



ELSEVIER

Available online at www.sciencedirect.com

SCIENCE @ DIRECT®

International Business Review 12 (2003) 673–695

INTERNATIONAL
BUSINESS
REVIEW

www.elsevier.com/locate/ibusrev

The effect of experience and absorptive capacity on foreign market knowledge[☆]

Kent Eriksson^{a,*}, Sylvie Chetty^b

^a *Centre for Banking and Finance, KTH – The Royal Institute of Technology, Box 4101, SE-100 44 Stockholm, Sweden*

^b *Department of Commerce, Massey University, Private Bag 102 904, North Shore Mail Centre, Auckland, New Zealand*

Received 21 November 2000; received in revised form 30 June 2003; accepted 16 July 2003

Abstract

Learning about foreign markets often occurs through collaboration with other firms who have this knowledge. In this paper, we focus on one aspect of foreign market knowledge, which is the knowledge a partner in a dyadic relationship, has of the other partner and of their respective business network relationships. The concept ‘absorptive capacity’ [Admin. Sci. Q. 35 (1990) 128] is used to describe the firm’s ability to use its prior related knowledge and diverse background to identify the value of new information and to develop this into something creative. We develop and empirically test a model of how depth and diversity of experience affect absorptive capacity, and how this absorptive capacity affects the way a lack of foreign market knowledge is perceived as an obstacle in carrying out the ongoing business activity.

The results show that the lack of foreign market knowledge in the ongoing business is determined both by the firm’s absorptive capacity generated in dyadic relationships with foreign customers and the customer’s network. The dyadic and network absorptive capacities, however, appear to be used differently in the ongoing business. Dyadic absorptive capacity seems to decrease the lack of foreign market knowledge, whereas customer network absorptive capacity seems to increase it.

© 2003 Elsevier Ltd. All rights reserved.

Keywords: Business network; Dyadic relationship; Foreign market knowledge; Absorptive capacity

[☆] Both authors have contributed equally to this paper

* Corresponding author. Tel.: +46-8-790-7309; fax: +46-8-411-7436.

E-mail address: kent.eriksson@infra.kth.se (K. Eriksson).

1. Introduction

The international expansion of a firm is a complicated task because the differences in markets are not very transparent. For instance, Canadian retailers expanded into the US because they considered the markets very similar, and had to face losses, re-organise operations, or even retreat because they underestimated the differences (O'Grady & Lane, 1996). This illustrates the implications of a lack of market knowledge in doing an international assignment.

Researchers have also placed great importance on lack of market knowledge, and incorporate it as an important element in studies and more theoretical models (Barkema, Bell, & Pennings, 1996; Inkpen & Beamish, 1997; Johanson & Vahlne, 1977; Li, 1995). Lack of market knowledge is linked to modes of establishment so that those incorporating more resource commitments also acquire deeper local market knowledge (Inkpen & Beamish, 1997). It has also been shown that lack of market knowledge implies lower performance (Li, 1995) and difficulties in overcoming obstacles associated with cultural distance (Barkema et al.). According to the internationalisation process model, the lack of foreign market knowledge is reduced as a firm increases its market commitment (Johanson & Vahlne, 1977).

A firm's lack of knowledge relates to a wide variety of issues handled in international business exchange, such as the transferability of knowledge (Kogut & Zander, 1993), institutional conditions (North, 1990), and organisational structure of the firms engaged in exchange (Bartlett & Ghoshal, 1989). International business exchange has been found to take place within the frame of international business relationships (Blankenburg Holm, Eriksson, & Johanson, 1996). Consequently, one approach to capture the firm's lack of knowledge is to study its lack of knowledge about international business relationships. Such relationships have been found to be interdependent with other relationships in networks (Blankenburg Holm et al.; Chen & Chen, 1998; Coviello & Munro, 1997). Lack of foreign market knowledge can therefore be considered as lack of knowledge on networks of business relationships that are connected to each other (Johanson & Vahlne, 1990). This study builds on these findings and studies foreign market knowledge as the knowledge of a network of connected business relationships. Through their networks, firms obtain general knowledge such as marketing, technological, cultural and competitive information that enhances the success rate of a firm (Mohrman & Von Glinow, 1990). Knowledge of specific relationships in a network is different from generalised market information. General market information is gathered through market research and country reports, which is objective knowledge that can be easily transferred. Knowledge of specific relationships in a network is, however, learned by doing and is tacit and hard to transfer. This can be illustrated by the fact that conducting international business relies on experiential learning, which emerges from accumulated experiences of specific relationships (Barkema & Vermeulen, 1998; Delios & Beamish, 1999).

Lane and Lubatkin (1998) have found that internationalisation is a cumulative process, where prior experiences form the base for an ongoing business. The term 'absorptive capacity' can be used to explain a firm's ability to turn experiences into

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات