

EXPANDED ABSTRACT

Dynamic capabilities in the internationalisation of agri-food companies and cooperatives embedded in clusters

Objectives

The agri-food industry is hampered by certain characteristics when attempting to enter international markets and these can be partly overcome by adopting cooperative strategies. Among such strategies, clusters have proven to be very useful in agri-food settings and particularly in developing countries. In these clusters, communities of companies and institutions share a common geography and productive activity, grouping together a wide range of industries and allied organisations which foster greater marketplace competitiveness.

Moreover, it is widely agreed that companies wishing to enter foreign markets need to develop dynamic capabilities understood as the management's ability in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment (Teece et al., 1997). The fact that the essence of dynamic capabilities lies in a company's resource organization -in terms of how they are acquired, allocated and integrated- invites researchers to examine the relationship between belonging to a cluster and the development of dynamic capabilities in the internationalisation of companies embedded in a cluster.

This study has analysed the literature on dynamic capabilities, clusters and internationalization, and has the double objective of, first, determining if belonging to a cluster enhances the development of the dynamic capabilities required in internationalisation and second, exploring the nature of these capabilities and gauging their influence on the international results obtained by the company.

Design and methodology

We propose a model that brings together the specific set of dynamic capabilities inherent in a cluster –the capability of acquiring resources, the capability to allocate and re-allocate resources and the capability of integrating resources– with the dynamic capabilities corresponding to companies which are already internationalised: the exploitative capability (including threshold and consolidation capabilities) and the exploration capability (including the attainment of added value and disruptive capability). The model aims to reflect the dynamic capabilities generated by companies by virtue of belonging to a cluster, and to explore if these capabilities enhance the internationalisation process as a result of developing internationalisation specific dynamic capabilities.

Qualitative methodology was used in this study given the exploratory nature of the analysis. The research focused on the Dominican Republic. From a universe of 10 clusters, 5 were selected which represented 60% of the total number of exporting companies in agri-food clusters of this country. Information was obtained by carrying out 20 in-depth interviews in five different clusters where each represented a case of study. In each cluster, the managing director of the cluster and the directors of two companies within the cluster were interviewed. CAQDAS Atlas.ti 7.5.10 software was used to effectively documenting the research process.

Results

The results indicate that the dynamic capabilities for internationalisation developed by clusters in the Dominican Republic, are mainly dynamic exploitative capabilities, and within these, consolidation capabilities. This situation is indicative of the degree of internationalisation development of Dominican agri-food companies that belong to clusters, as findings show they have completed the initial phase but still find themselves in an intermediate position in the process. Moreover even though exploration capabilities are identified, they reflect value-added dynamic capabilities and are barely disruptive.

The study simultaneously revises the development of cluster and internationalisation capabilities. In terms of exploitation capability, it is apparent that the threshold dynamic capabilities for internationalisation are closely linked to the cluster dynamic capabilities required in obtaining resources (attaining an appropriate size that enables access to specific clients and markets, while taking advantage of the assistance received). On the other hand, the consolidation dynamic capability corresponds with the three types of dynamic capabilities inherent in clusters.

Dynamic capabilities in international exploration are mainly value-added dynamic capabilities. These, in turn, are developed by way of dynamic capabilities in the integration of resources of different companies, cooperatives, associations and institutions belonging to or related with the cluster. Notwithstanding this, we cannot underestimate the need to acquire new resources such as brand building and innovative products adapted to export markets; similarly, dynamic capabilities of allocation that, through the transmission of resources within the cluster, are significant in the development of new markets, cannot be overlooked.

Based on the results of the analysis, it can be concluded that agri-food companies within a cluster do in fact develop, by virtue of belonging to one, dynamic capabilities specific to internationalisation. There is evidence of a relationship between the dynamic capabilities of the cluster and those corresponding to internationalisation; in some cases, nonetheless, this link may be quite weak, whereas in others it may be substantial. Following from this, resource acquisition dynamic capabilities may enhance international exploitative capabilities as cluster membership facilitates the discarding of obsolete or useless resources, replacing them with fresh resources or making better use of existing ones for improved internationalisation. Resource allocation capabilities stimulate the development of consolidation dynamic capabilities since they are germinated at the start of the internationalisation process.

Given the characteristics of the Dominican cluster companies studied, resource allocation are significant in the results obtained, reflecting advancement in the internationalisation process. The results suggest that dynamic capabilities in resource integration play an important role and have facilitated international consolidation capabilities as well as value-added ones (joint initiatives with a view to shared outcomes) that have led, to a certain extent, to reasonable advancement in the sphere of internationalisation.

Practical conclusions

Companies are aware that dynamic capabilities in internationalisation may be successfully attained through cluster membership, but only if they assume their own responsibility with the tools provided to them by the cluster, while maintaining a proactive attitude. Nonetheless, given that in some clusters we have observed a lesser sense of responsibility in seizing opportunities, it is worth inculcating in the cluster management that, given their dynamic potential, companies should be encouraged to seek out and develop disruptive capabilities with a more proactive attitude. Another consideration for cluster managers in the Dominican Republic is that they should gradually take up disruptive capabilities as they consolidate other ones. This is based on the possibility that, at some point in the future, certain external resources and assistance may no longer be available to Dominican clusters.

Limitations

Conceding that there is inevitable subjectivity in the researchers' codification of dynamic capabilities, an attempt was made to reduce its influence; different researchers compiled, discussed and compared the data and their classification. Only when future conclusions from further research may be duly consolidated, can any generalisations drawn from all the results obtained be warranted in an area of study with limited research. Notwithstanding this, our study has contributed to the literature by exploring concepts and the discourse between dynamic capabilities in clusters and relating them to internationalisation capabilities in the agri-food industry.

KEYWORDS: Cluster, internationalisation, agri-food sector, dynamic capabilities.