Capacity building for transnationalisation of higher education: Knowledge management for organisational efficacy

Abstract

Purpose

Transnationalism and transnational concept are extensively researched in many social science areas; however, transnational management and transnational marketing is relatively a less explored research domain. Also, knowledge management for transnational education (TNE) marketing is not well-researched. Capacity building is an established research-stream, with a key focus on socio-economic and ecological development; however, prior research on capacity building from the context of TNE’s knowledge management and marketing is scarce. This study is the first of its kind to analyse TNE marketing mix, in order to understand the influence of transnational stakeholders’ causal scope(s) on knowledge management in TNE to uphold their transnationalisation processes through capacity building in TNEs’ marketing management.

Design/methodology/approach

An inductive constructivist method is followed.

Findings

Organisational learning from the context of transnational market and socio-economic competitive factors, based on analysing the transnational stakeholders’ causal scope(s) is imperative for proactive knowledge management capacity in TNE marketing. Following the analysis of transnational stakeholders’ causal scope(s) to learn about the cause and consequence of the transnational stakeholders’ relationships and interactions, an initial conceptual framework of knowledge management for TNE marketing is proposed. Practical insights from different TNE markets is developed in support of this novel knowledge management capacity building framework of TNE, and its generalisation perspectives and future research areas are discussed.

Practical implications

These insights will be useful for TNE administrators to better align their knowledge management perspectives and propositions with their transnational stakeholders to underpin TNE marketing. Academics will be able to use these insights as a basis for future research.

Originality/value

This study proposes a novel conceptual stakeholder-centred capacity building framework for TNE’s knowledge management to uphold TNE marketing, and supports the framework, based on practical insights from three different transnational markets.

Keywords transnational education; knowledge management; learning organisation; capacity building; standardisation and adaptation; competitive advantage; transnationalisation; marketing mix; value co-creation; market orientation; education marketing.
Introduction

Transnationalism and transnational concept are however extensively researched in many other social science areas; transnational marketing is a relatively fresh idea and an unexplored research domain. In terms of transnational marketing, the extant literature predominantly deals with legal and contractual issues of transnational business, but many issues related to transnational marketing considerations are yet to be explored (Sirkeci, 2013). There is no research institution that explicitly dedicated to investigate the transnational marketing issues (Sirkeci, 2013), as well as there is very less research on transnational marketing (Buschgens et al., 2019). On one hand, ‘nations must be able and willing to buy each other’s goods, if economies are to blossom’ (Robison and Goodman, 2007; Šmejkal, 2011; Pušlecki, 2013; as cited in Shams and Kaufmann, 2016, p. 1252). On the other hand, in order to keep home industries safe, there is a rising importance of neo mercantilist potential to restrict imports and encourage exports (Bonatti and Fracasso, 2012). As a result, more studies on transnational marketing issues are imperative to understand the transnational market conditions, in order to support international business.

As an alternative option for higher education institutions to expand their operational capacities in cross-border markets, transnational education (TNE) has been growing rapidly in last few decades (Wilkins, 2016), particularly centred on direct international branch campus and franchisee-based operation. On one hand, there is an increasing demand of TNE (Healey, 2013). One the other hand, many TNE operations have however effectively been operating to export education in transnational markets; many other TNE programmes and partnerships have been terminated (Sutrisno and Pillay, 2014). The key issue for TNEs to survive would be progressively and proactively engaging in varied in-market (transnational) activities (Unlocking the Potential, 2015). Transnational market orientation (Edith Cowan University, nd), and transnational marketing capacity building would be instrumental to reinforce such an effort to prolifically engage in transnational activities, beyond providing the education service only.

The benefits of a newly developed (marketing) capacity would entirely be futile soon, because of only a trivial change in competitive (market) conditions (Dinham and Crowther, 2011). Therefore, the investments of physical, human, organisational and monetary resources that usually require for capacity building in transnational marketing (e.g. TNE marketing) would utterly be unproductive, if the new capacity is unable to underpin its competitive advantage.
(Shams, 2016a). In this perspective, in order to build marketing capacity in transnational market, an appropriate combination of standardisation-adaptation (StandAdapt) concept of international business that considers the transnational target market issues in marketing management would be able to intensify the competitive advantage of transnational marketing capacities. In support of this view, the international business literature argues that either a calculative standardisation or adaptation or a specific combination of them (StandAdapt) allows companies to unlock the potentials to enhance competitive advantage in international markets (Nanda and Dickson, 2007; Ruževičius and Ruževičiūtė, 2011; Griffith and Hoppner, 2013; Rajabi et al., 2015; Navarro-García et al., 2016).

Organisational learning from the context of transnational market and socio-economic competitive factors (Monk, 2015; Galati et al., 2019) would generally be imperative for successful capacity building in TNE marketing and finding the appropriate standardisation and adaptation (StandAdapt) combination, based on the transnational market perspectives. Moreover, recognising transnational socio-economic contexts and market conditions, capacity building, and learning and finding the accurate StandAdapt combination in transnational marketing generally are continuous processes to iteratively adapt with the changing transnational market trends. However, the literature review section of this paper acknowledges that the StandAdapt concept is well-researched; no study is identified that discusses the impact of capacity building factors and processes on exploring transnational market issues and conditions to envision the StandAdapt combination, in order to reinforce transnational marketing capacity, particularly from the perspective of TNE marketing. Consequently, centred on capacity building factors and processes, StandAdapt concept of international business and the research gap associated with TNE marketing, this study is the first of its kind to develop insights, with a research aim to analyse the marketing mix to understand the influence of capacity building factors and processes on recognising transnational market conditions and StandAdapt combination to develop and enhance capacity in TNE marketing.

To achieve this research aim, this study discusses literature and presents industry information, based on the progression of arguments, in order to justify the discussion and findings, as an inductive constructivist analysis and synthesis approach (Glaser and Strauss, 1967; Hallier and Forbes, 2004; Randall and Mello, 2012; Naidoo and Wu, 2014; Shams, 2016b; Trequattrini et al., 2016). Since, other approaches, such as positivism or philosophical realism approaches do not fit well with the purpose of this study. For example, in terms of positivist approach, the
analysis and synthesis would be unable to appropriately focus on a particular business, management and market context. In general, new knowledge/insights that would be developed, based on the positivist research approach would be too abstract and difficult for generalisation for direct application from a particular market/industry perspective (Johnson and Onwuegbuzie, 2004). In terms of philosophical realism research approach, it is not “interested in virtually every detail of all the perceptions of respondents (and data sources), like constructivism” approach (Sobh and Perry, 2006, pp. 1204). Therefore, there is a clear scope to overlook some key aspects in the problem area. This is why, in terms of methodology, this paper pursues an inductive constructivist interpretation viewpoint, in order to validate and generalise findings and recommendations, centred on an intertwining of all reviewed information, e.g. literature and industry data (Eisenhardt, 1989; Yin, 1994; Smart et al., 2012; Osman et al., 2014). Based on the inductive analysis and synthesis method and following a literature review on TNE and its markets, stakeholders, market orientation and StandAdapt issues, transnational marketing and capacity building, this paper proposes and justifies a transnational marketing capacity building framework, which is supported, based on practical insights from three TNE businesses of three different transnational markets. The generalisation perspectives of this framework and its implications for academic and industry practices and future research areas are also discussed in the final section of the paper.

Literature review

Transnational education and markets

‘Transnational Education (TNE) denotes any teaching or learning activity in which the students are in a different country…(the TNE importing country) to that in which the institution providing the education is based…(the TNE exporting country)’ (British Council, 2013, p. 12). The most common forms of TNEs are setting up a direct international branch campus in a transnational market with or without support of a local partner, and franchisee e.g. entering into the transnational market in support of a local partner; however, distance learning, articulation, double-degree, joint degree and validation are the other forms of TNEs (British Council, 2013; Healey, 2015). The key purposes of establishing a TNE are developing an international brand (Wilkins and Huisman, 2012) of higher education, expanding institutional operational capacity (Verbik and Merkley, 2006) and achieving higher revenue (Bennell and Pearce, 2003; Knight, 2007).
There is a trend in reduction of government financial support to onshore higher education. For example, the ‘successive UK governments have subjected higher education to severe scrutiny with regards to the cost and quality of their service provision’ (Douglas et al., 2015, p. 329 – 330). The Australian government also established a ‘performance - based funding on learning and teaching measures’ (Shah, 2013, p. 367). Similarly, the US government also has reduced support to higher education (Eckel, 2008). Such a state-led tendency to cost reduction and constricted funding policy impel universities to put their scholarly services on export to the offshore transnational markets, in order to offset the loss from onshore government funding. Therefore, compared to the preceding decades, TNE is growing rapidly (Keay et al., 2014) in recent decades (Stensaker and Maassen, 2015).

(Figure 1)

The USA, UK, Australia, Canada, Germany, France, Ireland and Netherlands are identified as major TNE exporting countries (British Council, 2013). Figure 1 exhibits the major TNE importing countries, as the key markets in the global TNE industry. Through TNE, universities’ ‘off-shore capability increases the size of their markets, by making their products accessible to a wider population who cannot afford (or are not inclined) to study on the home campus’ (Healy, 2008, p. 344).

Transnational education stakeholders, stakeholder causal scope and transnational market orientation

The reduction in government funding in higher education is ‘seen as part of a wider set of changes that have for some time been argued to be leading to the “marketisation” of…higher education in which universities have increasingly had to compete for students’ (Ashwin et al., 2015, p. 610) in onshore markets for local and international students and in offshore markets for transnational students. In terms of marketisation, universities have to deal with various stakeholders in their target market. ‘This includes government officials and policy analysts, enrolled students, alumni, faculty members involved in designing and managing TNE programmes, senior leaders of host institutions, industry representatives and employers of TNE graduates’ (British Council, 2013, p. 44). Generally, the major stakeholders, associated with a TNE in a TNE importing country would include:
- students;
- academic and non-academic staff members;
- business partners, e.g. transnational franchisee, outsourcing agencies for promotional and staff recruitment and so forth;
- transnational government, e.g. the government accreditation agency for foreign degrees;
- external quality assurance agencies, e.g. the transnational government and industry-based monitoring agencies (Wai Lo, 2014);
- transnational communities;
- transnational industry bodies e.g. the association of local private higher education providers, as TNE is classified under private education in many countries (Wai Lo, 2014);
- transnational media;
- alumni of a TNE;
- employers of TNE graduates;
- competitors in transnational market, e.g. other higher education providers;
- special interest groups in transnational market, e.g. senior academics, policy makers, market and industry experts and so forth.

TNE however evolves opportunities for higher education institutions to expand their market; TNE encounters challenges to uphold the education exporting institution’s reputation (Edwards et al., 2010) in transnational market. ‘In order for TNE to be fully understood…further work is required on…gathering perspectives from a variety of stakeholders’ (British Council, 2013, p. 51). Different stakeholder relationship marketing (RM) constructs would be useful to understand the overall scope (Giacomarra et al., 2019a; 2019b) of a TNE, based on the perspectives of its transnational stakeholders. Since, different RM constructs, such as trust, satisfaction, commitment, communication, reciprocity and co-creation, reliability, responsiveness, bond and so forth (Agariya and Singh, 2011) are usually derived and enriched through the cause and consequence of stakeholder relationships and interactions as a stakeholder causal scope (SCS) of strategic market orientation. (Shams, 2016b, p. 145)

‘Kohli and Jaworski (1990) define market orientation as the organization-wide generation of market intelligence that pertains to current and future customer needs, dissemination of intelligence across departments, and organization-wide responsiveness’ (Hurley and Hult, 1998, p. 43). Such a development of market intelligence involves recurrent monitoring of target market conditions, relevant to customers, competitors and overall socio-economic environments to develop and offer services that are expected and accepted by customers (Kohli and Jaworski, 1990; Narver and Slater, 1990; Slater and Narver, 1994; 2000; Camilleri, 2019). However, our current understanding on market orientation is not adequate to fully capitalise with the concept of market orientation in order to explore further market opportunities (Shaltoni et al., 2018). Understanding the transnational stakeholders’ varied contexts would be useful for TNEs to recognise the suitable scope and extent of strategic market orientation, and engaging the transnational stakeholders to co-create value that could contribute to the growth of a TNE
and the associated transnational stakeholders (Christofi et al., 2018; Vrontis et al., in press). Value is

an anticipated outcome of any sort of planned and organized activity. The activity could be derived from monetary, psychic, or physical resources. The more the outcome meets initial anticipation, the more the possibility of win-win outcomes or value optimization for all involved stakeholders. (Shams, 2013, p. 244)

Therefore, the more the outcome of TNEs’ marketing activities will meet the initial anticipation to contribute to the progress of the TNE and its transnational stakeholders, the more the possibility for the TNE to win the transnational market, in general from a win-win perspective for the TNEs’ stakeholders. In transnational marketing initiative, recognising the transnational stakeholders’ needs and relevant opportunities could play a central role to influence the transnational stakeholders to collaborate in the value co-creation process. In this overall strategic transnational market orientation, i.e. understanding transnational stakeholders’ needs, stakeholder causal scope (SCS) identifies, establishes, maintains and enhances value co-creating opportunities among the associated stakeholders by recognising their needs through the cause and consequence of their relationships and interactions, in order to co-create value and share that value to satisfy stakeholders’ needs by delivering services based on those needs. Examples are illustrated in the practical insights section of this paper.

**Transnational marketing**

It may be confusing to understand the similarities and dissimilarities between various closely related terms in the contemporary market, i.e. ‘global’ business, ‘multinational’ business, ‘international’ business and ‘transnational’ business, as they frequently are referred interchangeably. Fundamentally, international business is denoted when a firm operates in more than one country, and multinational business includes operations across different countries, with country-specific strategic autonomy, centred on the local socio-economic and market conditions (Stonehouse et al., 2004). In terms of global business, firms have operations across the globe, with extremely coordinated and centrally-managed strategies, and less country-specific autonomies. Transnational business operates in cross border markets, with varying scales or degrees of strategic coordination, integration and differentiation between the global headquarter and different country-specific operations, relying on local socio-economic and market conditions (Stonehouse et al., 2004). Consequently, transnational business is a method of international business, which emphases on strategic equilibriums in between
multinational and global strategies, contingent to a significant strategic standardisation and country-specific adaptation. In this context, transnational business strategy is further than international and beyond global and multinational, where the extent of operations, strategy and behaviour are key features (Sirkeci, 2013; Heffernan et al., 2018), in relation to strategic standardisation or local market adaptation for transnational marketing.

Transnational…joint ventures…, in which an exporter (e.g. TNE exporting institution) contributes an existing product or technology (e.g. academic service) to the JV (joint venture) while the foreign partner (e.g. the TNE partner or franchisee) contributes managerial skills, local knowledge. (Millington and Bayliss, 1999, p. 635)

Following this view of transnational business and transnational joint venture, which closely correlate with TNEs’ operation, transnational marketing could be defined as to develop, implement and evaluate marketing plans in transnational market, centred on a premeditated extent of equilibrium between standardisation of exporter’s core policies and adaptation of transnational market-specific strategies. In this context, transnational marketing tries to simplify the interdependence between companies, countries, and other stakeholders in socio-economic fields, where the core variables are flexibility and reciprocity of practices and forming business across borders, however academic research have shown very trivial attention on this concept (Sirkeci, 2013; Juusola and Rensimer, 2018). Since, transnational marketing is not a well-researched area, the transnational market trends and opportunities analysis for transnational marketing strategies, typically should be based on the traditional 4P’s marketing mix, i.e. product, price, place and promotion. But the question is how companies could envision equilibriums between standardisation and adaptation in their transnational marketing mix.

On one hand, because of the contemporary ease of communication through internet and high mobility of people across national boundaries (Sirkeci, 2014; Wu et al., 2019; Vrontis et al., 2019); consumer preferences become more homogeneous in some extent in the concurrent global market. The global consumers are pleased upon consuming standardised products of global corporations (Dicken, 1998), e.g. consuming CocaCola, which is standardised across the globe based on its unique formula. On the other hand, the dissimilarities in cultural values between various nations that engrained in peoples’ mind during their early childhood based on their individual cultural philosophies, replicates through their day-to-day decision making processes, and appears as alternative aspects of dissimilarities in human behaviour from culture to culture (Steenkamp and Kumar, 1999; Steenkamp, 2001). Based on this viewpoint, adaptation to the local market values would be a crucial success factor in transnational
marketing strategies. The contemporary affluence of communication media, e.g. social media (facebook, youtube, twitter and others) generally enables people from around the globe to develop a homogeneous preference on a particular topic. For example, ‘consumers tend to use information from their existing networks in social networking sites that they trust and share common interests and activities’ (Chu, 2009, p. 52). Thus, the homogeneous global consumer culture tendency drives standardisation in transnational marketing strategies. Again, even a trivial cultural difference between markets could lead to an opposing perception on a particular issue in different markets (Cannon et al., 2010; Yoo et al., 2014). Therefore, local market adaptation would also be vital in transnational marketing.

Furthermore, in terms of innovation in marketing practices, the ‘one size fits all’ idea does not apply in different transnational markets (Todtling and Trippl, 2005). As a consequence, standardising best practices to implement them in various transnational markets would not be encouraged. In the same way, bearing in mind the higher cost of businesses in transnational markets, adaptation would also be discouraged. Recognising the appropriate blend of standardisation and adaptation in transnational marketing to enhance co-creation between transnational partners therefore depends on the transnational socio-economic and market specific conditions. Centred on those specific target market conditions, many researchers (Choi and Jarboe, 1996; Hennessy, 2001; Theodosiou and Leonidou, 2003; Ang and Massingham, 2007; Ruževičius and Ruževičiūtė, 2011; Rajabi et al., 2015) argue to concurrently applying standardisation and adaptation strategies in transnational marketing, with a harmonised interdependence between the strategies to recognise the best-suited extent of standardisation and adaptation for transnational market.

(Table 1)

Following the discussion thus far, it could be argued that based on the transnational market specific conditions, firms and their transnational business partners need to agree whether they will standardise all of their marketing mix, adapt all of their marketing mix, or attempt to recognise a balanced extent in between of standardisation and adaptation for their transnational marketing. To recognise that equilibrium position in transnational marketing, transnational partners need to analyse and learn about the target market conditions to develop an effective strategic market orientation, in relation to the transnational marketing mix to understand the target market trends and distinguish marketing opportunities from the trends. Table 1
summarises various established factors of marketing mix from international marketing literature that would have impact on this crucial decision making through the learning of target market’s business environment and market conditions. The emergent marketing mix factors of Table 1 are considered in this study from the contexts of TNE marketing. The section of ‘a transnational marketing capacity building framework and practical insights’ discusses further on some of the established international marketing mix and all of the emergent marketing mix of Table 1 from different perspectives of TNEs’ marketing. Table 1 also highlights on ‘other emergent or latent factors’, in order to indicate the significance of recognising more factors from future empirical studies to add insights in this under-researched area of TNE marketing.

Once the particular marketing mix factors are selected to consider the StandAdapt decision, the issue is how marketers will learn about their transnational market’s business environment and market-specific conditions. Also, it can be organised in a reverse way. For example, how marketers will learn about their transnational market’s business environment and market-specific conditions to select and consider the particular marketing mix factors to pick the StandAdapt decision. In both cases, discovering the transnational market conditions is the key to understand the market trends and distinguish marketing opportunities.

**Capacity building and stakeholder causal scope for discovering transnational market conditions and competitive advantage for marketing capacity**

(Table 2)

Based on the literature from ‘socio-economic development’ research stream, Table 2 summarises the capacity building driving factors. Since early 1990s, the capacity building concept has attracted wide consideration in socio-economic development activities (Dinham and Crowther, 2011). An increasing number of capacity building programmes and efforts around the globe are trying to reinforce socio-economic capacity (Archer and Dodman, 2015). Capacity building is a continuous process in ‘building of frameworks, work cultures, policies, processes and systems enabling an organisation or individual to improve performance to achieve successful outcomes’ (O’Rafferty et al., 2014, p. 170). It can be achieved through ‘professional learning, within…specialist analysis of instructional quality and associated
learning conditions, alignment of key (issues) within and between (the socio-economic) factors, and…clustering and networking’ (Dinham and Crowther, 2011, p. 621).

(Figure 2)

Figure 2 adapted a capacity building process from a socio-economic development report. The SCSs in transnational market, the capacity building driving factors of Table 2 and the capacity building process of Figure 2 would collectively or individually be instrumental to recognise the transnational market conditions. For example, based on shared interests, the SCSs i.e. the cause and consequence of stakeholder relationships and interactions in transnational market could establish a common organisational learning practice between a TNE exporting institution and its transnational stakeholder. Such a mutual learning effort and experience would be useful to understand the transnational market specific condition for a TNE in the transnational market, in order to recognise stakeholders’ mutual capacity building needs and combined skills and resources to design the TNE marketing capacity building process, based on that specific transnational market condition.

For instance, the EduTrust Certification Scheme (2009) of the Singaporean Government for all private education institutions (PEIs), including TNEs could be discussed here. Based on the education providers’ level of compliance to EduTrust issues and requirements, the Singaporean Government classifies all PEIs to inform the stakeholders, including future students about the status of PEIs, including TNEs in Singapore (Wai Lo, 2014). The Singapore Association for Private Education (SAPE, 2013) as an industry stakeholder offers a seminar for its members on ‘Understanding and Implementing the EduTrust Certification Requirements’ (2013), which is a complicated quality assurance scheme of the Singapore Government, and includes 1000 clauses and sub-clauses (EduTrust Certification Scheme, 2009). In Singapore, a TNE could exploit their membership as a SCS with the SAPE to exclusively understand the complicated EduTrust scheme, based on the mutual learning experience of the SAPE and the TNE. Such an initiative would be instrumental for the TNE to widely explore the transnational market conditions, i.e the complicated issues and requirements of the EduTrust scheme from the target transnational market specific perspectives and examples. Following such a learning experience, once the TNE would be able to enhance their status, based on the EduTrust scheme; such an enhanced EduTrust status will automatically build an enhanced marketing and promotional
capacity for the TNE, not only through the Singaporean Government’s awareness programme on EduTrust Certification Status of PEIs (2015) for the stakeholders of all PEIs, but also through the TNE’s own initiatives to promote their higher EduTrust status in their transnational market.

The ‘hard-fought gains in capacity building and sustainability can be quickly eroded under the influence of…extraneous changes’ (Dinham and Crowther, 2011, p. 616). As a result, the investments against a new marketing capacity and its advantages could completely be useless, if the capacity is unable to enhance its competitive advantage. For example, a TNE in Singapore could pay the annual membership fee to the SAPE, in order to get involved in various learning activities on their target market, i.e. the seminar for the EduTrust scheme. Since, capacity building is a continuous process to enhance overall organisational capacity to improve performance (O’Rafferty et al., 2014), if the TNE is unable to continue their transnational market orientation learning practice from different perspectives and fail to reflect the contemporary learning on the market issues, the today’s higher EduTrust status of the TNE would not be able to keep its competitive advantage over rivals tomorrow, i.e. in the long-run.

From this perspective, the StandAdapt decision on the marketing mix factors, based on recognising specific transnational conditions through the capacity building driving factors and process, and SCSs in transnational market would have favourable impact to reinforce the competitive advantage of a newly developed marketing capacity. Since, the StandAdapt decision is influential in relation ‘to the specific requirements of the foreign market to gain an advantage over rivals’ (Cavusgil, Zou and Naidu, 1993, as cited in Theodosiou and Leonidou, 2003, p. 155). Similarly, many authors argue that either standardisation or adaptation or a specific combination of them enables firms to gain competitive advantage in overseas markets (Levitt, 1983; Wind, 1986; Samiee and Roth, 1992; Schuh, 2000; O’Cass and Julian, 2003; Morgan et al. 2004; Katsikeas et al., 2006; Pham and Zeidan, 2007; Vrontis et al., 2009; Magnusson et al., 2013).

A transnational marketing management capacity building framework and practical insights

(Figure 3)
On one hand, the cause and consequence of stakeholders’ relationships and interactions or SCS in transnational market could be instrumental to recognise capacity building needs, and to utilise stakeholders’ mutual skills and resources and social capital through stakeholder discussion, coordination and value co-creation. On the other hand, such capacity building driving factors and components of capacity building process would be able to reinforce SCSs among the involved stakeholders. For example, understanding capacity building needs and stakeholder coordination could further engage the key stakeholders to pursue common goals, as well as, stakeholder relationships could help to understand the associated stakeholders’ mutual skills and resources that would be available to invest in capacity building. The thinner double headed arrow of Figure 3 represents this interrelationship between SCS and capacity building driving factors and process. Various components of Figure 3, except the ‘absorptive capability’ and ‘varied competitive advantage extents’ are discussed in the preceding sub-sections of this paper.

Absorptive capability is (Wang and Ahmed, 2007, p. 37):

> the ability of a firm to recognize the value of new, external information…and apply it to commercial ends (Cohen and Levinthal, 1990, p. 128). Absorptive capability is (to)…underpin a firm’s ability to integrate, reconfigure, renew and recreate its resources and capabilities in line with external (market) changes.

The constructs of absorptive capability is knowledge acquisition (learning), assimilation, transformation and exploitation (Zahra and George, 2002, as cited in Wang and Ahmed, 2007, p. 38). Therefore, through the SCSs in transnational market and the capacity building driving factors and process, TNEs would be able to recognise particular transnational market conditions, and to understand its value to exploit at the commercial end, as part of their absorptive capability with transnational market conditions. At this stage, centred on the recognised transnational market specific conditions, the absorptive capability as a learning, integrating, transforming and exploiting tool of transnational marketing conditions would have impact on designing and implementing the appropriate transnational marketing mix StandAdapt combination for overall TNE marketing strategies to enhance competitive advantage, based on the complete learning experience. In favour of this argument, Peteraf et al’s (2013) discussions also appear as supportive. They argue that the learning processes and overall market experiences are the sources to recognise exceptional market specific conditions from market trends, which are valuable to influence market competitions.

In general, some issues, such as authenticity (Gundlach and Neville, 2012), and perhaps competitive advantage have different extents in different individual’s or stakeholder’s mind.
Similarly, implying a binary concept, competitive advantages actually exist in the mind of different customers and other stakeholders on a regular basis in between the extents of completely advantageous or entirely non-advantageous. No study is identified that concerns with competitive advantage as a spectrum, however this concept is illustrated through the thicker double headed arrow of Figure 3 to represent the varying level of perceived competitive advantages of different stakeholders. Since, usually, the perceived extents of a competitive advantage actually positions in the stakeholders’ minds, in relation to the advantage’s capability to satisfy individual’s value anticipation, where such perceptions may vary from stakeholder to stakeholder.

In relation to the capacity building driving factors of Table 2, the capacity building process of Figure 2, and the capacity building framework for transnational marketing of Figure 3, the following sub-sections of this section attempts to develop practical insights, based on TNEs’ marketing mix factors.

**Transnational education marketing mix**

*Product/service*

In general, TNEs mainly offer undergraduate courses; however some of them focus on postgraduate course work studies, with less consideration on postgraduate research studies (Universities Australia, 2014). Apart from offering education services, many TNEs seriously engage in research activities to contribute to the transnational communities and industries, such as the Nottingham Ningbo (nd), the transnational operation of the University of Nottingham, UK in China, and the Curtin Malaysia (nd), the transnational operation of Curtin University, Australia in Malaysia. This sub-section discusses research activities as one of the key services of TNEs.

Together with ongoing research and innovation efforts centred on transnational wildlife, Curtin Malaysia’s research are primarily based on Soft Oil Centre, Centre for Sustainable Energy and Communication, palm oil research, parallel computing and CIS applications, geopolymer concrete research, entrepreneurship in Sarawak, cultural approaches to teaching and learning and media studies (Research and Development, nd). Through these researches, Curtin attempts to engage closely with the transnational communities, in order to build and enhance not only their own research capacity, but also to build capacity in transnational wildlife management, economic and other environmental issues and concerns. Because of various human needs, e.g.
ensuring living spaces and agricultural land for growing population and their other everyday
needs, many wild animals are now endangered. For example, The Malayan Sun Bear (2015),
another name is Borneo sun bear is an endangered species, because of its dramatic habitat loss
and illegal trade of its body parts.

Palm oil is in just about every type of consumer product. The oil palm plant is grown
commercially in rainforests primarily in Borneo and Sumatra, home to tigers, sun bears,
elephants and orangutans. Tragically, the industry poses a threat to these and other
species, as much of it uses deforestation practices that greatly threaten these animals’
delicate habitat. (Conservation and Education, 2013, np)

Since palm oil is used extensively as an everyday product; it would be crucial to advocate for
sustainable ways of growing palm oil, in order to protect the wildlife that co-exists and suffers
from this deforestation. (Conservation and Education, 2013). From this context, it could be
argued that the Curtin Malaysia has recognised the transnational need of protecting local
industry, as well as the ecological diversity, and been acting to satisfy this need through their
research capacity on palm oil and wildlife researches. In this capacity building effort for
Curtin’s own research, and for local environmental issues, Professor Jim Mienczakoniski, the
Pro-Vice Chancellor and CEO, Curtin Malaysia, promotes Curtin’s competence to build
capacity to protect transnational wildlife in an online video clip as:

This is Eric. He is a four year old Borneo sun bear, and he is part of the reason the Curtin
University has been working closely with local people to protect wildlife and to find ways
for the needs of this state of Sarawak (in Malaysia)...its economic needs to progress both
development and environmental concerns at the same time. (The Road Ahead, 2015, np)

Education is the answer towards the needs of this community. So, we worked very
closely...with the local people here both with the issues with environment, and with
animals, and also with the needs of economy. Curtin after fifteen years is expanding (in
Malaysia). The next fifteen years is going to be challenging. But, they will be different,
because we are different. Curtin is a different University, and with the associates like Eric
here, it’s going to continue to explore its difference in the years to come. (The Road
Ahead, 2015, np)

In another online video clip, Professor Mienczakoniski highlights Curtin’s research on other
transnational wildlife as:

(Eric) he is part of our research and our environment that we concern for and looking
after. Eric lives here at the crocodile firm and nature park, near Curtin University in Miri,
Sarawak, Borneo. The nature park (offers) a chance to...(work closer to)...the whole
range of creatures; most of them are unique to this region. (Uneasy Co-existence, 2015, np)

In this Uneasy Co-existence (2015) video clip, Professor Mienczakoniski also demonstrates Curtin’s contribution to the transnational communities, based on Curtin’s work on local crocodiles and their safe co-existence with the local people at Borneo. In recognition of Curtin’s capacity building initiatives, in order to contribute to the Malaysian socio-economic and environmental issues, Curtin has been awarded Malaysian Ringgit1000,000,000 (approximately US$231,192,570) as research grant by the Malaysian Ministry of Science, Technology and the Environment (Research and Development, nd). Curtin is the first international University in Malaysia to be entitled for Malaysian Government research fund. Apart from the Federal Government’s research fund, Curtin has been offered research funds from the Sarawak State Government, and from various industrial partners (Research and Development, nd). In Curtin’s capacity building attempts for their own research services, and for capacity building in the management of Malaysian socio-economic issues, Curtin has engaged with the Sarawak Nature Park Authority, Malaysian Federal Government, Sarawak State Government and various local industry bodies.

The interrelationship that is represented through the thinner double-headed arrow of Figure 3 is apparent in Curtin’s research services, based on Curtin’s SCS with these transnational stakeholders or recognising their own and stakeholders’ capacity building needs, as a capacity building driving factor, which has played an instrumental role here for Curtin to recognise transnational market conditions and research concerns for their research services. Since, in general, to obtain research fund, the applicants need to profoundly demonstrate how they will be able to cost-effectively satisfy the funding body’s needs and multifarious goals from the contexts of particular socio-economic conditions (e.g. transnational conditions for a TNE). Beside recognising the ‘capacity building needs’ as one of the capacity building driving factors, the ‘mutual skills and resources’ and ‘spirit of value co-creation’ as other factors, as described in Table 2 are appeared here. Since, the research funds of the transnational partners and Curtin’s research skills enable these partners to co-create value towards their mutually beneficial multifarious goals.

Curtin Malaysia has been able to survive for more than one and half decades (The Road Ahead, 2015). Therefore, it would be presumed that Curtin Malaysia is able to provide win-win outcomes at least in some extents to their transnational stakeholders through education and
research services, as in general, it is quite impossible to survive for a service provider, if they are unable to offer value against the needs of their customers and other stakeholders. In order to build capacity for offering stakeholder value, similar to the Curtin’s transnational research capacity building, it is common that alongside recognising the capacity building needs and opportunities, how the opportunities would fit with the organisation’s extant strategies, and/or where the strategies need to be further adapted, based on any specific conditions of the associated stakeholders are considered carefully. For designing, implementing and monitoring projects, like Curtin’s transnational research projects, generally, it is required to discuss with the key stakeholders, in order to make awareness among the stakeholders, about various issues and concerns, including ethical and safety concerns of such projects to specify particular scopes, rights and responsibilities of the stakeholders, which would be crucial for a win-win outcome for all involved stakeholders. Consequently, the capacity building processes i.e. need recognition, strategy, stakeholder discussion, and designing, implementing and monitoring projects, as described in Figure 2 is apparent in Curtin’s transnational research projects.

Centred on the discussion thus far, it could be argued that Curtin has prolifically recognised the value of external transnational information and relevant conditions, and integrated that information in reconfiguring their research services, in accordance to the specific transnational conditions. Therefore, Curtin’s absorptive capability with the transnational conditions, as depicted in the capacity building framework of Figure 3 for transnational marketing, is appeared as instrumental to adapt specific socio-economic and ecological issues and concerns in their research services. Following Curtin’s image as the first international University to secure a Malaysian Federal Government’s research fund, in the first fifteen years’ of Curtin’s transnational operation in Malaysia has generally developed a competitive advantage for the brand ‘Curtin’, in terms of satisfying the needs of the stakeholders in higher education and academic research. The extents of such a competitive advantage would be varied in the minds of different stakeholders, which would be subject to Curtin’s contribution to a specific stakeholder’s particular needs, wants and expectations to Curtin. There needs further research on such a proposition on the varied extents of competitive advantage, in order to develop new insights in market competition. In conclusion, it could be argued that this study demonstrates a prospective avenue for TNEs to effectively build marketing capacity, based on transnational market conditions, in order to transnationalise their services.
Price

Based on ‘payment period and instalments’, as one of the established factors and ‘refund policy’, as one of the emergent factors, under the ‘price’ mix for TNE marketing, TNEs would have opportunities to engage their transnational stakeholders through their SCSs to build capacity for a win-win outcome. For example, it is very common practice of the contemporary higher education institutions to receive all their student fees through a financial institution. Considering the transnational business norms, values and practices, in partnership of a TNE, a financial institution could offer a small annual amount for the TNE’s student projects to the students, who have an account to that financial institution. This is just a prospective example proposition to build co-creation capacity for a win-win situation for the student, the TNE and the partner.

In fact, the Nottingham Ningbo has been trying to build capacity through their scholarship offerings, as an offset to students’ tuition fees. For example, ‘the innovation team (at Nottingham Ningbo)…work closely with Zhejiang University, Ningbo Institute of Material Technology & Engineering, Chinese Academy of Sciences and leading companies in auto parts manufacturing…to invent low carbon technologies’ (Scholarships and Fees, nd, np). In this collaborative research and innovation initiatives with the academic and industry partners, Nottingham Ningbo offers prestigious scholarships to research students, which offset the tuition fees, as well as aims to co-create value for all involved stakeholders. Similarly, in relationship with other academic, government and industry stakeholders, such as Zhejiang Province scholarship, Hang Seng Bank scholarship, China National Centre for Student Financial Aid, Li Yeyaozhen scholarship, and from the University’s own funds (Scholarship Information for Current Students, nd; Scholarship Information for New Students, nd), the Nottingham Ningbo offers numerous undergraduate and postgraduate scholarships to offset students’ tuition fees. Since, the scholarship providers generally have a goal, e.g. developing skilled human capital; the SCSs of the Nottingham Ningbo with their stakeholders build further capacity to offer additional scholarships to their students, in order to develop them as skilled human capital. Similar to such SCSs with the external stakeholders, the Nottingham Ningbo also engages their internal stakeholders to build capacity, in order to further offset students’ tuition fees. They offer 10% offset to the tuition fees, which is available for students registering on a full time degree….with family who are graduates of, or students at, The University of Nottingham UK, The University of Nottingham Malaysia.
This scholarship is also available to the alumnus of the University, if they want to continue further studies. Similar to such stakeholder centred capacity building initiatives through scholarships to offset tuition fees in full or in some extent, TNEs could organise part-time (career and non-career related) on and off campus work opportunities, in collaboration of the transnational employment agencies and employers, e.g. TNE’s industry partners for their students. Such an initiative would be instrumental to build capacity for the associated employment agents and industry partners through their access to additional human capital, as well as for the students not only through to offset their tuition fees in some extent, but also through providing work experience value to their future career, upon graduation. The successful outcomes of such capacity building opportunities, as discussed here would generally be relying on proactive stakeholder need recognition, mutual application of stakeholders’ skills, resources and social capital, mutual organisational learning, strategic considerations and discussions to design, implement and monitor the capacity building process, based on the associated stakeholders’ absorptive capability towards a particular transnational condition.

Place

Centred on the Chicago Booth Business School’s (CBBS) relocation in Hong Kong from Singapore, in order to further enhance their presence in South-East Asia, this sub-section attempts to discuss capacity building through ‘distribution channels, e.g. selection of a transnational market’ as a factor, under the ‘place’ mix of TNE marketing. ‘The Hong Kong government has allocated public land…in prestigious Mount Davis…to the school to establish an Asian branch campus…(Also,)…a huge listed building in one of Hong Kong’s most upmarket areas has been offered to the…school at…US$130’ (Tan and Sharma, 2013, np).

In Singapore,…the parliamentary committee for education, told local newspapers that Chicago Booth’s departure was a ‘pity’ since Singapore had worked hard to establish itself as a hub for higher education…this will definitely be a dent in our (Singapore’s) efforts to attract good schools here, and to transform us into an attractive city for talent, especially those from Asia. (Tan and Sharma, 2013, np)

Many South-East Asian countries have been competing to become the leading regional education hub, in order to attract best international students, and the best universities from
around the globe to drive innovation and economic growth (Clark, 2015). The Singaporean model of this competition appears as an authoritarian state-led governance structure in higher education (Wai Lo, 2014), regulated by ‘strong nation-state policy drivers and relatively close supervision and control’ (Marginson, 2011, p. 594). Researchers and industry commentators (Lane and Kinser, 2015) argue that ‘operating under authoritarian governments hampers the academic freedom of faculty and students…we are now seeing campuses move locations in their effort to find ‘best deals’ in terms of more regulator flexibility or government subsidies’ (np). The CBBS will complete their move to Hong Kong by 2016 (Tan and Sharma, 2013). The CBBS Associate Dean for Global Outreach described that the school ‘would not have been able to afford to set up shop in the city without the Hong Kong government's help…where it would invest…US$65 million’ (Tan and Sharma, 2013, np) in building capacity to return value to the transnational stakeholders in Hong Kong.

Following the discussion thus far, it could be argued that after the CBBS’s thirteen years of operation in Singapore (Tan and Sharma, 2013), their relocation decision to Hong Kong, in order to select Hong Kong as their distribution channel in Asia took much deliberation between the CBBS and their stakeholders in Hong Kong. As a consequence, the Hong Kong Government has offered a huge grant, and perhaps more operational freedom in academic activities to the CBBS, which has contributed to the CBBS’s future operational capacity in Hong Kong. In return, the CBBS has feasibly negotiated their investment plans for their human, organisational and financial resources to build capacity, which, in the language of the Hong Kong’s Government is ‘the…Chicago Booth in Hong Kong will enhance Hong Kong's position as a regional education hub, nurture talent to support the growth of our economy, and strengthen Hong Kong's competitiveness’ (Tan and Sharma, 2013, np). Such a value co-creation deal through capacity building for a TNE and its transnational stakeholders, in an attempt to find the TNE’s distribution channel would not generally be possible, without recognising the special conditions in transnational stakeholders’ needs, which is the Hong Kong’s utmost desire to lead the competition to become the ultimate regional education hub in South-East Asia. Alongside the ‘selection of the transnational market/distribution channel’, the ‘location of campus/teaching centre in the selected transnational market’, as another factor, under the place mix for TNE marketing has played an influential role in CBBS’s capacity building efforts in Hong Kong. Since, the Hong Kong Government has not only allocated land in their prestigious Mount Davis areas, but also has offered a huge listed building to the CBBS in one of Hong Kong’s upmarket areas in a token price.
Promotion

The discussion on Curtin Malaysia’s promotional messages through the online video clips as discussed under the ‘product/service’ sub-section of this paper are based on the homepage of the Curtin Malaysia’s (nd) website, which is linked to the YouTube social e-communication site. These promotional messages demonstrate how Curtin engages with their transnational communities through their wildlife research, particularly to ensure a safe co-existence of crocodile, and the local communities, e.g. fishermen, who live closer to water (Uneasy Co-existence, 2015). This contribution of Curtin to the local community, and the promotion of this work through social media would transmit an image of Curtin Malaysia that they are concerned about the local ecological issues, and would influence positively the perceptions of local people on Curtin’s overall transnational operations. Furthermore, Curtin Malaysia has engaged with various transnational government and industry bodies through their research contribution, with an image as the first international University in Malaysia to secure research grants from the Malaysian Federal Government. Now, these two images of Curtin Malaysia as ‘they are concerned about the local ecological issues’ and they are the ‘first international University in Malaysia to secure a Malaysian Federal Government’s research grant’ would have particular reputations, which would be represented based on Curtin Malaysia’s level of research contribution to the transnational socio-economic issues. For example, how true or how authentic these images of Curtin Malaysia are, in terms of contributing to the transnational issues?

Against this question, different transnational stakeholders, e.g. government, various industry bodies, local communities would have different perceptions, based on their perceived understanding on Curtin’s contributions to their socio-economic needs. These diverse extents of authenticity in the minds of the stakeholders (Gundlach and Neville, 2012) against the images of Curtin Malaysia actually represent their reputations, related to those images. If overall, such reputations appear as positive, the brand positioning of Curtin in the transnational market, based on such reputations would rely on how attractively Curtin could promote such reputations, in order to making awareness among the transnational stakeholders about Curtin’s value to satisfy the needs of the transnational stakeholders (Shams, 2016b). Curtin is already branding/promoting their community engagements through their e-communications. There is no instant evidence that such an e-communication centred promotion/branding of Curtin’s image and reputation, related to their research contribution to the transnational communities
and socio-economic issues, immediately builds capacity for their current and/or future research or other operations in their transnational site. However the capacity building to further enhance Curtin’s future transnational operations and their competitive advantage would rely on the perceived extents of transnational stakeholders’ understanding on the authenticity that Curtin contributes to the Malaysian socio-economic issues. For example, following the preceding relationships with the transnational stakeholders, if Curtin Malaysia’s extant stakeholders are delighted with their SCS with Curtin, and if Curtin is able to lucratively reinforce their overall future operations with their existing and new transnational stakeholders, then it could be argued that such an e-communication centred promotional effort on their community engagements has built further capacity for Curtin in Malaysia.

**Discussion, implication, generalisation and future research**

In general, the capacity building issues are researched from the developmental contexts of various socio-economic issues. This study discusses capacity building from a business perspective, particularly developing capacity in transnational marketing, and argues that capacity building and finding the appropriate transnational StandAdapt extent for transnational market orientation or transnationalisation is a continuous learning process to adapt with the transnational socio-economic issues, in order to reinforce capacity in transnational marketing. From this angle and based on introducing the SCS concept, and integrating various capacity building issues, this study contributes to the under-researched TNE marketing, with some emergent factors in TNE marketing mix, as well as confirming the application of some of the international marketing mix factors from the contexts of TNE marketing for the first time. In order to support the arguments of this study, it presents practical information (i.e. some case examples) on TNEs’ marketing mix, based on three different TNEs in three different transnational markets. As portrayed in Figure 3, this study emphasises on the interrelationships between TNEs’ SCSs with their transnational stakeholders and various capacity building driving factors and processes to recognise and absorb particular transnational conditions, in order to decide on their StandAdapt issues, with an aim to build capacity in TNE’s marketing through stakeholder value co-creation in transnational market. Therefore, an additional contribution of this study is to develop further insights on the well-researched StandAdapt issues in international business through an alternative approach to proactively taking decision on the StandAdapt issues.
Also, this study introduces the varied extents of competitive advantage in TNE’s marketing mix. Understanding such varied extents in competitive advantage will be instrumental to recognise the effectiveness of overall marketing efforts, not only for TNEs’ marketing, but also for marketing in other industries. In conclusion, it could be argued that the present study justifies an avenue for TNEs to transnationalise their overall marketing activities through capacity building in transnational stakeholder value co-creation. Since, transnationalisation is a continuous process to prolifically strengthen ‘interconnectivity between people and the receding economic and social significance of boundaries among nation states’ (Maguire, 2015, p. 638), and based on the discussed marketing mix factors of the Curtin Malaysia, Nottingham Ningbo and CBBS have been pursuing this meaning of transnationalisation.

The insights will be valuable for international and transnational marketing, and capacity building professionals, to align the relevant capacity building factors and process in their work-programmes to reinforce capacity through transnational stakeholder value co-creation. However, future academic research and further insights on particular transnational conditions and practice-based applications of the propositions of this study would be instrumental for professionals to address the research-practice translation gap. Moreover, developing further insights on the capacity building components of Table 2 and Figure 2, and other capacity building issues from the extant capacity building literature would be another area of future research to reinforce transnationalisation through capacity building in marketing activities. Recognising various emergent and latent factors for TNEs’ marketing mix through future research would be instrumental to uphold the propositions of this study, as well as to further contribute to transnational marketing. Studies on diverse industries and transnational markets will also contribute further value to this present study. This study discusses various issues, i.e. capacity building, absorptive capability, market orientation and StandAdapt concepts, and SCSs to investigate the mutual influence of these issues and concepts on TNEs’ marketing and internationalisation. Future studies to further correlate these issues and developing insights on their influences from different socio-economic contexts, and even analysing other managerial concepts and theories, e.g. stakeholders’ mutual dynamic capabilities, stakeholder relationship management and marketing constructs and so forth would be contributory to enhance the impact of this initial framework of Figure 3 on TNEs’ marketing and transnationalisation. Another important area of future research is to examine the diverse extents of competitive advantage, based on stakeholders’ varied perceptions, in order to understand the levels of
marketing effectiveness. In fact, there are scopes and needs for future empirical and conceptual studies to develop further understandings on TNEs’ marketing.

References


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Figure 1: The major markets in the global transnational education industry (adapted from British Council, 2013).
Figure 2: A stakeholder centred capacity building process for knowledge management in learning organisation (adapted from Matachi, 2006).
Figure 3: A capacity building framework of learning organisation’s knowledge management for transnational marketing.
Table 1: Marketing mix factors for standardisation-adaptation (StandAdapt) decision in transnational marketing (adapted from Soufani et al., 2006; Vrontis et al., 2009).

<table>
<thead>
<tr>
<th>Marketing mix factors for standardisation-adaptation (StandAdapt) decision in transnational marketing</th>
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<tr>
<td><strong>Product</strong></td>
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<td>- product or service selection, design and features (e.g. selection of preparatory/pathway, undergraduate, postgraduate coursework, postgraduate research studies, supporting courses, e.g. English language as general education services, and research and consultancy contribution to local society, industry and academia as research services of TNEs);</td>
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<td>- product or service quality;</td>
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<td>- product or service delivery modes and options;</td>
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<tr>
<td>- pre-sales service for students and other stakeholders, such as transnational research partners;</td>
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<td>- post-sales service (e.g. employment support for graduates and alumni services);</td>
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<td>- other emergent or latent factors?</td>
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Table 2: The stakeholder centred capacity building driving factors (adapted from Wendel et al., 2009; Edwards, 2015).

<table>
<thead>
<tr>
<th>Capacity building driving factors</th>
<th>Explanatory note</th>
</tr>
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<tbody>
<tr>
<td>Capacity building needs</td>
<td>The capacity building needs of a firm and its stakeholders.</td>
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<tr>
<td>Mutual skills and resources</td>
<td>Mutual skills and resources of a firm and its key stakeholders that would be instrumental to develop capacity.</td>
</tr>
<tr>
<td>Social capital</td>
<td>Social capital is an association ‘between people consisting of networks and associated norms that have an effect on the productivity of those involved, limited to positive associations in the development of participants’ (Grootaert, 1998; Putman, 1993; as cited in Foley, 2010, p. 67). For business enterprises, social capital complements many resources (Greve et al., 2006), which helps entrepreneurs to develop competitive alternative resources for their businesses, e.g. collecting information about competitive suppliers.</td>
</tr>
<tr>
<td>Mutual organisational learning</td>
<td>Understanding and awareness of socio-economic history, target market conditions and ability to critically reflect on shared experiences among stakeholders.</td>
</tr>
<tr>
<td>The spirit of value co-creation</td>
<td>‘One for all, all for one’ motive among the involved stakeholders to co-create value and enhance operational capacity for all involved stakeholders.</td>
</tr>
<tr>
<td>The process: structure and mechanism</td>
<td>Inter-organisational network for dialogue and collaboration to develop a mutual understanding to set up the capacity building process.</td>
</tr>
<tr>
<td>Management and control</td>
<td>Effective management and control over the collective skills and resources of a firm and its stakeholders, in building capacity for mutual benefits.</td>
</tr>
</tbody>
</table>