

SMEs Networking Capability (NC) Development in Relationship with Large Size Enterprises (LSEs) through Inward International Licensing (IIL)

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Abstract

Many SMEs are connected to large size enterprises (LSEs) by non-equity alliances such as inward licensing. This study is an attempt to explore the impact of inward international licensing (IIL) between SMEs and LSEs as enhancing force for development of networking capability. This area has remained largely unsearched. Following this line of thought, in order to explore the impacts of IIL on the SMEs' networking capability, a multiple-case study was chosen and performed as appropriate research strategy in the context of developing economy. The data was collected from the four pharmaceutical SMEs which have been licensed by large European pharmaceutical multinational LSEs. The results of this study reveal that the strategic alliances (licensing) between SMEs and LSEs helps the development of SMEs' networking capability. This was particular significant in development of the main components of networking capability; such as relational initiation capability and relational developing capability.

Keywords: Networking capability, Dynamic capabilities, SMEs, Inward international licensing, Pharmaceutical industry