NETWORKS BOOST UP INTERNATIONALISATION - INDIAN AND AUSTRALIAN MINING FIRMS

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Abstract- This research explores the significance of linkages in building relational capability between Australian and Indian mining firms which leads to new international opportunities. Building upon knowledge-based and network views this qualitative study presents the "The Relational Capability-Linkages Model". With increasing importance of services to Australia's overall export performance, this research study focuses on the mining service firms and examines ways in which these firms can leverage inter-firm linkages with other Australian firms operating locally and overseas specifically India for enhanced internationalisation. Foreign subsidiaries have access to a variety of external knowledge and develop new competences themselves; by sharing this knowledge with the parent company and other units within the network, they contribute to the creation of the firms competitive advantages (Ambos et al. 2006; Ghoshal et al. 1994; Håkanson & Nobel 2001) in (Najafi-Tavani et al. 2012). Preceding research has investigated the relationship between networks and relational capability building in SME's (O'Toole and McGrath 2008). Further, a longitudinal study in the context of Australian manufacturing by Chetty et al. (2004) sheds light on how a manufacturing firm's business network influences its internationalisation strategy, but falls short of exploring the role of relational capability building and its impact on firm internationalisation. In this developing area of specialisation, research conducted to-date is indeed meagre, and a systematic description of the relationship between international inter-firm linkages leading to relational capability building which further results in enhanced internationalisation is lacking. This study explicitly looks at this relationship between inter-firm linkages, relational capability and internationalisation in the Australian mining industry. In this framework we aim to explore the efficacy of relational capability building through linkages resulting in an increase in internationalisation activities for Australian and Indian mining firms through new modes. This research hopes to contribute distinctively to the international business literature by positively influencing the process of internationalisation. This research is also timely as the rising Australian dollar is bound to impact export performance, in both material products and service, wherein export performance has been defined as the firm's outcome achieved through international sales (Shoham 1998). For this research export performance has been interchangeably used as internationalisation. Using qualitative research, a new conceptual model "The Relational Capability - Linkages Model" is developed by synthesizing two theoretical strands, namely the actor-network theory (Callon & Latour 1992) and the relational capability theory (Birley et al. 1991: 58). The remainder of the paper is structured as follows: first, we present the significance of the research and the aims and research questions then we embark on literature review of network effects in the context of internationalisation of firms and the rationale for inter-firm linkages with India and network strategies for internationalisation and their effects, Subsequently, the conceptual framework and justification of the research hypothesis is followed by an overview of the research design and methodology, research analysis, and results. Finally, conclusions are drawn with relevance to managers and policy makers, together with limitations of the study and suggestions for future research identified.

Keywords- Networks, Relational Capability, Competency, Services, Mining Industry.

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