

**International Networks of Small and Medium Sized Enterprises -
The Role of Culture and Competence**
(Work in Progress)

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Abstract

Not much research has been conducted so far on the question how small and medium sized enterprises can combine their specific competencies and cultural characteristics in international networks in order to better meet the challenges of changing market environments.

In our paper we develop a model which firstly enables us to describe different forms of such networks in terms of the kind of business, the aim of the network, the partners' core competencies, the cultural characteristics, the aspects of building and maintenance of the cooperation, the relevant aspects of success etc. Secondly the model is used in order to formulate hypotheses concerning the interdependencies of these different factors.

On this basis explorative case studies are conducted in order to test and improve the model and the hypotheses.

The case studies concentrate on marketing/supply chains in the machine industry between German suppliers, Chinese, Malaysian and Indonesian customers and the corresponding middlemen. These middlemen are either exporters, importers or trading agents of third countries. All the companies, i.e. the suppliers, customers and middlemen, are small and medium sized enterprises.

Particularly, the case studies observe how the networks exchange information on commercial and technological knowledge as well as on cultural dimensions. Furthermore it is analyzed, how the specific individual competencies and the entire structure of corresponding competencies of the network are changing. The analysis also addresses the question of what kind of corporate culture of the member firms is beneficial for their success and for the emergence of a common cultural base of the network.

The preliminary results of the conducted case studies underline the important role of cultural and competency-based characteristics of the SMEs for successful networking in long-term cooperations facing changing market requirements.