

Focal Firms and Interorganisational Relationships in Small Economies: Towards a Multi-level Theoretical Framework for Enhancing Value Co-creation and Performance.

Abstract

Underpinning Resource-Based View (RBV) and Relational View (RV) as theoretical premises, we examine the influence of the macro and micro-level factors on inter-organisational relationship/alliances dynamics and competitive advantage of Focal Firms (FF) operating in an emerging Small Island Economy (SIE), Mauritius. Data gathered from in-depth interviews of boundary spanners of FF from diverse industries and sectors, were analysed using the open, axial, and selective coding procedure to establish the main factors influencing inter-organisational relationship dynamics and competitive advantage. Our findings explain and provide insights into the embedded nature of the firms, Inter-Organisational Relationships, Value Co-Creation (VCC), internationalisation capabilities and performance. The novel themes of cultural intelligence and tight-knit society were considered pivotal to firms' relational strategy and advantage, locally; and in their VCC and internationalisation opportunities and capabilities. Our propositions on the emerging themes and the core category web of ties stemming from the situational features define Mauritius, and the multi-level theoretical framework can be extended to understand inter-organisational relationship/alliances in other emerging economies with similar architecture.

Keywords: Inter-organisational relationships; Value Co-Creation; Internationalisation Capabilities; Small Island Economy, Cultural Intelligence

Introduction

Organisations presently operate within a heterogeneous global network of interdependencies and are embedded in networks of ongoing professional, formal or informal relationships (Håkansson and Snehota, 1995; Håkansson and Snehota, 2023), replacing traditional integration (Halinen and Törnroos, 2005). The interdependence influences firms' capabilities to network; produce and acquire value and profit; and knowledge creation (Cano-Kollmann et al., 2018; Safardoust et al., 2023). Inter-organisational relationships (IORs) refer to the enduring relationships forged among and between legally autonomous firms, having a common goal/vision, irrespective of the legal or organisational typology (Zineldin, 2002). IORs longitudinally linking diverse types of actors fitting strategically (Cropper et al., 2009; Klimas, 2020), have now become global imperatives across industries and research disciplines (Barnes et al., 2012). Today's era featuring unsteady changes, blurred market boundaries, and volatile customer demands (Möller and Halinen, 2018; Salamat et al., 2018), re-affirm firms' inadequacy to operate as autonomous entities, hence strengthening firms' reliance on IORs to sustain competitiveness (Porter, 1980 a,b). Nurturing IORs through proper deployment of governance mechanisms is important not only for FFs but also for networks to promote open innovation across diverse eco systems (Aagaard and Rezac, 2022).

In the IOR and network discipline, FFs refers to a firm that rules or governs the supply chain and further provides direct contact to the customer and also assists in designing the product or services offered (Masi et al., 2018). The FF perspective places the firm at the core of the research and examines how this company relates to its context and its relationships (Hassett and Paavilainen-Mäntymäki, 2013). This nuanced perspective consequently aligns with the aim of our research to understand the value creation potential of the FFs through their respective IORs (Norris et al., 2021). The relationships can be dyadic (Sydow et al., 2022); triadic (Magnusson et al., 2013); or multiplicit (Sydow et al., 2015). Our research further focuses on these FFs in context of their dyadic exchange comprising local/foreign IORs, irrespective of them being vertical, horizontal, alliances, exporter-importer or customer

relationships (Halinen and Törnroos, 2005; Hasset and Paavilainen-Mäntymäki, 2013). They include vertical or horizontal collaboration; within an industry, or cross-sectoral; and within a location, cross-regional, or cross-national (Yu et al., 2013). IORs can either be temporary or long-term depending on the purpose of the collaboration, but they generally extend beyond spot transactions (Cropper et al., 2009). We use IORs as an umbrella term to include any long-term relationships: contractual, non-contractual between organisations, nonetheless excluding mergers, acquisitions, and spot-market transactions.

The inter-organisational relationship is a dynamic iterative activity which is influenced by situational factors, and characteristics of the relationship. *The atomistic image of the firm is obsolete and “is increasingly inadequate in a world in which firms are embedded in networks of social, professional, and exchange relationships with other organisational actors” (Gulati et al., 2000, pp. 203). Social Capital (SC) represents “the sum of the actual and potential resources embedded within, available through and derived from the relationships possessed by a company” (Nahapiet and Ghoshal, 1998, pp. 243). While there exists no universally agreed definition of social capital amongst the innumerable researchers (Carrillo Álvarez and Romani, 2017), Nahapiet and Ghoshal’s (1998) definition mirrors the multifaceted character of SC as a relational asset composed of the distinctive constituents of structural, relational and cognitive capital, which are essential to understanding social relationships. The three dimensions of the construct: structural, cognitive and relational are defined in Appendix D. SC consists of the accumulation of countless categories of psychological, cognitive, social, cultural, institutional and associated assets, that intensify the likelihood of mutually productive, beneficial and cooperative behaviour (Mishchuk et al. 2023).*

Existing IOR research investigated the competitive advantage derived, such as innovation, or growth, and forces influencing competitiveness (e.g., Palumbo and Manna, 2018; Moon et al., 2022; Safardoust et al., 2023). There are economic and strategic motivations, as well as situational (contextual) contingencies behind the initiation of IORs. A review of the International Business (IB), strategy, network; and International Management (IM) literature demonstrates that, while there are published

research on the importance of the influence of the macro/external and micro/internal contextual elements on the relationships (Beamish and Lupton, 2016; Klimas et al., 2023), the literature is rather scattered, unilateral and limited on the influence of those factors on the FF's relationship dynamics and competitive potential.

Besides the limited research on the dyadic relationships from a FF's perspective, IORs in general from the global south, or emerging SIEs in the sub-Saharan African region have been under-represented in the academic literature. Africa and emerging economies can provide an interesting context to enhance theories developed in other regions of the world, and extend context-specific theories (Oguji et al., 2021; Oguji and Owusu, 2021; Rozenfeld and Scapens, 2021). Firms in the emerging economies operate in a highly peculiar and specific environment, and yet are important players in the global value chains, while increasingly reliant on international business relationships to ensure survival and growth. The complexity and failure of IORs along with internationalisation of firms in emerging economies are linked to the institutional environments, uncertainties, and the agency of the embedded actors (Markovic et al., 2021; Rozenfeld and Scapens, 2021; Bai et al., 2022).

Mauritius commonly highlighted as an emerging SIE in the African region, is ranked second in terms of GDP per capita in Africa (Mooneeapen et al., 2022; World Population Review, 2023); and has recently achieved the high-income status classification by the World Bank (Haughton and Ivey, 2023). Mauritius holds undeniable location-specific advantages; political stability, and state-of-the-art infrastructure comparable to that of some East Asian emerging economies; plus a streamlined tax administration (Sannasse et al., 2014). The emerging market universe is highly diverse, challenging conventional research. Emerging economies are identified on attributes such as progress in attaining middle-income levels, sustained market access, and advanced global economic relevance. Nevertheless, the emerging market economies are dissimilar, and the peculiarity between emerging markets and the developing economies is likewise imprecise. This century witnessed the noteworthy advancement of emerging economies in consolidating their macroeconomic policies, steering greater than double per

capita income (Dutttagupta and Pazarbasioglu, 2021). The emerging economies, more specifically the Mauritius has been widely overlooked in the IB and IM literature, except for few studies, which are beyond the scope of IB, IM, strategy and IOR literature (e.g., Seetanah et al., 2014; Mooneepen et al., 2022; Ronoowah, and Seetanah, 2022). Hence, Mauritius provides a good research base given its impressive economic progress over the past decades, mainly owing to extremely high performing private sector firms.

We have empirically associated Mauritius' economic development and growth with the diversification of the economy, historically ranging from primary agriculture, manufacturing and export-led economy to the services spheres (Liu et al., 2018; Gounder, 2021). Firms operating in Mauritius rely on foreign business relationships but are also internationalising operations into the African Continent, and other regions of the world (Mauritius International Financial Centre, 2017; EDB, 2019). Furthermore, the private sector is characterised by small and medium enterprises (SMEs), dominated by family firms, and business groups, as micro-multinationals, but also multinationals, all relying on their international relationships. Today's era, numerous SMEs worldwide, considered as micro-multinationals initiate international operations, upon which their success, growth and survival rest on. Yet, research on micro-multinationals' strategies, IORs and international operations is scant in the fields of IM and IB (e.g., Nambisan et al., 2019; Hennart, 2020; Kano et al., 2020). Besides, the contextual embeddedness of multinationals' and micro-multinationals' operations, strategies, growth and survival are an under-researched domain of IB and IM literature (Kano et al., 2020).

Hence to bridge the gap in the literature, we address the following research questions (RQ):

RQ1: What are the macro and micro level factors that influence the alliance/inter-organisational relationship dynamics of focal firms operating in an emerging small island economy?

RQ2: How do the identified factors influence the alliance/inter-organisational relationship dynamics of focal firms operating in an emerging small island economy?

RQ3: To what extent does the local/foreign alliance/inter-organisational relationship of focal firms interaction generate social capital?

Our study is relevant, timely and is of considerable interest for many reasons. With the fierce local and foreign competition, Mauritian FFs need to consider a strategic shift to change their core business model to sustain their profitability, growth and market-place relevance (Betchoo, 2014). The Mauritian business landscape is characterised by high aggregate concentration due to the partial influence of high market concentration in individual industries and numerous largest firms, with market power across substantial industries (Davies and Armoogum, 2022). With such a dynamic arena, local and international IORs are sustainable solutions to survive in the highly competitive Mauritian business reality. In today's networked economy and business world, it is an increasing imperative to possess the capability to undertake collaborative value creation towards customer service, joint innovation, value/supply chain activities, and marketing (Möller and Halinen, 2018). Thus, the research inquisition in identifying macro and micro-level factors and how these identified factors influence the alliance/inter-organisational relationship dynamics of FFs operating in an emerging SIE such as Mauritius assumes much significance.

Further, the capability to integrate and manage IORs on the basis of identified factors, and to learn how the relationships among identified factors, positively enhance value co-creation and organisational performance can further help FFs to meet their strategic objectives (Kohtamäki et al., 2018). Further identification of basic level and inter-mediate country level (macro) factors and micro level factors and establishing a relationship among them can be a value addition to the extant literature, where the causal relationships among these factors and futuristic theoretical framework has the potential to inform FFs stakeholders to enhance their competitive advantage. By proposing a multi-level theoretical framework for FFs to enhance value co-creation and performance, this is the very first research that identified various factors and further draw propositions to understand how these factors can result in VCC and enhance FF organisational performance. The framework provides an in-depth knowledge of the nature and dynamics of IORs from a FF's perspective in Mauritius, to provide a basis for better management of the relationships, and understand how the IORs contribute to enhancing FF's competitiveness.

In the following sections, we discuss the literature concerning IORs, value creation and competitive advantage; globalisation and internationalisation of firms followed by discussion on the qualitative research methodology, the interview protocol, the data analysis procedure and how ethics was upheld. The findings section covers various emerging themes and subsequently based upon these emerging themes we present a multi-level theoretical framework for FFs to enhance VCC and performance. We also present theoretical propositions to support the newly conceptualised multi-level theoretical framework. The final sections discuss the practical, theoretical and policy implications, future research, and conclusion.

Literature review

Inter-organisational relationships (IORs), value creation and competitive advantage

Competitive advantage, as a core determinant of superior performance (Porter, 2008), is achieved when a firm develops or acquires resources and capabilities that enable the latter to outperform its competitors (Wang, 2014). Firms, as open system structures, rely on external sources for tangible and intangible resources to ensure their survival (Huo et al., 2017). Inter-firm collaborations have become an integral fragment of the corporate strategy and internationalisation strategy of organisations, to better survive in the volatile business dynamics and uncertainties, such as fast-paced diffusion of knowledge amongst organisations, economic instability and globalisation (Ratajczak-Mrozek, 2017; Cano-Kollmann et al., 2018; Agostini and Nosella, 2019; Ahokangas et al., 2022; Klimas et al., 2023).

The review of the IORs/alliance literature reveals firstly that, at the organisational level, IORs are generally instituted to generate and consolidate the core capabilities and competencies. Secondly, alliances are primarily established to advance the firm's strategy, rather than short-range and operational matters (Kohtamäki et al., 2018). IORs are additionally categorised as an intangible resource, giving access to other distant resource categories to the relationship partners. Forming IORs further generates scientific and practical interests due to the heightening importance of intangible resources in business processes (Danielak, 2016). Legitimately, social, relational, intangible resources and capabilities in

strategy, networks and relationships are essential considerations (Tsanos et al., 2014; Ekanayake et al., 2017; Yawar and Seuring, 2017; Forkmann et al., 2018).

The existing literature directs attention to the contribution of IORs such as global networks in promoting knowledge sharing, innovation, and essential for VCC and competitiveness (Cano-Kollmann et al., 2018; Palumbo and Manna, 2018; Safardoust et al., 2023). For instance, the empirical analysis of different categories of partners (suppliers, universities and firms) by Palumbo and Manna (2018) suggests a significant and positive relationship between IORs and an organisation's innovative capacity. Naqshbandi (2016) argues that a shift from traditional innovation within the internal boundaries of the firm is beneficial in today's environment. IORs allow knowledge amalgamation and exchange, which increase firms' propensity to VCC through innovation (Ho et al., 2019). Relationships such as international strategic alliances are gateways to specialised and complex knowledge, and innovative capability of firms (Pangarkar et al., 2017; Cano-Kollmann et al., 2018; Hsieh et al., 2018; Zaeferian, et al., 2018; Ahokangas et al., 2022), hence assisting in the strategic renewal process and enhancing the firm's sustainability through its VCC within its global network (Martin-Rios and Parga-Dans, 2016). Our study adopts a network view on global interdependencies and internationalisation, which will be further discussed.

Globalisation and Internationalisation of Firms

Globalisation, a well-established and recurrent concept in the IB research, refers to the evolution in “international economic exchange relationships of any one country with all other countries around the world, as measured by trade and foreign direct investment (FDI) flows, and other types of exchanges (capital, people, technology, ideas, effective institutional practices)” (Verbeke et al., 2018, p. 1101). Recently, globalisation has warranted a massive flow of goods, capital, ideas, and people across national boundaries as essential factors in the global economy, thereby reinforcing the growing economic interdependence, interconnectedness, and relationships across nations from varied economic typologies: developed, developing, and emerging (Coeurderoy, 2020).

The definition of “internationalisation”, first advanced in the IB literature in the 1970s (Knight and Liesch, 2016), is dynamic and still evolving in empirical research and theory (Üner et al., 2022). Internationalisation, as a response to globalisation, refers to the process of establishing specific international relationships (Fumasoli, 2019), and relates to firms’ international activities. Conversely, IB focuses on both the actions and outcomes of firms’ decisions to operate across borders (Buckley and Ghauri, 2014; Knight and Liesch, 2016). Therefore, internationalisation alludes to the extension of a firm’s economic activities beyond a country’s national borders. After a firm has ascertained itself in its local market, it pursues ways to penetrate and gain a competitive advantage in international markets to reap the associated benefits of global operations (Sanyal et al., 2020). Researchers’ investigation of the determinants, drivers and strategies linked with the internationalisation of firms, and their outcomes are the foundation of IB research (Üner et al., 2022).

The Uppsala model has become a foundational model of the internationalisation process of firms (Johanson and Vahlne, 1977), and is the most widely used framework in the field of global strategy and IB (Engwall et al., 2018). Subsequently, Johanson and Vahlne (2009), incorporated their findings from the emerging network view on industrial market knowledge to extend their model, integrating the significance of networks in the internationalisation process of firms. The relationships between firms were established as fundamental for all business activities and internationalisation is the fortification of the network position of the FF. Through the reciprocity established, commitment and learning were not only restricted to the FF, but also at the other end of the relationship - the other relationship partners. The network position institutes an important firm-specific advantage - a competitive advantage (Vahlne and Johanson, 2020). Firms’ generic foreign entry mode (exporting, foreign licensing, or foreign direct investment) depends on the firms’ strategy and capabilities for global operation (Teece et al., 1997; Buckley and Ghauri, 2014); and on the ownership decision: full ownership, joint ownership, or no ownership commitment (Buckley and Ghauri, 2014).

Theoretical lenses

The IORs research is traditionally guided by common theories or variants of the theories, i.e., co-evolution, resource dependence, power, political economy, political science, exchange, agency, transaction cost economics, self-organisation, and institutional. Driven by the main aim to discover new element(s), and by the RQs, we use the RBV, and the RV as complementary theoretical foundations to discover IORs, from the FF's dyadic perspective.

The resource-based view

The boundaries of an organisation's competitive strategy are influenced by the resources and capabilities it possesses but is also defined by the firm's competitive environment (Barney, 1991; Barney, 2014; Wernerfelt, 1984). The resource-based view (RBV) proposes that devising a firm's strategy by combining a set of specialised internal firm-specific resources and capabilities may promote value creation, thus contributing to sustainable competitive advantage. Consequentially, the firms benefit from above-average competitive advantage and rents (Barney, 2014). The RBV implies that the resources available within an industry are asymmetrically and heterogeneously allocated but cautions that organisational resources are not perfectly mobile across organisations (Barney, 1991).

The RBV is a powerful theoretical lens in contemporary management and strategy research, and a widely used perspective to explore IORs; and to generate theory, given that relationships are intangible resources (Barney et al., 2011; Salamat et al., 2018). Moreover, the RBV is valuable to assess the perceived instrumentality of IORs towards the strategic performance and competitive advantage of firms, as the RBV implies that the resources available within an industry are asymmetrically and heterogeneously allocated. A firm has a complex bundle of tangible and intangible resources, and the latter's value creation and competitive advantage are dependent on its resource possession - which is unlikely. Relationships are gateways to distant resources, and the relationships, along with other intangible resource categories, are also developed to achieve competitive advantage (Barney et al., 2011).

The RBV is a useful foundation for our study since organisations are embedded in a network of local and international IORs, and through the relational exchanges with other entities, FFs gain access to distant resources to fulfil their objectives (Hamel and Prahalad, 1990). The focal actors combine the distant resources by way of core competencies with their existing resources to achieve a competitive advantage. IORs are significant instruments to ensure the availability of complementary resources and enable knowledge development for the FF (Ahokangas et al., 2022). Heterogeneous tangible and intangible resources are the inception of VCC and impetus of relationship building and growth within business networks (Håkansson and Snehota, 1995; Prenkert et al., 2022). The RBV is commonly used in IOR research to understand and establish how relational resources and capabilities influence the outcomes of the relationship and the firm's performance (Matanda et al., 2016; Skarmeas et al., 2016). Collaborative relationships allow FF to overcome deficiency and to cope with environmental complexity.

The relational view

Shifting the focus on cooperative strategy, Dyer and Singh (1998), who built on the propositions of the RBV (Barney, 1991), and the social exchange among networks (Cook, 1977; Emerson, 1976), introduced the RV of organisations and competitive advantage. Within this perspective, the four origins of rents and competitive advantage are: “relation-specific assets; knowledge-sharing routines; complementary resources and capabilities; and effective governance” (Dyer and Singh, 1998, pp. 676). Organisations can achieve sustainable competitive advantage by developing distinctive relationships with other firms. The boundaries for resource ownership are but an artificial one. An organisation's network of relationships is a crucial resource but is also a medium to gain access to complementary relational resources and capabilities (Gulati et al., 2000; Klimas et al., 2023).

The RV triggered a shift in the strategy literature to include relational/social capital and rent, which our study adopts. The RV (englobing SC), as an extension of the RBV, challenges the atomistic picture of

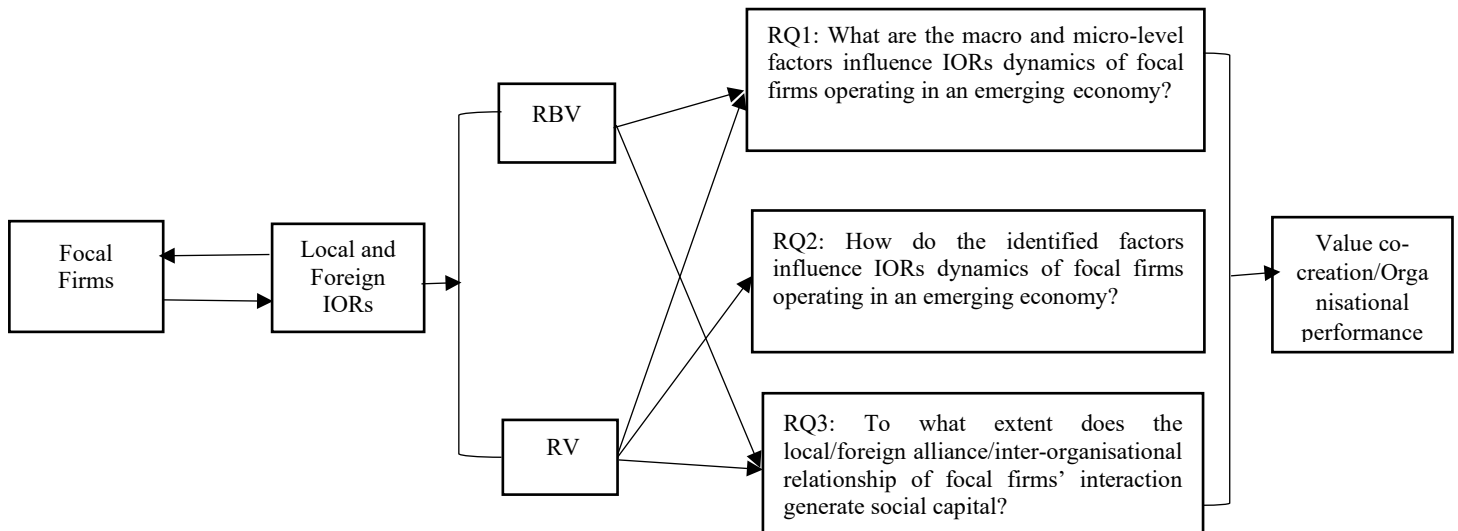
the firm independently competing with others to achieve profit in an impersonal market, which is deemed insufficient in a world where organisations are systematically embedded in professional and social networks with other wide-ranging entities (Gulati et al., 2000). No organisation has ownership and control over all the strategic resources and competencies to succeed in the market. Otolá et al. (2013), propose the creation of inter-organisational ties to enable the acquisition of externally controlled resources, knowledge and competencies to support the achievement of the firm's strategic objectives. The social relationships and IORs operate as conduits to channel externally accessible resources into the FF (Dyer and Singh, 1998). Access to SC occurs via the building and fostering of enduring relationships and network of connections with actors having significant stock of capital (Bourdieu, 1986).

The RV suits the aim of our study as it switches the unit of analysis from the independent view of the firm to the relationships across levels of the value chain and industries, and further captures the SC therein. While the RBV will also be used as a theoretical foundation, as it explains the need to access resources to gain competitiveness, the RV is aligned to the contemporary business world comprising of alliances, co-opetition, supplier or customer relationships, or private-public relationships between firms, within and across nations. The RV fits our aim, since its focus is on the ties and network of ties of organisations, and how those relationships are syncretic economic rent generating, and boost advantage - SC (Dyer and Singh, 1998). The RV provides substantial theoretical explanations and high explanatory power on the reasons firms develop a network of relationships (Stańczyk-Hugiet, 2013).

Drastic changes of the last few decades have radically trialled the long-standing conventional wisdom on value creation and competitive advantage, giving rise to the ideas of collaborative advantage and relationship capital (Festa et al., 2017; Kwok et al. 2018). Hence, we adopt a relational, in preference to an atomistic stance to comprehend the firm's IORs, VCC and performance in a SIEs context. The exponential growth of IORs in today's era led scholars to stress on concepts such as the RV of organisation, business networks, strategic nets, and networks (Salamat et al., 2018). IORs is not a new topic of research yet has heightened importance within the rising interdependence of firms, and of IORs

creation globally (Bouncken et al., 2016). The identified gaps from our literature review highlight that IORs and VCC research are scattered, singular, unilateral and narrow, significantly overlooking the FF's perspective. Addressing these gaps is theoretically imperative, hence we develop and present our theoretical inquisition framework in Figure 1, showcasing the linkage between the RQs, key concepts, and theoretical perspectives.

Figure 1: Theoretical inquisition framework



Research method

Research design

We explored the macro and micro-level factors influencing IOR dynamics and the competitive advantage FFs derive through the RBV and RV. To have a richer and deeper understanding of the relationship phenomenon through the lived experiences of the boundary spanners, that is, the employees, or owners of firms that have long-term IORs, we chose an exploratory, inductive research approach (Corbin and Strauss, 2014; Patton, 2015). Though strategy, IM and IB literature are well established, knowledge of the phenomenon is still dearth in the context of emerging economies; and on how both the relationship specific, and situational factors interplay to influence the advantages FF can derive from their IORs. The growing dynamism of emerging economies; the broadening of the strategy and IM disciplines; the fine line separating the processes; the growing importance of behavioural and sociological implications for businesses and strategy; all reinforce the suitability of inductive, qualitative research design.

Sampling

We used a purposive sampling approach to select the target companies and participants, to enable us to employ judgment in selecting informants who will meet the study's objective and answer the RQs (Saunders et al., 2015). All the sample companies and respondents had multiple local and international IORs. The respondents – boundary spanners, were selected relying on the researchers' discernment of their close and relevant experience with the central phenomenon being explored – IORs (Creswell, 2014; Creswell and Guetterman, 2015). This method enabled us to interview informative respondents to gain deep insights and an understanding of the IORs phenomenon (Patton, 2015). When selecting the participants, we used the maximum variation sampling technique of purposeful sampling method to capture any potential variations of the types of business relationships (a mix of local and international), and varied organisational typologies -small, medium, and business groups (Creswell and Guetterman, 2015). In the maximum variation sampling technique, “any common patterns that emerge from great variation are of particular interest and value in capturing the core experiences and central, shared dimensions of a setting or phenomenon” (Patton, 2015, pg. 283). Therefore, following Patton (2015), our study maximised the variation in its small heterogeneous sample by assessing IORs from different

perspectives. More information about the respondents and organisational typologies is provided in Appendix A.

Semi-structured interviewing

Using a semi-structured, in-depth interviewing strategy to facilitate deeper understanding, we explored alliances/IORs from various angles. In-depth interviewing is suitable when the investigator has a distinguished area of study to explore themes emerging from the interview data. It further allows for the dynamic interaction between the investigator and the participants (Creswell and Guetterman, 2015; Patton, 2015). Reckoning this inquiry’s exploratory nature, both the respondents and the researcher were not rigidly restricted to the protocol. The interviews which lasted approximately one to two hours, were audio recorded and transcribed for analysis. The respondents related their first-hand reflections, and accounts, and disclosed their encounters with the relationships of the FF. A version of our interview guide is included in Appendix B.

Data collection sequence

This study had three sequences of data collection, explained in Table 1 which were undertaken by the lead author, residing in Mauritius, while the evolution of the resultant themes was a collaborative effort of all authors.

Table 1: Data Collection Sequences	
Phase 1	The interview guide (See Appendix B) developed was used for the first round of interviews with respondents across a broad range of industries, and firm characteristics to gain maximum insight into IORs/ alliances (Appendix A).
Phase 2	The second phase sought to confirm the emergent themes and relationships and was undertaken with participants having routine interaction with national and cross-national IORs.
Phase 3	Theoretical saturation was reached after coding the 20th interview and the last 5 interviews were undertaken to confirm the findings. Saturation is reached when there are no new discoveries or progression of the categories/themes through coding. After the 25 interviews, theoretical saturation signaled the completion of this study since, no new data appeared for the themes, the dimensions and properties of the categories were thoroughly elaborated; and the relationships among the themes were well-established and validated (Creswell, 2013).

Data analysis technique

This inductive study employs three stages of qualitative coding, namely open, axial and selective coding. During the open coding phase, labels were systematically assigned to segments of data to allocate meaning, consequentially developing open codes (Corbin and Strauss, 2014). While the initial codes were mainly descriptive and broad, we remained focused on the RQs (Birks and Mills, 2015). Appendix C, presents a sample of our open coding process for the theme ‘*Web of Ties - the Priceless Strategic Resource*’. During the axial coding phase, the fractured data of the open coding phase was reassembled to represent core phenomena (Corbin and Strauss, 2014). The last coding stage, selective coding, is the process of integrating and refining the theory that emerges. The theory building done during the selective coding stage is a construction based on relational statements, aiming to provide an explanation of what is occurring in the data. Thereafter, the inter-relations between the categories were combined into a theoretical framework that tries to explain the phenomenon (Strauss and Corbin, 1998). Appendix D illustrates the connection between the open, axial and selective coding process for the development of the core category “Social Capital”.

Ethics and Rigor

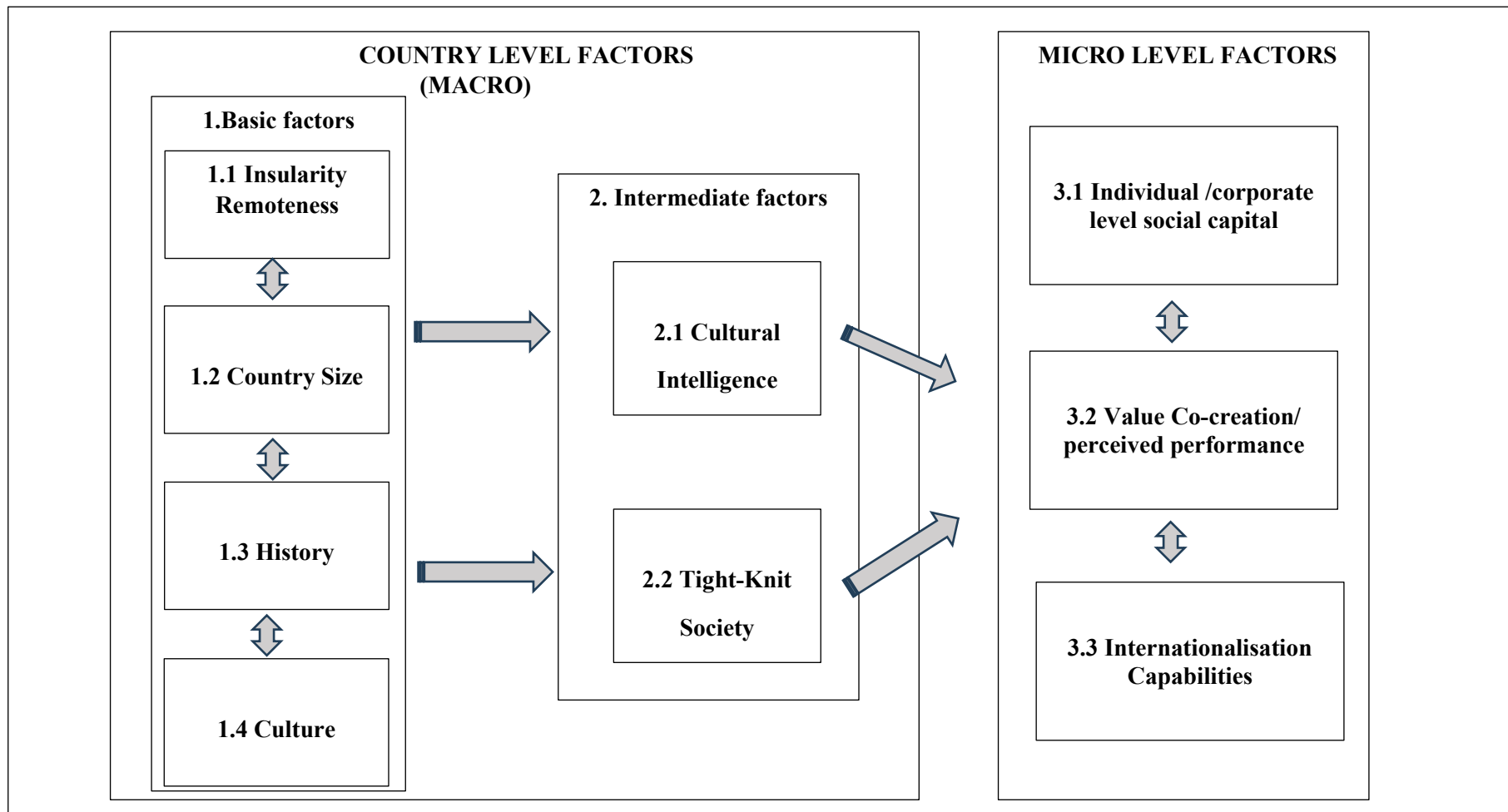
The study respected the ethical requirements during the entire research process as outlined in Appendix E: in the pre-interview phase ensuring confidentiality and anonymity (Denzin and Lincoln, 2017); external validity through triangulation and reflexivity (Patton, 2015; Denzin and Lincoln, 2017); and theoretical sensitivity was upheld through field notes and memoing to minimise biases (Creswell, 2013; Patton, 2015). Field notes/memos were compiled both handwritten and typed in MS Word during the data collection for analysis. Two of the five researchers worked on the coding process to sharpen the definitions and coding of the same data. As a perfect reliability check, team coding serves to further add clarity to definitions (Miles et al., 2014). Our research team undertook measures to further ensure research rigor through inter-rater reliability (Armstrong et al., 1977), by devising and using a code book around main themes through researchers’ brainstorming. For our study, inter-rater reliability was employed to moderate interpretative inclinations, resolve differences, and ensure coding consistency

(Miles and Huberman, 1994). Upon reaching an inter-rater reliability of above 85%, the team advanced with the coding after refining the code book.

Findings

Our findings are organised around seven emergent themes (core categories), together with the sub-themes (sub-categories). The main themes are: (1) country-level factors; (2) culturally intelligent nation; (3) tight-knit society; (4) web of ties – the priceless resource; (5) social capital generated; (6) value co-creation and FF's perceived performance; and (7) internationalisation capabilities. We present the overarching themes diagrammatically in Figure 2, followed by explanation of these factors backed by a thorough explanation of the themes and relationships considering the wider academic literature.

Figure 2: Overarching themes representation



1. Country-level(macro) factors

We termed the first main theme emerging from analysis as “country-level (macro) factors”, that further comprised basic country-level and intermediate country level factors namely, insularity and remoteness, size, history, and culture (basic factors) and intermediate factors that are explained below.

1.1 Insularity and remoteness

Mauritius being a SIE, remoteness, and insularity in relation to the rest of the world is a challenging fact, increasing the costs of business activities. The participants discussed the remoteness of Mauritius in terms of an island, without road access to facilitate the transportation of goods. In discoursing the high costs of trading, they stated: *“Like in Europe, you have a country next to another, separated by road access. Transportation cost is cheap. In Mauritius, if you must export a product ...it is very expensive...thus you find yourself isolated somehow”* (Participant 21); and *“we are very limited with regards to our size and location. We are sea-locked with the closest relevant business partner South Africa almost 4000 Km away”* (Participant 25). Isolation, remoteness and insularity of island economies, their impact and challenges on economic and business activities are consistent with Eriksen (2017).

1.2 The size of Mauritius

The size of the country emerged as a feature having a weighty impact on the FF in Mauritius. When asked about the general factors in Mauritius, it came up that *“Mauritius is so small....”* (Participant 2), and *“Mauritius being a Small Island....”* (Participant 6). Its small area means limited market size, capacity, scope and volume. As such, firms need solid, deeply grounded long-standing global business relationships, and collaboration strategies to ensure local/international growth, business continuity and survival. The General Manager of the B2B company, in the FMCG import/distribution, depicted the market as follows: *“We sell B2B, and then they sell to the end customer. B2B is very small in Mauritius*

– the supermarket chain.... everyone is saying that the FMCG market is very tough in Mauritius because there are too many players doing the distribution, and the end customers are limited to 1.3 million inhabitants. We are still very limited” (Participant 16). Further, participants 18 and 24 similarly opined that because of the Island’s size, companies often lack the bargaining power in cross-national supply and value chain relationships. Local firms are not on the priority list of MNCs in terms of resource allocation, as expressed: “when you buy the products. ... very often, suppliers don’t even want to meet you. They don’t even bother. They ask you how much. You say 5000, they say no, no, no. Because even there in their factory, they won’t manufacture 5000 pieces only, because they might lose the whole container” (Participant 18). And “our transaction volume is small because of our size. The focus and areas of interest of those organisations are not on Mauritius. The resources they will allocate for Mauritius are not the same as the top resources they will allocate for Europe or America” (Participant 24).

The disadvantage linked to the size of Mauritius is generalised across industries. Participants felt that the long-established cross-national IORs, however, help overcome the disadvantages associated with size and limited volume. Participant 13 explained the strategic importance of the international IORs for business survival in the dynamic capital-intensive airline sector: “We are small, we don’t have a lot of resources. So, the minimum means we have we need to rely on relations. If I take the example of my company those relations are extremely important. The least thing happening we see - an airline company is very fragile....We are a small country and for us to be able to sustain we are obliged to keep and maintain relationships. And the companies that are here need to give their best to sustain relations” (Participant 13). Not being fully self-sufficient, Mauritius relies greatly on imports even for basic products, hence the heavy reliance on international value and supply chain relationships. Previous findings confirm the constraints related to the size and remoteness of islands with reference to diseconomies of scale in imports, transport, indivisibilities, and limited natural resource endowments (Eriksen, 2017; Briguglio and Moncada, 2022). There is almost no research that explains how long-

term business relationships (local and international), beyond diasporic ties; can help overcome the smallness complexities of islands.

1.3 History

The sub-theme history of Mauritius was analysed as pivotal in shaping the national culture, and business practices. Respondent 13 felt that the colonial background, along with the way Mauritius was populated, and the diasporic relations influenced the Mauritians' ability to deal with heterogenous people, and their openness to experiences: *"Our colonial history makes it that we deal a lot with Europeans as well..... Our culture includes people of diverse nature. Each group (origins), they have their roots from their country of origin"*. The feeling was supported by another respondent, who said: *"It is astonishing how it is relevant that our history has shaped us"* (Participant 21). History is the tie that binds the Mauritians and forges an agile society. The participant felt that: *"though we are a small Island, though others might see us like "ah you are just about 1 million inhabitants on an island lost in the Indian Ocean; But, the external world recognises our agility, and our ability to adapt."* (Participant 5). In view of the above, various studies account for the resilience and agility of island nations (Eriksen, 2017; Baldacchino and Starc, 2021); their entrepreneurial responsiveness and "strategic capability" (Baldacchino and Bertram, 2009, pp. 144).

1.4 Culture

The diversity of the nation and the concept of "Mauritianism" emerged as a salient feature configuring the Mauritian national culture and was reported to influence the FFs' interaction with their IORs. Our findings showed that Mauritians face cultural differences in their everyday life, on an individual, social and professional basis, thus rendering Mauritian diversity peculiar. Mauritius is a success story of diversity, in terms of religion, language, culture, race, and ethnicity. Particularly, the Mauritian diversity is the outcome of the long-standing co-existence, of facing adversities, and building the country from scratch. This situation challenges all the lessons, research and findings on diversity from the first-world

context, and the global scholar community (Dobson, 2009). There is a quasi-peaceful and harmonious co-existence and daily interaction of the four main religions of the world; different races and ethnicities; about 15 languages, on tiny Mauritius (Eriksen, 2020). The diversity of Mauritius is substantial and unique with no close comparison when it comes to interaction in such a small space. The informant mentioned how Mauritius is diverse in a unique way: *“Mauritius has a diversity pool that is not accessible anywhere in the world, and you can’t even compare to anywhere in the world.”* (Participant 9). Another informant further elaborated on diversity in terms of multilingualism in Mauritius: *“We were a French colonyin school, I learnt French, English, Urdu. So, when I go to a country, I have no fear that I won’t be understood given the number of languages I am fluent in”* (Participant 13).

“Mauritianism” reflects the ambiguous nature of the Mauritian diversity. *“We are Mauritian”* (Participants 13 and 22); *“It is about being Mauritian”* (Participant 22); *Mauritian superseding culture”* (Participant 16); *“overarching Mauritian culture”* (Participant 24), were the in-vivo terms used by the participants, while referring to what the researchers analysed and attributed to the concept of *“Mauritianism”*. The terminology is explained as the binding glue of the Mauritian society (Parekh et al., 2003). Aligning with the findings of Ng Tseung-Wong and Verkuyten (2015), we show that the blending of the different cultures led to the emergence of Mauritian culture, characterised by shared values and ways of thinking. On a similar note, Hofstede (1980) explains that despite the presence of various sub-cultures within a nation, there is still the overarching national culture. Similarly, there exists a superseding Mauritian culture, which takes over, but not replacing the respective culture of origins of the inhabitants of Mauritius. The participants felt the shared culture shaping a distinctive Mauritian identity, which provides the latter with a feeling of intimacy (*“We are Mauritian”*); and the close belongingness to ethnic/religious groups, without disrupting the national culture. The shared identity provides the Mauritian with a feeling of inclusion and a common point of reference as highlighted by respondent 13: *“Mauritians we say we are MAURITIAN. We don’t say that we are Muslims, or Hindus first. We are Mauritian.”*

The literature explains that a firm's competitive advantage is dependent on culture (Ang and Inkpen, 2008). The Mauritian context generates two intermediate outcomes: Cultural Quotient (CQ) and tight-knit society, impacting on the IOR exchange which will be outlined in sections 2 and 3.

2. Intermediate country(macro)-level factors

2.1 Cultural Intelligence

CQ is a trait, originating from the cross-cultural exposure of the Mauritians. CQ, as a competence facilitates interaction and interpersonal exchange within IORs, such that, resource exchange is fostered, and organisations reap competitive benefits. CQ relates to how individuals adjust and succeed in an environment beyond the one in which they were raised and socialised (Earley and Ang, 2022). The antecedents of CQ have been linked to the cross-cultural exchange of individuals and cited as a crucial asset for individuals and managers (Pidduck al., 2022). The construct consisting of the four dimensions: *metacognitive*, *cognitive*, *motivational*, and *behavioural* (Ang and Van Dyne, 2015), will be discussed considering our study's findings.

Mauritians, possessing metacognitive CQ, are aware of the differences between their own sub-cultures, and those of other Mauritians of diverse sub-cultures. They have the capacity to integrate into diverse cultures (Yunlu and Clapp-Smith, 2014). Their awareness extends to other cross-cultural settings, at a cross-national level, such as Asia (e.g., India, China, Thailand), the Middle East, Africa, and Europe. They demonstrated the ability to become aware of cultural perceptions, values, beliefs, and were competent at distinguishing the differences between their own culture and that of their relationships, as explained by Participant 23, who narrates: *'When I go to China and see Chinese, – we have Chinese Mauritian (Sino-Mauritian). We go to Saudi Arabia to negotiate, it is OK, as we have many Muslims in Mauritius. Some other people from other countries might not understand the fact that you need to remove your shoes when you enter a place. Let's say China, I already know the Chinese culture and how they are, so it is very easy for me. I can see the Saudis who are in Taiwan, they are shocked, they*

are remote and alienated and it is hard for them to adapt. It is because they come from a 100% Islamic country, where their culture and the Taiwanese are drastically different.

Mauritians, high on cognitive CQ, are good at interacting with people from different cultures and they have a comprehensive understanding of a variety of multicultural settings. Individuals high on the cognitive dimension can easily stir their thinking and reasoning to look for the sense-making of the cultural variances (Ang and Van Dyne, 2015; Bückner et al., 2015). The participants were aware of the typical differences between the sub-cultures in Mauritius, along with the differences between Mauritius and other countries: dress code in the United Arab Emirates and India; negotiation style in Singapore; eating habits in China; or taking off shoes in shops in India and Arabs countries (Participants 13, 23, 24). They display the most appropriate behaviour to suit cross-cultural dealings with both the local and foreign IORs.

The findings portray Mauritians as having behavioural CQ, which allows them to properly manage, and regulate their verbal, and non-verbal social behaviours in cross-cultural encounters, promoting cultural adjustment and minimising misunderstanding. The capability of Mauritians to recognise that there are specific ways to act and behaviours to display is attributed to the constant interaction with sub-cultures in Mauritius since a young age. Furthermore, possessing motivational CQ, Mauritians have an intrinsic drive to interact in new cultural environments (Ang and Van Dyne, 2015; Chao et al., 2017; Shu et al., 2017). They are confident of their cross-cultural effectiveness, even in highly complex cross-cultural settings. Not scared of cross-cultural business interaction, they believe the exchange promotes learning, openness and adds to their existing knowledge. As islanders, they have an outward-looking mind, and an intrinsic delight in exploring and interacting with others from different parts of the world. Participant 24 explained adjusting their behaviour and actions to suit the many sub-cultures in Mauritius: *When setting up the agenda, I take into consideration whether there is Diwali, I know that people celebrating will not be available 3-4 days before and after the festival. I consider this as I know how it is. When organising the end-of-year party, we consider the fact that some people are fasting – be it Muslim,*

Hindu, or Christian fasting – where they have constraints. I am very much aware of those rules and cultural differences (Participant 24). Moreover, Participant 25 seconded that Mauritians find it easy to tune their behaviour due to their exposure to a myriad of cultures from an early age. The latter expressed his views as follows: *I allow the opposite person to express himself and then adapt my attitude towards the opposite culture..... Having interacted with a multitude of cultures since birth removes the apprehension while dealing with a new community. We have developed a trait that is key to understanding and adapting to other cultures..... I allow the opposite person to express himself and then adapt my attitude towards the opposite culture (Participant 25).*

2.2 Tight-knit society

The theme “*tight-knit society*” is an interpretive code that emerged in the data analysis while the data was linked back to theory, and constant comparative analysis of the category confirms the importance of the theme. Close-knit or tight-knit societies are communities that are bound together with intimate cultural or social ties, and they have close and dense network ties that are believed to be norm enforcers (Bramwell, 2012). People belonging to the same group or community are devoted to giving favours, guidance, and assistance to other individuals within the group. Butler and Purchase (2008) explained that in tight-knit communities, actors choose network partners accordingly. There are prior studies linking the smallness of Mauritius and the “tight-knit” nature of the business community (Ramdhony, 2018), as well as the tightly knit ethnic groups, known as “communities” (Everest-Phillips, 2014). Mauritius is characterised by tight-knit, segregated communities, under the one Mauritian nation, as expressed by many respondents: *Everyone is kind of related or related either by blood or friendship or I don’t know what..... I am dealing a lot with highly networked individuals who are a lot present in the business environment in Mauritius, who have a lot of connections abroad, and I am depending on them for the survival of the organisation, ... We are kind of a close circle of friends, working with each other and protecting each other (Participant 6).* A similar feeling was stressed by Participants 17 and

25 as follows: *The spare parts network is a very “close clique”¹. It's like a gang in Mauritius. Including spare parts shops and mechanics (Participant 17). And, in construction, the major allocation of business is done through relationship contracting (Participant 25).*

There is extensive literature on the close-knit nature of island communities, ascribing this tendency to reasons such as: kinship networks, unique heritage and a strong sense of identity (Eriksen, 1996; Eriksen, 1998; Ramdhony, 2018). The participants mostly view relationships in Mauritius as tight-knit and family-like. The terms used: “us,” “we,” “them,” “clique,” “close,” are all expressions that demarcate the difference between in-group and out-group. The anthropologist Eriksen elaborates on similar findings on Mauritius being close-knit and having close-knit family members. The latter used the term “inner-circle” (Eriksen 1998, pp. 47), to explain how the inner-circle comprises of mono-ethnic family members. Various resources are congested in social networks based on ethnicity and kinship (Eriksen, 2020). The demarcation is further linked to the cultural heritage and history of Mauritius, whereby under the broad Mauritian nation lies segregation based on race, religion, caste, ethnicity, yielding to close-knit sub-communities within the broad Mauritian society (Eriksen, 2020).

3. Micro-level factors

3.1 Individual and corporate social capital generated within IORs

The researcher uses the essential features of SC, the definition and dimensions of Nahapiet and Ghoshal (1998) to guide this inquiry. SC refers to the stock of invaluable tangible or intangible resources, often termed “social resources” – norms, shared beliefs, trust, or goodwill - that accumulate to an actor (individual or company), through the latter’s social relationships/ties (Nahapiet and Ghoshaal, 1998; Kwon and Adler, 2014; Carrillo Álvarez and Romani, 2017).

¹ Close clique is the term used to refer to the close circle or very tight network.

This analysis revealed that the three dimensions of SC are generated at the individual and the corporate level. SC in this study is viewed as the value-generating results of the social relationships and IORs for the FFs. A network of relationships generates SC, the outcomes of which are constructive to the attainment of organisational objectives. The evidence of this study unfolds the interplay of the ties of the organisational members and the network of relationships of the FF (structural embeddedness). Though all three dimensions of SC were present, the relational dimension emerged as a core contributor to better cognisance of the Mauritian culture, business practices, and the magnitude of relational exchange and advantage on the Island (refer to Appendix D).

Island economies promote collectivist ideologies and are network-driven, with a high stock of SC and community bonding (Everest-Phillips, 2014). In Mauritius, social relationships are often amalgamated with formal market relationships, with social relations providing the basis for business transactions. The social relations from the community, family, neighbours, and friends, generate SC in some cultural settings where the ties are valued (Putnam, 2000). The importance of social resources for organisational purposes is pervasive and emphasised in many Confucianist Asian cultures and Russia (Butler and Purchase, 2004). Long-term trusting relationships, and social/embedded ties are important strategic resources for local and international firms operating in Mauritius, but also for the local and cross-national IORs (supply and value chain, or horizontal relationships). They are gateways to exclusive knowledge, information and resources contributing to the competitive advantage of the FF within its alliance relationships. The quality of the social relationships generating individual-level SC is fundamental for inter-organisational exchange, and thus, the creation of value and goodwill for the firm. Referring to Appendix D, the interpretive codes that are elaborated are: “*mutual trust, and respect beyond contracts*”; and “*exchange of favours as a cultural phenomenon*”. Trust generates loyalty, another important aspect of RSC. Loyalty is one of the characteristics of Mauritians, who are warm and friendly. The respondents explained the importance of loyalty for Mauritians, through the following statements: *Everything is based on trust. ... if you trust the other company the work will be done. Trust brings loyalty. If there is trust they will give you the best service, the best distribution* (Participant 1).

And loyalty is very important for Mauritians.... Loyalty is very crucial in Mauritius and that's because we think this way. We want people to be loyal. Mauritian people like people to be loyal (Participant 2).

3.2 Value co-creation and FF's perceived performance

The strategic advantage of the FF is the outcome of successful interaction within the local/international IORs. The interpretive codes '*Profitability, growth, and reputation/brand image*' and '*value co-creation potential*' were analysed as relevant proxies of a firm's performance. The participants responded that IORs: horizontal (co-opetitive) relationships (Moon et al., 2022) or vertical relationships (Ozdemir et al., 2017) are strategically equally valuable for the FF. Hence, the respondent stated that: *If we couldn't be establishing good relations with the different supermarkets, and the different people in purchasing from foreign suppliers we wouldn't have been able to get to where we are now. And, even in the future, we wouldn't have been able to do business if we do not really invest in creating relationships* (Participant 15). The same opinion was shared by Participant 24, who elaborated: *It is important, and, in our sector, we won't exist without a business relationship. We need to have a relationship with our vendors such as IBM, Oracle etc. so that our certified engineers are allowed to operate. Which is not possible without the business relationships.* Trusting relationships between individuals of the respective firms, and reliant IORs, represent strategic intangible resources leading to financial success, along with the enhancement of the brand image and reputation of the firm (Barnes et al., 2015; Ozdemir et al., 2020b). The literature emphasises the strategic importance of intangible resources in this era (Kianto et al., 2014; Danielak, 2016), and the financial and non-financial outcomes of IORs (Siemieniako and Mitreęa, 2018; Zadykowicz et al., 2020).

Intangible resources are central to shaping the value-creation potential of firms. VCC is dependent on the ownership of valuable intangible resources and the ability to systematically manage these assets (Kianto et al., 2014). IORs lead to knowledge transfer and diffusion, thereby stimulating the inception of new ideas, opportunities and internationalisation capacity of FFs. Innovation is a process, and a

capability that requires multi-disciplinary and complex knowledge; and most prominently so, in knowledge-intensive industries and highly specialised markets. To cope with environmental challenges and innovate, firms depend on knowledge transfer and reciprocal learning to spawn collective knowledge (Russo and Cesarini, 2017; Ozdemir et al., 2020b; Vrontis et al., 2020). The participants believed that their organisations or themselves learn and gain complementary knowledge. For instance, the participant 11 explained, *'You know just what you know.... You lack this exposure. Like last time they brought my husband to Singapore to meet suppliers and to learn.'*

Ortiz et al., (2018) deem the SC resulting from an organisation's IORs as a core foundation of knowledge identification capabilities, and calculated knowledge acquisition strategies. 'Superior access to information', from the SSC sub-theme elaborates on the respondents' knowledge acquisition for VCC. Participant 23 explained how the knowledge gained through the long-term foreign relationships (supply chain), promoted the improvement of advertising techniques; the extension of products and services offered locally and its export growth regionally. Vahlne and Johanson, (2020) distinguished between different categories of knowledge with diverse characteristics such as, business, institutional, market, business, and relationship-specific knowledge. Relationships that allow the organisation to gain exclusive upstream and downstream knowledge (customers or suppliers), and on a broader scope, knowledge of the market (market intelligence), are indeed seen as valuable (Siemieniako and Mitreğa, 2018; Ozdemir et al., 2020b).

3.3 Internationalisation capabilities

The theme "*internationalisation capabilities*" highlights that organisations in Mauritius forge IORs to develop and implement their internationalisation strategy and foreign entry mode. Business relationships are an important domain of corporate as well as internationalisation strategy, set up to improve firms' ability to cope with environmental uncertainties, business dynamics, competition, intensive knowledge flow/spillover among firms as well as international business operations

(Bouncken et al., 2016; Lorenzen and Mudambi, 2020; Vahlne and Johanson, 2020). The opinion shared by the CEO of an EMNE which has also internationalised into several African countries and India, clearly indicates that local FFs can initiate their overseas expansion through their network of international partners (Jafari-Sadeghi et al., 2023), as explained: *'The more aligned with their way of doing business, the more training on the product I have, the more courses and certifications, the more discount I have. Our profit margin is thus higher. Our buying cost is far less than the other competitors, and I can easily kill them on the local market. This was related to the vendors and suppliers, thanks to whom we are one of the rare start-ups to expand into Africa and India.'* Participant 24.

Discussing the strategic alliances of the airline company, the participant believed that the company could expand its routes to serve new destinations and initiate new hubs globally through foreign alliances with international competitors (horizontal relationships) and through VCC with its multiple IORs, achieved through network capabilities (Teece, 2023). The latter expressed the following: *They each have their own destinations that they offer. They each have their own route. AM offers all routes, even those that it does not fly to. Through its relationships, it covers those routes as well. Otherwise, our routes would have been too restricted...AM is managing to buy new aircrafts, thanks a lot to the smooth relations that it has. We have a relationship with Airbus, Air France, South African Airways, and travel agencies worldwide that have been forged since very long ago. With the help of the many alliances, AM is today present in many countries and has continuously expanded its routes and hubs worldwide (Participant 13).*

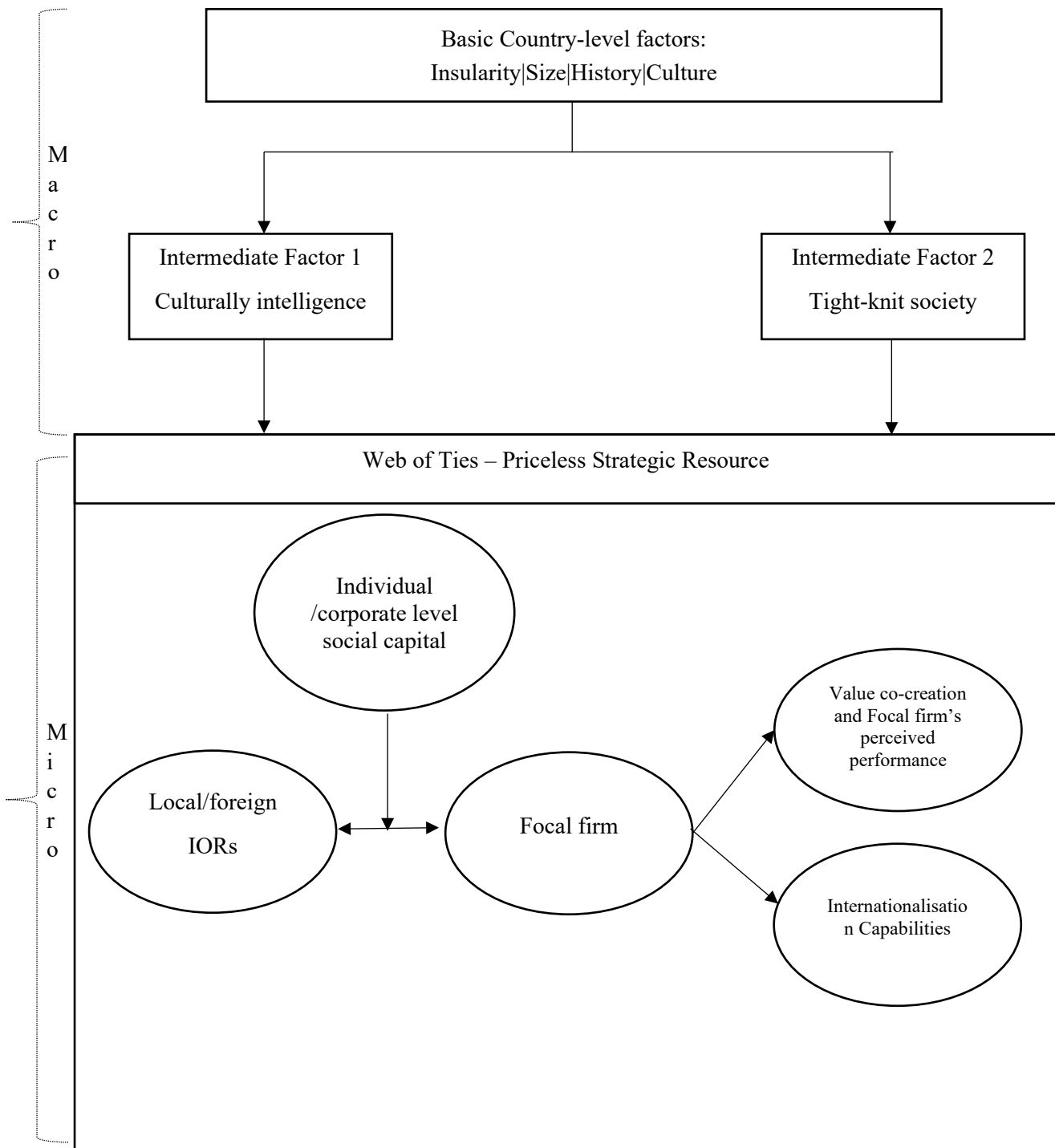
The informants mentioned that the organisations access new markets and regions with the help of multiple IOR typologies. Participants 11 and 14, both explained how the FFs seized the opportunity to expand locally and internationally through cooptation, by accessing the competitor's local or international network of suppliers. Our findings align with multiple researchers' network view of internationalisation, stressing that members of a network, as insiders relish benefits such as

opportunities awareness ahead of outsiders, which they reflected in the revised Uppsala model (Johanson and Vahlne, 2009; Festa et al., 2017; Vahlne and Johanson, 2020).

4. Multi-level theoretical framework for focal firms to enhance value co-creation and performance

Considering our findings, and through the integration of the main themes at the micro and macro levels via the emerging relationships, led to the development of the multi-level theoretical framework of factors that have the capacity to enhance VCC and performance of FFs. We present the holistic framework depicting causal relationships among the different themes extrapolated based on thematic analysis, **as our main contribution to theory** (See Figure 3).

Figure 3: Post-analysis multi-level theoretical framework



The emergent framework resulted from the coding and analysis from a pluralist perspective, contrasting with the bulk of the existing literature. Prevailing research is narrowly focused singularly on either the micro-level, or the macro-level dimensions of the relationships and not from the FFs' perspective (Cropper et al., 2009; Oliveira and Lumineau, 2017). The framework (Figure 3) is the proposed theoretical framework that illustrates the relationships between IORs and the context in which they are embedded, and also demonstrates the inter-relationships between the emerging themes: (1) country-level factors; (2) culturally intelligent nation; (3) tight-knit society; (4) web of ties – the priceless resource; (5) social capital generated; (6) value co-creation and FF's perceived performance; and (7) internationalisation capabilities.

To capture the nuance of qualitative data we further propose the concept of “Web of Ties” that can be a priceless resource for FFs in small economies like Mauritius. Quasi-unanimously, the proposed “*Web of Ties*” can be considered as the most valuable intangible resource for FFs in SIEs; that has the capacity to facilitate IOR exchange and relational advantage the FFs can draw and ultimately accomplishing strategic objectives. Web of ties is supposed to include the local and cross-national IORs of the FF as well as professional, embedded and social ties. Ties here refer to the set of relationships that FFs can be involved in, and these relationships can be either professional/instrumental or embedded/social (Uzzi, 1999). Professional ties are business relationships, while embedded/or social ties refer to “the degree to which commercial transactions take place through social relations and networks of relations that use exchange protocols associated with social, non-commercial attachments to govern business dealings” (Uzzi, 1999, pp. 482). Further Web of ties can be instrumental concerning relationships between various actors in the FF's ecosystem that can display regular interactions and deep emotional connection (close friendships/strong ties), or sporadic exchanges with little emotional attachment (mere acquaintances/weak ties). Managerial ties are part of the social exchange or SC (Naqshbandi and Kaur, 2014). The ties can be internal and external; inter-firm ties, managerial ties, social ties or network ties (Berger et al., 2017).

We further posit that in an intimately knit society, possessing a web of ties is essential, as relationships “*open otherwise closed doors*” (Participant 21). As explained by Participant 21, *‘I have today a huge network “carnet d’addresses” (address book) If I need someone from a company, it is a phone call away. As opposed to going through the yellow page to get through to a person. And this opens an otherwise closed door.* Cold calls are less likely to yield positive outcomes. The ties are the primary sources for business opportunities for FFs, or information, and the first port-of-call of businesses is through the web of ties. Some in-vivo codes referred to business relationships as “*family type relationships*” (Participants 1 and 2), or “*friendship or relative*” (Participant 5). Social relationships help to build and reinforce trust on a personal level first, which is extended to the business level. The trust generated at the social/interpersonal level is escalated to the business level and the IORs level, and the SC culminates into goodwill for the FF (Burt et al., 2018).

Based on this newly conceptualised theoretical framework with its core based upon the conception of ‘Web of Ties’ connotation, we present the following propositions:

Proposition 1: Macro and micro level forces influence the IOR dynamics of the FFs in an emerging small island economy

Organisations in Mauritius rely on long-term relationships, locally with customers (including B2B), distributors and suppliers. As an Island, structurally constrained by limited resources and opportunities for local production, and limited market size, Mauritian firms undeniably rely on reliable IORs with global value/supply chain relationships. IORs, both local and cross-national are strategic for the FFs. They initiate IORs to access distant complementary strategic tangible and intangible resources; to obtain sustainable competitive advantage; and to initiate their internationalisation process. IORs are further considered intangible resources. The findings of our research emphasised intangible resources and IORs for VCC and competitive advantage in Mauritius, thereby confirming the RBV, RV as well as the SC as important theoretical perspectives to study IORs (Barney, 1991; Dyer and Singh, 1998; Barney, 2014). A firm’s potential for VCC and competitive advantage from its multiple dyadic relationships is

however context dependent. The macro-contextual forces are insularity, size, history, and culture; while the micro-IOR dynamics refer to the nature of the ties (instrumental and embedded).

Proposition 2: The tight-knit society and culturally intelligent nation influence ties' centrality to FFs. Possessing a web of ties is instrumental.

Robust exporter-importer relationships, and cross-national alliances are essential for the continuity and survival of the local firms, and of the nation. The dyadic exchange occurs within a macro-context of insularity, size, history and culture. The embedded nature of FFs and their IORs shape the VCC potential and relational/collaborative advantage FFs can derive from their relationships. The two novel themes, resulting in socio-cultural and historical outcomes, surfaced as important categories linking and integrating the themes into a holistic theoretical framework. While cultural intelligence was found to facilitate cross-cultural interaction between IORs locally and internationally; the tight-knit nature of the Mauritian society created a fundamental need for firms to possess a web of ties (social/personal and inter-organisational). The resulting impact is that “social relationships” are a pervasive cultural phenomenon. These two constructs originating from socio-cultural perspectives altogether have not been thoroughly examined in previous studies, both from their origins and as moderators of the performance FFs can derive from their web of ties.

Proposition 3: The Individual-level SC boosts the corporate-level SC of the FFs within their IOR relationships.

IORs, and the ties of the individual (personal/social/instrumental/embedded) culminate into a web of ties that are equally important and used in instrumental ways. The proposed theory presented the traits, facets, and way of life of the Mauritians, as an outcome of the context in which they are embedded. The nation has a greater emotional commitment to social and interpersonal ties, which are unconsciously preferred to sporadic relational exchanges. The embedded ties with the foreign IORs are also crucial for the FFs' survival in Mauritius, as well as their capacity to expand internationally, ensuring business continuity. We also explain that for a relationship to exist and survive between two or more organisations, there should first be a relationship between the key individuals of the organisations

involved. The embedded ties are crucial for the IORs to reap the full benefits of the business exchange; hence, the multi-level approach to look at IORs and SC within the context of our study. The essence of interpersonal relations strikingly regulates and dictates the quality and outcomes of the IORs at the inter-firm level (Barnes et al., 2015), while decreasing power asymmetry (Siemieniako and Mitreęa, 2018; Zadykiewicz et al., 2020).

In Mauritius, the personal/social relationships of the individuals, beyond solely the embedded managerial ties, generate SC. The individual-level SC helps the organisation to draw benefits from the employees' social relationships with IOR partners, but also from their personal social ties. The social interactions of the individual (social relationships) provide valuable conduits to information, knowledge, spawning opportunities for the organisation. The literature acknowledges the importance of SC in uncertain environments, whereby the choice of relationship partners falls back on trusted partners, with whom there are prior relationship experiences (Gulati, 1995; Nunkoo, 2017). The relationships and resource exchanges are also represented by the double arrow, which also indicates the person-to-person exchange between the business relations, and consequently the embedded ties. The double arrow between the FF and the IORs in the theoretical framework (refer to Figure 3) indicates the dyadic relationship and exchange; as well as the SC generated at the corporate level (Corporate SC), and at the individual-level (Individual SC). Corporate SC provides access to tangible and intangible resources controlled by the relationship partners. Corporate SC helps in interconnecting the FF to the broader, distant network, that is, partners of partners, so that the FF leverages the resources of the distant partners.

Proposition 4: The web of ties enhances the value co-creation potential and FF's perceived performance; and internationalisation capabilities within the emerging small island economy's context.

We further propose that the web of ties and the SC allow organisations to acquire and improve on dynamic capabilities [such as network capabilities] required to identify, seize and reconfigure resources and valuable knowledge for value creation, which aligns with existing research (Ortiz et al., 2018; Teece, 2018; Teece, 2023). The idiosyncratic resources and competencies, relational capabilities of the boundary spanners/employees; the strategic utilisation of the IORs and the distant resources promote VCC and competitiveness, while boosting the FFs' internationalisation capability (irrespective of size). **The opinion that business relationships and relational (embedded) resources are invaluable, inimitable intangible resources, helping organisations internationalise, and influence performance disparities, is supported by existing literature (Nahapiet and Ghoshal, 1998; Kwon and Adler, 2014; Festa et al., 2017; Vrontis et al., 2020).** Jafari-Sadeghi et al. (2023) highlight that possessing a global network of business relationships assists firms in sensing international opportunities and prevents cross-border failures of EMNEs. A web of ties, promoting access to market knowledge, backed by network capabilities is crucial for the operationalisation of internationalisation strategies of FFs.

One of the striking findings of Vrontis et al. (2020) is that Italian SMEs that quest for survival based on tangible innovation are typified by both networking strategies and dynamic resources (skills, strategies and stakeholders). Additionally, the SMEs not possessing any dynamic assets initiate network collaboration with other firms owning the needed dynamic tangible and intangible resources. Moreover, Festa et al. (2017) identified that collaborative agreements implemented by networks as an organisational strategy solution, support the internationalisation of small businesses, in their survival and growth venture.

Theoretical, practical and policy contributions

This paper has important theoretical contribution to the IORs and VCC body of knowledge. The multi-level theoretical framework on relationships reinforces the importance of the macro and micro embeddedness nature of ties, whereby country-specific factors shape business relationships and the

advantages that FFs can derive. It will have implications for value creation as well as the internationalisation potential of the FF. It accentuates a web of ties, consisting of both structural and embedded ties, as an essential strategic intangible resource for firms in a tight-knit society (Ramdhony, 2018; Rozenfeld and Scapens, 2021). This study further described the historical and socio-cultural origins of the constructs of cultural intelligence and the close-knit nature of a society. **CQ, as a dynamic capability for FF is useful intangible resource category to achieve relational advantage.** The literature on IORs is scattered and unilateral (Beamish and Lupton, 2016; Brosig 2020). **Our study has extended the IOR literature by adopting pluralist theoretical lenses to understand IORs, VCC, competitive advantage and internationalisation of firms: RBV, RV, SC, Socio-cultural.** Further, our study adds to the understanding of the relevance of the micro-foundations of IORs, strategy, and management literature (Bağış, 2020; He et al., 2023) such as social and cultural embeddedness, person-to-person interaction. Mauritius is undeniably tiny, equalled to the largest Western nations, but has substantial conceivable intrinsic interest value and may be illustrative of SIEs, which parsimoniously appears in international management, strategy and network debates worldwide.

This research has noteworthy practical implications for managers and their organisations. The proposed theoretical framework will equip practitioners with a substantive understanding to improve their relational strategy. Strategists, and boundary spanners of firms operating in emerging economies will better assess the context in terms of factors such as size, insularity, culture and history. Practitioners will understand the centrality of the socio-cultural and historical factors in shaping the business setting and competitive advantage. Practitioners can hence consider adjusting their HRM practices such as recruitment/selection and training/development to focus on CQ. With the enhancement of communication and interaction across local sub-cultural and foreign cross-cultural ties, the IORs and the advantages derived from IORs will be boosted. The internationalisation process and strategy of firms in Mauritius should reckon on the structural and embedded local and cross-national ties for learning, knowledge as well as expansion opportunities. **Practitioners will further recognise the**

importance of capturing the stock of SC in their data based, which can be a crucial inimitable resource for the FF.

Lastly, this research has some pertinent policy implications. Most countries in Africa pose structural and institutional challenges, such as political instability, and military and ethnic conflicts, as opposed to Mauritius. International organisations such as the International Monetary Fund, and the World Bank have recognised Emerging, African and SIEs as a clearly distinctive category with well-established distinctive priorities (Lee and Smith, 2010). As an emerging SIE part of Africa, Mauritius has its own set of institutional complexity that renders the business landscape intricate. Local policymakers should be aware of the reliance of Mauritian firms on foreign IORs for operational, survival and growth strategies. Historically, emerging Island economies such as Mauritius have diasporic ties with other countries which trigger business opportunities. Banking on the opportunities that SC can offer to the local companies, and hence the country's economic growth, the policymakers should have a database of the diasporic as well as newly built ties forged by boundary spanners (organisational or institutional). Besides its strategic geographic location, Mirchandani and Poster (2016) explain that Mauritius also has strategic networks and trade linkages with Diasporas from India, China, and Europe. Those historical linkages have led to reciprocal investment, and the growth of transnational business networks, which the foreign affairs should further explore. Mauritius, considered as a strategic location (a corridor between Asia, Europe and Africa), is used as a geographic hub or transit for import/export sea routes. Hence, our findings resonate with authors, IMF or the World Bank's view on Emerging Economies (Duttgupta and Pazarbasioglu, 2021). Furthermore, the accompanying knowledge spillovers are accelerated by rising connectivity between economies, both through organisational structures and personal relationships (Lorenzen and Mudambi, 2020), which are further fuelled by 'diasporas' of migrants (Kumar et al., 2020).

Limitations and directions for future research

The limitations of this study are acknowledged. The conceptualisation potential of qualitative research methodology might pose some limitations, especially from the quantitative proponents' perspectives. Future studies could be undertaken using a different method, such as another qualitative or quantitative method to test and confirm the findings or the applicability of the findings to other emerging and small economies. Qualitative studies concentrating only on a limited number of research informants who are from a specific setting, might make the generalisation of the empirical findings of qualitative research to other settings hard. However, qualitative researchers believe that the empirical findings endeavour to 'generalise to theory,' instead of generalising to a broader context or populations (Bryman, 2016, pp. 399). The proposed theoretical framework emerging from this study undertaken in Mauritius has the conceivable potential for theoretical inferences in similar environments. The findings were thoroughly theoretically backed to be generalisable to other emerging economies and island economies, with similar features.

Conclusion

The purpose of this study was to understand IORs in an emerging small island economy the embeddedness nature of firms and their relationships, and the competitive advantage derived. A multilevel theoretical framework on IORs is the novel contribution of this study, which has not been researched and proposed in the IOR, IM, IB, strategy and network literature. Our study advanced four theoretical propositions stemming from the analysis and findings. The holistic and englobing theory adds to the body of knowledge and can be useful to practitioners. The study established that IOR exchange is bi-directional and multi-level, and that relationships (instrumental and embedded), strategy and the competitiveness derived from local/international IOR exchanges are context-dependent. The context augments the importance of ties (personal/social) as an invaluable strategic intangible resource in Mauritius, contributing to value co-creation and competitive advantage as well as the internationalisation capabilities of firms. Lastly, this study aids in informing policy makers, practitioners and boundary spanners for improved strategising, relational, VCC, and internationalisation

objectives, while further stressing on the importance of cultural intelligence in local and cross-national IORs.

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