The Role of Relationships in Initiating the Internationalisation Process in B2B Markets

Bartosz Deszczyński, Krzysztof Fonfara, Adam Dymitrowski

Abstract

Objective: The objective of this paper is to evaluate how companies use the relationship capital when initiating the internationalisation process and how the development of a business network affects this process.

Research Design & Methods: The paper presents a comparative analysis of case studies of seven companies based in Poland and operating in foreign markets. This set of primary data and a comprehensive literature review served as a stimulus for the development of a typology of relationship capital mediating agents.

Findings: The cornerstone of the article is the assumption that in order to accelerate internationalisation, entities trying to enter foreign markets have to “borrow” relationship capital from one or more of several mediating agents. The article identifies these agents and outlines the role of different types of relationships during the market entry phase.

Implications & Recommendations: The article proposes a typology of relationship capital mediating agents such as: foreign and domestic intermediaries, individual insiders, own international and corporate network, own network expansion, and corporate or personal referrals. It also outlines the limited role of social relationships in concluding a successful market entry, placing them as one of the possible, but not necessary, options.

Contribution & Value Added: The originality of this work lies in the application of the concept of the relationship assets/capital to the network approach in internationalisation as proposed by the Industrial Marketing and Purchasing Group (IMP) and the development of a typology of relationship capital mediating agents.

Article type: conceptual paper

Keywords: business relationships; social relationships; institutional relationships; internationalisation; relationship capital mediating agents, relationship management

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INTRODUCTION

The internationalisation process has been studied since the 1970s. The extensive body of research includes company internationalisation models, which seek to clarify motives for, as well as strategies, stages and outcomes of this process (Daszkiewicz & Wach, 2012; Onetti, Zucchella, Jones, & McDougall-Covin, 2012; Johanson & Vahlne, 2003; Andersen, 1993). These models can be categorised into two main research streams, namely a classic and a network approach (Małys, 2013). The classic sequential, eclectic and strategic models are still useful in explaining the endogenous part of the internationalisation decision making process (Ried, 1983; Dunning, 1980; Johanson & Vahlne, 1977), but they offer hardly any direct references to company relations with the external world (Fonfara, 2012).

Under the network approach, the focal point of analysis is not the company itself but its relations with other partners. Hence, in this approach, internationalisation is defined as “a process by which firms expand their network by building new relationships with other actors in a foreign market” (Johanson & Kao, 2012, p. 10). Consequently, a network can be characterised as a set of connected exchange business relationships between actors controlling business activities (Forsgren & Johanson, 1992). This leads to the idea that companies can be divided according to the extent of their own internationalisation and the internationalisation of their network of connections (Johanson & Mattsson, 1988), as well as according to their ability to use diverse relationships within the network. The entities with significant presence in international markets and with a high density of international networks will gain a superior position over their more passive, locally oriented competitors (Johanson & Mattsson, 1993). In the revised Uppsala model of 2009, the importance of network embeddedness is raised so high that it even overshadows the traditional obstacle to internationalisation, namely the psychological distance (Johanson & Vahlne, 2009). Hence, when considering international expansion, the liability of outsidership and of the absence of valuable relationships is far more problematic than the liability of foreignness. To sum up, the process of internationalisation refers to three main aspects: the resources of a company, its relationships with entities in foreign markets and forms of activity in foreign markets (Dymitrowski, 2014, pp. 68-69).

In this article, we concentrate on the role of relationships in the initial phase of the internationalisation process, when the company begins to develop its business network. Although the literature showcases many typologies of expansion into foreign markets – such as equity and non-equity based forms of expansion (Dymitrowski, Małys, & Ratajczak-Mrozek, 2012; Yosino & Rangan, 1995), incremental vs rapid internationalisation (Wach, 2015), cultural barriers to expansion (Gorostidi-Martinez & Zhao, 2017), the geographical and business segment factor in expansion (Shirashi & Iijima, 2009), industry-specific expansion (Baum, Shiplov, & Rowley, 2017; Gulati & Gargiulo, 2003), expansion of family companies (Lópex-Cózar-Navarro, Benito-Hernández, & Platero-Jaime, 2017), SMEs (Laghaouai, 2011) and born global firms (Hennart, 2014), multi-stakeholder expansion (Fonfara & Szczepański, 2010; Havila, Johanson, & Thilenius, 2004) and the role of formal and informal relationships in international business (Dunning, 2006) – these approaches reflect relatively weak links to relationship management.
Yet, when entering a new market, not only the strategy, structure and resources have to be adapted (Trąpczyński, Jankowska, Dzikowska, & Gorynia, 2016). The activities of a company tend to differ significantly also in the relational context. In this article we try to establish a bridge between internationalisation and relationship management. We, therefore, propose a typology of mediating agents – the entities which can facilitate the foreign expansion process of a company, based on their own relationship capital in the target market.

The structure of this paper is as follows. Section 2 is dedicated to the methods we used both in our theoretical and empirical research. In Section 3 we present the types of relationships that may be developed during the internationalisation process and we conceptualise relationship assets and relationship capital as an important effect of interactions with the stakeholders of a company. In section 4 seven case studies of the companies based in Poland and operating in foreign markets are presented. In these case studies we introduce different types of relationship capital mediating agents and we discuss their influence on the internationalisation process. Finally, section 5 offers a general summary of the article and presents research limitations and the main direction for further studies.

**MATERIAL AND METHODS**

The main objective of this research is to evaluate the foreign market entry process in the relationship perspective. We assume that in order to accelerate foreign expansion of a company, there emerges a need to find a way to compensate for a newcomer’s disadvantages exaggerated due to the otherness of foreign culture, law and financial systems. As a company is unlikely to maintain its extensive relationships (or to own its relationship capital) which are useful in the target market, this capital has to be “borrowed” from other parties that can be called relationship mediating agents. Hence, our research propositions are as follows:

**Proposition 1:** In initiating the internationalisation process what companies lack most is relationship capital in the foreign markets.

**Proposition 2:** A successful internationalisation process should seek to compensate the shortages in own relationship assets of a company by looking for valuable partners already possessing relationship capital in the target markets. Building on these partners’ capital will ease and accelerate the foreign expansion.

**Proposition 3:** There exist different types of relationship capital mediating agents who offer different types of relationship assets which vary in their nature and usability.

In order to meet the research goals and verify the propositions, in this paper we apply a multi-stage research procedure. First, the article offers a discourse based on extensive literature review. The key concepts referred to and conceptualised in the theoretical section are various types of relationships, relationship assets and relationship capital.

Further on, we present case studies of companies based in Poland and operating in foreign markets. In order to maintain the diversity of the questioned entities, the secondary selection criteria included industry and market sector (production, services, trade sector), ownership structure (Polish capital-owned and foreign capital-owned companies; public companies, public limited companies, other types of private sector companies) and company size (in terms of the number of employees).
Since the existing theoretical material seemed to be incomplete, a qualitative analysis of the case studies was deliberately chosen as a leading research method to recognise the practical reality of tacit knowledge in business decisions, actions and results (Gummesson, 2017; Danik & Kowalik, 2013, p. 11; Piekkari & Welch, 2006). This method seems to be most popular but on the other hand most appropriate and satisfactorily justified for research on industrial marketing (Easton, 2010, p. 118). 30 case studies were collected in the first half-year of 2016 by a team of researchers working on a project focused on the maturity of company internationalisation. Direct interviews based on semi-structured questionnaires with predominately open-ended questions were conducted with one, two or three managers competent in the internationalisation process (depending on the company: export, marketing, key account or general managers). The questionnaires were provided in advance, so even where only one interlocutor was involved, the answers to the questions were rich in details and informative. Moreover, the interviews were recorded and their transcripts further internally consulted and authorised by our interlocutors. These transcripts were used to prepare baseline compilations, which in turn are a starting point for this article.

The literature review and a digest of seven case studies served as a stimulus for a comparative analysis which resulted in the development of a typology of relationship capital mediating agents. The case studies were selected according to criteria proposed by Miles and Huberman (1994), such as the presence of the analysed problem, the possibility of conducting analytical generalisation and providing reliable explanations. In particular, the chosen case studies relate to processes of internationalisation, which are different in a relationship context. Although in some situations more than one source of relationship capital was activated, each case study clearly depicts the nature of relationship capital borrowing process from one leading agent.

LITERATURE REVIEW AND THEORY DEVELOPMENT

Types of Relationships

By acknowledging the importance of business relationships, advocates of the network approach have transposed the social exchange perspective to business networks (Chetty & Blankenburg-Holm, 2000). This has broadened the scope of analysis to such phenomena as trust and commitment (Friman, Gärling, Millett, Mattsson, & Johnston, 2002) and social relationships between individuals in firms (Halinen & Salmi, 2001). Meanwhile, in the highly complex and multifaceted business world of today, relationship management, both as a theoretical approach and as business practice, appears to be more relevant than ever before (Payne & Frow, 2017). The benefits of a long-lasting relationship characterised by mutual trust and commitment are directly linked to valuable resources which can only be accessed thanks to collaborating partners (Deszczyński, 2016a). According to Barney, what companies should appreciate most are VRIN resources (valuable, rare, costly to imitate, non-substitutable) (Barney, 1991), which in the context of international business can take the form of, for instance, market knowledge and expertise, and the ability to access distribution channels or innovations.

The network approach explains the nature of this process in an interrelated matrix of international business connections. The actors present in the entrepreneur’s network appear to include both individuals and organisations which come from various backgrounds.
and are not necessarily restricted to customers or suppliers. Furthermore, the relationships established between actors may be of a business, social or institutional nature, or may constitute a mix of these (Johanson & Kao, 2012, pp. 2-3).

A fundamental aspect raised in business network definitions is the interconnectiveness between two or more companies, predominately buyers and their suppliers. Such business relationships have been traditionally analysed from the perspective of a focal firm dominating its partners or a focal relationship connected to peripheral ones (Anderson, Håkansson, & Johanson, 1994). In order to actively manage such vertical and horizontal relationships, entities have to apply portfolio management and develop relationship management capabilities (Möller & Halinen, 1999). Nevertheless, even if managers are a medium for these relationships, at this level of analysis they are not considered to be a separate subject of the relationship (Johanson & Kao, 2012). Formal relationships – independent of the human factor – are more likely to occur as the collaboration between particular entities is more strategic, e.g. in strategic alliances (Cooper & Gardner, 1993).

Social relationships can be perceived as part of a B2B relationship, although they obviously exceed a purely corporate context. The inclusion of social relationships is often found in studies of the internationalisation of SMEs and the establishment of born globals (Laghzaoui, 2011; Danik, Duliniec, & Kowalik, 2016). The role of entrepreneurs in these entities is much more significant, and the social relationships they foster provide much needed assistance for resource-constrained firms (Chetty & Blankenburg-Holm, 2000). This is why, the term social relationships is often used interchangeably with personal or informal contacts.

At the beginning of cooperation, personal contacts can act as “bridge relationships” by creating openness to a dialogue on a new proposal (Blankenburg-Holm & Eriksson, 2000). Managers can use existing social ties and business contacts from previous positions to help their company to expand. According to research by Loane and Bell (2006, p. 467), 25% of firms actively used existing networks to develop their knowledge of international markets and 34% had to build new networks because of the advanced nature of their offering. By hiring an experienced employee, a company can also get access to market knowledge, helpful in identifying market opportunities and market entries (Chetty & Pahlberg, 2015). This can cause improvisation in the internationalisation process, yet still helps in taking advantage of temporarily arising business opportunities.

Social relationships are also perceived as an essential element of long-term success. Evidence can be found in the literature indicating a positive correlation between the existence of social relationships and sales performance (Ahearne, Gruen, & Jarvis, 1999), the creation of innovations (Walter, 1999) or customer satisfaction and commitment (Halinen, 1997). However, it cannot be taken for granted that the existence of social relationships leads to collaborative success or, alternatively, simply accompanies successful relationships based on reciprocity of value creating processes (Czakon, 2011; Moverey, Oxley, & Silverman, 1998).

The institutional relationships will definitely not make up for the strong ties of mature relationships (Granovetter, 1973), but they can be particularly helpful at the initial stage of internationalisation. For instance, the role of governmental trade promotion agencies and other public institutions is to provide legitimacy and decrease the risk of business transactions being concluded between business strangers, especially in the markets of generally low contractual trust (Ibrahim & Ribbers, 2009; Welch, Welch, Young, & Wilkinson, 1998). These agencies can also support companies with market knowledge and assist them in identifying
opportunities beyond the domestic market (Evers & O’Gorman, 2009). Institutional relationships can also be developed for a longer period of time with other types of entities. For example, in emerging economies, institutional intermediaries directly controlled by local authorities, state-owned enterprises or business groups can ease or even condition market entry and successful penetration (Zhu, Hitt, & Tihanyi, 2007).

**Relationship Assets and Capital**

The positive effects linked to the development of business, social and institutional relationships will vary according to the business context, but cataloguing all of them in this article is not intended. Alternatively, our focus is on describing a more general, yet significant, effect, namely the creation of relationship assets. These can be defined as intangible resources, a result of continuous formal and informal interactions inducing useful knowledge and leading to the development of positive associations with the organisation, its brands and representatives, which in turn brings benefits to particular individuals and reinforces the competitive position of the company itself (Deszczyński, 2014).

This definition outlines three major issues: first, that the nature of relationship assets implies that they are created in the process of communication; second, that there are both internal and external parties involved in this process; and third, that their existence can be identified by the creation of knowledge with an economic utility value. Moreover, relationship assets emerge as an accumulated sum of experiences, trust, commitment and mutual learning processes developed during a longer period of time (Chen, Yeh, & Yeh, 2011). The sum of relationship assets at the disposal of a company can be called social, relational or relationship capital. According to the definition of relationship assets, this capital is dead unless it is used to produce an interaction and dialogue with stakeholders, thus generating knowledge for continuous improvement (Gummesson, 2004).

Although not without an extra effort, the rent on relationship capital (Return-On-Relationship – ROR) can be calculated at various levels. In dyadic relationships, it is a matter of written or unwritten preferences reflected in partner interactions (e.g. openness to communication), processes (e.g. mutual adjustments) and behaviours (e.g. preference of a consensual resolution of conflicts). In triadic systems, it is a benefit gained in a relationship with one entity based on the relationship with the other (e.g. personal referrals or corporate references). At the network level, it is favourable access to a specific resource (e.g. clusters and high-skilled workforce) or a premium thanks to achieving a superior position over a single competitor or weaker networks (e.g. a business alliance helping to achieve the status of a strategic supplier to a major customer) (Bowey & Easton, 2007).

Haber (2014, pp. 142-143) distinguishes five stages in the process of building relationship capital. The first stage refers to initial contact. A motivation for an initiation is a need to possess a particular value. That is why a transactional exchange is taking place. The second stage involves an exchange of information. This is done, however, because of a requirement rather than willingness, to do so. The next stage is becoming more personal, because people start to share their emotions. These are believed to be not just mere conversations, but a dialogue conducted in order to better understand each other. In the fourth stage, there is a place for common objectives. Moreover, whenever a conflict occurs, both sides try to reach a compromise. The last and highest stage possible to reach in the concept of building relationship capital refers to loyalty and trust. The relationship has been developed into deep empathy, where partners express their true thoughts, ideas and
concerns. Hence, the formula in such mature relationships can be a self-propelling perfect circle of discreet information access, which improves the tangible value of a business and the comfort of collaboration by establishing mutual trust, loyalty and commitment, which in turn helps to create even more value on the relationship, leading to an even more advantageous resource of information (Osterwalder, Lagha, & Pigneur, 2002).

In the course of such close cooperation, a formal, pure business relationship can turn into a personal, social relationship. In this context, Ring and Van de Ven put forward an important idea (1994). According to them, the character of social relationships is changing with the flow of time. At the beginning, relationships are more formal because of the necessity to play an organisational role, but with time formalisation is replaced with personal roles.

However, there are also opposing views. The highest level of Haber’s relationship capital model refers to a specific affect-based (goodwill) trust (Hauke-Lopes, 2011; Doney & Cannon, 1997; Ganesan, 1994)). Close relationships of that kind can only be built in a process of continuous mutual assessment of behaviour upon predictability, integrity, authenticity, accessibility and moral values (Mathers, 2009, p. 35). Even a long-term business partnership may not give enough space for such intimacy. Therefore, some authors indicate that deep emotional bonds between partners have to be developed before actual business relations occur (Halinen & Salmi, 2001).

In summary, under the footing of network approach, formal business relationships are usually supplemented by social informal relationships. Companies can also take benefit of institutional relationships. In the process of internationalisation these relationships have to be developed in order to improve company’s relationship capital. The higher relationship capital, the better chances to gain a favourable position over competitors. In order to accelerate this process in a foreign market, a company may seek to establish relationships with the partners who have already developed their own relationship capital and are ready to provide it, for mutual benefits.

RESULTS AND DISCUSSION

Case Studies

The following case studies are based on a sample of 30 companies interviewed during a 2016 research project (see methodology). Each case study concerns a different relationship capital borrowing situation, although some of them can be viewed in a multifaceted context. The overview of the companies featured in the case studies is presented in Table 1.

AR is a Polish ICT, hi-fi and home appliances retailer listed on the Warsaw Stock Exchange. It runs (directly and on a franchise basis) approx. 200 points of sale in Poland, and in addition it operates its own e-shop. Its current growth strategy includes several options, e.g. a vertically integrated value chain (computer accessories sold under its own label), but internationalisation is by far the most important of them. However, having gained some experience in the Czech and Slovak markets, the company decided to expand into Germany.

Although the products AR provides have their own internationally recognised brands, the main challenge to succeed in the German market was to cope with the liability of the distributor’s foreignness in the perception of local individual customers. One way to solve this problem was to establish a subsidiary with an address in Berlin’s prestigious Friedrichstrasse, but an even more important thing was the company’s presence
on the Internet. *AR* used a German subsidiary of *Amazon*, the leading global online sales platform, to reach German customers without having to compensate for the perceived higher risk of conducting transactions with an unknown Polish company. As the initially marginal scope of business grew in a relatively short time, cooperation between the two parties got closer as well. *AR* was assigned a key account manager from *Amazon*, who assists the Polish company in executing specific sales mechanisms. Although *AR* maintains also its own e-commerce channel in Germany, the relationship with *Amazon* is still perceived as an important asset continuously reinforcing its market presence.

One can argue that, in the B2B market, the establishment of relations with a foreign intermediary entails the same investment of time and financial resources which are needed in the case of direct contact with a foreign customer. However, a lower risk perception and natural “mercantile” openness of such an entity makes it easier to access. Moreover, its relationship capital should be higher than that obtained in the course of cooperation with one client only because a good distributor may simultaneously maintain relations with multiple customers.

*Solaris*, Europe’s leading bus and coach manufacturer listed on the Warsaw Stock Exchange, has successfully used domestic intermediaries on several occasions. One of its first export contracts was concluded with *BVG*, a Berlin city bus company. A decisive role in establishing the company’s relationship with *BVG* was played by a mission to Berlin organised by *Wielkopolska Izba Przemysłowo-Handlowa* (*Wielkopolska Chamber of Commerce*). The Polish guests travelled there in Solaris buses, which were parked overnight at *BVG*’s depot. Only after this visit did *BVG* assign one of its partners to purchase two buses, which was followed by a contract for 260 vehicles in the succeeding year.

Similarly, *Solaris’* expansion into Israel started after talks with *UBSI* (*United Bus Services Import*), which were held on the occasion of a trade mission accompanying the Polish president during his visit to the Holy Land. This example shows that the company may need and use several sources of relationship capital in the same expansion process. *UBSI* turned out to be not only a customer for *Solaris* buses, but also a distributor and an offset partner. The negotiations with the Israeli company were also facilitated thanks to references which *Solaris* obtained from the German market. This indicates that a company can synergise different contacts in accumulating critical mass of relationship capital needed to enter a new market.

*ZB* is a small company which designs, manufactures and implements robotic lines and cells for automotive production. In this industry, the value creation chain is extremely complex. For instance, Original Equipment Manufacturer (OEM) companies such as *Volkswagen* or *Ford* have established a network of Tier 1 suppliers which provide a bundle offer of significant modules and services. Smaller entities, such as *ZB*, do not cooperate with OEMs directly. Still, even Tier 1 suppliers are big entities which are hard to approach, especially by companies with a neutral or negative perception of the country of origin (*Bilkey & Nes, 1982*).

In order to establish direct export relations in the German market, *ZB* used its contacts with the Polish subsidiaries of Tier 1 suppliers. Formal references and informal referrals enabled the company to reach key decision makers, who usually represent procurement, technical or planning departments. However, the enjoyment of borrowed relationship capital in such a hierarchical environment by an out-of-network company only allows it to overcome communication indifference but does not guarantee immediate
sales. ZB had to spend a longer time on a bench of potential suppliers and invest a lot of work in planning and quotation before it got its first contract.

Table 1. List of the companies featured in the case studies

<table>
<thead>
<tr>
<th>No.*</th>
<th>Company name**</th>
<th>Company focus &amp; Industry</th>
<th>Main internat. markets</th>
<th>Internat. expansion since</th>
<th>Market featured in the case study</th>
<th>Expansion in the featured market since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company AR</td>
<td>retailer hifi &amp; home appliances</td>
<td>Czech Republic, Germany, Slovakia</td>
<td>2010</td>
<td>Germany</td>
<td>2012</td>
</tr>
<tr>
<td>2</td>
<td>Solaris</td>
<td>manufacturer buses, coaches, &amp; trams</td>
<td>European Union</td>
<td>1996</td>
<td>Israel</td>
<td>2012</td>
</tr>
<tr>
<td>3</td>
<td>Company ZB</td>
<td>manufacturer robotic lines and cells for automotive industry</td>
<td>Europe</td>
<td>2012</td>
<td>Germany</td>
<td>2015</td>
</tr>
<tr>
<td>4</td>
<td>Company Y</td>
<td>manufacturer paperboard products</td>
<td>European Union</td>
<td>2007</td>
<td>Germany</td>
<td>2007</td>
</tr>
<tr>
<td>5</td>
<td>Apator Powogaz</td>
<td>manufacturer electromechanical meters</td>
<td>European Union and Non-EU European states</td>
<td>1994</td>
<td>Czech Republic</td>
<td>2013</td>
</tr>
<tr>
<td>6</td>
<td>Company N</td>
<td>manufacturer brackets for sanitary &amp; heating systems</td>
<td>Czech Rep., Germany, Latvia, Lithuania, Romania, Slovakia, Ukraine</td>
<td>2006</td>
<td>Czech Republic</td>
<td>2010</td>
</tr>
<tr>
<td>7</td>
<td>Company P</td>
<td>Service provider IT systems development</td>
<td>Global</td>
<td>2007</td>
<td>USA</td>
<td>2007</td>
</tr>
</tbody>
</table>

* In order of appearance in the text; ** Some companies wished to stay anonymous

Source: own study.

Y is a medium-sized company, a leading manufacturer of paperboard products in Poland. As a subsidiary of an almost hundred-year-old German company, Y was able to use its owner’s network in the demanding markets of Germany but also France, Great Britain and the Netherlands. The Polish subsidiary benefited from its parent company’s relationship capital in two ways. First, it used the parent’s market intelligence and relations with existing customers to win orders for more labour-intensive products, which the Polish company specialises in. The second way is its own prospecting activities in the German market benefiting from the image of credibility given by the headquarters. To strengthen the proximity to German customers, the prospecting activities are still performed by the native sales force employed by one of Y’s subsidiaries.

One of possible ways to get access to relationship capital in a foreign market is to acquire it with a whole company. Apator Powogaz is a metering company, a subsidiary of Apator Group, which is a reputable supplier of electromechanical products listed on the Warsaw Stock Exchange. Thanks to a relative freedom granted by its parent company, Apator Powogaz started to search for small but innovative competitors. The plan was to buy them and quickly get access to promising technologies instead of investing a great deal of time and devoting a considerable financial effort to develop them autonomously. One of the investments made was the Czech heat meter manufacturer Metra. This purchase enabled Apator Powogaz not only to extend its product portfolio, but also to get a leading position in an
important market. In order to fully exploit the innovative potential of its acquisition and preserve its relationship capital, the new company, *Apator Metra*, was given a lot of autonomy, including the possibility of undertaking its own foreign expansion. Thanks to an almost seamless takeover process, most of the management and line employees stayed with the company, causing no disruption to its relations with customers.

Another Polish company operating in the heating industry has gained its own experience in the Czech market. *N*, a small manufacturer of brackets for radiators, did not have sufficient resources for direct foreign investment although it had an alternative asset: direct access to a potential customer. *N* capitalised on a close relationship between its owner and the sales director of a major radiator manufacturer. This individual insider helped to answer some basic relational questions, such as: “Who are the customers?”, “What do they want?”, and “When is the best moment to approach them?” (Deszczyński, 2016, pp. 82-83). In this particular case, the main brackets supplier was a huge international company which perceived the Czech Republic as a peripheral market. Therefore, *N*’s offer addressed the need for customisation, flexibility, a good product/price ratio and communication, hitting precisely the soft spot of the competitor.

The relationship between the owner of the Polish exporter and the sales director of the Czech company was based simultaneously on all the important levels of trust: institutional, cognitive and affectionate (Sako, 1992). As it had existed before the actual business occurred, *N* did not wait long for its first contract. Moreover, the relationship capital provided by the individual insider helped not just to sell to his company. Soon, other customers (such as installation wholesalers) followed, even without waiting for direct supplies but buying back brackets from the first customer instead. Today, almost every radiator in the Czech Republic is mounted on brackets from Poland.

The case of *N* seems to be unique in terms of possible repeatability. The chance to establish such a close relationship with the right person at the right time is scarce. However, in the course of our research we discovered an alternative way of accessing relationship capital based on personal referrals.

*P* is a typical small born global company operating in the ICT services industry. After the incubation time, when the company had only local customers, it expanded into international markets (USA, Australia, New Zealand). This process was definitely spontaneous and reactive because it was solely based on customer enquiries.

Usually, a company’s recognisability on the Internet poses a major problem. However, the IT world, especially in the field of R&D, is characterised by a dense network of connections, so the quality verification of a product is prompt and easy (Hanaki, Nakajima, & Ogura, 2010). Various communicators, specific online forums, chat groups and other means of communication provide a platform for informal dialogue. The commonness of crowd-sourcing and open-innovation provides an opportunity not only to exchange technical knowledge but also to make a good name for oneself and become a point of reference in a specific product range or technology (Fried, 2010). Therefore, the relative hermeticism of the IT language makes it easy to be found and to find peers all over the globe.

*P* enjoys the benefits of personal referrals which often turn into formal references. The company believes that even a single reference in a particular market sector can be an effective bridgehead to customers who need the same technology. Nonetheless, most of the projects started informally and are based on capital originating from individual online relationships.
The Typology of Relationship Capital Mediating Agents

Although the case studies presented above feature entities varying in terms of size, industry and experience, they all have one thing in common: in order to accelerate their international expansion, they harness the help of mediating agents, who already possess the relationship capital needed to activate relationships with target customers. In this perspective, the process of borrowing relationship capital can be perceived as seeking to improve own imperfect assets or to create new capabilities faster and at a lower cost than by acting alone, thereby achieving competitive advantage (Czakon, 2011). Table 2 summarises the case studies and matches the companies with the types of the relationship mediating agents they used. Table 3 presents a typology of these agents based on the types of relationship they offer.

Table 2. List of the companies, the relationship capital mediating agents and their main role in the internationalisation process

<table>
<thead>
<tr>
<th>No.*</th>
<th>Company name**</th>
<th>Type of relationship mediating agent</th>
<th>The main role of the agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company AR</td>
<td>Foreign intermediary</td>
<td>Overcoming the liability of foreignness towards the end-customers</td>
</tr>
<tr>
<td>2</td>
<td>Solaris</td>
<td>Domestic intermediary; Foreign intermediary</td>
<td>Providing general risk reduction on the institutional level Overcoming the formal barriers of expansion and sales agency in a hermetic market</td>
</tr>
<tr>
<td>3</td>
<td>Company ZB</td>
<td>Corporate reference / Personal referral</td>
<td>Overcoming the barriers for communication with the decision makers on an operational level</td>
</tr>
<tr>
<td>4</td>
<td>Company Y</td>
<td>Existing international corporate network</td>
<td>Overcoming the liability of outsidership and the barriers for communication with the decision makers on an operational level</td>
</tr>
<tr>
<td>5</td>
<td>Apator Powogaz</td>
<td>Own network expansion</td>
<td>Directly seizing the sales network</td>
</tr>
<tr>
<td>6</td>
<td>Company N</td>
<td>Individual insider</td>
<td>Overcoming the barriers for communication with the key decision makers (directly accessing customers)</td>
</tr>
<tr>
<td>7</td>
<td>Company P</td>
<td>Personal referral</td>
<td>Overcoming the barriers for communication with the decision makers on various levels (directly accessing customers or enjoying proactive introductions)</td>
</tr>
</tbody>
</table>

* In order of appearance in the text ** Some companies wished to stay anonymous

Source: own study.

An individual insider and own-network expansion seem to be the most powerful relationship capital mediating agents. The former can be a particular decision maker representing the customer in relations with the supplier (internal subtype). This situation was clearly depicted in the N case. Alternatively, a similar role could be played by a former employee of a target customer or a direct competitor of the expanding company (external subtype). As relationship capital can be attributed to a single person, personal relations with a non-commercial record, open communication channels and on-the-job experience can catapult the relationship straight away to an elevated level (Decker, 2016, pp. 56-58).
The same effect can occur as a result of a takeover of a reputable foreign competitor. However, the success of this manoeuvre, as showcased but not limited to the example of *Apator Metra* (Gammelgaard, 2015, pp. 109-113), depends on intentional efforts not only to seize a new technology, but also to preserve the relationship capital of the smaller partner rooted in its people, processes and structures. As such tacit knowledge is not transferable separately from its context, mass employee departures would significantly burden this process (Łobacz, Głodek, Stawasz, & Niedzielski, 2016).

Table 3. A typology of relationship capital mediating agents

<table>
<thead>
<tr>
<th>Relationship capital mediating agent</th>
<th>Relationship types</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>social</td>
</tr>
<tr>
<td>individual insider</td>
<td>•</td>
</tr>
<tr>
<td>personal referral</td>
<td>•</td>
</tr>
<tr>
<td>domestic intermediary</td>
<td>•</td>
</tr>
<tr>
<td>corporate reference</td>
<td>•</td>
</tr>
<tr>
<td>foreign intermediary</td>
<td>•</td>
</tr>
<tr>
<td>existing international corporate network</td>
<td>•</td>
</tr>
<tr>
<td>own network expansion</td>
<td>•</td>
</tr>
</tbody>
</table>

Source: own study.

The existence of a strong corporate network is also of great help in international expansion, as demonstrated by the example of Y. Years of experience and good understanding of target or similar markets (know-how and know-who) disguised with a better country-of-origin perception can offer the comfortable position of a non-stranger even to a young company.

A non-stranger identity can also be borrowed from foreign intermediaries, such as distributing companies. The business concept of these companies is based on a mercantile principle. They specialise in connecting producers with retail chains or end consumers. In the context of relationship capital, the added value they bring to such a network includes facilitating the establishment of relations, providing useful market information and lowering transaction risk for both sides by supplementing new partners’ credibility (Madsen, 2014, pp. 132-144). For smaller exporting entities both in services and manufacturing industries, intermediaries acting as informants, integrators and coordinators may be the only way to reach customers whose operations are too big to be open to establishing direct business relations (Costa, Soares, & de Sousa, 2015, p. 398). Moreover, as in the case of AR, local distributors can provide a domestic identity for an exporting partner’s offer, which mitigates the liability of foreignness not just within the business network, but also in end-consumer relations in the B2C market.

Examples of institutional equivalents of foreign intermediaries include governmental trade promoting agencies. Such domestic intermediaries may not have direct access to all companies across all industries, although they can establish a formal platform of dialogue, which mitigates the initial wariness of potential partners, as was in the case of *Solaris*’s expansion into the German and Israeli markets. The relationship capital that can be obtained thanks to domestic intermediaries is not particularly high and varies greatly across
firms’ home countries (Marano, Arregle, Hitt, Spadafora, & van Essen, 2016, p. 1075). It seems to reinforce mainly the establishment of the initial level of contractual trust (Fonfara, Deszczyński, & Dymitrowski, 2016; Nielsen, 2004). Still, relatively insignificant investment of time and financial resources makes this strategy a safe option.

Even if they differ in the degree of formality, corporate references and personal referrals apply similar mechanisms in helping to break the barriers of indifference or high risk perception between the supplier and the target customer. This credit may be insufficient in formal circumstances of a dispersed and atomised large network (as in the case of ZB). Smaller group structures tend to better facilitate strategic and economic outcomes for their members (Chen & Jaw, 2014, p. 1019). In the case of P and other high-tech industry born global companies, rapid internationalisation necessitates the exploitation of temporary network nodes and specialised fora (Smith, Ryan, & Evers, 2015, p. 297). At least in this industry, less formal environment can directly lead to sales leapfrogging of most of the steps occurring in traditional procurement processes. Nonetheless, both references and referrals can significantly shorten the period of knocking on the customer’s door, which makes them a reasonable alternative at any possible time.

CONCLUSIONS

The discussion of business relationships and their impact on internationalisation conducted in this paper is by no means exhaustive. We believe, however, that establishing a bridge between internationalisation and relationship management is an important task in the field of management science. The phenomenon of relationship capital mediating agents conceptualised in the paper supports the network approach to internationalisation. Their existence confirms the need of the companies for relationship assets (Proposition 1), which can be used in the process of overcoming the liability of outsidership when entering a new market – as stated in Proposition 2. This, in turn, explains why entities with a dense network of connections tend to be more successful than single players who cannot “borrow” vital assets from their partners, including relationship assets. This vividly shows that unlike in the B2C sector, in the B2B sector the activities to conclude even the first transaction are based on the principles of the relationship approach. Hence, it may be a strong recommendation for managers to treat their employees as partners because their ability to demonstrate the same attitude in the dialogue outside the company is a crucial success factor (Deszczyński, 2016b, p. 7). The typology of relationship capital mediating agents can also supplement the traditional product or legal analysis as a part of managerial decision making process on international expansion.

Referring back to the third Proposition, we indicate that in the specific context of a given industry and a type of a company, some of the relationship capital mediating agents can be more helpful than others. E.g. personal referrals in the process of rapid internationalisation of born global companies can directly open sales opportunities, while the intermediation of a state agency is usually supportive in establishing the first level of institutional trust only. Further on in the course of our research we found that social types of relationships are particularly effective in reaching the goal of expansion, although their occurrence was an option rather than a necessity. The continuing formality of relationships, even in the case of longer-term business cooperation, indicates that the issue of
human preferences is far more complicated than just being a matter of on-the-job contacts. On the other hand, a practical approach to communication accessibility, e.g. the use of informal contact channels, coincides with the duration of cooperation, although it cannot be confused with social relationships. Alternatively, it should be distinguished as a necessary but insufficient component indicating a close personal relationship. Hence, making friends with the right corporate insider may be a matter of luck, but ensuring the easiness and accessibility of contact is a first-line managerial responsibility.

The conclusions drawn upon this study are of a preliminary character, mainly due to a relatively small number of the case studies presented. In consequence, the basic limitations of our research are linked with the geographic and industrial concentration of the investigated companies (mainly manufacturers operating in Central Europe). Therefore, we intend to extend the number of case studies in the future research, to cover more industries from a broader geographical area. By doing so, we hope to get a more representative overview in search of possible alternative forms of relationship capital mediating agents and a further confirmation of those defined already. Future research could also examine extensively the impact of particular relationship capital mediating agents from a more distant time perspective, after the company has entered the foreign market. In particular, an interesting direction of future research could be an attempt to assign a specific type of agent to different stages of the internationalisation process. It would enable the identification of activities a company has to undertake in a relationship context in order to build competitive advantage in an international environment.

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