. The last paper although ends the dissertation, but at the same time, the dissertation unfolds avenues to explore. The suggestions discussed below emerged from this dissertation for potential future research studies.

This work is not without its limitations. The dissertation focuses on only four MNC and SME case firms. Johanson and Mattsson (1988) recognize the influence of external network including that of customers, business partners, suppliers, institutions, and competitors on formal and social relationships (Coviello & McAuley, 1999). However, my work focused on the supplier-customer relationship, wherein learning and knowledge sharing is two way, but study focus was on supplier side learning. This particular relationship acquired learning is instrumental in customer need and opportunity identification. The future scholars can shed light on learning the influence of other network partners especially both buyer-seller side learning.

When conducting a study on firms operating across national borders, a critical issue is the culture effect on it. As Chini (2004) stressed, knowledge is not free of culture. Studying culture, according to Geertz (1973), requires extensive ethnographic fieldwork, which was not carried out in this study. However, it is essential to explain that the aim of the research was not studying the cultural influence on knowledge sharing and learning. Of interest was how learning takes place in the inter-firm interactions. The identification of customer as crucial learning conduit in supplier relationships and integration of knowledge and learning in its routines and processes and its influence on the internationalization process.

One promising area of knowledge sharing can be an investigation into learning processes across industries and markets. Are these processes similar and comparable across emerging markets? One can explore knowledge flow conduits among multinational firms and systematically investigate free flow and how much control is applied through routines as compared to informal knowledge sharing. There is a potential research opportunity in exploring if knowledge sharing and learning vary among a new entrant firm and one operating internationally for few

years. The work can identify relationship learning modes, processes and integration differences among them. An observation from the study results identified additional paperwork discourages individuals to share knowledge and learning, hence leading to a loss of potential opportunities. What other factors discourage knowledge sharing or play a role in knowledge stickiness, among different size firms, across industries and markets?

The future scholars can concentrate on concepts that are a means to internationalization strategy development through the application of digitization tools. The concepts such as brand orientation (e.g., Urde 1994; Hankinson, 2002), customer orientation (e.g., Deshpande, Farley, & Webster, 1993; Kelly, 1992), market orientation (e.g., Narver & Slater, 1990; Kohli & Jaworski, 1990) and strategic orientation (e.g., Miles & Snow 1978; Porter, 1980; Slater, Olson & Hult, 2006) are few of those examples. What distinguishes them and how do they contribute to understanding and influence management of emerging internationalization challenges?

Focusing on knowledge sharing and learning can increase power relations understanding within the firms' network, following Wu and Cavusgil (2006, p 88) that, "a strong learning intention can be compatible with the organizational commitment if a firm takes a long-term view towards an alliance." Again, learning intentions and knowledge sharing provide ample research opportunities inter and intra-firm relationships context. The future researchers can replicate this work by studying the micro foundational influence on macro-foundational decision-making employing quantitative methodology, across industry or company size. The present-day technological environment offers a new landscape within which the internationalizing firms' evolve and transform. The Vahlne and Johanson's (2017) Uppsala model can be instrumental in situating internationalization in the digital perspective. Given the fact that international business is a phenomenological field it is imperative to delve into behaviors and the nature of the firm in a digital context.

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Appendices

Appendix 1 Interview Guide

Every interviewee was asked about:

(a) Please describe your background. Former positions?

(b) Please describe your current position and responsibilities.

1. How do you learn new knowledge/mechanism of knowledge sharing with the customer and within department and firm?
2. What role experience plays in your learning in dealings outside the organization ... in department ... within organization?
3. How does personal relationship help in knowledge exchange/learning in suppliers/customer relationships?
4. What tools and mechanisms are used for knowledge sharing in networks / within the firm?
5. How are the best practices shared? How are bad practices shared? How are they improved/ addressed/evaluated?
6. How does senior management measure or evaluate new knowledge?
 - a. How do they respond to learning/ new acquisition?
7. What type of knowledge do you protect from networks/management / HQ
8. How was the acquired knowledge documented?
 - a. interpretation of it
 - b. implementation into the existing system
9. How do you adopt this new learning/knowledge into your firm operations/system?
10. How do you motivate people to share knowledge? Is sharing knowledge part of the environment (departmental/organizational / in networks)?

11. What role trust plays in motivation to share/learning of knowledge?
12. We have been learning continuously from our efforts to develop new products.
 - Quote an example
13. What's the role of internal learning from existing knowledge regarding product development and innovation?
14. How do you understand the needs and circumstances of our customers?

Follow up Interview

- 1) In your interaction with the customer, how did you identify an opportunity?
- 2) How are you pursuing the identified opportunity?
 - a. If you decided not to pursue it than Why so?
- 3) What are the circumstances around the new opportunity you decided to pursue?
- 4) Please explain the process of learning and identification of potential opportunity?
- 5) How did you work towards the potential creation of opportunity?
- 6) Are there elements of trust building involved in it?
 - a. If any kindly share them.

Appendix 2 Alphabetical List of First-Order Themes

- Analyze market, Company Widgets;
- Ask how to improve it;
- Based on market intelligence review offerings and correcting our product errors;
- Be Communicative and lead the way;
- Be flexible to meet the needs;
- Be patient;
- Be Receptive, be a partner to customer, not a salesman;
- Being concerned and attentive to client;
- Client challenges and goals to achieve;
- Client focused strategy;
- Client working process understanding helps identify challenges and how we can address them;
- Co-involvement;
- Collaborate with them;
- Communication is key;
- Compare offerings, and customer needs to highlight difference.
- Customer caring;
- Customer feedback issues based;
- Data mining;
- Deal negative response with positive approach and see how to address it;
- Decisions based on customer sharing /feedback and market activities;
- Departmental cooperation;
- Develop and present a solution like a consultant;
- Develop growth plan to address needs;
- Develop institutional knowledge through clients;
- Develop integration systems to address needs;
- Develop market intelligence;
- Direct Interaction is key;
- Employee education plan;
- Evaluating need and how to meet it;
- Focus on shared information;
- Follow the internal system;
- Gather field information; What should we do?;
- Get involved with customer to provide solution;
- Get involved with them, develop market intelligence;
- Hard look at company and addressing identified gaps, Prioritizing Solutions;
- Highlight client challenges and goals to achieve through problem-solving;
- How to address it?; correcting our product errors;
- How to align offerings with client needs;
- How to benefit from client need through revised or improved offering?;
- How to correct the product design issues / learn from mistakes;
- How well you are meeting customer needs;
- Identify and understand client market segment;
- Identify cases and present in training, workshops as example;
- Identify trend;
- Identifying customer product utility process & market changes;
- Identifying market trend;
- Identifying product relationships and behavioral patterns of customers;
- Important to share and involve the team;
- Innovation is continuous activity;
- Innovation is everyone's business;
- Integrate learning from suppliers and customers into existing knowledge;
- Interact with the client. Ask Questions, Simple;
- Internal brainstorming after sharing;
- Involve clients in prototype process;

- Involve R&D with client for solutions;
- Involve the customer and then do your homework;
- Know your product and Listen to them;
- Leadership role of management in change and going forward
- Learn and understand customer working;
- Management involvement in meetings;
- Market research with customers and prospects, Resonate customer feedback with your offering;
- Most opportunities are found in client sharing;
- Must be well versed about own product to know client issues with it;
- Must understand client usage of our products to know the client issues with it.
- None (information) unless you are in close working with them;
- Nothing possible without management understanding;
- Open approach to ideas and needs prioritizing implementations;
- Openness in relationship;
- Pay attention to what he says and not says;
- Prioritise them;
- Problem-solving;
- Products, process improvements changes;
- Resonate customer feedback with your offering;
- Share feedback, their needs, new upcoming needs;
- Share information and views openly;
- Strong decision making required on what and why of prioritizing
- Strong internal system is key;
- the Customer, is always the priority;
- Understanding of the customer's needs;
- Update internally on meetings and identify means of solutions;
- We need to think differently, and out of comfort zone;
- What are needs not met?

Appendix 3 First, Second and Third-Order Relationship Learning Theme

First-order	Concepts	Theme
Be patient; Communication is key; Prioritise them; Develop institutional knowledge through clients; understanding of the customer's needs; Learn and understand customer working; Interact with client; Being concerned and attentive to client; Know your product and Listen to them; Customer caring; Be Receptive, be a partner to customer, not a salesman; Being concerned and attentive to client; Pay attention to what he says and not says; Direct Interaction is key; Pay attention; Interact with the client. Ask Questions, Simple; Customer care.	Listening	Relationship Learning
Develop institutional knowledge through clients; Involve with them; Must be well versed about own product to know client issues with it; Being concerned and attentive to client; Customer caring; Know your product and Listen to them; Collaborate with them; Openness in relationship; Direct Interaction is key; Must understand client usage of our products to know the client issues with it.	Understanding	
Resonate customer feedback with your offering; Identifying market trend; What are needs not met?; Problem-solving; Client challenges and goals to achieve; None unless you are in close working with them; Get involved with them; Develop market intelligence; Market research with customers and prospects, Resonate customer feedback with your offering; Highlight client challenges and goals to achieve through problem-solving; Get involved with them, develop market intelligence; Focus on shared information; Most opportunities are found in client sharing; Identifying customer product utility process & market changes; Ask how to improve it; co-involvement; Client working process understanding helps identify challenges and how we can address them; Compare offerings, and customer needs to highlight difference.	Customer Need Identification	

Appendix 4 First, Second and Third-Order Knowledge Integration Theme

First-order	Concepts	Theme
Develop integration systems to address needs; Share information and views openly; Integrate learning from suppliers and customers into existing knowledge; How well you are meeting customer needs; Gather field information; What should we do?; Analyse market, Company Widgets; Data mining; Internal brainstorming after sharing; How to correct the design/ learn from mistakes; Evaluating need and how to meet it; Identify cases and present in training, workshops as example; Strong internal system is key; Departmental cooperation;	Evaluation	Knowledge Integration
share feedback, their needs, new upcoming needs; Deal negative response with positive approach and see how to address it; Update internally on meetings and identify means of solutions; Product design or specification issues; Analyse market, Company Widgets; Data mining; Identifying product relationships and behavioural patterns of customers; How to correct the design/ learn from mistakes?; Evaluating need and how to meet it; Identify cases and present in training, workshops as example; Departmental cooperation; Identify trend; How to correct the product design issues / learn from mistakes; Based on market intelligence review offerings and correcting our product errors; Evaluating need and how to meet it;	Sense-making	
Involve R&D with client for solutions; Identify and understand client market segment; How to benefit from client need through revised or improved offering?; How to address it?; correcting our product errors; Based on market intelligence we review our offerings; Develop growth plan to address needs; Be flexible to meet the needs; Follow the internal system; Develop growth plan to address needs;	Opportunity Identification	

Appendix 5 First, Second and Third-Order Value Creation Theme

First-order	Concepts	Theme
<p>Employee education plan; Products, process improvements changes; How to align offerings with client needs; Innovation is everyone's business; Innovation is continuous activity; Important to share and involve the team; Nothing possible without management understanding; Open approach to ideas and needs prioritising implementations; Decisions based on customer sharing /feedback and market activities; Develop and present a solution like a consultant; Management involvement in meetings; Hard look at company and addressing identified gaps, Prioritising Solutions; We need to think differently, and out of comfort zone; Be Communicative and lead the way; Leadership role of management in change and going forward</p>	<p>Management Decisions</p>	<p>Value Creation</p>
<p>Nothing possible without management understanding; Get involved with customer to provide solution; Involve clients in prototype process; Customer feedback issues based; Involve the customer and then do your homework; the Customer, is always the priority; Client focused strategy; Strong decision making required on what and why of prioritising</p>	<p>Need Based Solution</p>	



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The effect of experiential learning on subsidiary knowledge and performance☆



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ABSTRACT

The importance of knowledge in international business is clear; however, little evidence exists on how multinational subsidiaries learn and acquire knowledge in their host country networks. This research presents a conceptual model of experiential learning building on the resource-based view and internationalization theory. The novelty of this research lies in focusing on the subsidiary manager as the learning agent. The study concentrates on technological and market knowledge learning from host country networks. The research contributes to existing literature by providing an experiential learning model (ELM) on subsidiary managers' experiential learning in host country networks, and that experiential learning's influence on subsidiary knowledge and subsidiary's performance. The manager's experiential learning adds to the subsidiary's knowledge, helping improve trust in network relationships and leading to identification of opportunities. The subsidiary, through experiential learning flow, internalizes the knowledge that helps fill the subsidiary's knowledge gap and influences that subsidiary's performance.

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1. Introduction

The literature confirms the role of learning and knowledge in the internationalization of firms (Vahlne & Johanson, 2013). Knowledge as an asset is a significant source of competitive advantage (Barney, 1991). Grant (1996) recognizes that the firms' primary role is to integrate expert knowledge that individuals hold. Learning and internalizing knowledge is crucial for multinational firm evolution. Opportunities for growth in market arise by combining various sources and kinds of knowledge (Hedlund, 1994). Vahlne and Johanson (2013) highlight learning and knowledge accumulation as important influences on the internationalization of firms. However, the internationalization models that place emphasis on acquiring host-market knowledge fail to explain how subsidiaries actually learn (Forsgren, 2002). A growing interest exists in the process of acquisition of knowledge, but this topic lacks an in-depth investigation regarding the internationalization of firms (Hohenthal, Johanson, & Johanson, 2014; Johanson & Vahlne, 2009).

We live in a knowledge economy where firms regularly face varying challenges in a dynamic environment (Nielsen & Michailova, 2007). To guarantee a firm's survival, that firm should develop communication channels and promote an internal willingness to cooperate. The role of the manager is to establish a communication system, to maintain the

willingness for cooperation, and to avoid compromising the firm's objectives (Jonsson, 2015). For subsidiary growth to exist, firms must store, transfer, and manage knowledge, and learn and share that knowledge through socialization. The management of knowledge relates to different activities that a manager undertakes on a regular basis. These decisions include how to explore the knowledge, how to optimally use the knowledge, and to generate new ideas.

To develop the understanding of these decisions within subsidiaries, the focus should be on the individuals, who ultimately share their experience and knowledge with co-workers (Jonsson, 2015). However, if this development occurs, firms have not dedicated a serious effort to investigate the features of learning types and the way those features can produce valuable learning for the subsidiary (Dimitratos, Plakoyiannaki, Thanos, & Förbom, 2014). Therefore, no evidence exists on how subsidiaries acquire knowledge and identify opportunities in their host countries (Vahlne & Ivarsson, 2014). This study builds on research gaps identified in the recent scholarly works on internationalization and multinational firms (Andersson, Dellestrand, & Pedersen, 2014; Dimitratos et al., 2014; Eriksson, Majkgard, & Sharma, 2000; Hohenthal et al., 2014; Johanson & Vahlne, 2009; Najafi-Tavani, Giroud, & Andersson, 2014; Vahlne & Ivarsson, 2014; Vahlne, Ivarsson, & Johanson, 2011; Vahlne & Johanson, 2013).

Saka-Helmhout (2011) acknowledges the role of the individual manager in learning. Dimitratos et al. (2014) stress the need to investigate the role of the human agent in multinational learning. The unit of analysis in this research is individual learning by subsidiary managers. The role of managers, as learning agents—that is, “who does” the learning in a subsidiary—is important. Building on identified research gaps,

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research objectives, and the adopted learning flow, this research intends to answer this question: how does experiential learning by subsidiary managers in host country networks influence technological and market knowledge and consequently the subsidiary's performance? The objectives that this study aims to achieve through the research question are a) to examine the learning types in subsidiaries in host country networks to acquire evidence on their characteristics, differences, and similarities, and b) to examine the enabling mechanisms of technological and market knowledge.

2. Literature review

Resource-based theory (RBT) is a resource-based and efficiency-driven analytical tool (Peteraf & Barney, 2003). The frameworks of Barney (1991) and Peteraf (1993) explain performance differences between competing firms, and attribute them to their resource differences. Without this base, RBT ceases to be a resource-based theory. The conditions of heterogeneity are fundamental to RBT. Together with a variety of resources, RBT adds a distinctive perspective to the firm's performance literature (Peteraf & Barney, 2003). Researchers criticizing RBT argue that resources alone, whether tangible or intangible, do not constitute a sustainable competitive advantage; instead, they claim that the actual application and usage of the resource are more important (Grant, 1996). Wiggins and Ruefli (2005) reveal that the average sustained competitive advantage period decreases over time. This finding implies that subsidiaries should build successive advantages by effectively addressing the discontinuous change.

This review leads to the question: how can a subsidiary successfully address such a challenging task? The main research stream investigating learning in international business connects to the Uppsala model (Johanson & Vahlne, 1977, 2009; Vahlne & Johanson, 2013). The original Uppsala model is an exponent of RBV because this model stresses the importance of resources while pointing out "how learning adds to the capability of the firm" (Vahlne & Johanson, 2013: 191). Markets are an interconnected network building on relationships of varying nature. In these relationships, exchange of products and services, as well as of knowledge and information takes place. Vahlne and Johanson (2013, p.195) see internationalization as the "intertwined sub-processes: learning namely, experiential learning and commitment building." The experiential knowledge acquired from host country networks is the driving force in the process of firms' internationalization. This knowledge generates learning, which, in turn, leads to the increase of resource commitment in the market (Johnson, Yin, & Tsai, 2009).

The Uppsala model discusses two types of knowledge, namely objective and experiential in international learning. Objective knowledge is easy to collect and codify, hence, easier to transfer. Experiential knowledge is knowledge about the competitors, customers, institutions, government, and markets. Experiential knowledge helps reduce managers' intellectual capacity limitations that managers may encounter in internationalization (Schweizer, 2012). A subsidiary's experiential learning (Levitt & March, 1988) is a process of producing and reproducing the rules that guide change in behavior. Fletcher and Harris (2012) identify sources of learning in host country networks. March (1991) agrees that learning is of two types: exploitative and explorative. Exploitative learning leads to an incremental improvement of competence, technology, and paradigms, hence providing an innovative product. Explorative learning relates to learning new skills, processes, and alternatives. This investigation is important because learning and effective use of knowledge can provide competitive advantage. The main goal of market learning is identifying and exploiting market opportunities. The technological learning is active knowledge generation by dealing with success and failure, and learning by experimentation. The experiential learning flow (Table 1) in a host country environment displays how subsidiaries can stay alert to and take advantage of opportunities.

Table 1
Subsidiary experiential learning flow in host country networks.

Learning sources (Host country networks)	Learning agent	Subsidiary experiential learning	Type of knowledge	Performance →
Customers	Production managers	Exploitative	Technological	Subsidiary performance
Suppliers				
Other business partners	Marketing managers	Explorative	Market	
Institutions				
Competitors				

Song, Droge, Hanvanich, and Calantone (2005) verify that technological and market knowledge are complimentary and can provide grounds for synergy. In today's rapidly changing environment the synergetic effect of these two types of learning can positively affect subsidiary performance. The learning takes place in various network relationships; however, focusing on the learning agent—the 'individual' who does the learning—is important. In terms of this research, the production manager and marketing manager are the learning agents in focus. Those managers administer knowledge according to the importance that knowledge holds in the firm. Senior management can either regard knowledge management as just related to technological needs or, in a broader sense, knowledge that meets both human and technical needs.

3. Research propositions and the model

3.1. Experiential learning

According to learning and knowledge-based arguments, experiential learning (EL) helps enhance the firm's ability to recognize new product-market opportunities, to innovate, and to adapt to changes in the marketplace (Anderson, Covin, & Slevin, 2009). Experiential learning reduces a firm's bottlenecks through the promotion of common understanding and questioning the current assumptions. Zack (1999) identifies a stepwise method to develop knowledge strategy, for exploring firms' strategic gaps and aligning management of knowledge with business strategy. Disagreement on the required knowledge strategy exists, depending on internal conditions or environment (Donate & Canales, 2012). Two perspectives exist on developing a firm's knowledge strategy, a descriptive and a prescriptive one. The descriptive perspective focuses on learning or developing specific processes for managing different types of knowledge (Alavi, Kayworth, & Leidner, 2005). The prescriptive perspective emphasizes theoretical models (du Plessis, 2007). This perspective assumes that managers can develop and implement knowledge strategy to achieve a firm's objectives. Adopting an integrative view of both perspectives is the best way to have a synergetic effect on knowledge strategy (Donate & Canales, 2012). The establishment of knowledge strategy is an important tool to achieve a firm's objectives. Knowledge is a critical asset and its effective use can be a source of competitive advantage. A consistent and coordinated strategy has the potential to deliver better technological results and business performance.

Vera, Crossan, and Apaydin (2011) propose that learning and knowledge should not only be relevant to, but consistent with the firm's objectives, to guarantee positive results. To make knowledge a source of competitive advantage, a firm's knowledge strategy must match with its business strategy. The alignment of both strategies brings forth the positive influences of knowledge and learning. If both strategies do not align, knowledge and learning can result in no effect or even a negative effect on performance. Subsidiaries prefer different strategies to manage their knowledge. The choice of the strategy depends on their

capability and priority. Therefore, this study presents the following propositions:

Proposition 1. *Subsidiary's knowledge strategy has a positive influence on manager's experiential learning in host country networks.*

Experiential learning is at the core of a firm's internationalization process (Johanson & Vahlne, 2009). Kuwada (1998) identifies four sub-dimensions of experiential learning, namely knowledge creation, knowledge dissemination, knowledge interpretation, and knowledge implementation. Knowledge creation is apparently a determinant of interpretation of knowledge and action (Daft & Weick, 1984). Knowledge creation is a crucial starting point for the experiential learning process (Burgelman, 1991). Researchers often define knowledge creation as "searching the external environment to identify important events or issues that might affect a firm" (Thomas et al., 1993, p. 241). Individuals are the key learning agents in the firm's knowledge-creation process (Nonaka, 1994). Few of these individuals continuously attempt to involve their firm in activities of knowledge creation that are beyond the firm's current strategy (Burgelman, 1991). Knowledge dissemination is the spreading of knowledge that individuals acquire through interactions and conversations between individuals and groups within the firm (Jerez-Gomez, Cespedes-Lorente, & Valle-Cabrera, 2005). New knowledge will remain personal and has a minimum effect, unless individuals express and share their knowledge through social interactions.

Daft and Weick (1984, p. 294) define knowledge interpretation as "the process through which information is given meaning." On the one hand, previous studies often see knowledge interpretation as a process at the individual level. On the other hand, Daft and Weick (1984) argue that firms can themselves be interpretation systems. A successful firm's culture is one that promotes questioning and challenges assumptions and present cognitive frameworks, because this behavior increases new insight development, which in turn leads to learning. Knowledge implementation is a process where a firm's different departments test the applicability of developed strategic plan. Effective action depends on a firm's ability to integrate and implement knowledge into a clear action. Implementation of experiential knowledge means the institutionalization of knowledge into a firm's memory. The collective components of memory include strategies, procedures, structures, and systems. Huber (1991) explains that a firm's memory is the base of existing knowledge embedded in the firm, which that firm can recover for future use. Andersson, Falorsgren, and Holm (2002) highlight that learning by agents in network relationships identifies market needs leading to change in subsidiary technological and market knowledge. The subsidiary implements the positive changes the subsidiary considers integral to its core features and takes effective decisions as per identified needs; that is, the subsidiary can adapt as the subsidiary matures (Anderson et al., 2009). Therefore, the study presents the following propositions:

Proposition 2. *The experiential learning by a subsidiary manager from host country networks relates positively to the firm's technological knowledge.*

Proposition 3. *The experiential learning by a subsidiary manager from host country networks relates positively to the firm's market knowledge.*

3.2. Market knowledge

Internationalization process research consistently encourages acquisition of market knowledge. Song, Benedetto, and Nason (2007) argue that market knowledge helps build and maintain a long-term relationship with customers and network members. A firm's internationalization process can lead to uncertainty and risk because of the lack of market knowledge. The growth in knowledge leads to a reduction in risk and to an increase in market commitment, which will subsequently

affect knowledge development because of the continuity of interaction process (Vahlne & Johanson, 2013). Knowledge growth within processes, services, and products allows the discovery and exploitation of opportunities (Dhanaraj & Beamish, 2003). Song et al. (2007) and Vorhies and Morgan (2005) find a positive relationship between market knowledge and firm performance. Therefore, the study presents the following propositions:

Proposition 4a. *Market knowledge from host country networks gained through subsidiary manager's experiential learning relates positively to subsidiary's technological knowledge.*

Proposition 4b. *Market knowledge from host country networks gained through subsidiary manager's experiential learning relates positively to subsidiary's performance.*

3.3. Technological knowledge

The literature confirms the significance of technological knowledge in giving firm-specific advantages, which are transferrable (Kogut & Zander, 1993). Anderson et al. (2009) suggest that identification of market needs through learning guides change in product and its development processes. New technological knowledge is specific to each firm, but new technological knowledge is not country specific (Zahra, Ireland, & Hitt, 2000). Anderson et al. (2009) provide evidence that firms' innovativeness, and risk-taking and proactive behavior have a direct effect on that firm's learning capability and consequently performance. Therefore, the study presents the following proposition:

Proposition 5. *Technological knowledge from host country networks gained through subsidiary manager's experiential learning relates positively to subsidiary's performance.*

3.4. Subsidiary performance

The market and technological learning appear as complimentary knowledge fields, which can help firms in developing synergies (Song et al., 2005) and are essential for the internationalization strategy (Anand & Delios, 2002). A subsidiary's performance strongly links with benefits of synergetic effect from the integration of market and technological knowledge (Fang, Wade, Delios, & Beamish, 2013). Firms that encourage learning among individuals speed up the knowledge growth. Trust plays a critical role in learning and is a prerequisite to commitment that leads to strengthening network relationships (Johanson & Vahlne, 2009; Vahlne & Johanson, 2013). The degree to which managers can mobilize knowledge resources at their disposal and convert them into value-creating activities adds to performance. The experiential knowledge can be a source of competitive advantage for the firm. The firm's ability to understand and assimilate new knowledge affects performance. Firm's learning capability plays a crucial role in its internationalization process. Although learning is important, the actual application of knowledge is what influences performance. Therefore, the study presents the following proposition:

Proposition 6. *The synergetic effect of subsidiary technological and market knowledge integration positively relates to subsidiary performance.*

The conceptualized experiential learning model (ELM) in Fig. 1 explains how learning in host country networks can provide a modus operandi for filling knowledge gaps and identifying opportunities. Managers interacting in host country networks are the research focus, and their learning helps in bridging the subsidiary knowledge gap. Managers can internalize the knowledge through experiential learning flow and improve subsidiary learning paths. The internalization of technological and market knowledge contributes to the subsidiary's capability development. The improvement in firm's intellectual capital

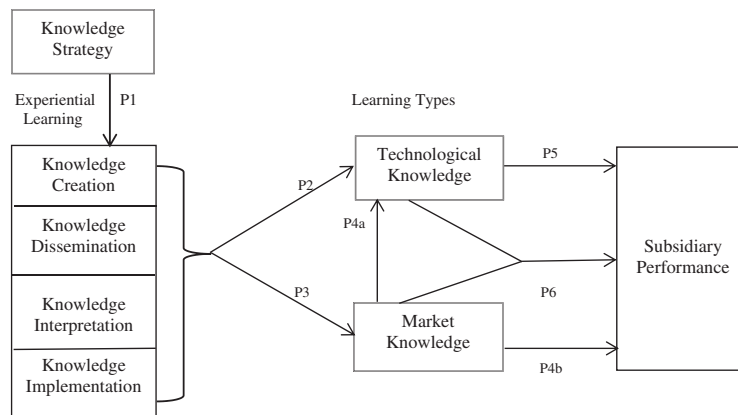


Fig. 1. Experiential learning model (ELM).

competence influences product value addition, leading to improved performance. This can lead to higher trust development and increased commitment in the network relationships.

4. Results and findings

Experiential learning is crucial in firms' internationalization process because problems and opportunities are network- and relationship-specific instead of country-specific (Johanson & Vahlne, 2009). Subsidiaries carry different roles in the multinational structure, for example implementation or pursuing market opportunities. The subsidiaries sit at the boundary of three market types, namely, host market, internal market, and global market to pursue opportunities. The subsidiaries' opportunity-seeking initiatives can be external or internal. Through their initiatives, subsidiaries either identify opportunities in the host market, and/or enhance operational efficiency (Birkinshaw, 1997). This study focuses on host country networks pursuing external initiatives. A subsidiary's individual, direct relationships with the external network can be a source of learning. Subsidiary management must provide resources and opportunities for employee interaction and relationship building in host country networks. The reason is that individuals (learning agents) who are deeply embedded in relationships are capable of gathering information and learning from network relationships.

This research presents a conceptual model of experiential learning (ELM). The newness of this research lies in studying the role of a subsidiary manager as a learning agent in host country networks. This learning is a stepping-stone to recognition and capitalization of opportunities in host country networks. The main goal of market knowledge is exploitation of opportunities. This knowledge is the result of an incremental response to environmental changes in host country networks. The research on experiential learning highlights how managers can play a focal role in subsidiary performance through their learning in networks and internalizing the knowledge. These learning processes help pave the way for new knowledge, leading to development of trust and, eventually, resource commitment in host country networks.

5. Conclusion and implications

A subsidiary does not have the capacity to learn equally from all relationships (Hansen, 1999). Andersson et al. (2002) underline advantages through learning in individual relationships rather than in network relationships. The closeness of learning agents in network relationships provides a better understanding of needs—the ability to fulfill the subsidiary objectives and to make efficient market decisions. This knowledge will enhance the possibility to create value through

the combination of resources and activities and creating an “opportunity space” (Blankenburg, Eriksson, & Johanson, 1996).

Management should pay significant attention to internal and external factors that enable the firm to realize completely the potential of the firms' knowledge assets. A deeper understanding of experiential learning in host country networks and their relationships will offer advantages for practitioners. The subsidiary's knowledge strategy will not only identify and help fill knowledge gaps, but also contribute towards better technological as well as business performance through learning and knowledge acquisition. An investigation into learning holds a crucial importance for management because management can provide sustainable competitive advantage. Because of the dynamic and changing global environment, managers should optimize the learning process in the study model. To help firms effectively manage knowledge, understanding knowledge creation, dissemination, interpretation, and its implementation is crucial. Future research should empirically test the model on firms operating in mature as well as emerging markets. Future research could compare learning in different cultural regions.

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Identifying Customer Needs through Knowledge Sharing in Inter-Firm Relationships

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ABSTRACT

This article presents an evidence on identifying customer needs through knowledge sharing in inter-firm relationships and offering value-based solutions to address them. The research goes beyond the network relationship metaphor by studying supplier-customer relationship with a focus on supplier firm members as the learning agent. This study answers the question: How relationship learning through knowledge sharing contributes to firm's offering through value creation? It presents an empirical evidence from four large multinational case firms through 12 episodic interviews. The results show firms that are receptive and customer-oriented are able to understand customer needs. The value addition process through solutions determines the respective roles of suppliers and customers. The success of the knowledge exchange process requires the involvement of senior management, which addresses and prioritizes solutions. The results provide managers with a practical framework to benefit from value chain conduits and accordingly decide how to target and align the firms' growth strategy.

KEYWORDS

knowledge sharing;
 relationship learning;
 customer needs; value
 creation; MNE

1. Introduction

“The winners will be those who deliver solutions from the users' point of view. That is a big part of marketing's job. Jack Welch” (Kumar, 2004, p. 84). So, what is a solution for the customer? Sawhney (2006) explains that a solution is an integrated and customized bundle of products and services addressing the identified customer needs. Inter-firm relationships are instrumental in customers' need identification. Despite the growing interest in firms' knowledge acquisition process (Cohen & Levinthal, 1990), no studies have addressed this matter in depth (Cano-Kollmann, Cantwell, Hannigan, Mudambi, & Song, 2016; Hohenthal, Johanson, & Johanson, 2014; Vahlne & Jonsson, 2017). An important obstacle to internationalization is lack of knowledge and available resources. Through knowledge acquisition and incremental decision-making, firms can learn not only about the market dynamics but also how to operate there (Jonsson, 2015). Therefore,

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there is a crucial need to comprehend if and how firms learn from their experiences in inter-firm relationships.

Knowledge sharing and acquisition through interactions is essential for a steady growth in the dynamic market environment. Managers use knowledge management to decide how to acquire, use, and create value through knowledge. Various research paths are still understudied: Knowledge management through individuals' sharing experience and acquired learning through interactions (Jonsson, 2015), research on learning through inter-firm relationships (Dimitratos, Plakoyiannaki, Thanos, & Förbom, 2014), and relationship learning and sharing through co-evolution (Vahlne & Ivarsson, 2014). Therefore, literature needs more evidence on how firms learn through value chain conduits (Cano-Kollmann et al., 2016), acquire new knowledge, and identify opportunities in their markets (Vahlne & Jonsson, 2017). Dimitratos et al (2014)) stress the need to investigate the role of the human agent in learning particularly because social ties among members of different firms (Bell & Zaheer, 2007) are superior paths for knowledge flow (Easterby-Smith, Thorpe, & Jackson, 2012).

This study addresses the research gaps in recent academic works (Table 1) by exploring how learning takes place in a supplier-customer relationship and how acquired knowledge contributes to firm processes for value creation through offerings. Previous research (Siren, Hakala, Wincent, & Grichnik, 2017) focused on learning mistakes, whereas this study opens up to firm's external relationships through which firms learn to identify customer needs. These interactions are a critical knowledge source for firms' growth and success. The study contributes by identifying knowledge sharing in a relationship as main learning conduit in the value chain. Second, it highlights the importance of management to prioritize value appropriation opportunities from sense making of acquired knowledge and accordingly align the firm's growth strategy in the particular environment. The unit of analysis is individual learning and how individual experiential learning integrates into firms knowledge. Building on identified gaps and research objectives, this study intends to answer the question: How does relationship learning through knowledge sharing contributes to firm's offering through value creation? The objectives are to explore (a) how an individual learns through interaction in inter-firm relationships and (b) how a firm internalizes and interconnects the acquired knowledge across its processes for value creation through its offerings.

2. Literature review

Knowledge and learning lay the foundation for firms' growth (Vahlne & Johanson, 2013). On the one hand, knowledge is a source of competitive advantage (Barney, 1991) and so integrating individual knowledge is paramount (Grant, 1996). On the other hand, the acquired knowledge is critical for firms to understand customer needs. Opportunities for growth arise from a combination of different means and sources (Hedlund, 1994). Internationalization theory (Vahlne & Johanson, 2013),

Table 1. Recent research on knowledge and multinational firms' relationships.

Author	Research focus	Relationship examination	Sample	Data collection method	Analysis method	Future research recommendations
Vahlne & Jonsson, 2017	Ambidexterity as a dynamic capability in the globalization of the multinational business enterprise (MBE): Case studies of AB Volvo and IKEA	Adding dynamic capability of ambidexterity Uppsala globalization process model capabilities	Swedish case studies	Qualitative	Comparison of case study results	How the development of dynamic capabilities (learning capability in this research context) adds to firm growth? Relying upon experiential learning while coping with uncertainty.
Cano-Kollmann et al., 2016	Knowledge connectivity: An agenda for innovation research in international business	Interactions in locations	Analysis of recent research	Literature review	Based on exiting research identification of future research paths	Conduits (paths) through which knowledge travels remain underexplored in MNE context. How acquired knowledge is carried and interconnected and how effective are these conduits?
Kohtamäki & Rajala, 2016	Value co-creation in B2B systems	Co-creation and co-production	Analysis of recent research	Literature review	Based on exiting research identification of future research paths	Search for the commonalities in the different instances of co-creation rather than on explicating the differences in what we know.
Jonsson (2015)	Knowledge sharing through practice and logic	Knowledge sharing in practice	Swedish case study	Qualitative	Ethnography	Focus on logics to explain how knowledge sharing takes place and motivating employees to share knowledge.
Dimitratos et al., (2014)	Modes of learning in MNE subsidiaries	Learning modes of MNE subsidiary at host country.	Subsidiary case study	Qualitative	Comparative method nudist software SEM (LISREL)	Entrepreneurial and marketing learning performance + investigation of learning agents
Hohenthal et al., (2014)	Relationship between experience and business relationship value in foreign market	Early expansion in foreign market networks	1807 Swedish Danish New Zealand	Quantitative	SEM (LISREL)	Knowledge about network actors and relationships is important for understanding network development
Najafi-Tavani et al., (2014)	Knowledge-based and network-based activities as determinants of subsidiary influence.	Knowledge-based and network-based activities as internal factors	184 UK Subsidiaries	Quantitative	SEM (LISREL)	Study of internal and external factors of the subsidiary for a broader view of its influence.
Vahlne and Warsson (2014)	Globalization of MNEs	Globalization process of MNEs	17 Swedish	Qualitative	Interpretation of interviews and annual reports	How multinational learning can strengthen capabilities through local environment.

Uppsala globalization model (Vahlne & Ivarsson, 2014; Vahlne & Jonsson, 2017), and research on new international ventures (Oviatt & McDougall, 2005) highlight knowledge accumulation and learning as an important influence on firms' internationalization. However, the internationalization models that focus on knowledge acquisition and its utilization failed to explain how firms learn (Forsgren, 2002).

In a dynamic global environment, the average period of sustainable competitive advantage has decreased over time (Wiggins & Ruefli, 2005). This situation implies that firms should build successive advantages by effectively addressing the discontinuous change. However, addressing that task represents a challenge. According to the Uppsala globalization model (Vahlne & Jonsson, 2017), the acquired market knowledge fosters the firm's incremental growth and internationalization. The initial driving force in the internationalization process is the knowledge gained through experience from firms' market operations and inter-firm relationships. The market knowledge leads to learning and, in turn, increased resource commitments (Johnson, Yin, & Tsai, 2009). Firms learn and gain experience through relationship learning.

In the Uppsala globalization model, creating knowledge, learning, building trust, and having dynamic capabilities are key points in the internationalization process of the firm, and they lay the foundation for strengthening network relationships that can lead to opportunity identification and commitment decisions (Vahlne & Jonsson, 2017). Earlier studies have conceptualized value in different ways. For instance, Porter (1985) defines it as the amount the customers will pay for an offering. However, Vargo and Lusch (2011) argued that value emerges when a buyer consumes a service or a product. Gupta and Lehman (2005) identified two types of value: value for the client (value creation) and value for the provider (value appropriation). Value creation and value appropriation are interrelated terms because the value created for a customer influences the monetary value produced for the value provider (Grönroos & Helle, 2010).

Regarding inter-firm relationships, the firm network is a broader web of connected relationships operating as a knowledge-sharing system. Inter-firm relationships provide the participant with the opportunity to learn and share from the knowledge hub (Evers & Knight, 2008) or act as a gatekeeper (Guercini & Runfola, 2010) or as channels of information flow (Cano-Kollmann et al., 2016). Knowledge is acquired not only through inter-firm relationships (Guercini & Runfola, 2010) but also through social relationships between individuals (Loane & Bell, 2006). This knowledge is experience-based, and it is learned through physical interaction. The market experience is acquired slowly and gradually. Experiential learning from relationships provides firms with a platform to study, compare, and analyze the market situation and take advantage of opportunities (Vahlne & Johanson, 2013). Therefore, experiential knowledge carries a positive influence on firms' learning capability aiding in its expansion in foreign markets. In addition, the relationship learning can affect the firm's competitive market positioning through knowledge acquisition from external relationships.

Inter-firm learning process corresponds to knowledge sharing, its integration, and joint sense-making within the context of a specific relationship. This exchange

enhances the supplier's understanding of the customer needs. At times, the supplier may not have enough information concerning the customer's needs and the customer may not have enough knowledge about the supplier's capabilities and resources (Kohtamäki, Partanen, & Möller, 2013). While sharing information is vital to the explanation and interpretation of knowledge in the supplier-customer relationship, joint sense-making is essential to increase the shared understanding of the customized solutions offered (Medlin & Törnroos, 2014). Sense-making is a sub-dimension of relationship learning stemming from the interactive relationship between a supplier and a customer enabled by structures that develop an open discussion platform (Medlin & Törnroos, 2014). Relationship learning through interactions enables both knowledge absorption and the cognitive knowledge reconstruction, which is essential not only in creating value but in providing a solution as well.

In the processes of sense-making, relationship learning leads to a reduction in the perceived distance (Fang, Fang, Chou, Yang, & Tsai, 2011) because the supplier and customer both absorb and jointly develop and redevelop existing structures of information (Huikkola, Ylimäki, & Kohtamäki, 2013). Sense-making can be particularly relevant in inter-firm relationships, in which the perceived distance is greater than in intra-firm relationships (Ring & Van De Ven, 1994). Last, knowledge integration embeds newly acquired knowledge within the existing structures of knowledge and amends current structures of knowledge accordingly. This aspect is necessary for the effective utilization of acquired knowledge to achieve the expected returns on performance (Ballantyne, 2004). The increase in customer value strengthens customer's experience in the customer-supplier relationship (Tuli, Kohli, & Bharadwaj, 2007). It builds loyalty and customer satisfaction (Carlzon, 1987) and enhances supplier revenues (Matthyssens & Vandenbempt, 2008) by providing both better solutions and more sales (Kastalli, Van Looy, & Neely, 2013). Relationship learning improves the suppliers' understanding of customer needs and increases customization via direct involvement of the customers in value addition activities. This collaboration will enable suppliers and customers the opportunity to create or co-create value via customized solutions.

3. Method

Given the explorative nature of this research, a qualitative approach is used. Challenging the view that episodic interview is an attempt to artificially stylize experiences as narrative whole, Flick (2014) starts from episodic-situational forms of experiential knowledge. This study also collects data through episodic interviews. This technique generates context-related presentations in the form of a narrative because of their closeness to experiences and generative context. Episodic knowledge is gained by asking the participants to recall and share subjective situations of their everyday professional lives to illustrate the answers to the interview questions (e.g., situations in which specific sharing by client lead to your learning and new knowledge acquisition).

Using various professional network platforms and personal contacts (Tuli et al., 2007), the study includes a sample of managers with experience of interacting with customers and suppliers. The study approached individuals who are regularly interacting with firms' external relationships and hence can contribute to the research. The research respondents are middle and senior managers with 10–25 years of diverse experience. These individuals are the boundary spanners between the firm and the client, and they are knowledgeable about perspectives of their customer solutions (Tuli et al., 2007). The individuals are at different career stages and have diverse experiences and job responsibilities. Therefore, they can share broad learning experiences regarding their background.

To understand relationship learning, this study includes a sample that represents different actors across multiple levels in the firm. The sample is composed of managers from four firms operating in various industries with consistent global growth and three respondents from each firm are interviewed. To maintain the ethical integrity and to protect each participating firms' interest (Kirkup & Carrigan, 2000) in the direct quotes respondent and firm names are disguised. In preparation for the interview, information about the respondent's firm is reviewed through their web pages, annual reports, and social media. The interviews allow respondents to share their learning experiences, background, and current activities (McGivern, 2003). The interviews last 50–90 min with an average of 60 min and were recorded and transcribed verbatim immediately after each meeting (20 pages on average). The respondent is guided by a protocol that avoids academic jargon, permitting respondents to share experiences in their own words (Coviello, 2005). The respondents are informed about the research and what it intends to understand, that is, respondent's experience-based learning from relationship interactions. This procedure enhances the understanding of both micro positions (the firms and their dyadic relationships) and macro positions (the firms and their role in the network) (Halinen & Törnroos, 2005).

Following a recognized inductive process (Corbin & Strauss, 2008) of applied thematic analysis (Guest, MacQueen, & Namey, 2012) transcripts, the main data source is initially coded while exploring themes and possible interpretations. The analysis of the transcripts showed the core themes (Spiggle, 1994), which are consequently refined. In this process, the text is methodically arranged to establish some "categories, types and relationships of meaning" (Guest et al., 2012, p. 52). The validity of the research process reveals the level to which the experiences and learning of respondents (Easterby-Smith et al., 2012) and the research method and analysis successfully address the study question. The inclusion of respondents with a higher level of expertise and the diversity of the firms add to the credibility of results (Easterby-Smith et al., 2012). As the data analysis evolved, many themes are revised and reviewed. In total, three core themes (relationship learning, knowledge integration, and value creation) and eight concepts (listening, understanding, customer need identification, evaluation, sense-making, opportunity identification,

management decisions, and need-based solution) form the discursive and structural foundation of the study.

4. Results

Understanding relationship learning and its associated dynamic capabilities (for example, learning capability) is a key step toward benefiting from the acquired knowledge. Baines, Lightfoot, Benedettini, and Kay (2009) highlight strategy, finance, and marketing as three factors that drive a firm's growth strategy. The financial aspect is geared toward higher profit returns, strategy focuses on sustaining competitive advantage through bundling with services, and marketing enhances opportunities through solution offerings. The summary of results in Table 2 provide an understanding of how the buyer-seller relationship learning affects the seller's perspective.

4.1. Relationship learning

Ballantyne and Varey (2006) suggest that interactional communication not only helps in developing relationships but also generates knowledge among the interactors. The marketing manager MNE-B shared his interaction experience: *"start with listening to customers and understanding what their needs and wants are and concerns about your product."* The director MNE-A says *"evaluate what your competitor is doing, both in daily business and what you see them test and play around with them in the market, look at the competition, get some cues from the competition."* Manager MNE-D emphasized that *"customer caring"* is instrumental in nurturing the relationship.

These interactions provide a structural support for knowledge generation, and the role of trust is crucial in these sharings. As vice president MNE-C shares: *"level of sharing by customers depends on how good the relationship is and how they trust us....as long as you don't want to switch (change supplier) so you (customers) are going to give us every piece of information you can to help us to make the best counter offer."* The area manager MNE-A describes another perspective of sharing *"you could only be with this client for a year, but we are providing some services that the competition is not providing that are very advantageous for you as a stakeholder within the customers' organization, and therefore you are willing to pursue giving us as much information as possible because you want to protect the things that you are benefiting from, so it may not even be relationship, it may be something else."*

4.2. Knowledge integration

Building on acquired knowledge, the general manager MNE-A says, *"be receptive to the information, make sure you have all the levels that can do something about it, and take action. It does not help to have mid-level people with no authority seeing the results if they do not have budget authority."* However, manager product development

MNE-B shares that one way forward is “*by using analytics in big data to study the internals and externals and segmenting customers based on it.*” The data analytics will evaluate the customer and firm offering behavior and identify profitable and not-so-profitable relationships. This investigation will assist in determining how well the firm is meeting those needs. The findings from consumer data will help management in orchestrating a development plan to address identified customer needs. The change is never easy and reducing internal resistance “*requires much internal training; many workshops to show these opportunities are for real... So, it changes mindset internally for our people first and then to bring it to the outer world, to have change management in the business.*” (director MNE-B)

The role of the salesman has evolved into a business development manager MNE-D says “*so that he should not go and say buy something, I will give a discount. He should be a partner and colleague to the customer, and they should together identify opportunities and try together to develop the project in the right way.*” Marketing manager MNE-B said that some customers do not know that they are customers. “*...He can go to the client and say: ‘listen we have an idea we wish to discuss with you, and you are sitting on the valuable opportunity, which we could develop together.’*” Finally, vice president MNE-C explains: “*I have had suppliers that I have met at networking events that certainly will be forthcoming about some things that they may be on the cutting edge or things that are changing in the industry that they wanted to be aware of because they are trying to make themselves seem more valuable as a potential partner.*”

4.3. Value creation

The market dynamics have changed the traditional roles and now, as director MNE-B says, “*our sales people are taking our unique set of value propositions that we have for that industry, and getting feedback from the customers on how well those resonate. He is finding out what another pinpoint that we may not have addressed or something that the competition is doing that we are not doing and he is probing for the information as part of his visit. So all of this data is available, and when we look at it and one starts to see the difference, and we can begin to market to attract more profitable customers and fewer unprofitable customers.*” The involvement of senior management is instrumental in succeeding when the firm has to address these issues, and director MNE-A shares his successful knowledge integration and the utilization approach: “*That is why we like to have this kind of information go all the way to the top. In really progressive companies, the top executives are usually willing to do what they have to do to address this. Changes in go-to-market strategy or even reallocating budgets to things that were not previously budgeted. Senior level executives can do that; mid-level executives cannot.*”

Developing the ability to continuously offer solutions requires developing flexible internal mechanisms. “*Process management is evaluations and feedback, questioning and answering. Moreover, you can give people a goal to drive innovation*

that can tap customer feedback and test and experiment with things that address customers' needs in the way. You can give them bonuses and incentives to do that and if you do not do that they are not awarded for not taking any chances"(vice president MNE-C). The marketing manager MNE-B elaborates on market opportunities, "yes the world is moving towards greener society, but actually that brings us more opportunities than if we should stand only in the fossil fuel market because our type of products, the power plants we are providing to the market, can be a very good complement and actually assisting in creating more green projects." So, the question for the top management is explained by director MNE-B "...what sort of value can we bring to the market? What does the customer need?" Therefore, we as a firm decide, "instead of conventional power plants, (we) also add engine power plants, which would instantly switch on and off to meet the need for renewable energy backup solution." This approach not only helped in their growth but also created a new market segment.

Table 2. Summary of research findings.

Themes	Relationship learning	Knowledge integration	Value creation
Firm A	Be receptive, be a partner to customer, not a salesman (listening) Data mining (understanding) Market research with customers and prospects, resonate customer feedback with your offering (customer need identification)	Gather field information, how well you are meeting customer needs (evaluation) Identifying product relationships and behavioral patterns of customers, identifying market trend (Sense-making) Develop growth plan to address needs (opportunity identification)	Employee training, workshops, Decisions based on customer attitudes and competition activities (management decisions) work with the customer to create value, address client needs (need- based solution)
Firm B	Communication is key, develop institutional knowledge through clients (listening) Must be well versed about own product to know client issues with it (understanding) What are needs not met? (customer need identification)	Analyze market, company widgets (evaluation) How to correct the product design issues / learn from mistakes (sense-making) How to address it, how a company can benefit? (opportunity identification)	Hard look at company and addressing identified gaps, prioritising solutions (management decisions) Involving clients in prototype process, customer focused strategy (need- based solution)
Firm C	Learn and understand customer working and needs via interaction (listening) (understanding) Highlight client challenges and goals to achieve through problem-solving (customer need identification)	Identify cases and present in training, workshops as example (evaluation) Evaluating need and how to meet it (sense-making) Based on market intelligence we review our offerings and correcting our product errors (opportunity identification)	Products, process improvements changes, develop and present a solution like a consultant (management decisions) Customer feedback issues based and work the client through solution (need-based solution)
Firm D	Being concerned and attentive to client (listening) Know your product and listen to them (understanding) get involved with them, develop market intelligence (customer need identification)	Strong internal system and data mining is key (evaluation) Open discussion forum, departmental cooperation (sense-making) Follow the internal system (opportunity identification)	Open approach to ideas and needs prioritizing implementations (management decisions) focus on customer but nothing is possible without management understanding (need-based solution)

5. Discussion and conclusion

The aim of the study is to explore how relationship learning through knowledge sharing contributes to the firm's offering. The study performs qualitative thematic analysis of empirical evidence collected from four large multinational firms through episodic interviews. This study makes two contributions. First, the study provides evidence on how relationship learning acts as a conduit for identifying customer needs through knowledge sharing in the organizational value chain. Second, it highlights the importance of management to prioritize value appropriation opportunities from sense-making of acquired knowledge and accordingly align their growth strategy with the specific environment.

Research (Huikkola et al., 2013; Kohtamäki & Rajala, 2016) suggests that manufacturers seeking servitization should focus on downstream customer-focused activities. The results confirm their suggestion and assert that understanding customer needs allows firms to identify business opportunities. These opportunities arise from working closely with clients and offering need-based solutions by adding services to the product. With growing competition, eroding prices, and commoditization, this idea provides new means for reaping higher profits and creating differentiation via value-based solution. The study results point out that sharing relevant information by customers varies with the level of trust in a relationship. The case study of firms validates Davies's (2004) viewpoint that strengthening the learning capabilities through skills and behavioral change is critical because it leads to improved service and solution offering (Kastalli et al., 2013).

The findings emphasize the importance of being receptive to customer needs and comprehending the acquired learning. Successful knowledge integration and value creation requires the involvement of senior management, which addresses and prioritizes solutions. Few firms have ongoing strategic development programs in place to train and guide employees through the change process, backed by top management. Customers' involvement fosters value creation, especially when employees contribute with their expertise in the provider firm processes. This research validates the idea of Kohtamäki and Partanen (2016) that offerings through value creation require relationship learning.

The closeness of learning agents in relationships provides a better understanding of customer needs; it helps make effective market decisions, and generate an ability to fulfill firm performance objectives. The acquired knowledge can contribute toward the possibility to create value through a combination of resources and activities, hence creating an "opportunity space" (Blankenburg-Holm, Eriksson, & Johansson, 1996). An individual's interaction in relationships is a critical source of firms' learning. Individuals embedded in relationships are capable of effectively gathering information and learning through interactions. However, a firm does not have the capacity to learn equally from all relationships. Andersson, Forsgren, and Holm (2002) emphasize advantages through learning in individual relationships rather than in network relationships.

The limitation of this study is its focus on large firms only, hence providing a fruitful opportunity for future research. Future studies should focus on learning in small firms. A comparative study of different industries, regions, or firm sizes can provide interesting insights into inter-firm learning research. The study provides practical implications for managers, who should try to be a partner or a consultant to the customer, instead of being a salesperson. On the other hand, relationship learning not only identifies customer needs but can also bridge the expert knowledge gap by working closely with the customer. The acquired knowledge aids in putting routines in place to address the customer needs. Finally, inter-firm relationship interactions provide an opportunity to meet performance goals via value-based solutions by addressing customer needs.

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Relationship learning through inter-firm conduits in Finnish small and medium enterprises

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The study sets out to understand how small and medium enterprises (SMEs) learn through inter-firm conduits and carry the acquired knowledge through their processes. This research answers the question: How does knowledge sharing in inter-firm relationships influence a firm's offering? The study focuses on supplier–customer relationships and presents evidence of supplier learning through 12 episodic interviews from four Finnish SMEs. The results highlight interaction and open communication, which enable firms to not only understand customer needs but also identify opportunities. The acquired knowledge sense-making routines help understand customers' way of working and how to align the offerings with their needs. Customer involvement in the offerings process strengthens the relationship and helps generate steady growth. The findings yield practical implications for managers by providing a value-enhancing solution to address customer needs; it should begin with understanding customers' way of working, their problems and the job they intend to perform.

Keywords: Knowledge sharing; relationship learning; inter-firm conduits; Finland

Cette étude vise à expliquer comment les PME acquièrent des connaissances à travers leurs réseaux d'entreprises et transfèrent ces connaissances à leurs processus. Cette recherche répond à la question : Comment le partage des connaissances à travers les relations entre entreprises influence-t-il l'offre d'une entreprise ? L'étude se concentre sur la relation fournisseur-client et présente des données prouvant l'apprentissage des fournisseurs grâce à des entretiens épisodiques avec des représentants de quatre entreprises finlandaises. Les résultats mettent l'accent sur l'interaction et la communication ouverte qui permettent aux entreprises, non seulement de comprendre les besoins de la clientèle, mais aussi d'identifier des opportunités. Les efforts routiniers de compréhension des connaissances acquises aident à comprendre la manière de fonctionner des clients et comment ajuster l'offre à leurs besoins. L'implication des clients dans le processus d'offre renforce la relation avec eux et contribue à générer une croissance constante. Les résultats font émerger des implications pratiques pour les directeurs d'entreprises en leur fournissant une solution valorisante pour répondre à la question des besoins de la clientèle ; elle passe d'abord par une compréhension de la manière dont les clients fonctionnent, de leurs problèmes et du travail qu'ils comptent exercer.

Mots-clés: Partage des connaissances; Apprentissage des relations; Réseaux inter-entreprises; Finlande

1. Introduction

Knowledge sharing and learning in inter-firm interactions are essential for steady growth in the dynamic market environment. Griffith, Cavusgil, and Xu (2008) identify several

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themes and research questions for future research in small and medium enterprise (SME) internationalization. They highlight ‘SME experiences in internationalization’ as a primary theme to be explored through two research questions: ‘What unique strategies do small and medium-sized firms employ in going international?’ and ‘How successful are they?’ (1227). However, Jones (2001) identifies difficulties in the application of theories to processes and decisions in the internationalization of small firms. Her study recommends returning to exploratory research and using a series of connected sub-models to cover different facets of internationalization. Also, Harryson, Dudkowski, and Stern (2008) highlight that we should focus not only on knowledge sharing but also on its integration into value co-creation. Easterby-Smith, Lyles, and Tsang (2008) identify two issues that have not received enough research attention but carry significant potential to enrich the knowledge sharing literature: learning in inter-firm and intra-firm relationships and the role of boundary spanners (individuals interacting with a firm’s clients).

As firms grow their knowledge over time, more efficient processing routines are required to provide access to higher levels of market knowledge. Grant (1996) criticizes the resource-based view by arguing that resources alone do not provide a competitive advantage. Instead, it is created by the efficient usage and timely application of resources. As Jelinek (1979, 37) says, routines are essential means of ‘communicating learning beyond the individual who discovers it.’ The research by Deshpande and Webster (1989, 13) provides researchers with a broader view on exploring relationship learning: ‘It is time to move beyond structural explanations of marketing management, of ‘what happens around here,’ to an understanding of ‘why things happen the way they do.’ Social ties among members of different firms (Bell and Zaheer 2007) are superior paths for knowledge flow (Easterby-Smith, Thorpe, and Jackson 2012). Firms consistently make decisions on how to acquire new knowledge, how to use it and how to create value through it. Hence, there is a need to understand how firms learn and make these decisions.

Jonsson (2015) guides future researchers to focus on individuals’ knowledge sharing and acquired learning experience through interactions. Dimitratos et al. (2014) call for research investigating the role of the human as a learning agent in inter-firm relationships. It is essential to focus on individual learning in relationships, as ultimately these individuals share and apply their learning and experiential knowledge within the firm (Jonsson 2015). To successfully grow and strengthen their effectiveness, firms continue to reconfigure their value chains and coordination systems. Even if barriers to international growth are decreasing, the internationalization process itself cannot occur rapidly, as moving forward without enough ‘learning and relationship-building’ may not achieve the desired objective (Vahlne and Ivarsson 2014, 245). Therefore, the understanding of relationship learning and sharing through co-evolution can be beneficial in the growth process (2014). Additionally, Cano-Kollman et al. (2016, 257, 259) suggest exploring ‘how knowledge is carried and interconnected across space’ and ‘how effective these conduits are’ as ‘the conduits (connections) through which knowledge travels remain unexplored.’ Coviello, Kano, and Liesch (2017) emphasize studying the behavior of individuals, as their actions connect the firm and environment as well as transform potential opportunities into exploitable outcomes. Firm learning remains a research priority in decision-making (Marketing Science Institute 2016) as supplier–customers engage in relationships through complex paths and journeys. The literature requires more evidence on how firms learn, acquire new knowledge and identify opportunities in their markets (Vahlne and Jonsson 2017).

This study addresses the research opportunity identified in the research works mentioned above by exploring how learning takes place in a supplier–customer relationship

and how acquired knowledge contributes to firm processes for value co-creation through the offering. This study answers the question: How does knowledge sharing in inter-firm relationships influence the firm's offering?¹ This study seeks to shed light on: (1) how an individual acquires knowledge through interactions with the customer and (2) how a firm integrates the acquired learning across its routines for value creation through its offerings. The unit of analysis is individual learning in inter-firm relationships, specifically with customers. The study first contributes to international business and entrepreneurship literature by identifying the customer as a core conduit of learning in the SME value chain. Second, it contributes by recognizing relationship learning as a means to understand customer needs, their way of working and the task they use the offering to perform. The third contribution is providing insight into the knowledge integration processes of SMEs to address the identified customer needs through value co-creation in its offering. It is important to understand the reason why a customer purchases the offering; 'Customers do not want products, they want solutions to their problems. Peter Drucker, too, warned us that the customer rarely buys what the company thinks it sells him' (Christensen et al. 2016, 117). This learning will provide firms with a better understanding of markets and help them in their internationalization decisions. The results emphasize the role of management in prioritizing value appropriation opportunities via sense-making of acquired knowledge and aligning the firm's value-creation strategy in the particular environment.

2. Literature review

Prior research has used various perspectives to define the internationalization of a firm. Penrose (1959) focuses on the firm's core competence and exploiting opportunities in foreign markets. Johanson and Vahlne (1977) define 'internationalization' as the incremental process whereby a firm expands its involvement in international markets; scholars such as Welch and Luostarinen (1988) support this definition. Subsequently, Calof and Beamish (1995, 116) define it as 'the process of adapting a firm's operations (strategy, structure, resource, etc.) to international environments.' In the Uppsala globalization model, 'learning, creating knowledge, trust building and dynamic capabilities' are critical steps in the internationalization process of the firm, laying the foundation for strengthening network relationships that lead to opportunity identification and commitment decisions (Vahlne and Jonsson 2017). A significant obstacle to internationalization is a lack of knowledge and resources. Through incremental decision-making and additional knowledge about the market, firms learn not only about the market dynamics but also how to operate there (Jonsson 2007).

2.1. Relationship learning

Firms learn and gain experience through relationship learning. The network is a vast web of connected relationships functioning as a knowledge sharing system. The firm's position in network relationships provides individuals with the opportunity to learn and share from the knowledge hub (Evers and Knight 2008) or act as gatekeepers (Guercini and Runfola 2010) or as channels of information flow (Cano-Kollmann et al. 2016). Knowledge is acquired not only through firms' network relationships (Guercini and Runfola 2010) but also through personal relationships between individuals (Loane and Bell 2006). This knowledge is experience-based and learned through physical interaction. Experiential learning from inter-firm relationships provides a platform to study, compare and analyze the market situation and take advantage of opportunities (Eriksson, Majkgård, and

Sharma 2000). Experience in the international market is acquired slowly and gradually (Zollo and Winter 2002). Therefore, the length of exposure is considered to have a positive influence on a firm's capability to internationalize in foreign markets (Shane 2000). Relationship learning can affect its competitive market positioning through new knowledge acquisition from external network ties.

More importantly, relationship learning arises from the change between knowledge sharing, its integration and sense-making within the context of a specific relationship. Knowledge sharing underlines the supplier's understanding of customer needs. At times, the supplier may not have enough knowledge concerning the customer's needs and the customer may not have enough knowledge about the supplier's capabilities and resources (Kohtamäki, Partanen, and Möller 2013). While knowledge sharing is vital to the explanation and interpretation of knowledge in the supplier–customer relationship, joint sense-making is essential to increasing common understanding of the developed customized solutions (Medlin and Törnroos 2014). This sub-dimension of relationship learning stems from the interactive relationship between a supplier and a customer. Sense-making takes place via routines that develop an open discussion platform. Relationship learning through interactions enables both knowledge absorption and cognitive knowledge reconstruction, which is critical in not only value co-creation but also providing a solution. In the processes of mutual sense-making, this leads to a reduction in cognitive distance (Fang et al. 2011) because the supplier and customer both absorb and jointly develop and redevelop existing structures of knowledge (Huikkola, Ylimäki, and Kohtamäki 2013).

2.2. Sense-making

Sense-making can be particularly relevant in inter-firm relationships, in which cognitive distance is frequently greater than it is in intra-firm relationships (Ring and Van De Ven 1994). It is the role of knowledge integration to embed newly acquired knowledge within existing structures of knowledge and to amend current structures of knowledge accordingly. This feature is necessary to enable useful integration of newly acquired knowledge to achieve the expected returns on performance (Ballantyne 2004). Relationship learning increases the suppliers' understanding of the customers' needs, enhancing customization via knowledge sharing interactions between the suppliers and the customers. It provides suppliers and the customers with an opportunity for value co-creation via customized solutions. The increase in customer value will enhance the customer's experience in the customer–supplier relationship (Tuli, Kohli, and Bharadwaj 2007), building loyalty and customer satisfaction (Carlzon 1987). This will increase supplier revenues (Matthyssens and Vandembemt 2008) thanks to both more and better services and product and solution sales (Kastalli, Van Looy, and Neely 2013).

Despite healthy and extensive research on firm learning (Argyris and Schdn 1978; Cohen 1991; Cyert and March 1963; Daft and Huber 1987; Daft and Weick 1984; Dixon 1992; Huber 1991; Jones 2001; Jonsson 2015; Kahiya and Dean 2016; Lawson and Ventriss 1992; Sackmann 1991; Simon 1991; Vahlne and Ivarsson 2014; Walsh and Ungson 1991; Wolff and Pett 2000), the Marketing Science Institute (2016) still envisions learning as a research priority aiding firms in decision-making. Although academic researchers from different perspectives have been analyzing 'how knowledge flows through relationships' (Hansen 1999, 109), they have kept the focus on various parts of the knowledge sharing process among firm actors, analyzing the benefits and costs of relationships. Even when these different arguments are still studied together, the inter-firm relationships and the effect of their strength remain a puzzle (Hansen 1999). Bhatti,

Larimo, and Coudounaris (2016) highlight that individual learning in relationships influences firm processes through integration of new knowledge and strengthening of relationship trust, leading to decision-making on resource commitment in relationships and in new and existing markets.

3. Research methods

The research question and the objectives of the study determine the choice of research methodology. Yin (2014) advises empirically testing a somewhat less explored area by employing a qualitative method, which enables answering the research question and provides rich descriptions. Narrative analysis is an essential approach in qualitative methodology. Three theoretical developments support this approach. First, Barthes (1977) argues that it plays an essential part in social life. Second, narrative has the leading role in presenting and knowing experiences (Murray 2000). Third, it provides a means to communicate personal experience and social events (Flick 2014). The study employs episodic interviews (2014) to answer the research question.

3.1. Sample

The article follows the SME definition of the European Commission, according to which an SME is 'a firm that employs less than 250 people and has an annual turnover of less than €50 million or balance sheet total of under €43 million' (European Commission 2017). The study sample consists of Finnish SME managers from four firms operating in different industries (manufacturing, shipping, engineering, energy) with consistent global growth. The chosen firms are all Finnish majority-owned firms. The annual revenue of case firm A, operating in the shipping industry, is €7 million, and that of case firm B, operating in construction, is €10 million. Case firm C operates in the engineering industry and has annual revenue of less than €5 million, and case firm D in the energy industry has annual revenue of €5 million. The study employs a purposeful sampling approach to identify individuals who regularly interact with customers (Tuli, Kohli, and Bharadwaj 2007). This research focuses on managers who can contribute to the research by sharing their experiential learning. The study respondents are middle and senior managers with industry experience of 10–20 years. These individuals are the key contacts for direct communication in inter-firm relationships, and they are knowledgeable about the customers and their firm's own offerings (2007). The interviewed managers are at different levels and hence can provide a broad view of acquired learning and knowledge sharing experience.

3.2. Data collection

Interviews are a method of learning about the background information and present responsibilities of the interviewees, allowing them to share what they have learned through knowledge sharing experiences (McGivern 2003). To protect the interests of participating firms and maintain ethical integrity (Kirkup and Carrigan 2000), the respondents and firms are anonymized in the direct quotes. The interviews are unstructured. Before each interview, respondent firm information was reviewed through its website, social media and annual reports. The interviews took place from May to November 2016. The study conducted 12 interviews with managers, which lasted from 50 minutes to 90 minutes, with the average interview lasting 60 minutes. The recorded interviews were transcribed verbatim by a professional service provider immediately after each meeting

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(on average 20). The interview respondents were guided by a protocol that avoided academic jargon, hence allowing the interview respondents to express their learning experiences in their own words (Coviello 2005). The respondents were briefed about the research and what the study sought to understand, i.e., ‘respondent’s experience-based learning from knowledge sharing in relationship interactions.’ This sharing by respondents helps in gaining an understanding of both ‘macro positions’ (the firms and their role in the network) and ‘micro positions’ (the firms and their dyadic relationships) (Halinen and Törnroos 2005).

3.3. Analysis

The study follows an established inductive process (Corbin and Strauss 2008) for applied thematic analysis (Guest, MacQueen, and Namey 2012); the transcripts, the core data source, are at first coded while themes are explored and probable interpretations drawn. The analysis is conducted by reading the interview transcripts and making notes; core themes are identified from repetition in the responses (Spiggle 1994). These identified themes are then subsequently refined by grouping similar ones. This process facilitates methodically arranging the text to determine ‘categories, types and relationships of meaning’ (Guest, MacQueen, and Namey 2012, 52). The research process validity discloses the degree to which the research method and analysis successfully address the study question and the learning and experiences of respondents (Easterby-Smith, Thorpe, and Jackson 2012). Face validity is enhanced by including respondents with rich expertise and diverse experience as well as various firms in order to increase the credibility of the results, although within the limits of study (Easterby-Smith, Thorpe, and Jackson 2012). As the data analysis progresses, identified themes are reviewed and revised to unwrap core themes and essential concepts across the research data-set. Altogether, three primary themes (relationship learning, knowledge integration and value co-creation) and eight important concepts (listening, understanding, customer need identification, evaluation, sense-making, opportunity identification, management decisions and satisfying customer need) are determined, respectively, forming the discursive and structural foundation for the presentation of study findings.

4. Results and discussion

An understanding of relationship learning and its associated dynamic capabilities (such as learning capability) is an essential step towards benefiting from the acquired knowledge. Baines et al. (2009) highlight *strategic*, *financial* and *marketing* as three factors that drive a firm’s servitization strategy. The financial factor aims towards higher profit returns, the strategic factor aims to sustain competitive advantage through service bundling and the marketing factor seeks opportunities through solution offerings. The results of the study provide insight into supplier learning in buyer–seller knowledge sharing and how it affects the seller’s routines and offerings.

4.1. Relationship learning

Based on organizational learning theory, Selnes and Sallis (2003, 80) define relationship learning as ‘a joint activity between a supplier and a customer in which the two parties share information, which is then jointly interpreted and integrated into a shared

relationship domain-specific memory.’ They have conceptualized relationship learning that takes place between suppliers and their customers. Grant (1996) identifies the features of the sharing and the acquiring firm, the knowledge attributes, and emphasizes that the process of knowledge transfer is critical in developing firms’ learning capabilities, which can lead to competitive advantage. Respondent A from Firm A, while explaining the knowledge sharing experience, says: ‘It is crucial in markets like Scandinavia, Sweden especially. I think the personal relationships are of fundamental importance because they allow people to open up and be more honest and straightforward in their communication.’ These relationship interactions lay the foundation for sharing and new knowledge generation. Trust plays a critical role in this, as noted by Respondent F from Firm B: ‘So trust and responsibility or trust and relationships are vital [for] sharing of knowledge.’

The results are in agreement with Ballantyne and Varey (2006), finding that interactional communication not only generates knowledge but also strengthens the relationships. Sammarra and Biggiero (2008) suggest that perceptual measures are equally as necessary as more objective ones. Inter-firm knowledge sharing may be analyzed not only at the firm level but also at the individual level. Individuals are firms’ critical knowledge repositories and learning agents. How interpersonal interactions between the sharing and acquiring firms take place affects the overall learning process. Selnes and Sallis (2003) verify that two-way communications increase learning, which positively affects the relationship performance.

Respondent K from Firm D highlights the significance of openness and sharing, stating that ‘it depends on the customer and the level of the relationship.’ Based on client sharing, Respondent D, a marketing manager at Firm B, says: ‘I write down what they are using and the status of the products at the moment. Are they satisfied [with our products/services] or if any new needs are coming up.’ Respondent L from Firm D states that they ‘keep an eye on their competitors’ activities, too ... what are they working on, if they are developing some new products or services.’ Respondent G from Firm C states that ‘sometimes in sharing, the customer’s intention is not to tell you something, but they happen to mention only something ... wherein we find a business opportunity.’ Argote, McEvily, and Reagans (2003) identify sharing among relationships as a critical factor in mapping the knowledge management context.

Respondent G from Firm C describes the customer feedback perspective of sharing:

There are two types of feedbacks that come. One is from your existing customer who is using a product or the service and he says that this needs to be improved. The other is when they are satisfied with the service or the product, but they suggest improvements.

Hansen (1999) finds that frequent communications lead to an effective working relationship. The study respondents are unanimous in the view that they must focus on essential information on their customers’ needs and experience of the offering. It is imperative that firms keep track of their learning and monitor ‘not only *how much* improvement takes place but *how long* it takes’ (Sinkula 1994, 36). Relationship learning improves supplier understanding of customer needs and aids in providing solutions efficiently (Kohtamäki and Partanen 2016).

The results show that open communication is a key to developing a personal relationship. There is a consensus among respondents that attentively listening to clients allows understanding both present and future needs. Being honest with customers

helps strengthen trust. The degree of sharing is dependent upon comfort level in a relationship. It is essential to develop a personal relationship in inter-firm interactions that may eventually lead to the regular sharing of opportunities. The results of the study resonate with Easterby-Smith, Lyles, and Tsang (2008), who suggest that there is growing evidence of firms' knowledge and learning processes as facilitators of competitive advantage. In fact, Ray Stata, chairman of Analog Devices, argues that the 'rate at which individuals and organizations learn may become the only sustainable competitive advantage' (Stewart 1991, 54).

4.2. Knowledge integration

Absorptive capacity is a crucial factor in being able to recognize the acquired knowledge value and to integrate and utilize that knowledge (Cohen and Levinthal 1990). The acquiring firm's absorptive capacity is influenced by its culture, experiential learning and knowledge retention capabilities (Lane and Lubatkin 1998). Szulanski (1996) shows that the knowledge acquisition/integration process can be complicated and should not be taken for granted. At the same time, the sharing firm needs to have the absorptive capacity to harness the potential value to be gained from sharing knowledge and requires intra-firm sharing capability if the shared information is to be integrated efficiently. Absorptive capacity and intra-firm sharing capability are interrelated in the sense that a firm that is good at absorbing acquired knowledge will also be able to integrate it within its boundary.

Based on acquired knowledge, Respondent H from Firm C describes the integration process:

We have internal programs, where we register customer's feedback and then it is automatically forwarded to the right contact person. So, if we have a product issue, for example, we write a report (internal system) and then we can direct it to the responsible person.

Respondent B from Firm A states:

We can listen to the customer's needs and then we can make some amendments ... some minor... adjustments. Adjustments inside the products, for example, [and] try to negotiate with the customer how about if we would put a smaller memory in the display for example, and then offer a reduced price.

Respondent C from Firm A says:

We have on a regular basis ... internal meetings ... for example, we have a meeting every third week where we have ... people from sales and marketing, product management, customer support, project management, and also production. Therefore, we have the whole representation, and we gather to review market updates, progress and feedback. We have certain meetings scheduled [to] discuss changes required; change is not natural and technical people resist and argue against it. We have good sharing, and then we decide on how to address the latest happenings and customers' feedback.

The internal discussions review and evaluate shared information on customer needs and offering utilization. The evaluation allows for sense-making of how the customer needs and purchase trends have progressed, as well as the profitability of a particular relationship. Analytics facilitate determining how well the firm is meeting those needs. The

review process will help orchestrate an offering development plan to address identified customer needs. In reference to the review process, Respondent J from Firm D states:

On our intranet, for example ... we have an internal website for knowledge sharing, on which for example if we have shared an issue and it is unfinished, it will be displayed. If something does not go as planned, then we have defined the process and pre-processed checklist to follow.

It is crucial for firms to have an internal sharing system in place. Sharing will ensure prompt distribution of acquired knowledge and steps to address it. Critical sense-making of shared information leads to evaluating the client's way of working, the offering utilization pattern and the identification of potential opportunities. A few firms also share good and bad learning examples in meetings on a regular basis. An efficient integration system has a follow-up program in place. The system keeps management updated on how the relationship is developing financially and the profitability of a particular relationship. Van Wijk, Jansen, and Lyles (2008) indicate that intra-firm sharing comprises a stronger contributor to performance outcomes than inter-firm sharing. The authors believe that sharing with firm departments is relevant, more exploitative and able to generate required results. The findings of Mason and Leek (2008) suggest that inter-firm knowledge flows are predominantly horizontal, while intra-firm knowledge flows are mostly vertical.

4.3. Value co-creation

This study adopts Grönroos and Voima's (2012, 138) definition of value co-creation as 'a joint process whereby firms and customers together, in interactions, create value' that occurs especially among suppliers' and customers' 'joint value spheres' (Kohtamäki and Partanen 2016). Market dynamics have changed the traditional roles and now as Respondent H from Firm C says, 'I do not think the sharing part is so difficult for us because we communicate quite well internally.' Respondent L from Firm D elaborates on approaching market opportunities: 'We have a matrix for every department, a well thought out strategic planning of marketing activities and budgeting and then activities that lead us to achieve the target that we had set.' A key feature of co-value creation is that it takes place through ongoing interactions with suppliers and customers (Van der Valk and Wynstra 2012; Vargo and Lusch 2008) where 'the core of interaction is a physical, virtual, or mental contact' (Grönroos and Voima 2012, 140). The results of the study are in agreement with the earlier research findings. The development of the ability to offer solutions on a consistent basis is not possible without developing flexible internal mechanisms, says Respondent C of Firm A: 'We need to plan and develop our services in line with client needs and offer efficient and timely solutions.' Sawhney (2006) observes that a solution is a customer-tailored and integrated offering of services and products to address customer needs.

Acquired knowledge is evaluated and then, after careful deliberation, solutions are planned and aligned with customer needs. The customer is always the priority, says Respondent I from Firm C:

It is important that in [the] present scenario we think out of our comfort zone, involve our clients in solution planning, prototype testing. The customer-focused strategy is the key. If we [are] not able to do that, our offerings will not be aligned with the customer needs.

All respondents emphasize the role of senior management. Respondent L from Firm D states that ‘senior management is influential in achieving success by leading the way when issues need to be addressed and prioritizing solutions’ and Respondent A from Firm A asserts that:

senior management usually reacts more positively. They see the information may be a possibility and maybe in product development, they may see it as a must or something that will take resources so then they tend to ... be quite critical to change [for some time].

The results reaffirm Kohtamäki and Partanen’s (2016) finding that being flexible in offering solutions is beneficial in addressing client needs. In practice, a firm’s relationship learning via knowledge sharing, knowledge integration and sense-making of acquired learning must enable it to efficiently create value through its offering and reap desired benefits through it. The role of management is instrumental as they decide on and prioritize the solution offering. The involvement of the client in customizing the offering solution process is not only helpful, but also contributes to the implementation of joint learning on both sides of the relationship. The summary of the study results in Table 1 is presented in terms of the three themes: relationship learning, knowledge integration and value co-creation.

The results shed light on how the study case firms individually learned through knowledge sharing with customers. Case firm A found that direct and open communication with clients yields an opportunity to work with clients and get involved in their processes. This experience provided the learning and confidence for management to decide to go beyond their comfort zone and reach out to clients outside their present market. This has enabled them to increase their customer base. Experiential learning motivated them in successfully reaching out to a broader variety of international customers. Case firm B learned that to resolve client needs, the firm can work with its competitors as well. The firm offered a solution to the client’s specific need by working with international competitors, thereby opening a new cooperation window. The firm not only strengthened its relationship with the customer but also paved the way for future collaborations with competitors.

Case firm C identified a unique opportunity to address a customer need by providing a clean environment solution to domestic customers through technology integration into their product. This enabled the firm to successfully expand into the Scandinavian market and adapt to market needs. Case firm D experienced that its reputation for offering customized solutions and customer care has led to growth experiences in the international market. Clients are contacting the firm directly for business, and now it expects to generate more revenue from global sales than local.

To sum up, over time, supplier–customer interactions strengthen mutual trust, laying the foundation for open sharing and generation of new knowledge. Interacting individuals are the essential organizational learning agents and carriers of knowledge, which means that it is important how relationship interactions take place, as this affects the overall learning process. Open communication leads to a personal relationship, which enables the partners to confidently discuss opportunities and future commitments. The sense-making of acquired knowledge is important to the process, revealing how well customer needs are satisfied and enabling the identification of opportunities based on shared knowledge. A close working relationship encourages value creation activities to bring forth a need-based solution. Management prioritization of which opportunities to pursue and which to let go precedes the value creation activities.

Table 1. Summary of research findings.

Themes	Relationship learning	Knowledge integration	Value co-creation
Respondent A (Firm A)	Interaction with client (Listening); Collaborate with them (Understanding); Focus on shared information (Customer Need Identification).	Understanding customer needs (Evaluation); Identify the relationship, and customer need pattern (Sense-making); Develop integration systems to address needs (Opportunity Identification).	Decisions based on customer sharing/ feedback and market activities (Management Decisions); How to align offerings with client needs (Need-Based Solution).
Respondent B (Firm A)	Pay attention to what he says and does not say (Listening); Openness in relationship (Understanding); Most opportunities are found in client sharing (Customer Need Identification).	Understand client way of working (Evaluation); Share feedback, their needs, new upcoming needs (Sense-making); Involve RandD with client for solutions (Opportunity Identification).	Management involvement in meetings (Management Decisions), The customer is always the priority (Need-Based Solution).
Respondent C (Firm A)	Direct Interaction is key (Listening) (Understanding); Identifying customer product utility process and market changes (Customer Need Identification).	Share information and views openly (Evaluation); Take a positive approach to dealing with a negative response and see how to address it (Sense-making); Identify and understand client market segment (Opportunity Identification).	Employee education plan (trainings, workshops) (Management Decisions); Get involved with customer to provide solution (Need-Based Solution).
Respondent D (Firm B)	Be an active listener with clients (Listening) (Understanding); What needs of the client are not being met? (Customer Need Identification).	Update internally on meetings and identify means of solutions (Evaluation) (Sense-making); How to benefit from client need through revised or improved offering? (Opportunity Identification).	Supplier and customer need to be driven decisions on solution (Management Decisions); Client-focused strategy (Need-Based Solution).
Respondent E (Firm B)	Pay attention (Listening); Must understand client usage of our products to know the client's issues with it (Understanding); Ask how to improve it (Customer Need Identification).	Internal sharing and discussion (Evaluation); Product design or specification issues (Sense-making); How to address it (Opportunity Identification).	Deliberate and Prioritize Solutions (Management Decisions); Client involvement in prototype process/ reviews (Need-Based Solution).
Respondent F (Firm B)	Communication is key (Listening) (Understanding); Identify the issues/ unmet need through open communication (Customer Need Identification).	Learn from mistakes/correcting design problems (Evaluation) (Sense-making); Great minds in RandD (Opportunity Identification).	Innovation is a continuous activity (Management Decisions); Client input in value addition a must (Need-Based Solution).

(continued)

Table 1. (Continued)

Themes	Relationship learning	Knowledge integration	Value co-creation
Respondent G (Firm C)	Open and honest communication with the client (Listening) (Understanding); Ask and understand needs through co-involvement (Customer Need Identification).	Lesson learned meetings (Evaluation); Relate needs with offerings (Sense-making); Understand customer market segment (Opportunity Identification).	Offerings through process improvements and changes (Management Decisions); Customer feedback-based solution selling (Need-Based Solution).
Respondent H (Firm C)	Learn and understand customer application of product (Listening) (Understanding); Client working process understanding helps identify challenges and how we can address them (Customer Need Identification).	Evaluating needs and identified challenges and how to meet them (Evaluation) (Sense-making); Based on client market segment and competitor intelligence we review our offerings (Opportunity Identification).	We need to think differently, and out of our comfort zone (Management Decisions); Involve and work the client through offered solution (Need-Based Solution).
Respondent I (Firm C)	Interact with the client. Ask Questions. Simple (Listening) (Understanding); Put efforts in understanding client requirements (Customer Need Identification).	Share good and bad learning examples and how to go forward (Evaluation) (Sense-making); Our processes are flexible to address the customized needs (Opportunity Identification).	Communicative and Leading the way (Management Decisions); We involve the customer and then do our homework (Need-Based Solution).
Respondent J (Firm D)	Be attentive to client (Listening) (Understanding); Get involved with them and learn about their way of working (Customer Need Identification).	Data mining (clients and potential clients) (Evaluation) (Sense-making); Follow up through the internal system (Opportunity Identification).	Leadership role of management in change and going forward (Management Decisions); Customer-focused (Need-Based Solution).
Respondent K (Firm D)	Customer care (Listening); Identify client requirements (Understanding); Compare offerings and customer needs to highlight difference (Customer Need Identification).	Internal sharing systems (Evaluation); Departmental cooperation and sharing (Sense-making) (Opportunity Identification).	Open approach to ideas and needs in prioritizing implementations (Management Decisions) (Need-Based Solution).
Respondent L (Firm D)	Need to be close to clients (Listening); Know the client (Understanding) (Customer Need Identification).	Integrate learning from suppliers and customers into existing knowledge (Evaluation); Open discussion on how to proceed (Sense-making) (Opportunity Identification).	Strong decision making required on what and why of prioritizing (Management Decisions) (Need-Based Solution).

5. Conclusion

The paper aims to explore how knowledge sharing in inter-firm relationships influences firms' offering. The study performs qualitative thematic analysis of empirical evidence collected from four SMEs through episodic interviews. This study makes three contributions. First, it advances international business and entrepreneurship knowledge by identifying the customer as a core conduit of learning in the SME value chain. Second, it contributes by recognizing relationship learning as a means to understand customer needs, their way of working and the task they use the offering to perform. Finally, it provides insight into SME knowledge integration processes to address the identified customer needs through value co-creation in its offering. This work builds on the recommendations of Cano-Kollman et al. (2016), Coviello, Kano, and Liesch (2017), Jonsson (2015), and Vahlne and Jonsson (2017), focusing on individual learning in supplier–customer relationships. The novelty of this work lies in studying individual learning in supplier–customer relationships to understand customer needs and transform acquired knowledge into organizational processes for value creation. This is critical to understand as micro-level interactions at firms influence its macro-level factors, with individual actions ultimately connecting and transforming opportunities into international growth.

The results validate Payne, Storbacka, and Frow (2008, 89), who suggest that value co-creation should incorporate 'a deep understanding of customer experiences and processes' and debate that relationship learning can act as a core 'encountering processes' of value co-creation (Payne, Storbacka, and Frow 2008, 85). This study agrees with the assumptions of Kohtamäki and Partanen (2016), providing qualitative evidence from Finnish SMEs that value co-creation through offerings requires relationship learning, i.e., knowledge sharing, joint sense-making and knowledge integration into relationship-specific memory. In inter-firm relationships, research suggests that casual and social ties between members of firms (Hansen and Lovas 2004) or different firms (Bell and Zaheer 2007) are excellent conduits for flow of knowledge between geographically dispersed locations. Mason and Leek (2008) highlight that besides 'know-how and know-why, know-who' is also crucial to knowledge acquisition and improving the practice.

Daft and Huber (1987) suggest that a higher level of knowledge processing occurs when the firm is 'in a rapidly developing environment, in emerging or young industry, or undergoing technological growth.' This is true for Finland as a small internationalizing economy. Sinkula (1994) finds that market-based learning differs from other learning types, as it requires a firm to observe other firms. Executives at General Electric (GE) find firms worth imitating and send representatives to learn from them how they operate. GE realized that these firms have market learning systems that help them outperform the competition, change the relationship with suppliers and better manage their inventory with lower capital investment per unit sales than GE (Stewart 1991).

To sum up the commonalities in learning among case firms, developing a personal relationship, paying attention to client communication and understanding their way of working are essential basics in efficient knowledge sharing. The clarity of the process of acquired knowledge communication, efficient evaluation and sense-making helps align customer needs with the firm's offering. The involvement of management in providing leadership and prioritizing solutions paves the way for smooth and efficient delivery of the offering to customers. Providing regular educational and technical training to employees improves their ability to identify opportunities and market needs. The evolving market environment requires adding services to products as a growth strategy. Inviting customers to participate in developing solutions not only provides valuable input, but also introduces a closer working relationship and elicits greater commitment from the

partners. The creation of value through customized solutions can generate higher economic returns for suppliers in the form of value appropriation.

This work is not without its limitations, as it focuses on SMEs in Finland, a small internationalizing economy. The results only examine the processes and activities in relationship learning mentioned by the interview respondents as relevant to knowledge sharing in an inter-firm relationship context. Future studies may choose to focus on a larger data-set or different settings to identify commonalities in relationship learning. In the increasingly interdependent and globalizing environment, managers need to think and plan around dynamic relationships. The practical implication for firms is that they must develop relationship learning as a growth-enhancing capability. First, they must develop open communication with customers to understand their needs, their way of working, their problems and the work they intend to perform. Second, an effective knowledge integration system must be in place to address those needs. It is important to incorporate new learning, enact it and adopt new individual roles in the offering through value co-creation processes.

However, awareness of customer needs alone is not sufficient to achieve firm goals without the involvement of management, which prioritizes and takes timely decisions. The results indicate that the clients at times lack awareness of some needs, which is in line with research (Nordin and Kowalkowski 2010; Tuli, Kohli, and Bharadwaj 2007). Need identification can increase customer involvement in the value co-creation process, and the supplier–customer can collectively bring forth value-enhancing solutions. This awareness will help in developing a practical approach to managing inter-firm relationships and achieving firms' value appropriation goals.

Note

1. The study uses the concept of 'offering' to indicate products, services or a combination thereof.

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Relationship Learning as a Dynamic Capability in Internationalization Process

Abstract:

Organisations seeking internationalisation focus on understanding customer needs and identify opportunities. The possibilities are arising from working closely with clients and offering need-based solutions. The qualitative thematic analysis of data from four MNE and Four Finnish SME explores how learning takes place in a supplier-customer relationship and how acquired knowledge contributes to organisational processes for value co-creation through their offering. This study makes three contributions. First, it adds to the international business literature by identifying relationship learning as means to understand customer needs, and the purpose the offering is being consumed to satisfy. Second, it pinpoints the customer as a core conduit of learning in the organisations' value co-creation chain aiding to align their offering with customer needs. The novelty of this study is identifying relationship learning as a dynamic organisational capability that can facilitate in the internationalisation process. The results validate that relationship learning as a dynamic capability can influence the ability of the focal firm to over time, under changing needs and context; perform operational capabilities that lead to excellent or satisfactory performance. The dynamic capabilities will result in changed commitments, quantitatively or qualitatively, or both are hence leading to internationalisation.

Keywords: Relationship Learning, Dynamic Capability, Relationships, Internationalisation Process

1. Introduction

Organisations consistently make decisions on, how to acquire new knowledge, how to use, and create value through it in the global competitive environment. Knowledge shared in the inter-organizational relationships is not public knowledge, but is available only to those in the sharing and interaction process. This sharing is important as the opportunities, whether created or discovered, are available to ones within the relationship. The relationship interaction is an effective antecedent in the economic system. As Drucker (2011, p.58) advises "Only by asking the customer, by watching him, by trying to understand his behaviour can one find out who he is, what he does, how he buys, how he uses what he buys, what he expects, what he values and so on." Whereas Vahlne and Johanson (2013, p.195) interpret developing opportunities in relationship

interaction as two tangled sub-processes in internationalisation, “learning, mainly experiential learning and commitment building.” Learning is a simultaneous and continuous process that takes place at both ends of the relationship.

Given the emphasis on change, Teece, Pisano and Shuen, (1997) seminal work focused on the organisation’s dynamic capabilities in the rapidly evolving environments. Whereas, Eisenhardt and Martin, (2000) brought a change in the traditional perspective of dynamic capabilities on how organisations operating in a stable environment can reconfigure and integrate their competence in opportunities and rising threats. As organisations address, new customer needs, smart competitors, and bring forth solution-based offerings; it is timely and appropriate to adopt the dynamic capability perspective. The dynamic capabilities research has tended to concentrate on product and technology related aspects. However, product-focused organisations, which have conventionally focused their competitiveness on product qualities and patents, are progressively shifting their attention toward solution offering (Kindström, Kowalkowski and Sandberg, 2013). Zhang, Jiang, Shabbir, and Du (2015) find that research is applying the resource-based lens in value co-creation and co-production studies. They find it promising to highlight the need to underscore organisational capabilities and resources required for value co-creation. Kohtamäki and Partanen (2016) use relationship learning to study its moderating influence in supplier-customer relationships.

Contrary to conventional wisdom, research reveals the potential to maintain long-term relationship lies in solving customer issues and through need-based solutions. Now, multinationals such as IBM, GE, and UPS are successfully providing their customers integrated solutions (Davies, Brady, & Hobday, 2006). The successful example of these organisations has encouraged a growing interest in value-based solutions across many industries. As sharing in the relationship grows so does the trust leading to the identification of opportunities for commitment and growth. Vahlne and Johanson (2013, p.195) define internationalisation as “an aspect of developing opportunities that emerge in the ongoing interaction in one or more relationships”. The understanding of relationship learning and sharing through co-evolution can be beneficial (Vahlne and Ivarsson, 2014). Additionally, Jonsson, (2015) calls for empirical evidence on how organisations learn, acquire new knowledge and identify opportunities in their markets. She stresses focusing on the knowledge sharing in personal interactions’ and experiential learning. While, Cano-Kollman et al.,

(2016, p. 257; 259) propose exploring, “How is knowledge carried and inter-connected across space? How effective are these conduits?” The “conduits through which knowledge travels remain unexplored”. This research focuses on scholarship opportunity ripe for exploration: how organisations identify customer needs through relationship learning and make decisions to satisfy them through their offering.

Our study provides evidence by comparing relationship learning in the multinational enterprise (MNE), and Finnish small and medium enterprises (SMEs). The qualitative thematic analysis of data from four MNE and Four Finnish SME explores how learning takes place in a supplier-customer relationship and how acquired knowledge contributes to organisational processes for value co-creation through their offering¹. This study makes three contributions. First, it adds to the international business literature by identifying relationship learning as means to understand customer needs, and the purpose the offering is being consumed to satisfy. This learning brings knowledge of customer needs, awareness of offering utilisation pattern, and their future needs. Second, it pinpoints the customer as a core conduit of learning in the organisations’ value co-creation chain aiding to align their offering with customer needs. The driving force in the internationalisation process is the organisations’ experiential knowledge acquired from market operations and inter-organizational relationships. This market knowledge leads to learning and, in turn, increased resource commitments in the international marketplace (Johnson, Yin, & Tsai, 2009). Vahlne and Jonsson (2017), argue that market knowledge facilitates in the incremental growth of organisations. This knowledge is experience-based and learnt through physical interaction. Experiential learning from inter-organizational relationships provides a platform to study, compare and analyse market situation and take advantage of identified opportunities (Eriksson et al., 2000). The experiential learning carries a positive influence on the organisational capability to internationalise in foreign markets (Shane, 2000). The relationship learning can affect its competitive market positioning, through knowledge acquisition from external networks.

The inter-organizational relationships provide the participating organisation's opportunity to learn and share from knowledge hub (Evers and Knight, 2008) or act as gatekeeper (Guercini and

¹ The study uses the notion of ‘offering’ to indicate products, services or a combination thereof.

Runfola, 2010) or as channels of information flow (Cano-Kollmann et al., 2016). Knowledge is gained not only through organisational relationships (Guercini and Runfola, 2010) but also through social relationships between individuals (Loane and Bell, 2006). The dynamic capabilities framework by (Teece, 2007) describes the organisational process of sensing and seizing growth opportunities, and transforming their routines in pursuit of identified opportunities. Organisations operate in a complex web of relationships, which provide opportunities for learning, trust building and strengthening commitment (Johanson & Vahlne, 2009). They gain experience and acquire knowledge through relationship learning. The network is a broader web of connected relationships operating as a knowledge sharing system. Therefore, the third contribution of this study is identifying relationship learning as a dynamic organisational capability that can facilitate in the internationalisation process. In the Uppsala globalisation model, the explanatory strength of dynamic capabilities has increased due to the inclusion of ambidexterity (Vahlne & Jonsson, 2017). Organisations' different dynamic capabilities intermingle to add to its growth and expansion through ambidexterity.

2. Theoretical Background

In this section, the study will focus on three phenomenon dynamic capability, relationship learning and internalisation process that we try to interconnect in this work. This emphasis serves the purpose of providing our interpretation on the three phenomenon as applied in this study.

2.1 Dynamic Capabilities

Grounded on the notion that unique combination of resources forms the basis for competitive advantage, the dynamic capabilities perspective looks at a sustainable competitive advantage as the organisational ability to create, extend, and change its valuable capabilities and resources over time (Helfat et al., 2007). For analytical reasons, dynamic capabilities can be separated into three distinctive activities namely, sensing, seizing, and reconfiguring resources (Teece, 2007). Behind these general, organisational level capabilities are 'micro-foundations', defined by Teece (2007, p. 1319) as "distinct skills, processes, procedures, organisational structures, decision rules, and disciplines", and they form the basis of dynamic organisational capabilities. These are subsequently at the heart of understanding the creation of competitive

advantage. The dynamic capabilities can be conceptualised from two viewpoints: evolutionary and technical fitness (Teece, 2007). Evolutionary fitness is the ability of organisational capabilities that enable them to create value, flourish in the market and align with environmental change. Technical fitness signifies the ability of organisational capabilities that ensure effectively carrying out the assigned job (Helfat et al., 2007). Recent research (Day, 2004; Prasnikar, Lisjak, Buhovac, & Stembergar, 2008) highlight that organisations need to understand their core capabilities, and shall be able to decide, which capabilities to further nurture and which ones to discontinue.

Sensing refers to the acquisition of applicable marketing intelligence. It is important for organisations to observe their markets environment, assess customer requirements and integrate employee knowledge for competitive advantage (Day, 2004; Teece, 2007). Customer knowledge acquisition is the crucial basis for the service development (Edvardsson Gustafsson, Kristensson, Magnusson, & Matthing, 2006). To seize the organisational capabilities, it is not enough to investment in technology related assets. There has to be a business model that is capable of exploiting and sustaining newly identified opportunities (Chesbrough, 2010; Teece, 2010). An adjustment in the model may be sufficient to sustain exploitation of new opportunity; however, with the change in environment, management will have to embark on model reconfiguration (Helfat et al., 2007). Many organisations are faced with the challenge to identify as well as implement the micro foundations necessary to survive in the changing market environment.

2.2 Relationship Learning

Selnes and Sallis (2003) explain that the concept of relationship learning provides means of measuring the learning taking place in a relationship. They define relationship learning as “a joint activity between a supplier and a customer in which the two parties share information, which is then jointly interpreted and integrated into a shared relationship domain-specific memory” (Selnes & Sallis, 2003: 80). More significantly, relationship-level learning measures the shared change between knowledge sharing, its common sense making and integration of knowledge into the relationship-specific knowledge base. The knowledge sharing within relationship increases the supplier understanding of the customer needs during the interaction process (Nonaka & Takeuchi, 1995). Frequently, a vendor has insufficient knowledge of its customer's needs; on the other hand, the customer has insufficient knowledge of the vendor's resources and capabilities (Kohtamäki,

Partanen & Möller, 2013). While collective sense making lays the foundation of the customised solution being offered to address customer needs whereas, knowledge sharing is central to explaining and distributing knowledge in supplier-customer relationships, (Kindström et al., 2013; Medlin & Törnroos, 2014). Sense making builds on the interactional exchange in a relationship and organisational routines facilitate it by providing a platform for discussions. These open discussions allow for absorption and interpretation of acquired knowledge. Hence reducing the intellectual distance in relationships (Fang, Fang, Chou, Yang, & Tsai, 2011) the dyadic interactions allow absorption, interpretation and reconstruction of the knowledge base (Huikkola, Ylimäki, & Kohtamäki, 2013). Lastly, knowledge integration plays the important role of embedding the acquired knowledge into the organisational knowledge base and modifying it accordingly. This is crucial for utilising the acquired knowledge and achieving the desired performance goals (Ballantyne, 2004).

Johanson & Vahlne, (2003) view internationalization as an interaction of experiential knowledge and commitment, whereas none of them concerns country borders but existing and potential relationships. Research (Håkansson & Johanson, 2001; Pahlberg, 2001) identify three types of learning in a supplier-customer relationship, firstly learning organizational ways of working, that help understand the organization and hence helping strengthen the relationship. Secondly, the interactions allow learning new skills and nurturing competence for utilising within or in other organisational relationships. Thirdly, how to coordinate activities with other relationship. Chen, (2003) based on these three, said that organisations could build their relationship networks and connect them with one another. Jarvis, (2009) say that basically, the individual who learns is the outcome of that learning, while this changed individual may cause numerous different social outcomes.

2.3 Internationalization Process

Johanson and Vahlne (2003) conclude that organisation's international expansion initially is a result of developing its existing relationships. Then it is the resulting outcome of establishing relationships with customer or supplier organisations that are similar to their established relationships. Commitments to specific organisational relationships will grow with time, and the process of internationalisation will proceed. Vahlne and Jonsson (2017), market knowledge

facilitates in the incremental growth of organisations. The driving force in the internationalisation process is the organisations' experiential knowledge acquired from market operations and inter-organizational relationships. This market knowledge leads to learning and, in turn, increased resource commitments in the international marketplace (Johnson, Yin, & Tsai, 2009). Organisations learn and gain experience through relationship learning. The network is a broader web of connected relationships operating as a knowledge sharing system. The inter-organizational relationships provide the participating organisation's opportunity to learn and share from knowledge hub (Evers and Knight, 2008) or act as gatekeeper (Guercini and Runfola, 2010) or as channels of information flow (Cano-Kollmann et al., 2016). Knowledge is gained not only through organisational relationships (Guercini and Runfola, 2010) but also through social relationships between individuals (Loane and Bell, 2006). This knowledge is experience-based and learnt through physical interaction. Experiential learning from inter-organizational relationships provides a platform to study, compare and analyse market situation and take advantage of identified opportunities (Eriksson et al., 2000). The experiential learning carries a positive influence on the organisational capability to internationalise in foreign markets (Shane, 2000). The relationship learning can affect its competitive market positioning, through knowledge acquisition from external networks.

3. Methods & Data Collection

As this study is interested in developing our understanding of relationship learning as a dynamic organisational capability that can be viewed as a process that develops over time. The inter-organizational relationships interactions identify customer needs leading to recognition and exploitation of identified opportunity for internationalisation that by definition is a phenomenon that evolves. This research theoretically relies upon the Uppsala Model and empirically on MNE and SME longitudinal case studies as the application of U-model on longitudinal cases did not create a problem because this has been done previously (Vahlne & Ivarsson, 2014).

This study uses an explorative approach for how suppliers learn to understand customers' needs and address it through value co-creation process in their offering (Lehrer et al., 2012; Tuli et al., 2007). A purposeful sampling approach to recruiting managers with significant customer interaction experience (Töllner et al., 2011; Tuli et al., 2007), accessing numerous professional

network platforms as well as personal contacts. We conducted twenty-four in-depth interviews with twelve managers each from four MNEs and four SMEs operating in different industries during the year 2016 and a couple of follow-up interviews in summer 2017.

The interviewees have significant experience in sales, developing, and using solutions. The study focused on individuals who are regularly interacting with organisations' external network and hence can contribute to the research. The middle and senior managers are interviewed. The individuals are at different career stage having different exposure regarding experience and job responsibilities. The study participants answer the same questions, which focus on the background of the individual, present responsibilities in the organisation, and knowledge sharing experience in their interactions with customers or suppliers. The questions are shared via email ahead of interview date to enable them to provide experience based feedback and quote relevant examples.

The data is being collected in episodic interviews (Flick, 2014). Episodic interviews are based on an interview schedule and usually address two different types of knowledge. Episodic knowledge is organised closer to experiences and linked to concrete situations and circumstances. Semantic knowledge is based on concepts, assumptions and relations, which are abstracted from these and generalised. For the former, the course of the situation within its context is the main unit around which knowledge is organised. In the latter, concepts and their relations to each other are the central units. The episodic interview yields context-related presentations in the form of a narrative because these are closer to experiences and their generative context than other presentational forms. Episodic knowledge is addressed in the data collection process by asking the participants to recount subjectively important situations of their professional everyday lives to illustrate answers to the more general questions raised earlier (e.g. situations in which specific knowledge sharing by network member lead to your learning and new knowledge acquisition). The episodic interview is not an attempt to artificially stylise experiences as a narrative-able whole. Instead, it starts from episodic-situational forms of experiential knowledge (Flick, 2014). Particular attention in the interview is paid to episodes or events in which the participant has had experiences that seem to be relevant to the question of the study.

The study follows an established inductive process (Corbin and Strauss, 2008) for applied thematic analysis (Guest et al., 2012) transcripts, the core data source, are at first coded while

themes are explored and drawing probable interpretations. The analysis is conducted by reading the interview transcripts and making notes; with its repetition permitted the occurrence of core themes (Spiggle, 1994). These identified themes are then subsequently refined through similar grouping ones. This process, helped in methodically arranging the text to determine some “categories, types and relationships of meaning” (Guest et al., 2012, p. 52). The research process validity discloses the degree to which the learning and experiences of respondents (Easterby-Smith et al., 2012) and the extent to which the study question is addressed successfully by the research method and analysis. The face validity is enhanced by including respondents with a rich expertise and diverse experience and including various firms that add to the results credibility, although within the limits of study (Easterby-Smith et al., 2012). As the data analysis progressed, identified themes are reviewed and revised, to unwrap core themes and major concepts across the research data set. Altogether, three basic themes (relationship learning, knowledge integration and value co-creation) and eight major concepts (listening, understanding, customer need identification, evaluation, sense-making, opportunity identification, management decisions, and satisfying customer need) are determined respectively forming the discursive and structural foundation for the presentation of study findings.

4. Empirical Analysis and Discussion

In this section, we present the empirical results from MNEs and SMEs individually. Then, we compare the learning similarities of the two groups and discuss how each case organizations exploited the identified opportunity in the relationship learning.

4.1 Relationship Learning

Selnes and Sallis (2003) substantiate that two-way communications increase learning that positively affects the relationship performance. The relationship interaction lays the base of sharing that generates new knowledge. This knowledge can be connected to customer needs, market trends, competitor offering or related to product/service. Based on client sharing the manager marketing MNE-B says, *“I write down what they are using and the status of the products at the moment. Are they satisfied [with our products/ services] or if any new needs are coming up.”* The results of the study resonate with Easterby-Smith et al., (2008) that suggest growing evidence

of firms' knowledge and learning processes as facilitators of competitive advantage. "Argues Ray Stata, chairman of Analog Devices... The rate at which individuals and organizations learn may become the only sustainable competitive advantage" (Stewart 1991, p. 54). The MNE-C director brings out the unexpected benefit arising from sharing, saying, "*sometimes in sharing, the customer's intention is not to tell you something, but they happen to mention only something ... wherein we find a business opportunity.*" We "*keep an eye on our competitor's activities too,*" said the director of MNE-D "*what are they working on, if they are developing some new products or services.*" The manager MNE-D highlights the openness and sharing that "it depends on the customer and the level of the relationship."

The sales manager of SME-A while stressing the importance of personal relationships in knowledge sharing shared his experience saying, "*it is crucial in markets like Scandinavia, the personal relationships are fundamental because that allows people to open up and be more honest and straightforward in their communication.*" The SME-B director says "*evaluate what your competitor is doing, both in daily business and what you see them test and play around with them in the market, look at the competition, get some cues from the competition.*" Manager projects SME-C underscore that '*customer caring*' is key.

The CEO of SME-D describes an interesting perspective of sharing "*you could only be with this client for a year, but we are providing some services that the competition is not providing that are very advantageous for you as a stakeholder within the customers' organization, and therefore you are willing to pursue giving us as much information as possible because you want to protect the things that you are benefiting from so it may not even be relationship it may be something else.*" The manager solutions SME-D shares his relationship interaction experience "*start with listening to customers and understanding what their needs and wants are and concerns about your product.*" Argote et al. (2003), identify sharing among relationships as a key factor in mapping the knowledge management context. The results of the study are in line with Ballantyne and Varey (2006) that interactional communication not only produces knowledge but also strengthen the trust in relationships. The table 1 below provides some of the similarities highlighted from the analysis of respondent sharing.

Table 1: Relationship Learning Similarities

Theme	MNE Relationship Learning	SME Relationship Learning
Sub-Themes		
Listening	Communication with clients on regular basis, Being Receptive, Be patient, Prioritise them, Be a partner to customer, not a salesman,	Pay attention to what he says and not says, Need to be close to clients, Be an active listener with clients, Ask Questions. Simple, Pay attention,
Understanding	Interact with them, Develop institutional knowledge, data mining, Must be well versed about own product to know client issues with it, Develop market intelligence	Oppeness in relationship, Collaborate with them, Identify client requirements, learn about their working, Learn and understand customer application of product, identify the issues/unmet needs,
Customer Need Identification	Market research with customers and prospects, Identify market trend, Resonate customer feedback with your offering, What needs are not met?	Focus on shared information, Identifying customer product utility process & market changes, opportunities are found in client sharing, What needs of client are not being met? Ask how to improve it, understand needs through co-involvement.

4.2 Knowledge Integration

Cohen and Levinthal, (1990) identify absorptive capacity as a key aspect being the ability to recognize the value of acquired knowledge, integrate and effectively utilize that knowledge. Lane and Lubatkin, (1998) point out that organizational culture, its experiential learning, and the knowledge retention capabilities influence the absorptive capacity. The role of the salesman has evolved into a business development manager says the MNE-A director *“so that he should not go and say buy something, I will give a discount. He should be a partner and colleague to the customer, and they should together identify opportunities and try together to develop the project in the right way”* and sometimes as director MNE-B shared the opportunity identification example, may be customer does not know that he is a customer. *“...He (manager) can go to the client and say ‘listen we have an idea we wish to discuss with you, and you are sitting on the valuable opportunity, which we could develop together.”* The general manager marketing MNE-C shares there approach as one way forward is *“by using analytics in big data to study the internals and externals and segmenting customers based on it.”* The analytics study will evaluate the customer and firm offering behavior and identify profitably and not so profitable relationships. The analytics will assist in determining how well the firm is meeting those needs. The analytics will help orchestrate a development plan to address identified customer needs.

In parallel to the discussed above MNE view, the R&D manager SME-A explains by carefully listening and understanding the customer usage their issues can be resolved *“we can listen to the customer’s needs and then we can make some amendments.. some minor...”*

adjustments. Adjustments inside the products, for example, try to negotiate with the customer how about if we would put a smaller memory in the display for example, and then offer a reduced price.” Van Wijk et al. (2008) indicates that intra-firm sharing are stronger contributors to performance outcomes than inter-firm sharing. The director SME-A shares that, *“we have on a regular basis ... the internal meetings ... for example we have a meeting every third week where we have ... people from sales and marketing, product management, customer support, project management, and also production. Therefore, we have the whole representation, and we gather to review market updates, progress and feedback. We have certain meetings scheduled that we discuss changes amendments required, change is not natural and technical people resist and argue against it. We have healthy sharing, and then we decide on the latest happenings and customer’s feedback.”* They believe that sharing with firm departments is relevant, more exploitative and able to generate required results.

Mason and Leek (2008) findings suggest that inter-firm knowledge flows are predominantly horizontal, while intra-firm knowledge flows are mostly vertical. The sales manager SME-B explains his approach to interaction with clients, *“be receptive to the information, make sure you have all the levels that can do something about it and take action. It does not help to have mid-level people with no authority seeing the results if they do not have budget authority.”* Based on shared knowledge the manager projects SME-C describes their knowledge integration process as, *“we have internal programs, where we register customer’s feedback and then it is automatically forwarded to the right contact person. So if we have a product issue, for example, we write a report (internal system) and then we can direct it to the responsible person.”* The internal discussions review and evaluate shared information on customer needs and offerings utilization. The manager solutions SME-D describes their internal sharing and follow-up process as, *“on our intranet for example that we have an internal website for knowledge sharing, on which for example if we have some issued shared and it is unfinished, it will be displayed. If something does not go as planned, then we have defined the process and pre-processed checklist to follow.”* The evaluation allows for sense making of how the customer needs and purchase trends have progressed, as well as the profitability of particular relationship. The analytics will assist in determining how well the firm is meeting those needs. The review process will help orchestrate an

offering development plan to address identified customer needs. The table 2 below provides some of the similarities among the groups from the analysis of respondent sharing.

Table 2: Knowledge Integration Similarities

Themes	MNE Knowledge Integration	SME Knowledge Integration
Sub-Themes		
Evaluation	Gather field information, Analyse market, Internal brainstorming after sharing, How to correct the design/ learn from mistakes, Updating sharing and issue addressed, Evaluating need and how to meet it, Identify cases and present in training, workshops as example	Understanding customer needs and working, Share information and views openly, Update internally on meetings and identify means of solutions, Internal sharing and discussion, Lesson learnt meetings, Share good and bad learning examples and how to go forward,
Sense-making	Identify product relationships and customer behavioural patterns, share with top management internal/external research, What sort of value to offer, Product design issues, Open discussion forum, Departmental cooperation	Identify customer need, upcoming needs and address shared feedback, Deal negative response with positive approach and see how to address it, Product design or specification issues, Learn from mistakes/ correcting design problems, Open discussion on how to proceed
Opportunity Identification	New market segment, Develop growth plan to address needs, correcting our product errors, Based on market intelligence, review our offerings, Follow the internal system,	Internal integration systems to address needs, client sharing and market update we review our offerings, Our processes are flexible to address the customized needs,

4.3 Trust-Building

Trust ‘reflects the belief that a partner’s word or promise is reliable and that a partner will fulfill its obligations in the relationship’ (Inkpen, 2000, p. 1027). This sharing plays a major role in building trust in a relationship as informed by general manager of MNE-B, “*So trust, and responsibility or trust and relationships are vital [for] in sharing of knowledge.*” The evolving environment has changed the traditional roles and now as Director MNE-B says, “*I do not think the sharing part is so difficult for us because we communicate quite well internally.*” These interactions provide a structural support for knowledge generation, and the role of trust is crucial in these sharings as the manager of SME-C further explains, “*level of sharing by customers depends on how good the relationship is and how they trust us....as long as you don’t want to switch (change supplier) so you (customers) are going to give us every piece of information you can to help us to make the best counter offer.*” Then, there are occasions shared the manager MNE-D “*I have had suppliers that I have met at networking events that certainly will be forthcoming about some things that they may be on the cutting edge or things that are changing in the industry that they wanted to be aware of because they are trying to make themselves seem more valuable as a potential partner.*” Hansen (1999) finds that regular communications lead to an effective working relationship. The study respondents are unanimous on the view they must, focus on essential information on customer needs and offerings’ experience.

4.4 Value Creation

Gupta and Lehman (2005) divide value into two categories: value creation, which is, value to the customer and value appropriation, which is, value to the supplier. Kohtamäki and Partanen, (2016) explore that it occurs especially among suppliers and customers “joint value spheres”. A feature of value creation is that it may place through ongoing interactions with suppliers and customers (Van der Valk and Wynstra, 2012; Vargo and Lusch, 2008) where “the core of interaction is a physical, virtual, or mental contact” (Grönroos and Voima, 2013: 140). The results of the study are in agreement with the earlier research findings. The development of the ability to offer solutions on a consistent basis is not possible without developing flexible internal mechanisms. The manager MNE-A elaborates on approaching opportunities, *“we have a matrix for every department, a well thought out strategic planning of marketing activities and budgeting and then activities that lead us to achieve the target that we had set.”* The marketing director MNE-A says that market dynamics have changed the traditional roles and now *“our sales people are taking our unique set of value propositions that we have for that industry, and getting feedback from the customers on how well those resonate. He is finding out what another pinpoint that we may not have addressed or something that the competition is doing that we are not doing and he is probing for the information as part of his visit. So all of this data is available, and when we look at it and one starts to see the difference, and we can begin to market to attract more profitable customers and less unprofitable.”*

The development of the ability to offer solutions on a consistent basis is not possible without developing flexible internal mechanisms said the director of MNE-B. *“Process management which is evaluations and feedback, questioning and answering. Moreover, you can give people a goal to drive innovation who can tap customer feedback and test and experiment with things that address customers’ needs in the way. You can give them bonuses and incentives to do that and if you do not do that they are not awarded for not taking any chances.”* The involvement of senior management is instrumental in succeeding when the organization has to address these issues, and as vice president MNE-C asserts, *“that is why we like to have this kind of information going all the way to the top. In progressive companies, the top executives are usually willing to do what they have to do to address this. Changes in go-to-market strategy or even reallocating budgets to things that were not previously budgeted. Senior level executives can*

do that; mid-level executives cannot.” The manager MNE-D elaborates on market opportunities, *“yes the world is moving towards greener society, but actually that brings us more opportunities than with if we should stand only in the fossil fuel market because our type of products, power plants we are providing to the market can be a very good complement and actually assisting creating more green projects.”* So the question for the top management is *“...what sort of value can we bring to the market. What is the customer need?”* So we as a firm decide, *“instead of conventional power plants, also add engine power plants which would instantly switch on and off to meet the need for renewable energy backup solution.”* Hence successfully creating a new market segment.

The manager SME-A says *“We need to plan and develop our services in line with client needs and offer efficient and timely solutions.”* All respondents emphasize the role of senior management, and manager SME-B shares *“senior management is influential in achieving success by leading the way when issues need to be addressed and prioritizing solutions”* and manager R&D SME-C validates that *“senior management usually reacts in a more positive way. They see the information may be a possibility and maybe in product development, they may see it as a must or something that will take resources so then they tend to some time may be quite critical to change.”* Sawhney, (2006) observes that a solution is a customer tailored and integrated offering of services and product to address customer needs. The acquired knowledge is evaluated, and after careful deliberations, solutions planned to align with customer needs, the customer is always priority says the director SME-C *“It is important that in present scenario we think out of our comfort zone, involve our clients in solution planning, prototype testing. The customer-focused strategy is the key if we not able to do that our offerings will not be aligned with the customer needs.”* The table 3 below provides some of the similarities in offering value based solutions among the groups.

Table 3: Value Creation Similarities

Themes	MNE Value Creation	SME Value Creation
Sub-Themes		
Management Decisions	Decisions based on customer attitudes and competition activities, Monthly, Quarterly meetings, Employee training, workshops, Hard look at company and identified opportunities, Prioritising Solutions, Develop and present a solution like a consultant, Important to share and involve the team, Nothing possible with management understanding, Open approach to ideas and needs prioritising implementations	addressing customer sharing /feedback and market activities, Management involvement in meetings, Employee education plan (training, workshops), . Deliberate and Prioritize Solutions, Leadership role of management in change and going forward, Open approach to ideas and needs prioritising implementations, Strong decision making required on what and why of prioritizing
Need Based Solution	Address client needs, the Customer, is priority, work with customer to create value, Customer focused strategy, involve client in prototype reviews, Involve clients in prototype process, Products, process improvements changes, Customer feedback issues based, work the client through solution, We involve the customer and then do our homework, Focus on customer,	(Management Decisions), the Customer, is always the priority, How to align offerings with client needs, Get involved with customer to provide solution, Client focused strategy, client involvement in prototype process /reviews,) Client input in value addition a must, Customer feedback based solution selling, involve and work the client through offered solution, Customer focused

4.4 Commitments (Opportunity Exploitation)

There are different levels of interactions in relationships, how each relationship in an organization adds to collective learning based on the experiential knowledge. The learning internalization is bottom up, and integration process should undertake in that context. However, the sensemaking based decision-making is top-down. The results shed light on how study case firms individually learned through knowledge sharing with customers. Besides direct communications, MNE-A managers are encouraged to join non-profit organizations or physical activities in the area to actively interact and communicate with clients who also involved in it. This approach aids in nurturing not only a personal relationship but strengthens trust as well. This trust leads to inside sharing ranging from competitor offerings to future needs and growth plans that require attention. The MNE-B has dropped the salesperson approach to deal with customers and treat them as partners or act as their consultant. This method includes sensing an opportunity in the market and taking the idea of the client and discussing how they can jointly capitalize on it. This has brought them fruitful results as they have signed in autumn 2016 to go into a joint venture project in North American market. Christensen (2017) if organizations can develop the learning capability that facilitates in understanding customer needs, they will not rely on luck for a strategy to succeed.

The MNE-C learned that in China personal relationships are of crucial importance. As far as trust is concerned, well the classical way of doing dealing in China is that you have a dinner with the client then you have a bijou, the local alcohol, and they say that if a person when after five shots of it still say something as before he dozes then he can be trusted. Based on their market learning they have certain processes for the course of development and gateways. If we consider the long-term needs, they are prioritized based on business potential and then they are developed in due time. Also, if we go to more disruptive innovation then the best way is to show with a prototype, what would be the benefits. It is our experience that usually if we do the prototype of the product instead of a sales presentation, the clients will prefer to buy the product based on it. Just like the saying, seeing is believing. In case of MNE-D sharing information with our front-line sales people about reference projects we have won in the industry areas has “winning” results and we are multiplying the sales. However, sometimes we decide not to go for a certain business mainly if we have big order backlog and we anticipate the project or customer will be challenging. Mainly, our decisions are based on the potential we see in the particular customer where we know we have a strong position against competitors. Although it is assumed that all the customers are different, but we have found that, we can use the same or similar solutions at least to the customers within the same industry areas. In the majority of the cases, we are not obliged to make not disclosure agreements with the client even, if we are working deeply with their products and processes. I suppose, should you once break the trust the word spreads quite fast inside our markets.

The SME-A through direct and open communication with clients found an opportunity to work with clients, and get involved in their processes. This experience provided the learning and confidence that management decided to go beyond their comfort zone and reach out to clients outside their present market. This has enabled them to increase their customer base. The experiential learning motivated them in successfully reaching out to broader international customers. The SME-B learned that to resolve client needs, they can work with the competitors as well. They offered a solution to client’s specific need by working with international competitors, hence opening a new cooperation window. They have not only strengthened their relationship with a customer but also paved the way for future collaborations with competitors. The SME-C identified a unique opportunity to address customer need by providing a clean environment solution to domestic customers through technological integration into their product. They are

successfully expanding into the Scandinavian market through it and making alteration as per market needs. The SME-D experienced that offering customer care and standing by them their reputation of offering customized solutions and customer care has led to growth experiences in the international market. They had clients contacting directly for business, and now they have more revenue expected from global sales than local.

5. Conclusion

Our aim in this paper is to explore the influence of relationship learning as part of dynamic capability in the internationalization process in the Uppsala model (Vahlne & Johansson, 2017). Our study performs qualitative thematic analysis by comparing relationship learning in the multinational enterprise, and Finnish small and medium enterprises. This study makes three contributions. Firstly, it strengthens the international business literature by identifying relationship learning as means to understand customer needs, and the purpose the offering is being consumed to satisfy. This learning brings knowledge of customer needs, awareness of offering utilization pattern, and their future needs. The boundaries between products, services, and customer environments are blurring with digitalization driving faster disruptions and customers desiring personalization and immediacy as business landscape goes through continuous change (Breschi, Freundt, Orebäck & Vollhardt, 2017). Secondly, it points out the customer in the organizations' value creation chain as the core conduit of learning. The organizational ability to design an offering based on relationship learning will open enormous growth opportunities to build new and strengthen existing business relationships. Thirdly, this study identifies relationship learning as a dynamic organizational capability that can facilitate in the internationalization process. In the Uppsala globalization model, the explanatory strength of dynamic capabilities has increased due to the inclusion of ambidexterity (Vahlne & Jonsson, 2017).

The recent research (Day, 2004; Prasnikar, Lisjak, Buhovac, & Stembergar, 2008) highlights the organizational need to understand their core capabilities, and shall be able to decide, which capabilities to further nurture and which ones to discontinue. Dynamic capabilities then serve the purpose of developing the ordinary, or operational capabilities and are accordingly of a higher order than the operational capabilities. It is possible, as Collis (1994) does, see a hierarchy of dynamic capabilities. We, however, like Teece (2012) stay with just the two classes of

capabilities. The impact from the dynamic capabilities can lead to the ability of the focal firm to over time, under changing needs and context, perform operational capabilities that lead to excellent or satisfactory performance. The change is never easy and to reduce 'internal resistance' as director MNE-B shares "*It requires much internal training; many workshops to show these opportunities are for real... So it changes mindset internally for our people first and then to bring it to the outer world, to have change management in the business.*" The dynamic capabilities will result in changed commitments, quantitatively or qualitatively, or both.

In the Uppsala model, the knowledge development process is the aggregate of three sub-processes: learning, creating and trust-building (Vahlne & Johanson, 2017). Davies, (2004) suggest that organizations seeking internationalization should focus understanding customer needs, business opportunities can be identified. These possibilities arise from working closely with clients and offering need based solutions at times by adding services to the product. With growing competition, eroding prices and commoditization, this provides new means for reaping higher profits and creating differentiation via value-based solution. The study respondents assert that customers' sharing relevant information varies with the level of trust in a relationship. The study case firms validate Davies, (2004) viewpoint which strengthening the learning capabilities through skills and behavioral change is critical. They emphasize the importance of being receptive to customer needs and sense-making as per firm offerings. Few firms have ongoing strategic development programs in place to train and guide employees through the change process, backed by top management. The involvement of customer fosters value creation by not only their sharing but also involving their right individuals to contribute through their knowledge and expertise in the provider firm processes.

Sammarra and Biggiero (2008) suggest that perceptual measures are equally important as the more objective ones. Inter-firm Knowledge sharing may not only be analyzed at the firm level but also at the individual level. Individuals are firms' critical knowledge repositories and learning agents. How interpersonal interactions between the sharing and acquiring firms take place affects the overall learning process. It is imperative that businesses keep track of their learning, and monitor, "not only *how much* improvement takes place but *how long* it takes" (Sinkula, 1994, p. 36). Relationship learning improves supplier understanding of customer needs, and aids in providing solutions effectively (Kohtamäki and Partanen, 2016).

To sum up the commonalities in learning among case organizations, developing a personal relationship, paying attention to client communication and understanding their working, are essential basics in the effective knowledge sharing. The clarity of acquired knowledge communication, effective evaluation, and sense-making process helps align customer need with the organizational offering. The involvement of management in providing leadership, prioritizing solutions makes way for smooth and efficient delivery of offering to customers. The regular educational and technical training of employees help their ability to identify opportunities and market needs. The evolving market environment requires adding services to products as a growth strategy. The involvement of customers in solutions provides not only valuable input but brings a closer working and increased commitment in relationships. The creation of value through customized solutions can bring suppliers higher economic returns in shape of value appropriation. These steps have helped them profitably exploit the identified opportunities through relationship learning, and grow internationally. We provide practical implications for the managers; it is essential to develop open and clear communication conduits with customers. To provide a solution to address client needs, it should begin with the understanding customer working; their problems and job they intend to perform. The results indicate that customers at times lack awareness of some needs, which is in line with research (Nordin and Kowalkowski, 2010; Tuli et al., 2007). The need identification enhances customer involvement in value creation process, and collectively supplier-customer can bring forth value enhancing solutions. This awareness will help in developing a practical approach towards managing the inter-firm conduits and achieve value appropriation objectives and grow in the market.

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