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# **STRATEGIC MANAGEMENT OF RESOURCES FOR INTERNATIONAL BUSINESS OPERATIONS IN SMALL CONSULTING FIRMS**

**People, Processes and Tools in Managing International operations**

Master's Thesis  
in International Business  
Master's in Global Innovation  
Management

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## **List of abbreviations**

BPA/M	Business Processes Analysis and Modelling
BPR	Business Process Re-engineering
IMC	Institute of Management Consultancy
SME	Small and Medium Sized Companies
VECW	Value Enhanced Collaborative Working



# 1 INTRODUCTION

Consultants have been associated with teachers (Chrusciel 2004), value creators (Cheliah&Davis 2010) or coaches, counsellors, advisers (Kakabadse et al. 2006). Some aspects of these concepts relates with those of consultants. However, when speaking about management consultants the definition can be different.

Chrusciel (2004, 668) has proposed that “in order to be an effective consultant within the organization, experience as a teacher/educator is important if not required.” Cheliah&Davis (2010) clarified that, to be competitive in the management consulting field, one needs to be able to “demonstrate and deliver increased value in order to win work, particularly through repeat business and referrals.”

In addition to the above points, Kakabadse et al. (2006, 418-419) has distinguished between consultancy, counselling and coaching. They (ibid) pointed out that “counselling involves a more interpretive rather than analytic approach” which is the case in consulting firms. In addition, he stated that “coaching involves a more emotional and relational approach than consulting, which mainly deals with analysing and solving complex issues.”

## 1.1 Background of the study

The research in International Small Consulting firms or internationalisation of small consulting firms is scarce. It is necessary to understand the needs and effectiveness of utilising the resources and the strategic way of organising them. This will support the development of theories and practical models for the small firms which are mostly struggling with few resources.

In his interview with the management consulting news, one of the things that Philip Kotler pointed out was that “consultants need to improve their brand-building ability: [...] the key to branding especially for smaller firms, is to focus on a limited number of issue areas and develop superb expertise in those areas.” (Management Consulting News 2004)

The fact that internationalisation of the small consulting forms is increasingly visible; there is a need for additional research that highlights important aspects for building further theories in the industry. Networks and resources in consulting firms are vital elements for small companies to operate in a wide context.

## 1.2 Overview of management consulting business

The Institute of Management Consultancy (IMC), point out that “management consultancy is the service provided to business, public and the other undertakings by an independent and qualified person” Kakabadse et al. (2006, 419).

The author (ibid) continues to define management consultancy as “an advisory service contracted for and provided to organisations by specially trained and qualified persons who assist, in an objective and independent manner, the client organisation to identify management problems, analyse such problems, recommend solutions to these problems and help when requested in the implementation of solutions.”

These definitions are professional and have a clear meaning of the management consultancy work. The definitions also complement one another by adding specifications to the needed qualifications and expertise that a consultant need to possess.

Consulting business has been growing gradually. Armbruester and Kipping (2001) mention that “the consulting market has been strongly influenced by the emergence of a new competitor: investment banks. The internationalization of markets and the high mobility of information and means of production have activated a wave of mergers and acquisitions that triggered the growth and importance of investment banks. [...]. Another important, although less visible development in the consulting market has been the emergence of internal management consultancies as well as management coaching and training.”

Hostler (2005) has presented the consulting trends based on two segments, namely, Industry and practice. In the industry trend segment, relationship consulting, best of breed and growth in narrow niches were referred as dominant. In the practice trend segment, operational management consulting, strategy consulting and IT consulting were highlighted as common types of consulting business.



Table 1 Industry and practice consulting trends.

<b>Key Trend</b>	<b>Type of consulting</b>	<b>How they happen?</b>
<b>INDUSRTY TRENDS</b>	Relationship consulting	Consultancies are partnering with clients on a long-term basis, ensuring continual adoption of new ideas and best practices. Longer engagements lead to higher fees.
	Best of Breed	Clients are avoiding single-consultancy deals in favour of using multiple firms in a collaborative manner.
	Growth in narrow niches	North American consultancies are growing on the basis of lucrative “pockets of opportunity” [...] rather than broad-scale offerings.
<b>PRACTICE TREND</b>	Operations management consulting	Surging demand for process improvement due to cost-cutting and streamlining
	IT consulting – service	Service ranges increasing with movement toward “one stop shopping.”
	Strategy consulting	Trending toward industry specialization and quick, well-informed “fixes.”

Regarding the two consulting trends above, this thesis will concentrate on the ‘practice trend’ since it is solely aimed at observing the management consulting practices in international operation. It is however possible that some of the industry trend can appear time to time in the course of this thesis.

In addition to the trends in consulting firms, Hostler (2005) elaborates how the consulting firms have been developing over time. Table 2 below summarises his views until year 2008.

Table 2 The development of the consulting firms ( Hostler 2005)

<b>Year</b>	<b>Activity</b>
1990	“Immense growth in consulting markets due primarily ongoing economic changes and the corresponding characteristics of knowledge-intensive organizations.”
2000	Over 140,000 consultants sold over \$70 billion of advice.
2004	Big Three strategy firms Bain & Co., The Boston Consulting Group and McKinsey & Co. had decreased 5%, 13% and 12%, respectively
2005	Marks year five of a consulting marketplace malaise.
Through 2008	Global consulting marketplace is expected to grow

Consulting business continues to grow rapidly. People with diverse knowledge and expertise in various areas are becoming knowledge entrepreneurs with the intention of supporting businesses and other service sectors. A challenge remains on how to remain competitive in the market place. The question of strategic management of resources and the company’s ability and competence are crucial.

### **1.3 Purpose of the study**

The main focus of this study is on strategic management of resources in a management consulting firm that plan to operate or already operating in foreign markets and remain competitive. Tallman (1991, 78) mentions that “interaction among firm’s specific resources, strategic configuration and structural form should explain [firm’s] performance better than any single aspect of host country activities.” This statement was given based on the research made on the automobile industry. Despite, the difference in the areas of expertise, the effect of the resources incorporated in the firm is vital to be considered.

In order for the firm to be able to fulfil its goals there is a need for the firm to realise “resources necessary for the adoption of new strategies” (Conklin 2005, 31). It is obvious that, resources are needed when the company enters new markets. This can be due to the need for more competencies and knowledge of the business or other reasons. This is also the case in Management Consulting businesses since environmental transformation requires resources for the business to be implemented successfully.

Therefore this study strives to understand “how do small management consulting firms manage their internal and external resources while operating international markets?” In order to support the research question two objectives have been put forward. These are to understand;

1. What are the internal and external resources in management consulting firms?
2. What management strategies do small management consulting firms apply while operating in international market?

In order to respond to the above objectives, the theoretical framework of this study will discuss three main aspects. The first aspect will discuss the internationalisation activities in SMEs whereas ‘internal and external resources in management consulting firms’ will be addressed as the second aspect. The second aspect will discuss ‘management strategies of resources in small consulting firms.

Generally, the organisation of this study starts with an introduction which consists of the background and purpose of the study. Secondly the theoretical framework considers three aspects mentioned in the previous paragraph. After the theoretical framework, the research design will discuss the methodology and analysis as well as reliability aspects of this study. Finally the analysis of the results, conclusions and summaries will be presented at the end of this study. Details of the organization of this chapter are stipulated in the figure 1 below, as part of the organisation of the whole thesis.

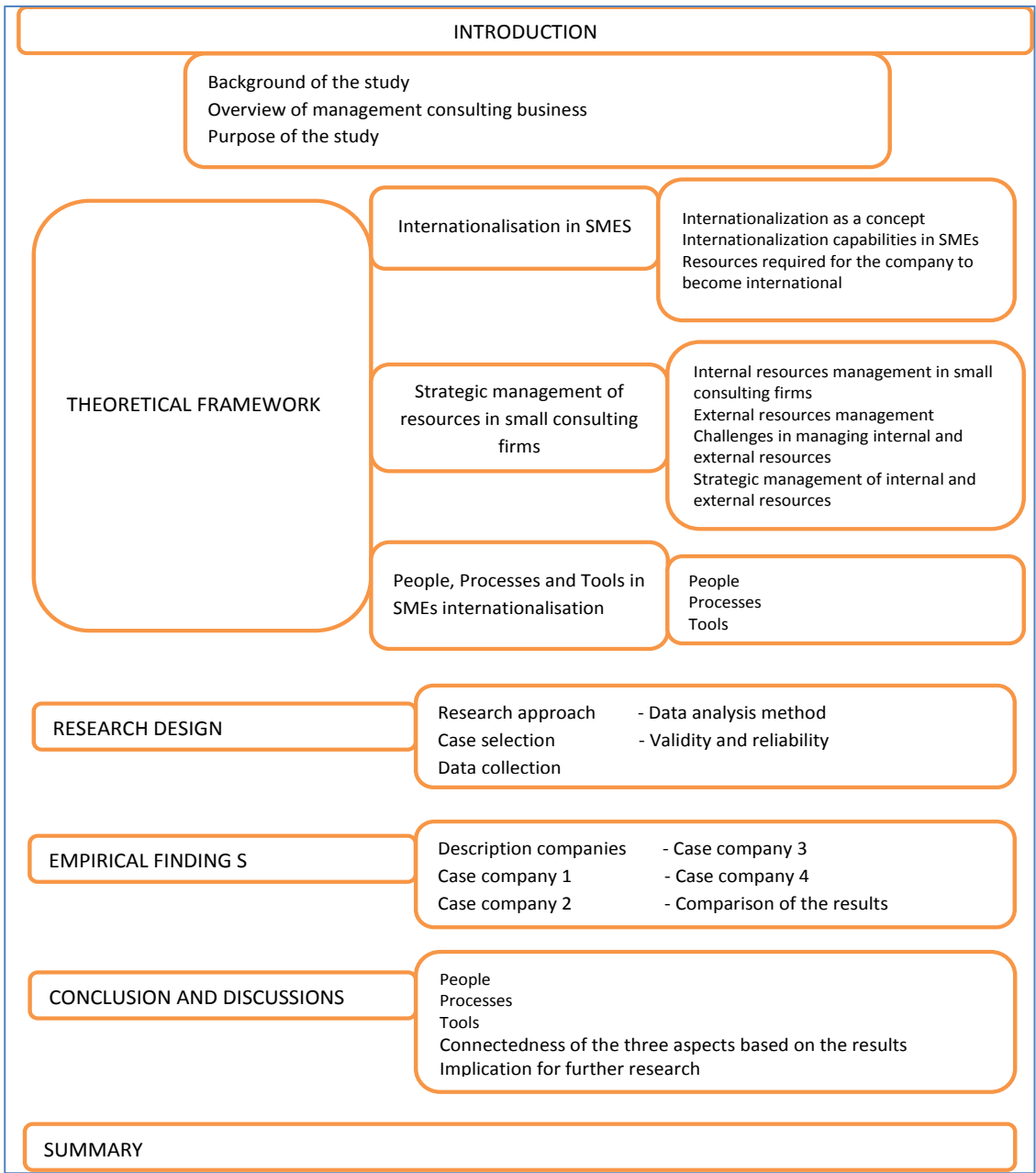


Figure 1 Organisation of the theoretical framework

In order to be able to respond to the research problem, chapter 2 will continue to describe different elements and theories that have been found useful in supporting the internationalisation of small firms. In this regard, the theoretical framework of this thesis will highlight selected elements that were found as key in this thesis research question in order to bring forth an understanding of different structures that can support small companies' internationalisation and hence develop logical interview inquiry to the respondents.

## **2 THEORETICAL FRAMEWORK**

This chapter will concentrate in three main aspects that are interrelated based on the research problem of this thesis. These are:

1. internationalisation of the SMEs as general, (chapter 2.1)
2. internal and external resources management (chapter 2.2) and
3. strategic management of resources (chapter 2.3)

These three aspects will focus as much as possible in small consulting firms. However, theories from feasible research work on small companies will also be considered due to the fact that, some of the aspects are universal and can be applied to any firm of a similar cluster.

When understanding this part of the theory, the writer of the thesis will be in a position to develop an understanding of the concepts and test them with respondents during the data collection process.

### **2.1 Internationalisation in consulting SMES**

Since this study deals with the internationalization aspects of the Small and Medium sized consulting Enterprises, highlighting different aspects relating to the internationalization of the companies is vital. In this chapter a few factors that define internationalisation in small firms as well as international SMEs characteristics will be discussed. These factors will assist in understanding the meaning, capabilities and the requirements in the SMEs as stipulated in subchapters 2.1.1 through 2.1.3.

#### **2.1.1 *Internationalization as a concept***

Welch and Luostarinen (1988, 36) referred to Internationalisation as “the process of increasing involvement in international operations.” These are mainly business activities between two entities. In addition, Internationalisation was related to the strategy of market penetration (Kuivalainen et al. 2010, 143). The authors (ibid.) believe that, for a firm to become international there should be a good possession of marketing capabilities. In conjunction with other authors, Calof and Beamish (1995) also relates internationalisation as firm's ability to increase its awareness of the future influences in their international activities or an ability of the firm to establish international transactions with overseas firms. Löfgren (2014) relates the internationalization of small firms as a result to a successful co-innovation activity among firms.

When it comes to why firms internationalise, Nummela et al. (2006, 565) mentions that “Internationalisation impacts the performance of the firm, and changes can be measured in terms of turnover and/or profit development, as well as by the export ratio.” Even though this is not an actual definition of the internationalisation, it can be agreed that, many companies internationalise in search of better business opportunities as well as better networks. This cannot be different when it comes to international consulting SMEs as it is the case for this thesis.

SMEs internationalization was viewed as a potential cause from different perspectives. In addition, it can be assumed that, geographical location where the company is located might have an implication to how the internationalization happens. When comparing the SMEs internationalization in developed economies and in emerging economies, Kazlauskaitė et al. (2015) mentioned that things like cost advantages, knowledge stock and tangible and intangible knowledges impact the internationalization in the emerging economies. In addition, they added that, resource quality and quantity matters when small firms plan their internationalization.

Lamb & Liesch, (2002) continued to emphasise that, for the internationalisation to happen in firms three elements have to be involved. There are market commitment, market knowledge and market involvement. The three elements can be said to be iterative and may be also the decisive elements of whether the internationalisation of the firm should be regional or global as presented in Chetty and Campbell-hunt (2003) internationalisation paths.

Uppsala model (Johansson and Vahlne, 1977), suggests that the market commitment comes after the knowledge of the market. Comparing with Lamb and Liesch model, it can be argued that the two models can work well in SMEs. However, the model choice may depend to the nature and orientation of the firm and its management.

In addition, Rutashobya and Jaensson (2004) who studies Tanzania SMEs internationalisation found that friends, customers and close family ties, network with distributors overseas or in the local associations may trigger the internationalisation of the small firms. In addition, Franco et al. (2013) relates Internationalisation with strategic alliances where it supports small companies in saving costs as well as realising markets' needs.

Even though internationalisation in SMEs has been seeing as something to be emphasised, there are barriers included in to them. Al-Hyari et al. (2012) highlighted the impact of politics, economical, financial and information Barriers were the main hindrance to the internationalisation in SMEs in Jordan. Even though this is a case for Jordan, the elements can be seen as common for preventing internationalisation for SMEs in many parts of the world.

Internationalisation in companies brings about different changes, internally and externally (Nummela et al. 2006, 565). These changes are influenced in order for the companies to be able to adapt to the new environments or working structures. (Nummela et

al. 2006, 577) mentioned that, “change in SME internationalisation is more multidimensional than assumed” for it appears in many different ways. This could be affected by factors presented by Al-Hyari et al. (2012), Kuivalainen et al. (2010), Franco et al. (2013) and Rutashobya and Jaensson (2004). All factors were different and appeared in different environment and showed how the internationalisation appeared in the small firms.

Notwithstanding, Chetty and Campbell-hunt (2003, 813) have related internationalisation theories, SMEs characteristics and strategy configuration as a concept that supports internationalisation ability in small firms. The authors (ibid.) have highlighted the importance of environment to the company's choice of internationalisation models and perspectives as well as management and firms' characteristics. This way the company is able to develop viable strategies, which will lead to the path of the internationalisation, which the company wishes to undertake.

When looking at the model below and the compare this model with models presented by Johansson and Vahlne, (1977) and Lamb & Liesch, (2002) for example, it is vividly clear that Chetty and Campbell-hunt. (2003) has a little more extended model, which has no so big difference when compared to Uppsala model as presented by Johansson and Vahlne, (1977).

### ***2.1.2 Internationalization capabilities in SMEs***

Organisation capabilities perspectives are considered as a result of the value of firms own capabilities which can affect the market entry mode choice (Andersen, 1997).

When coming to SMEs capabilities, a few areas have been addressed as important. The main areas are; financial capabilities, organisational and firm capabilities, technical capabilities as well as marketing capabilities (Kuivalainen et al. 2010).

With regard to financial capabilities, obtaining necessary funds for research and development marketing export and other firm's activities is crucial. Many SMEs do not have an access to financial resources hence challenges in executing international markets (Kuivalainen et al. 2010). In some cases the financial capabilities can be related to Managers mentality. Wijewardena et al. (2008, 150) found that, “there is a strong relationship between owner/managers' mentality and financial performance of their enterprises.”

Lee et al. (2001, 633) have spoken about internal capabilities and external relationship. They (ibid.) concluded that, technological and financial capabilities invested during the development are positively associated with the start-up performances. Kuivalainen et al. (2010) continued to highlight that when firms is able to secure financial

resources, it is evident that it will be able to also secure new markets. This will be, however, as a result of good management in the respective firm.

When considering the management capabilities, Kuivalainen et al. (2010) associate aspects related to competencies in process management, employees know-how and efficiency in organization structures. Knowledge acquisition (Gharakhani and Mousakhani 2012; Rusly et al. 2015; white and Cicmil 2016) can be a source of the competitive advantages in the firm. This however has to be developed in a way that it can enforce the ability to adapt in new markets (Kuivalainen et al, 2010).

Furthermore, Chetty and Campbell-hunt. (2003, 814) remind on the softer side of the organisational behaviour and mention: “it is important to note that the attitudes and motivations of decision makers in SMEs determine the path and pace of internationalisation.” This is not a different aspect. However, it is necessary for SMEs to realise the importance of employees' motivations (Lozenby 2008) by offering feedback and recognizing when they achieve their goals. O'Shannassy (2003) also emphasis on the employees autonomy as it encourages an organisational motivation and a sense of responsibility in all layers of work.

Technological capabilities (Lee et al. 2001) can be said to be the second most important capabilities in many firms in the currently world of business. “Emphasis on new technology development is a natural routine for innovative, entrepreneurial firms” since this can “determine the ability of companies to offer products and services, gain market acceptance, survive at the market and achieve financial success (Kuivalainen et al. 2010, 142). Product and services have also been explained as necessary for the firm to gain superior performances. Based on the previous statement, it can still be argued that, services and products may not always be necessarily as a result of competitive technological competences in the firm.

Marketing capabilities (Kuivalainen et al. 2010; Xu and Li 2011; Wilden and Gudergan 2015) are important competence that a small firm should attain in order to manage the international competitions (Setiowati, et al. 2015). Wilden and Gudergan 2015) pointed out that “Marketing capabilities are positively associated with firm performance in highly competitive environments.” However, they have added that technological capabilities as crucial for the firm performance as (Kuivalainen et al. 2010, 142) mentioned in the previous paragraphs.

Xu and Li (2011), speak about marketing dynamic capabilities as crucial for the firm's value and network creation among its enterprise stakeholders. Understanding customer needs (Goffin and Mitchell 2006; Holdway 2001) is important in order to offer right product platform. Holdway (2001) also highlight that “understanding needs start from employees.”

Goffin and Mitchell (2006) added that, “market research is all about understanding the customer's real problems. Once we have identified these, we use cross-functional



teams to determine suitable solutions." Here also cross functional teams refer to the employees of the company.

The employee role in realising customer needs can be seen as different since management role in the organisational success has been prevalent in the firms' capability studies. Nevertheless, it can be definite that, when employees are motivated (Lozenby 2008), they are able to support the company in the best ways possible. Aspects of employee satisfaction strategies by the respondent companies in this thesis will be investigated.

Andersen, (1997) has highlighted, however, that it can be challenging to measure the firm capabilities which results from intangible resources compared to those that result from physical and financial resources. This may be possible when the management is closer to the employees – which can be a case of successful international SMEs.

Learning capabilities in the SMEs is necessary for their internationalisation and business operations. Learning has been said to encompass different processes, starting from individual or manager, Organisational internally and then learning the external environment (Anderson and Bookcock 2002, 10). When considering the internationalisation models presented by Johansson and Vahlne, (1977); Lamb&Liesch, (2002) and Chetty and Campbell-hunt (2003), the learning capability presented by (Anderson and Bookcock (2002) highlight without any specific arrangements, aspects necessary for the SMEs self-evaluation when thinking about international business. Each of the capability is a part of a process which encompasses a company managers or employees. Figure 2 stipulates these aspects which encompass the experiential learning among managers in the small firms.

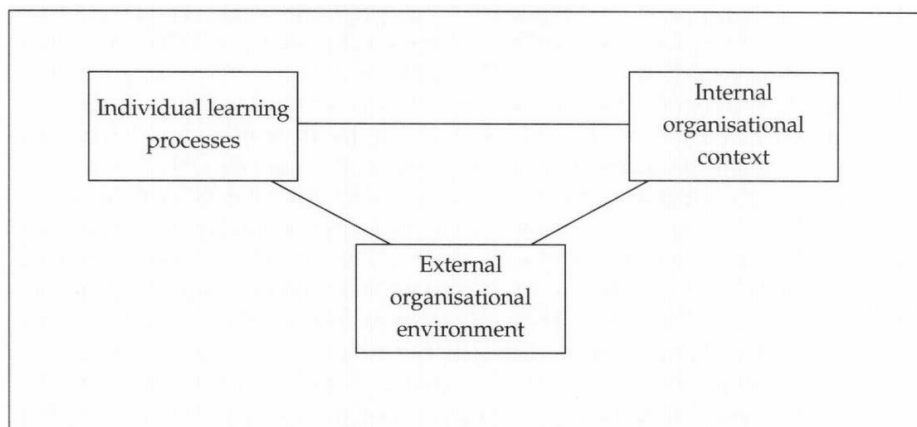


Figure 2 Factors in the learning process in the organization (Anderson and Bookcock 2002, 10)

Anderson and Bookcock (2002) continue to question the double loop learning due to the nature of communication in small firms. They pointed out that since most of SMEs are socially managed and most of the communication is oral to maintain cohesion

among its members, “individual, entrepreneurial learning may occur, but the cultural norms and approaches to communication in small firms imply that adaptive rather than generative learning might be more valuable” (Anderson and Bookcock 2002, 11). Blackman et al. (2004) also add that double loop learning can frequently create mistakes and the effective learning should be considered beyond the normal “learning organisation and knowledge management.” effective learning should be considered beyond the normal “learning organisation and knowledge management.”

### ***2.1.3 Resources required for the company to become international***

Apart from the usual resources that every company requires in its internationalisation process, this chapter will look at some of the things that can support SMEs internationalisation. These aspects can be a part of company's internal, external, tangible or intangible resources. The idea is to give a generalized highlight of aspects that small companies think about when they face the internationalisation quest.

When it comes to human resources in relations to internationalisation plans, (Kaupinen and Juho, 2012, 222) highlight that “business opportunity cannot always be created because of personality drivers (e.g. a need for achievement, locus of control, self-efficacy and/or entrepreneurial alertness) but may arise from a desire to create a more interesting and meaningful life.” The life in this phrase is more on the company side.

Learning is a key resource for small firms when thinking about internationalization. When compared to the large companies which use their formal ways and procedures in learning, Small firms depend on their tacit knowledge and formal activities in learning are not considered relevant. Anderson and Boocock, (2002) mentioned that:

“Learning occurs in an opportunistic and informal way and knowledge is generally tacit rather than explicit. Formal training is used infrequently and formal planning or evaluation is rarely relevant. Where formal training is implemented, it is used typically in conjunction with other informal forms of learning to acquire technical knowledge to meet operational priorities.” (Anderson and Boocock, 2002, 18)

This can be thought to be connected to the fact that SMEs have fewer resources to invest in formal activities compared to large firms. This way, the idea of this thesis becomes relevant as it is trying to evaluate the strategies that small companies use if at all not formal.

Chetty and Campbell-hunt. (2003) mentioned the impact of SMEs fewer resources to their internationalization perspective choice. They mentioned that, fewer resources such as finance may lead internationalisation process to become more of an emergent strate-

gy which happens at the same time as the new learning and evolving experiences in the company.

International SMEs can be seen as benefiting from the trustworthy and complementary networks. Löfgren (2014, 176) speaks about co- innovation and internationalization. When reporting the results she mentions that, “co-innovation outcome has a positive effect on international network management.” The author continues to report that, in her research, there was not any vivid aspect of organizational learning in building the international connections between the firms. The relationship happened solely due to the co-innovation ability between the firms. In most cases she noted that the international customers abroad were serving as bridges to new customers and suppliers in foreign markets Löfgren (2014).

As for the SMEs it can be said that, despite the extent to how learning and capabilities occur, SMEs internationalisation opportunities are realized in an unplanned way. Both Chetty and Campbell-hunt. (2003) and (Anderson and Boocock, 2002) considers the informal learning as a process of in the internationalisation of small firms. The discrepancy is only when Chetty and Campbell-hunt. (2003) refers to a relationship between learning and evolving experiences and Anderson and Boocock, (2002) sees evolving experiences as informal and opportunistic way in generating internationalization knowledge. Löfgren (2014) speaks about co-innovation, which may not be separated totally from the informal learning or evolving experiences.

Clulow et al. (2003) referred to the competitive advantage and resource based view of the firm. In their research they have highlighted that management strategic role should concentrate in to three key resource clusters which were tangible assets, intangible assets and capabilities. With all these resources they have highlighted their values, barriers to duplicate in case another company will need to do so and appropriateness of the resources. The table below is an adaptation of Clulow et al. (2003) showing key resources and their relevance to the resource of the firm.

Table 3 Relevance of key resources for Firm performance (adapted from Clulow et al. 2003, 222)

<b>Key resource</b>	<b>Relevance to the resource in the firm</b>
Value	Key resources enable strategies to be implemented to satisfy the needs of customers and thereby improve firm performance.
Barriers to duplication	Key resources must be unable to be duplicated by rivals and barriers exist when the resource is inimitable, immobile and non-substitutable
Appropriability	The resource will only be a key resource if its value can be captured within the firm rather than by potential claimants such as employees, clients or suppliers

Before moving to the next chapter, it is necessary to understand how resource management can lead to the competitive advantage in the firm. Fahy, (1996) highlighted to managers, the importance of knowing what resources can support the company while entering or working in international market. He highlights the importance of realising location specific required resources and isolation mechanisms before doing strategic choices. Even though this study has not selected this model as an analysis model, there is a good factual insight on how the companies should be thinking when thinking about going international.

Fahys (1996) description complements Clulow et al. (2003) ideology in a way that one insists on the knowledge of the resources and relevance of them in the firm; and the other describe an informative model on how the firm should evaluate its capabilities when it comes to resource management. For both of the authors, it can be said that Dynamic capabilities (Xu and Li 2011; Augier and Teece 2007; Teece et al. 1997; Anders 2006) in the firm cannot be forgotten as they support management in gaining knowledge of the potential resources (Espedal, 2005) that can be useful to the company's international operations.

While continuing with aspects of resource management in SMEs, chapter 2.2 will continue to deeper focusing in the resource management aspects. This chapter will support in the understanding of the firm resource structure and ways they are identified when it comes to international business.

## 2.2 Strategic management of resources in small consulting firms

This chapter will concentrate generally on the internal and external management of resources as well as the strategic management of these resources in small management consulting firms. These aspects have been chosen in order to demonstrate how management of these resources corresponds to the possible sustained competitive advantage of the small consulting firms when operating in the international markets.

A good management of both internal and external resources during the business life cycle can bring about sustainable competitive advantage. Coyne (1986), presents the capabilities that can enhance sustainable competitive advantage in the firm. These capabilities were focused on both internal and external resources of the firm such as building firm's reputation, possession on the legal entity such as intellectual property right and knowledge and skills. All these capabilities are important for the firm's internationalisation strategies. (Hall 1993, 610-611)

Steen&Liesch (2007) have discussed the so-called Penrosean approaches. This approach was originally presented in the 1950s by Edith Penrose, focuses on managers' tacit knowledge and working experiences in teams for bringing change. The authors (Ibid.) suggested that those approaches “need to be able to follow the extension of resource bundles within the firm as they establish connections with other networks beyond the boundary of the firm. These resource bundles and external connections both constrain and enable managerial strategic choice as the internationalisation process unfolds.”

With regard to Enterprise Resource Planning (ERP) Armbruester and Kipping (2001) discuss the strategic change in the management consulting. They (ibid) point out that, development of ERP has brought development of big consulting firms. It can be assumed that, ERP supports the external and internal management information in the firm. Therefore, it is possible to combine knowledge and assign them in places where they can be more productive.

When looking at the general organisational resource management success, Snyman & Kruger (2004) declares that, “the successful management of organisation's resources in the next century will be determined to a greater extent by the organisation's ability to combine knowledge management.” A clear understanding business strategic principal is needed to direct the formulation of information distribution in the firm. It was necessary for a small company to set a “vision architecture and technology plan, excellent management of the intellectual assets, and Management of knowledge as a strategic resource” Snyman & Kruger (2004).

With regard to the resource based view of the firm, Mahoney&Pandian (1992, 365) pointed out that “it is the resources of the firm which limits the choice of the market it may enter, and the levels of profit it may expect”.

Mahoney&Pandian (1992) refer to new managerial recruits increase the growth potential. They also suggested the usefulness of training existing managers. They point out that “the resource based view must also aid the management practice” in aspects related to the choice of governance. They refer to matters such as “mergers and acquisitions, internal development, and intermediate models such as joint ventures.” In response to that, Teece et al. (1997) points out that, integrating the resource based view of the organisational economics and dynamic capabilities could be one approach to support management practices.

When discussing balance scorecard, Kaplan and Norton (1996) have presented four managerial aspects that stand as a management strategy in the firm development. They (ibid) pointed out that managers should ask themselves questions that will develop integration among, Financial, internal processes, customers and organisational learning (figure 3). Among the questions aroused are:

- How do the company wish to appear to their stakeholders?
- What business processes are vital for development of the companies?
- How should the company sustain the flexibility so that they are able to change and improve in their operations?
- How to appear liable and trustworthy to the customers?

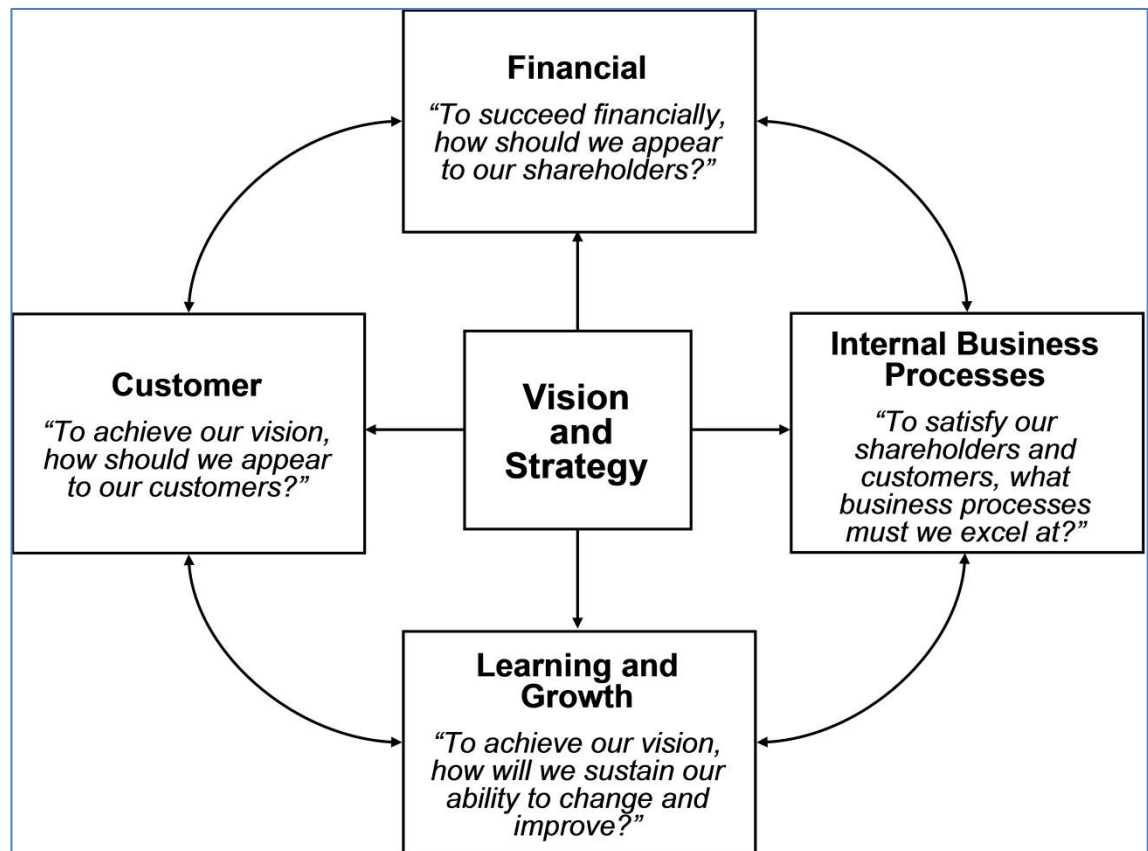


Figure 3 Using the Balanced Scorecard as a Strategic Management System (modified from Kaplan and Norton 1996, 76).

Even though this is not a model that can be used in the analysis of this thesis, it is clear that its aspects are necessary also when dealing with international business operations for small companies as well. Kaplan and Norton (1996) also emphasize the need for managers to enhance communication (Valahian, 2013) with middle managers, refine and clarify vision as well as eliminating non-strategic investments.

Consulting firms that operate in international markets can benefit by organising themselves based on the resources they possess. A good question remains on different capabilities of those firms. The next sub chapters (2.2.1 and 2.2.2) will briefly demonstrate how internal and external resources are managed and highlight the functionality of building networks from the internal resources and capabilities of the firm. Later in sub chapter 2.2.3 the strategic management aspects will also be presented.

### 2.2.1 *Internal resources management in small consulting firms*

Internal resources can be tangible or intangible. Human resources are among the main considered internal resources in firms. In this regard "employees know how" is one of

the most important things and “most durable resources in the business success” (Hall 1993).

In addition an efficient consultant needs to possess a good experience, functional skills, ability to listen and question, objectivity and self-awareness” (Kakabadse et al. 2006, 464). Although these aspects were not associated with internationalisation, it can be thought that, they are core internal resources that lead a consultant, a consulting management team or a consulting firm further, with business success.

It is important for management to oversee the processes in their companies in order to bring about international competitiveness. Löfgren (2014, 177) found out that, “Management processes are important components of firms' international competitiveness as such processes can transfer various inputs to performance outputs.”

Hutchinson et al. (2006, 526-527) continue to emphasise that manager’s abilities to network, international experience and business skills have a great deal in influencing the management decisions to go in the international market. It can be assumed that, the writers are trying to emphasis on the relevance of knowledge and competitiveness to the managers in relations to their actions on expansion and managing the international business.

When analysing the collaboration problem solving techniques in growing small businesses, Perks (2010, 230) points out that, “Role conflict between partners/members could be reduced through a proper organisational structure and delegation, which in turn could assist in management efficiency and quality service delivery”. He argues that managers should learn to delegate tasks to the right people. The author also adds the impact of training and cooperation with educational institutions as good strategies to attain suitable human resources for the companies.

Valahian (2013, 28) concluded that, “the achievement of a strategy is depending upon the teamwork that it could be found in an institution. It also requires a commitment from all members of staff to share ideas, information and knowledge with each other by the most appropriate method.” With this conclusion and in addition to human resources, we can see that companies need to value their abilities to enhance team work practices and sharing capabilities. These are internal resources that can also be seen as originated from the management capabilities to harmonize the company.

In addition to management capabilities on team work and sharing practices, Valahian (2013) adds that, it is important to harness the importance of communications in the organisation. He (ibid.) presents that listening to employees passing on information in the company should be made visible to employees by managers, and managers should also respond to employees' views in appropriate ways. This can be supported by Paulray (2011) hypothesis that empowering employees in all levels in order for them to be able to approach the sustainability initiatives.



Furthermore, managing internal resources has been linked to managing the success of the company's innovativeness, sustainability (Paulraj 2011) and competitiveness in increasing the company's ability to explore external capabilities (Belso-Martínez et al. 2011). Both of the authors have mentioned the importance of having strong internal resource capabilities since they are necessary for maintaining the performances in companies' operations.

In the following chapter, the discussion of the resources and their importance in companies will take a perspective of external resources. These are the resources that can also be thought to be important in bringing company's strength when internationalisation comes in to question.

### **2.2.2 External resources management in small consulting firms**

External resources can be referred to business partners externally or in different units of a firm. These can be institutional of the similar professions; or different institutions that complement business development. External resources can be accessed “either through alliances or acquisitions” (Yang et al. 2008). In some extent firms do partner in order to retrieve external resources whereas in some firms none partnering is a best way to realise resources.

Conklin (2005, 39) has warned managers based on the cases of acquisitions or mergers and says “cross-border mergers and acquisitions deserve careful consideration in such situations, comparing the terms and conditions of a merger or sale with the costs, payoffs, and risks of requisite adjustments if pursued independently.”

Yang et al. (2008, 241) continue to clarify on the collaboration among firms. Among other hypotheses, they suggested that:

1. “A firm’s knowledge specialization will positively influence the choice of non-partnering over partnering for external resources.”
2. “If a firm decides to partner, its knowledge specialization will positively influence the choice of acquiring over allying.”

Yang et al. (2008, 242) also pointed out that “Firms will be more likely to undertake non-partnering over partnering for external resources under a large technical distance.” On the other hand, the authors (Ibid.) have highlighted that “when firms have a large status distance, they are more likely to choose partnering over non-partnering.” This was mentioned to be as a result of firms' need to benefit from large status distance economically with the condition that “inter firm relations such as alliances and acquisitions often rely on legally binding contracts with financial objectives.”

In conjunction with the above connotation, Belso-Martínez et al. (2011) have mentioned the importance of valuing the relationship between internal and external re-

sources. They concluded that, “Internal and external resources should not be conceived as strictly independent spheres, conversely they are strongly interrelated.” The authors have pointed out that when the company has higher internal resources, they have the ability to explore external resources. Paulraj (2011) also has supported the importance of considering external partners even when the company has strong internal resource capability, which makes the relationship between internal and external resources inexorable.

Connectedly, Hayton (2003, 386) mentioned that in a good human resource management the firm has to embody “internal consistency, external congruence, and system flexibility.” These aspects suggest that firm resources are interdependent of each other.

With regard to the securing of external resources, Yang et al. (2008, 239) mention that, “Alliances provide access to information, resources, technology and markets; whereas acquisitions make possible for firms to achieve operating synergies, enter a market quickly, and overcome entry barriers.” In support to the previous statement, Anderson (2009, 36) points out that, firms that have no capabilities to enter international market could enter in a “broader alliance, joint venture or merger” in order to create new capabilities that address the multidimensional complexity of value chain structure in foreign industry sectors.”

Some authors (Epselda, 2005; Belso-Martínez et al. 2011; Paulraj 2011) have referred to the fact that internal resources are a great complement to the firm's ability to explore external resources. Fawcett et al. (2010) demonstrate how the internal strategic responses can support management in realising dynamic collaboration capabilities. With ability to manage internal resources managers will be able to explore and exploit (Epselda, 2005) both supplier resources and customer resources' infrastructures and knowhow and hence successful choice of business implementation. The figure 4 below demonstrate the interaction among the three elements as presented by Fawcett et al. (2010)

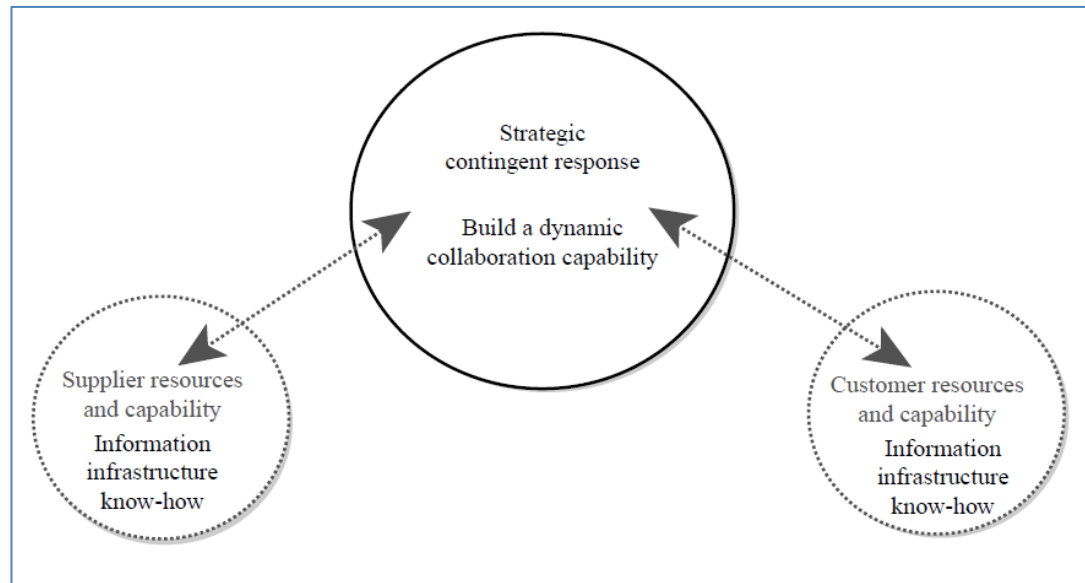


Figure 4 Developing a collaborative contingent capability by combining strategic contingency resources (Fawcett et al.2010, 517)

External resources are useful especially in keeping the company aware of the changes in the operative environment. Conklin (2005, 39) had mentioned that “When new environmental forces require new strategies, the right decision may lie on the cross-border mergers and acquisitions.”

As a part of external networks, company networks and alliances are important aspects while analysing how small firms utilize their resources and capabilities in gaining international markets. Mort & Weerawardena (2006) point out that, networks are necessary for the small companies since they do not have many resources of their own when thinking about entering international markets. Additionally Sinha, et al. (2011, 72) analyse the importance of networking and alliances in the offshore SMEs as a strategy to reduce costs. They realized that, “intense interaction, personal visits, frequent communication and insights into the workings of foreign markets” can benefit SMEs international business.

Sinha, et al. (2011, 72) emphasize on the importance of relationship as a learning aspect for small businesses that prefer to operate internationally. The authors (ibid.) cited Forsgren (2002) who mentioned that, “inter-organizational learning in a business network implies that deep and long-lasting business relationships facilitate the assimilation of tacit knowledge from the different actors in the network.” It can be assumed that, for the small consulting forms for example, the long lasting relationship and networks can be a first step to accessing useful market information and reliable partnerships in doing cross border business.

### 2.2.3 *Challenges in managing internal and external resources*

After seeing the usefulness of internal and external resources in small consulting firms, this chapter will briefly present the challenges that the management of the internal and external resources may encounter. Among other authors, most of the views will be derived from Mughan et al. (2004), and Singh et al. (2010) findings. These authors are considered in this part since their research work was done closely to the consulting firms. Moreover, their findings give a good picture of the types of challenges that may arise in managing resources in small consulting firms.

Mughan et al. (2004, 424) mention that, among challenges that firm face when operating with international business are “low management competences and lack of planning and securing financial resources.” It can be thought that, small consulting firms that wish to operate internationally, needs to work on their management competence with regards to internal and external resources in international business (Espedal, 2005). This means that effective management of operations, financial analysis as well as human resources and networking capabilities will be among the key aspects that will need special attention.

Another challenge is related to managing the internal resources and capabilities and the external factors from the environment. Companies in the Singh et al. (2010) research verified that, “internal problems to the firm were more important barriers to access to international markets than barriers stemming from the home and foreign/host environment within which firms operate, including policy barriers (tariffs and regulations)” (Singh et al. 2010, 173). Dzafic et al. (2011) however, urge SMEs and entrepreneurs to utilise the organisations such as ‘chambers of commerce and business associations’ in order to be able to avoid some obstacles that may cause challenges in the internationalisation of their businesses.

Gohil et al. (2011) utilised his Value Enhanced Collaborative Working (VECW) model to analyse internal capacity and clarifying the roles in the firm. If the analysis is not well- done, it may result to internal and external resources challenge for the company management. This is due to the fact that without a clear analysis of resources and capabilities of the company, operating in the international markets may be a challenge. In this case, aspects such as knowing the environment, the knowledge of the consultants in relation to the market intended, knowledge of the partner in case of partnership are among key aspects that may affect the international business competitiveness. Franco et al. (2013) found out that, it is important for the firms to realize their partners as those partners will have a great impact on how the product reaches the customer. In the case of consulting firms, a product is a service that the firm offers.

Finally, Singh et al. (2010) point out further challenges that may be as a result of poor management of internal and external resources in Fiji and Samoa. They referred to

the challenges such as “dealing with government paperwork, government regulations, locating qualified employees, employment regulation, rates, electricity and telephone costs, advertising, pricing, and competition with other businesses as among the common that companies faced in Fiji and Samoa.

Above all it can be concluded that, in order to avoid challenges of managing internal and external resources, consulting firms that wish to operate internationally may not only need to rely on competent consulting knowledge. They rather need to have competitive planning and financial analysis capabilities, good human resources and Supply Chain Management capabilities, competent in knowledge about international operative environment as well as the ability to point out and improve internal problems that may cause challenges in the internationalisation process.

In the next sub-chapter (2.2.4), strategic aspects of managing internal and external resources in international consulting SMEs will briefly be discussed. Sub-chapter 2.2.1 opens up elements that were found from a study made in small consulting firms. It is also a model of analysis that this thesis will focus on in relations to other writers. Chapter 2.3 will afterwards offer a deeper understanding of the elements connected to the following sub-chapter.

#### ***2.2.4 Strategic management of internal and external resources***

After the above explanations, this chapter will continue to elaborate different aspects that need to be considered as strategic in managing internal and external resources.

In Gohil et al. (2011, 55) Value Enhanced Collaborative Working (VECW) framework consists of People, Processes and Tools. These three key elements have been pointed out as interdependent whereby:

“People” are responsible for strategic partners sourcing, communications inside and outside the firm, developing sustainable relationship and collaboration charter. They “understand the primary goal of the collaborative environment and work towards it by agreeing to common goals.”

“Process” refers to the activities of the firm such as stakeholder integration, process mapping and recommendation of other useful processes whereas. Processes organises “associates and strategic partners in a structured way in order to deal with potential disparities of power or resources for dealing with the issues at hand.”

“Tools” are the firm's infrastructure which needs to be reviewed and analysed. Tools develop “competencies of different stakeholders and align strategically multiple stakeholder collaborations towards a primary goal”. Figure 5 demonstrate the three elements of the VECW and its description in a nutshell.

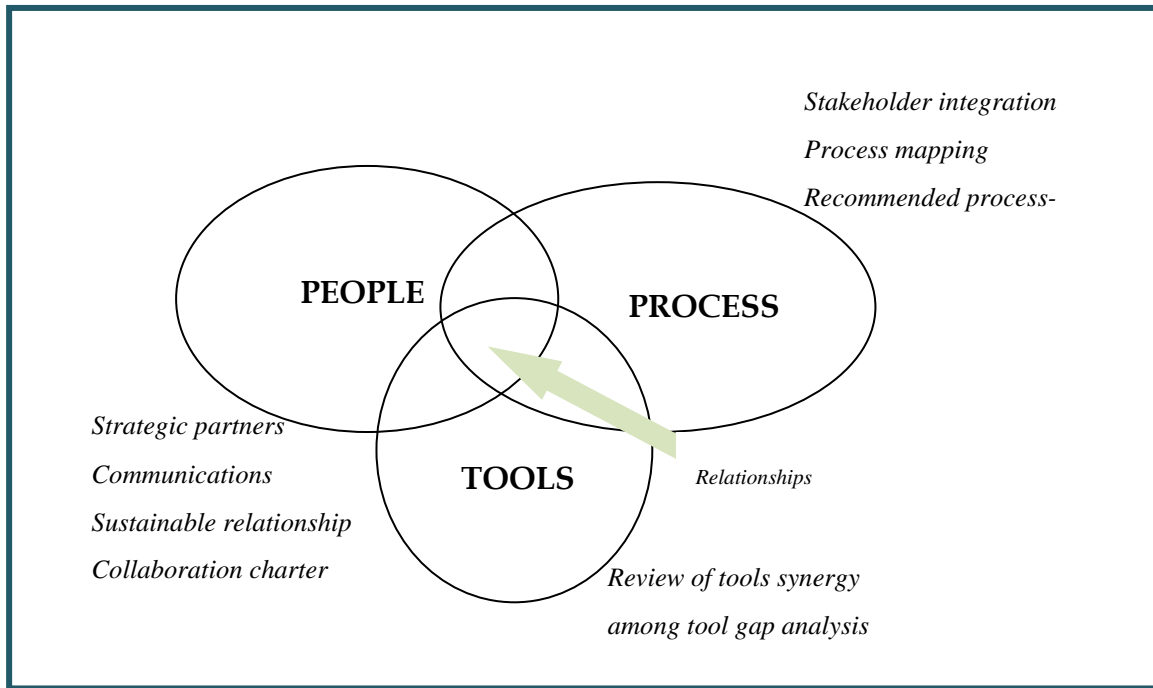


Figure 5 Framework for VECW (adapted from Gohil et al. 2011)

Gohil et al. (2011, 55) point out that “due to the structured format of the conceptual framework, information transparency would improve among the stakeholders.” There will be a structure for sharing “risks and rewards” that will be created in the People and Process elements this is said to facilitate “faster and clearer communication while keeping flexibility of service among stakeholders.” This can be thought to be of relevance since stakeholders' involvement in firm's activities may support the development of the company strategy O'Shannassy (2003).

Network and alliances are important aspects while analysing how small firms utilise their resources and capabilities in gaining international markets. As seen in the previous sub chapter, the similar view also has been shared by Mort&Weerawardena (2006) when emphasizing the importance of networks for small companies as well as Sinha, et al. (2011) when relating the importance of Networks in offshore SMEs as a strategy to reduce costs.

In comparison, the VECW model can be associated with Mort&Weerawardena's (2006) notion of born global knowledge of the firm's strategy and resources, in order to know how the firm can manage the practices in internationalisation process and networking. Mort&Weerawardena (2006) used top managers and network members whereas in Gohil et al. (2011) People's participation, Processes execution and Tools management were specifically been presented.

The strategic management of resources in small consulting firms relies in many aspects as mentioned above. Those aspects can be clustered in many different ways, however, in this study the VECW clustering of the elements deemed feasible. This was due to the fact that, those elements encompasses most of the company areas and the research from which the elements were derived happened in small consulting firms. The elements also touches company's local and international operations as well as human tangible and intangible resources as it has been discussed in the theoretical framework of this thesis (chapter 2). People, Processes and Tools will be described in details in the coming sub-chapters through the work of various authors.

## **2.3 People, Processes and Tools in SMEs internationalisation**

People, Processes and Tools (Gohil et al. 2011) have been associated as major components in the Value Enhanced Collaborative Working. Gohil et al. (2011, 55-57) point out that the framework gives a “structured approach to agreeing common goals, sharing risks and rewards, and providing faster and clearer communications and information transparency between stakeholders.” Based on their findings, the authors (Ibid.) highlighted the importance of putting suitable number or resources to undertake additional tasks and considering competences such as experiences for entering new sectors of operations or clients for small management consulting firms.

Since Gohil et al. (2011), SMEs Value Enhanced Collaborative Working framework was selected as the core model for the analysis of this thesis, it is important to briefly examine the three elements. Associating the work of other researchers will also be done to give an extensive understanding of the concepts.

### **2.3.1 People**

People in this perspective will be concentrated on the human resources in the companies. This can be a manager or employee of any level of the company or a stakeholder organisation.

In order to successfully manage in business, Momen (2008) suggests to the managers that, they need to know how to communicate and include employees for their contributions in the company. He (ibid.) compared the utilisation and management of internal resources as an art which one has to know how (Fawcett et al.2010) to work with it. He states “it is important for managers to make clear to employees how their unique skills

or talents will add value to the companies' success.” He depicts the importance of motivating and retaining employees, developing company's loyalty, increasing the productivity and costs effectiveness. Momen (2008) highlighted that, employees are the resource of the company that can increase capabilities in capturing the external knowledge, networking and bringing forth the strategies. Moilanen et al. (2014) found that that for non-SMEs, external knowledge has a great impact on innovation development of the firm.

Hall (1993) adds up by mentioning, reputation as a key element in demonstrating superior competence in a firm. Based on the CEOs he worked with, it was clear that, “key task of management is to make sure that every employee is disposed to be both a promoter and custodian of the reputation of the organisation that employs him” (Hall 1993, 616). Similar aspect has been shared with Lozenby (2008) and Holdway (2001) when discussing the importance of employees' motivation in order to satisfy external clients.

With regard to employees, Hayton (2003, 389) refers to emphasise on a need to strengthen Human capital management in order to complement the Human Resources management pursuit to stronger entrepreneurial capabilities in SMEs. He mentions that it is important for SMEs managers to invest in Human Resources actions that encourage “employee participation in decision making, knowledge sharing, and organizational learning.”

Gohil et al. (2011) relate people also with strategic partners in the firms. They highlight the necessity of maintaining good communication in the firm (Valahian, 2013; Anderson and Bookcock, 2002) as well as key elements in the support of the company's stakeholder relationship.

Within the company, people also have been highlighted as strong link to maintain and generate networks that can be considered as external resource for SME's internationalisation. Even though it is understood that, each individual of the company is responsible for network maintenance and development, Mort&Weerawardena (2006) emphasises that Managers are the key individuals in bringing and maintain networks within SMEs.

When focusing on networking of the born global SMEs, Mort&Weerawardena (2006) realised that, the role of the company manager in creating the networks is vital. Based on their research findings they (Ibid.) pointed out that, managers are the ones that know the company's strategies and who can build the capability to reach the international markets. They (ibid., 560-562) pointed out that;

“[...] Networking capability is nurtured personally by the owner or manager to fulfill the strategic vision of reaching global markets. This requires the key decision maker to actively develop and nurture networking capabilities that will allow the firm to exploit opportunities for internationalisation.”



In addition to the manager's role in creating networks, Mort & Weerawardena (2006, 560-562) also found out that working together with network members from the very beginning is important for the firm's internationalisation success. This was associated with the uniqueness of the network, which is personal and difficult to be copied by others or duplicated by the competitors.

All in all people are the key to any aspect of international business operations as well as resources management. This is due to the mentioned facts. Nevertheless, Managers have been linked more in those aspects when speaking about making sure right networks are attained as well as the people in the company are working well. It can be said that having a good manager may lead to a successful strategies in resource management in the SMEs when dealing with international business or networks. While having good strategies, a better process and tools to execute the process are needed. These two matters will briefly be presented in next chapters.

### **2.3.2 Processes**

Processes can be different in different organisation. This will depend to a great deal the line of business in which an SME is engaged in to. It can be understood that, some processes in SMEs internationalisation are similar to those of large companies; however, some deference's may apply due to their size, economy and number of people working in the company.

Gohil et al. (2011) has referred to three aspects that are relevant to process aspect. These are stakeholders' integration, process mapping and recommended processes. These can be seen as diverse depending to the state of which the resources need to be managed in the international SMEs. A good example is a process that Mort & Weerawardena (2006) presents for the SME managers to be able to develop networks while strategically configure their company resources. They (ibid.) mention that, "the process will need to start from the 'building of network capability, and depending to the strategic direction, the company will need to either reconfigure, gain or release resource combinations to the point where they become the basis for rapid and early internationalisation." Mort & Weerawardena (2006, 560-562). Even though the researchers speak about the external resource management, they still emphasise the need to strategically analyse company's own direction.

The management of the SME that needs to be come or operate internationally company also can affect the process based on the way it is managed (Löfgren, 2014, 177). With these processes they may be able to understand how the key customers serve the company in terms of networking to other potential customers as well as employees in the company.

O'Shannassy (2003, 59) presented a modern strategic management process as a two-fold process. One part encompasses strategic management whereas the other encompasses strategic thinking. He presents the idea of management necessity to realise the organisation directions in order to be able to act thoroughly; also developing plans that could be utilised in order to be able to execute the operations based on the options resulting from the strategic thinking. Figure 6 below describe the strategic management process to justify the above statement.

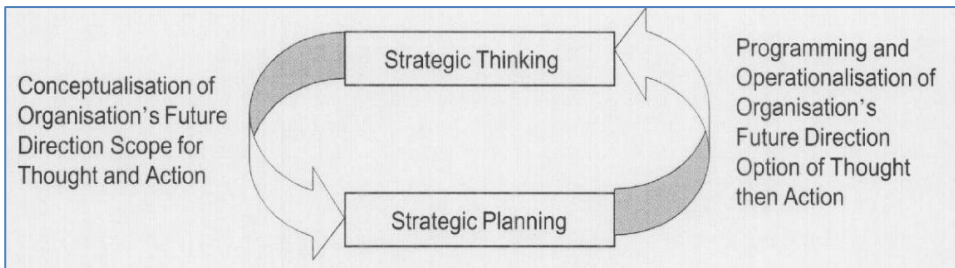


Figure 6 The Modern Strategic Management Process (O'Shannassy 2003, 59)

In addition to the above Fletcher and Prashantham (2011) have pointed out the importance of knowledge assimilation process while investigating potential business opportunities. The authors (ibid.) gave examples of diverse decision making from different companies that they investigated. They also show the fact that; middle managers such as marketing or sales managers can be used in the process of testing markets instead of the general manager. That has been explained to be a low cost way when trying to enter a new market.

Aspects of working closely with other personnel have also been stipulated in the Fletcher and Prashantham (2011). That can be said to be one of the ways that company managers can understand what is happening with the rest of the departments in order to be able to share their knowledge. Their overall finding was that, "knowledge sharing is important for rapidly internationalizing SMEs and that firms adopted high levels of formality in assimilating knowledge" (Fletcher and Prashantham 2011, 475).

When analysing team management processes in the manufacturing firms, Bhat et al. (2012, 363) concluded that, "interactive team processes like cohesion, support, collaboration, trust, confrontation and problem solving, should be promoted in manufacturing organisations because the interaction among team members leads to creative and innovative solutions to produce better results." Even though this was a study in the manufacturing team, it is also suitable for the sustainability of the international Small consulting companies since they operate with teams locally and internationally.

Musthaler (1994) referred to teamwork as a mandatory aspect for any successful business process. She (Ibid.) additionally emphasise the importance of information communication systems as key to leverage the teamwork and bring about success in the

business processes. This connotation supports clearly the fact that Gohil et al. (2011) had when presenting VECW model. They mentioned that VECW model elements are interdependent to each other. Musthaler (1994) also highlights that, technology tools have a power in supporting teams while working with various processes in companies. This can be seen as an interlinking between, human resources who are using technology, technology itself as a tool and the operation by which the technology is used as a process in a company.

Mickan and Rodger (2000, 204), refer to “Coordination, Communication, Cohesion, Decision Making, Conflict Management, Social Relationships and Performance Feedback” as key processes in case of managing a team. Even though the authors have been investigating team work, the element presented is among typical examples on team management processes in the organization.

Table 4 Key processes in managing working teams (adapted from Mickan and Rodger 2000, 205-206)

<b>Process</b>	<b>Impact to the organization</b>
Coordination	Harnesses the variety and minimize the differences among members, to ensure that expert skills and knowledge are well utilised.
Communication	Develops mutual knowledge which enhances communication, joint decision making as well as formal and informal interchanges.
Cohesion	Acknowledges members’ personal attraction to the team and the task. Members cooperate interdependently around the team’s task in order to meet team goals
Decision Making	Democratic voting schemes reduces the decision making time and limited interpersonal conflicts
Conflict Management	Teams need mediation strategies to manage conflict and avoid its destructive interference
Social Relationships	Enhance individuals’ access to strategic information, facilitate a better understanding of team tasks and an increased belief in the team’s effectiveness
Performance Feedback	Individuals, the team and the organisation all require accurate and timely feedback about the team’s performance in order to maintain their effectiveness

### 2.3.3 *Tools*

Tools used to support business operations are in many cases associated as necessary for Business Process Re-engineering (BPR) activities (Yu and Wright 2011; Allee 1995 ; Musthaler 1994). Allee (1995) is worried that, usually re-engineering efforts look only at “business process and ignore the human aspects of change.” The author (ibid.) has suggested that it is important for managers to pay attention in matters such as “job structure, management practices, and the beliefs, values, and behaviours of all people involved” as those aspects are also important for business re-engineering process.

Turban et al. (2011) has given an example of a tool that can support the group decision making process. He refers to collaboration 2.0 as an example that managers could utilise especially when dealing the international business. As this is online software, it is potential for integration and sharing of thoughts among relative actors in international business. In addition, Musthaler (1994, 47) insists that “tools like computer-aided design and computer-aided manufacturing speed up the product development cycle.”

Furthermore, Drozdow and Carroll (1997) refer to simulation tools such as computer models, as key support to small businesses. As they were researching family businesses, they have pointed out that, through those tools, the company will realise ways to operate with different principles and concepts.

Mort&Weerawardena (2006, 567) presented the conceptual model for networking capability in international entrepreneurship (IE). This model can be considered important in the internal resources part since in order to internationalise, a great deal of consideration on firm's own strategy and offers is necessary to realise how the work will be carried out and how to derive success. At first considering the firms behaviours and characteristics will lead a firm to analyse how many resources will be needed in a networking and developing the business. With the resources it is possible for the firm to analyse the market and possibilities for knowledge intensive or rapid internationalisation and later for the firms to make decisions.

Yu and Wright (1997, 137) mention that, best tools to evaluate organisation creativity are “a blank wall, post-it notes, marker-pens, or brainstorming sessions.” In addition, when thinking about Business Processes Analysis and Modelling (BPA/M) they (ibid.138) have mentioned six key tools that could be useful. These are “visualization, computer platform, level of expertise required, static analysis, dynamic modelling and performance measurement.” It can clearly be thought that, different companies can be benefited by any of the tool depending to the suitability. Below is a table that has been presented by Yu and Wright (1997), with definitions of the mentioned tools in detail.

Table 5 Typical features of BPA/M tools (Presented by Yu and Wright 1997, 137)

Feature	Description
Visualization	Diagrams underpin the description, analysis and communication of ideas. Therefore, diagramming is an essential element provided by all tools. Model building is constrained by widely-understood diagramming metaphors such as flow diagrams, SSADM and IDEF0
Computer platform	All tools demonstrated can run on PC-based computers. Several are also able to run on Unix or Macintosh. For the PC-based computer, the tools can run on Windows 95/NT/3.x
Level of expertise required	As the tools are designed to encourage business manager use, most tools require very low or non-technical skills, scaling up to IT expertise when creating complex models
Static analysis	To analyse an enterprise process model static analysis is necessary and used for various purposes, i.e. direct calculation of critical measures – number of resources required, total process time, cost being incurred and so on. Spreadsheets are commonly used for this purpose. Some tools include spreadsheet manipulative functionality, while others can offer access via exportable data to spreadsheets
Dynamic modelling	Most tools have this functionality. A descriptive process model can be transferred easily into its corresponding dynamic model by entering time-related data, Typically the techniques are based on discrete event simulation
Performance measurement	Performance measurement is featured within static analysis. This is often unsatisfactory as modelling exercises capture different sets of process measures for different parts of the business. The same process model might be applicable to a number of functional or geographic units. Each one of these functions might have different process measures which must be taken into account when analysing and simulating the process. There are, apparently, no tools supporting this requirement. The closest tool to meet this requirement is Product Guild, which measures performance along a flow pass, in other words, performance of partial enterprise models can be monitored

### **3 RESEARCH DESIGN**

The research design in this thesis is developed from the literature with a perspective in strategic resource management in the small management consulting firms. After the idea was generated and the literature review accomplished, the research question was developed as a result of the theoretical improvement which was produced as a bachelor thesis. After that, key concepts were discussed and refined to the next level of the empirical research. The selection of the topic was thought based on the novelty and the availability of the materials. This study is expected to support the theoretical contribution of the thesis to the focal companies.

In this chapter, the brief explanation of the research approach, case selection, data collection and data analysis methods will be presented.

#### **3.1 Research approach**

The approach chosen for this study will be qualitative case study approach. This type of methodology was chosen in order to provide an accurate meaning of the requirement of the research. Iacono et al. (2011, 58) mentioned that “Qualitative methods, such as ethnography, action research, case study research, were developed in the social sciences, and were deemed to be more appropriate to the study of social and cultural phenomena and they are concerned with the meaning, not the frequency, of phenomena.” This method is also viable for the research in question since it offers the possibility to personal discussion and hence retrieval of information from the viewpoint of the actors.

In addition Bryman&Bell (2007, 28) have highlighted the importance of qualitative method in research as vital in stressing the view of reality rather than quantification of details. Furthermore, Malhotra and Birks (2006, 315) have mentioned that qualitative research is considering holistic view which assist the researcher in gaining “comprehensive and complete picture of the whole context in which the phenomenon of the interest occur” Both of these factors are highlighting necessary aspects for this study since the question is on finding out best practices from the actors in the industry and therefore the view of the reality small consulting firm's strategies is necessary. It is important to identify and include key informants who have the expertise and context-specific knowledge about the area that is studied in the qualitative research (Patton 1990).

The research title has been chosen since in order to learn from “the experience of others it is necessary to understand how an experience happened and which kind of action the person involved has performed” (Crescentini, 2009).

Finally, Cassell, and Symon (2006) argued that, “qualitative techniques can, in general, provide “powerful tools” for the management and organization researcher.” This

way, this method has been chosen for this research in order to be able to collect information from experienced practitioners in the small International management consulting firms.

### 3.2 Case selection

The case selected in this thesis is Small and Medium Sized Consulting firms. Within this cluster, a number of interviews were planned in order to get the reliable outcome in the results of the research question. Gillham (2010) mentions that, a case can be anything: starting from an individual, institution or group. He (ibid.1) continues to say that a case study research is “answers a specific research question and seeks a range of different kinds of evidences which are there in the case setting, and which has to be abstracted and collated to get the best possible answers”

Eisenhardt (1989) continue by saying, the case study process starts with the “initial definition of the research question.” The external literature guides the research in realising variables whereas the comparison and contrasting of the results and through iteration can lead to the theory that accurately reflects the data. The comparison of the emergent themes and theories are also said to be crucial. (Iacono, et al. (2011)

According to Peren and Ram (2004) “The philosophy and implications of the case-study method have received considerable attention and there are a number of standard texts on the approaches. The method is also gaining acceptance, along with other qualitative methods, within the small business and entrepreneurial research community.” Iacono et al al al (2011) has added that case study research is not only applicable for exploration and hypothesis generation. However, it is important in all phases of research. The authors (ibid.) continue and put forward that cases of the existing theories can be extended through the use of case studies. Likewise, in this study, the case study of the small consulting firm is used in order to be able to develop the theory of the strategic management of resources in those firms. This is because the literature in this area is still scarce.

Iacono et al. (2011, 58) additionally mentioned that, in case studies “the choice of the researcher and researcher's individual contribution” are usually emphasized. This is because the researcher seeks to understand the interaction between the “context and phenomenon” through identifying the “variables of the significance” after the data collection. They (ibid, 58) pointed out that, the key decision of the researcher in the case study is based on the “range and type of data collected, the election of the case sites and the type of analysis the researcher will carry out.”

Respondent of this study were selected from small management consulting firms which operate with international partners or has branches or planning to have business

branches abroad. This dimension is chosen due to the interest of the author on the possible theoretical implications this thesis' results will bring to the case firms and other firms that will have a need to operate in international markets.

A total of four consulting SMEs from diverse capacity were selected and interviewed. All of those have headquarters in Finland and operate with either European or Asian markets.

### **3.3 Data collection**

In this study qualitative interviews will be conducted. A systematic data collection will be followed in a correct manner in order to allow grounds for feasible results. Therefore formal interviews will be conducted with at four small management consulting firms located in Finland. The interviews are collected on face to face. In case of longer distances, web conferencing infrastructure will be used.

Noaks and Wincup (2004, 126) mention that, “effective data handling needs to begin with careful attention to how the data will be collected.” The authors remind also the usefulness of modern equipment such as CDs, audio tapes and other digital recorders and highlight the importance of carrying devices that can support as backup during data collection.

Semi-structured interviews with managers from Management Consulting firms were carried out. This supports the retrieval of information relevant to this research purpose. The interviews are then divided in to three themes, people, processes and tools.

In addition, the results of this study will be reflected by the companies' trend in its business development. This may “reveal helpful adjustments to data collection and allows researchers to take advantage of emergent themes and unique case features.” (Eisenhardt, 1989, 533-538). Through understanding interview results and companies' trends it will be possible to provide evidence on whether there are any business benefits or value enhanced to the firm by using the three themes as strategic consideration on resources management. The found data are then be compared and contrasted in order to be accurate in answering the research question.

In this research the population will “define the set of entities” useful in support of the research problem (Eisenhardt, 1989, 539). Therefore, the key sample of the interviews in this study will be people who are closely connected with an actual responsibility of international operations in the firm. Only managers of the case companies were the core respondents.

The selections of the sample in this study concentrated on the reliability of the firm based on the activeness of the international business as well as the duration of their existence. Krishnaswami and Satyaprasad (2010, 52) mentioned that “representativeness,



accuracy, precision and size” are the key element that confirms a good sample. In this thesis companies were selected from diverse areas of operations, economy and size. The idea was to get a good representation of each standard of consulting SME. Accuracy and precision was assured so that, each of the companies extensively represented elements of the international consulting SME. Four companies was not necessarily a large sample, but based on the elements that were supposed to be understood, these four companies gave a good representation of the results. This way potential biases in the interview results were also avoided (Mullen, et al. 2009, 301). Mullen, et al. (2009) has mentioned that “Samples must be large enough to avoid errors (incorrect no-difference conclusion). At the same time, the sample must not be too large lest results with little practical significance.” The sample of this thesis consists of four companies, which makes the selected sample as an average representative sample for the small study conducted.

Secondary data from feasible small consulting firms will be collected to support the results of this study if necessary. If necessary, secondary data will be collected through different publications and web tools based on small consulting firms' internationalisation and resource management areas. According to Boslaugh (2007, 4-5), “one of the advantages of the secondary data is that “often the data collection process is informed by expertise and professionalism that may not available to smaller research projects.” Nevertheless, the author (ibid.) continues to elaborate that among the disadvantages of using secondary data is the analysers lack of knowledge on “how exactly the secondary data was done and therefore how seriously the data are affected by problems such as low response rate or respondent misunderstanding of specific survey questions.”

In this study all secondary data will be analysed based on their compatibility with the study. All of the secondary data used in this thesis originated from the webpages of the respondent companies. Google search data were rejected as there were not in line with the purpose of the research and perspectives always were diverse. This way, it was easy to follow and understand the original purpose for which the secondary data was collected, type of the data that it is as well as what kind of procedures were used for the collection of the data (Boslaugh (2007) will be taken into an account. This way the researcher will be able to finalise the study with a specific focus.

### **3.4 Data analysis method**

Iacono, et al. (2011, 62) mentions that “In qualitative research data collection and analysis, interpretation and reporting are often carried on in parallel, and the results of one activity can alter the direction of the others.” Eisenhardt (1989) has pointed out that “within-case analysis typically involves detailed case study write-ups for each site, often

simply pure descriptions, but longitudinal graphs and tabular displays have also been used. Among the “tactic” that Eisenhardt (1989, 540) has pointed out and which suits this research is the “selection of categories or dimensions, and then to look for within-group similarities coupled with inter-group differences.” She mentioned that those categories may result from the research problem or literature.

Firth and Smith (2011, 54) continue by explaining the common sense of principles comprised in a subsequent analysis. They (ibid.) mention that, “transcribing the interviews; immersing oneself in the data to gain detailed insights into the phenomena under investigation; developing a data coding system; and linking codes or units of data to form overarching categories” are key aspects while thinking about data analysis.

Before the categories have been analysed from the data collected in this research, the transcribing work will be done in order to give a researcher a position to read and categorise different aspects based on the chosen theory. Based on the theoretical framework the comparison of the emerging themes will be done and later the results will be clustered based on the similarities to create a theory out of it. It is moreover an option for this study to compare the results from the case interviews and try to analyse the gap.

Different notes collected from the interviews were also associated with the recorded findings since some of the notes were taken as a reminder of some activity during the interviews. With some of the informants, the phone conversations was regularly used when clarifying phenomenon, something that assisted the writer in getting to know the company day to day business activity and building trust when the interviews were scheduled (Noaks and Wincup 2004).

The primary themes for analysis are derived from the VECW model which was presented by Gohil et al. (2011) whereby the key management function will be summarised based on how do “people in the firm” manage resources, how do the “processes” managed and “tools” are managed in relations to small consulting firms based on literature used in this thesis. The contents in the three aspects have been added also from other literature, hence during the analysis only the concepts that were highlighted in the original model will be considered. The three themes are:

- management outlook (as related to people)
- network management aspects (as related to tools) and
- resource management aspects (as related to process).

Below are the descriptions of the elements that will be considered in the three mentioned categories. In the diagrams it is also describing the angle by which each of the categories is concentrating. This is to say, in People (figure 7), aspects related to choice of strategic partners, communications, monitoring operative environment, capability to reach the international markets and strengthening competencies of the existing managers will be evaluated. Processes (figure 9), will relate aspects of stakeholder integration, recommended process mapping, Supply chain management and Enterprise Resource

Planning. When looking at Tools (figure 8), aspects related to synergy among tools, gap analysis, resources needed for creating extended connections, ways to access external networks, choice of the resource utilisation and information transparency among network stakeholders will be examined.

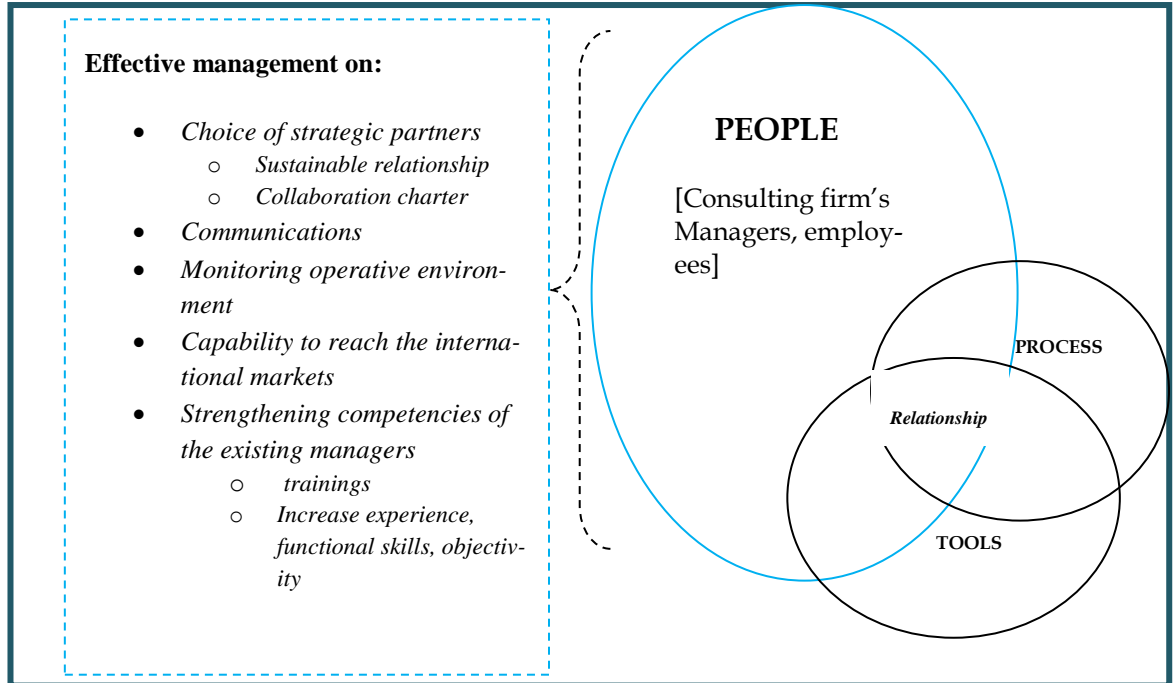


Figure 7 Management outlook in small consulting firms (People)

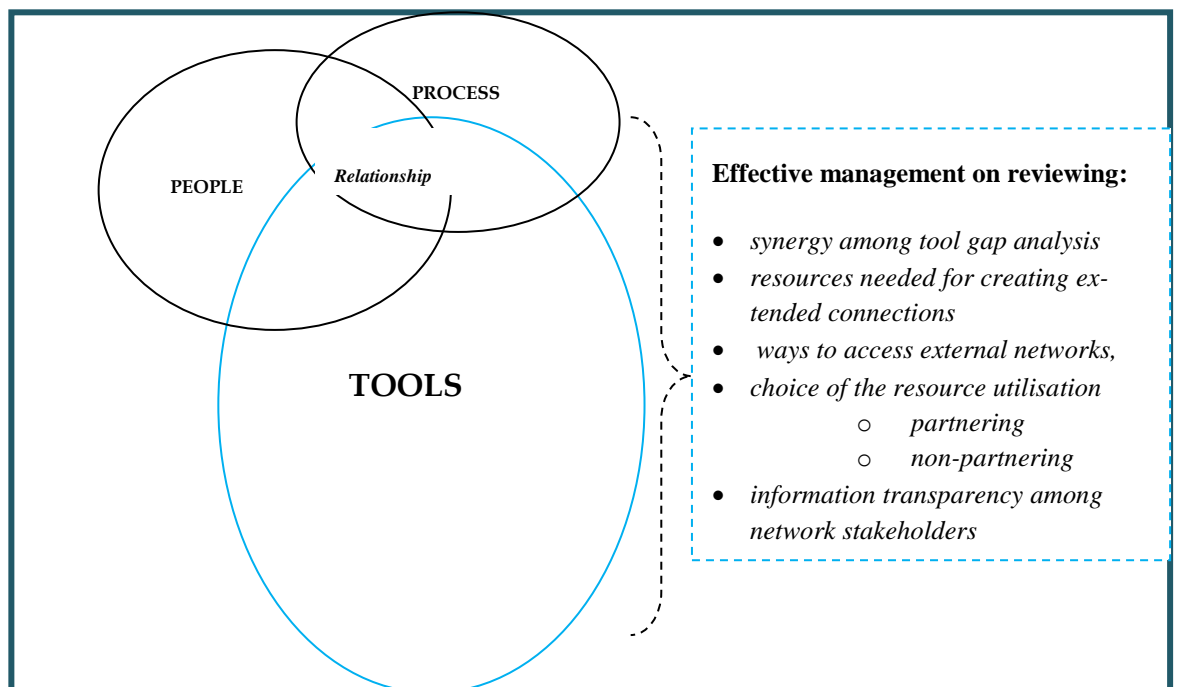


Figure 8 Network management aspects (Tools)

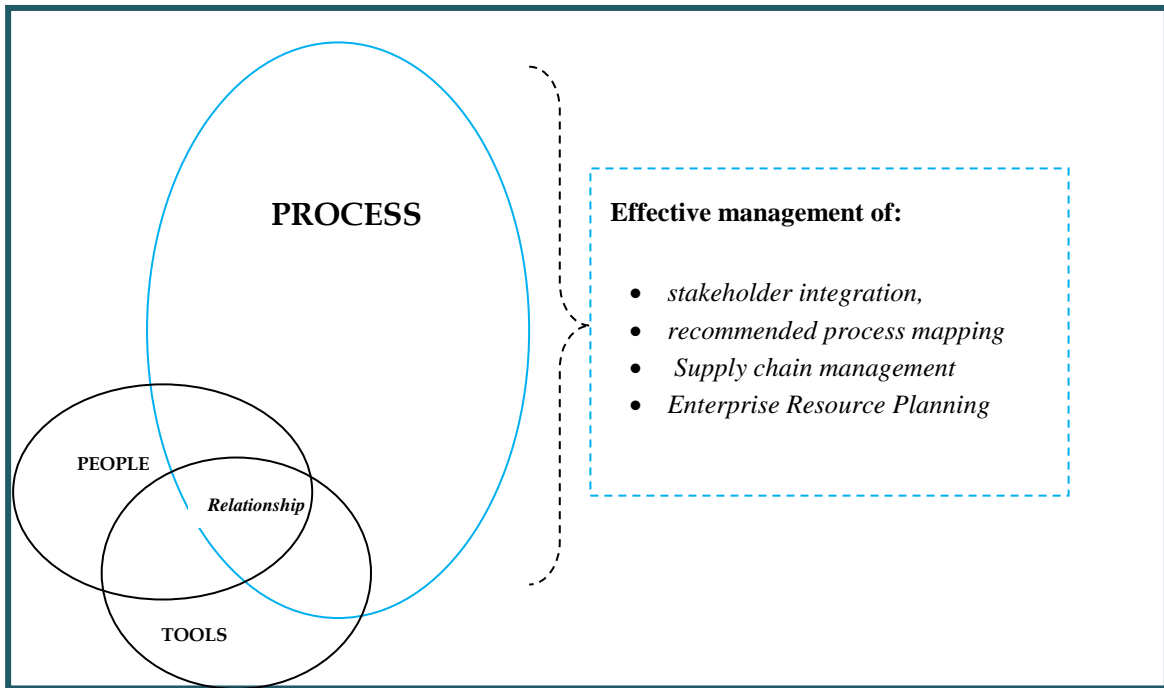


Figure 9 Resources management aspects (Processes)

Above all, Gohil's theory was chosen because it gives a good outline of the internal and external resources of the firm based on concrete elements. Moreover the theory was derived from small advisory firms, something that gives a clear relationship to this study. The three elements presented can be seen as important when assessing capabilities in business competitiveness in the firm. In this thesis, more emphasis was kept on examining strategies that companies use to gain competitiveness while operating in international businesses.

### 3.5 Validity and reliability

The validity and reliability aspects in this thesis will rely on how the results were derived from the interviews as well as the confirmability of some aspects from the respondents.

Drost (2011, 114) defines research validity as "concerned with the meaningfulness of research Components." The validity of the results in this thesis is derived from the interviews that are done with the respondent companies presented in this thesis. Since the validity of the research will depend if the results respond to the matter that were expected to be measured (Krishnaswami and Satyaprasad 2010; Golafshani 2003), this thesis can be said to be valid. As experiences and sizes of these companies are different, the results of this thesis will stand as a highlight of the issues that are necessary to consider when an SME consulting would wish to internationalise its operations.

There has not been any secondary data that was mixed in the analysis of the interview results. This way, there has not been any interference to the accuracy of the study results (Kimberlin and Winterstein 2008). During the interviews, questions were clear and clarified whenever there was unclear interpretation. Interview results have also been clarified by the respondents of the study.

As a matter of necessity, this thesis limited the variables selected for examination hence considered key elements which were presented by VECW framework. It could be possible to analyse this thesis with any other suitable models as well. However, the author selected the framework which is applied, since it has three main elements that are specific and meaningful when it comes to strategic management of resources. This thesis could also offer an extensive analysis potential if more elements could be added. Nevertheless, there could be a danger of losing the scope of the study.

When it comes to the resource management and internationalisation, the elements in the VECW are reliable and apply in the daily operations of consulting SMEs. Krishnaswami and Satyaprasad (2010, 93) mention that, “reliability entails consistency and freedom errors” which can be confirmed as a result of “two or more independent observers agree on the phenomenon or the repeatability of the same observations over time by means of test retest comparison.” The aspect that can confirm the reliability of this thesis results is the extent that most of the answers from the respondents were focusing in similar aspects for each question and all respondents were eager to share their experiences. In this regard, this thesis results could similarly be derived when another person uses the same methods to the case companies (Golafshani 2003).

## **4 EMPIRICAL FINDINGS**

The purpose of this thesis was to understand “how do small management consulting firms manage their internal and external resources while operating international markets?” The thesis encompassed two questions in order to find a clear description of the key matters that will need to be considered during the research work. The first question wished to find our key ‘internal and external resources in management consulting firms’ whereas the second question wished to address the ‘management strategies that small management consulting firms apply while operating in international market.’

Four interviews were conducted with small consulting firms that operate internationally. The companies were diverse: one was a very small export company; the second was a business solutions company; the third was an integration service provider company and the last one was a software company. The selections of companies was considered diverse in size and areas of operations in order to find out if the elements that they consider necessary are similar and how their management strategies similar or different from each other.

In this chapter, companies will first be coded and introduced. This is to insure the privacy of the respondents as agreed in the thesis process. After presenting the companies, findings will be presented. Later on similarities will be depicted and finally the evaluations of different strategies that managers consider as key will be presented.

### **4.1 Description of the respondent companies**

During the data collection, a number of four SMEs were interviewed. The areas of expertise in these companies varied from technology consulting SME, diversity management consulting SME, software development consulting SME as well as an export consulting SME. All of these companies have their offices in Finland and either an office or connection abroad as well. The sizes of the companies differ a lot, which is a good aspect of these results especially on realising whether processes can differ based on size of the enterprise.

Due to confidentiality of the company’s identity and data, all respondent companies will be given code names during the reporting. The code names are

- ExportArise Ltd (for export solutions consulting SME)
- Technosolutionair Ltd (for Business Solutions consulting SME)
- Profesionalconnect.org (for Corporate Integration Services consulting SME)
- SoftwareSavers Ltd (for Software Development consulting SME)

#### **4.1.1 Case company 1: ExportArise Ltd**

ExportArise Ltd is an export consulting company which is dealing mostly with connecting Europe and Chinese market. The company also offer training regarding Chinese business matters to companies that are interested in doing business in China as well as connect companies between China and Europe.

ExportArise Ltd is the smallest of the respondent companies in this thesis. The company has one employee and its clients are any companies that are in China or those interested with China from mostly Europe. However, this company does not deal with consulting firms as part of its clientele.

As a small company, ExportArise Ltd depends on the employee's competence in different aspects. Cultural knowledge for example has been the key to success in any activities. The employee(s) and their network share a give and take advantage during business negotiations and implementation. The company does not have any defined internationalisation strategy yet since it is already working in international business mainly between Europe and China.

##### **4.1.1.1 Management outlook (people)**

ExportArise Ltd management outlook depends mostly on the projects that they work on. In addition, as a small company, ExportArise Ltd works closely to its co trainers. The company values clear communication among each other to avoid challenges in their business implementation. Information transparency had been explained by the respondent as the key aspect to every activity in their company. Even though this is a small company, aspects of communication was also considered when dealing with business partners and colleagues.

##### **4.1.1.2 Network management aspects (tools)**

With regard to network management aspects, ExportArise Ltd highlighted that in their business as a consulting company, there is a more need to utilise intangible resources. This is because the business is more on the knowledge and skills than for example manufacturing businesses. The company considers more informal strategies when operating than formal strategies.

With regard to the resource needed to create extended networks in business the respondent mentioned that time is an important resource and would be needed more in

their business. ExportArise Ltd believes that working closer with experts and people in similar mindset supports the business. They believe that decision making is simplified as well as support to bookkeeping and other business support activities become easier. The company itself works with different external service providers to ease the missing gap. As a smallest company among the respondents in this thesis, it can be assumed that by sharing expertise, there is also a great deal of saving time and resources as well.

ExportArise Ltd mentioned that give and take as well as keeping contact is a resourceful tool for sustaining their business. This aspect can be thought to be due to the cultural dimensions and aspects of the destinations of their business. Nevertheless, as a small business with not so much resources, the best way to manage external resources is to establish long-term connections. ExportArise Ltd always makes initiatives with its network to ensure satisfaction and business continuity. ExportArise Ltd mentioned that, “after working together for a long time you realise the routines of the other” and hence successful business relations.

When it comes to gap analysis in the implementation of the business ExportArise Ltd mentioned that they examine all business routines as well as their partners and clients. This supports them to realise what works and what does not work. They select their core resources when they realise that the cooperation has worked well as well as the partner company has been successful and trustworthy.

ExportArise Ltd considers trust as a tool to successful business management. The respondent mentioned that trust among the actors in their company as well as partners are necessary since it is difficult to fully sell yourself in their business.

#### 4.1.1.3 *Resource management aspects (processes)*

With regard to processes, ExportArise Ltd does not have any formal processes to monitor the success of the companies. The company processes are different depending on the nature of client. They rely on common discussions and visits to reach the business consensus. When discussing about processes followed during client selections, ExportArise Ltd evaluates the companies based on their growth, and potential business success.

ExportArise Ltd does not use tools such as enterprise resource planning or supply chain management when doing their business. The company is very small. They however insure that, through their cooperation, they are able to connect their clients with right counterparts. They also have a system of supporting their clients in case of potential business visit to China.

To conclude, as a small company ExportArise Ltd is clearly depending on its resources for the company sustainability. The manager of the company is aware of the



needs and has experience of what is the best way forward in any business they are doing. With regard to internationalisation aspects, Linking Europe, and in this case Finland and China were the best choices as these are the two countries that the managing director of ExportArise Ltd has good experiences and is aware of cultural etiquette when it comes to business. In addition, it can be said that, implementation wise those are the easiest destinations for the SME based on its size and capabilities. Networks with like-minded as well as interpersonal clear communication are important to lead the business forward. The company also is aware that sometimes it is good to share even when there is no clear payment. This assists the company in gaining trust and building more networks during its operations.

#### **4.1.2 Case company 2 *Technosolutionair Ltd***

Technosolutionair company's areas of operation are in supporting business processes. It was found in 1998 with one director and 2 junior consultants who were trained. The idea of the company was not to employ many people. The majority of income comes from projects, consulting and System Applications. The owner then developed own quality system and a network consultant base. Network consultants were not employees of the company, but work under project basis.

By the year 2000 the company had seven employees. In the year 2000 a new entity was opened in Hungary a new company and 2004 developed a joint venture with a similar kind of a company from Estonia. The cooperation was established only if there were local needs.

Technosolutionair company focused more on the service leads and services coordinators throughout its business. This is because the owner of the company wished to develop multi skilled employees to avoid the challenges of short term employees. The director said “it's very hard, that's why nowadays we have service leads and service coordinators and everyone has customised coding skills, so we have multi skills; all of our employees are multi skills.”

Among other entities of similar functions that inspired Technosolutionair Ltd were in Norway, Switzerland and Germany. The company considers all business areas as core. In the early years of operation were challenging, however, it has not been anymore. Up until now, Technosolutionair serves 70% of the companies in Finland including private and public sectors, and it is a part of standard operator base worldwide. Technosolutionair Company has its bases in Finland, Hungary, Estonia and Lithuania.

#### 4.1.2.1 *Management outlook (people)*

Technosolutionair Company works closely with their employees, network consultants and clients. Most of the employees are junior consultants whereas network consultants are independent entities who work with Technosolutionair under project bases. It is in the belief of the manager that willingness to learn and right attitude as things that make a better employee in their company.

The company emphasise on discussion, openness and team work capabilities, in order to support effective communication among the teams here in Finland and with their international networks of partners and clients.

Information flow is managed through open discussions in the company. Employees discuss freely, even about each other's salaries as a good human resource strategy. The company has open salary scale. In addition, employees have a possibility to discuss optional tasks preferences in the company.

With the network consultants the discussions are made open. There is a frequent discussion on roles and responsibilities to allow the staff to discuss on how to improve the ways of working. In some years this was also referred as the strategy work.

Public relations are given a high emphasis in this company. This is done through interim or yearly meetings with customers, networks and other branches; to discuss different updates and the development in the company. This is because the manager believes that every actor in business is important hence sharing is a key aspect to success.

#### 4.1.2.2 *Network management aspects (tools)*

Through the network consultants, the company has a possibility to work with these entities only when there is a need. Network consultants invoice Technosolutionair on projects basis. All network consultants have Technosolutionair business cards and CVs. They also have certain quality standards which are designated to be followed whenever Technosolutionair is cooperating with them.

Technosolutionair has also a quality assurance standard that all network consultants follow and understand. The director said “we have this kind of seven level quality systems rating. We rate people and we always try to find for the customer the best combination. And we have our prices according to ratings. And then we do also planning and development discussions: they are in our training. [...] we have this employment contract with them we have frame agreement and assignment orders [that] we do for every assignment.”

Technosolutionair's quality system supports the company to define for example their network consultants, who take care of the projects whenever they appear. The system

supports the company to relate the costs based on competences and nature of assignments which a specific network consultant is offered.

With the network consultant platform, Technosolutionair is also able to locate projects as well as realise further needs of the network consultants whenever there is. The network consultants vary from different areas of expertise, which allow the company to allocate and communicate with the right actor. The manager believes on a wider variety of network for survival as well as covering all core areas of operations.

Customer satisfaction feedback is another thing that clarifies the company's operations. All of their clients are eligible to give feedback on the services of the company. With good results, the company has developed new client base also in public sector here in Finland.

#### 4.1.2.3 *Resource management aspects (processes)*

Through the company's clarified process that they use while working with their clients Technosolutionair is aware of whom to take in as a client. They are aware of the fact that private sectors is more profitable compared to public sector, hence pay attention to the most profitable segment.

Aspects such as planning and development discussions, allows the company to stay abreast with issues that need to be tackled before and during the work implementation. This is both for the company employees and the network consultants. This can be said that, through these activities, the communication among actors is clarified and there is a mutual understanding in the network.

The company, through its quality assurance system, outlines precise processes by which a certain project has to be accomplished. This way it is easier to guarantee price and service delivery to the clients as well as clarity of expectations to the partner undertaking the task.

With the little staff of junior consultants, the company has its own hourly reporting and project systems for other administrative processes. This way, the need for a multi-skilled staff supports in companies areas of expertise and other administrative activities is important.

All branches of Technosolutionair have similar processes when doing things. In this regard it is easier to manage the processes and ensure the productivity, despite many actors in the company chain.

Technosolutionair is happy with their development. The manager has a lot of experience in business development and aspects related to it. The managers share their aspects of management, tools and processes, as well as emphasise the importance of intercultural knowledge when starting the international operations. There were a lot of intangible

resources necessary based on the descriptions of the respondent. This proves that, there are many aspects to make a successful manager and a company as a whole.

The new term “Network Consultants” appeared to be at the core of the operations of Technosolutionair. The manager mentioned that “this is network and we all need each other, we all have to be in the same group with the openness and the same sort of quality. So all are important I think consultants are as important as customers. They work for me because they like to work for me as I respect them. So, they are not contractors or freelancers, I demand the same rules from them as employees sort of the same qualities.”

#### **4.1.3 Case company 3 *Profesionalconnect.org***

Profesionalconnect.org is a joint of two entities one being originally from the Netherlands and the other being from Finland. About 30 years ago, the Dutch entity was established. It earlier operated as a commercial training institute in the Netherlands. In Finland there was a software company which focused more on visualising human components within organisations. Things such as employees' satisfaction, management feedback and engagement as well as work related activities were among the functions of this company. Profesionalconnect.org was born after the Finnish software company bought the Dutch entity in 2011.

Profesionalconnect.org has a board of directors and was found as a diversity management training institution. It is a franchise organisation. Earlier on, Profesionalconnect.org had no intentions of becoming international. Its internationalisation was triggered as a result of a cooperation contact from a Swedish company. Until 2011 Profesionalconnect.org was already located in 20 countries, which can be seen as an organic growth. Profesionalconnect.org has 75 staff in the field and 20 staff members in the main headquarters in Helsinki.

##### **4.1.3.1 *Management outlook (people)***

Profesionalconnect.org is working closer to their employees, global licensees and their network around the world. The company considers flat hierarchy as a key to success in their business. The company also believes on openness to new ideas, support employees' initiative and allow the grounds for mistake since that is believed to be as an attribute that supports the development in the company. There is an emphasis of the group harmony within the company.

Profesionalconnect.org management works as a facilitator the group employees. The respondent mentioned that “for me that a group harmony and the fact that together as a group, I 100% believe that we can achieve much more than when we have 10 people with best possible CVs: CVs are useless. Attitudes and the way people work together - that is the thing that we're still around [...] you cannot be innovative if you do not have a culture in your organisation that allows for, first of all to make mistakes and the second of all the ability to discuss mistakes from a point of view of how we can learn from it”

The management believes on the support to individual competences as a key to ensure productivity in the company. The management also supports the environment for idea sharing since this is expected to be a key factor in managing information flow within the company activities.

While thinking about internal resources the management mentioned that, positive attitude of the person is more important to consider than experience when hiring. Language, integration ability and national cultures are also key values when considering external resources management in the operative environment of Profesionalconnect.org.

The respondent mentioned also that, in some countries one has to pay attention to how communication and feedback is given as well as matters relating to hierarchy. He acknowledged the difference in extent of open communication from different countries organisation cultures. We briefly discussed the examples from Finland and Netherlands as opposed to Russia and France. Communication in organisations works in difference depending to how the communication aspect has been rooted to the cultural aspects. Therefore, the understanding and dealing with each or their partners will depend to their location and their cultural values.

The management considers time investment as a key ingredient when you deal with people in the international arena. The respondent said, “you should not assume that people understand you immediately: I think that's actually a key ingredient when talking about innovation. [...] I can't make people think faster, the society allows them” This can be considered a critical competence that any international organisation requires.

#### 4.1.3.2 *Network management aspects (tools)*

In addition to the partners around the world, Profesionalconnect.org is working with the so-called “Global Licensee Networks” are people who work with defined projects at a time. Projects among “Global Licensee Network” are per occurrence. Global Licensees work with Profesionalconnect.org whenever they do a project that is related to culture.

Profesionalconnect.org has got variety of tools that support them in managing their daily networks and business processes. In terms of meetings the company utilises a great deal of online tools such as Cisco WebEx, virtual cafes and skype.

The company arranges a one-week certification course for anyone wishing to join their network. Once or twice a year, there is a possibility for 20-30 people at a time have a chance to join the global conference. The conference is mainly for visualisation of own organisation culture to keep a more open spirit, seeing how it could support strategy and innovation and efficiency. The conference also highlights the customer relations as well as control issues.

With regard to gap analysis, Profesionalconnect.org has a tool that assists individuals to visualise their own cultural preferences. This tool is very useful for companies' highlights cultural aspects which are more similar or different to the individual preferences. The tool supports managers to realise differences in culture and become more aware about the impact of organisational or national cultures. It also supports organisations or individuals work.

#### 4.1.3.3 *Resource management aspects (processes)*

With regard to stakeholder integration process, people willing to join profesionalconnect.org network are examined in order to see where there is an added values that an individual can bring to the company. The company also examines languages, attitudes as well as analysing drive of the candidates.

Employees and stakeholders of profesionalconnect.org run own organisational cultural analysis every two years. The management keeps this analysis in line with the supportive measures to their business strategies as possible. While doing this analysis, profesionalconnect.org focuses mainly on their global orientation by understanding what they do and not necessarily how they do it. The company keeps also an emphasis on the open culture where one could listen and learn. The respondent insisted that "from management perspective one has to believe on that thing [open culture]. It depends also how open."

When dealing with a client company, Profesionalconnect.org runs a factual survey to visualise external restrictions to the client organisation. They conduct discussions with management to highlight different obstacles or support measures in the company. Profesionalconnect.org thereafter runs various workshops among the clients' management team and then employees of the client company. After the result they conduct gap analysis. This process is standard in all client cases.

Above all the company is generally happy with their business progress. The company looks forward to developing further by building more structures in their organisation. Strength in internationalisation and people management is clearly visible and the company is aware of what activities are necessary in which phase. The most interesting aspects visible in the Profesionalconnect.org results are the tolerance to diversity and organisational management attributes to all of their working force as well as stakeholders. These can be seen as boost factor for their fast internationalisation. The aspect of examining new employees and stakeholders also prove the point that management are aware of the nature of their organisation and the changing operative environment.

#### **4.1.4 Case company 4 Softwaresavers Ltd**

Softwaresavers main area of operations is web systems and mobile software applications. The company was established in the year 2007, with most of its businesses being in Finland.

Softwaresavers business with its clients is project based. They have development units in Asia and Africa. The company does not do a lot of sales abroad, but do projects for development abroad. The main client base is Finland.

The company has 70 employees altogether. This includes their employees in Finland and other countries where they operate. In the headquarters, the company recruits employees from other countries than Finland as well.

Softwaresavers internationalisation was not planned. It started as a result of an intern who went to Bangladesh for his internship purposes, then realised this potential hence the Bangladesh base started.

The key resource for the company is software development skills. This is due to the fact that the company driving force is web solutions and mobile software applications since their customers cannot develop these on their own. The company values design and development skills as well as experience as they do not recruit fresh graduates from universities.

##### **4.1.4.1 Management outlook (people)**

Softwaresavers values experience for all employees that they recruit. They expect that everyone working with them has experiences in designing software applications that will lead to efficiency at work. During the interview, the director emphasized that, “you have to have experienced people working for your company. If you are selling your services and the customers do not trust your skills, then we don't get the business”. It

was also mentioned that finding workers is not always an easier thing. The director however, added that, when you have recruited experienced workers they will add more value and become trainers of others.

The recruitment is through the application process. So everyone has to be able to fill in the application, which is usually published in the company website. The candidates will then be evaluated based on their language, creativity and the knowledge of the technology and the company's tools. The company also offers a test to measure the capability of the applicant in using company's tool, and then finally the competent candidate is selected. A fast learner is a person that the company is looking for.

As part of recruiting talents in his company, the director considered open mindedness as a competitive attribute when recruiting people as well as thinking about working in different countries. When emphasizing the open mindedness and ability to risk taking, the director mentioned, “being open-minded as well as recruiting many really experience guys and not afraid of taking risks. If you do not take risks you don't gain anything.”

As opposed to other cases in this thesis, Softwaresavers mentioned that, they do not use licensees abroad very much. They however, utilises smaller sub-contractors. The director mentioned that “we are using smaller sub-contractors to help us when we are like busy, to doing everything by ourselves, like small companies: those are like small partners mainly here in Finland.”

As a part of motivating employees, Softwaresavers offers a freedom to switch tasks to let their employees' experience new responsibility. The company also organises some training for all employees as an opportunity to learn new as well as propose developments. Most of the company training are offered by themselves.

The director did not see money as a boost for motivation for employees' good performance. He informed, “I think everybody who is in this business area is like you have to be interested doing this job, sitting about seven hours a day. This is almost a creative work. You need to have passion to do it. It is not like a mechanical work that you come and do; those guys are not ready to join our company they tend to leave quite fast: let's say we are challenging their skills and challenging their creativity all the time. If you are not creative [...], you can't manage to do anything: they leave the company”

#### 4.1.4.2 *Network management aspects (tools)*

Softwaresavers has partners in Finland and abroad. The company operates partners in Bangladesh and Oulu. As it is also operating in Thailand, it is planning to develop more partnerships in Thailand as well.



The company network relies to the partners in two ways, namely in sales side and in development side. In sales side the partners are the ones that make possible for Softwaresavers to offer bigger projects to their customers. It can be thought that the partners under sales section are more or less middlemen for Softwaresavers. In development part the partners are mainly in smaller companies that can also be given some bigger projects on behalf of the Softwaresavers' customers. The company mentioned the fact that some of their partners in this area are also their competitors. The director said “In some cases we are offering together businesses to bigger partners and in some cases we are competing to each other”

The company has owns systems which all employee has to use. The company uses JIRA as a tool which links all projects and other different plug-ins such as working hour register and project designs and processes for the clients to follow. The company also has a wiki page that everything is written into it.

In terms of intangible aspects, Softwaresavers believes that having a trustworthy attitude and ability to be in a right place and time for networking is important for a small company. Aspects regarding clarifying matters in terms of projects are necessary and customers have to be aware of all the resources used in the project.

#### 4.1.4.3 *Resource management aspects (processes)*

Softwaresavers has tools the employees can use in order to be able to track their work development. For example, knowing what they have to do or tracking their working hours. All workers have assigned tasks for the projects that they are doing.

The stakeholder integration is organised case by case. There is no clear plan or process in ways to organise the stakeholders.

JIRA tool is used to manage also all processes for the company among all actors. It supports the management discussions and resolutions from different parties in Finland and abroad. .With regard to the sales processes, Softwaresavers are the first contact to potential customers. The sales team reaches out potential customers and when the customer develops interests they request an offer where they receive invoices and negotiations. After that, contracts are developed as a result of the start of the specific project. Customers are also given access to JIRA ´system where they can follow the projects.

Softwaresavers has predefined contracts that customers have to follow. The first is the payment agreement and then purchase orders. The director mentioned that, ‘it is always easier to make purchase orders after the payment agreement has been done.’

Above all the director thinks that the company is successful and he looks forward to work harder in order to ensure the development of the company. The manager believes that, entrepreneurship is a part of life and therefore one has to work on it.

Regarding the responses from the data collection with Softwaresavers, it is vividly clear that the company values a lot of experiences and looks at that when developing their business activities. It also has a clear product line that they are dealing with. The program JIRA is mainly used to manage all the company processes from the employees working time to client project follow up. The company has its own wiki pages as well.

Softwaresavers has a systematic sales process which starts from the client recruitment, negotiation, invoices and then purchase order. It can however, be assumed that, the company is concentrating largely in Finland even though it has the development areas abroad. It was vivid that most of the customers are in Finland. A few employees who are recruited on project basis are in the company's overseas branches. The use of licensees or intermediary abroad was not very visible in Softwaresavers as it was in other cases in this thesis. This can be a case because Softwaresavers does not have many clients abroad.

#### **4.1.5 *Comparison of the results from all companies***

During the interviews, there are many different elements appeared in different companies. However, most of the respondents have portrayed similar elements in their responses with a slight different level of emphasis or the ways by which they implement a certain action in their management. For example, all companies use a partner network to support their business opportunities, but some companies have referred to them as network consultants, or licensees, or representatives.

The results portray the concentration of companies when managing their international operations or activities. The diversification of the perspectives can be understood mainly based on the nature and size of the company. In the smallest company where there were not many employees, it is vivid that personal knowledge and entrepreneurs own capabilities (Mort & Weerawardena 2006) in international entrepreneurship were among the important management strengths.

As for the larger respondent companies, the pursuit for maintaining human resources and human capital (Hayton 2003; Hall 1993) were important strategies. In addition, managing employees' and customers' needs (Goffin and Mitchell 2006; Holdway 2001) for better performances was also an important consideration. In addition, the necessity to enhance the communications with stakeholders and fellow employees (Kaplan and Norton 1996; Valahian 2013) was seen as an aspect that requires proper management.

In table 6, the extent by which respondents have emphasized the importance of the management element for their company will be presented. Later in table 7, we shall be able to see what elements were deemed important in terms of managing internal or external resources in their firms.

Table 6 Extent of the emphasis on the management element used for the analysis

Respondent company	People	Tools	Processes	Justification of the results
ExportArise	Highly emphasised	Moderately emphasised	Not emphasised	Very small company to concentrate in all aspects of business operations. Collaboration with partners during problem solving may have supported the company in its development (Perks 2010).
Technosolutionaire	Highly emphasised	Highly emphasised	Highly emphasised	The company runs operations and clients in various locations. There is a need to have support systems to support managers in running their businesses processes (Mickan and Rodger 2000; Yu and Wright 1997) also, the communications with stakeholders (Kaplan and Norton 1996; Valahian 2013) and employees' satisfaction (Fawcett et al.2010).
Professional-connect.org	Highly emphasised	Highly emphasised	Highly emphasised	The company runs teams and clients in various locations. Also has board of directors. There is a need to have support systems to support managers in running their businesses processes (Mickan and Rodger 2000; Yu and Wright 1997) also, the communications with stakeholders (Kaplan and Norton 1996; Valahian 2013) and employees' satisfaction (Fawcett et al.2010).
Softwaresaver	Highly emphasised	Highly emphasised	Moderately emphasised	The company depends on teams and clients to a great level in finland and abroad. Support systems to manage their sales processes (Mickan and Rodger 2000; Yu and Wright 1997) as well as communications with stakeholders and employees (Kaplan and Norton 1996; Valahian 2013) and employees satisfaction (Fawcett et al.2010)becomes important.

All of the respondent companies have portrayed their key elements when it comes to managing their internationalisation activities. The elements focused on human resources, support processes and tools for operations. It was clear that, dynamic capabilities (Xu and Li 2011; Augier and Teece 2007; Teece et al. 1997; Anders 2006) have been considered with all of the managers in these companies. Most of them have recruitment processes that support the management to realise the suitability of the employees, feedback evaluation for employees and stakeholders as well as training and systems that support their operation. The table below summarises in a nutshell all results originated from the interviews.

Table 7 Important elements as appeared in the results

Respondent company	People	Tools	Processes
ExportArise	<ul style="list-style-type: none"> <li>• Employee(s), clients, partners in Finland and China</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation meetings,</li> <li>• Partner collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Business visits,</li> <li>• Clients matching</li> </ul>
Technosolutionaire	<ul style="list-style-type: none"> <li>• Employees, clients and network consultants</li> </ul>	<ul style="list-style-type: none"> <li>• Seven level quality systems rating,</li> <li>• Network consultants platform,</li> <li>• Feedback evaluation meetings,(Anderson and Bookcock 2002)</li> <li>• Employee contracts</li> <li>• Customer satisfaction feedback</li> </ul>	<ul style="list-style-type: none"> <li>• planning and development discussions,</li> <li>• Employee selections,</li> <li>• Quality assurance system</li> </ul>
Professionalconnect.org	<ul style="list-style-type: none"> <li>• Employees, global licensees, Board of Directors and partners in different countries</li> </ul>	<ul style="list-style-type: none"> <li>• Online support tools (Yu and Wright 1997)</li> <li>• Certification courses for new members (Anderson and Bookcock, 2002)</li> <li>• Cultural awareness tools for managers</li> <li>• Factual surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation criteria (Anderson and Bookcock 2002)</li> <li>• Organisational and cultural analysis (every 2 years)</li> <li>• Screening process in recruiting</li> <li>• Management discussions and workshops</li> <li>• Gap analyses</li> </ul>
Softwaresaver	<ul style="list-style-type: none"> <li>• Employees, sales teams, Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews analysis</li> <li>• JIRA system for employees and customer processes</li> <li>• Wiki pages</li> </ul>	<ul style="list-style-type: none"> <li>• Employees trainings (Mahoney &amp; Pandian 1992)</li> <li>• Purchasing and sales management processes</li> <li>• Predefined contracts</li> </ul>

Above all, as it was clear that internationalisation was not in the plan of two of the companies namely: Professionalconnect.org and Softwaresavers. Nevertheless, these companies internationalisation happened either due to the early partnership contacts in the case of Professionalconnect.org or due to opportunity recognition (Hostler (2005) when the manager was abroad for activities other than business in the case of Softwaresavers. This can be supported by Kauppinen and Juho, (2012) findings in their research that, internationalisation may happen in unintended manner.

## **5 DISCUSSIONS AND CONCLUSIONS**

After seeing the results of this thesis, this chapter will conclude and discuss the overall findings based on the selected model of analysis as presented by Gohil et al. (2011). The idea will be to see how the key elements arose in the findings and to what extent those elements supported the company's operations. Even though the analysis model was selected from Gohil et al. (2011), in this chapter other writers who contributed in the theoretical framework (chapter 2) will be considered in order to justify the applicability of different found elements. As it was clear in the beginning that there is not so much research in the field of small consulting firms internationalisation activities, the writers referred in this chapter have presented their work based on diverse SMEs, and their facts proceed similar or useful to the focus of this study. The discussion will be divided in three elements as people processes and tools and finally the connectedness of the three aspects based on the results will be portrayed.

### **PEOPLE**

Looking at people's aspects considerations were kept on the employees, stakeholders and other people related to company processes. Bringing together each player into the business supported the business in its internationalisation activities and performance in a company. There can be different ways that the management of these players are organised in respondent companies depending on the size and nature of business.

Employees in these companies were discussed in various ways. Some companies valued experiences when hiring and others valued motivation or people who wish to learn fast at work. Employees' motivation and satisfaction (Fawcett et al.2010) was a highlight in the majority of the companies interviewed in this thesis. It could be understood that giving employees freedom of speech and diversified task opportunities is a vital element to quality of work and hence strength to gain more international stakeholders.

Stakeholders were discussed in different ways. Respondent companies considered stakeholders as licensees or network consultants, or customers. These individuals were treated similarly in close relation as employees. They know companies activities, shared opinions as well as join companies meetings from time to time. It was clear that finding a suitable stakeholder is not always happen as a part of a strategy. Informal network and connections also can bring about useful business partners or customer especially when it comes to international business. It is more about getting to know the right people in right place and time. Nonetheless, even though utilising agencies like chambers of

commerce (Dzafic 2011) can be thought to be one of the supportive infrastructures for the interviewed companies, none of the respondents mentioned it.

Considering to the importance of the stakeholders and employees management in international companies, it can be argued that, for every part of the business to work better, clear systems have to play a big role. In some companies for example, when employees are very free in what they do, they may also cause damages in the quality of work. Also, cultural aspects on how to perceive freedom could have an impact on how much flexible could the company be in its employees and stakeholders in terms of freedom. However, companies in this thesis have considered competences and motivation, task flexibility, awareness of market and cultural segments and knowledge of markets that they operate; which can stand as a good measure in managing diversity individuals at work.

## **PROCESSES**

Processes in this thesis was related with ways that management use to control the company's development and its human resources. Good management supported the success of the respondent companies. It was obvious that all respondent firms in this study utilises to a great deal the internal and external connections, whereas capabilities play a big role in assigning tasks to employees. Respondent companies also have each different ways that they consider as key in managing their clients as seen in the previous section.

When comparing with Mughan et al. (2004) research findings when highlighting the challenges of managing resources in the consulting firms, they presupposed that among others, low management competences and lack of planning and securing financial resources as the challenges. Looking at the responses from the respondents in this thesis, it was obvious that each of them has been aware of the aspects that Mughan et al. have come up with. Softwaresavers and Technosolutionaire for example have tools that they use to manage stakeholder integration in their firm. Professional connect, with its extensive international spread have clear bases on how to integrate their services with diversified clientele.

Aspects of Local partnership in process management are necessary. It was important to know the stages of cooperation as well as how the shares are divided. Management clients journey with for example a licensee or network consultant is important in order for the company to know the overall service support and assure the right quality of service and after service support when needed. This could vividly be seen as a better way to avoid huge risks that may occur in cases when the business abroad fails.

It can be assumed that, if the management could not be aware of their business environment, resources and capabilities, managing different parts would have been a chal-

lenge. This could be supported with Mahoney & Pandian (1992) that the level of success of the respondent companies is as a result of the good process management in their company resources.

Processes in managing resources in the firm are of different ways. In the smallest firm interviewed in this thesis, the processes were simplified from Client, company, and market or in reverse order, where as in the three other companies the resource management processes (Bhat et al. 2012; Musthaler 1994). In addition to the three elements, there is also a consideration of the foreign partner or local representative, other customers in various department and sometimes third party counterpart, such as translators, lawyers and other experts. This can be related to the fact that companies had strong internal resources to an extent of being able to explore external capabilities (Belso-Martínez, 2011).

In all of the above, it is evident that, management processes are ought to be clear and systematic when there are many players in the company by realising internal and external elements of the firm as well as tangible and intangible capabilities that the firm holds. Management processes and knowledge of skilled employees can be seen as key to managerial capability to develop right processes that will favour companies (Teece et al. 1997 and Augier and Teece, 2007).

## **TOOLS**

When it comes to the utilisation of tools in managing resources in international operating companies, it can be said that the differentiation with companies that are not international is minimal. The discrepancy lies on the components included, whereby tools in an international operating company need to have capacity to control and overseas activities as well (Yu and Wright 2011; Allee 1995 ; Musthaler 1994). Allee (1995, 17).

For small consulting firms, various tools can be useful. For example, with the case respondents in this thesis, tools used have been for example seven level quality systems rating, network consultants platforms, feedback evaluation forms, analysis of interviews of JIRA system. Evidently each tool has been sufficient to the nature of the business that the respondent company is attached to. These tools were selected to support the companies' operations and hence bring about competitive advantage on ways that they operate.

Enterprise Resource Planning (ERP) for example is another tool that can be useful in companies. The respondent companies may not have chosen to use this tool since it may not be so necessary for a small firm. ERP system is usually common in the large firms.

Furthermore tools have also been related to intangible or invisible capabilities from the managers and people. Things such as incorporating competent and knowledgeable

human resources, knowing right channels and attitude with employees and stakeholders in order to stay competitive in the international business arena.

It can be argued that, for small companies tools to manage resources can be designed with flexibility, the same as it was in the resources. This is due to less complex operation infrastructure as well as flexible operation model. In addition, the business environment of the respondent companies in this thesis allowed the managers with greater opportunities also to develop own tools that suit best their companies as it was for some of the respondents.

## **5.1 Connectedness of the three aspects based on results**

Based on the results of this thesis, it was clear that there was an intertwining of actions among people, processes and tools of the companies interviewed. During the company's operations, it was clear that people were highly affected by the processes and tools in the organization and each of the elements equally affected the other one. As the aim of this thesis was to look at the aspects that make the internationalization successful and not the internationalization process, the results give a meaningful picture of how different elements depend on each other especially in the small and medium sized companies. Figure 10 illustrates this intertwining as well as some of the management strategies that were presented in each element.



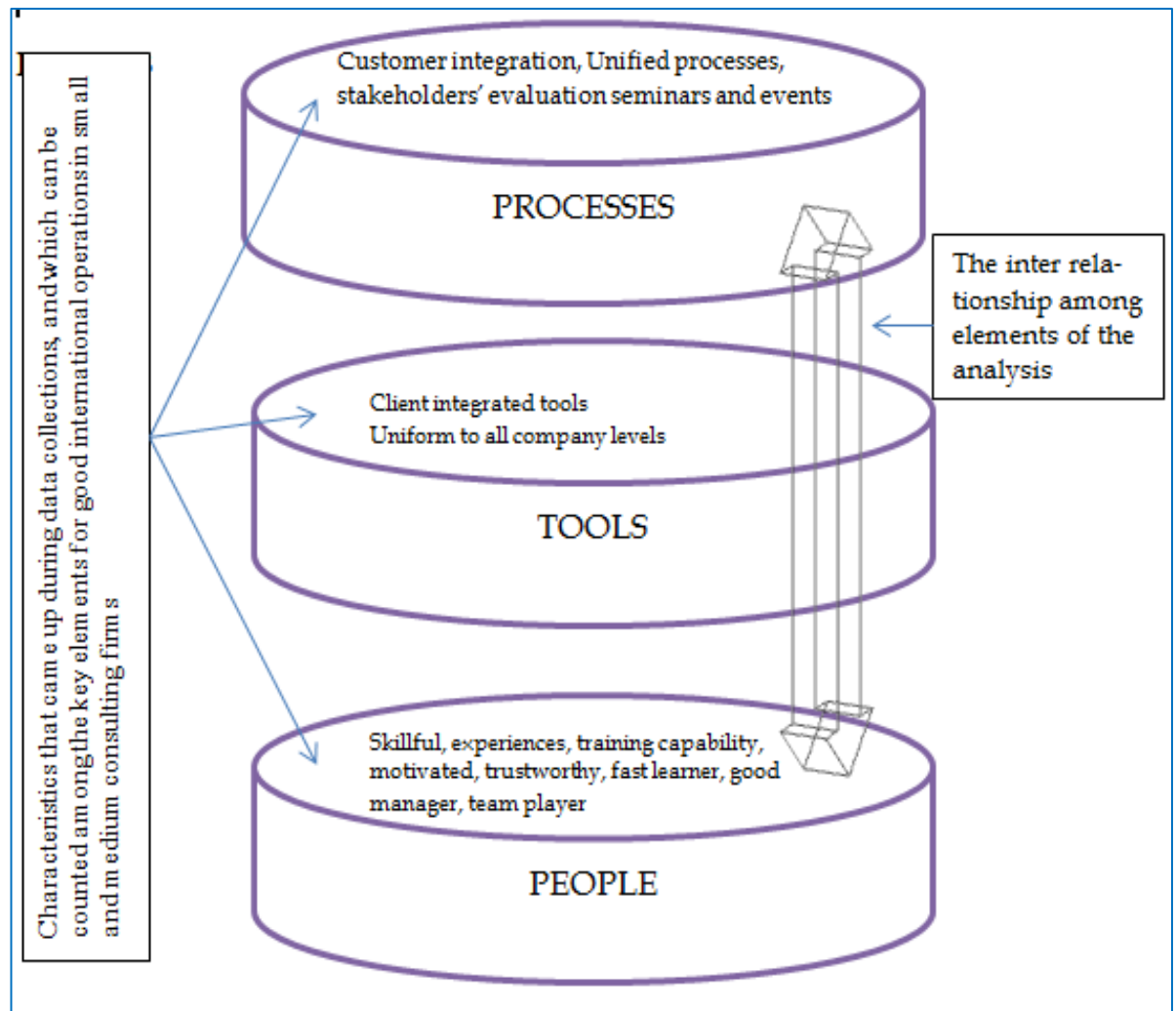


Figure 10 Connectedness of the VECW elements based on the results

Human resources as related to people in this thesis were the key actors. Processes were made to support their work with local and international colleagues where as various tools were used to simplify the work implementation.

In addition processes were diverse for all respondent companies. The common denominator was that, companies had defined their ways to operate and means that all people should abide by using strategically set tools.

As in process, tools used to support businesses were different for respondent companies in this thesis. These were selected based on the company's wishes and needs. For example, JIRA which was suitable for Software Company as opposed to feedback evaluation forms which was suitable for integration Management Company. All these tools were complementing the company processes in a way that each process seemed to have own tool that affect the company operation.

## **5.2 Implications for further research**

There have not been many studies about strategic management of resources for SMEs that are international or those planning to go international. Based on the result of this research it is obvious that there is no one solution fits all in managing resources in the process of the internationalisation of consulting SMEs. The size and specialisation of the company may be a trigger to how management of the resources should be. Notwithstanding, it is obvious that, companies think about similar elements but implement or identify them differently. Having said that, further research should focus in two aspects:

- The research to examine the functional administrative tools that a basic SME could utilise towards its internationalisation
- The study to find out tools that an SME could use to assess its own resources capability when planning to become international. What would be the competencies and opportunity signs

## 6 SUMMARY

This thesis seeks to investigate how do small management consulting firms manage their internal and external resources while operating international markets. Throughout the study, aspects of internal and external resources management as well as management strategies of these firms have been examined. In order to generate the holistic understanding of the study, the thesis writer selected Value Enhanced Collaborative Working (VECW) model by Gohil et al. (2011) as a model that depicted key elements that small firms concentrate on in order to survive in the international operations

Gohil et al. (2011) model was used as it is specific and among very few which are found suitable for this study and that the model covered the whole scope of the firm, from internal to external human resources as well as its supporting processes and tools to manage resources during the operations in small consulting firms. When clustering the results in aspects related to people, processes and tools involved in the daily operations of the consulting businesses, various perspectives came up and were presented in the findings and discussions parts of this thesis.

It can be concluded that, small consulting firms are not so different to other firms in terms of human resource management. Due to the scarce resources, management strategies in overseeing and supporting employees and stakeholders involved in the business is vital. Different aspects of relationships between manager, employees and stakeholders were vividly necessary in bringing company's quality results and suitable international client satisfaction with overseas markets.

Furthermore, competences in terms of organisational process management became an important aspect. Managers know what type of employees were suitable for their businesses and also had means to evaluate the performances with their external operations. Client recruitment processes also were managed effectively and by using right tools or systems within the company.

Companies utilised tools that support their business operations best. Tools used were selected based on the nature of business or experience of the company in the respective business. Tools such as seven level quality systems rating, network consultants' platforms, feedback evaluation forms, analysis of interviews or feedback evaluations and the utility of process management systems such as JIRA were among the prominent findings that support the companies. It should be remembered however, there are other different tools that can be used for different purposes in small businesses.

Finally, it is clear that it is not only the manager who is a key factor in company's success. Motivated employees, stakeholders, reliable customers as well as intangible aspects such as knowledge of markets, cultures and useful connections were in the heart of the discussions.

Above all to answer the research questions it can be said that, internal and external resources in these consulting firms are managed differently depending to the nature and size of the company. However, each resource of the company is realised as important in the same way by each company. The management strategies are focusing in to adequate utilisation of employees' motivations, effective stakeholders' management, suitable tools for management that can be used also company's stakeholders, various evaluation processes, ability to realise useful networks, constant improvement through employee training, feedbacks as well as enhancing freedom in order to enhance employees' creativity. The table below present the elements deemed necessary for the managers while managing internal and external resource in their companies.

Table 8 Attributes necessary when managing international consulting firm

Respondent consulting company	Internal resources management attributes	External resources management attributes
<p style="text-align: center;">ExportArise</p> <p>(A small export company perspective)</p>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Maintaining a <b>skilful Manager</b> ability</li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Good <b>cultural competences</b>,</li> <li>- Excellent <b>market knowledge</b>,</li> <li>- <b>Professional competencies</b></li> </ul>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Suitable <b>partner network</b></li> <li>- Trustworthy <b>partners for external support</b> (e.g. Accounting firms)</li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- <b>Competence in overseas market cultural understanding</b></li> </ul>
<p style="text-align: center;">Technosolutionair</p> <p>(Business technical solution company perspective)</p>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Realising skilful <b>Management team</b></li> <li>- Recruiting <b>multi skilled employees</b></li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Recruit employees with <b>right attitudes</b> and <b>motivation</b> towards work</li> <li>- Support <b>freedom of communication</b> and task choice</li> <li>- Employees with <b>professional competencies</b></li> <li>- Recruit <b>fast learners</b></li> </ul>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Selecting right <b>Network consultants</b> abroad</li> <li>- Networking with beneficial <b>service providers</b></li> <li>- Training <b>overseas employees</b></li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Cooperate with <b>trustworthy and reliable</b> counterparts</li> <li>- <b>consistent communications</b></li> </ul>
<p style="text-align: center;">Professionalconnect.org</p> <p>(Business Integration solution company perspective)</p>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Functional board of directors</li> <li>- <b>Skilful Manager</b> and <b>employees</b></li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Recruiting <b>experienced</b> employees</li> <li>- Recruiting employees with <b>right attitude and team players</b></li> <li>- Recruiting <b>employees with ability in languages and integration ability as well as a national culture</b></li> </ul>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Associating with right <b>global licensees</b></li> <li>- Working effectively with <b>overseas branches</b></li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Working with <b>experienced</b> global licensees</li> <li>- Managing networks with other entities around the world</li> </ul>
<p style="text-align: center;">Softwaresaver</p> <p>(software company perspective)</p>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Skilful <b>management and employees</b></li> <li>-</li> </ul> <p><b><u>Intangible:</u></b></p> <ul style="list-style-type: none"> <li>- Maintaining the sales pool already available</li> <li>- Recruit fast learners and employees with good knowledge of the company working systems</li> <li>- Recruit employees with good market knowledge</li> </ul>	<p><b><u>Tangible:</u></b></p> <ul style="list-style-type: none"> <li>- Maintain skilful <b>management and employees overseas</b></li> <li>- Maintaining good <b>partners overseas</b></li> <li>- Careful select the <b>subcontractors and sales and development partners</b></li> <li>- Managing reasonable <b>production locations</b></li> </ul>

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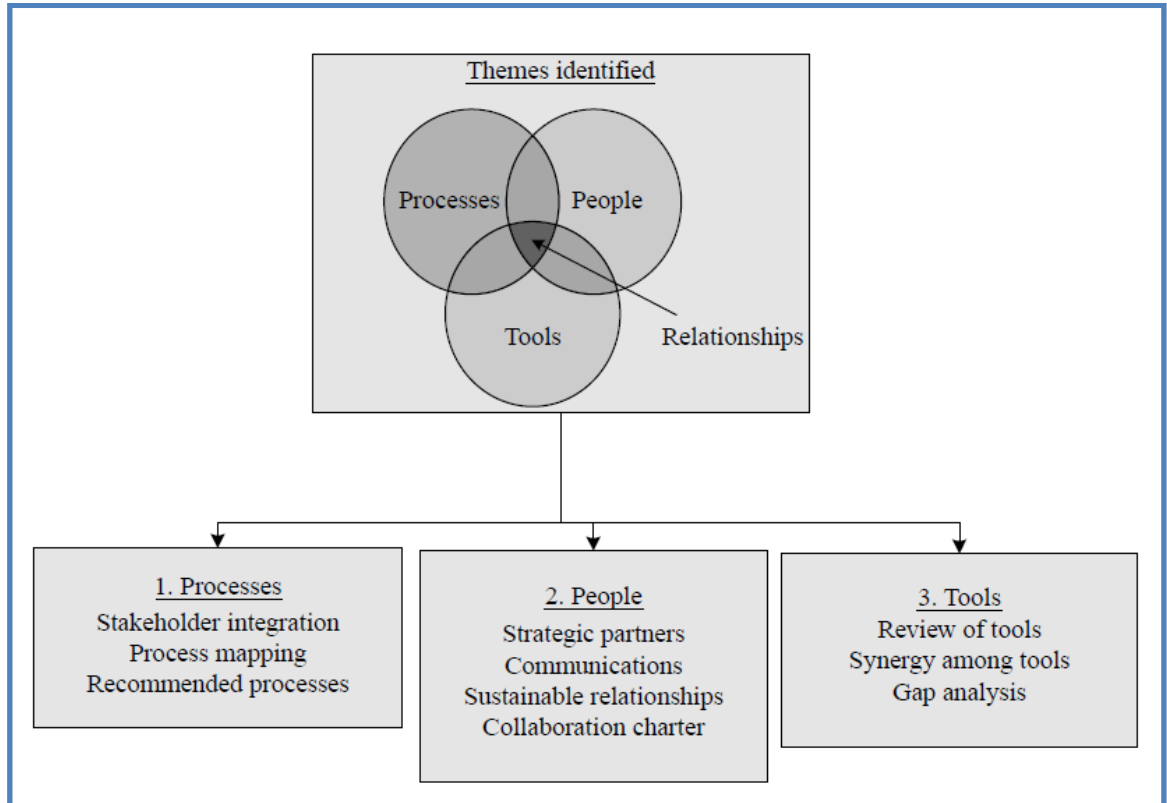
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<http://managementconsultingnews.com/interview-philip-kotler/>  
(Viewed March 2015)

An Introduction to Secondary Data Analysis  
<http://www.blackwellpublishing.com/grant/files/CSAC05.pdf>  
(Viewed on 13.06.2015)

## APPENDICES

### Appendix 1 – VECW original figure



VECW frameworkd presented by Gohil et al. (2011, 55)

## Appendix 2 – Interview guide questions

### Discussion questions:

**1. *What are the internal and external resources in small (management consulting) firms?***

(Resources can be people, tools or processes / tangible or intangible)

- a. What are those based on your company?
- b. Do you have resources that you consider as core?
- c. What has been the most difficult resource(s) to acquire and why?
- d. How do you ensure the productivity of your company resources?

**2. *What are the management strategies do small (management consulting) apply while operating in international market?***

(Resources can be people, tools or processes / tangible or intangible)

- a. What strategies (company strategy) do you use in
  - i. Satisfying Human resources?
  - ii. Strengthening company networks?
  - iii. Integrating stakeholders?
- b. Are there any differences when managing your employees or any resources in your company?
- c. How do you manage information flow between different actors in your company (and abroad)?
- d. What processes or tools do you use as a manager when dealing with different matters in your company?
- e. How do you decide the core resources and ways to utilize them?

### Supporting:

**1. *How do you consider the following internal aspects (resources) in your business operations?***

- i. People experiences
- ii. Effective communication
- iii. Networking capabilities

**2. *How do you consider the following external aspects (resources) in your business operations?***

- i. Operative environment
- ii. People's experiences
- iii. Effective communication
- iv. Networking capabilities

**Notes template**

<b>Aspects</b>	<b>Outcome from the respondent company answers</b>
Management outlook (People)	
Network Management (tools)	
Resource Management processes	
<b>Additional aspects that came up from the discussion</b>	