

The Types of Trust in the Development Process of the International Business Relationships: An Exploratory Study among Polish Companies

Łukasz Małys, Krzysztof Fonfara

ABSTRACT

Objective: To explore in a pilot study which types of trust may be particularly important at different stages of the development of international business relationships.

Research Design & Methods: The article presents results of qualitative research in the form of 27 interviews with representatives of top management of companies located in Poland and operating in foreign markets.

Findings: Based on the interviews, the authors identified three stages of international relationship development, which are important in the context of trust. The article suggests which types of trust that exist in business relationships are the most important at the identified stages and should be developed by a trustee. It also stresses the sources of trust from a trustor angle.

Implications & Recommendations: The article presents implications for companies trying to build trust in relationships with foreign counterparts. It stresses the types of trust which should be of a special interest at various stages of the relationship development, as well as gives some hints as to possible trust-building actions.

Contribution & Value Added: First of all, the research concentrates on the development of the international business relationships, which are proven to have a considerable impact on company's success in foreign markets, yet are more difficult to study and identify compared to domestic relationships. Secondly, it brings attention to specific types of trust which should be built at various stages of the international relationship development, if they should bring the expected results.

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INTRODUCTION

At present, business relationships constitute an important research area in management sciences. Researchers point to numerous benefits gained by entities that develop close relationships forming extensive business networks (Wilkinson, 2008). In the context of company' internationalisation, it is assumed today that the development and maintenance of business relationships are essential for success in overseas markets (Hohenthal, Johanson, & Johanson, 2014; Fonfara, 2012). Business relationships contribute to the transfer of knowledge about the internationalisation process and overseas markets, as well as customer needs and wants (Jahanson & Vahlne, 2009; Soniewicki, 2015), they shape companies' behaviour and actions in the internationalisation process (Coviello & Munro, 1995; Ratajczak-Mrozek, Dymitrowski, & Małys, 2012), often initiating the internationalisation process (Deszczyński, Fonfara, & Dymitrowski, 2017). They facilitate access to resources essential for successful foreign market entry (Dunning, 2015; Blankenburg, 1995) and also limit the risk of failure in international new ventures (Capik & Brockerhoff, 2017). They also seem to influence the speed of innovations implemented in the internationalisation process (Dymitrowski, 2014).

Business relationships are a complex, second-order construct, composed of various characteristics (Hausmann, 2001). It is, therefore, suggested by many scholars that they should be analysed from the angle of selected positive phenomena – relational characteristics – caused by contacts between entities. One of the most important and most frequently applied characteristics is trust (see Morgan & Hunt, 1994; Weitz & Bradford, 1999; Sivadas & Dryer, 2000; Kale, Singh, & Perlmutter, 2000; Dyer & Chu, 2011). It seems that trust has a key impact on the quality of relationships that link independent entities, especially if we take into account the impact of trust on other characteristics of business relationships (e.g. the level of commitment to the maintenance and further development of existing business relationships). Yet, to our best knowledge, it is not sufficiently researched in the international context.

The article focuses on the importance of various types of trust occurring in international business relationships at different stages of their development. Building trust in relationships brings benefits to companies, but also generates specific costs and risks, and engages the company's resources (Håkansson & Ford, 2002, pp. 134-140). Effective activity on foreign markets requires focusing on necessary actions and omitting unnecessary ones. In the context of trust, this means focusing on the development of appropriate types of trust at different stages of their development. To our best knowledge, this issue has not got enough attention in research. Taking this into account, the aim of the study was to explore in a pilot study which types of trust may be particularly important at different stages of the development of international business relationships. To achieve the aim, the qualitative research was conducted in the form of 27 interviews with respondents from companies representing different industries, size and experience in international business. Such a sample allows to draw some conclusions which should be further investigated, as indicated in the article.

The structure of this article is as follows. In the theoretical background, the concept of business relationships is described, highlighting their various forms and intensity, as well

as entities that may be part of them. The most known models of the development of relationships are also presented. Trust as a key characteristic of business relationships is defined and its different types and sources are discussed. In the following part of the article the goal, scope and method of empirical studies are described. They concentrate on the identification of different stages of the development of international business relationships and their links with specific types of trust. The next part presents results of 27 interviews with top managers of companies located in Poland and operating in foreign markets. The results are presented after careful analysis.

LITERATURE REVIEW

The Nature of Business Relationships

Business relationships have been an object of intensive studies for many years (Håkansson, 1982; Håkansson & Snehota, 1995). The spectrum of possible forms of cooperation extends from single contacts to close cooperation, often adopting the form of strategic alliances (Hutt & Speh, 1998; Gössling, Oerlemans, & Jansen, 2007). It is therefore particularly important to clarify what business relationships are. It also seems important to indicate what types of entities establish business relationships.

The literature distinguishes between interactions “business interaction” (episodes “business episode”, “See business interaction”, events “business event”, “See business interaction” in business and business relationships (Håkansson, Ford, Gade, Snehota, & Waluszewski, 2009) “business relationship”. The term “interaction “business interaction”” refers to a single event or action undertaken by entities at a given time and place. It can involve a single transaction, negotiating terms of business, sending a quotation, etc. In contrast, a business relationship “business relationship” existing between two entities is a general, continuous phenomenon, by its very nature extending over a longer period. Relationships develop through interactions “business interaction” between entities, but they also affect interactions “business interaction” by determining roles of partners and ways of resolving conflicts, etc. (Easton, 1992, p. 4). The concepts correspond with transaction-based and relationship-based approach to exchange. In the first one, the focus of the company is on a unified product offered for a mass market. The sales take form of interactions and the marketing activities are concentrated on marketing mix, with the price being often the most important factor for the buyer. In the second one, i.e. the relationship-based approach, long-term relationships are established between companies, which typically include, beside exchange of the products (which are often co-created), technological cooperation, information and knowledge sharing, etc. (Håkansson & Snehota, 2017). The exchange often takes form of close partnerships (Fonfara, 2014).

Interaction can be the beginning of the process of developing long-term relationships. In the case of unfavourable results of interaction (or greater benefits from other, alternative interactions), however, it may not lead to further contacts (see Lambe, Wittmann, & Spekman, 2001). Thus, the relationship development process would be terminated.

For the purpose of the article it is also important to distinguish business relationships, social relationships (interpersonal relationships, informal contacts) and institutional relationships. Business relationships are among the most commonly analysed con-

nections between companies and other entities in the business environment (e.g. Hollensen, 2003, pp. 197-254; Golicic, 2007, pp. 719-739; Barry, Dion, & Johnson, 2008, pp. 114-135). In the analysis of business relationships emphasis is placed on links between customers and suppliers. Unlike business relationships, social relationships refer to connections developed between individual employees of companies involved in a business exchange. Institutional relationships connect companies with institutions other than their customers and suppliers. Two groups of such entities can be distinguished. The first one includes profit-driven actors, other than customers and suppliers, e.g. banks or consulting firms. The other group includes non-profit actors, such as, authorities, business associations, commerce chambers, etc. (Johanson & Kao, 2010).

In the presented article we concentrate on the most important entities in the international network and that is why business relationships are considered as any ties that exist between the supplier and the buyer. It is assumed that relationships may be strengthened (which includes trust-building) and by that may lead to the improvement of performance. The strengthening of relationships takes place as part of their development process.

Business Relationships Development Process

The literature identifies two sets of models describing the development of business relationships: linear models, based on the assumption that relationships go through particular stages, and nonlinear ones, which take into account their continuous development, disruptions and adaptations. The most frequently cited studies (see Wilkinson 2008, p. 96) on relationship development discussed from a linear perspective are publications by Ford (1980) and Dwyer, Schurr and Oh (1987). Both models describe the development of bilateral relationships between the seller and the buyer, and are similar in their underlying assumptions.

The authors of the models (Ford, 1980; Dwyer *et al.*, 1987) assume that the starting point for a business relationship is to identify the other party as a potential cooperation partner. At this stage, the parties have no prior experience of mutual business. They may, however, be the subject of unilateral efforts aimed at creating an interest in the possibility of cooperation. This type of efforts may be targeted at a particular company (e.g., a potential supplier sending an offer) or may involve building an image of the company (in this case, the efforts are targeted at anonymous customers). It is indirectly suggested, therefore, that entities are active before the actual contact is established.

The next stage of relationship development involves negotiating contract terms and cooperation methods. At this point, it is possible to conclude a trial transaction. Further cooperation can be facilitated by common beliefs, shared values, complementary resources and skills, the status of a potential partner, etc.

Another stage in the development of a relationship is cooperation development. At this stage, the benefits gained encourage entities to open more to each other. In the phase of cooperation development, it is important to meet the commitments made in order to benefit the other side of the transaction, which in turn increases its satisfaction with the relationship.

The successive phases display the benefits and potential risks of long-term cooperation. Long-term cooperation helps trade partners to gain considerable experience in their cooperation, which enables them to develop trust, standards of conduct and relationship rules.

The following, more contemporary research on the relationship development process identified similar stages, even in specific contexts (e.g. Brouthers, Brouthers, & Harris, 1997; Das & Teng, 2002) or took specific relational characteristic, like trust, into consideration (Schilke & Cook, 2013).

However, business relationships do not have to evolve in stages, with steadily growing commitment, scope of cooperation and relational characteristics. Cooperation may be periodically restricted or even discontinued. It is stressed that cooperation should be continuously adapted and periodically revised, particularly in the case of mature relationships, which is reflected in non-linear concepts on relationship development (Wilkinson, 2008). The existing relational structure (which includes actors, resources, activities and bonds) constantly changes and evolves in the relationship process. The relationship process is affected not only by the analysed relationship, but also by relationships with other entities. The research suggest that trust may also evolve in a non-linear manner in business relationships (Huang & Wilkinson, 2013).

The research on business relationship development does not cover, to our best knowledge, the issue of specifics of the process in the international context enough. However, some scholars (see Johanson & Vahlne, 2009) assume that it is not very different from the domestic relationship development.

Trust in Business Relationships

The analysis of trust in business relationships requires identifying the types, sources and sides of the relationship, from a perspective of which the trust is analysed. Following Morgan and Hunt (1994), in the research trust was defined as 'willingness to rely on exchange partner in whom one has confidence'.

Two types of trust are identified in the context of business relationships. One is trust in the partner's reliability. It is interpreted as the conviction that the other party can satisfactorily fulfil the terms of a mutual agreement (deliver a product of an expected quality, on an agreed date, etc.). It is, therefore, about achieving the expected, positive results of cooperation (Anderson & Narus, 1990, p. 45; Morgan & Hunt 1994, p. 23; Hausman, 2001, pp. 600-616).

The other type is trust in the partner's benevolence or integrity (Morgan & Hunt, 1994; Malys, 2013). The definition emphasises one party's determination to conduct honest business activities and to avoid opportunistic behaviours that might have negative effects on the relationship. At the same time, the definitions stress the other party's certainty that its relationship partner will behave in such a way. This dimension of trust in benevolence is linked to the belief that a partner will not put at risk an existing relationship in order to gain short-term, opportunistic benefits. This is particularly important given the uncertainty that accompanies any transaction. Even the most detailed contract cannot predict all possible situations. In this perspective, trust in benevolence means the conviction that unexpected situations will be resolved in a way that guarantees a satisfactory outcome for both parties (Håkansson & Gadde, 2002, pp. 59-77).

The sources of trust may have contractual, cognitive and affective nature (Johnson & Grayson, 2005). Trust at the contractual level results from institutional relationships. Additionally, it has a broader political, legal, organisational, social and cultural context in which a company is embedded and which may have a significant impact on the way entities operate. Cognitive trust is based on rational assessment of the other party. It may be based on

past experiences, reputation or rational calculations. Affective trust refers most closely to emotions and a conviction about the partner's goodwill (Huang & Wilkinson, 2013).

In each business relationship one company can be analysed as a trustor, i.e. the entity which holds certain expectations and may decide to trust or not to the other side. The other company is viewed as a trustee, i.e. the party which reliability and benevolence is assessed by the trustor (Schilke & Cook 2013).

Building a sufficient level of trust (in both reliability and benevolence) in international business relationships is more difficult than in the case of relationships found in the local market. It is more difficult to assess a foreign partner's reliability, especially if the partner does not enjoy an established international reputation. Additionally, a starting point for international relationships is often distrust or reserve towards foreign entities, particularly those based in less developed markets. For this reason, companies that want to build trust in their own reliability should take carefully thought-out steps in this direction.

It also seems that trust in benevolence is more difficult to build, especially in the early stages of business relationship development. This is due to an increased suspicion against foreign entities, which is often aggravated by communication problems resulting from cultural differences. The issue of the importance of different types of trust at various stages of the development of international business relationships, to our best knowledge, has not got enough attention in the literature.

MATERIAL AND METHODS

The aim of the research was to explore in a pilot study which types of trust may be particularly important at different stages of the development of international business relationships. In the research it was assumed that the development of relationships with entities on foreign markets takes place within specific phases, however, these phases have not been predetermined. Both the number of phases and their character were identified during the empirical study. Similarly, the types of trust discussed in the previous section were not presented to the respondents. The intention of the researchers was to infer various types of trust as a result of the interpretation of the answers provided.

The qualitative research was carried out in the form of in-depth standardised interviews (Easterby-Smith & Lyles, 2011). The interviews were conducted with a group of 27 companies based in Poland and doing business abroad, representing different industries (including, for example, production of utility meters, audio equipment, operating room equipment & furnishing, agricultural machinery, software development, food and beverages, logistics, business services, pharmaceuticals, automotive), size (small, medium and large) and experience in the international business reflected by time advancement of the internationalisation process (the most experienced company started international expansion in 1983, the least experienced – in 2014). The respondents were representatives of top management in charge of international expansion. Such a sample allows to draw some conclusions. They should be, however, further investigated, especially in quantitative research and/or in research with more uniform sample selection.

The questions asked during the interviews were aimed at discussing the impact of trust and actions taken (or not) to build trust in business relationships, on the successful development of the international business relationships. It was the researchers' intention

to achieve the goal of the research as a result of an in-depth analysis of the answers received. It was deliberately decided not to put forward any research hypotheses.

Prior to the survey, potential respondents were contacted by telephone or e-mail to explain the aims and scope of the study. This was done to persuade them to take part in the interviews, as well as to prepare and collect all the necessary information. In the interview, the company's operations on one selected foreign market were discussed. The market was selected each time before the meeting as a result of the analysis of the company's foreign operations, telephone conversations or e-mail exchanges with the respondent.

The interviews were conducted personally between April and October 2016. They were recorded with the respondents' consent. Transcripts of the recordings were also prepared.

The standardised interview form contained open-ended questions, making it possible to explore and clarify the issues covered by the study. In the first place, respondents were asked to discuss the process of expansion for a selected foreign market. In particular, the questions concerned the mode of entry (and their changes in time), motives for entering the foreign market, the manner of making decisions regarding the entry (formal or spontaneous decision-making) and the use of previous experience and knowledge in the field of internationalisation. Next, the respondents were asked to indicate the entities with which they cooperated during the process of entering and developing the activity on the foreign market.

The last group of questions concerned strictly trust in business relationships with the identified entities on foreign markets. Researchers intentionally did not specify possible types of trust in business relationships. Instead, general questions were asked about the nature of trust with individual entities, the level of trust (high or low) and its changes over time, as well as the impact of trust on the successful development of the international business relationships. The interview form is presented in the appendix of the article.

RESULTS AND DISCUSSION

In the process of data analysis (transcripts of the recordings) the respondents' answers were divided into three groups. The respondents discussed:

1. The significance of trust in the respondent's company in overseas markets (discussed as part of 20 interviews), which corresponds to the trustee perspective.
2. The significance of trust in the selection of foreign partners of the respondent's company (discussed as part of three interviews), which corresponds to the trustor perspective.
3. Other considerations of trust in international business (discussed as part of 11 interviews).

Based on the answers the researchers were able to draw conclusions on stages of the development of international relationships, important from trust viewpoint, the nature of the stages identified (linear or non-linear development of relationships), as well as the importance of different types of trust at each stage and their impact on the company's success in overseas markets.

The largest group of respondents (20) described the issues of trust in international business relationships from a trustee perspective, i.e. commented on the types, importance and development of foreign entities' trust in their company. Based on their answers, the researchers were able to identify three stages of the international business relationship development from trust viewpoint: Stage 1 – before establishing cooperation;

Stage 2 – initial cooperation; and Stage 3 – continuation of cooperation. Not all the respondents commented on each of the stages; three of them only reached Stage 2 – initial cooperation in the relationships discussed. They also used different terms to describe the stages. However, taking all the interview data into consideration, it seems that respondents agree to the existence of the three identified stages.

At the same time, the respondents' answers suggested that the first two stages are normally characterised by gradual development of the business relationship and trust as its characteristic. In these stages, the development of trust is linear and characterised by continuous and gradual growth. The stage of continuation of cooperation takes the form of continuous adaptation processes, and the relationship may be disrupted by various incidents.

As already mentioned, not all the respondents commented on each of the stages of relationship development. The largest group of respondents (11) presented their views on trust in Stage 1, even prior to the establishment of a business relationship (in the respondents' interpretation, before the entities establish bilateral communication). With regard to this stage, the respondents pointed to the relatively greatest importance of trust for achieving success in overseas markets. All respondents expressed similar opinions, emphasising that building an adequate level of trust before establishing a relationship is a *sine qua non* for starting bilateral interactions in which both parties are active. The lack of a minimum level of trust makes it impossible to establish a relationship and, consequently, to enter an overseas market.

Developing trust in Stage 1 – before establishing cooperation – consists in creating an image of a reliable firm for an anonymous market, which is expected to produce positive results in the case of establishing relationships with a particular potential partner. Some respondents pointed to specific trust developing activities at this stage. Most often (in eight cases), they indicated references and/or a demonstration of cooperation with significant entities in overseas markets. One company emphasised the importance of international certificates. A respondent from a medical equipment company emphasised that his company had an extensive process of developing trust in reliability, a process that includes employees' active participation in international conferences, demonstration operating rooms presented in many key overseas markets, and a training operating room to which doctors are invited from all over the world.

Respondents' opinions suggest that in Stage 1 – before establishing cooperation – the only thing that is important is to develop trust in the company's reliability. As one of the respondents emphasised, the level of trust resulting from activities performed before the establishment of cooperation is usually low and needs to be deepened through direct contact.

The subject of trust in business relationships in Stage 2 – initial cooperation – was tackled by seven respondents. In their opinion, this stage involves negotiating and agreeing commercial terms, as well as making the first deliveries. Five respondents indicated that at this stage it is important to increase trust by allaying the other party's fears. It seems crucial, therefore, to develop trust in benevolence.

The remaining two respondents focused on the benefits of trust developing as the first deliveries are being made. The respondents pointed to reduced business formalities and lower additional costs resulting from an increased level of trust.

Respondents pointed to two types of activity undertaken during Stage 2 – initial cooperation – to raise the level of trust. The first one, formal in nature, involves internal

audits conducted by representatives of the other party or by independent organisations (sometimes by business intelligence agencies). The other type of activity consists of in-depth and open communication at various organisational levels. In each case, the scope and frequency of communication depend on the situation the entities are in.

Nine respondents presented their views on the importance of trust in long-term relationships characterised by continuous cooperation (Stage 3). Opinions on the importance of trust at this stage varied most. It seems that this is due to the respondents' different experiences (various events they had experienced that disrupted relationships) and to different approaches to international exchange – transactional or relational. Three respondents observed that reducing or losing trust in Stage 3 – continuation of cooperation – had resulted in a reduced or terminated business relationship with a foreign partner. Another respondent pointed out that an increase in trust at this stage had led to an increase in orders from foreign buyers. One of the respondents simply stated that in 'long-term relationships trust is the basis of business'. According to this group of respondents, trust is a crucial element of long-term relationships.

Two respondents were of a different opinion in this regard. According to their answers, in Stage 3 – continuation of cooperation – trust plays only a supporting role, whereas the main part in maintaining the relationship is played by the product offer and price level. Regardless of the level of trust in a business relationship, a competitor may end it by offering a better deal. These respondents seem to represent companies, which are characterised by a transactional approach to exchange.

With regard to Stage 3 – continuation of cooperation – two other respondents made comments of special significance in the context of international business. They highlighted the paramount importance of trust in Stage 3 – continuation of cooperation – in two overseas markets: Saudi Arabia in the case of one respondent and China in the case of the other. The respondents emphasised that the high level of trust developed with partners in those markets prevents the relationships from being disrupted by competing companies. In those markets, trust is a factor that not only promotes business but also guarantees uninterrupted orders. Nevertheless, the respondents pointed to the long time needed to develop trust in those markets (e.g., first orders from the Saudi market came several years after the relationship was established).

The importance of trust in the selection of foreign partners was addressed by three respondents. Their views are convergent with those given above. However, they are presented from the viewpoint of the other end of the relationship, that is from the trustor perspective (i.e. a company that assesses the extent to which it can trust its potential partners). Respondents pointed to similar stages in the development of business relationships, although they identified only the first two of those listed above (none of the three respondents referred to Stage 3 – continuation of cooperation). Respondents indicated that establishing a relationship with a potential partner is usually preceded by an analysis of references or a recommendation from another entity. They also emphasised that in Stage 2 – initial cooperation – they evaluate partners using a list of their own criteria. As part of interaction and in-depth communication, they try to verify the extent to which the partner meets the criteria. One of the respondents additionally admitted using business intelligence services to verify the credibility of potential business partners in Stage 1 – before establishing cooperation.

Nine respondents made additional comments on trust in business relationships without referring to the stages identified. One of them pointed to the significance of experience in international business for trust development in particular markets, emphasising that it is much easier for companies with experience in international business to build initial trust in successive overseas markets. This is particularly evident if a company has experience of operating in highly competitive, developed markets. Three other respondents emphasised the great importance of trust developed as part of internal, international organisational structures. In this context, they stressed the considerable significance of developing trust in a foreign branch at the headquarters of an international concern. Five remaining respondents made additional comments, which are, in a sense, a cross-section of those presented above. One of the respondents declared that trust is crucial in business, another that it is only of secondary importance. Two respondents pointed out that their business had been adversely affected by the lack of trust in their companies. On the other hand, another respondent indicated that he had achieved success in the Israeli market despite a notable lack of trust in his company.

Selected features of the identified three stages of the international business relationship development from trust viewpoint are presented in Table 1. According to respondents' opinions, a special role is played by Stage 1 – before establishing cooperation – and the parties' first interaction. It is extremely important at this stage for a trustee to achieve a certain level of trust in reliability, thanks to which the company will be seen as a potential business partner. Trust development consists in creating an image of a credible, reliable company, and can be treated as an intangible asset allowing it to establish relationships in overseas markets. The trust developed at this stage does not guarantee that cooperation with foreign entities will be established. It only helps to initiate interactions that may ultimately lead to business transactions.

In Stage 2 – initial cooperation – the entities – potential cooperation partners – contact each other directly. At this stage, it is important for a trustee to develop trust in its benevolence and business honesty. Entities should concentrate on developing an image of a company that seeks to achieve mutual benefit and avoids engaging in opportunistic behaviour. At this stage, especially important may be the establishment of personal relationships between representatives of particular entities. It is also crucial to ease the concerns accompanying the development of international cooperation. Whereas in Stage 1 – before establishing cooperation – potential trustees may aspire to belong to a wider group of potential, reliable business partners, in Stage 2 they should focus on proving that they are the best possible partners in a relationship. This may require that they develop other business relationship characteristics besides trust, in particular their commitment to the business relationship.

In Stage 3 – continuation of cooperation – business relationships have their own history. Trust in reliability and benevolence is usually at a level that is sufficient for further cooperation. It is crucial, therefore, to maintain this level by avoiding actions that could lower it. According to respondents' opinions, however, a high level of trust does not guarantee that cooperation will be continued. The relationship may be disrupted by competitors' actions if they manage to reach a sufficient level of trust in their reliability and to offer a competitive deal. The exceptions here are unique markets (China and Saudi Arabia were such markets in the present study) where a high level of trust prevents business

partners from interacting with competing companies. It seems, therefore, that trust-related actions taken by entities in Stage 3 – continuation of cooperation – should be preceded by a cultural analysis of the target expansion market. Additionally, in some industries or specific situations the exchange may be based on the relationship approach. In such cases the trust may play a similar role and should be continuously developed.

Table 1. Stages of the international business relationship development from trust viewpoint

| Feature | Stage I – before establishing cooperation | Stage II – initial cooperation | Stage III – continuation of cooperation |
|--|--|---|--|
| Character of the development of relationship | Linear development of relationships and trust | | Nonlinear changes and adjustments in relationships and trust |
| Type of trust a trustee should focus on | Focus on developing trust in reliability | Focus on developing trust in benevolence | Similar focus on developing trust in reliability and benevolence |
| Importance of trust | Existing trust helps to perform first interactions | Existing trust helps to allay potential partners' (trustor's) concern over cooperation | Importance dependent on the market: as a support or as a key element of business activity |
| Trustee's objectives | Achieving a minimum level of trust, which helps to develop an image of a reliable company in a given industry and/or overseas market | Developing a particular partner's trust indicative of business honesty, and relationship partners adequately adapting to each other | Maintaining a high level of trust (its loss may lead to business problems). A gradual increase in trust in selected markets. |

Source: own study.

CONCLUSIONS

On the basis of qualitative research in the form of in-depth, standardised interviews, the three stages of the development of business relationships in overseas markets were identified. It was indicated which of the types of trust (in reliability or in benevolence) were particularly important and should be the object of trustees' interest at each stage.

The research allows to lists some of the activities that make the development of these types of trust possible (the potential spectrum of these activities, however, seems to be much wider than identified as a result of the study). The identified trust-building activities identified include for each stage:

1. Stage 1 – before establishing cooperation:
 - collecting references (in particular from overseas markets),
 - receiving recommendations from existing partners,
 - getting certificates,
 - taking industry-specific action (e.g., participating in trade fairs, conferences and product demonstrations).
2. Stage 2 – initial cooperation:
 - communication at various organisational levels,

- formalised audits and inspections.
3. Stage 3 – continuation of cooperation:
- reliable and honest business activity.

Based on the research it was also possible to determine the sources of trust at each stage from a trustor perspective (Table 2).

In Stage 1 – before establishing cooperation – the sources of trust from a trustor perspective are cognitive- and contractual-based. Cognitive trust stems from trustee international reputation (which is typically restricted to well-known multinationals) or from deliberate actions taken by a potential trustee. Contractual trust, if exists, is enjoyed by companies located in countries with well-known and positive economic, legal, social and cultural reputation.

In Stage 2 – initial cooperation – the trustor's sources of cognitive trust, except for possible first deliveries may stem from formal audits which were mentioned by several respondents. The most important source of trust at this stage is, however, affective-based and is built in communication between the parties.

In Stage 3 – continuation of cooperation – sources of trust are mainly cognitive and are result of history of cooperation. However, in some markets, as indicated previously, the affective-based trust may be of special importance.

Table 2. Sources of trust from a trustor perspective

| Feature | Stage I – before establishing cooperation | Stage II – initial cooperation | Stage III – continuation of cooperation |
|---|---|--|---|
| Sources of trust from a trustor perspective | Cognitive trust (company reputation and actions) and contractual trust (political, legal, organisational, social and cultural context). | Affective trust (in negotiation) and cognitive trust (first deliveries and/or formal audits) | Mainly cognitive trust. Affective trust important in specific markets and/or industries |

Source: own study.

This article also stresses the need for a cultural analysis of the target expansion market with a view to determining the importance of trust in Stage 3 – continuation of cooperation. It may be also interesting to include 'country of origin effect' on trust-building activities.

The analysis has some limitations. First of all, the results presented here do not take into account companies' attitude to building business relationships, that is their preferred approach to exchange: a transactional or a relational one. It can be assumed that companies using a relational approach may find trust to be more important in Stage 3 – continuation of cooperation. A similar influence may be exerted by business practices found in the industry, which often take the form of institutionalisation, interpreted as using routine ways of cooperation. It may also be influenced by the types of entities with which the ties are developed.

Additionally, it seems that the significance of trust in Stage 3 – continuation of cooperation – requires some further in-depth research. Of special importance is the impact of cultural differences on the significance of various types of trust for the success of international transactions in the long run.

As an exploratory, qualitative research, the presented results should be verified in a quantitative research. Also, the sample of the research was not uniform. Obviously, more

rigid sample selection (e.g. similar size of companies, experience in international business, same industry) could bring some additional results.

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Appendix A: The interview form

- I. Questions about the company.
 1. Please discuss the basic characteristics of the company (size, industry, products, etc.).
 2. Please discuss the history of your company's internationalisation (When did the foreign expansion process start? Which markets did the company enter and in what order? What modes of entry were used?)
- II. Questions about expansion into one selected market – general questions.

Please describe the company expansion process for one specific foreign market that took place in the last 5 years.

 1. How did the process develop? What were the key events in the process? What form of expansion was used (indirect/direct export, sale of franchise/license, FDI)? What problems appeared?
 2. What were the motives for entering this market?
 3. How were the decisions made (spontaneous process or formalised/written strategy)?
 4. Did experience in operations on other foreign markets help (to what extent) in the process of entering a given foreign market?
 5. Was this expansion process successful? How did you define this success? How has this translated into the overall competitive advantage of the company?
 6. How did the company's activity develop on this market?
 7. Please indicate to what extent the process discussed was different from other market entries? Was it unique in any respect?
- III. Questions about expansion into one selected market – detailed questions about entities.

With regard to the discussed process of expansion for one selected market, please indicate the entities that were particularly important for its course and success.

 1. What entities were involved at the stage of initiating and planning entry into a given foreign market? Who did you (or other employees of the company) cooperate with at that stage (internal entities – e.g. other employees of the company, board of directors, employees of other branches; external entities – e.g. clients, suppliers, competitors)? What did that cooperation involve? Was the cooperation significant for the success of the expansion into a given market? Did external entities have any influence on the initiation of the company's entry into a given foreign market?
 2. What entities were involved at the entry stage and operational stage after entering a given foreign market? Who did you (or other employees of the company) cooperate with at that stage? What did this cooperation involve? Was the cooperation significant for the success of expansion into a given market? With what entities was the cooperation at that stage limited (compared to the previous one), and with which was it developed? Why?
 3. Did previous experience in foreign activities help in the selection of external entities in the entry process and its planning for this particular market?
 4. Was the choice of the entry mode into this particular foreign market associated with the pursuit of developing optimal relations with external entities (the possibility of establishing closer contacts, durability of contacts with external entities, etc.)?
- IV. Questions about expansion into one selected market – detailed questions about trust.

Returning to the entities listed in section III; please describe each of these relationships in terms of the importance of trust for the partner during the process:

 1. How high / low was the level of trust in a particular partner? How did it change? Did the level of trust in this particular relationship influence the success/failure in a given market? Why?
 2. What was the level of trust to the entities in your company? Did it change over time? Did you take any steps to develop the level of trust? How important was it for the company success in the market? Why?

Authors

The contribution share of authors is equal and amounted to 50% each of them.

Łukasz Małys

Assistant Professor in the Department of International Marketing at Poznan University of Economics and Business. He has worked on research related to company internationalisation process, business relationships and business networks, as well as foreign direct investments and is an author of more than 40 publications and 4 books. As a researcher he has taken part in 6 research projects (including 1 international). He has also been involved in consulting projects for authorities and business.

Correspondence to: Dr Łukasz Małys, Poznan University of Economics and Business, Department of International Marketing, al. Niepodległości 10, 61-875 Poznań, Poland, e-mail: lukasz.malys@ue.poznan.pl

Krzysztof Fonfara

Full professor, head of Department of International Marketing at Poznań University of Economics and Business, Poland. Member of the Editorial Committee and Reviewer of Industrial Marketing Management, Member of the Industrial Marketing and Purchasing Group (IMP). Research interests include issues of internationalisation process (network approach), B2B marketing and relationship marketing. Author of over 170 papers and 6 books. His work was published among others in International Marketing Review, European Journal of Marketing, International Journal of Research in Marketing, Marketing Management, Industrial Marketing Management.

Correspondence to: Prof. Krzysztof Fonfara, Poznan University of Economics and Business, Department of International Marketing, al. Niepodległości 10, 61-875 Poznań, Poland, e-mail: krzysztof.fonfara@ue.poznan.pl

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