



# The influence of culture and size upon inter-firm marketing cooperation

A case study of the salmon farming industry

## A case study of the salmon farming industry

377

Christian Felzensztein  
*Faculty of Economics and Management,  
Universidad Austral de Chile, Valdivia, Chile, and*

Eli Gimmon  
*Tel-Hai Academic College, Israel*

Received March 2006  
Revised December 2006,  
January 2007  
Accepted February 2007

### Abstract

**Purpose** – To investigate the influence of national or sub-national culture and company size on inter-firm cooperation in marketing among cluster-based firms, with specific respect to the salmon-farming industry.

**Design/methodology/approach** – Case study analysis of data collected from semi-structured personal interviews with senior managers in two samples of different sized companies, located in industry clusters within Scotland and Chile.

**Findings** – Small firms in this industry in Scotland are more proactive in building inter-firm cooperation, for international marketing activities. National culture has only a limited effect on the level inter-firm cooperation, but sub-national culture in distinctive communities can enhance it.

**Research limitations/implications** – Though the samples were representative and the data rich, this was designed to be a qualitative, exploratory study. Further research is indicated.

**Practical implications** – The findings shed light on strategies for the enhancement of formal and informal social networks as a route to effective inter-firm cooperation in marketing, of particular value marketers in small-and-medium sized enterprises. They may also be of interest to public bodies, with respect to the role of trade associations.

**Originality/value** – This industry makes a substantial contribution to the rural and regional economies of both the countries. The findings and conclusions are potentially useful to marketing researchers and planners in aquaculture, and may be transferable to other industries and locations.

**Keywords** Marketing, National cultures, Chile, Scotland, Economic cooperation, Fish farming, Partnership

**Paper type** Research paper



This study was part funded by the Universidad Austral de Chile, FONDECYT research council of Chile (project 11060185) and the Carnegie Trust for the Universities of Scotland. The authors are grateful to the editor and two anonymous referees for their constructive comments on earlier draft of this paper. They also acknowledge useful feedback on earlier versions of this paper from the first IMP group meeting in Latin-America, in Chile, from EMAC 2005, and from the IMP 2006 conference.

Marketing Intelligence & Planning  
Vol. 25 No. 4, 2007  
pp. 377-393  
© Emerald Group Publishing Limited  
0263-4503  
DOI 10.1108/02634500710754600

## Introduction

Over the past decade, issues related to inter-firm co-operation have been the focus of interesting and diverse research studies at both firm and public policy levels, examining various research methodologies, different industries and distinctive problems. Three topics in particular have attracted researchers' attention: the role and influences of innovation and competitiveness; interaction with public sector and trade associations; and local embeddedness and cultural influences in the co-operation process.

The research question that this study explores relates to the beneficial effects accruing from regional industry clusters, by looking at the role of social networks in the development of firm-level marketing externalities in light of company size and culture. Its theoretical underpinning assumes that acquisition of social capital and the use of networks are important factors in the development of inter-firm cooperation (Van Dijk and Sverrisson, 2003; Lechner and Dowling, 2003).

Data for the study were collected from a single industry in two countries: salmon farming in Chile and Scotland. The rationale for this choice has three elements. First, an industry with relatively uniform characteristics is operating in two countries with different levels of economic development and distinctive cultures. Second, the centres are in specific geographical regions, forming similar industry clusters in which external variables that might affect this study could be controlled. Third, at the time of the study (2004), Chile and Scotland were the world's second and third largest producers and exporters of farmed salmon, after Norway, and are thus important players in the global market. Collectively, these characteristics suggest that this industry sector can be usefully investigated for comparative purposes.

Though salmon farming has been widely criticized for its ecological effects (Hites *et al.*, 2004), the annual production of farmed salmon has increased by a factor of 40 during the past two decades, which makes it one of the fastest growing food industries in the world.

Against this background, the next section of this paper addresses the key aspects of the literature related to social networking, inter-firm cooperation and strategic alliances, the influence of company size on cooperation, and national and sub-regional cultures. Two research propositions are then introduced, and the research methodology and sample selection are discussed. The main results, conclusions and managerial implications are presented, and suggestions made for further research related to inter-firm cooperation in marketing.

## Theoretical development

### *Inter-firm cooperation and strategic alliances as a cooperative option*

Strategic alliances between firms are not new. What is new is that many companies are placing increasing emphasis on adopting them as a strategic competitive choice (Akoorie and Pavlovich, 2003). During the last decade, there has been unprecedented growth in the number of strategic alliances between firms (Gulati *et al.*, 2000). This has led to a stream of research examining the causes and consequences of such partnerships. Most scholars agree that strategic alliances are relationships involving exchange. Inkpen (2001), for example, defines them as collaborative organisational arrangements that use resources and/or governance structures from more than one existing organisation. Others include in their definition the objective of obtaining

competitive advantage related to a resource-based view of firms. As Das and Teng (2000) say, “strategic alliances are voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners”.

The term “strategic alliance” captures many types of inter-organisational cooperative arrangements, such as contractual and non-contractual joint ventures, research and development activities, joint production and new product development, joint marketing activities, and strategic suppliers’ arrangements (Varadarajan and Rajaratnam, 1996). Alliances can be vertical among buyers or suppliers or horizontal across different value-chain activities. But common to all is the expectation of a high degree of integration the allied firms (Das and Teng, 2000).

One of the fundamental problems facing alliances, especially those involving multiple partners, is the inherent tension between cooperation and competition, creating what Zeng and Chen (2003) describe as a “social dilemma” among potential partners that have to decide between the two forms of corporate behaviour. Bucklin and Sengupta (1993) argue that firms are motivated to form alliances with partners sharing complementary goals and objectives, as well as similarities in corporate culture and values. Others, however, have reported that the size, age and financial capabilities important predictors of propensity to enter into strategic alliances (Barley *et al.*, 1992; Burgers *et al.*, 1993) and to achieve better levels of inter-firm cooperation. The literature also stresses the importance of industry-level factors that may affect strategic alliances, network formation and inter-firm cooperation, including the extent of competition, the stage of development of the market and competitive uncertainty (Burgers *et al.*, 1993; Eisenhardt and Schoonhoven, 1996).

#### *Company size and inter-firm cooperation*

With respect to the size factor, an inconvenient fact that there is no single definition for small and medium sized enterprises (SMEs). They have been defined as firms with less than 500 employees, whereas “small firms” are those with less than 100 employees (Oughton and Whittam, 1997). The European Commission used the terms “micro” firms, with up to ten employees, “small” firms, with up to 50, and “medium” employing more than 250 employees. The Department of Trade & Industry in the UK classifies this last group as “large” firms. Any working definition will depend on the particular objectives of the research study for which it was constructed (Brooksbank, 2000).

Through the literature, authors explain that SMEs can acquire learning at local and international levels through co-operative inter-firm arrangements, where co-operation may be defined as reciprocal involvement between firms vertically linked in design and production of determinate goods allowing access to the knowledge in possession of firms downstream (Golden and Dollinger, 1993). Moreover, although marketing is a key factor for the survival of small firms, they face such problems such as a restricted customer base, limited marketing expertise and a lack of funding, among others (Stokes, 2000). Networks of small firms in industrial districts have been well documented, especially in northern Italy (Pyke, 1992; Pyke and Sengenberger, 1992). Studies have focused on understanding how collaborative arrangements can enhance the competitiveness of SMEs, against the backdrop of a strong small firm sector being seen as an increasingly important priority in industrial policy because of its importance in the generation of employment. At the same time, the emergence of new types of industrial organization, especially those related to the stimulation of

inter-firm cooperation, offers new elements for research and for public policies in support of SME development plans.

The notions of clustering and networking have been especially attractive as a means by which smaller firms can collaborate in order to compete more effectively in the global marketplace. Formal policy mechanisms have been introduced in several developed countries in recent years, aiming to address structural deficiencies and raise competitiveness by encouraging cooperation among SMEs (Ingley, 1999; Freel, 2003). Later research by Freel (2005) research has indicated the need for caution when developing network strategies, as innovation is a necessary condition for more innovation. Consequently, a firm's capacity for innovation is linked to an extended knowledge base and connections with external agencies, including public organizations (Freel, 2000).

Large firms and multinational enterprises (MNEs) may also have an influence in inter-firm cooperation. According to Young *et al.* (1994), they have the potential to provide several benefits at global, country and regional levels. A number of authors have explained the role played by agglomeration economies and industrial districts in influencing the location of foreign investment (Zander and Sölvell, 2000). However, for the most part, such studies have concentrated on developed economies, and lacked comparative analysis with countries at different levels of economic development. Furthermore, there is a lack of attention to the positive externalities that MNEs create in co-operative activities within regional clusters, and how they "interact" with the embedded SMEs in marketing activities at both local and international levels. Birkinshaw *et al.* (1998) suggest that foreign companies located in clusters tend to be more internationally oriented than those that are not. Enright (2000, p. 114), on the other hand, proposes a model of interdependences between MNEs and regional clusters, which is characterised by a "strong or dominant presence of foreign companies, as well as a strong contribution by cluster-based subsidiaries to the overall strategy of the MNEs". According to these ideas, foreign multinationals play a critical role in clusters, transferring skill and capabilities to embedded local firms, providing employment in the regional territory, and contributing widely to the industry with their own research capabilities.

Further research into the interrelationships of SMEs, large firms and MNEs within clusters is needed. However, it is first necessary to have a firm understanding of the real nature and structure of a particular cluster, as well as the reasons for which companies chose to locate their facilities in these particular regional territories. Furthermore, it will be helpful to understand the issues of concern in public policy at both national and regional levels and how they can encourage interdependences among MNEs and embedded SMEs, and the cluster strategy as a whole. Only after thorough comprehension of all these concerns, can research with the necessary depth of insight be achieved.

This section of our literature leads us to suggest:

- P1. SMEs are more likely than large corporations to conduct inter-firm cooperation in marketing.

#### *National and sub-national cultural influences*

National and sub-national cultures influence the nature of inter-firm cooperation and strategic alliances (Hofstede, 1991; Hewett and Bearden, 2001). Furthermore, the

characteristics of specific regions, cities and urban/rural communities within nations are crucial factors in the study of localised clusters and marketing externalities (Acs, 2002; Steyaert and Katz, 2004).

Parkhe (1991) identifies three distinct components of culture: societal culture, national context and corporate culture. The first of these includes as a subset the norms, values and personal behaviour of managers. The national context comprises the surrounding industry structure, local institutions, such as trade organisations, and the role of local governments and their regulations. The last component is the product of the values which characterize particular organisations (Hofstede, 1991).

Different cultural influences in particular societies relating to modes of conduct, standards of performance and inter-personal relationships may have an effect on the cooperative behaviour of firms (Chen *et al.*, 1998). In this connection, Hofstede (1980, 1991) devised indices of cultural differences for more than 40 countries, based on four main dimensions: uncertainty avoidance, individualism-collectivism, tolerance of power distance, and masculinity-femininity. More recently, Williams *et al.* (1998), Hewett and Bearden (2001) and Steenkamp (2001) have argued that the individualism-collectivism dimension of culture is an important issue in the study of inter-firm relationships, because it reflects personal interaction in a particular society.

Thus, in cross-country analyses, it may be expected that inter-firm co-operative behaviour will be influenced by differences in national and sub-national cultures. For example, individual goals may assume greater importance than group goals in more individualist cultures, while interpersonal and informal ties have priority in more individualist cultures where they can contribute to the collaborative process at the individual and firm levels (Chatman and Barsade, 1995; Chapman and Harris, 2000; Hewett and Bearden, 2001). Consequently, levels of individualism-collectivism may influence co-operative behaviour through trust and commitment relationships.

These conclusions lead us to suggest:

- P2. Cultures with a higher level of social collectivism will exhibit higher levels of inter-firm cooperation in marketing activities.

## Methodology and data collection

### *Case study approach*

Following the lead of Eisenhardt (1989), we applied the case study research approach to the exploration of the influences of social networks on inter-firm cooperation in marketing. Case study design consists of the exhaustive analysis of a single unit of analysis, a case, or a series of cases seeking full and in-depth explanations of phenomena under observations. Despite comparative weaknesses of the method in relation to external validity, generalisation of results, access to accurate information, relatively high cost and the time involved, a case study was judged best suited to the requirements of this study.

Data were collected by semi-structured personal interviews, conducted in 2004 in UK, Scotland, Spanish and Chile, which gave access to raw data via a socially constructed process. The aim was to obtain answers that could contribute to our understanding of the practical context and of the concepts developed from the literature review. Interviews were conducted *in situ* in the main offices or processing plants where managing directors or marketing directors of the selected firms were located, and lasted up to a maximum of 90 minutes.

The qualitative exploratory research employed an interview guide. The process started with a description of the general boundaries that circumscribed the interview situation and the research (Baker, 2003), and reassurances about the confidentiality of the results. Permission to tape record was secured. The interview progressed with general questions related to the activities of the firm, in order to establish a rapport. Once the activities and main markets had been described, the focus shifted to personal statements and opinions relating to inter-firm co-operation in marketing activities within the industry cluster. Questions related to future actions were kept to a minimum, because they are typically less reliable (Patton, 2002). Questions beginning with “why” “where” “what sort of” and “how?” sought to acquire more detailed descriptions and opinions from the respondents. Interviews were closed by asking the respondents if there were any questions not asked that they thought they though could or should have been, and if they wanted to raise any particular issue arising from the interview.

The interviewer was “free” to explore aspects in greater depth, while the structure and content of the interviews were “flexible” enough to adapt to the particular characteristics of the participating firms (Patton, 2002).

The data were interpreted by content analysis, following Brenner *et al.* (1985).

#### *Sample profile*

The participating companies were drawn from firms participating in the value chain activities of the salmon-farming industries of Scotland and in Chile. The purposive sample of 22 included a well-balanced mix of SMEs, large firms and subsidiaries of MNEs in three regions of Scotland (the Southern Highlands, the North West and the Shetland Islands) and two in Chile (the Ninth and Tenth Regions). Their principal demographic characteristics are shown in Table I.

Of the 12 Scottish-based companies, two are located in Perth, two in Inverness, two elsewhere in the North-West and six in Shetland. Exactly half are SMEs. Three are subsidiaries on multinationals, one is a domestic large firm and two are trade associations. This profile reflects the importance of small and medium size enterprises within the industry. Seven out of the 12 firms are fully integrated, comprising the full range of value chain activities of the salmon farming industry, from hatchery, harvest, processing and sales to traders or distributors.

Of the ten participating companies in Chile, exactly half are located in Puerto Montt and one is close by (in Puerto Varas). Two have their headquarters offices in the capital, Santiago, and two are located in the Ninth Region. This sample contains a balanced mix of three small firms, three large firms, two subsidiaries of a multinational corporation, one large supplier of fish feed to the industry and one trade association.

The SMEs in Chile are “micro” firms, not vertically integrated, with fewer than ten employees. They are local re-processors (smokeries), serving niche markets: for example, selling to specialised small-scale restaurant-retailers, an up-market supermarket, or selected customers in the USA. The Scottish SMEs are larger in terms of number of full-time employees, and most are fully integrated. This suggests certain structural differences between small companies in Scotland and Chile, and implies different economic rationales.

The two Scottish trade associations are located in the Shetland Islands and the Southern Highlands. Each has different objectives and carries out different forms of

Company/ organisation	Main location	Full time employees	Capital structure (size)	Main value chain activity
<i>Scotland</i>				
S1	Perth	3	SME	Sales organisation, belongs to a vertically integrated group
TS1	Perth	10	Trade Association	Companies' representation
S2	Northwest	32	SME	Fully integrated
S3	Northwest	60	SME	Fully integrated
S4	Inverness	210	MNE subsidiary	Fully integrated
S5	Inverness	550	Large	Fully integrated
TSh1	Shetland	3	Trade association	Companies' representation
Sh2	Shetland	67	MNE subsidiary	Fully integrated
Sh3	Shetland	18	SME	Fully integrated
Sh4	Shetland	160	MNE subsidiary	Fully integrated
Sh5	Shetland	9	SME	Trading company
Sh6	Shetland	25	SME	Hatchery & harvest process
<i>Chile</i>				
TCh	Santiago	7	Trade association	Companies' representation
Ch1	Santiago and southern Chile	3,000	Large	Fully integrated
Ch2	Puerto Montt	340	Large	Fully integrated
Ch3	Puerto Montt	2,400	MNE subsidiary	Fully integrated
Ch4	Puerto Montt	1,500	Large	Fully integrated
Ch5	Puerto Montt	280	MNE subsidiary	Food supplier
Ch6	Puerto Montt	1,500	Large	Fully integrated
Ch7	Puerto Varas	7	SME	Re-processor (smoker) and sales
ChN8	IX region	3	SME	Re-processor (smoker) and sales
ChN9	IX region	6	SME	Re-processor (smoker) and sales

**Table I.**  
Demographic  
characteristics of the  
sample

generic marketing for member companies, which include small, large and multinational firms. The single Chilean trade association serves large companies and subsidiaries of multinational corporations; small firms do not have representation.

To sum up, the total sample comprised a fairly balanced mix of small and large firms, as well as subsidiaries of multinational corporations and trade associations in the two countries under study. There is also a balance of firms participating in the different aspects of the industry's value chain activities. The sample also reflects the international tendency towards full integration of activities, aiming to achieve better economies of scale.

## Results and discussion

### *Interviews in Scotland*

Table II summarises the transcripts of the interviews conducted in Scotland. The major issues for discussion are: social networking, including formal and informal relationships; inter-firm cooperation; and company size. The "culture" variable was addressed by grouping the respondents according to their location. In the elaborations that follow, such identifiers as TS1 or Sh2 correspond to the respondents' companies. "Sh" distinguishes the Shetland-based firms from those in mainland Scotland, designated S. An added T indicates a trade association. In practice, these identifiers are sometimes used as shorthand descriptions of the respondents themselves.

**Table II.**  
Summary of exploratory  
interviews in Scotland  
and Shetland Islands

Co./org.	Informal relationships are important for inter-firm co-operation in marketing	Other social elements are important for inter-firm co-operation	Competition is stronger than co-operation/"Free rider problem"	It has some joint marketing activities with competitors	It has other forms of co-operation (not marketing) with other firms	Subsidiaries of large firms are not relevant for marketing co-operation
S1	✓	✓	✓		✓	✓
TS1	✓			N/A	✓	N/A
S2	✓	✓	✓	✓	✓	✓
S3	✓	✓	✓	✓	✓	✓
S4 <sup>a</sup>	✓	✓	✓	✓	✓	N/A
S5 <sup>b</sup>	✓	✓	✓	✓	✓	✓
TSh1	✓		✓	N/A	✓	N/A
Sh2 <sup>a</sup>	✓	✓			✓	N/A
Sh3	✓	✓		✓	✓	✓
Sh4 <sup>a</sup>	✓	✓		✓	✓	N/A
Sh5	✓	✓	✓		✓	✓
Sh6	✓	✓	✓		✓	✓

**Notes:** T = trade association; S = company in Scotland; Sh = company in Shetland; N/A = not applicable; <sup>a</sup> = subsidiary of a multinational company (MNE); <sup>b</sup> = large company (more than 250 employees)



According to 11 of the 12 respondents, informal relationships are important for the development of inter-firm co-operation in marketing. For example, as the representative of the trade association TSh1 put it, "collaboration is more about personal relations". The manager of ST1 pointed out that "Scotland is a small country. Here, everyone knows everyone, and informal relations are important in our day-by-day life, but we do not cooperate in marketing because of strong competition." Apart from informal relationships, seven respondents saw trust, commitment and other social elements as important factors that help with the development of joint marketing activities. For instance: "Development of trust, confidence and commitment ... understanding of each other with professionalism are important issues for long term inter-firm co-operation in marketing" (S2). Thus, though there are plenty of informal relationships in the industry and they are considered important, people do not talk about marketing when they get together, because of the fact of strong competition.

Eight respondents, three quarters of the total, believed that competition is stronger than co-operation in this particular industry. Their companies did not want to share their marketing strategies or work together in collaborative arrangements because of what they called the "free rider problem". The view of the trade association TSh1 was that "There is some general collaboration, but each company has its own interests, strategies and markets". Sh6 confirmed that fierce competition resulted in the individualistic behaviour characteristic of this industry: "Competition is stronger than co-operation ... you don't want to see your neighbour making more money than you." It seems likely that a cultural predisposition to individualistic is influencing the balance between cooperation and competition.

Although the interviews were conducted within one country, the locations encompassed two very distinct regions: mainland Scotland, a part of the UK with a significant Celtic element in its heritage, especially in the North West, and the Shetland Islands, where the traditions are markedly Nordic. According to TSh1, Shetlanders see themselves as "just different" from the rest of the country. At the same time the urban-versus-rural dimension may influence the cooperative process, since the balance of collective and individualistic behaviour seems to differ according to specific locations within a country (Acs, 2002; Steyaert and Katz, 2004). Thus, it is important in researching cooperative corporate behaviour to study not only individual countries, but also the firms within specific regions, cities and embedded communities.

Although every company mentioned some kind of non-marketing co-operation with other firms, mainly in the production process, only three of them had at any time undertaken joint marketing activities with other. Among those, S2 co-operated closely with other primary producers in the UK "having mutual understanding of our business and a unique niche strategy". This occurred mainly at the informal level:

because we need each other, and we know each other ... Although we are not so close geographically, we understand each other, and then we co-operate; it is to our mutual benefit.

In the case of S4, key ingredients of long-term strategic planning were "co-opetition" (Zineldin, 2004), a mix of competition and cooperation, and close involvement with the food-and-drink cluster supported by Scottish Enterprise: "developing specific projects with other producers and having joint market research, new product development, and creation of superior brands are part of our business strategy". In the case of Sh3, marketing cooperation embraces co-branding in a range of products, joint sales efforts

in foreign markets and joint participation in trade fairs. However, these seemed to be short-term initiatives: "At the beginning, is it better to go as a group; there is more strength in numbers. Later, it is a one-to-one relationship with customers."

It is interesting that none of the firms that had developed some kind of inter-firm co-operation in marketing relied on the trade association for the development of marketing activities. Furthermore, in the case of S2, S4 and Sh3, the direct influence of the owner or chief executive's strong belief in inter-firm co-operation as an integral part of the success of their business seemed to be central to the development of co-operative marketing strategies. Thus, the "entrepreneurial positive spirit of co-operation" seems to be an important factor in the development of "active joint marketing activities" more than just geographical co-location. These three companies were in agreement that formal social elements are important for inter-firm co-operation in marketing. Indeed, the right "relational mix" (Van Dijk and Sverrisson, 2003) and "social topography" (Lechner and Dowling, 2003) seem to be vital preconditions for collaboration in marketing.

Foreign ownership by large corporations was considered irrelevant to the development of inter-firm marketing cooperation in by six of the seven SMEs in the sample, nor was it considered a key factor in the transfer of commercial capabilities to smaller firms. However, at the very beginning of the life cycle of the industry, large and multinational companies had helped in upgrading its research capabilities. As the S1 respondent put it:

MNEs and large companies have different commercial objectives and market segments; they don't deal with small fishmongers at a personal relationship level, as we do. So their commercial contribution to us is minimal. They are our biggest competitors as they have big economies of scale.

The Shetland-based respondent in Sh6 commented that, in certain cases, MNEs and large firms did transfer some research and development knowledge to smaller companies, but no commercial capabilities. He acknowledged that "multinationals and larger companies have many resources for research and new product development, but small companies have the special one-to-one customer approach, and this is our competitive advantage that we need to keep for our future".

Thus, the issue of foreign ownership seems to be more important in the early stages of an industry's life cycle, when MNEs may contribute in a general way to its development. Later, competition within the industry seems to be independent of the *locus* of ownership. Thereafter, what assumes most importance is the quest for competitive advantage through better economies of scales, in the case of large firms, or a clearly differentiated strategy, in the case of SMEs.

Others issues to be recognised relate to marketing approaches and channel choices. In Scotland, subsidiaries of multinational companies and domestic large firms distribute their products via large retailers and supermarket chains. Some of these have their own brand strategy, which may complicate joint marketing activities. Marketing cooperation can be found among subsidiaries of the same business group, mainly in the areas of new product development and market research. Most of the Scottish industry's SMEs exhibit some degree of vertical integration, and participate within the trade association in generic marketing activities, such as the Tartan Quality Mark and Label Rouge programmes. Some of them have developed a one-to-one relationship with restaurants and customers in local and international markets.

Those located in Shetland seem particularly inclined to collaborate with their trade association for co-branding and generic branding based on the country-of-origin effect, exploiting the distinctive status of the Shetland Islands as an offshore region within a devolved nation within the UK.

### *Interviews in Chile*

Table III summarises the transcripts of the interviews conducted in Chile.

Eight of the ten respondents in the sample saw informal relationships and other social elements as an important factor in the development of inter-firm co-operation in marketing. The manager of Ch2 remarked that “geography helps to create the right environment for informal relationships in embedded local communities and regions.” However, it was clear that the existence of informal relationships did not in itself imply the sharing of marketing information, because of the strong competition within the industry allied to the individualistic business culture characteristic of Chile.

Seven respondents believed that competition is stronger than co-operation in this particular industry. Evidently, their companies did not want to share their marketing strategies or collaborate with others that targeted the same customers, similar export markets, and so on. They found it easier to enter into collaborative marketing arrangements with firms in complementary industries or with their customers and suppliers, rather than with direct competitors. As the general manager of Ch5 put it, “We do not talk about joint marketing activities with competitors, but it may be possible and more viable in the future with our customers”. The chief executive of Ch6 was equally forthright:

Each company has its own commercial strategies that may be different to the other competitors ... Our business culture is also very individualistic. So, we do not cooperate in joint marketing projects, as we do not want to share our key customers in foreign markets.

The respondent working for the trade association was alone in reporting collaboration in marketing activities with competitors, referring to active cooperation with other trade associations internationally under the umbrella identity “Salmon of the Americas”. Producers in Canada, the USA and Chile are united in a generic marketing campaign targeting consumers in the USA. Furthermore, companies and organisations may enter into joint marketing activities, independent of location, if they have first aligned their common strategic objectives.

The interviews showed that local subsidiaries of multinational companies work better in joint projects and collaborative arrangements when coordinating this activity with other subsidiaries of the same business conglomerate or with headquarters, but not engaging in joint marketing projects with other local companies, which are seen as competitors. Seven respondents considered foreign ownership by large corporations irrelevant to the development of inter-firm marketing cooperation. For example, according to the manager of Ch1, the business strategies and objectives of multinational companies are considered to be different from those of local firms, in their focus on selling their products globally and achieving important economies of scale. His opinion was that “local firms prefer to have a one-to-one relationship with customers, adding value to them ... and this is our competitive advantage.” This is considered to be one of the reasons why inter-firm cooperation between local and multinational companies is difficult to achieve. Small companies perceive this issue similarly.

**Table III.**  
Summary of exploratory  
interviews in Chile

Co./org.	Informal relationships are important for inter-firm co-operation in marketing	Other social elements are important for inter-firm co-operation	Competition is stronger than co-operation/"Free rider problem"	It has some joint marketing activities with competitors	It has other forms of co-operation (not marketing) with other firms	Subsidiaries of large firms are not relevant for marketing co-operation
TCh	✓	✓	✓	✓	✓	✓
Ch1 <sup>b</sup>					✓	✓
Ch2	✓	✓	✓		✓	✓
Ch3 <sup>a</sup>		✓	✓		✓	✓
Ch4 <sup>b</sup>	✓	✓	✓		✓	N/A
Ch5 <sup>a</sup>	✓	✓	✓		✓	✓
Ch6 <sup>b</sup>	✓	✓	✓		✓	✓
Ch7	✓	✓	✓		✓	✓
ChN8	✓	✓			✓	✓
ChN9	✓	✓			✓	✓

**Notes:** T = trade association; N = company located outside the main cluster area; N/A = not applicable; <sup>a</sup> = subsidiary of a multinational company (MNE); <sup>b</sup> = large company (more than 250 employees)

As the manager of ChN8 put it, “MNEs and larger firms sell their products abroad; we sell our products to other small businesses locally. . . and this is not going to change easily.”

The responses from the Chilean sample suggest that MNEs and SMEs in this industry have different business objectives, horizons and marketing strategies, for totally diverse segments of the market. Vertical marketing collaboration between firms in different stages of the value chain seems to be thought easier than horizontal marketing cooperation with competitors.

### Summary

All the companies interviewed agreed that social networking positively influences inter-firm co-operation in marketing activities. Smaller companies in Scotland were found to be more proactive in building cooperative relationships for international marketing activities. In Chile, they seemed to be constrained on that respect, apparently because their “micro” size meant they were too small to afford membership in the national salmon-industry trade association, which facilitates cooperation and interaction among its members.

### Conclusions

*P1.* SMEs more likely to practise inter-firm cooperation.

If the very small firms are removed from the Chilean findings, this study shows that SMEs are more likely than larger firms to undertake inter-firm cooperation in marketing.

In the Chile salmon farming industry, larger companies and subsidiaries of multinationals develop their formal networks through the trade association, which small firms feel unable to join. Therefore, they do not have the scope for the development of a similar formal network. Generic and vertical collaboration is the norm in the Chilean industry, rather than horizontal marketing cooperation. By contrast, SMEs in the Scottish industry do participate in the activities of their two trade associations. As a result, they seem to play an active part in this kind of formal networking. More opportunities for horizontal marketing collaboration may arise thereby, especially in the case of such smaller communities as the Shetland Islands.

International subsidiaries in both Chile and Scotland coordinate their marketing activities, and cooperate more easily with their headquarters and other subsidiaries elsewhere in the world that they do with local embedded companies. This is consistent with the study by Hewett *et al.* (2003), which found close relationships in marketing activities between subsidiaries and headquarters aligned by common business objectives and market conditions.

Our study suggests that company size affects the perceived need for marketing co-operation, and its implementation. In Scotland, for example, small innovative companies appear to be leading the process of marketing collaboration at horizontal and vertical levels. In the later stages of industry development, when companies have grown larger and there is stronger competition for similar markets and customers, individualistic competitive strategies become the norm:

*P2.* Firms in collectivist cultures more likely to practise inter-firm cooperation.

National culture was found to have only a limited influence on levels of inter-firm cooperation.

However, the sub-national culture of distinctive rural communities does seem to have a positive effect. In this study, firms located in the Shetland Islands seem to manifest a more cohesive, collectivistic form of corporate behaviour. In turn, this may create a special environment in which there is a “complex mix of co-operation and competition” (Becattini, 1989; Dahl and Pedersen, 2003). The generic marketing strategies at industry levels coordinated by the Shetland Fish Producers’ Organization, the local trade association, may be a function of this type of environment. Though our study has shown that there are some differences among regions, there is still little support for P2. It is fair to say that differences in the level and form of marketing collaboration between and within countries vary for more reasons than the native culture.

### **Theoretical and practical implications**

The findings and conclusions presented here are potentially useful to marketing researchers and planners. They could contribute to the enhancement of formal and informal social networks, as a means to the achievement of higher level of inter-firm cooperation in marketing. That strategic aim is more important to marketers in small and medium sized companies than to those in large corporations. Social networking is likely to be of more direct benefit to small firms in rural regions than to those located more centrally. Our findings may also be of interest to public bodies, with respect to the different roles that trade associations need to play to satisfy the dissimilar needs of large and small companies in collaborative marketing activities.

The theoretical contribution of the study is its investigation of the effect that company size and culture have on social networking and inter-firm cooperation in marketing, a topic on which little research had been undertaken. Furthermore, the seafood industry in general is under-researched, not only the worldwide and growing salmon farming sector. We expect that the conclusions drawn from this study of that specific industry can be generalized to other contexts.

The reliability of findings reported here is limited by the case study method adopted. Though they do suggest that informal networks tend to facilitate the development of collaborative marketing activities, especially among small firms, verification of the conclusions drawn demands further quantitative and empirical-confirmatory analysis investigating the different degrees of influence between formal and informal networks. Larger representative samples would be a goal of future comparative studies on this theme. More specific research hypothesis could be developed from our exploratory paper.

Future research might also address: issues of supply chain management and horizontal collaboration; the relative influence on collaboration of different types of actor, such as local and regional councils; the effect of sub-national and sub-regional culture on inter-firm cooperation; the strategic importance of inter-firm communication and governance within an alliance; and the types of institutional mechanisms or facilitators in the system, such as information technologies.

### **References**

- Acs, Z. (2002), *Innovation and the Growth of Cities*, Edward Elgar, Cheltenham.
- Akoorie, M. and Pavlovich, K. (2003), *Strategic Alliances and Collaborative Partnership: A Case Book*, Dunmore Press, Palmerston North.

- Baker, M.J. (2003), *Business and Management Research: How to Complete Your Research Project Successfully*, Westburn Publishers, Helensburgh.
- Barley, S., Freeman, J. and Hybels, R. (1992), "Strategic alliances in commercial biotechnology", in Nohria, N. and Eccles, R. (Eds), *Networks and Organisations: Structure, Forms and Action*, Harvard Business School Press, Boston, MA, pp. 311-47.
- Becattini, G. (1989), "Sectors and/or districts: some remarks on the conceptual foundations of industrial economics", in Goodman, E., Bamford, J. and Saynor, P. (Eds), *Small Firms and Industrial Districts in Italy*, International Labour Organisation, Geneva.
- Birkinshaw, J., Hood, N. and Johnson, S. (1998), "Building firm-specific advantages in multinational corporations: the role of subsidiary initiative", *Strategic Management Journal*, Vol. 19 No. 3, pp. 221-42.
- Brenner, M., Brown, J. and David, C. (1985), *The Research Interview: Uses and Approaches*, Elsevier/Academic Press, Amsterdam.
- Brooksbank, D. (2000), "Self-employment and small firms", in Carter, S. and Jones-Evans, D. (Eds), *Enterprise and Small Business: Principles, Practice and Policy*, 1st ed., Prentice-Hall, Englewood Cliffs, NJ, pp. 7-31.
- Bucklin, L. and Sengupta, S. (1993), "Organizing successful co-marketing alliances", *Journal of Marketing*, Vol. 57, pp. 32-46.
- Burgers, W., Hill, W. and Kim, W. (1993), "A theory of global strategic alliances: the case of the global auto industry", *Strategic Management Journal*, Vol. 14 No. 6, pp. 419-32.
- Chapman, M. and Harris, S. (2000), "Managers' theories in the use and economic paradigms: exploring the influence of national values in three European countries", *Proceedings of the Annual Conference of the Academy of International Business, University of Strathclyde, Glasgow, UK*, pp. 183-212.
- Chatman, J. and Barsade, S. (1995), "Personality, organizational culture, and cooperation: evidence from a business simulation", *Administrative Science Quarterly*, Vol. 40 No. 2, pp. 423-43.
- Chen, C., Chen, X. and Meindl, J. (1998), "How can cooperation be fostered? The cultural effects of individualism-collectivism", *Academy of Management Review*, Vol. 23 No. 2, pp. 285-304.
- Dahl, M. and Pedersen, C. (2003), "Knowledge flows through informal contacts in industrial clusters: myth or realities", Working Paper No. 03-01, Danish Research Unit for Industrial Dynamics, Copenhagen.
- Das, T. and Teng, B. (2000), "A resource-based theory of strategic alliances", *Journal of Management*, Vol. 26 No. 1, p. 31.
- Eisenhardt, K.M. (1989), "Building theories from case study research", *Academy of Management Review*, Vol. 14 No. 4, pp. 532-50.
- Eisenhardt, K. and Schoonhoven, C. (1996), "Resource-based view of strategic alliance formation: strategic and social effects in entrepreneurial firms", *Organisation Science*, Vol. 7 No. 2, pp. 136-50.
- Enright, M. (2000), "Regional clusters and multinational enterprises; independence, dependence, or interdependence?", *International Studies of Management & Organization*, Vol. 30 No. 2, pp. 114-38.
- Freel, M. (2000), "Do small innovating firms outperform non-innovators?", *Small Business Economics*, Vol. 14 No. 3, pp. 195-210.
- Freel, M. (2003), "Sectoral patterns of small firm innovation, networking and proximity", *Research Policy*, Vol. 32, pp. 751-70.

- Freel, M. (2005), "Patterns of innovation and skills in small firms", *Technovation*, Vol. 25 No. 2, pp. 123-34.
- Golden, P. and Dollinger, M. (1993), "Cooperative alliances and competitive strategies in small manufacturing firms", *Entrepreneurship Theory & Practice*, Vol. 17 No. 4, pp. 43-7.
- Gulati, R., Nohria, N. and Zaheer, A. (2000), "Strategic networks", *Strategic Management Journal*, Vol. 21 No. 3, pp. 203-15.
- Hewett, K. and Bearden, W. (2001), "Dependence, trust, and relational behaviour on the part of foreign subsidiary marketing operations: implication form managing global marketing operations", *Journal of Marketing*, Vol. 65 No. 4, pp. 51-66.
- Hewett, K., Roth, M. and Roth, K. (2003), "Conditions influencing headquarters and foreign subsidiary roles in marketing activities and their effect on performance", *Journal of International Business Studies*, Vol. 34 No. 6, pp. 567-85.
- Hites, R., Foran, J., Carpenter, D., Hamilton, M., Knuth, B. and Schwager, J. (2004), "Global assessment of organic contaminants in farmed salmon", *Science*, Vol. 303, pp. 226-9.
- Hofstede, G. (1980), *Culture's Consequences*, Sage, Thousand Oaks, CA.
- Hofstede, G. (1991), *Culture and Organisations: Software of the Mind*, McGraw-Hill, New York, NY.
- Ingley, B. (1999), "The cluster concept: cooperative networks and replicability", paper presented at 44th World Conference of the International Council of Small Business, June 20-23, Naples, Italy.
- Inkpen, A. (2001), "Strategic alliances", in Rugman, A. and Brewer, T. (Eds), *The Oxford Handbook of International Business*, Oxford University Press, Oxford.
- Lechner, C. and Dowling, M. (2003), "Firm networks: external relationships as sources for the growth and competitiveness of entrepreneurial firms", *Entrepreneurship & Regional Development*, Vol. 15 No. 1, pp. 1-26.
- Oughton, C. and Whittam, G. (1997), "Competition and cooperation in the small firm sector", *Scottish Journal of Political Economy*, Vol. 44 No. 1, pp. 1-29.
- Parkhe, A. (1991), "Inter-firm diversity, organisational learning, and longevity in global strategic alliances", *Journal of International Business Studies*, Vol. 22, pp. 579-601.
- Patton, M. (2002), *Qualitative Research and Evaluation Methods*, Sage, Thousand Oaks, CA.
- Pyke, F. (1992), *Industrial Development through Small Firms' Cooperation*, International Labour Organisation, Geneva.
- Pyke, F. and Sengenberger, W. (1992), *Industrial Districts and Local Economic Regeneration*, International Institute for Labour Studies, Geneva.
- Steenkamp, J. (2001), "The role of national culture in international marketing research", *International Marketing Review*, Vol. 18 No. 1, pp. 30-40.
- Steyaert, C. and Katz, S. (2004), "Reclaiming the space of entrepreneurship in society: geographical, discursive and social differences", *Entrepreneurship & Regional Development*, Vol. 16 No. 3, pp. 179-96.
- Stokes, D. (2000), "Marketing and the small firm", in Carter, S. and Jones-Evans, D. (Eds), *Enterprise and Small Business; Principles, Practices and Policy*, Chapter 20, Prentice Hall/FT, Harlow, pp. 354-66.
- Van Dijk, M.P. and Sverrisson, A. (2003), "Enterprise clusters in developing countries: mechanisms of transition and stagnation", *Entrepreneurship & Regional Development*, Vol. 15 No. 3, pp. 183-206.
- Varadarajan, P. and Rajaratnam, D. (1996), "Symbiotic marketing revised", *Journal of Marketing*, Vol. 50, pp. 7-17.



- 
- Williams, J., Han, S. and Quails, W. (1998), "A conceptual model and study of cross-cultural business relationships", *Journal of Business Research*, Vol. 42 No. 2, pp. 135-43.
- Young, S., Hood, N. and Peters, E. (1994), "Multinational enterprises and regional economic development", *Regional Studies*, Vol. 28 No. 7, pp. 657-77.
- Zander, I. and Sölvell, Ö. (2000), "Cross-border innovation in the multinational corporation: a research agenda", *International Studies of Management and Organisation*, Vol. 30 No. 2, pp. 44-67.
- Zeng, M. and Chen, X. (2003), "Achievement cooperation in multiparty alliances: a social dilemma approach to partnership management", *Academy of Management Review*, Vol. 28 No. 4, pp. 587-603.
- Zineldin, M. (2004), "Co-opetition: the organisation of the future", *Marketing Intelligence & Planning*, Vol. 22 No. 7, pp. 780-90.

### Further reading

- Akooorie, M. (1998), "Encouraging small firm internationalisation: a tripartite examination of recent policy prescriptions in Denmark, Australia and New Zealand", *Proceedings of the Inaugural Conference of the Australia-New Zealand International Business Academy, University of Melbourne, 13-14 November*, pp. 1-13.
- Ceglie, G., Clara, M. and Dini, M. (1999), "Cluster and network development projects in developing countries: lessons learned through the UNIDO experience", *Boosting Innovation: The Cluster Approach*, OECD, Paris.
- Nygaard, A. and Dahlstrom, R. (2002), "Role stress and effectiveness in horizontal alliances", *Journal of Marketing*, Vol. 66 No. 2, pp. 61-82.

### Corresponding author

Christian Felzensztein can be contacted at: [cfelzens@uach.cl](mailto:cfelzens@uach.cl)

---

To purchase reprints of this article please e-mail: [reprints@emeraldinsight.com](mailto:reprints@emeraldinsight.com)  
Or visit our web site for further details: [www.emeraldinsight.com/reprints](http://www.emeraldinsight.com/reprints)

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.