Relationship capital mediation in the internationalization

BARTOSZ DESZCZYŃSKI

Poznań University of Economics and Business, Institute of International Business and Economics, Department of International Marketing, al. Niepodległości 10, 61-875 Poznań, Poland

✉ bartosz.deszczynski@ue.poznan.pl
✉ orcid.org/0000-0001-6798-7952

ADAM DYMITROWSKI

Poznań University of Economics and Business, Institute of International Business and Economics, Department of International Marketing, Poland

✉ adam.dymitrowski@ue.poznan.pl
✉ orcid.org/0000-0002-9662-7857

KRZYSZTOF FONFARA

Poznań University of Economics and Business, Institute of International Business and Economics, Department of International Marketing, Poland

✉ k.fonfara52@gmail.com
✉ orcid.org/0000-0003-0327-486X

Abstract

Motivation: The cornerstone of this paper is the assumption that in order to accelerate the internationalization process, companies trying to enter foreign markets have to “borrow” relationship capital from one or several mediating agents. The concept of relationship mediating agents fits into the network approach to internationalization and explains why entities with a dense network of connections tend to be more successful than single players.

Aim: To examine the phenomenon of relationship capital mediation by different actors (agents) in the internationalization process as to the availability of these agents and their impact on the success of internationalization process.

Results: The network perspective on internationalization is refined through the concept of relationship capital mediation. The paper introduces a typology of RCMA and outlines...
the relationship resources they provide in different timeframes related to the internationalization process, before, during and after the actual business project.

**Keywords:** business networks; internationalization; relationship capital mediating agents

**JEL:** L250; D230

1. Introduction

What drives the internationalization process? Under the industrial marketing and purchasing (IMP) group network approach (one of the dominant research streams in B2B marketing), the focal point of analysis is not the company itself but its relationships with other partners. Hence, a network can be characterized as a set of relationships embodied in connections and cross-border activities between business actors (Andersson & Forsgren, 2000). Usually, the business network theory has been applied to address the process view of internationalization. In turn, the internationalization process in a relationship context has been traditionally analyzed in a general way without exposing specific phases, types of relationships, and the relationship resources they provide (Johanson & Kao, 2012). No wonder, if the ontological foundation of the IMP group prefers to see business networks as totally unique and case sensitive (Håkansson & Snehota, 2017). This seems to entail a theoretical impasse, which significantly reduces the number of theory-driven studies and the odds for disciplinary progress (Möller & Halinen, 2022). Therefore, in particular, numerous scholars in prominent journals have been calling for more comparative research on relationship development in the context of internationalization, such as in the initial stages of a new venture (La Rocca et al., 2013; Tian et al., 2018), as the presence of a company in a foreign market continues (Lindstrand and Hånell, 2017; Lindstrand et al., 2011). Following the view of Inkpen and Tsang (2005, p. 161), we interpret these calls as not urging for a discussion on interpersonal and inter-organizational relationships of one certain type, but for comparing and contrasting different types of relationships in a complex and systemic way.

We presume that when entering into new foreign markets, a company has two basic choices: either to develop dyadic relationships with the customers or to accelerate the internationalization process by using some kind of intermediation (triadic relationships) (Hilmersson & Jansson, 2012). The second option is based on an assumption that the company can seek to compensate for the newcomer’s disadvantages by using the help of the entities or the individuals — the relationship capital mediating agents (RCMA), as we call them — who can provide relationship capital that is useful in the target market. The goal of this paper is to identify the particularities of relationship capital mediation (actors, types of relationships, and the resources they provide) not only in the case of intermediators per se (e.g., distributors), but also in the case of any business, institutional or informal intermediation. By doing so, we believe to contribute to one of eleven key promising areas where there is the strongest need to advance theory construction in the field that have been recently postulated.
by Möller and Halinen (2022, p. 292), namely to propose typologies of actors in the internationalization process and to examine if these systematically vary across different nets.

Based on an analysis of the empirical material, we have identified and reaffirmed various actors recognized by other authors, such as: business network embedded individuals (Nordin et al., 2018), referring individuals or business partners (Salminen and Möller, 2006), distributors or importers (Skarmeas et al., 2017), international joint ventures or franchising partners (Rosado-Serrano et al., 2018), international trade fairs (Borghini et al., 2006), or state agencies and programs (Freixanet, 2012). However, to our knowledge, this paper is the first to introduce a complex typology of RCMA explaining internationalization from the relationship perspective rooted in the network approach. In addition, we introduce a novel four-phase subdivision of the internationalization process. This tool is useful to allocate the resources associated with the absorption of the shared relationship capital not only while the actual business is conducted, but also before and after.

To sum up, our research addresses three issues. First is the systemic identification of the actors (individuals and organizations) providing relationship capital in foreign markets (RCMA). Second is their classification based on the types of relationships they mediate. Third is an assessment of the relationship resources these agents bring to the internationalization process in its different stages.

The paper proceeds as follows. Next section provides a brief guidance on the phenomenon of relationship capital. Section 3 is dedicated to the methods we used in our empirical research. In Sections 4 and 5 we develop the concept of RCMA including their typology, we identify the different phases of internationalization in a relational context, and we match agents with the relationship resources they provide. Section 6 contains implications, limitations and recommendations for future research.

2. Literature review

By acknowledging the importance of relationships, the advocates of the network approach have transposed the social exchange theory (Blau, 1964) to business networks (Burt, 2002). Business (formal) relationships have been extensively analyzed in the literature, especially in a dyadic setting or from the perspective of a focal company dominating its peripheral partners (Möller & Halinen, 1999). A special case of formal relationships are institutional relationships developed with supportive organizations, such as governmental agencies, local chambers of commerce and trade associations (Keeble et al., 1999). However, the social exchange perspective places all formal relationships in a social context (Granovetter, 1973). This broadens the scope of network analysis to such phenomena as trust and commitment, relational embeddedness based on mutually perceived
trustworthy interactions, and informal (social) relationships between individual business network members (Deszczyński et al., 2017; Friman et al., 2002).

The quality and quantity of the relationships are so important that the relationship portfolio can be called a company relationship capital. In order to accelerate the internationalization process, a company may seek to establish relationships with RCMA who have already developed their own relationship capital and are willing to provide it. The mediated relationship capital will vary depending on the position and type of the internationalizing company and the mediating agent as well as on the business phase. A comprehensive catalog of these relationship resources is given in Table 1. However, at this juncture we should first conceptualize the actual term. Relationship capital can be defined as the set of an organization’s implicit intangible resources, an outcome of continuous (in) formal interactions inducing useful knowledge and leading to the development of beneficial positive associations with the organization and its representatives (Deszczyński, 2021).

This definition outlines three major issues. The relationship capital is developed in an interactive process involving internal and external parties and results in the creation of knowledge, which is useful in business opportunity exploitation (Kontinen & Ojala, 2011). Thus, relationship capital is dormant unless it is used to produce dialog with the other network actors (Gummesson, 2004). Hence, it may also be viewed through processual lenses as a relational competence or capability aimed at keeping the balance in the portfolio between the existing partners (relationship exploitation) and new partners (relationship exploration) (Mitręga & Pfaifar, 2015).

Relationship capital is often labeled as social capital. In his classic definition Bourdieu (1980, p. 2 as cited in Arregle et al., 2007, p. 75) states that social capital is “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition”. Social capital is also defined as the goodwill available to individuals or institutionalized actors whose source lies in the structure and content of the actor’s social relations (Adler & Kwon, 2002). In consequence, social capital is predominately located in the relationships, not in the actors (Lindstrand and Hånell, 2017). Hence, to our understanding, as all human interactions can be labeled as social, we prefer to use the term ‘relationship capital’ in this paper, as it is more specific and better reflects the process of sourcing relationship resources from RCMA.

3. Methods

A qualitative analysis based on illustrative examples of diverse internationalization processes was deliberately chosen as a leading research method in recognition of the practical reality of tacit knowledge in business decisions, actions, and results (Gummesson, 2017). This approach seems to be the most appropriate and satisfactorily justified for research on industrial marketing, as
the formation and development of industrial networks involves complex social processes that quantitative data cannot easily reveal (Eisenhardt & Graebner, 2007). However, in order to guarantee the research process will bring answers helpful in organizing the complexity of the research area rather than will produce a ‘disordered complexity’ of fluid structures and events (Weaver, 1991), we employed the ‘critical realism’ approach (Easton, 2010). Hence, we deliberately concentrated on the causal mechanisms of relationship capital mediation facilitating the internationalization process.

3.1. Sampling

The research sample comprised 28 companies located in Poland and operating in Europe and beyond. These companies were selected according to criteria proposed by Miles et al. (1994), such as the presence of the analyzed problem and the possibility of conducting analytical generalization and providing reliable explanations. This specific set of criteria was chosen taking into consideration its wide adoption in scientific practice supported by high number of citations (as high as few thousand including following editions of the source). The secondary selection criteria included industry and market sector (production, services, trade sector), ownership structure (Polish capital-owned and foreign capital-owned companies; public and public-limited companies; other private sector companies) and company size (number of employees). Therefore, it is one of the rare studies to include a broad representation of companies from diverse industries and with different levels of involvement in the international markets (Freixanet, 2012).

3.2. Data collection

Direct face-to-face interviews based on semi-structured questions — predominately open-ended — were conducted separately with up to three managers competent in the internationalization process (export, marketing, key account and general managers). The questions were provided in advance, therefore the answers to the questions were rich in details and informative. The standardized questionnaire included questions concerning the type of company activity and relationships developed with other actors, as well as the course of the internationalization process. A total of 19 open questions were asked among which issues important in the context of informal relationships such as decision-making manner, way of resolving conflicts, degree of trust and openness to cooperation were concerned. The interviews were recorded and their transcripts further internally consulted and authorized. These transcripts were used to prepare baseline compilations, which in turn were used a starting point for this paper.
3.3. Data analysis

The representatives of 25 out of 28 of the interviewed companies indicated the importance of — as we termed it — a relationship capital mediating process. Consequently, we have explored this phenomenon by an inductive analysis of all the examples of internationalization processes our interlocutors described (sometimes two or three per company), enumerating the different actors and resources they provided in various timeframes and market circumstances. Although, we did not observe the said companies for a longer period of time, the examples we provide are equivalent to longitudinal case studies, as what we refer, are the sequences of events reported by the managers based on many years of their experience.

The research process revealed that the idiosyncrasies of the particular international processes merge into several patterns of relationship capital mediation, which can be ontologically rooted in social exchange theory. The empirically induced theoretical reasoning has also made it possible to make some progress at the epistemological level of network-based theory on internationalization in the relationship context.

4. Results

Given the number of examples, we present in this paper only a fraction of our empirical material (directly referring to the experiences of 15 companies). To the same reason, the respective companies are only briefly introduced (an overview is given in Table 2). The narrative takes up and develops the issues of the agents and the relationship mediating process in a sequence of mutual contact development. In order to retain clarity, we do not describe the complete business case of every company as it goes through the internationalization process. We rather highlight the role of the most important RCMA in a given business context.

The illustrations that are showcased in this paper can be assigned to one or more of the following phases of the internationalization process:

– pre-business phase,
– business set-up phase,
– active business phase,
– post-business phase.

Most authors agree with Vahlne and Johanson (2017) that a company’s position in a network and the quality of that network are the key variables when assessing the overall maturity of the internationalization process. However, network dynamics hardly allow for unambiguous devising of the phases of the internationalization process, except for the initial phase (activity on the domestic market) (Wach, 2015). Our proposal sits in the relationship context and bases on Mitręga et al. (2012) relationship development scale (relationship initiation, development, and termination). However, a particular characteristic of our
subdivision of the internationalization process are the pre- and post-business phases, which rely on informal relationships with a non-business background.

4.1. Pre-business and post-business phases

We discuss the pre-business and post-business phases together in one section, as they are both predominately associated with the social and personal contacts of particular individuals. These contacts begin before or after their business cooperation started/terminated. However, although these individuals may be active businesspeople, their acquaintance has no present professional importance. Former jobs in the same or cooperating companies, membership of business associations, other kinds of previous business experiences, or purely private acquaintance cement such relationships. Hence, if needed, the knowledge and trust accumulated in the course of mutual contacts serves as a reference in the search for a business partner.

Company N — a small manufacturer of brackets for radiators, did not have sufficient resources for a foreign investment. But it had an alternative resource: direct access to a potential customer. The company capitalized on a personal relationship between its owner and the sales director of a major radiator manufacturer in the Czech Republic, who was not satisfied with the existing supply of brackets provided by a huge international company. As the interviewee explained: “It all started when I personally knew the sales director of a large Czech company. We were of similar age, had similar topics to discuss, and that’s how it began. We always had good communication, both professionally and privately, so it translated into our relationship.” Company N managed to address the niche Czech market by offering customization, flexibility, a good product/price ratio, and direct communication, precisely hitting the soft spot of the competitor. Soon the first contract was signed, and after a couple of months the relationship capital provided by the individual insider helped to seize the market. Today, almost every radiator in the Czech Republic is mounted on Polish brackets.

Informal relationships enable approaching a new business opportunity even if previous formal relationships faced dissolution (La Rocca et al., 2013). Company X is a chocolate and sweets manufacturer, which operates two plants in Poland with a 1000-strong employee team. Fully 60% of its production is exported, with Germany alone accounting for one third of exports. When their German distributor went bankrupt in 2011, X’s sales plummeted. What enabled the company to restore its position was an employee of the bankrupted distributor who found a new equivalent job and got Company X into the portfolio of his subsequent employer. As the interviewee explained: “Since 2012, we have been collaborating with another main distributor in the German market, where contact with this distributor was passed on from an employee who previously worked for our original distributor.”

A very similar situation happened to Company K, which is a manufacturer and distributor of plastic construction materials. In 2005 Company K started
operating in Poland as a Polish-French joint venture. But in 2008 the mother company in France went out of business, and the Polish subsidiary became independent. Nonetheless, Polish executives retained personal contacts with several employees of the bankrupted company. Their former counterparts subsequently started own businesses making use of their relationships with longstanding customers. As the interviewee explained: “We maintained those contacts and relationships, and they opened new companies. Through the companies established by new employees, it was easier for us to maintain... well, for us, it was a new sales opportunity.” The French and the Poles also reestablished their relationships, which enabled Company K to reenter its initial home market.

Strong informal relationships represented by individual insiders are certainly of crucial importance even if not all of them will automatically precede a concrete business case or lead to a market seizure. They may open the right doors or provide a company with the market intelligence needed to prepare the expansion into a foreign market. They reduce the risk of setting up a new venture and can even trigger an expansion without any formal planning. But as the opportunity to do business becomes more evident, other, more formal RCMA emerge.

4.2. Business set-up phase

The following examples show a variety of relationship capital mediating processes in a phase directly preceding active cooperation. What is common to all of them is that they always involve intentional contacts that precede new business development where at least one business actor actively seeks to explore the potential to set up a concrete business relationship.

Company ZB is a supplier to the automotive industry. It designs, manufactures, and implements robotic production lines and cells. Its customers are so-called Tier-1-suppliers, which provide a bundled offer of significant modules and services for car manufacturers. Like many SMEs that first became local suppliers of an internationalized firm and then started their own active internationalization process (Chandra & Wilkinson, 2017), Company ZB tried to use their customer references to benefit from their customers’ reputation (Helm & Salminen, 2010). Formal references and individual referrals gained from Polish subsidiaries of Tier-1-suppliers enabled the company to reach key decision makers in Germany and meet formal bidding requirements. In interviewee’s opinion: “Further recommendations allowed us to gain additional orders within this market.” However, it took a long time before ZB got its first contract.

Company Y had a far superior starting position. This medium-sized company, a subsidiary of a German paperboard products manufacturer, gained advantage from the established business network of its mother company. First, it used their market intelligence and relationships with existing customers to win orders for more labor-intensive products, which are produced in Poland. Second, it began its own prospecting activities in the German market. Employ-
ing only native German sales force, the company did not promote the fact that it is based in Poland, but capitalized on its German brand. As the interviewee described: “It helped us in gaining some recognizable position of our brand in the German packaging market (...) This ongoing collaboration, without interruptions, results in a certain influx of German customers.”

Trade fairs and other trusted business connectors may well offer an opportunity to develop and maintain long-term relationships (Sarmento et al., 2015). Company ZA is Europe’s leading public transport vehicles manufacturer listed on the Warsaw Stock Exchange (WSE). 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 a trade mission to Berlin organized by a local chamber of commerce. The Polish guests traveled to the German capital in ZA’s buses, which were parked overnight at BVG’s depot. Shortly after this visit, BVG purchased two buses, followed by a contract for 260 vehicles in the succeeding year. As the interviewee explained: “We seized this opportunity.” Similarly, ZA’s expansion into Israel started after talks with United Bus Services Import (UBSI), which were held on the occasion of a trade mission accompanying the Polish president during his visit to the Holy Land. Soon UBSI became not only a customer for Company ZA’s buses, but also a distributor and offset partner.

Although the ICT industry seems to favor online communication, the example of Company M, a medium-size IT software developer, indicates that trust heavily depends on direct contacts and that (at least in the case of SMEs or born global firms) referrals are significantly influenced by the circulation of information about a firm’s CEO (Wach & Głodowska, 2021). Company M started its international expansion with the relocation of one of its owners to Ireland. After one year spent in the country, enough references were collected to expand into the UK. As the interviewee explained: “Some networking, let’s say around certain places or organizations.” In the meantime, the company was included in the Deloitte Fast 50 Awards and Forbes’ Diamonds 2015. Although no permanent location was sited in London, company representatives kept on visiting the city every two/three months. An ongoing cooperation in tech incubators and active membership in associations of the Canary Wharf city district have made it possible to develop relations with individual insiders and to create an image of a company that is a member of the London Tech City community. Today 90% of Company M’s revenue is generated abroad.

The role of a permanent representative in a foreign market can be played by an intermediary. Company U was founded in 1992 and is owned by the German FMCG manufacturer. U is particularly well-positioned in the gourmet fish market segment and can independently decide on internationalization. U’s strategy of approaching a new market always builds on a long-lasting partnership with an established local intermediary. As said the interviewee: “The plan was to find a suitable distributor in the market, match it with our product portfolio, and enter that market.” There are two reasons for this. One is that the food
distribution network is extremely complex. Establishing relationships with all of its actors would be very costly and partly impossible for a narrowly specialized company. The other reason is that, although its product portfolio in every market is relatively constant, the final taste note has to reflect local preferences and needs to be researched locally.

The above examples showcase the role of different RCMA (individual insiders, business or individual referrers, trusted business connectors, and foreign intermediaries) in the initial phase of internationalization, when a company lacks relationship capital in the foreign market (Sepulveda & Gabrielsson, 2013). But as already indicated in the case of Company ZA and U, sharing relationship capital can last much longer.

4.3. Active business phase

The continuity of not just simple sharing, but in most of the cases joint relationship capital exploitation is showcased in the examples grouped around the active business phase. It seems that, unlike in traditional stepwise internationalization models, foreign market operations are usually not discontinued, but they are either sustained or they coexist with more capital-intensive ones. Therefore, what links the examples presented in this section are the longevity and vitality of network structures fueled by the relationship capital. Consequently, the active business phase provides an opportunity to get a handle on the majority of relationship resource types. They may, however, vary in each individual business situation. Therefore, for reasons of clarity we have not divided this phase into more detailed sub-phases.

A long-term cooperation is a natural option for companies with an established global network. D is an American Business Processes Outsourcing (BPO) company specialized in ICT, accountancy, and recruitment services. Its internationalization process has two elements. Contact initialization with new customers is made by local sales representatives in the home country of the client. But before a deal is closed, a prospective project manager, usually residing in a low-wage country, also takes up a dialog with the customer and recruits a multi-location team. Their role is even more important once the project goes live. In agreement with sales, the project manager can autonomously offer new service packages based on their own customer needs analysis, expand their own team, or even open a new business line for their home location. As the interviewee explained: “This is a connected system of vessels.”

When an established international business network is not present in the target market, acquiring a local company with premium relationship capital may be a solution. F is a metering company, a subsidiary of a major production group listed on the WSE, which is a reputable supplier of electromechanical products. Thanks to the relative freedom granted by its parent company, F started to search for small but innovative competitors. The plan was to quickly get access to promising technologies instead of investing much time and money to de-
velop them autonomously. One of the investments made was a particular Czech heat meter manufacturer. This purchase enabled F not only to extend its product portfolio but also to get a leading position in an important market. As said the interviewee: “The core was the technology and product they offered. We started to complement it with our own.” Thanks to an almost seamless takeover process, most of the management and line employees stayed with the company, resulting in minimal disruption to its relationships with its customers.

B is another company that has been maintaining relationships with its distributor for years. After the collapse of the Soviet Union — one of its most important foreign markets — the Polish household appliances manufacturer tried to expand into neighboring Germany. Otto, a German mail order retailer, became its distributor and taught the company instant lessons of modern business by demanding quality and flexibility. As said the interviewee: “By developing our sales, they greatly contributed to our growth.” But the changes B had to undertake to satisfy its German partner enabled it to become a leader in the home market too. Today B is a European market leader and a WSE-listed company. As Otto (now an online retailer) still holds a major position in the German market, B’s products are continuingly offered by this intermediary even though the Polish company maintains its direct distribution network.

It seems an intermediating company can sustain its long-term position if it continuously plugs gaps in the relationship capital of a producer or a vendor and/or spans the structural holes in a network by connecting different groups of actors (Zaheer, 1995). This may happen if the business sector of the internationalizing company is too narrow to create importance for more complex industries. A similar situation occurs when the target market is peripheral and/or too distant to be managed without a significant investment that for some reason goes beyond the current internationalization strategy of a company. As the evidence from Company B and Otto shows, the intermediary can also own a distribution channel that is catering to the needs of customers who cannot be directly reached. Such relationship capital may be attractive even for companies after greenfield investment in the target market.

In turn, intra-network relationship management occurring in established business networks creates a space where both formal and informal actors coexist. This space facilitates the gradual bonding of these actors and results in collectivity cohesiveness (Tian et al., 2018). In such conditions a vibrant long-term joint exploitation and development of relationship resources, such as sharing access to decision makers/distribution channels and market intelligence, flourishes.

5. Discussion

Although diversified, all empirical illustrations showcase a similar scenario: in order to accelerate their internationalization process, companies harness the help of RCMA who already possess the relationship capital needed to activate relationships with target customers. The typology presented in Table 3
characterizes RCMA with respect to the relationship types. Among all RCMA, an individual insider seems to be the most powerful one. It can be a particular decision maker representing the customer in relationships with the supplier (internal subtype) or alternatively, a former employee of a target customer or direct competitor of the expanding company (external subtype). As relationship capital can be attributed to a single person, personal relations with a non-commercial basis, open communication channels, and on-the-job experience can catapult a business relationship directly to an elevated level (Decker, 2016).

The exceptional characteristic of the individual insiders is the fact that they can be activated before the actual business venture is considered and/or re-activated after the previous venture is phased out (for the availability of RCMA with reference to business phase, see Scheme 1). This versatility and durability at no cost has brought Company X and Company K back into business. Such examples vividly show the power of information that can be unlocked even by a single person. Hence, the strengths of this RCMA are transferring informal interactions into concrete business actions, like triggering market entry and enabling access to decision makers (the relationship resources that can be associated with all types of agents are listed in Table 1). On the other hand, the right individual insiders at the right moment come relatively rarely, and their help can only occasionally be factored into plans for expansion.

Acquiring a reputable foreign competitor (established local business) may also been seen as a smile of fate. The success of this maneuver, as showcased by example of Company F’s Czech investment, 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 and processes. If done properly, the new-old company remains in proximity to major direct clients, retail markets and/or end-customers; mitigates the risks bound up with market entry thanks to ready-made solutions; and retains its local identity (if needed).

The existence of an established international business is of course of great help in foreign expansion too, as demonstrated by the example of Company Y. Years of experience and a good understanding of the target or similar markets can offer a comfortable position of familiarity even to a young company and can be a prerequisite to enter a formalized bidding process. In addition, the case of BPO company shows that a global network can open a gate for a successful new business development even for a small local subsidiary or team located thousands of kilometers from the customer’s headquarters. If they are doing their job well, the initially borrowed relationship capital is multiplied and can be reused both by RCMA and its internal partner.

Even if they differ in the degree of formality, business and individual referrers apply similar relationship borrowing mechanisms. They help to break the barrier of indifference and reduce the perceived risk between the supplier and the target customer. This credit may only be sufficient to meet a formal bidding requirement, as in the case of Company ZB, which was knocking on the door of a much bigger customer. Smaller group structures tend to bet-
ter facilitate strategic and economic outcomes for their members (Chen & Jaw, 2014). In case of Company M and other high-tech industry born global companies, rapid internationalization necessitates the exploitation of temporary network nodes and specialized forums (Smith et al., 2015). At least in this industry, the less formal environment can directly lead to leapfrogging most of the steps occurring in traditional procurement processes. Nonetheless, both business and individual referrers can ease the initial contacts, which makes them a reasonable alternative to other RCMA.

A classical option in international business are intermediaries, such as distributing companies, which specialize in connecting producers or vendors with B2B and B2C customers. In the context of relationship capital, the added value they bring to such a network includes facilitating the establishment of relationships, providing useful market information, and lowering transaction risk for both sides by supplementing new partners’ credibility (Madsen, 2014). For smaller exporters (like Company U), intermediaries acting as informants, integrators, and coordinators may be the only way to reach customers in distant markets or customers too big to be accessible by a niche company. Moreover, locally recognized distributors can provide a familiar identity for their partner’s offer, which mitigates the liability of foreignness not just within the business network but also in the end-consumer market.

The institutional equivalents of foreign intermediaries, such as governmental trade promoting agencies, may not have direct access to all companies across all industries. But they can establish a formal platform of dialog that mitigates the initial wariness of potential partners, as was in the case for Company ZA’s expansion into the German and Israeli markets. A similar role can be played by other trusted business connectors, such as formal meeting places (e.g., fairs and exhibitions), trusted communication spaces (e.g., online platforms) or trusted associations (e.g., official producers’ associations). The relationship capital that can be obtained thanks to such intermediaries is not particularly high and varies greatly across firms’ home countries (Marano et al., 2016). It seems mainly to reinforce the establishment of the initial level of contractual trust (Deszczyński, 2021). Still, the relatively insignificant investment of time and financial resources makes this strategy a safe option.

6. Conclusion

6.1. Academic contributions

Our findings include several academic contributions. First, the in-depth analysis of different types of relationships in all phases of the internationalization process has enabled us to capture and describe the phenomenon of RCMA. Their existence can easily be integrated into the network approach to internationalization. For example, the proposed agent types fit well into recognized
network conceptualizations, like Inkpen’s and Tsang’s (2005) (vertical/horizontal, structured/unstructured networks) and Gulati et al. (2012) (meta-organizational design). The research has confirmed that when entering a new market, companies need relationship capital to overcome the liability of outsidership. This, in turn, explains why entities with a dense network of connections tend to be more successful than single players, which cannot source relationship capital from their partners. It follows 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.

Second, we indicate that RCMA differ in their capabilities to deliver relationship resources. For example, in the context of rapid internationalization of born global companies, a personal referrer can directly open sales opportunities, while the intermediation of a state agency is usually only supportive in establishing the initial level of trust. RCMA differ also in their availability in particular phases of internationalization. The influence of the most versatile RCMA — the individual insider — extends both before and after the actual business occurs. Nonetheless, while some opportunities simply result from chance, 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.

Three types of RCMA (personal and business referrer and trusted business connector) were only found to be useful in the business set-up phase. This does not mean that they are notably inferior to the others. They are not as incidental as the individual insider as their existence is usually a result of hard work and persisting communicational efforts. They are also not as costly as maintaining one’s own network abroad or sharing margins with an intermediary. Obviously, the benefits they offer are also limited, but the same may apply to the quality of any particular agent. For example, a good referrer may be pave the way for a deal with a major customer, while it may cost years to get back on track after concluding a poorly managed takeover of a foreign entity.

Third, the relationship capital that the agents have to offer may also become exhausted. This is particularly true in the case of non-captive relationships; for example: references become outdated and the services of a distributor may not match more mature internationalization strategies. The answer to the question of the durable attractiveness of the relationship capital provided by different agents can be at least partly addressed through their capability to sustain or improve the relational space between the borrowing company and its customers (Törnroos et al., 2017). This would particularly mean that the agent provides long-lasting opportunities to connect to new customers or to tighten the cooperation with existing ones. In consequence, the outreach and depth of relational space may be multiplied by using not just one agent but by maintaining a proper portfolio of RCMA.
6.2. Practical implications

A general managerial implication resulting from this study is that, just as in the society where relationships are often a consequence of social background, the quality of an agent usually also reflects the strength of the internationalizing company itself. Therefore, companies may have limited choice when borrowing relationship capital, although occasionally a golden opportunity may emerge to leapfrog major hurdles in foreign business development with the help of an usually out-of-reach agent (Barłożewski & Trapczyński, 2021).

Hence, a strong recommendation for managers is to adopt a holistic understanding of relationship management. This implies that the roots of sustainable performance may well lie in the informal interaction of company’s external partners and its employees (Libertowska, 2014). Treating employees as partners — for example, giving them authority to take decisions instead of putting them on a tight leash of procedures — is a prerequisite for expecting them to demonstrate a “positive personality” in their dialog outside the company (Chollet et al., 2014). This should be reflected first-hand in their openness for contacts in offline and online channels, flexibility, engagement, and an overall relationship-friendly orientation. Retaining such employees not only supports current business but also enables the use of their personal relationship capital to potentiate the exploration and exploitation of future opportunities.

On the other hand, companies should look for specialized middlemen, such as experienced managers who retired after a long service in multinational companies and influential industrial bodies (Deszczyński, 2021). Although expensive, their service to effectively connect people, firms and projects, may substantially increase the chance to swiftly become a trusted business partner abroad.

When taking into consideration results of the conducted research it can be used by business practitioners in order to take advantage of different RCMA at different stages of the internationalization process. It seems that in case of pre-business phase and post-business phase the most important agents are individual insiders. Companies could use their help e.g. in order to launch a new business venture. In case of business set-up phase the intermediary could be of use with enabling access to the market. In case of active business phase the business referrer could help to reduce the risk which is the reason why relationships with such RCMA should be developed.

6.3. Research limitations and future research

The conclusions drawn from this study uncover, yet do not explain in detail the complexity of the relationship capital mediating process. Although the number of cited internationalization illustrations is relatively high, we do not showcase every configuration of business phases and types of actors involved in the relationship mediating process. However, detailed examination of these complexities would require writing a book rather than a paper.
We also believe that the portfolio of agents presented in this paper is rather exhaustive at least in terms of commercial goals, thereby providing a framework for, i.a., future industry-specific studies. However, there may be some other goals and types of agents whose relationship capital can provide for different resources but were not within the experience of the managers we interviewed. This could be, e.g., venture capitalists in the case of born global firms (Hagen & Zucchella, 2014). Finally, as this paper concentrates on the external outcomes of the relationship, which are useful in marketing and sales activities, it only briefly comments on the durability of the relationship between the borrower and the agents. Therefore, further research could focus on the health and internal stability of these networks, thereby providing a potentially useful “lab” for studying the interdependencies in (co-)managing a network in the international environment.

References


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**Note:** the results of this study were presented at *12th International Conference on Applied Economics Contemporary Issues in Economy* (June 29–30, 2023, Poland).
Appendix

Table 1. 
Relationship resources in the internationalization process

<table>
<thead>
<tr>
<th>Type of relationship mediating agent</th>
<th>Relationship resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>individual insider</td>
<td>trigger to act, access to decision makers, informal contact facilitation, access to distribution channel, market intelligence, general risk reduction</td>
</tr>
<tr>
<td>established local business</td>
<td>formal requirement to access the market/customer, access to decision makers, informal contacts’ facilitation, access to distribution channel, market intelligence, local identity, general risk reduction</td>
</tr>
<tr>
<td>established international business</td>
<td>trigger to act, access to decision makers, informal contact facilitation, access to distribution channel, market intelligence, local identity, general risk reduction</td>
</tr>
<tr>
<td>business referrer</td>
<td>trigger to act, informal contact facilitation, access to distribution channel, general risk reduction</td>
</tr>
<tr>
<td>individual referrer</td>
<td>formal requirement to access the market/customer, general risk reduction</td>
</tr>
<tr>
<td>intermediary in a foreign market</td>
<td>trigger to act, formal requirement to access the market/customer, access to distribution channel, market intelligence, local identity, general risk reduction</td>
</tr>
<tr>
<td>trusted business connector</td>
<td>access to decision makers, market intelligence, general risk reduction</td>
</tr>
</tbody>
</table>

Source: Own preparation.

Table 2. 
List of the companies featured in the paper

<table>
<thead>
<tr>
<th>No.*</th>
<th>Company name**</th>
<th>Company focus &amp; industry</th>
<th>Main international markets</th>
<th>International expansion since</th>
<th>Market featured in the case study</th>
<th>International expansion in the featured market since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company N</td>
<td>manufacturer brackets for sanitary &amp; heating systems</td>
<td>Czech Republic, Germany, Eastern Europe</td>
<td>2006</td>
<td>Czech Republic</td>
<td>2010</td>
</tr>
<tr>
<td>3</td>
<td>Company X</td>
<td>manufacturer chocolate &amp; sweets</td>
<td>Global</td>
<td>1995</td>
<td>Germany</td>
<td>2006</td>
</tr>
<tr>
<td>6</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>7</td>
<td>Company Y</td>
<td>manufacturer paperboard products</td>
<td>EU</td>
<td>2007</td>
<td>Germany</td>
<td>2007</td>
</tr>
<tr>
<td>8</td>
<td>Company ZA</td>
<td>manufacturer buses, coaches, &amp; trams</td>
<td>EU</td>
<td>1996</td>
<td>Germany, Israel</td>
<td>2000, 2012</td>
</tr>
<tr>
<td>9</td>
<td>Company M</td>
<td>service provider IT software</td>
<td>EU</td>
<td>2008</td>
<td>UK</td>
<td>2010</td>
</tr>
<tr>
<td>10</td>
<td>Company U</td>
<td>manufacturer fish products</td>
<td>Europe</td>
<td>2002</td>
<td>Hungary</td>
<td>2010</td>
</tr>
<tr>
<td>11</td>
<td>Company D</td>
<td>service provider business services outsourcing</td>
<td>USA, Germany, Holland</td>
<td>2010</td>
<td>USA</td>
<td>2010</td>
</tr>
<tr>
<td>No.*</td>
<td>Company name**</td>
<td>Company focus &amp; industry</td>
<td>Main international markets</td>
<td>International expansion since</td>
<td>Market featured in the case study</td>
<td>International expansion in the featured market since</td>
</tr>
<tr>
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<td>--------------------------------------------------</td>
</tr>
<tr>
<td>12</td>
<td>Company F</td>
<td>manufacturer electro-mechanical meters</td>
<td>Europe</td>
<td>1994</td>
<td>Czech Republic</td>
<td>2013</td>
</tr>
<tr>
<td>15</td>
<td>Company B</td>
<td>manufacturer household appliances</td>
<td>EU, Eastern Europe</td>
<td>1967</td>
<td>Germany</td>
<td>1991</td>
</tr>
</tbody>
</table>

Notes:
* In order of appearance in the text; ** The companies wished to stay anonymous.

Source: Own preparation.

Table 3.
Typology of the relationship mediating agents

<table>
<thead>
<tr>
<th>Relationship mediating agent</th>
<th>Agent’s basic characteristics</th>
<th>Relationship types</th>
</tr>
</thead>
<tbody>
<tr>
<td>individual insider</td>
<td>natural person with business knowledge</td>
<td>institutional business formal informal social personal internal external</td>
</tr>
<tr>
<td>established local business</td>
<td>newly affiliated (acquired) business entity</td>
<td>• • • • •</td>
</tr>
<tr>
<td>established international business</td>
<td>internationally recognizable parent company or its network</td>
<td>• • •</td>
</tr>
<tr>
<td>business referrer</td>
<td>external business entity with shared business experiences</td>
<td>• • •</td>
</tr>
<tr>
<td>individual referrer</td>
<td>natural person with shared business experiences</td>
<td>• • • • •</td>
</tr>
<tr>
<td>intermediary in a foreign market</td>
<td>external business entity</td>
<td>• •</td>
</tr>
<tr>
<td>trusted business connector</td>
<td>external non-commercial partner or technology enabled community</td>
<td>• • •</td>
</tr>
</tbody>
</table>

Source: Own preparation.
Scheme 1.
Availability of relationship mediating agents in the phases of the internationalization process

<table>
<thead>
<tr>
<th>Phases of the internationalization process</th>
<th>Types of relationship mediating agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. pre-business</td>
<td>other</td>
</tr>
<tr>
<td>2. business set-up</td>
<td>intermediary</td>
</tr>
<tr>
<td>3. active business</td>
<td>own network expansion</td>
</tr>
<tr>
<td>4. post-business</td>
<td>existing corporate network</td>
</tr>
<tr>
<td></td>
<td>own network expansion</td>
</tr>
<tr>
<td></td>
<td>individual insider</td>
</tr>
</tbody>
</table>

Source: Own preparation.